



BANQUE PRIVÉE  
EDMOND DE ROTHSCHILD

Annual Report 2010

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Albrecht Dürer  
(Nuremberg, 1471 - id., 1528)

*Lioness* (detail), 1521



The Baron Edmond de Rothschild collection is the unquestioned jewel of the donations through which our family has honoured the French National Museums since the nineteenth century.

As an informed collector and a major patron of the arts, Edmond de Rothschild (1845-1934) patiently assembled an unrivalled collection of exceptional works, comprising drawings, engravings, manuscripts and rare books, some of which date back to the fourteenth century. His passion and dedication were to enable this to become one of the largest collections of graphic art in the world, bringing together the greatest artists who forged the legacy of Western art.

In 1935, Baron Edmond de Rothschild's heirs were to donate the collection to the Louvre Museum in memory of their parents, thus contributing to the conservation of some of the greatest works bequeathed by human genius.

The collection was naturally destined for this exceptional institution, whose outstanding scientific expertise and educational mission continue to underpin its international reputation with, in particular, the numerous exhibitions at global level.

Our passion and commitment to patrimony and artistic creativity is a long-standing tradition which is integral to the history of our family. Promoting the arts as a key vector of knowledge remains a cornerstone of our philanthropic commitment.

**Ariane and Benjamin de Rothschild**



**Albrecht Dürer** (Nuremberg, 1471 - id., 1528)  
*Lioness*, 1521  
 Pen, brown ink and watercolour on vellum, 16 x 25,6 cm  
 The Edmond de Rothschild Collection



**Martin Schongauer** (Colmar, c. 1450 – Brisach, 1491)  
*Foolish Virgin*  
 Engraving, 14,8 x 10,7 cm  
 The Edmond de Rothschild Collection



**Master of the Baroncelli Portraits** (Flanders, late 15th century)  
*Portrait of Giacomo di Giovanni d'Antonio Loiani (?)*, c. 1489-1499  
 Silver point on blued prepared paper, 14 x 9,8 cm  
 The Edmond de Rothschild Collection

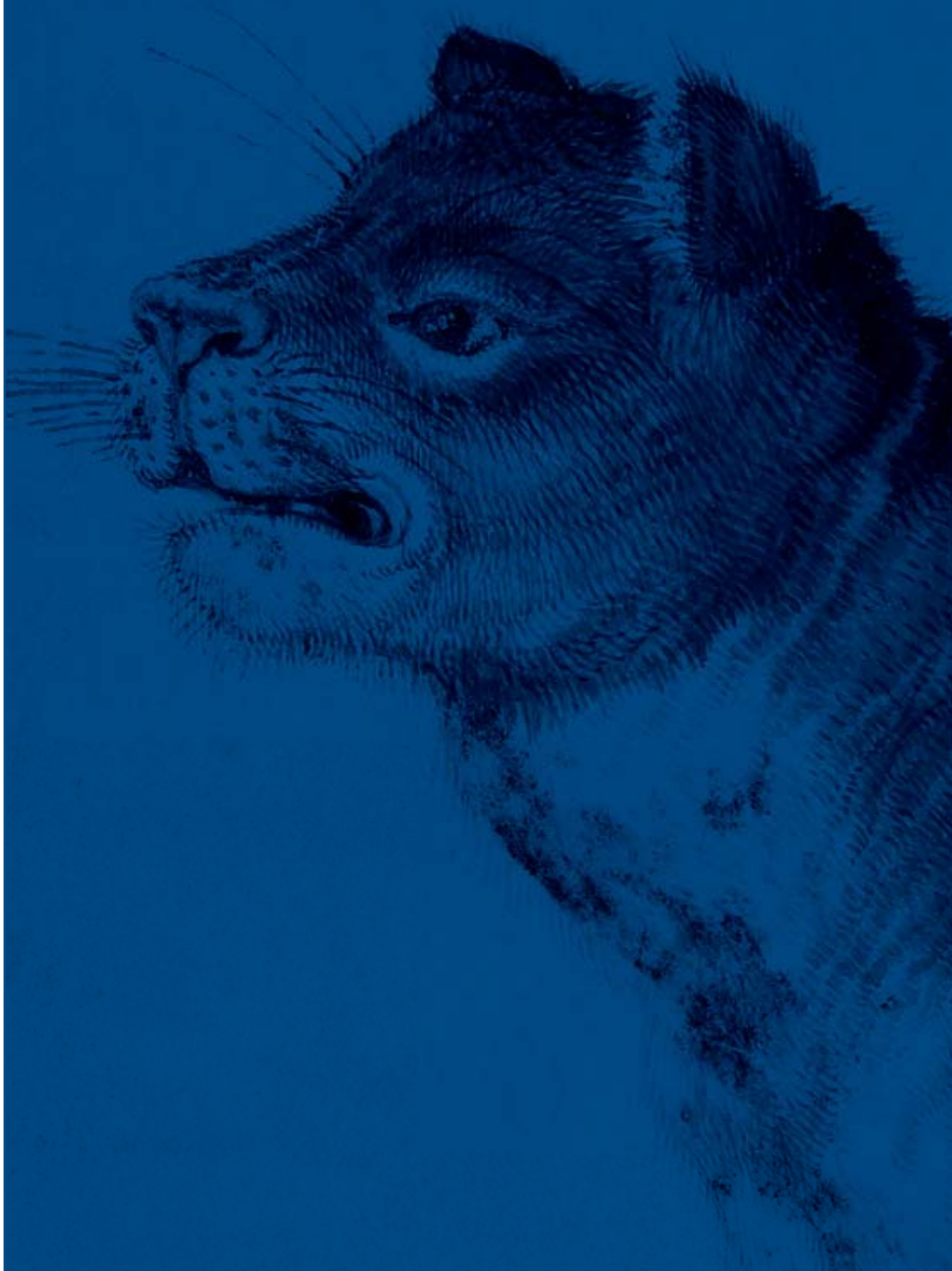


**Leonardo da Vinci** (Vinci, 1452 – Amboise, 1519)

*Horseman at a gallop, studies of horses*

Pen and sepia ink, sepia wash, 19,4 x 12,3 cm

*The Edmond de Rothschild Collection*



Raphael  
(Raffaello Sanzio)  
(Urbino, 1483 – Rome, 1520)

*Portrait of a Young Man,*  
c. 1502-1504

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**Raphael** (Raffaello Sanzio)  
(Urbino, 1483 – Rome, 1520)

*Portrait of a Young Man*, c. 1502-1504  
Black chalk, 28,8 x 20,4 cm  
*The Edmond de Rothschild Collection*

School of Altichiero  
Late 14th century

*Interior courtyard of a Gothic palace  
with a falcon attacking a duck  
and a peacock*

# Banque Privée Edmond de Rothschild S.A.

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Edmond de Rothschild S.A., Geneva



School of Altichiero  
Late 14th century

*Interior courtyard of a Gothic palace  
with a falcon attacking a duck and a peacock  
Coloured ink on parchment, 30,3 x 21,5 cm  
The Edmond de Rothschild Collection*

# Chairman's message

**A**t this puzzling turning point in the twenty-first century many are prophesying a profound change in the course of history. It is still rash to formulate a diagnostic of planetary metamorphosis. No political, economic or religious leader can, however, allow himself or herself to underestimate the bend in the road at the risk of leaving the road altogether. And it is true that the symptoms of upheaval are spectacular.

Firstly, what everyone sees – continental drift. Let's not forget that, until the early nineteenth century, at a time when the Rothschild bankers had already celebrated their hundredth anniversary, the "BRICs" dominated global manufacturing. Then, for a good century, Europe took the ascendancy before the United States supplanted its former motherland, England, and its European neighbours. Henceforth, it is the formerly-dominated countries in Asia, Latin America, and soon Africa that are going to gradually wrest the centre of gravity away from North America. It is, moreover, today as in the past, finance and currency that make the difference. China's implicit Marshall plan to help the United States and the euro zone will bring the same shift in influence and domination as the American assistance to their European debtors. This by no means implies that the formerly-dominant nations are going to be swallowed whole. Just as old Europe benefited from the emergence of the United States, the Western powers will benefit from the dawning of the emerging economies. Still, the global game has changed and poor sports who are tempted to reject the new rules will find themselves out of the match. Furthermore, while no-one can be unaware of this shake-up in the world order, many are preparing themselves poorly, too slowly and with bad grace.

It is, moreover, difficult to identify and take on board the impact of this geographical change on the future development of our organisations, States and companies and, ultimately, on our economic and social models. The old debate on the respective

merits of the capitalist and socialist models is only so much splitting of hairs in the cobwebs of another era. New models are struggling to emerge.

Triumphant globalisation has shown the limits of the traditional relationship between capital and labour. The pay gap has effectively widened to inflammatory proportions. On the one hand, shareholders and company directors with access to equity have benefited to the full from the wealth creation resulting from global growth; on the other, employees have been forced to adapt their demands to the new global competition where the reserve army of emerging workers has dictated the cost of labour world-wide. Of course, Western workers are also consumers: they have thus benefited from the increased purchasing power linked to emerging imports. Naturally, the Western capitalist has suffered from the higher cost of luxury goods and services driven by the rising tide of emerging millionaires. But the middle classes will remember only one consequence of this globalisation: the downgrading of their status, which is now too close to that of the working class.

Today the benefits and constraints of globalisation need to be distributed more fairly. The long-term growth models of the future must ensure that all employees share in the profits and value creation if we want to avoid a rampant anti-globalisation epidemic amongst the Western middle classes. Currently, States are forced to intervene awkwardly in the domestic squabbles between the capital-labour couple and their conciliatory role is wearing thin, and even risks throwing oil on the fire.

From this perspective, faced with the challenge of globalisation, the preparations of some in Europe, and especially France, are nothing short of disastrous. Instead of increasing access to capital through, for example, employee shareholding or funded pension schemes, France sanctions it with a confiscatory tax, crushing,

along the way, the family capitalism so well accepted in the working world and thus, necessarily, more effective over the long term. France thus holds the record in Europe for the sale of family-owned companies on inheritance, which deprives it of this fabric of mid-sized family businesses that underpins wealth creation in Germany, Italy and the Scandinavian countries.

Another example of the persecution of capital: France, which brilliantly created the G20 to facilitate global responses to the global crisis, on the occasion of its presidency, decides to dust off that impracticable, tired idea of a Tobin tax on financial transactions. It is true that the prevailing populism prefers to incriminate the banks that risk their capital to manage assets and forget about the others, financiers, lawyers and consultants of all sorts, who benefit from financial transactions without risking any capital of their own.

But, what is worse, France is subject to double jeopardy. To ease its conscience, the French government, while squeezing more from capital also demands less from labour. The amount of work a French person does over his or her lifetime, eroded as it is by the thirty-five-hour working week and retirement at 60 or even 62, has seriously undermined French competitiveness. By reducing both its capital and its labour, France is seeking to average down its point of equilibrium. Magnificently blessed by nature and bearer of a glorious past, France is playing the global game by throwing away its most valuable legacies. This is like Brigitte Bardot taking part in a modern-day Miss Universe contest!

Why not try to win the globalisation game and transform this formidable vicious circle into a virtuous circle? It would be so beneficial for France and for the global economy were the capital-labour couple to inherently agree on the harmonious growth of the enterprise that is their common home and their future.

All the more so in that global demographic growth and the new wealth of the emerging consumer is going to run smack bang into the issue of scarcity. At a time when the world's population is seeing spectacular growth and most of these billions of inhabitants aspire to Western levels of consumption, the need to preserve finite resources has suddenly become pressing. Rising energy prices and the increased cost of agricultural and industrial commodities threatens the return on the factors of production, the capital-labour couple necessarily becoming accomplices in the quest for savings.

Lastly, the UN climate negotiations are focused on the issue of climate change, and are seeking to preserve prosperity and well-being through the equitable allocation of rare emission quotas. But the UN has barely begun to address the global economic cost of inaction on the ecosystems and biodiversity economy. And yet, there are so many scarcities that need to be managed by negotiation and offset by positive technical advances! Our models do not adequately measure the urgency of ecological investment and our investors the plethora of exceptional opportunities.

The transformation of our models under the influence of scarcity is not just an economic challenge: it is also a powerful psychological driver. Economists have never been able to fully explain the growth rate of the thirty-year post-war period by the combination of the capital and labour factors. The much-talked-about residual factor, or around one third of French growth, was attributed to intangible investment, such as technical progress but also the frame of mind of the masses. They wanted growth, they expected it, so they went out and made it. What would happen if this state of mind turned sceptical? While young people in the emerging countries still dream of a western lifestyle today, those in the rich countries seem disenchanted, seeking another model. The risk of desertion by our young

people touches the very concept of wealth and progress, at least such as our economic growth is currently defined and measured. When attempting to measure gross national well-being, without falling into the still-overly-creative national accounting approximations, we cannot dissociate ourselves from our children's disappointment with regard to the religion of their parents – the rate of growth. Although they are serious, believing that environmental concerns represent a threat to economic efficiency is a fatal misinterpretation. For our young people in the Western world, there is no other path to less profligate growth than sustainable development.

We have long known that the twenty-first century will be mystical. Those faithful to the goddess Reason will need to convert to new models of production. And the faster the better, since the rivals of the enlightened religion of equitable sustainable development are none other than the religious fundamentalists who confront each other in something too closely akin to a Middle Age war between civilizations. Let's obey the old precept of changing so that nothing changes. This is what our Group, which has always embraced change over the centuries, must continue to do.

A handwritten signature in dark ink, reading "Benjamin de Rothschild". The signature is written in a cursive, flowing style with long, sweeping lines.

**Baron Benjamin de Rothschild**

# REPORT OF THE EXECUTIVE COMMITTEE

## Coming to terms with a new economic order

The credit crunch saw governments throughout the industrialised world pour tens of billions of their currency into banks threatened by failure. But by last year, as the smoke cleared, it was plain that these and other handouts had stretched the same governments' finances to the limit. After focusing on Greece, concern about disproportionately large deficits and rampant growth in public debt spread to Ireland, Portugal and Spain. Eventually doubt was cast on the creditworthiness of many other EU members as well, not to mention on the UK, Japan and the US. Meanwhile in China, the countries of South-East Asia, Brazil and most of the rest of South America, the story could hardly have been more different. Driven by exports and rising consumption, these economies were back on track to become leading powers. As a telling illustration of how the ownership of global wealth is shifting from Europe and America to the emerging regions, China has become the world's new Fort Knox with \$2.8 trillion of foreign exchange reserves.

To counter the risk of rising interest rates, the US Federal Reserve and other central banks have created liquidity on a massive scale by buying up sovereign bonds. But since only a broad-based upturn can draw down budget deficits and steady public debt, the injection of fresh money is also designed to create a feel-good effect among consumers that hopefully will round out the current patchy recovery. For the moment the central banks' gambit has not achieved this last objective, but on the other hand it has significantly contributed to forming bubbles in the forex, fixed income and commodity markets. Gargantuan quantitative easing has debased currencies, prompting frightened investors to plough cash into raw materials and real estate. The emerging countries led by China are using every possible means to stem the inflow of foreign capital that is

pushing up the value of their currencies. Actually this appreciation is the mirror image of competitive devaluations by the "majors" that China alone is able to deflect. It does so by tweaking the proportions of the various foreign currencies in its reserves for the benefit of its trade relations and thus of its manufacturers as well. This was amply demonstrated by last year's whirlwind tour of European capitals by Chinese officials, who promised to help stave off the debt crisis by buying troubled bond issues.

A new deal is under way in the global economy. Even as the recovery of the developed countries risks being choked off by excess debt, record unemployment and economic stagnation, the BRICs and the "New Frontiers" are riding high on healthy job creation, growing purchasing power, rapidly rising living standards and improving education and vocational training. Are they the new conquerors preparing to unseat the emperors of Rome? The parallel is intriguing, to say the least.

But to overturn the world order the emerging countries, often characterised by shaky political systems, first of all need social and institutional stability. China is divided between its teeming coastal cities and a vastly poorer hinterland. The same disparity can be seen in wage growth. Meanwhile capital investment is charging ahead at a frenzied pace, financed by banks and property speculation. Will this mad rush end in a cascade of collapses throughout Asia? Will soaring food prices lead to riots? Although these questions cannot be answered with any degree of certainty, they point up the fragility of the emerging countries' development. The rising stars on the global economic stage all have the same tale to tell, of rapid expansion belied by systemic weaknesses.

The developed world in contrast faces huge challenges. If we want to maintain our standard of living, we will have to create new industries and services to replace the manufacturing jobs that have been lost by the millions to the emerging regions. Reform in labour legislation is needed to encourage greater worker mobility. Education and training must be adapted to prepare young people for the reshaped economy. It is time to reassess taxation. Coming to terms with these tricky issues will be no easy task, in view of public indifference to the changing global order and its accompanying upheavals.

In this context 2010 was a year of chequered fortunes for Switzerland. It began with the Federal Council moving on from the bailout of our largest bank and looking forward to quieter times. The year before we had waived our reserves on article 26 of the OECD model tax treaty requiring a free exchange of information, so 2010 was spent amending over 30 bilateral accords. But even though we kept our word, our neighbours, annoyed to see that our financial industry was garnering new assets under management, have continued to act in bad faith. It will be interesting to follow the negotiations with Germany and Britain on implementing a withholding tax on investment income. Depending on how this arrangement is greeted by other countries, we will find out whether they are (legitimately) interested in increasing their tax revenues or if they are simply curious about the assets of their citizens. If it is curiosity that is goading them on, we it rather unwholesome if a fair, republican tax can be levied anonymously. Otherwise, the door would be open to all kinds of excesses. Yet this is still Switzerland, and we have a quality that few countries on this planet can match: stability. It draws and will continue to draw all those who worry about what might happen in their homelands. Plainly

stated, Switzerland offers a genuine safe haven. In a complete reversal of the situation observed at the beginning of last year, by December investors scared by the euro crisis were piling into our franc with unprecedented fervour. The “Swissie” rocketed 17% against the euro in 2010, strengthening its reputation as Europe’s hardest asset since the Deutsche mark. Once again people with money were reassured by our rock-solid political institutions and social harmony. They turned to the *Confoederatio Helvetica* as the ultimate refuge.

Investors will remember 2010 as a fairly gratifying year. The fearsome spectres that kept looming up did not materialise into anything really dangerous. By summer financial assets were trending upward and never looked back: shares, bonds, hedge funds, gold and commodities all ended 2010 on a resolutely positive note.

We wish to thank all of our Bank’s staff for their loyalty and professionalism during a year marked nevertheless by nervousness and crises. Knowing that we serve our clients with staunch dedication allows us to look to the future with confidence.

#### **The Executive Committee**

# A THREE-SPEED GLOBAL RECOVERY?

## THE MONETARY RABBIT FROM A HAT

The bull run that began in 2009 has been the US stock-market's most dramatic rally by far of the post-war period. That naturally begs the question, are such pyrotechnics justified? The American economy is indeed recovering, thanks to government handouts, but at what cost? The Federal Reserve has injected staggering amounts of liquidity into the banking system that sooner or later will lead to inflation. At the same time the public debt has gone through the roof. Inevitably creditors will demand real compensation for the added risk, in the form of higher bond yields.

Despite the authorities' considerable efforts unemployment has barely budged, and the housing market remains in a deep funk. As a consequence US consumer sentiment has failed to mount a genuine comeback from its all-time lows. The current recovery cobbled together by a government concerned about getting re-elected may fool some observers near term, but looking further down the road it lacks credibility. Small wonder, then, that households are wary about future tax increases and about job security. Investors are cagey as well. Burned by two stockmarket bubbles in less than a decade, after the second one burst they piled into reputedly risk-free US Treasuries. The buying spree drove bond yields down too far and has sown the seeds of the next crunch. But are equities the better bet? Admittedly the forecasts for earnings growth—10-15% this year and again in 2012—are compelling, but besides being optimistic they will only be translated into higher share prices if the market P/E ratio stays flat. That is uncertain. To begin with investors are still quite doubtful about

the sustainability of long-term economic expansion. Secondly a resurgence of inflationary pressure often causes earnings multiples to fall.

## OVER AND OVER

A look at the total return on US equities relative to 10-year Treasury bonds is telling. Until 1995 this curve sloped gently upward, true to financial theory which posits that shares gain value faster than bonds do in the long run. Halfway through the nineties, though, things started getting out of hand owing to unduly low interest rates and the dotcom bubble. For five years the relative return on equities went into a vertical climb, leaving fixed income far behind. The deviation inevitably ended in catastrophe, but investors did not learn their lesson and by 2003 the US stockmarket was again barrelling ahead. This time the exuberance was fuelled by banks' bloated profits garnered on freewheeling credit. In a replay of 2000-02 shares collapsed along with house prices, while the value of Treasury bonds soared. The result was a new mountain of public debt that still has to be absorbed by the market. To make this process less wrenching, the Fed has been forced to churn out huge quantities of dollars ("QE2") to buy Treasury bonds. That story unfortunately is still being written, so no one knows how it will end. But two things are certain: the US economy has to be purged of this excessive debt and the bond bubble has to deflate. How in these circumstances can the stockmarket continue to plough ahead without a bump?

## FIRST JASMINE, THEN LOTUS?

A key to answering this question was given by Zhu Min, China's special adviser to the International Monetary Fund, at this year's Economic Forum in Davos. Mr Zhu raised the possibility of a three-speed recovery in which the emerging countries would romp in the lead with GDP growth of over 6%, followed by the US loping along at about half that rate and the euro area and Japan, of course, bringing up the rear. Actually this scenario would merely extend the pattern that existed before the financial crisis, and could thus mark a carryover of bad habits from the past. The upturn in American consumption might deter Asia from abandoning its export-driven, mercantilist model and prompt it to focus instead on developing domestic demand. Yet some observers such as Howard Davies, director of the prestigious London School of Economics, are quite confident about the emerging economies' potential. These were left largely unscathed by the hurricane that ravaged Western banks in 2008. Generally speaking their state budgets are balanced, and their public debt is not even half the level prevailing in the developed countries. Moreover, their age pyramid is much more advantageous.

Based on purchasing power parity (used by the IMF to adjust for price differences between regions), the industrialising countries already generate half of global GDP. In ten years' time they may easily account for two-thirds of it. But to do so they will have to clear a number of hurdles. Unlike the advanced economies that are geared towards services, the emerging nations concentrate on infrastructure development. As a consequence they suck in vast quantities of raw materials, creating heavy pollution and a growing risk of shortages. Unsurprisingly, commodity

prices are shooting up. After the Second World War the West enjoyed a long period of economic expansion driven by extremely cheap energy. Oil stayed below four dollars a barrel until 1973. A barrel now costs over \$100, or 25 times more. If nothing reverses this trend the emerging countries' upswing could be stymied, even without a broad rise in interest rates. And oil is not the only challenge: agricultural resources are becoming a source of even greater concern. For billions of people food makes up more than a third of the household budget. A surge in prices, due for example to disastrous flooding and/or drought, could degenerate into social violence or revive ethnic conflicts.

These tensions are exacerbated by an endemic lack of social security and by soaring property prices that have made private homes a luxury reserved for a well-off minority. The risk of authoritarian or corrupt regimes being toppled is growing. After the Jasmine Revolution in Tunisia, why not a Lotus Revolution? Tiananmen may not resemble Tahrir Square today, but the fact is that loose monetary policies encourage a wasteful approach to resources. They induce business leaders and consumers to overspend. Witness Japan in 1990 and the US in 2007, just before the fall.

A three-speed world could certainly be viable, provided the errors of the past are not repeated. Spiralling budget deficits and money creation are not at all sound foundations on which to build the future. Problems have to be addressed urgently instead of being deflected, as always, until another day. Governments should play only a moderate role in economic development and should focus on shoring up their finances. How can they advocate restraint among their citizens while continuing to run up billions in

debt, year after year? Real interest rates, i.e. ex inflation, have to be high enough to encourage savings and deter borrowing for speculative purposes. They are moreover a necessity to put an end to ten long years of falling share prices, punctuated by two uncontrolled bubbles, and to set the stage for real prosperity at last.

As an ancient Chinese proverb goes, it is by doing things well that we can feel well.

**Michel Lagier**

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*Situation at 31 Dec. 2010*

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#### **Senior Vice-President in charge of the Branch**

Roland Humbert

#### **Senior Vice-Presidents**

Paul Ballenegger

Bernard Fierens

Hervé Maillard

Rolf Rempfler

#### **First Vice-Presidents**

Christian Dustour

Félix Rattin

Jean-Daniel Renevey

#### **Vice-Presidents**

Steve Fauquex

Paulo Ferreira

Patrick Kaufmann

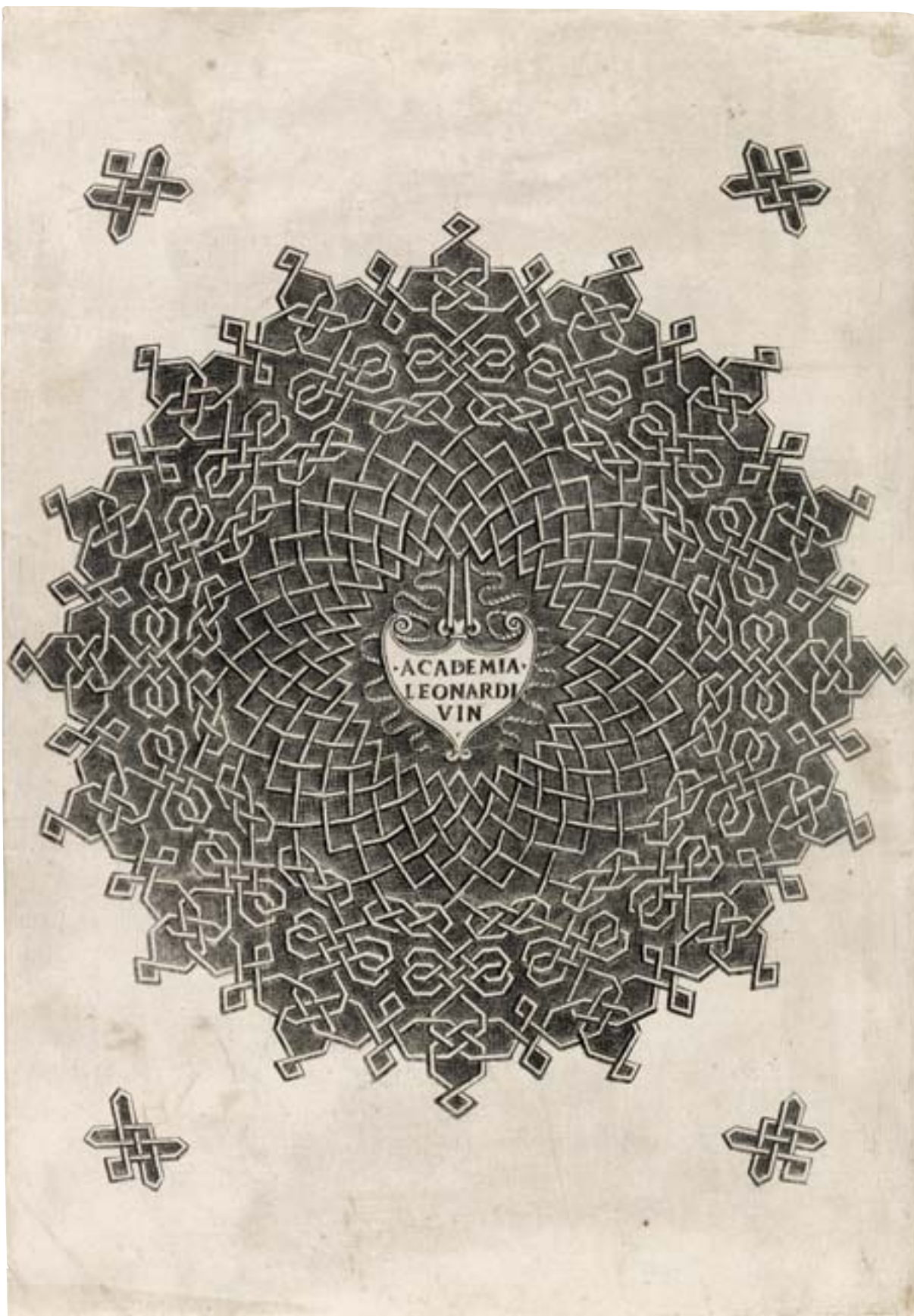
Workshop of Leonardo da Vinci  
(Vinci, 1452 – Amboise, 1519)

*Entrelacs: interwoven lines with  
a heart-shaped escutcheon,  
c. 1490-1500*

# Corporate governance

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Workshop of Leonardo da Vinci  
(Vinci, 1452 – Amboise, 1519)

*Entrelacs: interwoven lines with  
a heart-shaped escutcheon, c. 1490-1500  
Burin, 29,2 x 20,4 cm  
The Edmond de Rothschild Collection*

# CORPORATE GOVERNANCE



## INTRODUCTION

On 25 March 2002, the Federation of Swiss Business published a Swiss Code of Best Practice containing standards for corporate governance. These standards are meant as recommendations, not as legally enforceable rules, and primarily concern companies listed in Switzerland.

The Guidelines on Corporate Governance issued by SIX Swiss Exchange (“SIX”) came into force on 1 July 2002 and were last amended on 29 October 2008 effective 1 July 2009. They state when and how matters involving corporate governance should be made public, based on art. 8 of Switzerland’s Stock Exchanges and Securities Trading Act and on articles 1, 4, 5 and 49 para. 2 of the SIX’s Listing Regulations. They mainly apply to issuers incorporated in Switzerland whose equity securities are traded on the SIX.

