Rothschild & Co

Half-year financial report

First half of the 2016/2017 financial year

Contents

1. Half-year activity report

1. Summary Income Statement

(in €m)	Page	6 months 2016/17 [1]	6 months 2015/16	*Var*	*Var %*
Revenue	**3 - 5**	**802**	**679**	***123***	***18%***
Staff costs	6	(473)	(417)	*56*	*13%*
Administrative expenses	6	(129)	(122)	*7*	*6%*
Depreciation and amortisation		(17)	(20)	*(3)*	*(15)%*
Impairments	6	(1)	(1)	*0*	-
Operating Income		**182**	**119**	***63***	***53%***
Profit before tax		**187**	**125**	***62***	***50%***
Income tax	6	(27)	(29)	*(2)*	*(7)%*
Consolidated net income		**160**	**96**	***64***	***67%***
Non-controlling interests	6	(93)	(57)	*36*	*63%*
Net income - Group share		**67**	**39**	***28***	***72%***
Exceptionals	8	13	8	*5*	*63%*
Net income - Group share excl. exceptionals		**80**	**47**	***33***	***70%***
Earnings per share		*0.97 €*	*0.56 €*	*0.41 €*	*72%*
EPS excl. exceptionals		*1.15 €*	*0.69 €*	*0.46 €*	*67%*

1 The foreign exchange translation effect between 6 months 2015/2016 and 6 months 2016/2017 is:

- a negative impact on revenue of €36 million

- a negative impact on Net income – Group share of €2 million

An analysis of exceptional items is shown in Appendix B.

The Supervisory Board of Rothschild & Co SCA met on 29 November 2016 to review the consolidated financial statements for the half year from 1 April 2016 to 30 September 2016; these accounts had been previously approved by Rothschild & Co Gestion SAS, Managing Partner of Rothschild & Co.

2. Business activities

Rothschild & Co has two main activities within its Group: (1) Global Advisory which focuses on providing advice in the areas of M&A, Debt, Restructuring and Equity; and (2) Asset Management in a broad sense which comprises Private Wealth & Asset Management and Merchant Banking. In addition, we have a Banking business which predominantly relates to the legacy banking business.

2.1 Rothschild Global Advisory

Rothschild Global Advisory's broad geographical reach, with strong on-the-ground positions in local markets, has allowed the division to benefit from the increasing demand for cross border deals and to enjoy its best first half year since the financial crisis. Revenue for the six months to September 2016 increased by 35% to €537 million (H1 2015/2016: €397 million - FY 2015/2016: €1,040 million) and by 57% in the second quarter versus the same quarter of 2015/2016. This increase resulted in Rothschild Global Advisory improving its global ranking by one place from March 2016 to **5th by global advisory revenue** for the last twelve months to September 2016.

Operating income rose to €71 million for the first six months to September 2016 (H1 2015/2016: €47 million – FY 2015/2016: €167 million), representing a 13% operating margin. Consistent with expectations outlined at the time of the Group's full year 2015/2016 results announcement, the operating profit margin includes higher levels of ongoing investment in the restructuring and development of our US M&A franchise; excluding this investment the margin would have been 15%.

The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the first half of the year, we have recruited new Managing Directors into our offices in the United States, Spain and Germany. The US market presents a significant growth opportunity for the Group and investment here continues with the appointments of James Neissa as Head of the North American business and Lee LeBrun as Head of M&A in North America. In addition, Eric Hirschfield was hired to open an office in Chicago in September to establish our presence in the important Midwest region.

We also acquired on 1 April 2016 two new teams: firstly, a new M&A advisory team in Belgium, significantly enhancing our market position in the country, as well as Scott Harris, an independent specialist equity marketing consultancy, which will add to our existing investor advisory proposition around improving corporate clients' understanding of, and relationships with, their shareholders and 'the buy-side' in general.

M&A advisory revenue increased by 43% to €397 million in the first six months (H1 2015/2016: €277 million – FY 2015/2016: €763 million). Revenue growth was strong in most geographies, and in particular in our mature European businesses. We continue to outperform compared to the overall M&A market, having grown advisory activity, as measured by both deal values and deal numbers[1], by more than the market during the six months to September 2016, and **ranking 1st by number of announced and completed transactions for the same period, both in Europe and, for the first time, globally** (having ranked 3rd globally by number of completed deals for the 12 months to March 2016).

Financing advisory revenue rose by 17% to €140 million in the six months to September 2016 (H1 2015/2016: €120 million – FY 2015/2016: €277 million). Debt and Restructuring advisory completed activity was up in the same period, driven in particular by the US and Latin America. In line with equity capital markets activity, our Equity Advisory revenue was slightly down in the six months to September 2016 compared to the same period last year, though we maintained our position as **adviser on more European equity capital market assignments** than any other independent financial adviser.

Rothschild & Co advised the following clients on significant advisory assignments that completed in the six months to September 2016:

- **Coca-Cola Iberian Partners** on its three way merger with Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke (€23.1 billion, Spain and Germany);
- **Credit Agricole** on the buy-back of its 25% stake in Caisses Régionales (€18 billion, France);
- **Meda** on its recommended takeover by Mylan (US$10 billion, Sweden and Netherlands);
- **Teva Pharmaceutical** on its equivalent bond offering (US$20.4 billion, Israel);
- **Alpha Natural Resources** on its restructuring and emergence from bankruptcy (US$3.9 billion, United States).

In addition, we continue to work on some of the largest and most complex announced transactions globally, including acting as financial advisor to:

- **Bayer** on its all-cash acquisition of Monsanto (US$66 billion, Germany and United States);
- **Boehringer Ingelheim** on its strategic asset swap with Sanofi (€22.8 billion Germany and France);
- **Caesars Entertainment** on its ongoing Chapter 11 restructuring (US$18 billion, United Sates);
- **Technip** on its combination with FMC Technologies to create TechnipFMC (€11 billion, France and United States);

[1] Source: Thomson Reuters

- **China Resources Beer** on its acquisition of the remaining 49% stake in China Resources Snow Breweries and associated rights issue to fund acquisition (US$1.6 billion, Hong Kong).

For further examples of Rothschild's completed and ongoing advisory assignments, please refer to Appendix F.

2.2 Asset Management

Our Asset Management business, in a broad sense, comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking. Revenue for the six months to 30 September 2016 was €252 million (H1 2015/2016: €255 million) and operating income was €47 million (H1 2015/2016: €61 million).

- **Rothschild Private Wealth & Rothschild Asset Management**

Rothschild Private Wealth & Rothschild Asset Management revenue for the six months to September 2016 was €180 million, down 4% (H1 2015/2016: €187 million). The reduction was driven mainly by a decline in brokerage commissions, reflecting lower transaction volumes.

Assets under Management increased by 6% to €51.1 billion in the 12 months to 30 September 2016 (H1 2015/2016: €48.3 billion), due to net inflows of €2.0 billion and market appreciation and exchange rate effects of €0.8 billion. The €0.8 billion gain includes the negative effect of Brexit which impacted the value of Sterling, and the division has approximately 10% of its assets denominated in Sterling. Net new assets were driven by inflows in Wealth Management (€1.1 billion) and in Asset Management (€0.9 billion), especially in the US.

Underlying macroeconomic uncertainty and geopolitical tensions continued to contribute to client risk aversion and generally low transaction volumes. Market conditions are very difficult for both active and passive equity strategies and we have seen clients exit equities in favour of bond and money market funds, which are the only asset class attracting new investments in significant amounts. We view our overall results positively given the difficult market conditions and strong headwinds of uncertainty faced by the entire financial services industry.

The table below presents the changes in Assets under Management.

In € billion	6 months to 30 September 2016	6 months to 30 September 2015	12 months to 30 September 2016
AuM opening	**50.2**	**52.1**	**48.3**
Net new assets	0.1	0.7	2.0
Market, exchange rate and reclassification of assets	0.8	(4.5)[1]	0.8
AuM closing	**51.1**	**48.3**	**51.1**

The proposed merger of Rothschild & Co with Compagnie Financière Martin Maurel (CFMM) with a view to combining our French activities in private banking and asset management to create one of France's leading independent private banks is on track.

Following consultation processes with work councils from both groups, the merger proposals were approved by general meetings of CFMM and Rothschild & Co in September 2016. The transaction has received the approval of the French anti-trust Authority, the French Market Authority and is now awaiting approval from the French Prudential Regulatory Authority and the European Central Bank, as well as other conditions precedent, and is expected to be completed by the end of the financial year.

[1] Of this amount, €1.1 billion relates to a reclassification of assets from Assets under Management to Assets under Custody, and €0.2 billion to the final transfer of accounts from Sélection R in France

- **Rothschild Merchant Banking**

Rothschild Merchant Banking continued to demonstrate its focus on a single investment ethos of capital preservation and appropriate risk reward. The division generated revenue for the six months to 30 September 2016 of €73 million, an increase of 7% (H1 2015/2016: €68 million). When compared to the average last three first half years revenue, this figure rose by 20%. The increase reflects the recognition, for the first time, of a significant amount of carried interest generated by the first private equity fund launched by Rothschild Merchant Banking in 2010, Five Arrows Principal Investments I fund (FAPI I), backed by the strong performance of the fund's investments' to date. Revenue includes:

- €44 million of management fees and carried interest (H1 2015/2016: €24 million),
- €26 million of realised and unrealised investment gains (H1 2015/2016: €42 million),
- €5 million of other income (H1 2015/2016: €7 million);
- less €2 million of provisions (H1 2015/2016: €5 million).

The alignment of interests between the Group and third party investors remains a key differentiator. In the first six months of the year the Group's share of the investment made by the division amounted to €44 million, of which €30 million was the Group's own investments in funds managed by Merchant Banking, and €14 million in proprietary investments (including those made as part of the Rothschild Private Opportunities co-investment programme).

Disposals generated proceeds of €64 million following the sale of investments in LPCR, a childcare operator (2.7x MOIC[1]), Grand Frais, a fresh food retailer (3.1x MOIC), Infopro, a professional information services provider (2.5x MOIC) and RAC, a UK breakdown assistance provider (3.5x MOIC).

Thanks to the team's strong track record in private equity and private debt across multiple economic and credit cycles, the division continues to expand. During the first half year, within the private equity funds, Merchant Banking held two final closings; €100 million for Arolla, a global multi-manager private equity platform and €430 million for Five Arrows Secondary Opportunities IV ("FASO IV"), the European small and mid-cap secondary transactions successor fund to FASO III. In line with recent intermediary closings where funds raised have been significantly superior to expectations, both funds should exceed their target size.

Within the private debt funds, Rothschild Credit Management ("RCM") raised €289 million of new commitments to its Oberon strategy (senior debt funds) and continues to market its current open fund, Oberon III. In addition, RCM North America priced a US$300 million CLO, Ocean Trails VI, in June 2016 and is currently working on its next CLO in both Europe and the US. Finally, RCM has launched a new €100 million managed account.

Evolution in asset value of the Group's Merchant Banking assets

(in €m)	**30 September 2016**	**31 March 2016**
Managed private funds	270	244
Rothschild proprietary investments & other	187	194
Total gross assets	**457**	**438**

[1] MOIC stands for Multiple on invested capital

3. Consolidated financial results

3.1 Revenue

For the six months to 30 September 2016, revenue increased by €123 million (+18%) to €802 million (H1 2015/2016: €679 million). €140 million of the rise was due to a record half year in Rothschild Global Advisory post financial crisis where our strategy is improving our market share. The translation impact of exchange rate fluctuations resulted in a decrease in revenue of €36 million.

3.2 Operating expenses

- **Staff costs**

For the six months to 30 September 2016, staff costs increased by €56 million to €473 million (H1 2015/2016: €417 million), in line with record revenue in Rothschild Global Advisory.

Overall Group headcount decreased to 2,945 as at 30 September 2016 (30 September 2015: 3,004). This decrease is due to the sale of the UK leasing business that occurred in November 2015, partly offset by new junior staff recruitment and hires in the US.

- **Administrative expenses**

For the six months to 30 September 2016, administrative expenses increased by €7 million to €129 million (H1 2015/2016: €122 million), of which €4 million relates to the merger with Compagnie Financière Martin Maurel.

Direct costs relating to the merger with CFMM are expected to be €15-18 million, the majority being in the year to March 2017. These amounts are pre-tax and exclude those costs which can be charged directly to "equity".

- **Impairment charges and loan provisions.**

For the six months to 30 September 2016, impairment charges and loan provisions were €1 million, at the same level as the same period in 2015/2016.

3.3 Other income / (expense)

For the six months to 30 September 2016, other income and expense, which includes results from equity accounted companies, was a net income of €5 million (H1 2015/2016: €6 million).

3.4 Income tax

For the six months to 30 September 2016, the income tax charge was €27 million, comprising a current tax charge of €19 million and a deferred tax charge of €8 million, giving a reported tax rate of 14.3% (H1 2015/2016: income tax charge was €29 million giving a reported tax rate of 23.3%).

