EDMOND
DE ROTHSCHILD

Edmond de Rothschild (France)

2019 Annual Report

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A public company with executive and supervisory boards and capital of €83,075,820
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Contents

Shareholders' letter

The picture at the start of 2019 was very gloomy, but the year ended on a much more positive note: markets posted strong gains, although they were not justified given the slowdown in global growth and corporate earnings.

The key event last year was probably the U-turn executed by central banks: they resumed rate cuts and large-scale asset purchases, which helped to paper over the weak economic fundamentals.

Slower US economic growth in a pre-election period, ongoing China-US tensions and geopolitical concerns mean that central-bank policies in both developed and emerging-market countries should remain loose in 2020.

The coronavirus pandemic that began in January has fundamentally changed the situation and cast a pall over what we hoped would be a fairly uncomplicated year. Aside from the markets' abrupt response, the pandemic is highlighting the large extent to which US and European economic output depends on unilateral decisions made by China.

For us as shareholders, 2019 was an important year, as our family took the decision to regain full ownership of the Edmond de Rothschild Group. We firmly believe that this long-term commitment made by our family will enable the Group to go further in realising our ambition of setting the benchmark for conviction-driven investment houses.

That ambition is shown by our developments in the last few years.

Taking the view that tomorrow's world is prepared today and that finance has a responsible role to play, we have successfully developed our real-estate offering in recent years, and we now have more than CHF16 billion under management in this asset class.

Our real-estate platform, Edmond de Rothschild Real Estate Investment Management, has renowned expertise and is attracting investors with strategies that address new ways of using real estate and meet the strictest environmental standards. For example, in 2019 we launched a pan-European theme fund based on the conviction that urban logistics need to be re-engineered given the rise of online shopping. We manage a fund investing in affordable housing in the United Kingdom, with a strong commitment to social impact. We also completed two significant real-estate purchases in Berlin and London, where we will implement ambitious urban regeneration strategies.

Our BRIDGE infrastructure debt programme is continuing to achieve rapid growth in the green, digital and social infrastructure segment. One of its strategies has obtained the GreenFin label, recognising our commitment and credibility in this area. In 2019, BRIDGE made 15 investments, most of which have positive ratings in terms of their carbon footprint impact. We played a pioneering role in e-mobility investment as part of the Juncker plan.

Our private equity platform also adopted a new strategy specialising in SME buyouts, closely aligned with our entrepreneurial DNA. We want to continue supporting the real economy with long-term solutions, and all of our 13 private equity strategies will meet responsible investment criteria from this year.

In terms of liquid assets, we are continuing to hone our distinctive approach, concentrating on the strategies that represent our strengths.

Edmond de Rothschild was one of the first institutions to commit to socially responsible investment (SRI) and develop its own internal ratings model. Having pursued that conviction, we now manage CHF 10.7 billion of assets using responsible investment strategies. In 2019, our Group became the first to obtain an SRI label in France for its global convertibles strategy. We intend to continue the gradual shift towards SRI strategies in the funds we manage.

Our Private Bank is constantly in touch with families and entrepreneurs. We provide them with a unique service that delivers both financial returns and a positive impact on our world, addressing the growing aspirations of our clients in this area. As a result, they have been able to capitalise on the deep-seated changes taking place in several sectors, for example through our Big Data fund which provides exposure to disruptive innovations, and our PEARL private equity fund which invests in the areas of energy and environmental transition. Our SMART Estate real-estate fund, which repositions obsolete buildings by capitalising on new trends, has also been very popular with our private clients. Finally, we launched a new SRI mandate that addresses investors' desire to have a positive impact. This shift in our offering is paying off through large money inflows, particularly in France.

In an industry undergoing far-reaching change, in which technology is playing an increasingly important role, we are more motivated than ever to make our conviction-driven investment house the benchmark in our sector – renowned for its distinctive combination of financial returns and long-term social impact and its unique human values.

The way we carry out our various activities embodies those values and shows our long-term vision, our dedication to having a positive impact and our quest for excellence in everything we do.

We want to make 2020 a source of growth opportunities for our clients, whom we thank for placing their trust in us. We also thank our staff members for their dedication, and we want this year to be a source of motivation and satisfaction for them.

A. de Rothschild

Ariane de Rothschild
Chairwoman of Edmond de Rothschild Group's Board of Directors

Benjamin de Rothschild
Chairman of Edmond de Rothschild Holding's
Board of Directors

Key figures

Key figures

Edmond de Rothschild Group at 31 December 2019

Edmond de Rothschild: unique among banks

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

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

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

The Edmond de Rothschild Group today

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

Our lines of business

Private Banking

Corporate Finance

Asset Management

Private Equity
Real Estate
Institutional & Fund Services

Our strengths

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

The Edmond de Rothschild Group in figures

CHF173 billion in assets under management (€160 billion)

22.7% FINMA capital adequacy ratio

2,600 employees at 31 December 2019

INTERNATIONAL REACH

32 offices in 15 countries

GERMANY Berlin, Düsseldorf, Frankfurt, Stuttgart

BELGIUM Antwerp, Brussels, Liege

SPAIN Madrid, Barcelona

FRANCE Bordeaux, Lille, Lyon, Marseille, Nantes, Paris, Strasbourg, Toulouse

ITALY Milan

LUXEMBOURG Luxembourg

MONACO Monaco

NETHERLANDS Amsterdam

PORTUGAL Lisbon

UK London

SWITZERLAND Fribourg, Geneva, Lausanne, Lugano, Zurich

JAPON Tokyo

UNITED ARAB EMIRATES Dubai

ISRAEL Tel Aviv

URUGUAY Montevideo

EDMOND DE ROTHSCHILD

Key figures

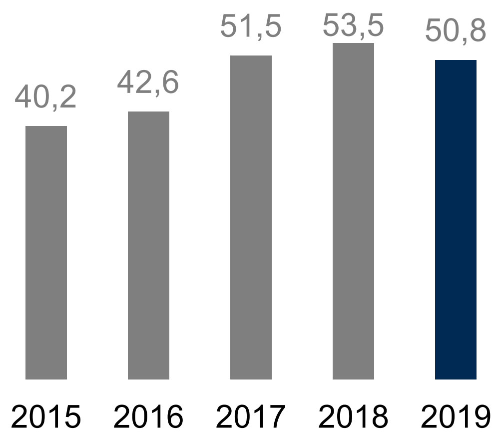
Edmond de Rothschild (France) at 31 December 2019

Shareholder base at 31 December 2019

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

Total assets under management

In billions of euros

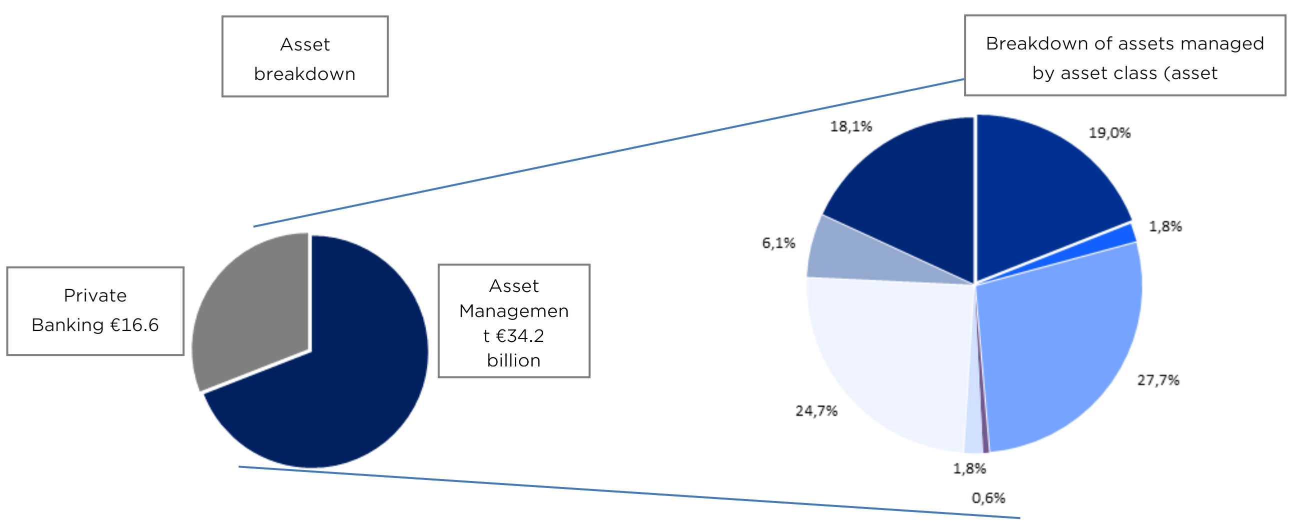


Offices in France

France

Bordeaux, Lille, Lyon, Marseille, Nantes, Paris, Strasbourg and Toulouse

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



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

Consolidated highlights (in millions of euros)

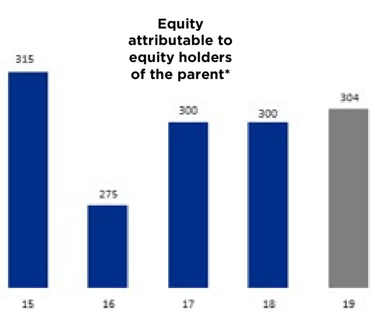
Balance sheet highlights	2017	2018	2019
Total assets	3,443	3,665	3,955
Equity attributable to equity holders of the parent*	349	352	381
Loans granted	673	766	877
Client deposits	1,418	1,585	1,604

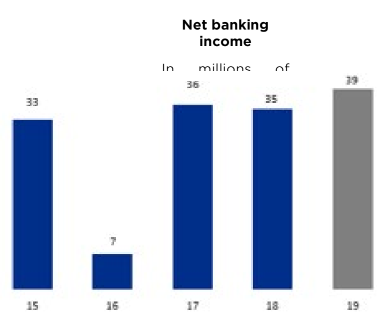
The robustness of the banking group's financial position is reflected in its capital ratios**. Its capital adequacy ratio stood at 14.06% with its Tier One and Core Tier One ratios at 13.92% and 13.87%, respectively, at the end of 2019. The minimum regulatory requirement is 10.72%.
The Liquidity Coverage Ratio (LCR), which is the EU standard, stood at 170.02%, comfortably above the minimum regulatory requirement of 100%.

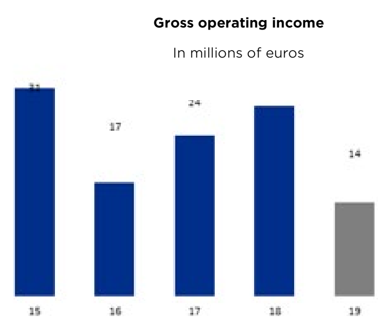
Income statement highlights	2017	2018	2019
Net banking income	305	300	304
Gross operating income	36	35	39
Net income	25	33	16
of which attributable to equity holders of the parent	*24*	*28*	*14*

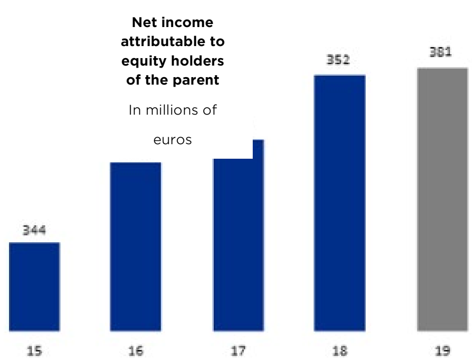
Average headcount (number)	**777**	**789**	**783**

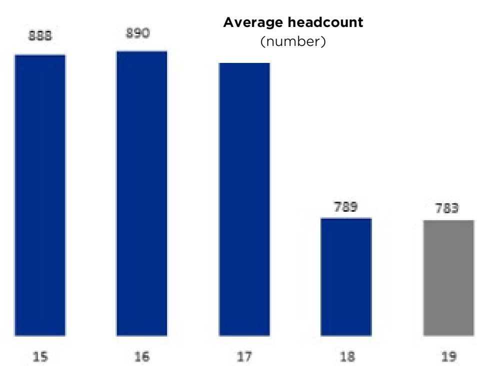
* Excluding net income for the year.
** These ratios are calculated in accordance with prudential regulations on the basis of the consolidated equity of Edmond de Rothschild (France).











Management report

Report of the Executive Board

Risk aversion remained persistently high among our clients, and that adversely affected our product mix, even though the markets performed very well in 2019. This phenomenon followed on from the mounting fears of a possible recession that had overshadowed late 2018.
As a result, the Edmond de Rothschild (France) Group posted net income attributable to equity holders of the parent of €14.4 million in the year ended 31 December 2019, a decline of €14.0 million on the €28.4 million reported for the year to 31 December 2018.

Sales and financial performance varied from one division to another. Private Banking maintained its first-class sales activity in France, generating €1.3 billion in net new money, and also recorded positive net inflows in Italy (€0.1 billion). Real estate management recorded a €0.4 billion net inflow, while Private Equity completed three fundraising transactions, generating close to €90 million in additional inflows. Our "liquid" Asset Management products suffered an outflow of close to €3.7 billion, which chiefly affected our Long Only range. The same risk aversion phenomenon was to blame for this trend.

That said, the healthy performance of the markets helped make up for these negative effects, and overall assets under management totalled €50.8 billion at 31 December 2019, stable at comparable structure compared with at the end of 2018.

In thousands of euros	2019	2018	Change
Net banking income	**303,631**	**299,950**	**1.2%**
Operating expenses	−264,919	−264,479	0.2%
- Personnel expense	*−151,979*	*−153,526*	
- Other operating expenses	*−85,241*	*−92,752*	
- Depreciation and amortisation	*−27,699*	*−18,201*	
Gross operating income	**38,712**	**35,471**	**9.1%**
Cost of risk	−3	−336	
Operating income	**38,709**	**35,135**	**10.2%**
Share in net income/(loss) of associates	−105	3,203	
Net gains or losses on other assets	1,211	6,286	
Changes in the value of goodwill	−8,105	−52	
Income (loss) before tax	**31,710**	**44,572**	**x0.7**
Income tax	−15,744	−11,292	
Net income	**15,966**	**33,280**	**x0.5**
Non-controlling interest	−1,590	−4,907	
Net income attributable to equity holders of the parent	**14,376**	**28,373**	**−49.3%**
Non-recurring transactions	-	-	
Reported net income attributable to equity holders of the parent	**14,376**	**28,373**	**−49.3%**
Cost/income ratio*	81.3%	82.1%	

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

Net banking income

Net banking income rose 1.2% compared with 2018 to reach €300.4 million in 2019. The key factors contributing to this trend were:

- management and advisory fees declined 9.1% as a result of the unfavourable shift in the product mix (introduction of MiFID 2 and clients' aversion to higher-risk products, causing margins to shrink)
- €9.6 million in performance-related fees, up from close to €8.6 million in 2018
- lower fees on transactions (transfers and front-end charges) than in 2018 (€46.4 million versus €56.9 million) after the 2019 pricing review
- a €28.1 million increase in on-balance sheet business as a result of the substantial dividend payouts into the investment portfolio, and consistently firm performance by the lending activities
- a larger contribution (€20.5 million) to net banking income from Corporate Advisory Services than in 2018 (€17.6 million)

Gross margin edged higher to 60 basis points, up 1 basis point versus 2018 thanks to a boost from investment portfolio income.

Operating expenses

Operating expenses totalled €264.9 million in 2019, stable versus their 2018 level (up 0.2%).
Personnel expenses came to €152.0 million, down 1.0% relative to 2018.
Other operating expenses rose to €112.9 million, up 1.8% from the 2018 level.

Operating income

With these trends in net banking income and operating expenses, gross operating income came to €38.7 million versus €35.5 million in 2018. As a result, the cost/income ratio improved by one point from 81% at year-end 2018 to 82%.

Consolidated operating income totalled €38.7 million versus €35.1 million in 2018, with a zero net cost of risk (€0.3 million in 2018).

Net income attributable to equity holders of the parent

The share in the net income of associates was zero (a loss of €0.1 million after income of €3.2 million in 2018). Upbeat performance at Edmond de Rothschild (Monaco) eclipsed the losses recorded by Asset Management entities in which the Edmond de Rothschild (France) Group owns shareholdings. Net gains and losses on assets totalled €1.2 million, reflecting the capital gain recorded after the capital increase by Edmond de Rothschild (Monaco).
An impairment loss of €8.1 million was recorded on the Cleaveland goodwill.

Non-controlling interest was lower in 2019, after payouts into the ERES II fund in 2018.
Net income attributable to equity holders of the parent totalled €14.4 million, down 49.3% on the previous year.

Business trends and income by division

With an inauspicious regulatory environment for the distribution of investment products and a high level of risk aversion among our clients, net banking income from Private Banking in France and Italy declined. Even so, the division's gross operating income fell just 2.4% as it kept a tight rein on its expenses.

Asset Management (excluding real estate management) posted a €19.2 million fall in its gross operating income following significant outflows of its high-margin assets and pricing reductions in its trading activities.

Real estate management delivered fresh top-line growth, despite the drop in the level of acquisitions as a result of competitive market conditions.

Private Equity made further investments in its ERES franchise and launched two new franchises in 2019.

Corporate Advisory Services also performed well, with the business going from strength to strength. The team won a string of new mandates in 2019 and has established itself as a highly respected player in its market segment.

Lastly, Other Activities were boosted by the large distributions made by funds held in the investment portfolio.

Overview of income and profitability by division

	Private Banking		Asset Management		Private Equity		Other Activities and Proprietary Trading		Group	
In thousands of euros	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net banking income	**83,779**	**86,824**	**141,615**	**165,686**	**5,209**	**4,700**	**73,028**	**42,740**	**303,631**	**299,950**
Operating expenses	−81,002	−83,980	−133,623	−138,104	−6,273	−6,766	−44,021	−35,629	−264,919	−264,479
- Personnel expense	*−49,475*	*−52,115*	*−72,484*	*−77,334*	*−3,870*	*−4,611*	*−26,150*	*−19,466*	*−151,979*	*−153,526*
- direct	*−35,613*	*−38,064*	*−54,063*	*−57,787*	*−3,289*	*−4,066*	*−19,042*	*−14,204*	*−112,007*	*−114,121*
- indirect	*−13,862*	*−14,051*	*−18,421*	*−19,547*	*−581*	*−545*	*−7,108*	*−5,262*	*−39,972*	*−39,405*
- Other operating expenses	*−24,105*	*−25,309*	*−51,945*	*−51,951*	*−2,212*	*−1,993*	*−6,979*	*−13,499*	*−85,241*	*−92,752*
- Depreciation and amortisation	*−7,422*	*−6,556*	*−9,194*	*−8,819*	*−191*	*−162*	*−10,892*	*−2,664*	*−27,699*	*−18,201*
Gross operating income	**2,777**	**2,844**	**7,992**	**27,582**	**−1,064**	**−2,066**	**29,007**	**7,111**	**38,712**	**35,471**
Cost of risk	-	-	-	-	-	-	−3	−336	−3	−336
Operating income	**2,777**	**2,844**	**7,992**	**27,582**	**−1,064**	**−2,066**	**29,004**	**6,775**	**38,709**	**35,135**
Share in net income/(loss) of associates	7,571	7,045	−7,676	−3,800	-	-	-	−42	−105	3,203
Net gains or losses on other assets	-	-	-	-	1	-	1,210	6,286	1,211	6,286
Changes in the value of goodwill	-	-	−8,105	-	-	−52	-	-	−8,105	−52
Income (loss) before tax	**10,348**	**9,889**	**−7,789**	**23,782**	**−1,063**	**−2,118**	**30,214**	**13,019**	**31,710**	**44,572**
Cost/income ratio*	87.8%	89.2%	88.5%	78.0%	116.8%	140.5%	57.3%	77.1%	81.3%	82.1%

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

Private Banking

Highlights of 2019

- Record net inflows of €1.346 billion
- €15.268 billion in Private Banking assets under management

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

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

Inflows racing higher

In spite of mounting geopolitical and trade tensions around the world, the financial markets kept moving higher throughout 2019. Buoyed by increasingly accommodative monetary policies, they ended the year with record gains of 20% to 30%. That was not sufficient to tempt investors back into the equity markets, with volumes waning and clients maintaining a fairly defensive stance amid a backdrop of negative interest rates. In this almost unprecedented environment, the Bank provided steadfast support to its clients, helping them to achieve their goals of protecting and growing their portfolios.

Sales activity held up at a high level at all our offices in France. Our Private Banking division achieved a record net inflow of €1.346 billion in 2019.

Bespoke range of advisory services and investment solutions

The establishment of a group-wide Wealth Solutions unit charged with expanding the range of advisory services and solutions we provide to our private clients helped power this performance. The unit's goal is to meet all our private clients' needs in (i) wealth engineering, (ii) the research and distribution of conviction-based investment and financing opportunities in real estate and private equity, and (iii) specialised advice (philanthropy, art, etc.). It also oversees dedicated projects for this demanding client group.

In the current environment, real estate assets remain highly prized by private clients. The roll-out of the Bank's advisory services in this area continued during the year. They are delivered by a team of experts within Edmond de Rothschild Corporate Finance, which handles sales and acquisitions of real estate portfolios. The Edmond de Rothschild Immo Premium fund, an OPCI (collective undertaking for real estate investments) aimed at private clients, continued to grow, with its assets now exceeding €150 million. It met its performance targets and completed several acquisitions in 2019.

Private Banking also continued to expand its range of lending solutions judiciously to accommodate the borrowing needs of its private clients wherever possible. Its lending broke through the €1 billion barrier in 2019 (€1.1 billion).

Greater transparency for clients

The Bank had carefully planned ahead for the introduction of the new fee transparency rules laid down in MiFID 2. It helped its clients to navigate their way through the transition, making sure they are properly able to understand all the information they now receive.

Service offering focused on entrepreneurs

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

Lastly, several partnerships were established in 2019 to raise the Bank's profile and achieve higher recognition rates among tech entrepreneurs. Edmond de Rothschild decided to endorse the Galion Project's White Paper, which resonates with the Bank's longstanding commitment in this area.

Breakdown of Private Banking results

In thousands of euros	2019	2018	Change
Net banking income	**83,779**	**86,824**	**−3.5%**
Operating expenses	−81,002	−83,980	−3.5%
- Personnel expense	*−49,475*	*−52,115*	
. direct	*−35,613*	*−38,064*	
. indirect	*−13,862*	*−14,051*	
- Other operating expenses	*−24,105*	*−25,309*	
- Depreciation and amortisation	*−7,422*	*−6,556*	
Gross operating income	**2,777**	**2,844**	**−2.4%**
Cost of risk	-	-	
Operating income	**2,777**	**2,844**	**−2.4%**
Share in net income/(loss) of associates	7,571	7,045	
Net gains or losses on other assets	-	-	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**10,348**	**9,889**	**4.6%**
Cost/income ratio*	87.8%	89.2%	

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

Net banking income

Private Banking's sales performance held up at a high level in France, while the recruitment of new bankers gave top-line trends fresh impetus in Italy. Even so, revenue was hit by an unfavourable product mix.

Private Banking net banking income came to €83.8 million in 2019, down 3.5% versus 2018. Excluding changes in scope linked to the creation of the Private Banking Investment Advisory (PBIA) department during 2018, net banking income was stable (down 0.4%) against a backdrop of downward pressure on margins.

The key contributory factors were as follows:

In France:

- management and advisory fees dropped 7.0% relative to 2018 (down 2.9% excluding PBIA) reflecting an unfavourable asset mix caused by clients' risk aversion
- fees on transactions dropped 10.8% relative to 2018, as the start of 2018 had been boosted by substantial movements triggered by the PBIA department's efforts to make portfolios more uniform
- the firm performance in lending generated €12.2 million in on-balance sheet revenue, 27.7% ahead of the 2018 level

In Italy, business continued to decline as a result of competitive pressure despite the investments made in recent years.

Overall, Private Banking net banking income accounted for 27.6% of consolidated net banking income in 2019, just below the 29.0% recorded in 2018.

Operating expenses

Private Banking operating expenses totalled €81.0 million in 2019, 3.6% below their 2018 level.
Personnel expenses in Private Banking came to €49.5 million, a reduction of 5.1% relative to 2018.
Other expenses declined 1% relative to 2018 as management kept a tight grip on budgets.

Operating income

Private Banking recorded €2.8 million in gross operating income, which was stable compared with the 2018 level.
The cost/income ratio improved relative to 2018, falling to 87.8% as a result of the tight grip on expenses.
As in previous years, the cost of risk was very low indeed, reflecting the high quality of the division's loan commitments and its risk management.

Income (loss) before tax

Including the contribution from Edmond de Rothschild (Monaco), which was higher than in 2018, Private Banking's income before tax totalled €10.3 million in 2019.

Asset Management

Highlights of 2019

- €33.528 billion under management
- Organisational changes plus a roadmap for the period out to 2022
- Acquisition of an investment rounding out existing solutions
- Exciting developments in several areas of specialisation

The whole philosophy behind Edmond de Rothschild's Asset Management range is to offer its clients active, conviction-driven management. Edmond de Rothschild Asset Management strives to outperform index-tracking products by focusing on value creation over the long term by taking clear views.

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

Organisational changes and an ambitious roadmap

Asset Management made several changes to its organisation structure in 2019. In March, Christophe Caspar took over as Head of Asset Management from Vincent Taupin, following the latter's appointment as CEO of the Group. In June, a new Asset Management organisation headed up by Benjamin Melman, Global Chief Investment Officer, was unveiled.

The division's new structure features four units:

› Michaël Nizard took over responsibility for the asset allocation and sovereign debt team

› Christophe Foliot and Jacques-Aurélien Marcireau took charge of the equity investment teams

› Alain Krief joined the Edmond de Rothschild Group to run the fixed-income team

› Lastly, Jean-Philippe Desmartin remained in charge of the SRI unit, with an overarching approach spanning all asset classes.

Asset Management's teams were boosted by several new arrivals to develop its management capabilities, including analysts specialised in certain market segments.

Changes were also made to management of the EdR Fund Bond Allocation fund. The two managers in charge of the bond allocation fund left the management company in July, and they were replaced by seasoned bond market veterans Nicolas Leprince and Julien Tisserand.

A roadmap for the period out to 2022 was drawn up during the year. It presents the core areas of expertise, which the Asset Management division wishes to promote and which will be at the forefront of all its efforts.

European equities and theme-based investing will be the main focus of attention in equities. Theme-based debt investing (emerging and financial in particular) will also be part of this development plan, together with asset allocation, an area in which the Asset Management division possesses cutting-edge expertise.

SRI takes pride of place in this approach – right across the board – building on the strong commitment it has been given since 2007.

Risk Management solutions and quantitative management also feature on the roadmap, helping us to meet our clients' steadily growing and personalised needs.

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Several key accomplishments despite headwinds for active management

Emerging market debt has been one of Edmond de Rothschild Asset Management's conviction-driven priorities for several years. This specialised unit went from strength to strength in 2019. The EdR Fund Emerging Credit fund won several accolades and generated inflows in excess of €200 million, while EdR Fund Emerging Sovereign, the latest addition to the range, had almost €200 million under management by the end of the year, even though it was only launched in late 2018. Conversely, the EdR Fund Emerging Bonds sovereign debt fund underperformed in 2019 and suffered a net outflow of over €100 million.

Further developments concerning the range of funds managed by Edmond de Rothschild Asset Management included:

• Launch of the EdR SICAV US Solve fund: building on the success of the EdR SICAV Europe Solve fund launched in 2015 and attracting strong interest from institutional investors, Edmond de Rothschild Asset Management's teams wanted to expand this area of expertise by establishing a new "protected equity" fund, this time in the US equity universe. The fund generated over €200 million in net inflows by year-end 2019.

- A new term fund: marketing of the Millesima 2024 was completed in 2019, and this was followed in the second half by the launch of Millesima 2026, an eighth term fund, to meet investor interest in this type of solution against the backdrop of a low interest rate environment.

The equity range recorded substantial net outflows in 2019, especially European equities, mirroring the general trend across Europe, with the major active equity managers haemorrhaging assets. Several changes to the product range were planned, and these are expected to come to fruition in 2020. Despite this adverse trend, one fund stood out: EdR SICAV Euro Sustainable Growth, a European equity SRI fund, which recorded over €200 million in inflows, lifting its assets under management above €400 million at year-end 2019, up from €150 million one year earlier.

SRI investing was a key focus during 2019. Towards the end of the year, a third open-ended fund gained a quality label (EdR Fund Global Sustainable Convertibles), as the Asset Management division pushed ahead with its SRI initiatives.

Lastly, the BRIDGE infrastructure debt platform again ended the year on a high note. BRIDGE IV, the latest generation launched in April 2018, generated a total of €1.25 billion in inflows over the period, lifting the platform's assets under management to €2.6 billion. A new vehicle is being readied for launch in 2020.

Awards received in 2019

Edmond de Rothschild Asset Management and its funds gained a number of French and European accolades.

- Quantalys Awards: best fixed-income range (European companies managing over €5 billion in assets)
- Grands Prix de l'AGEFI: Equilibre Discovery (European diversified category) and EdR Fund Emerging Credit (emerging market bonds category)
- Thomson Reuters Lipper Fund Awards 2019: EdR Fund Emerging Credit, best fund over 3 and 5 years (awards for Europe, France, Switzerland, Austria, UK, Germany, Netherlands).

Major leap forward anticipated in the real estate platform in 2020

In 2018, Edmond de Rothschild combined its private equity, real estate and asset management platforms to form a seamless investment offering spanning all asset classes. A unified management team was placed in charge of the Group's three specialist real estate subsidiaries. In 2019, the real estate platform pressed ahead with its development and is poised for a major step forward with the introduction of a unified brand: Edmond de Rothschild Real Estate Investment Management (REIM).

Edmond de Rothschild has grown its real estate asset management business through a series of selective acquisitions. Cleaveland, a French business founded in France in 2005, was acquired by Edmond de Rothschild in 2016. It is currently led by François Grandvoinnet, its chairman, who joined the group in late 2019.

The subsidiary also promoted two other managers to senior positions last year, with Lyes Badji taking over as Chief Executive Officer and Clément Brazy as Chief Financial Officer. The EdR Immo Premium fund generated impressive net inflows to end the year with over €150 million under management. The fund made several acquisitions despite tight market conditions. In addition, the number of alternative investment funds managed by Cleaveland rose again.

Breakdown of Asset Management results

In thousands of euros	2019	2018	Change
Net banking income	**141,615**	**165,686**	**−14.5%**
Operating expenses	−133,623	−138,104	−3.2%
- Personnel expense	*−72,484*	*−77,334*	
. direct	*−54,063*	*−57,787*	
. indirect	*−18,421*	*−19,547*	
- Other operating expenses	*−51,945*	*−51,951*	
- Depreciation and amortisation	*−9,194*	*−8,819*	
Gross operating income	**7,992**	**27,582**	**−71.0%**
Cost of risk	-	-	
Recurring operating income	**7,992**	**27,582**	**−71.0%**
Share in net income/(loss) of associates	−7,676	−3,800	
Net gains or losses on other assets	-	-	
Changes in the value of goodwill	−8,105	-	
Income (loss) before tax	**−7,789**	**23,782**	**−132.8%**
Cost/income ratio*	88.5%	78.0%	

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

Net banking income

Assets under collective management totalled €33.5 billion at year-end, just above the level recorded at year-end 2018 after adjusting for the impact of changes in scope.
Despite significant outflows affecting the equity (€1.7 billion) and asset allocation ranges (€1.4 billion), the overall level of assets under management held up thanks to the upbeat performance of the markets in 2019.

The division's average assets under management moved up 4.2% on the back of growth in real estate assets under management. Net banking income trends varied from one business to another:

- in liquid product asset management (excluding real estate), net banking income declined 15.2% as a result of the adverse impact of the fall in higher-margin products under management and the pricing reductions introduced on trading activities.
- in real estate management, average assets under management rose 23.0%, driving growth of 15.9% in volume-related income. The acquisition business recorded a small decline (3.8%), however. Overall, real estate net banking income grew 8.2%.
- The pace of growth in the asset management fund distribution business in Italy slowed slightly, for exactly the same reasons as those affecting the core asset management business. Net banking income contracted 9.8%. In addition, the results recorded by this business in the previous year had been boosted by performance-related fees, which were not repeated in 2019. Overall, Asset Management net banking income in Italy declined 25.7%.

Operating expenses

Operating expenses were cut by 3.2% from €138.1 million in 2018 to €133.6 million in 2019.
Personnel expense totalled €72.5 million, which was 6.3% lower than in 2018.
Asset Management's other operating expenses came to €61.1 million, representing a small increase (up 0.6%) between 2018 and 2019.

Operating income

Gross operating income declined to €8.0 million in 2019 from €27.6 million in 2018 as a result of the trends presented above.
The division's cost/income ratio rose to 88.5% from 78.0% in 2018.

Income (loss) before tax

In 2019, the contribution from associates came under heavy pressure as a result of the losses recorded by ERAAM and Zhonghai FMC, in which the Group owns shareholdings. The Asset Management division's loss before tax was €7.8 million, versus income before tax of €23.8 million in 2018.

Calculated on the basis of management fees (excluding performance-related fees), the margin was 36 basis points, down 8 basis points from its 2018 level of 44 basis points.

Private Equity

Highlights of 2019

- Successful fundraisings by Privilège 2018 (second FPCI [private equity fund] and SICAR [risk capital investment company] closing, €102 million), Kennet V (final closing, €22.8 million) and Transmission et Croissance I (first closing, €28.8 million)
- Two disposals by ERES II, two acquisitions by ERES III, Privilege 2018 and Kennet V gain traction

We continued to grow our private equity offering throughout 2019 and launched various new products and services enabling all our (private and institutional) clients to benefit from this asset class.

Private equity dovetails perfectly with our overall strategy as it involves making investments firmly grounded in the real economy. By doing so, we are able to align our investment, social and environmental performance.

This year we strengthened the capabilities of our private equity platform in pursuit of our goal of supporting the growth of visionary SMEs right around the globe. Two new strategies were launched, and so we now have 13 niche investment strategies across multiple geographical regions and sectors.

In France, our minority investment and fund of funds activities also contributed significantly in 2019 to the success of our private equity platform.

Funds of funds: spectacular growth

Fundraising by Privilège Access, our external fund of funds vehicle, went from strength to strength. It raised €46.2 million for the Privilège 2018 FPCI and €56.2 million for the Privilège 2018 SICAV RAIF, both managed by EdR Private Equity France.

Preparations for the launch of two new vehicles were also made during 2019. All in all, seven deals were completed, with five primary investments in Lee Equity Partners, Lovell Minnick, GHO Capital Partners II, Palladium Equity V and A&M Capital Europe I and two secondary investments in McLarens (alongside ERES III) and Kymera (part of ERES III's portfolio since 2018).

Lee Equity Partners is a growth capital manager active in the services sector, with a focus on the healthcare, finance and B2B industries in North America. It targets businesses with high-growth potential and aims to make operational efficiency improvements.

Lovell Minnick Partners provides buy-out capital and specialises in financial services in the United States and, where opportunities arise, in Europe, too. Middle-market companies that have established leadership in a niche market are its investment focus.

GHO Capital is a pan-European asset manager specialised in the healthcare sector. It targets untapped market opportunities across the pharma, medtech and outsourced services sectors.

Palladium Equity is a US asset manager active in buyout capital that specialises in midsize family-held businesses. It operates across the industrial and consumer goods sectors, and has a strong track record of serving Hispanic-American clients in the United States.

A&M Capital is an asset manager specialised in business transformation for midsize European companies looking to raise their operating performance.

The final closing for the Privilège 2018 funds is scheduled for March 2020.

Rock-solid strategy in minority investment funds

The ERES II FPCI funds again delivered healthy performances in 2019. Two liquidity events played a key role in this:

- Worley Claims Services (US insurance specialist). In the past four years, Worley has radically strengthened its position. It has diversified its revenue streams, appointed a new management team, achieved fresh commercial impetus, repositioned itself in more recurring activities, and made infrastructure investments. That made it a highly attractive target for US fund Kolhberg & Co.
- Socotec, one of the French leaders in testing, inspection and certification, as part of a secondary LBO (33% stake). After adopting a more international approach and appointing a new management team, Socotec attracted interest from a variety of investors following a

competitive sale process won by Clayton, Dubilier & Rice,

The ERES III funds also made two investments in 2019 in ASL Aviation Holding and in McLarens.

ASL is Europe's leading express air freight operator. It provides contract air transportation for express couriers, postal services, freight operators, passengers and charter services. ASL also operates in the aircraft leasing market, chiefly to support its own activities, and it has a controlling interest in FlySafair, South Africa's second-largest low-cost airline.

McLarens Global Limited is a global leader in claims process management (loss adjustment), working alongside insurance companies, brokers and insured companies. It is the only global expert in the settlement of complex claims and boasts leadership positions in the aviation, agriculture and commercial real estate sectors.

Positions in the tech sector expanded further

Kennet V FPCI is a fund that invests in parallel with Kennet V SCSp, a Luxembourg-registered fund, in high-growth tech businesses, mostly in the United Kingdom. The fund is managed under a delegated investment management agreement with UK-based Kennet Partners. The Kennet V FPCI fund completed a final €22.8 million closing in October 2019 (Kennet V SCSp had raised €170.7 million at 31 December 2019).

It made three investments in 2019: Social Survey, Eloomi, and Spatial Networks.

Social Survey is software used to take the pulse of customer satisfaction by gathering feedback and level of satisfaction concerning the services provided by an organisation's employees.

Eloomi provides SaaS (software as a service) learning and performance management services for businesses with 500 to 10,000 employees.

Spatial Networks supplies geospatial intelligence solutions by harnessing its mobile data collection platform and a global network of geospatial industry professionals.

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

This fund, the first arising from the link-up between Edmond de Rothschild Private Equity and Trajan Capital, is based on the search fund model that has gained real traction in North America.

The fund aims to maintain the independence of the French SMEs by supporting a fresh generation of entrepreneurs as they take on leadership roles and gradually raise their holdings in these companies' capital.

The teams of Trajan Capital and Edmond de Rothschild Private Equity aim to build a pool of around a dozen managers who are looking to take on leadership roles. These managers will be supported and guided through the process of searching for acquisition targets, analysing opportunities and structuring deals.

The Transmission & Croissance 1 FPCI fund, which aims to raise between €120 million and €150 million in funds, will provide the capital required to establish majority shareholdings and pursue the development of the portfolio companies. It raised €28.8 million by its first closing on 30 December 2019, but had not made any investments by year-end 2019.

Breakdown of Private Equity results

In thousands of euros	2019	2018	Change
Net banking income	**5,209**	**4,700**	**10.8%**
Operating expenses	−6,273	−6,766	−7.3%
- Personnel expense	*−3,870*	*−4,611*	
. direct	*−3,289*	*−4,066*	
. indirect	*−581*	*−545*	
- Other operating expenses	*−2,212*	*−1,993*	
- Depreciation and amortisation	*−191*	*−162*	
Gross operating income	**−1,064**	**−2,066**	**−48.5%**
Cost of risk	-	-	
Recurring operating income	**−1,064**	**−2,066**	**−48.5%**
Share in net income/(loss) of associates	-	-	
Net gains or losses on other assets	1	-	
Changes in the value of goodwill	-	−52	
Income (loss) before tax	**−1,063**	**−2,118**	**−49.8%**
Cost/income ratio*	116.8%	140.5%	

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

Net banking income

The continuing expansion in funds of funds provided another boost to Private Equity net banking income in 2019, which was €0.5 million higher than in 2018.

Operating expenses

Operating expenses declined 7.3% relative to 2018 when they were inflated by the expenses incurred in setting up the platform in France.

Operating income

The stronger top-line performance and tight control on expenses helped to halve the size of the operating loss relative to 2018.

Income (loss) before tax

Private Equity posted a loss before tax of €1.1 million, versus a loss of €2.1 million in 2018.

Other Activities and Proprietary Trading

CORPORATE ADVISORY SERVICES

Highlights of 2019

- Excellent year with 33 transactions advised on and record deal sizes
- Brisk activity levels in the healthcare and real estate sectors
- Ramp-up in tech and digital to raise the division's market profile
- Strong revenue growth

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

The team focuses on the small- and mid-cap market segment (i.e. deal sizes ranging from €10 million to €500 million). Its independence, lack of conflicts of interest and unique deal-making experience with family-owned firms to support clients in France and abroad are what sets it apart from its rivals

Breakthrough in tech and strong reputation in healthcare and real estate

Unlike the market for major deals in which volumes may vary significantly from one year to the next, the midcap market maintained its momentum[1].

The 33 deals handled by the team are a testament to the more rapid pace of development in this business, the ramp-up in the Lyon team, which joined Edmond de Rothschild in 2018, and the improvements made to its internal organisation structure in recent years. The M&A business had the wind in its sails during 2019, as reflected by the number of primary deals with private banking and the ramp-up in deals with investment funds.

As in the previous year, real estate was a major revenue source for the M&A business, generating six deals. Edmond de Rothschild Corporate Finance advised Eurazeo Patrimoine on the acquisition of a minority shareholding in the Emerige group, Valeur et Capital shareholders on the sale of a majority shareholding to Montefiore, and STAM on the sale of the group to Corestate.

Harnessing its expertise to good effect, Edmond de Rothschild Corporate Finance completed six transactions in 2019 in healthcare and health services, an attractive sector characterised by lofty valuations. That brought the total since 2016 to over 30 deals. The Lyon team played a full part in this impressive performance, advising on three of the six deals in the healthcare sector in 2019. The sale of Domidep will remain the landmark deal of the year – and not only because of its size. It was the 14th completed with the Domidep group over 11 years, illustrating the corporate finance team's ability to support clients over the long term and through every stage in their development.

Lastly, the team capitalised on the breakthroughs it has made in the tech and digital sector during 2019 and was rated second in the top 10 ranking of investment banks in the sector in France[2]. Its impressive accomplishments included an exceptional double deal in 2019 with CLS and its Kineis subsidiary (monitoring via nano satellites to study and protect the planet and manage its resources sustainably), clearly resonating with the Edmond de Rothschild Group's commitment in this area.

Increasingly ambitious objectives

A new manager and two analysts were also hired during 2019 to continue scaling up the organisation in line with its plans to grow and develop the business.

Even closer ties with Private Banking were forged this year. The sale of a stake in Coutot-Roerig, European leader in identifying heirs and beneficiaries, was completed by harnessing the significant synergies with the Private Banking teams and will be remembered as one of the year's landmark transactions.

In 2020, Edmond de Rothschild Corporate Finance intends to continue its development by participating in a growing number of market transactions, to build on its momentum from 2019. The main development drivers for 2020 will be acquiring specialised industry expertise, increasing so-called primary deals in synergy with Private Banking and establishing a stronger position with investment funds.