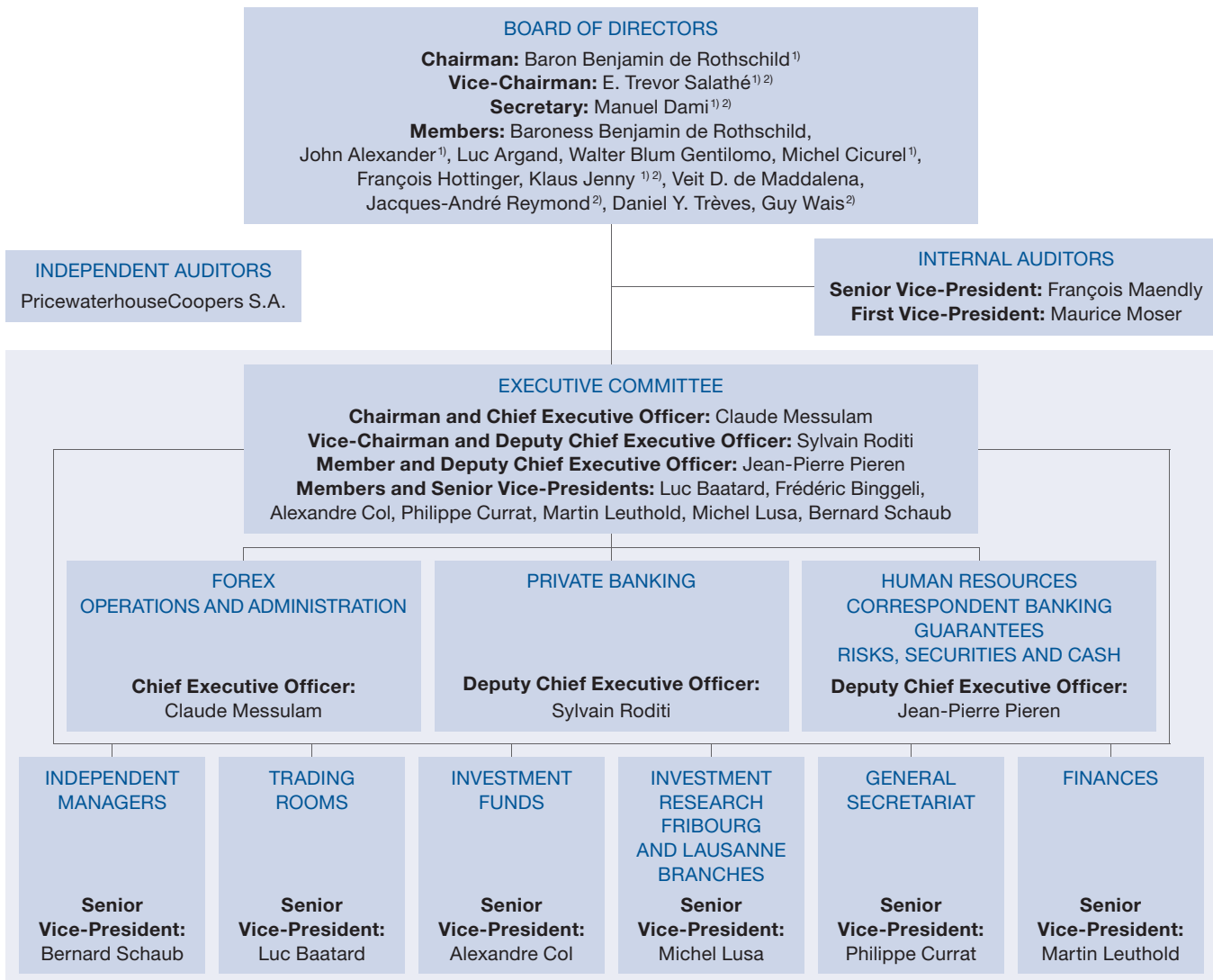
The major concerns underlying these “codes of conduct” are to limit economic risks, safeguard companies’ reputations and promote responsibility. Corporate governance is anchored in a set of principles designed to protect shareholders by ensuring transparency, the issuance of clear information and a balance at the highest level between the company’s executives, on the one hand, and its owners, on the other. At the same time, these principles uphold decision-making power and efficiency.

The following pages disclose the most important information required by the SIX guidelines that came into force on 1 July 2002/1 July 2009. There are also cross-references to items included elsewhere in this report, while the Bank’s articles of association and bylaws can be found on our website ([www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch)).

# 1. GROUP STRUCTURE AND SHAREHOLDERS

## 1.1. GROUP STRUCTURE

### 1.1.1. Presentation of the Group operating structure



<sup>1)</sup> = member of the Board Committee    <sup>2)</sup> = member of the Audit Committee

### 1.1.2./1.1.3. Group legal structure

The fully consolidated entities of the Banque Privée Edmond de Rothschild Group are listed on pp. 62-65 of this report.

## 1.2. MAJOR SHAREHOLDERS (at 31.12.2010)

### Major shareholders

	Par value (in thousands of CHF)	Percentage of share capital (in%)	Percentage of voting rights (in%)
Edmond de Rothschild Holding S.A. <sup>(1)</sup>	36,019.5	80.0	86.4
Rothschild Holding AG, Zurich <sup>(2)</sup>	3,799.0	8.4	9.4

(1) The entire share capital of Edmond de Rothschild Holding S.A. is directly or indirectly controlled by members of the de Rothschild family. 17% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.33% (representing 89.84% of voting rights) by Baron Benjamin de Rothschild.

(2) The following group of persons, all represented by Rothschilds Continuation Holdings AG – Rudolf Tschaeni, Zug: Eric de Rothschild, Paris; David de Rothschild, Paris; Alexandre de Rothschild, Paris; Stéphanie de Rothschild, Paris; Louise de Rothschild, Paris; Financière de Tournon Paris; Financière de Reux, Paris; Bero, Paris; Ponthieu Rabelais, Paris; Integritas Investments B.V., Amsterdam; Rothschild Trust (Schweiz) AG, Zurich – together owns 20,000 registered shares and 3,598 bearer shares of Banque Privée Edmond de Rothschild SA, Geneva, representing 8.4% of the total share capital and 9.4% of voting rights.

The members of this group own a controlling interest in Rothschild Concordia SAS, Paris, which controls Concordia Holding Sàrl, Paris. Concordia Holding controls Rothschild Concordia AG, Zug, which in turn owns a controlling stake in Rothschilds Continuation Holdings AG, Zug. Rothschilds Continuation Holdings AG controls Rothschild Holding AG, Zurich, which owns a direct holding in Banque Privée Edmond de Rothschild SA, Geneva.

No holding statement was issued during the reporting year.

## 1.3. CROSS-HOLDINGS (at 31.12.2010)

### Cross-holdings

	Number of shares owned	Percentage of share capital (in%)	Percentage of voting rights (in%)
Rothschild Holding AG, Zurich	10,161	9.5	9.5

## 2. CAPITAL STRUCTURE

### 2.1. SHARE CAPITAL

	Par value (in thousands of CHF)	Number of shares	Capital ranking for dividend (in thousands of CHF)
<b>Share capital</b>			
Fully paid registered shares at CHF 100.– par value	20,000	200,000	20,000
Fully paid bearer shares at CHF 500.– par value	25,000	50,000	25,000
<b>Total share capital</b>	<b>45,000</b>		

### 2.2. SPECIFIC INDICATIONS REGARDING AUTHORISED AND CONTINGENT CAPITAL

Banque Privée Edmond de Rothschild S.A. has no authorised or contingent capital.

### 2.3. CHANGES IN SHARE CAPITAL

	2010 (in thousands of CHF)	2009 (in thousands of CHF)	2008 (in thousands of CHF)	2007 (in thousands of CHF)
<b>Share capital</b>	<b>Total</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
200,000 fully paid registered shares with a par value of CHF 100.–		20,000	20,000	20,000
50,000 fully paid bearer shares with a par value of CHF 500.–		25,000	25,000	25,000

### 2.4. SHARES AND NON-VOTING CERTIFICATES

The 200,000 unlisted registered shares with a par value of CHF 100 and the 50,000 bearer shares with a par value of CHF 500 listed on the SIX (stock market capitalisation on 31.12.2010: CHF 1.350 billion; ISIN: CH0001347498; Swiss security number: 134749TK) confer the same entitlements in proportion to their par value, in accordance with art. 7 para. 2 and 3 of our articles of incorporation. The registered and bearer shares are fully paid up.

Under art. 6 para. 5 and 6 of the articles of incorporation, the restricted registered shares confer preferential membership rights: each share, regardless of its par value (art. 15 para. 1), entitles the owner to one vote at the Annual General Meeting. Again in respect of membership rights, art. 18 para. 3 of the articles of incorporation provides that each group of shareholders (i.e. the owners of bearer or registered shares) may demand to be represented on the Board of Directors by at least one member of its choice.

## 2.5. DIVIDEND-RIGHT CERTIFICATES

Banque Privée Edmond de Rothschild S.A. has not issued any dividend-right certificates.

## 2.6. TRANSFERABILITY RESTRICTIONS AND REGISTRATION OF NOMINEES

### 2.6.1. Transferability restrictions and provisions governing dispensations

In order for an owner or usufructuary of registered shares to exercise the voting rights and other rights accruing to him, he must first be accepted as a shareholder by the Board of Directors and have his name entered in the Bank's share register.

Under art. 6 para. 5 of the articles of incorporation, the Board of Directors may refuse the transfer of title to or use of registered shares on valid grounds, having due regard for either the corporate purpose or the Bank's desire to preserve its financial independence and, in particular, its family character.

### 2.6.2. Grounds for granting dispensations during the reporting year

No dispensations were granted in 2010 and none were requested.

### 2.6.3. Eligibility of nominees

There is no provision for dispensations from the rules governing nominees referred to in item 2.6.1. above (art. 5 of the articles of incorporation).

## 2.6.4. PROCEDURE AND CONDITIONS FOR LIFTING TRANSFERABILITY RESTRICTIONS

Any amendment to the provisions of the articles of incorporation relating to registered share transferability restrictions must be approved by a two-thirds majority of the votes represented at the Annual General Meeting and by an absolute majority of the par value of the shares represented.

## 2.7. Convertible bonds and options

Banque Privée Edmond de Rothschild S.A. has not issued any convertible bonds or options.

## 3. BOARD OF DIRECTORS

### 3.1. MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors is made up of 14 members, who in accordance with industry practice do not exercise an executive function within the Bank. Notwithstanding this, some of them do exercise managerial duties within the Group, or did so in the past.

#### BARON BENJAMIN DE ROTHSCHILD

**Chairman, French, 1963**

##### Education/training

1984 Master's in Business and Management,  
Pepperdine University (California)

##### Career summary

1985 BP, London  
1985-1987 LCF Rothschild Group, Geneva and Paris  
(now the Edmond de Rothschild Group)  
1989 Founded Compagnie Benjamin de Rothschild  
– *Chairman*

##### Present duties

Since 1997 Chairman of the Edmond de Rothschild Group

##### Directorships

Edmond de Rothschild Holding S.A. – *Chairman*  
Holding Benjamin et Edmond de Rothschild  
Pregny S.A. – *Chairman*  
Banque Privée Edmond de Rothschild S.A.  
– Geneva – *Chairman*  
Banca Privata Edmond de Rothschild Lugano S.A.  
– Lugano – *Chairman*  
La Compagnie Benjamin de Rothschild S.A.  
– Geneva – *Chairman*  
Banque Privée Edmond de Rothschild Europe S.A.  
– Luxembourg – *Chairman*

Compagnie Financière Saint-Honoré – Paris  
– *Chairman of the Supervisory Board*  
La Compagnie Financière Edmond de Rothschild  
Banque – Paris – *Chairman of the Supervisory Board*  
Banque de Gestion Edmond de Rothschild – Monaco  
– *Director*  
Isrop Participations S.A. – Luxembourg – *Director*  
The Caesarea Edmond Benjamin de Rothschild  
Development Corporation Ltd – Caesarea (Israel)  
– *Chairman*  
Rothschild Continuation Holdings AG – Zurich  
– *Director*  
La Compagnie Vinicole Baron Edmond  
de Rothschild S.A. – Paris – *Director*  
La Compagnie Fermière Benjamin et Edmond  
de Rothschild S.A. – Paris – *Director*  
Société Française des Hôtels de Montagne – Paris  
– *Vice-Chairman*  
Cogifrance S.A. – Paris – *Director*  
Assurances et Conseils Saint-Honoré – Paris  
– *Chairman of the Supervisory Board*  
Les Domaines Barons de Rothschild (Lafite)  
– *Chairman of the Supervisory Board*  
EBR Ventures – *Director*

#### E. TREVOR SALATHÉ

**Vice-Chairman, Swiss and British, 1925**

##### Education/training

1946 Master's in Law, University of Geneva  
1948 Admitted to the Geneva Bar  
1953 Trained in various departments of Société  
Bancaire de Genève

##### Career summary, present duties and directorships

1954-1959 Executive Assistant with Société Bancaire  
de Genève  
1959-2000 Managing Director of Banque Privée S.A.  
(which became Banque Privée Edmond de  
Rothschild S.A. in 1987)

<i>Since 1972</i>	Vice-Chairman of Banca Privata Edmond de Rothschild Lugano S.A.
<i>Since 1985</i>	Director and member of the Board Committee of Edmond de Rothschild Holding S.A.
<i>Since 1988</i>	Vice-Chairman of Banque Privée Edmond de Rothschild Europe, Luxembourg
<i>Since 1989</i>	Vice-Chairman of Compagnie Benjamin de Rothschild S.A., Geneva
<i>Since 1995</i>	Vice-Chairman of Arbinter-Omnivalor S.A., Geneva (company absorbed by Banque Privée Edmond Rothschild S.A. in 2009)
<i>Since 2000</i>	Director and Vice-Chairman of the Board of Banque Privée Edmond de Rothschild S.A., Geneva
<i>Since 2000</i>	Managing Director of Banque de Gestion Edmond de Rothschild - Monaco
<i>Since 2008</i>	Director of Edmond de Rothschild Gestion Monaco – SAM, Monaco

## MANUEL DAMI

### Secretary, Swiss, 1930

#### Education/training

<i>1952</i>	Master's in Law, University of Geneva
<i>1954</i>	Admitted to the Geneva Bar

#### Career summary

<i>1955-1956</i>	Worked for a firm of solicitors in Geneva
<i>1956-1965</i>	Legal Counsel and Secretary General of Banque pour le Commerce Suisse-Israélien, Geneva
<i>1965-1996</i>	First Vice-President, then Deputy General Manager of Banque Privée S.A. (became Banque Privée Edmond de Rothschild S.A. in 1987). Member of the Executive Committee. Assigned to organise and manage Banca Privata Edmond de Rothschild Lugano S.A. (a subsidiary of Banque Privée S.A., Geneva) in 1972

#### Present duties

<i>1997-present</i>	Director and Secretary of the Board of Directors of Banque Privée Edmond de Rothschild S.A., Geneva and currently a member of the Audit Committee
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#### Directorships

Banca Privata Edmond de Rothschild Lugano S.A., Lugano  
 Memorial Adolphe de Rothschild, Geneva  
 Equitas S.A., Geneva  
 Administration & Gestion S.A., Geneva

## JOHN ALEXANDER

### Member, British, 1941

#### Education/training

BA (honours), Oxford University

#### Career summary

<i>1972-1983</i>	Director of Hill Samuel & Co. Limited
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#### Present duties

<i>Since 1984</i>	CEO of Edmond de Rothschild Limited, LCF Edmond de Rothschild Securities Limited and LCF Edmond de Rothschild Asset Management Limited, London
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#### Directorships

Sterling Insurance Group Limited  
 The Bristol Port Company (Trustees) Limited  
 First Corporate Shipping Ltd, UK  
 Banque Privée Edmond de Rothschild S.A., Geneva  
 Edmond de Rothschild Holding S.A., Geneva  
 La Compagnie Financière Edmond de Rothschild Banque, Paris  
 Banque Privée Edmond de Rothschild Europe, Luxembourg  
 Compagnie Financière Saint-Honoré, Paris  
 Leveraged Capital Holdings NV, Curaçao  
 Trading Capital Holdings NV, Curaçao  
 European Capital Holdings S.A., Luxembourg  
 Asian Capital Holdings Fund, Luxembourg  
 LCF Edmond de Rothschild (CI) Limited  
 LCF Edmond de Rothschild Holdings (CI) Limited  
 Edmond de Rothschild International Funds Ltd.  
 C.A. Sperati (The Special Agency) Plc.  
 CPRE Oxfordshire Buildings Preservation Trust Limited  
 FEDEX Corporation S.A., Panama  
 Thatchcastle Limited (United Kingdom)  
 The Great Haseley Windmill Trust (United Kingdom)  
 LCF Edmond de Rothschild Fund Management Limited (United Kingdom)  
 Pacific Alliance Asia Opportunity Fund Limited

**LUC J. ARGAND****Member, Swiss, 1948****Education/training**

1968	Diploma in Classical Studies, Collège Calvin (Geneva)
1968-1972	University of Geneva
1972	Master's in Law, University of Geneva
1972-1974	Articled at Antoine Hafner Solicitors
1974	Admitted to the Geneva Bar
1976	MBA, INSEAD

**Career summary and present duties**

1977-1981	Trained at La Compagnie Financière Benjamin & Edmond de Rothschild; Goldman Sachs, New York; NMR, London Worked for Banque Privée Edmond de Rothschild S.A., Geneva
1982-present	Partner of Pfyffer & Associés Solicitors, Geneva
Since 1986	Director of Banque Morval S.A., Geneva
1993-present	Director of Banque Privée Edmond de Rothschild S.A. Geneva
1996-1998	President of the Geneva Bar Association
1998-2006	President of the Arbitral Tribunal set up by the Self-regulating Body of the Swiss Attorneys Federation under the Law on the Prevention of Money Laundering
1990-present	Arbitrator for the Court of Arbitration for Sport, Lausanne
1998-2007	Member of the Geneva Magistrates' Upper Council
2004-present	Member of the Geneva Notaries' Supervisory Commission
Since 2005	President of the Geneva Auto Show
Since 2007	Director of Banque Syz & Co SA, Geneva

**WALTER BLUM GENTILOMO****Member, Swiss, 1941****Education/training**

Studied in the UK and trained in various financial institutions

**Career summary and present duties**

1964	Joined Banca Solari & Blum, Lugano
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1975	Became CEO of Banca Solari & Blum, Lugano
1991	Became Chairman of the Executive Committee of Banca Solari & Blum, Lugano
1998	Banca Solari & Blum becomes Banca Privata Edmond de Rothschild Lugano S.A.
Since 2002	Member of the Board of Directors and Board Committee of Banca Privata Edmond de Rothschild Lugano S.A.

**MICHEL CICUREL****Member, French, 1947****Education/training**

1969	Graduated from the Institut d'Etudes Politiques, Paris
1970	Master's in Economics
1973	Graduated from the Ecole Nationale d'Administration, Paris

**Career summary**

1973-1977	Headed the Financing and Trusteeships division of the French Treasury
1977-1979	Assistant Director in charge of financing for the Construction division of the Ministry of Equipment and Housing
1979-1982	Project manager, then head of the Cabinet of the Treasury Director
1983	Project manager for Compagnie Bancaire
1984	CEO of Banque Cortal
1988	Deputy CEO of Compagnie Bancaire
1989-1991	Managing Director of Galbani (Groupe BSN)
1991-Jan. 1993	Director and CEO of CERUS
1992-Jan. 1996	Chairman and CEO of Banque Duménil-Leblé
1993-1999	Vice-Chairman and CEO of CERUS

**Present duties**

Since Jan. 1999	Chairman of the Executive Board of La Compagnie Financière Edmond de Rothschild Banque, Paris Chairman of the Executive Board of Compagnie Financière Saint-Honoré, Paris
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**Director or member of supervisory board**

Bouygues Telecom
La Société Générale
Member of the Supervisory Board of Publicis

**FRANÇOIS HOTTINGER****Member, Swiss, 1943****Education/training**

1965	French Banking Association courses at the Sorbonne
1966-1967	Trained at BNP (ex BNCI), Paris
1967-1968	Trained in the commercial banking department of Banque Hottinguer & Cie, Paris
1968	Trained at Baring Bros, London

**Career summary**

1969-1992	Managing partner of Banque Hottinger & Cie, Zurich
1975-1990	Managing partner of Banque Hottinguer & Cie, Paris
1992-2008	Managing partner of J.F.E. Hottinger & Co, Zurich

**Present duties**

Since 1970	Director of Banque Privée Edmond de Rothschild S.A., Geneva
Since 1992	Director of Jean-Philippe Hottinguer & Cie, Corporate Finance S.A., Paris
Since 1992	Director of Jean-Philippe Hottinguer & Cie, Gestion Privée S.A., Paris
Since 1995	Director of Bolux Sicav, Luxembourg
Since 1998	Chairman of the supervisory board of Banque Jean-Philippe Hottinger & Cie, Paris
Since 2009	Partner of J.C.E. Hottinger & Co, Zurich

**KLAUS JENNY****Member, Swiss, 1942****Education/training**

1967	M. Sc. in Economics (major in banking), University of Saint Gallen)
1973	Ph. D. in Economics, University of Saint Gallen)
1975	Master's in Law, Glaris Canton
1986	Program for Senior Executives, Massachusetts Institute of Technology

**Career summary**

1972-1998	Credit Suisse / Credit Suisse Group <i>from 1987</i> Member of the Executive Board Member of the Executive Board Committee Member Executive Board of Credit Suisse Group CEO of Credit Suisse Private Banking
Since 1999	Self-employed financial consultant for companies, institutions and private clients

**Directorships**

Since 2003	Bâloise Holding
Since 2005	Clariant S.A.
Since 2000	Maus Frères S.A.
Since 2001	Téléverbier S.A.
Since 2009	Edmond de Rothschild Holding S.A.
Since 2010	Banque Privée Edmond de Rothschild S.A.
	Various other directorships for smaller companies and assignments for boards of charitable foundations

**VEIT D. DE MADDALENA****Member Swiss, 1967****Education/training**

1988-1994	University of Bern <i>licentiatus rerum politicarum – Business Administration</i>
1998-1999	London Business School, London Master's in Science and Finance

**Career summary**

1994-1995	Credit Suisse, Chiasso – Assistant to the Regional Manager
1996	Credit Suisse Private Banking, Lugano – Assistant to a member of the Executive Committee, CSPB
1997-1998	Credit Suisse Private Banking, London – Head of Client Management
1999-2002	Credit Suisse (Monaco) SAM, Monaco – Chairman and CEO Member of the Credit Suisse Private Banking Market Group 2 Management Committee
2003-2006	Credit Suisse Trust Group – Chairman and CEO Member of the International Private Banking Management Committee
2006-2007	Rothschild Bank AG, Zurich – Chairman and CEO

**Present duties**

Since 2008	Rothschild Private Banking & Trust Chairman, CEO and member of the Group Management Committee
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**Directorships**

Banque Privée Edmond de Rothschild S.A.
Charles Rodolphe Brupbacher Foundation
Chairman of Rothschild Private Trust Holding AG
INSEAD Advisory Council
Personnel Welfare Foundation of Rothschild Bank AG, Zurich
Rothschild Bank Foundation, Zurich

**JACQUES-ANDRÉ REYMOND****Member, Swiss, 1937****Education/training**

1959	Master's in Law, University of Geneva
1962	Master's in Commerce, University of Geneva
1963	Degree from the Institute of Comparative Law, New York University
1966	Admitted to the Geneva Bar
1973	Ph. D. in Law, University of Geneva

**Career summary**

1964-1965	Articled at Shearman & Sterling, New York
1965-1966	Articled at Helg, Picot, Grandjean, Geneva
1966-1968	Worked for Lenz Solicitors
1968-1996	Worked for and in 1972 became a partner of Sandoz, Mayor, Moreillon & Reymond Solicitors
1974-1998	Professor of commercial and tax law at the Faculty of Law, University of Geneva, Dean from 1989 to 1993

**Present duties**

Solicitor, honorary professor at the University of Geneva, member of the Board of Directors of Banque Privée Edmond de Rothschild S.A., member of the Board of Directors of Edmond de Rothschild Holding S.A., Chairman of the Bureau of Edmond de Rothschild Holding S.A. and Vice-Chairman of the Audit Committee of Banque Privée Edmond de Rothschild S.A.

**BARONESS BENJAMIN DE ROTHSCHILD****Member, French, 1965****Education/training**

1984	A-levels, Kinshasa (Zaire) - Nantes Academy
1988	BBA in Finance, Pace University, New York
1990	MBA in Financial management, Pace University, New York

**Career summary**

1988-1990	Financial analyst, then currency dealer at Société Générale, Australia and New York
1990-1995	Currency dealer at AIG, New York. Helped launch Paris subsidiary and developed business in Europe

**Directorships**

Since 2008	Edmond de Rothschild Holding S.A., Geneva – Vice-Chairwoman (since November 2009)
Since 2008	Holding Benjamin et Edmond de Rothschild Pregny S.A., Pregny
Since 2008	La Compagnie Financière Saint-Honoré, Paris
Since 2008	La Compagnie Financière Edmond de Rothschild Banque, Paris
Since 2008	Baron et Baronne Associés, Paris
Since 2008	Chairwoman of BeCitizen SAS, Paris
Since 2008	Banque Privée Edmond de Rothschild S.A., Geneva
Since 2010	SIACI St-Honoré

**DANIEL YVES TRÈVES****Member, French, 1947****Education/training**

1966-1969	Ecole Supérieure de Commerce de Paris
1969-1971	Master's in Business Administration, Wharton School (Philadelphia)

**Career summary**

1971-1984	Treasurer and Director of Financial Services for Nestle Group, Vevey
1984-1991	Head of Business Development for Tradition Group, Lausanne

**Present duties**

Since 1991	CEO of Compagnie Benjamin de Rothschild S.A., Geneva
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**Directorships**

La Compagnie Financière Edmond de Rothschild Banque S.A., Paris  
Banque Privée Edmond de Rothschild Europe S.A., Luxembourg  
Prifund Conseil S.A., Luxembourg  
Treasury Investments (C.I.) Limited, Channel Islands  
Priquam Advisory Limited, Cayman Islands  
BeCitizen SAS, Paris  
Associated Investors, British Virgin Islands  
Rolex Holding, Geneva  
Rolex SA, Geneva

**GUY WAIS****Member, Swiss, 1942****Education/training**

1968	Degree in Chemical Engineering, Swiss Institute of Technology at Zurich
1972	MBA, INSEAD Fontainebleau

**Career summary**

1968-1971	Dow Chemical Europe, Zurich
1972-1992	Guyertzeller Bank AG, Zurich
From 1989	Chief Executive Officer and Chairman of the Executive Committee
1992-2006	Chief Executive Officer and Chairman of the Executive Committee of Rothschild Bank AG, Zurich

**Present duties**

Director of Rothschild Bank AG, Zurich (since 01.07.2006)
Member of the Audit Committee of Banque Privée Edmond de Rothschild S.A., Geneva

None of the Directors had a close business relationship with Banque Privée Edmond de Rothschild S.A. or with a Group company.

**3.2. OTHER ACTIVITIES AND VESTED INTERESTS**

Luc Argand is Chairman of the Geneva Notaries' Supervisory Commission.

**3.3. ELECTION AND TERMS OF THE DIRECTORS**

The Directors are elected for three-year terms until they reach the age of 70 during the calendar year when their term ends. Thereafter they may be elected for one-year terms. The average age of the Directors presently stands at 65.

The following table provides details of the length of Board members' current terms

Director	Member of the Board since	Term ends
Baron Benjamin de Rothschild	1985	2012
*M. E. Trevor Salathé	1959	2011
Baroness Benjamin de Rothschild	2009	2012
M. John Alexander	1994	2012
*M. Luc J. Argand	1993	2011
*M. Walter Blum Gentilomo	1994	2012
M. Michel Cicurel	1999	2011
*M. Manuel Dami	1997	2011
*M. François Hottinger	1969	2011
*M. Klaus Jenny	2010	2013
*M. Veit D. de Maddalena	2009	2012
*M. Jacques-André Reymond	1996	2011
M. Daniel Y. Trèves	1993	2011
*M. Guy Wais	1994	2012

\*Fulfil the independence requirements provided in FINMA circular 08/24 "Supervision and internal control - banks".

Members of the Board of Directors are elected by individual ballot at an Annual General Meeting of shareholders.

### 3.4. ORGANISATIONAL STRUCTURE

#### Board of Directors

The Bank's bylaws (for full details see our website [www.edmond-de-rotschild.ch](http://www.edmond-de-rotschild.ch), About Us/Investor Relations/Legal Documents) provide as follows:

1. In addition to its wealth management and securities dealing core business, the Bank operates as the parent company of a banking and financial group as defined in Swiss legislation and rules on banking. As a result, the duties and powers of the Bank's governing bodies have increased;
2. The bylaws state the required level of skills, experience, diligence, availability, loyalty and independence for each governing body;
3. The Bank points out that the members of its governing bodies must organise their personal and work relationships so as to avoid as much as possible any conflict of interests with the Bank and the banking and financial group of which it is the parent company;
4. Both for itself and for the banking and financial group of which it is the parent company, the Bank broadens the duties and reinforces the powers of the Audit Committee and the Internal Auditors, as well as of the Compliance Office and Risk Management department;
5. The Bank consolidates the internal monitoring, information management, reporting and risk management systems;
6. Finally, in a document appended to the bylaws the Bank's Board of Directors sets out in detail its policy regarding counterparty, market, reputational and operating risks.