3.5 Non-controlling interests

For the six months to 30 September 2016, the charge for Non-controlling interests was €93 million (H1 2015/2016: €57 million). This mainly comprises interest on perpetual subordinated debt and preferred dividends payable to French partners that increased over the period in line with strong performance of the French Global advisory business.

4. Financial structure

As a result of the sale of Five Arrows Leasing group in November 2015 and the repayment of customer deposits, N M Rothschild & Sons Ltd, the main UK operating subsidiary of Rothschild & Co, no longer required a UK deposit-taking licence. The UK regulator, the Prudential Regulation Authority, accepted to remove this licence, effective from 19 September 2016. In addition, on 3 October 2016, the Group's two banks in Guernsey were amalgamated to form a single entity, which now holds the only Group banking licence in Guernsey.

The Group continues to maintain a high level of liquidity. At 30 September 2016, cash placed with central banks and banks accounted for 50% of total assets (53% at 31 March 2016). The Group is regulated by the French Prudential and Resolution Authority (ACPR: *Autorité de Contrôle Prudentiel et de Résolution*) as a financial company (*Compagnie Financière*).

The ratios, set out below under full application of the Basel 3 rules, are comfortably ahead of the minimum requirement:

	30/09/2016	**31/03/2016**	**Full Basel 3 minimum with the CCB (*Capital Conservation Buffer)***
Core Tier 1 ratio = Tier 1 ratio	19.4%	20.6%	8.5%
Global solvency ratio	21.0%	22.4%	10.5%

Non-audited figures

5. Brexit

We expect limited impact on our business from a structural perspective given our strong positions around Europe. The impact of Brexit on economic growth and financial markets might have more material effects although it is impossible to predict this since the form that it will take is unknown at the current time.

6. Outlook

Rothschild & Co posted strong results, with revenues and earnings up 18% and 72% respectively on a comparable basis, despite significant market volatility at the beginning of the financial year around Britain's vote to leave the European Union. The Group benefited from a unique environment in which our three core businesses' performance was robust.

In Global Advisory, we have had a very strong first half thanks to a highly diversified client base, the mainstay of our business across the globe. Our pipeline for the remainder of the year remains strong. However, we anticipate that full year revenue should be at similar levels to last year at constant exchange rates (where H1 2015/2016 revenue was relatively low compared to the second half of 2015/2016 which was a record half year) given a more challenging M&A market going forward.

Private Wealth & Asset Management achieved positive net assets inflows for the first half despite volatile global markets, reflecting our competitive positioning. However, any significant decline in financial markets for a sustained period would impact our revenues. In France, we continue to work on the merger with Compagnie Financière Martin Maurel which should close by the end of the financial year.

In Merchant Banking, whilst we cannot expect the level of carried interest recognised in the first half to be maintained at the same level for the rest of the year, we remain confident that assets under management will continue to grow due to the successful launch of funds and the ability of our teams to develop new opportunities in line with their disciplined investment process.

A. Performance by business

(in €m)	Global Advisory	Private Wealth & Asset Management and Merchant Banking	Other [1]	IFRS Reconciliation [2]	6 months to Sept 2016
Revenues	**537**	**252**	**16**	**(3)**	**802**
Operating expenses	(466)	(205)	(30)	82	(619)
Impairments	-	-	1	(2)	(1)
Operating income	**71**	**47**	**(13)**	**77**	**182**
Exceptional charges / (profits)	10	4	-	-	14
Operating income without exceptional items	**81**	**51**	**(13)**	**77**	**196**

(in €m)	Global Advisory	Private Wealth & Asset Management and Merchant Banking	Other [1]	IFRS Reconciliation [2]	6 months to Sept 2015
Revenues	**397**	**255**	**38**	**(11)**	**679**
Operating expenses	(350)	(194)	(59)	44	(559)
Impairments	-	-	2	(3)	(1)
Operating income	**47**	**61**	**(19)**	**30**	**119**
Exceptional charges / (profits)	4	-	8	-	12
Operating income without exceptional items	**51**	**61**	**(11)**	**30**	**131**

1 *Other comprises central costs, legacy businesses, including Banking and other*
2 *IFRS reconciliation mainly includes items that relate to the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 (R) for defined benefit pension schemes; and reallocation of impairments and certain operating expenses.*

B. Exceptional items

(in €m)	6m to Sept 2016			6m to Sept 2015		
	PBT	PATMI	*EPS*	PBT	PATMI	*EPS*
As reported	**187**	**67**	***0.97 €***	**125**	**39**	***0.56 €***
- RGA US investment costs [1]	(10)	(10)	*(0.14) €*	(4)	(2)	*(0.03) €*
- CFMM Merger	(4)	(3)	*(0.04) €*	-	-	-
- Swap settlement cost	-	-	-	(8)	(6)	*(0.10) €*
Total Exceptional (Costs) / Gains	**(14)**	**(13)**	***(0.18) €***	**(12)**	**(8)**	***(0.13) €***
Excluding "Exceptionals"	**201**	**80**	***1.15 €***	**137**	**47**	***0.69 €***

1 *RGA US investment costs are defined as compensation earned in respect of the first financial reporting period of employment plus any make-wholes payable in the reporting period*

C. Quarterly progression of revenue

In €m		**2016/2017**	**2015/2016**	**Var**
Global Advisory	1st quarter	240.3	208.3	*+15%*
	2nd quarter	296.3	189.0	*+57%*
	Total	**536.6**	**397.3**	***+35%***
Asset Management [1]	1st quarter	145.2	121.8	*+19%*
	2nd quarter	107.1	132.7	*(19%)*
	Total	**252.3**	**254.5**	***(1%)***
Of which Private Wealth & Asset Management	*1st quarter*	*89.4*	*94.4*	*(5%)*
	2nd quarter	*90.3*	*92.5*	*(2%)*
	Total	***179.7***	***186.9***	***(4%)***
Of which Merchant Banking	*1st quarter*	*55.8*	*27.4*	*+104%*
	2nd quarter	*16.8*	*40.2*	*(58%)*
	Total	***72.6***	***67.6***	***+7%***
Other [2]	1st quarter	8.5	19.6	*(57%)*
	2nd quarter	8.2	18.9	*(57%)*
	Total	**16.7**	**38.5**	***(57%)***
IFRS reconciliation	1st quarter	(3.8)	(9.3)	*n/a*
	2nd quarter	0.7	(1.8)	*n/a*
	Total	**(3.1)**	**(11.1)**	***n/a***
Total Group Revenue	**1st quarter**	**390.2**	**340.4**	***+15%***
	2nd quarter	**412.3**	**338.8**	***+22%***
	Total	**802.5**	**679.2**	***+18%***

[1] *Asset Management in a broad sense which comprises Private Wealth & Asset Management and Merchant Banking*

[2] *Other comprises central costs, legacy businesses, including Banking and other*

D. Summary Balance sheet

(in €bn)	30/09/2016	31/03/2016	*Var*
Cash and amounts due from central banks	2.8	3.5	*(0.7)*
Cash placed with banks	1.4	1.2	*0.2*
Loans and advances to customers	1.6	1.5	*0.1*
of which Private client lending	*1.4*	*1.3*	*0.1*
of which Legacy lending book	*0.2*	*0.2*	*-*
Debt and equity securities	1.5	1.5	*-*
Other assets	1.2	1.3	*(0.1)*
Total assets	**8.5**	**9.0**	***(0.5)***
Due to customers	5.0	5.5	*(0.5)*
Other liabilities	1.4	1.5	*(0.1)*
Shareholders' equity - Group share	1.5	1.5	*-*
Non-controlling interests	0.6	0.5	*0.1*
Total capital and liabilities	**8.5**	**9.0**	***(0.5)***

The foreign exchange translation effect between 31 March 2016 and 30 September 2016 caused total assets to decrease by €0.1 billion.

E. FX rates

P&L

Rates	6 months 2016/2017	6 months 2015/2016	*Var*
€ / GBP	0.8180	0.7200	*14%*
€ / CHF	1.0925	1.0567	*3%*
€ / USD	1.1230	1.1092	*1%*

Balance sheet

Rates	30/9/2016	31/3/2016	*Var*
€ / GBP	0.8610	0.7916	*9%*
€ / CHF	1.0876	1.0931	*(1)%*
€ / USD	1.1161	1.1385	*(2)%*

F. Global Advisory track record

Rothschild & Co advised the following clients on notable transactions completed in the six months to 30 September 2016 and recently announced deals.

M&A and strategic advisory

- Coca-Cola Iberian Partners, an independent bottler for Spain, Portugal and Andorra, on its three way merger with Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke (€23.1 billion, Spain and Germany)
- Credit Agricole, a leading French banking group, on the buy-back of its 25% stake in the Caisses Régionales (€18 billion, France)
- Meda, a leading international specialty pharma company, on its recommended takeover by Mylan (US$10 billion, Sweden and Netherlands)
- Rexam, a leading global beverage can maker, on its acquisition by Ball Corp (£4.4 billion, United Kingdom and United States)
- Al Kharafi family and Al Khair National on the disposal of their 69% stake in Kuwait Food Company (Americana), the largest food and casual dining group in the Middle East, to Adeptio (€3.7 billion, UAE)
- AccorHotels, the world's leading hotel operator, on its acquisition of Fairmont Raffles Hotels from Qatar Investment Authority, Kingdom Holding Company of Saudi Arabia and Oxford Properties (US$2.9 billion, France and Canada)
- Norrporten, one of Sweden's largest real estate companies with 120 properties, primarily offices, in Sweden and Denmark, on its sale to Castellum (€2.8 billion, Sweden)
- The Ministry of Transport, Communications and Works of the government of Cyprus on its commercialisation of Limassol Port, the largest and busiest multi-purpose seaport in Cyprus (€1.9 billion, Cyprus)
- Bridgepoint and Eurazeo on their disposal of FONCIA, the leader in real estate services in France, to Partners Group (€1.8 billion, France)
- FNAC, a leading French retail distributor of entertainment and leisure products, on its recommended offer for Darty (€1.2 billion, France)
- Telus, one of Canada's largest telecommunications companies, on its corporate carve-out of Telus International through an equity investment and a leveraged recapitalisation debt financing (C$1.2 billion, Canada)
- Ferrovie dello Stato Italiane, a state-owned company, and Eurostazioni, engaged in the renovation and management of Italy's largest railway stations, on the privatisation of the retail business of Grandi Stazioni (€1 billion, Italy)
- Punch Powertrain, a supplier of fuel efficient trains, on its sale to Yinyi Group (€1 billion, Belgium and China)

Financing advisory

- Teva Pharmaceutical, a leading global pharmaceutical company, on its equivalent bond offering (US$20.4 billion, Israel)
- Alpha Natural Resources, the world's third largest metallurgical coal supplier, on its restructuring and emergence from bankruptcy (US$3.9 billion, United States)
- Urbi Desarrollos Urbanos, a builder, designer and seller of housing across Mexico, on its in-court restructuring (US$3 billion, Mexico)
- Ministry of Finance of the Kingdom of Denmark on the privatisation IPO of Dong Energy, the global leader in offshore wind energy (€2.6 billion, Denmark)
- Teck Resources, a diversified resource company engaged in mining and processing copper, steelmaking coal, zinc and energy, on its credit facility amendment (US$1 billion) and bond issuance / debt tender (US$1.25 billion, Canada)

- Ambatovy, one of the world's largest nickel and cobalt operations, on the restructuring of its senior debt (US$1.6 billion, Madagascar)
- The Italian Ministry of Economy and Finance on the privatisation IPO of ENAV, the sole provider of air traffic control and navigation services in Italy (€1.8 billion, Italy)
- SAM Anse du Portier, the concession holder with the Principality of Monaco, on its equity raising to fund a six hectare offshore urban extension project (€1.1 billion, Monaco)
- Vallourec, a world leader in tubular solutions primarily serving the energy markets, on its equity issuance and strategic partnership with NSSMC (€1 billion, France)

Announced

- Bayer, a life science company with core competencies in healthcare and agriculture, on its all-cash acquisition of Monsanto (US$66 billion, Germany and United States)
- Boehringer Ingelheim, one of the world's leading pharmaceutical companies, on its strategic asset swap with Sanofi (€22.8 billion, Germany and France)
- Caesars Entertainment, a global gaming, hotel and resort company, on its ongoing Chapter 11 restructuring (US$18 billion, United States)
- Technip, a world leader in project management, engineering and construction for the energy industry, on its combination with FMC Technologies to create TechnipFMC (€11 billion, France and United States)
- Old Mutual, an international savings, investment and insurance company, on its managed separation into four independent business units (£9.1 billion, United Kingdom and South Africa)
- Metro Group, one of the largest retail companies globally, on its proposed demerger, separating it into a wholesale and food specialist group and a consumer electronics group (€8 billion, Germany)
- Vodafone India, a member of the Vodafone Group, one of the world's largest mobile communications companies, on its purchase of spectrum for mobile telecommunication services (US$3 billion, India)
- LANXESS, a leading specialty chemicals company, on its all-cash acquisition of Chemtura (US$2.7 billion, Germany and United States)
- DTEK, the largest private vertically integrated energy holding company in Ukraine, on the restructuring of its debt facilities (c.US$2.5 billion, Ukraine)
- China Resources Beer, a well-established market leader in the beer industry, on its acquisition of the remaining 49% stake in China Resources Snow Breweries and associated rights issue to fund acquisition (US$1.6 billion, Hong Kong)
- Keter Group, a global market leader in the consumer plastics industry, on its sale to BC Partners and PSP Investments (€1.5 billion, Israel and Canada)

