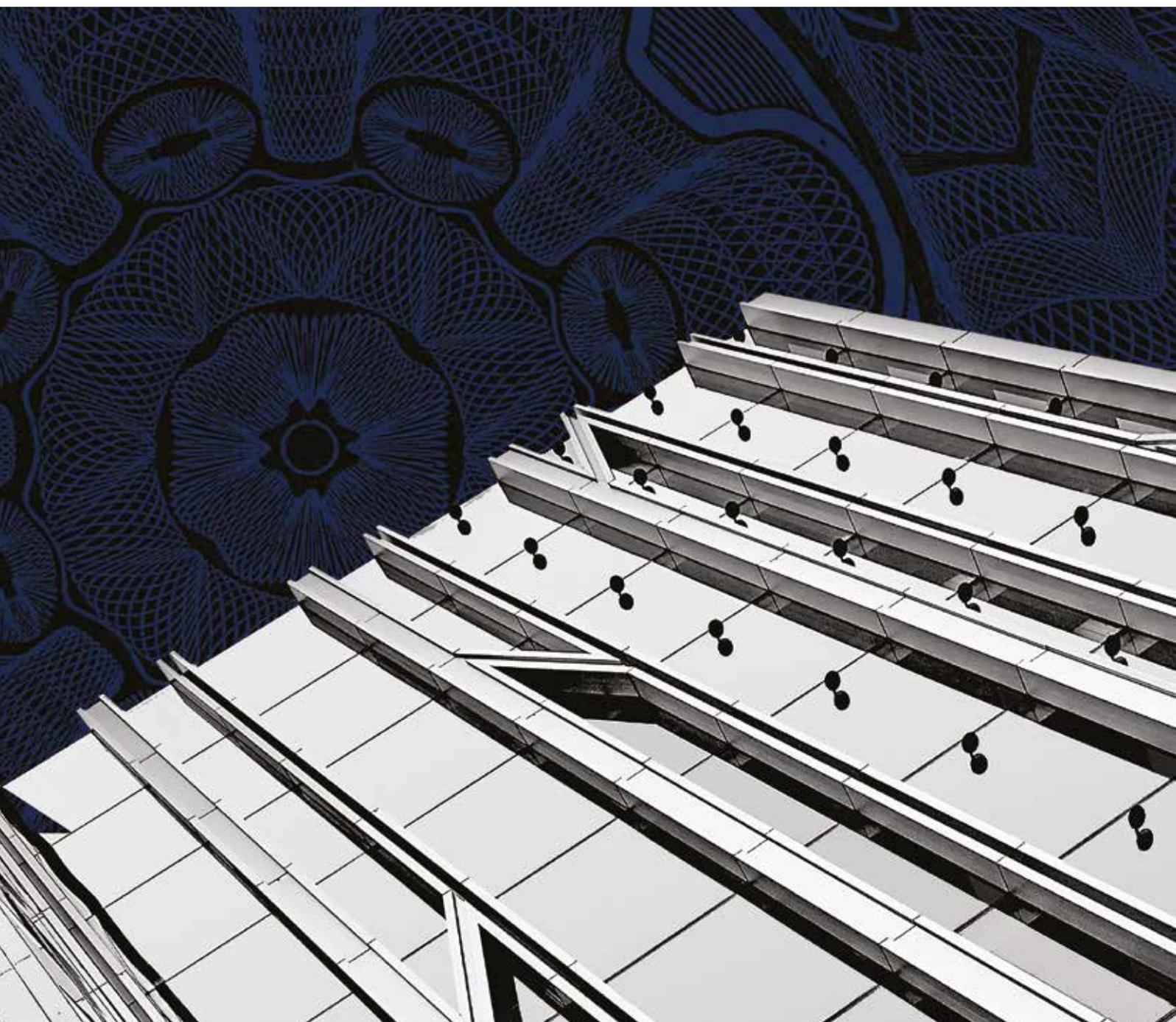


Rothschild & Co

Annual Report 2016/2017



Annual Report 2016/2017



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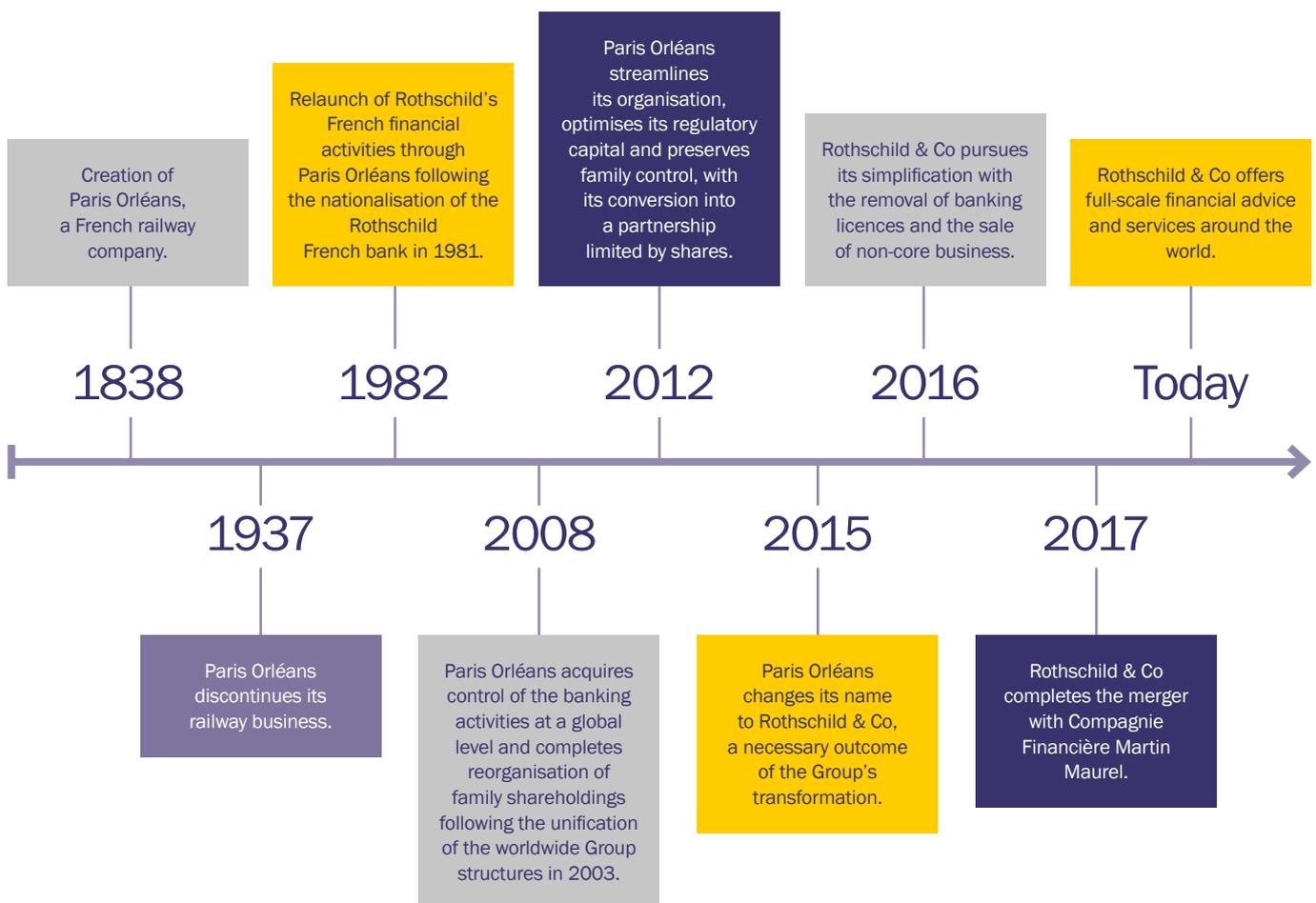
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History

Preserving a first-class reputation across generations



Highlights

A distinct perspective that makes a meaningful difference

Key figures (as at 31 March 2017)

Revenues

€1,767m +11%

Rothschild & Co provides independent advice on M&A, strategy and financing, as well as investment and private wealth and asset management solutions to large institutions, families, individuals and governments, worldwide.

Operating income

€429m +34%

With approximately 3,400 talented employees on the ground in over 40 countries around the world, we deliver a unique global perspective.

Net profit – Group share⁽¹⁾

€193m +43%

As a family-controlled business that has been at the centre of the world's financial markets for over 200 years, we can rely on an unrivalled network of experts and are known for our track-record of outstanding execution in financial services.

EPS⁽¹⁾ (Earnings Per Share)

€2.74 +41%

Our integrated global network of trusted professionals and decision-makers provide in-depth market intelligence, meaning we can be closer to current issues than any other global financial institution in our core markets.

ROTE⁽¹⁾ (Return On Tangible Equity)

14.6% +29%

Informed by experience yet not limited by convention, we are able to separate insight from information and access opportunities for our clients from a unique angle.

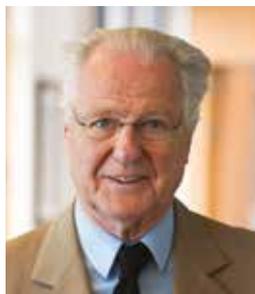
Shareholders' equity – Group share

€1,829m +20%

It is this scale, local knowledge and intellectual capital that allow us to provide a distinct perspective and effective long-term solutions for our partners.

(1) Excluding exceptional items. For more information, please refer to page 50.

Message from the Chairman of the Supervisory Board



Dear Shareholders,

I would like to take this opportunity to thank the Board, the management team and the employees for all their hard work this last year allowing us to announce excellent full year financial results. The Managing Partner, represented by its Chairman, David de Rothschild, its Executive Deputy Chairman, Alexandre de Rothschild and the four Managing Partners, Nigel Higgins, Marc-Olivier Laurent, Robert Leitão and Olivier Pécoux, lead the Group with energy and a clear vision. Together, they successfully ensure that the unique culture found within Rothschild & Co is upheld, thereby guaranteeing the exceptional high standard of work we offer our clients, and producing such good results.

At the Shareholders' General Meeting held on 29 September 2016, the merger by absorption of the company Compagnie Financière Martin Maurel was widely approved. This merger, completed on 2 January 2017, will create a leading independent private bank in France, Rothschild Martin Maurel. It builds upon the relationship that has existed between the Rothschild and Maurel families for three generations.

As Chairman of the Supervisory Board, my role is to ensure that the Company maintains a high level of corporate governance. The composition of the Supervisory Board has changed over the past 12 months, two members have left the Board and a new member has been nominated. It was with great sadness that we informed you of the passing away of Lord Leach of Fairford on 12 June 2016. Adam Keswick was appointed his successor at the Shareholders' General Meeting held on 29 September 2016. Martin Bouygues, after many years as a Board member, resigned on 27 September 2016 for personal reasons.

Among the 14 members of the Supervisory Board, two-thirds are independent. During the last Shareholders' General Meeting, five members' terms of office were renewed as follows: Angelika Gifford, Luisa Todini, Carole Piwnica, Arielle Malard de Rothschild and Dr. Daniel Daeniker. François Henrot was also appointed as a non-voting member (*censeur*) of the Supervisory Board at the same General Meeting.

It is also my responsibility to ensure that the Supervisory Board discharges its responsibilities regarding internal control and risk management matters. I would particularly like to thank the chairmen of our Risk and Audit Committees for the time that we regularly spend together, prior to each Board meeting to discuss the different subjects under debate by the respective committees.

At our next Shareholders' General Meeting, which will take place on 28 September 2017, Jacques Richier, appointed for the first time to the Board in 2010, will end his term of office. He would like to devote his time to his new mandate within the Group, a Board member of Rothschild Martin Maurel. We are particularly pleased that Jacques Richier wishes to dedicate his time to this new entity for which we thank him profusely.

In our Shareholders' General Meeting document to be published soon, you will find more detailed information on the Board's composition and in particular regarding those members whose re-election will be on the agenda of the Shareholders' General Meeting this year. Shareholders will also be asked to approve an increase of 8% in the dividend to €0.68 per share at the same meeting.

As always, I would like to thank you for your continued support for Rothschild & Co.

Éric de Rothschild

Chairman of the Supervisory Board of
Rothschild & Co

Message from the Chairman



Dear Shareholders,

This year's financial results are extremely encouraging and confirm that the combination of our heritage, independent model and focus on hiring the best talent are key to the Company's success. We are witnessing the true partnership that exists between our three businesses as each goes from strength to strength.

Our Global Advisory business had a record breaking year, with revenues and profits progressing 14% thanks to an increase in our market share of global M&A, and our growing activity in financing advisory. Private Wealth & Asset Management improved revenue by 7% in difficult market conditions and our Merchant Banking business saw revenue jump 32%.

Thanks to these strong results, shareholders will be rewarded with a dividend of €0.68 per share, an increase of 8% in line with our announced progressive dividend policy, subject to approval at the Shareholders' General Meeting to be held on 28 September 2017.

The global economy has again continued to grow, and the consensus recently has been less pessimistic than usual: even the International Monetary Fund has reviewed its outlook positively. The new US administration is so far having less of an impact on the global economy than many had suggested, and a much-hyped populist backlash against the EU has faltered in France and also in the Netherlands and Germany. Meanwhile, a year after the vote for Brexit, the full impact of this decision on the relationship between the UK and the EU is far from clear. Nevertheless, we believe that it will not be a significant challenge for our business. Against this backdrop, capital markets have delivered healthy returns recently, with unusually low volatility. It would be foolhardy to expect such benign trends to continue indefinitely, but we think that the business climate can continue to offer opportunities for far-sighted managements and investors.

Following our announcement last June of the merger between the Compagnie Financière Martin Maurel and Rothschild & Co, we announced on 2 January 2017 its successful completion. The operational integration of the two banks Rothschild & Cie Banque and Banque Martin Maurel should be finalised in the next quarter to create Rothschild Martin Maurel. The combination of two family owned businesses that share a similar history, culture and vision of their industry creates an outstanding combination and will build upon the strong relationship that has existed between the Rothschild and Maurel families for three generations.

We are continuing our focus on the North American market where we believe there are good opportunities for us to grow, particularly in Global Advisory. Over the past 12 months we have announced the opening of two new offices, in Chicago and San Francisco, and we have strengthened our core M&A sector coverage and professional talent by recruiting six new Managing Directors. We now have a total of 170 advisory bankers based in our seven offices in the United States, Canada and Mexico.

We have also announced this year that we will be changing our financial year end from 31 March to 31 December. The next accounting period will therefore be for the nine months to 31 December 2017 with the results for this period being published in March 2018.

It has been a full and rewarding year and I would like to take this opportunity to thank our shareholders and our clients for their continuous support. We remain focused on delivering our strategy and returns for our shareholders.

David de Rothschild

Chairman of Rothschild & Co Gestion
Managing Partner of Rothschild & Co

Message from the Management Board



Rothschild & Co produced a record year with overall revenue increasing 11% to €1,767 million.

The economic context over the last 12 months was unpredictable and challenging, with periods of sustained volatility largely influenced by political events. The long-term impact of the UK's decision to exit the European Union (Brexit) is yet to be determined. Nevertheless, we have seen reasonably strong markets, and the global economy has continued to grow.

Against this backdrop, Rothschild & Co produced a record year with overall revenue increasing 11% to €1,767 million and net income – Group share excluding exceptionals – rising 43% to €193 million. Since the reorganisation of the Group in 2012, there has been consistent progress across all three divisions. We are also seeing an increasing degree of client referrals between businesses, underscoring our strategy to improve synergies across the Group. Our independent model allows us a distinct perspective enabling us to offer the highest quality advice and service to our clients and to continue developing long-term relationships.

Rothschild Global Advisory performed well, increasing market share overall with revenue increasing by 14% to a record level of €1,190 million. Operating income rose to €203 million, from €167 million for the previous period, an increase of 22%. Our operating margin stood at 17%. This figure includes investment in the development of our US M&A franchise and excluding this investment the margin would be at 19%. We now rank 5th globally by financial advisory revenue for the year, improving our position from 6th in the prior year.

We continue to outperform compared to the overall M&A market, ranking 1st globally by number of completed transactions in the 12 months to March 2017 as well as extending our leadership position in Europe. As a result, and within the context of a 7% fall in global completed M&A deal values for year to March 2017, M&A advisory revenue increased by 15% to €875 million year on year.

Financing advisory revenue increased by 14% to €315 million. During the year, we continued to be highly active in large and complex debt advisory and restructuring situations, providing independent advice to clients on over 230 debt and restructuring transactions with a total value close to US\$190 billion. For restructuring assignments completed during the financial year, we improved our competitive position compared to the previous year, ranking 1st by number of transactions in Europe and 2nd by number of transactions globally. We provided equity advisory services during the financial year with a total value close to US\$40 billion, and we continue to advise on more European equity assignments than any other independent adviser.

The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the year, we recruited new Managing Directors into our offices in the United States, UK, Spain and Germany. In the United States, new joiners included a new Head of North America and a new Head of M&A in North America. We also opened a new office in Chicago and more recently announced the launch of a new office in the San Francisco Bay area.

Rothschild Private Wealth & Asset Management revenue for the year to March 2017 was €405 million, up 7% when compared to the previous year. The increase is mainly due to the merger with Compagnie Financière Martin Maurel (CFMM) which was finalised at the beginning of the year and contributed €24 million of revenue for the fourth quarter. Rothschild Wealth Management & Trust in Switzerland and in the UK have performed well, despite challenging markets.

Assets under Management increased by 33% to €66.6 billion in the 12 months to March 2017, thanks to the merger with CFMM of €10 billion, net inflows of €1.2 billion and market appreciation and exchange rate effects of €5.2 billion. Net new assets were driven by inflows of €0.3 billion in Rothschild Private Wealth and of €0.9 billion in Rothschild Asset Management, especially in the US.

The merger between Rothschild & Co and CFMM to combine their French activities in private banking and asset management was completed on 2 January 2017. This transaction will allow us to accelerate our growth of Rothschild Private Wealth in France thanks to the extended geographical footprint offered by the Martin Maurel group, and diversify our revenues away from our global advisory work. The combined group will operate under the name of Rothschild Martin Maurel. It will be a leading independent family controlled private banking group operating in France, Belgium and Monaco with a distinct market positioning targeted notably at entrepreneurs. Rothschild Martin Maurel will have combined Assets under Management of €34 billion.

Rothschild Merchant Banking continued to perform strongly during 2016/2017 generating revenue of €141 million, an increase of 32%. This significant improvement was driven by the performance of the funds forming part of the Five Arrows business line producing both investment gains for the Group and carried interest recognition. Revenue from Rothschild Merchant Banking comprises recurring revenue of €51 million and investment performance related revenue of €90 million.

The alignment of interests between the Group and third-party investors remains a key differentiator. During the year the Group's share of the investment made by the division amounted to €78 million, of which €64 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 €126 million.

Rothschild Merchant Banking's Assets under Management were €6.2 billion as at 31 March 2017 compared to €4.8 billion as at 31 March 2016.

The outlook for the current financial year of nine months remains favourable. In Rothschild Global Advisory, despite lower M&A market activity in the first quarter of 2017, the conditions continue to be positive. We therefore expect the M&A market overall to be active for the rest of 2017, although the Group remains alert to the risk of volatility in the market. We continue to recruit senior bankers in the US market where we foresee strong potential for growth for our franchise over the next few years. This recruitment will marginally dilute our Global Advisory operating income during the investment phase.

Rothschild Private Wealth & Asset Management is well positioned to deliver net asset inflows. The Martin Maurel integration will clearly contribute to growth in our market share in France.

In Rothschild Merchant Banking, whilst the environment is very competitive, private equity markets remain healthy for valuation accretion and disposals. We remain confident that assets under management will continue to grow due to the successful launch of debt and equity funds and the ability of our teams to develop new opportunities in line with their disciplined investment process.

As always at Rothschild & Co, we focus on long-term performance rather than short-term profit, while keeping tight control over our costs and this strategy is on track. We continue to grow our three businesses, improving the synergies between them and making targeted acquisitions which help to diversify our earnings. It has been a full and demanding 12 months, but we are delighted with the performance of the Group and all that has been achieved. We would like to take this opportunity to thank our colleagues for their hard work and dedication. The focus on building shareholder value remains a priority for us all and we thank the shareholders for their constant support.

Alexandre de Rothschild

Executive Deputy Chairman of Rothschild & Co Gestion

Nigel Higgins

Marc-Olivier Laurent

Robert Leitão

and Olivier Pécoux

Managing Partners of Rothschild & Co Gestion



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Overview of businesses

An integrated global network

Rothschild Global Advisory

- M&A and strategic advisory
- Financing advisory
 - Debt and restructuring advisory
 - Equity advisory
- Worldwide platform with a presence in over 40 countries
- c.1,000 bankers, of which 205 are Managing Directors
- Adviser on c.660 transactions with a total value of US\$540 billion

**1st globally and
1st in Europe**
by number of completed
M&A transactions⁽¹⁾

5th globally
by revenue
(as at 31 March 2017)

(1) Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms., as at 31 March 2017.

Rothschild Private Wealth & Asset Management

- Private Wealth
- Trust
- Asset Management
- Strong European presence with targeted extensions in Asia and the United States
- c.200 relationship managers for Private Wealth
- c.70 investment managers for Asset Management

€66.6bn⁽¹⁾
of Assets under management
(as at 31 March 2017)

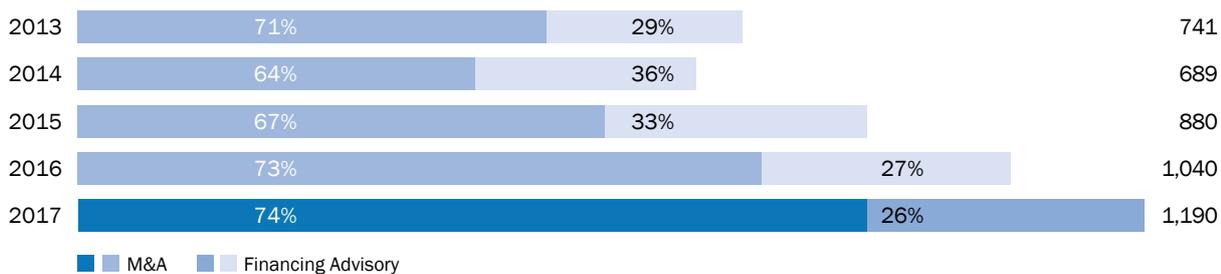
Rothschild Merchant Banking

- Corporate private equity
- Secondaries, multi-managers' funds and co-investments
- Direct lending
- Credit management
- Solid position in France and the United Kingdom
- Proprietary investments in emerging countries
- 70 investment professionals

€6.2bn
of Assets under management
(as at 31 March 2017)

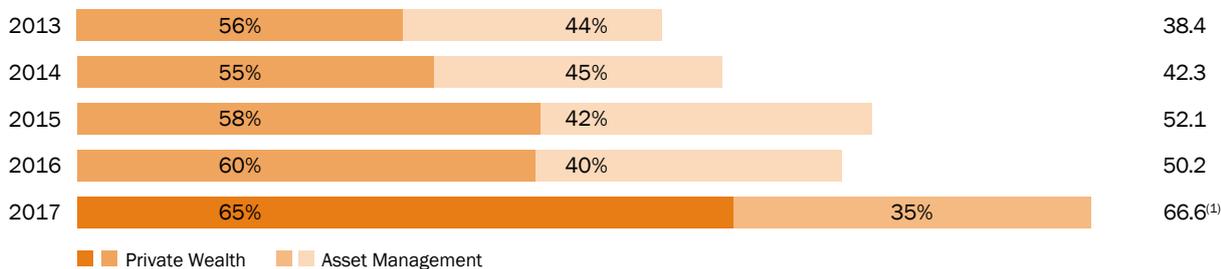
Revenue

(in millions of euros, as at 31 March)



Assets under management

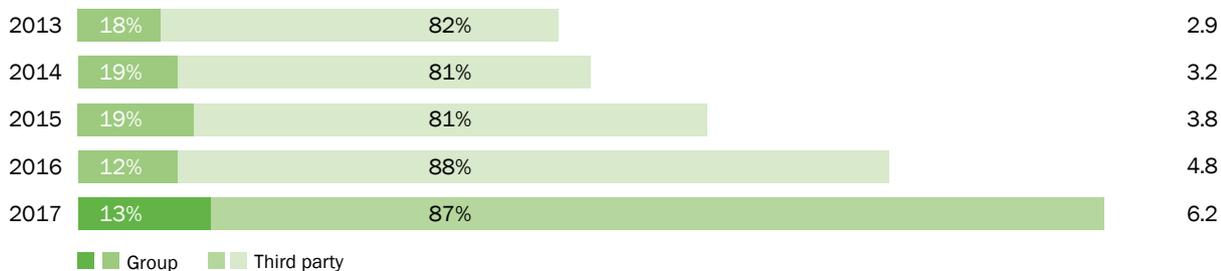
(in billions of euros, as at 31 March)



(1) Including Martin Maurel Group.

Assets under management

(in billions of euros, as at 31 March)



World presence

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





Managing Partner

Rothschild & Co Gestion is the Managing Partner (*Gérant*) of Rothschild & Co, responsible for the overall management of the Company, the Group's lead holding company.

This includes, among other things, establishing the strategic direction of the business, supervising the accounting and financial information, and directing the internal control framework for Rothschild & Co and the Group entities on a consolidated basis.

The Management Board comprises:



David de Rothschild
Chairman



Alexandre de Rothschild
Executive Deputy
Chairman

The Managing Partner relies on the Management Board (*Conseil de Gérance*) to fulfil its role.



Nigel Higgins
Managing Partner –
Co-Chairman of the GEC



Marc-Olivier Laurent
Managing Partner



Robert Leitão
Managing Partner



Olivier Pécoux
Managing Partner –
Co-Chairman of the GEC

Group Executive Committee

9
members

The Group Executive Committee (GEC), whose members are the most senior corporate officers of the Group business and support divisions, is the senior Executive Committee at Rothschild & Co. In its role, the GEC participates in the overall management and defining the strategy of the Group by Rothschild & Co, represented by the Managing Partners and Executive Deputy Chairman, so that Rothschild & Co ensures its proper implementation across the Group.

Chaired by Nigel Higgins and Olivier Pécoux, the GEC comprises:



Paul Barry
Group Human
Resources Director



Mark Crump
Group Chief
Financial Officer



Richard Martin
Chief Operating Officer
of Rothschild Wealth
Management & Trust



Alain Massiera
Head of France
Private Wealth



Bruno Pfister
Chairman of Rothschild
Wealth Management
& Trust



Gary Powell
Head of Group Strategy
and Corporate
Development



Jonathan Westcott
Group Head of
Legal and Compliance

Supervisory Board and specialised committees

The Supervisory Board exercises permanent oversight of the management of the Company, including in particular the Company's financial accounting reporting system and its internal control mechanism.

The Supervisory Board relies on four specialised committees: the Audit Committee; the Strategy Committee; the Remuneration and Nomination Committee and the Risk Committee.

14
Board
members

9
independent
members

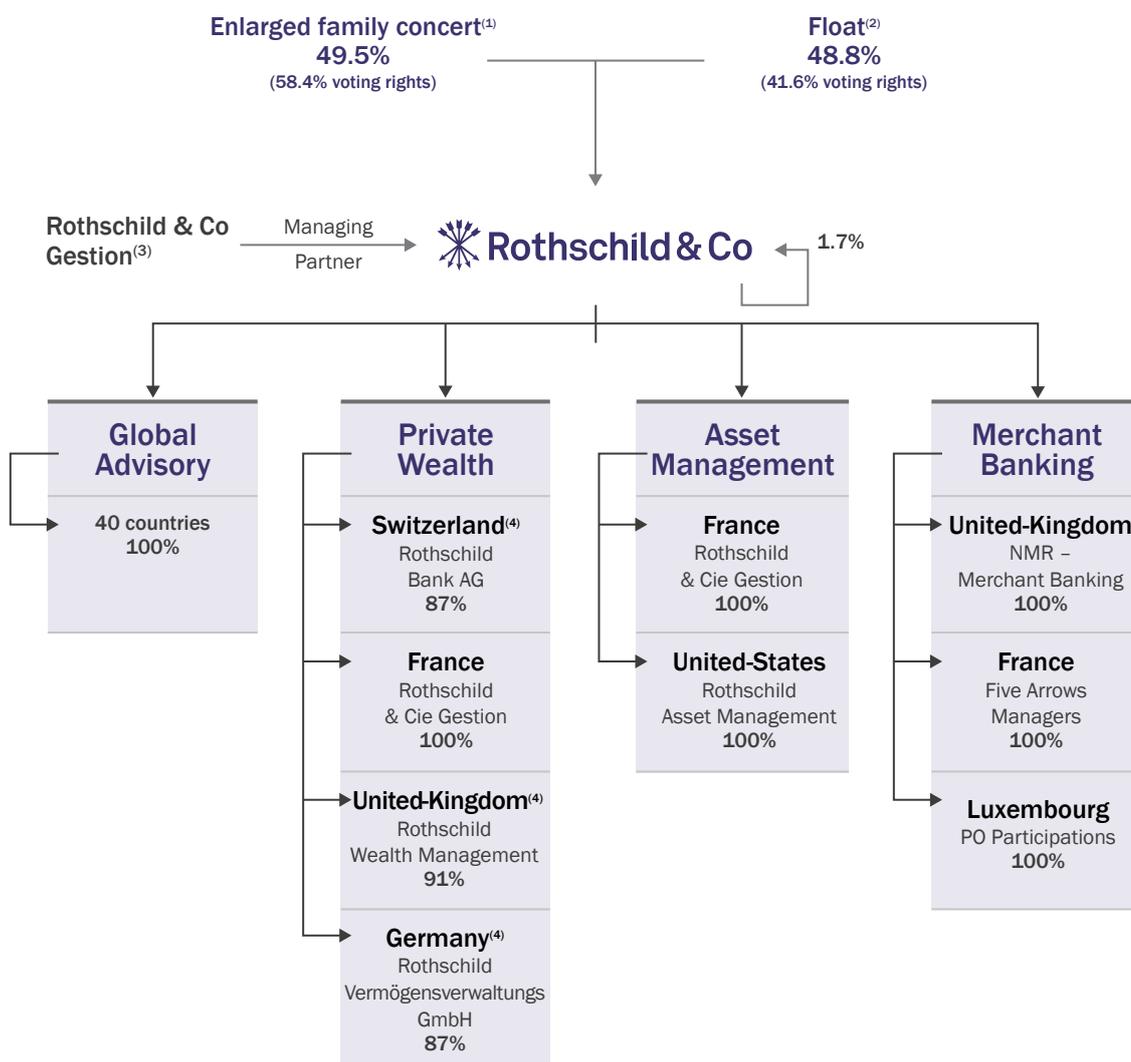
7
nationalities

Members	Supervisory Board	Specialised committees			
		Audit Committee	Strategy Committee	Remuneration and Nomination Committee	Risk Committee
Éric de Rothschild – French	■ ■		■		
André Lévy-Lang – French	■ ■	■	■	■	
Dr. Daniel Daeniker – Swiss	■		■		■
Angelika Gifford – German	■				
Sylvain Héfès – French	■	■		■ ■	
Adam Keswick – British	■				
Arielle Malard de Rothschild – French	■				■
Lucie Maurel-Aubert – French	■		■		
Carole Piwnica – Belgian	■	■	■		
Jacques Richier – French	■				
Anthony de Rothschild – British	■				
Sipko Schat – Dutch	■				■ ■
Peter Smith – British	■	■ ■	■	■	
Luisa Todini – Italian	■			■	
François Henrot – French	■				

- Chairman
- Vice-Chairman
- Independent member
- Non-independent member
- Non-voting member (*Censeur*)

Organisation chart (as at 31 March 2017)

Rothschild family aligned with management interests



(1) See details on page 67.