[1] *Source: 10 January 2019 edition of L'Agefi Hebdo newspaper no. 642-643 – M&A rankings – page 28*

[2] *Source: CF News Magazine, no. 21 of February 2020, p 32*

Breakdown of Other Activities and Proprietary Trading results

In thousands of euros	2019	2018	Change
Net banking income	**73,028**	**42,740**	**70.9%**
Operating expenses	−44,021	−35,629	23.6%
- Personnel expense	*−26,150*	*−19,466*	
. direct	*−19,042*	*−14,204*	
. indirect	*−7,108*	*−5,262*	
- Other operating expenses	*−6,979*	*−13,499*	
- Depreciation and amortisation	*−10,892*	*−2,664*	
Gross operating income	**29,007**	**7,111**	**ns**
Cost of risk	−3	−336	
Operating income	**29,004**	**6,775**	**ns**
Share in net income/(loss) of associates	-	−42	
Net gains or losses on other assets	1,210	6,286	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**30,214**	**13,019**	**ns**
Cost/income ratio*	57.3%	77.1%	

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

Net banking income

Corporate Advisory Services

Corporate Advisory Services again clinched a series of impressive deals in 2019.

Its net banking income came to €20.5 million, up €2.9 million on 2018.

Proprietary Trading

Proprietary Trading's net banking income came to €52.5 million, up €27.4 million relative to 2018. Gains on the investment portfolio amounted to €47.4 million, including €43.6 million in realised capital gains and €3.7 million in unrealised portfolio gains under IFRS 9.

Operating expenses

Corporate Advisory Services

Operating expenses rose 36.3% relative to 2018, reflecting the addition of the new team in Lyon and the level of net banking income generated.
A gross operating loss of €2.5 million was recorded, after positive gross operating income of €0.7 million in 2018.

Income (loss) before tax

After the dilution gain of €1.2 million generated by the Edmond de Rothschild (Monaco) capital increase, Other Activities and Proprietary Trading posted income before tax of €30.2 million, up from €13.0 million in 2018.

leading by example and harnessing opportunities for collaboration and synergies within the Group.

Outlook for 2020

While 2019 brought a strong increase in quality across all asset classes, the first few months of 2020 were marked by the emergence of economic, geopolitical and even health-related risk factors.

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

Movements in the portfolio of subsidiaries and associates

During 2019, Edmond de Rothschild (France) acquired a shareholding in ERAAM.

Consolidated balance sheet

Consolidated total assets came to €3,954.5 million at 31 December 2019, up 7.9% from €3,665.1 million at 31 December 2018.

This increase in total assets was accompanied by a major shift in the structure of the balance sheet, with a hefty rise in loans and receivables due from credit institutions, a corollary of the Bank's improved overall liquidity position and a conservative cash management policy with the low interest-rate environment offering few opportunities.
The rise in loans and receivables due from clients resulted from the Group's strong business momentum.

Assets

In thousands of euros	31 December 2019	31 December 2018
Cash, due from central banks and postal accounts	2,229,167	2,248,217
Financial assets at fair value through profit and loss	171,859	174,670
Financial assets at fair value through equity	3,719	4,098
Securities at amortised cost	10,384	10,132
Loans and receivables due from credit institutions, at amortised cost	234,936	59,135
Loans and receivables due from clients, at amortised cost	876,774	765,526
Tax assets and other assets	177,972	196,485
Non-current assets other than financial assets	249,689	206,867
Total assets	**3,954,500**	**3,665,130**

Liabilities and equity

In thousands of euros	31 December 2019	31 December 2018
Financial liabilities at fair value through profit and loss	1,582,115	1,428,390
Due to credit institutions	88,276	35,011
Due to clients	1,603,964	1,585,256
Tax liabilities and other liabilities	249,488	199,589
Provisions	24,590	25,110
Subordinated debt	-	-
Equity attributable to equity holders of the parent	395,496	379,945
Non-controlling interest	10,571	11,829
Total liabilities	**3,954,500**	**3,665,130**

Main changes in consolidated assets

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

Financial assets at fair value through profit and loss slipped to €171.9 million at 31 December 2019 from €174.7 million at 31 December 2018. The line item chiefly consisted of the Group's private equity portfolio (€143.8 million) and trading derivatives measured at fair value (€12.7 million) at 31 December 2019.

Securities at amortised cost were stable at €10.4 million at 31 December 2019, down from €10.1 million at 31 December 2018.

Loans and receivables due from credit institutions rose sharply to €234.9 million at 31 December 2019, up 297.3% from €59.1 million at the end of the previous year. This increase was largely driven by cash transactions with the Group.

Loans and receivables due from clients (net of provisions), consisting of ordinary overdrafts and loans, advanced by 14.5% to €876.8 million at 31 December 2019 from €765.6 million at 31 December 2018. That increase was primarily the result of an increase in client overdrafts excluding UCITS funds, which rose by €88.6 million, and a €21.1 million increase in lending.
Debit positions on UCITS current accounts rose from €18.7 million at 31 December 2018 to €20.1 million at 31 December 2019.

Non-current assets other than financial assets totalled €249.7 million at 31 December 2019, up from €206.9 million at 31 December 2018. The main factor behind this increase was the recognition of right-of-use assets in respect of the assets leased by the Group over the term of leases following the first-time application of IFRS 16 from 1 January 2019.

Main changes in consolidated liabilities

Financial liabilities at fair value through profit and loss totalled €1,582.1 million at 31 December 2019, up 10.8% from €1,428.4 million at 31 December 2018. This increase mainly derived from a net increase in the term loans held by Edmond de Rothschild (France).

The **Due to credit institutions** item reflects demand deposit accounts on which balances soared to €88.3 million at 31 December 2019 from €35.0 million at 31 December 2018.

The **Due to clients** item includes ordinary accounts in credit, term deposits and savings accounts. This line item rose by 1.2% or €18.7 million overall to reach €1,604.0 million at 31 December 2019. The increase mainly resulted from a €61.3 million rise in ordinary accounts in credit and a €50.0 million decrease in other financial liabilities.

Provisions were stable at €24.6 million at 31 December 2019, down from €25.1 million at 31 December 2018.

After 2019 net income of €14.4 million, **equity attributable to equity holders of the parent** rose 4.1% to €395.5 million at 31 December 2019.

Commitments given and received by the Group

In thousands of euros	31 December 2019	31 December 2018
Commitments given		
Financing commitments	292,492	255,056
Guarantee commitments	51,553	50,323
Commitments received		
Financing commitments	-	-
Guarantee commitments	13,487	10,471

Financing commitments given to clients, which include commitments to invest in certain of the Group's private equity funds, amounted to €292.5 million compared with €255.1 million at 31 December 2018. This increase reflected a €53.6 million rise in overdraft authorisations and a €16.2 million reduction in commitments on securities receivable.

Guarantees given by the Group rose 2.4% to €51.6 million from €50.3 million at 31 December 2018. The guarantees mainly consisted of administrative and financial security provided to clients (up €1.1 million) and guarantees to investors in structured, formula and cushion funds, as well as representations and warranties provided to companies.

Guarantees received from credit institutions moved up to €13.5 million from €10.5 million at the end of 2018.

Parent company financial statements

Parent company balance sheet

At 31 December 2019, the Bank's total assets amounted to €3.855 billion. That represented an increase of 5.8% on the €3.644 billion recorded at 31 December 2018.

The main balance sheet items were as follows:

In thousands of euros	31 Decembe r 2019	31 Decembe r 2018
Assets		
Cash accounts and interbank operations	2,451,446	2,291,041
Loans to clients	884,838	788,005
Other financial accounts	170,929	203,842
Securities and non-current assets	347,650	361,448
Total	**3,854,863**	**3,644,336**

Liabilities and equity		
Interbank operations	1,185,142	975,765
Client deposits	1,681,470	1,632,461
Debt securities	516,939	535,783
Other financial accounts	171,373	194,493
Subordinated debt	21,022	21,023
Equity	278,917	284,811
Total	**3,854,863**	**3,644,336**

On the asset side, **cash accounts and interbank operations** accounted for 63.6% of the Bank's total assets, or €2.451 billion compared with €2.291 billion at 31 December 2018, an increase of €160 million or 7%. Cash deposited with the ECB and the Banque de France amounted to €2.229 billion at 31 December 2019, or 57.8% of the Bank's total assets (versus €2.248 billion and 61.7% at 31 December 2018), reflecting the improvement in the Bank's liquidity position and a conservative cash management policy in a negative interest-rate environment.

Demand deposits with financial institutions edged up from €43 million at 31 December 2018 to €47 million at 31 December 2019.

Loans to clients amounted to €885 million at 31 December 2019, up 12.3% from €788 million at 31 December 2018. That increase derived largely from overdrafts granted to individual clients and non-financial companies.

Other financial accounts fell 16.1% to €171 million, down from €204 million in the previous year.

Securities and non-current assets slipped to €348 million at 31 December 2019 from €361 million at 31 December 2018. This 3.8% decrease was chiefly the product of redemptions of private equity UCITS funds and of the remeasurement of the portfolio of subsidiaries and affiliates.

On the liabilities side, **interbank operations** rose to €1.185 billion at 31 December 2019 from €976 million at 31 December 2018. Term loans were the main factor behind this increase.

Client deposits rose by 8.3% to €1,681 million at 31 December 2019, up from €1,632 million at 31 December 2018. This increase was chiefly the product of an €84 million rise in clients' other demand deposits. Clients' term deposits fell €35 million, however.

Debt securities totalled €517 million compared with €536 million one year earlier. They consisted mainly of Euro Medium Term Notes (EMTNs) issued in connection with structured products and negotiable medium-term notes (BTMNs).

Other financial accounts moved down €24 million to €171 million from €195 million at 31 December 2018. The fall reflected the measurement of currency exposures.

Subordinated debt, which amounted to €21 million at 31 December 2019 (unchanged from 31 December 2018), includes only the undated super-subordinated notes issued by the Bank in June 2007 to strengthen the Group's regulatory capital.

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

In thousands of euros	(1) 31 December 2	(1) 31 December 2
Share capital	83,076	83,076
Reserves	130,522	130,522
Retained earnings	71,213	51,206
Total	**284,811**	**264,804**

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

The **net loss** for the year came to €5.9 million compared with net income of €20 million in 2018, representing a decline of 129%.

Parent company income statement

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

	2019	2018
Net banking income	**159,829**	184,184
Personnel expense	−77,012	−80,914
Other operating expenses	−58,527	−58,925
Depreciation and amortisation	−12,101	−11,651
Gross operating income	**12,189**	**32,694**
Cost of risk	3	2
Net gains or losses on other assets	−18,080	−16,469
Non-recurring items	−42	−713
Income tax	36	4,493
Net income	**−5,894**	**20,007**

Net banking income

Net banking income fell back 13.2% in 2019 to €159.8 million from €184.2 million in 2018.

This €24.3 million decrease in net banking income was attributable to the following factors:

- income from the securities portfolio and capital market transactions dropped €19.2 million relative to 2018. This decrease largely reflected the reduction in dividends received in 2019 (down €15.7 million relative to 2018).

- Asset Management income declined by €5.4 million, falling back to €59.1 million from €64.5 million in 2018. This decline reflected lower distribution income and lower fees on transactions (front-end charges and transfer fees). The introduction of the MiFID 2 and clients' aversion to higher-risk products, which caused margins to narrow and transaction volumes to fall, were the key factors behind this trend.

Operating expenses, depreciation and amortisation

Operating expenses, depreciation and amortisation came to €147.6 million, down 2.5% from the €151.5 million recorded in 2018.

This €3.9 million decrease breaks down into:

- a 4.8% fall in **personnel expenses** to €77 million in 2019 from €80.9 million in 2018
- a 0.7% decrease in **other operating expenses** to €58.5 million in 2019 from €58.9 million in 2018, and
- lastly, €12.1 million in **depreciation and amortisation** in 2019, compared with €11.7 million in 2018.

After operating expenses, depreciation and amortisation, **gross operating income** totalled €12.2 million, down from €32.7 million in 2018.

Non-operating items

The net **cost of risk** had a positive impact in 2019, as in 2018 – a real testament to the calibre of the Bank's commitments and its risk management policy.

Net gains or losses on other assets showed a net loss of €18.1 million versus a net loss of €16.5 million in 2018. The key contributor was an impairment loss of €13.2 million recognised on the investment in the Cleaveland subsidiary.

Non-recurring items contributed a net loss of €42 thousand.

Income tax: effective 1 January 2018, Edmond de Rothschild (France) and some of its subsidiaries joined the tax consolidation group headed up by Edmond de Rothschild SA. The Edmond de Rothschild SA Group had ten subsidiaries in 2018.

Following the transfer by Edmond de Rothschild SA of its shareholding in Edmond de Rothschild (France) to Edmond de Rothschild (Suisse) on 7 August 2019, parent company Edmond de Rothschild SA's direct and indirect ownership of the share capital of its subsidiary Edmond de Rothschild (France) and its sub-subsidiaries fell to below 95%, the pre-requisite for the tax consolidation regime. Accordingly, Edmond de Rothschild (France), as well as its subsidiaries Edmond de Rothschild Asset Management (France), Edmond de Rothschild Assurances et Conseils (France), Edmond de Rothschild Private Equity (France), Edmond de Rothschild Corporate Finance, Financière Boréale and Cleaveland, which were all consolidated for tax purposes, left the consolidated tax group headed up by Edmond de Rothschild SA with retroactive effect from 1 January 2019. The Edmond de Rothschild SA Group had two subsidiaries in 2019.

The Bank recorded a net income tax benefit of €36 thousand compared with €4.5 million in 2018.

It recorded a net loss of €5.9 million compared with net income of €20 million in 2018, representing a decrease of €25.9 million.

Share capital

Ownership of the share capital, which amounted to €83,075,820 at 31 December 2019, was as follows:

EDMOND DE ROTHSCHILD (SUISSE) SA	5,538,328	shares, i.e.	100.00%
Other individuals	60	shares, i.e.	0.00%
Total	**5,538,388**	**shares, i.e.**	**100.00%**

At 31 December 2019, there were no employee shareholders as the term is defined in Article L. 225-102 of the French Commercial Code.

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

Edmond de Rothschild (France) recorded a total amount of €445,923 in expenditure covered by Articles 39-04 and 223d of the French General Tax Code (extravagant expenditure), corresponding to €148,641 in corporate income tax, which was duly paid.

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

Disclosures concerning payment periods

(Articles L. 441-6-1 and D. 441-4 of the French Commercial Code)

At year-end 2019, the amounts owed by the Company to its suppliers and its clients broke down by maturity as follows (in euros):

Disclosures concerning payment periods*

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

	Article D. 441 I.-1: overdue invoices received not settled at the balance sheet date						Article D. 441 I.-2: overdue invoices issued not settled at the balance sheet date					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late-payment analysis												
Number of relevant invoices	40					40	38					38
Total amount of relevant invoices excl. VAT		417,225	20,700			437,925		208,571	500,996			709,567
Percentage of total amount of purchases excl. VAT in the financial year	0%	0.5%	0%			0.5%						
Percentage of revenue excl. VAT in the financial year								0.4%	0.9%			1.3%
(B) Invoices excluded from (A) concerning receivables and payables disputed or not accounted for												
Number of invoices excluded												
Total amount of excluded invoices excl. VAT												
(C) Reference payment periods used (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment periods used to calculate late payments												

*Excluding banking and related transactions

Information on dormant bank accounts

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

- it identified 3 dormant accounts as defined in the aforementioned Act on its books in 2019 with a total balance of €90,136.13;
- it did not identify any dormant accounts on its books in respect of 2019 with deposits or other assets transferable under French law to Caisse des Dépôts et Consignations and thus made no such transfers to Caisse des Dépôts et Consignations.

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

Pursuant to Article L. 232-1 of the French Commercial Code, the branches in existence at 31 December 2019 were as follows:

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

Information about offices and activities at 31 December 2019

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

Offices by country

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

Country	Revenue	Net banking income	Number of employees	Income (loss) before tax	Income tax	o/w current tax	o/w deferred taxes
China	-	-	-	−2,324	-	-	-
France	860,082	289,580	782	14,875	−15,062	−14,487	−575
United Kingdom	-	-	-	−10	-	-	-
Hong Kong	15	−11	-	−47	-	-	-
Israel	2,081	1,926	1	193	-	-	-
Luxembourg	1,869	12,136	-	11,452	−682	−439	−243
Monaco	-	-	-	7,571	-	-	-
Total	**864,048**	**303,631**	**783**	**31,709**	**−15,744**	**−14,926**	**−818**

Subsequent events:

The Covid-19 pandemic is likely to have significant adverse effects on the global economy, and the damage could be even worse unless the pandemic is contained rapidly. The impact of the lockdown on consumer spending and the general loss of confidence right across all economy have caused a sharp slowdown in activity. Production difficulties, supply chain disruption in certain sectors and a drop-off in investment are compounding the situation.

The upshot is likely to be markedly weaker growth, and even technical recessions in several countries, and this is reflected in the substantial losses in the financial markets and greater volatility. These knock-on effects would then hit the activities of banks' counterparties and of banks themselves.

For Edmond de Rothschild France and the Edmond de Rothschild France Group, the main immediate impact will stem from the sensitivity of their own assets and their assets under management to the fall in asset prices (equities, bonds, etc.) on the financial markets. It is impossible to assess at this stage the negative impact on the Bank's net banking income, earnings and financial position.

Following the recommendations of the European Central Bank, adopted by the ACPR in France, regarding the suspension of dividend payments during the Covid-19 health crisis, the Bank has taken the decision to suspend dividend payments until October 2020.

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

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

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

Control levels

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

- heavy involvement of the corporate and supervisory bodies, especially the Audit Committee and the Risk Committee
- a Compliance and Permanent Control Department consisting of 22 employees. These employees are obliged to report their findings on a regular basis and apply a consistent control methodology
- a Central Risk Department monitoring operating risk, which has seven permanent staff members and ten risk liaison officers working at the business lines (two of whom have a different main activity)
- an Internal Audit division with seven members of staff
- special attention paid to compliance with regulations, including:
  - government decree of 3 November 2014 on internal control,
  - the AMF's General Regulation,
  - the MiFID 2,
  - recommendations published by the Basel Committee,
  - French government order no. 2016-1635 of 1 December 2016 and Directive (EU) 2015/847 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and other related rules
  - Government decree of 5 October 2015 concerning the automatic exchange of information.
  - FATCA agreement signed on 14 November 2013
  - IRS Revenue Procedure 2017-15, QI Agreement
- clear allocation of resources to either periodic control (by the Internal Audit Department) or permanent control (by dedicated internal controllers and the Compliance and Control Department).

General risk management policy

Edmond de Rothschild (France)'s main sphere of activity covers Private Banking, Asset Management, Private Equity and Corporate Advisory Services.
Accordingly, its risk management policy aims to:
- perform very strict controls on the development of various activities, including market and credit transactions, to ensure that only limited risk exposure is incurred
- arrange highly liquid financing arrangements, with abundant long-term sources of funds and uses of funds that can be sold easily, should the need arise.

In addition to its own role in monitoring financial risks, the Central Risk Department is tasked with coordinating risk management. In particular, it is responsible for organising cross-functional committees that review all the risks inherent in the Bank's business activities.

It drafts a Risk Policy in conjunction with its liaison officers and in line with the Group Risk Charter and Policy (Edmond de Rothschild Holding, Geneva), which is submitted to the Risk Committee, then approved by the Supervisory Board.
The Central Risk Department also submits a Recovery Plan to the Risk Committee and the Supervisory Board, pursuant to the French government order no. 2015-1024 of 20 August 2015.
The Central Risk Department reports directly to the Executive Board and informs it regularly of the controls it performs to the Supervisory Board via the Risk Committee.

Production of accounting and financial information

The internal control framework also applies to the production of accounting and financial information.
The Company's individual and consolidated accounts are prepared by the Accounting Department, which remains strictly independent of the operating entities. It also applies the principle that at least two staff members should be in a position to perform every critical task.
The Accounting Department manages the (parent company and consolidated) accounts of the Bank and those of majority-owned subsidiaries primarily using information provided by the back offices. It applies the accounting principles and rules in force. The accounts of subsidiaries registered in other countries are managed locally. The consolidation process relies on the submission of detailed information using a standard reporting package completed by each subsidiary.
The Accounting Department consolidates the income statement every month and carries out a detailed review of each subsidiary's individual financial statements. It ensures that financial statements are published on a timely basis.
Furthermore, a meeting is held at least quarterly under the authority of a member of the Executive Board to review doubtful loans and provisions for litigation and to determine the appropriate allocations to and reversals from provisions. The Legal Department, the Chief Accountant and, where appropriate, an Internal Auditor also attend this meeting. The Accounting Department has a unit tasked with analysing the financial statements and detecting potential errors. The accounting processes and the quality of the accounting and financial information are also subject to checks by permanent control, with one internal controller assigned solely to the Finance and Development Department, and to periodic audits by the Internal Audit Department. Additionally, the Company's financial statements have to be audited by two independent Statutory Auditors.
The parent company financial statements (Report of the Executive Board, parent company financial statements) and consolidated financial statements (consolidated financial statements, Edmond de Rothschild (France)'s Management Report) are submitted to the Audit Committee and the Supervisory Board. The Audit Committee conducts a global and summary review of the control framework for accounting and financial risks, and ensures the completeness and consistency of the system for reporting financial information.
Lastly, the Statutory Auditors review the interim financial statements (for the period to 30 June) and present their work to the Audit Committee ahead of the approval of the financial statements (at least twice a year). They are also invited to meetings of the Audit Committee and of the Supervisory Board that review the financial statements.

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

Edmond de Rothschild (France) has pursued a programme to mitigate its environmental footprint since 2011. Its efforts are an integral part of Edmond de Rothschild Group's sustainability strategy. Measures taken by the Edmond de Rothschild Group to reduce such risks are presented in the Sustainability Report[1].
The specific measures taken by Edmond de Rothschild (France) are stated in the *Declaration of Extra-Financial Performance* section ("Managing climate change and energy transition risks") in Edmond de Rothschild (France)'s annual report.

[1] *(https://www.edmond-de-rothschild.com/site/International/en/Sustainable-development/reports).*

Declaration of Extra-Financial Performance

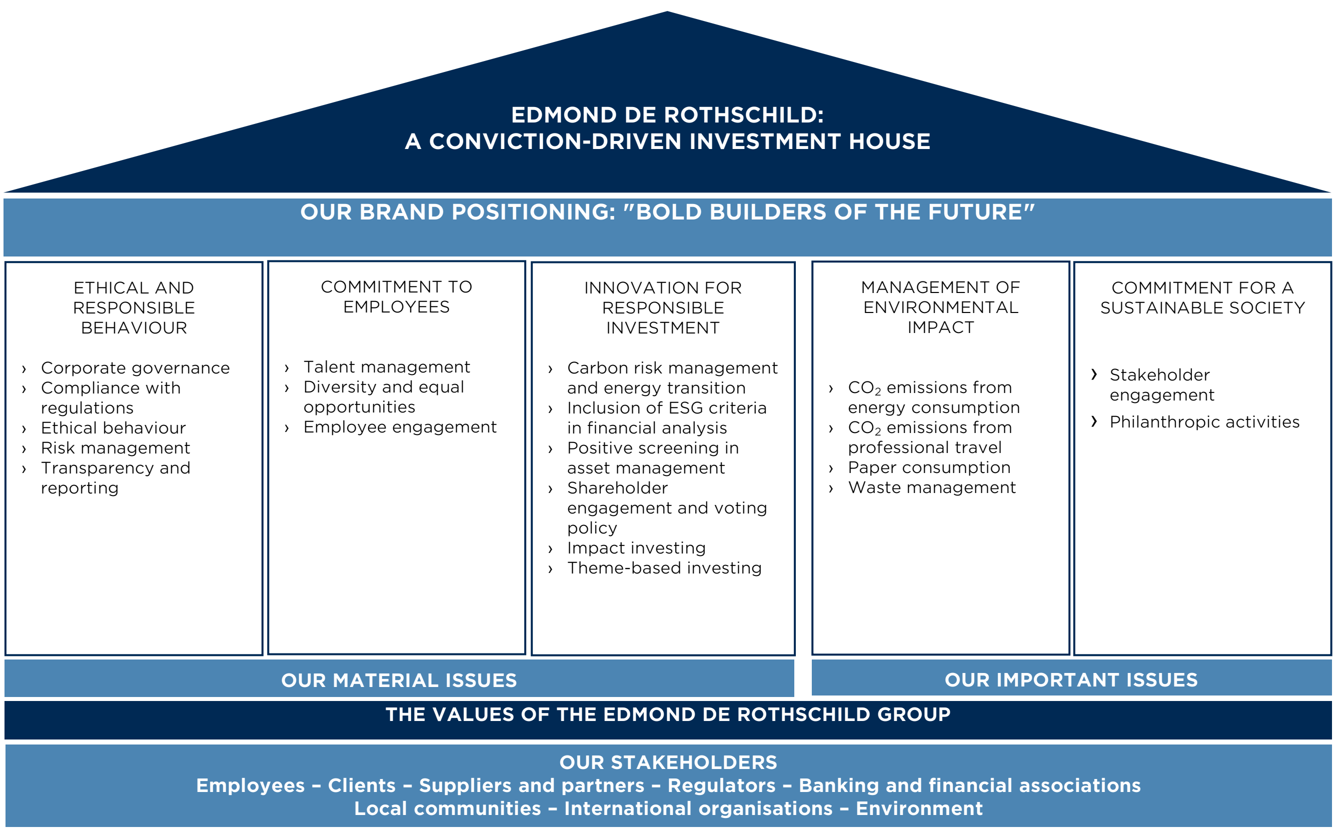
For the second year, Edmond de Rothschild (France) is publishing its Declaration of Extra-Financial Performance in accordance with French government order no. 2017-1180 of 19 July 2017 and decree no. 2017-1265 of 9 August 2017.

With this report, Edmond de Rothschild (France) meets the regulatory requirements while also setting out its commitments as a responsible, future-facing company.

The five pillars presented below represent the material non-financial issues identified by the Group in its 2014 materiality exercise. This declaration of extra-financial performance discusses the main non-financial risks identified for Edmond de Rothschild (France) based on the Group's material issues. The Group's annual sustainability report[1] provides more details and key information about all material issues, targets and progress achieved towards the Group's commitments to help build a more sustainable future and its aim of having a real and measurable impact.

Information relating to the way the Group manages the environmental impact of its operations and information about its social commitment is presented solely in the Group's sustainability report and its appendices[1]. Information about how climate change risks are managed within investment activities is presented in this document.

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



[1] See Edmond de Rothschild Group Sustainability Report 2018: https://www.edmond-de-rothschild.com/site/International/en/Sustainable-development/reports

Scope of the declaration of extra-financial performance

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

Business model

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

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

SCOPE OF THE DECLARATION OF EXTRA-FINANCIAL PERFORMANCE: FRANCE (PARIS AND REGIONS)

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

OUR VALUES

Our values are inspired by three key words in the Rothschild family motto:

Concordia: Union
Integritas: Honesty
Industria: Work

A pioneering spirit and a committed entrepreneurial approach

For us, success is built over the long term, through a cautious yet responsive approach combining hard work with the constant quest for innovative financial solutions.

OUR RESOURCES

2,554 employees in the Group, including 726 in France

A long-term commitment backed by a single owner

An independent, specialist, family-owned Group for 250 years

32 locations (8 in France) across 15 countries

A growth model based on a strong ecosystem in order to support innovation and build the future

10 Edmond de Rothschild Foundations involved in more than 100 projects

OUR CLIENTS

Individual private clients

Institutional and semi-institutional investors

Other banks / Financial institutions

Family offices

Development finance institutions

OUR ACTIVITIES (France)

Private Banking Advisory and Custody

Asset Management Investments for institutional and private clients

Real Estate Advisory and Investment

OUR OTHER ACTIVITIES (France)

Private Equity Advisory and Investment

Corporate Finance Advisory

Insurance Brokerage Advisory

OUR IMPACT

€3.4 billion managed according to RI strategies in France

RI strategies included in the management of 81% of private equity assets in France

69% increase in SRI mandates in the French private banking business in one year

9 Group investment strategies covering more than 75% of the SDGs

In the real economy:
Companies
Governments
Infrastructure
Real estate
Etc.

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

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

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

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

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

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

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

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

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

In France, with more than 25 years of experience and almost €600 billion of assets under management, the Group's private equity business combines expertise in two key areas, i.e. minority investments and funds of funds.

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

Our approach

The extra-financial risks presented in this report were analysed and identified as part of an initiative dealing specifically with the declaration of extra-financial performance. A working group was set up to meet the requirements of new regulations as effectively as possible. The working group comprised managers from the Group's compliance, legal, risk management and human resources departments. The analysis of extra-financial risks was validated by PwC, based on the materiality exercise that the Group carried out in 2014 to identify the major issues on which its sustainability strategy would be based. The risks taken into account were assessed as being those most representative of Edmond de Rothschild (France)'s activities.

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

Key issues	Extra-financial risks
Ethical and responsible behaviour	Corporate governance
	Compliance with legislation and protection of client data
	Central role of ethics
Commitment to our employees	Talent management
	Employee engagement
	Diversity and equal opportunities
Innovation for responsible investment	Incorporation of ESG issues
	Management of carbon risks within investments
	Shareholder engagement and voting policy
Management of environmental impact	CO_2 emissions linked to activities in France
	Waste and paper management
	Energy consumption

Ethical and responsible behaviour

CORPORATE GOVERNANCE

The Edmond de Rothschild Group's corporate responsibility commitments mean that it constantly seeks to act in a more prudent and diligent manner. By maintaining solid governance, the Group can set long-term targets and ensure that its internal developments take into account current social issues.

Policies

Corporate governance at Edmond de Rothschild is determined by its Corporate Governance Directive, based on the Group Directive on Corporate Governance. It applies to Edmond de Rothschild (France), Edmond de Rothschild Asset Management (France) and Edmond de Rothschild S.A.

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

The Group has also adopted a Social Responsibility Policy, which includes steps to prevent breaches of human rights connected with its business and the fundamental freedoms that are protected.

The Group intends to review the policy in 2020 and make it public.

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

As part of that structure, Edmond de Rothschild (France) is committed to maintaining robust governance bodies, including by ensuring that the members of those bodies have a diverse range profiles, so that the combined skills of each member allow it to pursue, manage and supervise all of its activities. Edmond de Rothschild (France) also ensures that the Supervisory Board has a sufficient number of independent members, in accordance with rules set out in the Middlenext Code, which the Supervisory Board has voluntarily adopted.

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

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

Edmond de Rothschild (France) aims to maintain robust governance and is committed to strengthening that governance, particularly where it moves into new business areas and/or its regulatory obligations change.

A procedure to check the criteria for appointing and renewing the terms of office of governance-body members was adopted in 2017. That work involves assessing the integrity of members, their individual and collective skills, their availability, their compliance with rules about holding multiple corporate roles, their conflicts of interest and their independence, with regard to both Middlenext and UCITS V rules. Assessments carried out in 2019 before members were appointed or had their terms of office renewed did not reveal any anomaly resulting in candidates being rejected.

Finally, checks carried out in 2019, both by the supervisory authorities and internal audit, did not reveal any breach or major risk related to corporate governance.

44% of Edmond de Rothschild (France)'s Supervisory Board members were independent at 31 December 2019, as opposed to the minimum of one third required under the Middlenext Code.

COMPLIANCE WITH LEGISLATION AND PROTECTION OF CLIENT DATA

The regulatory environment is constantly changing and compliance with current and future regulations has been fundamental to the way the Edmond de Rothschild Group operates ever since it was founded. Through the Group's oversight systems, alert procedures and compulsory training, its staff members ensure that the necessary arrangements are in place to not only comply with current laws but also anticipate new laws where possible.

Policies

The Edmond de Rothschild Group has adopted an internal policy in connection with each theme that may affect its business activities, staff members or other stakeholders. The Compliance and Permanent Control Department has adopted policies relating to gifts and benefits, the prevention of money laundering and terrorist financing, market abuse, conflicts of interest and specific mandates, which are communicated to the relevant Group employees.

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

The Edmond de Rothschild Group is therefore firmly committed to complying with regulations at all times and to ensuring that each staff member behaves responsibly, helping to manage risks as effectively as possible.

The Group's main aims are to ensure that its procedures are regularly updated and to continue its awareness-raising efforts so that the relevant staff members continue to adopt them. These encouragement efforts are ongoing and will be stepped up.

All of Edmond de Rothschild (France)'s compliance-related procedures are available to all staff via the intranet and categorised by activity or business line according to their content.
At the Edmond de Rothschild Group level, the following documents are made available to staff members:
- Group Code of Ethics
- Group Directive on corporate governance
- Group Directive on the Swiss Anti-Money Laundering Act
- Group Directive on higher-risk business relationships and transactions
- Group Procedure on exchange of information
- Group Legal & Compliance Charter
- Group Directive on consolidated supervision
- Order execution policy
- Directive on international financial sanctions
- Group risk policy
- Group Cross-border Directive
- Group Directive on controversial weapons

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

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

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

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

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

As regards work-related regulations, operational risk sheets have been prepared for all of the major regulatory risks identified, in which staff members are reminded of the applicable procedures and the risk-prevention arrangements in force. Once per year, the Bank's Risk Committee, assisted by the

Human Resources Department, analyses the indicators related to those risk sheets and ensures that procedures are properly applied. The Bank has also arranged employment law training for managers.

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

Data protection

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

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

The DPO also provides targeted support to departments and subsidiaries with their compliance efforts. Awareness-raising campaigns are constantly being developed: 96% of Edmond de Rothschild (France)'s workforce have taken an e-learning course in this area. In addition, between mid-2018 and mid-2019, the ISSO and DPO made major efforts to establish targeted business line-specific training in France. Contracts with subcontractors have been updated, in accordance with the regulation. A new certification campaign will take place in 2020.

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

Finally, around 10 "Privacy impact" analyses have been carried out, looking at the ways in which personal data are processed to ensure that they are GDPR-compliant. Key performance indicators (KPIs) and key risk indicators (KRIs) have been defined at Group level regarding GDPR compliance, and they are updated every quarter by Edmond de Rothschild (France).

95% of subcontractors have included GDPR clauses in their contracts with Edmond de Rothschild (France).

0 incidents requiring notification to the relevant authority in 2019.

CENTRAL ROLE OF ETHICS

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

Policies

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

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

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

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

Rigorous ethical conduct in business dealings and within the company

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

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

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

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

0 criminal convictions or corruption-related penalties

0 unethical behaviour alerts raised during the year

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

Solid measures to combat corruption and tax evasion

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

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

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

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

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

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

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

Commitment to employees

TALENT MANAGEMENT

Generating synergies within the Edmond de Rothschild Group is vital in order to grow the business and achieve both individual and common goals. Synergies rely on staff members and the Group ensures that all its activities involve and foster a common vision.

Policies

Attracting, developing and retaining the best talent are key aims for the Edmond de Rothschild Group. Processes and tools for staff recruitment and internal transfers are upgraded on a regular basis. There is a dedicated policy for matching available internships with students based on their profiles, in order to deliver the best results for the young people concerned. The policy also includes commitments regarding training and supporting interns. The Human Resources Department assesses and adjusts the policy depending on market developments, the specific features of internships and the Group's strategic aims.
The Group's Social Responsibility Policy also applies to all staff members and covers key themes such as:
- respect for human rights;
- recruitment processes;
- compensation, mobility and promotions;
- work/life balance;
- a culture of dialogue and teamwork.

The aim is to adopt the right policies to formalise existing processes.

The Human Resources Department is committed to ensuring that employees have a positive experience throughout their career with the Group and is constantly seeking to improve existing processes, particularly in the following areas:
- identifying and recruiting the best talent;
- integrating joiners;
- managing performance;
- listening, appraising and providing feedback;
- training and developing staff members;
- facilitating internal transfers and retaining talent;
- applying forward-looking jobs and skills management;
- recognising employees and providing benefits.

Processes and tools for recruitment and internal transfers ensure that candidates are assessed solely on the basis of their skills and suitability for the role, thus excluding all forms of discrimination.

The Group is active on social media, which represent a powerful way of sharing its social commitments in these areas.

95.3% of Edmond de Rothschild (France)'s workforce on unlimited-term contracts at 31 December 2019

Edmond de Rothschild (France) also continues to interact with many school and university students through various events aimed at creating a young talent pool and playing an active role in their professional development. In 2019, the Bank and its subsidiaries in France took part in seven recruitment forums, including the Edhec Business School forum, the Université Paris-Dauphine forum, the ESCP Europe Investment Banking Forum and the Dogfinance Connect "top schools" event.

The Bank welcomed 32 young people on work-study and/or professional development programmes in 2019. Five of those young people were hired at the end of those programmes.

Edmond de Rothschild (France) also gave internships to 93 students, who shadowed teams in various business lines. The Bank wants to attract the most talented people, help them make the most of their talent, develop their skills and guide them as they learn their future occupation.

To support skills development, the programme for integrating new staff members was reviewed in 2019 in line with the Group's new organisation and strategy. It will be implemented and rolled out from 2020.

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

The programmes are available to all staff members on the intranet. They have been designed to address business lines' strategic priorities and needs, and to allow all staff members to learn, develop and hone skills on an ongoing basis.

The managerial training programme was revamped in 2019 to tackle themes including change and transformation. The new format, which combines personal skills development with classroom-based and digital learning, is also creating a community and a discussion forum for managers.

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

Other training programmes within the Group, including regulatory training, are regularly reviewed by Human Resources teams with the aim of enhancing the offering, ensuring that quality levels are consistent across all staff members and providing solutions that meet their changing needs ever more effectively.

100% of staff members in France took at least one training course in 2019.

Classification of training by category	2019
Technical/business skills	58%
Interpersonal/managerial skills	18%
Beginners and advanced language training	11%
IT skills	7%
Health and safety	6%

EMPLOYEE ENGAGEMENT

Employee engagement and performance depend on the extent to which staff members buy into the Group's vision, business plan and values. The Edmond de Rothschild Group has been a family-owned business since its creation, and seeks to ensure that its employees are closely aligned with the values it has always had.

Policies

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

The aim is to set up tools that increase the number of participants in this process.

The Group has also adopted a Social Engagement Charter that provides a framework for employees wanting to take part in social engagement programmes. All Group entities can join a programme supported or developed by the Edmond de Rothschild Foundations or propose one or more programmes on a theme supported by the Group, such as education or entrepreneurship with a positive social and environmental impact. The management bodies of Group entities oversee and validate these social engagement efforts.

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

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

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

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

Negotiations regarding quality of life at work, based on key indicators, are underway. They will result in the signature of an agreement and the dissemination of a Charter of Best Practice intended to ensure a good work/life balance and in particular the right to disconnect.

91% of staff members took part in annual performance reviews in 2019 (accurate as of 17/02/2020)

The Edmond de Rothschild Group favours internal career development and, to achieve that, uses methods of supporting and communicating with its staff.

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

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

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

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

43 Edmond de Rothschild employees in France benefited from internal mobility in 2019

Remuneration policy

The Edmond de Rothschild Group is committed to ensuring that the link between performance (individual or group) and reward (salary, promotion or internal mobility) is fair and helps reinforce transparency, as well as increasing employee motivation and engagement.

The remuneration policies of Edmond de Rothschild Asset Management France and Edmond de Rothschild (France) were updated on 1 January 2019 in the light of the AIMFD, UCITS V and CRD IV directives.

Corporate officers, risk-takers as well as individuals with compliance, internal audit and risk-management responsibilities may receive the variable portion of their salary on a deferred basis and in stages. Each year, the Finance, Human Resources, and Compliance and Risk Control departments review and set out specific rules governing the application of these deferred remuneration principles. The rules are then submitted to Edmond de Rothschild (France)'s Supervisory Board for approval based on proposals made by the Remuneration Committee.

With respect to CRD IV, a Group "Employee Share Plan", involving rights to receive participation certificates in the Edmond de Rothschild Group's Swiss holding company, has existed since 2016 as a deferred compensation instrument. A second instrument was introduced in March 2018 in the form of deferred cash compensation linked to the share price of the Group's Swiss holding company.

As regards AIMFD, a new system was set up in March 2016 for the payment of any deferred portion of the variable remuneration of risk-taker Asset Management employees. The system allows half of those employees' deferred remuneration and half of their "immediate" remuneration to be indexed to the weighted average return on a basket of Edmond de Rothschild Asset Management funds that represents their expertise.

The UCITS (Undertakings for Collective Investment in Transferable Securities) V directive has been in force since 1 January 2017 and its provisions are very similar to those of AIMFD. The Group anticipated UCITS V by applying, for several years beforehand, a deferred remuneration principle, including for UCITS managers. The aforementioned system, involving cash payments linked to a basket of funds, has been adjusted in relation to UCITS V coming into force in 2017.

In accordance with these regulations, the Group aims to achieve ongoing improvements in the quality of risk management and in the control that the relevant people and companies have over the risks they take, and to ensure that its interests are aligned with those of its clients.

Under Articles L. 511-71 and L. 511-73 of the French Monetary and Financial Code (MFC), shareholders at the Annual General Meeting (AGM) must be consulted each year on the overall remuneration – comprising all salary components – paid to certain employees during the year under review. These employees include company executives and categories of employees – including employees whose duties require risk-taking, employees with an oversight function and any employee whose overall income puts them in the same remuneration bracket as employees with those functions (except control functions) – whose professional duties have a material impact on the company's or Group's risk profile. Shareholders will therefore be asked for their opinion, on an advisory basis, regarding remuneration paid in 2019 to the aforementioned people.

In addition, Article L. 511-78 of the MFC limits the variable salary component to 100% of the fixed component for all group employees regulated by CRD IV, unless shareholders at the AGM approve, giving reasons, a higher figure of up to 200%. In order to ensure that group salaries remain competitive, a motion was submitted to shareholders to set the maximum ratio of variable to fixed salary components at 200% for all Group CRD IV-regulated employees. The motion passed in the May 2019 AGM with respect to the 2019 financial year.

	2017	2018	2019
Gross annual payroll subject to social security charges (in thousands of euros)	89,288	84,060	86,621
Increase in the fixed component	2.7%	3.3%	1.3%
Percentage of variable component relative to fixed component on (31/12/(N-1))	36%	46%	38%

DIVERSITY AND EQUAL OPPORTUNITIES

The Edmond de Rothschild Group does not tolerate any form of discrimination between employees. When staff members are recruited, if they are transferred internally and throughout their careers, the Group strives to recognise their skills and combat all types of discrimination.