2. Condensed half-year consolidated financial statements

Abbreviations and glossary

Term	Definition
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French Prudential and Resolution Authority)
AFS	Available for sale
Asset Management	Asset Management business segment, comprising Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking
Banking	Banking business line
bp	Basis point
CFMM	Compagnie Financière Martin Maurel
CGU	Cash Generating Unit
Company	Rothschild & Co SCA
CRD4	Capital Requirements Directive 4
DCF	Discounted cash flow
EdRS	Edmond de Rothschild (Suisse) SA
FALG	Five Arrows Leasing Group
GA/Global Advisory	Rothschild Global Advisory business segment
GFSC	Guernsey Financial Services Commission
GICS	Global Industry Classification Standards
GMC	Group Management Committee
Group	Rothschild & Co SCA consolidated Group
Group ALCO	Group Assets and Liabilities Committee
LCR	Liquidity Coverage Ratio
NCI	Non-controlling interest
Managing Partner	Rothschild & Co Gestion SAS (the *gérant*)
Merchant Banking	Rothschild Merchant Banking business line
NMR	N M Rothschild & Sons Limited
PCCC	Private Client Credit Committee
PCL	Private Client Lending business line
R&Co	Rothschild & Co SCA
R&Co Gestion	Rothschild & Co Gestion SAS (the *gérant*/Managing Partner)
RBCI	Rothschild Bank (CI) Limited
RBI	Rothschild Bank International Limited
RBZ	Rothschild Bank AG Zurich
RCB	Rothschild & Cie Banque
RHAG	Rothschild Holding AG
Supervisory Board	Rothschild & Co Supervisory Board

Consolidated balance sheet

as at 30 September 2016

Assets

In thousands of euro	Notes	30/09/2016	31/03/2016
Cash and amounts due from central banks		2,830,550	3,500,132
Financial assets at fair value through profit or loss	1	437,873	452,867
Hedging derivatives	2	89	2,798
Available-for-sale financial assets	3	1,039,539	1,096,009
Loans and advances to banks	4	1,424,945	1,242,947
Loans and advances to customers	5	1,565,923	1,488,372
Current tax assets		9,862	8,431
Deferred tax assets	13	74,073	72,278
Other assets	6	558,585	528,751
Investments accounted for by the equity method		29,765	42,442
Tangible fixed assets		282,595	307,068
Intangible fixed assets		162,993	168,397
Goodwill	7	116,638	111,853
TOTAL ASSETS		**8,533,430**	**9,022,345**

Liabilities and shareholders' equity

In thousands of euro	Notes	30/09/2016	31/03/2016
Due to central banks		61	1,158
Financial liabilities at fair value through profit or loss	1	25,386	76,733
Due to banks and other financial institutions	8	341,855	281,952
Customer deposits	9	5,050,607	5,468,388
Debt securities in issue		113,928	124,168
Current tax liabilities		34,076	38,011
Deferred tax liabilities	13	40,618	43,369
Other liabilities, accruals and deferred income	10	698,513	788,162
Provisions	11	198,443	155,385
TOTAL LIABILITIES		**6,503,487**	**6,977,326**
Shareholders' equity		**2,029,943**	**2,045,019**
Shareholders' equity - Group share		**1,457,334**	**1,529,169**
Share capital		142,274	142,274
Share premium		981,692	981,692
Unrealised or deferred capital gains and losses		3,854	61,533
Consolidated reserves		262,508	111,750
Net income - Group share		67,006	231,920
Non-controlling interests	15	**572,609**	**515,850**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,533,430**	**9,022,345**

Consolidated income statement

for the six months ended 30 September 2016

In thousands of euro		Notes	30/09/2016	30/09/2015
+	Interest income	18	40,949	57,994
-	Interest expense	18	(20,844)	(29,177)
+	Fee income	19	738,020	616,850
-	Fee expense	19	(25,732)	(30,379)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	20	47,110	18,779
+/-	Net gains/(losses) on available-for-sale financial assets	21	22,408	40,816
+	Other operating income	22	856	8,588
-	Other operating expenses	22	(300)	(4,293)
Net banking income			**802,467**	**679,178**
-	Staff costs	23	(472,712)	(416,695)
-	Administrative expenses	23	(129,160)	(122,173)
-	Amortisation, depreciation and impairment of tangible and intangible fixed assets		(17,181)	(19,686)
Gross operating income			**183,414**	**120,624**
+/-	Cost of risk	24	(1,848)	(1,320)
Operating income			**181,566**	**119,304**
+/-	Net income from companies accounted for by the equity method		188	391
+	Income from negative goodwill	7	1,381	-
+/-	Net income/(expense) from other assets	25	3,818	4,794
Profit before tax			**186,953**	**124,489**
-	Income tax expense	26	(26,753)	(29,067)
CONSOLIDATED NET INCOME			**160,200**	**95,422**
Non-controlling interests		15	**93,194**	**56,822**
NET INCOME - GROUP SHARE			**67,006**	**38,600**
Earnings per share in euro - Group share (basic)		29	0.97	0.56
Earnings per share in euro - continuing operations (basic)		29	0.97	0.56
Earnings per share in euro - Group share (diluted)		29	0.96	0.55
Earnings per share in euro - continuing operations (diluted)		29	0.96	0.55

Statement of comprehensive income

for the six months ended 30 September 2016

In thousands of euro	30/09/2016	30/09/2015
Consolidated net income	**160,200**	**95,422**
Gains and losses recyclable in profit or loss		
Translation differences	(52,984)	(27,110)
Revaluation of available-for-sale financial assets	(11,401)	12,283
(Gains)/losses transferred to income on available-for-sale financial assets	(17,633)	(36,810)
Loss transferred to income on exit of cash flow hedge	-	8,065
Revaluation of cash flow hedges	-	(23)
Gains and losses recognised directly in equity for companies accounted for by the equity method	(709)	(630)
Taxes	2,070	5,293
Total gains and losses recyclable in profit or loss	**(80,657)**	**(38,932)**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	(60,261)	21,067
Taxes	10,571	(4,109)
Other	(945)	427
Total gains and losses not recyclable in profit or loss	**(50,635)**	**17,385**
Total unrealised or deferred capital gains or losses	**(131,292)**	**(21,547)**
TOTAL COMPREHENSIVE INCOME	**28,908**	**73,875**
attributable to equity shareholders	*(38,333)*	*24,699*
attributable to non-controlling interests	*67,241*	*49,176*

Consolidated statement of changes in equity

for the six months ended 30 September 2016

In thousands of euro

	Capital and associated reserves [1]	Consolidated reserves [3]	Unrealised or deferred capital gains and losses (net of tax): Related to translation differences	Available-for-sale reserves	Hedging reserves	Shareholders' equity, Group share	Shareholders' equity, NCI	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 MARCH 2015	**1,123,966**	**160,621**	**53,717**	**86,813**	**(5,671)**	**1,419,446**	**556,034**	**1,975,480**
Impact of elimination of treasury shares	-	(3,810)	-	-	-	(3,810)	-	(3,810)
Dividends	-	(41,846)	-	-	-	(41,846)	(99,581)	(141,427)
Charge related to share-based payments	-	1,026	-	-	-	1,026	12	1,038
Interest on perpetual subordinated debt	-	-	-	-	-	-	(14,775)	(14,775)
Effect of a change in shareholding without a change of control	-	(9,955)	69	10,411	(9)	516	(14,705)	(14,189)
Sub-total of changes linked to transactions with shareholders	**-**	**(54,585)**	**69**	**10,411**	**(9)**	**(44,114)**	**(129,049)**	**(173,163)**
2015/2016 net income for the year	-	231,920	-	-	-	231,920	125,305	357,225
Net gains/(losses) from changes in fair value	-	-	-	1,938	(5)	1,933	2,449	4,382
Net (gains)/losses transferred to income on disposal and impairment	-	-	-	(37,753)	6,358	(31,395)	(13)	(31,408)
Remeasurement gains/(losses) on defined benefit funds	-	5,439	-	-	-	5,439	(4,470)	969
Translation differences and other movements	-	275	(53,602)	(60)	(673)	(54,060)	(34,406)	(88,466)
SHAREHOLDERS' EQUITY AT 31 MARCH 2016	**1,123,966**	**343,670**	**184**	**61,349**	**-**	**1,529,169**	**515,850**	**2,045,019**
Impact of elimination of treasury shares	-	10,085	-	-	-	10,085	-	10,085
Dividends [2]	-	(44,190)	-	-	-	(44,190)	(3,603)	(47,793)
Charge related to share-based payments	-	573	-	-	-	573	7	580
Interest on perpetual subordinated debt	-	-	-	-	-	-	(6,883)	(6,883)
Effect of a change in shareholding without a change of control	-	134	-	-	-	134	49	183
Sub-total of changes linked to transactions with shareholders	**-**	**(33,398)**	**-**	**-**	**-**	**(33,398)**	**(10,430)**	**(43,828)**
2016/2017 net income for the period	-	67,006	-	-	-	67,006	93,194	160,200
Net gains/(losses) from changes in fair value	-	-	-	(6,963)	-	(6,963)	(4,020)	(10,983)
Net (gains)/losses transferred to income on disposal and impairment	-	-	-	(16,361)	-	(16,361)	(14)	(16,375)
Remeasurement gains/(losses) on defined benefit funds	-	(47,764)	-	-	-	(47,764)	(1,927)	(49,691)
Translation differences and other movements	-	-	(33,103)	(1,252)	-	(34,355)	(20,044)	(54,399)
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2016	**1,123,966**	**329,514**	**(32,919)**	**36,773**	**-**	**1,457,334**	**572,609**	**2,029,943**

(1) Capital and associated reserves at the period end consists of share capital of €142.3 million and share premium of €981.7 million.

(2) This allocation includes €43.5 million of dividends to R&Co shareholders and a total of €0.7 million of dividends to R&Co Gestion and Rothschild & Co Commandité SAS. Distributions to non-controlling interests are analysed in note 15.

(3) Consolidated reserves consists of retained earnings of €265.7 million less treasury shares of €3.2 million plus the Group share of net income.

Cash flow statement

for the six months ended 30 September 2016

In thousands of euro	30/09/2016	30/09/2015
Consolidated profit before tax (I)	**186,953**	**124,489**
Depreciation and amortisation expense on tangible fixed assets and intangible fixed assets	17,181	21,062
Impairments and net charge for provisions	2,539	3,854
Remove (income)/loss from associates and long-standing shareholding	(3,967)	(4,953)
Remove (profit)/loss from disposal of a subsidiary	(1,237)	-
Remove (profit)/loss from investing activities	(55,807)	(57,302)
Non-cash items included in pre-tax profit and other adjustments (II)	**(41,291)**	**(37,339)**
Net (advance)/repayment of loans to customers	**(89,823)**	**(270,775)**
Cash (placed)/received through interbank transactions	(82,224)	161,145
Increase/(decrease) in due to customers	(373,701)	97,619
Net inflow/(outflow) related to derivatives and trading items	(41,179)	(13,146)
Issuance/(redemption) of debt securities in issue	(10,240)	47,828
Net (purchases)/disposals of AFS assets held for liquidity purposes	10,845	(31,142)
Other movements in assets and liabilities related to treasury activities	1,277	24,149
Total treasury-related activities	**(495,222)**	**286,453**
(Increase)/decrease in working capital	(186,038)	(204,348)
Tax paid	(26,927)	(27,073)
Other operating activities	**(212,965)**	**(231,421)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)	**(798,010)**	**(215,743)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**(652,348)**	**(128,593)**
Purchase of investments	(69,902)	(49,423)
Purchase of associates and subsidiaries	(560)	(4,986)
Purchase of property, plant and equipment and intangible fixed assets	(4,116)	(14,606)
Total cash invested	**(74,578)**	**(69,015)**
Cash received from investments (disposal and dividends)	103,813	114,889
Cash received from subsidiaries, associates and long-standing shareholding (disposal and dividends)	15,940	5,034
Cash from disposal of property, plant and equipment and intangible fixed assets	49	1,337
Total cash received from investments	**119,802**	**121,260**
Net cash inflow/(outflow) related to investing activities (B)	**45,224**	**52,245**
Interest paid on perpetual subordinated debt	(1,359)	(1,150)
(Acquisition)/disposal of own shares and additional interests in subsidiaries	10,211	(4,019)
Net cash inflow/(outflow) related to financing activities (C)	**8,852**	**(5,169)**
Impact of exchange rate changes on cash and cash equivalents (D)	**(28,381)**	**(164,073)**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**(626,653)**	**(245,590)**
Net opening cash and cash equivalents (note 16)	4,321,980	4,775,769
Net closing cash and cash equivalents (note 16)	3,695,327	4,530,179
NET INFLOW/(OUTFLOW) OF CASH	**(626,653)**	**(245,590)**

Notes to the consolidated financial statements

I. Highlights

On 6 June 2016, Rothschild & Co and Compagnie Financière Martin Maurel (CFMM) announced a plan to merge, with a view to combining their French activities in private banking and asset management to create one of France's leading independent private banks.