(2) Including Jardine Strategic Holdings Luxembourg Sàrl and Edmond de Rothschild Group.

(3) Controlled by the Rothschild family.

(4) Minority interests held by the Rothschild family.

Corporate Social Responsibility

Rothschild & Co's approach to business is a deeply held sense of responsibility to its people, to the environment and to the communities in which it operates.

People	We are committed to the development and retention of a world-class team	<ul style="list-style-type: none">• 3,410 employees across the world of whom 40% are female• An inclusive culture in which diversity is valued• Recruitment and promotion based on merit• A wide range of training and development opportunities• A focus on well-being and a healthy and safe working environment
Environment	We are committed to managing and taking action to reduce our negative environmental impact	<ul style="list-style-type: none">• 7% increase in reporting scope to cover 95% of total headcount⁽¹⁾• 15 offices reporting environmental data, up from 10 in 2015/2016• Initiated a global environment health & safety compliance programme to cover 100% of our offices• Established a Global Environment, Health & Safety Committee
Community investment	We are committed to creating change in the lives of disadvantaged young people	<ul style="list-style-type: none">• Community investment programmes in 10 cities• Over 40% of London employees volunteering each year• A focus on enhancing the prospects of disadvantaged young people

(1) The Martin Maurel Group entities are not taken into account.

Shareholder information

Market data (as at 31 March)

	2013	2014	2015	2016	2017
Market capitalisation (in millions of euro)	1,262	1,280	1,403	1,546	2,077
Share price (in euro)					
At the end of the financial year	17.8	18.0	19.7	21.7	26.9
Maximum	17.9	20.7	19.7	30.1	28.0
Minimum	16.2	16.8	16.4	19.1	20.2
Yearly average	16.9	18.1	17.6	24.5	23.3
Number of shares and investment certificates					
Issued	70,903,029	71,104,108	71,137,036	71,137,036	77,290,012
<i>Of which treasury shares</i>	693,504	644,197	442,701	551,434	1,054,574
Per share (in euro)					
Dividend	0.50	0.50	0.60	0.63	0.68 ⁽¹⁾
Earnings per share (EPS)	0.68	0.11	2.08	3.37	2.64
EPS excluding exceptional items	0.90	0.74	2.31	1.95	2.74
Market data					
Total value traded ⁽²⁾ (in euro)	64,681,721	65,696,798	63,844,931	307,038,467	151,186,389
Total trading volume	3,808,255	3,741,749	3,463,602	12,636,659	6,369,137
Average daily traded volume	15,112	14,616	13,583	49,556	24,497
Excluding exceptional block trades⁽³⁾ over the period					
Total value traded (in euro)	28,608,201	37,153,977	63,844,931	213,446,000	117,295,704
Total trading volume	1,708,255	2,141,749	3,463,602	8,846,659	4,942,137
Average daily traded volume	6,779	8,366	13,583	34,693	19,008

(1) Dividend proposed at the General Assembly Meeting to be held on 28 September 2017.

(2) On Euronext, electronic and OTC platforms.

(3) Exceptional block trades over 100,000 shares.

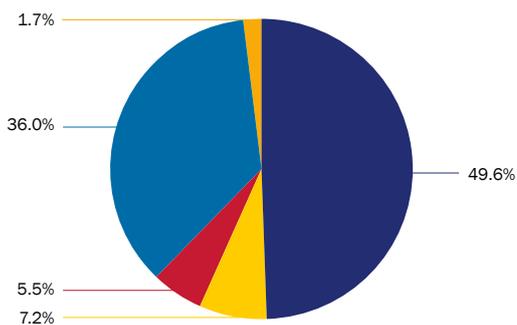
Shareholder information

Rothschild & Co share price evolution

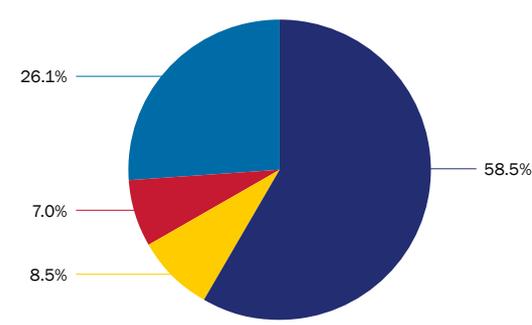


Shareholding structure (as at 31 March 2017)

Share capital



Exercisable voting rights



- Enlarged family concert⁽¹⁾
- Edmond de Rothschild Group
- Jardine Strategic Holdings Luxembourg Sàrl
- Float
- Treasury and controlling shares⁽²⁾

- Enlarged family concert⁽¹⁾
- Edmond de Rothschild Group
- Jardine Strategic Holdings Luxembourg Sàrl
- Float

(1) More details are provided on page 67.

(2) The controlling shares held by NM Rothschild & Sons are not included as they are part of the enlarged family concert.

2016/2017 Proposed dividend

A dividend of €0.68 per share will be proposed by the Managing Partner, Rothschild & Co Gestion SAS, at the Rothschild & Co Annual General Meeting on 28 September 2017, called to approve the financial statements for the year ended 31 March 2017.

2 October 2017

Ex-dividend date

3 October 2017

Record date

4 October 2017

Payment date

Liquidity

Since January 2008, Rothschild & Co has awarded a liquidity contract to Rothschild & Compagnie Banque, a subsidiary, in order to improve the share's liquidity, regulate the share price and avoid unjustified differences between market price and fair value. When this contract was put in place, 150,000 shares were made available to the liquidity manager.

As at 31 March 2017 24,237 shares and €4.5 million cash were booked to the liquidity contract⁽¹⁾.

The Company releases half-yearly reports on the liquidity contract. All reports are posted on the corporate website under the 'Investor Relations – Regulated information' section.

Financial communication

Rothschild & Co provides its shareholders with information throughout the year in English and in French, through releases on the publication of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group in accordance with regulations and practices for publication.

Rothschild & Co's website (www.rothschildandco.com) allows visitors to browse the latest updates, share prices and its own publications. The annual report may be reviewed and downloaded from the website.

Visitors can also join Rothschild & Co's mailing list to receive the latest news about the Company. At any time, visitors can also request information from the Investor Relations Department.

For more information about our businesses, career opportunities or our Corporate Social Responsibility initiatives, please visit our corporate website at www.rothschild.com.

(1) See page 64 section entitled 'Share buyback programme'.

Financial calendar

9 August 2017

First quarter information to 30 June 2017

28 September 2017 (10:30am CET)

Annual General Meeting

28 November 2017

Half-year results to 30 September 2017

13 March 2018

Nine months results to 31 December 2017

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Websites

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www.rothschild.com

Share information

ISIN code: FR0000031684

Ticker: ROTH

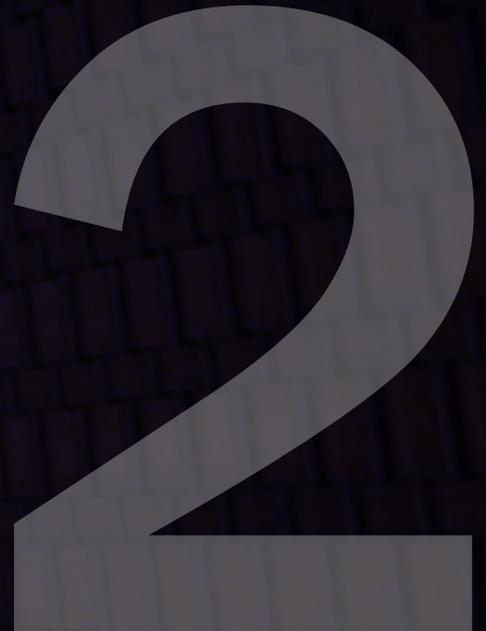
Market: Euronext Compartment A (France)

Listing place: Paris



Business review

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Rothschild Global Advisory offers an informed and impartial perspective, shaped by outstanding market knowledge, to help our clients formulate and achieve their strategic goals through the design and execution of M&A, strategy and financing solutions. We provide impartial, expert advisory and execution services to large and mid-sized corporations, and private equity, family and government investors.

For the year to March 2017, Rothschild Global Advisory delivered record annual revenue of €1,190 million, 14% higher than last financial year. Operating income rose to €203 million (2015/2016: €167 million), an increase of 22% with a 17% operating income margin. Consistent with expectations outlined in the Group's full year 2015/2016 results announcement, the operating income margin includes investment in the development of our US M&A franchise; excluding this investment, the operating income margin was 19%. The compensation ratio for this division, which shows staff costs as a percentage of revenues, was 64.6% as at 31 March 2017 (31 March 2016: 64.8%) after adjusting for the effects of leaver costs and senior hiring in the US.

Global Advisory ranked 5th globally by financial advisory revenue for the year to March 2017, improving its position from 6th in the prior year. We continue to outperform compared to the overall M&A market, ranking 1st globally by number of completed transactions in the 12 months to March 2017 (2015/2016: 3rd globally), as well as extending our leadership position in Europe⁽⁴⁾. As a result, and within the context of a 7% fall in global completed M&A deal value for the year to March 2017, M&A advisory revenue increased by 15% to €875 million year-on-year (2015/2016: €763 million).

Financing Advisory revenue increased by 14% to €315 million (2015/2016: €277 million). During the year, we continued to be highly active in large and complex Debt Advisory and Restructuring situations, providing independent advice to clients on over 230 transactions with a total value close to US\$190 billion⁽²⁾. For Restructuring assignments completed during the financial year, we improved our rankings compared to 2015/2016, ranking 1st by number of transactions in Europe (2015/2016: 2nd) and 2nd by number of transactions globally (2015/2016: 4th)⁽³⁾. We also provided Equity Advisory services during the financial year with a total value close to US\$40 billion, and we continue to advise on more European equity assignments than any other independent adviser⁽²⁾.

The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the year, we recruited new Managing Directors into our offices in the US, the UK, Spain and Germany. In the US, new joiners included a new Head of North America and a new Head of M&A in North America. We also opened a new office in Chicago and more recently announced the launch of a new office in the San Francisco Bay area. In total, we have recruited six Managing Directors into our M&A team in the US during the financial year.

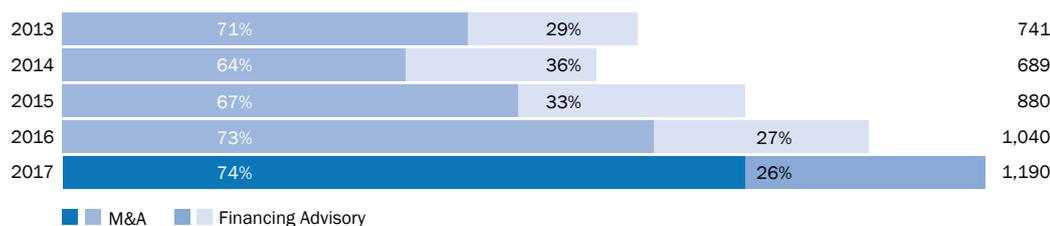
We acquired two new teams: a new M&A advisory team in Belgium, significantly enhancing our market position in the country; and in the UK, Scott Harris, an independent specialist equity marketing consultancy. We opened a new wholly-owned subsidiary in Tokyo with a view to increasing our Japanese business flow and acknowledging the structural importance of Japanese outbound M&A activity. This office will employ the full team from our alliance partner Global Advisory Japan, with whom we have had a successful relationship for the past eight years.

**1st globally and
1st in Europe**
by number of
completed M&A
transactions⁽¹⁾

5th globally
by revenue⁽⁴⁾

Revenue

(in millions of euros, as at 31 March)



(1) Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms.

(2) Source: Internal data.

(3) Source: Thomson Reuters, completed transactions, ranked by number of deals.

(4) Source: Company filings.

Rothschild Global Advisory transaction volumes⁽¹⁾

	2015/2016	2016/2017	% change
Value of M&A transactions (in billions of US\$)	325	313	-4%
Value of Financing Advisory transactions (in billions of US\$)	170	230	+35%
Total value (in billions of US\$)	495	543	+10%
Number of M&A transactions	297	357	+20%
Number of Financing Advisory transactions	248	305	+23%
Total transactions	545	662	+21%

(1) Source: Thomson Reuters, Rothschild & Co analysis. Completed transactions during the 12 months to March.

Our expertise was recognised in several leading industry awards



Real Deals Private Equity Awards, 2017

- European Corporate Finance House of the Year



The Banker Investment Banking Awards, 2016

- Most Innovative Independent Investment bank
- Most Innovative Investment Bank for Consumer and Retail Goods



Financial News 20th Anniversary Awards, 2016

- Independent Adviser of the Last 20 Years



Global Capital Loan Awards, 2016

- Best Corporate Finance Adviser for Loans and Private Placements



The Banker Deals of the Year, 2017

- European Equities Deal of the Year – RWE's €4.6bn IPO of innogy
- Americas Equities Deal of the Year – Apollo's US\$1.2bn IPO of Athene
- Middle Eastern Corporate Bond of the Year – Teva's US\$20.4bn equivalent bond offering
- Middle Eastern M&A Deal of the Year – Al Khair's US\$3.4bn sale of Americana to Adepto
- Middle Eastern High Yield and Leveraged Finance Deal of the Year – Debt advice to support the sale of Keter Group
- Asia Pacific Infrastructure and Project Finance Deal of the Year – Orix and Vinci's US\$18bn acquisition of Kansai and Osaka airports



Global Capital Equity Awards, 2016

- Best Equity Capital Markets Adviser
- Equity Capital Markets Deal of the Year, IPO of the Year and DACH ECM Deal of the Year – €4.6bn IPO of innogy
- Equity-Linked Bond Deal of the Year – Bayer's €4bn convertible bond
- Privatisation of the Year and Nordic ECM Deal of the Year – €2.6bn privatisation IPO of DONG Energy



Mergermarket European M&A Awards, 2016

- European Mid-Market M&A Financial Adviser of the Year
- France M&A Financial Adviser of the Year
- Israel M&A Financial Adviser of the Year
- Deal of the Decade – Merger of Lafarge and Holcim



International Financing Review, 2016

- Capital Markets Adviser of the Year
- EMEA Privatisation of the Year – €2.6bn privatisation IPO of DONG Energy

M&A and Strategic Advisory

Our teams provide expert advice and execution services across all aspects of mergers and acquisitions, as well as strategic advice in areas such as joint ventures, corporate governance, sovereign advisory and US special committee and fiduciary matters.

For the 12 months to March 2017, we ranked 1st among M&A advisers globally by number of completed transactions⁽¹⁾, having improved from a position of 3rd for the same period last year. In Europe, we further extended our clear market leading position, advising on more deals than any of our competitors – a position we have held for more than a decade⁽¹⁾.

We advised on approximately US\$310 billion of completed M&A transactions in the 12 months to March 2017⁽²⁾, including seven out of the top 50 global M&A transactions by value and six out of the top 20 European M&A transactions by value⁽¹⁾.

Our global scale and network of relationships with key decision-makers continue to support our position as adviser in large, complex cross-border situations. We continued to improve our market share with cross-border transactions representing over 50% of our total activity⁽¹⁾.

For the financial year, we held top five positions⁽¹⁾ in the majority of industry sectors globally and in Europe, being particularly active in business services, consumer and industrials.

We are also the most active adviser on deals with financial sponsor involvement globally and in Europe⁽¹⁾.

A list of notable completed M&A transactions on which we advised during the financial year is shown on the following page.

c.350
M&A transactions
advised in
2016/2017
for a value of
c.US\$310bn

more than
50%
of deals cross-
border

M&A league table rankings by region (as at 31 March)⁽¹⁾

Region	By value		By number	
	2015/2016	2016/2017	2015/2016	2016/2017
Global	10	13	3	1
Global cross-border	6	12	1	1
Europe	6	8	1	1
Asia (incl. Japan)	12	16	14	10
North America	15	18	15	14
Rest of the world	9	14	3	5

(1) Source: Thomson Reuters based on completed deals by number. Excludes accountancy firms.

(2) Source: Internal data.

Rothschild & Co advised the following clients on a number of significant M&A transactions during the year:

 <p>AccorHotels (France, Canada, various Middle East)</p> <ul style="list-style-type: none"> Acquisition of Fairmont Raffles from Qatar Investment Authority, Kingdom Holding Company of Saudi Arabia and Oxford Properties (US\$2.9bn) Largest ever strategic cross-border transaction in the hotel and leisure sector 	 <p>Al Khair (UAE, Kuwait)</p> <ul style="list-style-type: none"> Sale of 69% stake in Kuwait Food Company (Americana) to Adepto (US\$3.4bn) Largest ever Consumer and Leisure M&A deal in the GCC region 	 <p>Asahi Group Holdings (Japan, various)</p> <ul style="list-style-type: none"> Acquisitions of SABMiller's Central and Eastern European business, and of Peroni, Grolsch and Meantime, from Anheuser-Busch InBev (€7.3bn and €2.55bn) Marked Asahi's transformation from an Asia-Pacific focused player to a global premium beer powerhouse 	 <p>BM&FBOVESPA (Brazil)</p> <ul style="list-style-type: none"> Combination with Cetip (US\$11.2bn) Trusted adviser to BM&FBOVESPA; 7th engagement since demutualisation in 2006
 <p>Boehringer Ingelheim (Germany, France)</p> <ul style="list-style-type: none"> Strategic asset swap between Boehringer Ingelheim and Sanofi (€22.8bn) Transformational deal for the animal health sector 	 <p>Coca-Cola Iberian Partners (Spain, Germany, United States)</p> <ul style="list-style-type: none"> Three-way merger with Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke to create Coca-Cola European Partners (€23.1bn) Largest European consumer deal of the century and second largest in history 	 <p>Consortium of IOCL, OIL and BPRL (India, Russia)</p> <ul style="list-style-type: none"> Acquisition of 23.9% stake in Vankor from Rosneft (US\$2bn) Oil India's 3rd upstream acquisition in Russia – we advised on all three transactions 	 <p>Credit Agricole-Regional Banks (France)</p> <ul style="list-style-type: none"> Buy-back of its 25% stake in the Caisses Régionales (€18bn) Long-standing relationship with Credit Agricole, advising on 38 successful transactions since the 1990s
 <p>Epiris and Alchemy Partners (United Kingdom)</p> <ul style="list-style-type: none"> Sale of Parkdean Resorts to Onex (£1.35bn) Included integrated debt advice on optimum financing of transaction 	 <p>Ferrovie dello Stato Italiane (Italy)</p> <ul style="list-style-type: none"> Privatisation of the retail business of Grandi Stazioni (€1.0bn) Landmark and unprecedented deal in the Italian travel retail sector 	 <p>Hostess Brands (United States)</p> <ul style="list-style-type: none"> Merger with Gores Holdings (US\$2.24bn) Complex transaction structure, via merger with a special purpose acquisition company 	 <p>Meda AB (Sweden, United States)</p> <ul style="list-style-type: none"> Recommended takeover by Mylan (US\$10bn) Largest European pharma takeover in the last five years
 <p>Norrporten and shareholders (Sweden)</p> <ul style="list-style-type: none"> Sale to Castellum (€2.8bn) Dual-track M&A/IPO process led to creation of largest listed property company in the Nordic region 	 <p>Punch PowerTrain (Belgium)</p> <ul style="list-style-type: none"> Sale to Yinyi Group (€1bn) Effective global collaboration across offices in the UK, Germany, India and China 	 <p>Rexam (United Kingdom, United States)</p> <ul style="list-style-type: none"> Acquisition by Ball Corp (£4.4bn) Instrumental role in highly complex cross-border transaction 	 <p>Technip (France, United States)</p> <ul style="list-style-type: none"> Combination with FMC Technologies to create TechnipFMC (€11bn) Assisted in discussions with French government and Bpifrance (key shareholder of Technip)

Financing advisory

Our Financing Advisory teams, encompassing Debt Advisory and Restructuring and Equity Advisory, provide advice to clients on financing strategy and solutions. On many occasions they work alongside our M&A experts to deliver integrated, comprehensive advice to clients.

Debt Advisory and Restructuring

Our Debt Advisory and Restructuring teams provide strategic capital structure advice to deliver the best possible refinancing and restructuring solutions. During the financial year, we continued to be highly active in large and complex debt advisory and restructuring situations, providing independent advice to clients on over 230 transactions with a total value of close to US\$190 billion⁽¹⁾.

Our Debt Advisory capabilities include advice on capital raisings and refinancings across all markets, and expertise across banks, bonds, ratings, derivatives and hedging. We are one of the world leaders in this field. Our track record in successfully helping clients to optimise both the sources of debt and terms of debt finance continues to drive our debt advisory business generation.

Our Restructuring capabilities include lender negotiations, recapitalisations, exchange offers, distressed M&A, in-court and out-of-court transactions and creditor representation. Our independence and the significant volume of deals we advise on across M&A and financing advisory place us in a unique position in terms of market knowledge, and enable us to deliver client-focused advice without the conflicts of interests often faced by bulge bracket banks.

Clients continue to engage us on large and highly complex restructuring assignments. For restructuring assignments completed during the financial year, we improved our market position year on year ranking 2nd by number of deals globally and 1st in Europe⁽²⁾.

Equity Advisory

Our Equity Advisory teams provide independent advice to clients on Equity Capital Markets, including a wide range of capital raising transactions such as initial public offerings (IPOs), secondary offerings, block trades, spin-offs and convertible instruments. The teams work in collaboration with our industry sector specialists to deliver integrated advice to our clients, including simultaneous dual-track disposal/IPO advisory.

We have an unparalleled global footprint and deeper resources than any other independent equity adviser, with specialist teams in key equity markets around the world including New York, Hong Kong, Singapore, Sydney, Moscow and throughout Europe.

During the financial year ended March 2017, we advised on close to 65 equity capital market transactions worldwide with a total value of US\$40 billion⁽¹⁾ and, for the 4th successive year, we advised on more European IPOs than any other independent adviser⁽¹⁾.

A list of notable completed financing transactions on which we advised during the financial year is shown on the page opposite.

c.230
debt and
restructuring
transactions
with a total value
of US\$190bn

Advised more
European IPOs
than any other
independent
adviser in
Europe⁽¹⁾

Restructuring league table rankings by region (as at 31 March)⁽²⁾

Region	By value		By number	
	2015/2016	2016/2017	2015/2016	2016/2017
Global	5	5	4	2
Europe	5	3	2	1

(1) Source: Internal data.

(2) Source: Thomson Reuters, completed deals, ranked by number of transactions.

Rothschild & Co advised the following clients on a number of significant financing advisory assignments during the year:

 <p>Airbus Group (France)</p> <ul style="list-style-type: none"> • Adviser on combo offering in Dassault Aviation shares (€2.4bn) • Largest ever combo offering in Europe and our third mandate in Airbus Group's exit from Dassault 	 <p>Alpha Natural Resources (United States)</p> <ul style="list-style-type: none"> • Chapter 11 restructuring and emergence from bankruptcy (US\$3.9bn) • Highly complex bankruptcy process included innovative DIP financing and dual-tack coordination of multiple M&A processes 	 <p>Apollo Management (United States)</p> <ul style="list-style-type: none"> • Adviser on IPO of Athene Holding on the New York Stock Exchange (US\$1.24bn) • Third largest US IPO of 2016 	 <p>Arqiva (United Kingdom)</p> <ul style="list-style-type: none"> • Refinancing of senior WBS debt and 13-year swap repricing (£1.1bn and £350m respectively) • Complex refinancing, demonstrating our capabilities across all aspects of the financing process
 <p>China Resources Beer (Hong Kong)</p> <ul style="list-style-type: none"> • Adviser on rights issue in relation to its acquisition of a minority stake in China Resources Snow Breweries (US\$1.2bn) • Expert analysis of impacts of Brexit vote (two weeks prior) and the dynamic development of the AB Inbev/SABMiller merger 	 <p>EnQuest (United Kingdom)</p> <ul style="list-style-type: none"> • Restructuring of bank debt, High Yield Notes, Retail Notes and Surety Bonds (US\$2bn) • One of the largest and most complex European upstream oil company restructurings in recent years 	 <p>innogy and RWE (Germany)</p> <ul style="list-style-type: none"> • Adviser on IPO of innogy on the Frankfurt Stock Exchange (€4.6bn) • Largest IPO in Germany since 2000 and largest European IPO since 2011 	 <p>Kingdom of Denmark Ministry of Finance (Denmark)</p> <ul style="list-style-type: none"> • Adviser on the privatisation IPO of DONG Energy on the Nasdaq Copenhagen (€2.6bn) • Largest ever Danish IPO, and our twelfth transaction involving DONG
 <p>L&Q and East Thames (United Kingdom)</p> <ul style="list-style-type: none"> • Debt and derivatives advice on refinancing of the merged L&Q and East Thames housing associations (£4.7bn) • The largest ever refinancing in the UK Social Housing sector 	 <p>NLFI (Netherlands)</p> <ul style="list-style-type: none"> • Adviser on privatisation IPO of ASR Nederland on the Euronext Amsterdam, raising €1.06bn • Second mandate with NLFI following the privatisation IPO of ABN AMRO in 2015, the largest ever Dutch privatisation and IPO 	 <p>Odebrecht Agroindustrial (Brazil)</p> <ul style="list-style-type: none"> • Successful restructuring of debt facilities (US\$3.3bn) • One of the most complex restructurings in Brazil, undertaken in an extremely difficult environment 	 <p>Parques Reunidos and its shareholders (Spain)</p> <ul style="list-style-type: none"> • Adviser on post-IPO refinancing (€775m) • Demonstrates our leadership in Spanish IPO-related financings, following Telepizza (2016) and Euskaltel (2015)
 <p>Play and Shareholders (Poland)</p> <ul style="list-style-type: none"> • High Yield Bond and Polish Zloty bank debt advice on its recapitalisation (€2.1bn) • Demonstrates our full service debt advisory capabilities including FX hedging and rating advisory 	 <p>Royal Philips (Netherlands)</p> <ul style="list-style-type: none"> • Adviser on carve-out and IPO of Philips Lighting on Euronext Amsterdam (€863m) • Transformational deal, one of the largest European IPOs of 2016, assisting Royal Philips in refocusing its primary business towards medical technology 	 <p>Solocal (France)</p> <ul style="list-style-type: none"> • Completion of debt restructuring, including rights issue (€1.2bn and €398m, respectively) • Long-standing relationship and repeat financing advisory services since 2012 	 <p>Teva Pharmaceutical (Israel)</p> <ul style="list-style-type: none"> • Adviser on multi-currency offering of senior notes (US\$20.4bn) • Involved debt and equity work streams and dedicated teams in New York, Tel Aviv, Paris and London

Rothschild Private Wealth offers an objective long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth.

Rothschild Asset Management offers an independent perspective in innovative investment solutions, designed around the needs of each and every client.

This is demonstrated by our ability to attract clients, win new assets and generate solid investment performance. We continue to develop our activities in line with our stated strategy of diversifying our sources of income.

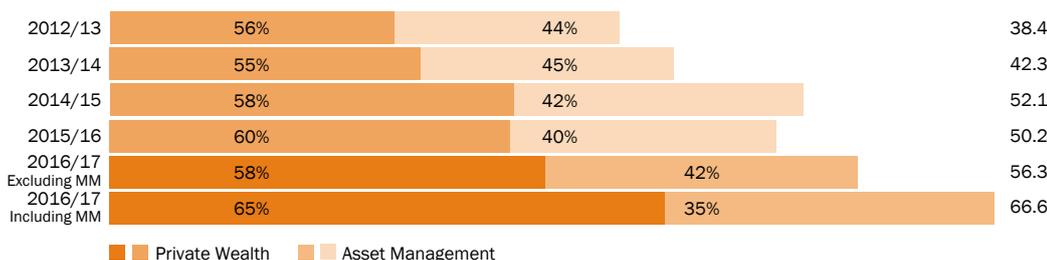
We serve this diverse client based from our offices in Brussels, Frankfurt, Geneva, Guernsey, Hong Kong, London, Manchester, Milan, Monaco, New York, Paris, Reno, Singapore and Zurich.

Market overview

For much of the financial year the most visible clouds in the investment sky were political rather than economic in nature. However, these political clouds were not stormy enough to unsettle markets for long, and in marked contrast to early 2016, most stock and bond markets performed respectably amidst relatively low volatility.

Assets under management

(in billions of euros, as at 31 March)



The global economy was a source of relative stability. Growth in the major economies was healthy, even in the eurozone, and increasingly so, while inflation risk remained muted, even in the fully-employed US and UK economies. Fears of a hard landing in China again failed to materialise. The Federal Reserve continued slowly to normalise policy rates, but monetary policy elsewhere remained accommodative.

Against this broadly supportive economic backdrop, corporate profits stabilised. Considerable uncertainty remains regarding the practical impact of UK secession from the EU, the policies of the US president and the prospects for EU reform and integration.

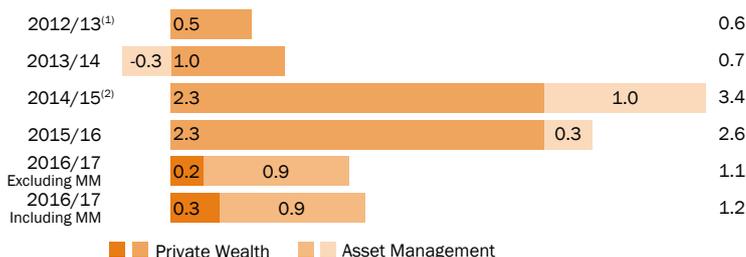
Meanwhile, the business cycle is now mature, and the major central banks – including the Federal Reserve – have yet to decide how best eventually to reverse the recent growth in their balance sheets through QE, all of which may create a drag on performance. Nonetheless, the investment climate overall remains broadly benign as the next financial year begins.