The Board of Directors, made up of 14 members, is chaired by Baron Benjamin de Rothschild. E. Trevor Salathé and Manuel Dami respectively hold the offices of Vice-Chairman and Secretary. The Board of Directors operates as a collegial body. Resolutions are passed by an absolute majority of the directors present and in the event of a tie, the Chairman has the casting vote. In special circumstances, Board resolutions may be passed by circular as prescribed in the bylaws.

#### Committees

In accordance with the Bank's articles of incorporation and bylaws, the Board of Directors has set up a Board Committee and is empowered to set up an Audit Committee.

These committees' main preparatory, consultative and decisional powers are set out in the bylaws.

#### Board Committee

The Board of Directors has delegated some of its powers (notably relating to loans, liabilities and management oversight) to the Board Committee. The Board Committee is made up of six members, all of whom belong to the Board of Directors. Baron Benjamin de Rothschild serves as Chairman of this Committee, E. Trevor Salathé as Vice-Chairman and Manuel Dami as Secretary. The other three members of the Board Committee are John Alexander and Michel Cicurel and Klaus Jenny. Resolutions are passed by an absolute majority of the directors present and in the event of a tie, the Chairman has the casting vote. In special circumstances, Committee resolutions may be passed by circular as prescribed in the bylaws.

In 2010 the Board of Directors met six times and the Board Committee four times. On average, meetings of the Board of Directors and the Board Committee last half a day. The work of both bodies is based on agendas drawn up by their respective Secretaries and by the Chairman of the Executive Committee (*see section 3.6 below*). Minutes are taken at the meetings of the Board and the Committee; they are duly numbered and signed by the Chairman and Secretary.

Each meeting follows a standing agenda that includes the following items: approval of the minutes of the previous meeting; report by the Chairman of the Board Committee (only for Board meetings); progress report from the Bank's head-quarters, branches and affiliates; loans, liabilities and reports of major risks; legal and reputational risks (only for Board meetings); securities portfolio and long-term holdings; administrative matters; reports from the Internal Auditors; and any other business.

#### **Audit Committee**

Under the bylaws the Board of Directors delegates part of its powers to an Audit Committee made up of at least three Board members. Their powers primarily include acting as a liaison unit between the Independent Auditors and the Board and supervising the activities of the Internal Auditors, the Compliance Office and the Risk Management department. The Board has appointed four of its members (E. Trevor Salathé as Chairman, Manuel Dami as Secretary, Jacques-André Reymond as Vice-Chairman, Guy Wais and Klaus Jenny) to form the Audit Committee. All five of these members have the necessary independence, skills and experience.

### **3.5. POWERS**

The Board of Directors is the Bank's highest governing body and is responsible for supervising and monitoring its operations. Under the statutes and the articles of incorporation (art. 22), it has the widest powers of oversight as regards how the Bank's business is managed. Aided by its committees, it sets the general strategy of the Bank and of the banking and financial group formed by the Bank's affiliates. It lays down the principles pertaining to organisation, management and control and ensures that they are applied. It supervises on a consolidated basis all the Swiss and foreign entities that together comprise the Banque Privée Edmond de Rothschild Group. The Board of Directors has delegated oversight of the Bank's day-to-day business to the Executive Committee (*see section 4 below*).

The Board of Directors has no official terms of reference. Its powers and those of its Committees are clearly delineated in the Bank's articles of incorporation and bylaws ([www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch), About Us/Investor Relations/Legal Documents).

### **3.6. MEETINGS WITH AND OVERSIGHT OF THE BANK'S GENERAL MANAGEMENT**

#### **Description of reporting by the Executive Committee and the Management Information System**

At each meeting of the Board of Directors and Board Committee, the Chief Executive Officer and/or the two Deputy Chief Executive Officers report on the major decisions taken by the Executive Committee and on the operations dealt with, presenting those matters that fall within the jurisdiction

of the Board or the Board Committee. However, the Chief Executive Officer and his Deputies may only participate in an advisory capacity.

To help them perform their oversight obligations, at each meeting the members of the Board of Directors are given among other documents a monthly progress report that primarily includes the Chief Executive Officer's comments, the summarised monthly accounts of the various Group entities comparing actual business performance with the budget and, finally, a list of the Group's financial investments and holdings.

At meetings the Board members also receive a quarterly report on risks noting, inter alia: the level of shareholders' equity; major risks, if any; market, interest rate and counterparty risks in the banking industry; the level of cash reserves; and risks of a legal and reputational nature.

The Board of Directors has also put facilities in place that are designed to monitor and supervise management at the Group level. These facilities are outlined on pp. 74 et seq of this annual report.

Between meetings of the Board of Directors and the Board Committee, the Chairman and Deputy Chairman of the Executive Committee keep the Chairman of the Board of Directors regularly informed on major executive decisions.

Other members of the Executive Committee, as well as other Bank executives, employees, internal auditors and external advisers or experts whose presence is needed, may also be invited to the meetings of the Board of Directors and the Board Committee. However, these persons may only participate in an advisory capacity.

### **Description of the internal auditing system**

Pursuant to the statutes, the Board of Directors has an Internal Auditing Dept that is immediately subordinated to it in the chain of command. The chief internal auditor and his assistant are appointed by the Board, to which they report directly. The rights and obligations of the Internal Auditing Dept are set out in the Bank's bylaws. In particular, it has access to all the documents of the Bank and of the consolidated affiliates that it audits.

The Internal Auditing Dept currently has a staff of 12.

It draws up an auditing programme each year that is discussed and approved by the Audit Committee. In addition to a detailed list of assignments planned for the current year, this programme contains a summary of the departments and functions that have been audited over the past three years and of those for which a review is scheduled in the three coming years.

This programme is also discussed with the Independent Auditors.

A separate report is drafted for each area audited. The Executive Committee's view on each item is included in the report, along with a deadline for implementing the recommended steps. At its meetings the Board of Directors deals with the Internal Auditing Dept's reports in the presence of the chief internal auditor and resolves to take additional measures when necessary. The Chief Internal Auditor and his assistant are asked to attend the meetings of the Board of Directors, the Board Committee and the Audit Committee. In certain circumstances the Chairman of the Board may assign special tasks to the Chief Internal Auditor.

The Independent Auditors draw up an auditing plan for each financial year and submit it to the Board of Directors for discussion and implementation. The 2010 auditing plan was presented to the Board Committee at its meeting on 2 September 2010. The Board and Audit Committees meet regularly with representatives of the Independent Auditors.

**Description of the risk control  
and management system**

Please refer to pp. 74-77 of the “Notes to the consolidated financial statements”.

## 4. EXECUTIVE COMMITTEE

The Executive Committee is comprised of 10 members appointed by the Board of Directors and operates as a collegial body, holding weekly meetings that on average last half a day. In 2010 it met 49 times. Resolutions are passed by an absolute majority of the members present, provided they form a quorum. In the event of a tie, the Chairman has the casting vote. The Executive Committee's resolutions may also be passed by circular as prescribed in the bylaws. Minutes are taken at the meetings of the Executive Committee; they are duly numbered and signed by the Chairman and Vice-Chairman. Each meeting follows a standing agenda that covers the full range of the Bank's operations.

Each of the Bank's departments is placed under the supervision of a member of the Executive Committee (*see Group structure and shareholders, p. 23*). At meetings members report to the rest of the Committee on any major developments that have occurred in their area of responsibility.

The members of the Executive Committee receive documents and statistics issued weekly, monthly or quarterly by the departments and groups concerned. In particular, they receive a progress report containing the following: the Chief Executive Officer's comments; various statistics including summarised monthly accounts comparing actual business performance with the budget; monthly lists of financial investments; the financial statements of the various entities forming the Banque Privée Edmond de Rothschild Group; a report on risk control noting market, interest rate and counterparty risks; the level of shareholders' equity; and risks of a legal and reputational nature (cf. compliance). The Executive Committee can also rely on the supervision and monitoring facilities described in section 3.6 above. These facilities are honed year after year to enhance their effectiveness.

To help it perform its duties, the Executive Committee has set up the following committees: a Management Committee; a Traditional Management Committee; an Alternative Management Committee; an Investment Funds Committee; a Strategy Committee; a Standing Committee for Operations; a Credit Committee; a Risk Committee; a Compliance Committee; a Security Committee and a Training Committee.

Minutes are taken at the meetings of these committees. They are numbered, dated and signed, and a copy is remitted to each member of the Executive Committee.

Other Bank executives, as well as employees, internal auditors and external advisers or experts may also be invited to the meetings of the Executive Committee. However, these persons may only participate in an advisory capacity.

## 4.1. MEMBERS OF THE EXECUTIVE COMMITTEE

### CLAUDE MESSULAM

**Chairman, Swiss, 1951**  
**Chief Executive Officer**

#### Education/training

1974	Master's in Commerce, University of Geneva
1975	Certificat du troisième cycle d'enseignement romand en gestion d'entreprise
1984	Federal Chartered Accountant's certificate

#### Career summary

1974-1976	Cetecom S.A.
1976-1987	Deloitte & Touche
1988-1990	Partner in charge of bank auditing in French Switzerland for Deloitte & Touche

#### Present duties

	Banque Privée Edmond de Rothschild S.A., Geneva in charge of: Financial Markets - Equity Markets, Forex Market Operations / Administration - IT and Telecommunications, Accounting, Financial Controlling, General Services, Internal Control (see p. 23)
1991-1993	Senior Vice-President, member of the Executive Committee
1994-2000	Senior Vice-President, Vice-Chairman of the Executive Committee
Since 2001	Chief Executive Officer, Chairman of the Executive Committee

#### Directorships

La Compagnie Benjamin de Rothschild S.A., Meyrin – *Vice Chairman*  
Banca Privata Edmond de Rothschild Lugano S.A.  
Banque Privée Edmond de Rothschild Europe S.A., Luxembourg  
Banque de Gestion Edmond de Rothschild - Monaco  
Banque Privée Edmond de Rothschild Ltd, Nassau  
LCF Edmond de Rothschild Limited, London  
LCF Edmond de Rothschild Prifund, Luxembourg – *Chairman*  
La Compagnie Financière Edmond de Rothschild Banque, Paris  
Compagnie Financière Saint-Honoré, Paris  
Rothschild Bank AG, Zurich  
Rothschild Holding AG, Zurich  
Holding Benjamin et Edmond de Rothschild Pregny S.A., Pregny-Chambésy – *Vice-Chairman*  
LCF Communication S.A., Pregny-Chambésy – *Chairman*  
Edmond de Rothschild International Funds Ltd (E.D.R.I.F.) Hamilton, Bermuda

### SYLVAIN RODITI

**Deputy Chairman, Swiss, 1951**  
**Deputy Chief Executive Officer**

#### Education/training

1970	College diploma from Institut Florimont, Geneva
1973	B. Sc., London School of Economics

#### Career summary

1973-1974	Trained at Keyser Ullmann S.A., Geneva
1974-1985	Co-founded and directed Stock & Commodity Services S.A., Geneva
1985-1989	CEO of Thomson McKinnon Securities Inc, Geneva
1989-1991	Senior Vice-President of Shearson Lehman Brothers, Geneva
1989-1991	Co-founded and directed SCS Alliance S.A., Geneva
1991-2000	Deputy CEO in charge of wealth management for Republic National Bank of New York (Switzerland) S.A., Geneva

#### Present duties

Since 2000	Deputy Chief Executive Officer and Vice-Chairman of the Executive Committee of Banque Privée Edmond de Rothschild S.A., Geneva in charge of Private Banking (see p. 23)
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#### Directorships

Since 2000	Representación B.P. Edmond de Rothschild S.A., Montevideo – Director of LCH Investments NV, ACH Management S.A. and ECH Holdings Chairman of the Board of Directors of Prifund Conseil S.A., Luxembourg Director of Prifund Conseil (Bahamas) S.A.
Since 2009	

### JEAN-PIERRE PIEREN

**Member, Swiss, 1943**  
**Deputy Chief Executive Officer**

#### Education/training

1970	Graduated from the Institut des Hautes Etudes Commerciales, University of Geneva
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#### Career summary

1969-1980	Banque Privée S.A., Geneva
1980-1993	CEO of Compagnie de Banque et de Crédit S.A., Lausanne (part of the Tradition Group)
1993-1995	CEO of Banque Privée Edmond de Rothschild Lausanne S.A.

**Present duties**

- Since 1996* Senior Vice-President and member of the Executive Committee of Banque Privée Edmond de Rothschild S.A., Geneva in charge of Human Resources, Correspondent Banking, Loans and Guarantees, Risks, Securities and Cash Management (*see p. 23*)
- Since 2006* Deputy Chief Executive Officer of Banque Privée Edmond de Rothschild S.A., Geneva

**Directorships**

- Since 1993* Director of Interterra Parking S.A., Lausanne
- Since 1995* Director of Banque de Gestion Edmond de Rothschild - Monaco
- Since 2008* Director of Edmond de Rothschild Gestion Monaco – SAM, Monaco

**LUC BAATARD****Member, Swiss, 1957  
Senior Vice-President****Education/training**

- 1967-1976* College certificate (Economics / Sciences stream) from Institut Florimont, Geneva
- 1977-1978* Trained at Messel & Co, London and Drexel, London
- 1978-1979* Trader in eurobonds at Merrill Lynch, London
- 1979-1981* Master's in Commerce (major in Banking), University of Geneva

**Career summary**

- 1981-1982* Securities analyst at Merrill Lynch, New York and then at Thomson McKinnon, New York
- 1983-1984* Assigned to manage Omnivalor, Geneva on behalf of Banque Privée Edmond de Rothschild S.A.

**Present duties**

- Since 1996* Member of the Executive Committee of Banque Privée Edmond de Rothschild S.A., Geneva
- Since 2010* In charge of Capital Markets

**Directorships**

- Since 1989* Director and member of the Board of Compagnie de Trésorerie Benjamin de Rothschild S.A., Geneva
- Since 1995* Director of Banca Privata Edmond de Rothschild Lugano S.A.
- Since 1996* Director and member of the Board Committee of Banca Privata Edmond de Rothschild Lugano S.A.; Banque Privée Edmond de Rothschild Europe, Luxembourg; Compagnie Benjamin de Rothschild S.A. Geneva

**FREDERIC BINGGELI****Member, Swiss, 1961  
Senior Vice-President****Education/training**

- 1979* College certificate type 3
- 1985* M. Sc. in Economics, University of Geneva
- 1993* Series 7 and 3 National Association of Securities Dealers

**Career summary**

- 1985-1986* Peat Marwick, Geneva, assistant auditor
- 1987-1991* Lombard, Odier & Cie, Geneva, securities analyst
- 1991-1993* Sogenal, Geneva, securities analyst
- 1993-1994* Merrill Lynch, Geneva, broker
- 1994-1996* Tetral Investment Management (family office of the Tetra Pak Group), Pully, in charge of equity investments
- Since 1996* Banque Privée Edmond de Rothschild S.A., Geneva

**Present duties**

- Senior Vice-President and member of the Executive Committee of Banque Privée Edmond de Rothschild S.A. in charge of a wealth management group
- Vice-Chairman of the Strategy Committee
- Member of a number of other committees
- Writer of financial columns

**ALEXANDRE COL****Member, French and Swiss, 1963  
Senior Vice-President****Education/training**

- 1987* *Licence* in Economics (business administration), Ecole des hautes études commerciales, University of Lausanne
- 1991* *Licence* in Political Science, University of Lausanne
- 1991* *Licence* in Economics (economics), Ecole des hautes études commerciales, University of Lausanne
- 1993* M. Sc. in Political Science, University of Lausanne
- 1993* Graduate studies in Economics (economic relations), Institut d'études politiques, Paris

**Career summary**

- Since 1994* Banque Privée Edmond de Rothschild S.A., Geneva, Investment Fund Dept

**Present duties**

*Since 2000* Head of the Investment Fund Dept of Banque Privée Edmond de Rothschild S.A., Geneva

*Since 2010* Member of the Executive Committee of Banque Privée Edmond de Rothschild S.A. in charge of investment funds

**Directorships**

Chairman of Asian Capital Holdings Funds Management S.A.  
 Chairman of Edmond de Rothschild Real Estate SICAV  
 Chairman of NOVA SICAV  
 Chairman of Matterhorn Fund  
 Vice-Chairman of *Prifund* Conseil S.A.  
 Vice-Chairman of *Prifund* Conseil (Bahamas) S.A.

**PHILIPPE CURRAT****Member, Swiss, 1948****Senior Vice-President****Education/training**

1972 Master's in Law, University of Fribourg  
 1976 Admitted to the Fribourg Bar

**Career summary**

1976-1977 Credit Depts of UBS, Fribourg and Zurich  
 1977-1979 Legal Dept of Banque Hentsch & Cie, Geneva  
 1979-1981 Partner of Etude Nouveau and Weck, Nordmann & Bussey Solicitors, Fribourg.  
 1981-1986 Secretary of the Federal Banking Commission (deputy to the Head of the Legal Dept)

**Present duties**

*Since 1987* Senior Vice-President and member of the Executive Committee of Banque Privée Edmond de Rothschild S.A., Geneva  
 Secretary General in charge of Legal Services, Tax Services, Wealth Planning, Compliance Office, Central Register and Communications-Marketing (see p.23)

**Directorships**

*Since 1988* Chairman of the Board of Directors of Privaco Trust S.A., Fribourg  
*Since 2010* Edmond de Rothschild Communication S.A., Geneva

**MARTIN LEUTHOLD****Member, Swiss, 1952****Senior Vice-President****Education/training**

1975 University of Zurich Business School, Business Economist degree  
 1982 Certification as Chartered Account and Financial Controller, Geneva

**Career summary**

1975-1978 Procter & Gamble, Geneva  
 finance and accounting  
 1978-1980 Arthur Andersen S.C., Geneva, assistant to the worldwide controller  
 1980-1988 Ferrier Lullin & Cie S.A., Geneva, assistant to the CFO

**Present duties**

*Since 1988* Chief Financial Officer of Banque Privée Edmond de Rothschild S.A., Geneva  
*Since 1990* Member of the Board of the Personnel Welfare Foundation of Banque Privée Edmond de Rothschild S.A.  
*Since 2010* Senior Vice-President and member of the Executive Committee of Banque Privée Edmond de Rothschild S.A.

**Directorships**

Representación B.P. Edmond de Rothschild S.A., Montevideo  
 Rotomobil S.A., Pregny  
 Rouiller, Zurkinden & Cie Finance S.A., Fribourg  
 Copri III S.A., Luxembourg

**MICHEL LUSA****Member, Swiss, 1949****Senior Vice-President****Education/training**

1974 Master's in Law, University of Lausanne  
 1974 Master's in Economics, University of Lausanne  
 1979 Admitted to the Geneva Bar

**Career summary**

1979-1987 Asset manager at UBS, Geneva  
 1987-1992 Headed the Middle East section of the Wealth Management Dept at UBS, Zurich  
 1992-1998 Headed the Wealth Management Dept at UBS, Geneva  
 1998 Managing Director and Regional Market Manager for the Middle East, Israel and Africa at UBS, Geneva

**Present duties**

*Since 1999* Senior Vice-President and member of the Executive Committee of Banque Privée Edmond de Rothschild S.A., Geneva in charge of Investment Research and the Lausanne and Fribourg branches (*see p. 23*)

**Directorships**

Member of the Boards of Directors of LCF Edmond de Rothschild Prifund, ECH Investment Ltd and Rouiller, Zurkinden & Cie Finance S.A., Fribourg

**BERNARD SCHAUB****Member, Swiss, 1955****Senior Vice-President****Education/training**

*1979* Master's in Law, University of Geneva

**Career summary**

*1980-1983* Various internships with companies in Switzerland the US  
*1983-1995* Ferrier Lullin, Geneva  
*1983* Junior securities analyst  
*1984* Portfolio manager  
*1990* Head of the Independent Managers Dept  
*1992* Member of the Executive Committee and Co-head of the Portfolio Mgt Dept  
*Since 1995* Banque Privée Edmond de Rothschild S.A., Geneva Senior Vice-President in charge of administration in the Portfolio Mgt Dept

**Present duties**

*Since 1999* Member of the Executive Board of Banque Privée Edmond de Rothschild S.A. Personnel Welfare Foundation

*Since 2000* Senior Vice-President and member of the Executive Committee of Banque Privée Edmond de Rothschild S.A. in charge of Independent Managers and Coordination for the Portfolio Mgt Dept (*see p. 23*)

**Directorships**

*Since 1997* Director of Priasia Ltd  
*Since 2000* Director of LCF Edmond de Rothschild Prifund  
*Since 2005* Chairman of Priasia Ltd

**4.2. OTHER ACTIVITIES AND VESTED INTERESTS**

The members of the Executive Committee have no other activities or vested interests within the meaning of art. 4.2. of the SIX Guidelines on Corporate Governance.

**4.3. MANAGEMENT CONTRACTS**

No such contracts exist at Banque Privée Edmond de Rothschild S.A.

## 5. REMUNERATION, PROFIT-SHARING AND LOANS

### INTRODUCTION

Our remuneration policy forms part of the strategy, culture and nature of our Group's business and of each entity's local specificities. As such it falls within the scope of the general policy of the Edmond de Rothschild Group, whose aim is to foster staff loyalty and encourage each employee to promote our long-term success through entrepreneurship and risk control.

The policy is moreover based on the guidelines contained in Circular 2010/1 Remuneration schemes issued by the Swiss Financial Market Supervisory Authority (FINMA), subject to applicable regional rules.

### POWERS

Under art. 3.1.2 of the bylaws the Board of Directors is responsible for drawing up the general remuneration policy and the rules on the Board members' remuneration.

Based on the annual proposals of the Executive Committee, the Board Committee approves the overall package relating to salary adjustments and bonuses for the staff and the Executive Committee.

Supervision of each individual's remuneration is delegated by the Board to one of its members or to a committee, depending on the entity.

### REMUNERATION

#### Guidelines

Remuneration includes a fixed annual salary and a bonus, both of which are paid in cash.

In order to spread profits over time and guarantee risk control, certain employees with strategic duties receive their bonus on a deferred basis.

Remuneration is set according to employees' duties, skills, responsibilities and experience. It also takes account of market conditions, thanks to our participation in industry surveys.

To avoid conflicts of interest, the fixed salaries of the persons in charge of auditing, compliance and control form the bulk of their remuneration. From 2011 onward, the proposals concerning these persons' remuneration will be submitted to the Audit Committee.

The Bank pays no signing bonuses. Compensation is granted in certain cases where a new employee has lost earnings due to his job change.

Pursuant to the bylaws, the remuneration scheme and the objectives assigned to employees must not induce them not to abide by the internal control mechanisms and rules of compliance.

#### Board of Directors

Each member of the Board of Directors is paid fixed fees that vary depending on whether or not he serves one or more committees.

Two members of the Board of Directors hold executive positions in affiliates of the Bank. They will not seek re-election when their terms expire.

### Executive Committee and other managers

The members of the Executive committee and other managers receive a fixed annual salary and a discretionary bonus in line with the Bank's earnings.

Bonuses are based on the Bank's earnings and on the quantitative and qualitative achievement of the manager's objectives. The bonuses are paid within 30 days following the meeting of the Board of Directors at which the financial statements are approved. Except in six cases, the details of the calculation are not disclosed to the managers concerned.

A bonus is not granted if a manager's work contract is terminated owing to misfeasance or to non-compliance with our Group's values, or if he has decided unilaterally to resign.

A limited number of the Group's senior executives have agreements providing for severance pay should the Bank terminate their work contract without just cause. Such pay does not exceed three years' remuneration.

Members of the Executive Committee have the same personnel welfare plan as the staff.

### Non-managerial employees

The remuneration of non-managerial employees consists of a fixed annual salary and a discretionary bonus.

Bonuses are based on employees' performance. They are paid at the end of the calendar year and usually amount to one to two months' pay.

## STOCK OPTION PLANS

### Geneva

The Bank has begun studying the appropriateness and implications of implementing a remuneration scheme that would include stock options and deferred payments.

### Luxembourg

Our Luxembourg affiliate (BPERE) has added two plans to the variable portion of pay. They are designed to motivate the beneficiaries in the medium/long term and take future business development into account.

The aim of the first plan is to foster loyalty among key managers (who numbered 24 in 2010) by allotting them stock options with a five-year lifespan that can be exercised from the fourth year. The charge amounts to 10% of consolidated net profit. Each year the Board of Directors sets the terms of the plan for a new five-year period. This remuneration is payable only to beneficiaries who remain at BPERE at the end of the relevant period.

The second plan, known as the profit-sharing scheme, provides an incentive to senior managers by giving them a stake in the real growth of BPERE's value. This scheme was implemented for the period from 1 June 2006 to 30 June 2011. It consisted of stock options granted irrevocably to the beneficiaries (who numbered six in 2010) for a total of 5% of the affiliate's shares. The plan ends with a cash settlement, thereby allowing the parent company to retain control of its shareholder base. The actual value of the shares is determined once a year by an independent auditor appointed by the Bank, using a valuation method certified by PricewaterhouseCoopers S.A.

The cost of these profit-sharing schemes is provisioned annually in the affiliate's financial statements.

#### **Monaco**

Our Monaco affiliate also has a profit-sharing scheme aimed at motivating senior managers and rewarding loyalty. There were six beneficiaries in 2010. The plan takes the actual growth of the Bank's value into account, and consists in granting stock options with a five-year lifespan. These may only be settled in cash when they are exercised. The actual value of the affiliate's shares is determined once a year by independent auditors appointed by the Bank.

#### **Other Group entities**

No profit-sharing schemes are currently in force at the other Group entities.

#### **Remuneration, stock options and loans in 2010**

In accordance with articles 663 bis and 663 c section 3 of the Swiss Code of Obligations, the remuneration and loans granted to current members of the Bank's governing bodies are indicated in Note 15 to the Bank's financial statements (pp. 123 et seq).

In 2010 no remuneration was paid to past members. Nor were there any additional fees or remuneration as defined in the SIX Guidelines on Corporate Governance.

The variable portion of remuneration accounted to 37.4% of the entire Group payroll. It represented 68.4% of the total remuneration of the Executive committee.

## 6. SHAREHOLDERS' RIGHTS

### 6.1. LIMITATION AND REPRESENTATION OF VOTING RIGHTS

Under art. 6 para. 4 of the articles of incorporation, the name and permanent address of the owners and usufructuaries of registered shares are entered in the Bank's share register. Only the owners and usufructuaries of registered shares whose inclusion in the share register is endorsed by a director may legitimately exercise the rights in respect of the Company attaching to a registered share. Para. 5, 6 and 8 state the grounds on which the Board may refuse to grant such an endorsement.

Moreover, an owner of registered shares may only be represented at an Annual General Meeting by another owner of registered shares in possession of a written proxy (cf. art. 14, para. 2). Holders of bearer shares must merely produce such shares (or comply with any other formality required by the Board under art. 14, para. 3) in order to exercise their rights.

### 6.2. QUORUMS

Annual General Meetings are deemed validly held when over half the shares are represented. In cases where this quorum is not achieved, a second meeting may be convened with the same agenda (cf. art. 15, para. 2 of the articles of incorporation). The second meeting may not take place until after at least 30 days have elapsed and is deemed validly held regardless of the number of shares represented. This must be mentioned in the notice (art. 15, para. 3).

### 6.3. NOTICE OF ANNUAL GENERAL MEETINGS

The rules pertaining to notices of AGMs are set forth in art. 11, 12 and 31 of the articles of incorporation, which draw on the provisions of the Swiss Code of Obligations.

### 6.4. ITEMS ON THE AGENDA

The rules pertaining to agendas and deadlines are set forth in art. 11 and 12 of the articles of incorporation, which draw on the provisions of the Swiss Code of Obligations.

#### **Article 11**

*General Meetings shall be convened by the Board of Directors and, if necessary, by the Auditors, the liquidators or the representatives of bondholders.*

*One or more shareholders together representing at least 10 percent of the capital stock may also request that a General Meeting be convened.*

*Shareholders representing shares with a total par value of 1 million francs may request that an item be included in the agenda.*

*Any convocation or inclusion of an item in the agenda is to be requested in writing, with mention made of the topics of discussion and proposals.*

#### **Article 12**

*General Meetings shall be convened at least 20 days prior to the date on which they are to be held, in accordance with the procedures stipulated in article 31 for the Corporations's notices.*

*Items included on the agenda shall be referred to in the notice of the General Meeting, together with the proposals of the Board of Directors and the shareholders who requested the convocation or the inclusion of an item in the agenda.*

### 6.5. ENTRIES IN THE SHARE REGISTER

In accordance with Company practice, the deadline for entering unlisted registered shares falls on the day the AGM agenda is published.

## 7. TAKE-OVERS AND DEFENSIVE MEASURES

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### 7.1.

The Bank has included in art. 6 para. 3 of its articles of incorporation a clause providing that bidders are not required to make a formal take-over bid pursuant to art. 32, 52 and 53 of the Swiss Stock Exchanges and Securities Trading Act.

### 7.2.

No member of Management (Board of Directors, Executive Committee and other senior officers) has signed a contract protecting him/her from a transfer of control by the Bank.

## 8. INDEPENDENT AUDITORS

### 8.1. DURATION OF THE AUDITORS' MANDATE AND OF THE CHIEF AUDITOR'S TERM OF SERVICE

Since 1982, PricewaterhouseCoopers S.A., Geneva has audited the parent company financial statements of Banque Privée Edmond de Rothschild S.A., Geneva. The financial statements of the Banque Privée Edmond de Rothschild Group are also audited by PricewaterhouseCoopers S.A. Philippe Bochud has served as chief auditor for our account since 2005.