Policies

Avoiding discrimination is a core principle of all HR processes. The Group's Human Resources Department and the Executive Committees of its various entities oversee discrimination matters and compliance with internal processes.

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

The Edmond de Rothschild Group regards diversity of background and age as both a necessity and a way of meeting the demands of the market as effectively as possible, promoting new opportunities and driving innovation. The Group is committed to all these matters in order to ensure equal opportunities. The Group's Social Responsibility Policy deals with these themes. It will be reviewed and updated in 2020 to provide more details about certain matters, reflecting the commitments adopted.

The Human Resources Department has set a target of increasing the proportion of women in new hires from 45% to 55% and, for employees taking maternity leave, of carrying out more than 90% of annual performance reviews and Human Resources meetings before their leave begins. The Group also aims to hire two people with disabilities per year, making a total of six over the period of the agreement.

Promoting equal professional opportunities for men and women is a key element of the Group's human resources policy. An agreement on this matter was signed with staff representative bodies in 2019. It includes several measures to ensure equality in terms of recruitment, remuneration, and access to the most senior management roles. In 2019, Edmond de Rothschild (France) published a gender equality index. Although it is aiming to improve its score further, it already shows the Group's strong commitment to this matter.

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

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

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

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

The disability agreement, signed in June 2015 for companies in the UES (a legally recognised group of integrated companies in France) for a period of three years, was renegotiated in 2018. One of the commitments under this agreement was to increase the percentage of disabled people in the workforce to 1.3% by the end of 2017. The figure at the end of 2019 was 1.61%. These good results are partly due to the training undertaken by the Human Resources team, which has also significantly raised awareness levels among managers.

Edmond de Rothschild (France) has committed, through a new agreement for 2018-2020, to increasing the proportion of disabled people in the workforce to 2% by 2020.

The Group's disability initiative is continuing to help implement the agreement, raise awareness and encourage involvement among our staff, monitor the situation of disabled people within the Group, and manage the allotted budget. The Human Resources team also supports disabled employees when they have specific needs in areas such as their working environment or work organisation, using external resources – such as ergonomists – where necessary.

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

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

All of the Human Resources team has received training in detecting, preventing and dealing with psychosocial risks using a training tool called “Pétillance”.
Management is looking at extending that training to all managers in the coming years to supplement existing awareness-raising during their employment-law training course.

Labour relations

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

Management wanted to maintain monthly meetings for the Economic and Workforce-Relations Committee, and all planned meetings were held. A large number of matters were put forward for the Economic and Workforce-Relations Committee to consider; detailed information was provided before meetings and extensive discussions took place. Four agreements were signed with union representatives in 2019 and three more are being negotiated, with agreements expected in the first half of 2020.

Health and safety

The health, safety and wellbeing at work of employees is a core concern for Edmond de Rothschild (France). Staff representative bodies were informed and consulted regularly throughout the year about all of their prerogatives in this area. Well-being at work is assessed using absenteeism[1] as a key indicator. The absenteeism rate was 3.56% in 2019, slightly lower than the 2018 figure.

Employees’ physical safety is protected by stringent measures to ensure the safety of premises and people. Workplace security is handled by a team of trained staff who are present throughout premises’ opening hours. Employees in regular contact with clients have also received training about how to handle difficult situations.

Quarterly reports on workplace accidents are sent to France’s Health, Safety and Working Conditions Committee (CSSCT). For each accident, management states the measures taken to prevent them and any remedial action. The accident frequency rate was 1.74[2] in 2019 (5.25 in 2018) and the injury severity rate was 0.03[3] (0.04 in 2018).

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

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

[1] No. of working days lost due to illness throughout the year / no. of employees with permanent or fixed-term contracts (excluding students under work/study contracts).

[2] The accident frequency rate is calculated as follows: $\frac{\text{No. of accidents resulting in lost working time x 1,000,000}}{\text{No. of hours worked}}$

[3] The injury severity rate is calculated as follows: $\frac{\text{No. days compensated x 1,000}}{\text{No. of hours worked}}$

Innovation in Responsible Investment

For many years, the Edmond de Rothschild Group has been committed to greater sustainability in finance and responsible investment (RI) The integration of Environmental, Social and Governance (ESG) criteria into investment decisions is regarded as a key priority.

TAKING INTO ACCOUNT ESG ISSUES IN INVESTMENTS

The Responsible Investment part of the Edmond de Rothschild Group's sustainability strategy refers to the following material issues:

-carbon risk management and energy transition
-inclusion of ESG criteria in financial analysis
- positive screening in asset management
- shareholder engagement and voting policy
- impact investing
- theme-based investing

Policies

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

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

Asset Management's Responsible Investment Policy will be reviewed and updated in 2020 to factor in the Group's developments and convictions, as reflected by the methods it has adopted.

This new ESG Policy will help harmonise the various methods used in this area, while taking into account the various funds' investment strategies and specific features.

The SRI team in France forms the basis for Edmond de Rothschild Asset Management's RI expertise. It has devised the RI Policy and developed four key approaches that encapsulate its expertise:

1. It integrates ESG risks and opportunities in its fundamental equities and credit analysis;
2. It actively selects companies that have advanced sustainability policies, using a proprietary in-house ESG rating system for positive-screening SRI funds;
3. It has adopted a pioneering shareholder engagement approach since 2010;
4. It is able to build portfolios of SRI funds that combine strong ESG impacts and financial returns.

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

Edmond de Rothschild Asset Management's Responsible Investment policy is also produced by the SRI team. The 2017-2020 RI Strategy is being implemented by investment teams with the help of all support functions. It is being overseen by the Edmond de Rothschild Group's Asset Management Executive Committee and co-ordinated by an RI Steering Committee consisting of 24 RI correspondents from all operational departments. These correspondents are helping to implement the actions included in the 2017-2020 RI roadmap, which are prioritised within their departments each year.

The current strategy, adopted in September 2017, is having a similar positive impact as the previous one. The new strategy for 2021-2024 is currently being prepared, covering all of the Edmond de Rothschild Group's activities managing liquid and illiquid assets. The aim of this strategy will also be to mitigate risks and identify opportunities to develop the sustainable investment business.

Since 2015, Edmond de Rothschild Asset Management has put in place a simple, robust and effective method of rolling out ESG integration within its asset management teams. After a test phase in 2015 and 2016 with the European equities team, and based on the feedback from those tests, the Fundamental Asset Management Department decided to take a pragmatic, practical and flexible approach in 2017-2018. The aim is to increase the appeal of ESG for equity, credit and sovereign debt managers, so that the topic becomes an input that helps their asset management activities rather than a constraint, because ESG is too often associated with reporting obligations.

The aim is to offer an effective and customised approach, to show the merits of the approach in terms of creating value and getting teams to pull together to achieve the Group's objectives. The aim is for asset managers to take ownership of those objectives and thus help develop the range of RI products, particularly the Edmond de Rothschild Private Equity range of impact investing strategies.

The Edmond de Rothschild Group's Responsible Investment methods

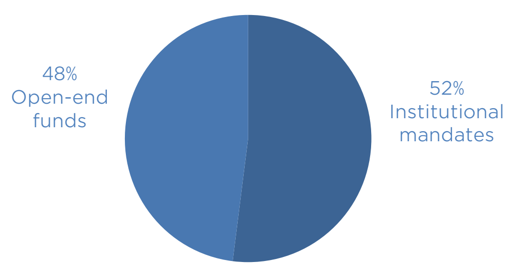
The term Responsible Investment (RI) is applied to all of the Group's investment categories that can be described as socially responsible or sustainable, and the following distinctions are made.

Impact investing	**Principle:** Investment strategy intended to contribute to the achievement of the UN Sustainable Development Goals, with the explicit aim of creating economic and financial value, but also social and environmental value. These strategies give meaning to investments by creating value and generating positive impacts for investors and for society as a whole (the "Triple Bottom Line" approach). Those impacts are monitored and measured over time, and are subject to dedicated reporting. **Impact at portfolio level**: systematic impact on all investment decisions, definition of improvement targets and of a specific ESG action plan for each investment.
Sustainability-themed investing	**Principle:** Investment strategy that involves investing in companies or categories of securities that provide solutions to major sustainability issues, such as health, energy transition and economic development in emerging countries, while generating growth opportunities linked to the innovative nature of the business model. Although these funds are not impact-investing funds in the formal sense, their investment strategies factor in ESG criteria at every stage of the decision-making process, and attainment of ESG criteria is monitored over time. These strategies help produce positive impacts and so contribute to the attainment of the United Nations Sustainable Development Goals. Those impacts are monitored and measured over time, and are subject to dedicated reporting. **Impact at portfolio level**: systematic impact on all investment decisions, definition of improvement targets and of a specific ESG action plan for each investment.
ESG integration	**Principle:** For Edmond de Rothschild Asset Management (France), ESG integration involves taking into account ESG criteria when analysing a company or fund. Edmond de Rothschild Asset Management (France) has defined its own methodology, with 10 precise criteria to measure the extent of ESG integration in each fund. A fund is deemed to have an ESG integration approach if it meets at least eight criteria (SRI funds meet all 10 criteria). The criteria include ESG screening, ESG dialogue established by asset managers and the impact of ESG criteria on the valuation of securities in the fund universe. **Principle:** For Edmond de Rothschild Private Equity, ESG integration is achieved through the systematic integration of ESG considerations from the fund structuring phase onwards. With ESG strategies, information about the responsible investment approach is included directly in their legal and marketing documentation, contractual agreements and at each stage of investment decision-making, from screening to disposal. The risk review is an important stage in the ESG integration process, in which the planned investment's risk universe is defined taking into account any positive or negative impacts related to (i) the business sector and (ii) the company itself. It is important to identify material risk factors, but also to understand what opportunities arise from the environmental and/or social point of view (innovation or improvement in the initial ESG situation). - Initial ESG integration corresponds to minority investment strategies in which the investor has little or no influence over governance. The responsible investment approach is based on checks that commitments are being met and a robust analysis of the ESG risks inherent in each investment/partnership opportunity. - Advanced integration means that ESG criteria are included in the decision-making process and monitored over time using key ESG indicators. Investment funds are actively involved in the governance of companies in the portfolio and, where ways of improving the ESG situation have been identified, put in place specific action plans. ESG integration may be adapted as necessary to apply it to other types of asset management activities carried out by the Edmond de Rothschild Group, such as multi-asset/fund selection, infrastructure debt and real estate. An investment strategy's assets under management are only included in the "Responsible Investment" category if the ESG integration approach is formally defined and implemented according to the methodology in place. **Impact at portfolio level:** unlike other forms of RI such as positive screening, which involve a performance obligation, ESG integration involves a best-efforts obligation.
Positive screening and engagement strategy	**Principle:** Investment strategy with advanced ESG integration associated with the use of ESG criteria either to determine the portfolio composition (e.g. positive ESG screening strategy: best in class/best in universe), or to practise "engagement" (direct or collaborative in-depth ESG dialogue, which is formal and traceable). **Impact at portfolio level:** systematic impact on investment decisions and/or the adoption of ESG commitment initiatives that may affect portfolio composition (i.e. decisions to add to, reduce or sell

	positions).
Exclusions	Norm-based exclusions relating to anti-personnel mines and cluster bombs are defined by Edmond de Rothschild Asset Management (France). As regards investments, Asset Management has also devised a list of countries that are banned or under surveillance. The Compliance and Internal Control Department validates investments linked to those countries. Restrictions are integrated into the in-house Dimension system and give rise to pre-trade restrictions. Edmond de Rothschild Private Equity has drawn up its own exclusion list of activities, sectors or conduct deemed dangerous or controversial and in which the private equity investment business does not get involved. However, Edmond de Rothschild Private Equity does not wish to rule out investment opportunities simply because of a company's poor ESG performance at the time of analysis. Because of private equity's long-term investment horizon, the focus is on intentions and efforts to improve each investee's financial but also extra-financial performance, by generating positive impacts for the whole of society. Investments are therefore directed to innovation and the green economy, as well as sectors undergoing transition that require support and expertise in implementing more sustainable or low-carbon growth models.

Assets managed by Edmond de Rothschild Asset Management (France) according to SRI[1] strategies in 2019:

€3,391 million



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

[1] Open-end funds and asset management mandates. Socially responsible investing through positive screening entails identifying companies that perform well on ESG criteria. Our efforts in this matter are based on regular dialogue with corporate executives.

Edmond de Rothschild Asset Management: Active and fundamental asset management

Stages of the ESG integration process

ACCESSIBILITY OF ESG DATA ENSION OF THE ANALYSIS UNIVERSE

Introduction of the new in-house "Picking Box" tool making it easier to access and distribute ESG data to asset managers (overall ESG ratings and analysis).

ESG data will gradually be added to the tool, and it will be made available to all asset management teams.

Extension of the analysis universe: 8,000 equity and fixed-income issuers around the world. Partnership with Sustainalytics since 2017.

ADUAL INTRODUCTION OF SYSTEMATIC ESG DISCUSSIONS

Equity and bond investment meetings regarding ESG convictions (alerts regarding controversies or sensitive issues, highly material events, investment opportunities relating to ESG issues etc.).

Daily discussions between asset managers and the RI team about material ESG risks (risk mitigation).

RACTICAL ESG EFFORTS TTOM-UP APPROACH)

Launch of 10 ESG integration projects, of which six priority projects were completed in 2017 and 2018:

- Energy transition and 2°C roadmap
- Sustainable Development Goals (SDGs), sovereign debt, risk focus
- Corporate Credit SDG
- Valuation impact of ESG research (equities and corporate bonds)
- Measurement of intangibles
- Small- and mid-cap "Management Quality"

RACTICAL ESG EFFORTS TTOM-UP APPROACH)

Systematic carbon and ESG measurement and monitoring for active and fundamental asset management funds

The active and fundamental asset management department has committed to achieving the following goals by 2020*:

- 100% of active fundamental asset management will feature ESG integration (100% of open-end funds and dedicated funds unless clients request otherwise, systematic measurement of ESG impacts on the valuations of equity and fixed-income issuers)
- 100% of active fundamental asset management will

** These commitments were validated by Edmond de Rothschild Asset Management's Executive Committee and presented to members of the RI Steering Committee on 13/09/2017.*

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

In 2019, the RI team analysed the ESG performance of 139 companies and took part in 139 meetings with companies on ESG topics. Edmond de Rothschild Asset Management is expanding its analysis to cover all regions, responding to the growing needs of its equity and credit asset managers. The agreement with extra-financial ratings agency Sustainalytics gives access to ESG analysis covering around 11,000 issuers.

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

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

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

A list of 45 performance indicators for analysing and measuring the human, organisational and relational capital of companies in the European food and beverages industry was compiled in 2018-2019 thanks to the RI team's involvement in the working group of the Observatoire de l'Immatériel.

As regards multi-manager/fund selection expertise, more comprehensive due diligence questionnaires for all types of funds but also for asset management companies have been adopted.

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

The ESG due diligence questionnaire has two sections covering quantitative and qualitative criteria:
1. A questionnaire assessing the funds' ESG approach;
2. A questionnaire assessing asset management companies' position as regards Responsible Investment.

The new questionnaires are now fully integrated into the fund selection and monitoring process, and since January 2019 have been sent out to 310 funds managed by 147 asset management companies in order to capture changes in ESG practices among funds selected or under consideration, but also to identify the best SRI funds for private banking and asset management mandates.

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

The integration of ESG issues into the range of products and services offered to private clients has increased and changed significantly since it began in 2016. The formalisation of the SRI Mandate has enabled private clients to guide their investments according to SRI strategies. Custom ESG integration allows them to combine their personal convictions with financial performance. Relationship Managers' major efforts to promote ESG integration among clients has been a success, because the number of SRI mandates doubled between 2018 and 2019. At 31 December 2019, the French private banking business had 54 SRI mandates. This sharp increase reflects the growing demand for investments that are aligned with clients' personal convictions, have a positive impact on the real economy and achieve a measurable return on investment.

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

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

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

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

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

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

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

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

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

Minority investment funds focus on investment opportunities in which they have obtained sufficient information to assess the target's ESG performance and ambitions. A company's ESG profile will be assessed alongside financial considerations. If a target's ESG performance appears to fall short of Edmond de Rothschild Private Equity's requirements, the opportunity may be rejected.

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

- the target's profile and initial ESG performance;
- the ESG performance of the sector concerned;
- the ESG risk universe inherent in the proposed investment.

Those matters are then brought to the attention of the risk manager who, with the support of the ESG Manager, will produce specific recommendations, particularly when defining an ESG plan of action. That plan will help the investee to reduce its risk exposure and improve on its initial ESG performance, making it more sustainable and economically useful.
As well as defining action plans, specific monitoring indicators are adopted to help assess positive impact in terms of value creation. Wherever possible and appropriate, impacts are expressed from the point of view of their contribution to achieving the SDGs.

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

At 31/12/2019:	€ million
Edmond de Rothschild Private Equity (France) total assets under management	**668.11**

Proportion consisting of RI assets	**81%**
Proportion consisting of non-RI assets	**19%**

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

The 19% of assets under management classified as non-RI correspond to "run-off" private equity investment strategies that take into account material ESG issues but were not developed according to a formal ESG integration methodology. Those assets under management are set to fall and then disappear naturally as former vintage years are liquidated.

MANAGING CARBON RISKS RELATING TO INVESTMENTS

In 2017, Edmond de Rothschild Asset Management (France) sought to formalise a climate strategy including a 2°C roadmap. The project started after the signature of the United Nations' Montreal Carbon Pledge in 2015, resulting in a committment to measuring and publishing annually the carbon footprint of its investments. The fund's carbon footprint report is available on the Group's website.

Policies

The roadmap aims to set out, in a pragmatic way, a path to making Edmond de Rothschild Asset Management (France)'s investment strategy compatible with the 2°C scenario. It is a long-term process which could last until 2040, in contrast to certain approaches currently adopted in the financial markets. It also forms part of a continuous improvement procedure, which aims to address current and future difficulties relating to understanding, identifying and measuring climate challenges.

The 2°C scenario, which is compatible with the Group's Responsible Investment Policy and Environmental Policy, was devised through in-depth discussions with the clients and staff members concerned, as well as with other stakeholders. The commitment is clear: to guide investments in a way that will support a sustainable economy and reconcile financial returns with environmental and social goals. This commitment accompanies that of integrating ESG matters into investment decisions on a large scale, and is helping accelerate the transition to a low-carbon economy. The 2°C roadmap is being applied first to the equity and bond asset classes.

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

A working group encompassing the Group's other management activities began in 2019, so that the existing roadmap can be applied to other activities, taking into account the specific features of each business line.

The RI steering committee will oversee this work. The next update of the roadmap is scheduled for 2020, with the aim of extending it to cover other asset management businesses.

As part of the implementation of the existing roadmap, various analysis methods have been developed, including:

- a proprietary in-house rating model to quantify the main climate risks and opportunities within economic sectors and sub-sectors. In practice, this means that in relation to climate risks, the roadmap will not become diluted, remaining focused on a limited number of sectors and issuers, because 90% of climate risks arise from 10% of issuers operating in fewer than 10 economic sectors.
- reviews focusing on four aspects: Regulation, Technology, Markets and Reputation, through which teams have identified ten high-level risks including five for the 2017-2020 period, starting with the coal industry.
- reviews focusing on five aspects: Resource Management, Energy Sources, Products and Services, Markets and Resilience, through which teams have identified 20 high-level opportunities.

The roadmap is updated every 18-24 months as progress is made on measurement methodologies – particularly as regards scope-3 and avoided CO_2 emissions – as well as access to information and maturity impact analyses, in order to reassess the action taken. In particular, the roadmap aims to decarbonise portfolios gradually between now and 2040. This commitment has been defined in collaboration with clients, particularly institutional investors.

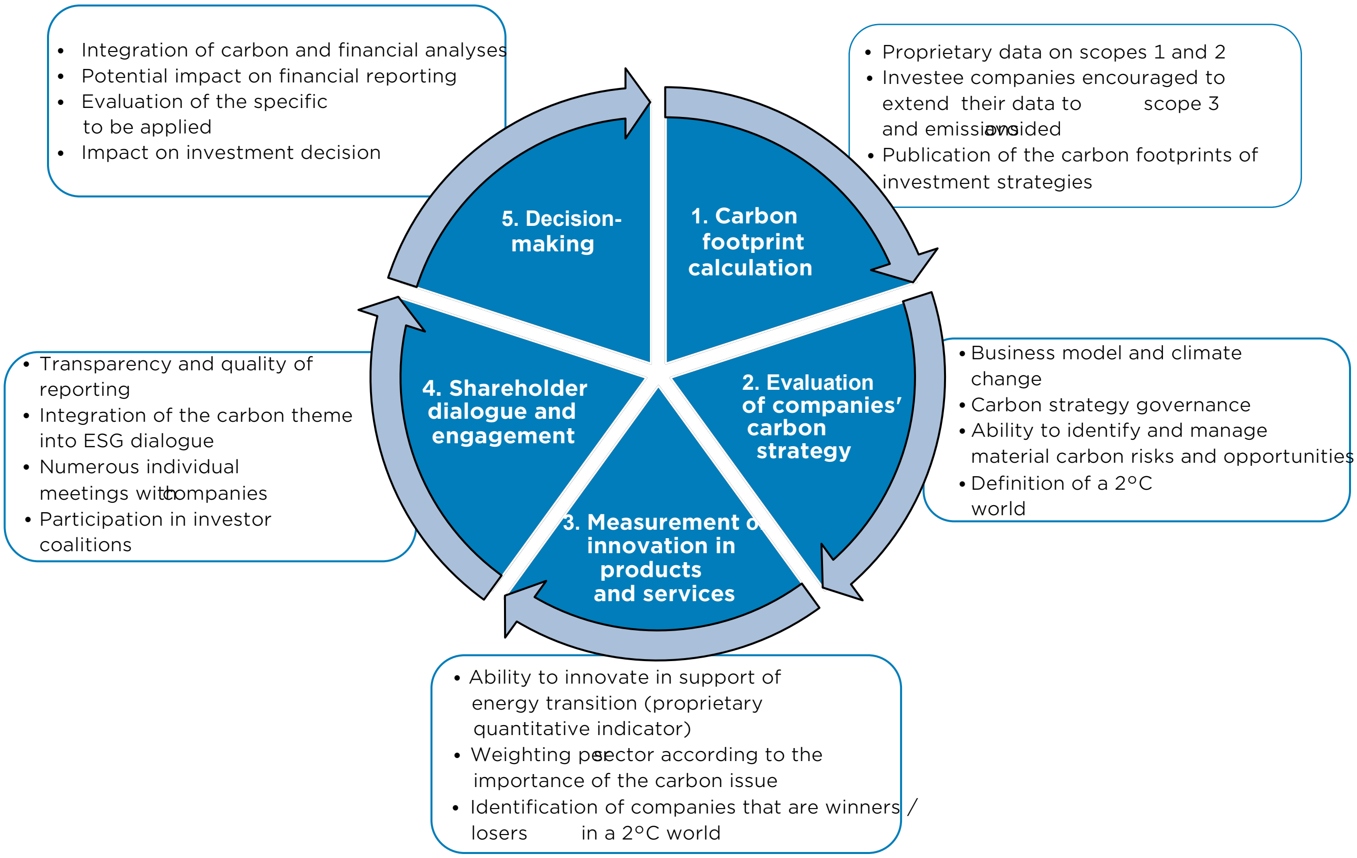
It also includes:
- the development of low-carbon asset management expertise through a virtual low-carbon global equity fund, which has shown the teams' ability to generate very strong returns in the low-carbon fund category, as calculated by MSCI for AM League.

- initial application in products with the EdR New Green Deal fund, scheduled for launch in early 2020, which uses an investment strategy in line with the 2°C roadmap.

Engagement with companies about climate-related matters is also made easier by lists of issuers that are most exposed to climate risks, i.e. around 180 identified worldwide in terms of scope 1+2+3 emissions.

96% of Edmond de Rothschild Asset Management (France)'s open-end funds had measured their carbon footprint by the end of 2019.

Climate issues: a holistic approach at the portfolio management level



In the private equity business, agroforestry and soil remediation impact investing strategies, along with the strategy specialising in environmental infrastructure and renewable energies, have developed investment opportunities that directly help limit carbon risks and support energy transition. The impact strategy specialising in environmental infrastructure and renewable energies has been awarded the GreenFin label, recognising its green credentials.

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

Since 2016, the Edmond de Rothschild Group has had a formal commitment to offsetting CO_2 emissions (Scopes 1 and 2 of the Greenhouse Gas Protocol) arising from its activities. An "insetting" project, consisting of offsetting its emissions within its own value chain, has been initiated in partnership with Edmond de Rothschild Private Equity. In its first two years, the project offset 7,000 tonnes of CO_2 by planting more than 28,000 trees over an area of 113 hectares. As well as its high environmental value, the project created jobs in the agricultural sector and raised awareness among numerous producers to help them address the challenges posed by climate change more effectively.

SHAREHOLDER ENGAGEMENT AND VOTING POLICY

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

Policies

In 2019, Edmond de Rothschild Asset Management (France) updated its voting policy for the 2019 voting season. The voting policy is available on the Edmond de Rothschild Group website. It applies to the entire scope of Edmond de Rothschild Asset Management (France).

For Edmond de Rothschild Private Equity, the voting policy adopted in France is specific to the private equity business because in many cases, investments are in unlisted companies, represent minority stakes or are made through funds of funds, which means that the Group has no influence on the underlying fund's voting policy.

Edmond de Rothschild Private Equity France's voting policy will be reassessed and formalised in 2020 and Edmond de Rothschild Asset Management (France)'s voting policy will be updated for the 2020 voting season.

Edmond de Rothschild Asset Management (France)'s shareholder engagement policy focuses on three main aspects: its objectives, its engagement processes and the results of its engagement. Asset managers meet regularly with representatives of investee companies to clarify the Group's expectations as a responsible investor and to assess their ESG rating.

Edmond de Rothschild Asset Management (France) exercises its voting rights on stocks (excluding units in external SICAV funds) in the portfolios it manages where it holds more than 0.01% of the company's capital, irrespective of the nationality of the issuing company, as long as the issuer provides sufficient information and custodians can take the votes into account.

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

In 2019, there was large-scale voting activity, and Edmond de Rothschild Asset Management (France) took part in 392 AGMs. Edmond de Rothschild Asset Management (France) reports on its voting practices – i.e. its use of voting rights attached to shares held by the funds it manages – through a specific annual report, which is prepared within four months of the end of each year. The report is available on the website.

392 AGMs in which Edmond de Rothschild France took part in 2019

88% of equity investees

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

Edmond de Rothschild Private Equity's shareholder engagement consists of exercising all available voting rights and adopting a role as an active shareholder and attending all meetings where it has a seat on investees' management bodies. In particular, that engagement ensures that ESG criteria are taken into account in the strategic development of companies in Edmond de Rothschild Private Equity France's portfolio and that investments are consistent with the Edmond de Rothschild Group's long-standing convictions and values.

Management of environmental impact

For several years, the Edmond de Rothschild Group has been committed to limiting its use of energy resources, carefully monitoring its business travel and managing office waste, even though its environmental impact remains limited. The previous chapter of this report ("Innovation in Responsible Investment") and the Group's sustainability report discuss how climate risks are taken into account in the various investment activities of Edmond de Rothschild (France) and the Group.

CO_2 EMISSIONS LINKED TO ACTIVITIES IN FRANCE

Since 2010, Edmond de Rothschild (France) has been carrying out carbon audits to monitor, measure and reduce its impact in terms of CO_2 emissions. It has gradually reduced its carbon footprint after setting up various targeted projects to reduce emissions.

Policies

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

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

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

The policy has been validated by the Group's Executive Committee and will be reviewed in 2020 as part of work to identify new sustainability targets.

The Group also rolled out a Responsible Purchasing Policy in 2016. It is intended not just to monitor the practices of suppliers and subcontractors in terms of sustainability, but also to raise awareness among staff members involved in the purchasing process so that they take into account the social and environmental impacts of the products and services they select. A campaign to deploy the Responsible Purchasing Charter has also taken place within Edmond de Rothschild (France) so that the Group's suppliers are aware of its commitments. The charter is intended to be co-signed by the Group's suppliers, underpinning their commitment to issues relating to human rights, the environment and business ethics.

The sustainability department works with the Group's General Resources Department to monitor projects within the main entities intended to achieve ongoing improvements in performance and to update the environmental policy. The expertise of staff members working on all aspects of the Group's environmental impact ensures that it is managed consistently and that projects adopted to hit Group targets are successful.

The targets established by the Group have been validated by its General Resources Department, which monitors indicators and projects to achieve those targets. New targets will be analysed, assessed and adopted in 2020 using the same process.

The Group's environmental management system, described in the environmental policy, addresses the priorities that arose from the 2014 materiality exercise. Reducing the carbon footprint of transactions and reducing business travel where appropriate are key action points and positive results have been achieved as part of the continuous improvement approach adopted since that exercise.

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

24% reduction in CO_2 emissions in 2019 (1,344 tonnes of CO_2 equivalent vs. 1,766 in 2018)

WASTE AND PAPER MANAGEMENT

Edmond de Rothschild (France) has taken major steps in recent years to ensure that waste is managed and that inputs are consumed in a responsible and considered way.

Policies

The Group's environmental policy guides its targets for reducing waste and managing its paper consumption. The Group has a measurable influence over these two matters, which are assessed in its carbon audit.

The aim for 2020 is to analyse results achieved since the materiality exercise was carried out in 2014, and to set new targets consistent with the waste and paper management efforts in order to update the policy.

Waste management is difficult to monitor in the services sector, because the cost is often included in the charges levied by the buildings or districts in which entities operate. However, the Edmond de Rothschild Group has decided to monitor this indicator and more specifically the percentage of staff members who have access to a recycling system. Paper waste, which is Group's the main source of waste, is monitored and measured each year.

Edmond de Rothschild (France) has a recycling system for paper, aluminium, glass and plastic. The IT waste that has the greatest economic impact is processed by IT teams and recycled by specialist companies. Ink cartridges are also recycled.

The Group's various entities closely monitor their paper consumption and the related figures are published in the Group's annual sustainability report. Paper consumption in France is stable. The installation of multi-function printers (MFPs) that require users to present a personal badge in order to retrieve printouts has influenced staff habits and reduced printing volumes. The digitisation of working documents and centralisation of report printing has also helped avoid printing.

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

2% increase in paper consumption in 2019 (42.3 tonnes versus 41.4 tonnes in 2018)

ENERGY CONSUMPTION

Given the urgent nature of today's climate issues, Edmond de Rothschild (France) and other Group entities are addressing the theme of energy consumption and its consequences, with the aim of not only improving environmental performance but above all reducing the negative impact of excessive energy consumption.

Policies

The Edmond de Rothschild (France) group's environmental policy addresses the priority of reducing energy consumption and measuring it in order to set targets for reducing it over the long term.

It also addresses the protection of biodiversity, a theme that is directly connected with the environmental impact of human activities. Climate change is continuing to threaten global biodiversity and the natural balance of all resources.

The improvement targets adopted in 2014 to reduce energy consumption will be assessed and reviewed in 2020 so that they can be adjusted to current requirements and the Group's new sustainability targets.

Energy consumption represents the largest part of the carbon footprint The energy audits covering the various buildings owned or leased by Edmond de Rothschild (France) have identified areas for improvement, which Edmond de Rothschild (France)'s general resources specialists have taken into account as part of their discussions and planning.

Initiatives taken in recent years have not only helped to improve energy performance, but have also improved working conditions for staff members. The installation of double glazing, LED lighting, movement detectors and improved air conditioning systems have all had a positive impact on both the environment and the workforce.

Since 2012, beehives have been installed in the immediate vicinity of one of the Bank's buildings in Paris, and as a result more than 250,000 bees enjoy the diverse flora found in central Paris all year round. Edmond de Rothschild (France)'s commitment to protecting biodiversity has continued with the installation of two insect hotels, in collaboration with an environmental consultancy. These shelters are installed in the Bank's gardens and attract insects and arachnids, which help bees survive the winter. In summer, they are a place for species like mason bees to lay eggs. A number of nesting boxes and feeders have also been installed to provide food and shelter for animals that are useful for the gardens.

5% reduction in total energy consumption in 2019 (4,628 MWh versus 4,877 MWh in 2018)

Data reporting and validation methods

Reporting scope

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

Reporting organisation

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

Selection of indicators

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

Organisation, resources and monitoring

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

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

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

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

Published key indicators

	Published performance indicators	**Pages**
Ethical and responsible behaviour	% of Edmond de Rothschild (France)'s Supervisory Board members who are independent	p. 46
	Number of subcontractors that have included GDPR clauses in their contracts with Edmond de Rothschild (France)	p. 48
	Number of incidents requiring notification to the relevant authority.	p. 48
	Number of criminal convictions or corruption-related penalties	p. 49
	Number of unethical behaviour alerts raised during the year	p. 49
Commitment to employees	% of workforce on open-ended contracts	p. 50
	Proportion of staff members who attended at least one training course during the year	p. 51
	Proportion of staff members who received an annual performance review	p. 52
	Number of employees promoted to internal vacant positions during the year	p. 52
	Proportion of women among total management-level employees in France	p. 54
	In-house gender balance index score	p. 54
Innovation in Responsible Investment	Total assets managed according to an SRI strategy / % of assets under management in France	p. 58
	% of open-end funds covered by a carbon footprint analysis	p. 63
	Number of AGMs in which Edmond de Rothschild Asset Management (France) participated	p. 64
	Voting rate in the AGMs of equity investees	p. 64
Management of environmental impact	% reduction in CO_2 emissions in 2019	p. 65
	% change in paper consumption in 2019	p. 66
	% reduction in total energy consumption in 2019	p. 67

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

Year ended 31 December 2019

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

In our capacity as Statutory Auditor of your entity, appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement**Erreur ! Signet non défini.** for the year ended… (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

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

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

Independence and quality control

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

Responsibility of the statutory auditor designated as an independent third party

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

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

However, it is not our responsibility to comment on:

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

Nature and scope of the work

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

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

– we obtained an understanding of the entity's activities, the description of the social and environmental risks associated with its activities and, where applicable1, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;

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

– we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III for entities whose shares are admitted to trading on a regulated market or specifically covered by French order no. 2017-1180: as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

– we verified that the Statement presents the business model and the principal risks associated with the entity's activities including where relevant and proportionate, the risks associated with its business relationships and products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators;

– we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;

– we assessed the process used to identify and confirm the principal risks;

– we asked what internal control and risk management procedures the entity has put in place;

– we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;

– we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16;

– we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out at the Edmond de Rothschild's headquarter in Paris and covers 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Means and ressources

Our work was carried out by a team of 5 people between December 2019 and March 2020 and took a total of 3 weeks.

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

Conclusion

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

Neuilly-sur-Seine, 17th April 2020

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Philippe Chevalier **Pascal Baranger**

Partner **Sustainable Development Director**

Appendix: Information that we considered the most important

Key performance indicators and other quantitative results:

- Percentage of independent members on the Supervisory Board of Edmond de Rothschild France at 31 December 2019, compared with 1/3 as stipulated by the Middlenext code;

- Number of members of the Supervisory Board of Edmond de Rothschild France ;

- Number of independent members of the Supervisory Board of Edmond de Rothschild in the middle next sense;

- Number of subcontractors who have included the RGPD clauses in the contract drawn up with Edmond de Rothschild France;

- Percentage of sub-contractors having included GSPD clauses in the contract drawn up with Edmond de Rothschild in 2019;

- Number of incidents requiring notification to the authority in 2019;

- Number of criminal sanctions related to corruption in 2019;

- Number of alerts related to unethical behaviour identified in 2019;

- Total number of employees as of 31/12/2019;

- Total number of active DTAs as of 12/31/2019;

- Percentage of employees in France having attended at least one training course in 2019;

- Share of permanent contracts among the Edmond de Rothschild France workforce at 31 December 2019;

- Result of the professional equality index in 2019;

- Percentage of women executives in the Edmond de Rothschild France executive population in the professional equality index in 2019;

- Number of employees having benefited to an internal mobility;

- Percentage of employees who participated in the annual performance evaluation in 2019;

- Amount of assets managed by Edmond de Rothschild Asset Management France according to SRI strategies in 2019;

- Total assets managed by Edmond de Rothschild;

- Percentage of assets under management by Edmond de Rothschild Asset Management France according to SRI strategies in 2019;

- Percentage of Edmond de Rothschild Asset Management France funds having measured their carbon footprint in 2019;

- Voting rate of the universe invested in equities;

- C02 emissions related to activities in France in 2019;

- Change in CO2 emissions linked to activities in France in 2019;

- Paper consumption in 2019;

- Change in paper consumption between 2019 and 2020;

- Change in overall energy consumption between 2019 and 2018;

- Share of electricity consumed in France from renewable sources in 2019.

Qualitative information (actions and results)

- Governance procedure: Verification of the criteria for the appointment and renewal of members of governance bodies";

- E-mail on current affairs (EDRAM) ;

- Example of e-learning 2019 - "DPO scorecard on 100% training completion;

- Example of the "RGPD & Safety" sheet;

- Pre-evaluation of the RGPD project;

- Follow-up table;

- Anti-corruption system - Procedure for alerting employees July 2018 (EDR France);

- Client's money laundering risk assessment sheet "Fiche d'évaluation du risque blanchiment Personne physique (LAB)";

- Training orientations in 2019 ;

- Training support "Manager in the context of labour law".

- Procedure for the prevention of psycho-social risks v2020 ;

- Support Training "Manager in the context of labour law" ;

- Example of fund performance analysis sheet - Bouygues France ;

- ESG integration procedure;

- SRI reporting for the fourth quarter of 2019 ;

- Presentation "Insetting Edmond de Rothschild Group" ;

- First two reports of the programme "Insetting EDR's Carbon Emissions in Nicaragua" and "Insetting EDR's Carbon emissions by planting trees in Nicaragua" ;

- Support presentation "Synthesis of the Committee's preparation" 2/ Example of a report (2019) sent by ISS;

- Example of an awareness mail on the project to suppress the use of plastic;

- Installation of multifunction printers with access control (MFP);

- December 2019 - Energy audit "Mandatory energy audit report" by BNP Paribas "Partners & Services".

Report of the Supervisory Board on Corporate Governance

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

Pursuant to the provisions of Article L. 225-68, the aim of this report is to present the composition of the Supervisory Board, how the principle of balanced gender representation is applied, the preparation and organisation of the Supervisory Board's work, and the Supervisory Board's observations on the report of the Executive Board and the financial statements for the year ended 31 December 2019.

This report was approved at the Supervisory Board meeting on 11 March 2020.

REFERENCE TO A CORPORATE GOVERNANCE CODE

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

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

Presentation of the governance framework

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

Members of the governance bodies

SUPERVISORY BOARD
Chairman

Benjamin de Rothschild

Vice-Chairwoman

Ariane de Rothschild

Members

Louis-Roch Burgard

Jacques Ehrmann

Jean Laurent-Bellue

Véronique Morali

Vincent Taupin (since 15 May 2019)

Cynthia Tobiano (since 15 May 2019)

Daniel Trèves (until 11 December 2019)

Christian Varin

Secretary

Patricia Salomon (until 11 December 2019)

EXECUTIVE BOARD
Chairman

Renzo Evangelista (since 14 March 2019)

Vincent Taupin (until 14 March 2019)

Member and Chief Executive Officer

Philippe Cieutat

STATUTORY AUDITORS

Principal Statutory Auditors

Cabinet Didier Kling & Associés

PricewaterhouseCoopers Audit

REPRESENTATIVES OF THE SOCIAL AND ECONOMIC COMMITTEE

Alain Tordjman

Florent Goulet

Collective decision-making by the Executive Board

At 31 December 2019, the Executive Board had two members with collective responsibility for the Company's management.

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

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

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

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

- the Executive Board, which has overall responsibility for the conduct of the Company's affairs, meets on a weekly basis,

- the Operations Committee, which coordinates support functions and cross-divisional projects between the various Edmond de Rothschild (France) entities, meets on a monthly basis

- the Management Committee, which coordinates the Edmond de Rothschild (France) divisions and support functions, meets every month

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

A Supervisory Board providing rigorously structured oversight

Remit of the Supervisory Board

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

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

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

The Board also has the power to:

- appoint its Chairman and its Vice-Chairman
- appoint the members of the Company's Executive Board, after taking steps to ensure they are fit-and-proper persons, they do not have any conflicts of interest, they possess sufficient time and they comply with the rules on the number of corporate offices that may be held concurrently, to give the Company's management team the broadest possible range of skills and expertise
- set the remuneration of Executive Board members when it does not take the form of a salary
- choose a Chairman from among the Executive Board members it has appointed
- decide on the allocation of duties within the Executive Board based on their individual experience, expertise and skills
- regularly review the strategic direction of the Company and the group formed of the Company and the entities it consolidates in its financial statements (the Group), its investment, divestment and internal restructuring plans, the Group's general human resources policy, including its employee remuneration, profit-sharing and incentive policy
- ensure the accuracy and fair presentation of the parent company and consolidated financial statements
- consider the acquisitions and sales of investments or assets, partnership, alliance and/or cooperation agreements, and, generally speaking, any transaction or any commitment liable to have a material impact on the Group's financial position or operations
- keep shareholders properly informed, including about the controls it performs on the information provided by the Group
- ensure that the Company has procedures in place identifying, evaluating and monitoring its commitments and risks, including off-balance sheet, and appropriate internal control

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

Operating procedures of the Supervisory Board

At 31 December 2019, the Supervisory Board had nine members, one-third of them women. It is chaired by Baron Benjamin de Rothschild. Baroness Ariane de Rothschild is Vice-Chairwoman of the Supervisory Board. Four Supervisory Board members are well-known figures from outside the Edmond de Rothschild Group. All of them qualify as independent members based on the criteria adopted by the Supervisory Board on 24 November 2017.

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

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

Since the Company's shares are not admitted to trading on a regulated market, it did not have to comply in 2019 with the requirements of Article L. 225-18-1 of the French Commercial Code concerning the relative proportion of men and women among the Directors. That said, Edmond de Rothschild (France) is mindful of its responsibilities to its workforce and society at large and aims to foster diversity at every level of its organisation, especially among its Supervisory Board members. Accordingly, it makes sure that criteria related to skills and expertise, professional experience, age and gender are applied strictly in the selection process for Supervisory Board members in order to create the requisite diversity.