€66.6bn
of AuM as at
31 March 2017

€1.2bn
of net new assets
in 2016/2017

Net new assets over six years

(in billions of euros, as at 31 March)



(1) 2012/13 includes €0.8 billion inflow related to the merger with HDF Finance in France.

(2) 2014/15 excludes €1.9 billion outflow related to the transfer of accounts from Sélection R in France.

Rothschild Private Wealth

Rothschild Private Wealth provides a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities. In an environment where short-term thinking often dominates, our long-term perspective sets us apart: we believe preservation-first is the right approach to managing wealth.

We understand the issues wealth owners must address and can help them protect their assets. We advise our clients in relation to all their financial and non-financial wealth. When helping our clients invest, we aim to deliver inflation-beating returns and dampen volatility.

We have the scale, intellectual capital and resources to deliver, whilst still being able to provide a truly personal service. Our distinct perspective makes us a secure and enduring home for our clients' assets, safeguarding their legacy for generations.

We also provide loan facilities to our private clients (total book of €2.3 billion as at 31 March 2017) such as Lombard Lending, secured on portfolios in our custody, mortgages secured on residential real estate: overdraft facilities and other facilities for private clients. Lending is complementary to our investment management, wealth planning and administration services, and enables us to meet the wider private banking requirements of our clients.

Looking ahead, we believe our Private Wealth division is well placed to meet the challenges our industry faces. The demand for our advice-based, unconflicted business model, with stable and multi-generational family ownership makes us truly distinctive in a crowded market. We continue to invest in our infrastructure and high-calibre people who work with clients to become trusted advisers. Over the next few years, we expect to see continued growth with a sustainable improvement in our profitability as we gain scale.

During the last financial year we won several prestigious industry awards, which we would like to think is an endorsement of everything we have achieved in our business over the last 12 months. Below is a selection:



- Winner, Foreign Private Bank, 2017
- Best Foreign Private Bank for the 3rd consecutive year



- Winner, Client Service Quality – Ultra High Net Worth, 2017



- Best Private Bank in Switzerland 2017
- Number one Foreign Bank in Switzerland 2017



- Trophées Leader de la Finance
- Leaders League in Wealth Management – Gold award for the 3rd consecutive year
- Trophée d'or 2017

Rothschild Private Wealth

Rothschild Wealth Management & Trust

Rothschild Wealth Management & Trust is the private banking arm of Rothschild & Co in Frankfurt, Geneva, Guernsey, Hong Kong, London, Manchester, Milan, Reno, Singapore and Zurich.

We advise clients in relation to all their financial and non-financial wealth. Our goal is to preserve and grow the real value of our clients' wealth, with a focus on generating the best investment returns. This involves investing in assets that increase in value over time, beating inflation, and avoiding large losses along the way. This investment management approach, coupled with the stability that comes from our 7th generation of family-controlled ownership, continues to resonate with an increasing number of clients around the world, especially in the current economic environment.

The business continues its strong performance and both client referrals and acquisition levels are positive. The market remains highly competitive but our discretionary services and investment approach are well placed to meet our clients' requirements. At the end of March 2017, assets under management totalled €21.5 billion, an increase from €19.8 billion last year.

Within our Trust business, our focus on helping clients to safeguard their assets and create a legacy has continued to attract entrepreneurs and wealth-owning families globally. Our typical clients are highly international with businesses, family members and assets that span more than one jurisdiction; these clients require wealth planning, family governance and business succession planning on an international basis, across many countries and jurisdictions. We have seen particular interest in our Trust offering in those parts of the world where new wealth generation is strong. More broadly, our distinctive proposition and unique positioning in the market mean we are very well placed to benefit from the major trends that will continue to re-shape the international wealth management landscape in the years ahead.

Rothschild Patrimoine

Rothschild Patrimoine is the private banking arm of Rothschild & Cie Gestion, based in Paris and Brussels.

At the end of March 2017, assets under management in France and Belgium totalled €11.3 billion, compared to €10.2 billion the previous year, including net inflows and a positive market effect.

We continue to focus our efforts on the development of our business in two specific strategic areas. The first is exploiting synergies across the Rothschild & Co Group and wider network. The second is identifying business development opportunities to advise entrepreneurs prior to the sale of their business, with a view to establishing long-term relationships.

Rothschild Patrimoine was recognised by its peers and won the Gold Trophy Leaders in the Specialised Private Banking category for the 3rd year in a row.

The merger between Rothschild & Co and Compagnie Financière Martin Maurel to create one of the largest private banks in France, announced in June 2016, was completed on 2 January 2017 by the merger of the two holding companies, bringing total assets under management to €21.6 billion.

The operational merger of the private banking activities of the two groups in France continues and is expected to be complete in the second half of 2017. The new group that will operate in France under the name of Rothschild Martin Maurel, offers a full range of services including private banking, asset management, financing and commercial banking. The merger will establish a more significant presence in France and in particular three key regions: Ile de France, Rhône-Alpes and Provence Alpes Côte d'Azur.

Rothschild Asset Management

Rothschild Asset Management is a global specialist asset manager delivering bespoke investment management and advisory services to institutional clients, financial intermediaries and third party distributors.

With a strong track record across our core markets, we are proud to count some of the most reputable institutional investors among our clients.

Our development relies on two core and complementary expertise in active and fundamental management and open architecture investment solutions, both in traditional asset classes and alternative assets:

- **Active fundamental management**
- **Open architecture and solutions**

In addition, our teams also developed innovative risk-based investment solutions using state-of-the-art technology and the latest sophisticated risk management models to offer clients tailor-made portfolios.

Active fundamental management

We have recognised expertise in active fundamental management, in Europe as well as in the US.

In Paris, our offer is built around a few areas of expertise with the goal of becoming a leading conviction management player in Europe. Our experienced management teams are stable and have recognised know-how in the asset classes they deal with: European equities with or without any style bias (“growth”, “value”), credit and convertible bonds and flexible diversified management.

In New York, we offer investments covering a range of US securities including large-cap, small/mid-cap, small-cap and balanced strategies. We seek to provide superior performance while controlling risk. Our seasoned teams of investment professionals use a disciplined investment philosophy and an integrated process focused on fundamentals. We manage assets for a broad range of clients including: corporations, endowments, foundations, healthcare organisations, high net-worth investors, public pension funds, sub-advisory and Taft-Hartley plans. We are guided by a clear and strongly held investment philosophy that seeks to add value through stock selection while controlling benchmark risk.

Data from consulting firm FUSE Research Network shows that Rothschild Asset Management was the second-fastest growing asset manager for the one-year period with assets increasing from by 63%. We added 44 new institutional accounts, including four new subadvisory relationships, taking our assets from US\$6 billion on 31 March 2016 to US\$9.5 billion on 31 March 2017.

€15.9bn
of assets
managed in Paris

US\$9.5bn
of assets
managed in
New York
(€8.9bn)

+63%
US AuM growth
over 1 year

Open architecture and solutions

We are among the French and European leaders in Open Architecture with more than €5 billion of assets managed or advised. Our offering consists of a range of open-ended funds invested in traditional asset classes or alternative assets, segregated mandates and advisory solutions.

Our Investment Solutions teams comprise experienced professionals who help our clients, whether large private or institutional investors, to manage their assets in compliance with our Company values: advice, family values, personal commitment and intellectual rigour.

On 'traditional' asset classes, we can offer equity, diversified or thematic portfolios managed in open architecture according to an effective and rigorous process.

In the area of alternative investment, our platform of managed accounts (InRIS) provides access to talented managers selected on a worldwide basis by our research teams. InRIS stand out from its competitors by providing innovative investment solutions designed to meet the needs of investors 'with an offer very selective, deliberately limited and a very strict selection process.

The US Alternatives team successfully launched the R Alternative Income Fund with seed capital from a US pension asset manager. The Fund utilises a combination of niche, capacity constrained income generating strategies to create a portfolio with a target net return of 8%.

The team also saw significant asset growth in the Rothschild Special Opportunities Fund, a customised mandate for a large US insurance and financial services company.

A complementary offer: risk-based portfolios

We propose advisory services based on risk management models to a broad range of French and international institutional investors that complement the other, already widely recognised asset management activities.

Based in New York, Rothschild Risk Based Investments PLC (RBIS) takes a new approach to portfolio construction, offering bespoke solutions based on risk.

These solutions are designed and adapted in accordance with the specific requirements of each client: reduction of volatility, improvement of the Sharpe ratio or reduction of the maximum drawdown.

Our relationship with National Bank Investments in Canada, where we subadvise a Canadian-equity and a global equity fund, continues to thrive. Assets increased from US\$172 million as of 31 March 2016 to US\$365 million as of 31 March 2017. In addition, our business has grown with the addition of two subadvised mandates on behalf of a large US-based insurance company.

Our fund awards

We have a range of funds covering all focused expertise on which we have acknowledged expertise.

These funds are regularly rewarded for the quality of their management.

These funds are registered for sale in 10 European countries and in different legal forms are available to facilitate the cross-border marketing: fund under French law, Luxembourg SICAV, SICAV under Irish law, and in UCITS format.



R Conviction France

- Mieux Vivre (France)
- Regular performance award
- French equity – General



R Club

- Mieux Vivre (France)
- Performance award (France)
- Diversified



R Euro Crédit

- Mieux Vivre (France)
- Performance award (France)
- Eurozone bonds – General



R Conviction Convertibles

- Mieux Vivre (France)
- Performance award (France)
- European convertible bonds



R Valor

- Citywire (Italy)
- Best Fund Group
- Mixed Assets – Flexible EUR



R Conviction Convertibles

- Fund Awards (Germany)
- Best convertible bond fund over three years (Germany)



R Allocation Modérée

- Mieux Vivre (France)
- Performance award (France)
- Cautious Diversified



Rothschild AM

- Banco (Switzerland)
- Gold award, 3rd most awarded company



R OPAL Croissance

- Mieux Vivre (France)
- Excellence award (France)
- Dynamic diversified



R OPAL Equilibre

- Mieux Vivre (France)
- Excellence award (France)
- Balanced diversified



R OPAL Modéré

- Mieux Vivre (France)
- Performance award (France)
- Cautious diversified



R Invest Opal Global Trading

- Banco (Switzerland)
- Best « Other strategies » fund over five and 10 years

Rothschild Merchant Banking is the investment arm of the Rothschild & Co Group with global commitments in excess of €6.2 billion across Corporate Private Equity, Secondaries, Multi-Managers funds and Co-Investments, Direct Lending and Credit Management. Our business is founded on a passion for investing, respect for risk and culture of partnership – all of which define our perspective as a business.

Since its foundation in 2009, Rothschild Merchant Banking has grown its assets under management from c.€1.1 billion to €6.2 billion currently through the launch of a series of funds in private equity and private debt. Our cohesive platform now provides a comprehensive offering in Europe.

Our business culture is shaped by the Rothschild family's investing tradition of consistently generating long-term value through an equal emphasis on both risk and return. This is driven by three intertwined principles which define who we are today:

- **Passion for investing:** The Rothschild family has an investing history dating back more than a couple of centuries – particularly for backing entrepreneurs who the family felt were ahead of their times. At Rothschild Merchant Banking we celebrate this legacy and passion for investing and we expend significant energy in ensuring that it remains at the heart of our culture.
- **Respect for risk:** Our investing ethos is centred on delivering attractive risk-adjusted returns for our investors. This approach is borne out of a long-held Rothschild & Co philosophy of wealth preservation through active avoidance of capital impairment.
- **Culture of partnership:** We aim to form close, enduring relationships with each of our stakeholders: our

investors, our managers, our people, our advisers and financiers, and the broad the environment in which we work. We invest significant amounts of capital alongside our investors in each of our funds. Our aspiration is to have a culture of partnership with a shared sense of collective purpose in every important decision we make.

As at 31 March 2017, our assets under management amounted to €6.2 billion split between €2.6 billion in private equity and €3.6 billion in private debt across four strategies:

- **Corporate private equity:** Five Arrows Principal Investments (FAPI)
- **Secondaries, multi-manager funds and co-investments:** Five Arrows Secondary Opportunities (FASO), Arolla and Rothschild Proprietary Investments (RPI)
- **Direct Lending:** Five Arrows Credit Solutions (FACS) and Five Arrows Direct Lending (FADL)
- **Credit Management (RCM):** Oberon and Elsinore strategies as well as CLO funds

Overall, the business employs 70 investment professionals across four offices (London, Paris, Los Angeles and Luxembourg).

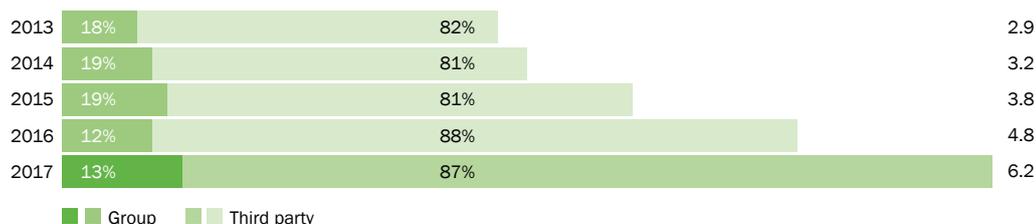
We are committed to Environmental, Social and Governance (ESG) matters and are signatory to the UN PRI (United Nations Principles for Responsible Investment). In 2016, Rothschild Merchant Banking has supported four NGOs and social enterprises focusing on enhancing the prospects of disadvantaged young people globally through a partnership with Epic Foundation. Our partnership is based on individual commitments from our staff with a matching scheme from Rothschild & Co.

€6.2bn
of Assets under
Management

70
investment
professionals

4
strategies

Assets under management (in billions of euros, as at 31 March)



Note: Assets under management comprise committed capital where a managed fund is still in its investment period, and includes net asset value after the investment period has expired.

Investment strategies

	Private equity				Private debt				
	Corporate Private Equity	Secondaries	Multi-Managers Funds	Co-Investments	Direct Lending		Credit Management		
Name	FAPI	FASO	Arolla	RPI ⁽¹⁾ /RPO	FACS	FADL	Oberon & Managed Accounts	Elsinore	CLOs
Geography	Europe	Europe	Global	Global	Europe	Europe	Europe	Europe/US	Europe/US
Assets under management (current)	€1.4bn	€680m	€158m ⁽²⁾	€364m ⁽³⁾	€415m	€160m ⁽²⁾	€1.1bn	€96m ⁽²⁾	€1.8bn

(1) RPI, formerly known as Paris Orléans Proprietary Investments.

(2) Fundraising in progress as of 31 March 2017.

(3) Including RPO invested share.

The key highlights of the financial year 2016/2017 include:

- The expansion of our product offering with three new fund launches:
 - Arolla, global private equity multi-managers platform which collected €158 million;
 - Five Arrows Direct Lending (FADL), senior-ranking unitranche fund which successfully completed a first closing at €160 million; and
 - Elsinore Multi Strategy Credit Fund, multi-strategy credit initiative which gathered €96 million.
- The growth of our existing programmes with the fundraising and launch of successor funds:
 - FASO IV, European small and mid-cap secondary business at €459 million;
 - RPO II, private equity co-investment programme at €240 million;
 - Oberon III, senior secured credit fund gathered €275 million; and
 - continued development of our CLO business with €600 million raised over the period.
- A sustained and continuing deployment of capital within our existing strategies with €78 million being invested by the Group.
- Profitable exits of various companies, notably two exits from FAPI I portfolio: Grand Frais, for a gross multiple of invested capital (MOIC) of 3.1x and a gross IRR of 27% (completed post-reporting period) and Autodata for a gross MOIC of 2.5x and a gross IRR of 43%; RAC and Infopro Digital, from the RPI portfolio for MOICs of 3.5x and 2.5x respectively.

In the future, we plan to continue to grow our assets under management by raising the successor funds to our main strategies and continuing to broaden our product range in investment themes where we see a market opportunity. We will do so through the launch of new funds and managed accounts.

Overall, Rothschild & Co's share of the investments we managed was valued at €467 million as at 31 March 2017. Over the period, the business generated €126 million of cash flows thanks to the disposal of assets and invested €78 million in new investments.

Revenue

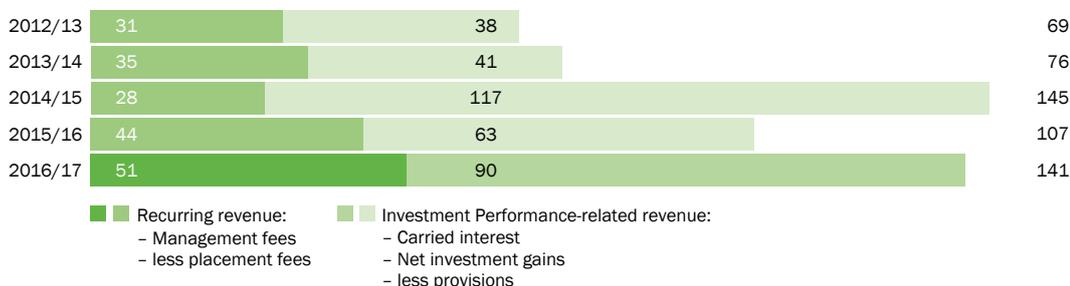
Rothschild Merchant Banking continued to perform strongly during 2016/2017 generating revenue of €141 million (2015/2016: €107 million), an increase of 32%. This significant improvement was driven by the performance of the funds forming part of the Five Arrows business line (corporate private equity, secondaries and private debt) driving both investment gains for the Group and carried interest recognition.

Our revenues comprise management fees calculated with reference to assets under management, investment profits (from direct investments and partnership interests in the funds we manage) and carried interest.

Revenue from Merchant Banking comprises two main sources:

- Recurring revenue of €51 million (2015/2016: €44 million) which includes management fees net of placement fees;
- Investment performance related revenue of €90 million (2015/2016: €63 million) which consist of:
 - €35 million of carried interest (2015/2016: €2 million);
 - €57 million of realised and unrealised investment gains and dividends (2015/2016: €72 million); and
 - less €2 million of provisions (2015/2016: €12 million).

Revenue breakdown (in millions of euros)

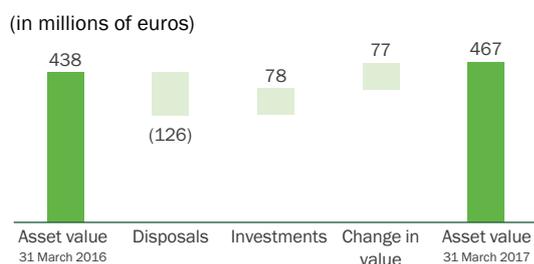


Merchant Banking portfolio valuation (as at 31 March)

in millions of euro	2017	2016
Managed funds	286	244
Private Equity	174	155
FAPI (Equity)	136	130
FASO/Arolla (Equity)	38	25
Private debt	112	89
Oberon/CLOs	84	60
FACS/FADL (junior credit)	28	29
Rothschild Proprietary Investments (RPI)	181	194
Growth capital	75	73
Strategic holdings	44	44
External private equity funds	29	33
LBO/Equity	23	33
LBO/Mezzanine	8	8
Other	2	3
TOTAL GROSS ASSETS	467	438

Change in asset value

As of March 2017, the Group held private equity and private debt assets valued at €467 million.



Disposals during the year

Disposals generated proceeds of €126 million driven by successful exits in the FAPI I portfolio and continued strong performance of the RPI portfolio.

Investments during the year

During the year the Group's share of the investments made by the division amounted to €78 million, of which €64 million was the Group's own investments in funds managed by Merchant Banking, and €14 million was in proprietary investments (including those made as part of the RPO co-investment programme).

Private Equity

In private equity, we manage €2.6 billion with a team of 40 investment professionals. We have developed two different business lines:

- Corporate private equity; and
- Secondaries, multi-manager funds and co-investments.

Corporate Private Equity

Five Arrows Principal Investments (FAPI)

FAPI is an initiative launched in 2010 as a roll-out of Rothschild & Co's successful European mid-market strategy. FAPI concentrates on expansion and buyout deals in the mid-market segment across Europe. It currently manages two funds: FAPI I, raised in 2010 for €583 million, and its successor FAPI II for €783 million, raised in 2015.

FAPI I is invested in 15 mid-cap companies in six different European countries. Thanks to its affiliation to Rothschild & Co, the fund has developed a rare pan-European reach and distinctive sector plays in selected segments of the economy which it believes enjoy positive tailwinds: healthcare, data, software and technology-enabled services and business services.

In 2016, FAPI's portfolio had a robust performance, achieving aggregate sales and EBITDA growth in excess of 22% and 19%, respectively. In the 12 month to March 2017, FAPI I completed two exits: full exit of Autodata for a gross MOIC of 2.6x (GBP) and gross IRR of 43% and partial exit of Grand Frais (Prosol) for a gross MOIC of 3.1x. The remaining interest in Grand Frais was disposed post-reporting period, together with the partial exit of April 2016, the transaction resulted in a final gross MOIC of 3.3x and gross IRR of 27%.

Its successor fund, FAPI II, builds on the same strategy and is managed by the same team. During the reporting period, FAPI II completed three investments: I@D, a fast-growing digital platform, White Clarke Group, a leading software vendor to the automotive and asset finance sectors and Lafayette Conseil, a French disruptive pharmacy retail concept. In total, FAPI II has four companies in its portfolio.

As at 31 March 2017, the net asset value of the Group's investment in FAPI I and II represented €136 million.



In January 2017, FAPI announced the exit of Autodata, generating local currency (GBP) gross returns of 2.6x MOIC and 43% IRR. FAPI sold its shares to Solera Holdings, a global leader in data and software for the automotive, home ownership and digital identity management ecosystems. Founded in 1975, UK-based Autodata has evolved from publishing iconic do-it-yourself manuals for car enthusiasts and garages, to delivering fully digital cloud-based diagnostics and repair intelligence for professional mechanics. FAPI invested in Autodata in May 2014, following the decision by the co-founders to sell the business after 40 years of ownership. FAPI's investment thesis was predicated on the potential to re-shape the company's strategic focus areas and transform Autodata into a leading technology-enabled data business. During FAPI's holding period, Autodata grew sales organically by 11% per annum, thanks to significant investment in the sales team, full migration to a scalable online platform and development of new products. FAPI provided active support in respect of the implementation of new commercial initiatives and supported management with the execution of three strategic add-on acquisitions of distributors in France, Finland and Sweden.



In September 2016, FAPI II invested in White Clarke Group, a leading software vendor to the automotive finance sector based in the UK, with offices in the US, Canada, China, Australia, Germany, Austria and India. The company provides a software platform through which leasing businesses manage their vehicle purchases from OEMs and set lease terms with the ultimate vehicle end users. The software platform is used as a comprehensive administrative tool, offering middle and back-end functionality that underpins the entire leasing value chain. FAPI had been tracking the company as part of the Technology Services initiative for several years. The transaction followed the decision of the founder, Ed White, to sell the business after almost 25 years of ownership. The management team who had owned a significant portion of the company pre-transaction is staying with the business and has re-invested a large portion of their proceeds alongside FAPI into the new deal. The company is performing per plan and the team is working on several value enhancement and growth initiatives.

Secondaries, Multi-Manager funds and Co-investments

Five Arrows Secondary Opportunities (FASO)

FASO focuses on European small and mid-cap secondary transactions. FASO purchases assets, whether portfolios of companies or fund shares, from sellers seeking liquidity, divesting non-core assets, or affected by regulatory constraints as well as from fund managers rebalancing portfolios. It currently manages two funds: FASO III, raised in 2012 (€259 million) and FASO IV, raised in 2016/2017 (€459 million).

With c.80% of secondary direct and manager-led transactions, the FASO team's specific expertise on European secondary direct in the mid-market segment is a distinctive advantage and provides transactions, away from large auctions, where value creation can be brought to portfolio companies to enhance returns.

FASO III completed 18 transactions, of which two were during the reporting year, offering exposure to more than 13 different business sectors across Europe. The fund is developing very well, with a significant part of the capital already having been paid back to investors.

Its successor fund, FASO IV, completed four investments only a few months after its fundraising. In all four cases, these transactions were proprietary with no auction process and are the fruits of strong relationships developed over time with the incumbent managers. This portfolio is already well-spread across Europe.

As at 31 March 2017, the net asset value of the Group's investment in FASO III and IV represented €37 million.

Multi-Manager funds – Arolla

Arolla is Rothschild Merchant Banking's global multi-managers private equity platform. Arolla capitalises on the Group's private equity expertise and over-the-cycle performance to invest globally across the private equity asset class: primary fund investments, secondary and co-investments. This combination of our flexibility and experience in multiple private equity strategies gives us a truly distinct perspective.

Arolla's focus is to give access to a carefully selected pool of top-tier managers, while enabling access to the wide array of Rothschild & Co's private equity initiatives. We pursue mid-cap investment opportunities generating appropriate risk-adjusted returns across various situations and geographies.

Arolla successfully closed over €158 million of commitments (final closing post-reporting period at €195 million), and is now 33% committed in 14 transactions across Europe, the US and Emerging Markets offering exposure to more than 85 companies.

As at 31 March 2017, the net asset value of the Group's investment in Arolla represented €1 million.

Private Equity

Co-Investments

Rothschild Private Opportunities (RPO)

In conjunction with RPI balance sheet investment activity, the RPI team also manages the Rothschild Private Opportunities (RPO) co-investment programme, an investment club launched in 2013 as a joint initiative between Rothschild Merchant Banking and Rothschild Private Wealth divisions for the exclusive benefit of key relationships of the Group. Since its inception, RPO has invested in nine companies on a global basis. The team is currently deploying RPO II (€240 million including Rothschild & Co's commitment).

Rothschild Proprietary Investments (RPI)

Rothschild Proprietary Investments, formerly Paris Orléans Proprietary Investments, has been the historical investment arm of the Rothschild & Co Group, investing on an opportunistic basis since the 1990s.

From 2005 onwards, the RPI team has developed a strong co-investment expertise, investing alongside a proprietary network of international fund managers. It deployed over €500 million of capital in more than 80 transactions, mainly in growth capital and buy-out situations on a global basis, with a focus on North America, Europe and Emerging Markets.

The logo for RAC, consisting of the letters 'RAC' in a bold, orange, sans-serif font.

RAC is the second largest provider of breakdown assistance services in the UK. The company is headquartered in Birmingham and has approximately 3,500 employees. In December 2011, RPI co-invested in RAC alongside Carlyle, as part of the acquisition of the company by Carlyle from Aviva Plc. Following a strong performance in the first two years of investment, the business delivered ahead of plan and two successful refinancing operations were completed in 2012 and 2013, returning RPI investment cost. In December 2014, a strategic stake in RAC was sold to GIC, which returned an additional 1.4x net multiple on initial investment. In April 2016, Carlyle and RPI sold their residual stake to CVC Capital Partners. Overall, total cash proceeds to RPI represented a realised MOIC of 3.5x and a IRR of 60% on a euro basis.

Private debt

Rothschild Merchant Banking is active in the leveraged credit market through two different business lines:

- **Direct Lending**
- **Credit Management**

Our private debt activities account for over €3.6 billion of assets under management and our team comprises 30 investment professionals.

As for all Merchant Banking initiatives, the affiliation with Rothschild & Co's other business activities provides significant market insight and sector knowledge which we believe materially enhance our credit selection processes.

Through our private debt activities, we are able to offer our investors access to both the European mid-size corporate credit market and the larger, broadly syndicated European and US LBO credit markets. This asset class is currently generating increased investor demand, as investors look to diversify away from lower yielding products and traditional fixed-income products.

Direct Lending

Five Arrows Credit Solutions (FACS)

FACS, the Group's junior debt fund, closed with €415 million of commitments in 2014 and is focused on the growing European direct lending market, originating and structuring customised junior/subordinated financing solutions for middle-market companies. The fund supports private equity sponsor, entrepreneur and family-owned businesses in transactions including leveraged buyouts, expansion and acquisition financings, as well as recapitalisations and refinancings. The fund has continued to demonstrate strong deployment momentum during the year and is, as of March 2017, c.80% deployed into 12 high-quality middle-market companies with attractive risk-reward propositions in line with the fund's investment mandate. The fund has also now achieved three successful exits from its portfolio, each delivering attractive returns in excess of the fund's target.

As at 31 March 2017, the value of the Group's investment in FACS represented €25 million.



In May 2015, FACS closed a sponsor-less acquisition financing for IT Lab. Owned by its founding entrepreneur, IT Lab is a leading provider of IT managed services and cloud-based IT services to small and medium-sized enterprises across the UK. FACS provided the financing to enable the company to complete two transformational and highly synergistic acquisitions, significantly enhancing the scale of the group and broadening its product offering. Following the successful integration of these acquisitions, the business was sold to a leading UK mid-market private equity sponsor in June 2016. The FACS loan was repaid in full on the sale of the business, generating a highly attractive 28.3% gross IRR for the fund.



In July 2016, FACS provided junior debt financing to support the buyout of Exemplar Healthcare by Agilitas Private Equity. Exemplar is a leading UK provider of residential nursing care for individuals with complex physical, mental and learning disabilities. The company focuses on the high acuity segment of the market, principally treating individuals with long-term and often degenerative conditions including Huntington's disease, early onset dementia and acquired brain injuries. With attractive opening leverage compared to other similar healthcare transactions, the FACS junior loan benefits from an attractive risk-reward profile, given the stability and recurrence of the customer base and the significant degree of freehold property backing.

Private debt

Five Arrows Direct Lending (FADL)

Given the strong growth seen in the European direct lending market, driven by the regulatory and capital constraints faced by traditional bank lenders and evidenced by the high volume of relevant deal-flow already being sourced by the FACS team, Rothschild Merchant Banking has launched a new investment vehicle, Five Arrows Direct Lending, to address this opportunity. This fund focuses on providing senior-ranking unitranche financings to middle-market European borrowers, in contrast to the junior debt financing provided by FACS. We believe that the combination of high contractual gross returns, regular income distributions and strong downside protection represents a highly attractive value proposition for investors at a time when yields on conventional fixed income products are at historical lows.

In December 2016, FADL completed its first closing at €160 million and has, in April 2017, completed a second closing bringing total commitments to €345 million, with a final closing expected to be above the fund's original €400 million target. The fund's investment programme is now underway, with two investments having been signed. These transactions are expected to close in the second quarter of 2017 on receipt of regulatory approvals.

Credit Management

Rothschild Credit Management (RCM) is active in both the European and US leveraged loan markets. It has €3 billion of assets under management across CLO funds, senior credit funds, multi-strategy credit and managed accounts. RCM's investment strategy is to actively manage a diversified portfolio of secured loans and bonds across the corporate leveraged loan market in Europe and the US.