The merger agreement was signed on 29 July 2016, and the merger notice was published on the company's website www.RothschildandCo-documents-sur-la-fusion-2016.com on 24 August 2016, in accordance with the provisions of Articles R. 236-2 and R. 236-2-1 of the French commercial code.

Shareholders in CFMM will be offered either 126 R&Co shares per existing share or, prior to the completion of the merger, be able to sell their CFMM shares in cash. The Maurel family will receive R&Co shares and, as a result of the merger, will replace CFMM in the extended family concert. CFMM is valued at €240 million, with the 2015 dividend attached. The transaction will be financed by a mixture of newly issued R&Co shares, R&Co's own cash resources and external credit facilities.

Following consultation processes with work councils from both groups, the merger proposals were approved by general meetings of CFMM and R&Co in September 2016. The transaction has already received the approval of the French anti-trust authority and is now awaiting approval from the ACPR and the European Central Bank, as well as other conditions precedent, and is expected to be completed by the end of the financial year.

On 3 November 2015, the Group sold its UK asset finance business, FALG, to Paragon Bank. The transaction resulted in an exceptional accounting gain after tax of €98.7 million, which was accounted for in the second half of 2015/2016 in 'Net income/(expense) from other assets'. For the six months up to 30 September 2015, FALG's contribution to revenue and profit before tax was €20 million and €7 million respectively. Following the disposal, NMR, a UK subsidiary of R&Co, no longer required a UK deposit taking licence. The UK regulatory body, the Prudential Regulation Authority (PRA), accepted to remove this licence, effective from 19 September 2016.

II. Preparation of the financial statements

A. Information concerning the company

The consolidated financial statements of Rothschild & Co SCA Group (the Group) for the six months ended 30 September 2016 are presented in accordance with the IFRS standards in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002. The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2013-04 of 7 November 2013 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 April 2016 to 30 September 2016.

The consolidated accounts were approved by R&Co Gestion SAS (R&Co Gestion), the Managing Partner (*gérant*) of R&Co, on 16 November 2016 and considered for verification and control purposes by the R&Co Supervisory Board on 29 November 2016.

At 30 September 2016, the Group's holding company was R&Co, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris (Paris Trade and Companies Registry Number 302 519 228). The Company is listed on the Eurolist market of Euronext Paris (Compartment A).

B. General principles

The notes were drawn up taking into account the understanding, relevance, reliability, comparability and materiality of the information provided.

C. Subsequent events

On 3 October 2016, the Group's two banks in Guernsey, Rothschild Bank International Limited and Rothschild Bank (CI) Limited, were amalgamated to form a single entity. Rothschild Bank International Limited now holds the only banking licence in Guernsey. This change has no significant impact on the Group's accounts.

III. Accounting principles and valuation methods

The accounting principles and valuation methods applied by the Group for the half-year summary consolidated financial statements are identical to those applied and described in the annual financial statements for the year ended 31 March 2016. It should be noted that the Group's interim financial reporting is in compliance with IAS 34.

The Group has not opted for early application of new standards, amendments and interpretations adopted by the European Union or the IASB where the application in 2016 is optional.

To prepare the financial statements in accordance with the Group's accounting methods, management has made assumptions and estimates that could have an impact on the book value of certain assets and liabilities and items of income and expense. By their nature, such valuations carry risks and uncertainties as to their realisation in the future. Management has taken care to consider a counterparty's financial situation and outlook as well as multiple-criteria valuations that take observable parameters into account to determine whether there are objective signs of impairment.

Estimates and assumptions are used mainly with regard to goodwill, available-for-sale financial assets, fair value through profit or loss financial assets, loans and receivables, and impairment and provisions.

At each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

IV. Governance and financial risk management

The risks relating to financial instruments, and the way in which these are managed by the Group, are described below.

A. Governance

The Group's governance environment is described in the annual financial statements for the year ended 31 March 2016, and is substantially unchanged at 30 September 2016.

B. Credit risk

Credit risk arises from the potential failure of counterparties and customers to meet their obligations.

The Group's on-going credit activities are in:
- lending to private clients through its banks RBZ, RBI, RBCI and RCB;
- the Treasury exposures held for liquidity purposes; and
- mezzanine debt through the residual activities of R&Co's on-balance sheet investment, now managed by Merchant Banking.

The Group also has credit risk exposure from its legacy Banking activities undertaken in NMR (comprising commercial loans to corporates).

The Group has a Credit Risk Policy which has been implemented by R&Co Gestion and reviewed by the Risk Committee. The policy sets out the credit risk appetite of the Group, and the limits that have been established at Group level and establishes reporting protocols. It also requires each subsidiary that conducts banking activities to have a credit risk policy which is consistent with the Group Credit Risk Policy and with the requirements of local regulators.

All exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures is secured on property or assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest.

Reflecting the Group's focus on Private Client Lending, a Group Private Client Credit Committee (PCCC) approves and periodically reviews the Private Client Lending exposures and credit policies consistent with the Private Client Lending strategy approved by R&Co Gestion.

The Private Client Lending policies and associated delegated authorities are confirmed by the relevant Board (or Board Committee as appropriate) of each of the banking entities on an annual basis. Any material changes to the Private Client Lending policies will be approved by R&Co Gestion.

Interbank exposures are subject to a limit structure that is monitored by the Group ALCO. Those limits are monitored within the Group on a weekly basis. The Group also has a Large Exposures policy for interbank loans, which is reviewed annually by R&Co Gestion.

The Group reviews credit exposures on loans and debt securities on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures which are considered to be fully performing.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client. Examples include: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
Past due but not impaired financial assets	*A financial asset is considered to be past due when the counterparty has failed to make a payment when contractually due (unless this is caused by short term administrative delays). Financial assets that are past due but not impaired are exposures for which a provision is not considered necessary despite non-payment of the contractual obligations.*
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan (unless collateral exists which exceeds the exposure's carrying value). At least some recovery is expected to be made.
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

All Group companies map their own credit monitoring to these categories for the purposes of Group reporting.

The tables below disclose the maximum exposure to credit risk at 30 September 2016 and at 31 March 2016 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	30/09/2016
Financial assets at fair value through profit or loss (1)	92.6	-	-	-	-	-	-	92.6
Hedging derivatives	0.1	-	-	-	-	-	-	0.1
Loans and advances to banks	1,424.9	-	-	-	-	-	-	1,424.9
Loans and advances to customers	1,451.0	2.8	30.1	24.9	97.7	24.5	(65.1)	1,565.9
Available-for-sale debt securities	670.9	-	5.6	-	14.0	10.3	(17.6)	683.2
Other financial assets	356.7	-	-	29.0	3.0	13.9	(15.1)	387.5
Sub-total assets	**3,996.2**	**2.8**	**35.7**	**53.9**	**114.7**	**48.7**	**(97.8)**	**4,154.2**
Commitments and guarantees	243.7	-	-	-	-	-	-	243.7
TOTAL	**4,239.9**	**2.8**	**35.7**	**53.9**	**114.7**	**48.7**	**(97.8)**	**4,397.9**

(1) Excluding equity

In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/2016
Financial assets at fair value through profit or loss (1)	172.7	-	-	-	-	-	-	172.7
Hedging derivatives	2.8	-	-	-	-	-	-	2.8
Loans and advances to banks	1,242.9	-	-	-	-	-	-	1,242.9
Loans and advances to customers	1,345.7	5.1	93.6	10.9	85.6	22.1	(74.6)	1,488.4
Available-for-sale debt securities	797.8	-	5.6	-	15.8	10.5	(18.2)	811.5
Other financial assets	333.0	-	-	35.0	4.6	11.4	(14.3)	369.7
Sub-total assets	**3,894.9**	**5.1**	**99.2**	**45.9**	**106.0**	**44.0**	**(107.1)**	**4,088.0**
Commitments and guarantees	181.3	-	0.2	-	0.1	-	-	181.6
TOTAL	**4,076.2**	**5.1**	**99.4**	**45.9**	**106.1**	**44.0**	**(107.1)**	**4,269.6**

(1) Excluding equity

1. Past due but not impaired assets

The table below analyses amounts considered by the business as past due but not impaired by how far they are past their due date:

In millions of euro	30/09/2016			31/03/2016		
	Loans and advances to customers	Other financial assets	TOTAL	Loans and advances to customers	Other financial assets	TOTAL
Less than 90 days	12.3	-	**12.3**	7.8	0.3	**8.1**
Between 90 and 180 days	4.8	6.9	**11.7**	1.2	22.9	**24.1**
Between 180 days and 1 year	6.3	16.2	**22.5**	0.3	6.1	**6.4**
More than 1 year	1.5	5.9	**7.4**	1.6	5.7	**7.3**
TOTAL	**24.9**	**29.0**	**53.9**	**10.9**	**35.0**	**45.9**

Where refinancing and sale options are difficult, it is generally in the lender’s and borrower’s interest to extend certain facilities at maturity and not to foreclose on the security. This assumes there are no underlying issues regarding the borrower’s ability to continue to service the loan and the level of collateral is expected to be of sufficient quality to secure the principal.

Unimpaired loans extended in this manner are not categorised as either past due or as renegotiated. As at 30 September 2016 the cumulative value of all loans within this category was €20.5 million (March 2016: €42.2 million). All of these loans were property loans. There are a small number of loans which are overdue, but not impaired, pending an extension of maturity. As at 30 September 2016, these amounted to €24.9 million (March 2016: €10.9 million).

Some loans were renegotiated on substantially different terms than before. Typically these loans will include revised covenants and higher margins to reflect higher credit risk as well as having extended maturities. But for these renegotiations the loans would have been deemed to have been impaired. As at 30 September 2016, the carrying value of all loans renegotiated was €2.0 million (March 2016: €29.6 million).

2. Collateral

The Group holds collateral against loans to customers. Substantially all third party commercial lending is secured. Collateral is split by type as either specific or general.

Specific collateral is a readily identifiable asset. The majority of specific collateral is in the form of charges over property assets, or over marketable securities (Lombard lending). There is a realistic possibility, if necessary, of both taking possession of, and realising, the collateral. General collateral will be more difficult to both identify and realise. It will usually be a charge over the assets of a business, and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. For category 1, 2 and 3 loans the level of collateral at expected exit is expected to be sufficient to cover the balance sheet exposure. Where a loan is deemed to be impaired (categories 4 and 5), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, though it is also influenced by the ability of the borrower to service the debt.

Collateral is valued independently at the time the loan is made and periodically thereafter on a rolling basis. Management are able to roll forward a valuation for reporting purposes via a combination of specific knowledge of the collateral and the application of general indices.

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are individually impaired and past due but not impaired.

In millions of euro	30/09/2016		31/03/2016	
	Past due but not impaired	**Individually impaired**	**Past due but not impaired**	**Individually impaired**
Tangible assets collateral	23.3	66.7	7.5	50.7
Financial assets collateral	4.9	6.7	4.9	6.7
TOTAL	**28.2**	**73.4**	**12.4**	**57.4**
Gross value of loans	24.9	122.2	10.9	107.7
Impairment		(43.7)		(48.9)
Net value of loans	**24.9**	**78.5**	**10.9**	**58.8**

3. Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 30 September 2016 and 31 March 2016.

a) Credit risk by location

Location for loans and advances is measured by reference to the location of the borrower. Debt securities are recorded based on the location of the issuer of the security.