The Supervisory Board has its own rules of procedure (updated most recently on 6 March 2019), which are given to its members in a formal process and always on hand in the secure document sharing app to which only they have access. The rules of procedure state the role of the Supervisory Board, its operating procedures, the rules and obligations incumbent on its members, including to act as a fit-and-proper person, to use their skills and expertise, to devote sufficient time and attention, to exercise independent judgment, to hold no more than the permitted number of corporate offices concurrently, to maintain confidentiality and to avoid conflicts of interest. The Supervisory Board evaluates its operating procedures once a year. To this end, the Supervisory Board decided to conduct an annual self-assessment at its meeting on 24 November 2017 and amended its rules of procedure accordingly. The rules of procedure also state the resources available to members, and lay down the remit, role and operating procedures for the Supervisory Board's three Committees, namely the Audit Committee, the Risk Committee and the Remuneration Committee.

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

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

In 2019, the Supervisory Board met on:

- 6 and 12 March
- 15 May
- 28 August
- 11 December

In 2019, members' attendance rate at Supervisory Board meetings was 88.64%. Supervisory Board meetings are generally scheduled to start at 10am and end at approximately 1pm.

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

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

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

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

Work performed by the Supervisory Board

As a matter of course, the papers given to Supervisory Board members include the following documents: the draft minutes of the previous Supervisory Board meeting; a presentation of the business trends and the financial results of Edmond de Rothschild (France) over the period since the previous meeting; commentary on each division's business trends and results; a summary of dealings with the regulator; and a list of significant client loans with details of any collateral held. The Chairman of the Audit Committee provides an oral update on the Committee's work concerning its controls on the quality of accounting and financial information, and the Chairman of the Risk Committee provides an update on periodic control, compliance, permanent control and risk control. The papers given to Supervisory Board members for the March meeting include the parent company and consolidated financial statements, plus the report on internal control and on risk measurement and monitoring, prepared pursuant to the government decree dated 3 November 2014 concerning internal control, as amended by the government decree of 31 August 2017. The papers given to Supervisory Board members for the August meeting include the audited interim financial statements. The Supervisory Board members may request from the Executive Board any additional information required for the performance of their duties. Such information should be provided to them as swiftly as possible.

List of offices held by members of the Executive Board and Supervisory Board during 2019

Supervisory Board:

Benjamin de Rothschild

Chairman:

Edmond de Rothschild Holding SA (Switzerland)

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

Edmond de Rothschild (Suisse) SA (until 26 April 2019)

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

OPEJ Baron Edmond de Rothschild (France)

The Adolphe de Rothschild Ophthalmology Foundation (France)

Maurice and Noémie de Rothschild Foundation (Switzerland)

Edmond de Rothschild New York Foundation (USA)

Edmond de Rothschild Foundation (Switzerland)

Chairman of the Board of Directors, Edmond de Rothschild SA

Chairman of the Supervisory Board:

Edmond de Rothschild (France)

Société Française des Hôtels de Montagne (SFHM)

Director:

La Compagnie Fermière Benjamin et Edmond de Rothschild SA

La Compagnie Vinicole Baron Edmond de Rothschild SA

La Compagnie Générale Immobilière de France (Cogifrance)

EBR Ventures

Edmond de Rothschild Foundation for Scientific Research (France)

Supervisory Board member, Domaines Barons de Rothschild (Lafite)

Director:

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

Amdocs Limited (USA)

Secretary-General of the Foundation Council, OPEJ Foundation

Member of the Louvre endowment fund (since 21 February 2019)

Ariane de Rothschild

Chairwoman of the Board of Directors:

Edmond de Rothschild (Suisse) SA (since 26 April 2019, previously Vice-Chairwoman)

Administration et Gestion SA (Switzerland)

Compagnie Benjamin de Rothschild Conseil SA (Switzerland)

Chairwoman of the Supervisory Board, Edmond de Rothschild Asset Management (France) (until 14 May 2019)

Vice-Chairwoman of the Board of Directors:

Edmond de Rothschild SA

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

Edmond de Rothschild Holding SA (since 6 June 2019)

Adolphe de Rothschild Ophthalmology Foundation (since 13 December 2019)

Vice-Chairwoman of the Supervisory Board:

Edmond de Rothschild (France)

Société Française des Hôtels de Montagne (SFHM)

Louis-Roch Burgard

Supervisory Board member:

Edmond de Rothschild (France)

CNIM

Chairman:

Saur (until 18 December 2019)

Holding d'Infrastructures des Métiers de l'Environnement (Hime) (until 18 December 2019)

Blue Green European Holdings (until 18 December 2019)

Cise Réunion (until 18 December 2019)

Compagnie Guadeloupéenne de Services Publics (until 18 December 2019)

Saur International (until 18 December 2019)

Société Martiniquaise de Distribution et de Services (until 18 December 2019)

Stereau (until 18 December 2019)

Sudeau (until 18 December 2019)

Terre des Trois Frères (until 18 December 2019)

Chairman, Chief Executive Officer and Director, Compagnie des Eaux de Royan (until 18 December 2019)

Consejero de Gestion y Técnicas del Agua (Gestagua) (Spain) (until 18 December 2019)

Director (Marafiq Saur Operation & Maintenance Co. - MASA) (Saudi Arabia) (until 18 December 2019)

Manager, Saur Loisirs (until 18 December 2019)

Representative, Holding d'Infrastructure des Métiers de l'Environnement as Chairman:

Finasaur (until 18 December 2019)

Novasaur (until 18 December 2019)

Jacques Ehrmann

Chief Executive Officer, Altarea-Cogedim group (since 1 July 2019) (operational role)

Chief Executive Officer, Altafi 2 (SAS) (since 1 July 2019)

Chairman of Tamlet (SAS)

Member, Frojal's Executive Board (SA)

Chairman and Chief Executive Officer, Carmila (until 30 June 2019)

Chairman of the Board of Directors, Carrefour Property Italia (Italy) (until 30 June 2019)

Director:

Edmond de Rothschild SA

Atacadao SA (Brazil) (until 30 June 2019)

Carrefour SA (Turkey) (until 30 June 2019)

Carrefour Property España (Spain) (until 30 June 2019)

Supervisory Board member, Edmond de Rothschild (France)

Manager, Altarea Management (SNC) (since 1 July 2019)

Co-manager:

SCI Jakerevo

SC Testa

Chairman, CNCC (French national council of shopping centres) (since 28 March 2019)

Jean Laurent-Bellue

Supervisory Board member:

Edmond de Rothschild (France)

KPMG SA

KPMG Associés

Director:

Edmond de Rothschild Holding SA (Switzerland)

Edmond de Rothschild (Suisse) SA

Edmond de Rothschild (Monaco) (since 27 March 2019)

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

Edmond de Rothschild SA

Rotomobil

Actions Addictions foundation

Véronique Morali

Chairwoman, Webedia's Executive Board

Chairwoman and Chief Executive Officer, Ringmedia (until 12 February 2019)

Chairwoman:

Fimalac Développement (Luxembourg)

Clover SAS

Chairwoman of the Board of Directors, Viaeuropa

Chief Executive Officer, Webco

Director:

Edmond de Rothschild Holding SA (Switzerland)

Edmond de Rothschild SA

Melberries (SAS) (until 31 October 2019)

Paris Institute of Political Studies (SciencesPo)

Supervisory Board member:

Publicis Groupe (until May 2019)

Edmond de Rothschild (France)

Edit Place (until 31 October 2019)

Tradematic

Manager, Webedia International SàRL (Luxembourg)

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

Chairwoman, Association Force Femmes

Board member of institutions and public-interest entities:

Association Le Siècle

Member, Strategy Committee, Pour de Bon SAS

Vincent Taupin

Executive Board Chairman, Edmond de Rothschild (France) (until 14 March 2019)

Chief Executive Officer:

Edmond de Rothschild SA (until 28 August 2019)

Edmond de Rothschild (Suisse) (since 14 March 2019)

Chairman of the Board of Directors:

Edmond de Rothschild (Europe) (Luxembourg) (since 26 March 2019)

Edmond de Rothschild (Monaco) (since 27 March 2019)

Edmond de Rothschild Asset Management (Luxembourg) (until 21 March 2019)

Edmond de Rothschild Asset Management (Suisse) (until 2 May 2019)

Chairman of the Supervisory Board:

Edmond de Rothschild Corporate Finance (until 9 May 2019)

Cleaveland (until 9 May 2019)

Non-voting advisor, Supervisory Board, Edmond de Rothschild Asset Management (France) (since 14 May 2019, previously Vice-Chairman of the Supervisory Board)

Supervisory Board member, Edmond de Rothschild (France) (since 15 May 2019)

Director:

Edmond de Rothschild Asset Management (UK) Limited

Compagnie Benjamin de Rothschild Conseil SA (Luxembourg)

Israel-France Chamber of Commerce & Industry

EDRRIT Limited

Permanent representative, Edmond de Rothschild (France) on the Supervisory Board of:

Edmond de Rothschild Assurances et Conseils (France) (until 10 May 2019)

Edmond de Rothschild Private Equity (France) (until 7 May 2019)

Permanent representative, Edmond de Rothschild SA on Cogifrance's Board of Directors (until 23 April 2019)

Cynthia Tobiano

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

Chief Operating Officer, Edmond de Rothschild (Suisse) (since 14 March 2019)

Chairwoman of the Supervisory Board, Edmond de Rothschild Asset Management (France) (since 1 October 2019)

Supervisory Board member, Edmond de Rothschild (France) (since 15 May 2019)

Director:

Edmond de Rothschild (Israel) Ltd.

Compagnie Benjamin de Rothschild Conseil SA (Switzerland)

Edmond de Rothschild Buildings Boulevard Limited (Israel)

Edmond de Rothschild (Europe)

Edmond de Rothschild (Monaco)

Edmond de Rothschild (UK) Limited

Daniel Trèves

Chairman, Huniel Conseil (Switzerland)

Director:

Compagnie Benjamin de Rothschild Conseil SA (Switzerland)

Associated Investors (British Virgin Islands)

Rolex Holding (Switzerland) (until 20 June 2019)

Rolex SA (Switzerland) (until 19 June 2019)

Supervisory Board member:

Edmond de Rothschild (France) (until 11 December 2019)

Edmond de Rothschild Asset Management (France) (since 17 October 2019)

Christian Varin

Director:

Aminter (Belgium) (until 18 December 2019)

Edmond de Rothschild SA

Gingko (Luxembourg)

Josi Group (Belgium)

Fovabis SA (Belgium)

Supervisory Board member:

Edmond de Rothschild (France)

Edmond de Rothschild Private Equity (France)

Renzo Evangelista

Executive Board Chairman, Edmond de Rothschild (France) (since 14 March 2019)

Supervisory Board Chairman, Edmond de Rothschild Corporate Finance (since 9 May 2019), previously permanent representative of Edmond de Rothschild (France)

Supervisory Board member, Edmond de Rothschild Assurances et Conseils (France)

Permanent representative, Edmond de Rothschild (France) on the Supervisory Board of Edmond de Rothschild Private Equity (France) (since 7 May 2019)

Non-voting advisor, Edmond de Rothschild Asset Management (France) (since 14 May 2019)

Philippe Cieutat

Executive Board member and Chief Executive Officer (since 14 March 2019) of Edmond de Rothschild (France)

Chief Executive Officer, Edmond de Rothschild SA (since 28 August 2019, previously Chief Operating Officer)

Chairman of the Board of Directors:

Financière Boréale

Edmond de Rothschild Immo Premium

Chairman of the Supervisory Board, Cleaveland (since 9 May 2019, previously Supervisory Board member)

Chairman, SAS EDR Immo Magnum

Vice-Chairman of the Supervisory Board, Edmond de Rothschild Asset Management (France) (since 14 May 2019)

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

Permanent representative, Edmond de Rothschild SA on the Board of Directors:

Financière Eurafrique

Cogifrance (since 23 April 2019)

Permanent representative, Edmond de Rothschild (France) on the Supervisory Board of Edmond de Rothschild Assurances et Conseils (France) (since 10 May 2019)

Permanent representative (since 9 May 2019), Edmond de Rothschild (France), Vice-Chairman of the Supervisory Board, Edmond de Rothschild Corporate Finance

Manager, CFSH Luxembourg SàRL (until 7 February 2019)

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

Board Committees

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

Audit Committee

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

At 31 December 2019, the members of Edmond de Rothschild (France)'s Audit Committee were:

- Jean Laurent-Bellue (Chairman),

- Véronique Morali and Louis-Roch Burgard.

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

More specifically, it is tasked with:

- ensuring the relevance and consistency of the accounting methods adopted to prepare the parent company and the consolidated financial statements, reviewing and assessing the scope of consolidation and reviewing and verifying the suitability of the accounting rules applied by the Group

- reviewing the parent company and consolidated financial statements, the budgets and forecasts prior to their presentation to the Board. To this end, it reviews with the Company's management and Statutory Auditors the quarterly, interim and annual financial statements, the accounting principles and methods, the Group's audit and internal control principles and methods, plus the analysis and the reports related to financial reporting, accounting policy and communications between the Company's management and Statutory Auditors

- controlling the quality and compliance with internal control procedures, assessing the information received from management, internal committees and internal and external audits concerning the preparation and processing of accounting and financial information

- overseeing the selection and reappointment of Statutory Auditors, expressing an opinion on the fees they propose to charge and submitting the results of their work to the Board

- ensuring the independence of the Statutory Auditors and their objectivity in respect of Statutory Auditors belonging to networks providing both audit and consulting services, as well as, more generally, reviewing, controlling and evaluating any and all factors liable to affect the accuracy and fair presentation of the financial statements

- setting the rules under which the Statutory Auditors may perform non-audit assignments and entrusting additional audit assignments to external auditors

- reviewing the details and suitability of the fees paid by the Group to the Statutory Auditors and ensuring that these fees and the corresponding services are not liable to compromise the Statutory Auditors' independence

- making sure that the statutory and regulatory accounting and financial requirements applicable to the Group are met

The Audit Committee meets, whenever convened by its Chairman, as often as required but no less than once per quarter, prior to each Supervisory Board meeting. In 2019, it met on:

- 5 March

- 14 May

- 27 August

- 10 December

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

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

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

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

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

More specifically, it is tasked with:

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

Risk Committee

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

At 31 December 2019, the members of Edmond de Rothschild (France)'s Risk Committee were:

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

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

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

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

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

Minutes of these meetings are circulated to all members of the Committee and of the Executive

Board and are made available to members of the Supervisory Board.

Remuneration Committee

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

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

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

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

It also reviews:

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

REMUNERATION AND COMMITMENTS GIVEN TO CORPORATE OFFICERS

Pursuant to order 2019-1234 of 27 November 2019 on executive pay at listed companies and implementing decree 2019-1235 of the same date enacting into French law Directive (EU) 2017/828 of 17 May 2017 amending Directive 2007/36/EC with a view to promoting a long-term commitment from shareholders, *sociétés anonymes* [public limited companies] having solely debt securities listed on a regulated market are exempt from the so-called say-on-pay regime (Articles L. 225-82-2, L. 225-100-II and III of the French Commercial Code).

Edmond de Rothschild (France) does not thus fall within the scope of the new arrangements set out above, which are applicable to General Meetings convened to approve financial statements for the first financial year ending after 28 November 2019, i.e., for the 2020 Annual General Meeting.

In addition, its majority shareholder is no longer a listed company. Secondly, given the ownership structure of the Edmond de Rothschild Group, the ultimately controlling party of Edmond de Rothschild (France) determines its remuneration policy.

Accordingly, no disclosures concerning the remuneration and commitments given to the corporate officers of Edmond de Rothschild (France) are provided in this report.

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

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

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

No such agreement was brought to the attention of our Company during 2019.

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

In accordance with Article L. 225-37-4, 3° of the French Commercial Code, no delegation of authority or of powers to increase the Company's share capital pursuant to Articles L. 225-129.1 to L. 225-129.2 of said Commercial Code was in force at 31 December 2019.

Arrangements for shareholders to participate at the General Meeting

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

Disclosures required pursuant to Article L. 225-37-5 of the French Commercial Code

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

OBSERVATIONS OF THE SUPERVISORY BOARD ON THE REPORT OF THE EXECUTIVE BOARD AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

In accordance with the law, the Company's Executive Board has presented on a timely basis the 2019 financial statements to us for verification and control purposes and provided the report to be presented to you at the General Meeting.

Having examined the report, we have no additional observations to make concerning the Company's management or the 2019 financial statements. The financial statements are in line with the information provided to us during the year.

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

The Supervisory Board

Consolidated financial statements and notes

Consolidated financial statements and notes

IFRS consolidated balance sheet (in thousands of euros)

Assets		31/12/2019	31/12/2018
Cash, due from central banks and postal accounts	3.1	2,229,167	2,248,217
Financial assets at fair value through profit and loss	3.2	171,859	174,670
Financial assets at fair value through equity	3.3	3,719	4,098
Securities at amortised cost	3.4	10,384	10,132
Loans and receivables due from credit institutions, at amortised cost	3.5	234,936	59,135
Loans and receivables due from clients, at amortised cost	3.6	876,774	765,526
Current tax assets		6,073	238
Deferred tax assets		13,166	13,726
Accruals and other assets	3.8	158,733	182,521
Investments in associates	3.9	67,964	60,014
Property, plant and equipment	3.10	39,640	39,301
Right-of-use assets(*)		43,989	-
Intangible assets	3.11	23,783	25,134
Goodwill	3.12	74,313	82,418
Total assets		**3,954,500**	**3,665,130**

(*) At 1 January 2019, the first-time adoption of IFRS 16 led to the recognition of €53,316 thousand of right-of-use assets.

Liabilities and equity		31/12/2019	31/12/2018
Financial liabilities at fair value through profit and loss	3.13	1,582,115	1,428,390
Hedging derivatives	3.14	-	-
Due to credit institutions	3.15	88,276	35,011
Due to clients	3.16	1,603,964	1,585,256
Debt securities		-	-
Current tax liabilities		575	2,448
Deferred tax liabilities		243	-
Accruals and other liabilities(**)	3.8	248,670	197,141
Provisions	3.17	24,590	25,110
Subordinated debt	3.18	-	-
Equity		406,067	391,774
Equity attributable to equity holders of the parent		395,496	379,945
. Share capital and related reserves		*201,195*	*201,195*
. Consolidated reserves		*173,549*	*150,289*
. Other comprehensive income		*6,378*	*88*
. Earnings for the period		*14,375*	*28,373*

Non-controlling interests	10,571	11,829
Total liabilities and equity	**3,954,500**	**3,665,130**

(**) At 1 January 2019, the first-time adoption of IFRS 16 led to the recognition of €53,316 thousand of lease liabilities. Those liabilities amounted to €44,199 thousand at 31 December 2019.

IFRS consolidated income statement (in thousands of euros)

		2019	2018
+ Interest and similar revenues	4.1	34,219	17,124
- Interest and similar expenses	4.2	−60,315	−39,162
+ Fee income	4.3	327,939	356,304
- Fee expense	4.3	−77,067	−84,356
+/- Net gains or losses on financial instruments at fair value through profit and loss	4.4	76,699	51,988
+/- Net gains or losses on financial assets at fair value through equity	4.5	6,918	1,014
+ Other revenues	4.6	10,605	11,751
- Other expenses	4.6	−15,366	−14,713
Net banking income		303,631	299,950
- General operating expenses	4.7	−237,220	−246,278
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		−27,699	−18,201
Gross operating income		38,711	35,471
+/- Cost of risk	4.8	−3	−336
Operating income		38,708	35,135
+/- Share in net income of associates	3.9	−105	3,203
+/- Net gains or losses on other assets	4.9	1,211	6,286
+/- Changes in the value of goodwill		−8,105	−52
Income (loss) before tax		31,709	44,572
- Income tax	4.10	−15,744	−11,292
Net income		15,965	33,280
- Net income attributable to non-controlling interests		−1,591	−4,907
Net income attributable to equity holders of the parent		**14,375**	**28,373**
Earnings per share (in euro)		2.54	5.06
Diluted earnings per share (in euro)		2.54	5.06

Statement of comprehensive income (in thousands of euros)

	2019	2018
Net income	**15,965**	**33,280**
Exchange difference	1,691	−525
Deferred change in value of hedging derivatives (*)	-	−221
Change in value of financial assets at fair value through equity (*)	−462	−365
Actuarial gains or losses on defined-benefit plans (*)	−92	−1,808
Total comprehensive income	**1,137**	**−2,919**
Net income and comprehensive income	**17,102**	**30,361**
Attributable to equity holders of the parent	*15,511*	*25,455*
Attributable to non-controlling interests	*1,591*	*4,906*

(*) Net of tax.

IFRS cash flow statement (in thousands of euros)

	2019	2018
Cash flow from operations		
Net income for the period	**15,965**	**33,280**
Net gain or loss on disposals of long-term assets	−8,128	−7,300
Net additions to depreciation, amortisation and provisions	25,201	17,028
Income from associates	105	−3,203
Reclassification of net gain or loss on financial instruments at fair value through profit and loss	−76,699	−51,988
Other unrealised income and expenses	771	1,534
Income tax expense (including deferred taxes)	15,744	11,292
Cash flow from operations before financing activities and tax	−27,040	642
Income tax paid	−22,477	−24,655
Net increase/decrease from transactions with credit institutions	−175,696	−485
Net increase/decrease from transactions with clients	−92,433	73,686
Net increase/decrease from transactions in other financial assets and liabilities	240,238	134,638
Net increase/decrease from transactions in other non-financial assets and liabilities	32,691	−19,428
Net cash flow from operating activities	**−44,717**	**164,398**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	−15,070	−16,270
Purchases of long-term financial assets	−8,693	−1,783
Dividends received from associates	-	3,048
Disposals of long-term assets	2	22,544
Net cash flow from investing activities	**−23,761**	**7,539**
Cash flow from financing activities		
Increase/decrease in cash from transactions with shareholders	−3,245	−25,474
Net cash flow from financing activities	**−3,245**	**−25,474**
Effect on cash and cash equivalents of changes in exchange rates	179	47
Net change in cash and cash equivalents	**−71,544**	**146,510**
Net balance of cash and amounts due from central banks	2,248,217	2,025,603
Money-market funds qualifying as cash equivalents	14	14
Net balance of demand deposits with and loans from credit institutions	24,124	100,228
Cash and cash equivalents at the beginning of the period	**2,272,355**	**2,125,846**
Net balance of cash and amounts due from central banks	2,229,167	2,248,217
Money-market funds qualifying as cash equivalents	14	14
Net balance of demand deposits with and loans from credit institutions	−28,370	24,124
Cash and cash equivalents at the end of the period	**2,200,811**	**2,272,355**
Change in net cash	**−71,544**	**146,510**

At 31 December 2019, the adoption of IFRS 16 led to the recognition of a net expense of €210 thousand, breaking down as follows:
- a €436 thousand increase in interest and similar expenses,
- a €9,553 thousand decrease in general operating expenses,

- a €9,327 thousand increase in depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Statement of changes in equity (in thousands of euros)

	31/12/2017	Impact of applying IFRS 9	01/01/2018	Appropriation of income	Other changes	31/12/2018
	IAS 39		IFRS 9			IFRS 9
Attributable to equity holders of the parent						
– Share capital	83,076	-	83,076	-	-	83,076
– Share premiums	98,244	-	98,244	-	-	98,244
– Equity instruments (undated super-subordinated notes)	19,875	-	19,875	-	-	19,875
– Interest on equity instruments (undated super-subordinated notes)	−16,099	-	−16,099	-	−337	−16,436
– Elimination of treasury shares	-	-	-	-	-	-
– Other reserves (*)	110,594	53,014	163,609	5,095	−1,979	166,725
– Unrealised or deferred gains/losses on available-for-sale financial assets	53,742	−53,742				-
– Other comprehensive income		674	674	-	−586	88
– 2017 net income	24,147	-	24,147	−24,147	-	-
Sub-total	**373,579**	**−54**	**373,526**	**−19,052**	**−2,902**	**351,572**
– 2018 net income	-	-	-	-	28,373	28,373
Total equity attributable to equity holders of the parent	**373,579**	**−54**	**373,526**	**−19,052**	**25,471**	**379,945**
Non-controlling interests in:						
– Reserves	12,567	-	12,567	414	−6,059	6,922
– 2017 net income	414	-	414	−414	-	-
– 2018 net income	-	-	-	-	4,907	4,907
Total non-controlling interests	**12,981**	**-**	**12,981**	**-**	**−1,152**	**11,829**

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

(*) The amount of dividends paid in 2018 was €19.052 million.

Notes to the consolidated financial statements

Note 1 – Preparation of the consolidated financial statements

1.1. Background

In compliance with EU Regulation 1606/2002 of 19 July 2002 concerning the application of international accounting standards by entities issuing publicly traded debt securities, and in connection with the regular issue of publicly traded debt securities, Edmond de Rothschild (France) prepared its financial statements in accordance with International Financial Reporting Standards (IFRSs) for the first time in 2007.
Edmond de Rothschild (France)'s financial statements are prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2019 as adopted by the European Union
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

They were approved by the Executive Board on 3 March 2020. They were reviewed by the Audit Committee on 10 March 2020 and by the Supervisory Board on 11 March 2020.

1.2. Compliance with accounting standards

New applicable accounting standards

IFRS 16

IFRS 16 "Leases", adopted by the European Union on 31 October 2017, replaced IAS 17 from 1 January 2019.

The material change resulting from IFRS 16 mainly concerns the lessee's method for recognising leases. The IAS 17 distinction between operating leases and finance leases no longer exists.

Under IFRS 16, all leases will be recognised on the lessee's balance sheet, i.e. an asset representing the right to use the leased asset during the lease period and a liability consisting of the obligation to make lease payments.

The Group has no leases with a term of 12 months or less and does not lease any assets with a value of USD5,000 or less, and so it is not using those two capitalisation exemptions available under IFRS 16.

Instead of recognising a lease expense, the amortisation of the right of use and the interest expense on the lease liability are now recorded under "Depreciation, amortisation and impairment of intangible assets and property, plant and equipment" and "Interest and similar expenses" respectively.

Most of the leases identified within the Group relate to real estate and, to a lesser extent, IT hardware and company cars.

However, the automobile fleet has been excluded from the IFRS 16 scope of application because of its very low value.

The parameters used by the Group to measure its rights of use and lease liabilities are as follows:

- Lease terms were defined on a contract-by-contract basis and consist of the non-cancellable terms of each lease. The Group did not recognise any periods relating to renewal or termination options reasonably certain to be exercised or not exercised.

For 3/6/9-year real-estate leases, the renewal right that exists at the end of the third 3-year period was not taken into account when determining the enforceable term of the leases.

- The discount rate applied to all assets is based on the Group's marginal borrowing rate.

In the absence of a credit rating on the Group, the marginal borrowing rate has been calculated as follows:

- the average credit default swap (CDS) swap rate on BBB-rated banks, i.e. banks that under the PRIIPs (Packaged Retail Investment and Insurance Products) regulation have a credit risk measurement (CRM) score of 3, which is the default for unrated institutions,
- plus the swap rate,

over the average remaining term of the leases.

The Group has chosen to apply the initial recognition exemption for deferred tax assets and liabilities under paragraphs 15 and 24 of IAS 12 "Income taxes".

As regards IFRS 16's transitional provisions, the Group has chosen to adopt the simplified retrospective approach and at 1 January 2019 recognised a right of use and a lease liability in the same amount (representing the present value of future lease payments to be made over the enforceable lease terms), without any restatement of comparative information.

The entry into force of other mandatorily applicable standards since 1 January 2019 did not have any effect on the financial statements for the year ended 31 December 2019.

New standards published but not yet applicable

The Group did not opt for early application of any new standards, amendments or interpretations adopted by the European Union where their application in 2019 was only optional.

1.3. Use of estimates

The preparation of financial information involves the use of estimates and assumptions regarding future circumstances.
In addition to available information, making estimates requires an element of judgment, particularly as regards the following:

- impairment tests performed on intangible assets;
- impairment tests performed on investments in associates;
- determining whether or not a market is active for the purposes of using a value measurement technique.

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

1.4. Consolidation methods

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

Fully consolidated companies

Companies under the sole control of Edmond de Rothschild (France) are fully consolidated.
Full consolidation involves replacing the value of shares in the subsidiaries with each item of those companies' financial statements, then eliminating transactions between the parent and subsidiaries and between subsidiaries. Non-controlling interests in the equity and earnings of subsidiaries are stated separately in the consolidated balance sheet and income statement.
The Group has control over a subsidiary where it has power over the entity (generally by holding the majority of voting rights, directly or indirectly), where its relations with the subsidiary expose it or entitle it to variable returns and where it has the ability to influence those returns because of the power it exerts.

Associates

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is defined as the power to participate in the financial and operating policies of a subsidiary but not to control those policies. Significant influence is often exercised by representation on the Board of Directors, Executive Board or Supervisory Board, participation in strategic decisions, interchange of managerial personnel or dependence on technical information.
Significant influence is presumed to exist when a company holds, directly or indirectly, at least 20% of the voting rights in a subsidiary. Investments in associates are initially stated at cost including attributable goodwill and subsequently adjusted to reflect changes in the Group's share of net assets. Gains and losses on transactions between the Group and associates are eliminated to the extent of the investment, unless the transaction results in permanent impairment of the asset transferred.

Special purpose entities

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

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

Groupement Immobilière Financière meets those criteria and is therefore consolidated.

1.5. Changes in the scope of consolidation

In the second half of 2019, Edmond de Rothschild (France) acquired a 34% stake in asset management company ERAAM.

1.6. Consolidation principles

Reporting date

The consolidated financial statements were prepared on the basis of the separate financial statements of each Group company at 31 December 2019.

Elimination of inter-company transactions

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

Goodwill

Business combinations completed before 1 January 2010

The Group accounted for business combinations using the purchase method. The acquisition cost was measured as the total fair value, at the date of acquisition, of the assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquiree, plus any costs directly attributable to the business combination.
At the acquisition date, the assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under IFRS 3 “Business Combinations” were measured individually at fair value, whatever their purpose.
The analysis and expert assessments necessary for initial measurement of these items, and any corrections resulting from new information, had to take place within 12 months of the date of acquisition.

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

Business combinations completed after 1 January 2010

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

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

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

Measurement of goodwill

The Group regularly reviews goodwill and carries out impairment tests at least once a year, or whenever there is evidence of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units likely to obtain benefits from the acquisition. Any impairment of goodwill is determined by reference to the recoverable amount of the cash-generating unit(s) (CGU) to which it is allocated.
When the recoverable amount of the CGU, determined by experts on the basis of value in use or fair value less costs to sell, is lower than its carrying amount value, an irreversible impairment loss is recorded in the consolidated income statement, under the heading “Changes in the value of goodwill”.

Deferred taxes

Deferred taxes are recognised when temporary differences are identified between the carrying amounts of balance sheet assets and liabilities for reporting and tax purposes, and where those differences will affect future tax payments.
Deferred taxes are determined using the liability method. Under this method, deferred taxes recorded in previous periods are adjusted when tax rates are changed and the resulting difference is taken to profit and loss. Deferred tax assets are only recognised when

it is likely that the consolidated company will have sufficient taxable income to utilise the deferred tax asset within a given time horizon.

Translation of foreign currency financial statements

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

Note 2 – Accounting policies, valuation methods and explanatory notes

Translation of foreign currency transactions
Monetary assets and liabilities in foreign currencies are translated into euros using official exchange rates as published by the Banque de France at the balance sheet date. Unrealised foreign exchange gains and losses are recorded in profit and loss. Spot foreign exchange transactions are measured at the official spot rates at the end of the period. The resulting gains and losses are recorded in profit and loss. Forward exchange contracts are measured at the rate for the residual term at the balance sheet date, with the impact of changes in fair value taken to profit and loss. Non-monetary assets in foreign currencies, particularly investments in non-consolidated subsidiaries and associates denominated in foreign currencies, are recorded in the balance sheet at the euro equivalent of their historical foreign-currency cost, using exchange rates prevailing at the date of acquisition or subscription. Unrealised foreign exchange gains and losses related to these assets are only recognised in profit and loss upon disposal or recognition of impairment, or when the fair value is hedged for foreign exchange risk.

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

Loans and receivables

— Loans made to clients in the course of commercial banking activities are included in the balance sheet item “Loans and receivables due from clients at amortised cost”. They are initially measured at fair value, and subsequently adjusted at the closing date to their amortised cost based on the effective interest rate, which takes into consideration cash flows resulting from all the contractual terms of the instrument. Impairment losses are recorded on these items (see section on “Impairment of financial assets”). This category also includes securities purchased under repurchase agreements.
— The value of securities purchased under repurchase agreements for cash is recognised as the relevant amount of cash received. Remuneration on these agreements is recorded in profit and loss using the amortised cost method.
— After initial recognition, loans and receivables due from credit institutions not originally designated as “at fair value through profit and loss” are subsequently measured at amortised cost based on the effective interest rate. Remuneration related to securities purchased under repurchase agreements with banks is recorded using the amortised cost method in the same way as repurchase agreements with financial clients.

Financial assets at fair value through profit and loss

These instruments make up a very small proportion of assets held for trading, and are carried at fair value at the closing date, with changes in fair value recorded in profit and loss under the heading “Net gains or losses on financial instruments at fair value through profit and loss”.
This item also includes non-derivative financial assets and liabilities that the Group has designated from the outset as “at fair value through profit and loss”.
The Group’s objectives in applying this option are as follows:
to apply fair value measurement to certain hybrid instruments in order to avoid separating embedded derivatives, which need distinct reporting. Structured EMTNs and BMTNs (euro medium-term notes and negotiable medium-term notes) issued by the Bank belong to this category;
to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities. Edmond de Rothschild (France) therefore measures all forward cash management operations at fair value through profit and loss. The Bank’s cash management is based on the following principles:
1. the arrangement of term loans and borrowings with banks or financial clients;
2. the acquisition or issuance of negotiable debt securities on the interbank market;
3. where necessary, the hedging of each of these items using interest-rate derivatives.

When an item recognised at amortised cost is hedged by a financial asset that would be classified as an asset at fair value through equity, designating that item as at fair value can eliminate the distortion that arises from different accounting treatments for financial assets and liabilities that share the same interest-rate risk, and experience changes in fair value that tend to be mutually offsetting.
Similarly, when an interbank loan not originally recognised as a hedging relationship undergoes the same changes in fair value (due to exposure to interest-rate risk) but in the opposite direction, designating that loan as at fair value can reduce the

distortion that would have arisen from recording the loan at amortised cost and the derivative at fair value through profit and loss.

Other financial assets at fair value through profit or loss also include:
- debt instruments whose contractual cash flows do not constitute repayments of principal and payments of interest on the principal that remains due (non-SPPI instruments),
- equity instruments that the Group has not opted to classify at fair value through equity.

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

Financial assets at fair value through equity

Debt instruments

The “Financial assets at fair value through equity” category includes debt instruments (loans and advances, bonds and other similar securities) with a business model involving the collection of contractual cash flows – representing basic SPPI (“solely payments of principal and interest”) loans – and sales of those instruments.
Changes in value, excluding accrued or earned income, are recognised in a specific equity line item entitled “Gains and losses recognised directly in equity”, and are reclassified to profit and loss when the instruments are sold.
Expected losses relating to credit risk are calculated on these financial assets.

Equity instruments

The Group has opted to classify part of its equity securities that it needs to conduct certain activities at fair value through equity.
That classification, which is irrevocable, must be carried out for each security.
Changes in the fair value of these instruments are recognised in “Gains and losses recognised directly in equity”, and cannot be recycled to profit and loss.
Assets in this category do not undergo impairment. Only dividends are recognised in profit and loss.

Reclassification of financial assets

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

Impairment of financial assets

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

The credit risk impairment model applies to loans and debt instruments classified at amortised cost or at fair value through equity. These financial assets systematically undergo impairment testing when negotiated (i.e. at the time of acquisition or granting of the loan).
The provisioning model is based on monitoring the relative deterioration in credit quality, corresponding to movements in the counterparty’s credit risk, without waiting for an objective incurred loss event.
Stage 1: healthy assets that have not significantly deteriorated since inception
Expected credit losses in the next 12 months are calculated on assets that have not undergone any significant deterioration in credit quality since inception.
Stage 2: healthy assets that have significantly deteriorated since inception
Within the Group, loans are not scored but monitored according to a Basel approach, depending on the type of eligible security covering the loan granted.
Three indicators are used to gauge a deterioration in credit quality: overdue payments, limit violations or unauthorised debits, and margin calls.
For loans with eligible financial security, the Group has not adopted the rebuttable presumption that loans on which payments are more than 30 days past due have undergone a significant deterioration in credit quality (no defaults have occurred in recent years), and the “Stage 2” classification takes place after 60 days in the event of overdue payments or unauthorised debits.

Mortgages are subject to the same rules.
Unsecured loans or loans without eligible security are classified as “Stage 2” after 30 days in the event of overdue payments or unauthorised debits.
The impairment loss corresponds to credit losses expected over the life (to maturity) of the financial assets.
Stage 3: Individually impaired assets
Assets are classified as doubtful where one or more payments are at least 90 days past due.
Credit risk is measured as expected credit losses to maturity.
The amount of the impairment loss is included in “Cost of risk” in the income statement, and the value of the financial asset is reduced through the recognition of impairment. Increases and decreases in impairment provisions due to changes in the probability of recovery are recorded in “Cost of risk”, while the reversal over time of the discounting effects is treated as financial income from impaired receivables and included in “Interest and similar revenues” in profit and loss.

Measurement of expected credit losses

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

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

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

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

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

Derecognition of financial assets and liabilities

Derecognition of financial assets

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

Derecognition of financial liabilities

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

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

Trading derivative financial instruments
Derivatives are automatically classified as held for trading unless they qualify for accounting purposes as hedging instruments. They are carried in the balance sheet under “Financial assets at fair value through profit and loss” where their fair value is positive, and under “Financial liabilities at fair value through profit and loss” where their fair value is negative. Changes in the fair value of derivatives are recorded in profit and loss under “Net gains or losses on financial assets at fair value through profit and loss”.
Income and expenses recorded at the time of interim payments of interest differentials or on settlement of the final payment under the derivative contract are recorded in profit and loss under “Interest and similar revenues” or “Interest and similar expenses”. Gains and losses resulting from derivatives being unwound before their contractual expiry date are recorded in profit and loss under “Net gains or losses on financial assets at fair value through profit and loss”.

Hedging derivative financial instruments

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

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

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

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

Non-current assets

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

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

Intangible assets

Intangible assets primarily comprise purchased software and contract portfolios:

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

Property, plant and equipment

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

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

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

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

Right-of-use assets

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

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

Financial liabilities at amortised cost

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

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

Due to credit institutions and amounts owed to clients

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

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

Debt securities

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

Provisions

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

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

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

Treasury shares

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

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

Income tax

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

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

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

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

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

In France, the standard corporate income tax rate is 28% for the portion of income up to €0.5 million, and 31% for the portion above that amount. Additionally, there is the general social security contribution on earnings of 3.3% (after an allowance of €0.76 million) introduced in 2000. The additional 3% tax on distributions made by companies, regardless of the beneficiary, introduced by France's second mini-budget for 2012, has been found to be unconstitutional. Long-term capital gains on investments in subsidiaries and associates are exempt, subject to fees and charges equal to 12% of the gross amount of the capital gains being taxed at the ordinary rate. Moreover, under arrangements for parent companies and subsidiaries in which the parent owns at least 5%, net income from investments is tax-exempt, subject to 1% of fees and charges in tax consolidation groups being taxed at the ordinary rate. For companies that have not opted for tax consolidation, the proportion of fees and charges is 5%.

For the 2019 financial year, the tax rate used to determine the deferred taxes of French companies was 32.02% (corresponding to the corporate income tax rate applicable in 2020) for income taxed at the ordinary rate. For income taxed at the reduced rate, the rates used were 4.13% and 15.50%.

Methods for determining the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between well informed, consenting parties in an arm's-length transaction. The Group distinguishes three categories of financial instruments depending on the consequences of their characteristics regarding the method of measuring their value, and it uses that classification for disclosing certain information in the notes to the financial statements:
Level 1 category: financial instruments that are quoted on an active market;
Level 2 category: financial instruments whose value is measured by reference to observable parameters;
Level 3 category: instruments whose value is measured by reference to parameters that are wholly or partly non-observable; a non-observable parameter is defined as a parameter whose value is measured by reliance on assumptions or correlations based neither on trading prices observable on the markets for the given instrument at the valuation date, nor on observable market data available at that date.

A financial instrument is regarded as quoted on an active market if prices are readily and regularly available from a stock exchange, broker, dealer, pricing service or regulatory agency and if those prices represent actual transactions regularly occurring in the market under arm's-length conditions.

Instruments traded on active markets
Where a financial instrument is traded on an active market and quoted prices are available for that instrument, the fair value of the financial instrument is represented by its market price.

Instruments not traded on active markets
If the market for a financial instrument is not active, its fair value is determined using observable market data and valuation techniques.
Depending on the financial instrument, those techniques use data from recent transactions and discounted future cash flow models based on rates applicable at the balance sheet date.

Structured liabilities and index-linked derivatives
In determining the fair value of structured liabilities and the indexed component of index-linked derivatives, not all valuation parameters are observable. Therefore, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price, and the commercial margin is recorded in profit and loss over the life of the product.
While structured liabilities are outstanding, since they are not quoted on an active market, the valuation parameters agreed with the counterparties at the instruments' inception are not modified. For redemptions of negotiable debt securities issued, the fair value of the redeemed securities is the transaction price, and the portion of the commercial margin not yet recognised is taken to profit and loss.

Cash receivables and payables
For fixed-rate liabilities, which are generally due to mature within one year, where there is no active market, fair value is deemed to be the present value of future cash flows discounted at the market rate at the balance sheet date. Market rates are determined based on standard internal valuation models using certificate-of-deposit yield curves.
Similarly, for purchased fixed-rate debt securities, fair value is determined by discounting expected future cash flows at market rates.

Loans and other financing to clients
Edmond de Rothschild (France) considers that, because of the multiyear frequency of adjustments, the fair value of variable-rate loans can be considered equal to their carrying amount.
For loans with a variable rate that is adjusted once a year and fixed-rate loans, fair value is determined by discounting recoverable future cash flows relating to principal and interest over the loans' remaining life, at the interest rate applicable to new lending during the year for loans of the same category and with similar maturities.

Interest rate derivatives
The fair value of interest-rate derivatives and of the interest-rate component of index-linked derivatives is determined on the basis of internal valuation models incorporating observable market data. Thus the fair value of interest-rate swaps is calculated by discounting future interest cash flows at rates derived from zero-coupon swap curves.

Forward foreign-exchange contracts
Forward foreign-exchange contracts are treated as financial derivatives and carried in the balance sheet at fair value, with changes in fair value taken to profit and loss. The fair value of a forward foreign-exchange contract is determined by the forward rate for the contract's remaining life at the balance sheet date.