All the funds are characterised by a highly selective, conservative investment strategy designed to deliver consistent returns from performing credits. The funds will typically invest in senior secured loans in mid to large-cap borrowers with EBITDA in excess of €75 million.

Oberon credit strategy

During the year to 31 March 2017, the RCM team raised €275 million for its third Oberon fund with a target in excess of €350 million for the final close expected in the third quarter of 2017. Oberon III is a closed-end credit fund invested across a portfolio of secured, fully performing credits.

Over €1.2 billion has been raised in the Oberon strategy since inception, with the launch of Oberon IV planned for the fourth quarter 2017. The Oberon strategy continues to deliver predictable quarterly cash yields to its investors and demonstrates strong levels of return when compared to the benchmark Credit Suisse Western European Leveraged Loan Index.



Avast Software

- Leading anti-virus software provider
- €1.7bn senior secured debt facilities to support the acquisition of AVG and refinancing of the business



Foncia

- French residential real estate services provider
- €803m senior secured debt facilities to support the LBO by Partners Group



Unilabs

- European clinical diagnostic testing labs
- €810m senior secured debt facilities to support the refinancing of the business

Elsinore Multi-Strategy Credit Fund

Launched in 2016, Elsinore I Multi Strategy Credit Fund focuses on a range of credit strategies, including senior and junior debt, high-yield bonds and structured products. €96 million has been raised to date for this strategy.

CLO Management business

The combined European and US teams consist of 20 investment professionals who currently actively manage five CLO funds:

- three Ocean Trails CLOs invested in US assets; and
- two Contego CLOs invested in European assets.

All our CLO funds exhibited strong performance during the year, with both the European and US teams continuing to maintain performance levels above their respective benchmark indices.

During 2016/17, RCM launched two CLOs, Contego III CLO B.V., a €300 million European CLO and Ocean Trails VI LLC, a US\$300 million CLO on the back of strong investor demand for this type of product and RCM's solid track record.

Contego IV CLO B.V. is currently fundraising with a final target of c.€400 million planned for the second quarter of 2017.

As at 31 March 2017, the Group's investment in the Oberon Strategy and Contego CLOs represented €84 million.



Quikrete Holdings, Inc

- The largest packaged cement and concrete products company in North America
- US\$2.2bn term loan to support the strategic acquisition of Contech



Dell International LLC

- The #3 global PC vendor and #2 global server vendor.
- US\$5bn term loan to support Dell's merger with EMC



Multiplan, Inc.

- Provider of healthcare cost management solutions
- US\$3.3bn term loan to support Hellman & Friedman's acquisition of Multiplan



Management Report

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Results for the 2016/2017 financial year

1 Summary presentation of the results of the Group (consolidated accounts)

1.1 Consolidated results

In millions of euro	2016/2017	2015/2016	Var %
INCOME STATEMENT			
Revenues	1,767	1,589	11%
Staff costs	(1,016)	(954)	6%
Administrative expenses	(279)	(267)	4%
Depreciation and amortisation	(32)	(37)	(14)%
Impairments	(11)	(12)	(8)%
Operating income	429	319	34%
Other income/(expense) (net)	7	103	(93)%
Profit before tax	436	422	3%
Consolidated net income	366	357	3%
Net Income – Group share	186	232	(20)%
Exceptionals ⁽¹⁾	7	(97)	(108)%
Net Income – Group share excl. exceptionals	193	135	43%
EPS ⁽²⁾	€2.64	€3.37	(22)%
EPS excl. exceptionals	€2.74	€1.95	41%
ROTE	14.0%	19.4%	
ROTE excl. exceptionals	14.6%	11.3%	
BALANCE SHEET			
Total assets	12,177	9,022	35%
Cash and amounts due from central banks	3,907	3,500	12%
Loans and advances to customers	2,867	1,488	93%
Due to customers	8,063	5,468	47%
Non-controlling interests	472	516	(9)%
Shareholders' equity – Group share	1,829	1,529	20%

(1) Exceptional items for 2016/2017 comprise €1.1 million of integration costs in respect of the merger with CFMM, at Net income – Group Share level it was €7 million. Exceptional items for 2015/2016 comprise €99 million following the sale of the UK asset finance business, FALG, at Net Income – Group Share level it was €97 million.

(2) Diluted EPS is €2.60 for FY 2016/2017 (2015/2016: €3.32).

The consolidated accounts for the 2016/2017 financial year are set out on pages 122 onwards of this report.

1.2 Analysis of the main items of the consolidated financial results

Revenue

For the 2016/2017 financial year, revenue was €1,767 million (2015/2016: €1,589 million), representing an increase of €178 million or +11%. The uplift was largely due to a record year in Global Advisory whose revenues increased by €150 million and Merchant Banking by €34 million. Private Wealth and Asset Management revenues were up €26 million of which €24 million was due to the merger with Compagnie Financière Martin Maurel. When comparing these revenues with the previous year, it should be noted that it includes FALG, the Rothschild & Co's UK asset finance business sold in November 2015, for seven months in 2015/2016 amounting to €23 million. The translation impact of exchange rate fluctuations resulted in a decrease in revenues of €77 million.

Operating expenses

Staff costs

For the 2016/2017 financial year, staff costs were €1,016 million (2015/2016: €954 million), representing an increase of €62 million, largely due to higher variable staff compensation in connection with record revenues in Global Advisory. The translation impact of exchange rate fluctuations resulted in a decrease in staff costs of €54 million. The Group's compensation ratio, which shows staff costs as a percentage of revenues, was 64.6% as at 31 March 2017 (31 March 2016: 64.8%). When adjusting for the effects of senior hiring in the US for the Global Advisory business, and exchange rates, the ratio decreased from 63.7% to 63.4%.

Overall Group headcount increased from 2,829 to 3,410 as at 31 March 2017, largely due to the merger with Compagnie Financière Martin Maurel (+463), new junior staff recruitment and hires in the US.

Administrative expenses

For the 2016/2017 financial year, administrative expenses were €279 million (2015/2016: €267 million), a net increase of €12 million, of which €11 million relates to integration costs in respect of the merger with Compagnie Financière Martin Maurel. The translation impact of exchange rate fluctuations resulted in a decrease in administrative expenses of €8 million.

Impairment charges and loan provisions

For the 2016/2017 financial year, impairment charges and loan provisions were €11 million compared to €12 million the previous year. Of this amount, €3 million is related to the legacy banking book, and the remainder mainly relates to Global Advisory receivables.

Other income/(expenses)

For the 2016/2017 financial year, other income and expenses, which include results from equity accounted companies, was a net income of €7 million (2015/2016: €103 million). Last year's figure included €99 million of exceptional profit following the sale of the Rothschild & Co's UK asset finance business, FALG.

Income tax

For the 2016/2017 financial year, the income tax charge was €70 million (2015/2016: €65 million) comprising a current tax charge of €64 million and a deferred tax charge of €6 million, giving a reported tax rate of 16.1% (2015/2016: 15.4%).

Non-controlling interests

For the 2016/2017 financial year, the charge for Non-controlling interests was €180 million (2015/2016: €125 million). This mainly comprises interest on perpetual subordinated debt and preferred dividends payable to French partners that increased over the period in line with the strong performance of the French Global Advisory business.

Moreover, the review of the Group's activities by businesses during the 2016/2017 financial year is presented on pages 12 onwards of this report.

2 Summary presentation of the results of the Company (solo accounts)

2.1 During the 2016/2017 financial year

In millions of euro	2016/2017	2015/2016
INCOME STATEMENT		
Current income before tax	59	42
Income from capital transactions	(2)	22
Net income	61	62
BALANCE SHEET		
Balance sheet total	1,845	1,572
Non-current financial assets	1,700	1,479
Current assets	136	89
Borrowings and other financial liabilities	95	29
Shareholders' equity	1,595	1,441

The solo accounts of the Company for the 2016/2017 financial year are set out on pages 187 onwards of this report.

2.2 Results during the past five financial years

In euro	31/03/17	31/03/16	31/03/15	31/03/14	31/03/13
I – Financial position at the end of the financial year					
a) Share capital	154,580,024	142,274,072	142,274,072	142,208,216	141,806,058
b) Number of shares and investment certificates issued	77,290,012	71,137,036	71,137,036	71,104,108	70,903,029
c) Maximum number of future shares to be created	-	-	-	-	-
II – Overall result of effective operations					
a) Revenues exclusive of tax (financial and operating income)	88,134,524	68,170,967	26,542,974	25,238,744	132,789,534
b) Income before tax, amortisation and provisions	52,866,266	63,837,937	8,507,693	6,478,796	(746,339)
c) Corporate income tax ⁽¹⁾	(3,885,460)	2,580,799	(3,832,636)	(2,029,187)	1,829,465
d) Income after tax, amortisation and provisions	60,712,772	61,498,968	11,764,158	9,985,781	119,878,114
e) Distributed income, excluding treasury shares	52,557,208 ⁽²⁾	44,562,497	42,423,795	35,233,340	35,161,483
III – Earnings per share data					
a) Income after tax, but before amortisation and provisions	0.63	0.93	0.07	0.06	(0.04)
b) Income after tax, amortisation and provisions	0.79	0.86	0.17	0.14	1.69
c) Dividend per share	0.68 ⁽²⁾	0.63	0.60	0.50	0.50
IV – Employees					
a) Average employee headcount	19	23	25	29	27
b) Total of the payroll	3,036,180	3,164,335	3,451,711	5,230,484	3,411,558
c) Total employee benefits (social security, welfare, etc.)	1,764,709	1,816,360	1,595,239	2,887,383	2,012,034

(1) Negative amounts correspond to tax benefits.

(2) Dividend proposed to General Meeting of shareholders of 28 September 2017.

Results for the 2016/2017 financial year

2.3 Proposed appropriation of income for the 2016/2017 financial year

The Managing Partner will propose to the General Meeting of shareholders that the income for the 2016/2017 financial year be appropriated as follows:

In euro

Net profit for the financial year	60,712,772
Appropriation to the legal reserve	(1,221,595)
Credit retained earnings	103,240,418
Distributable profit	162,731,595
Profit share allocated to the General Partners	(813,658)
Appropriation	
• to the payment of a gross dividend of €0.68 per share ⁽¹⁾ to shareholders	52,557,208
• to retained earnings	109,360,729

(1) Out of a total of 77,144,972 shares and 145,040 investment certificates eligible for a dividend.

The Company's net profit amounts to €60,712,772 (€61,498,967 for the previous year).

This net profit, less the amount of €1,221,595 assigned to create the legal reserve and in addition to retained earnings of €103,240,418 makes a distributable net profit of €162,731,595 (€148,545,645 for the previous year).

In accordance with the provisions of article 14.1 of the Company's articles of association, an amount of €813,658 (€742,728 for the previous year) equal to 0.5% of this net profit, will be automatically allocated for payment to the two General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS.

The payment of a dividend of €0.68 per share to shareholders will be submitted for approval to the General Meeting to be held on 28 September 2017. The ex-dividend date shall be 2 October 2017 and the dividend shall be payable on 4 October 2017.

In accordance with applicable statutory provisions, the dividends distributed by the Company to the shareholders in respect of the last three financial years were as follows:

	31/03/16	31/03/15	31/03/14
Number of shares and investments certificates which could qualify for a dividend payment ⁽¹⁾	70,137,036	70,706,325	70,466,680
Gross dividend per share (in euro)	0.63	0.60	0.50
Total amount distributed (in euro)	44,562,497⁽²⁾	42,423,795	35,233,340

(1) Number of shares and investment certificates that could qualify for a dividend, held on the detachment date and excluding treasury shares and investment certificates held by the Company.

(2) As authorised by the General Meeting of 29 September 2016 in its 2nd resolution, the Managing Partner revised the final amount of the actual distribution as the Company did not receive a dividend in respect of the shares it held on the payment date; the amount of the dividend corresponding to these shares was automatically added to retained earnings.

3 Accounts payable policy

The Company's settlement periods for its accounts payable comply with Article L. 441-6 of the French Commercial Code. Accounts payable are settled within 30 days of receiving the invoice, unless otherwise arranged as part of a sales agreement or otherwise agreed between the parties.

In thousands of euro	As at 31/03/17					As at 31/03/16				
	Gross	Amounts due	Amounts not yet due			Gross	Amounts due	Amounts not yet due		
			Due within 30 days	Due in 31 to 60 days	Due in more than 60 days			Due within 30 days	Due in 31 to 60 days	Due in more than 60 days
Accounts payable	643.1	-	643.1	-	-	183.9	-	183.9	-	-
Accounts payable – invoices not yet received	3,707.3	-	-	-	-	518.3	-	-	-	-
Total accounts payable	4,350.4	-	643.1	-	-	702.2	-	-	-	-

4 Merger with Compagnie Financière Martin Maurel

During the 2016/2017 financial year, as announced to the market in a joint press release of both companies dated 6 June 2016⁽¹⁾, Rothschild & Co merged with Compagnie Financière Martin Maurel⁽²⁾.

4.1 Purpose of the merger

From a strategic and operational perspective, the merger aimed to allow the Group to:

- create a leading independent private bank in France, with a combined AUM of €36 billion (including Asset Management);
- offer a complete wealth management, asset management, financing and corporate finance advisory service; and
- offer a greater geographic footprint in France, notably in the three key regions for its businesses which are Ile-de-France, Rhône-Alpes and Provence-Alpes-Côte d'Azur.

The Martin Maurel Group, of which Compagnie Financière Martin Maurel was the parent company, has been providing private banking, wealth management, asset management and financial advisory services to individuals, companies, foundations and associations since 1825. The Martin Maurel Group remains true to its ethical vision and believes that the bankers' role is to build a close relationship based on the experience and expertise of their employees and the collaborations that the Martin Maurel Group has had with the client. The vision is reflected by its determination to serve its clients, which has enabled the bank to achieve continuous and steady growth, resulting in almost €10 billion of assets under management, of which €7 billion was for private banking at the end of 2015.

The Private Wealth and Asset Management activities are one of the three arms of Rothschild & Co, which represents since the completion of the merger €66.6 billion of assets under management on a worldwide basis as at 31 March 2017. This activity has adopted a Trusted Advisor model and offers its clients long-term global advice based on two pillars: wealth structuring and discretionary portfolio management.

Integrating the two businesses would rely on the quality of the teams already in place and the unique complementarity that exists between the two groups. The new combined group will operate under the name Rothschild Martin Maurel in France, reflecting the desire to preserve the well-established partnership of the founding families and the values that they wish to perpetuate (please refer to Section 6 on page 57).

4.2 Main terms of the merger

The merger between Rothschild & Co and Compagnie Financière Martin Maurel was completed on 2 January 2017, with a retroactive effect from an accounting and tax perspective on 1 January 2017.

Prior to this transaction, Rothschild & Co held 2.3% of Compagnie Financière Martin Maurel while the latter held 0.90% in Rothschild & Co. In accordance with the terms of the protocol signed in May 2016, the majority of the transaction was in the form of an exchange of shares on the basis of a parity of 126 Rothschild & Co shares per Compagnie Financière Martin Maurel share. The Bernard Maurel family received shares and reinforced its presence in the extended family concert of Rothschild & Co, of which it was already a member. The transaction was financed 62% by the issuance of new shares and 38% by external bank facilities of €88.3 million. The significant non-family shareholders of Compagnie Financière Martin Maurel had already agreed to tender their shares to the cash offer in accordance with the terms of the initial protocol.

In the context of the merger with Compagnie Financière Martin Maurel, and pursuant to a delegation of authority granted by General Meeting of the shareholders held on 29 September 2016, the Managing Partner of Rothschild & Co decided on 2 January 2017 to issue of 6,107,976 new shares with a nominal value of €2 each, representing a share capital increase of €12,215,952. This amount was accompanied by a merger premium amounting to €128,747,168.

4.3 Main legal steps and other legal considerations

The main legal steps of the process which concluded with the merger were:

- a favourable opinion on the proposed merger between Rothschild & Co and Compagnie Financière Martin Maurel on 16 and 17 June 2016 by the employee representative committees of Rothschild's economic and social unit and that of Martin Maurel;
- the signature of the merger agreement by the Managing Partner of Rothschild & Co on 29 July 2016;
- approval from shareholders of both companies in September 2016 at the annual general shareholder meetings of Rothschild & Co and Compagnie Financière Martin Maurel; and the General partners of Rothschild & Co separately;
- authorisation of the merger by the Competition Authority in France on 14 October 2016; and
- authorisations necessary for the merger from the French Prudential and Control Authority (*Autorité de Contrôle Prudentiel et de Résolution*), the European Central Bank and the French financial markets authority (*Autorité des Marchés Financiers*).

Moreover, it has been specified that all shares issued on 2 January 2017 bear rights to current dividend and notably are eligible to receive any new distributed dividends, advances on dividends as well as any reserves created after the issue of the shares. Nevertheless these shares did not give rights to regular distributed dividends for the year ended 31 March 2016, which was approved during the Rothschild & Co General Meeting that took place on 29 September 2016 and which approved the merger.

(1) This press release is available on Rothschild & Co's website (<https://www.rothschildandco.com/WorkArea/DownloadAsset.aspx?id=3363&LangType=2057>).

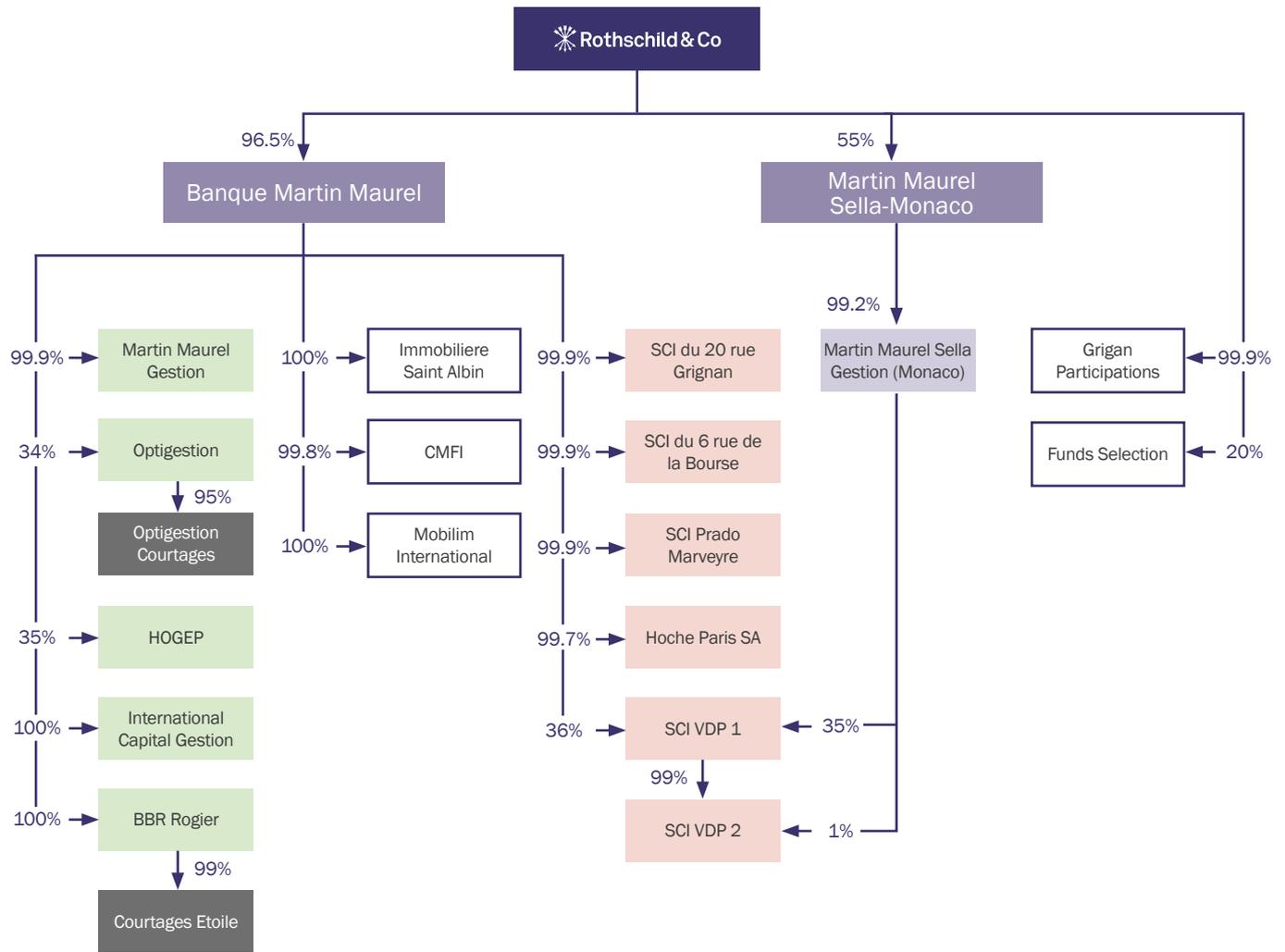
(2) The main terms of the merger were set out in a press release dated 24 August 2016 drafted in accordance with Article 12 of the AMF instruction 2005-11 of 13 December 2005 as amended. This press release is available on Rothschild & Co's website ([http://www.rothschildandco-documents-sur-la-fusion-2016.com/10_Rothschild_and_Co_press_release_prepared_in_accordance_with_article_12_of_AMF_instruction_2005-11\(English_translation\).pdf](http://www.rothschildandco-documents-sur-la-fusion-2016.com/10_Rothschild_and_Co_press_release_prepared_in_accordance_with_article_12_of_AMF_instruction_2005-11(English_translation).pdf)).

Results for the 2016/2017 financial year

4.4 Acquisition of the Martin Maurel group entities through the merger with Compagnie Financière Martin Maurel

A joint press release of the Company and Compagnie Financière Martin Maurel dated on 2 January 2017⁽³⁾ announced to the market the successful implementation of the merger.

As a result of the merger between Rothschild & Co and Compagnie Financière Martin Maurel, the Company acquired the following Martin Maurel entities identified in the structure chart below as at 31 March 2017:



- ACPR Regulated entities
- AMF Regulated entities
- Regulated brokers
- CCAF (Monaco) Regulated entity
- Real estate entities

⁽³⁾ This press release is available on Rothschild & Co's website (<https://www.rothschildandco.com/en/newsroom/completion-merger-rco-and-cfmm/>).

5 Acquisition of holdings and controlling interests

During the 2016/2017 financial year, Rothschild & Co acquired, directly or indirectly, the shareholdings in or controlling interests in the following companies, whose registered offices are located in France, as defined under Article L. 233-6, paragraph 1 of the French Commercial Code, notably due to the merger with Compagnie Financière Martin Maurel.

Company name	Company form	% Group ownership indirect as at 31/03/17
Banque Martin Maurel (BMM)	Limited company	96.5% owned by Rothschild & Co
Martin Maurel Sella – Monaco (MMS)	Limited company	55.0% owned by BMM
BBR Rogier	Limited company	100.0% owned by BMM
HOGEP	Limited company	35.0% owned by BMM
International Capital Gestion	Limited company	100.0% owned by BMM
Martin Maurel Gestion (MMG)	Limited company	99.9% owned by BMM
Optigestion	Limited company	34.0% owned by BMM
Optigestion Courtages	Limited liability company	95.0% owned by Optigestion
Courtage Etoile	General partnership	99.0% owned by BBR Rogier
Martin Maurel Sella Gestion – Monaco	Limited company	99.2% owned by MMS
CMFI	Limited company	99.8% owned by BMM
Grignan Participations	Simplify joined stock company	99.9% owned by Rothschild & Co
Hoche Paris	Limited company	99.7% owned by BMM
Immobiliere Saint Albin	Simplify joined stock company	100.0% owned by BMM
SCI du 20 rue Grignan	Real estate company	99.9% owned by BMM
SCI du 6 rue de la Bourse	Real estate company	99.9% owned by BMM
SCI Prado Marveyre	Real estate company	99.9% owned by BMM
SCI VDP 1	Real estate company	36.0% owned by BMM and 35.0% by MMS
SCI VDP 2	Real estate company	99.0% owned by SCI VDP 1
Rothschild Asset Management	Limited partnership	100.0% indirectly owned by Rothschild & Co
Funds Selection	Limited partnership	20.0% owned by Rothschild & Co

6 Significant events after the end of the financial year

6.1 Legal and economic reorganisation of the Rothschild & Co and Martin Maurel groups

Following the merger between Rothschild & Co and Compagnie Financière Martin Maurel, the two groups have been carrying out an internal reorganisation through an operational and legal combination of their banking and collective and institutional management businesses with the aim of:

- combining the banking business performed by Banque Martin Maurel SA and Rothschild & Compagnie Banque SCS under one credit institution, Rothschild & Compagnie Banque, which will be renamed “Rothschild Martin Maurel”; and
- combining the current collective and institutional management business performed by Martin Maurel Gestion SA and Rothschild & Cie Gestion SCS under one newly created portfolio management company, Rothschild Asset Management SCS.

At the date of this report, this proposed legal and economic reorganisation has not been implemented. It consists of the following transactions, all occurring on 1 July 2017:

- the contribution by Banque Martin Maurel SA of all of its assets and liabilities and any equity interests it holds to Rothschild & Compagnie Banque SCS, with the exception, of certain equity interests, items relating to certain taxes and the cash necessary for their payment, as well as for the capital reduction realised on 2 January 2017;
- the merger of Rothschild & Cie Gestion SCS into Martin Maurel Gestion SA;
- the contribution of the collective and institutional management business of Martin Maurel Gestion SA (following the absorption of Rothschild & Cie Gestion SCS) into the newly-created portfolio management company referred to above; and
- the merger of Martin Maurel Gestion SA, which no longer included its collective and institutional asset management business contributed to Rothschild Asset Management SCS into Rothschild & Compagnie Banque. As a result of this merger, Martin Maurel Gestion SA contributed its private banking activities (including those of Rothschild & Cie Gestion SCS) to Rothschild Martin Maurel.

Moreover, the Rothschild & Compagnie Banque’s corporate name will be changed into Rothschild Martin Maurel.

The completion of the internal reorganisation is subject to the fulfilment of the following conditions precedent:

- authorisation from the French Prudential and Control Authority (*Autorité de Contrôle Prudential et de Résolution*) for the contribution realised by Banque Martin Maurel SA to the benefit of Rothschild & Compagnie Banque SCS;
- approval from the French financial markets authority (*Autorité des Marchés Financiers*) authorising Rothschild Asset Management to act as a portfolio management company; and
- approval of the transactions by the shareholders of the companies involved in the internal reorganisation.

Results for the 2016/2017 financial year

As a result of this reorganisation, the Rothschild & Co Group will be a leading independent family controlled private banking group operating in France, Belgium and Monaco, with a distinctive market positioning targeted notably at entrepreneurs. The Group will have combined AUM of c.€36 billion, will offer a particularly broad wealth management, asset management, financing and corporate finance advisory service and enjoy a greater geographic footprint in France.

6.2 Change of financial year end

On 21 March 2017, the Company announced⁽⁴⁾ that it will change its financial year end from 31 March to 31 December. This will allow its subsidiaries to be aligned with the financial year end required for its regulated banking entities in France.

This change of year end will be submitted for approval to shareholders at their General Meeting to be held on 28 September 2017. More detailed information will be presented on this proposed change of the financial year end in the General Meeting Document.

7 Outlook

The outlook for the current financial year, which will be following the change of financial year end of nine months, remains reasonable.

In Global Advisory, despite lower M&A market activity in the first quarter of 2017, the conditions for M&A continue to be positive. Rothschild & Co therefore expects the M&A market overall to be active for the rest of 2017, although the Group remains alert to the potential risk of volatility in the market. Rothschild & Co continues to recruit senior bankers in the US market where Rothschild & Co foresees strong potential for growth for its franchise over the next few years, given its current modest market share. This recruitment will marginally dilute Rothschild & Co's Global Advisory operating income during the investment phase.

Private Wealth & Asset Management is well positioned to deliver net assets inflows. The Martin Maurel integration will clearly contribute to growth in our market share in France.

In Merchant Banking, whilst the environment is very competitive, private equity markets remain healthy for value accretion and disposals. Rothschild & Co remains confident that assets under management will continue to grow due to the successful launch of debt and equity funds and the ability of its teams to develop new opportunities in line with their disciplined investment process.

8 Specific risks related to global economy and financial markets

8.1 Brexit

A year after the vote for Brexit, the full impact of this decision on the relationship between the UK and the EU is far from clear, and it is unlikely to become so in 2017. Indeed, it is possible, given the complexity of the issues at stake, that some transitional arrangement will be required before the final negotiated position is reached and therefore we face an extended period of uncertainty.

As a firm which has operations in all the major economies of Europe the implications for our business model are relatively modest. Our multiple location model is resilient and very few changes to our legal and operating structure will be required as a consequence of Brexit. The biggest risk for our business is the impact on the UK economic environment.

We continue to monitor these issues closely. Nevertheless, as previously stated, we believe that, overall, Brexit will not be a significant challenge for our business.

8.2 Potential impacts of the low interest rate environment on Rothschild & Co (and, more specifically, on the Private Wealth and Asset Management businesses)

The low interest rate environment of recent years impacts our business directly through the returns we make on our cash holdings, although there is variation between different currencies. Rothschild & Co's strategy has been to maintain a low risk profile for such holdings, which are predominantly with central banks but also investment grade bonds, systemically important banks and, more recently, money funds with the highest ratings and very strong liquidity profiles. Rothschild & Co has also deployed funds to support its strategy of growing private client lending in response to clients' increased demand for credit. This growth is in segments with strong collateral backing, such as Lombard lending and residential mortgages, based on conservative loan to value ratios.

From a client investment perspective, Rothschild & Co has not passed on negative interest rates to clients but the low interest rate environment makes it expensive to hold cash on their behalf, particularly Swiss francs and euros, and we are vigilant to ensure that any enhanced yields, where available, do not come at the expense of significantly higher risk. More generally, low yields, even on longer-dated fixed income securities, can affect both advised and discretionary portfolio construction processes. However, we interpret low rates as primarily the result of central bank policy and long-term liability management by institutions rather than as a sign that wider business conditions have taken a turn for the worse. Corporate profitability, outside the volatile energy and banking sectors, has been historically respectable and the corporates held in our portfolios in general have not responded to low rates by recklessly gearing their balance sheets.

Details on the other main risks identified by the Company for the 2016/2017 financial year are set out on pages 98 onwards of this report.

(4) The press release related thereto is available on Rothschild & Co's website (https://www.rothschild.com/en/chage_of_year_end.pdf).