In millions of euro	UK and Channel Islands	France	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	30/09/2016
Financial assets at fair value through profit or loss (1)	54.5	15.3	3.5	14.2	2.8	2.2	0.1	92.6
Hedging derivatives	0.1	-	-	-	-	-	-	0.1
Loans and advances to banks	447.6	542.5	65.1	189.0	132.3	27.5	20.9	1,424.9
Loans and advances to customers	707.9	265.0	108.4	298.0	96.5	82.4	7.7	1,565.9
Available-for-sale debt securities	225.5	370.3	-	33.0	47.8	6.6	-	683.2
Other financial assets	59.1	126.4	22.0	87.2	59.8	13.9	19.1	387.5
Sub-total assets	**1,494.7**	**1,319.5**	**199.0**	**621.4**	**339.2**	**132.6**	**47.8**	**4,154.2**
Commitments and guarantees	18.1	106.7	19.1	94.3	0.6	-	4.9	243.7
TOTAL	**1,512.8**	**1,426.2**	**218.1**	**715.7**	**339.8**	**132.6**	**52.7**	**4,397.9**

(1) Excluding equity

In millions of euro	UK and Channel Islands	France	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2016
Financial assets at fair value through profit or loss (1)	71.0	33.7	35.2	16.2	12.6	3.8	0.2	172.7
Hedging derivatives	2.8	-	-	-	-	-	-	2.8
Loans and advances to banks	234.1	573.9	30.7	145.5	182.6	48.5	27.6	1,242.9
Loans and advances to customers	705.0	279.4	116.9	215.0	72.0	91.0	9.1	1,488.4
Available-for-sale debt securities	527.8	220.5	-	35.3	20.3	7.6	-	811.5
Other financial assets	69.7	107.9	17.9	79.1	53.9	33.0	8.2	369.7
Sub-total assets	**1,610.4**	**1,215.4**	**200.7**	**491.1**	**341.4**	**183.9**	**45.1**	**4,088.0**
Commitments and guarantees	27.5	70.9	24.9	44.9	6.4	2.0	5.0	181.6
TOTAL	**1,637.9**	**1,286.3**	**225.6**	**536.0**	**347.8**	**185.9**	**50.1**	**4,269.6**

(1) Excluding equity

b) Credit risk by sector

The sector is based on Global Industry Classification Standards ('GICS').

In millions of euro	30/09/2016	%	31/03/2016	%
Financial	2,285.9	52%	1,895.7	44%
Private clients	1,130.7	26%	1,190.2	28%
Government	308.9	7%	516.6	12%
Industrials	249.2	5%	192.6	5%
Real estate	212.3	5%	226.1	5%
Consumer discretionary	65.7	2%	40.7	1%
Healthcare	25.6	1%	42.8	1%
Consumer staples	24.1	1%	23.2	1%
Utilities	17.3	0%	20.7	0%
IT and telecoms	11.1	0%	27.3	1%
Energy	10.4	0%	17.5	0%
Materials	6.8	0%	21.2	1%
Other	49.9	1%	55.0	1%
TOTAL	**4,397.9**	**100%**	**4,269.6**	**100%**

The 'Government' exposure above predominantly consists of high quality government securities.

The balances above do not include Cash and amounts due from central banks, which are not considered to have a significant credit risk. These amounted to €2,831 million at 30 September 2016 (31 March 2016: €3,500 million).

Financial exposures are further analysed as follows:

In millions of euro	30/09/2016	%	31/03/2016	%
Short term interbank exposures	1,501.0	66%	1,323.6	69%
Treasury marketable securities - investment grade	270.7	12%	223.4	12%
Cash/investment-backed lending	143.9	6%	108.7	6%
Finance companies	13.0	1%	14.5	1%
Other	357.3	15%	225.5	12%
TOTAL FINANCIAL SECTOR	**2,285.9**	**100%**	**1,895.7**	**100%**

Short term interbank lending and marketable securities are held for liquidity management purposes.

C. Market risk

Market risk arises from changes in the market value of assets and liabilities. It arises as a result of the Group's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange, equity and debt position risk.

Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes.

Exposure to market risk also arises from the Group's proprietary investments in funds and other portfolios. These risks are further explained in the section on 'Equity investments' below.

The Group requires that each of its regulated banking entities manages market risk on a stand-alone basis in accordance with its individual risk appetite and limits approved by Group ALCO.

Merchant Banking, which holds largely unquoted private equity investments, and NMR, RBZ and RBCI are the principal entities that are exposed to market risk within the Group. For NMR, RBZ and RBCI, monitoring of trading market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Risk limits are complemented by other measures and controls, including stress testing, to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity.

Market risks associated with treasury and equity positions are described below with a description of the levels of risk.

1. Equity investments

As described above, the Group has exposure to equity price risk through holdings of equity investments. Each of these positions is individually approved by management and is monitored on an individual basis.

If the price of these equities were to fall by 5%, then there would be a post-tax charge to the income statement of €26.8 million (March 2016: €12.3 million) and a charge to equity of €10.2 million (March 2016: €12.3 million).

Moreover, the Group is exposed through its investments to the risks affecting the companies in which it invests.

The table below shows the Group's equity price risk in relation to these instruments, by location.

In millions of euro	30/09/2016	%	31/03/2016	%
United Kingdom and Channel Islands	225.7	32%	103.0	18%
France	122.7	17%	126.8	22%
Rest of Europe	111.0	16%	88.0	16%
Switzerland	96.0	14%	114.0	20%
Americas	86.6	12%	78.4	14%
Australia and Asia	31.7	5%	31.1	6%
Other	27.8	4%	23.6	4%
TOTAL	**701.5**	**100%**	**564.9**	**100%**

D. Liquidity risk

Liquidity risk arises from the mis-match between the legal maturity of assets and liabilities.

The Group adopts a conservative approach to liquidity risk and its management and it has designed its management of liquidity risk in the overall context of the Banking and Private Wealth strategy. Each banking entity must have in place a liquidity risk policy approved by the Group ALCO and which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled. In summary each entity is required:

- To hold a level of liquid resources necessary to meet its short-term obligations as defined by its liquidity policy statement; the Group ALCO may from time to time impose stricter guidance according to market conditions or other Group considerations.

- To maintain an appropriate structural liquidity profile through a funding base of appropriate duration and diversity relative to its asset profile, business plans, market capacity and access.

- To maintain in so far as is possible local market and counterparty access to available liquidity resources including, for example, foreign exchange swap markets, repo and applicable central bank facilities.

- To comply with all applicable regulatory liquidity requirements.

The Group's three main banking groups each manage their own liquidity independently of each other. An illustration of how they manage their short term liquidity is summarised below. NMR, since it relinquished its banking licence during the period, no longer reports its liquidity to its regulator.

Rothschild Bank AG Zurich

RBZ's liquidity policy includes a behavioural adjustment applied across different client types, which allows for approximately one third of client deposits to be withdrawn over 30 days. Although the regulatory framework would permit significant mismatches within the 30-day time bucket, RBZ maintains a more conservative approach to liquidity.

Internal limits provide for RBZ to be cumulatively cash positive in all periods (after behavioural adjustments). The behavioural adjustments are complemented by an additional requirement that 20% of all client call deposits are held in cash and assets realisable within 48 hours.

RBZ’s liquid assets at 30 September 2016 were 397% of liquid liabilities, as measured for regulatory purposes (31 March 2016: 446%). The regulatory limit is 100%.

Rothschild & Cie Banque

RCB's liquidity management process involves the maintenance of a high quality buffer of liquid assets; typically cash, money held with the central bank, and bond and reverse bond repos against its client deposit balances. Its treasury committee, which meets monthly, authorises the counterparties for these liquidity investments within overall bank counterparty group limits set by Group ALCO.

RCB’s LCR (Liquidity Coverage Ratio) corresponds to the ratio of high quality liquid assets to total net cash outflows over the next 30 calendar days. It is calculated on a monthly basis, with the minimum threshold set at 70% in 2016 to reach 100% in 2019.

At 30 September 2016, RCB’s LCR was 233% (31 March 2016: 345%).

Rothschild Bank International Limited

RBI complies with the liquidity regime of the GFSC which prescribes cumulative cash flow deficit limits for periods up to the one-month time horizon using standard behavioural adjustments (i.e. not institution specific).

At 30 September 2016, the RBI regulatory liquidity ratio for the eight day to one month period as a percentage of total deposits was 8% (31 March 2016: 18%), well in excess of the limit set by the GFSC of -5%.

Contractual maturity

The following table shows the Group's financial assets and liabilities, analysed by remaining contractual maturity at the balance sheet date.

In millions of euro	Demand - 1m	1m - 3m	3m - 1yr	1yr - 2yr	2yr - 5yr	>5 yr	No contractual maturity	30/09/2016
Cash and balances at central banks	2,830.6	-	-	-	-	-	-	**2,830.6**
Financial assets at FVTPL	39.5	10.3	2.5	-	192.4	15.1	178.1	**437.9**
Hedging derivatives	0.1	-	-	-	-	-	-	**0.1**
AFS financial assets	199.1	84.9	191.6	85.6	46.5	75.6	356.2	**1,039.5**
Loans and advances to banks	855.6	380.9	188.3	0.1	-	-	-	**1,424.9**
Loans and advances to customers	585.9	229.5	374.9	81.2	234.4	60.0	-	**1,565.9**
Other financial assets	332.6	41.9	11.1	0.2	1.3	0.4	-	**387.5**
TOTAL	**4,843.4**	**747.5**	**768.4**	**167.1**	**474.6**	**151.1**	**534.3**	**7,686.4**
Financial liabilities at FVTPL	14.6	8.6	2.1	0.1	-	-	-	**25.4**
Due to banks and other financial institutions	153.6	1.3	7.9	6.7	10.5	161.9	-	**341.9**
Due to customers	4,758.8	128.8	76.1	42.0	44.9	-	-	**5,050.6**
Debt securities in issue	8.4	31.2	74.3	-	-	-	-	**113.9**
Other financial liabilities	113.6	12.1	4.5	2.9	4.6	1.3	-	**139.0**
TOTAL	**5,049.0**	**182.0**	**164.9**	**51.7**	**60.0**	**163.2**	**-**	**5,670.8**
Loan and guarantee commitments given	70.9	26.9	48.3	1.4	89.7	6.5	-	**243.7**

E. Fair value of financial instruments

For financial reporting purposes, IFRS 13 requires fair value measurements applied to financial instruments to be allocated to one of three levels, reflecting the extent to which the valuation is based on observable data.

Level 1: instruments quoted on an active market

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets. This mainly includes listed securities and derivatives traded on organised markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of funds where the value is determined and reported on a daily basis.

Level 2: instruments measured based on recognised valuation models using observable inputs other than quoted prices

Level 2 comprises instruments not directly quoted on an active market, measured using a valuation technique which incorporates parameters that are either directly observable or indirectly observable through to maturity.

Level 3: instruments measured using models that are not commonly used and/or that draw on non-observable inputs

Level 3 comprises instruments which are measured, at least in part, on the basis of non-observable market data which is liable to materially impact the valuation.

Carried at amortised cost:

In millions of euro	30/09/2016				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	2,830.6	2,830.6	-	2,830.6	-
Loans and advances to banks	1,424.9	1,424.9	-	1,424.9	-
Loans and advances to customers	1,565.9	1,556.4	-	1,491.6	64.8
TOTAL	**5,821.4**	**5,811.9**	**-**	**5,747.1**	**64.8**
Financial liabilities					
Due to banks and other financial institutions	341.9	344.0	-	344.0	-
Due to customers	5,050.6	5,050.6	-	5,050.6	-
Debt securities in issue	113.9	113.9	-	113.9	-
TOTAL	**5,506.4**	**5,508.5**	**-**	**5,508.5**	**-**

In millions of euro	31/03/2016				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	3,500.1	3,500.1	-	3,500.1	-
Loans and advances to banks	1,242.9	1,242.9	-	1,242.9	-
Loans and advances to customers	1,488.4	1,505.9	-	1,459.1	46.8
TOTAL	**6,231.4**	**6,248.9**	**-**	**6,202.1**	**46.8**
Financial liabilities					
Due to banks and other financial institutions	283.1	285.4	-	285.4	-
Due to customers	5,468.4	5,469.4	-	5,469.4	-
Debt securities in issue	124.2	124.2	-	124.2	-
TOTAL	**5,875.7**	**5,879.0**	**-**	**5,879.0**	**-**

- Loans to customers and their associated interest rates: these are compared, by maturity, with similar recent transactions. In the event of a material difference in interest rates or any other factor indicating that an asset's fair value is materially different from the net carrying amount, the fair value is adjusted accordingly. To determine the assets' fair value, the Group estimates counterparties' default risk and calculates the sum of future cash flows, taking into account the debtors' financial standing. An impaired loan where the carrying value of the loan is decided by a DCF, using best estimates of recoverable cash flows, is classified in level 3.

- Repurchase agreements and amounts due to customers: the fair value of these instruments is determined using a DCF technique, the discount rate of which is adjusted for the appropriate credit margin.

- Debt securities in issue: the fair value of these instruments is determined using external prices which can be regularly observed from a reasonable number of market makers. However, these prices do not represent a directly tradable price.