Cost of risk
In terms of credit risk, the cost of risk includes additions to and reversals of impairment of fixed-income securities and loans and receivables due from clients and credit institutions, additions to and reversals of provisions relating to financing and guarantee commitments given, losses on receivables written off and amounts recovered on receivables formerly written off.

Fees and commissions
The Group records fee income in profit and loss according to the nature of the services concerned. Fees received for nonrecurring services are immediately taken to profit and loss. Fees for ongoing services are recorded progressively in profit and loss over the duration of the service provided. Fees that are an integral part of the effective return on a financial instrument are treated as an adjustment to the effective return on the financial instrument.

Employee-benefit commitments
The Group recognises four categories of benefit as defined by IAS 19:

1. Short-term benefits, for which payments are immediately expensed: remuneration, profit-sharing, employee savings and paid leave.

2. Post-employment benefits, measured using an actuarial method, with provisions set aside for defined-benefit plans (except French compulsory defined-contribution plans, which are directly expensed): pension benefits, supplementary pension plans and termination benefits for retiring employees.
Post-employment benefits are classified as either defined-contribution plans or defined-benefit plans, depending on the actual economic impact on the company.
In **defined-contribution plans**, liabilities are covered by contributions, which are recognised as expenses as and when they are paid to the independent pension bodies that manage subsequent payment of the pensions.
The company's obligation is limited to payment of a contribution, with no associated commitment concerning the amount of the benefits paid out. The contributions paid are included in the expenses of the period.
In **defined-benefit plans**, the actuarial risk and investment risk are borne by the company. They cover several types of commitment, principally "additional supplementary" pension plans and termination benefits for retiring employees. A provision is recorded in liabilities to cover the total value of those pension commitments. They are valued annually by an independent actuary at the balance-sheet date.
In accordance with IAS 19, the Group uses the projected unit credit method to calculate its employee-benefit commitments. This retrospective method uses projections regarding career-end salaries and prorated final-benefit entitlements based on length of service, taking into account actuarial assumptions regarding the employee's probable future period of service with the company, future remuneration levels, life expectancy and personnel turnover.
Actuarial gains and losses, determined for each plan, include the effect of differences between actuarial assumptions previously adopted and actual outcomes, and the effect of changes in actuarial assumptions.

The Group applies IAS 19 revised regarding the recognition of actuarial gains and losses on defined-benefit pension plans. All such gains and losses are recorded under other comprehensive income in the period in which they are recognised. When the plan is funded by assets, those assets are measured at fair value at the closing date and deducted from the value of the commitments recorded. The annual amount included in personnel expenses in respect of defined-benefit plans includes the following:
- the additional benefits earned by each employee (current service cost);
- the financial cost resulting from the unwinding of discounts;
- interest income generated by plan assets (net interest on the net liability or asset);
- past service cost;
- the effect of plan curtailments or settlements.

The Group recognises past service cost in expenses on a straight-line basis over the average period remaining until the benefit entitlements are vested. Past service cost refers to the increase in the present value of the obligation arising from employee service in previous periods, resulting from the introduction of a new plan or from changes occurring during the period.

3. Other long-term benefits, measured in the same way as postemployment benefits and fully provisioned: these include long-service awards, Compte Epargne Temps working-time savings accounts and deferred remuneration.

4. Termination benefits, redundancy payments and voluntary redundancy payments. These benefits are fully covered by provisions once the relevant agreement has been signed.

Share-based payments

IFRS 2 "Share-based payment" requires transactions settled in shares and similar instruments to be reported in the income statement and the balance sheet.

The Group's share-based payment plans fall within the scope of IFRS 2 as they are settled through the allotment of equity instruments.

IFRS 2 applies to plans granted after 7 November 2002 (the date of publication of the exposure draft) for which rights had not yet vested at the date of transition to IFRSs (1 January 2006 for the Edmond de Rothschild (France) group).

Edmond de Rothschild (France) and its subsidiaries have awarded various stock option and bonus share plans. Stock options and bonus shares are expensed and included in "Personnel expenses", with a balancing entry in shareholders' equity as and when rights vest. The expense is measured on the basis of the overall value of the plan at the date it is awarded by the governing bodies. In exceptional cases where the employee receives the benefits immediately, the expense is recognised at the grant date. If no market exists for the instruments concerned, mathematical valuation models are used. Options awarded are measured at fair value on their grant date, applying the Black-Scholes model. This measurement is performed by the Group. The total plan expense is determined by multiplying the unit value of the option by the estimated number of options vested at the end of the vesting period, allowing for the probability of the beneficiaries remaining with the Company at that time. At each balance-sheet date, the number of options expected to be exercised is revised to adjust the plan's initially determined overall cost, and the expense recognised since the beginning of the plan is adjusted accordingly. Amounts received when options are exercised are credited to "Share capital" (at their nominal value) and "Share premiums".

Cash flow statement

Cash and cash equivalents consist of the net balances of cash accounts, amounts due from central banks and postal accounts, and the net balances of demand deposits with and loans from credit institutions. Changes in cash generated by operating activities reflect cash flows generated by the Group's business, including cash flows related to held-to-maturity financial assets and negotiable debt securities.

Changes in cash generated by investing activities result from cash flows related to acquisitions and disposals of consolidated subsidiaries and associates and acquisitions and disposals of real property. Changes in cash related to financing activities comprise cash inflows and outflows from operations with shareholders, cash flows related to subordinated debt, bonds, and debt securities other than negotiable debt instruments.

Earnings per share

Earnings per share are calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. Diluted earnings per share reflect the impact of potential dilution on earnings and the number of shares resulting from the exercise of options under the various plans (bonus share and stock option plans) granted by Edmond de Rothschild (France) and its subsidiaries, in accordance with IAS 33. No account is taken of plans that have no dilutive impact.

Note 3 – Analysis of balance sheet items

	In thousands of euros	31/12/2019	31/12/2018
3.1.	**Cash, due from central banks and postal accounts**		
	Cash	275	427
	Central banks	2,228,892	2,247,790
	Postal accounts	-	-
	Sub-total	**2,229,167**	**2,248,217**
	Related receivables	-	-
	Total	**2,229,167**	**2,248,217**

	In thousands of euros	31/12/2019	31/12/2018
3.2.	**Financial assets at fair value through profit or loss**		
	Interest rate instruments – futures	587	70
	Foreign exchange instruments – futures	24	5,288
	Equity and index-linked instruments – futures	11,990	4,500
	Receivables related to trading derivatives	131	103
	Sub-total - Derivatives	**12,732**	**9,961**
	Equities and other variable-income securities	-	28
	Sub-total - Other financial instruments held for trading	**-**	**28**
	Sub-total - Trading securities	**12,732**	**9,989**
	Fair value of loans and related receivables	-	-
	Subtotal - loans and receivables designated as at fair value through profit and loss	**-**	**-**
	Treasury notes and similar securities	2,140	2,220
	Treasury notes and similar securities - related receivables	21	20
	Sub-total - Financial assets designated as at fair value	**2,161**	**2,240**
	Investments in subsidiaries and associates	11	11
	Other variable-income securities	13,107	13,784
	Sub-total	**13,118**	**13,795**
	Debt instruments and similar	143,848	148,646
	Sub-total - Non-SPPI debt instruments	**143,848**	**148,646**
	Sub-total - Other financial assets at fair value through profit and loss	**156,966**	**162,441**
	Total	**171,859**	**174,670**

The total notional amount of trading derivatives was €5.436 million at 31 December 2019 as opposed to €5.736 million at 31 December 2018. The notional value of derivatives indicates only the volume of the Group's business on the financial instruments markets, without reflecting the market risks related to those instruments.

	In thousands of euros	31/12/2019	31/12/2018
3.3.	**Financial assets at fair value through equity**		
	Treasury notes and similar securities	-	1
	Bonds and other fixed-income securities	-	3
	Sub-total - Debt instruments at fair value through equity with recycling	**-**	**4**
	Investments in subsidiaries and associates	3,719	4,094
	Equities and other variable-income securities	-	-
	Sub-total - Equity instruments at fair value through equity without recycling	**3,719**	**4,094**
	Total	**3,719**	**4,098**

In thousands of euros	31/12/2019	31/12/2018
3.4. Securities at amortised cost		
Treasury notes and similar securities	-	-
Bonds and other fixed-income securities	10,384	10,132
Total	**10,384**	**10,132**

In thousands of euros	31/12/2019	31/12/2018
3.5. Loans and receivables due from credit institutions, at amortised cost		
Due from credit institutions		
- Demand deposits	*59,914*	*59,135*
– Time deposits	*175,021*	-
Sub-total	**234,935**	**59,135**
Related receivables	1	-
Total gross value	**234,936**	**59,135**
Impairment	-	-
Total net value	**234,936**	**59,135**

In thousands of euros	31/12/2019	31/12/2018
3.6. Loans and receivables due from clients, at amortised cost		
Overdrafts	652,989	562,943
Other loans and financing		
- Loans	*223,851*	*202,753*
- Securities received under repurchase agreements	-	-
- Trade notes	-	-
Total gross value	**876,840**	**765,696**
- Of which related receivables	748	394
Impairment	−66	−170
Total net value	**876,774**	**765,526**
Fair value of loans and receivables due from clients	**877,081**	**765,833**

Impairment of loans and receivables due from clients at amortised cost

In thousands of euros	31/12/2018	Additions	Reversals	Transfers	31/12/2019
Impairment of healthy assets (Stage 1)	−29	−22	15	18	−18
Impairment of healthy assets that have deteriorated (Stage 2)	−28	−12	28	−1	−13
Impairment of doubtful assets (Stage 3)	−113	−9	104	−17	−35
Total	**−170**	**−43**	**147**	**-**	**−66**

3.7. Pledged assets

A-Assets

In thousands of euros	31/12/2019			
	Carrying amount of pledged assets	Fair value of pledged assets	Carrying amount of non-pledged assets	Fair value of non-pledged assets
Assets of the reporting entity	23,909		3,930,591	
Equity instruments			160,685	160,685
Debt securities			12,545	12,545
Other assets	23,909		3,757,361	

B-Guarantees received

In thousands of euros	31/12/2019	
	Carrying amount of pledged assets	Fair value of pledged assets
Guarantees received by the entity concerned	-	-
Equity instruments		
Debt securities	-	-
Other guarantees received		
Own debt securities in issue, other than own covered bonds or asset-backed securities		

C-Pledged assets/guarantees received and related liabilities

In thousands of euros	31/12/2019	
	Related liabilities, contingent liabilities or loaned securities	Assets, guarantees received and own debt securities in issue, other than covered bonds or securities backed by pledged assets
Carrying amount of selected financial liabilities	-	-

Government bonds held by Financière Boréale make up most of the Edmond de Rothschild (France) group's pledged assets, via repo transactions.

Repo transactions are involved in the management of mutual funds for which the Bank is custodian and Edmond de Rothschild Asset Management (France) is the asset manager: securities held by Financière Boréale are sold by Edmond de Rothschild (France) to the funds as part of repo transactions.

83% of Row 120 "Other assets", column 060 comprises the Group's assets held with the Banque de France and client loans. Intangible assets make up 3% of that item, and accruals and other assets 4%.

In thousands of euros	31/12/2019	31/12/2018

		Assets	Liabilities	Assets	Liabilities
3.8.	**Accruals and other assets and liabilities**				
	Items under collection	80	-	66	-
	Guarantee deposits paid (*)	48,378	-	36,251	-
	Prepaid expenses	8,069	-	6,892	-
	Accrued income	74,507	-	109,414	-
	Prepaid income	-	227	-	158
	Accrued expenses	-	84,158	-	91,472
	Other miscellaneous assets and liabilities (**)	27,699	164,285	29,898	105,511
	Total	**158,733**	**248,670**	**182,521**	**197,141**

(*) of which €3,550 thousand related to collateral at 31 December 2019 versus €11,620 thousand of guarantee deposits paid at 31 December 2018.
(**) of which €13,054 thousand related to collateral at 31 December 2019 versus €10,590 thousand of other liabilities at 31 December 2018.

	In thousands of euros	31/12/2019	31/12/2018
3.9.	**Investments in associates**		
	Edmond de Rothschild (Monaco)	54,080	45,320
	Zhonghai Fund Management Co. LTD.	12,436	14,694
	ERAAM	1,448	-
	Investments in associates	**67,964**	**60,014**

Edmond de Rothschild (Monaco)

In thousands of euros	31/12/2019
Current assets	2,490,426
Non-current assets	37,932
Current liabilities	2,298,710
Non-current liabilities	229,648
Net banking income	70,010
Share of net income	**7,571**

	In thousands of euros	31/12/2018	Acquisitions/transfers in	Disposals/transfers out	Other changes	31/12/2019
3.10.	**Property, plant and equipment**					
	Gross value					
	Land and buildings	57,015	-	-	2,651	59,666
	Computer hardware	29,532	1,108	-	−7	30,633
	Fixtures, fittings and other property, plant and equipment	44,851	694	−5	38	45,578
	Property, plant and equipment in progress	-	-	-	-	-
	Sub-total	**131,398**	**1,802**	**−5**	**2,682**	**135,877**
	Depreciation and impairment					
	Buildings	−24,045	−1,038	-	−392	−25,475
	Computer hardware	−26,211	−1,744	-	5	−27,950
	Fixtures, fittings and other property, plant and equipment	−41,841	−969	4	−6	−42,812
	Sub-total	**−92,097**	**−3,751**	**4**	**−393**	**−96,237**
	Total	**39,301**	**−1,949**	**−1**	**2,289**	**39,640**

	In thousands of euros	31/12/2018	Acquisitions/transfers in	Disposals/transfers out	Other changes	31/12/2019
3.11.	**Intangible assets**					
	Gross value					
	Contract portfolio and other contractual rights	12,510	-	-	-	12,510
	Other intangible assets	160,712	13,268	-	-	173,980
	Intangible assets in progress	-	-	-	-	-
	Sub-total	**173,222**	**13,268**	**-**	**-**	**186,490**
	Amortisation and impairment					
	Intangible assets	−148,088	−13,808	-	−811	−162,707
	Sub-total	**−148,088**	**−13,808**	**-**	**−811**	**−162,707**
	Total	**25,134**	**−540**	**-**	**−811**	**23,783**

	In thousands of euros	31/12/2019	31/12/2018
3.12.	**Goodwill**		
	Net carrying amount at the beginning of the period	**82,418**	**82,470**
	Acquisitions and other increases	-	-
	Disposals and other decreases	-	-
	Impairment	−8,105	−52
	Net carrying amount at the end of the period	**74,313**	**82,418**

	Net carrying amount	
In thousands of euros	31/12/2019	31/12/2018
Edmond de Rothschild Asset Management (France)	39,891	39,891
Cleaveland	23,800	31,905
Edmond de Rothschild Assurances et Conseils (France)	5,753	5,753
Edmond de Rothschild Corporate Finance, Paris	4,481	4,481
Edmond de Rothschild Europportunities Management II S.à r.l.	-	-
CFSH Luxembourg S.à.r.l.	371	371
Other	17	17
Total	**74,313**	**82,418**

Goodwill items are tested individually for impairment. This test is performed at the same time every year or when an indication of impairment arises. The test consists of checking that the recoverable amount of an investment remains higher than its carrying amount, the recoverable amount being the higher of fair value less costs to sell and value in use.

As regards value in use, the discounted cash flow figures used are based on activity assumptions validated by management and extrapolated over a period of several years, and then indefinitely on the basis of a long-term growth rate to calculate the terminal value.

The rate used to discount future cash flows is determined with reference to market data. The growth rate used to calculate the terminal value is based on forecasts regarding economic growth and sustainable long-term inflation.

Sensitivity tests are also performed to measure the impact on value in use of changes to the discount rate and the long-term growth rate.

The approach involving fair value less costs to sell consists of determining, on the basis of the best available information, the amount (less costs to sell) that could be obtained from selling the asset in an arm's length transaction between well informed, consenting parties.

In thousands of euros	31/12/2019	31/12/2018
3.13 Financial liabilities at fair value through profit and loss		
Interest rate instruments – futures	722	564
Interest rate instruments – options	-	-
Foreign exchange instruments – futures	8,112	1
Foreign exchange instruments – options	-	-
Equity and index-linked instruments – futures	4,383	15,041
Equity and index-linked instruments – options	-	-
Sub-total	**13,217**	**15,606**
Payables related to trading derivatives	−804	−721
Sub-total – trading securities	**12,413**	**14,885**
Due to credit institutions	1,092,588	937,161
Due to clients	23,369	16,277
Sub-total	**1,115,957**	**953,438**
Related payables	4,710	4,185
Sub-total - payables designated as at fair value through profit and loss	**1,120,667**	**957,623**
Negotiable debt instruments	447,715	455,850
Sub-total	**447,715**	**455,850**
Related payables	1,320	32
Sub-total - debt securities at fair value through profit and loss	**449,035**	**455,882**
Sub-total - financial liabilities designated as at fair value through profit and loss	**1,569,702**	**1,413,505**
Total financial liabilities at fair value through profit and loss	**1,582,115**	**1,428,390**

	31/12/2019		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at
Financial liabilities designated as at fair value through profit and loss	1,569,702	1,576,924	−7,222

	31/12/2018		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at
Financial liabilities designated as at fair value through profit and loss	1,413,505	1,416,883	−3,378

In thousands of euros		31/12/2019		31/12/2018	
		Negative market value	Positive market value	Negative market value	Positive market value
3.14.	**Hedging derivatives**				
	Hedging the value of non-derivative financial instruments	**-**	**-**	**-**	**-**
	- Foreign exchange derivatives	-	-	-	-
	- Interest-rate derivatives	-	-	-	-
	Hedging future gains/losses from non-derivative financial	**-**	**-**	**-**	**-**
	- Foreign exchange derivatives	-	-	-	-
	- Interest-rate derivatives	-	-	-	-
	Hedging derivatives	**-**	**-**	**-**	**-**

	In thousands of euros	31/12/2019	31/12/2018
3.15	**Due to credit institutions**		
	- Demand deposits	88,276	35,011
	– Time deposits	-	-
	Sub-total	**88,276**	**35,011**
	Related payables	-	-
	Total due to credit institutions	**88,276**	**35,011**

	In thousands of euros	31/12/2019			31/12/2018		
		Demand deposits	Time deposits	Total	Demand deposits	Time deposits	Total
3.16.	**Due to clients**						
	Special savings accounts						
	- Special savings accounts	*-*	*111,164*	*111,164*	*-*	*88,690*	*88,690*
	- Related payables	*-*	*-*	*-*	*-*	*-*	*-*
	Sub-total	**-**	**111,164**	**111,164**	**-**	**88,690**	**88,690**
	Other payables						
	- Demand deposits	*1,408,489*	*-*	*1,408,489*	*1,347,230*	*-*	*1,347,230*
	- Time deposits	*-*	*21,306*	*21,306*	*-*	*36,322*	*36,322*
	- Securities delivered under repurchase	*-*	*-*	*-*	*-*	*-*	*-*
	- Other miscellaneous payables	*-*	*63,000*	*63,000*	*-*	*113,000*	*113,000*
	- Related payables	*-*	*5*	*5*	*1*	*13*	*14*
	Sub-total	**1,408,489**	**84,311**	**1,492,800**	**1,347,231**	**149,335**	**1,496,566**
	Total	**1,408,489**	**195,475**	**1,603,964**	**1,347,231**	**238,025**	**1,585,256**
	Fair value of amounts due to clients			**1,645,050**			**1,585,607**

In thousands of euros	Legal and tax risks	Post-employment benefit obligations	Loan and guarantee commitments	Losses on contracts	Other provisions	Total carrying amount
3.17 Provisions						
Balance at 31/12/2018	**-**	**11,237**	**-**	**-**	**13,873**	**25,110**
Additions	-	775	-	-	5,786	6,561
Amounts used	-	-	-	-	−5,673	−5,673
Unused amounts reversed to profit and loss	-	-	-	-	−1,533	−1,533
Other movements	-	125	-	-	-	125
Balance at 31/12/2019	**-**	**12,137**	**-**	**-**	**12,453**	**24,590**

Other provisions include provisions relating to the "additional supplementary" pension plan (detailed in Note 6.1.A.) and to the AIMF directive at Edmond de Rothschild Asset Management (France).

3.18. Equity instruments: undated super-subordinated notes

In June 2007, the Bank issued €50 million of undated super-subordinated notes. After discussions with one of the noteholders, the Bank made an offer to repurchase part of the notes with a nominal amount of €29 million, at a discount of 7.5%. After obtaining the authorisation of the Autorité de Contrôle Prudentiel on 12 July 2013, €29 million of notes were repurchased and cancelled in August 2013.
In the event of the issuer's liquidation, holders of these notes will be paid only after other creditors but before holders of participating loans or participating securities.
The undated super-subordinated notes carry financial covenants:
- non-payment of interest in the event of insufficient capital related to non-compliance with prudential capital adequacy ratios or a deterioration in the Bank's financial position;
- reduction of accrued interest due and payable and then of the nominal value of the notes if the Bank has not taken action to remedy the capital situation within a specific period.

Given the discretionary nature of the decision on the payment of interest on the super-subordinated notes, which is related to the payment of dividends, these notes have been classified as equity instruments and related reserves.

The main financial characteristics of these notes are as follows:

Issue date	Optional early redemption date (call option)	Rate until early redemption	Rate after early redemption	Interest step-up from the optional early redemption date
June 2007	June 2017 then quarterly	6.36% (1)	3-month Euribor + 2.65%	+ 100 basis points

(1) Rate fixed by reference to the 10-year swap rate in euros at 4 June 2007: 4.71% + 1.65.

3.19. Netting of financial assets and liabilities

At 31 December 2019 In thousands of euros	Gross amounts of financial assets	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments received as collateral	Net amounts
Financial assets at fair value through profit and loss						
-Trading securities	11,906	826	12,732	-	−13,054	−322
-Financial assets designated as at fair value	2,161	-	2,161	-	-	2,161
-Other financial assets at fair value through profit and loss	156,966	-	156,966	-	-	156,966
Financial assets at fair value through equity	3,719	-	3,719	-	-	3,719
Securities at amortised cost	10,384	-	10,384	-	-	10,384
Loans and receivables due from credit institutions and customers at amortised cost	1,111,710	-	1,111,710	-	-	1,111,710
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other assets	158,733	-	158,733	-	-	158,733
-Of which guarantee deposits granted	*48,378*	-	*48,378*	-	-	*48,378*
Other assets not subject to netting	2,498,095	-	2,498,095	-	-	2,498,095
TOTAL ASSETS	**3,953,674**	**826**	**3,954,500**	**-**	**−13,054**	**3,941,446**

At 31 December 2019 In thousands of euros	Gross amounts of financial liabilities	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments provided as collateral	Net amounts
Financial liabilities at fair value through profit and loss						
-Trading securities	11,587	826	12,413	-	−3,550	8,863
-Liabilities designated as at fair value through profit and loss	1,120,667	-	1,120,667	-	-	1,120,667
-Debt securities designated at fair value through profit and loss	449,035	-	449,035	-	-	449,035
Due to credit institutions and clients	1,692,240	-	1,692,240	-	-	1,692,240
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other liabilities	248,670	-	248,670	-	-	248,670
-Of which guarantee deposits received	*13,054*	-	*13,054*	-	-	*13,054*
Other liabilities not subject to netting	25,408	-	25,408	-	-	25,408
TOTAL LIABILITIES	**3,547,607**	**826**	**3,548,433**	**-**	**−3,550**	**3,544,883**

At 31 December 2018 In thousands of euros	Gross amounts of financial assets	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments received as collateral	Net amounts
Financial assets at fair value through profit and loss						
-Trading securities	12,606	−2,617	9,989	-	−10,590	−601
-Financial assets designated as at fair value	2,240	-	2,240	-	-	2,240
-Other financial assets at fair value through profit and loss	162,441	-	162,441	-	-	162,441
Financial assets at fair value through equity	4,098	-	4,098	-	-	4,098
Securities at amortised cost	*10,132*	-	*10,132*	-	-	*10,132*
Loans and receivables due from credit institutions and customers at amortised cost	824,661	-	824,661	-	-	824,661
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other assets	182,521	-	182,521	-	-	182,521
-Of which guarantee deposits granted	36,251	-	36,251	-	-	36,251
Other assets not subject to netting	2,469,048	-	2,469,048	-	-	2,469,048
TOTAL ASSETS	**3,667,747**	**−2,617**	**3,665,130**	**-**	**−10,590**	**3,654,540**

At 31 December 2018 In thousands of euros	Gross amounts of financial liabilities	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments provided as collateral	Net amounts
Financial liabilities at fair value through profit and loss						
-Trading securities	17,502	−2,617	14,885	-	−11,620	3,265
-Liabilities designated as at fair value through profit and loss	957,623	-	957,623	-	-	957,623
-Debt securities designated at fair value through profit and loss	455,882	-	455,882	-	-	455,882
Due to credit institutions and clients	1,620,267	-	1,620,267	-	-	1,620,267
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other liabilities	197,141	-	197,141	-	-	197,141
-Of which guarantee deposits received	*10,590*	-	*10,590*	-	-	*10,590*
Other liabilities not subject to netting	27,558	-	27,558	-	-	27,558
TOTAL LIABILITIES	**3,275,973**	**−2,617**	**3,273,356**	**-**	**−11,620**	**3,261,736**

Note 4 – Analysis of income statement items

	In thousands of euros	31/12/2019	31/12/2018
4.1.	**Interest and similar revenues**		
	Interest and other revenues on loans and receivables due from credit institutions	**1,059**	**478**
	- Demand deposits and interbank loans	1,059	478
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest and other revenues on loans and receivables due from clients	**9,446**	**9,043**
	- Demand deposits and loans	9,446	9,040
	- Repurchase transactions	-	3
	Interest on financial instruments	**23,714**	**7,603**
	- Debt instruments at amortised cost	92	37
	- Financial assets at fair value through equity	-	-
	- Financial assets designated as at fair value through profit and loss	70	554
	- Interest on derivatives	23,552	7,012
	Total interest and similar revenues	**34,219**	**17,124**

	In thousands of euros	31/12/2019	31/12/2018
4.2.	**Interest and similar expenses**		
	Interest and other expenses on loans and payables due to credit institutions, at amortised cost	**−33,369**	**−30,105**
	- Demand deposits and interbank loans	−33,369	−30,105
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest and other expenses on payables due to clients, at amortised cost	**−726**	**−315**
	- Demand deposits and loans	−726	−315
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest on financial instruments	**−25,784**	**−8,742**
	- Debt securities	−12,537	−7,582
	- Interest on derivatives	−13,247	−1,160
	Interest and expenses on lease liabilities	**−436**	**-**
	Total interest and similar expenses	**−60,315**	**−39,162**

		31/12/2019		31/12/2018	
	In thousands of euros	Income	Expense	Income	Expense
4.3.	**Fees**				
	Cash and interbank transactions	-	−9	-	−15
	Transactions with clients	77	-	202	-
	Securities transactions	-	-	-	-
	Foreign exchange transactions	29	-	39	-
	Off-balance sheet transactions				
	- Securities commitments	*412*	*-*	*184*	*-*
	- Commitments on forward financial instruments	*2,545*	*−1,486*	*1,977*	*−1,221*
	Financial services	324,876	−75,572	353,902	−83,120
	Additions to/reversals of provisions	-	-	-	-
	Total fees	**327,939**	**−77,067**	**356,304**	**−84,356**

In thousands of euros	31/12/2019 Trading portfolio	31/12/2019 Portfolio designated as at fair value	31/12/2018 Trading portfolio	31/12/2018 Portfolio designated as at fair value
4.4. Net gains or losses on financial instruments at fair value through profit				
Net gains or losses on financial assets held for trading	-	−2,959	-	−1,363
Net gains or losses on financial liabilities at fair value through profit and loss	-	−17,799	-	12,587
Net gains or losses on derivatives	19,451	-	−11,549	-
Net gains or losses on foreign exchange transactions	37,534	-	32,501	-
Net gains or losses on equity instruments at fair value through profit and loss	216	-	−29	-
Net gains or losses on non-SPPI debt instruments (*)	40,256	-	19,841	-
Total net gains or losses on financial instruments at fair value through	**97,457**	**−20,758**	**40,764**	**11,224**

(*) mainly consisting of net gains resulting from the following funds:
€8,802 thousand from Eres II,
€7,939 thousand from Winch Capital III,
€6,373 thousand from Winch Capital II,
and €5,140 thousand from Cabestan.

In thousands of euros	31/12/2019	31/12/2018
4.5. Net gains or losses on financial assets at fair value through equity		
Dividends received on equity instruments at fair value through equity	6,918	1,014
Net gains or losses on financial assets at fair value through equity	-	-
Total net gains or losses on financial assets at fair value through equity	**6,918**	**1,014**

In thousands of euros	31/12/2019	31/12/2018
4.6. Revenues and expenses relating to other activities		
Expenses transferred to other companies	2,089	1,645
Other ancillary income	1,324	2,813
Miscellaneous	7,192	7,293
Revenues from other activities	**10,605**	**11,751**
Revenues transferred to other companies	−13,984	−13,545
Miscellaneous	−1,382	−1,168
Expenses relating to other activities	**−15,366**	**−14,713**

4.7.	In thousands of euros	31/12/2019	31/12/2018
	General operating expenses		
	Wages and salaries	−96,916	−94,272
	Pension expenses	−8,293	−8,389
	Social security expenses	−35,032	−33,753
	Employee incentive plans	−563	−67
	Mandatory employee profit-sharing	−3,564	−5,995
	Payroll taxes	−9,352	−9,008
	Additions to provisions for personnel expenses	−5,008	−8,618
	Reversals of provisions for personnel expenses	6,750	6,576
	Sub-total - Personnel expenses	**−151,978**	**−153,526**
	Taxes other than income tax	−4,068	−5,884
	Rental expenses	−3,078	−13,080
	External services	−75,921	−71,768
	Travel expenses	−2,182	−2,159
	Miscellaneous operating expenses	-	-
	Additions to provisions for administrative expenses	−110	-
	Reversals of provisions for administrative expenses	117	139
	Sub-total - Administrative expenses	**−85,242**	**−92,752**
	Total general operating expenses	**−237,220**	**−246,278**

4.8.	In thousands of euros	31/12/2019	31/12/2018
	Cost of risk		
	Additions to provisions for credit risk	−93	−396
	Net losses on receivables written off	−60	1
	Reversals of provisions for credit risk	150	59
	Reversals of other provisions	-	-
	Amounts recovered on receivables formerly written off	-	-
	Total cost of risk	**−3**	**−336**

4.9.	In thousands of euros	31/12/2019	31/12/2018
	Gains or losses on other assets		
	Losses on sales of intangible assets and property, plant and equipment	-	−239
	Gains on sales of intangible assets and property, plant and equipment	1	187
	Gain/(loss) on disposals of investments in subsidiaries and associates	1,210	6,338
	Total net gains or losses on other assets	**1,211**	**6,286**

In thousands of euros		31/12/2019	31/12/2018
4.10.	**Income tax expense and effective tax rate**		
	Consolidated net income	**15,965**	**33,280**
	Income tax expense	**15,744**	**11,292**
	Income before tax	**31,709**	**44,572**
	Non-deductible provisions and expenses	10,008	12,335
	Parent company/subsidiary exemption regime and related adjustments	1,615	1,815
	Share of net income of associates	105	−3,203
	Untaxed consolidation adjustments	16,105	7,990
	Miscellaneous non-taxable revenues and other deductions	−25,812	−45,716
	Items taxed at reduced rates	−8,540	−2,909
	Income before tax taxable at standard rate	**25,190**	**14,884**
	Tax rate	32.02%	34.43%
	Theoretical tax expense at standard rate	**8,066**	**5,125**
	Income before tax taxable at reduced rate	**8,540**	**2,909**
	Tax rate	15.50%	15.50%
	Theoretical tax expense at reduced rate	**1,324**	**451**
	Theoretical tax expense	**9,390**	**5,575**
	Unrecognised tax losses arising in the period	10,998	410
	Unrecognised tax losses used	−3,554	−5,030
	Tax credits	−12	−140
	Effect of different tax rates applying to foreign entities	−1,210	−963
	Tax assessments and tax income relating to previous periods	25	10,794
	Other	107	646
	Calculated income tax	**15,744**	**11,292**
	- Of which current tax expense	*14,926*	*26,293*
	- Of which deferred tax	*818*	*−15,001*
	Income before tax	31,709	44,572
	Income tax expense	15,744	11,292
	Average effective tax rate	**49.65%**	**25.34%**
	Standard tax rate in France	32.02%	34.43%
	Effect of permanent differences	2.04%	−20.69%
	Effect of reduced-rate taxation	−4.45%	−1.24%
	Effect of different tax rates applying to foreign entities	−3.82%	−2.16%
	Effect of losses for the period and use of tax loss carryforwards	23.48%	−10.36%
	Effect of other items	0.38%	25.36%
	Average effective tax rate	**49.65%**	**25.34%**

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Note 5 – Note on commitments

In thousands of euros	31/12/2019	31/12/2018
Commitments given		
Loan commitments		
To credit institutions	-	-
To clients	292,492	255,056
Guarantee commitments		
To credit institutions	12,443	12,443
To clients	39,110	37,880
Commitments received		
Loan commitments		
From credit institutions	-	-
From clients	-	-
Guarantee commitments		
From credit institutions	13,487	10,471
From clients	-	-

Note 6 – Employee benefits and share-based payments

6.1. Employee benefits under IAS 19

In accordance with IFRS 1 First-time adoption of IFRSs, since 1 January 2006 the Group has measured and recognised employee benefits under the rules set out in IAS 19.

When it first applied IFRSs, the Group opted to apply the exception allowed in IFRS 1, allowing all actuarial gains and losses not amortised at 1 January 2006 to be taken to equity at that date.

6.1.A. Pension costs – Defined-benefit plans

An additional supplementary pension plan set up in December 2004 was closed on 31 December 2012, although its provisions were maintained for beneficiaries born before 31 December 1953.

It applies to a category of executives for whom the existing basic and complementary pension plans provide a significantly lower rate of income replacement than for other categories of personnel.

This plan is a defined-benefit plan expressed in terms of the overall final pension (limited in time) or in terms of the top-up pension it provides in addition to the basic pensions.

Payment of benefits is conditional on the employee remaining in the company until retirement. The plan provides for the purchase of an annuity upon retirement to settle the obligation to the beneficiary.

The beneficiaries of this additional supplementary pension plan are senior management, members of the General Management Committee, and senior executives defined in the 35-hour working week agreement as executives not covered by the normal classification.

The basis for determining the reference remuneration and calculating the additional pension is gross annual salary plus bonuses received, before any applicable tax or social security charges.

The guaranteed additional pension is equal to 10% of the reference remuneration between four and eight times the annual limit defined by French social security legislation at the date of settlement of the pension, plus 20% of the portion of the reference remuneration between 8 and 22 times that limit.

This additional pension is payable in addition to the mandatory basic and supplementary pensions. Gains and losses resulting from its first application are treated in accordance with the rules for changes of accounting method.

The Group therefore allocated the impact of this change of method, net of deferred taxes, to equity at the date of its first application (€8.381 million). That impact resulted from the recognition of previously unrecognised post-employment benefits, in a pre-tax amount of €12.825 million. Benefit commitments were discounted at the rate of 4.25%.

The value of the commitments at 31 December 2019 was determined by qualified actuaries, applying the following assumptions:

- discount rate of 0.79% according to the duration of the plan (0 year);
- inflation rate of 1.75% according to the duration of the plan (0 year);
- expected return on plan assets of 0.79%;
- expected rate of salary increases, net of inflation, of 0.5%.

The discount rate was determined on the basis of the average yields observed on bonds maturing in 10 years or more issued by eurozone companies with Aa ratings (the benchmark being the iBoxx € corporates index) and the extrapolation of the yield curve in line with the ECB's government bond curve.

Taxation of annuities: Article 113 of French act 2003-775 of 21 August 2003 on pension reform alters the way in which social security contributions, the general social contribution (CSG) and the tax to repay social-security debt (CRDS) apply to employers' contributions to funding pension benefits. In return for exempting contributions from social security charges, a tax payable exclusively by the company was established.

The 2010 social security financing act doubled the tax levied on annuities exceeding one-third of the annual social security ceiling, raising it from 8% to 16% for any annuity paid from 1 January 2010.

The 2011 social security financing act subsequently modified the basis for applying this tax. The allowance was eliminated and the 16% tax thus applied from the first euro of the annuity, for all annuities paid after 1 January 2001.

The Group had previously opted for the tax on annuities, but at the end of 2011 it chose to change options as allowed by the 2011 social security financing act for defined-benefit plans consistent with Article L. 137-11.

It is now taxed at 12% based on all contributions paid into the fund.

That rate is set by Article 32 of France's 16 August 2012 mini-budget at 24% for all payments in respect of periods beginning after 31 December 2012.

At 31 December 2019, the amount of commitments came to €27.581 million before tax and the fair value of assets was €22.773 million, resulting in a provision of €4.808 million.

Financial assets representing commitments (for the additional supplementary pension)

Portfolio structure	31/12/2019	31/12/2018
Equities	33.27%	32.17%
Bonds	50.55%	52.61%
Real estate	13.66%	13.05%
Money market and other	2.52%	2.17%
Return on plan assets	0.79%	1.89%

Defined-benefit post-employment benefits (additional supplementary pension)

In thousands of euros	31/12/2019	31/12/2018
Present value of the commitment	27,581	27,266
- Value of plan assets	−22,773	−22,055
Financial position of plan	**4,808**	**5,211**
- Unrecognised past service cost	-	-
Provision	**4,808**	**5,211**

6.1.B. Termination benefits for retiring employees

Termination benefits for retiring employees are a post-employment benefit and are part of the defined-benefit plan category.
Entitlements to termination benefits for retiring employees in Group companies are defined by the following collective agreements:
- - the French national collective agreement for banks (no. 2120) for all companies;
- - the French national collective agreement for insurance and/or reinsurance brokerage firms (no. 2247) for Edmond de Rothschild Assurances et Conseils (France).

The following remuneration basis is used to calculate the benefit payable to retiring employees:
- for the national collective agreement for banks, 1/13th of the average remuneration the beneficiary received or would have received over the past 12 months, excluding any standard or exceptional bonus and any variable component of pay;
- for the national collective agreement for insurance brokerages, 1/12th of the remuneration the beneficiary received or would have received over the past 12 months.

The compensation cannot be lower than the retirement compensation defined by French employment law.
These arrangements are not funded by an insurance policy.
The actuarial method used to value the liability is the projected unit credit method.

Actuarial gains and losses on the plan for termination benefits for retiring employees are recorded in other comprehensive income. The Group has opted to apply the amendment to IAS 19 allowing actuarial gains and losses related to experience adjustments and/or changes in assumptions to be recognised in equity. The selected discount rate of 0.79% is based on the yields on long-term corporate bonds at the time of measurement (yield shown by the iBoxx € Corporate AA 10+ index) and on the extrapolation of the yield curve in line with the ECB's government bond curve.

The gross liability was €6.026 million at 31 December 2018 and €7.329 million at 31 December 2019. Service cost was €553 thousand in 2019, the cost of discounting was €98 thousand, actual benefits paid came to €36 thousand and the actuarial loss with respect to 2019 was €652 thousand.

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Breakdown of the expense recognised

In thousands of euros	31/12/2019	31/12/2018
Current period service cost	−557	−503
Interest cost	−567	−516
Expected return on plan assets	349	374
Net expense recognised	**−775**	**−645**

Defined-benefit post-employment benefits

Main actuarial assumptions (termination benefits for retiring employees)	31/12/2019	31/12/2018
Discount rate	0.79%	1.89%
Expected long-term inflation rate	1.75%	1.75%
Salary increase		
- Clerical workers	2.75%	2.75%
- Executives and senior management	3.25%	3.25%
- Senior executives	3.75%	3.75%
Rate of employer's social security charges and taxes	61.90%	61.90%
Mortality rates	THTF 13 15	THTF 10 12

Main actuarial assumptions (additional supplementary pension)	31/12/2019	31/12/2018
Discount rate	0.79%	1.89%
Salary increase rate, net of inflation	0.50%	0.50%
Average remaining working life of employees	0 year	1 year
Mortality rates	TGH -TGF 05	TGH -TGF 05

Analysis of sensitivity of post-employment benefit commitments to changes in the main actuarial assumptions

Impact of the change (additional supplementary pension)	31/12/2019
Change of -0.50% in the discount rate: 0.29% (0.79% - 0.50%)	
– Impact on present value of commitments at 31 December 2019	0.00%
– Impact on net total expense in 2019	−63.29%
Change of +0.50% in the discount rate: 1.29% (0.79% + 0.50%)	
– Impact on present value of commitments at 31 December 2019	0.00%
– Impact on net total expense in 2019	63.30%

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Change in provision

In thousands of euros	31/12/2019	31/12/2018
Provision/asset at the beginning of the period	**11,237**	**9,905**
– Expense recognised in profit and loss	*811*	*718*
- Benefits directly paid by the employer (unfunded)	*−36*	*−73*
- Changes in consolidation scope (acquisitions and disposals)	*-*	*120*
- Actuarial gains and losses	*125*	*567*
Provision/asset at the end of the period	**12,137**	**11,237**

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Recognition of commitments

In thousands of euros	31/12/2019	31/12/2018
Change in the value of commitments		
Present value of the commitment at the beginning of the period	33,292	33,793
- Past service cost	*593*	576
- Discount expense	*567*	516
- Employee contributions		
- Actuarial gains or losses	*1,533*	−607
- Benefits paid by the employer and/or the fund	*−1,075*	−1,106
- Changes in consolidation scope (acquisitions and disposals)	-	120
Total present value of the commitment at the end of the period (A)	**34,910**	**33,292**
Change in plan assets and reimbursement rights		
Fair value of plan assets at the beginning of the period	22,055	23,888
- Return on plan assets	*349*	*374*
- Actuarial gains or losses	*1,408*	*−1,174*
- Benefits paid by the fund	*−1,039*	*−1,033*
Fair value of plan assets at the end of the period (B)	**22,773**	**22,055**
Funding status		
Financial position (A) - (B)	12,137	11,237
Provision / asset	**12,137**	**11,237**

The Group's remuneration policy is in accordance with the French ministerial decree of 3 November 2009 relating to the remuneration of employees whose professional activities may affect the risk exposure of credit institutions, and with the professional standards of the French Banking Federation (FBF) issued on 5 November 2009.

That remuneration policy was approved by the Bank's Supervisory Board on 23 March 2010 after a favourable opinion from the Remuneration Committee. It was adjusted in line with the new provisions of the French government order of 13 December 2010.
The Group applies the aforementioned professional standards, taking into account individual employee performance, competition in its markets, long-term objectives and the interests of shareholders.