1 Overview of the Company

1.1 Legal form

Rothschild & Co (formerly named Paris Orléans) was converted into a French partnership limited by shares (*société en commandite par actions* or SCA) by decisions of the General Meeting of shareholders on 8 June 2012 which approved a reorganisation of the Group⁽⁵⁾ that constituted a major step forward in its ongoing international expansion and in the simplification of its structure.

One of these reorganisation stages consisted of converting the Company's form of incorporation into a partnership limited by shares to ensure the commitment and control of the Rothschild family over the long-term, leading to changes in the Company's structure and governance.

Under this legal form, the Company's share capital is divided into shares and the Company's structure as a partnership limited by shares is based on two categories of partners: the General Partners, with the status of "*commerçant*", who have an active role in the Company's business and are jointly and severally liable for the Company's debts, and the Limited Partners (also called shareholders), who are not actively engaged in the Company's business and whose liability is limited to the amount of their investment.

1.2 General Partners

1.2.1 General Partners designated by the articles of association

The Company's General Partners were designated in the articles of association when the Company was converted into a partnership limited by shares on 8 June 2012, for an unlimited period, and are controlled by members of the French and English branches of the Rothschild family:

- Rothschild & Co Gestion (formerly named PO Gestion), a French simplified joint-stock company (SAS) with share capital of €60,000, and whose registered office is at 3 rue de Messine, 75008 Paris (to which the articles of association also confer the role of Managing Partner); and
- Rothschild & Co Commandité (named as PO Commandité), a French simplified joint-stock company (SAS) with share capital of €60,000, and whose registered office is at 3 rue de Messine, 75008 Paris.

The General Partners shall have unlimited joint and severally liability for the Company's debts. However, they shall be held liable only if the creditors have already issued the Company with a formal demand by extrajudicial instrument to settle its debts.

Losses shall be supported between the General Partners in equal shares (50% for Rothschild & Co Commandité and 50% for Rothschild & Co Gestion).

However, in the event of an annual distributable profit, a profit share (*dividende précipitaire*) equal to 0.5% of said annual distributable profit is allocated automatically to the General Partners who held such position during the year in question, and is distributed between them in the same proportions as the distribution of losses specified above. However, it is hereby specified that in the event that the status of General Partner was lost during the course of the year, the remuneration of the Partner in question in respect of the year will be calculated on a pro rata basis and the remainder shall be distributed between the other General Partners.

1.2.2 Powers of the General Partners

The General Partners have the power to appoint or revoke the Company's Managing Partner at any time, except for Managing Partners appointed under the Company's articles of association for which an approval from the Extraordinary General Meeting of shareholders is required in addition.

In the event of a cessation of duties of the Company's Managing Partner, the General Partners shall manage the Company pending the appointment

of one or more new Managing Partners under the terms and conditions of the articles of association.

Under the provisions of the law, no decision is valid unless adopted by both categories of partners. As a result, the General Partners vote on all resolutions proposed to the General Meeting of shareholders, except the appointment of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the distribution of dividends for the year and the approval of regulated agreements and commitments, for which legal provisions expressly exclude General Partners' votes. Also, pursuant to Article 1.1.3 of the Company's articles of association, any transaction whose purpose or effect could fundamentally call into question the Group's independence, tradition of excellence, links to the Rothschild family or the role played by the Rothschild family, its use of the Rothschild name or the fact that the Group's main activities are financial activities must be approved by the General Partners, including when such transactions do not require authorisation from a General Meeting of shareholders.

1.2.3 Decision-making process

The General Partners take decisions at the Managing Partner's discretion at a General Meeting or by written consultation. Whenever a decision requires the approval of the General Partners and the General Meeting of shareholders, pursuant to the law or the Memorandum and articles of association, the Managing Partner collects the General Partners' votes, in principle, before the General Meeting of shareholders and, in any event, no later than the close thereof.

Decisions or proposals that fall within the remit of the General Partners shall be adopted unanimously, except if the Company is converted to a French limited company (*société anonyme*) or a French limited liability company (*société à responsabilité limitée*) which only requires a majority of the General Partners.

1.3 Limited Partners (shareholders)

1.3.1 General presentation

The Limited Partners contribute capital and have therefore the status of "shareholders".

They do not take an active part in the Company's business but take decisions including, but not limited to the:

- appointment of the Supervisory Board members, who must be selected from among the Limited Partners, and the Statutory Auditors;
- vote on the accounts approved by the Managing Partner; appropriation of the income of the financial year (including the distribution of dividends);
- approval of the regulated agreements;
- advisory opinion on the Managing Partner's remuneration;
- modification of the articles of association; and
- delegation of authority relating only to a share capital increase.

1.3.2 Terms and conditions of shareholders' attendance of General Meetings

Decisions are adopted by Limited Partners during General Meetings of shareholders by a simple majority of the votes for ordinary decisions, and by a majority of two thirds of the votes for extraordinary decisions.

General Meetings are convened by the Managing Partner or by the Supervisory Board and decisions are made, in the conditions provided for by law, by a simple majority of the votes of shareholders attending or represented at the meeting in the case of Ordinary General Meetings, and by a two thirds majority of the votes of shareholders attending or represented at the meeting in the case of Extraordinary General Meetings.

(5) Detailed information on the Company's reorganisation is provided in the Document E filed with the AMF on 16 May 2012 under registration No E12-019 and attached to the Executive Board's report presented to the General Meeting of shareholders on 8 June 2012. These documents are available on Rothschild & Co's website.

Information on the Company and share capital

General Meetings are held at the registered office or any other place indicated in the notice of meeting. General Meetings are chaired by the Company's Managing Partner or, with the agreement of the Company's Managing Partner, by the Chairman of the Supervisory Board; failing this, the General Meeting elects its chairman.

In application of Article 11 of the Company's articles of association, any shareholder or holder of voting rights certificates is entitled to attend General Meetings in accordance with the conditions provided for by law and by the articles of association. These persons may send their proxy forms or mail voting forms concerning any General Meeting in paper format or electronically. The Managing Partner has the power to accept any proxy form, voting form or shareholding certificate received or presented to the General Meeting. By decision of the Company's Managing Partner to use such telecommunication methods, indicated as such in the notice of meeting or invitation to attend, shareholders and holders of voting rights certificates who attend and vote at General Meetings of shareholders by videoconference or any other telecommunication enables that their identity to be verified are deemed to be present at the meeting for the purposes of quorum and majority.

In case of division of ownership of shares or voting rights certificates, the voting rights attached to the shares or the voting rights certificates belong to the bare owner (*nus-proprétaires*), except for decisions on the allocation of income, which belongs to the beneficial owners (*usufruitiers*).

More details on the terms and conditions of shareholders' attendance of Rothschild & Co's General Meetings are provided to shareholders in the notice of meeting to be published on the Company's website prior to the General Meeting in accordance with the law.

2 Information on the share capital

2.1 Composition of the share capital

As at 31 March 2017, the Company's share capital is divided into 77,144,972 ordinary shares and 145,040 investment certificates. Moreover, 145,040 voting right certificates, not included in the share capital, are also circulating. A whole share is automatically consolidated by combining an investment certificate with a voting right certificate.

During the 2016/2017 financial year, two share capital increases were authorised and realised:

- In the context of the merger with Compagnie Financière Martin Maurel, the Company's Managing Partner decided on 2 January 2017 to authorise the issue, in consideration for the shares of Compagnie Financière Martin Maurel contributed to the merger, of 6,107,976 new shares with a nominal value of €2 each, representing a share capital increase of €12,215,952. This amount was accompanied by a merger premium amounted to €128,747,168.
- In the framework of the 2013 Equity Scheme (as defined in Section 2.3.2) and the delegation of authority granted by the shareholders to the Company's Managing Partner, the latter decided on 7 December 2016 to authorise the issue of 45,000 shares following the exercise of 45,000 stock-options during the 2016/2017 financial year.

2.2 Voting rights

As at 31 March 2017, the total number of voting rights was as follows:

Total number of voting rights	31/03/17
Exercisable	120,641,809
Theoretical ⁽¹⁾	123,290,662

(1) The total number of theoretical voting rights includes voting rights attached to shares without the capacity to exercise the voting rights attached to them pursuant to applicable legal or regulatory provisions. The shares concerned are treasury shares and controlling shares. Pursuant to applicable legal and regulatory provisions, the crossing upwards of voting rights thresholds provided for by law or by the articles of association must be calculated based on the total number of theoretical voting rights, as made public by Rothschild & Co every month.

Each month, the Company issues a report on the total number of shares and voting rights comprised in the share capital available on its website (www.rothschildandco.com under section "Regulated Information").

Each share and voting right certificate is entitled to one voting right at the General Meetings. However, Article 11.1 of the Company's articles of association provides that, as from the General Meeting of shareholders of 8 June 2012, the holder of any fully paid share, held in the form of registered shares for at least two years in the name of a single holder, shall be entitled to two voting rights per share, without any limitation.

In case of capital increase, by incorporation of reserves, benefits or issue premiums, the double voting right is, as from the issuance date, attributed to the registered shares allocated to a shareholder as a consequence of former shares for which he benefits from a double voting right.

In the event of any transfer following inheritance, liquidation of marital property between spouses or donation *inter vivos* in favour of a spouse or relative entitled to inherit, the right remains acquired and the period hereinabove referred to is not interrupted. The double voting right is cancelled *ipso jure* of any share transferred for any other cause.

In case of division of shares and voting right certificates' ownership, the voting right attached to the share or to the voting right certificate is exercised by the bare owner (*nus-proprétaires*), except on decisions relating to the appropriation of income, where it is exercised by the beneficial owner (*usufruitiers*).

2.3 Securities granting access to share capital

2.3.1 Background and legal framework

The shareholders' General Meetings of 26 September 2013 authorised the Managing Partner to grant stock options for the benefit of the senior employees and executive corporate officers of the Company and its subsidiaries.

Beyond the mere use of the legal authority to implement stock-options plans, the Company also wanted to promote the convergence of interests of the stock-options beneficiaries with the controlling family shareholder as well as other shareholders.

The schemes implemented (the “Equity Schemes”) also include a characteristic specific to the Company, insofar as the intended beneficiaries of options are required to buy Rothschild & Co shares beforehand in order to be granted options. According to the rules and regulations of each Equity Scheme:

- shares are invested beforehand in the form of the direct purchase of Rothschild & Co shares, or in the form of the award of restricted share units, giving holders the right to receive Rothschild & Co shares after a set vesting date, subject to certain conditions⁽⁶⁾, or a combination of the two;
- for each share invested, beneficiaries are awarded a number of stock options; and
- the shares invested are subject to a lock-up period of four years and stock options awarded are subject to a vesting period before being exercised.

It was also agreed that beneficiaries of these options can only exercise their options if they remain in their management or executive role within the Group until the exercise date of the options, subject to some specific exceptions stipulated in the Equity Scheme rules and regulations.

Within the framework of this delegation of authority and characteristics specific to the Company, two Equity Schemes have been implemented and remained in force as at 31 March 2017.

2.3.2 Equity Scheme implemented on 11 October 2013

The Equity Scheme implemented on 11 October 2013 (the “2013 Equity Scheme”) was intended for some Global Advisory partners, as well as the members of the Group Executive Committee (formerly named the Group Management Committee), representing a total of 57 people operating in 10 different countries around the world.

In accordance with the aforementioned rules and regulations for the 2013 Equity Scheme, participants have been required to invest in a total of 780,000 Rothschild & Co shares, representing 1.10% of the Company's share capital at the grant date.

For each Rothschild & Co share invested, four stock options were awarded.

In accordance with the authorisation granted by the General Meeting of shareholders on 26 September 2013, the Company's Managing Partner decided, on 11 October 2013, to grant a total of 3,120,000 stock options.

The options granted under the 2013 Equity Scheme are classified into four distinct categories, the Options 2013-1, the Options 2013-2, the Options 2013-3 and the Options 2013-4, respectively vesting on the 3rd, 4th, 5th and 6th anniversaries of the 2013 Equity Scheme, and exercisable on the vesting dates at a price of €17.50, €18, €19 and €20 per option, either by share subscription or by share purchase (the exercise option being decided by the Company's Managing Partner before the start of the exercise period).

By decisions on 23 September 2016, the Company's Managing Partner decided that all participants wanting to exercise the Options 2013-1 could exercise their options by subscription of newly issued Rothschild & Co's shares only.

During the 2016/2017 financial year, 55,000 Options 2013-1 were exercised.

2.3.3 Equity Scheme implemented on 10 December 2015

Following on from the 2013 Equity Scheme, on 10 December 2015, Rothschild & Co implemented a second incentive scheme (the “2015 Equity Scheme”), for which participation was extended to some Wealth Management and Merchant Banking partners, representing a total of 10 participants.

In accordance with the aforementioned terms and conditions, 115,000 Rothschild & Co shares, representing 0.16% of share capital on the date of the 2015 Equity Scheme, were invested in this way.

As with the 2013 Equity Scheme, for each Rothschild & Co share invested, four stock options were awarded.

As a result, the Company's Managing Partner granted a total of 460,000 stock options.

The options granted under the 2015 Equity Scheme are classified into four separate categories, the Options 2015-1, the Options 2015-2, the Options 2015-3 and the Options 2015-4, acquired respectively on the 3rd, 4th, 5th and 6th anniversaries of the 2015 Equity Scheme, and exercisable on the vesting dates at a price of €23.62, €24.12, €25.12 and €26.12 per option, either by share subscription or by share purchase (the exercise option being decided by the Company's Managing Partner before the start of the exercise period).

⁽⁶⁾ Within the framework of restricted share units under the Equity Scheme, a number of Rothschild & Co shares were acquired by Group entities in which Equity Scheme participants hold management or executive roles. These shares, intended to be awarded to holders of restricted share units after the vesting date and subject to certain conditions, are currently – and until the vesting date – treasury shares and therefore do not bear any voting rights.

Information on the Company and share capital

2.3.4 Situation as at 31 March 2017

	Options 2013				Options 2015				31/03/17
	Options 2013-1	Options 2013-2	Options 2013-3	Options 2013-4	Options 2015-1	Options 2015-2	Options 2015-3	Options 2015-4	Total
Date of authorisation by the General Meeting	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	-
Grant date by the Managing Partner	11 Oct. 2013	11 Oct. 2013	11 Oct. 2013	11 Oct. 2013	10 Dec. 2013	10 Dec. 2013	10 Dec. 2013	10 Dec. 2013	-
Total of options granted	780,000	780,000	780,000	780,000	115,000	115,000	115,000	115,000	3,580,000
Number of beneficiaries	57	57	57	57	10	10	10	10	-
Share capital % at the grant date	1.10%	1.10%	1.10%	1.10%	0.16%	0.16%	0.16%	0.16%	5.03%
Performance requirement achievement rate	None	None	None	None	None	None	None	None	-
Exercise period start date	30 Nov. 2016 ⁽¹⁾	11 Oct. 2017	11 Oct. 2018	11 Oct. 2019	10 Dec. 2018	10 Dec. 2019	10 Dec. 2020	10 Dec. 2021	-
Expiration date	11 Oct. 2023	11 Oct. 2023	11 Oct. 2023	11 Oct. 2023	10 Dec. 2025	10 Dec. 2025	10 Dec. 2025	10 Dec. 2025	-
Subscription or purchase price (in euro)	17.50	18.00	19.00	20.00	23.62	24.12	25.12	26.12	-
Total options exercised	55,000	-	-	-	-	-	-	-	-
Total options cancelled	-	-	-	-	-	-	-	-	-
Total options remaining	725,000	780,000	780,000	780,000	115,000	115,000	115,000	115,000	3,525,000

(1) The Options 2013-1 were due to vest on 11 October 2016. As a result of changes that were introduced in 2016 with the Market Abuse Directive, by decisions on 23 September 2016, the Company's Managing Partner decided that Options 2013-1 vested on 30 November 2016 immediately after the blackout period opened by the Company.

As at 31 March 2017, 3,525,000 options were still outstanding and exercisable in accordance with the terms and conditions of the 2013 and 2015 Equity Schemes.

2.4 List of outstanding delegations relating to the share capital

The following table summarises the outstanding delegations granted to the Company's Managing Partner remain in force and in use during the financial year ended 31 March 2017.

Purpose	Resolution number	Individual limit	Period of validity	Use during the 2016/2017 financial year
Combined General Meeting of 29 September 2016				
To decrease, in one or several transactions, the share capital by cancelling treasury shares	15	Limited to 10% of the share capital per 24-month periods	26 months	None
To increase, in one or several transactions, the share capital by incorporation of all or part of reserves, income or issue, merger or contribution premiums, by granting bonus shares, by increasing the par value of existing shares or by using such two methods jointly	16	Limited to a nominal amount of €50 million	26 months	None
To issue, in one or several transactions, transferable securities with preferential subscription rights, giving access to the Company's share capital	17	Limited to a nominal amount of €70 million (share capital securities) ⁽¹⁾ or €300 million (debt instrument) ⁽²⁾	26 months	None
To issue, in one or several transactions, transferable securities with waiver of preferential subscription rights, giving access to the Company's share capital by public offer	18	Limited to a nominal amount of €15 million ⁽¹⁾⁽³⁾ (capital share securities) or €200 million (debt instrument) ⁽²⁾	26 months	None
To issue, in one or several transactions, transferable securities with waiver of preferential subscription rights and free fixing of issue price, giving access to the Company's share capital	19	Limited to 10% of the share capital per year ⁽¹⁾⁽³⁾ (capital share securities) or €200 million (debt instrument) ⁽²⁾	26 months	None
To increase the number of securities to be issued when increasing the share capital with waiver or not of preferential subscription rights	20	To be deducted from the individual limit as stipulated in the resolution in respect of the initial issuance ⁽¹⁾⁽²⁾	26 months	None
To grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies	21	Limited to 10% of the share capital as of the date of the General Meeting of shareholders of 29 September 2016 ⁽¹⁾ (with a specific limit of 0.72% for the Company's executive officers)	26 months	Share capital increase of 45,000 shares following the exercise of 45,000 options by decisions of the Managing Partner on 7 December 2016 ⁽⁴⁾
To issue securities granting immediate or deferred access to the share capital reserved to the benefit of members of employee savings schemes	22	Limited to a nominal amount of €1 million ⁽¹⁾⁽²⁾	26 months	None
To issue of ordinary shares in order to remunerate contributions in kind granted to the Company consisting of equities or securities giving access to the share capital	25	Limited to 10% of the share capital ⁽³⁾	26 months	None
Combined General Meeting of 24 September 2015				
To grant bonus shares to employees and corporate officers of the Company and/or associated companies	14	5% of the share capital as of the date of the decision to grant bonus shares	38 months	None

(1) To be deducted from the aggregate limit fixed by resolution No. 23 adopted by the General Meeting of shareholders of 29 September 2016 to €70 million for the share capital securities.

(2) To be deducted from the aggregate limit fixed by resolution No. 23 adopted by the General Meeting of shareholders of 29 September 2016 to €300 million for the debt instruments.

(3) It is specified that the increases of share capital with waiver of preferential subscription rights resulting from the implementation of the 18th, 19th and 25th authorisations to the Managing Partner are capped at a common ceiling of €15 millions.

(4) See details on page 60.

Moreover, the Company's Managing Partner, decided during its meeting held on 2 June 2017 to submit for approval to the General Meeting of shareholders on 28 September 2017, the following new delegation to be granted to the Company's Managing Partner:

- Delegation of authority granted to the Managing Partner to issue securities granting immediate or deferred access to the share capital, without preferential subscription rights, reserved for employees and executive officers.

More detailed information will be presented on this proposed delegation in the General Meeting Document.

Information on the Company and share capital

2.5 Share buyback programme

2.5.1 Share buyback programme during the 2016/2017 financial year

In accordance with the provisions of Article L. 225-209 of the French Commercial Code, the share buyback programme approved by the shareholders at the General Meeting held on 29 September 2016 and in force during the 2016/2017 financial year, is as follows:

Period of validity:	From 29 September 2016 to 29 November 2018
Resolution approving the programme:	13
Maximum number of shares:	10% of the share capital at the date on which the purchases are made, however, the total number of the Company's own shares held, directly or indirectly, by it following such purchases shall not exceed 10% of those outstanding
Maximum purchase price per share:	€50
Maximum amount:	€355,685,150

Under the current programme, the shares could be purchased, sold or otherwise transferred for the purposes set out in the European regulations and in accordance with the market prices accepted by the French Financial Markets Authority (*Autorité des marchés financiers* or AMF), namely to:

- reduce the share capital;
- award shares to employees;
- tender in exchange or as consideration for future external growth transactions; and
- make a market and promote liquidity in the share under liquidity contracts entered into with independent investments services providers authorising them to purchase a certain number of shares in accordance with the AMF Regulations.

As required under Article L. 225-211 of the French Commercial Code, the table below summarises the transactions carried out by the Company this authorisation during the 2016/2017 financial year.

	Liquidity contract ⁽¹⁾	Stock-options coverage	Other purposes	Not covered by share buyback programmes ⁽¹⁾⁽²⁾	TOTAL
Number of shares as at 31 March 2016	54,000	238,095 ⁽⁴⁾	-	114,299	406,394
Shares purchased	292,241	-	-	639,352	931,593
Shares sold	(322,004)	-	-	(106,459)	(428,463)
Shares loaned to members of the Supervisory Board	-	-	10	-	10
Number of shares cancelled	-	-	-	-	-
Average price of purchases and sales ⁽³⁾					
- Purchases (in €)	23.57	-	-	-	n/a
- Sales (in €)	23.23	-	-	21.71	n/a
Number of shares as at 31 March 2017	24,237	238,095	10	647,192	909,534

(1) The transactions are recorded after settlement-delivery.

(2) These treasury shares are not shares previously purchased by the Company under a share buyback programme but shares automatically consolidated by combining investment certificates historically held by the Company with purchased voting right certificates. These treasury shares are therefore not subject to the allocation obligations provided for by Article L. 225-209 of the French Commercial Code.

(3) Weighted averages of the share market prices for transactions settled from 1 April 2016 to 31 March 2017.

(4) Transactions disclosed to the AMF and published on the website of Rothschild & Co (press release of 22 October 2015).

In accordance with Article L. 225-212 of the French Commercial Code, Rothschild & Co provides the AMF with a monthly report on the shares acquired, sold, cancelled or transferred by the Company in application of Article L. 225-209 of said Code.

2.5.2 Authorisation to establish a new share buyback programme

The General Meeting of shareholders of 28 September 2017 will be invited to adopt a new share buyback programme, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, whose main characteristics are the following:

- The number of shares purchased may not exceed 10% of the share capital on the purchase date which, based on the current share capital and taking account of shares held directly on that date, would authorise the purchase of 6,674,427 shares, assuming that the Company does not cancel, transfer or sell any of the shares currently held;
- The purchase price may not exceed €50 per share;
- The total aggregate amount of purchases may not exceed €355,685,150;
- The share buyback programme shall be valid for a period of 18 months as from 28 September 2017;
- The authorisation will be used by the Company for the following purposes:
 - market making for the Company's shares under a liquidity contract signed with an independent investment service provider;
 - the cancellation of some or all of the shares purchased;
 - the granting of shares to employees and officers of the Company and/or companies related to it;
 - delivery of shares upon the exercise, by the beneficiaries, of options to purchase shares in the Company;
 - the selling of shares to employees of the Company or its subsidiaries, directly or through a company mutual fund or implementation of any Company or Group savings plan (or similar plan) and, more generally, to make any allocation of ordinary shares of the Company to these employees and corporate officers, particularly in the context of the variable compensation for members of the professional financial market staff whose activities have a material impact on the risk exposure of the Company, for whom these awards are dependent upon the fulfilment of performance conditions;
 - to deliver shares upon the exercise of rights attaching to securities giving immediate or deferred access to the share capital; and
 - more generally, any other practice admitted or recognised by law or the French Financial Markets Authority, or any other purpose consistent with applicable laws and regulations.

3 Information on the shareholding structure

In accordance with legal and statutory requirements, the table below lists the shareholders of Rothschild & Co holding, as at 31 March 2017 and 31 March 2016, a percentage of the share capital or of the voting rights that exceeds the thresholds for disclosure as required under Article L. 233-9 of the French Commercial Code:

Shareholders	31/03/17			31/03/16		
	Total capital	% of share capital	% of exercisable voting rights	Total capital	% of share capital	% of exercisable voting rights
• Rothschild Concordia SAS ⁽¹⁾	24,806,341	32.10%	41.12%	24,806,341	34.87%	39.93%
• David de Rothschild Family	113,635	0.15%	0.10%	111,115	0.16%	0.11%
• Éric and Robert de Rothschild Family	437,763	0.57%	0.58%	437,763	0.62%	0.69%
• Holding Financier Jean Goujon SAS ⁽²⁾	4,057,079	5.25%	6.15%	3,657,079	5.14%	6.91%
• The Eranda Rothschild Foundation	566,197	0.73%	0.94%	1,183,480	1.66%	2.33%
• N M Rothschild & Sons Ltd ⁽³⁾	1,465,645	1.90%	0.00%	1,822,283	2.56%	-
• Bernard Maurel Family	4,121,838	5.33%	6.62%	-	-	-
• Other members of the Enlarged Family Concert ⁽⁴⁾	2,676,511	3.46%	2.89%	3,308,152	4.65%	4.69%
Total Enlarged Family Concert ⁽⁴⁾	38,245,009	49.48%	58.41%	35,326,213	49.66%	54.66%
Treasury shares	1,054,574	1.36%	-	551,434	0.78%	-
Other controlling shares ⁽³⁾	273,674	0.35%	-	252,671	0.33%	-
Edmond de Rothschild Group ⁽⁵⁾	5,573,586	7.21%	8.50%	5,573,586	7.83%	10.58%
Jardine Matheson Group	4,217,310	5.46%	6.99%	4,217,310	5.93%	8.31%
Float	27,925,859	36.13%	26.10%	25,215,822	35.45%	26.46%
TOTAL	77,290,012	100.00%	100.00%	71,137,036	100.00%	100.00%

(1) For details on the control of Rothschild Concordia SAS, see details in Section 3.1.1.

(2) Controlled by Edouard de Rothschild.

(3) Group entities controlled by Rothschild & Co. According to applicable legal provisions, controlling shares cannot have voting rights.

(4) For the composition of the Enlarged Family Concert, see details in page 67.

(5) Entities of the Edmond de Rothschild Group acting in concert as disclosed to the AMF (AMF Decision & Information No. 214C2351 of 7 November 2014 – AMF Decision & Information No. 216C2637 of 23 November 2016).

To the Company's knowledge, no other shareholder holds as at 31 March 2017, directly or indirectly, alone or acting in concert, above 5% of the Company's share capital or voting rights.

Information on the Company and share capital

3.1 Control of the Company by a Family Concert

The Company is controlled, since 2008, by a concert of members of the Rothschild Family (the "Initial Family Concert"), which extended to new members as from the Group Reorganisation of 2012 (the "Enlarged Family Concert"). The relations between concert members in relation to their shareholding in the Company are ruled by shareholders agreements whose main provisions are presented on pages 69 onwards.

3.1.1 Initial Family Concert following the Group reorganisation in January 2008

The Group reorganisation in January 2008 resulted in the establishment of two shareholders agreements still effective at the date of this report.

The first shareholders' agreement was entered into on 25 January 2008 between shareholders of Rothschild Concordia SAS (the "Rothschild Concordia Shareholders' Agreement"), all members of the Rothschild family. The main provisions of this Rothschild Concordia Shareholders Agreement are summarised on page 69 of this report and set up an action in concert between the shareholders of Rothschild Concordia SAS in respect with the Rothschild & Co shares Rothschild Concordia SAS holds.

As at 31 March 2017, the shareholders of Rothschild Concordia SAS were as followed:

Shareholders	Shares	% of share capital	% of voting rights
David de Rothschild subtotal ⁽¹⁾	269,551,815	33.02%	33.02%
Éric and Robert de Rothschild subtotal ⁽²⁾	374,927,451	45.94%	45.94%
Integritas subtotal ⁽³⁾	171,728,995	21.04%	21.04%
Total Rothschild Concordia SAS	816,208,261	100.00%	100.00%

(1) David de Rothschild, his family and holding companies controlled by his family.

(2) Éric de Rothschild and holding companies controlled by his family.

(3) Controlled by the English branch of the Rothschild family.

The second agreement concerns relations between Rothschild & Co and the Eranda Rothschild Foundation, covering in particular the terms and conditions of sale by the Eranda Rothschild Foundation of its shares in Rothschild & Co.

Pursuant to the provisions of Article L. 233-11 of the French Commercial Code, those two agreements were published by the AMF on 25 January 2008 (AMF Decision & Information No. 208C0180 of 25 January 2008).

3.1.2 Enlarged Family Concert after the Group reorganisation in June 2012

Following the Group reorganisation in June 2012, the AMF was informed on 12 June 2012 of the new composition of the family concert extended to new members: Rothschild Concordia SAS, the David, Éric and Edouard de Rothschild family branches, certain members of the management bodies and Compagnie Financière Martin Maurel. On this occasion, the AMF was informed of the existence of a new shareholders' agreement (defined as the "Shareholders' Agreement" in Section 4.2) which main dispositions were published by the AMF (AMF Decision & Information No. 212C0752 of 13 June 2012 and Decision & Information No. 212C0783 of 19 June 2012), summarised on page 70 of this report.

In December 2014, the AMF was informed of the addition of four new members to the Enlarged Family Concert: Messrs. Nicolas Bonnault, Laurent Baril, Philippe Le Bourgeois and Christophe Desprez, four of the Group's Senior Managers. On this occasion, the AMF was informed of the execution of an amendment to the Shareholders' Agreement of June 2012 whose main provisions were published by the AMF (AMF Decision & Information No. 215C0073 of 14 January 2015).

During the financial year ended 31 March 2016, certain members of the Enlarged Family Concert (the David, Edouard, Éric and Robert family branches and Olivier Pécoux) acquired 404,142 additional Rothschild & Co shares on 19 October 2015, representing 0.39% of the Company's share capital. On this occasion, declarations were made to the AMF (AMF Decisions & Information No. 215DD396509, 215DD396510 and 2015DD396511 of 23 October 2015).

On 4 January 2016, the AMF was informed of the addition to the Enlarged Family Concert of a new member, Mr. Nigel Higgins, Managing Partner (formerly Chief Executive Officer) of Rothschild & Co Gestion SAS, after the acquisition of 4,362 shares (AMF Decision & Information No. 2016C0119 of 12 January 2016).