Carried at fair value:

In millions of euro	30/09/2016			
		Measured using		
	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Trading securities - short term	16.4	11.9	4.5	-
Financial assets designated at FVTPL - long term	369.5	45.9	323.6	-
Derivative financial instruments	52.0	-	52.0	-
AFS public bills and similar securities	299.0	299.0	-	-
AFS bonds, other fixed income securities and accrued interest	384.2	298.1	84.0	2.1
AFS equity securities	356.3	277.5	10.0	68.8
TOTAL FINANCIAL ASSETS	**1,477.4**	**932.4**	**474.1**	**70.9**
Financial liabilities				
Derivative financial instruments	25.4	-	25.4	-
TOTAL FINANCIAL LIABILITIES	**25.4**	**-**	**25.4**	**-**

In millions of euro	31/03/2016			
		Measured using		
	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Trading securities - short term	7.3	7.3	-	-
Financial assets designated at FVTPL - long term	374.8	32.1	342.7	-
Derivative financial instruments	73.6	-	73.6	-
AFS public bills and similar securities	505.9	505.9	-	-
AFS bonds, other fixed income securities and accrued interest	305.6	248.8	54.1	2.7
AFS equity securities	284.5	155.1	50.6	78.8
TOTAL FINANCIAL ASSETS	**1,551.7**	**949.2**	**521.0**	**81.5**
Financial liabilities				
Derivative financial instruments	76.7	-	76.7	-
TOTAL FINANCIAL LIABILITIES	**76.7**	**-**	**76.7**	**-**

Valuation technique by class of financial assets measured based on Level 3 input at 30 September 2016:

Description	Valuation technique	Unobservable input	Range (weighted average)
AFS debt			
Mezzanine debt securities	Carrying value is based on original investment plus accrued interest less any impairment provisions	Expected repayment cashflow taking into account shareholders' equity of the borrower	n/a
Other	n/a	n/a	n/a
AFS equity			
Private equity fund investments	External valuation based on net asset value	n/a	n/a
Other equities	External valuation based on net asset value	n/a	n/a
	Valued at cost	n/a	n/a
	Adjusted observable market value	Non-observable valuation discounts; for example, non-controlling interests, lack of liquidity and adjustments to the multiple to reflect a specific sector or activity	4-20 for EBITDA multiple 20-40% discount for lack of liquidity

Sensitivity of fair value for Level 3 instruments

Out of €68.8 million of AFS equity securities classified in Level 3 as of 30 September 2016, €53.5 million were subject to a third party valuation. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact in net income and in equity in the event of a fall of 5% of the net asset value. In such an event, there would be a post-tax charge to the income statement of €0.2 million and a charge to equity of €2.3 million.

Assets measured at fair value based on Level 3 as of 30 September 2016

The following table presents the movement in assets valued using Level 3 valuation methods in the period:

In millions of euro		Bonds and other fixed income securities	Funds	Other equities	TOTAL
As at 1 April 2016		**2.7**	**38.2**	**40.6**	**81.5**
Transfer into/(out of) Level 3		-	-	7.6	7.6
Total gains or losses for the period	Included in income statement	-	-	(0.2)	(0.2)
	Gains/(losses) through equity	-	2.3	6.9	9.2
Purchases, issues, sales and settlements	Additions	-	0.8	0.1	0.9
	Disposals	(0.6)	(4.0)	(23.5)	(28.1)
AS AT 30 SEPTEMBER 2016		**2.1**	**37.3**	**31.5**	**70.9**

Selected controls in the valuation process

Merchant Banking

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function. Fair values determined by reference to external quoted prices or market parameters are validated by the relevant fund's valuation committee.

These committees review, twice a year, the valuation of the investments made by Merchant Banking.

The parameters of valuation that are reviewed in committee include the following:
- the origin of the external source;
- the consistency of the various sources;
- the events that took place during the period which could affect the value; and
- the frequency with which the data are updated.

Merchant banking funds are valued by their management companies in accordance with the international private equity and venture capital valuation (IPEV) guidelines developed by the *Association Française des Investisseurs en Capital* (AFIC), the British Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA). An Advisory Committee exists to approve half-yearly investment valuations, which are sent to investors in the Group's merchant banking funds. As such, this committee acts as the valuation committee under the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Valuation of derivatives

The Group's OTC (i.e. non-exchange traded) derivatives are valued using external valuation models. These models calculate the present value of expected future cash flows. The Group's derivative products are of a 'vanilla' nature, such as interest rate swaps and cross currency swaps; for these, the modelling techniques used are standard across the industry. Inputs to the valuation models are determined from observable market data, including prices available from exchanges, dealers, brokers or providers of consensus pricing.

Exchange traded derivatives are valued by the exchange on which they are traded, which asks for margin calls depending on the value.

V. Notes to the balance sheet

Note 1 - Financial instruments at fair value through profit or loss

1. Financial assets

In thousands of euro	30/09/2016	31/03/2016
Equities	329,830	275,825
Loans to customers	39,696	98,925
Financial assets designated at fair value through profit or loss	**369,526**	**374,750**
Public bills and similar securities	1,000	3,003
Equities	15,419	4,323
Trading instruments	**16,419**	**7,326**
Trading derivative assets (see note 2)	**51,928**	**70,791**
TOTAL	**437,873**	**452,867**
of which financial assets at fair value through profit or loss - listed	*62,281*	*39,382*
of which financial assets at fair value through profit or loss – unlisted	*375,592*	*413,485*

2. Financial liabilities

In thousands of euro	30/09/2016	31/03/2016
Trading derivative liabilities (see note 2)	**25,386**	**76,733**
TOTAL	**25,386**	**76,733**

Note 2 - Derivatives

Trading derivatives

In thousands of euro	30/09/2016 Notional principal	30/09/2016 Of which: asset	30/09/2016 Of which: liability	31/03/2016 Notional principal	31/03/2016 Of which: asset	31/03/2016 Of which: liability
Firm interest rate contracts	*70,644*	742	122	*61,721*	2,671	349
Conditional interest rate contracts	*29,620*	161	161	-	-	-
Firm foreign exchange contracts	*6,710,974*	48,152	24,940	*9,743,925*	63,482	75,670
Conditional foreign exchange contracts	*256,643*	1,048	73	*205,128*	693	487
OTC commodity options	*95,789*	1,736	63	*65,120*	3,717	200
Other derivatives	*133*	89	27	*272*	228	27
TOTAL	***7,163,803***	**51,928**	**25,386**	***10,076,166***	**70,791**	**76,733**

Hedging derivatives

In thousands of euro	30/09/2016 Notional principal	30/09/2016 Of which: asset	30/09/2016 Of which: liability	31/03/2016 Notional principal	31/03/2016 Of which: asset	31/03/2016 Of which: liability
Firm interest rate contracts	*6,097*	89	-	*190,434*	2,798	-
TOTAL	***6,097***	**89**	**-**	***190,434***	**2,798**	**-**

Offsetting Financial Assets and Financial Liabilities

The following table shows the impact on the consolidated balance sheet of offsetting assets and liabilities with the same counterparties. The hypothetical financial impact of netting instruments subject to an enforceable master netting arrangement, or similar agreements, with available cash and financial instrument collateral would not be material.

In thousands of euro	30/09/2016 Gross assets	30/09/2016 Amounts set off	30/09/2016 Net amounts as per balance sheet
Trading derivative assets	68,463	(16,535)	51,928
Loans and receivables with banks	1,463,549	(38,604)	1,424,945
Other assets not subject to netting	7,056,557	-	7,056,557
Total assets	**8,588,569**	**(55,139)**	**8,533,430**
Due to banks	344,922	(3,067)	341,855
Trading derivative liabilities	77,458	(52,072)	25,386
Other liabilities not subject to netting	6,136,246	-	6,136,246
Total liabilities	**6,558,626**	**(55,139)**	**6,503,487**

Note 3 - Available-for-sale financial assets

In thousands of euro	30/09/2016	31/03/2016
Public bills and similar securities	299,008	505,921
Other fixed income securities	383,161	305,087
Accrued interest	1,049	540
Total AFS debt securities	**683,218**	**811,548**
of which impairment losses	*(19,255)*	*(20,013)*
Total AFS equity securities	**356,321**	**284,461**
of which impairment losses	*(132,794)*	*(133,424)*
TOTAL	**1,039,539**	**1,096,009**

Changes in available-for-sale financial assets

In thousands of euro	30/09/2016	31/03/2016
As at 1 April	**1,096,009**	**669,437**
Additions	606,980	1,355,346
Disposals	(615,919)	(895,012)
Gains/(losses) from changes in fair value, recognised directly in equity	(11,556)	(1,041)
Impairment losses recognised in income statement	(951)	(3,938)
Exchange differences	(35,158)	(30,035)
Reclassifications and other movements	134	1,252
AT THE END OF THE PERIOD	**1,039,539**	**1,096,009**

Note 4 - Loans and advances to banks

In thousands of euro	30/09/2016	31/03/2016
Interbank demand deposits and overnight loans	813,986	779,584
Interbank term deposits and loans	74,282	74,197
Reverse repos and loans secured by bills	536,832	388,965
Accrued interest	(155)	201
Loans and advances to banks - Gross amount	**1,424,945**	**1,242,947**
Allowance for credit losses	-	-
TOTAL	**1,424,945**	**1,242,947**

Note 5 - Loans and advances to customers

In thousands of euro	30/09/2016	31/03/2016
Debit balances on current accounts	17,208	25,438
Other loans to customers	1,607,517	1,530,196
Accrued interest	6,290	7,299
Loans and advances to customers – gross amount	**1,631,015**	**1,562,933**
Specific provisions	(43,698)	(48,876)
Collective provisions	(21,394)	(25,685)
Allowance for credit losses	**(65,092)**	**(74,561)**
TOTAL	**1,565,923**	**1,488,372**

Note 6 - Other assets

In thousands of euro	30/09/2016	31/03/2016
Accounts receivable(1)	212,814	218,506
Guarantee deposits paid(1)	17,876	11,838
Settlement accounts on securities transactions(1)	26,184	54,257
Defined benefit pension scheme assets	11,677	11,701
Other sundry assets(2)	155,284	129,163
Other assets	**423,835**	**425,465**
Prepaid expenses	20,466	23,594
Accrued income(1)	114,284	79,692
Prepayments and accruals	**134,750**	**103,286**
TOTAL	**558,585**	**528,751**

(1) These balances represent financial assets

(2) Of this balance, €16.3 million relates to financial assets

Note 7 - Goodwill

In thousands of euro	RCB	Concordia Holding	Other	TOTAL
As at 1 April 2016	**47,718**	**59,346**	**4,789**	**111,853**
Additions	-	-	5,118	**5,118**
Translation difference	-	-	(333)	**(333)**
AS AT 30 SEPTEMBER 2016	**47,718**	**59,346**	**9,574**	**116,638**

As at 30 September 2016, there is no indication that any goodwill carried by the Group could be impaired.

On 1 April 2016, the Group's Global Advisory business acquired a 100% interest in Scott Harris Ltd, a specialist equity marketing consultancy, and a 100% interest in a Belgian advisory business. A significant proportion of both acquisition prices was due in the form of deferred consideration to the former owners. Where these owners have also become employees of the Group, and where the payments are conditional on them remaining as employees, the Group is obliged under IFRS to treat the acquisition costs as a remuneration charge to be spread over the vesting period, even though the deferred consideration reflects the fair value of the business at the time of acquisition.

As a result of these acquisitions, and the accounting policy described above, the Group recorded goodwill of €5.1 million from acquiring Scott Harris Ltd and a negative goodwill of €1.4 million from acquiring the Belgian subsidiary. The negative goodwill has been recognised at the date of acquisition in the income statement. Additionally, €2.8 million of deferred consideration has been charged to 'compensation and other staff costs' in the period to September 2016.

Note 8 - Due to banks

In thousands of euro	30/09/2016	31/03/2016
Interbank demand deposits and overnight	150,183	59,579
Interbank term deposits and borrowings	189,711	220,559
Accrued interest	1,961	1,814
TOTAL	**341,855**	**281,952**

Note 9 - Customer deposits

In thousands of euro	30/09/2016	31/03/2016
Demand deposits	4,415,057	4,494,422
Term deposits	568,185	865,996
Borrowings secured by bills	66,729	99,915
Accrued interest	636	8,055
TOTAL	**5,050,607**	**5,468,388**

Note 10 - Other liabilities, accruals and deferred income

In thousands of euro	30/09/2016	31/03/2016
Due to employees	338,919	454,096
Other accrued expenses and deferred income	146,933	134,938
Accrued expenses	**485,852**	**589,034**
Settlement accounts on securities transactions (1)	63,364	76,870
Accounts payable (1)	31,435	32,510
Sundry creditors (2)	117,862	89,748
Other liabilities	**212,661**	**199,128**
TOTAL	**698,513**	**788,162**

(1) These balances represent financial liabilities

(2) Of this balance, €44.2 million relates to financial liabilities

Note 11 - Provisions

In thousands of euro	01/04/2016	Charge/ (release)	Utilised	Exchange movement	Other movements	30/09/2016
Provision for counterparty risk	32	-	-	-	-	32
Provision for claims and litigation	18,980	545	7	21	(19)	19,534
Provisions for restructuring	642	(642)	-	-	-	-
Provisions for property	1,027	-	(647)	4	-	384
Other provisions	152	80	-	-	3	235
Sub-total	**20,833**	**(17)**	**(640)**	**25**	**(16)**	**20,185**
Retirement benefit liabilities	134,552				43,706	178,258
TOTAL	**155,385**	**(17)**	**(640)**	**25**	**43,690**	**198,443**

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

Included within provisions for claims and litigation are amounts set aside to cover estimated costs of legal proceedings and claims arising from the conduct of business.