### 8.2. AUDITING FEES

Banque Privée Edmond de Rothschild S.A. in 2010 paid a total of CHF 634,000 in auditing fees to PricewaterhouseCoopers S.A., Geneva, within the meaning of this provision of the Guidelines on Corporate Governance.

### 8.3. ADDITIONAL FEES

The Bank paid additional fees totalling CHF 55,000 (for tax consulting services) within the meaning of this provision of the Guidelines on Corporate Governance.

### 8.4. CONSULTATION WITH THE INDEPENDENT AUDITORS

PricewaterhouseCoopers S.A. draws up an auditing plan each year. It drafts one report on its review of the annual financial statements and another on its prudential audit. The auditor in charge of our account discusses these reports with the Board of Directors and the Audit Committee at three or four meetings held during the course of each year. The auditing plan was presented to the Board Committee at its meeting on 2 September 2010. The Independent Auditors' findings in respect of the annual financial statements are presented and discussed with the Board of Directors each year at its meeting in March.

The Independent Auditors have access to the Auditing at all times, as well as to the Executive Committee and to the Internal Auditing Dept., all of whom they meet with regularly.

PricewaterhouseCoopers S.A. is hired on an annual basis. The company's qualifications, performance and fees are assessed each year by the Auditing or the Board of Directors.

As required by the Swiss Financial Market Supervisory Authority FINMA, the auditor in charge of our account is rotated every seven years.

## 9. INFORMATION POLICY

Banque Privée Edmond de Rothschild S.A. provides the fullest disclosure possible to the Bank's existing and potential shareholders as well as to its employees and the general public. This information is mainly conveyed in the Bank's annual reports, at press conferences on its annual results, through interviews given to the financial media and securities analysts, at General Meetings and on the Bank's website ([www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch), About Us/Investor Relations).

Details on risk policy and management and on the calculation of consolidated shareholders' equity are available on the Bank's website ([www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch), About Us/Investor Relations).

### EVENTS AND AGENDA

#### 31 March 2011:

- Publication of the notice of the Annual General Meeting of shareholders and its agenda in the *FOSC* (full text), *Le Temps*, *L'AGEFI*, the *Neue Zürcher Zeitung* and *Finanz und Wirtschaft* (summarised editions)
- Press conference on 2010 results in Geneva
- Publication of a media release summarising our management report in the electronic media and the press, with a copy sent to our online subscribers
- Publication of the annual report

#### 28 April 2011:

- Annual General Meeting of shareholders in Geneva, at the Château de Pregny

#### 25 August 2011:

- Publication of our semi-annual results in the *FOSC*
- Publication of a media release summarising our management report in the electronic media and the press, with a copy sent to our online subscribers

#### Contacts

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##### Online subscriptions:

[www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch)

in About Us/Investor Relations/Financial Information

or directly

<http://www.edmond-de-rothschild.ch/inscription.aspx>

## 10. MAJOR CHANGES SINCE THE BALANCE SHEET DATE



There have been no major changes since 31 December 2010.

**Albrecht Dürer**  
(Nuremberg, 1471-id., 1528)

*Ladies from Livonia, 1521*

# Financial report

Banque Privée  
Edmond de Rothschild Group

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**Albrecht Dürer**  
(Nuremberg, 1471-id., 1528)

*Ladies from Livonia, 1521*  
Pen and ink, watercolour, 18,3 x 19,3 cm  
*Edmond de Rothschild Collection*

# KEY FIGURES

## Banque Privée Edmond de Rothschild Group

	2010	2009	Change (en CHF)	Change (in %)
<b>Consolidated profit and loss account</b> (in thousands of CHF)				
Net interest income	54,262	66,532	(12,270)	(18.4)
Fee and commission income	534,598	480,594	54,004	11.2
Results of trading operations	95,816	97,731	(1,915)	(2.0)
Operating expenses (personnel costs and other overheads)	500,020	468,026	31,994	6.8
<b>Group net income</b>	<b>149,898</b>	<b>136,814</b>	<b>13,084</b>	<b>9.6</b>
<b>Profitability</b> (%)				
Return on equity				
- net income/average shareholders' equity (2)	12.0	11.5	-	-
Return on assets				
- net income/average assets	1.2	1.1	-	-
<b>Shares</b> (in CHF)				
Earnings per bearer share after deducting portion due to minority interests	1,548	1,407	141	10.0
Earnings per registered share after deducting portion due to minority interests	310	281	29	10.3
<b>Consolidated balance sheet</b> (in thousands of CHF)				
Due from banks	8,611,002	7,020,347	1,590,655	22.7
Advances to customers	1,651,949	1,441,037	210,912	14.6
Due to banks	245,708	352,390	(106,682)	(30.3)
Customer deposits	10,106,953	10,560,194	(453,241)	(4.3)
<b>Shareholders' equity</b> (1)	<b>1,325,327</b>	<b>1,314,273</b>	<b>11,054</b>	<b>0.8</b>
Balance sheet total	12,300,712	12,739,900	(439,188)	(3.4)
<b>Assets under management</b> (in millions of CHF)				
Total assets under management (includes double reporting)	92,715	92,204	511	0.6
<i>of which: - double reporting</i>	<i>10,182</i>	<i>10,078</i>	<i>104</i>	<i>1.0</i>
<i>Net inflow of fresh funds</i>	<i>6,486</i>	<i>5,633</i>	<i>853</i>	<i>15.1</i>
<b>Group personnel</b> (number of employees)				
Average number of employees	1,617	1,598	19	1.2
- in Switzerland	654	643	11	1.7
- abroad	963	955	8	0.8
Total number of employees at year-end	1,649	1,614	35	2.2
Number of employees at year-end, converted into full-time jobs	1,604	1,570	34	2.2

(1) Including Group net income before payment of dividend by parent company and minority interests.

(2) After appropriation of the parent company's earnings.

# REPORT OF THE DIRECTORS

to the shareholders on the consolidated accounts of Banque Privée Edmond de Rothschild SA at the general meeting on 28 April 2011

Dear shareholders,

2010 featured a tough economic and stockmarket environment. It also brought continuing pressure on banking secrecy and heavier regulation of wealth management. These jarring changes in our framework conditions have forced many private banks to review their long-term strategy so they can adapt to the new paradigm.

The upheavals generated considerable concern among our clients as well and required redoubled efforts on the part of all our Group's staff. In particular, they had a heavy impact on our operating costs.

The weakness of the dollar and euro against the Swiss franc weighed heavily on our revenues, the bulk of which are denominated in the former currencies whereas our overheads are mainly in francs.

Despite this doubly negative matrix, we were able to continue growing thanks to a prudent investment policy and the dynamic business performance of our wealth management departments. Our net inflow of fresh funds totalled CHF 6.5 billion.

Owing to the adverse impact of dollar and euro weakness in relation to the Swiss franc, assets under management rose only slightly. These stood at CHF 92.7 billion at end-2010 as against CHF 92.2 billion the previous year.

The large inflow of new client funds helped to counterbalance the effects of exchange rates and the upheavals in our industry's operating conditions. We were therefore able to achieve a consolidated gross profit of CHF 223.7 million, up 5.6% on the 2009 figure (CHF 211.9 million). Group net profit came to CHF 149.9 million, marking a rise of 9.6% compared with CHF 136.8 million the previous year.

Aided by our situation as a family-controlled wealth management company with a stable shareholder base, we are able to rise to the challenges ahead while further striving for excellence and adapting our organisational structure to the ongoing changes in our industry. Now more than ever before our strategic growth projects are geared entirely towards these objectives.

By opening a branch in **Hong Kong** we intend to grow a clientele in Asia, the part of the world where wealth creation is strongest. We expect to obtain the banking licence within the next few weeks.

Another strategic plan is being implemented in **Switzerland**, where we intend to expand our onshore Swiss clientele. Our building in rue Petitot is being freed up for this purpose.

We will also be making inroads in the Persian Gulf region through a representative office in **Dubai**, for which we have just received the operating licence.

At our Geneva headquarters, thanks to the professionalism of our Investment Fund Department we recently launched **Switzerland's first property fund in the form of a société d'investissement à capital variable**, called Edmond de Rothschild Real Estate SICAV – Swiss. It is a powerful illustration of our Group's expertise and a marvelous promotional tool for our Bank's Swiss operations.

The quality of our alternative asset management was rewarded at the **InvestHedge Awards 2010**, where we were named Group of the Year for a second time for our line of funds of hedge funds. One of our vehicles, Edmond de Rothschild *Prifund* Alpha Traders, was moreover selected as best fund of hedge funds in the Global Macro category.

The Group last year continued to expand in the wealth management segment through our national and international networks.

## SWISS NETWORK

### Geneva

Banque Privée Edmond de Rothschild S.A., Geneva specialises in wealth management, mainly on behalf of private clients. The Bank is directed by Claude Messulam, who also coordinates Group operations from our head office. Despite an unfriendly economic and market environment and a negative forex impact, BPER Geneva continued to expand throughout 2010 and registered a substantial increase in the inflow of client funds. This enabled the Bank to post a net profit of CHF 98.5 million for the reporting year, down 16.9% on the 2009 figure (CHF 118.5 million).

### Fribourg

The Fribourg branch of Banque Privée Edmond de Rothschild S.A. is headed by Patrick Zurkinden. We have operated in Fribourg since 1986 with a view to extending our reach in this area astride Switzerland's French- and German-speaking communities. Despite last year's very tough economic context, business development at the branch and at the asset management firm Rouiller, Zurkinden & Cie Finance SA. was in line with expectations.

### Lausanne

Our Lausanne branch has operated since 1993 and currently employs a staff of 24 focused on private banking. Lausanne, as "Olympic capital" of the world, contributes to the Bank's

international scope and the branch promotes our presence in Vaud Canton. Since 2002 this unit has been housed in a handsome building with appointments ideally suited to our profession and clientele. Under the guidance of Roland Humbert, business continues to grow at a gratifying pace.

### Lugano

For Banca Privata Edmond de Rothschild Lugano SA, 99.8% owned by our parent company, 2010 was a transitional year marked by the *scudo fiscale*. The subsidiary reported a net profit of CHF 10.9 million, down 42.4% on the 2009 figure of CHF 18.8 million.

## INTERNATIONAL NETWORK

### Luxembourg

Led by Frédéric Otto and his teams, Banque Privée Edmond de Rothschild Europe, Luxembourg last year continued to expand in line with its strategy of long-term growth. This strategy is mainly founded on closeness to clients, on a dialogue with them and on ongoing efforts to enhance the quality of services.

BPERE's growth is driven resolutely by its core businesses of private banking, asset management and investment funds administration. The ability to blend these segments provides clients with the finely tuned advisory services that they are entitled to expect from their wealth manager.

Our Luxembourg affiliate continued to expand internationally, with gratifying growth at its branches in Spain, Portugal, Belgium and Italy and at its representative offices. The joint venture begun a number of years ago with Nikko Cordial in Tokyo also performed in line with projections. The assets managed in conjunction with this entity were up in 2010 and made a positive contribution to results.

Strong growth in client funds, in discretionary management mandates and in BPERE's business as custodian and administrative agent for investment funds illustrate the confidence shown by clients in the quality of the subsidiary's services.

Despite last year's highly uneven economic and financial conditions, our Luxembourg affiliate reported excellent results. Net profit totalled CHF 49.5 million (EUR 36.1

million), up 8.8% on the 2008 figure of CHF 45.5 million (EUR 30.2 million).

### United Kingdom

Our London operations are directed by John Alexander and gravitate around four main lines of business. LCF Edmond de Rothschild Securities Ltd is mainly geared towards trading in bonds and emerging market funds, but has also carved out a niche in corporate finance where it is active in management buyouts and M&A activity. Marshalling the resources of institutional clients is the job of LCF Edmond de Rothschild Asset Management Ltd. Its teams of experts market and direct funds of hedge funds in close cooperation with the Group as a whole.

Our London subsidiary reported a net profit of CHF 8.8 million (GBP 5.5 million), as against CHF 10.5 million (GBP 6.2 million) in 2009, marking a fall of 16.4%.

### Guernsey

In Guernsey LCF Edmond de Rothschild (C.I.) Limited provides asset risk management services on a consulting basis as well as under discretionary mandates. The company is a shareholder of the Channel Islands Stock Exchange, where it handles issuance of investment funds and notes. It also operates in the fixed-income segment.

### Monaco

Our Monaco affiliate, Banque de Gestion Edmond de Rothschild - Monaco, is 54.8% owned by the Banque Privée Edmond de Rothschild Group and is run by Giampaolo Bernini. This unit posted a net profit of CHF 8.2 million (EUR 6 million), up 6.8% on the previous year's level of CHF 7.7 million (EUR 5.1 million).

### Bahamas

Under the guidance of Gian Fadri Pinoesch, Banque Privée Edmond de Rothschild Ltd continued to grow steadily. Our Nassau subsidiary reported a net profit of CHF 9.2 million, 83.6% above the 2009 figure (CHF 5 million).

## ROUNDUP OF 2009 RESULTS

Despite the adverse impact of the weak euro and dollar versus the Swiss franc, Group net profit rose 9.6% in 2010 to CHF 149.9 million compared with the previous year's level of CHF 136.8 million.

### Revenue

Interest income totalled CHF 54.3 million, down 18.4% from CHF 66.5 million in 2009. The reasons for the decline were very low interest rates on money markets and our highly conservative policy on investing surplus cash.

Income from fees and commissions rose 11.2% to CHF 534.6 million from CHF 480.6 million the previous year.

Results of trading operations amounted to CHF 95.8 million, down 2% on their 2009 level of CHF 97.7 million. The drop was largely due to a lower profit on securities dealing.

Other ordinary results totalled CHF 39.1 million, marking an increase of 11.5% on the year-earlier figure. This item comprises dividends deriving from non-consolidated holdings.

### Expenses

The average number of staff employed by our Group last year was 1617, up from 1598 in 2009. Personnel expenses amounted to CHF 372.2 million, compared with the previous year's level of CHF 349.4 million.

Other operating expenses rose 7.7% to CHF 127.8 million from CHF 118.7 million in 2009.

Total operating expenses came to CHF 500.0 million, 6.8% higher than the year-earlier level.

### Gross profit

Group gross profit was up 5.6% and totalled CHF 223.7 million, versus CHF 211.9 million in 2009.

Depreciation of fixed assets worked out to CHF 34.7 million, slightly less than for the previous year.

Extraordinary income amounted to CHF 40.7 million, down 12% on the 2009 figure. This item chiefly includes the release of provisions no longer required for operating purposes.

Extraordinary expenses totalled CHF 42.2 million, 1.7% more than the CHF 41.5 million reported the previous year.

Taxes came to CHF 27.5 million, down 16.2% on the year-earlier figure of CHF 32.8 million.

### Balance sheet review

The consolidated balance sheet total stood at CHF 12.3 billion at end-2010, down 3.4% on the year-earlier level.

Current assets including cash, bank deposits, loans to customers, mortgage bills, claims arising from money market paper and securities and precious metals held for trading purposes, totalled CHF 10.7 billion, marking a decline of 6.1% versus the previous year's figure.

Financial investments amounted to CHF 798.7 million, as against CHF 682.4 million in 2009. Most of this rise was attributable to the stock of precious metals used to cover our clients' metal accounts and, to a lesser extent, investments in first-rate debt securities.

Fixed assets stood at CHF 177.2 million, down from CHF 189.2 million at end-2009.

Adjustment accounts totalled CHF 116.6 million, compared with CHF 117.5 million the previous year.

"Other assets" were sharply higher at CHF 358.6 million, mainly reflecting an increase in the positive replacement values of forward contracts. At the close of the reporting year these came to CHF 330.6 million as against CHF 179.2 million at end-2009.

On the liabilities side, borrowed funds comprised of debits on money market paper and sums due to banks and customers together amounted to CHF 10.4 billion, or 84.2% of the balance sheet total. This was down slightly from CHF 10.9 billion the previous year, mostly owing to the lower level of clients' deposits.

"Other liabilities" rose markedly to CHF 384.8 million, primarily as a consequence of the higher negative replacement values of forward contracts. These came to

CHF 336.5 million at the close of the reporting year compared with CHF 178.3 million at end-2009.

Valuation adjustments and provisions totalled CHF 61.1 million, down from CHF 91.6 million in 2009.

Reserves for general banking risks were raised 14.3% to CHF 295 million from their year-earlier level of CHF 258 million.

Prior to the dividend payout, Group capital and reserves stand at CHF 1.3 billion, representing 10.8% of the balance sheet total.

Return on equity worked out to 12.0%. Shareholders' equity as required by the BIS (under Basel II) came to CHF 361.2 million. Eligible capital totalled CHF 1.1 billion. The BIS ratio (eligible capital in relation to shareholders' equity required under Swiss law) was 24.9%, well above the legal minimum.

## OUTLOOK FOR 2011

2011 will unfold in a legal environment marked by profound, ongoing changes. Private banking will continue to chafe under the increasing burden of regulation and under mounting pressure on banking secrecy. This is bound to have an impact on the cost of our operations as well as on the profitability of our core business.

The key to success will be our threefold ability to adapt to the new conditions shaping our business, to rise to the challenges ahead and to satisfy the expectations of our clients. We believe that the strategy we are pursuing will enable us to achieve these objectives.

We will continue adding new professionals to our workforce and will invest in new premises and IT equipment. These efforts are meant not only to provide our clients with top-quality service but also to enhance our competitiveness.

2011 will be dedicated to developing our strategic focus on onshore Swiss clients and on getting our Hong Kong branch up and running. This new unit is designed to give us better access to clients in Asia, a region that in our view will be instrumental in our Group's growth and future success. We will also be expanding in the Persian Gulf area through a representative office in Dubai. Our attitude remains guarded, however, in view of geopolitical, economic and market environments fraught with uncertainty.

The unparalleled tragedy that has struck Japan is being confronted with tremendous dignity by the Japanese people. Our Board of Directors salutes their courage and sympathises with their grief.

We cannot conclude this report without expressing gratitude to our shareholders and clients for their abiding trust.

Our thanks also go to our management and staff for their dedication and fine work.

### **The Board of Directors**



# REPORT OF THE STATUTORY AUDITOR

to the general meeting  
of Banque Privée Edmond de Rothschild S.A., Geneva



## REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Banque Privée Edmond de Rothschild S.A., which comprise the balance sheet, income statement, statement of cash flows and notes (pages 62 to 101), for the year ended 31 December 2010.

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

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

### **Auditor's Responsibility**

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

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

### **Opinion**

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.

## REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

*PricewaterhouseCoopers SA*

<i>Philippe Bochud</i>	<i>Alain Lattafi</i>
<i>Audit Expert</i>	<i>Audit Expert</i>
<i>Auditor in charge</i>	

Geneva, 17 March 2011

# CONSOLIDATED AFFILIATES

at 31 December 2010

Fully consolidated entities of the Banque Privée Edmond de Rothschild Group

## IN SWITZERLAND

### Parent company

Banque Privée Edmond de Rothschild S.A. Geneva	<i>CHF 45.000m<sup>2)</sup></i>
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### Bank

Banca Privata Edmond de Rothschild Lugano S.A. Lugano 99.8 % <sup>1)</sup>	<i>CHF 5.000m<sup>2)</sup></i>
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### Service companies

Privaco Trust S.A. Geneva 100 % <sup>1)</sup>	<i>CHF 2.100m<sup>2)</sup></i>
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Les Conseillers du Léman Associés S.A. Geneva <sup>5)</sup> 100 % <sup>1)</sup>	<i>CHF 0.100m<sup>2)</sup></i>
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## FINANCIAL AND ASSET MANAGEMENT COMPANIES

Rouiller, Zurkinden & Cie Finance S.A. Fribourg 100 % <sup>1)</sup>	<i>CHF 0.600m<sup>2)</sup></i>
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Cefeo Investimenti S.A. Lugano <sup>3)</sup> 99.8 % <sup>1)</sup>	<i>CHF 0.100m<sup>2)</sup></i>
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Castinvest S.A. Geneva <sup>1)</sup> 100 % <sup>1)</sup>	<i>CHF 0.100m<sup>2)</sup></i>
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Priadvisory Holding S.A. Geneva <sup>4)</sup> 100 % <sup>1)</sup>	<i>CHF 3.120m<sup>2)</sup></i>
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Figures:

- 1) Direct and/or indirect holding by parent company
- 2) Share capital
- 3) Wholly owned by Banca Privata Edmond de Rothschild Lugano S.A., Lugano
- 4) Wholly owned by Banque Privée Edmond de Rothschild Europe, Luxembourg
- 5) Wholly owned by Privaco Trust S.A., Geneva

## ABROAD

## Banks

Banque Privée Edmond de Rothschild Europe Luxembourg	100% <sup>1)</sup>	EUR 31.500m <sup>2)</sup>
Banque Privée Edmond de Rothschild Ltd, Nassau Bahamas	100% <sup>1)</sup>	CHF 15.000m <sup>2)</sup>
Banque de Gestion Edmond de Rothschild - Monaco Monaco <sup>3)</sup>	54.80% <sup>1)</sup>	EUR 12.000m <sup>2)</sup>

## SERVICE AND REAL ESTATE COMPANIES

COPRI III S.A. Luxembourg	100% <sup>1)</sup>	EUR 0.747m <sup>2)</sup>
Immobilière du 3 Joseph II Luxembourg <sup>7)</sup>	100% <sup>1)</sup>	EUR 0.064m <sup>2)</sup>
Edmond de Rothschild Real Estate - Mediação Imobiliária S.A. Portugal <sup>8)</sup>	100% <sup>1)</sup>	EUR 0.050m <sup>2)</sup>

## TRUST AND ASSET MANAGEMENT COMPANIES

LCF Edmond de Rothschild Asset Management Limited U.K. <sup>4)</sup>	80% <sup>1)</sup>	GBP 0.250m <sup>2)</sup>
LCF Edmond de Rothschild Fund Management Ltd U.K. <sup>4)</sup>	80% <sup>1)</sup>	GBP 0.250m <sup>2)</sup>
LCF Rothschild Conseil S.A. Luxembourg <sup>5)</sup>	100% <sup>1)</sup>	EUR 0.050m <sup>2)</sup>
LCF Edmond de Rothschild Asset Management (C.I.) Limited Guernsey <sup>6)</sup>	100% <sup>1)</sup>	GBP 0.100m <sup>2)</sup>
Privaco Trust Limited New Zealand <sup>9)</sup>	100% <sup>1)</sup>	NZD 0.050m <sup>2)</sup>

## Figures:

- 1) Direct and/or indirect holding by parent company
- 2) Share capital
- 3) Owned 34% by Banque Privée Edmond de Rothschild S.A., Geneva, 18% by Banca Privata Edmond de Rothschild Lugano S.A., Lugano and 2.80% by Incentive Management SAM, Monaco
- 4) Wholly owned by Edmond de Rothschild Limited, London
- 5) Owned 99.74% by Banque Privée Edmond de Rothschild Europe, Luxembourg and 0.26% par Pri Investment, Luxembourg
- 6) Wholly owned by La Compagnie Privée de Finance (Jersey), Jersey
- 7) Wholly owned by Banque Privée Edmond de Rothschild Europe, Luxembourg
- 8) Wholly owned by Privaco Trust S.A., Geneva

## ABROAD

## FINANCIAL AND BROKERAGE FIRMS

Edmond de Rothschild Limited	
London	
80% <sup>1)</sup>	GBP 1.000m <sup>2)</sup>
LCF Edmond de Rothschild Securities Limited	
U.K. <sup>3)</sup>	
80% <sup>1)</sup>	GBP 1.000m <sup>2)</sup>
Edmond de Rothschild International Funds Ltd	
Bermuda <sup>4)</sup>	
62.28% <sup>1)</sup>	USD 0.400m <sup>2)</sup>
Edmond de Rothschild Investment Advisors	
Luxembourg <sup>9)</sup>	
100% <sup>1)</sup>	EUR 0.125m <sup>2)</sup>
LCF Edmond de Rothschild Holdings (C.I.) Limited	
Guernsey <sup>5)</sup>	
100% <sup>1)</sup>	GBP 0.040m <sup>2)</sup>

La Compagnie Privée de Finance (Jersey)	
Jersey	
100% <sup>1)</sup>	GBP 0.005m <sup>2)</sup>
LCF Edmond de Rothschild (C.I.) Limited	
Guernsey <sup>5)</sup>	
100% <sup>1)</sup>	GBP 0.400m <sup>2)</sup>
Testafid Anstalt	
Vaduz <sup>6)</sup>	
99.8% <sup>1)</sup>	CHF 0.020m <sup>2)</sup>
Rhoninvest Establishment	
Vaduz <sup>1)</sup>	
100% <sup>1)</sup>	CHF 0.020m <sup>2)</sup>
Incentive Management SAM	
Monaco <sup>7)</sup>	
54.69% <sup>1)</sup>	EUR 0.150m <sup>2)</sup>
Priglobal Advisory Limited	
Cayman Islands <sup>8)</sup>	
100% <sup>1)</sup>	EUR 0.001m <sup>2)</sup>

Figures:

- 1) Direct and/or indirect holding by parent company
- 2) Share capital
- 3) Wholly owned by Edmond de Rothschild Limited, London
- 4) Owned 32.25% by Banque Privée Edmond de Rothschild S.A., Geneva, 2.25% by Banca Privata Edmond de Rothschild Lugano S.A., Lugano, 14.75% by Banque Privée Edmond de Rothschild Europe, Luxembourg, 11.80% by Edmond de Rothschild Limited, London, 1.23% by Banque de Gestion Edmond de Rothschild-Monaco, Monaco
- 5) Wholly owned by La Compagnie Privée de Finance (Jersey), Jersey
- 6) Wholly owned by Banca Privata Edmond de Rothschild Lugano S.A., Lugano
- 7) Wholly owned by Banque de Gestion Edmond de Rothschild-Monaco, Monaco
- 8) Wholly owned by Priadvisory Holding S.A., Geneva
- 9) Owned 99.92% by Banque Privée Edmond de Rothschild Europe, Luxembourg and 0.08% by LCF Rothschild Conseil S.A., Luxembourg

Prifund Conseil S.A. Luxembourg <sup>3)</sup> 100% <sup>1)</sup>	EUR 0.078m <sup>2)</sup>	Privaco (Uruguay) S.A. Montevideo <sup>6)</sup> 100% <sup>1)</sup>	USD 0.037m <sup>2)</sup>
Representación B.P. Edmond de Rothschild S.A. Montevideo 100% <sup>1)</sup>	USD 0.003m <sup>2)</sup>	Mizen Finance Corp. B.V.I. 100% <sup>1)</sup>	USD 0.0005m <sup>2)</sup>
Priasia Limited B.V.I. 100% <sup>1)</sup>	USD 0.0003m <sup>2)</sup>	Clancey Advisory Corp. B.V.I. 100% <sup>1)</sup>	USD 0.0005m <sup>2)</sup>
Edmond de Rothschild Conseil & Courtage d'assurances Monaco <sup>8)</sup> 54.58% <sup>1)</sup>	EUR 0.150m <sup>2)</sup>	LCF Fund Advisory Ltd Bermuda <sup>5)</sup> 62.28% <sup>1)</sup>	USD 0.050m <sup>2)</sup>
Iberian Renewable Energies GP, S.à r.l. Luxembourg <sup>9)</sup> 100% <sup>1)</sup>	EUR 0.013m <sup>2)</sup>	Adjutoris Conseil Luxembourg <sup>7)</sup> 100% <sup>1)</sup>	EUR 0.031m <sup>2)</sup>
Prifund Conseil Bahamas S.A. Bahamas 100% <sup>1)</sup>	EUR 0.070m <sup>2)</sup>	Edmond de Rothschild Gestion Monaco - SAM Monaco <sup>10)</sup> 54.47% <sup>1)</sup>	EUR 0.150m <sup>2)</sup>
E.C.H. Investments Ltd Cayman Islands <sup>4)</sup> 45.50% <sup>1)</sup>	EUR 0.251m <sup>2)</sup>		

## Figures:

- 1) Direct and/or indirect holding by parent company
- 2) Share capital
- 3) Wholly owned by Banque Privée Edmond de Rothschild S.A., Geneva
- 4) Owned 19.92% by Banque Privée Edmond de Rothschild S.A., Geneva, 3.98% by Edmond de Rothschild Limited, London, 7.47% by Banque Privée Edmond de Rothschild Europe, Luxembourg, 14.13% by Edmond de Rothschild International Funds Ltd, Bermuda
- 5) Wholly owned by Edmond de Rothschild International Funds Ltd, Bermuda
- 6) Wholly owned by Privaco Trust S.A., Geneva
- 7) Owned 99.68% by Banque Privée Edmond de Rothschild Europe, Luxembourg, 0.32% by Pri Investment, Luxembourg
- 8) Owned 99.60% by Banque de Gestion Edmond de Rothschild-Monaco, Monaco
- 9) Wholly owned by Banque Privée Edmond de Rothschild Europe, Luxembourg
- 10) Owned 99.40% by Banque de Gestion Edmond de Rothschild-Monaco, Monaco

# CONSOLIDATION PRINCIPLES

The consolidated financial statements of the Banque Privée Edmond de Rothschild Group have been prepared in accordance with the provisions of the Federal Law on Banks and Savings Banks, its implementing ordinance (OB), the guidelines issued by FINMA (the Swiss Financial Market Supervisory Authority) and the provisions on the drawing up of financial statements in the Listing Rules of the Swiss Exchange. The financial statements provide a true picture of the Group's assets, financial situation and earnings.