Moreover, the AMF was informed of a series of share reclassifications by certain members of the Enlarged Family Concert. On this occasion, six individuals within the concert contributed their shares to their holding companies, which are also members of the concert. This series of share reclassifications, which was completed on 31 March 2016, resulted in the loss of double voting rights for members who had held their shares in registered form for more than two years, representing a gross loss of 434,000 voting rights for the Enlarged Family Concert.

On 2 January 2017, following the merger with Compagnie Financière Martin Maurel, Compagnie Financière Martin Maurel was replaced in the Enlarged Family Concert by its main three shareholders, Bernard Maurel, Lucie Maurel-Aubert and BD Maurel. An amendment agreement to the Shareholders' Agreement dated on 8 June 2012 has been entered into on the same date, to reflect their adherence to this agreement. On this occasion, the AMF was informed of the change in the shareholding structure of Rothschild & Co following the merger with Compagnie Financière Martin Maurel (AMF Decision & Information No. 217C0092 of 9 January 2017).

On 20 March 2017, the AMF was informed of the sale of shares held by the Eranda Rothschild Foundation (AMF Decision & Information No. 217C0678 of 20 March 2017).

As at 31 March 2017, the composition of the Enlarged Family Concert is as follows:

Enlarged Family Concert members	Shares	% of share capital	Voting rights	% of exercisable voting rights
Rothschild Concordia SAS	24,806,341	32.10%	49,612,682	41.12%
David de Rothschild Family ⁽¹⁾	113,635	0.15%	116,155	0.10%
Éric and Robert de Rothschild Family ⁽¹⁾	437,763	0.57%	704,893	0.58%
Holding Financier Jean Goujon SAS ⁽²⁾	4,057,079	5.25%	7,417,764	6.15%
The Eranda Rothschild Foundation	566,197	0.73%	1,132,394	0.94%
N M Rothschild & Sons Ltd ⁽³⁾	1,465,645	1.90%	-	-
Philippe de Nicolay – Rothschild	102	0.00%	202	0.00%
Alexandre de Rothschild	7,538	0.01%	15,038	0.01%
François Henrot ⁽¹⁾	762,470	0.99%	1,238,730	1.03%
Olivier Pécoux Family ⁽¹⁾	484,339	0.63%	783,668	0.65%
Nigel Higgins	11,971	0.02%	11,971	0.01%
Rothschild & Co Gestion SAS	1	0.00%	2	0.00%
Bernard Maurel Family ⁽¹⁾	4,121,838	5.33%	7,992,180	6.62%
Nicolas Bonnault ⁽¹⁾	328,260	0.42%	338,260	0.28%
Laurent Baril ⁽¹⁾	404,570	0.52%	414,570	0.34%
Philippe Le Bourgeois ⁽¹⁾	293,260	0.38%	303,260	0.25%
Christophe Desprez ⁽¹⁾	384,000	0.50%	384,000	0.32%
Total Enlarged Family Concert	38,245,009	49.48%	70,465,769	58.41%

(1) Including their family holding company.

(2) Controlled by Edouard de Rothschild.

(3) Group entity controlled by Rothschild & Co without voting rights, in accordance with applicable legal provisions.

3.2 Ownership threshold disclosure

3.2.1 Threshold disclosure requirements

Pursuant to Article L. 233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert with others, that comes into possession of more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of Rothschild & Co's share capital or voting rights, must inform the Company and the AMF no later than the close of business on the 4th trading day following attainment of the threshold, and disclose the total number of shares, investment certificates or voting rights held. This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below these thresholds.

In addition to thresholds crossings subject to legal provisions, Article 7.3 of Rothschild & Co's articles of association establishes disclosure obligations for shareholders who come into possession of a number of shares or voting rights equal to or greater than 1% of the Company's share capital or voting rights, or any multiple of this threshold. This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below these thresholds. The shareholders must inform the Company within the timeframe provided for by law, by registered letter with acknowledgement of receipt, stating whether the number of shares, investment certificates or voting rights are or are not held on behalf of, under the control of, or in concert with, other individuals or legal entities. Subject to the specific provisions stated above, this statutory obligation is governed by the same rules that apply to the legal obligation, including in particular the cases of assimilation of securities held provided for by law.

Information on the Company and share capital

Summary of the threshold disclosure requirements

Thresholds (%)	Disclosure to the Company	Disclosure to the AMF	Related obligations
1.00% and any multiple	Yes	No	
5.00%	Yes	Yes	
10.00%	Yes	Yes	Statement of intent
15.00%	Yes	Yes	Statement of intent
20.00%	Yes	Yes	Statement of intent
25.00%	Yes	Yes	Statement of intent
30.00%	Yes	Yes	Public takeover bid or offer of exchange ⁽¹⁾
33.33%	Yes	Yes	
50.00%	Yes	Yes	
66.66%	Yes	Yes	
90.00%	Yes	Yes	
95.00%	Yes	Yes	

(1) Requirement also applicable in the event of an increase of more than 1% of the share capital or voting rights within a period of 12 consecutive months for persons holding between 30% and 50% of the Company's share capital or voting rights.

In the event of failure to comply with the disclosure requirements provided for above, the securities that exceed the fraction that should have been declared may be deprived of voting rights at all General Meetings held for a period of two years.

Each month, the Company publishes a report on its website disclosing the total number of shares and voting rights comprising the share capital on the last day of the previous month (www.rothschildandco.com under the section "Regulated Information"). Shareholders are invited to refer to these monthly publications to determine whether they are subject to the threshold disclosure requirements described above.

3.2.2 Legal thresholds disclosures during the financial year

On 24 October 2016, Rothschild Concordia SAS acquired 9,068,341 additional voting rights, corresponding to the acquisition of double voting rights attached to 9,068,341 shares transferred or contributed to Rothschild Concordia SAS on 24 October 2014 by Messrs. Éric de Rothschild and David de Rothschild and three entities related to them, Financière de Tournon SAS, Béro SCA and Ponthieu Rabelais SAS. As a result, the Enlarged Family Concert, holding between 30% and 50% of the Company's share capital and voting rights, increased its shareholding of more than 1% of voting rights within a period of 12 consecutive months. An exemption to the obligation to launch an offer was granted by the AMF (AMF Decision & Information No. 216C2684).

By notification received by the AMF on 23 November 2016, Edmond de Rothschild SA, acting in concert with the Edmond de Rothschild group companies, shareholders of the Company, declared that it had crossed downward, directly and indirectly, the threshold of 10% of Rothschild & Co's voting rights and that it held directly and indirectly 5,573,586 shares representing 7.83% of the Company's share capital and 9.50% the voting rights (AMF Decision & Information No. 216C2637). This passive threshold crossing resulted from the above increase of double voting held by Rothschild Concordia within the Company.

By notification received by the AMF on 30 December 2016, Carter Company Limited, acting in concert with Edmond de Rothschild Holding SA and other

shareholders of Rothschild & Co, declared that it had crossed downward, the threshold of 5% of Rothschild & Co's share capital and voting rights. It declared that it held no shares in Rothschild & Co anymore, having transferred all its Rothschild & Co's shares to Edmond de Rothschild (Suisse) SA, resulting in a loss of double voting rights. As the result of this internal reorganisation, Carter Company Limited is no more acting in concert with Edmond de Rothschild Holding SA and the latter did not cross any threshold (AMF Decision & Information No. 217C0004).

By notification received by the AMF on 6 January 2017, the Enlarged Family Concert and Bernard Maurel family declared that they had crossed upwards the threshold of 50% of Rothschild & Co's share capital and the threshold of 5% of Rothschild & Co's share capital and voting rights, respectively. The enlarged family declared that they held directly and indirectly 38,862,703 shares representing 50.28% of the Company's share capital and 71,700,335 voting rights, representing 57.87% of the Company's voting rights. The Bernard Maurel family declared that they held 4,121,838 shares representing 5.33% of the Company's share capital and 7,992,180 voting rights representing 6.45% of the Company's voting rights (AMF Decision & Information No. 217C0092). This threshold crossing resulted from the merger between the Company and Compagnie Financière Martin Maurel, being specified that the Bernard Maurel family held control of Compagnie Financière Martin Maurel before the merger.

By notification received by the AMF on 20 March 2017, the Enlarged Family Concert declared that they had crossed downwards the thresholds of 50% of Rothschild & Co's share capital and that they held, directly and indirectly, 38,245,420 shares representing 49.48% of the Company's share capital and 57.15% of the voting rights (AMF Decision & Information No. 217C0678). This threshold crossing resulted from the sale of shares by the Eranda Rothschild Foundation.

3.3 Shares held by the Company's employees

As required under Article L. 225-102 of the French Commercial Code, employee share ownership in the share capital of the Company as at 31 March 2017 amounted to 0.06% of the share capital, held by a company mutual fund (*Fonds Commun de Placement d'Entreprise*) within an employee share ownership scheme (*Plan d'Épargne d'Entreprise*).

3.4 Treasury shares held by the Company

As at 31 March 2017, Rothschild & Co held 1,054,564 of its own shares and certificates, without voting rights, as follows:

Total number of shares held by Rothschild & Co	909,534
• Allocated to the liquidity contract	24,237
• Allocated to the stock-options coverage ⁽¹⁾	238,095
• Other treasury shares ⁽²⁾	647,202
Number of investment certificates held by Rothschild & Co	145,040
Total of shares and investment certificates held by Rothschild & Co	1,054,574
% of the share capital	1.36%
Book value	€21,566,340.40

(1) Transactions disclosed to the AMF and published on the website of Rothschild & Co (Press release of 22 October 2015).

(2) Including 639,250 shares formerly held by Compagnie Financière Martin Maurel, transferred to Rothschild & Co in the framework of the merger with Compagnie Financière Martin Maurel.

3.5 Controlling shares held by entities controlled by the Company

As at 31 March 2017, a total of 1,739,319 shares are held by entities controlled by Rothschild & Co, representing 2.25% of the share capital. These shares are by nature without voting rights.

4 Shareholders' Agreements

4.1 Shareholders' Agreements dated 22 January 2008

4.1.1 Rothschild Concordia Shareholders' Agreement

The AMF has published the main provisions of this agreement, entered into on 25 January 2008 between shareholders of Rothschild Concordia SAS (Decision & Information No. 208C0180). The main provisions, in particular with respect to Rothschild & Co or the Group, are as follows:

- The Board of Directors of Rothschild Concordia SAS is comprised of 12 members, each of the three branches of the Rothschild family appointing four members (including three members representing the Rothschild family and an independent member). This power of appointment will be reduced to two members if the concerned branch's participation drops below 15% of the share capital and will be removed if the participation drops below 5% of the share capital.
- A certain number of decisions by the Board of Directors of Rothschild Concordia SAS on specific matters (the "Reserved Matters") are voted by a majority of 75% of its members. It includes among others:
 - any investment by Rothschild Concordia SAS other than in Rothschild & Co or within the Group;
 - any decisions relating to Rothschild Concordia SAS's vote in Rothschild & Co's Extraordinary General Meetings;
 - any sale of Rothschild & Co shares or any transaction resulting in a reduction of Rothschild Concordia SAS's interests in Rothschild & Co or any transactions resulting in the loss of control of N M Rothschild & Sons Ltd; and
 - any action involving the sale, alienation or licensing to a third party of the "Rothschild" name or of any associated intellectual property rights;

- All decisions of the Board of Directors of Rothschild Concordia SAS other than with respect to a Reserved Matter shall be voted on by a simple majority of the votes cast at the meeting of the Board of Directors. It includes Rothschild Concordia SAS's votes in Rothschild & Co's Ordinary General Meetings (in particular decisions relating to the appointment of the members of the Supervisory Board of Rothschild & Co);
- The Chairman of Rothschild Concordia SAS will consult the Board of Directors of Rothschild Concordia SAS, prior to any decision or action by the Supervisory Board of Rothschild & Co, with the objective of reaching consensus at the Rothschild Concordia SAS level on matters likely to have an impact on the Rothschild & Co Group;
- For a duration of 10 years as from the date of the Rothschild Concordia Shareholders' Agreement, unless decided otherwise by at least 90% of the Rothschild Concordia SAS's shareholders, no transfer of the shares to any third party or any exit transaction (as defined in the Shareholders' Agreement) is authorised;
- No Rothschild Concordia SAS shareholder may, directly or indirectly, alone or in concert with any person, acquire any Rothschild & Co shares or take any action that may trigger the requirement to file a mandatory offer for Rothschild & Co without first consulting the Board of Directors of Rothschild Concordia SAS; and
- Rothschild Concordia SAS shall have priority over other shareholders in respect of any potential acquisition of Rothschild & Co.

4.1.2 Share Disposal Agreement

The provisions of the Rothschild Concordia Shareholders' Agreement coexist with the provisions of the Share Disposal Agreement signed on 22 January 2008 between the Eranda Rothschild Foundation and Rothschild & Co. The main provisions of this agreement were notified to the AMF by letter dated 23 January 2008 and duly published by the AMF (Decision & Information No. 208C0180 of 25 January 2008). This Share Disposal Agreement, which covers the terms and conditions of sale by the Eranda Rothschild Foundation of its shares in Rothschild & Co, provides in particular for a right of first refusal for Rothschild & Co, or any person it shall designate, which shall apply, with some exceptions, in the event of transfer of the shares held by the Eranda Rothschild Foundation.

4.2 Shareholders' Agreement dated 8 June 2012

The AMF has published the main provisions of this agreement (the "Shareholders' Agreement") (AMF Decision & Information No. 212C0752 dated 13 June 2012 and Decision & Information No. 212C0783 dated 19 June 2012). These are summarised below.

- The shareholders act in concert. They shall use their best endeavours to reach a consensus as to how they shall vote at each General Meeting of shareholders of Rothschild & Co. If they fail to reach a consensus, they undertake to vote in accordance with the recommendations made by the Chairman of Rothschild Concordia SAS (David de Rothschild at the date of this report).
- Each of the shareholders concerned has undertaken to keep at least the following proportions of the Rothschild & Co shares issued to them as remuneration for the transfers approved by the General Meeting of shareholders of 8 June 2012:
 - 100% for the 12 months as from 8 June 2012; and
 - 50% during the subsequent 24-month period.
- In the event of a sale or transfer of Rothschild & Co shares by a shareholder, Rothschild Concordia SAS has a right of first refusal (together with a right of substitution, in the exercise of this right by Rothschild Concordia SAS, by any person it chooses providing said person acts in concert with it). Rothschild Concordia SAS's right of first refusal applies to all Rothschild & Co shares held by any shareholder at 8 June 2012, whether the shares came into the shareholder's possession as a result of the transfers approved by the General Meeting of shareholders of 8 June 2012 or by any other means.
- Rothschild Concordia SAS may exercise its right of first refusal (i.e. the priority right to acquire shares) in respect of all or part of the shares concerned, at a price equal to the volume weighted average price of the Rothschild & Co shares on Euronext Paris during the 20 trading days preceding the date of notification to Rothschild Concordia SAS by the shareholder concerned.
- Rothschild Concordia SAS's right of first refusal shall also apply in the case of the sale or transfer by a shareholder of preferential subscription rights, preference rights or share subscription warrants issued or allocated by Rothschild & Co in the context of a capital increase.
- The shareholders shall receive the totality of the dividends distributed by Rothschild & Co in respect of the shares they hold and shall dispose of these amounts freely. However, if these dividends are paid in Rothschild & Co shares, the shares thus received shall be governed by the agreement in the same way as the shares in respect of which the dividend in shares was received.
- The shareholders are free (in compliance with the legal regulations, particularly those relating to insider trading) to acquire additional shares in Rothschild & Co, it being specified that such shares will not be governed by the agreement and that any shareholders planning to increase their shareholdings in Rothschild & Co must first:
 - inform the other shareholders in order to assess the impact of the planned increase on the shareholders' overall shareholdings in Rothschild & Co; and
 - if necessary, obtain all derogations to any obligation to make a tender offer for the Rothschild & Co shares and/or the relevant authorisations from the supervisory bodies.

It is hereby specified that the Shareholders' Agreement of 8 June 2012 also provided that the parties to the Agreement have a right to give their shares to their family members and that such shares, while held in the names of the family members, will still be subject to the terms of the Shareholders' Agreement (including the agreement to act in concert with respect to those shares).

In this respect, the AMF was informed that Éric de Rothschild and Olivier Pécoux, both members of the Enlarged Family Concert, donated, in July 2012, a part of their Rothschild & Co shares to members of their families, who also became members of the Enlarged Family Concert upon the AMF having received notification of the donations. Their adherence to the Shareholders' Agreement of 8 June 2012 was formalised by the execution of an amendment to the Shareholders' Agreement, without modification to its main terms and conditions.

On 7 January 2015, the AMF was informed of the adherence of Messrs. Nicolas Bonnault, Laurent Baril, Philippe Le Bourgeois and CD GFA SARL to the Shareholders' Agreement of 8 June 2012. On this occasion, the AMF was informed of the execution of a second amendment to the Shareholders' Agreement of 8 June 2012 whose main provisions were published by the AMF and made available on its website (AMF Decision & Information No. 215C0073 of 14 January 2015).

On 6 January 2017, the AMF was informed of the substitution of Compagnie Financière Martin Maurel by Bernard Maurel, Lucie Maurel-Aubert and BD Maurel within the Enlarged Family Concert following the merger with Compagnie Financière Martin Maurel (AMF Decision & Information No. 217C0092 of 9 January 2017). On this occasion, a 3rd amendment to the Shareholders' Agreement of 8 June 2012 has been executed in order to reflect such change and to acknowledge the adherence to the Shareholders' Agreement by the family holding companies of some signatories.

4.3 “Dutreil” agreements (*pactes Dutreil*)

The following agreements, falling within the scope of the Dutreil Act and concluded or still in force in 2016/2017, were communicated to the Company:

	Governed by	Date of signature	Collective commitment to retain shares	% of share capital and voting rights covered by agreement	Signatories who hold the quality of corporate officer within the meaning of Article 621-18-2 of the French Monetary and Financial Code ⁽¹⁾
Agreement 2012.9	CGI Art. 885 I bis (ISF)	20 December 2012	Six years from registration date (i.e., 27 December 2018)	Over 20% of share capital and voting rights	<ul style="list-style-type: none"> Rothschild & Co Gestion SAS, Managing Partner David de Rothschild, Chairman of Rothschild & Co Gestion SAS, Managing Partner
Agreement 2012.11	CGI Art. 885 I bis (ISF)	27 December 2012	Six years from registration date (i.e., until 28 December 2018)	Over 20% of share capital and voting rights	<ul style="list-style-type: none"> Rothschild & Co Gestion SAS, Managing Partner David de Rothschild, Chairman of Rothschild & Co Gestion SAS, Managing Partner Éric de Rothschild, Chairman of the Supervisory Board François Henrot, non-voting member of the Supervisory Board
Agreement 2014.1	CGI Art. 885 I bis (ISF)	12 December 2014	Two years from registration date (i.e., until 18 December 2016)	Over 20% of share capital and voting rights	<ul style="list-style-type: none"> Rothschild & Co Gestion SAS, Managing Partner

(1) As of this report.

4.4 Other shareholders’ agreements

Within the context of the Group’s reorganisation in June 2012, lock-up agreements were concluded. In this context, shareholders’ agreements were signed with the contributor shareholders, not members of the Enlarged Family Concert, which contributed their interests in Rothschild & Compagnie Banque SCS and their shares in Financière Rabelais SAS.

The contributors, not members of the Enlarged Family Concert, of interests in Rothschild & Compagnie Banque SCS and shares in Financière Rabelais SAS are under an obligation to hold all the Rothschild & Co shares received in exchange for their contributions for lock-up periods ranging from one to 18 years and also have an obligation to notify Rothschild & Co and Rothschild Concordia SAS before any sale of said shares. Some of these agreements, which concern natural persons occupying functions within the Group, grant Rothschild & Co a call option on the shares in the event the shareholder ceases to occupy his/her functions before the end of the applicable lock-up period.

5 Elements that can have an impact in the event of a takeover bid

Rothschild & Co is a French partnership limited by shares (*société en commandite par actions*), and it therefore benefits from such legal form, which includes specific legal and statutory provisions that may have an impact in the event of a takeover bid.

5.1 Share ownership structure

The share ownership structure is described on page 65 of this report. Following Rothschild & Co’s conversion into a French partnership limited by shares, this structure has a particularity linked to the existence of two categories of partners: General Partners and Limited Partners.

A change of control therefore implies a change in the composition of these two categories of partners. Subject to the other elements described below that could have an impact in the event of a takeover bid on the Company’s shares, a third party could, through a takeover bid, acquire control of the capital and the related voting rights. It could not, however, take control of the General Partners. In these conditions, a third party that acquired control of Rothschild & Co would, in particular, be unable to modify the articles of association or dismiss the Managing Partners as such decisions can only be made with the unanimous agreement of the General Partners. Also, General Partners may not transfer the shares they hold without the unanimous agreement of all the General Partners. These provisions are such as to prevent a change of control of Rothschild & Co without the unanimous agreement of the General Partners.

5.2 Statutory restrictions on the exercise of voting rights and share transfers

Rothschild & Co’s articles of association do not put any direct restrictions on the exercise of voting rights and share transfers.

However, in addition to threshold crossings, subject to legal provisions, Article 7.3 of Rothschild & Co’s articles of association establishes statutory disclosure obligations as described on pages 67 onwards of this report.

5.3 Holders of securities granting special rights of control

As at the date of this report, there were no securities granting special rights of control. However, Rothschild & Co’s General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS, have some rights that could be assimilated to special rights of control, as described on pages 59 onwards of this report.

5.4 Rules applicable to the appointment and replacement of the Managing Partner and the members of the Supervisory Board

Pursuant to the articles of association, the Managing Partners of the Company are appointed by unanimous decisions of Rothschild & Co's General Partners, with approval from the Extraordinary General Meeting of Limited Partners (the shareholders) acting by a qualified majority of two thirds when the Managing Partner has been designated by the Company's articles of association (as is the case at the date of this report). The same rule applies to dismissals, solely on fair grounds. Managing Partners are free to resign subject to giving nine months' notice. If the position of Managing Partner is unoccupied, it shall be filled by the General Partners until a new Managing Partner has been appointed.

The rules that apply to the appointment and replacement of members of the Supervisory Board are set out in the articles of association. Supervisory Board members are appointed and dismissed by the Ordinary General Meeting of Limited Partners based on deliberations in which the General Partners may not take part.

It is nonetheless specified that Rothschild Concordia SAS, following on from the contribution of shares in Rothschilds Continuation Holdings AG made by Jardine Strategic Investment Holdings Sàrl, a company of the Jardine Matheson Group, and approved by the General Meeting of shareholders of 8 June 2012, has given an undertaking to vote in favour of the appointment to the Supervisory Board of a representative of Jardine Matheson for as long as Jardine Matheson holds at least 5% of the share capital of Rothschild & Co.

5.5 Agreements entered into by the Company that change or cease in the event of a change of control of the Company

Some of the loan agreements entered into by the Group with third parties contain covenants in the event of a change of control, which are usual in this type of loan agreement. They could be triggered by a takeover bid for the Company's shares.

5.6 Other elements that can have an impact in the event of a takeover bid

- Direct or indirect interests in the Company of which it has been informed pursuant to article L. 233-7 and L. 233-12 of the French Commercial Code: see section 3 on page 65 of this report.
- Control mechanisms provided for in an employee share ownership scheme, when the rights of control are not exercised by the employees: none.
- Shareholders' agreements of which the Company is aware and that may restrict the transfer of shares and the exercise of voting rights: see section 4 on page 69.
- Management's powers, particularly with regard to the issue or purchase of shares: see sections 2.4 and 2.5 on page 63 onwards of this report.
- Agreements providing for the indemnification of the Managing Partner or Supervisory Board members: none.
- Clauses of agreements declared to the Company pursuant to Article L. 233-11 of the French Commercial Code: see section 4 on page 69 of this report.

Following the Group reorganisation implemented in June 2012, the Company's corporate governance structure is based on the Managing Partner and the Supervisory Board, which relies on four specialised committees: the Audit Committee, the Strategy Committee, the Risk Committee and the Remuneration and Nomination Committee.

The Corporate Governance Code referred to by the Company on a voluntary basis in this report is the Corporate Governance Code for Listed Companies (revised in November 2016) published by the French employers' organisation *Association Française des Entreprises Privées* (AfeP) and *Mouvement des Entreprises de France* (Medef) (the "AfeP-Medef Code"). The AfeP-Medef Code can be viewed on the AfeP website (<http://www.afeP.com>) and the Medef website (<http://www.Medef.com>). Rothschild & Co does not comply – or does not comply in full – with certain recommendations of the AfeP-Medef Code as set out in the table on page 91 of this report.

1 The Managing Partner, Rothschild & Co Gestion SAS

1.1 Role and duties

Rothschild & Co Gestion SAS, the sole Company's Managing Partner (*Gérant*) and legal representative of Rothschild & Co, was appointed by Rothschild & Co's articles of association, as the first statutory Managing Partner, for the duration of the Company. Rothschild & Co Gestion SAS, as Managing Partner of Rothschild & Co, is responsible for the overall management of Rothschild & Co, the Group's lead holding company.

The Company's Managing Partner has full power to act in all circumstances in the Company's name and on its behalf, in order to, among other things to:

- ensure the effective determination of the direction of the business of the Company and the entities within the Group on a consolidated basis;
- supervise the accounting and financial information and direct the internal control of the Company and the entities within the Group on a consolidated basis;
- determine the regulatory capital of the Company and the entities within the Group on a consolidated basis;
- approve the annual, consolidated and half-yearly accounts of the Company;
- determine the agenda and prepare the draft resolutions of the shareholders' General Meetings of the Company;
- convene the shareholders' General Meetings of the Company; and
- prepare those reports and decisions established in its capacity as the Managing Partner of the Company.

David de Rothschild, in his capacity as Chairman of the Company's Managing Partner represents Rothschild & Co *vis-à-vis* third parties. Subject to the powers granted by Rothschild & Co Gestion SAS's shareholders, the Chairman is vested with the broadest powers to act on in the name and on its behalf of Rothschild & Co Gestion SAS, acting itself the Company's Managing Partner, in any circumstances.

The list of positions held by David de Rothschild is presented on 74 page.

1.2 The Management Board of Rothschild & Co Gestion SAS

The decision-making process of the Managing Partner relies on its Management Board (*Conseil de gérance*), a collective body which aims to assist the Chairman of the Company's Managing Partner to fulfil the commitments of Rothschild & Co Gestion SAS acting in its capacity as the Managing Partner of Rothschild & Co.

During the 4th quarter of the 2016/2017 financial year, the governance arrangements surrounding the functioning and composition of the Management Board evolved, enhancing the quality and strength of the Managing Partner and also reinforcing the management and control of the

Group for the benefit of the Supervisory Board and the shareholders of the Company, as follows:

- Alexandre de Rothschild has been appointed as Executive Deputy Chairman of the Managing Partner, with the necessary powers delegated to him by its Chairman, for carrying out specific tasks of management and control of the Group, and to represent the Managing Partner *vis-à-vis* third parties when it acts on behalf of the Company;
- the composition has been reinforced, in the spirit of an executive board (*directoire*) of a public limited company with executive and supervisory boards (*société anonyme à directoire et conseil de surveillance*): joining the Management Board alongside the Chairman, the Executive Deputy Chairman, Nigel Higgins and Olivier Pécoux: Marc-Olivier Laurent, the Group Head of Merchant Banking, and Robert Leitão, the Group Head of Global Advisory;
- Nigel Higgins, Olivier Pécoux, Marc-Olivier Laurent, and Robert Leitão, have each been appointed as Managing Partners of Rothschild & Co Gestion SAS; and
- as at 31 March 2017, the Management Board comprised six members: the Chairman, the Executive Deputy Chairman and the four Managing Partners.

In addition, David de Rothschild and Olivier Pécoux perform the functions referred to in Article L. 511-13 of the French Monetary and Financial Code (*Code monétaire et financier*) in the context of the Company as a financial holding company supervised on a consolidated basis by the French Prudential Control Authority (*Autorité de contrôle prudentiel et de résolution*).

The Management Board is consultative, with the final decisions resting with its Chairman.

With regard to the oversight management and supervision of the Group, the following areas are reserved to the Management Board, without prejudice to, and consistent with, other significant Group companies' local requirements:

- Group organisational structure;
- strategy and management;
- appointments and compensation;
- financial matters;
- capital management;
- risk management and control (including Group Policies); and
- brand, marketing & communication.

The Management Board meets at least four times a year ahead of the meetings of the Supervisory Board and the Supervisory Board's specialised committees, in particular so as to enable an adequate preparation and review ahead of reports to the Supervisory Board and its committees.

In addition to those quarterly meetings, in order to maintain the proper and consistent functioning of the Group's management and supervision and to streamline the process of information to the Management Board, the Management Board meets more frequently if so required by the Chairman.

Furthermore, Messrs. Nigel Higgins and Olivier Pécoux represent the Company's Managing Partner at the Group Executive Committee (formerly named the Group Management Committee), the senior executive committee at Rothschild & Co. They co-chair the Group Executive Committee and are jointly responsible for the oversight and co-ordination of the support functions of the Group. The Group Executive Committee meets monthly to ensure, among other things, that the Company and the Company's Group entities implement effectively the decisions taken by the Company's Managing Partner on the behalf of the Company.