Management believe that the level of provisions made in these financial statements continues to be sufficient for any potential or actual proceedings or claims which are likely to have an impact on the Group's financial statements, based on information available at the reporting date.

Retirement benefit obligations arise principally from defined benefit pension schemes in the United Kingdom and Switzerland, and represent the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets. The values of assets and obligations in these principal schemes are prepared by qualified independant actuaries at 30 September and 31 March each year and the movement is shown in the table above.

Note 12 - Impairments

In thousands of euro	01/04/2016	Income statement charge	Income statement reversal	Written off	Exchange rate and other movements	30/09/2016
Loans and advances to customers	(74,561)	(2,469)	3,839	5,061	3,038	(65,092)
Available-for-sale financial assets	(153,437)	(1,396)	40	2,417	327	(152,049)
Other assets	(14,730)	(3,121)	551	1,466	401	(15,433)
TOTAL	**(242,728)**	**(6,986)**	**4,430**	**8,944**	**3,766**	**(232,574)**

Note 13 - Deferred tax

Deferred taxes are calculated on all temporary differences using the liability method.
The movement on the deferred tax account is as follows:

In thousands of euro	30/09/2016	31/03/2016
Net asset as at beginning of period	**28,909**	**37,707**
of which deferred tax assets	*72,278*	*92,760*
of which deferred tax liabilities	*(43,369)*	*(55,053)*
Recognised in income statement		
Income statement (charge)	(7,726)	(4,030)
Recognised in equity		
Defined benefit pension arrangements	10,571	(5,451)
Available-for-sale financial assets	2,202	7,880
Tax losses carried forward	783	119
Cash flow hedges	-	(1,611)
Reclassification to current tax	2,672	5,214
Payments/(refunds)	(229)	121
Exchange differences	(3,894)	(4,866)
Sale of a subsidiary	-	(5,733)
Other	167	(441)
NET ASSET AS AT END OF PERIOD	**33,455**	**28,909**
of which deferred tax assets	*74,073*	*72,278*
of which deferred tax liabilities	*(40,618)*	*(43,369)*

Deferred tax net assets are attributable to the following items:

In thousands of euro	30/09/2016	31/03/2016
Accelerated depreciation	4,978	6,015
Defined benefit pension liabilities	30,060	22,893
Provisions	1,269	1,516
Deferred profit share arrangements	18,323	26,606
Losses carried forward	15,194	12,982
Available-for-sale financial assets	370	347
Other temporary differences	3,879	1,919
TOTAL	**74,073**	**72,278**

The majority of the Group's deferred tax assets are in NMR, a UK subsidiary. For these financial statements, NMR considers that there will be sufficient profits within a reasonable time frame to utilise deferred tax assets that remain recognised on its balance sheet.

NMR derecognised €8.7 million of deferred tax assets during the year ended March 2015, after the UK government announced restrictions on the ability of banks to utilise historic tax losses. In the United States, Canada and Asia, deductible temporary differences have not given rise to the recognition of deferred tax assets.

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	30/09/2016	31/03/2016
Accelerated capital allowances	1,354	1,549
Defined benefit pensions	2,281	1,829
Available-for-sale financial assets	13,774	13,070
Intangible assets recognised on acquisition of subsidiaries	11,838	11,838
Other temporary differences	11,371	15,083
TOTAL	**40,618**	**43,369**

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set-off and the balance relates to income tax levied by the same tax authority on the same taxable entity or tax group. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

The deferred tax expense/(income) in the income statement comprises the following temporary differences:

In thousands of euro	30/09/2016	31/03/2016
Depreciation differences	746	2,025
Defined benefit pension liabilities	2,486	1,345
Allowances for loan losses	390	(1,359)
Tax losses carried forward	(2,706)	3,337
Deferred profit share arrangements	6,482	2,504
Available-for-sale financial assets	789	(522)
Other temporary differences	(461)	(3,300)
TOTAL	**7,726**	**4,030**

Note 14 - Structured entities

A structured entity is one which has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It will often have restricted activities and a narrow or well-defined objective and can include some investment funds.

In most cases it is clear under IFRS 10 that the Group need not consolidate its investments in structured entities. However, some structured entities are managed by the Group in the form of funds in which the Group's own money is also invested. In these situations, a judgement must be made whether there is a need to consolidate these funds or not. To do this, a combined assessment of two key indicators is made:

- Remuneration and other economic interests in aggregate;

- Kick-out rights

To assess economic interests it is considered, at a particular level of returns, how much of any further increase in the performance of a fund accrues to the manager ('the variability of the economic interest'). The level of returns at which this is measured is the level at which performance fees begin to accrue.

A high level of variability would support the conclusion that a manager might be a principal (and would probably consolidate the managed fund). Meanwhile, a low level of variability would indicate that a manager might be an agent for the other investors (and would probably not consolidate).

Additionally, negligible rights for the investors to remove the manager or transfer their funds might indicate that a manager is a principal (and would probably consolidate) while strong rights might suggest that a manager is an agent (and would probably not consolidate).

The Group's judgement is guided by both IFRS 10 and its understanding of market practice.

Interest in unconsolidated structured entities

The following table shows the Group's interest in unconsolidated structured entities which it manages.

	30/09/2016		
In thousands of euro	**Equity funds**	**Debt funds**	**TOTAL**
Total assets within the underlying vehicles	**1,217,430**	**2,841,058**	**4,058,488**
Assets under management including third party commitments	**2,391,014**	**2,970,500**	**5,361,514**
Interest held in the Group's balance sheet:			
Financial assets designated at fair value	250,388	58,148	308,536
Financial investment available for sale	-	46,610	46,610
Loans and receivables	5,493	-	5,493
Total assets in the Group's balance sheet	**255,881**	**104,758**	**360,639**
Off-balance sheet commitments made by the Group	232,936	23,292	256,228
Group's maximum exposure	**488,817**	**128,050**	**616,867**

Note 15 - Non-controlling interests

Non-controlling interests (NCI) represent the share of fully consolidated subsidiaries that are not directly or indirectly attributable to the Group. These interests comprise the equity instruments which have been issued by these subsidiaries and which are not held by the Group. The Group's income, net assets and distributions which are attributable to NCI arise from the following sources:

In thousands of euro	30/09/2016			31/03/2016		
	Net income	**Amounts in the balance sheet**	**Distributions**	**Net income**	**Amounts in the balance sheet**	**Distributions**
Preferred shares	83,240	111,218	1,074	100,881	30,783	96,993
Perpetual subordinated debt	6,883	300,823	6,883	14,775	319,813	14,775
Rothschild Holding AG group	2,483	149,141	2,385	7,022	153,641	2,407
Other	588	11,427	144	2,627	11,613	181
TOTAL	**93,194**	**572,609**	**10,486**	**125,305**	**515,850**	**114,356**

Preferred shares

Preferred shares within NCI mainly consist of amounts calculated in accordance with legal clauses applicable to French limited partnerships owned by Rothschild & Compagnie Banque SCS, the French holding company of our Private Wealth and Global Advisory businesses located in France. The preferred amounts are based on the partnerships' individual local earnings, and take into account the share that relates to workers' remuneration.

Perpetual subordinated debt

The Group has issued perpetual subordinated debt instruments which have discretionary clauses related to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of NCI. The interest payable on these instruments is shown as a charge to NCI.

In thousands of euro	30/09/2016	31/03/2016
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	171,760	186,835
Perpetual floating rate subordinated notes (€150 million)	60,073	65,346
Perpetual floating rate subordinated notes (US$200 million)	68,990	67,632
TOTAL	**300,823**	**319,813**

Rothschild Holding AG group

The Group holds a 72.87% economic interest in the equity of Rothschild Holding AG (RHAG), the Swiss holding company of part of our Private Wealth business. The non-controlling interest in its income statement and balance sheet is calculated based on this economic interest.

The following table shows a summarised income statement and balance sheet of the RHAG group of companies.

In thousands of euro	RHAG Group	
Income statement information	**30/09/2016**	**31/03/2016**
Net banking revenue	109,258	216,253
Net income	11,528	30,686
Total other comprehensive income for the period, after tax [1]	(20,106)	(19,472)
Total comprehensive income for the period	**(8,578)**	**11,214**
Balance sheet information		
Cash and amounts due from central banks	2,546,109	2,749,608
Loans and advances to banks	171,714	138,230
Loans and advances to customers	1,220,288	1,102,499
Other assets	444,655	467,256
Total assets	**4,382,766**	**4,457,593**
Due to customers	3,284,273	3,581,066
Other liabilities	505,661	265,937
Total liabilities	**3,789,934**	**3,847,003**
Shareholder equity	592,832	610,590

(1) *Other comprehensive income in RHAG comprises gains and losses from translation, actuarial movements and revaluation of long standing shareholdings.*

Note 16 - Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, the 'cash and cash equivalents' items are analysed as follows:

In thousands of euro	30/09/2016	31/03/2016
Cash and accounts with central banks	2,830,550	3,500,132
Interbank demand deposits and overnight loans (assets)	813,986	779,584
Other cash equivalents	201,035	103,001
Interbank demand deposits and overnight loans (liabilities) and due to central banks	(150,244)	(60,737)
TOTAL	**3,695,327**	**4,321,980**

Other cash equivalents comprise overnight interbank reverse repos and public bills and securities which are held for trading.

Note 17 - Commitments given and received

Commitments given

In thousands of euro	30/09/2016	31/03/2016
Given to customers	165,138	83,588
Loan commitments	**165,138**	**83,588**
Given to banks	14,311	21,384
Given to customers	64,203	76,657
Guarantee commitments	**78,514**	**98,041**
Investment commitments	230,478	183,754
Pledged assets and other commitments given	37,382	106,244
Total other commitments given	**267,860**	**289,998**

Investment commitments relate to Merchant Banking funds and investments.
The commitment to employees in respect of deferred remuneration is set out in note 23.

Commitments received

In thousands of euro	30/09/2016	31/03/2016
Received from banks	245,000	135,000
Loan commitments	**245,000**	**135,000**
Received from customers	9,900	9,900
Guarantee commitments	**9,900**	**9,900**

VI. Notes to the income statement

Note 18 - Net interest income

Interest income

In thousands of euro	30/09/2016	30/09/2015
Interest income - loans to banks	3,222	3,988
Interest income - loans to customers	13,815	30,027
Interest income - available-for-sale instruments	2,833	2,893
Interest income - derivatives	19,619	19,113
Interest income - other financial assets	1,460	1,973
TOTAL	**40,949**	**57,994**

Interest expense

In thousands of euro	30/09/2016	30/09/2015
Interest expense - due to banks and other financial institutions	(4,941)	(5,502)
Negative interest income from loans to banks	(10,918)	(10,740)
Interest expense - due to customers	(3,324)	(9,817)
Interest expense - debt securities in issue	(194)	(51)
Interest expense - derivatives	(461)	(2,489)
Interest expense - other financial liabilities	(1,006)	(578)
TOTAL	**(20,844)**	**(29,177)**

Note 19 - Net fee and commission income

Fee and commission income

In thousands of euro	30/09/2016	30/09/2015
Fees for advisory work and other services	543,440	406,086
Portfolio and other management fees	188,659	195,977
Banking and credit-related fees and commissions	778	6,165
Other fees	5,143	8,622
TOTAL	**738,020**	**616,850**

Fee and commission expense

In thousands of euro	30/09/2016	30/09/2015
Fees for advisory work and other services	(4,899)	(4,627)
Portfolio and other management fees	(17,354)	(21,479)
Banking and credit-related fees and commissions	(118)	(225)
Other fees	(3,361)	(4,048)
TOTAL	**(25,732)**	**(30,379)**

Note 20 - Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euro	30/09/2016	30/09/2015
Net income - financial instruments designated at fair value through profit or loss	32,814	13,335
Net income - foreign exchange operations	14,666	12,241
Net income - equity securities and related derivatives held for trading	(83)	1,032
Net income - other trading operations	(287)	(7,829)
TOTAL	**47,110**	**18,779**

Net gains and losses on financial instruments at fair value through profit or loss include the changes in fair value of financial instruments designated at fair value through profit or loss by option, and financial instruments held in the trading portfolio, including derivatives.

Financial instruments designated at fair value through profit or loss by option include both ordinary equity and carried interest shares held by the Group in its Merchant Banking funds. It also includes loans made to its Merchant Banking funds. In the six months to 30 September 2016, the carried interest shares rose in value by €15.3 million (September 2015: €1.4million).

In April 2015, the Group repaid a floating rate loan which had a swap attached to it to fix the interest rate. This swap, which was accounted for as a cash flow hedge, had a negative mark-to-market value of €7.9 million at the time of closure, which has been recycled in the line 'Net income - other trading operations'. The loan, which was refinanced on more favourable terms, relates to our London office property.

Note 21 - Net gains/(losses) on available-for-sale financial assets

In thousands of euro	30/09/2016	30/09/2015
Gains or losses on disposal	20,277	38,796
Impairment losses	(708)	(2,948)
Dividend income	2,839	4,968
TOTAL	**22,408**	**40,816**

Dividend income from the Group's interest in EdRS is included as dividend income within Net income/(expense) from other assets (note 25).