## SCOPE OF CONSOLIDATION

### Group companies

The consolidated financial statements of the Banque Privée Edmond de Rothschild Group include the financial statements of the major companies operating in the banking and financial sector, as well as the real estate companies in which the parent company holds, directly or indirectly, a majority interest (for details of the companies concerned, refer to pages 62-65).

### Changes in the scope of consolidation

The following companies were consolidated during the reporting period:

- Privaco Trust Limited, New Zealand

The following companies were deconsolidated during the reporting period:

- Edmond de Rothschild Servicios Argentina S.A., Argentina
- Multi Alpha Advisory S.A., Luxembourg

Change of name:

- Edmond de Rothschild Investment Advisors, Luxembourg, previously Pri Investment, Luxembourg

### Holdings accounted for using the equity method

Associated companies in which the Group owns a 20% to 50% interest are consolidated using the equity method; the value shown under "Holdings" represents the Group's share in the equity and net income of these entities, rather than the value of the shares under our control.

The companies concerned are La Compagnie Benjamin de Rothschild S.A. (34.68%), A.C.H. Management S.A. (38%), LCF EdR Nikko Cordial Japon (50%) and LCH Investment NV (44%).

LCH Investment NV was consolidated for the first time using the equity method in 2010. The 2009 figures have been reprocessed accordingly.

The difference resulting from the first consolidation is shown under "Retained earnings". The impact of applying the Group's accounting principles to the affiliated companies has been considered as minor on the consolidated financial statements. As a consequence, the equity application is based on the unadjusted accounts of the companies held.

Equity stakes accounted for under the equity method are shown under "Non-consolidated holdings".

The Group's share in the profits of companies consolidated using the equity method is presented as a separate item in the consolidated profit and loss account.

### Other holdings

Majority interests of lesser impact or whose sale is envisaged, as well as other stakes of less than 50%, are disclosed under "Non-consolidated holdings".

## CONSOLIDATION METHODS

### Full consolidation method

The financial statements of all companies within the Group are fully consolidated.

All assets and liabilities, as well as expenses and income of Group companies, are fully integrated (line-by-line).

Intercompany balance sheet items and profit and loss transactions between consolidated Group companies are set off against each other.

Off-balance sheet items are also fully consolidated and set off when they relate to intercompany transactions within the Group.

Dividends are eliminated through reserves. The entitlement of third-party shareholders (minority interests) to equity and net income is disclosed separately.

### Capital consolidation

The capital invested in the Group's banks and investment, asset management and real estate companies is consolidated in accordance with the purchase method.

The positive or negative differences arising from the first consolidation are disclosed under "Intangible assets" and "Retained earnings" respectively.

The value of the Bank's treasury stock, or own shares in BPER S.A., is deducted from capital and reserves and reported under "Additional paid-in capital and other reserves" at the shares' cost price. Dividends and the proceeds of subsequent sales are directly allocated to "Additional paid-in capital and other reserves".

## NEWLY ACQUIRED COMPANIES

As a rule, newly acquired companies are included in the consolidated financial statements in the year of their acquisition.

## CLOSING DATE FOR CONSOLIDATED ACCOUNTS

The consolidated companies all end their financial year on 31 December except for Priadvisory Holding S.A., *Prifund Conseil S.A.* and *Prifund Conseil (Bahamas) S.A.* whose financial years conclude on 30 November.

# VALUATION POLICIES

## TRANSLATION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCY

Transactions in foreign currency are reported at the exchange rate applicable on the date of the relevant transaction. Profits and losses arising from the settlement of these transactions are reported in the profit and loss account, along with profits and losses arising from the conversion at the exchange rate on the balance sheet date of claims and liabilities on money market placements denominated in foreign currency.

The balance sheets of fully consolidated companies expressed in foreign currency are translated into Swiss francs at the year-end exchange rate, except for shareholders' equity which is translated at historical rates.

The profit and loss accounts of Group companies are translated at yearly average exchange rates.

In the case of foreign companies consolidated using the equity method, the year-end market rate is applied to the Group's share of equity expressed in foreign currency. The Group's share of the net income of these affiliated companies is translated at the annual average exchange rate.

Translation differences resulting from full consolidation and from the equity method are reported as shareholders' equity in "Retained earnings".

The exchange rates used to convert sums in foreign currency are as follows:

	2010 Closing rate	Average 2010 rate	2009 Closing rate	Average 2010 rate
<b>Major currencies</b>				
USD	0.94	1.04	1.03	1.08
GBP	1.45	1.60	1.67	1.70
EUR	1.25	1.37	1.48	1.51

## TRANSACTION BOOKINGS AND BALANCE SHEET REPORTING

Since 31 Dec. 2006 the balance sheet and profit and loss statement have been drawn up on the basis of settlement dates.

## RESULTS OF FOREX AND PRECIOUS METALS TRANSACTIONS

Trading positions in forex and precious metals are evaluated at year-end rates and prices.

Forward positions are estimated at year-end at the forward rate for the remainder of the period. Forex differences are recorded in the profit and loss account.

Income and expenses expressed in foreign currency are translated at the market rate prevailing on the transaction date.

## FIXED ASSETS AND FINANCIAL INVESTMENTS

Fixed assets are stated at cost less depreciation (see Note 8), except for the equity stakes in associated companies consolidated as per the equity method. These are shown under “Non-consolidated holdings”.

## INCOME AND EXPENSES

The income and expenses generated by the Group companies are accounted for in the period to which they relate.

No substantial intermediate profit arises from on intercompany transactions.

## PERSONNEL WELFARE LIABILITIES

Contributions are reported as personnel expenses in the profit and loss account for the year to which they relate.

Each year the Group determines whether it has derived any economic benefits or commitments from personnel welfare plans for Group staff. If any are found, they are stated in the balance sheet pursuant to rule 16 of the Swiss accounting principles (GAAP RPC 16). The difference in relation to the corresponding amount reported the previous year is included in “Personnel expenses” in the profit and loss account.

This annual study is based on contracts, on financial statements bearing a closing date no older than 12 months and drawn up in accordance with GAAP RPC 16 (in the case of Swiss pension funds) and on any other relevant calculations.

## OTHER BALANCE SHEET AND PROFIT AND LOSS ITEMS

The accounting principles and valuation policies concerning other items are set out in the Notes to the Consolidated Financial Statements.

# CONSOLIDATED BALANCE SHEET

at 31 December 2010 (in thousands of CHF)

	Notes	2010	2009	Change (in thousands of CHF)	Change (in %)
<b>ASSETS</b>					
Cash and other liquid assets	18	328,350	2,903,433	(2,575,083)	(88.7)
Claims arising from money market paper	1, 18	118,006	22,978	95,028	413.6
Due from banks	2, 18	8,611,002	7,020,347	1,590,655	22.7
Due from customers	3, 18	1,637,772	1,429,468	208,304	14.6
Mortgage loans	3, 18	14,177	11,569	2,608	22.5
Total advances to customers	4, 20	1,651,949	1,441,037	210,912	14.6
Securities and precious metals trading portfolios	5, 18	33,160	54,917	(21,757)	(39.6)
Financial investments	6, 18	798,673	682,427	116,246	17.0
Non-consolidated holdings	7, 8	90,990	89,669	1,321	1.5
Fixed assets	8	177,212	189,182	(11,970)	(6.3)
Intangible assets	8	16,204	20,814	(4,610)	(22.1)
Accrued income and prepaid expenses		116,606	117,487	(881)	(0.7)
Other assets	9	358,560	197,609	160,951	81.4
<b>Total assets</b>	8, 19, 21, 22, 23	<b>12,300,712</b>	<b>12,739,900</b>	<b>(439,188)</b>	<b>(3.4)</b>
Subordinated amounts receivable		2,498	2,518	(20)	(0.8)
Due from non-consolidated Group companies and qualifying shareholders	7, 14	37,638	14,032	23,606	168.2

# CONSOLIDATED BALANCE SHEET

at 31 December 2010 (in thousands of CHF)

	Notes	2010	2009	Change (in thousands of CHF)	Change (in %)
<b>LIABILITIES</b>					
Liabilities arising from money market paper	18	72	3,045	(2,973)	(97.6)
Due to banks	18	245,708	352,390	(106,682)	(30.3)
Due to customers on savings or deposit accounts	18	7,737	7,428	309	4.2
Other amounts due to customers	11, 18	10,099,216	10,552,766	(453,550)	(4.3)
Total due to customers		10,106,953	10,560,194	(453,241)	(4.3)
Loans from central mortgage bond institutions		-	-	-	-
Accrued expenses and deferred income		176,706	182,295	(5,589)	(3.1)
Other liabilities	12	384,798	236,087	148,711	63.0
Valuation adjustments and provisions	13	61,148	91,616	(30,468)	(33.3)
Reserves for general banking risks	13	294,967	258,048	36,919	14.3
Share capital	14	45,000	45,000	-	-
Additional paid-in capital and other reserves		93,220	130,779	(37,559)	(28.7)
Retained earnings	15	769,977	748,056	21,921	2.9
Treasury stock		(56,300)	(37,929)	(18,371)	48.4
Minority interests in shareholders' equity	16	28,565	33,505	(4,940)	(14.7)
Consolidated net income		149,898	136,814	13,084	9.6
<i>of which: - minority interests</i>		14,123	12,375	1,748	14.1
Total Group capital and reserves	17	1,325,327	1,314,273	11,054	0.8
<b>Total liabilities</b>	19, 21, 23	<b>12,300,712</b>	<b>12,739,900</b>	<b>(439,188)</b>	<b>(3.4)</b>
Subordinated liabilities		-	-	-	-
Due to non-consolidated holdings and qualifying shareholders		21,396	29,930	(8,534)	(28.5)

## OFF-BALANCE SHEET TRANSACTIONS

Contingent liabilities	4, 20, 24, 25	308,039	408,974	(100,935)	(24.7)
Irrevocable liabilities	4	56,538	79,858	(23,320)	(29.2)
Liabilities for unpaid share capital and additional capital contributions	4	2,590	-	2,590	-
Guarantee loans		-	-	-	-
Derivative instruments	26				
Positive replacement values		327,990	179,249	148,741	83.0
Negative replacement values		336,527	178,286	158,241	88.8
Underlying values		22,942,462	18,444,119	4,498,343	24.4
Fiduciary transactions	27	6,232,861	8,414,002	(2,181,141)	(25.9)

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010 (in thousands of CHF)

	Notes	2010	2009	Change (in thousands of CHF)	Change (in %)
Interest and discount income	29	54,253	82,198	(27,945)	(34.0)
Interest and dividend income on trading portfolios	29	401	758	(357)	(47.1)
Interest and dividend income on financial investments	29	5,070	4,708	362	7.7
Interest payable	30	5,462	21,132	(15,670)	(74.2)
Interest income, net		54,262	66,532	(12,270)	(18.4)
Commission income on lending activities		1,630	1,847	(217)	(11.7)
Commission income on securities and investment transactions	31	571,652	523,918	47,734	9.1
Commission income on other services	32	76,047	72,005	4,042	5.6
Commissions payable		114,731	117,176	(2,445)	(2.1)
Fee and commission income, net		534,598	480,594	54,004	11.2
Results of trading operations	33	95,816	97,731	(1,915)	(2.0)
Proceeds from the sale of financial investments		11	(53)	64	-
Income from holdings		22,834	19,596	3,238	16.5
<i>of which: - holdings reported using the equity method</i>		<i>17,364</i>	<i>15,056</i>	<i>2,308</i>	<i>15.3</i>
<i>- other non-consolidated holdings</i>		<i>5,470</i>	<i>4,540</i>	<i>930</i>	<i>20.5</i>
Real estate income		1,206	1,181	25	2.1
Other ordinary income	34	15,479	14,977	502	3.4
Other ordinary expenses		473	670	(197)	(29.4)
Other ordinary results		39,057	35,031	4,026	11.5
<b>Total operating income</b>		<b>723,733</b>	<b>679,888</b>	<b>43,845</b>	<b>6.4</b>
Personnel expenses	35	372,205	349,376	22,829	6.5
Other operating expenses	36	127,815	118,650	9,165	7.7
<b>Total operating expenses</b>		<b>500,020</b>	<b>468,026</b>	<b>31,994</b>	<b>6.8</b>
<b>Gross profit</b>		<b>223,713</b>	<b>211,862</b>	<b>11,851</b>	<b>5.6</b>
Depreciation of fixed assets	8, 37	34,697	35,154	(457)	(1.3)
Valuation adjustments, provisions and losses	38	10,212	11,917	(1,705)	(14.3)
<b>Result before extraordinary items and taxes</b>		<b>178,804</b>	<b>164,791</b>	<b>14,013</b>	<b>8.5</b>
Extraordinary income	39	40,747	46,310	(5,563)	(12.0)
Extraordinary expenses	39	42,184	41,494	690	1.7
Taxes	40	27,469	32,793	(5,324)	(16.2)
<b>Consolidated net income</b>	41, 42, 43	<b>149,898</b>	<b>136,814</b>	<b>13,084</b>	<b>9.6</b>
<i>of which: - minority interests' share in consolidated net income</i>		<i>14,123</i>	<i>12,375</i>	<i>1,748</i>	<i>14.1</i>

# CONSOLIDATED CASH FLOW STATEMENT

at 31 December 2010 (in thousands of CHF)

	2010 Source of funds	2010 Application of funds	2010 Balance	2009 Source of funds	2009 Application of funds	2009 Balance
Consolidated net income	149,898	-		136,814	-	
Depreciation of fixed assets	34,697	-		35,154	-	
Accrued income and prepaid expenses	881	-		27,472	-	
Accrued expenses and deferred income	-	5,589		-	55,647	
Valuation adjustments and provisions	-	30,468		-	23,356	
Reserve for general banking risks	36,919	-		35,065	-	
Previous year's dividend		81,000			108,000	
Other changes in reserves and minority interests	-	57,204		-	(404)	
<b>Net cash used in/provided by operating activities (results of operations)</b>	<b>222,395</b>	<b>174,261</b>	<b>48,134</b>	<b>234,505</b>	<b>186,599</b>	<b>47,906</b>
Share capital						
Additional paid-in capital	-	37,559		-	2,418	
<b>Net cash used in/provided by transactions involving shareholders' equity</b>	<b>-</b>	<b>37,559</b>		<b>-</b>	<b>2,418</b>	
Non-consolidated holdings	-	2,791		-	2,546	
Real estate	-	-		-	2,434	
Other fixed assets	-	25,052		-	17,980	
Intangible assets	-	6,214		-	11,530	
Exchange rate changes	14,619	-		35	-	
<b>Net cash used in/provided by transactions involving financial investments and fixed assets</b>	<b>14,619</b>	<b>34,057</b>	<b>(19,438)</b>	<b>35</b>	<b>34,490</b>	<b>(34,455)</b>
Claims arising from money market paper	-	95,028		14,541	-	
Liabilities arising from money market paper	-	2,973		2,984	-	
<b>Money market transactions</b>	<b>-</b>	<b>98,001</b>	<b>(98,001)</b>	<b>17,525</b>	<b>-</b>	<b>17,525</b>
Due from banks	-	1,590,655		-	1,233,205	
Due to banks	-	106,682		-	87,908	
Financial investments	-	116,246		-	190,152	
<b>Banking and trading activities</b>	<b>-</b>	<b>1,813,583</b>	<b>(1,813,583)</b>	<b>-</b>	<b>1,511,265</b>	<b>(1,511,265)</b>
Due from customers	-	208,304		189,540	-	
Mortgage loans	-	2,608		-	2,925	
Savings and deposit accounts	309	-		-	1,060	
Other amounts due to customers	-	453,550		289,604	-	
Medium-term bank bonds	-	-		-	-	
<b>Transactions with customers</b>	<b>309</b>	<b>664,462</b>	<b>(664,153)</b>	<b>479,144</b>	<b>3,985</b>	<b>475,159</b>
Other assets	-	160,951		419,306	-	
Other liabilities	148,711	-		-	436,075	
<b>Other balance sheet items</b>	<b>148,711</b>	<b>160,951</b>	<b>(12,240)</b>	<b>419,306</b>	<b>436,075</b>	<b>(16,769)</b>
Cash and other liquid assets	2,575,083	-		1,000,663	-	
Securities and precious metals trading portfolios	21,757	-		23,653	-	
<b>Liquid assets</b>	<b>2,596,840</b>	<b>-</b>	<b>2,596,840</b>	<b>1,024,316</b>	<b>-</b>	<b>1,024,316</b>
<b>Net cash used in/provided by banking activities</b>	<b>2,745,860</b>	<b>2,736,997</b>	<b>8,863</b>	<b>1,940,291</b>	<b>1,951,325</b>	<b>(11,034)</b>
<b>Total cash flows</b>	<b>2,982,874</b>	<b>2,982,874</b>		<b>2,174,831</b>	<b>2,174,831</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## DESCRIPTION OF OPERATIONS AND DISCLOSURE OF STAFF SIZE

Banque Privée Edmond de Rothschild S.A. is a full-service bank specialising in wealth management for private and institutional clients. It is a member of SIX Swiss Exchange.

Converted to full-time jobs, the number of staff employed by the Banque Privée Edmond de Rothschild Group stood at 1604 at end-2010 versus 1570 a year earlier.

Through its network of branches and subsidiaries in Switzerland and abroad, the Group conducts on its clients' behalf all the operations customarily performed by private banking institutions. Fee and commission business on behalf of clients mainly includes portfolio management, fiduciary deposits and payment transactions, along with trading in securities, precious metals and derivative instruments. The Group also manages and administers investment funds.

In addition, the Group actively deals in debt instruments, equities, currencies, precious metals and derivatives on a proprietary basis, but does not engage in commodity trading.

## DISCLOSURE OF ACCOUNTING PRINCIPLES AND VALUATION POLICIES

The general accounting and consolidation principles are set out under a separate heading.

All assets, liabilities and off-balance sheet transactions reported under the same heading in the Notes to the consolidated financial statements.

## DESCRIPTION OF OUR RISK CONTROL AND MANAGEMENT SYSTEM

### RISK MANAGEMENT

#### **Risk policy**

Banque Privée Edmond de Rothschild SA ("the Bank") is responsible for supervising, administering and monitoring the Banque Privée Edmond de Rothschild Group ("the Group"), of which it is the parent company.

A joint risk policy drawn up by the Bank and approved by the Board of Directors sets the general guidelines that apply to all the Group entities. Taking account of these guidelines and local regulations, each affiliate sets up its own section in charge of identifying, monitoring and mitigating the risks to which it is exposed.

The Bank has longstanding experience with risk management, and has equipped itself with sufficient human and technical resources in terms of quantity as well as quality. Risk management is organised in the following manner:

- The Board of Directors decides what the features of risk management should be and what strategy the Group should pursue with regard to risk.
- The Audit Committee supervises and evaluates the operational aspects of risk management. It monitors risks periodically by examining reports compiled at regular intervals or on request by the Risk Control and Management Dept.
- The Executive Committee is responsible for implementing procedures designed to identify, analyse, value and monitor all risks incurred by the Bank and the Group. Together with the Risk Committee it oversees implementation of the risk policy laid down by the Board of Directors and ensures that all important information on the status of the aforementioned risks is collected, processed and notified to the designated management and supervisory bodies.
- Department heads are in charge of anticipating, preventing and managing the main occurrences that could affect the attainment of their business objectives and the underlying operational processes.
- The Risk Manager sees to it that the risk management guidelines and methods are incorporated in decision-making and operational processes. He monitors risk exposure and compliance with the relevant limits, and reports on risk status to the Bank/Group. Each Group entity has a Risk Control and Management section that reports regularly to the Risk Manager of the Bank.

#### **Interest rate and liquidity risks**

*The **liquidity risk** is the risk that the Group might not be able to meet its present and future cash flow and collateral requirements, whether expected or unexpected, without harming its daily operations or financial situation. The **interest rate risk** resides in the vulnerability of the Group's net worth or net interest margin to an adverse movement in market interest rates.*

It is not the Bank's or the Group's objective to take advantage of our ability to change due dates or to expose ourselves to the liquidity risk. We take a prudent approach to cash management by choosing short maturities and first-class counterparties. Our emphasis is on safeguarding our commitments to clients, in normal and stress situations alike. We moreover seek to match resources to their use both short and long term.

The risks attaching to liquidity and to interest rate positions/maturities are gauged by using the most up-to-date balance sheet management techniques and by tracking these items with dedicated software. An Asset and Liability Management Committee drafts and oversees the implementation of rules on managing liquidity, interest rate and forex risks. It is also responsible for optimising cash management and ensuring structural control of the balance sheet.

#### **Counterparty risk**

*This is the risk that a client or counterparty bank might not be able to honour an obligation towards the Group.*

### Counterparty banks

The counterparty banks that the Group deals with are selected rigorously and kept under close scrutiny. Our exposure to them is monitored continuously by a team of controllers, and the limits that we have granted to each are updated periodically or in real time if so required by a deteriorating situation. To minimise the counterparty risk attaching to correspondent banks, we give preference to reverse repo agreements and to depositing cash directly with central banks. All the Group entities use the limits system and monitor the risk of counterparty concentration.

### Clients

The credit facilities that we grant to clients are mainly short-term advances secured by their investments and, less frequently, loans in connection with their business activities. Applications for these facilities are subject to stringent analysis, and the pledged securities are assigned a collateral ratio according to their liquidity, valuation, credit rating and diversification in terms of asset class and geographical spread. Daily monitoring of the client credit risk is handled by a special team that also administers the loans.

### Market risk

*This lies in the vulnerability of the Group's financial situation to adverse swings in market prices and especially in the underlying value and implied volatility of currencies, equities, precious metals and commodities.*

Securities dealing on a propriety basis forms a very small part of the Group's business. In currencies and precious metals we chiefly operate on behalf of clients and build only small nostro positions. The limits granted to traders are low,

and their use of these is monitored constantly with software by separate risk management and internal control services.

### Operational risk

*This is the risk of loss that the Group would suffer owing to the inadequacy or failure of internal procedures, staff, IT systems or external occurrences.*

The Group entities have adopted a policy aimed at monitoring and mitigating the following operational risks inherent in wealth management:

- internal and external fraud
- negligence regarding confidentiality and/or banking secrecy protection requirements
- flawed practices in managing client assets and collective investment schemes
- business disruptions resulting from system failures and other extraordinary causes.

The Risk Control and Management Dept has a section focused on operational risks that suggests ways to improve our risk management and internal control facilities. Its responsibilities include:

- devising the methodology for managing operational risks (based primarily on the Basel II provisions), submitting this methodology to the Risk Committee for approval and overseeing its implementation
- recording operational incidents, analysing them and evaluating measures designed to prevent their recurrence.

This section collaborates with another that is in charge of gauging the relevance and effectiveness of the internal control system in force. It also uses specially designed IT tools deployed throughout the Group. It reports to the Executive Committee periodically or as required by the circumstances on the status of operational risks and on incidents.

A business continuity and organisational plan has been drawn up to deal with possible crisis situations that the Bank has identified and that could totally or partially disrupt our operational processes. Human and technical resources including an entire infrastructure have been deployed that would enable us to provide essential services at reduced capacity and return to normal as soon as possible. Given our Bank's objectives in terms of business continuity following a disaster or major incident, this plan will be further developed in 2011.

## OUTSOURCING

Our Group does not outsource services within the meaning of FINMA circular 2008/7.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>1</b>	<b>Claims arising from money market paper</b>	<b>Total</b>	<b>118,006</b>	<b>22,978</b>	<b>413.6</b>
	Rescriptions and treasury bills		118,006	22,974	413.7
	Other bills and money market paper		-	4	(100.0)
			<b>118,006</b>	<b>22,978</b>	
<b>2</b>	<b>Due from banks</b>	<b>Total</b>	<b>8,611,002</b>	<b>7,020,347</b>	<b>22.7</b>
	Due from banks		2,489,889	1,800,726	38.3
	Reverse repos		6,121,113	5,219,621	17.3
			<b>8,611,002</b>	<b>7,020,347</b>	
<b>3</b>	<b>Due from customers</b>	<b>Total</b>	<b>1,651,949</b>	<b>1,441,037</b>	<b>14.6</b>
	Current account overdrafts		655,936	643,553	1.9
	Advances and fixed term loans		781,836	777,915	0.5
	Reverse repos		200,000	-	-
	Public corporations		-	8,000	(100.0)
	<b>Total due from customers</b>		<b>1,637,772</b>	<b>1,429,468</b>	<b>14.6</b>
	<b>Mortgage loans</b>		<b>14,177</b>	<b>11,569</b>	<b>22.5</b>
			<b>1,651,949</b>	<b>1,441,037</b>	

Current account overdrafts, advances and fixed term loans and mortgage loans are shown at face value, less any required adjustments.

	Mortgage collateral	Other collateral	Unsecured	Total
<b>4 Schedule of collateral</b> (in thousands of CHF)				
<b>Loans</b>				
Due from customers	12,431	1,495,728	129,612	1,637,772
Mortgage loans:				
- residential property	14,177	-	-	14,177
<b>Total 2010</b>	<b>26,608</b>	<b>1,495,728</b>	<b>129,612</b>	<b>1,651,949</b>
<b>2009</b>	<b>11,569</b>	<b>1,079,544</b>	<b>349,924</b>	<b>1,441,037</b>
<b>Off-balance sheet transactions</b>				
Contingent liabilities	-	283,450	24,589	308,039
Irrevocable liabilities	-	54,658	1,880	56,538
Liabilities for unpaid-in capital	-	-	2,590	2,590
<b>Total 2010</b>	<b>-</b>	<b>338,108</b>	<b>29,059</b>	<b>367,167</b>
<b>2009</b>	<b>-</b>	<b>393,785</b>	<b>95,047</b>	<b>488,831</b>

	Gross value	Estimated proceeds from sale of collateral	Net value	Individual valuation adjustments
<b>Nonperforming loans</b> (in thousands of CHF)				
<b>Total 2010</b>	<b>14,233</b>	<b>-</b>	<b>14,233</b>	<b>14,224</b>
<b>2009</b>	<b>14,838</b>	<b>-</b>	<b>14,838</b>	<b>14,838</b>

Delinquent claims, i.e. claims for which the borrower is unlikely to honour his future commitments, are evaluated on an individual basis and the resulting depreciation is covered by itemised valuation adjustments. Off-balance sheet transactions, primarily involving contingent liabilities, guarantees and derivative instruments, are also included in this review. A claim is deemed delinquent when there is substantive evidence that future principal and interest payments due under contract are unlikely to be made or are over 90 days in arrears.

Interest is deemed in arrears when overdue for more than 90 days. Nonperforming loans and overdue interest do not appear in the profit and loss account, but are reported instead in "Valuation adjustments and provisions".

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>5</b>	<b>Securities and precious metals trading portfolios</b>	<b>Total</b>	<b>33,160</b>	<b>54,917</b>	<b>(39.6)</b>
	Debt instruments		7,285	22,751	(68.0)
	<i>of which: - listed</i>		7,285	22,472	(67.6)
	Equity paper		25,875	32,166	(19.6)
			<b>33,160</b>	<b>54,917</b>	

Securities are reported at their fair value on the balance sheet date (securities traded on a recognised Stock Exchange or representative market; if these conditions are not fulfilled, the securities are evaluated at their lowest quoted price); capital gains and losses are recorded under "Results of trading operations". Regarding balance sheet reporting of treasury stock, see **Note 17**.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>6</b>	<b>Financial investments</b>	<b>Total</b>	<b>798,673</b>	<b>682,427</b>	<b>17.0</b>

	2010 Book value	2010 Fair value	2009 Book value	2009 Fair value
Debt instruments	239,000	241,512	186,737	190,274
<i>of which: - intended to be held until maturity</i>	160,042	161,281	132,129	134,222
<i>- reported as per lowest valuation</i>	78,958	80,231	54,608	56,052
Equity paper	27,725	35,244	28,299	33,486
<i>of which: - qualifying equity stakes (min. 10% of capital or votes)</i>	-	-	-	-
Precious metals	531,948	531,948	467,391	467,391
	<b>798,673</b>	<b>808,704</b>	<b>682,427</b>	<b>691,150</b>
<i>of which: - securities eligible for repo agreements under liquidity regulations</i>	168,854	-	116,172	-

Interest-bearing securities that are intended to be held until maturity are evaluated using the accrual method. Capital gains and losses are calculated for the duration of issues, i.e. until their redemption date. Interest-bearing securities that are not intended to be held until maturity appear at their lowest valuation. When the market value of listed securities is below their acquisition price or when the price of unlisted securities is below the net asset value of the issuing company, the difference is charged to "Other ordinary expenses". Precious metals held to set off commitments towards clients are stated at their fair value. Regarding balance sheet reporting of treasury stock, see **Note 17**.