Regulatory environment

The Decree of 3 November 2009 and the professional standards of the French Banking Federation have required financial institutions to regulate variable remuneration payment practices for financial market professionals and executives, to ensure that financial institutions have a level of equity that would not expose them to risk.
The Decree of 13 December 2010 extends the FBF standards issued on 5 November 2009 – which were reserved for financial market executives and professionals, defined as employees whose performance and remuneration are linked to market instruments – to "risk-taker" employees and all employees within an equivalent remuneration bracket and whose professional activities are likely to have an impact on the firm's risk profile. It also adopted the FBF criteria regarding payment of variable remuneration to the employees concerned.
In addition, the AFG, AFIC and ASPIM issued common provisions on the remuneration policies of asset management companies on 23 November 2010. The CRD IV directive (2013/36/EU), adopted by the European Parliament and Council on 26 June 2013, was transposed into French law by the French government order of 3 November 2014, replacing CRBF regulation 97-02 of 21 February 1997.

Governance and formalisation of existing practices

In accordance with the aforementioned texts, an annual report on the variable remuneration of the employees concerned is to be sent to France's prudential supervision and resolution authority (Autorité de Contrôle Prudentiel et de Résolution). The process for determining remuneration and the resulting budgets must be examined by the Bank's Remuneration Committee.

The Bank's system

1 – "Risk-taker" employees

The employees concerned are:
- members of the Executive Committee, the Executive Board (or Board of Directors as the case may be) and Senior Management
- heads of Control Functions (Audit, Risk Management, Compliance) and those with managerial responsibilities that report to them
- heads of Business Units and those with managerial responsibilities that report to them
- heads of certain Support Functions (including Finance, HR, IT, Legal etc.)
- heads of Risk Management and Members of Risk Committees
- heads of New Products and Members of New Products Committees
- managers of Risk-Takers
- employees whose total remuneration is €500,000 or more and/or employees in the top 0.3% in terms of remuneration
- employees whose total remuneration is at least equal to that of the Senior Management member with the lowest remuneration

The calculation of variable remuneration for "risk-taker" employees complies with the following guidelines:

Bonuses must be partially deferred on a straight-line basis over a minimum of three years when they reach a certain level of variable remuneration.

As regards variable remuneration with respect to 2019 that has reached a certain threshold, 40-60% will be paid in cash and/or instruments and spread over three years.

The Bank has put in place an instrument to pay cash remuneration, deferred over three years in three equal instalments, linked to the share price of Edmond de Rothschild Holding S.A. (the unlisted Swiss holding company of the Edmond de Rothschild Group), known as the Group Performance Plan.

2 – Managers, sales staff of asset management companies

Under the AIFM and UCITS V Directives, Edmond de Rothschild Asset Management (France) has adjusted its remuneration policy, and particularly its practices in terms of deferred variable remuneration for fund managers and other categories of staff covered by the Directives ("Material Risk-Takers").
The main characteristics of the policy are as follows:
- 40-60% of the variable remuneration granted to a beneficiary is deferred for three years,

- at least 50% of the variable remuneration (both deferred and immediate) is linked to a basket of securities that represents the Group's various asset-management skills,
- payment of deferred remuneration is subject to beneficiaries' continued employment within the company and the various conditions set out in the AIFM and UCITS V Directives (no excess risk-taking, company's financial position etc.), which may reduce its amount between the initial grant date and vesting date.

To enable the company to cope with a sharp increase in the basket's value, a hedging mechanism will be used.

Remuneration expense is recognised gradually to reflect the fact that its vesting depends on the beneficiaries' continued employment within the company.
Where the fund's returns increase, the hedged portion of the variable remuneration payable will not be remeasured. The hedging asset will continue to be measured at historical cost. The unhedged portion will be covered by a provision.
If the fund's returns decrease, the hedging asset will be written down (to market value), and the variable remuneration payable will be reduced.

Employee Share Plan

The Edmond de Rothschild Group has adopted a plan under which shares in Edmond de Rothschild Holding S.A. (EdRH, the unlisted Swiss holding company of the Edmond de Rothschild Group) are granted free of charge to certain Group employees ("Beneficiaries").
This plan is intended to increase retention of key staff and help ensure that the interests of employees and shareholders are aligned.

The plan's main characteristics are as follows:
- The Beneficiaries are granted rights to receive EdRH shares over a three-year vesting period (one third per year, i.e. tranches vesting in March N+2, March N+3 and March N+4).
- The Beneficiaries own the shares on the vesting date, but they only acquire economic rights, not voting rights. They have the status of "participation certificates" under Swiss law.
- The shares received can only be sold after the lock-up period has expired.
- The timeframe for selling them is limited, since each year's plan has a seven-year life. Shares can only be sold back to Edmond de Rothschild Holding S.A.

Participation certificates will be transferred to Edmond de Rothschild (France) Beneficiaries by Edmond de Rothschild Holding S.A.
Under the contract between Edmond de Rothschild Holding S.A. and Edmond de Rothschild (France), Edmond de Rothschild Holding S.A. will bill Edmond de Rothschild (France) for the cost of acquiring its own shares to be transferred to French Beneficiaries.

An expense is recorded with respect to services rendered by employees. Since there is no undertaking to pay any cash sum to employees, the plan qualifies as equity-settled (IFRS 2.43B), which has the following accounting consequences:
- An expense is determined at the grant date and is not subsequently remeasured, except to take account of changes in service and/or performance conditions (IFRS 2.B57).
- The expense is spread over the period during which the services are rendered, with a balancing entry in an equity account representing the parent company's contribution (IFRS 2.B53).
- That period is the period during which the beneficiaries render services to the Group on the basis of the conditions of continued employment that must be met for the rights to vest. The expense for the 2019 is being spread between 1 January 2019 and the vesting dates, i.e. over 2.25, 3.25 and 4.25 years for the tranches due to vest in March 2021, March 2022 and March 2023 respectively.

In 2019, the net expense relating to the Group's Employee Share Plan was €964 thousand as opposed to €1,534 thousand in 2018.

Note 7 – Additional information

		Percentage held		Percentage controlled	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
7.1.	**Scope of consolidation**				
	Controlled companies				
	Holding companies				
	• Financière Boréale	100.00	100.00	100.00	100.00
	• EdR Real Estate (Eastern Europe) Cie SàRL *	62.73	62.73	62.73	62.73
	• CFSH Luxembourg SARL *	100.00	100.00	100.00	100.00
	• CFSH Secondary Opportunities SA *	100.00	98.00	100.00	98.00
	• Edmond de Rothschild Europportunities Invest II SàRL *	58.33	58.33	58.33	58.33
	• Edmond de Rothschild Europportunities Invest SàRL *	81.67	81.67	81.67	81.67
	• Bridge Management SàRL *	99.99	99.99	100.00	100.00
	Investment company				
	• Edmond de Rothschild Securities (Hong Kong) Limited *	100.00	100.00	100.00	100.00
	Asset management companies				
	• Edmond de Rothschild Asset Management (France)	99.99	99.99	99.99	99.99
	• Edmond de Rothschild Private Equity (France)	100.00	100.00	100.00	100.00
	• Edmond de Rothschild Europportunities Management SàRL *	100.00	100.00	100.00	100.00
	• Edmond de Rothschild Europportunities Management II SàRL *	68.68	68.68	68.68	68.68
	• EdR Real Estate (Eastern Europe) Management SàRL *	100.00	100.00	100.00	100.00
	• LCFR UK PEP Limited *	100.00	100.00	100.00	100.00
	• Edmond de Rothschild Asset Management (Hong Kong) Limited *	99.99	99.99	100.00	100.00
	• Edmond de Rothschild Investment Partners China SàRL *	100.00	100.00	100.00	100.00
	• Cleaveland	100.00	100.00	100.00	100.00
	• ERAAM	34.00	-	34.00	-
	• EDR Immo Magnum	100.00	100.00	100.00	100.00
	Advisory companies				
	• Edmond de Rothschild Corporate Finance	100.00	100.00	100.00	100.00
	Insurance company				
	• Edmond de Rothschild Assurances et Conseils (France)	100.00	100.00	100.00	100.00
	Other				
	• Edmond de Rothschild Boulevard Buildings Ltd *	100.00	100.00	100.00	100.00
	• Groupement Immobilière Financière	100.00	100.00	100.00	100.00
	Associates				
	Bank				
	• Edmond de Rothschild (Monaco)	36.93	42.78	36.93	42.78
	Asset management companies				
	• Zhonghai Fund Management Co. Ltd *	25.00	25.00	25.00	25.00

* Foreign company.

		31/12/2019	31/12/2018
7.2.	**Average number of employees**		
	French companies	730	730
	- Operatives	*78*	*93*
	- Executives and senior management	*652*	*637*
	Foreign companies	53	59
	Total	**783**	**789**

Pursuant to the provisions of the French Commercial Code, the Group publishes a breakdown by category of its average workforce during the period. The number of workers employed part-time or for less than the full year is taken into account in proportion to the average time worked as compared to the full-time hours laid down by agreement or statute.

7.3. Unconsolidated special purpose entities

A special purpose entity is an entity designed so that voting rights or similar rights are not the determining factor in establishing control over the entity.

The Group carries out transactions with sponsored special purpose entities through its fund management activities. Funds are offered to institutional and individual clients, and the Group handles distribution and commercial monitoring in respect of the funds.

In 2019, €16.0 million was invested with respect to sponsoring (for a total exposure of €76.1 million at 31 December 2019). No new commitments were taken in 2019, and so the residual amount at end-2019 was €32.2 million.
The Group uses a "carried interest" mechanism, in line with market practices.

7.4. Post-balance sheet events

The consolidated annual financial statements contained in this document were finalised by the Executive Board on 3 March 2020 and will be presented for approval at the Annual General Meeting of 6 May 2020.

7.5. Disclosures concerning capital

Pursuant to French Banking and Financial Regulation Committee regulation 2000-03, the solvency ratio is assessed at the level of Edmond de Rothschild (France), which meets capital adequacy requirements.

At 31 December 2019, the share capital of Edmond de Rothschild (France) amounted to €83,075,820, consisting of 5,538,388 shares with nominal value of €15 each.

7.6. Statutory auditors' fees

Statutory auditors' fees shown in the income statement for the 2019 financial year are as follows:

In thousands of euros	PwC	Cabinet Kling	Other	2019	2018
Fees for statutory audit, certification and examination of the parent company and consolidated financial statements	**479**	**334**	**45**	**858**	**772**
Edmond de Rothschild (France)	240	179	35	454	433
Edmond de Rothschild Asset Management (France)	72	73	-	145	110
Other	167	82	10	259	229
Services other than certification of the financial statements[1]	**53**	**11**	**-**	**64**	**236**
Edmond de Rothschild (France)	50	8	-	58	95
Edmond de Rothschild Asset Management (France)	3	3	-	6	120
Other	-	-	-	-	21
Other services provided by the networks to fully consolidated subsidiaries	-	-	-	-	-
Total	**532**	**345**	**45**	**922**	**1008**

[1] Services other than the certification of financial statements consist of comfort letters, agreed procedures, declarations of compliance with accounting rules and regulatory consultations.

The amounts mentioned above include the following fees relating to the statutory auditing of the financial statements of Edmond de Rothschild (France) and its subsidiaries:

a) by PricewaterhouseCoopers Audit for €479 thousand for the certification of financial statements and €53 thousand for services other than the certification of financial statements;

b) by Cabinet Didier Kling for €334 thousand for the certification of financial statements and €11 thousand for services other than the certification of financial statements.

Note 8 – Operating segments

The Group's operations are organised around two strategic business lines (Asset Management and Private Banking) and one further business line (Other Activities and Proprietary Trading).

Private Banking covers a range of services including:
- portfolio and private asset management, asset engineering and family office services;
- corporate advisory services for family-owned businesses.

Asset Management covers the following four types of management:
- equities, diversified assets, and convertible bonds;
- funds of funds, both traditional and hedge funds;
- fixed income and credit, as well as structured, quantitative and direct alternative asset management;
- private equity funds.

The "Other Activities and Proprietary Trading" business line includes:
- under Other Activities, corporate advisory services provided by the dedicated subsidiary Edmond de Rothschild Corporate Finance, including M&A advisory, business valuations and financial engineering, the proprietary activities of the Capital Markets Department and the activities of Cleaveland, which specialises in managing French real-estate assets for third parties;
- under Proprietary Trading, management of the Group's assets (particularly its securities portfolio), the Bank's financing activities for all of its businesses, expenses related to this business line's specific activities and its coordination role within the Group, and income and expenses not directly attributable to the other business lines.

Methodologies

Each business line's management accounts are intended to:
- show the results of each business line as if it were an independent entity;
- provide a fair view of their results and profitability over the period.

The main conventions used in establishing these accounts are as follows:
- each business line's net banking income corresponds to the revenues generated by its business, net of fees passed on to business providers;
- each business line's management expenses comprise its direct costs, its share of expenses related to the logistical and operational support provided by the Bank, and a share of the Group's overheads;
- provisions are allocated between the business lines to reflect the risk inherent in each business line's activities. Provisions that cannot be allocated to a business line are allocated to Proprietary Trading.

A detailed analysis of each business line's results and its contribution to Group earnings is provided below.

	Private Banking		Asset Management		Private Equity		Other Activities and Proprietary Trading		Group	
In thousands of euros	2019	2018	2019	2019	2019	2019	2019	2019	2019	2019
Net banking income	**83,779**	**86,824**	**141,615**	**165,686**	**5,209**	**4,700**	**73,028**	**42,740**	**303,631**	**299,950**
Operating expenses	−81,002	−83,980	−133,623	−138,104	−6,273	−6,766	−44,021	−35,629	−264,919	−264,479
Personnel expenses	−49,475	−52,115	−72,484	−77,334	−3,870	−4,611	−26,150	−19,466	−151,979	−153,526
- direct	*−35,613*	*−38,064*	*−54,063*	*−57,787*	*−3,289*	*−4,066*	*−19,042*	*−14,204*	*−112,007*	*−114,121*
- indirect	*−13,862*	*−14,051*	*−18,421*	*−19,547*	*−581*	*−545*	*−7,108*	*−5,262*	*−39,972*	*−39,405*
Other operating expenses	−24,105	−25,309	−51,945	−51,951	−2,212	−1,993	−6,979	−13,499	−85,241	−92,752
Depreciation and amortisation	−7,422	−6,556	−9,194	−8,819	−191	−162	−10,892	−2,664	−27,699	−18,201
Gross operating income	**2,777**	**2,844**	**7,992**	**27,582**	**−1,064**	**−2,066**	**29,007**	**7,111**	**38,712**	**35,471**
Cost of risk	-	-	0	-	-	-	−3	−336	−3	−336
Operating income	**2,777**	**2,844**	**7,992**	**27,582**	**−1,064**	**−2,066**	**29,004**	**6,775**	**38,709**	**35,135**
Share in net income of associates	7,571	7,045	−7,676	−3,800	-	-	-	−42	−105	3,203
Net gains or losses on other assets	-	-	-	-	1	-	1,210	6,286	1,211	6,286
Change in value of goodwill	-	-	−8,105	-	-	−52	-	-	−8,105	−52
Recurring income before tax	**10,348**	**9,889**	**−7,789**	**23,782**	**−1,063**	**−2,118**	**30,214**	**13,019**	**31,710**	**44,572**
Income tax	−993	−957	−2,815	−9,181	440	958	−12,376	−2,112	−15,744	−11,292
Net income	**9,355**	**8,932**	**−10,604**	**14,601**	**−623**	**−1,160**	**17,838**	**10,907**	**15,966**	**33,280**

Note 9 – Transactions with related parties

Edmond de Rothschild (France) was a subsidiary of Edmond de Rothschild S.A. (EdR S.A.) until 7 August 2019. Since then, it has been owned by Edmond de Rothschild (Suisse), which is itself a subsidiary of Edmond de Rothschild Holding S.A. (EdRH), the ultimate owner being Baron Benjamin de Rothschild.

All transactions took place in the ordinary course of business and on terms comparable to the terms of transactions with similar parties or, where relevant, with other employees.
Parties related to the Edmond de Rothschild (France) group are companies consolidated by Edmond de Rothschild (France) and by the EdRH group. In accordance with IAS 24, members of the Supervisory Board and members of the Executive Board of Edmond de Rothschild (France), their spouses and dependent children are also considered related parties.

Transactions with related companies

Note 7.1 lists all companies consolidated by Edmond de Rothschild (France).
Since transactions and year-end outstanding balances with fully consolidated Group companies are totally eliminated through consolidation, the table below only shows data for transactions with companies over which the Group has significant influence and which are accounted for by the equity method.

Transactions with associates

Note 3.9 lists all companies accounted for by the equity method.

In thousands of euros	31/12/2019	31/12/2018
Financial assets at fair value through profit and loss		
Loans and receivables due from credit institutions		
Accruals and other assets	102	149
Assets	**102**	**149**
Financial liabilities at fair value through profit and loss	380,407	419,916
Due to credit institutions	9,537	15,397
Due to clients		
Accruals and other liabilities	836	810
Liabilities	**390,780**	**436,123**
+ Interest and similar revenues	6	
- Interest and similar expenses	−7,973	−9,830
+ Fee income	69	148
- Fee expense	−3,308	−3,759
+ Other revenues	104	221
- Other expenses		-
Net banking income	**−11,102**	**−13,220**
- General operating expenses		
Gross operating income	**−11,102**	**−13,220**

Transactions with the parent company

In thousands of euros	31/12/2019	31/12/2018
Financial assets at fair value through profit and loss	175,000	
Loans and receivables due from credit institutions	370	-
Accruals and other assets	2,445	327
Assets	**177,815**	**327**

In thousands of euros	31/12/2019	31/12/2018
Financial liabilities at fair value through profit and loss	709,033	

Due to credit institutions	572	
Due to clients		86,797
Accruals and other liabilities	6,132	13,495
Liabilities	**715,737**	**100,292**

In thousands of euros	31/12/2019	31/12/2018
+ Interest and similar revenues	50	
- Interest and similar expenses	−154	
+ Fee income	1,044	15
- Fee expense	−1,988	
+ Other revenues	298	276
- Other expenses		
Net banking income	**−750**	**291**
- General operating expenses	−2,331	−212
Gross operating income	**−3,081**	**79**

Transactions with other related parties

These are transactions with EdRH and its subsidiaries, and with EdR S.A.'s subsidiaries.

In thousands of euros	31/12/2019	31/12/2018
Financial assets at fair value through profit and loss	4	-
Loans and receivables due from credit institutions	3,606	6,999
Loans and receivables due from clients		
Accruals and other assets	40,715	63,258
Assets	**44,325**	**70,257**

In thousands of euros	31/12/2019	31/12/2018
Financial liabilities at fair value through profit and loss	7,367	520,831
Due to credit institutions	153	6,443
Due to clients	3,588	2,837
Accruals and other liabilities	3,989	12,225
Provisions	1,667	1,630
Liabilities	**16,764**	**543,966**

In thousands of euros	31/12/2019	31/12/2018
+ Interest and similar revenues	249	373
- Interest and similar expenses	−66	
+ Fee income	83,174	94,750
- Fee expense	−7,895	−10,230
Net gains or losses on financial instruments at fair value through profit and loss		11,767
+ Other revenues	6,130	6,461
- Other expenses	−183	−152
Net banking income	**81,409**	**102,969**
- General operating expenses	−5,653	−6,871
Gross operating income	**75,756**	**96,098**

Transactions with related natural persons

In thousands of euros	31/12/2019	31/12/2018
Loans and overdrafts	19,028	19,045
Assets	**19,028**	**19,045**

In thousands of euros	31/12/2019	31/12/2018
Demand deposits	1,064	2,284
Liabilities	**1,064**	**2,284**

In thousands of euros	31/12/2019	31/12/2018
+ Interest and similar revenues	46	115
Net banking income	**46**	**115**
Gross operating income	**46**	**115**

Part 1

General risk management policy

Section 1 – Internal control

To meet the requirements of its regulators, the Bank has set up an internal control system that enables it to manage risk on a consolidated basis.

The components of this system are designed to provide the corporate bodies and the Risk Committee with an accurate view of the risks so that they can be managed appropriately.

The experience gained in this process by the internal control teams, and the close involvement of the corporate bodies, means that a consolidated view of risk can be established for the Bank itself, but also for its clients.

The internal control system is organised on three levels:

- *first level*: in addition to operational staff and their line managers, a network of controllers and compliance officers within departments and operating subsidiaries constitutes the first level of internal control;

- *second level*: the Compliance and Control Department oversees the proper implementation of internal control measures at the first level, and the Central Risk Department ensures the consolidated monitoring of financial risks in the Bank's activities;

- *third level*: the Internal Audit Department applies third-level controls to all of the Bank's structures. During specific or group-wide assignments, it reports on the quality of internal control, possible improvements and the security of processes. The maturity of the risk management system and controls performed by the second-level control entities give the Internal Audit Department a reliable foundation on which to base its investigations, on which it reports directly to the Risk Committee.

Section 2 – Description of second-level entities

The Compliance and Control Department and the Central Risk Department are second-level control entities that each work very closely with the first-level compliance officers of their respective business lines to set targets, continuously improve methods and tools and co-ordinate control activities.
More specifically:

- The Compliance and Control Department is tasked with implementing continuous monitoring mechanisms. It lies at the second level of the control system and oversees the implementation of first-level controls by the operational departments and provides assistance to the business lines. This entails informing and training employees to provide them with adequate knowledge of the regulations and the internal procedures governing their activities. It also ensures compliance with the ethics policies applicable to employees and in the context of efforts to combat money laundering and the financing of terrorism.

- The Central Risk Department, an essential link in the second-level internal control system, consists of three units tasked with monitoring:
  A) risks relating to proprietary activities (Proprietary Risk Control), including counterparty, liquidity and market risks.
  B) risks relating to the management of assets for third parties and borne by asset managers within the Bank and its asset management subsidiaries.
  C) operational risks relating to potential process and system failures and fraud. Alongside these monitoring tasks, the CRD implements and updates a risk map, which may give rise to action plans or alerts based on a formal escalation policy.

In addition to its own role in monitoring financial risk, the Central Risk Department is also responsible for leading the Group's risk management organisation, including setting up cross-functional committees that review the overall risks inherent in the Bank's activities. The Compliance and Control Department ensures the operational compliance of this risk management organisation.

Section 3 – Internal control consolidation at the Edmond de Rothschild Group level

Harmonised methods for assessing and calculating risk allow risks to be consolidated at the level of the Swiss holding company.

The consolidated risk management system that the Edmond de Rothschild Group intends to put in place will involve increased communication between teams and the adoption of continuously improved reporting mechanisms.

Part 2

Counterparty credit risk management

Counterparty credit risk is the risk of loss caused by the inability of a client or counterparty to honour its financial obligations. This risk includes settlement risk during the period between the point at which the payment or delivery order for a financial instrument sold can no longer be unilaterally cancelled by the Bank, and the final reception of the financial asset purchased or the corresponding cash.

Section 1 – Risk-generating activities

Counterparty credit risks borne by the Group originate from:

1. transactions with Private Banking clients and funds managed by the Group's asset management companies, particularly in connection with the following operations:
   - loans or commitments to Private Banking clients;
   - overdrafts on current accounts for private clients;
   - occasional overdrafts of funds managed by the Group's asset management companies that are transferred to the Bank (such overdrafts result from the time gap between purchases and sales of securities);
   - foreign exchange transactions with certain in-house funds to hedge the exchange-rate risk resulting from positions in foreign currencies;

2. over-the-counter transactions entered into as part of proprietary trading activities, principally with banks or large companies with satisfactory credit ratings.

Section 2 – Authorisation, monitoring and assessment procedures

Authorisation procedures

Credit risks are generally accepted on condition that the expected return provides satisfactory coverage of the risk of loss in the event of default by the client or counterparty. While guarantees are generally sought, this is never a substitute for an ex-ante analysis of the risks.
Different rules and methods apply to transactions with clients and capital markets transactions.

Loans and signed commitments granted to private banking clients

In most cases, financing for clients (loans or signed commitments) is overseen by the Credit Committee, which meets weekly and is chaired by the Chairman of the Executive Board or another member of the Executive Board. Before any such arrangement is entered into, the Credit Department examines the application submitted by the client advisor concerned (or by a Group asset management company where the beneficiary is a managed fund). This department issues a reasoned opinion on the quality of the proposed risk, and sends the entire file to the Credit Committee for final decision, which is evidenced by a formal approval document signed by the Committee's chairman. Cases that exceed the Credit Committee's powers are submitted to the whole Executive Board by Edmond de Rothschild Group's Chief Financial Officer.

In addition, loans and commitments may be granted to certain staff members in the Private Banking Division. Those delegations of authority are subject to strictly defined limits, and are governed by an ad-hoc internal procedure.

Finally, loans and commitments granted under delegations of authority are always brought to the attention of the Credit Department, which ensures that delegated powers are complied with.

As regards over-the-counter transactions, bank counterparties are examined every six months by a specific committee.
In 2008, in view of the sudden decline in the financial standing of a number of bank counterparties, Proprietary Risk Control strengthened its day-to-day monitoring arrangements by collecting and analysing the information provided by credit default swap (CDS) spreads.

This monitoring has been extended to cover corporate and sovereign issuers. To supplement this mechanism and comply with CRBF regulation 97-02 of 21 February 1997, the Central Risk Department has implemented its own method for assessing credit risk that relies on scoring by internal experts, in addition to the use of external ratings. This internal model measures the borrower's creditworthiness by means of financial analysis and scoring techniques.

Commercial counterparties (particularly large-public sector companies) also require formal approval from the same committee. Individual risk limits for all capital market counterparties (bank and commercial) are set by the aforementioned committee for each Group entity, ensuring in advance that those limits are consistent with the risk appetite of the Edmond de Rothschild Group.

These individual limits are, where appropriate, supplemented by so-called "group" limits, which govern exposures to any group of third parties deemed to be a single beneficiary within the meaning of Article 3 of Regulation 93-05 on monitoring large exposures. Investment limits are assigned on the basis of the internal rating established by the Central Risk Department and on the analysis of the creditworthiness of individual counterparties.

Two types of limits are defined:

- limits on amounts: the maximum amount of risk (both on- and off-balance sheet) that the Bank is willing to accept for a counterparty (or group of related counterparties);

- time limits: this determines the maximum term of transactions. The term is dependent on the rating of the counterparty or issuer, among other factors.

Any deterioration in the quality of a counterparty deemed to be material or any change in regulatory requirements triggers the immediate review of authorisations granted to the entity during each monthly Risk Committee meeting.

Risk monitoring and assessment process

Loans and signed commitments granted to Private Banking clients

Monitoring compliance with limits

Relationship managers are responsible for the day-to-day monitoring of accounts that shown an overdraft or an overdraft in excess of the authorised amount. To carry out that monitoring, they receive alerts relating to limit breaches every morning. The Private Banking Division also carries out a check on statements of limits exceeded over a materiality threshold, for all accounts in the Bank's books. Similarly, the Credit Department checks that limit breaches comply with delegated powers in terms of both amount and duration. If necessary, it sends a request to the relationship manager (with a copy to his/her superior) so that appropriate measures can be defined and applied. Where it believes that it is justified in the context, the Credit Department informs the Credit Committee, so that it can take a decision aimed at resolving the type of situation in question.

Finally, every month, the Credit Department presents a summary of accounts showing a discrepancy and hands it to the Private Banking division and General Management in the monthly Risk Committee meeting.

Monitoring collateral

Financing granted by the Bank is usually covered by collateral, primarily in the form of pledged securities accounts or assigned insurance policies. The value of collateral is monitored by the Credit Department, which receives daily alerts on collateral that provides insufficient coverage relative to the loan granted.
A monthly summary is prepared for submission to the Private Banking Division and General Management in the monthly Risk Committee meeting, setting out any irregularities. However, when warranted, the Credit Department can also make the Credit Committee aware of any loan showing insufficient coverage prior to the end of the month so that action can be action.

Processing doubtful loans

Doubtful loans and commitments are transferred to the Legal Department for monitoring. These items are reviewed quarterly by the Doubtful Loans Committee, which is chaired by the Bank's Chief Executive Officer. This Committee also examines all litigation that may involve the Group.

Over-the-counter transactions

Management of credit risks associated with capital market transactions is primarily based on strict selection of authorised counterparties. It also involves risk mitigation and elimination techniques selected by the Group with respect to its primary counterparties, i.e. the establishment of framework agreements and collateral agreements, and use of the Continuous Link Settlement (CLS) system. Credit risk management also incorporates daily monitoring of compliance with risk limits and market counterparty monitoring.

Framework agreements and collateral agreements

To reduce counterparty risk on off-balance-sheet transactions, framework agreements have been established in every case for several years. At 31 December 2019, 92% of gross off-balance sheet risks were covered by such agreements for market counterparties. The remainder relates to transactions with a private-equity fund managed by a Group entity. Of the risks not covered by a framework agreement, almost all concerned transactions with Group entities at that date.
In addition, after the adoption of the delegated regulation supplementing the EMIR regulation with regard to regulatory technical standards for risk mitigation techniques for OTC derivative contracts not cleared by a central counterparty on 4 October 2016, collateral agreements (credit support annexes or CSAs) were updated with 26 counterparties. Since then, transactions with counterparties that have not signed such agreements have been limited to spot foreign-exchange transactions. The characteristics of those agreements are entered in the OSACAS database.
The Structured Products Back Office is responsible for the monitoring and administrative processing of collateral. As of the date of this document, the collateral accepted by the Bank consists exclusively of cash. Every day, the KTP tool calculates a theoretical margin call for each active counterparty. That information is then sent to the DSI Collateral system so that an initial provisional status can be assigned. Notice to pay is sent to the counterparty when the status relates to a receivable margin call. Once payment is made, the collateral received is interfaced with Moody's Analytics' RiskOrigin counterparty risk management system. In the event of disagreement with the counterparty, no flow is exchanged, and the status is updated to "abandon". An incident report listing all "abandoned" margin calls is sent to Proprietary Risk Control.
All framework and collateral agreements are examined, before they are signed, by a legal advisor with specialist knowledge of capital markets transactions, and the amounts of allowances are approved by the Central Risk Department.

Use of the CLS system for foreign-exchange transactions
Since March 2006, the Bank has belonged to the CLS system, which eliminates the settlement risk usually associated with over-the-counter foreign-exchange transactions. The system has considerably reduced settlement/delivery risk on foreign currency transactions; at 31 December 2019, 64.07% of spot and forward foreign currency transactions with external counterparties went through the CLS system.

Monitoring of risk limit compliance

Exposure is remeasured daily on a mark-to-market basis plus an add-on intended to cover the risk of potential deterioration during the time to maturity of each contract. The add-on depends on the nature and term of the contract. Monitoring is fully automated using a new software platform (RiskOrigin, Moody's Analytics since June 2008) and satisfies the most stringent market requirements.

Desk managers are informed daily about counterparties' outstandings and limit usage. Each operator is responsible for complying strictly with the risk limits assigned to his/her profit centre, and must inform his/her superiors immediately if any limit is exceeded.

The Central Risk Department reviews counterparty limit compliance daily for all the Group's capital market activities. The Bank's Executive Board is alerted if any limit is exceeded.

The monthly Risk Committee reviews risk exposure, limits exceeded and the methods for resolving the situation. The monthly Risk Committee also monitors the formation of framework and collateral agreements.

Monitoring counterparties

The Central Risk Department oversees commitments and continuously monitors market counterparties in order to identify risks of default at an early stage. Proprietary Risk Control must submit a report to the monthly Risk Committee on counterparties affected by significant events such as a change of ownership, a downgraded internal rating or reported losses. All limits on bank counterparties are systematically reviewed twice a year, taking into consideration financial data, macroeconomic data and ratings. Credit risks relating to financial institutions and sovereign entities are only incurred with respect to counterparties whose solvency is considered beyond reproach. A warning system on CDS spreads was established in early September 2008. CDS data are provided by CMA Datavision, an independent company based in London and New York. Spreads are measured on the basis of a model combining relevant market CDS prices collected from reliable contributors, ratings and other sector data. The monitoring system has been supplemented with analysis of 1-year and 5-year CDS spreads, allowing difficulties with certain counterparties to be anticipated. CDS spreads are used in assessing the internal ratings of market counterparties according to a proprietary methodology.

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Section 3 – Exposure to counterparty credit risks

The Group's commitments to clients

The Group's clients include private banking clients, the Edmond de Rothschild S.A. Group (excluding the Bank and its subsidiaries) and the investment funds managed by the Group. Commitments to clients are shown in the tables below.

Changes in the Group's commitments to clients

In millions of euros	31/12/2019	31/12/2018
Loans and other financing (on-balance sheet)	877	766
Guarantees	39	38
Unused credit facilities	249	196
Total	**1,165**	**999**

Group commitments to clients amounted to €1,040 million at the end of 2019, an increase on 2018, while investment fund overdrafts fell significantly.

Quality of commitments to clients

Distribution of commitments
No declaration is made regarding any commitment with respect to the risk distribution ratio.
Most loans to non-Group entities on the balance sheet are for less than €3 million. Although the number of loans for more than €3 million is small (around 10%), their total amount is significant. They now represent 50% of total credit-risk exposure to private banking clients, chiefly because the Bank's business is increasingly focusing on this client segment. 68 clients ("related beneficiaries") have outstanding loans of over €3 million.

Off-balance sheet commitments fell in 2019. They currently total €13 million for the top ten clients, less than a third of guarantees for the Private Banking Division.

Portion of doubtful loans and financing to private banking clients and related provisions

Authorised limits are exceeded only in a minority of cases. Such situations generally concern less than 5% of outstandings. They are monitored are resolved rapidly in most cases.

Portion of loans to private banking clients covered by a pledged financial instrument account or assigned life insurance policy

Over 95% of loans and financing to private banking clients are guaranteed by a pledged securities account, an assigned insurance policy or a bank guarantee (usually from the Group). The securities portfolios concerned by the pledges are diversified, invested mainly in the securities of listed companies, bonds and fund units, and mostly managed under contract.

In thousands of euros	31/12/2019	31/12/2018
Doubtful loans and other financing to private banking clients	334	337
of which amounts written off	*334*	*337*
Net	**-**	**-**
Percentage of client loans and other financing	0.00%	0.00%

Once a loan is identified as doubtful, the Bank assesses the counterparty's solvency and the risks of non-recovery, and decides whether and in what amount an impairment loss should be recognised.

Impaired and unimpaired loans and other financing with overdue payments and guarantees received for these loans

The tables below show the net carrying amount of unimpaired loans with overdue payments (presented by period overdue), impaired doubtful loans and guarantees received to cover these assets. The amount stated as guarantees received is the value of the guarantee, which cannot exceed the value of the asset it covers.

31 December 2019 In thousands of euros	Payments overdue by ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Doubtful loans (assets written off and commitments provisioned)	Total outstanding	Associated guarantees received
Financial assets at market value through profit and loss (excluding variable-income securities)	-	-	-	-	-	-	-
Financial assets at market value through equity (excluding variable-income securities)	-	-	-	-	-	-	-
Securities at amortised cost (excluding variable-income securities)	-	-	-	-	-	-	-
Loans and receivables due from credit institutions	-	-	-	-	-	-	-
Loans and receivables due from clients	-	-	-	-	-	-	-
Total doubtful loans and overdue loans net of write-offs	-	-	-	-	-	-	-
Financing commitments given	-	-	-	-	-	-	-
Financial guarantee commitments given	-	-	-	-	-	-	-
Total doubtful off-balance sheet commitments net of provisions	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

31 December 2018 In thousands of euros	Payments overdue by ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Doubtful loans (assets written off and commitments provisioned)	Total outstanding	Associated guarantees received
Financial assets at market value through profit and loss (excluding variable-income securities)	-	-	-	-	-	-	-
Available-for-sale financial assets (excluding variable-income securities)	-	-	-	-	-	-	-
Loans and receivables due from credit institutions	-	-	-	-	-	-	-
Loans and receivables due from clients	-	-	-	-	-	-	-
Total doubtful loans and overdue loans net of write-offs	-	-	-	-	-	-	-
Financing commitments given	-	-	-	-	-	-	-
Financial guarantee commitments given	-	-	-	-	-	-	-
Total doubtful off-balance sheet commitments net of provisions	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Exposure to credit risk

The table below shows the exposure of all the Group's financial assets to credit risk. This exposure corresponds to the carrying amount of the financial assets reported in the balance sheet net of any impairment, before the effect of unrecorded netting and collateral agreements.

This exposure does not include the effect of framework netting agreements operative at 31 December 2019 and collateral agreements on forward financial instruments traded over the counter. Calculated on the basis of the cash netting allowed under capital adequacy rules, this effect at 31 December 2019 would reduce the Group's exposure to credit risk by €5.6 million.

In thousands of euros	31/12/2019	31/12/2018
Maximum exposure to credit risk		
Financial assets at market value through profit and loss (excluding variable-income securities)	158,752	160,858
Financial assets at market value through equity (excluding variable-income securities)	3,719	4,098
Securities at amortised cost (excluding variable-income securities)	10,384	10,132
Available-for-sale financial assets (excluding variable-income securities)		
Loans and receivables due from credit institutions	234,936	59,135
Loans and receivables due from clients	876,774	765,526
Exposure to on-balance-sheet commitments (net of write-offs)	**1,284,565**	**999,749**
Financing commitments given	292,492	255,056
Financial guarantee commitments given	51,553	50,323
Provisions for signed commitments	-	-
Exposure to off-balance sheet commitments (net of write-offs)	**344,045**	**305,379**
Total net exposure	**1,628,610**	**1,305,128**

Distribution of financial instruments by type of market price or valuation model used

The breakdown of financial instruments by type of market price or valuation model is reported in the table below for each category of instrument defined above.

	31/12/2019				31/12/2018			
In thousands of euros	Market price	Model using observable parameters	Model using non-observable parameters	TOTAL	Market price	Model using observable parameters	Model using non-observable parameters	TOTAL
Financial instruments held for trading at market value through profit and loss	-	12,732	-	12,732	28	9,961	-	9,989
Non-SPPI debt instruments		143,848	-	143,848		148,646	-	148,646
Other financial instruments at fair value through profit and loss	2,165	13,114	-	15,279	2,247	13,788	-	16,035
Total financial assets at fair value through profit and loss	**2,165**	**169,694**	**-**	**171,859**	**2,275**	**172,395**	**-**	**174,670**
Debt instruments at fair value through equity				-		4	-	4
Investments in subsidiaries and associates at fair value through equity		3,285	434	3,719		3,718	376	4,094
Total financial assets at fair value through equity	**-**	**3,285**	**434**	**3,719**	**-**	**3,722**	**376**	**4,098**
Financial instruments held for trading at market value through profit and loss	8,112	4,301	-	12,413	-	14,885	-	14,885
Financial instruments designated as at market value through profit and loss	-	1,120,667	449,035	1,569,702	-	957,623	455,882	1,413,505
Total financial liabilities at fair value through profit and loss	**8,112**	**1,124,968**	**449,035**	**1,582,115**	**-**	**972,508**	**455,882**	**1,428,390**

In 2019, the Group issued structured EMTNs valued at €80.9 million, and disposals totalled €305.1 million.

Exposure to counterparty credit risks on capital market operations

In addition to the risks deriving from proprietary trading activities, the exposure to credit risk shown below includes the issuer risk borne by guaranteed investment funds (where the Bank is the guarantor) in order to reflect the Bank's overall exposure to bank counterparties.

At 31 December 2019, 93.7% of credit risks on capital market transactions concerned bank counterparties with external credit ratings of A or better. It should also be noted that almost all exposures are to counterparties whose risks are considered good or excellent (external rating of BBB or better).

Distribution of gross commitments by bank counterparty rating

In 2019, gross banking commitments (including off-balance sheet commitments) fell mainly because of the decline in deposits recorded at our correspondents.

	Gross risk equivalent					
In millions of euros	31/12/2019		31/12/2018		31/12/2017	
Rating	Amount	%	Amount	%	Amount	%
AAA	0.5	0.61	1.0	1.18	-	0.0
AA	5.8	7.43	1.9	2.26	0.4	0.4
A	67.1	85.70	69.0	84.00	99.8	88.9
BBB	3.0	3.83	8.6	10.53	9.0	8.0
<BBB	1.9	2.43	1.7	2.03	3.1	2.8
Unrated	nm	-	nm	nm	nm	nm

Methodology: External ratings using the Standard & Poor's model, commitments measured at replacement value, excluding the effect of netting and collateral agreements.

The breakdown by rating of commitments on bank counterparties rating shows the excellent quality of the portfolio, which is focused almost exclusively on investment-grade counterparties.

Breakdown of gross commitments on sovereign counterparties by rating
The table below shows the breakdown by credit quality category of gross outstandings relating to loans and commitments on sovereign counterparties. This exposure continued to fall in 2019 because of natural attrition in formula funds. Exposure amounted to €2.2 million at 31 December 2019 as opposed to €21.2 million at 31 December 2018.

	Gross risk equivalent					
In millions of euros	31/12/2019		31/12/2018		31/12/2017	
Rating	Amount	%	Amount	%	Amount	%
AAA	-	0.00	-	0.00	4.2	19.8
AA	2.2	100.00	3.9	100.00	17.0	80.2
A	-	0.00	-	0.00	-	0.0
BBB	-	0.00	-	0.00	-	0.0
<BBB	-	0.00	-	0.00	-	0.0
Unrated	-	0.00	-	0.00	-	0.0

Methodology: External ratings using the Standard & Poor's model, commitments measured at replacement value (mark-to-market value + add-on), excluding the effect of netting and collateral agreements.

Virtually all sovereign exposures, exclusively comprised of debt issued or guaranteed by eurozone governments, relate to only two counterparties whose risk is considered to be good or excellent.

Part 3

Market risk management

Market risks are risks of losses due to adverse developments in prices (primarily due to fluctuations in interest rates, exchange rates, share prices or commodity prices), except price movements resulting from the deterioration of an issuer's financial position.

Section 1 – Risk-generating activities

The Group's market risks result from:
- proprietary trading activities carried out by the Bank's trading desks, mainly the "euro and foreign currency treasury" desk and the "foreign exchange" desk;
- ownership of EMTNs or structured funds, either under the seed money policy or for market making. In this case, the Bank's subsidiary Financière Boréale is the counterparty for sales by clients that take place before the product's contractual maturity;
- risk resulting from the investment portfolio, which is monitored on a monthly basis.

Risks taken by the trading desks are therefore not generated by speculative transactions, but mainly result from short-term cash investments and client intermediation transactions.
Exposure to the secondary market is intended to be unwound as soon as it reaches a sufficient level.