Note 22 - Other operating income and expenses

In thousands of euro	30/09/2016	30/09/2015
Income from leasing	-	8,505
Other income	856	83
TOTAL OTHER OPERATING INCOME	**856**	**8,588**
Expenses relating to assets used to generate lease income	-	(3,974)
Other expenses	(300)	(319)
TOTAL OTHER OPERATING EXPENSES	**(300)**	**(4,293)**

Other operating income and expenses at 30 September 2015 included leasing income from FALG, the Group's asset leasing business. FALG was sold on 3 November 2015.

Note 23 - Operating expenses

In thousands of euro	30/09/2016	30/09/2015
Compensation and other staff costs	(456,538)	(398,498)
Defined benefit pension expenses	(10,350)	(12,512)
Defined contribution pension expenses	(5,824)	(5,685)
Staff costs	**(472,712)**	**(416,695)**
Administrative expenses	(129,160)	(122,173)
TOTAL	**(601,872)**	**(538,868)**

Staff costs

As part of its variable pay strategy, the Group pays bonuses to employees. In some cases, the cash payment is deferred to future years, and, for certain key staff, deferred shares in R&Co are awarded in place of cash.

The cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Group. For certain significant employees, a portion of the awards will be settled in the form of R&Co shares rather than cash, in response to the Capital Requirements Directive 4 (CRD4). The R&Co shares are released to the employees six months following the vesting date of the award.

A commitment to employees exists in connection with this deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €84.2 million (€85.7 million as at 31 March 2016).

The objective of the deferred share-based payment awards is to link the reward of certain key staff with the performance of the Group. In addition to the requirement to remain employed by the Group, these awards may also be cancelled under specific circumstances.

Note 24 - Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	30/09/2016	30/09/2015
Loans and receivables	(2,469)	3,752	87	1,370	(4,413)
Debt securities	(688)	40	-	(648)	3,422
Other assets	(3,121)	887	(336)	(2,570)	(329)
TOTAL	**(6,278)**	**4,679**	**(249)**	**(1,848)**	**(1,320)**

Note 25 - Net income/(expense) from other assets

In thousands of euro	30/09/2016	30/09/2015
Long-standing shareholding dividend	3,778	4,562
Gains/(losses) on sales of tangible or intangible assets	(5)	27
Gains/(losses) on acquisition, disposal and impairment of subsidiaries and associates	45	205
TOTAL	**3,818**	**4,794**

Note 26 - Income tax expense

In thousands of euro	30/09/2016	30/09/2015
Current tax	(19,027)	(21,447)
Deferred tax	(7,726)	(7,620)
TOTAL	**(26,753)**	**(29,067)**

The net tax charge can be analysed between a current tax charge and a deferred tax charge as follows:

Current tax

In thousands of euro	30/09/2016	30/09/2015
Tax charge for the period	(19,309)	(19,819)
Adjustments related to prior years	1,174	(196)
Irrecoverable dividend-related tax	(4,469)	(1,195)
Other	3,577	(237)
TOTAL	**(19,027)**	**(21,447)**

Deferred tax

In thousands of euro	30/09/2016	30/09/2015
Temporary differences	(7,704)	(6,782)
Changes in tax rates	53	(85)
Adjustments related to prior years	(75)	(753)
TOTAL	**(7,726)**	**(7,620)**

Reconciliation of the tax charge between the French standard tax rate and the effective rate

In thousands of euro		30/09/2016		30/09/2015
Profit before tax		**186,953**		**124,489**
Expected tax charge at standard French rate	34.4%	64,368	34.4%	42,862
Main reconciling items				
Irrecoverable dividend-related tax	+2.4%	4,468	+1.4%	1,734
Effect of different domestic tax rates	+0.9%	1,741	+1.2%	1,441
Adjustments related to prior years	(0.6%)	(1,100)	+0.8%	949
Deferred tax rate changes	(0.0%)	(31)	+1.3%	1,575
Local permanent differences, net	(1.6%)	(2,898)	(0.6%)	(798)
(Gains)/losses where no deferred tax recognised	+0.8%	1,383	+1.1%	1,373
Profits and losses in lower tax areas	(8.9%)	(16,587)	(5.7%)	(7,112)
Partnership tax recognised outside the Group	(14.3%)	(26,704)	(10.9%)	(13,599)
Tax charge related to amounts eliminated on consolidation	+1.4%	2,531	+0.9%	1,072
Other	(0.2%)	(418)	(0.3%)	(430)
Actual tax charge	**14.3%**	**26,753**	**23.3%**	**29,067**
EFFECTIVE TAX RATE		14.3%		23.3%

Note 27 - Related parties

In thousands of euro	30/09/2016 Companies accounted for by the equity method	30/09/2016 Executive Directors	30/09/2016 Other related parties	31/03/2016 Companies accounted for by the equity method	31/03/2016 Executive Directors	31/03/2016 Other related parties
Assets						
Loans and advances to customers	-	891	7,719	-	877	7,796
Equity instruments	-	-	2,999	-	-	2,999
Other assets	-	-	3	-	-	3
TOTAL ASSETS	**-**	**891**	**10,721**	**-**	**877**	**10,798**
Liabilities						
Due to customers	71	1,584	98,363	75	5,817	91,476
Other liabilities	-	-	-	-	-	489
TOTAL LIABILITIES	**71**	**1,584**	**98,363**	**75**	**5,817**	**91,965**
Loan and guarantee commitments						
Guarantees and commitments given	-	1,328	73	-	1,545	73
TOTAL COMMITMENTS	**-**	**1,328**	**73**	**-**	**1,545**	**73**
Realised operating income from transactions with related parties						
Interest received	-	4	28	-	-	10
Interest paid	-	-	(1)	-	-	(332)
Commissions received	-	-	-	164	-	-
Other income	1,202	-	240	1,827	-	3,531
TOTAL INCOME	**1,202**	**4**	**267**	**1,991**	**-**	**3,209**
Other expenses	(407)	-	(612)	(911)	-	(3,000)
TOTAL EXPENSES	**(407)**	**-**	**(612)**	**(911)**	**-**	**(3,000)**

Note 28 - Segmental information

The table below presents a segmental analysis by business line, prepared from non-IFRS data, and its reconciliation with IFRS data. The 'IFRS reconciliation' column includes items that mainly relate to the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 (R) for defined benefit pension schemes; and reallocation of impairments and certain operating expenses.

Segmental information split by business

In thousands of euro	Rothschild Global Advisory	Asset Management (1)	Other (2)	Total before IFRS reconciliation	IFRS reconciliation	30/09/2016
Net banking income	**536,576**	**252,317**	**16,693**	**805,586**	**(3,119)**	**802,467**
Operating expenses	(465,866)	(205,162)	(30,258)	(701,286)	82,233	**(619,053)**
Cost of risk	29	(36)	1,070	1,063	(2,911)	**(1,848)**
Operating income	**70,739**	**47,119**	**(12,495)**	**105,363**	**76,203**	**181,566**
Non-operating income						**5,387**
Profit before tax						**186,953**

(1) Asset Management comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking

(2) Other comprises central costs, legacy businesses, including Banking and other

In thousands of euro	Rothschild Global Advisory	Asset Management (1)	Other (2)	Total before IFRS reconciliation	IFRS reconciliation	30/09/2015
Net banking income	**397,251**	**254,582**	**38,522**	**690,355**	**(11,177)**	**679,178**
Operating expenses	(350,417)	(193,973)	(58,912)	(603,302)	44,748	(558,554)
Cost of risk	1	(82)	1,465	1,384	(2,704)	(1,320)
Operating income	**46,835**	**60,527**	**(18,925)**	**88,437**	**30,867**	**119,304**
Non-operating income						5,185
Profit before tax						**124,489**

(1) Asset Management comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking

(2) Other comprises central costs, legacy businesses, including Banking & Asset Finance, and other

As explained in note 20, the closure of an interest rate swap in the six months ended 30 September 2015 resulted in a negative mark-to-market cost of €7.9 million. This cost is shown in the Other business line segment as an expense, and then reclassified as an IFRS reconciling item to net banking income.

Net banking income split by geographical segments

In thousands of euro	30/09/2016	%	30/09/2015	%
France	235,448	29%	209,822	31%
United Kingdom and Channel Islands	223,157	28%	223,383	33%
Americas	127,391	16%	85,654	12%
Rest of Europe	127,042	16%	68,528	10%
Switzerland	56,980	7%	58,616	9%
Australia and Asia	20,261	2%	26,240	4%
Other	12,188	2%	6,935	1%
TOTAL	**802,467**	**100%**	**679,178**	**100%**

The breakdown by geographic segment is based on the geographic location of the entity that records the income.

Note 29 - Earnings per share

In millions of euro	30/09/2016	30/09/2015
Net income - Group share	67.0	38.6
preferred dividends adjustment	*(0.4)*	*(0.3)*
Net income - Group share after preferred dividends adjustment	**66.6**	**38.3**
Basic average number of shares in issue - 000s	68,624	68,692
Earnings per share - basic (euro)	**0.97**	**0.56**
Diluted average number of shares in issue - 000s	69,487	69,641
Earnings per share - diluted (euro)	**0.96**	**0.55**

Basic earnings per share are calculated by dividing Net income - Group share (after removing accrued preferred dividends, which are not part of the profit earned by ordinary shareholders) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated using the treasury share method, after taking into account the effects of all dilutive potential ordinary shares.

As there were no gains or losses on discontinued activities, the earnings per share on continuing activities are the same as earnings per share.

Note 30 - Consolidation scope

As at 30 September 2016, the main entities in the Group's consolidation scope can be summarised as follows.

		30/09/2016		31/03/2016		Consolidation method (1)	
Company name	**Country of operation**	**% Group voting interest**	**% Group ownership interest**	**% Group voting interest**	**% Group ownership interest**	**30/09/2016**	**31/03/2016**
Rothschild Bank (CI) Limited	Channel Islands	100.00	72.87	100.00	72.87	FC	FC
Rothschild Bank International Limited	Channel Islands	100.00	98.53	100.00	98.53	FC	FC
Concordia Holding SARL	France	100.00	99.95	100.00	99.95	FC	FC
K Développement SAS	France	100.00	99.95	100.00	99.95	FC	FC
Rothschild & Compagnie Banque SCS (2)	France	99.99	99.30	99.99	99.30	FC	FC
Rothschild GmbH	Germany	100.00	98.91	100.00	98.91	FC	FC
Rothschild Europe BV	Netherlands	100.00	98.91	100.00	98.91	FC	FC
Rothschild Bank AG	Switzerland	100.00	72.87	100.00	72.87	FC	FC
Rothschild Concordia AG	Switzerland	100.00	97.52	100.00	97.52	FC	FC
Rothschild Holding AG	Switzerland	73.96	72.87	73.94	72.87	FC	FC
Rothschilds Continuation Holdings AG	Switzerland	99.87	98.53	99.87	98.53	FC	FC
N M Rothschild & Sons Limited	United Kingdom	100.00	98.53	100.00	98.53	FC	FC
Rothschild North America Inc.	United States of America	100.00	98.53	100.00	98.53	FC	FC

(1) FC: full consolidation

(2) % ownership interest is stated before profit share

3. Statutory Auditors' review on the half-year consolidated financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly activity report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Rothschild & Co S.C.A.

Registered office: 23 bis avenue de Messine - 75 008 Paris
Share capital: €.142,274,072

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from April 1, 2016 to September 30, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Rothschild & CO S.C.A., for the six-month period ended 30 September 2016,
- the verification of the information presented in the half-yearly activity report.

These condensed half-yearly consolidated financial statements are the responsibility of the Management. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

We have also verified the information presented in the half-yearly activity report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 29 November 2016	Paris, on the 29 November 2016
KPMG Audit FS II	CAILLIAU DEDOUIT ET ASSOCIES
Pascal BROUARD *Partner*	Jean-Jacques DEDOUIT *Partner*

4. Persons responsible for the half-year financial report

Persons responsible for the half-year financial report

Rothschild & Co Gestion SAS	**Mark Crump**
Managing Partner	Group Finance Director

Statement by the persons responsible for the half-year financial report

"We hereby declare that, to the best of our knowledge and belief, the summary interim consolidated financial statements for the past six-month period have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and the companies in the consolidated group, and that the half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year."

Paris, 29 November 2016

Rothschild & Co Gestion SAS Managing Partner Represented by David de Rothschild, Chairman	**Mark Crump** Group Finance Director

Financial calendar:

▪ 9 February 2017	Third quarter revenues 2016/2017
▪ 14 June 2017	Full year 2016/2017

For further information:

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About Rothschild & Co

With a team of c.2,800 talented financial services specialists on the ground in 40 countries across the world, our integrated global network of trusted professionals provide in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Private Wealth, Asset Management, and Merchant Banking. Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years.

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) with a share capital of €142,274,072. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Rothschild & Co is listed on Euronext in Paris, Compartment A - ISIN Code: FR0000031684.