An undervaluation amounting to CHF 30.4m occurred under "Securities eligible for repo agreements" in 2009 and has been corrected in the corresponding figures above.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>7 Non-consolidated holdings</b>	<b>Total</b>	<b>90,990</b>	<b>89,669</b>	<b>1.5</b>
Holdings consolidated using the equity method		44,708	41,989	6.5
Non-consolidated majority holdings excluded from consolidation		46,282	47,680	(2.9)
		<b>90,990</b>	<b>89,669</b>	
"Holdings consolidated using the equity method" includes significant interests owned by the Group (20-50% of the relevant company's share capital).				
Differences arising from the first equity consolidation:				
- positive, included under "Retained earnings"		2,365	2,372	
- negative, shown under "Intangible assets"		-	-	
Companies consolidated on the balance sheet using the equity method:				
- La Compagnie Benjamin de Rothschild S.A., Meyrin, owned by: Banca Privata Edmond de Rothschild Lugano S.A., Lugano (17.34%) and Banque Privée Edmond de Rothschild S.A., Geneva (17.34%) Total share capital CHF 11,534,000.–				
- A.C.H. Management S.A., Luxembourg, owned by: Banque Privée Edmond de Rothschild S.A., Geneva (27%), Edmond de Rothschild Limited, London (10%) and Edmond de Rothschild International Funds Ltd, Bermuda (1%) Total share capital USD 87,590				
- LCF EdR Nikko Cordial, Japan, owned by: Banque Privée Edmond de Rothschild Europe, Luxembourg (50%) Total share capital JPY 100,000,000				
- L.C.H. Investment NV, Netherlands Antilles, owned by: Banque Privée Edmond de Rothschild S.A., Geneva (43%) Edmond de Rothschild Limited, London (0.5%) and Edmond de Rothschild International Funds Ltd, Bermuda (0.5%) Total share capital USD 2'000				
Due from or to holdings consolidated using the equity method:				
Due from customers		-	24	
Adjustments accounts		203	6	
<b>Total assets</b>		<b>203</b>	<b>30</b>	<b>576.7</b>
Other amounts due to customers		18,591	27,395	
Other liabilities		119	-	
<b>Total liabilities</b>		<b>18,710</b>	<b>27,395</b>	<b>(31.7)</b>
The other equity stakes are evaluated at their acquisition price less any write-offs to allow for long-term capital losses. Other capital losses are shown in the balance sheet as "Valuation adjustments and provisions" and in the relevant item of the profit and loss account.				
Due from and to majority holdings excluded from consolidation:				
Due from banks		-	-	
<b>Total assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
Other amounts due to customers		-	-	
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>

	Acquisition value at 1 January 2010	Accumulated depreciation at 1 January 2010	Group value at 1 January 2010
<b>8 Schedule of non-current assets</b> (in thousands of CHF)			
Holdings consolidated using the equity method	41,989	-	41,989
Other holdings	48,127	(447)	47,680
<b>Non-consolidated holdings</b>	<b>90,116</b>	<b>(447)</b>	<b>89,669</b>
Bank premises	167,854	(42,308)	125,546
Other buildings	13,200	(3,496)	9,704
Other fixed assets	235,166	(181,234)	53,932
<b>Total fixed assets</b>	<b>416,220</b>	<b>(227,038)</b>	<b>189,182</b>
Goodwill	74,977	(67,884)	7,093
Other intangible assets	85,949	(72,228)	13,721
<b>Intangible assets</b>	<b>160,926</b>	<b>(140,112)</b>	<b>20,814</b>

	2010 (in thousands of CHF)	2009 (in thousands of CHF)
Fire insurance value of bank premises	172,599	149,763
Fire insurance value of other buildings	13,207	13,177
Fire insurance value of other fixed assets	116,740	118,307
Commitments: future leasing instalments under operating leases	-	-

#### Fixed assets

Increases and decreases in the value of holdings consolidated using the equity method are shown under “Investments” and “Divestitures” respectively.

Investments in new fixed assets which are to be used for more than one financial year and exceed the balance-sheet reporting threshold are stated at their purchase value. Investments in existing fixed assets are reported as assets if their market or usage value increases for an extended period or if their useful life increases significantly.

Fixed assets are reported in subsequent years at their purchase value less accumulated depreciation. They are written down according to a predetermined schedule throughout their useful life, and the correctness of their value is reviewed each year. If this assessment reveals a change in an asset’s projected useful life or a decrease in its actual worth, the residual book value is either amortised as per the new schedule or written down accordingly at the end of the reporting period. Planned and additional unplanned write-downs are stated as expenses under “Depreciation of fixed assets” in the profit and loss account. If the reason for a write-down ceases to exist, the relevant asset is re-evaluated.

Land, buildings and other fixed assets comprising furniture, equipment and fixtures (including renovations) are depreciated on the basis of their residual book value over their useful life, in accordance with the legislation of the country where the company is incorporated.

Profits on sales of fixed assets are included in “Extraordinary income” and losses in “Extraordinary expenses”.

#### Goodwill

If the cost of an acquisition exceeds its net value as assessed according to Group principles, the difference is considered goodwill and stated as an asset in the balance sheet. The positive differences arising from a company’s first-time full consolidation or consolidation at equity are amortised in the profit and loss account on a straight-line basis.

#### Other intangible assets

Other intangible assets when acquired are reported in the balance sheet if it is believed they will provide the Group with economic benefits over a number of years. Other intangible assets created by the Group itself do not appear at their fair value: following their evaluation, they are reported in the balance sheet at their purchase price and amortised in the profit and loss account as per their residual value over their useful life. The currency of the residual value is reviewed each year. If this review reveals a change in the duration of their useful lives or a decrease in their actual worth, the Group depreciates the residual book value in accordance with the new useful life or by means of an unplanned write-down.

Forex adjustments	Resignations	Investments and newly consolidated assets	Divestitures and assets no longer consolidated	Depreciation, including changes in scope of consolidation	Group value at 31 December 2010
29	-	3,101	(411)	-	44,708
(1,500)	-	124	(22)	-	46,282
<b>(1,471)</b>	-	<b>3,225</b>	<b>(433)</b>	-	<b>90,990</b>
(6,513)	-	-	-	(2,564)	116,469
-	-	-	-	(291)	9,413
(5,166)	(4)	25,222	(166)	(22,487)	51,330
<b>(11,679)</b>	<b>(4)</b>	<b>25,222</b>	<b>(166)</b>	<b>(25,342)</b>	<b>177,212</b>
-	-	-	-	(2,106)	4,987
(1,469)	4	6,210	-	(7,249)	11,217
<b>(1,469)</b>	<b>4</b>	<b>6,210</b>	-	<b>(9,355)</b>	<b>16,204</b>

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>9 Other assets</b>	<b>Total</b>	<b>358,560</b>	<b>197,609</b>	<b>81.4</b>
Positive replacement value of derivative instruments		330,647	179,250	84.5
Other		27,913	18,359	52.0
		<b>358,560</b>	<b>197,609</b>	

	2010 Book value of assets	2010 Actual encumbrance	2009 Book value of assets	2009 Actual encumbrance
<b>10 Assets pledged or assigned to cover own liabilities and assets subject to reservation of ownership</b> (in thousands of CHF)				
Securities pledged to a Stock Exchange to cover settlements	17,451	-	22,065	-
Mortgage notes pledged to cover Bank premises	-	-	-	-
Other	7,864	-	9,387	-
Assets pledged or assigned to cover own liabilities	25,315	-	31,452	-
Assets subject to reservation of ownership	-	-	-	-
Total encumbrances covering own liabilities	25,315	-	31,452	-

	2010	2009
<b>Securities lending and repurchase agreements</b>		
Claims arising from cash pledged as collateral under securities borrowing and reverse repo agreements	6,321,113	5,219,618
Liabilities arising from cash received as collateral under securities lending and repo agreements	-	-
Securities held for own account and tendered as collateral under securities borrowing and repo agreements	-	-
<i>of which: - those which the recipient has been authorised without restriction to sell or pledge subsequently</i>	-	-
Securities received as collateral under securities lending agreements and securities received under borrowing or reverse repo agreements which the Bank has been authorised without restriction to sell or pledge subsequently	6,453,090	5,254,603
<i>of which: - those of the above securities which were sold or pledged</i>	-	-

The fees earned or paid as a result of securities lending are reported as per the duration of the loan and appear respectively as interest income or interest charges. Repos and reverse repos are used to finance and refinance the purchase of special kinds of equities. They are stated as loans secured by financial instruments or as deposits secured by shares from the Bank's treasury stock. They are stated as advances secured by securities or as deposits for which the Bank has pledged securities. The interest income arising from reverse repos and the interest charges arising from repos are reported as per the duration of the relevant transactions.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>11 Disclosure of commitments to own pension plans</b>	<b>Total</b>	<b>40,627</b>	<b>22,170</b>	<b>83.3</b>

Commitments to own pension plans (joint and employer foundations alike) are stated under "Other amounts due to customers".

<b>12 Other liabilities</b>	<b>Total</b>	<b>384,798</b>	<b>236,087</b>	<b>63.0</b>
Negative replacement value of derivative instruments		336,527	178,286	88.8
Other		48,271	57,801	(16.5)
		<b>384,798</b>	<b>236,087</b>	

	Situation at end-2009	Uses and releases as designated	Changes in scope of consolidation	Recoveries, interests at risk and forex differences	New provisions charged to profit and loss account	Releases reported in profit and loss account	Situation at end-2010
<b>13 Valuation adjustments and provisions</b>							
<b>Reserves for general banking risks</b> (in thousands of CHF)							
Provision for taxes and deferred taxes	39,378	-	-	(1,759)	933	(1,984)	36,568
Valuation adjustments and provisions for default and other risks:							
- valuation adjustments and provisions for default risks (credit and country risks)	18,368	(203)	-	(483)	1,010	(963)	17,729
- valuation adjustments and provisions for other operating risks	-	-	-	-	-	-	-
- other provisions	48,707	(3,869)	-	(2,577)	5,486	(26,673)	21,074
Subtotal	67,075	(4,072)	-	(3,060)	6,496	(27,636)	38,803
<b>Total valuation adjustments and provisions</b>	<b>106,453</b>	<b>(4,072)</b>	<b>-</b>	<b>(4,819)</b>	<b>7,429</b>	<b>(29,620)</b>	<b>75,371</b>
Less valuation adjustments deducted directly from assets:	14,837						14,224
<i>of which: - customers</i>	14,837						14,224
<b>Total valuation adjustments and provisions as per balance sheet</b>	<b>91,616</b>						<b>61,148</b>
<b>Reserves for general banking risks</b>	<b>258,048</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>41,163</b>	<b>(4,241)</b>	<b>294,967</b>

Reflecting the Group's cautious stance, valuation adjustments and provisions are allocated on an individual basis to all discernible risks of loss. Valuation adjustments and provisions that become economically unnecessary during the course of a financial year are released and reported under the relevant heading in the profit and loss account. Individual valuation adjustments are deducted from the relevant balance sheet items. Deferred taxes mainly relate to temporary changes in reserves for general banking risks. They are calculated based on the average tax rate foreseen at the time the balance sheet is drawn up.

Reserves for general banking risks form part of consolidated shareholders' equity. The portion accruing to the Group minority shareholders is deducted from these reserves.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>14 Share capital</b>	<b>Total</b>	<b>45,000</b>	<b>45,000</b>	<b>-</b>
200,000 fully paid registered shares with a par value of CHF 100.–		20,000	20,000	-
50,000 fully paid bearer shares with a par value of CHF 500.–		25,000	25,000	-
		<b>45,000</b>	<b>45,000</b>	
For treasury stock, see <b>Note 17</b> .				
Amounts due to and from Edmond de Rothschild Holding S.A., the only shareholder with a qualifying interest in the parent company:				
Due from customers		37,435	14,002	
<b>Total claims</b>		<b>37,435</b>	<b>14,002</b>	<b>167.4</b>
Other amounts due to customers		2,686	2,535	
<b>Total liabilities</b>		<b>2,686</b>	<b>2,535</b>	<b>6.0</b>
<b>15 Retained earnings and other reserves</b>	<b>Total</b>	<b>769,977</b>	<b>748,056</b>	<b>2.9</b>
Retained earnings		847,966	767,663	10.5
Passive difference from consolidation and equity consolidation		7,225	7,232	(0.1)
Accrued currency translation differences		(85,214)	(26,839)	217.5
		<b>769,977</b>	<b>748,056</b>	
<b>16 Minority interests in shareholders' equity</b>	<b>Total</b>	<b>28,565</b>	<b>33,505</b>	<b>(14.7)</b>
Minority shareholders' share in retained earnings		39,807	39,063	1.9
Minority shareholders' share in accrued currency translation differences		(11,242)	(5,559)	102.2
		<b>28,565</b>	<b>33,505</b>	

	2010 (in thousands of CHF)	2009 (in thousands of CHF)
<b>17 Statement of changes in shareholders' equity</b>		
<b>Share capital at beginning of year</b>		
Share capital	45,000	45,000
Additional paid-in capital	130,779	133,197
Retained earnings at beginning of year (including minority interests' share in shareholders' equity)	781,561	692,755
<i>of which: currency translation differences</i>	<i>(32,398)</i>	<i>(29,465)</i>
Reserves for general banking risks	258,048	222,983
Group net income	136,814	201,017
Treasury stock	(37,929)	(42,545)
<b>Total shareholders' equity at beginning of the reporting period</b>	<b>1,314,273</b>	<b>1,252,407</b>
Capital increase/decrease	-	-
Other allocations to/releases from reserves for general banking risks	36,919	35,065
Allocations to/releases from additional paid-in capital	(37,929)	-
Dividend	(81,000)	(108,000)
Other allocations to/releases from retained earnings	25,226	(5,894)
Net income	149,898	136,814
Treasury stock buybacks (at purchase price)	(18,819)	(8,926)
Sales of treasury stock (at purchase price)	448	13,542
Profit or loss on sales of treasury stock	370	2,198
Currency translation differences	(64,059)	(2,933)
<b>Total shareholders' equity at end of the reporting period</b>	<b>1,325,327</b>	<b>1,314,273</b>
of which: - share capital	45,000	45,000
- additional paid-in capital	93,220	130,779
- retained earnings (including minority interests' share in shareholders' equity)	798,542	781,561
<i>of which: - currency translation differences</i>	<i>(96,456)</i>	<i>(32,398)</i>
- reserves for general banking risks	294,967	258,048
- Group net income	149,898	136,814
<i>of which: - minority interests' share in net income</i>	<i>14,123</i>	<i>12,375</i>
- treasury stock	(56,300)	(37,929)

The minority shareholders are considered as providers of funds to the Group. As a consequence, their interest is treated as Group equity. Similarly, net income attributable to minority interests is included in consolidated net income.

(Note 17 cont'd next page)

(Note 17 cont'd)

	2010 (number of shares)	2009 (number of shares)
<b>Own shares deducted from shareholders' equity</b>		
<b>Treasury stock included in securities and precious metals trading portfolio</b>		
- number of own shares at 1 January	136	115
- number of shares purchased during the reporting year	485	380
- number of shares sold during the reporting year	(508)	(359)
<b>- number of own shares at 31 December</b>	<b>113</b>	<b>136</b>
<b>Treasury stock reported as financial investments</b>		
- number of own shares at 1 January	1,450	1,750
- number of shares purchased during the reporting year	741	300
- number of shares sold during the reporting year	-	(600)
<b>- number of own shares at 31 December</b>	<b>2,191</b>	<b>1,450</b>

	On demand	Callable	Within 3 months	In 3 to 12 months	In 12 months to 5 years	After 5 years	Total
<b>18 Maturity profile of current assets, financial investments and borrowed funds</b>							
(in thousands of CHF)							
<b>Current assets</b>							
Cash and other liquid assets	328,350	-	-	-	-	-	328,350
Claims arising from money market paper	-	-	118,006	-	-	-	118,006
Due from banks	843,549	331,644	7,400,922	9,880	25,007	-	8,611,002
Due from customers	-	1,070,517	138,374	368,765	23,593	36,523	1,637,772
Mortgage loans	-	14,177	-	-	-	-	14,177
Securities and precious metals held for trading purposes	33,160	-	-	-	-	-	33,160
Immobilisations financières	563,070	-	17,522	25,837	165,444	26,800	798,673
<b>Total 2010</b>	<b>1,768,129</b>	<b>1,416,338</b>	<b>7,674,824</b>	<b>404,482</b>	<b>214,044</b>	<b>63,323</b>	<b>11,541,140</b>
<b>2009</b>	<b>4,226,269</b>	<b>1,128,991</b>	<b>6,248,233</b>	<b>194,740</b>	<b>165,690</b>	<b>161,216</b>	<b>12,125,139</b>
<b>Borrowed funds</b>							
Liabilities arising from money market paper	57	15	-	-	-	-	72
Due to banks	137,807	-	107,901	-	-	-	245,708
Due to customers on savings or deposit accounts	-	7,737	-	-	-	-	7,737
Other amounts due to customers	9,292,150	-	756,358	40,295	5	10,408	10,099,216
<b>Total 2010</b>	<b>9,430,014</b>	<b>7,752</b>	<b>864,259</b>	<b>40,295</b>	<b>5</b>	<b>10,408</b>	<b>10,352,733</b>
<b>2009</b>	<b>9,685,825</b>	<b>7,345</b>	<b>1,187,035</b>	<b>25,755</b>	<b>11</b>	<b>9,658</b>	<b>10,915,629</b>

	2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>19 Due from and to affiliated companies</b>			
Due from banks	54,153	51,267	
Due from customers	20	22	
Adjustment accounts	2,979	2,731	
Other assets	15,888	1,120	
<b>Total claims</b>	<b>73,040</b>	<b>55,140</b>	<b>32.5</b>
Due to banks	306	412	
Other amounts due to customers	5,047	7,239	
Adjustment accounts	560	616	
Other liabilities	18,747	1,987	
<b>Total commitments</b>	<b>24,660</b>	<b>10,254</b>	<b>140.5</b>

Affiliated companies include the majority holdings of Edmond de Rothschild Holding S.A., which are not part of the Banque Privée Edmond de Rothschild Group.

	2010 Loans	2010 Number of members	2009 Loans	2009 Number of members
<b>20 Loans granted to the governing bodies of the Bank</b>				
<b>Guarantee commitments on behalf of the governing bodies of the Bank</b>				
<b>Remuneration paid to the governing bodies of the Bank</b>				
<b>Loans granted to the governing bodies</b> (in thousands of CHF)				
- to members of boards of directors	41,209	7	16,401	2
- to members of executive committees	2,797	9	3,947	8
- to internal auditors	-	-	-	-
- to independent auditors	-	-	-	-
<b>Total</b>	<b>44,006</b>	<b>16</b>	<b>20,348</b>	<b>10</b>
	Commitments	Number of members	Commitments	Number of members
<b>Guarantee commitments on behalf of:</b> (in thousands of CHF)				
- members of boards of directors	307	4	280	3
- members of executive committees	969	8	537	8
- internal auditors	30	5	29	6
- independent auditors	-	-	-	-
<b>Total</b>	<b>1,306</b>	<b>17</b>	<b>846</b>	<b>17</b>

	2010	2010	2010	2009	2009	2009
	Swiss	Foreign	Total	Swiss	Foreign	Total
<b>21 Breakdown of Swiss and foreign assets and liabilities</b> (in thousands of CHF)						
<b>ASSETS</b>						
Cash and other liquid assets	210,434	117,916	328,350	2,292,303	611,130	2,903,433
Claims arising from money market paper	99,994	18,012	118,006	1,393	21,585	22,978
Due from banks	1,697,426	6,913,576	8,611,002	498,473	6,521,874	7,020,347
Due from customers	278,239	1,359,533	1,637,772	90,945	1,338,523	1,429,468
Mortgage loans	14,177	-	14,177	11,569	-	11,569
Securities and precious metals held for trading purposes	308	32,852	33,160	215	54,702	54,917
Financial investments	672,047	126,626	798,673	574,343	108,084	682,427
Non-consolidated holdings	81,937	9,053	90,990	78,822	10,847	89,669
Fixed assets	107,639	69,573	177,212	105,005	84,177	189,182
Intangible assets	8,657	7,547	16,204	10,902	9,912	20,814
Accrued income and prepaid expenses	20,268	96,338	116,606	6,655	110,832	117,487
Other assets	163,812	194,748	358,560	87,380	110,229	197,609
<b>Total assets</b>	<b>3,354,938</b>	<b>8,945,774</b>	<b>12,300,712</b>	<b>3,758,005</b>	<b>8,981,895</b>	<b>12,739,900</b>
<b>LIABILITIES</b>						
Liabilities arising from money market paper	72	-	72	3,045	-	3,045
Due to banks	7,964	237,744	245,708	18,532	333,858	352,390
Customer savings and deposit accounts	7,071	666	7,737	6,644	784	7,428
Other amounts due to customers	1,072,897	9,026,319	10,099,216	1,139,787	9,412,979	10,552,766
Accrued expenses and deferred income	73,656	103,050	176,706	70,159	112,136	182,295
Other liabilities	242,241	142,557	384,798	165,648	70,439	236,087
Valuation adjustments and provisions	35,798	25,350	61,148	65,154	26,462	91,616
Reserves for general banking risks	241,078	53,889	294,967	203,309	54,739	258,048
Share capital	45,000	-	45,000	45,000	-	45,000
Additional paid-in capital and other reserves	92,289	931	93,220	129,848	931	130,779
Retained earnings	606,986	162,991	769,977	539,747	208,309	748,056
Treasury stock	(56,300)	-	(56,300)	(37,929)	-	(37,929)
Minority interests' share in shareholders' equity	28	28,537	28,565	28	33,477	33,505
Consolidated net income	19,095	130,803	149,898	32,440	104,374	136,814
<b>Total liabilities</b>	<b>2,387,875</b>	<b>9,912,837</b>	<b>12,300,712</b>	<b>2,381,412</b>	<b>10,358,488</b>	<b>12,739,900</b>

The breakdown of Swiss and foreign origin is based on the location of the registered office of the debtor, creditor or the body issuing the shares or debt instruments. In the case of mortgage-backed securities, guarantees and liens, the place of the security interest applies.

	2010 Value	2010 % share	2009 Value	2009 % share
<b>22 Breakdown of consolidated assets by country/country group</b> (in thousands of CHF)				
<b>ASSETS</b>				
Switzerland	3,354,938	27.3	3,758,005	29.5
Europe excluding Switzerland	8,251,327	67.1	8,320,586	65.3
North America	165,392	1.3	166,461	1.3
South America	50,522	0.4	45,081	0.4
Asia / Pacific	150,707	1.2	64,359	0.5
Caribbean	288,485	2.4	338,671	2.6
Africa Middle East	39,341	0.3	46,737	0.4
<b>Total assets</b>	<b>12,300,712</b>	<b>100.0</b>	<b>12,739,900</b>	<b>100.0</b>

**Breakdown of consolidated assets and liabilities by currency**

(in thousands of CHF)

	CHF	USD	EUR	Other	Total
<b>ASSETS</b>					
Cash and other liquid assets	209,111	192	118,929	118	328,350
Claims arising from money market paper	99,994	561	17,451	-	118,006
Due from banks	1,348,490	2,762,083	3,924,461	575,968	8,611,002
Due from customers	297,126	304,079	925,647	110,920	1,637,772
Mortgage loans	14,177	-	-	-	14,177
Securities and precious metals held for trading purposes	3,153	7,045	15,574	7,388	33,160
Financial investments	235,661	9,629	21,279	532,104	798,673
Non-consolidated holdings	82,395	108	8,038	449	90,990
Fixed assets	113,212	42	61,296	2,662	177,212
Intangible assets	8,691	-	7,485	28	16,204
Accrued income and prepaid expenses	28,594	6,938	80,346	728	116,606
Other assets	334,163	348	23,950	99	358,560
Total positions reported as assets	2,774,767	3,091,025	5,204,456	1,230,464	12,300,712
Delivery claims arising from spot, forward and options transactions	2,345,116	8,803,694	8,869,084	2,843,021	22,860,915
<b>Total assets 2010</b>	<b>5,119,883</b>	<b>11,894,719</b>	<b>14,073,540</b>	<b>4,073,485</b>	<b>35,161,627</b>
<b>Total assets 2009</b>	<b>5,005,578</b>	<b>10,501,865</b>	<b>12,890,232</b>	<b>2,911,707</b>	<b>31,309,382</b>

**LIABILITIES**

Liabilities arising from money market paper	72	-	-	-	72
Due to banks	11,867	150,423	35,454	47,964	245,708
Customer savings and deposit accounts	7,737	-	-	-	7,737
Other amounts due to customers	1,142,065	3,312,307	4,409,409	1,235,435	10,099,216
Accrued expenses and deferred income	73,465	2,793	86,788	13,660	176,706
Other liabilities	358,758	361	25,359	320	384,798
Valuation adjustments and provisions	47,094	-	14,054	-	61,148
Reserves for general banking risks	214,078	-	53,889	-	294,967
Share capital	45,000	-	-	-	45,000
Additional paid-in capital and other reserves	92,289	-	931	-	93,220
Retained earnings	632,845	1,604	101,290	34,238	769,977
Treasury stock	(56,300)	-	-	-	(56,300)
Minority interests' share in shareholders' equity	33	915	20,148	7,469	28,565
Consolidated net income	23,275	768	119,859	5,996	149,898
Total positions reported as liabilities	2,619,278	3,469,171	4,867,181	1,345,082	12,300,712
Delivery commitments arising from spot, forward and options transactions	2,612,737	8,414,799	9,079,149	2,754,230	22,860,915
<b>Total liabilities 2010</b>	<b>5,232,015</b>	<b>11,883,970</b>	<b>13,946,330</b>	<b>4,099,312</b>	<b>35,161,627</b>
<b>Net position per currency</b>	<b>(112,132)</b>	<b>10,749</b>	<b>127,210</b>	<b>(25,827)</b>	<b>-</b>
<b>Total liabilities 2009</b>	<b>5,105,778</b>	<b>10,468,515</b>	<b>12,815,269</b>	<b>2,919,820</b>	<b>31,309,382</b>

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>24 Contingent liabilities</b>	<b>Total</b>	<b>308,039</b>	<b>408,974</b>	<b>(24.7)</b>
Irrevocable guarantees in the form of avals, sureties and guarantees (including guarantee commitments under irrevocable letters of credit), advance payment guarantees and endorsement obligations from rediscounting		249,345	344,391	(27.6)
Performance bonds, bid bonds, letters of indemnity and other service guarantees (including service guarantees in the form of irrevocable letters of credit)		58,694	64,583	(9.1)
		<b>308,039</b>	<b>408,974</b>	
For guarantee commitments made on behalf of the Bank's governing bodies, see <b>Note 20</b> . These commitments are reported in "Off-balance sheet transactions" at their face value.				
<b>25 Guarantee commitments for third parties</b>	<b>Total</b>	<b>308,039</b>	<b>408,974</b>	<b>(24.7)</b>
Surety bonds		4,784	3,332	(43.6)
Guarantees		303,255	405,642	(25.2)
		<b>308,039</b>	<b>408,974</b>	

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Underlying values	Positive replacement values	Negative replacement values	Underlying values
<b>26 Open interest in derivative instruments</b> (in thousands of CHF)						
<b>Interest rate products</b>						
Forward contracts including FRAs	-	-	-	-	-	-
Swaps	307	-	18,714	-	-	-
Futures	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
<b>Forward contracts</b>						
Combined interest and currency swaps	215,505	303,038	19,457,515	-	-	-
Futures	102,511	23,855	3,027,532	-	-	-
OTC options	-	-	-	-	-	-
Traded options	5,913	5,880	388,080	-	-	-
Equity index products	-	-	-	-	-	-
<b>Futures</b>						
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
Other	3,754	3,754	50,621	-	-	-
Forward contracts	-	-	-	-	-	-
<b>OTC options</b>						
Traded options	-	-	-	-	-	-
Total before impact of netting agreements	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (négociables)	-	-	-	-	-	-
<b>Total before impact of netting agreements</b>						
<b>2010</b>	<b>327,990</b>	<b>336,527</b>	<b>22,942,462</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2009</b>	<b>179,249</b>	<b>178,286</b>	<b>18,444,119</b>	<b>-</b>	<b>-</b>	<b>-</b>
		Positive replacement values (accumulated)			Negative replacement values (accumulated)	
<b>Total after impact of netting agreements</b>						
<b>2010</b>		<b>327,990</b>			<b>336,527</b>	
<b>2009</b>		<b>179,249</b>			<b>178,286</b>	

Derivative instruments are reported at their fair value. The positive and negative replacement values represent the Bank's claims and obligations respectively, should the Bank enter into contracts identical to the initial ones with other counterparties. The positive and negative replacement values are shown in the balance sheet under "Other assets" and "Other liabilities" respectively, and in the profit and loss account under "Results of trading operations". The fair value is either the market price (if the instrument is traded on an efficient, liquid market), the

price quoted by market makers or the price determined using valuation models. The underlying value represents the net claim arising from trading in derivative instruments for own account or on behalf of customers (contract value).

(Note 26 cont'd next page)

(Note 26 cont'd)

	2010 Positive replacement values	2010 Negative replacement values	2010 Underlying values	2009 Positive replacement values	2009 Negative replacement values	2009 Underlying values
<b>Open interest in derivative instruments</b> (in thousands of CHF)						
Banks and derivatives exchanges						
- expiring in less than 1 year	186,657	250,097	14,296,657	91,495	154,295	11,189,030
- expiring in more than 1 year	-	-	-	-	-	-
Brokers	-	-	-	-	-	-
Secured customers	141,333	86,430	8,645,805	87,754	23,991	7,255,089
Unsecured customers	-	-	-	-	-	-
<b>Total</b>	<b>327,990</b>	<b>336,527</b>	<b>22,942,462</b>	<b>179,249</b>	<b>178,286</b>	<b>18,444,119</b>

	2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>27 Fiduciary transactions</b>	<b>Total</b>	<b>6,232,861</b>	<b>8,414,002</b>	<b>(25.9)</b>
Fiduciary deposits with other banks	6,020,434	8,176,727	(26.4)	
Fiduciary loans	212,427	237,275	(10.5)	
	<b>6,232,861</b>	<b>8,414,002</b>		
<b>28 Assets under management</b>				
Assets invested in funds managed by the Bank	17,335,933	16,718,499	3.7	
Assets under discretionary management	19,740,594	20,377,753	(3.1)	
Other assets	55,638,121	55,107,884	1.0	
<b>Total assets under management (incl. double reporting)</b>	<b>92,714,648</b>	<b>92,204,136</b>	<b>0.6</b>	
<i>of which: - double reporting</i>	<i>10,182,499</i>	<i>10,078,172</i>	<i>1.0</i>	
<i>- net deposits/withdrawals of fresh money</i>	<i>6,485,659</i>	<i>5,633,280</i>	<i>15.1</i>	

Net entries/exits of fresh client funds includes account openings and closures as well as deposits and withdrawals by existing clients. Changes in assets due to performance (e.g. price variations, payments of interest and dividends and bank charges) are not considered as deposits/withdrawals.