Corporate governance

Rothschild & Co Gestion SAS

Positions held within Rothschild & Co SCA:

- Managing Partner

General information

French simplified joint stock company (*société par actions simplifiée*)
Number of Rothschild & Co shares held as at 31 March 2017: 1

Date of first appointment: 8 June 2012
Date of last renewal: n/a (appointed in the Company's articles of association Managing Partner)
End of term of office: for the duration of the Company

Other directorships and positions held

Within the Group

In France:
Managing Partner of RCB Gestion SNC

In other countries:
None

Outside the Group

None

Positions no longer held (but held within the last five years)

None

David de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Chairman of Rothschild & Co Gestion SAS in its capacity as Managing Partner

General information

French
Born in 1942
Number of shares held as at 31 March 2017: 2,520

Date of first appointment: 8 June 2012
Date of last renewal: n/a
End of term of office: term defined in accordance with the provisions of the articles of association of Rothschild & Co Gestion

Other directorships and positions held

Within the Group

In France:
Chairman of Rothschild Concordia SAS
Member of the Supervisory Board of Banque Martin-Maurel SA
Managing Partner of Rothschild & Cie SCS
Manager of Rothschild & Compagnie Banque SCS
Chairman of SCS Holding SAS
Chairman of Rothschild & Co Commandité SAS
Chairman of RCG Partenaires SAS
Chairman of RCI Partenaires SAS
Chairman of Cavour SAS
Chairman of Verdi SAS
Chairman of Aida SAS
Chairman of Financière Rabelais SAS
Chairman of Paris Orléans Holding Bancaire (POHB) SAS
Chairman of Financière de Reux SAS
Chairman of Financière de Tournon SAS
Managing Partner of RCB Partenaires SAS
Manager of Bero SCA
Permanent representative of Rothschild & Co Gestion SAS as Managing Partner of RCB Gestion SNC
Sole Director of GIE Sagitas

In other countries:

Chairman of Rothschild Europe BV (The Netherlands)
Member of the Board of Directors of Continuation Investments NV (The Netherlands)

Outside the Group

In France:
Managing Partner of Rothschild Ferrières SC
Managing Partner of SCI 2 Square tour Maubourg SC
Managing Partner of Société Civile du Haras de Reux SC
Member of the Supervisory Board of Euris SAS
Member of the Board of Directors of Casino SA⁽¹⁾
Sole Director of GIE Five Arrows Messieurs de Rothschild Frères

In other countries:

None

Positions no longer held (but held within the last five years)

In France:

Member of the Board of Directors of La Compagnie Financière Martin-Maurel SA until its merger with the Company (2017)
Member of the Board of Directors of Edmond de Rothschild SA (2015) (Outside the Group)
Chairman of RCG Gestion SAS (2013)
Chairman of RCB Gestion SNC (2013)
Chairman of RCBP Gestion SAS (2013)
Chairman of RCI Gestion SAS (2013)
Chairman of Norma SAS (2013)

In other countries:

Member of the Board of Directors of Rothschild Employee Trustees Limited (United Kingdom) (2016)
Vice-Chairman of Rothschild Bank AG (Switzerland) (2016)
Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2016)
Member of the Board of Directors of Rothschild Holding AG (Switzerland) (2016)
Member of the Board of Directors of Rothschild Concordia AG (Switzerland) (2016)
Chairman of Rothschild North America Inc. (United States of America) (2015)
Chairman of Rothschilds Continuation Holdings AG (Switzerland) (2014)
Member of the Board of Directors of Rothschild Asia Holding Limited (China) (2014)
Chairman and Director of N M Rothschild & Sons Ltd (United Kingdom) (2014)
Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Board of Directors of De Beers SA⁽¹⁾ (Luxemburg) (2013) (outside the Group)

(1) Listed company.

2 The Supervisory Board

(Report of the Chairman of the Supervisory Board on corporate governance)

This report, established pursuant to paragraphs 7 to 9 of Article L. 225-68 of the French Commercial Code with reference to Article L. 226-10-1 of that code, sets forth the principles of the corporate governance of Rothschild & Co.

This report describes the Supervisory Board's powers and duties, the duties of its members, and the status, powers and duties of the Supervisory Board's specialised committees. These arise from the provisions of the Company's articles of association and the Supervisory Board's terms of reference and internal rules of procedure of the specialised committees.

All of the work that went into the preparation of this report was presented to the Supervisory Board, which approved its terms at its meeting of 14 June 2017.

2.1 Composition of the Supervisory Board

In accordance with the articles of association, the Supervisory Board is composed of a maximum of 18 members, all of whom are shareholders in the Company. The Supervisory Board members are appointed by the ordinary General Meeting of shareholders, which in accordance with the articles of association, sets the duration of their term of office. The number of members of the Supervisory Board over the age of 75 years may not exceed one third of the members in office; if this proportion is exceeded, the members who are required to leave the Supervisory Board in order to restore compliance with this proportion will be considered to have resigned, starting with the oldest.

Following the death of Lord Leach of Fairford on 12 June 2016⁽¹⁾, the resignation of Martin Bouygues on 27 September 2016 and the appointment of Adam Keswick as a new member at the shareholders' General Meeting held on 29 September 2016, the Supervisory Board was composed of 14 members as at 31 March 2017:

■ Éric de Rothschild, Chairman	■ Adam Keswick	■ Anthony de Rothschild
■ André Lévy-Lang, Vice-Chairman	■ Arielle Malard de Rothschild	■ Sipko Schat
■ Dr. Daniel Daeniker	■ Lucie Maurel-Aubert	■ Peter Smith
■ Angelika Gifford	■ Carole Piwnica	■ Luisa Todini
■ Sylvain Héfès	■ Jacques Richier	

■ Non-independent Members ■ Independent Members as this term is defined in the Afep-Medef Code

Among the 14 members of the Supervisory Board, nine members are independent: Dr. Daniel Daeniker (also member of the Strategy Committee and Risk Committee), Angelika Gifford, Adam Keswick, André Lévy-Lang (also member of the Audit Committee, Strategy Committee and Remuneration and Nomination Committee), Carole Piwnica (also member of the Strategy Committee and Audit Committee), Jacques Richier, Sipko Schat (also Chairman of the Risk Committee), Peter Smith (also Chairman of the Audit Committee and member of the Strategy Committee and Remuneration and Nomination Committee) and Luisa Todini (also member of the Remuneration and Nomination Committee).

During the 2016/2017 financial year, five members' terms of office were renewed at the shareholders' General Meeting held on 29 September 2016, as follows: Angelika Gifford, Luisa Todini, Carole Piwnica, Arielle Malard de Rothschild and Dr. Daniel Daeniker. And Adam Keswick was appointed as a new member of the Supervisory Board at the same shareholders' General Meeting.

Mr François Henrot was also appointed as non-voting member (*censeur*) of the Supervisory Board at the shareholders' General Meeting held on 29 September 2016.

The Group Company Secretary (and General Counsel of the Company) also acts as Secretary to the Supervisory Board under the supervision of the Chairman of the Supervisory Board.

2.2 Profiles and lists of positions held by members of the Supervisory Board

A summary profile for each of the members of the Supervisory Board and the list of their directorships and positions held as at 31 March 2017, within and outside the Group, in France and in other countries, are presented below.

More information, including a short biography for each of the members, is available on the Company's website at www.rothschildandco.com.

(1) The press release dated 14 June 2016 related thereto is available on Rothschild & Co's website (<https://www.rothschildandco.com/WorkArea/DownloadAsset.aspx?id=3476&LangType=1036>).

Corporate governance

Éric de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Chairman of the Supervisory Board
- Member of the Strategy Committee

Main position:

- Chairman of the Supervisory Board

General information

French

Born in 1940

Number of shares held as at 31 March 2017: 10

Date of first appointment: 29 October 2004

Date of last renewal: 25 September 2014

End of term of office: AGM to be held in 2017

Other directorships and positions held

Within the Group

In France:

Member of the Board of Directors and General Manager of Rothschild Concordia SAS

Partner of RCB Partenaires SNC

General Partner and Manager of Béro SCA

Permanent representative of Béro SCA as Chairman of Ponthieu Rabelais SAS

In other countries:

Chairman of Rothschild Holding AG (Switzerland)

Member of the Board of Directors of Continuation Investments NV (The Netherlands)

Member of the Board of Directors of The Rothschild Archive Ltd (United Kingdom)

Outside the Group

In France:

Permanent representative of Béro SCA as:

- Chairman of Société du Château Rieussec SAS

- Co-Manager of Château Lafite Rothschild SC

- Manager of Château Duhart-Milon SC

- Manager of La Viticole de Participation SCA, co-Manager of Domaines Barons de Rothschild (Lafite) SCA

Chairman of Fondation nationale des Arts graphiques et plastiques

Member of the Supervisory Board of Milestone SAS

Member of the Supervisory Board of SIACI Saint-Honoré SA

Member of the Board of Directors of Baronnes et Barons Associés SAS

Member of the Board of Directors of Christie's France SA

Member of the Board of Directors of Société des Amis du Louvre

Member of the Board of Directors of Centre national de la Photographie

In other countries:

Chairman and Director of DBR USA Inc. (United States of America)

Member of the Board of Directors of Los Vascos SA (Chile)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Member of the Board of Directors of Rothschild Employee Trustees Ltd (United Kingdom) (2016)

Chairman of Rothschild Asset Management Holdings AG (Switzerland) (2016)

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2016)

Member of the Board of Directors of Rothschild Concordia AG (Switzerland) (2016)

Chairman of Rothschild Bank AG (Switzerland) (2014)

Member of the Board of Directors of N M Rothschild & Sons Ltd (United Kingdom) (2014)

Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)

Member of the Board of Directors of Rothschild North America Inc (United States of America) (2013)

André LEVY-LANG

Positions held within Rothschild & Co SCA:

- Vice-Chairman and independent member of the Supervisory Board
- Member of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy Committee

Main position:

- Chairman and founder of Institut Louis Bachelier

General information

French
Born on 1937
Number of shares held as at 31 March 2017: 4,305

Date of first appointment: 29 October 2004
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

Chairman of the Supervisory Board of Les Échos SAS
Chairman of La Fondation du Risque (association)
Chairman of Institut Louis Bachelier (association)

Member of the Board of Directors of Institut Français des Relations Internationales (association)
Member of the Board of Directors of Hôpital Américain de Paris (association)
Member of the Board of Directors of Institut des Hautes Études Scientifiques (association)
Member of the Board of Directors of Paris Sciences et Lettres (association)

In other countries:

None

Positions no longer held (but held within the last five years)

In France:

Chairman of Institut Français des Relations Internationales (association) (2015) (outside the Group)
Chairman of the Audit Committee of Paris Orléans SCA⁽¹⁾ (2013)
Vice-Chairman of Institut Europlace de Finance (association) (2013) (outside the Group)
Member of the Board of Directors of Groupe des Ecoles Nationales d'Économie et Statistique (2013) (outside the Group)

In other countries:

None

Dr. Daniel DAENIKER

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Member of the Risk Committee
- Member of the Strategy Committee

Main position:

- Managing Partner of Homburger AG (Switzerland)

General information

Swiss
Born in 1963
Number of shares held as at 31 March 2017: 2,010

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

None

In other countries:

Member of the Board of Directors of dormakaba Holding AG⁽¹⁾ (Switzerland)
Member of the Board of Directors of Homburger AG (Switzerland)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Member of the Board of Directors of GAM Holding AG⁽¹⁾ (Switzerland) (2015) (outside the Group)
Independent member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2014)

(1) Listed company.

Corporate governance

Angelika GIFFORD

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board

Main position:

- Executive Director and Vice-President of Software business of Hewlett-Packard GmbH (Germany)

General information

German
Born in 1965
Number of shares held as at 31 March 2017: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group
None

In other countries:
Executive Director and Vice-President of Hewlett-Packard GmbH (Germany)
Member of the Executive Board of Atlantik-Brücke e.V. (Germany)
Member of Board of Directors of ProSieben Sat.1 Media SE⁽¹⁾ (Germany)
Member of the Supervisory Board of TUI AG⁽¹⁾ (Germany)

Outside the Group
In France:
None

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
None

Sylvain HÉFÈS

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board
- Chairman of the Remuneration and Nomination Committee
- Member of the Audit Committee

Main position:

- European Chairman of Rhône-Capital

General information

French
Born in 1952
Number of shares held as at 31 March 2017: 10

Date of first appointment: 29 March 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group
In France:

Member of the Board of Directors of Rothschild Concordia SAS
Member of the Advisory Committee of Five Arrows Managers SAS

Outside the Group
In France:
None

In other countries:
Senior Advisor of N M Rothschild & Sons Ltd (United Kingdom)
Member of the Investment Committee of Five Arrows Principal Investments SCA SICAR (Luxembourg)
Member of the Board of Directors of Five Arrows Capital Ltd (British Virgin Islands)
Chairman of Francarep, Inc. (United States of America)

In other countries:
Member of the Board of Directors of Rhone Capital LLC (United States of America)

Positions no longer held (but held within the last five years)

In France:
Chairman of the Executive Board of Paris Orléans SA⁽¹⁾ (Until 29 March 2012)
Member of the Rothschild Group Risk Committee (2014)

Member of the Audit Committee of Rothschild Bank AG (Switzerland) (2013)
Member of the Board of Directors of Rothschild Bank AG (Switzerland) (2013)
Non-executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)

In other countries:
Member of the Board of Directors of IntercontinentalExchange Group, Inc⁽¹⁾ (United States of America) (2015) (outside the Group)
Director of NYSE Euronext Inc. (United States of America) (2013) (outside the Group)
Member of the Advisory Committee of General Atlantic LLC (United States of America) (2013) (outside the Group)

(1) Listed company.

Adam KESWICK

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board

Main position:

- Chairman of Matheson & Co Limited (United Kingdom)

General information

British
Born in 1973
Number of shares held as at 31 March 2017: 10

Date of first appointment: 29 September 2016
Date of last renewal: n/a
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

None

In other countries:

Chairman of Jardine Pacific Limited (Bermuda)
Chairman of Jardine Schindler Holdings Limited (British Virgin Islands)
Chairman of Matheson & Co limited (United Kingdom)
Member of the Board of Directors of Jardine Matheson Holdings Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of Jardine Motors Group UK Limited (United Kingdom)
Member of the Board of Directors of Dairy Farm International Holdings Limited⁽¹⁾ (Bermuda)

Member of the Board of Directors of Hongkong Land Holdings Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of Mandarin Oriental International Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of Jardine Strategic Holdings Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of JMH Finance Holdings Limited (British Virgin Islands)
Member of the Board of Directors of JMH Investments Limited (British Virgin Islands)
Member of the Board of Directors of JMH Management Holdings Limited (British Virgin Islands)
Member of the Board of Directors of JMH treasury Limited (British Virgin Islands)
Member of the Board of Directors of JSH Treasury Limited (British Virgin Islands)
Non-executive Member of the Board of Directors of Jardine Lloyd Thompson Group plc⁽¹⁾ (United Kingdom)
Non-executive Member of the Board of Directors of Ferrari NV⁽¹⁾ (The Netherlands)
Member of the Board of Directors of Yabuli China Entrepreneurs Forum (China)

Positions no longer held (but held within the last five years)

Within the Group

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2012)

Outside the Group

Chairman & Managing Director of Jardine Motors Group Holdings Limited (Bermuda) (2016)
Chairman & Managing Director & Chief Executive of Jardine Motors Group Limited (Bermuda) (2016)
Chairman of Jardine Pacific Limited (Bermuda) (2016)
Chairman of Jardine, Matheson & Co., Limited (Hong Kong) (2016)
Chairman of Zung Fu Company Limited (Hong Kong) (2016)
Chairman of Fu Tung Holdings Limited (Hong Kong) (2016)
Chairman & Non-executive Member of the Board of Directors of Gammon China Limited (Hong Kong) (2016)
Deputy Chairman & Deputy Managing Director of Jardine Matheson Limited (Bermuda) (2016)
Member of the Board of Directors of Zhongsheng Group Holdings Limited⁽¹⁾ (Cayman Islands) (2016)
Member of the Board of Directors of JRE Asia Capital Management Limited (Cayman Islands) (2016)
Member of the Board of Directors of Mandarin Oriental Hotel Group International Limited (Bermuda) (2016)
Member of the Board of Directors of Mandarin Oriental Hotel Group Limited (Hong Kong) (2016)
Member of the Board of Directors of Dairy Farm Management Services Limited (Bermuda) (2016)
Member of the Board of Directors of Yonghui Superstores Co., Limited⁽¹⁾ (China) (2016)
Member of the Board of Directors of Hongkong Land Limited (Bermuda) (2016)
Member of the Board of Directors of Jardine Matheson (China) Limited (Hong Kong) (2016)
Member of the Board of Directors of The Hongkong Land Co., Limited (Hong Kong) (2016)
Member of the Board of Directors of Hongkong Land China Holdings Limited (Bermuda) (2016)
Member of the Board of Directors of Maxim's Caterers Limited (Hong Kong) (2016)
Member of the Board of Directors of Mindset Limited (Hong Kong) (2016)

Member of the Board of Directors of OHTL Public Company Limited (Thailand) (2016)
Member of the Board of Directors of JRE Asia Capital Limited (Cayman Islands) (2013)
Member of the Board of Directors of Jardine Motors (China) Limited (Hong Kong) (2013)
Member of the Board of Directors of Pandora Asset One Limited (Hong Kong) (2013)
Chairman of Gammon Capital Management Limited (Hong Kong) (2012)
Chairman of HACTL Investment Holdings Limited (British Virgin Islands) (2012)
Chairman of Jardine OneSolution Holdings Limited (Bermuda) (2012)
Chairman of Jardine OneSolution Limited (Bermuda) (2012)
Chairman of Pizza Vietnam Limited (Vietnam) (2012)
Chairman of Jardine Restaurants Victoria S.A. (Panama) (2012)
Chairman of Strawberry Hill Development Limited (Hong Kong) (2012)
Chairman of The Jardine Engineering Corporation, Limited (China) (2012)
Member of the Board of Directors of Hong Kong Air Cargo Industry Services Limited (Hong Kong) (2012)
Chairman of Hong Kong Air Cargo Terminals Limited (Hong Kong) (2012)
Member of the Board of Directors of Jardine Matheson & Co. (Macau) Limited (Macau) (2012)
Member of the Board of Directors of Jardine OneSolution Holdings (C.I.) Limited (Cayman Islands) (2012)
Member of the Board of Directors of Jardine Properties Investments Limited (Hong Kong) (2012)
Member of the Board of Directors of JEC (HK) Holdings Limited (Hong Kong) (2012)
Member of the Board of Directors of KFC Vietnam Joint Venture Company Limited (Vietnam) (2012)
Member of the Board of Directors of Pandora Asset Holdings Limited (Hong Kong) (2012)
Member of the Board of Directors of Pizza Hut Hong Kong Management Limited (Hong Kong) (2012)
Member of the Board of Directors of Pizza Vietnam Holdings Limited (British Virgin Islands) (2012)
Member of the Board of Directors of TYS Limited (Hong Kong) (2012)
Member of the Board of Directors of Fleet Trans International Co. Limited (Hong Kong) (2012)

(1) Listed company.

Corporate governance

Arielle MALARD de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board
- Member of the Risk Committee

Main position:

- Managing Director of Rothschild & Cie SCS

General information

French
Born in 1963
Number of shares held as at 31 March 2017: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held within the Group

Within the Group

In France:
Managing Director of Rothschild & Cie SCS

In other countries:
None

Outside the Group

In France:
Chairwoman of CARE France
Member of the Board of Directors of Groupe Lucien Barrière SAS

Member of the Board of Directors of Imerys SA⁽¹⁾
Member of the Nomination and Remuneration Committee of Imerys SA⁽¹⁾
Member of the Board of Directors, Fondation de Rothschild (a charity)
Member of the Board of Directors, Traditions pour demain (a charity)

In other countries:

Treasurer of CARE International (Switzerland)
Member of the Board of Directors of Electrica SA⁽¹⁾ (Romania & United Kingdom)
Member of the Nomination and Remuneration Committee of Electrica SA⁽¹⁾ (Romania & United Kingdom)
Member of the Audit and Risk Committee of Electrica SA⁽¹⁾ (Romania & United Kingdom)

Positions no longer held (but held within the last five years)

Within the Group
None

Outside the Group
Vice-Chairwoman of CARE International (Switzerland) (2016)

Lucie MAUREL-AUBERT

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board
- Member of the Strategy Committee

Main position:

- Chairwoman of the Supervisory Board of Banque Martin Maurel SA

General information

French
Born in 1962
Number of shares held as at 31 March 2017: 12,610

Date of first appointment: 8 June 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:
Chairwoman of the Supervisory Board of Banque Martin Maurel SA
Chairwoman of the Supervisory Board of International Capital Gestion SA
Chairwoman of the Supervisory Board of Martin Maurel Gestion SA
Member of the Supervisory Board of BBR Rogier SA
Chairwoman of Grignan Participations SAS
Chairwoman of Hoche Paris SAS
Chairwoman of Immobilière Saint Albin SAS

In other countries:
Manager (Type A) of Mobilim International Sàrl (Luxemburg)

Outside the Group

In France:
Chairwoman of the Supervisory Board of Hoche Gestion Privée SA
Chairwoman of the Supervisory Board of Optigestion SA
Member of the Supervisory Board of Fonds de garantie des depots et de resolution
Vice-Chairwoman of the Association Française des Banques
Member of the Board of Directors of Compagnie Plastic Omnium SA⁽¹⁾
Member of the Board of Directors of Théâtre du Châtelet
Member of the Board of Directors of Fondation Hôpital Saint-Joseph
Manager of SC BD Maurel
Manager of SC Paloma

In other countries:
None

Positions no longer held (but held within the last five years)

In France:
Member of the Executive Board and CEO of Banque Martin Maurel SA (2017)
Vice-Chairwoman, Deputy Chief Executive Officer and Director of Compagnie Financière Martin Maurel SA (2017)
Member of the Supervisory Board of Martin Maurel Gestion SA (2017)
Permanent representative of Banque Martin Maurel as member of the Supervisory Board of Optigestion SA (2017)

Member of the Board of Directors of Montupet SA⁽¹⁾ (2016) (outside the Group)
Member of the Supervisory Board of Aéroport Marseille Provence (2015) (outside the Group)
Chairwoman of Groupement Européen de Banques (2015) (outside the Group)
Member of the Supervisory Board of Foncière INEA SA (2014) (outside the Group)
Vice-Chairwoman of the Supervisory Board of Optigestion SA (2013) (outside the Group)

In other countries:
None

(1) Listed company.

Carole PIWNICA

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Member of the Audit Committee
- Member of the Strategy Committee

Main position:

- Member of the Board of Directors of Naxos UK Ltd (United-Kingdom)

General information

Belgian
Born in 1958
Number of shares held as at 31 March 2017: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group
None

In other countries:

Member of the Board of Directors of Naxos UK Ltd (United Kingdom)
Member of the Board of Directors of Big Red (United States of America)
Member of the Board of Directors of Elevance (United States of America)
Member of the Board of Directors of Amyris Inc.⁽¹⁾ (United States of America)
Member of the Board of Directors of I20 (United Kingdom)

Outside the Group

In France:

Independent Member of the Board of Directors of Sanofi SA⁽¹⁾
Member of the Audit Committee of Sanofi SA⁽¹⁾
Independent Member of the Board of Directors of Eutelsat Communications SA⁽¹⁾
Chairwoman of the Nomination and Governance Committee of Eutelsat Communications SA⁽¹⁾

Positions no longer held (but held within the last five years)

In France:

Chairwoman of Remunerations Committee of Eutelsat Communications SA⁽¹⁾ (2016)

In other countries:

Member of the Board of Directors of RecyCoal Ltd (United Kingdom) (2015) (outside the Group)
Member of the Board of Directors of Louis Delhaize⁽¹⁾ (Belgium) (2013) (outside the Group)

Jacques RICHIER

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board

Main position:

- Chairman and Chief Executive Officer of Allianz France SA

General information

French
Born in 1955
Number of shares held as at 31 March 2017: 10

Date of first appointment: 27 September 2010
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017

Other directorships and positions held

Within the Group
None

In other countries:

Independent non-executive member of the Board of Directors of Georgia Healthcare Group plc⁽¹⁾ (United Kingdom)
Member of the Audit Committee of Georgia Healthcare Group plc⁽¹⁾ (United Kingdom)
member of the Nomination Committee of Georgia Healthcare Group plc⁽¹⁾ (United Kingdom)

Outside the Group

In France:

Chairman and Chief Executive Officer of Allianz IARD SA
Chairman and Chief Executive Officer of Allianz Vie SA
Chairman and Chief Executive Officer of Allianz France SA
Chairman of the Supervisory Board of Allianz Worldwide Partners SAS
Vice-Chairman of the Fédération Française de l'Assurance
Member of the Supervisory Board of Euler Hermes SA⁽¹⁾
Permanent representative of Allianz IARD SA as member of the Supervisory Board of IDI SCA⁽¹⁾
Member of the Board of Directors of Allianz Africa SA
Member of the Board of Directors of Régie Ligne d'Azur EPIC

Positions no longer held (but held within the last five years)

In France:

Member of the Board of Directors of AWP Health & Life SA (2016) (outside the Group)
Chairman of the Board of Directors of Allianz Worldwide Care SA (2015) (outside the Group)
Chairman of Allianz Worldwide Partners SAS (2015) (outside the Group)
Member of the Supervisory Board of Allianz Global Assistance SAS (2013) (outside the Group)
Member of the Supervisory Board of Oddo & Cie SCA (2012) (outside the Group)

In other countries:

Chairman of Allianz Worldwide Care Ltd (Ireland) (2014) (outside the Group)
Member of the Supervisory Board of Allianz Global Corporate & Speciality AG (Germany) (2014) (outside the Group)

(1) Listed company.

Corporate governance

Anthony de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board

Main position:

- Member of the Board of Directors of Sculpt the future Company Ltd (United Kingdom)

General information

British
Born in 1977
Number of shares held as at 31 March 2017: 10

Date of first appointment: 8 June 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:

Member of the Board of Directors of Rothschild Concordia SAS

In other countries:

None

Outside the Group

In France:

None

In other countries:

Member of the Board of Directors of Ascott Farms Ltd (United Kingdom)
Member of the Board of Directors of Ascott Nominees Ltd (United Kingdom)
Member of the Board of Directors of Southcourt Stud Company Ltd (United Kingdom)
Member of the Board of Directors of Sculpt the future Company Ltd (United Kingdom)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Member of the Board of Directors of Ascott Properties Ltd (United Kingdom) (2015) (outside the Group)

Member of the Board of Directors of William and Suzue Curley Ltd (United Kingdom) (2014) (outside the Group)

Member of the Board of Directors of A7 Music Ltd (United Kingdom) (2013) (outside the Group)

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2012)

Sipko SCHAT

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Chairman of the Risk Committee

Main position:

- Chairman of the Supervisory Board of Vion N.V. (The Netherlands)

General information

Dutch
Born in 1960
Number of shares held as at 31 March 2017: 10

Date of first appointment: 8 June 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:

None

In other countries:

Member of the Board of Directors of Rothschild Bank AG (Switzerland)
Chairman of the Audit and Risk Committee of Rothschild Bank AG (Switzerland)

Outside the Group

In France:

None

In other countries:

Chairman of the Supervisory Board of Vion N.V. (The Netherlands)
Non-executive member of the Board of Directors of OCI N.V.⁽¹⁾ (The Netherlands)
Member of the Board of Directors of Trafigura Group Pte Ltd (Singapore)

Positions no longer held (but held within the last five years)

In France:

Representative of Rabobank as member of the Board of Directors of NYSE Euronext (2013) (Outside the Group)

In other countries:

Member of the Executive Board of Rabobank Nederland (The Netherlands) (2013) (outside the Group)
Chairman of the Wholesale Management Team of Rabobank International (The Netherlands) (2013) (outside the Group)

Member of the Board of Directors of Bank Sarasin & Cie AG (Switzerland) (2013) (outside the Group)

Member of the Board of Directors of Rabo Real Estate (The Netherlands) (2013) (outside the Group)

Representative of Rabobank as Director of VNO-NCW (Confederation of Netherlands Industry and Employers) (2013) (outside the Group)

Non-Executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2012)

(1) Listed company.

Peter SMITH

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board,
- Chairman of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy Committee

Main position:

- Non-executive Chairman and Member of the Board of Directors of N M Rothschild & Sons Ltd (United-Kingdom)

General information

British
Born in 1946
Number of shares held as at 31 March 2017: 10

Date of first appointment: 27 September 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:
None

In other countries:

Non-executive Chairman and member of the Board of Directors of N M Rothschild & Sons Ltd (United Kingdom)
Member of the Board of Directors of Rothschild Bank AG (Switzerland)
Member of the Audit and Risk Committee of Rothschild Bank AG (Switzerland)

Outside the Group

In France:
None

In other countries:

Chairman of the Board of Directors of Land Restoration Trust (a charity) (United Kingdom)
Member of the Board of Directors of Casa San Damian Limited (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:

Non-executive Chairman of the Board of Directors of Savills Plc⁽¹⁾ (United Kingdom) (2016)
Member of the Board of Directors of Associated British Foods Plc⁽¹⁾ (United Kingdom) (2016)
Non-executive Chairman of the Board of Directors of Templeton Emerging Markets Investment Trust Plc⁽¹⁾ (United Kingdom) (2015) (outside the Group)

Non-executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2014)
Chairman of the Audit Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Remuneration Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)

(1) Listed company.

Corporate governance

Luisa TODINI

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Member of the Remuneration and Nomination Committee

Main position:

- Chairwoman of Todini Costruzioni Generali SpA (Italy)

General information

Italian
Born in 1966
Number of shares held as at 31 March 2016: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

None

In other countries:

Chairwoman of Todini Costruzioni Generali SpA (Italy)
Chairwoman of Todini Finanziaria SpA, Ecos Energia Srl (Italy)
Chairwoman of Comitato Leonardo – Italian Quality Committee (Italy)
Chairwoman of Fondazione Poste Insieme (Italy)

Co-Chairwoman of the Italian and Russian Civil Society Dialogue Forum (Italy)
Chairwoman of Association Agronet
Chair of the Steering Committee, Project Grow Generating Real Opportunities for Women (LUISS Guido Carli)
Member of the Board of Directors of Salini Costruttori SpA (Italy)
Member of the Board of Directors of LUISS Guido Carli University
Member of the Board of Directors of Confindustria (Italian employers' federation) General Council
Member of the Board of Directors of Italy China Foundation
Member of European Council on Foreign Relations
Member of the Steering Committee Member of the cultural association Civita
Member of the Board of Directors of Foundation Child for Study and Research into Childhood and Adolescence (Italy)
Member of the Steering Committee of Assonime (Italy)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Chairwoman of Poste Italiane⁽¹⁾ (Italy) (2017) (outside the Group)
Chairwoman of Uni-Esco Srl (Italy) (2016) (outside the Group)
Sole Managing Director of Proxima Srl (Italy) (2016) (outside the Group)
Member of the Board of Directors of RAI SpA⁽¹⁾ (Italy) (2014) (outside the Group)
Member of the Board of Directors of Cediv SpA (Italy) (2014) (outside the Group)

Chairwoman of FIEC (European Construction Industry Federation) (Italy) (2012) (outside the Group)
Chairwoman of Cantina Todini Srl (Italy) (2013) (outside the Group)
Member of the Board of Directors of Salini SpA (Italy) (2013) (outside the Group)
Member of the Board of Directors of Tiesse Holding Srl (Italy) (2013) (outside the Group)

(1) Listed company.

It is hereby confirmed that the terms of offices held by Messrs. Éric de Rothschild, André Levy-Lang and Jacques Richier will come to an end at the shareholders' General Meeting to be held on 28 September 2017. The re-election of Messrs Éric de Rothschild and André Levy-Lang for another term of office will be submitted for approval by shareholders. More detailed information will be presented on these proposed renewals and appointment of few members in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable regulations.