The creation of structured products activities does not generate material market risks. The derivatives used to achieve index-linked returns (particularly swaps) are generally matched strictly with instruments that have identical features arranged by the fund, or a commitment to pay the interest expected by the client that invested in the EMTNs. Hedging gains or losses may occur during the launch of formula funds but these are exceptional and are unlikely to persist.
Loans and other financing commitments to clients do not generally lead to any exposure to market risks (interest-rate or exchange-rate risks) since a system of internal transfers or transactions shifts the exposure to the trading desks.
In other words, all market risks, whether initially associated with transactions with clients or arising from proprietary trading, are centrally managed by the Bank's trading desks, or in the specific case of market-making for structured products, by the financial engineering team.

Section 2 – Monitoring and assessment methods

Market risk approval principles

Authorised limits for maximum exposure to the various market risks are set by the Executive Board and submitted to the Supervisory Board for approval.
These limits are expressed in four ways:
- absolute value of assets held: this is the maximum acceptable level in a given currency of the net position in that currency for foreign exchange transactions;
- sensitivity: sensitivity is defined as the value of the potential loss resulting from a specific variation in a given risk factor (e.g. interest rate or exchange rate);
- stop-loss: the amount of cumulative losses over a given period (calculated in days, months or years) that must not be exceeded unless the position is immediately settled. Stop loss limits are also set by the treasury and foreign exchange desks;
- maximum potential loss: the estimated loss over a one-year horizon resulting from the holding of structured products. This limit is defined on the basis of a scenario involving an adverse price movement, taking into consideration the protection generally associated with this category of financial assets.

Monitoring compliance with market risk limits

Traders work on the trading desks and the Bank's financial engineering team must at all times comply with all market risk limits.
In addition, the Bank's Proprietary Risk Control team (which is part of the Central Risk Department and is strictly independent of the front office) verifies compliance with market risk limits for all activities carried out by the trading desks, on the basis of daily reporting. For structuring, compliance with market risk limits is monitored on a weekly basis.
In the specific case of over-the-counter transactions with a client, the Central Risk Department verifies that there is perfect matching (type and direction of options, nature of the underlying instrument, exercise price, maturity) with a market counterparty; option contracts are systematically back-to-back, i.e. each option transaction with a client is always immediately reversed in the market by entering into a matching opposite transaction with a market counterparty.
However, no option transactions were carried out in 2019.

Section 3 – Exposure to market risks

The table below reports details of the capital markets business' exposure to exchange-rate, interest-rate and equity risks during the last two years.

In thousands of euros	Limits set	Year-end		Average		Minimum		Maximum	
	2019	2019	2018	2019	2018	2019	2018	2019	2018
Exchange-rate risk *	800	172	184	100	85	17	22	188	184
Interest-rate risk **	3,800	1,688	1,184	2,386	1,277	1,670	959	3,135	1,525

* Sensitivity of operational foreign-exchange positions to an 8% change in exchange rates, excluding correlations.
** Sensitivity of short-term positions to a uniform, parallel 1% change in interest rates, excluding correlations.

The Group considers that its overall exposure to market risks is low, in accordance with the risk appetite of its holding company and the risk management policy defined and implemented. Most transactions are carried out on behalf of clients and immediately fully covered with a market counterparty.

Part 4

Liquidity and financing management

Liquidity risk is the risk that the Group will be unable to honour its commitments upon maturity or to settle a position due to the market situation. The risk of being unable to honour commitments may result from both transformation of maturities (i.e. borrowing short-term to lend long-term) and the inability to arrange new borrowings on acceptable terms, whether because of general market conditions or factors specific to the Group.

Section 1 – Liquidity

Liquidity, i.e. the immediate availability of investments or the possibility of rapid resale for a reasonable cost, for example in response to withdrawals or unexpected early redemption requests, is one of the basic principles of the Bank's cash and asset/liability management policy. The Bank is aware that its prudent, or indeed conservative, approach reduces the opportunities of optimising returns in situations where a longer maturity would generate additional margins.

The policy is primarily managed by central co-ordination of decisions regarding investments:
- at the level of the trading desks for cash management;
- at the level of the Finance Department, following an Executive Board decision, for securities portfolios.

Refinancing of the client loan portfolio is also centrally co-ordinated by the trading desks through the use of internal contracts.

The Asset and Liability Management Committee, which includes a seat for the Central Risk Department, carries out three to four checks per year to ensure compliance with this policy. Since the interbank liquidity crisis broke in September 2007, Proprietary Risk Control has also issued daily reports on operational liquidity. In addition, Proprietary Risk Control has developed a liquidity stress scenario in order to carry out monthly tests on the balance sheet's ability to withstand a shock involving, among other things, the withdrawal of most client source funds.
The stress-test results are positive since in all circumstances the Bank retains a liquidity credit balance.

The Group is therefore not considered to be dependent on the market to meet its commitments. The methodology for measuring liquidity risk has changed over time to more closely reflect:
- the impact of the external environment (deterioration in stockmarkets, sharp appreciation of the US dollar against the euro) on the valuation of derivative products and therefore on the volume of collateral payments; and
- the consequence of large-scale redemptions on the amount of overdrafts granted to mutual funds, thereby impacting available cash.

Here again, the results confirmed that the balance sheet is highly resilient. There are several indicators showing that the Group's investments are sufficiently liquid:

- the volume of "available" cash investments including overnight deposits and short-term securities was generally above €2 billion in 2019. The amount at 31 December 2019 was €2.2 billion, stable compared with the year-earlier figure;
- fixed-term cash investments, in the form of term loans and negotiable debt securities, are governed by strict principles: counterparties must have excellent credit quality and are selected under strict criteria by the Credit Committee, and the investment period is limited. There were no such investments at 31 December 2019;
- client loans and other financing in the form of multi-instalment loans amounted to €228.2 million at 31 December 2019, slightly higher year-on-year;
- the available-for-sale securities portfolio (excluding investments in associates) is also subject to limits in terms of amount and purpose. At 31 December 2019, it was made up of €143 million of variable-income securities (other than money-market funds used by subsidiaries for cash management purposes), essentially in the form of units of in-house funds acquired under the seed money policy. The securities portfolio is governed by a system of limits aiming to encourage sufficient diversification and the holding of liquid assets. The status of these securities (held for sale or to be retained) is regularly examined by the Asset and Liability Management Committee, which only approves the retention of securities in the portfolio in order to support development of the product or product range. An additional mechanism for supervising the securities portfolio has been defined at Edmond de Rothschild Group level.

That resulted in a highly conservative liquidity coverage ratio (LCR) of 170.0% and a net stable funding ratio (NSFR) of 154.2% at 31 December 2019.

Exposure to liquidity risk relating to funds

Liquidity indicators on sensitive funds are monitored daily by the first-level Risk Management team, and monthly by first-level risk committees in the subsidiaries, assisted by the Third-Party Risk Manager in the Central Risk Department. Items consolidated by all subsidiaries are reported monthly to the Financial Risk Committee.

In 2019, no gates were used on any fund marketed by the Bank.

Section 2 – Limitation of maturity mismatching

Continuing its prudent approach, the Bank has decided to maintain a structural "reverse" mismatch position in which long maturities (mainly long-term capital, redeemable subordinated notes and EMTNs associated with issuance of structured products) provide generous coverage of short-term investments. The following tables present discounted balances on the balance sheet by contractual maturity:

31 December 2019

In thousands of euros	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Indeterminate	TOTAL
Cash, due from central banks and postal accounts	2 229 167	0	0	0	0	2 229 167
Financial assets at fair value through profit and loss	162 718	24	2 161	6 956	0	171 859
Financial assets at fair value through equity	1 943	0	0	1 664	112	3 719
Securities at amortized cost	10 384	0	0	0	0	10 384
Loans and receivables due from credit institutions	234 936	0	0	0	0	234 936
Loans and receivables due from clients	718 819	69 693	56 484	31 778	0	876 774
Revaluation difference on portfolios with interest rate hedging	0	0	0	0	0	0
Financial assets by maturity	**3 357 967**	**69 717**	**58 645**	**40 398**	**112**	**3 526 839**
Central banks and postal accounts	0	0	0	0	0	0
Financial liabilities at fair value through profit and loss	1 053 475	265 028	195 441	68 171	0	1 582 115
Hedging derivatives	0	0	0	0	0	0
Due to credit institutions	93 276	0	-5 000	0	0	88 276
Due to clients	1 498 540	66 006	39 418	0	0	1 603 964
Borrowings represented by securities	0	0	0	0	0	0
Subordinated debt	0	0	-21 000	0	21 000	0
Revaluation difference on portfolios with interest rate hedging	0	0	0	0	0	0
Financial liabilities by maturity	**2 645 291**	**331 034**	**208 859**	**68 171**	**0**	**3 274 355**

31 December 2018

In thousands of euros	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Indeterminate	TOTAL
Cash, due from central banks and postal accounts	2 248 217	0	0	0	0	2 248 217
Financial assets at fair value through profit and loss	172 402	0	2 240	0	28	174 670
Available-for-sale financial assets	3	4	0	4 062	29	4 098
Loans and receivables due from credit institutions	9 871	0	0	261	0	10 132
Loans and receivables due from clients	59 135	0	0	0	0	59 135
Revaluation difference on portfolios with interest rate hedging	630 976	84 625	45 580	4 345	0	765 526
Financial assets held to maturity	0	0	0	0	0	0
Financial assets by maturity	**3 120 604**	**84 629**	**47 820**	**8 668**	**57**	**3 261 778**
Central banks and postal accounts	0	0	0	0	0	0
Financial liabilities at fair value through profit and loss	910 418	153 279	298 809	65 884	0	1 428 390
Hedging derivatives	0	0	0	0	0	0
Due to credit institutions	35 011	0	0	0	0	35 011
Due to clients	1 465 860	77 772	41 624	0	0	1 585 256
Borrowings represented by securities	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0
Revaluation difference on portfolios with interest rate hedging	0	0	0	0	0	0
Financial liabilities by maturity	**2 411 289**	**231 051**	**340 433**	**65 884**	**0**	**3 048 657**

Assessment and operational monitoring of transformation is carried out monthly based on liquidity gaps determined on the basis of the parent company's balance sheet. This is an appropriate basis because the Bank houses the Central Refinancing Unit for its subsidiaries, whose activities use little liquidity.

The management of structural liquidity risk is governed by three limits, periodically reviewed by the ALM Committee. The table below shows details of liquidity gaps at 31 December 2019.

Period	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years
In millions of euros	1,595	1,277	1,078	956	822	689	629	550

Despite a conservative financial management policy, the Bank cannot rule out the possibility of significant early redemption requests from its clients. A highly adverse scenario has therefore been developed, and it is reported monthly to the Risk Committee and then to the Asset and Liability Management Committee. Examination of this scenario indicates that the Bank could easily meet its obligations in the event of the major constraints, i.e. it could:

- immediately repay all time deposits maturing in under one year;
- repay half of long-term source funds from the retail business;
- honour its commitments following the depletion of demand resources (assuming a one-half reduction in demand deposits).

An emergency funding programme has been developed to deal with any severe liquidity crisis affecting the Bank. It provides three funding options to counter a liquidity shortage:

- mobilisation of assets that are eligible as collateral for the ECB;
- use of credit facilities available from correspondent banks;
- disposal of liquid assets that are not eligible as collateral for the ECB.

The emergency plan also provides for the implementation of dedicated, responsive governance arrangements suited to the level of urgency.

Section 3 - Diversification of funding sources

Given the Bank's core businesses, source funds received from interbank sources and clients do not result from an active policy of seeking resources to finance investments, but instead reflect its asset management activity (private banking deposits, intragroup deposits, issuance of structured products, repo transactions with funds) and the promotion of the Bank as a counterparty on the money market.

The Bank nonetheless pays careful attention to diversifying its funding sources, which is one of the foundations of its liquidity risk management policy. The table below provides an indication of the diversity of its funding sources at 31 December 2019:

	Banks		Private clients*		Other		Total	
In millions of euros	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Cash advances	405.7	4	660.6	NA	-	-	1,066.3	NA
Time deposits	NA	NA	202.7	NA	NA	NA	202.7	NA
Certificates of deposit	98.3	4	-	-	-	-	98.3	4
Structured EMTNs	0	0	406.6	467	-	-	406.6	467

(*) For structured product issues, the "Private clients" column includes data relating to the Private Banking Division's clients. However, it is difficult to estimate accurately the number of investors who have subscribed to these products via other distribution channels.

Part 5

Management of overall interest-rate risk

Section 1 - Definition and origin of overall interest-rate risk

Overall interest-rate risk is the risk of loss on all fixed-rate assets, liabilities and off-balance sheet commitments (except fixed-income securities in the trading portfolio that fall into the category of market risks), in the event of a parallel uniform shift in yield curves.
The sensitivity as calculated by the Bank is defined as the change in net present value of residual fixed-rate positions in the event of a concurrent uniform shift in term structures of interest rates. Sensitivity and changes in sensitivity are calculated using dedicated software (RiskConfidence developed by Moody's Analytics), based on 1% and 2% changes in interest rates.

Section 2 - Exposure to overall interest-rate risk

The overall interest-rate risk to which the Group is exposed is consistently low. Client loans and other financing are mainly linked to floating-rate benchmarks (particularly 3-month Euribor) and refinanced internally (with the trading desks) on a similar basis.

The Group manages its exposure to overall interest-rate risk in the context of a sensitivity limit reflecting the net present value of the loss incurred in the event of a uniform adverse movement of 200 basis points in the various yield curves.

The table below shows the levels of the overall fixed-interest rate gap by future period from 31 December 2019, assuming contractual settlement of existing assets and liabilities and no new lending:

Period	1 month	3 month	6 months	1 year	2 years	3 years	4 year	5 year
In millions of	92	53	63	81	64	60	32	32

A negative sign indicates that there is a surplus of fixed-rate source funds, and therefore that the balance sheet is exposed to a fall in interest rates.

The relatively small medium/long-term gap mainly results from pledged client loans. As a result, sensitivity to a uniform movement of 100 basis points in the yield curve was limited to €0.44 million at 31 December 2019.
A stress scenario (a 200 basis-point shift) is also produced every month, which shows the low convexity of the balance sheet (sensitivity to a 200bp shift was equal to 2.1 times the sensitivity to a 100bp shift at 31 December 2019).
When the amounts are significant, the Bank may have to protect investments against exchange-rate risk by borrowing an equivalent amount of the currency. The investments reported above were financed from the outset by currency purchases.

Part 6

Management of overall exchange-rate risk

The overall exchange-rate risk of the Bank's investment portfolio relates to its investments denominated in foreign currencies. It essentially results from purchases of investment fund units denominated in foreign currencies undertaken in connection with the seed money policy. The amounts concerned are shown in the following table at 31 December 2019:

Currency	Amount (in thousands of
CNY	12,435
USD	8,155
UAH	520
ARS	20

Investments in subsidiaries and associates

At 31 December 2019 (in euros)

Company or group of companies	Share capital	Other equity	Percentage of share capital held
I - Details of investments (with net carrying amount exceeding 1% of Edmond de Rothschild (France)'s share capital)			
A - Subsidiaries (at least 50% held)			
Financière Boréale	6,040,024	−2,082,053	100.00%
Edmond de Rothschild Asset Management (France)	11,033,769	* 57,327,244	99.99%
Edmond de Rothschild Corporate Finance	61,300	2,286,044	100.00%
Edmond de Rothschild Private Equity (France)	2,700,000	* 5,668,693	100.00%
Edmond de Rothschild Assurances et Conseils (France)	7,034,600	* 7,021,601	100.00%
CFSH Luxembourg	12,000	* 6,524,515	100.00%
Cleaveland	250,000	8,927,839	100.00%
Edmond de Rothschild Boulevard Buildings Ltd	*** 19,188,000	*** - 1,548,000	100.00%
B - Associates (10% to 50% held)			
Edmond de Rothschild (Monaco)	13,900,000	*/*** 99,870,000	36.93%
Zhonghai Fund Management Co., Ltd.	** 146,666,700	** 129,285,809	25.00%
Edmond de Rothschild Private Equity China Investment S.C.A.	18,058,000	−7,133,613	27.97%
II - AGGREGATE FIGURES			
A - Subsidiaries not included in Section I above	-	-	-
B - Associates not included in Section I above			
French companies (aggregate)	-	-	-
Foreign companies (aggregate)	-	-	-

* Excluding interim dividend paid in 2018.
** In CNY. €1 = CNY7.8205)
*** Rounded to the nearest thousand.

Carrying amount of securities held		Outstanding loans and advances made by the Bank	Guarantees provided by the Bank	Revenue for the last financial year	Net income/(loss) in the last financial year	Dividends received by the Bank during the financial year
Gross	Net					
6,400,630	3,720,936	-	2,487,870	69,948	−254,387	-
69,277,270	69,277,270	-	85,737	210,984,935	21,404,505	12,025,402
11,305,037	11,305,037	-	-	21,084,740	−1,661,252	-
2,700,014	2,700,014	-	-	5,899,147	55,849	2,970,000
39,978,118	39,978,118	-	-	41,405,335	8,231,960	7,034,600
66,840,000	42,433,082	-	-	-	14,271,874	10,000,000
38,495,255	25,326,000	-	-	7,496,936	1,967,953	-
17,546,861	17,546,861	6,564,896	-	*** 1,578,000	*** 198,000	-
4,896,449	4,896,449	-	1,776,764	*** 66,492,000	*** 19,726,000	-
31,517,330	12,435,266	-	-	** 149,183,384	** 2,156,831	-
4,374,717	3,102,866	-	-	-	−1,180,798	
1,131,461	635,725	87,000	-	-	-	6,916,523
314,637	314,432	-	-	-	-	1,430
66,314	66,314	-	-	-	-	-

Companies consolidated

by Edmond de Rothschild (France) at 31 December 2019

Banques et Entreprises d'investissement

36,93%	Edmond de Rothschild (Monaco)
100,00%	Edmond de Rothschild Securities (Hong Kong) Limited

Sociétés de Portefeuille

100,00%	Financière Boréale
62,73%	EdR Real Estate (Eastern Europe) CIE Sarl
100,00%	CFSH Luxembourg Sarl
100,00%	CFSH Secondary Opportunities SA
58,33%	Edmond de Rothschild Europportunities Invest II Sarl
81,67%	Edmond de Rothschild Europportunities Invest Sarl
99,99%	Bridge Management Sarl

Sociétés de Gestion

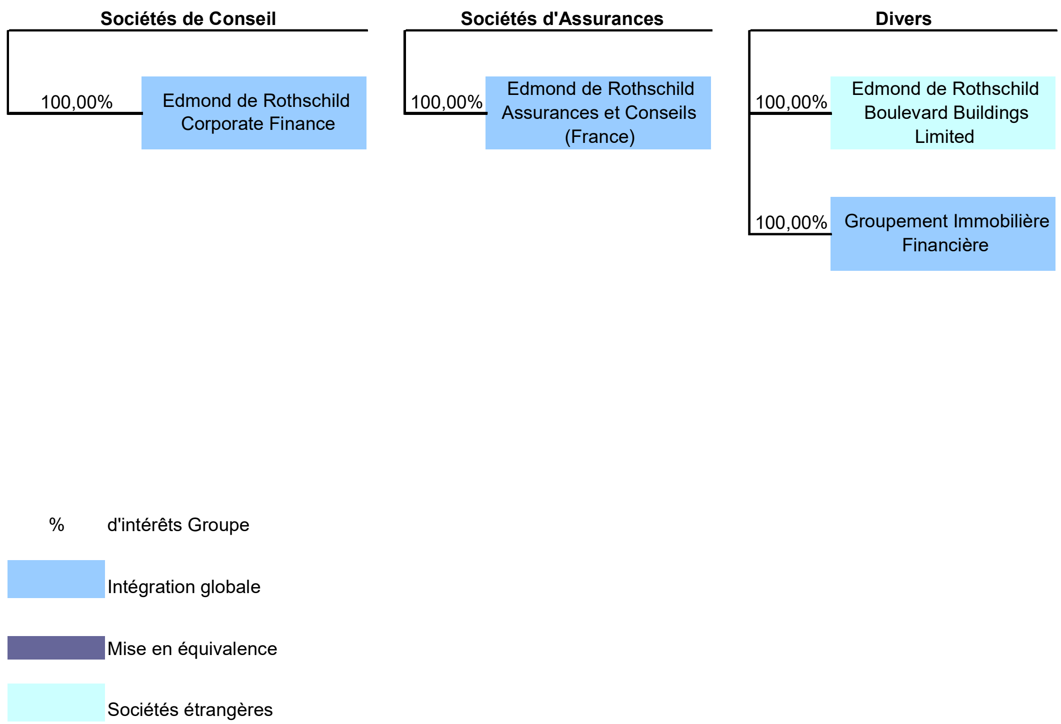
99,99%	Edmond de Rothschild Asset Management (France)
99,99%	Edmond de Rothschild Asset Management (Hong-Kong) Limited
100,00%	Edmond de Rothschild Private Equity (France)
100,00%	Edmond de Rothschild Europportunities Management Sarl
68,68%	Edmond de Rothschild Europportunities Management II Sarl
100,00%	LCFR UK PEP Limited
100,00%	Edmond de Rothschild Investment Partners China Sarl
100,00%	EdR Real Estate (Eastern Europe) Management Sarl
25,00%	Zhonghai Fund Management Co. Ltd
100,00%	Cleaveland
100,00%	SAS EDR IMMO MAGNUM
34,00%	ERAAM SAS

% d'intérêts Groupe

Intégration globale

Mise en équivalence

Sociétés étrangères


Sociétés de Conseil
100,00%
Edmond de Rothschild Corporate Finance
Sociétés d'Assurances
100,00%
Edmond de Rothschild Assurances et Conseils (France)
Divers
100,00%
Edmond de Rothschild Boulevard Buildings Limited
100,00%
Groupement Immobilière Financière
% d'intérêts Groupe
Intégration globale
Mise en équivalence
Sociétés étrangères

Parent company financial statements and notes

Parent company financial statements and notes

Parent company balance sheet and off-balance sheet items (in thousands of euros)

Assets		31/12/2019	31/12/2018
Cash, due from central banks and postal accounts		2,229,166	2,248,216
Treasury notes and similar securities	2.1	-	-
Due from credit institutions	2.2	222,280	42,825
Transactions with clients	2.3	884,838	788,005
Bonds and other fixed-income securities	2.4	3,872	3,833
Equities and other variable-income securities	2.5	71,349	68,935
Investments in subsidiaries and associates and other long-term investments	2.6	20,815	24,178
Investments in affiliates	2.7	212,923	225,789
Intangible assets	2.8	21,680	20,791
Property, plant and equipment	2.9	17,011	17,922
Treasury shares	2.10	-	-
Other assets	2.11	83,254	102,325
Accruals	2.12	87,675	101,517
Total assets		**3,854,863**	**3,644,336**

Liabilities and equity		31/12/2019	31/12/2018
Due to credit institutions	2.14	1,185,142	975,765
Transactions with clients	2.15	1,681,470	1,632,461
Debt securities	2.16	516,939	535,783
Other liabilities	2.11	94,996	99,624
Accruals	2.12	69,447	88,641
Provisions	2.17	6,930	6,228
Subordinated debt	2.18	21,022	21,023
Equity (excluding fund for general banking risks)	2.20	278,917	284,811
. Share capital		*83,076*	*83,076*
. Share premiums		*98,244*	*98,244*
. Reserves	2.19	*32,278*	*32,278*
. Retained earnings (+/-)		*71,213*	*51,206*
. Net income for the period (+/-)		*−5,894*	*20,007*
Total liabilities and equity		**3,854,863**	**3,644,336**

Off-balance sheet items	31/12/2019	31/12/2018
Commitments given		
Loan commitments	251,793	216,019
Guarantee commitments	39,196	37,966
Securities-related commitments	27,486	38,776

Commitments received		
Guarantee commitments	13,487	10,471
Securities-related commitments	-	3,930

Parent company income statement

In thousands of euros		2019	2018
+ Interest and similar revenues	3.1	43,512	30,061
- Interest and similar expenses	3.2	−68,784	−51,584
+ Revenues from variable-income securities	3.3	59,209	77,751
+ Fee income	3.4	70,906	80,478
- Fee expense	3.4	−17,369	−15,017
+/- Net gain/loss from trading portfolios	3.5	37,741	34,336
+/- Net gain/loss from available-for-sale securities portfolios and similar	3.6	956	−1,968
+ Other banking revenue	3.7	37,081	34,043
- Other banking expenses	3.8	−3,423	−3,916
Net banking income		**159,829**	**184,184**
- General operating expenses	3.9	−135,539	−139,839
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		−12,101	−11,651
Gross operating income		**12,189**	**32,694**
+/- Cost of risk	3.10	3	2
Operating income		**12,192**	**32,696**
+/- Net gain/loss from long-term assets	3.11	−18,080	−16,469
Recurring income before tax		**−5,888**	**16,227**
+/- Extraordinary income/loss	3.12	−42	−713
- Income tax	3.13	36	4,493
Net income		**−5,894**	**20,007**

Notes to the parent company financial statements

Note 1 – Accounting policies and measurement methods

1.1. General

The parent company financial statements of Edmond de Rothschild (France) are prepared and presented in accordance with Regulation 2014-07 of the Autorité des Normes Comptables (French accounting standards authority) dated 26 November 2014.

1.2. Accounting policies and measurement methods

Translation of transactions in foreign currencies
Transactions in foreign currencies are translated into euros using the official exchange rates as published by the Banque de France at the year-end.
Investments in subsidiaries and affiliates denominated in foreign currencies but financed in euros are recorded in the balance sheet at the euro equivalent of their historical foreign-currency cost, using exchange rates prevailing at the date of acquisition or subscription. The resulting translation gains or losses are not included in income.

Loans and other financing to clients
Edmond de Rothschild (France) applies CRC Regulation 2002-03 of 12 December 2002 as amended by CRC Regulation 2005-03 of 3 November 2005 and recommendation 2002-04 issued by the French National Accounting Committee on 28 March 2002 relating to the accounting treatment of credit risks by enterprises regulated by the French Banking and Financial Regulation Committee. Consequently, more detailed information is provided on counterparty risks and new categories of loans have been created in the financial statements as follows:

- performing loans: loans and other financing to clients are shown in the balance sheet at nominal value;
- overdue loans: payments overdue by three months or less (six months or less in the case of mortgages) continue to be reported as performing loans. Beyond these periods of time, loans – for all amounts extended to clients – are classified as doubtful;
- restructured loans: loans restructured as a result of the client's financial position are reclassified as performing loans if restructured under market conditions prevailing at the time.

Loans restructured under non-market conditions are included in a specific subcategory of performing loans until their final due date. Any principal amount or interest waived, whether due or accrued, is charged to income at the time of the restructuring. If, in view of market rates prevailing at the time a loan is restructured that are less favourable than the initial terms of the loan, or in view of the initial loan rate if not, the restructuring gives rise to a future interest difference, the present value of the difference is recorded as an impairment of the loan at the time of restructuring and included in the cost of risk, and subsequently taken to interest income over the remaining life of the loan. If the client does not pay on due dates after the restructured loan has been reclassified as performing, it is immediately downgraded.

Edmond de Rothschild (France) defines restructured loans as loans to counterparties undergoing financial difficulties such that the lender is obliged to adjust the initial terms (term, interest rate, etc.) to enable the counterparty to honour its payment obligations.

Restructured loans therefore exclude:

- loans with terms that have been renegotiated for commercial reasons with counterparties that have no solvency problems;
- loans whose theoretical repayment schedule is altered through application of an option or clause contained in the initial contract (e.g. temporary suspension and deferral of due dates);
- doubtful loans: on-balance sheet receivables and signed commitments concerning a counterparty are identified as doubtful outstandings in the Bank's accounting information system as soon as they show a clear credit risk.

Such a risk is clear where it is probable that the Bank will not recover some or all of the amounts due under the initial contractual terms of the commitment entered into by the counterparty, notwithstanding any guarantees or security provided. The loans or other items concerned are identified by inclusion in specially created accounts.
Edmond de Rothschild (France) classifies loans and commitments with a clear credit risk as doubtful in each of the following cases:

- the loan or advance is at least three months in arrears (six months for residential mortgages and property lessees and nine months for loans to local authorities, to take account of these loans' specific characteristics). The only exception to this rule is when specific circumstances indicate that non-payment is due to causes unrelated to the debtor's financial position;
- when the characteristics of a counterparty's position in connection with a loan or off-balance sheet commitment are such that, independently of any failure to meet payment dates, it can be concluded that a clear credit risk exists. This is the case, for instance, where the Bank is aware that its counterparty's financial position is poor and there is a resulting risk of non-recovery (for example, as a result of early warning procedures);
- if there is litigation between the Bank and its counterparty, for example, over indebtedness proceedings, court-ordered administration, receivership, court-ordered liquidation, personal bankruptcy, winding-up and any proceedings before an international court.

Edmond de Rothschild (France) distinguishes between two categories of doubtful loans: uncompromised doubtful loans and compromised doubtful loans:
- uncompromised doubtful loans are doubtful loans which do not fulfil the criteria for classification as compromised doubtful loans;
- compromised doubtful loans are loans to a counterparty whose solvency is such that, after a reasonable period of classification as doubtful loans, no return to the performing loans category is foreseeable. Classification as compromised doubtful loans takes place when the accelerated payment clause comes into play or, in the case of a lease, upon termination of the lease.
- loans of an unlimited term become repayable when relations are terminated with the counterparty as notified under the procedures defined in the contract. Any loan included in doubtful loans will be automatically classified as a compromised doubtful loan after one year in the uncompromised doubtful loans category.

Any loan reclassified as performing is immediately downgraded to the compromised doubtful loans category if the client fails to make payments as and when due.
Interest ceases to be recognised once the loan is transferred to compromised doubtful loans. Disputed loans are loans whose nature or amount is being contested, not the solvency of the counterparty. These loans are included in uncompromised doubtful loans.
Provisions for clear credit risk: a specific allowance for impairment is made by a charge against income when the probability that all or part of a loan will not be repaid becomes clear. These allowances are deducted from assets.

In accordance with the application-date provisions of CRC (French Accounting Regulations Committee) regulation 2002-03 as amended relating to the accounting treatment of credit risk by enterprises regulated by the French Banking and Financial Regulation Committee, Edmond de Rothschild (France) applies the discounted cash flow method described in Article 13 of CRC regulation 2002-03 when measuring impairment.

Securities portfolio

The securities portfolio mainly comprises the following securities issued in France and abroad:

- fixed- and variable-income securities;
- French Treasury notes;
- other negotiable debt securities;
- interbank market securities.

Securities are classified according to the purpose for which they were acquired and, in accordance with CRBF Regulation 90-01 as amended by CRC Regulation 2005-01 relating to the recognition of securities transactions, Regulation 2008-07 of 3 April 2008 relating to the recognition of securities acquisition costs and Regulation 200817 of 10 December 2008 relating to transfers of securities other than held-for-trading and available-for-sale securities and the recognition of stock option plans and bonus share plans for employees, and with CRC Regulation 2002-03 relating to the determination of credit risk and impairment of fixed-income securities, and the Bank classifies securities as held-for-trading securities, available-for-sale securities, investment securities, and investments in subsidiaries and associates.

- held-for-trading securities are recognised on the date they are purchased at their purchase price, excluding incidental purchase costs and including accrued interest. Purchase costs are recognised directly as expenses. Held-for-trading securities are purchased for with a view to reselling them within a period of not more than six months.
- available-for-sale securities are recognised on the date they are purchased at their purchase price. Purchase costs are included in the purchase price of available-for-sale securities. They are acquired with the intention of holding them for more than six months, in principle for subsequent resale.

- investment securities are recognised on the date they are purchased at their purchase price. Purchase costs are included in the purchase price of investment securities.
- these are intended to be held for the long term, and are either subject to specific interest-rate hedges or covered by dedicated financing resources. The difference between their purchase price and redemption value is amortised over the remaining life of the securities.
- portfolio securities, other securities held over the long term and investments in subsidiaries, associates and affiliates are recorded on the date they are purchased at their purchase price. These securities are purchased with the intention of holding them for the long term. This category includes all equity interests of 5% or more. Equity interests of less than 5% are also included if the Bank is represented in the management bodies or if another indirect investment is held via other Group companies.

Securities are shown under the following balance sheet headings:

- treasury notes and similar securities;
- bonds and other fixed-income securities;
- equities and other variable-income securities;
- associates and other long-term investments;
- investments in affiliates;
- treasury shares.

- ***Non-current assets***

Intangible assets relate primarily to purchased software that is amortised over one to three years.
Depreciation of office furniture and equipment, computer hardware, fixtures and fittings, and vehicles is determined on the following basis:

- straight-line method: 10-25%;
- reducing balance method: 37.5% and 40%.

The building owned by Edmond de Rothschild (France) is being depreciated over 25 years.

As part of the convergence between French GAAP and International Financial Reporting Standards (IFRSs), CRC Regulation 2004-06 of 23 November 2004 (applicable from 1 January 2005) eliminated the possibility of recognising deferred expenses or expenses to be amortised over several periods as assets.

Deferred expenses must now be recognised:

- in assets, if they qualify for definition and recognition as assets or are attributable to the initial cost of assets;
- in expenses in all other cases.

Edmond de Rothschild (France) applies CRC Regulation 2002-10 of 12 December 2002 as amended by CRC Regulation 2003-07 of 12 December 2003 relating to depreciation, amortisation and impairment of assets, and Regulation 2004-06 of 23 November 2004 relating to the definition, recognition and measurement of assets.

Property, plant and equipment are recognised at cost (purchase price plus direct ancillary expenses).

Intangible assets are mainly made up of software, which is recorded under intangible assets in progress until put into use.

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

Treasury shares

The Bank's treasury shares are recognised as available-for-sale securities.

The company applies the provisions in French National Accounting Council opinion 2008-17 of 6 November 2008 relating to the accounting treatment of stock option plans and bonus share plans for employees.

Implementation of those rules has no impact on the financial statements, as these principles were already being applied to the parent company financial statements.

Additions to and reversals of provisions and expenses related to the plans are now presented under personnel expenses.

In relation to treasury shares allocated to a plan, a liability provision is set aside over the grant period and adjusted on the basis of the number of shares granted to beneficiaries.

Treasury shares not allocated to a plan may be impaired if their net carrying amount is greater than the share price on the balance-sheet date, as for other available-for-sale securities.

Interest and fee income and expenses

Income from interest and bank charges are recorded in the income statement on an accrual basis.

In general, fees are also recorded on an accrual basis.

Valuation of securities

Securities held at year-end are valued as follows:

- held-for-trading securities are valued at market price at year-end, with positive or negative valuation differences being taken to income;
- available-for-sale securities are measured at the lower of acquisition cost and market value (based on the average market price in December) or, in the case of unlisted securities, at their estimated realisable value.
- There is no netting between the resulting unrealised gains and losses, and only unrealised losses are recognised through impairment of the securities portfolio;
- investment securities on which the interest-rate risk is hedged are not impaired when their market value falls below their carrying amount. Unrealised gains are not recognised;
- investments in subsidiaries and associates are measured at their value in use. For listed securities, market prices are not the only assessment criterion. Unrealised gains are not recognised, and unrealised losses give rise to impairment of the securities portfolio.

Value in use is calculated using multiple criteria, including the present value of estimated future cash flows and a proportion of equity.

Income and expenses relating to forward financial instruments

The accounting principles adopted are those defined by the regulations of the French Banking and Finance Regulation Committee (CRBF), the instructions of the Prudential Control and Resolution Authority (ACPR) and the opinions of the French National Accounting Council (ANC).

Those principles are based mainly on the type of transaction, its purpose, and the type of market on which it takes place:

- interest-rate swaps;
- income and expenses relating to instruments used to hedge transactions identified from the outset are recognised in the income statement
- on a symmetrical basis with the income and expenses from the hedged item.
- interest-rate futures (notional, Euribor, etc.).

Gains and losses resulting from hedges of transactions on underlying capital markets are amortised over the remaining maturity of the transactions hedged.

While a contract is still outstanding, one of two recognition methods is applied:
- transactions on organised or similar markets: the gains or losses resulting from measurement of contracts are taken to income,
- over-the-counter: only unrealised losses are provisioned,
- forward-rate agreements (FRAs): income and expenses relating to Fras used for hedging are taken to income on a symmetrical basis with the income and expenses from the hedged instrument. In the case of market transactions, gains and losses are recorded in the income statement when the operation is settled.
- Options (foreign-exchange, interest-rate, index and equity options): premiums are recorded in a suspense account when the contract is initiated. When contracts are settled, in the case of hedging transactions, they are taken to income on a symmetrical basis with the gains and losses on the hedged items.

In the case of market transactions, they are taken to income. Outstanding contracts relating to market transactions are remeasured at market value at the balance sheet date.

Any unrealised gain or loss on contracts traded on organised markets is taken to the income statement.
For contracts traded over the counter, only unrealised losses are provisioned.

Pensions and other employee benefit liabilities

The French banking industry's own pension system was changed by an agreement signed on 13 September 1993 by the French Banking Association (AFB). All French banks are now members of the nationwide unfunded multi-employer plans AGIRC and ARRCO.
The Bank does not apply the preferred method consisting of setting aside provisions for post-employment benefits under defined-benefit plans, i.e. pension plans, supplementary pensions and termination benefits.

Provision for long-service awards

In accordance with Recommendation 2003-R.01 of 1 April 2003 issued by the French National Accounting Committee and CRC Regulation 2000-06 relating to liabilities, a provision was set aside at year-end to cover probable payments to certain current employees (expected payments relating to long-service awards). At 31 December 2019, that provision totalled €1.189 million.

Income tax

On 1 January 2018, Edmond de Rothschild (France) and some of its subsidiaries rejoined the tax group headed by the parent company Edmond de Rothschild S.A. The Edmond de Rothschild S.A. Group had 10 subsidiaries in 2018.

After Edmond de Rothschild S.A. transferred its stake in Edmond de Rothschild (France) to Edmond de Rothschild (Suisse) on 7 August 2019, the percentage of its Edmond de Rothschild (France) subsidiary and its sub-subsidiaries that Edmond de Rothschild S.A. owns is less than the 95% level required for a tax consolidation group. As a result, Edmond de Rothschild (France), along with its subsidiaries Edmond de Rothschild Asset Management (France), Edmond de Rothschild Assurances et Conseils (France), Edmond de Rothschild Private Equity (France), Edmond de Rothschild Corporate Finance, Financière Boréale and Cleaveland, which previously formed part of the tax group, left the tax group headed by Edmond de Rothschild S.A. with retroactive effect from 1 January 2019. The Edmond de Rothschild S.A. Group had two subsidiaries in 2019.

Accordingly, Edmond de Rothschild (France)'s income tax was calculated according to the general rules, without any tax consolidation group, in 2019.

Mandatory employee profit-sharing

Amounts to be paid under the French mandatory profit-sharing system are provided for on the basis of an agreement formed within Edmond de Rothschild (France)'s UES (a legally recognised group of integrated companies in France).

Related-party transactions

Under CRB Regulation 91-01 as amended, Edmond de Rothschild (France) presents related-party transactions in Note 9 to the financial statements.

Note 2 – Analysis of balance sheet items

In thousands of euros		31/12/2019	31/12/2018
2.1.	**Treasury notes and similar securities**		
	Available for sale	-	-
	Sub-total	**-**	**-**
	Impairment	-	-
	Net total	**-**	**-**

		31/12/2019			31/12/2018		
	In thousands of euros	Demand	Time deposits	Total	Demand	Time deposits	Total
2.2.	**Due from credit institutions**						
	Overdrafts	47,274	-	47,274	42,825	-	42,825
	Loans	-	175,000	175,000	-	-	-
	Securities received under	-	-	-	-	-	-
	Sub-total	**47,274**	**175,000**	**222,274**	**42,825**	**-**	**42,825**
	Related receivables	1	5	6	-	-	-
	Total	**47,275**	**175,005**	**222,280**	**42,825**	**-**	**42,825**

In thousands of euros		31/12/2019	31/12/2018
2.3.	**Transactions with clients**		
	Other loans and financing		
	- Loans	*229,129*	*208,013*
	- Securities received under repurchase agreements	-	-
	Sub-total	**229,129**	**208,013**
	Overdrafts	655,709	579,701
	Unassigned values	-	291
	Total gross value	**884,838**	**788,005**
	Doubtful loans (1)	334	337
	Impairment of doubtful loans (1)	−334	−337
	Total (2)	**884,838**	**788,005**

(1) At 31 December 2019, compromised doubtful loans amounted to €334 thousand and were fully provisioned.
(2) Including related receivables totalling €1.027 thousand in 2019 and €948 thousand in 2018.

No loans were eligible for central-bank refinancing at 31 December 2019.

No client loans classified as doubtful at 31 December 2018 were reclassified as performing loans during 2019.

In thousands of euros		31/12/2019	31/12/2018
2.4.	**Bonds and other fixed-income securities**		
	Available for sale	2,496	2,478
	Investment	-	-
	Sub-total	**2,496**	**2,478**
	Related receivables	1,738	1,699
	Total gross value	**4,234**	**4,177**
	Impairment	−362	−344
	Net total	**3,872**	**3,833**

No securities changed category during 2019.
The total net carrying amount of unlisted securities was €3.87 million.

The “available-for-sale securities” item includes €2.13 million of undated subordinated notes issued by Financière Eurafrique.

	In thousands of euros	31/12/2019 Held for trading	Available for	Total	31/12/2018 Held for trading	Available for	Total
2.5.	**Equities and other variable-income securities**						
	Securities held	-	78,116	78,116	28	77,107	77,135
	Impairment	-	−6,767	−6,767	-	−8,200	−8,200
	Net total	**-**	**71,349**	**71,349**	**28**	**68,907**	**68,935**
	Unrealised capital gains (1)	-	29,447	29,447	-	22,230	22,230

(1) Difference between cost and market value.

No securities changed category during 2019.
The total net carrying amount of listed securities was €20 thousand and the total net carrying amount of unlisted securities was €71,329 thousand.
Within the available-for-sale securities category, fund units break down as follows:

In thousands of euros	31/12/2019 French	Foreign	Total	31/12/2018 French	Foreign	Total
Capitalisation funds	63,900	7,063	70,963	51,044	17,842	68,886
Other funds	-	-	-	-	-	-
Total	**63,900**	**7,063**	**70,963**	**51,044**	**17,842**	**68,886**

	In thousands of euros	31/12/2019 Gross	Impairment	Net	31/12/2018 Gross	Impairment	Net
2.6.	**Investments in subsidiaries and associates and other long-term investments**						
	Investments in subsidiaries						
	- Credit institutions	*4,964*	*-*	*4,964*	*4,964*	*-*	*4,964*
	- Other companies	*36,205*	*−20,354*	*15,851*	*36,154*	*−16,940*	*19,214*
	Sub-total	**41,169**	**−20,354**	**20,815**	**41,118**	**−16,940**	**24,178**
	Exchange difference	-	-	-	-	-	-
	Total	**41,169**	**−20,354**	**20,815**	**41,118**	**−16,940**	**24,178**

The total net carrying amount of listed securities was €12.50 million and the total net carrying amount of unlisted securities was €8.31 million.