	2010	2009	Change	
<b>29 Interest and discount income</b>	<b>Total</b>	<b>54,253</b>	<b>82,198</b>	<b>(34.0)</b>
Due from banks	32,515	51,867	(37.3)	
<i>of which: - reverse repo interest</i>	<i>20,316</i>	<i>23,677</i>	<i>(14.2)</i>	
Claims arising from money market paper	107	258	(58.5)	
Advances to customers	21,631	30,073	(28.1)	
	<b>54,253</b>	<b>82,198</b>		
Interest and dividend income on trading portfolios	401	758	(47.1)	
Interest and dividend income on financial investments	5,070	4,708	7.7	

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>30 Interest payable</b>	<b>Total</b>	<b>5,462</b>	<b>21,132</b>	<b>(74.2)</b>
To banks		1,657	3,184	(48.0)
On customer deposits		3,805	17,948	(78.8)
		<b>5,462</b>	<b>21,132</b>	

<b>31 Commission income on securities and investment transactions</b>	<b>Total</b>	<b>571,652</b>	<b>523,918</b>	<b>9.1</b>
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This heading covers brokerage fees, custody fees, management fees, advisory fees and commissions on investment activities (fiduciary loans and deposits, gold, currency options, futures, investment trusts, securities transfers and new issues).

The 2009 figure contains a reclassification of CHF 4.5m that increases Commission income on securities and investment transactions and decreases Results of trading operations.

<b>32 Commission income on other service operations</b>	<b>Total</b>	<b>76,047</b>	<b>72,005</b>	<b>5.6</b>
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Commissions on other services consist of administration fees charged to customers and commissions for safe rentals, money transfers, cheques and other services.

<b>33 Results of trading operations</b>	<b>Total</b>	<b>95,816</b>	<b>97,731</b>	<b>(2.0)</b>
Securities trading (including equity product and index derivatives)		30,377	42,197	(28.0)
Forex trading (including forex derivatives)		64,769	55,056	17.6
Precious metals (including precious metals derivatives)		670	478	40.1
		<b>95,816</b>	<b>97,731</b>	

Income and expenses arising from trading portfolios – profits and losses on trades, along with interest and dividends – are included in “Results of trading operations”. The Group does not debit portfolio refinancing costs to these results. Results of securities lending and borrowing appear in “Interest income, net”.

The 2009 figure contains a reclassification of CHF 4.5m that decreases Results of trading operations, see **Note 31**.

<b>34 Other ordinary income</b>	<b>Total</b>	<b>15,479</b>	<b>14,977</b>	<b>3.4</b>
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This heading mainly covers fees received, coupon collection income and VAT refunds.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>35 Personnel expenses</b>	<b>Total</b>	<b>372,205</b>	<b>349,376</b>	<b>6.5</b>
Salaries		305,772	282,684	8.2
Employee benefits:				
- statutory social security		23,203	24,574	(5.6)
- contributions to pension funds		27,783	26,479	4.9
Other personnel expenses		15,447	15,639	(1.2)
		<b>372,205</b>	<b>349,376</b>	

“Salaries” covers the payroll of permanent and temporary staff, plus bonuses, fees paid to directors and supplementary allowances.

#### Personnel welfare plans

The staff of the parent company and of some affiliates are insured by the Personnel Welfare Foundation for the Staff of Banque Privée Edmond de Rothschild S.A. and Allied Companies (the “Joint Foundation”). Its purpose is to protect the staff of its member companies from the economic consequences of old age, disability and death. The Joint Foundation is semi-autonomous and operates on the basis of actual contributions (the “primacy of contributions” principle). Contribution rates increase with age. Employers pay in two-thirds of contributions and employees one-third. Death and disability coverage is financed by the Employers’ Personnel Welfare Foundation for the Staff of Banque Privée Edmond de Rothschild S.A. and Allied Companies (the “Employers’ Foundation”). Administrative overheads are covered by member employers. Employees are jointly liable in full within the Joint Foundation.

The Foundation’s latest audited financial statements showed a funding ratio of 97.23% at 31 Dec. 2009 (as against 89.8% at 31 Dec. 2008).

Thanks to good management of the Foundation’s assets, the funding ratio exceeded 100% at 31 Dec. 2010. The Foundation Board resolved not to index pensions and to pay 1.5% interest on capital savings accounts in 2010.

The Board of Directors believes that any funding ratio surplus as defined in RPC 16 of the Swiss GAAP will be used for the benefit of employees and that, as a consequence, no profit will arise for the member companies.

The member companies whose staff are insured by the Joint Foundation also pay into the Employers’ Foundation in favour of the staff of Banque Privée Edmond de Rothschild S.A. and of the member companies. The purpose of the Foundation is to make payments on a voluntary basis to the Foundation in favour of the Staff of Banque Privée Edmond de Rothschild. Such benefits are financed by the member companies’ voluntary contributions. The employers are jointly liable in full within the Employers’ Foundation.

The employees of other Group entities belong to personnel welfare funds that also operate on the primacy of contributions principle.

At 31 Dec. 2010 there was no employer contributions reserve.

	2009 Funding surplus / deficit	2009 Entity's share	2008 Entity's share	Change v. previous year	Period- adjusted contributions	2009 Personnel welfare costs included in personnel expenses	2008 Personnel welfare costs included in personnel expenses
<b>Economic benefits / commitments and personnel welfare expenses</b> (in thousands of CHF)							
Employers’ funds / employers’ personal welfare institutions	14,156	-	-	-	5,117	5,117	4,582
Personnel welfare institutions with a surplus funding ratio	(8,831)	-	-	-	21,362	21,362	16,543
Personnel welfare institutions with no proprietary assets	-	-	-	-	-	-	4,613
<b>Total</b>					<b>26,479</b>	<b>26,479</b>	<b>25,738</b>

(Note 35 cont’d next page)

(Note 35 cont'd)

	2010	2010	2010	2010	2009	2009	2009	2009
	CH	EU	Other countries	Total	CH	EU	Other countries	Total
<b>Group personnel</b> (number of employees)								
Average number of employees	654	922	41	<b>1,617</b>	643	911	44	<b>1,598</b>
Total number of employees at year-end	670	940	39	<b>1,649</b>	657	910	47	<b>1,614</b>
Number of employees at year-end, converted into full-time jobs	647	918	39	<b>1,604</b>	633	892	45	<b>1,570</b>

		2010	2009	Change
		(in thousands of CHF)	(in thousands of CHF)	(in %)
<b>36 Other operating expenses</b>	<b>Total</b>	<b>127,815</b>	<b>118,650</b>	<b>7.7</b>
Cost of premises		19,753	20,844	(5.2)
Equipment costs:				
- IT systems		26,983	21,763	24.0
- machines		499	454	9.9
- furniture		841	1,114	(24.5)
- vehicles		500	542	(7.7)
Other operating expenses:				
- office supplies		8,704	8,784	(0.9)
- communications costs		20,309	20,459	(0.7)
- professional fees and other expenses		50,226	44,690	12.4
		<b>127,815</b>	<b>118,650</b>	
<b>37 Depreciation of non-current assets</b>	<b>Total</b>	<b>34,697</b>	<b>35,154</b>	<b>(1.3)</b>
Fixed assets:				
- land and buildings		2,855	2,981	(4.2)
- office furniture, machines and equipment		22,487	22,396	0.4
Intangible assets		9,355	9,777	(4.3)
		<b>34,697</b>	<b>35,154</b>	

In the case of non-consolidated holdings shown at cost, only provisions for permanent capital depreciation are shown under this heading; see **Note 7**.

Depreciation of fixed assets is set out in **Note 8**.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>38 Valuation adjustments, provisions and losses</b>	<b>Total</b>	<b>10,212</b>	<b>11,917</b>	<b>(14.3)</b>
Valuation adjustments and provisions		6,496	9,069	(28.4)
Losses		3,716	2,848	30.5
		<b>10,212</b>	<b>11,917</b>	

The breakdown of funds allocated to valuation adjustments and provisions is shown in **Note 13**.

<b>39 Extraordinary income and expenses</b>				
Extraordinary income		40,747	46,310	(12.0)
Extraordinary expenses		42,184	41,494	1.7

“Extraordinary income” mainly includes a release of other provisions no longer required for operating purposes, among which a release of deferred taxes amounting to CHF 14.8m in 2009.

“Extraordinary expenses” mainly includes an allocation of CHF 41.2m in 2010 and of CHF 41m in 2009 to reserves for general banking risks.

<b>40 Taxes</b>	<b>Total</b>	<b>27,469</b>	<b>32,793</b>	<b>(16.2)</b>
Current taxes		28,520	31,919	(10.6)
Deferred taxes		(1,051)	874	(220.3)
		<b>27,469</b>	<b>32,793</b>	

Corporate taxes are calculated on the basis of the financial statements of each individual Group company and charged to the accounting period in which they were incurred. Tax provisions are set out in **Note 13**.

<b>41 Consolidated net income</b>	<b>Total</b>	<b>149,898</b>	<b>136,814</b>	<b>9.6</b>
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The share of minority interests in net income is incorporated in consolidated net income based on the Group unity principle explained in **Note 17**.

		2010	2009
<b>42 Earnings per share</b>			
Group earnings after deduction of portion due to minority interests (in thousands of CHF)		135,775	124,439
Weighted average of number of shares outstanding			
Bearer shares (par value CHF 500.–)		50,000	50,000
Registered shares (par value CHF 100.–)		200,000	200,000
Weighted average of number of shares used to calculate earnings per share (with a par value of CHF 500.–) after deducting own shares held by the Bank (Treasury stock)		87,696	88,414
Earnings per bearer share (in CHF)		1,548.25	1,407.46
Earnings per registered share (in CHF)		309.65	281.49

	2010 Swiss	2010 Foreign	2010 Total	2009 Swiss	2009 Foreign	2009 Total
<b>43 Breakdown of Group results by Swiss and foreign origin</b> (in thousands of CHF)						
Interest and discount income	22,451	31,802	54,253	23,102	59,096	82,198
Interest and dividend income on trading portfolios	38	363	401	44	714	758
Interest and dividend income on financial investments	4,817	253	5,070	4,114	594	4,708
Interest payable	1,153	4,309	5,462	1,666	19,466	21,132
Interest income, net	26,153	28,109	54,262	25,594	40,938	66,532
Commission income on lending activities	933	697	1,630	1,125	722	1,847
Commission income on trading operations and investments	230,742	340,910	571,652	239,660	284,258	523,918
Commission income on other services	28,907	47,140	76,047	29,300	42,705	72,005
Commissions payable	44,613	70,118	114,731	57,815	59,361	117,176
Fee and commission income, net	215,969	318,629	534,598	212,270	268,324	480,594
Results of trading operations	42,944	52,872	95,816	39,083	58,648	97,731
Proceeds from the sale of financial investments	(833)	844	11	(109)	56	(53)
Total income from holdings	18,549	4,285	22,834	16,740	2,856	19,596
Real estate income	792	414	1,206	780	401	1,181
Other ordinary income	10,173	5,306	15,479	9,719	5,258	14,977
Other ordinary expenses	451	22	473	42	628	670
Other ordinary results	28,230	10,827	39,057	27,088	7,943	35,031
Personnel expenses	187,772	184,433	372,205	171,330	178,046	349,376
Other operating expenses	59,690	68,125	127,815	52,995	65,655	118,650
Operating expenses	247,462	252,558	500,020	224,325	243,701	468,026
Gross profit	65,834	157,879	223,713	79,710	132,152	211,862
Depreciation of fixed assets	21,796	12,901	34,697	19,014	16,140	35,154
Valuation adjustments, provisions and losses	2,802	7,410	10,212	6,803	5,114	11,917
Result before extraordinary items and taxes	41,236	137,568	178,804	53,893	110,898	164,791
Extraordinary income	28,181	12,566	40,747	22,976	23,334	46,310
Extraordinary expenses	38,251	3,933	42,184	29,576	11,918	41,494
Taxes	12,071	15,398	27,469	14,854	17,939	32,793
<b>Consolidated net income</b>	<b>19,095</b>	<b>130,803</b>	<b>149,898</b>	<b>32,439</b>	<b>104,375</b>	<b>136,814</b>

This breakdown of results by Swiss and foreign origin is based on the location of business operations.

Leonardo da Vinci  
(Vinci, 1452 – Amboise, 1519)

*Horsemen vanquishing a dragon,  
three horses walking and study  
of a horseman*

# Financial report

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Banque Privée Edmond  
de Rothschild S.A., Geneva

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**Leonardo da Vinci**  
(Vinci, 1452 - Amboise, 1519)

*Horsemen vanquishing a dragon, three horses walking and study of a horseman*  
Pen and sepia ink, sepia wash, 19,4 x 12,3 cm  
*The Edmond de Rothschild Collection*

# KEY FIGURES

of Banque Privée Edmond de Rothschild S.A., Geneva

	2010	2009	Change (in CHF)	Change in %
<b>Balance sheet</b> (in thousands of CHF)				
Due from banks	3,551,089	2,531,441	1,019,648	40.3
Advances to customers	761,045	487,284	273,761	56.2
Due to banks	458,252	387,202	71,050	18.3
Customer deposits	4,142,153	4,696,906	(554,753)	(11.8)
Shareholders' equity (after appropriation)	657,366	625,575	31,791	5.1
Balance sheet total	5,878,105	6,197,568	(319,463)	(5.2)
<b>Profit and loss account</b> (in thousands of CHF)				
Interest income, net	22,957	22,401	556	2.5
Fee and commission income, net	185,406	176,207	9,199	5.2
Results of trading operations	40,988	35,197	5,791	16.5
Operating expenses (personnel costs and overheads)	225,539	202,888	22,651	11.2
Net income	98,464	118,500	(20,036)	(16.9)
<b>Staff</b> (number of employees)				
Number of employees at year-end (converted into full-time jobs)	565	549	16	2.9
<b>Profitability (%)</b>				
Return on equity	15.3	19.5	-	-
- net profit / average shareholders' equity after profit appropriation				
Return on assets	1.6	2.3	-	-
- net profit / average assets				
<b>Shares</b>				
Dividend (in thousands of CHF)	69,750	81,000	(11,250)	(13.9)
Dividend (% of share capital)	155	180	(25)	(13.9)
Stock market capitalisation (in thousands of CHF)	2,214,000	2,109,450	104,550	5.0
Data per bearer share:				
- net income per share (CHF)	1,094	1,317	(223)	(16.9)
- dividend (CHF)	775	900	(125)	(13.9)
- quoted price at 31.12 (CHF)	27,000	25,725	1,275	5.0
- gross yield (%)	2.9	3.5	-	-

The Bank's registered shares are reported at their 31 Dec. 2010 value less 20%.

# REPORT OF THE DIRECTORS

to the shareholders of Banque Privée Edmond de Rothschild S.A.  
at the ordinary general meeting on 28 April 2011

## BALANCE SHEET REVIEW

At 31 Dec. 2010 the Bank's balance sheet total stood at CHF 5.9 billion, marking a drop of CHF 319 million on the year-earlier figure.

This decrease was mostly due to the fall of the euro and the dollar against the Swiss franc. As in the previous years, our clients kept high levels of liquid assets in their portfolios. In order to ensure maximum security, the Bank deposited these funds with counterparties under existing reverse repo agreements and effected sight deposits directly with the Swiss National Bank.

On the assets side, cash and claims arising from money market paper totalled CHF 272.3 million, down sharply by CHF 1.9 billion on the previous year's level.

Funds due from banks rose by CHF 1 billion to CHF 3.6 billion, including CHF 3 billion held with correspondents under reverse repo agreements.

Cash, bank deposits and money market claims together came to CHF 3.8 billion. This item accounts for 65% of the balance sheet total.

Loans to customers rose sharply to CHF 761 million, marking a 56.2% increase on the end-2009 level, and represented 12.9% of the balance sheet total.

Securities and precious metals held for trading purposes totalled CHF 18 million, down slightly on the previous year's level.

Financial investments stood at CHF 660.1 million, up CHF 108.1 million on the year-earlier figure. Most of this rise was attributable to the stock of precious metals used to cover our clients' metal accounts.

Long-term holdings amounted to CHF 222.4 million, compared with CHF 222.7 million in 2009.

Fixed assets came to CHF 92.3 million, compared with CHF 90.3 million at end-Dec. 2009.

Other assets amounted to CHF 281.9 million, up sharply on the 2009 total. The increase was attributable to the higher positive replacement values of open forward currency contracts. This item is counterbalanced by the corresponding increase in negative replacement values included in "Other liabilities".

On the liabilities side, funds due to banks rose by CHF 71 million to CHF 458.3 million, chiefly reflecting cash management at the Group level.

At 31 Dec. 2010 customer deposits totalled CHF 4.1 billion as against 4.7 billion a year earlier. They accounted for 70.5% of the balance sheet total.

Other liabilities came to CHF 305.8 million, up markedly as a result of the higher negative replacement values of open forward currency contracts at the end of the reporting period.

Valuation adjustments and provisions grew by CHF 8.7 million to CHF 174.3 million, chiefly owing to the increase in "Other provisions".

Following appropriation of net income, shareholders' equity will amount to CHF 657.4 million, or 11.2% of the balance sheet total. On that basis return on equity at end-2010 worked out to 15.3%. Applying the BIS rules under Basel II, required shareholders' equity totalled CHF 115.5 million while eligible capital came to CHF 477.8 million. The BIS ratio stood at 33.1%.

## ROUNDUP OF RESULTS

The Bank's net profit at 31 Dec. 2010 came to CHF 98.5 million, marking a drop of 16.9% compared with the year-earlier figure. This fall was mostly due to the strength of the Swiss franc against the dollar and the euro in 2010, which strongly impacted revenues denominated in these currencies whereas our operating costs are in Swiss francs.

### Revenue

Interest income was slightly higher than in the previous year and totalled CHF 23 million.

Income from fees and commissions amounted to CHF 185.4 million, up 5.2% compared with CHF 176.2 million in 2009.

Results of trading operations came to CHF 41 million, up CHF 5.8 million on the previous year. This 16.5% increase was mainly attributable to the results of currency dealing.

Other ordinary results fell 11.3% to CHF 117.5 million. The drop was due, in particular, to the lower dividends collected on our long-term holdings. To a lesser extent it also reflected sales of financial investments.

### Expenses

Operating expenses totalled CHF 225.5 million, up 11.2% on the 2009 level. Personnel expenses rose by 11.2% and other operating costs by 11%.

At CHF 141.3 million gross profit was down 13.5% compared with the year-earlier figure (CHF 163.3 million).

Depreciation of fixed assets totalled CHF 20.7 million, marking an increase of CHF 1.6 million on the previous year.

Valuation adjustments, provisions and losses fell by CHF 5.6 million from the end-2009 level to CHF 13.7 million.

Taxes due on our 2010 earnings are estimated at CHF 8.9 million, down CHF 1.2 million on the year-earlier figure.

## APPROVAL OF THE FINANCIAL STATEMENTS AND PROPOSED ALLOCATION

We hereby submit the financial statements for fiscal year 2010 for your approval, together with our proposal for the allocation of available income.

## PROPOSAL OF THE BOARD OF DIRECTORS CONCERNING THE APPROPRIATION OF EARNINGS

Net income for 2010	CHF	98,464,096.–
Net income brought forward from previous year	CHF	11,190,672.–
<b>Total</b>	<b>CHF</b>	<b>109,654,768.–</b>
which we propose to appropriate as follows:		
Payment of a 155% ordinary dividend on 200,000 registered shares with a par value of CHF 100		
CHF 20,000,000 at 155%	CHF	31,000,000.–
50,000 bearer shares with a par value of CHF 500		
CHF 25,000,000 at 155%	CHF	38,750,000.–
<b>Total ordinary dividend</b>	<b>CHF</b>	<b>69,750,000.–</b>
Allocation to statutory general reserves		Nil
Allocation to other reserves	CHF	28,623,680.–
Net income carried forward	CHF	11,281,088.–
<b>Total</b>	<b>CHF</b>	<b>109,654,768.–</b>

Subject to your acceptance of our proposal, the dividend will be made payable via Coupon No. 24 from 5 May 2011 at all domestic counters of UBS, Credit Suisse, Rothschild Bank AG and Banque Privée Edmond de Rothschild S.A., at the rate of CHF 155 per registered share with a par value of CHF 100 and CHF 775 per bearer share with a par value of CHF 500, less 35% withholding tax.

Following the allocation of CHF 28,623,680 to other reserves, shareholders' equity will amount to CHF 657,366,089, or 11.2% of the balance sheet total.

## ELECTIONS AS PER BYLAWS

The terms of six Directors, E. Trevor Salathé, Luc Argand, Michel Cicurel, Manuel Dami, François Hottinger and Jacques-André Reymond, expire on the date of the 2011 General Meeting. We propose that they be re-elected for the periods prescribed in article 19 of the Bank's bylaws.

We further propose that a new Director, Jean Lurent-Bellur, Secretary-General of Edmond de Rothschild Holding SA, be elected for the three-year term provided in the bylaws.

Daniel Trèves, CEO of our subsidiary La Compagnie Benjamin de Rothschild S.A. will not seek re-election owing to the rules on separating duties in the Swiss Banking Act. We wish to thank Mr Trèves for his valuable contribution to the work performed by the Board of Directors over the past 18 years.

Finally, we propose that for 2011 PricewaterhouseCoopers SA be re-appointed as the Independent Auditors of the Bank and the Group.

## OUTLOOK FOR 2011

2011 will unfold in a legal environment marked by profound, ongoing changes. Private banking will continue to chafe under the increasing burden of regulation and under mounting pressure on banking secrecy. This is bound to have an impact on the cost of our operations as well as on the profitability of our core business.

The key to success will be our threefold ability to adapt to the new conditions shaping our business, to rise to the challenges ahead and to satisfy the expectations of our clients. We believe that the strategy we are pursuing will enable us to achieve these objectives.

We will continue adding new professionals to our workforce and will invest in new premises and IT equipment. These efforts are meant not only to provide our clients with top-quality service but also to enhance our competitiveness.

2011 will be dedicated to developing our strategic focus on onshore Swiss clients and on getting our Hong Kong branch up and running. This new unit is designed to give us better access to clients in Asia, a region that in our view will be instrumental in our Group's growth and future success. We will also be expanding in the Persian Gulf area through a representative office in Dubai. Our attitude remains guarded, however, in view of geopolitical, economic and market environments fraught with uncertainty.

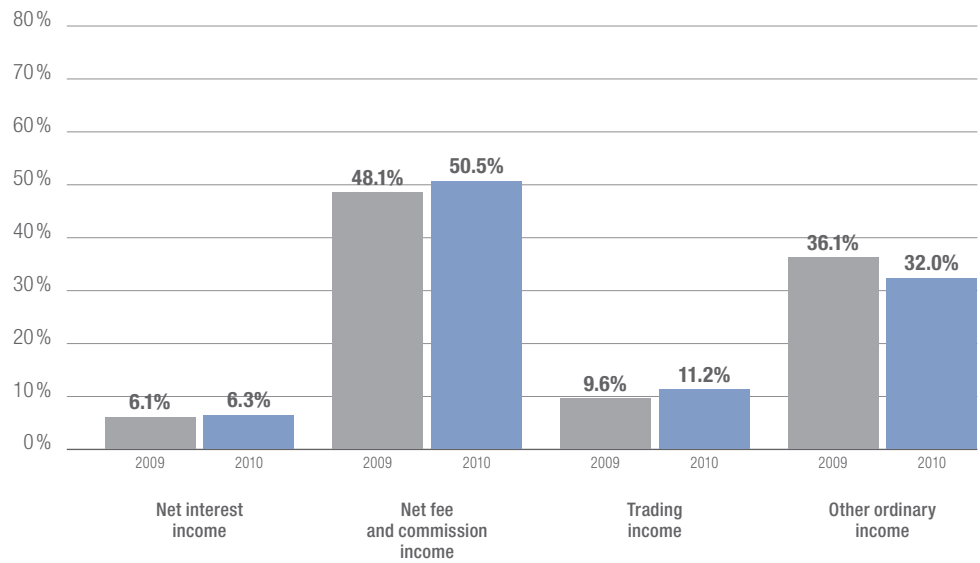
The unparalleled tragedy that has struck Japan is being confronted with tremendous dignity by the Japanese people. Our Board of Directors salutes their courage and sympathises with their grief.

We cannot conclude this report without expressing gratitude to our shareholders and clients for their abiding trust.

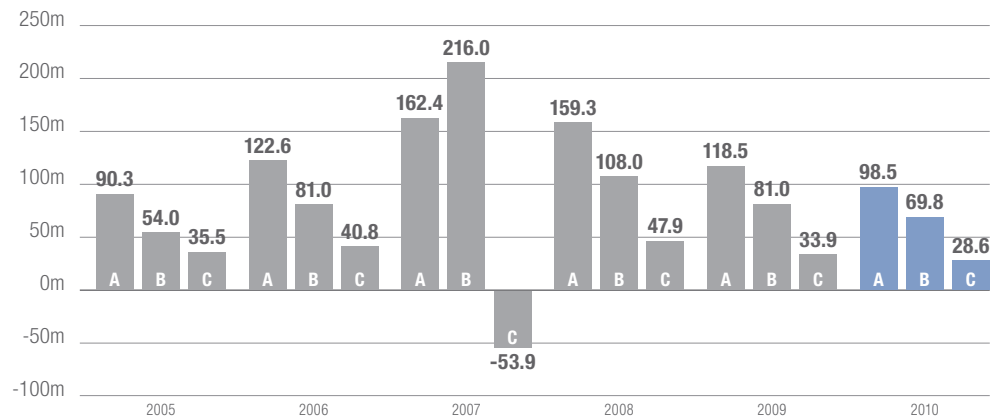
Our thanks also go to our management and staff for their dedication and fine work.

### The Board of Directors

**Breakdown of revenues**  
(% of total)



**Allocation of profit**  
(in millions)



A Net profit  
B Dividend  
C Transfer to reserves

# REPORT OF THE STATUTORY AUDITOR

to the general meeting of Banque Privée Edmond de Rothschild S.A., Geneva

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## REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Banque Privée Edmond de Rothschild S.A., which comprise the balance sheet, income statement, statement of cash flows and notes (pages 112 to 127), for the year ended 31 December 2010.

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

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

### **Auditor's Responsibility**

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

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

### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

## REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

*PricewaterhouseCoopers SA*

<i>Philippe Bochud</i>	<i>Alain Lattafi</i>
<i>Audit Expert</i>	<i>Audit Expert</i>
<i>Auditor in charge</i>	

Geneva, 17 March 2011

# BALANCE SHEET

before profit appropriation at 31 December 2010 (in thousands of CHF)

	Notes	2010	2009	Change (in thousands of CHF)	Change (in %)
<b>ASSETS</b>					
Cash and other liquid assets		154,847	2,102,495	(1,947,648)	(92.6)
Claims arising from money market paper		117,445	22,065	95,380	432.3
Due from banks	1	3,551,089	2,531,441	1,019,648	40.3
Due from customers		747,608	476,719	270,889	56.8
Mortgage loans		13,437	10,565	2,872	27.2
Total advances to customers		761,045	487,284	273,761	56.2
Securities and precious metals held for trading purposes	2	18,044	18,993	(949)	(5.0)
Financial investments	3	660,082	551,971	108,111	19.6
Holdings	4	222,426	222,698	(272)	(0.1)
Fixed assets	5	92,295	90,278	2,017	2.2
Accrued income and prepaid expenses		18,939	17,536	1,403	8.0
Other assets	6	281,893	152,807	129,086	84.5
<b>Total assets</b>	7, 14	<b>5,878,105</b>	<b>6,197,568</b>	<b>(319,463)</b>	<b>(5.2)</b>
Subordinated amounts receivable		-	-	-	-
Amounts due from Group companies and qualifying shareholders	4, 11	381,250	369,276	11,974	3.2
<b>LIABILITIES</b>					
Liabilities arising from money market paper		57	3,030	(2,973)	(98.1)
Due to banks		458,252	387,202	71,050	18.3
Other amounts due to customers	8	4,142,153	4,696,906	(554,753)	(11.8)
Total due to customers		4,142,153	4,696,906	(554,753)	(11.8)
Accrued expenses and deferred income		70,423	63,225	7,198	11.4
Other liabilities	9	305,755	174,954	130,801	74.8
Valuation adjustments and provisions	10	174,349	165,676	8,673	5.2
Reserves for general banking risks	10	50,000	50,000	-	-
Share capital	11	45,000	45,000	-	-
General statutory reserve		119,385	119,385	-	-
Other reserves		403,076	366,143	36,933	10.1
<i>of which: - treasury stock</i>		<i>53,249</i>	<i>34,430</i>	<i>18,819</i>	<i>54.7</i>
Net profit brought forward		11,191	7,547	3,644	48.3
Net profit for the year		98,464	118,500	(20,036)	(16.9)
Total shareholders' equity before profit appropriation	11,12,13	727,116	706,575	20,541	2.9
<b>Total liabilities</b>	<b>14</b>	<b>5,878,105</b>	<b>6,197,568</b>	<b>(319,463)</b>	<b>(5.2)</b>
Subordinated liabilities		-	-	-	-
Due to Group companies and qualifying shareholders	4, 11	468,544	383,036	85,508	22.3

# BALANCE SHEET

at 31 December 2010 (in thousands of CHF)

	Notes	2010	2009	Change (in thousands of CHF)	Change (in %)
<b>OFF-BALANCE SHEET TRANSACTIONS</b>					
Contingent liabilities	16	181,730	207,301	(25,571)	(12.3)
Irrevocable liabilities		13,180	10,352	2,828	27.3
Liabilities for unpaid share capital and additional capital contributions		2,590	-	2,590	-
Derivative instruments:					
- positive replacement values		279,485	152,090	127,395	83.8
- negative replacement values		285,565	153,738	131,827	85.7
- underlying values		17,993,764	16,408,016	1,585,748	9.7
Fiduciary transactions	17	3,137,241	3,640,626	(503,385)	(13.8)

# PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010 (in thousands of CHF)

	Notes	2010	2009	Change (in thousands of CHF)	Change (in %)
Interest and discount income		23,129	23,879	(750)	(3.1)
Interest and dividend income on trading portfolios		38	44	(6)	(13.6)
Interest and dividend income on financial investments		1,572	1,454	118	8.1
Interest payable		1,782	2,976	(1,194)	(40.1)
Interest income, net		22,957	22,401	556	2.5
Commission income on lending activities		911	1,100	(189)	(17.2)
Commission income on securities and investment transactions		207,379	211,094	(3,715)	(1.8)
Commission income on other services		25,991	25,124	867	3.5
Commissions payable		48,875	61,111	(12,236)	(20.0)
Fee and commission income, net		185,406	176,207	9,199	5.2
Results of trading operations	18	40,988	35,197	5,791	16.5
Proceeds from the sale of financial investments		128	2,044	(1,916)	(93.7)
Income from holdings		110,311	123,142	(12,831)	(10.4)
Proceeds from real estate		193	165	28	17.0
Other ordinary income		7,268	7,063	205	2.9
Other ordinary expenses		437	44	393	-
Other ordinary results		117,463	132,370	(14,907)	(11.3)
Personnel expenses		170,029	152,866	17,163	11.2
Other operating expenses		55,510	50,022	5,488	11.0
Operating expenses		225,539	202,888	22,651	11.2
Gross profit		141,275	163,287	(22,012)	(13.5)
Depreciation of fixed assets		20,685	19,088	1,597	8.4
Valuation adjustments, provisions and losses		13,735	19,343	(5,608)	(29.0)
Result before extraordinary items and taxes		106,855	124,856	(18,001)	(14.4)
Extraordinary income	19	1,039	3,734	(2,695)	(72.2)
Extraordinary expenses	19	533	8	525	-
Taxes		8,897	10,082	(1,185)	(11.8)
<b>Net income for the reporting year</b>		<b>98,464</b>	<b>118,500</b>	<b>(20,036)</b>	<b>(16.9)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## OVERVIEW OF ACCOUNTING POLICIES

The financial statements of Banque Privée Edmond de Rothschild S.A., Geneva have been prepared in accordance with the provisions of the Swiss Code of Obligations, the Federal Law on Banks and Savings Banks and its implementing ordinance (OB) as revised on 1 February 1995, and the guidelines issued by FINMA (the Swiss Financial Market Supervisory Authority). The Bank's separate financial statements provide as true a picture as possible of its assets, financial situation and earnings.

Hidden ("latent") reserves are included in the profit and loss account under the headings "Depreciation of fixed assets", "Valuation adjustments, provisions and losses" and "Extraordinary expenses". Released hidden reserves are included in "Extraordinary income".

## DESCRIPTION OF THE BANK'S OPERATIONS AND STAFF SIZE

Banque Privée Edmond de Rothschild S.A. is a full-service bank specialising in wealth management for private and institutional clients. It is a member of the Swiss Exchange and became an accredited dealer in transferable securities on 3 April 1998.

Converted to full-time jobs, the number of staff employed by Banque Privée Edmond de Rothschild S.A. stood at 565 at end-2010 versus 549 a year earlier.

Through its network of branches and subsidiaries in Switzerland and abroad, the Bank conducts on its clients' behalf all the operations customarily provided by private banking institutions. Fee and commission business for the account

of clients mainly includes portfolio management, fiduciary deposits and payment transactions, along with trading in securities, precious metals and derivative instruments.

The Bank also actively deals in debt instruments, equities, currencies, precious metals and derivatives on a proprietary basis, but does not engage in commodity trading.

The Bank does not outsource its services.

## ACCOUNTING AND VALUATION PRINCIPLES

The financial statements of the parent company have been drawn up in accordance with the accounting principles of the Banque Privée Edmond de Rothschild Group, with the exception of the following items:

### **“Holdings”**

This item comprises of interests in associated establishments of either a long-term or infrastructural nature (regardless of the percentage stake). These holdings are stated, at most, at their acquisition value.

### **“Fixed assets”**

This item includes Bank premises, other buildings, furniture, machines and equipment, as well as intangible assets.

Fixed assets are evaluated at their acquisition cost, less the relevant depreciation for each fixed asset category.

## RISK MANAGEMENT

The principles adopted by the Group regarding control of market, credit, interest rate and country risks also apply to the parent company.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>1</b>	<b>Due from banks</b>	<b>Total</b>	<b>3,551,089</b>	<b>2,531,441</b>	<b>40.3</b>
	Due from banks on		565,350	649,807	(13.0)
	reverse repos		2,985,739	1,881,634	58.7
			<b>3,551,089</b>	<b>2,531,441</b>	

<b>2</b>	<b>Securities and precious metals portfolios held for trading purposes</b>	<b>Total</b>	<b>18,044</b>	<b>18,993</b>	<b>(5.0)</b>
	Swiss shares and other securities:				
	- banks		3,051	3,499	(12.8)
	<i>of which: - treasury stock</i>		<i>3,051</i>	<i>3,499</i>	
	- Other		59	-	-
	Foreign shares and other securities		14,934	15,494	(3.6)
	Precious metals		-	-	-
			<b>18,044</b>	<b>18,993</b>	

		2010 (number of shares)	2009 (number of shares)	Change (in %)	
	<b>Treasury stock owned by Banque Privée Edmond de Rothschild S.A., Geneva at 31 December</b>	<b>Total</b>	<b>113</b>	<b>136</b>	<b>(16.9)</b>

Treasury stock transactions are reported at the market price on the trade date and are carried out as part of the Bank's customary trading operations.

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>3</b>	<b>Financial investments</b>	<b>Total</b>	<b>660,082</b>	<b>551,971</b>	<b>19.6</b>
	<b>Swiss bonds:</b>				
	- Federal Government		8,424	8,422	
	- cantons and municipalities		1,368	559	
	- banks		16,774	6,802	
	- financial services companies		1,616	897	
	Insurance		2,360	937	
	- industrial enterprises		7,592	2,647	
			<b>38,134</b>	<b>20,264</b>	<b>88.2</b>
	<b>Swiss shares and other securities:</b>				
	- banks		53,249	34,430	
	<i>of which treasury stock</i>		<i>53,249</i>	<i>34,430</i>	
			<b>53,249</b>	<b>34,430</b>	<b>54.7</b>
	<b>Foreign bonds:</b>				
	- public corporations		3,818	6,034	
	- other		37,749	25,767	
			<b>41,567</b>	<b>31,801</b>	<b>30.7</b>
	<b>Foreign shares and other securities</b>		<b>1,161</b>	-	-
	<b>Precious metals</b>		<b>516,109</b>	<b>453,774</b>	<b>13.7</b>
	<b>Units of investment trusts</b>		<b>9,862</b>	<b>11,702</b>	<b>(15.7)</b>
			<b>660,082</b>	<b>551,971</b>	

(Note 3 cont'd next page)

(Note 3 cont'd)

	2010 (number of shares)	2009 (number of shares)	Change (in %)
<b>Treasury stock owned by Banque Privée Edmond de Rothschild S.A., Geneva at 31 December</b>	<b>2,191</b>	<b>1,450</b>	<b>51.1</b>

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>4 Holdings</b>	<b>Total</b>	<b>222,426</b>	<b>222,698</b>	<b>(0.1)</b>
Swiss shares and other securities:				
- banks		94,748	94,748	
- financial companies		45,872	45,572	
- real estate companies		483	483	
		<b>141,103</b>	<b>140,803</b>	<b>0.2</b>
Foreign shares and other securities:				
- banks		78,001	78,001	
- financial companies		985	1,557	
- real estate companies		2,337	2,337	
		<b>81,323</b>	<b>81,895</b>	<b>(0.7)</b>

	2010 Share capital (in millions)	2010 Per cent stake	2009 Per cent stake
<b>Details of significant holdings</b>			
<b>Banks:</b>			
Banca Privata Edmond de Rothschild Lugano S.A., Lugano	CHF 5.0	99.8%	99.8%
Banque Privée Edmond de Rothschild Ltd, Nassau, Bahamas	CHF 15.0	100%	100%
Banque Privée Edmond de Rothschild Europe, Luxembourg	EUR 31.5	100%	100%
Banque de Gestion Edmond de Rothschild - Monaco, Monaco	EUR 12.0	34%	34%
<b>Financial and asset management companies:</b>			
Edmond de Rothschild Limited, London	GBP 1.0	80%	80%
Privaco Trust S.A., Geneva	CHF 2.1	100%	100%
Rouiller, Zurkinden & Cie Finance S.A., Fribourg	CHF 0.6	100%	100%
<b>Real estate companies:</b>			
Copri III S.A., Luxembourg	EUR 0.7	100%	100%

(Note 4 cont'd next page)

(Note 4 cont'd)

2010 2009 Change  
(in thousands of CHF) (in thousands of CHF) (in %)

**Amounts due to and from companies in which the Bank has a majority interest  
(fully consolidated and non-consolidated holdings for Group accounting purposes):**

Due from banks	221,470	258,637	
Due from customers	-	1	
Accrued income and prepaid expenses	375	2,349	
Other assets	121,970	94,287	
<b>Total assets</b>	<b>343,815</b>	<b>355,274</b>	<b>(3.2)</b>
Due to banks	391,675	353,802	
Other amounts due to customers	7,290	7,068	
Accrued expenses and deferred income	829	511	
Other liabilities	66,064	19,120	
<b>Total liabilities</b>	<b>465,858</b>	<b>380,501</b>	<b>22.4</b>

**5 Fire insurance value of fixed assets**

Bank premises	103,595	94,609	9.5
Furniture, machines and equipment	82,595	82,595	-

**6 Other assets**

	Total	2010	2009	Change
Positive replacement value of derivative instruments		279,485	152,090	83.8
Other		2,408	717	236.1
		<b>281,893</b>	<b>152,807</b>	

2010 2010 2009 2009  
Book value Actual Book value Actual  
of assets encumbrance of assets encumbrance

**7 Own liabilities subject to reservation of ownership** (in thousands of CHF)

Securities pledged to a Stock Exchange to cover settlements and as collateral for payment transactions	17,451	-	22,065	-
Other	5,172	-	5,848	-
Assets pledged or assigned to cover own liabilities	22,623	-	27,913	-
Assets subject to reservation of ownership	-	-	-	-
<b>Total assets pledged or assigned and subject to reservation of ownership for own commitments</b>	<b>22,623</b>	<b>-</b>	<b>27,913</b>	<b>-</b>

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)	
<b>8</b>	<b>Commitments to own pension plans</b>	<b>Total</b>	<b>40,627</b>	<b>22,170</b>	<b>83.3</b>
<b>9</b>	<b>Other liabilities</b>	<b>Total</b>	<b>305,755</b>	<b>174,954</b>	<b>74.8</b>
	Negative replacement value of derivative instruments		285,565	153,738	85.7
	Other		20,190	21,216	(4.8)
			<b>305,755</b>	<b>174,954</b>	

	Situation at end-2009	Uses and releases as designated	Redesi- gnations (transfers)	Recoveries, interests at risk and currency differences	New provisions charged to profit and loss account	Releases reported in profit and loss account	Situation at end-2010
<b>10</b>	<b>Valuation adjustments and provisions</b>						
	<b>Reserves for general banking risks</b> (in thousands of CHF)						
	Valuation adjustments and provisions for default and other risks:						
	- valuation adjustments and provisions for default risks (credit and country risks)						
	13,758	(63)	-	-	316	(736)	13,275
	- valuation adjustments and provisions for other operating risks						
	-	-	-	-	-	-	-
	- other provisions						
	162,176	(3,461)	-	113	12,021	-	170,849
	<b>Subtotal</b>						
	175,934	(3,524)	-	113	12,337	(736)	184,124
	<b>Total valuation adjustments and provisions</b>						
	175,934	(3,524)	-	113	12,337	(736)	184,124
	Less valuation adjustments set off directly against assets:						
	10,258						9,775
	<i>of which: - customers</i>						
	10,258						9,775
	<b>Total valuation adjustments and provisions as per balance sheet</b>						
	165,676						174,349
	<b>Reserves for general banking risks</b>						
	50,000	-	-	-	-	-	50,000

Reserves for general banking risks are not taxed.

	2010 Par value (in thousands of CHF)	2010 Number of shares	2010 Capital ranking for dividend (in thousands of CHF)	2009 Par value (in thousands of CHF)	2009 Number of shares	2009 Capital ranking for dividend (in thousands of CHF)
<b>11</b>	<b>Share capital</b>					
	20,000	200,000	20,000	20,000	200,000	20,000
	25,000	50,000	25,000	25,000	50,000	25,000
	<b>Total share capital</b>					
	45,000			45,000		

See Notes 1 and 2 for treasury stock.

(Note 11 cont'd next page)

(Note 11 cont'd)

	2010 Par value (in thousands of CHF)	2010 Percentage of capital (in %)	2010 Percentage of voting rights (in %)	2009 Par value (in thousands of CHF)	2009 Percentage of capital (in %)	2009 Percentage of voting rights (in %)
<b>Major shareholders</b>						
Edmond de Rothschild Holding S.A. (1)	36,019.5	80.0	86.4	36,019.5	80.0	86.4
Rothschild Holding AG, Zurich (2)	3,799.0	8.4	9.4	3,799.5	8.4	9.4

(1) The entire share capital of Edmond de Rothschild Holding S.A. is directly or indirectly controlled by members of the de Rothschild family. 17% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.33% (representing 89.84% of voting rights) by Baron Benjamin de Rothschild.

(2) The following group of persons, all represented by Rothschilds Continuation Holdings AG – Rudolf Tschaeni, Zug: Eric de Rothschild, Paris; David de Rothschild, Paris; Alexandre de Rothschild, Paris; Stéphanie de Rothschild, Paris; Louise de Rothschild, Paris; Financière de Tournon Paris; Financière de Reux, Paris; Bero, Paris; Ponthieu Rabelais, Paris; Integritas Investments B.V., Amsterdam; Rothschild Trust (Schweiz) AG, Zurich – together owns 20,000 registered shares and 3,598 bearer shares of Banque Privée Edmond de Rothschild SA, Geneva, representing 8.4% of the total share capital and 9.4% of voting rights.

The members of this group own a controlling interest in Rothschild Concordia SAS, Paris, which controls Concordia Holding Sàrl, Paris. Concordia Holding controls Rothschild Concordia AG, Zug, which in turn owns a controlling stake in Rothschilds Continuation Holdings AG, Zug. Rothschilds Continuation Holdings AG controls Rothschild Holding AG, Zurich, which owns a direct holding in Banque Privée Edmond de Rothschild SA, Geneva.

No holding statement was issued during the reporting year.

	2010 Number of shares held	2010 Per cent stake in share capital (in %)	2010 Per cent of total voting rights (in %)	2009 Number of shares held	2009 Per cent stake in share capital (in %)	2009 Per cent of total voting rights (in %)
<b>Cross-holdings</b>						
Rothschild Holding AG, Zurich	10,161	9.5	9.5	10,161	9.5	9.5

	2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change in %
<b>Due to and from qualifying shareholders</b>			
Due to and from Edmond de Rothschild Holding S.A., the only shareholder with a qualifying interest in the parent company:			
Due from customers	37,435	14,002	-
<b>Total claims</b>	<b>37,435</b>	<b>14,002</b>	<b>167.4</b>
Other amounts due to customers	2,686	2,535	-
<b>Total liabilities</b>	<b>2,686</b>	<b>2,535</b>	<b>6.0</b>

	2010 (in thousands of CHF)	2009 (in thousands of CHF)	2008 (in thousands of CHF)	Change (in %)
<b>12 Schedule of shareholders' equity before appropriation of available earnings</b>				
Shareholders' equity at beginning of the reporting period:				
- share capital	45,000	45,000	45,000	-
- general statutory reserve	119,385	119,385	98,010	-
- reserves for general banking risks	50,000	50,000	50,000	-
- other reserves	366,143	317,149	391,254	15.4
<i>of which: - treasury stock</i>	<i>34,430</i>	<i>39,497</i>	<i>42,975</i>	<i>(12.8)</i>
Reported profit	126,047	163,397	166,195	(22.9)
<b>Total shareholders' equity at beginning of the reporting period</b> (before appropriation of available earnings)	<b>706,575</b>	<b>694,931</b>	<b>750,459</b>	<b>1.7</b>
Allocated to / released from reserves	3,077	1,145	1,150	168.9
Less dividend deducted from net income of previous year	(81,000)	(108,000)	(216,000)	(25.0)
Net income	98,464	118,500	159,323	(16.9)
<b>Total shareholders' equity at end of the reporting period</b> (before appropriation of available earnings)	<b>727,116</b>	<b>706,575</b>	<b>694,931</b>	<b>2.9</b>
<i>of which: - share capital</i>	<i>45,000</i>	<i>45,000</i>	<i>45,000</i>	
<i>- general statutory reserve</i>	<i>119,385</i>	<i>119,385</i>	<i>119,385</i>	
<i>- reserves for general banking risks</i>	<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	
<i>- other reserves</i>	<i>403,076</i>	<i>366,143</i>	<i>317,149</i>	
<i>of which: - treasury stock</i>	<i>53,249</i>	<i>34,430</i>	<i>39,497</i>	
<i>- reported profit</i>	<i>109,655</i>	<i>126,047</i>	<i>163,397</i>	

Since 2009 reserves for general banking risks have been included in shareholders' equity, and treasury stock now includes only financial investments. The 2008 figures have been reprocessed accordingly.

<b>13 Shareholders' equity after appropriation of available earnings</b>				
Shareholders' equity before appropriation of net income	727,116	706,575	694,931	2.9
Less dividend	(69,750)	(81,000)	(108,000)	(13.9)
<b>Total shareholders' equity after appropriation of available earnings</b>	<b>657,366</b>	<b>625,575</b>	<b>586,931</b>	<b>5.1</b>
<i>of which: - share capital</i>	<i>45,000</i>	<i>45,000</i>	<i>45,000</i>	
<i>- general statutory reserve</i>	<i>119,385</i>	<i>119,385</i>	<i>119,385</i>	
<i>- reserves for general banking risks</i>	<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	
<i>- other reserves</i>	<i>431,700</i>	<i>399,999</i>	<i>365,000</i>	
<i>of which: - treasury stock</i>	<i>53,249</i>	<i>34,430</i>	<i>39,497</i>	
<i>- reported profit</i>	<i>11,281</i>	<i>11,191</i>	<i>7,546</i>	

<b>14 Due to and from affiliated companies</b>				
Due from banks	88	3,906		
Accrued income and prepaid expenses	1,501	1,277		
<b>Total claims</b>	<b>1,589</b>	<b>5,183</b>		<b>(69.3)</b>
Due to banks	306	-		
Other amounts due to customers	2,975	2,692		
Accrued expenses and deferred income	210	30		
Other liabilities	3,140	-		
<b>Total liabilities</b>	<b>6,631</b>	<b>2,722</b>		<b>143.6</b>

Affiliated companies are companies in which Edmond de Rothschild Holding S.A. has a majority stake and that are not part of the Banque Privée Edmond de Rothschild Group.

	2010	2010	2009	2009
	Loans granted to the Bank's governing bodies	Guarantee commitments on behalf of the Bank's governing bodies	Loans granted to the Bank's governing bodies	Guarantee commitments on behalf of the Bank's governing bodies
<b>15 Loans granted to the Bank's governing bodies</b>				
<b>Guarantee commitments on behalf of the Bank's governing bodies</b>				
<b>Remuneration paid to the Bank's governing bodies</b>				
(in thousands of CHF)				
<b>Board of Directors</b>	<b>39,671</b>	<b>82</b>	<b>14,398</b>	<b>13</b>
Baron Benjamin de Rothschild <i>Chairman</i>	37,435	-	14,002	-
E. Trevor Salathé <i>Vice-Chairman</i>	-	-	-	-
Manuel Dami <i>Secretary</i>	280	61	396	-
Baroness Benjamin de Rothschild	-	-	-	-
John Alexander	-	-	-	-
Luc J. Argand	-	21	-	13
Walter Blum Gentilomo	-	-	-	-
Michel Cicurel	-	-	-	-
François Hottinger	-	-	-	-
Veit de Maddalena	-	-	-	-
Klaus Jenny	-	-	-	-
Jacques-André Reymond	-	-	-	-
Daniel Yves Trèves	1,956	-	-	-
Guy Wais	-	-	-	-
<b>Executive Committee</b>	<b>800</b>	<b>97</b>	<b>1,225</b>	<b>53</b>
Philippe Currat	626	11	625	11
<b>Internal Auditors</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>29</b>
<b>Independent Auditors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>40,471</b>	<b>209</b>	<b>15,623</b>	<b>94</b>

The loans in question are current account overdrafts and/or fixed-term advances not exceeding one year, either unsecured or secured (by securities pledges), and floating-rate mortgage loans.

Mortgage interest is charged at the usual market rates. However, as in the case of loans granted to Bank employees, members of the governing bodies receive a 25% rebate on the applicable interest rate up to a maximum amount of CHF 750,000 per borrower.

At 31 Dec. 2010, the relevant mortgage rates ranged from 2% to 3% and the interest rates charged on lombard loans from 1.5% to 3.5%. The value of loans granted to members of the Executive Committee and related persons totalled 800 (in thousands of CHF). The value of loans granted to non-executive members of the Board of Directors amounted to 39,671 (in thousands of CHF).

(Note 15 cont'd next page)

(Note 15 cont'd)

	2010	2010	2010	2010	2009	2009	2009	2009
	Fixed fees	Fixed fees	Bonus	Bonus	Fixed fees	Fixed fees	Bonus	Bonus
	Cash	Number of shares	Cash	Number of shares	Cash	Number of shares	Cash	Number of shares
<b>Remuneration paid to members:</b>								
(in thousands of CHF)								
<b>Board of Directors</b>	<b>2,276</b>	-	<b>2,437</b>	-	<b>2,134</b>	-	<b>3,078</b>	-
Baron Benjamin de Rothschild <i>Chairman</i>	-	-	-	-	-	-	-	-
E. Trevor Salathé <i>Vice-Chairman</i>	408	-	301	-	405	-	535	-
Manuel Dami <i>Secretary</i>	197	-	-	-	208	-	-	-
Baroness Benjamin de Rothschild	-	-	-	-	-	-	-	-
John Alexander	602	-	2,136	-	634	-	2,543	-
Luc J. Argand	64	-	-	-	64	-	-	-
Walter Blum Gentilomo	187	-	-	-	187	-	-	-
Michel Cicurel	119	-	-	-	120	-	-	-
François Hottinger	62	-	-	-	62	-	-	-
Veit de Maddalena	60	-	-	-	60	-	-	-
Klaus Jenny	168	-	-	-	-	-	-	-
Jacques-André Reymond	151	-	-	-	140	-	-	-
Daniel Yves Trèves	132	-	-	-	139	-	-	-
Guy Wais	126	-	-	-	115	-	-	-
<b>Executive Committee</b>	<b>5,318</b>	-	<b>12,517</b>	-	<b>4,771</b>	-	<b>12,156</b>	-
Claude Messulam <i>General Manager</i>	843	-	4,596	-	851	-	5,065	-
<b>Total</b>	<b>7,594</b>	-	<b>14,954</b>	-	<b>6,905</b>	-	<b>15,234</b>	-

(Note 15 cont'd next page)

(Note 15 cont'd)

		2010	2010	2009	2009
		Employee	Total	Employee	Total
		welfare expenses		welfare expenses	
<b>Remuneration paid to members:</b> (in thousands of CHF)					
<b>Board of Directors</b>					
Baron Benjamin de Rothschild	<i>Chairman</i>	-	4,713	-	5,212
E. Trevor Salathé	<i>Vice-Chairman</i>	-	709	-	940
Manuel Dami	<i>Secretary</i>	-	197	-	208
Baroness Benjamin de Rothschild		-	-	-	-
John Alexander		-	2,738	-	3,177
Luc J. Argand		-	64	-	64
Walter Blum Gentilomo		-	187	-	187
Michel Cicurel		-	119	-	120
François Hottinger		-	62	-	62
Veit de Maddalena		-	60	-	60
Klaus Jenny		-	168	-	-
Jacques-André Reymond		-	151	-	140
Daniel Yves Trèves		-	132	-	139
Guy Wais		-	126	-	115
<b>Executive Committee</b>		<b>987</b>	<b>18,822</b>	<b>855</b>	<b>17,782</b>
Claude Messulam	<i>General Manager</i>	123	5,562	123	6,039
<b>Total</b>		<b>987</b>	<b>23,535</b>	<b>855</b>	<b>22,994</b>

Since the fees paid to each individual are decided after the closing date of the annual financial statements, the above-mentioned fees are stated as per the accrual method.

There were a number of changes in the make-up of the Executive Committee in 2010. On 1 June three new members were appointed, Frédéric Bingeli, Alexandre Col and Martin Leuthold. From 1 July Patrick Ségal took his retirement and ceased to be a member.

At 31 December 2010 the Executive Committee of the Bank had ten members compared with eight a year earlier.

(Note 15 cont'd next page)

(Note 15 cont'd)

	2010	2010	2009	2009
	Number of bearer shares	Number of registered shares	Number of bearer shares	Number of registered shares
<b>Ownership of shares in BPER S.A., Geneva:</b>				
<b>Board of Directors and related persons</b>				
Baron Benjamin de Rothschild	236	9	186	8
<i>Chairman</i>				
E. Trevor Salathé	270	1	270	1
<i>Vice-Chairman</i>				
Manuel Dami	40	-	40	-
<i>Secretary</i>				
Baroness Benjamin de Rothschild	-	1	-	1
John Alexander	-	1	-	1
Luc J. Argand	67	1	67	1
Walter Blum Gentilomo	197	1	197	1
Michel Cicurel	-	1	-	1
François Hottinger	10	1	10	1
Veit de Maddalena	1	-	1	-
Klaus Jenny	-	1	n/a	-
Jacques-André Reymond	5	-	5	-
Daniel Yves Trèves	-	1	-	1
Guy Wais	1	-	1	-
<b>Executive Committee and related persons</b>				
	<b>1,183</b>	<b>-</b>	<b>1,175</b>	<b>-</b>
Claude Messulam	1,075	-	1,075	-
<i>General Manager</i>				
Sylvain Roditi	88	-	88	-
<i>Deputy General Manager</i>				
Jean-Pierre Pieren	5	-	5	-
<i>Deputy General Manager</i>				
Luc Baatard	2	-	2	-
Frédéric Binggeli	-	-	n/a	-
Alexandre Col	4	-	n/a	-
Philippe Currat	-	-	-	-
Martin Leuthold	4	-	n/a	-
Michel Lusa	-	-	-	-
Bernard Schaub	5	-	5	-
Patrick Ségal	-	-	-	-
<b>Total</b>	<b>2,010</b>	<b>9</b>	<b>1,952</b>	<b>8</b>

		2010 (in thousands of CHF)	2009 (in thousands of CHF)	Change (in %)
<b>16 Guarantees to third parties</b>	<b>Total</b>	<b>181,730</b>	<b>207,301</b>	<b>(12.3)</b>
Surety bonds		4,618	3,318	39.2
Guarantees		177,112	203,983	(13.2)
		<b>181,730</b>	<b>207,301</b>	
<b>17 Fiduciary transactions</b>	<b>Total</b>	<b>3,137,241</b>	<b>3,640,626</b>	<b>(13.8)</b>
Fiduciary deposits with banks outside the Group		2,978,486	3,600,417	(17.3)
Fiduciary deposits with Group banks		155,850	36,531	326.6
Fiduciary loans		2,905	3,678	(21.0)
		<b>3,137,241</b>	<b>3,640,626</b>	
<b>18 Results of trading operations</b>	<b>Total</b>	<b>40,988</b>	<b>35,197</b>	<b>16.5</b>
Securities trading (including equity product and index derivatives)		2,853	3,240	(11.9)
Forex trading (including forex derivatives)		37,474	31,464	19.1
Precious metals (including precious metals derivatives)		661	493	34.1
		<b>40,988</b>	<b>35,197</b>	
<b>19 Extraordinary income and expenses</b>				
Extraordinary income		1,039	3,734	(72.2)
Extraordinary expenses		533	8	-

"Extraordinary income" mainly includes a release of other provisions no longer required for operating purposes totalling CHF 1 million.

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(Details, p. 130)

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