Major investments in subsidiaries and affiliates are listed in the table "Investments in subsidiaries".

	In thousands of euros	31/12/2019 Gross	Impairment	Net	31/12/2018 Gross	Impairment	Net
2.7.	**Investments in affiliates**						
	Financial and non-financial companies	255,316	−40,752	214,564	252,077	−26,086	225,991
	Exchange difference	−1,641	-	−1,641	−202	-	−202
	Total	**253,675**	**−40,752**	**212,923**	**251,875**	**−26,086**	**225,789**

The total net carrying amount of securities relates to unlisted securities.

The list of affiliates is as follows:

— Edmond de Rothschild Asset Management (France)
— Financière Boréale
— Edmond de Rothschild Corporate Finance
— Edmond de Rothschild Private Equity Partners (France)
— Edmond de Rothschild Assurances et Conseils (France)
— Edmond de Rothschild Securities (Hong Kong) Limited
— Edmond de Rothschild Real Estate (Eastern Europe) CIE SàRL (A and B units)
— CFSH Luxembourg
— Elivest
— Cleaveland
— SAS EDR IMMO MAGNUM

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.8.	**Intangible assets**					
	Gross value					
	Business goodwill (including leasehold right)	3,881	-	-		3,881
	Other intangible assets	115,269	10,342			125,611
	Intangible assets in progress	-	-	-		-
	Total	**119,150**	**10,342**	**-**	**-**	**129,492**
	Amortisation and impairment					
	Other intangible assets	−98,359	−9,453	-		−107,812
	Total	**−98,359**	**−9,453**	**-**	**-**	**−107,812**
	Net carrying amount	**20,791**	**889**	**-**	**-**	**21,680**

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.9.	**Property, plant and equipment**					
	Gross value					
	Land	11,434	-	-	-	11,434
	Buildings	21,100	-	-	-	21,100
	Computer hardware	29,150	1,068	-	-	30,218
	Fixtures, fittings and other property, plant and	38,765	664	-	-	39,429
	Property, plant and equipment in progress	-	-	-	-	-
	Total	**100,449**	**1,732**	**-**	**-**	**102,181**
	Depreciation and impairment					
	Buildings	−20,640	−47	-	-	−20,687
	Computer hardware	−25,856	−1,723	-	-	−27,579
	Fixtures, fittings and other property, plant and	−36,031	−873	-	-	−36,904
	Total	**−82,527**	**−2,643**	**-**	**-**	**−85,170**
	Net carrying amount	**17,922**	**−911**	**-**	**-**	**17,011**

2.10. Treasury shares and stock option plans

The Bank no longer holds treasury shares.
At 31 December 2019, there was no longer any stock option plan for Edmond de Rothschild (France) employees.

		31/12/2019		31/12/2018	
	In thousands of euros	Assets	Liabilities	Assets	Liabilities
2.11	**Other assets and liabilities**				
	Option premiums	-	-	-	-
	Margin calls	44,746	40,570	24,550	20,383
	Guarantee deposits	3,550	13,054	11,620	10,590
	Other	34,958	41,372	66,155	68,651
	Total	**83,254**	**94,996**	**102,325**	**99,624**

In thousands of euros	31/12/2019 Assets	31/12/2019 Liabilities	31/12/2018 Assets	31/12/2018 Liabilities
2.12 Accruals, assets and liabilities				
Items under collection	80	-	65	-
Prepaid expenses	7,605	-	6,438	-
Accrued income	77,654	-	88,827	-
Prepaid income	-	2,274	-	2,261
Accrued expenses	-	56,505	-	81,156
Other	2,336	10,668	6,187	5,224
Total	**87,675**	**69,447**	**101,517**	**88,641**

In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.13. Long-term financial assets					
Gross value					
Bonds and other fixed-income securities	-	-	-	-	-
Investments in subsidiaries and associates and other	41,118	51	-	-	41,169
Investments in affiliates	251,875	1,800	-	-	253,675
Total	**292,993**	**1,851**	**-**	**-**	**294,844**
Impairment					
Investments in subsidiaries and associates and other	−16,940	−3,414	-	-	−20,354
Investments in affiliates	−26,086	−14,677	11	-	−40,752
Total	**−43,026**	**−18,091**	**11**	**-**	**−61,106**
Net carrying amount					
Bonds and other fixed-income securities	-	-	-	-	-
Investments in subsidiaries and associates and other	24,178	−3,363	-	-	20,815
Investments in affiliates	225,789	−12,877	11	-	212,923
Total	**249,967**	**−16,240**	**11**	**-**	**233,738**

In thousands of euros	31/12/2019 Demand deposits	31/12/2019 Time deposits	31/12/2019 Total	31/12/2018 Demand deposits	31/12/2018 Time deposits	31/12/2018 Total
2.14. Due to credit institutions						
Deposits	84,765	-	84,765	26,067	-	26,067
Borrowings	3,561	1,092,373	1,095,934	8,943	936,717	945,660
Sub-total	**88,326**	**1,092,373**	**1,180,699**	**35,010**	**936,717**	**971,727**
Related payables		4,443	4,443	-	4,038	4,038
Total	**88,326**	**1,096,816**	**1,185,142**	**35,010**	**940,755**	**975,765**

In thousands of euros	31/12/2019 Demand deposits	31/12/2019 Time deposits	31/12/2019 Total	31/12/2018 Demand deposits	31/12/2018 Time deposits	31/12/2018 Total
2.15 Transactions with clients						
Special savings accounts						
- Special savings accounts	-	*111,165*	*111,165*	-	*88,690*	*88,690*
- Related payables	-	-	-	-	-	-
Sub-total	**-**	**111,165**	**111,165**	**-**	**88,690**	**88,690**
Other payables						
- Demand deposits	*1,462,340*	-	*1,462,340*	*1,378,014*	-	*1,378,014*
- Time deposits	-	*91,524*	*91,524*	-	*160,458*	*160,458*
- Securities delivered under repurchase	-	-	-	-	-	-
- Other miscellaneous payables	-	*16,157*	*16,157*	-	*5,138*	*5,138*
- Related payables	-	*284*	*284*	-	*161*	*161*
Sub-total	**1,462,340**	**107,965**	**1,570,305**	**1,378,014**	**165,757**	**1,543,771**
Total	**1,462,340**	**219,130**	**1,681,470**	**1,378,014**	**254,447**	**1,632,461**

	In thousands of euros	31/12/2019	31/12/2018
2.16	**Debt securities**		
	Interbank market instruments and negotiable debt instruments	509,833	535,732
	Bonds	-	-
	Sub-total	**509,833**	**535,732**
	Related payables	7,106	51
	Total	**516,939**	**535,783**

	In thousands of euros	Start of period	Additions	Reversed and used	Reversed to income	Other changes	End of period
2.17.	**Provisions**						
	Provisions for charges						
	Provisions for long-service benefits	1,138	252	−131	−70	-	1,189
	Provisions for possible losses on treasury shares (1)	-	-	-	-	-	-
	Provisions for litigation expenses	-	-	-	-	-	-
	Other provisions for charges	1,020	755	−378	−17	-	1,380
	Sub-total	**2,158**	**1,007**	**−509**	**−87**	**-**	**2,569**
	Provisions for contingencies						
	Provisions for litigation (2)	2,372	634	−308	−76	-	2,622
	Other provisions for contingencies	1,698	41	-		-	1,739
	Sub-total	**4,070**	**675**	**−308**	**−76**	**-**	**4,361**
	Total	**6,228**	**1,682**	**−817**	**−163**	**-**	**6,930**

(1) Treasury shares held for stock option plans:

At 31 December 2019, there was no longer any stock option plan for Edmond de Rothschild (France) employees.

(2) Additions to provisions for liabilities are mainly intended to cover litigation with third parties. Reversals of provisions relate mainly to litigation and the private equity business.

An additional supplementary pension plan set up in December 2004 was closed on 31 December 2012, although its provisions were maintained for beneficiaries born before 31 December 1953.

It applies to a category of senior employees for whom the existing basic and complementary pension plans provide a significantly lower rate of income replacement than for other categories of personnel.

This plan is a defined-benefit plan expressed in terms of the overall final pension (limited in time) or in terms of the top-up pension it provides in addition to the basic pensions.

The unfunded actuarial liability at the rate of 0.79% rose from €27,266 thousand to €27,581 thousand at 31 December 2019. Taxes and contributions on annuities: Article 113 of French act 2003-775 of 21 August 2003 on pension reform alters the liability to pay social security, the general social contribution (CSG) and the social debt reimbursement contribution (CRDS), on employers' pension-fund contributions. In return for exempting contributions from social security charges, a tax payable exclusively by the company was established.

The 2010 social security financing act doubled the tax levied on annuities exceeding one-third of the annual social security ceiling, raising it from 8% to 16%.

The 2011 social security financing act subsequently modified the basis for applying this tax. The allowance was eliminated and the 16% tax thus applied from the first euro of the annuity, for all annuities paid after 1 January 2001.

The Group had previously opted for the tax on annuities, but at the end of 2011 it chose to change options as allowed by the 2011 social security financing act for defined-benefit plans consistent with Article L. 137-11. It is now taxed at 12% based on all contributions paid into the fund.

In addition to the foregoing tax, an additional 30% contribution to be paid by employers from the first euro was established on annuities exceeding eight times the annual ceiling and paid from 1 January 2010. These impacts were measured in 2009.

As measured by the preferred method (not applied by the Bank) the financial coverage calculation shows that a provision of €4,808 thousand would have been set aside in 2019 as opposed to €5,211 thousand in 2018.

Plan assets were valued at €22,773 thousand in 2019 and the net residual gain relating to past service cost was zero at 31 December 2019.

Provisions do not include any amounts for termination benefits to be paid to retiring employees (€4,419 thousand in 2019 against €3,668 thousand in 2018).

Provisions for banking risks came to €2,854 thousand in 2019 (€2,361 thousand in 2018).

	In thousands of euros	31/12/2019	31/12/2018
2.18	**Subordinated debt**		
	Undated subordinated notes (1)	21,000	21,000
	Related payables	22	23
	Total	**21,022**	**21,023**

(1) In June 2007, the Bank issued €50 million of undated super-subordinated notes. In the event of the issuer's liquidation, holders of these notes will be paid only after other creditors but before holders of participating loans or participating securities.
After discussions with one of the noteholders, Edmond de Rothschild (France) made an offer to repurchase part of the notes with a nominal amount of €29 million, at a discount of 7.5%.
After obtaining the authorisation of the ACP on 12 July 2013, €29 million of notes were repurchased and cancelled in August 2013.

The undated super-subordinated notes carry financial covenants:

- non-payment of interest in the event of insufficient capital related to noncompliance with prudential capital adequacy ratios or a deterioration in the Bank's financial position;
- reduction of accrued interest due and payable and then of the nominal value of the notes if the Bank has not taken action to remedy the capital situation within a specific period.

The main financial characteristics of these notes are as follows:

Issue date	Optional early redemption date (call option)	Rate until early redemption	Rate after early redemption	Interest step-up from the optional early redemption date
June 2007	June 2017 then quarterly	6.36% (*)	Euribor + 2.65%	+ 100 basis points

(*) Rate set by reference to the 10-year swap rate in euros on 4 June 2007: 4.71% + 1.65%.

	In thousands of euros	31/12/2019	31/12/2018
2.19.	**Reserves**		
	Statutory reserve	8,308	8,308
	Regulated reserves	152	152
	Other reserves	23,818	23,818
	Total	**32,278**	**32,278**

	In thousands of euros	Share capital	Share premiums	Reserves	Retained earnings	Income	Total
2.20.	**Changes in equity**						
	Position at start of period	**83,076**	**98,244**	**32,278**	**51,206**	**20,007**	**284,811**
	Capital increase	-	-	-	-	-	-
	Net income for the period (before	-	-	-	-	−20,007	−20,007
	Dividends	-	-	-	20,007	-	20,007
	Other movements	-	-	-	-	−5,894	−5,894
	Position at end of period	**83,076**	**98,244**	**32,278**	**71,213**	**−5,894**	**278,917**

At 31 December 2019, the share capital amounted to €83,075,820, consisting of 5,538,388 shares with nominal value of €15 each, and was held as follows:

	Number of shares	% interest
EDMOND DE ROTHSCHILD (SUISSE) S.A.	5,538,328	100.00%
Other natural persons	60	0.00%
Total	**5,538,388**	**100.00%**

Net income available for distribution (in euros):

Net income for 2019	−5,894,022.48
Retained earnings at end of period	71,213,513.49
Appropriation to the statutory reserve	-
Net income available for distribution	**65,319,491.01**

The net loss for 2019 as stated in the above table will be charged against retained earnings, the balance of which will then be €65,319,491.01 (subject to the related draft resolution being approved in the Annual General Meeting of 6 May 2020).

	In thousands of euros	31/12/2019	31/12/2018
2.21	**Transactions with affiliates**		
	Assets		
	Transactions with clients (excluding related receivables)	7,721	24,383
	Liabilities		
	Transactions with clients (excluding related liabilities)	58,475	36,742

	In thousands of euros	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total
2.22	**Analysis of certain assets and liabilities**					
	Assets					
	Due from credit institutions	222,280	-			222,280
	Transactions with clients	721,358	69,821	61,870	31,789	884,838
	Bonds and other fixed-income securities	-			3,872	3,872
	Total	**943,638**	**69,821**	**61,870**	**35,661**	**1,110,990**
	Liabilities					
	Due to credit institutions	1,059,407	111,356	-	14,379	1,185,142
	Transactions with clients	1,568,655	75,196	37,619		1,681,470
	Debt securities	65,168	214,932	183,432	53,407	516,939
	- Interbank market instruments and	*65,168*	*214,932*	*183,432*	*53,407*	*516,939*
	- Bonds	-	-	-	-	-
	Total	**2,693,230**	**401,484**	**221,051**	**67,786**	**3,383,551**

Note 3 – Analysis of income statement items

	In thousands of euros	2019	2018
3.1.	**Interest and similar revenues**		
	On transactions with credit institutions	33,753	5,610
	On transactions with clients	9,700	9,426
	On bonds and other fixed-income securities	1	14,536
	Other interest and similar revenues	58	488
	Total	**43,512**	**30,061**

	In thousands of euros	2019	2018
3.2.	**Interest and similar expenses**		
	On transactions with credit institutions	−33,820	−45,255
	On transactions with clients	−689	−306
	On bonds and other fixed-income securities	−33,863	−5,352
	Other interest and similar expenses	−412	−671
	Total	**−68,784**	**−51,584**

	In thousands of euros	2019	2018
3.3.	**Revenues from variable-income securities**		
	Equities and other variable-income securities	20,261	3,506
	Investments in subsidiaries and associates and other long-term investments	1	3,073
	Investments in affiliates	38,947	71,172
	Total	**59,209**	**77,751**

		2019		2018	
	In thousands of euros	Gains	Expense	Income	Expenses
3.4.	**Fees**				
	Cash and interbank transactions	-	−9	-	−15
	Transactions with clients	33	-	48	-
	Securities transactions	-	-	-	-
	Foreign exchange transactions	29	-	39	-
	Off-balance sheet transactions			-	-
	- Securities transactions	*412*	-	*184*	-
	– Transactions in forward financial instruments	*2,545*	*−1,486*	*1,977*	*−1,221*
	Financial services	67,887	−15,874	78,230	−13,781
	Additions to/reversals of provisions	-	-	-	-
	Total	**70,906**	**−17,369**	**80,478**	**−15,017**

		2019			2018		
	In thousands of euros	Gains	Losses	Balance	Gains	Losses	Balance
3.5	**Gains/losses on transactions in trading portfolios**						
	Held-for-trading securities	524	−1	523	612	−4	608
	Foreign exchange transactions	460,866	−423,648	37,218	451,196	−417,468	33,728
	Forward financial instruments	-	-	-	-	-	-
	Additions to/reversals of provisions	-	-	-	-	-	-
	Total	**461,390**	**−423,649**	**37,741**	**451,808**	**−417,472**	**34,336**

In thousands of euros	2019 Gains	2019 Losses	2019 Balance	2018 Gains	2018 Losses	2018 Balance
3.6. Gains/losses on transactions in available-for-sale assets and similar						
Losses on disposal	-	−507	−507	-	-	-
Gains on disposal	66	-	66	-	-	-
Additions to/reversals of impairment	2,141	−726	1,415	489	−2,457	−1,968
Additions to/reversals of provisions		−18	−18	-	-	-
Total	**2,207**	**−1,251**	**956**	**489**	**−2,457**	**−1,968**

In thousands of euros	2019	2018
3.7. Other banking revenues		
Expenses transferred to other companies	9,721	10,139
Other ancillary income	27,362	22,980
Miscellaneous	488	432
Additions to/reversals of provisions	−490	492
Total	**37,081**	**34,043**

In thousands of euros	2019	2018
3.8. Other banking expenses		
Revenues transferred to other companies	−2,866	−3,824
Miscellaneous	−57	−83
Additions to/reversals of provisions	−500	−9
Total	**−3,423**	**−3,916**

In thousands of euros	2019	2018
3.9. General operating expenses		
Wages and salaries	−48,080	−51,400
Social security expenses	−21,630	−24,241
Employee incentive plans	−255	−15
Mandatory employee profit-sharing	−1,578	−3,262
Payroll taxes	−5,260	−4,668
Additions to provisions for personnel expenses	−1,031	−1,842
Reversals of provisions for personnel expenses	822	4,514
Sub-total - Personnel expenses	**−77,012**	**−80,914**
Taxes other than income tax	−2,101	−2,803
Rental expenses	−10,945	−11,281
External services	−44,465	−43,697
Travel expenses	−1,016	−1,144
Miscellaneous operating expenses	-	-
Additions to provisions for administrative expenses	-	-
Reversals of provisions for administrative expenses	-	-
Sub-total - Administrative expenses	**−58,527**	**−58,925**
Total	**−135,539**	**−139,839**

3.10 Cost of risk In thousands of euros	2019	2018
Impairment of doubtful debts	-	-
Additions to provisions	-	-
Net losses on receivables written off	-	-
Reversals of impairment on doubtful debts now performing	3	2
Reversals of provisions	-	-
Amounts recovered on receivables formerly written off	-	-
Total	**3**	**2**

3.11. Gains and losses on long-term assets In thousands of euros	2019	2018
Gains on sales of intangible assets and property, plant and equipment	-	-
Gains on sales of long-term financial assets	-	861
Losses on sales of intangible assets and property, plant and equipment	-	-
Losses on sales of long-term financial assets	-	-
Additions to impairment of long-term financial assets	−18,091	−17,330
Reversals of impairment of long-term financial assets	11	-
Reversals of contingency and loss provisions	-	-
Total	**−18,080**	**−16,469**

3.12. Non-recurring items

Non-recurring items produced a loss of €42 thousand in 2019.

3.13. Income tax

Calculated on the basis of the tax consolidation group, there was an income tax credit of €36 thousand in 2019 versus €4,493 thousand in 2018.
The reduction was because of a loss in 2019.

Note 4 – Additional information on banking activities

Analysis of net banking income

The analysis of net banking income by major business segment, which is extracted from the accounting presentation of the income statement, can be broadly summarised as follows:

In thousands of euros	2019	2018
- Asset management	59,095	64,527
- Interest-earning operations	9,189	9,173
- Capital markets transactions, securities portfolio and other	91,074	110,297
- Corporate advisory services	471	187
Net banking income	**159,829**	**184,184**

Net banking income amounted to €159.8 million in 2019, down 13.2% relative to 2018 (€184.2 million).

The €24.3 million decrease was due to the following factors:

- revenue from the securities portfolio and capital markets transactions fell €19.2 million compared with 2018. The decline was mainly caused by the lower amount of dividends received in 2019 (down €15.7 million relative to 2018),
- Asset management fee income fell by €5.4 million, from €64.5 million in 2018 to €59.1 million in 2019. The decrease was caused by lower distribution revenue and lower transaction-related fees (front-end charges and transfer commissions). This was due to the application of the MIFID II directive, along with lower client appetite for risky products, which caused lower margins and transaction volumes.

Note 5 – Off-balance sheet items

	In thousands of euros	31/12/2019	31/12/2018
5.1.	**Transactions with affiliates**		
	Commitments given		
	Loan commitments	2,488	20,321
	Guarantee commitments	86	86

5.2. Liquidity commitments

The beneficiaries of bonus share plans and stock option plans granted by Edmond de Rothschild S.A. or other Group companies have entered into liquidity agreements with the issuing entities. Under the terms of those agreements, the issuing companies undertake to purchase and the beneficiaries to sell the shares issued or allocated under these plans, subject to certain conditions.

Since December 2005, it has been agreed between Edmond de Rothschild SA and the Bank that Edmond de Rothschild S.A. would systematically be substituted for the Bank in the performance of these contracts, with Edmond de Rothschild S.A. reserving the right to use a third-party substitute.

5.3. Transactions in forward financial instruments

Transactions in interest-rate instruments are concluded for micro-hedging purposes. Foreign exchange options may be entered into as part of the management of a specialised portfolio, or are matched.

Commitments related to forward financial instruments break down as follows (nominal value of contracts):

At 31 December 2019	Micro-hedging		Trading portfolio		Total	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets						
Futures contracts						
Currency swaps (1)	2,096,276	1,971,052	-	-	2,096,276	1,971,052
Total	**2,096,276**	**1,971,052**	**-**	**-**	**2,096,276**	**1,971,052**
Over the counter						
Futures contracts						
Interest-rate and index swaps (1)	261,618	975,495	-	-	261,618	975,495
Sub-total	261,618	975,495	-	-	261,618	975,495
Interest-rate and index						
options	-	-	-	-	-	-
Sub-total						
Total	**261,618**	**975,495**	**-**	**-**	**261,618**	**975,495**

(1) including €2.000 million with affiliates.

At 31 December 2018	Micro-hedging		Trading portfolio		Total	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets						
Futures contracts						
Currency swaps (1)	2,239,119	2,099,670	-	-	2,239,119	2,099,670
Total	2,239,119	2,099,670	-	-	2,239,119	2,099,670
Over the counter	-	-	-	-	-	-
Futures contracts	-	-	-	-	-	-
Interest-rate and index swaps (1)	1,283,910	87,264	-	-	1,283,910	87,264
Sub-total	1,283,910	87,264	-	-	1,283,910	87,264
Interest-rate and index	-	-	-	-	-	-
options	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
Total	**1,283,910**	**87,264**	**-**	**-**	**1,283,910**	**87,264**

(1) including €2.000 million with affiliates.

The residual values of the above commitments break down as follows:

At 31 December 2019	Less than 1 year		1 to 5 years		More than 5 years	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets	1,888,278	1,892,794	207,998	78,258	-	
Over the counter	58,000	969,495	71,083	6,000	132,535	

At 31 December 2018	Less than 1 year		1 to 5 years		More than 5 years	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets	1,982,892	1,970,631	256,227	129,039	-	-
Over the counter	1,085,444	19,364	139,694	63,900	58,772	4,000

The Bank's exposure to market risks related to transactions in financial instruments is summarised as follows (in thousands of euros):

Type of risk	Type of transaction	Assumptions	Sensitivity	
			31/12/2019	31/12/2018
Interest-rate risk	Short-term transactions in euros	1% adverse movement in the yield curve	423	1121
	Short-term transactions in foreign currencies	1% adverse movement in the yield curve	98	63
Exchange-rate risk	Spot and forward foreign exchange transactions	8% adverse movement in exchange rates	172	28

		Positive value		Negative value	
	In thousands of euros	31/12/2019	31/12/2018	31/12/2019	31/12/2018
5.4.	**Fair value of transactions in forward financial instruments**				
	Organised or similar markets				
	Futures contracts				
	Currency swaps	14,623	22,265	−5,271	−16,315
	Over the counter				
	Futures contracts				
	Interest-rate and index swaps	6,081	6,121	−13,472	−15,409

The fair value of forward financial instruments is determined with reference to their market value, calculated daily as part of counterparty risk measurements.

Note 6 – Additional information on counterparty risks relating to derivatives

6.1. Nature and method of the calculation

Risk equivalents and the effect of netting agreements are calculated in accordance with the principles established by Regulations 91-05 and 95-02 of the French Banking and Financial Regulation Committee, and by Instruction 96-06 of the French Banking Commission.
The positive replacement value of risk equivalents represents the market value of the contracts before taking account of netting agreements and guarantees received.

The gross add-on is based on the notional amount of the contracts multiplied by a weighting factor. The net add-on is calculated using the formula prescribed by Instruction 96-06, as follows:

- net add-on = 0.4 x gross add-on + 0.6 x NGR x gross add-on, where NGR represents the ratio between net replacement cost and gross replacement cost, for all transactions entered into under legally valid netting agreements.

Weighting factors used for each type of counterparty are consistent with those prescribed by Regulation 91-05: 20% for banks and 50% for clients.

	Gross risk-weighted assets		Net risk-weighted assets	
In thousands of euros	31/12/2019	31/12/2018	31/12/2019	31/12/2018
6.2. Breakdown of weighted risk equivalents by type of counterparty				
Banks	9,892	10,837	4,482	5,825
Clients	1,691	6,145	1,465	2,803

	Effect of netting		Effect of collateralisation	
In thousands of euros	31/12/2019	31/12/2018	31/12/2019	31/12/2018
6.3. Effect of netting on total weighted risk equivalents				
Banks	3,783	6,573	1,627	−1,562
Clients	226	3,342	-	-

Note 7 – Average number of employees

	31/12/2019	31/12/2018
Operatives	83	96
Executives and senior management	307	300
Unclassified	83	86
Total	**473**	**482**

Pursuant to the provisions of the French Commercial Code, the Group publishes a breakdown by category of its average workforce during the period.

The number of workers employed part-time or for less than the full year is taken into account in proportion to the average time worked as compared to the full-time hours laid down by agreement or statute.

Note 8 – Additional information

8.1. The financial statements of Edmond de Rothschild (France) are included in the consolidated financial statements of Edmond de Rothschild S.A. using the full consolidation method.

8.2. Post-balance sheet events

The Covid-19 pandemic is likely to have a significant negative impact on the global economy, which will be more serious if the pandemic is not brought under control quickly. The situation is causing a pronounced decrease in activity, caused by the impact of containment measures on consumer spending and a mistrust of economic agents, along with production difficulties, disruption to supply chains in certain sectors and a downturn in investment.

This is set to cause a significant slowdown in growth and even technical recessions in several countries, which is reflected in the substantial declines in financial markets and increased volatility. These consequences are likely to affect the activities of bank counterparties and banks themselves.

As regards Edmond de Rothschild France, the main immediate impact results from the sensitivity, in valuation terms, of its own assets and assets under management to the decline in financial markets (equities, fixed income etc.). The negative impact on the Bank's revenues, earnings and financial position is impossible to measure at this stage.

The parent company financial statements contained in this document were finalised by the Executive Board on 3 March 2020 and will be presented for approval at the Annual General Meeting of 6 May 2020.

Note 9 – Transactions with related parties

9.1. Transactions with related natural persons and others

In thousands of euros	31/12/2019	31/12/2018
Loans and overdrafts	19,028	19,045
Assets	**19,028**	**19,045**

In thousands of euros	31/12/2019	31/12/2018
Demand deposits	1,064	2,284
Liabilities	**1,064**	**2,284**

In thousands of euros	31/12/2019	31/12/2018
+ Interest and similar revenues	46	115
Net banking income	46	115
Gross operating income	**46**	**115**

9.2. Transactions with related companies

- ***Transactions related to the income statement***

	31/12/2019			
In thousands of euros	Name	Relationship with the related party	Revenues	Expenses
- Revenues/expenses on transactions with credit institutions	EDRAM	Subsidiary	-	-
- Financial services	EDRAM	Subsidiary	-	-
+ Gains on sales of long-term financial assets	EDRAM	Subsidiary	-	-

	31/12/2018			
In thousands of euros	Name	Relationship with the related party	Reven ues	Expenses
- Expenses on transactions with credit institutions	EDRAM	Subsidiary	-	-
- Financial services	EDRAM	Subsidiary	-	−14
+ Gains on sales of long-term financial assets	EDRAM	Subsidiary	-	-

- ***Transactions in forward financial instruments***

In thousands of euros			Amount
Total return index swap	EDRAM	Subsidiary	-

Parent company five year summary

	2015	2016	2017	2018	2019
Financial position at end of period					
Share capital	83,075,820	83,075,820	83,075,820	83,075,820	83,075,820
Number of shares in issue	5,538,388	5,538,388	5,538,388	5,538,388	5,538,388
Number of convertible bonds	-	-	-	-	-
Equity (1) *	247,823,000	254,056,000	265,156,000	264,804,000	284,811,000
Long-term funds (1) *	268,823,000	275,056,000	286,156,000	285,804,000	305,811,000
Total liabilities and equity *	2,524,048,000	2,713,132,000	3,424,862,000	3,644,336,000	3,854,863,000
Results of operations for the period					
Revenues excluding VAT	828,081,237	612,547,436	540,578,183	670,683,166	581,216,316
Income before tax, depreciation, amortisation and	34,124,730	20,085,747	19,891,140	42,852,972	23,535,467
Income tax expense	−13,430,948	−10,684,248	−19,757,739	−4,492,843	−36,204
Income after tax, depreciation, amortisation and	30,713,023	24,391,581	18,700,508	20,007,436	−5,894,022
Total dividends paid	24,479,675	13,292,131	19,052,055	-	0
Per-share data					
Income after tax but before depreciation, amortisation	8.59	5.56	7.16	8.55	4.26
Income after tax, depreciation, amortisation and	5.55	4.40	3.38	3.61	−1.06
Dividend **	4.42	2.40	3.44	-	-
Employees					
Number of employees at end of period	537	507	511	483	474
Total gross payroll	48,440,745	46,557,739	44,734,108	43,136,381	41,161,182
Social security contributions and employee benefits	25,146,697	23,540,011	24,869,906	24,240,623	21,630,228
Mandatory employee profit-sharing	2,396,097	878,803	2,428,568	3,262,173	1,577,989

(1) Excluding net income for the year.
* Rounded to the nearest thousand euros.
** Subject to the decision of the Annual General Meeting held on 6 May 2020.

Statutory Auditors' reports
Year ended 31 December 2019

Report on the consolidated financial statements

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Edmond de Rothschild (France) for the year ended 31 December 2019. These financial statements were approved by the Executive Board on march 3, 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Emphasis of matter

We draw attention to the notes in the appendix presenting the accounting change resulting from the first application of IFRS 16 "Leases" and its impact on the consolidated financial statements. (Note 1.2 "Compliance with accounting standards" and Note 2 "Valuation accounting policies and explanatory notes".

Our opinion is not modified in respect of this matter.

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the context described above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key audit matter

Measurement of goodwill and equity method investments	
Description of risk	***How our audit addressed this risk***
Goodwill, which corresponds to the difference between the acquisition price and the fair value of the assets and liabilities of the acquired entities, is detailed in Note 3.12 to the consolidated financial statements and amounted to 74.3 mn€ as at December 31, 2019. Equity method investments amounted to 67.9 M€ and are detailed in Note 3.9 to the consolidated financial statements. Goodwill is allocated to cash-generating units (CGUs) and tested for impairment at least once a year and whenever there is an indication that it may be impaired. Impairment occurs if the recoverable amount of an asset falls below its carrying amount, in which case an impairment charge is recognised against goodwill. We deemed the measurement of goodwill and Equity method investments to be a key audit matter owing to: ▪ Its material value in the consolidated balance sheet; ▪ The degree of judgement required from management in terms of selecting the impairment test criteria; and ▪ The material impact on the Group's results of an error of judgement or change in estimate.	We examined the methodology used by the Group to measure a potential need for impairment of goodwill. Our work consisted primarily in the following : ▪ A critical assessment of the business plans used to establish the projected cash flows; ▪ A critical assessment of the assumptions used by management to determine the discount rates and the perpetuity growth rates used in discounted cash flow calculations, if necessary by comparing them with external sources ▪ In addition to the result of the quantitative approaches, we reviewed of the documentation prepared by the management regarding the qualitative elements which can come, if necessary ▪ Finally, the verification that the notes to the financial statements provided appropriate information.

Specific verifications

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Executive Board's management report approved on March 3, 2020. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements

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

We attest that the consolidated non-financial performance reporting required by Article L.225-102-1 of the French Commercial Code is included in the management report. We add that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this statement has not been the subject of our verifications of fairness or consistency with the consolidated financial statements and must be certified by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Edmond de Rothschild (France) by the Annual General Meeting of 25 May 1999.

As at 31 December 2019, both firms were in the twenty first year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors as regards auditing the consolidated financial statements

Audit objective and procedure

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

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Reporting to the audit committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 21 April 2020

The Statutory Auditors

PricewaterhouseCoopers Audit...........Philippe Chevalier
Cabinet Didier Kling & Associés.............Solange Aïache

Report on the parent company financial statements

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Edmond de Rothschild (France) for the year ended 31 December 2019. These financial statements were approved by the Executive Board on march 3, 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the “Responsibilities of the Statutory Auditors relating to the audit of the financial statements” section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from 1 January 2019 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the context described above and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

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Key audit matter

Measurement of investments in subsidiaries, other long-term investments and associates	
Description of risk	***How our audit addressed this risk***
Investments in subsidiaries and associates represent one of the largest assets on the balance sheet (€233.7m at 31 December 2019 compared to €250.0m at 31 December 2018) and a material portion of their measurement is based on estimates. As stated in Note 1 to the financial statements "Accounting principles and measurement methods", these investments are measured on the basis of their value in use. For listed securities, the share price is not the only criteria used for measurement purposes. Estimating the value in use of these securities requires management to exercise judgement when selecting the criteria to be taken into account, be it historical data (equity value, share price) or forecasts (e.g., business plans). Accordingly, we deemed the correct measurement of investments in subsidiaries and associates to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving forecasts, and because an error of judgement by management could have a material impact on the year-end financial statements.	We assessed the documentation outlining the choices made by management among the various methods for measuring value in use. Subsequently: For valuations based on historical data: ▪ We verified that the equity values used were consistent with the audited financial statements of the entities valued. For valuations based on discounted projected cash flows: ▪ We verified that the cash flows had been reviewed by the management teams of the entities valued; ▪ We assessed the relevance of the main assumptions used.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information provided in the management report and in other documents concerning the financial position and parent-company financial statements addressed to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board approved on March 3, 2020 and in the other documents with respect to the financial position and the financial statements provided to the Shareholders. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements.

With respect to the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce), we have the following observation: As stated in the management's report, this information does not include bank and other related transactions, as your Company considers that such operations fall outside the scope of the information to be disclosed.

We attest that the non-financial performance reporting required by Article L.225-102-1 of the French Commercial Code is included in the management report. We add that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this statement has not been the subject of our verifications of fairness or consistency with the consolidated financial statements and must be certified by an independent third party.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by article L.225-37-4 of the French Commercial Code.

Information resulting from other statutory and regulatory obligations

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Edmond de Rothschild (France) by the Annual General Meeting held on 29 May 1999 for PricewaterhouseCoopers Audit and for Didier Kling & Associés.

As at 31 December 2019, both firms were in the twenty-one year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Reporting to the audit committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, 21 April 2020

The Statutory Auditors

PricewaterhouseCoopers Audit...........Philippe Chevalier
Cabinet Didier Kling & Associés.............Solange Aïache

Special report on related-party agreements and commitments

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. It is your responsibility, under the terms of Article R. 225-58 of the French Commercial Code, to assess the benefits resulting from these agreements and commitments prior to their approval.

Moreover, it is also our responsibility, where applicable, to provide you with the information stipulated in Article R. 225-58 of the French Commercial Code relating to the performance, during the past year, of agreements and commitments already approved by the General Meeting.

We have carried out the procedures we considered necessary for this task pursuant to the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*). Our work consisted of verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

Agreements and commitments subject to shareholder approval

Agreements and commitments already approved by the Annual General Meeting

Agreements and commitments approved during the past year

We have not been informed of any agreement authorised and formed during the year that is to be submitted for the approval of shareholders in the annual general meeting in accordance with Article L. 225-86 of the French Commercial Code.

<u>Agreements already approved by the annual general meeting</u>

Agreements and commitments already approved by the annual general meeting

Agreements with companies with executives in common implemented during the year and approved in previous years

In accordance with Article R. 225-57 of the French Commercial Code, we were informed that the performance of the following agreements and commitments, already approved by the Annual General Meeting in previous years, continued in 2019.

1. Agency agreement with Edmond de Rothschild Asset Management (France)

<u>Nature and purpose</u>

Following the authorisation given on 12 December 2002 by the Supervisory Board, Edmond de Rothschild (France) entered into an agency agreement with Edmond de Rothschild Asset Management (France) on 16 December 2002. An amendment to this agreement was signed on 30 July 2007.

Edmond de Rothschild (France) holds 99.99% of the capital of Edmond de Rothschild Asset Management (France).

<u>Arrangements</u>

In the course of the Group's relations with external partners that market the funds managed by Edmond de Rothschild Asset Management (France) and other related companies, Edmond de Rothschild (France) tasks Edmond de Rothschild Asset Management (France) with paying those partners the amount owed by Edmond de Rothschild (France) under the relevant partnership agreements. Edmond de Rothschild (France) then settles the amount concerned by payment in arrears to Edmond de Rothschild Asset Management (France), upon presentation of quarterly or annual invoices. In 2019, the remuneration paid by Edmond de Rothschild (France) to Edmond de Rothschild Asset Management (France) under this agreement amounted to €1,091,096 excluding taxes.

<u>Persons concerned</u>

Ariane de Rothschild is a member of the Supervisory Board of Edmond de Rothschild (France) and Chairman of the Supervisory Board of Edmond de Rothschild Asset Management (France).

Philippe Cieutat is Chief Executive Officer of Edmond de Rothschild (France) and Vice-Chairman of the Supervisory Board of Edmond de Rothschild Asset Management (France).

Neuilly-sur-Seine, 17 April 2020

The Statutory Auditors

PricewaterhouseCoopers Audit...........Philippe Chevalier
Cabinet Didier Kling & Associés.............Solange Aïache

Resolutions

First resolution

The General Meeting, having reviewed the report of the Executive Board, the observations of the Supervisory Board and the report of the Auditors on the parent-company financial statements, approves the balance sheet and income statement for the financial year ended 31 December 2019, together with the transactions recorded in those statements or summarised in those reports.

In accordance with Article 223 quater of the French General Tax Code, the General Meeting notes that the total amount of expenses within the meaning of Article 39(4) of the French General Tax Code was €318,294 in 2019, corresponding to €106,098 of income tax assumed.

Second resolution

The General Meeting, having reviewed the report of the Executive Board, the observations of the Supervisory Board and the report of the Auditors on the consolidated financial statements, approves the consolidated balance sheet and consolidated income statement for the financial year ended 31 December 2019, together with the transactions recorded in those statements or summarised in those reports.

Third resolution

The General Meeting, having read the special report of the Auditors, approves the agreements referred to in that report.

Fourth resolution

The General Meeting takes note that the profit available for distribution comprises (in euros):

Net income for 2019	−5,894,022.48
Retained earnings	71,213,513.49
Appropriation to the	-
Income available for	65,319,491.01

The General Meeting resolves to charge the loss for the year ended 31 December 2019 as stated in the table above against retained earnings, the balance of which will then be €65,319,491.01.

In accordance with article 243 bis of the French General Tax Code, it is stated that the dividend qualifies for the 40% allowance for natural persons whose tax domicile is in France provided for in article 158-3 of the French General Tax Code.

The following dividends per share were paid in respect of the three previous financial years:

	2018	2017	2016
Dividend per share	-	3.44	2.40
Amount eligible for relief under Article 158-3-2 of the	40%	40%	40%

Fifth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Benjamin de Rothschild's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, whereas the independence criteria are not met because of his status as the indirect major shareholder, resolves to renew Benjamin de Rothschild's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2022.

Sixth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Ariane de Rothschild's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, whereas the independence criteria are not met because of her family connection with the indirect major shareholder and the fact that she is a corporate officer of Edmond de Rothschild (France)'s majority shareholder, resolves to renew Ariane de Rothschild's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2022.

Seventh resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Louis-Roch Burgard's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, as are the independence criteria as set out in the Middlenext governance code, resolves to renew Louis-Roch Burgard's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2022.

Eighth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Jacques Ehrmann's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, as are the independence criteria as set out in the Middlenext governance code, resolves to renew Jacques Ehrmann's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2022.

Ninth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Christian Varin's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, as are the independence criteria as set out in the Middlenext governance code, resolves to renew Christian Varin's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2022.

Tenth resolution

The General Meeting, having considered the result of work carried out in relation to the appointment of Jośepha Wohnrau as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, whereas the independence criteria are not met because of her role as an employee within the Edmond de Rothschild Group, resolves to appoint Josépha Wohnrau as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2022.

Eleventh resolution

The General Meeting, having been read the Executive Board report and having been consulted in accordance with Article L. 511-73 of the French Monetary and Financial Code, approves the overall package of remuneration of all types amounting to €11,330,824 paid during 2019 to persons covered by Article L. 511-71 of the French Monetary and Financial Code for Edmond de Rothschild (France) and €2,094,060 for the Italian branch of Edmond de Rothschild (France).

Twelfth resolution

The General Meeting, having been read the Executive Board report, and in order to ensure that the Group remains competitive in terms of remuneration, resolves that the variable element of the total remuneration of persons covered by Article L. 511-71 of the French Monetary and Financial Code may represent a maximum of twice their fixed remuneration. That decision shall apply to people with the following roles or meeting the following criteria:

- Roles:
  - Members of the Executive Committee, the Executive Board and Senior Management
  - Heads of Control Functions (Audit, Risk Management, Compliance) and those with managerial responsibilities that report to them
  - Heads of Business Units and those with managerial responsibilities that report to them;
  - Heads of certain Support Functions (including Finance, HR, IT, Legal etc.)
  - Heads of Risk Management and Members of Risk Committees
  - Heads of New Products and Members of New Products Committees
- Other criteria:
  - Managers of Risk-Takers
  - Employees whose total remuneration is €500,000 or more and/or employees in the top 0.3% in terms of remuneration
  - Employees whose total remuneration is at least equal to that of the Senior Management member with the lowest remuneration