2.3 Profile and list of positions held by the non-voting member of the Supervisory Board

A summary profile for François Henrot, who has been appointed as a non-voting member of the Supervisory Board and the list of his directorships and positions held as at 31 March 2017, within and outside the Group, in France and in other countries, is presented below.

François HENROT

Positions held within Rothschild & Co SCA:

- Non-Voting Member (censeur) of the Supervisory Board

Main position:

- Managing Director of Rothschild & Cie SCS

General information

French
Born in 1949
Number of shares held as at 31 March 2017: 476,260

Date of first appointment: 29 September 2016
Date of last renewal: n/a
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

In France:

Manager of FH GFA SARL, General Partner and Manager of Rothschild & Cie SCS
Manager of FH GFA SARL, Managing Partner of de RCB Partenaires SNC
Managing Director of Rothschild & Compagnie Banque SCS
Chief Executive Officer of Paris Orléans Holding Bancaire (POHB) SAS

In other countries:

None

Outside the Group

In France:

Member of the Supervisory Board of Rexel SA⁽¹⁾

In other countries:

Chairman of the Board of Directors of Copeba (Belgium)
Member of the Board of Directors of Yam Invest NV (The Netherlands)
Non-Executive member of the Board of Directors of BMCE Bank SA⁽¹⁾ (Morocco)

Positions no longer held (but held within the last five years)

In France:

Non-voting member (censeur) of the Supervisory Board of Vallourec SA⁽¹⁾ (2015) (outside the Group)
General Partner and Manager of Rothschild & Cie SCS (2014)
Managing Partner of de RCB Partenaires SNC (2014)
Member of the Supervisory Board of 3 Suisses SA (2013) (outside the Group)

In other countries:

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)

(1) Listed company.

2.4 Powers of the Supervisory Board

The Supervisory Board continually monitors the way in which the Company is managed by the Managing Partner, including in particular the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audit, in accordance with the laws and regulations applicable to the Company.

The Supervisory Board may call a General Meeting of shareholders.

In order to exercise its authority in the area of permanent oversight:

- the Supervisory Board conducts such checks and controls that it considers appropriate at any time of the year, and may ask to be provided with such documents it considers useful to perform its duties;
- every three months (or more frequently if requested by the Supervisory Board), the Managing Partner presents a report to the Supervisory Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Supervisory Board;
- within three months of the end of each financial year, the Managing Partner presents the annual and consolidated financial statements to the Supervisory Board for verification and control purposes;
- the Managing Partner submits its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;
- the Supervisory Board presents a report to shareholders at the annual General Meeting of shareholders in which it reports any discrepancies and/or inaccuracies in the annual and consolidated financial statements and comments on the way in which the Company is managed;
- the Supervisory Board approves the Chairman's report on the composition of the Supervisory Board and the application of the principle of equal representation of men and women on the Supervisory Board, the terms and conditions according to which the Supervisory Board prepares and organises its work, and the internal control and risk management procedures implemented by the Company;
- it decides each year on the Company's policy in terms of professional equality and equal pay;
- the agreements and commitments relating to the combined provisions of Article L. 226-10 and L. 225-38 to L. 225-43 of the French Commercial Code are submitted to the Supervisory Board for prior authorisation; and
- it checks the quality of information issued by the Rothschild & Co Group to shareholders and the financial markets, through the Company and Group financial statements prepared by Managing Partner and the annual report drawn up by Managing Partner, or at the time of major transactions.

In addition to the powers granted to it by law, using the methods set forth in Article 10.2.3 of the Company's articles of association, the Supervisory Board issues:

- an advisory opinion to the Managing Partner in respect of:
 - the strategic policies, annual budget and three-year business plan of the Rothschild & Co Group;
 - any significant acquisition or disposal of a business or part of a business; and
 - any strategic initiative or major refocusing of the business of the Rothschild & Co Group; and
- a recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board presents a report to the shareholders and a reasoned opinion on any resolution submitted to the shareholders at their General Meeting and on any matter that is the subject of a report by the Company's Statutory Auditors.

The Supervisory Board may be assisted by experts of its choosing, whose expenses shall be paid by the Company. It has the broadest powers of investigation and may submit written questions to, or seek the opinion of the Managing Partner at any time.

2.5 Duties of the Supervisory Board members

Before assuming a seat on the Supervisory Board, each member must be aware of the general and special obligations incumbent on them. In particular, they must familiarise themselves with the laws and regulations governing the duties of Supervisory Board members.

The Company provides new members with its articles of association and the Supervisory Board's internal rules of procedure before they take office. By accepting a seat on the Supervisory Board, members agree to abide by its internal rules of procedure.

When taking part in Supervisory Board meetings and casting a vote, Supervisory Board members are representing all of the Company's shareholders and acting in the interests of the Company.

Supervisory Board members must allocate the required time to preparing for Board meetings and meetings of any committees on which they sit (as the case may be) by carefully reading the documentation provided to them. They may ask the Chairman for any further information that they require.

Supervisory Board members must attend all Supervisory Board meetings and meetings of any committees of which they are members (as the case may be), as well as General Meetings of shareholders, unless subject to an impediment and provided that they notify the Chairman and/or the Secretary accordingly beforehand.

Documentation for Supervisory Board meetings as well as information collected before or during Supervisory Board meetings is confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend the meetings may not pass on such information to a third person, other than within the ordinary scope of their work or occupation, for any purpose or activity other than those for which the information was provided to them. They are required to take appropriate measures to protect the confidentiality of such information. Such information ceases to be personal and confidential when published externally by the Company, particularly in the form of a press release.

Supervisory Board members are not permitted to use their position and/or duties to procure any kind of benefit, whether financial or otherwise, either for themselves or for a third party.

Members must notify the Supervisory Board of any actual or potential conflict of interest with the Rothschild & Co Group. They must abstain from voting on the corresponding decision and from taking part in the discussion held prior to the vote.

The direct or indirect involvement of any Supervisory Board member in an operation or a transaction in which the Rothschild & Co Group has a direct interest, or of which he is aware as a result of his membership of the Supervisory Board, must be disclosed to the Supervisory Board prior to the conclusion of such operation or transaction.

Supervisory Board members are not permitted to assume personal responsibilities in undertakings or affairs that compete directly or indirectly with those of the Rothschild & Co Group without notifying the Supervisory Board in advance.

Supervisory Board members and all other persons who are invited to attend Supervisory Board meetings must not engage (either in person or via an intermediary) in transactions involving financial instruments of the Company and/or any other issuer for as long as they possess (as a result of their duties or presence at a Supervisory Board meeting) confidential information that might have a material effect on the price of the said financial instruments or on the price of related financial instruments. This duty applies without the Company being required to stipulate that the relevant information is confidential or privileged. Similarly, Supervisory Board members must refrain from disclosing such information to any other person outside the ordinary scope of their functions or for any purpose other than those for which the information was provided to them. Lastly, members must refrain from advising any other person to purchase or sell the financial instruments to which such information relates.

To this end, the following measures in particular must be taken:

- shares in the Company held by a Supervisory Board member personally or by a member's cohabiting spouse, minor child (not of full age) or any other intermediary must be registered, either in a registered account managed by the holder of the Company's register or in the books of a French custodian account keeper whose details shall be provided to the Board's Secretary;
- members are not permitted to engage in any short or deferred transaction involving derivatives or financial instruments relating to securities issued by the Company (financial futures, warrants, exchangeable bonds, etc.); and
- transactions involving Rothschild & Co shares, including hedging transactions effected during the 30 calendar days prior to the publication of the annual statutory and consolidated financial statements, half-yearly financial statements and (where applicable) the full quarterly financial statements (such period being reduced to 15 days in respect of the publication of quarterly financial information) and on the publication date may not be undertaken by Supervisory Board members or any other person who attended the Supervisory Board meeting at which the results were reviewed. The same rule applies with respect to the announcement of projected annual and half-yearly results.

2.6 Organisation and operation of the Supervisory Board

2.6.1 Notice of meetings

Following a proposal by its Chairman, the Supervisory Board prepares a schedule of meetings each year, for the following year.

The Supervisory Board meets as often as required in the interests of the Company and at least four times a year, further to a notice of meeting issued by any means by the Chairman, at least one half of the Supervisory Board members, the Company's Managing Partner, or a General Partner, subject to reasonable notice unless circumstances require a meeting to be called at very short notice.

The person(s) who call(s) a Supervisory Board meeting prepares the agenda of the meeting and informs the Supervisory Board members in a timely manner and by any appropriate means.

All Supervisory Board members may consult the Secretary and benefit from the latter's services. The Secretary is responsible for all procedures relating to the Supervisory Board practices and for the organisation of the meetings.

Documents are provided to Supervisory Board members to enable them to express an opinion in full knowledge of the facts on items included on the agenda at least 48 hours prior to Supervisory Board meetings, except in an emergency or if there is a requirement to keep such documents strictly confidential.

Members of the Management Board of the Company's Managing Partner attend the meeting of the Supervisory Board in an advisory capacity and to discharge the Managing Partner's reporting duty *vis-à-vis* the Supervisory Board. Any other person outside the Supervisory Board may be invited to attend the whole or part of a Supervisory Board meeting by the Chairman of the Supervisory Board or upon the recommendation of the Company's Managing Partner as given to the Chairman of the Supervisory Board.

2.6.2 Organisation of meetings

Under any circumstances, at any of its meetings, in the event of an emergency and on a proposal by the chairman of the meeting, the Supervisory Board may discuss matters referred to its members that are not included on the agenda.

At each Supervisory Board meeting, the Chairman informs Supervisory Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Supervisory Board meeting.

Supervisory Board meetings may be held at the registered office or at any other location indicated in the notice of meeting, as well as by videoconferencing or teleconferencing facilities that identify members of the Supervisory Board and guarantee their effective involvement through the use of technical resources that continually and simultaneously transmit discussions. Meetings shall be chaired by the Chairman or, in the latter's absence, by the longest-standing Vice-Chairman present or, in the absence of a Vice-Chairman, by the member appointed for that purpose by the Supervisory Board.

2.6.3 Attendance and majority

The Supervisory Board members are entitled to be represented at any meeting by another member, pursuant to specific authorisation set out in a letter, a fax, an email or any other method of communication deemed reasonable and acceptable by both parties.

The Supervisory Board members who take part in a Supervisory Board meeting via the technical resource methods referred to above are deemed present, except where the Supervisory Board is meeting to verify and check the annual report and the statutory and consolidated financial statements.

Decisions are taken by an ordinary majority of members who are present or represented and authorised to vote. In the event of a tie, the chairman of the meeting shall have a casting vote.

2.6.4 Review of the Supervisory Board's activity during the financial year

The Supervisory Board meets at least four times a year in March, June, September and November. The Supervisory Board met eight times during the 2016/2017 financial year, with an average attendance rate of 76.5% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

Each meeting of the Supervisory Board is preceded by a meeting of the Audit and Risk Committees and as necessary, by meetings of the Remuneration and Nomination Committee.

At its meeting on 18 May 2016, the Supervisory Board, in particular:

- considered a memorandum from the Company's Managing Partner on the contemplated merger with Compagnie Financière Martin Maurel;
- considered a report from a third party advisory regarding the French private banking business in France;
- considered draft due diligence reports being requested from a third party advisor and a law firm;
- considered a draft Memorandum of Agreement (MoA) relating to the contemplated merger with Compagnie Financière Martin Maurel;
- rendered a positive opinion to the Company's Managing Partner on the conclusion of the MoA relating to the contemplated merger with Compagnie Financière Martin Maurel;
- approved the above MoA as a regulated agreement in accordance with the provisions of article L. 226-10 of the French Commercial Code; and
- approved a financial advisory agreement entered into with Rothschild & Cie SCS as a regulated agreement in accordance with the provisions of Articles L. 226-10 of the French Commercial Code.

At its meeting on 22 June 2016, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance and outlook for 12 months to 31 March 2016;
- verified for control purposes the Company's "solo" parent and consolidated accounts for the year ended 31 March 2016 and the draft results announcement;
- considered the report of the Audit Committee following its meeting on 15 June 2016;
- considered the report of the Risk Committee following its meeting on 15 June 2016;
- considered a report from the Remuneration and Nomination Committee following its meeting on 4 May 2016;
- considered the Medium Term Strategic review prepared by the Company's Managing Partner for its advisory opinion;
- considered regulatory capital planning report prepared by the Group Chief Financial Officer the Group;
- received for approval the report on governance and risk management prepared by the Chairman on the Supervisory Board;
- received for purposes of quality control of the information to shareholders, the draft Management report from the Company's Managing Partner; and
- in advance of the Annual General Meeting of shareholders, received from the Company's Managing Partner and considered the draft agenda and resolutions and approved the Supervisory Board's report to shareholders.

At its meeting on 29 July 2016, the Supervisory Board, in particular:

- considered a memorandum on the key legal and financial aspects of the draft merger treaty with Compagnie Financière Martin Maurel;
- considered the draft versions of the resolution on the merger with Compagnie Financière Martin Maurel submitted for approval by shareholders and the Company's Managing Partner's report to shareholders on the merger treaty;
- considered a draft French version of the press release on the merger required under legal provisions;
- rendered a positive opinion to the Company's Managing Partner concerning the execution of the merger treaty with Compagnie Financière Martin Maurel;
- approved the Supervisory Board's report to shareholders in relation with the merger with Compagnie Financière Martin Maurel; and
- upon recommendations of its Remuneration and Nomination Committee, opined in favour of the selection of Mr. Adam Keswick as new Supervisory Board member.

At its meeting on 8 September 2016, the Supervisory Board:

- reviewed the request from Edmond de Rothschild Holding SA to appoint two members to the Supervisory Board of Rothschild & Co and the recommendations of its Remuneration and Nomination Committee; and
- in an opinion submitted to the Company's Managing Partner and shareholders, recommended that shareholders vote against the two resolutions presented by Edmond de Rothschild Holding SA.

At its meeting on 29 September 2016, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance, and the results for four months ended 31 July 2016;
- considered the report of the Audit Committee following its meeting on 22 September 2016;
- considered the report of the Risk Committee following its meeting on 22 September 2016;
- received an update on the implementation of the merger with Compagnie Financière Martin Maurel; and
- took note of the Company's Managing Partner consideration on any potential impacts of Brexit on the Group's business activities.

At its meeting on 29 November 2016, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance to 30 September 2016 and forecast for the year to 31 March 2017;
- verified for control purposes the 2016/2017 Half-Year Consolidated Accounts and the draft results announcement;
- considered the report of the Audit Committee following its meeting on 22 November 2016; and
- considered the report of the Risk Committee following its meeting on 28 November 2016.

At its meeting on 23 February 2017, the Supervisory Board, in particular:

- considered the governance changes at the Company's Managing Partner level and, in accordance with the recommendations of its Remuneration and Nomination Committee, opined in favour of these changes.

At its meeting on 30 March 2017, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance, the outlook for 12 months to 31 March 2017 and overall Group budget to December 2017;
- considered for an advisory opinion to the Company's Managing Partner, the overall Group budget to December 2017 and the business budgets for 2017;
- considered the report of the Audit Committee following its meetings on 16 and 23 March 2017;
- considered the report of the Risk Committee following its meeting on 29 March 2017;
- considered the Rothschild & Co Group Report for 2016 on Internal Control, Compensation and Risk for prepared in accordance with Articles 258, 259, 260, 262 and 264 of the Arrêté of 3 November 2014; and
- approved the allocation of remuneration to the members of the Supervisory Board for 2016/2017.

2.6.5 Assessment of the Supervisory Board's organisation and working methods

In accordance with the Afep-Medef Code to which Rothschild & Co has chosen to comply, the Group Company Secretary, in liaison with the Remuneration and Nomination Committee, conducted an assessment of the Supervisory Board's organisation and working methods as regards the 2016/2017 financial year in its meeting on 14 June 2017.

The Group Company Secretary conducted more specifically an assessment of the effectiveness of the Supervisory Board. The objective was to check that important issues are properly prepared and discussed.

The Supervisory Board's self-assessment is based on a questionnaire with a grading system with scores ranging from 1 (excellent) to 5 (poor), with the ability to provide further comments. 13 general topics were covered in the questionnaire: Terms of Reference of the Supervisory Board, its composition, training and resources provided, organisation of meetings, financial reporting, internal control and financial risk management, internal audit process, external audit, reliance of the work of subsidiaries' audit committees, whistleblowing and relationships with the Supervisory Board, the Risk Committee and the shareholders.

Answers received in response to the questionnaire showed the Supervisory Board's members had a favourable opinion on the majority of the statements. The Supervisory Board approved an action plan for those areas identified as requiring further attention.

2.7 Specialised committees of the Supervisory Board

In accordance with legal and regulatory provisions, the Supervisory Board set up an Audit Committee, a Remuneration and Nomination Committee and a Risk Committee, and defined the composition of those committees as well as their tasks and practices.

In addition, according to the articles of association which provide the creation of any additional committee to assist the Supervisory Board, the Supervisory Board set up a Strategy Committee.

Only members of the Supervisory Board may sit on these committees and only for their term of office on the Supervisory Board. The composition of each committee is decided by the Supervisory Board.

Members of the Management Board of the Company's Managing Partner may attend a meeting of a Supervisory Board's committee if so requested or at the invitation of the committee's chairman.

2.7.1 Audit Committee

2.7.1.1 Composition

As at 31 March 2017, the Audit Committee was composed of four members: Peter Smith (Chairman and independent member), Carole Piwnica (independent member), Sylvain Héfès and André Lévy-Lang (independent member)⁽²⁾.

2.7.1.2 Responsibilities

Specifically the Audit Committee is responsible for:

- reviewing the process of drawing up financial information (such as annual accounts, half year accounts and quarterly financial statements), the statutory audit of the annual accounts and consolidated accounts by the Statutory Auditors and the independence and objectivity of the Statutory Auditors;
- checking that the information provided is clear, and providing an appraisal of the relevance of the accounting methods used to draw up the individual and consolidated accounts;
- reviewing the effectiveness of the internal control and risk management systems both at the Group and Rothschild & Co levels; and
- providing an appraisal of the internal control systems, in particular, examining whether the measurement, monitoring and risk control systems are consistent and, where necessary, suggesting further actions in this respect.

⁽²⁾ Peter Smith, Carole Piwnica and André Lévy-Lang are independent members, as this term is defined in the Afep-Medef Code.

The Audit Committee can draw on the help of Company employees as necessary. It is empowered to obtain any information it considers necessary to fulfil its task from the Company's executive body, its staff and the Company's or its subsidiaries' Statutory Auditors. Audit Committee members have the opportunity, if necessary, to seek the opinion of the senior executives of the Group as well as that of the Statutory Auditors.

2.7.1.3 Activity

The Audit Committee meets at least four times a year in March, June, September and November, or more frequently if so required. The Audit Committee met six⁽³⁾ times during the 2016/2017 financial year, with an average attendance rate of 83.3% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Group Chief Financial Officer, the Group External Reporting Director, the Group Head of Internal Audit, the Group Head of Legal & Compliance, the Group Chief Risk Officer, the Group Company Secretary and the Statutory Auditors are permanent attendees at the meetings of the Audit Committee.

The June and November meetings are mainly focused, respectively, on the review of annual and half year accounts and the presentation by the Statutory Auditors of its report after its review of such accounts. In addition, at the June meeting, the Audit Committee reviews the section of the Chairman's report issued in accordance with the provisions of article L. 225-37 of the French Commercial Code, on risk management procedures implemented by the Company on pages 96 onwards of this report. The June meeting includes, in addition, a focus on the Banking book and the November meeting includes a review of the Merchant Banking Division.

The March and September meetings mainly focus on internal control matters. In March, the Audit Committee receives for consideration, the Group internal control report to be submitted to the French Prudential and Control Authority (*Autorité de contrôle prudentiel et de résolution*). In advance of each meeting, the Audit Committee members receive the Internal Audit activity report and the status of Statutory Auditors recommendations. The activities of the Group subsidiary audit committees are also presented to the Audit Committee during those two meetings. This year, the Audit Committee also reviewed the list of non-audit fees and took note of the new auditor partner's rotations and audit governance requirements under the revised Statutory Audit Directive.

At the end of each meeting, the Audit Committee usually meets with the Group Head of Internal Audit and the Statutory Auditors without the presence of any representative of senior management.

After each meeting of the Audit Committee, the Chairman of the Audit Committee submits a report on the work of the Audit Committee to the Supervisory Board members.

In addition, the Audit Committee receives, in advance of each meeting, the Group Risk and Compliance quarterly report addressed also to the Group Risk Committee.

Furthermore, every year, at the request of the Chairman of the Audit Committee, the Group Company Secretary coordinates a review of the annual work programme of the Audit Committee with the committee members, to ensure that the Audit Committee discharges its responsibilities in accordance with its Terms of Reference. In addition, this review considers the Afep-Medef recommendations to which the Company expressly refers to.

The conclusions of the 2016/2017 financial year's review were discussed and debated at the meeting of the Audit Committee held on 22 November 2016.

(3) One of these meetings was a joint meeting with the Risk Committee.

(4) The criteria used to identify for Regulated Persons are notably set out in the followings regulations: (i) the third iteration of the Capital Requirements Directive (CRD III) and associated guidelines, and (ii) the qualitative role base criteria set out in the EBA Regulatory Technical Standard (RTS) for identifying material risk takers (Commission Delegated Regulation 604/2014).

2.7.2 Remuneration and Nomination Committee

2.7.2.1 Composition

As at 31 March 2017, the Remuneration and Nomination Committee was composed of four members: Sylvain Héfès (Chairman), André Lévy-Lang (independent member), Peter Smith (independent member) and Luisa Todini (independent member).

2.7.2.2 Responsibilities

The role of the Remuneration and Nomination Committee is to assist the Supervisory Board with its remuneration-related duties and in particular with the preparation of its decisions in correction with the Group's remuneration policy principles. It also makes recommendations to the Supervisory Board on all matters relating to the composition of the Supervisory Board, such as appointments or renewals of terms of office, or the compliance with Afep-Medef recommendations.

Specifically the Remuneration and Nomination Committee is responsible for:

- setting the principles and parameters of remuneration policy for the Group as a whole and periodically reviewing the policy's adequacy and effectiveness taking into account all factors which it deems necessary including the Group's strategy from time to time;
- supervising and reviewing the broad policy framework for the remuneration arrangements within the Group and principles applicable to all staff members whose professional activities have a material impact on the risk profile of the Group (the "Regulated Persons")⁽⁴⁾;
- supervising the remuneration paid/awarded to members of the Compliance and Risk divisions and, where appropriate, the employment and remuneration arrangements of members of the Group Executive Committee;
- identifying Regulated Persons as we define them in each of Rothschild & Co, Rothschild & Compagnie Banque SCS and its subsidiaries, N M Rothschild & Sons Limited and its subsidiaries for the purposes of the French Prudential and Control Authority, and the United Kingdom Financial Conduct Authority and Prudential Regulatory Authority as appropriate;
- participating in the selection and nomination process of members of the Supervisory Board, as provided by the Afep-Medef Corporate Code;
- reviewing the nature and scale of the Group's short and long-term incentive performance arrangements to ensure that they encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects;
- discussing and reviewing with the Company's Managing Partner the determination and quantum of the total bonus pool; and
- undertaking any other remuneration related obligations placed upon the Remuneration and Nomination Committee by either the lead regulator or a local regulator.

2.7.2.3 Activity

The Remuneration and Nomination Committee met twice during the 2016/2017 financial year, with an average attendance rate of 100% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The meetings of the Remuneration and Nomination Committee were mainly convened to set and to periodically review the principles and parameters of its remuneration policies and their adequacy and effectiveness, review developments in remuneration regulations and ensure that Rothschild & Co Gestion SAS and business divisions are in compliance.

In addition, the Remuneration and Nomination Committee reviews the proposals submitted by business divisions regarding fixed and variable compensation with absolute discretion to adjust fixed compensation proposals, bonus pools and individual payments, and to supervise and review the broad policy framework for the remuneration of senior employees, including the Regulated Persons across the Rothschild & Co Group.

No Group employee is permitted to participate in discussions or decisions relating to his or her remuneration.

The Chairman of the Supervisory Board, the Chairman, the Executive Deputy Chairman and the Managing Partners of the Company's Managing Partner, the Group Human Resources Director and the Group Chief Financial Officer are permanent attendees at the meetings of the Remuneration and Nomination Committee.

In addition, with regards to the meetings of the Remuneration and Nomination Committee to review the proposals submitted by business divisions regarding fixed and variable compensation, the Heads of Group business divisions attend the meetings for part of the meeting to present their own business division.

2.7.3 Risk Committee

2.7.3.1 Composition

As at 31 March 2017, the Risk Committee was composed of three members: Sipko Schat (Chairman and independent member), Arielle Malard de Rothschild and Dr. Daniel Daeniker (independent member).

2.7.3.2 Responsibilities

Specifically the Risk Committee is responsible for:

- advising the Supervisory Board on the overall current and future risk appetite and strategy, both at the Group and Rothschild & Co levels;
- assisting the Supervisory Board in overseeing the implementation of that strategy;
- reviewing on a consolidated basis the material risks of the Group, and the total exposures of the Group's activities to such risks;
- reviewing the results of the Group's risk assessment that identifies and evaluates exposures to risk in the light of internal and external factors;
- reviewing the Group's broad guidelines relating to risk management and examining the effectiveness of the risk management policies put in place;
- reviewing all material new products and new classes of products and funds that have been approved pursuant to the Group's New Products Policy; and
- examining incentives provided by remuneration policies and practices to ensure they are consistent in the light of the risk, capital, liquidity and the likelihood and timing of expected earnings for entities.

2.7.3.3 Activity

The Risk Committee meets at least four times a year in March, June, September and November, or more frequently if so required. The Risk Committee met five⁽⁵⁾ times during the 2016/2017 financial year, with an average attendance rate of 93.3%. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Chairman of the Audit Committee, the Group Chief Risk Officer, the Group Head of Legal & Compliance, the Group Head of Internal Audit, the Group Chief Financial Officer, the Group External Reporting Director and the Group Company Secretary are permanent attendees to the meetings of the Risk Committee.

During those meetings, the Risk Committee reviewed the four quarterly Group Legal, Compliance and Risk reports and examined the Group strategic and operational risk assessments. In addition, the Risk Committee reviewed various Group policies, and checked the implementation of crisis management plans across the Group.

2.7.3.4 Cooperation with the Audit Committee

The Chairmen of the Audit Committee and the Risk Committee consult each other, whenever they deem it necessary and at least once a year, on various subjects, including but not limited to, subjects of common interest and/or cross-committee topics falling within the missions assigned to them, related to the internal control and risk management system.

2.7.4 Strategy Committee

2.7.4.1 Composition

As at 31 March 2017, the Strategy Committee was composed of six members: Éric de Rothschild, Dr. Daniel Daeniker (independent member), André Lévy-Lang (independent member), Lucie Maurel-Aubert, Peter Smith (independent member) and Carole Piwnica (independent member).

2.7.4.2 Responsibilities

The main role of this committee is to support the Supervisory Board in advising the Company's Managing Partner, on strategy matters.

Meetings of the Strategy Committee are prepared beforehand by the Company's Managing Partner and the Group Executive Committee.

2.7.4.3 Activity

The Strategy Committee meets at least once a year, or more frequently if so required. The Strategy Committee did not meet during the 2016/2017 financial year as the most significant strategy issues were covered by the full Supervisory Board during the year.

2.8 Corporate governance code

The Company has decided voluntarily to adhere to the Afep-Medef Code.

The Company is very committed to the principles of good governance and to the recommendations of the Afep-Medef Code. It should, however, be stressed that the very principle of partnerships limited by shares, the Company's form of incorporation, gives a unique structure to governance providing a clear separation of powers between the Company's Managing Partner, and the Supervisory Board, which cannot comply with the Afep-Medef recommendations without adaptation. In this situation, the Board takes into account the specific characteristics of this form of incorporation, and the Board is organised in a way that is adapted to the nature of the functions conferred upon it by law and the articles of association as well as by the recommendations of the Afep-Medef Code.

(5) One of these meetings was a joint meeting with the Audit Committee.

Pursuant to the AMF recommendations, the recommendations of the Afep-Medef Code not applied by the Company are described in the table below, with an explanation for each of them:

Afep-Medef recommendations	Explanations by the Company
<p>Independence criterion for members of the Supervisory Board related to the length of office (§8.5 of the Afep-Medef Code):</p> <p>Criterion providing that in order to be considered as independent a Director must not “<i>have been a Director for more than twelve years</i>”.</p>	<p>Given the Company’s ownership structure, which is controlled by an enlarged Rothschild Family Concert acting in concert with companies owned by members of the Rothschild family and by other shareholders with long-standing ties to the Rothschild family, and given the legal and statutory characteristics of a French partnership limited by shares, the Supervisory Board has expressly decided to waive the criterion relating to the duration of Supervisory Board members’ terms of office.</p> <p>This particular criterion was therefore expressly waived in the Supervisory Board’s Internal rules of procedure as follow:</p> <p>“The independence criteria that apply are those referred to in Article 9.4 of the Afep-Medef Corporate Governance code of December 2008, amended in June 2013, excluding the criteria relating to terms of office, which is expressly set aside.”</p> <p>The Supervisory Board considers that length of service is a key element for assessing and understanding the Rothschild & Co Group’s activities and that the effectiveness of the Supervisory Board is ensured by a wide-ranging composition in terms of diversity, professional experience and expertise of its members.</p>
<p>Independence criterion for members of the Supervisory Board related to directorship in a company the corporation consolidates (§8.5 of the Afep-Medef Code):</p> <p>Criterion providing that in order to be considered as independent a Director must not “<i>be an employee or executive director of the corporation, or an employee or director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years</i>”.</p>	<p>Peter Smith is non-executive Chairman of the Board of Directors of N M Rothschild & Sons Ltd (NMR) and non-executive Director of the Board of Directors of Rothschild Bank AG, two Group’s entities. However the Supervisory Board considered that as a result of Peter Smith performing duties in important international groups, this gives him a good perspective and a strong vision which contributes to the effectiveness of the Supervisory Board. Moreover, his experience and Group knowledge gives him a freedom of speech and opinion which is a guarantee of independence. He is therefore able to challenge the Supervisory Board and make an extremely valuable contribution to the discussions at the Supervisory Board.</p> <p>Sipko Schat is a senior advisor at NMR. However the Supervisory Board considered that he performed management duties in an important banking group and it gives him expertise and capacity of judgement which contributes to the effectiveness of the Supervisory Board.</p> <p>Accordingly, the Supervisory Board considers their situations do not affect their independence and they can be deemed as independent members.</p>
<p>Assessment of the actual contribution of each director of the Supervisory Board (Recommendation §9.2 of the Afep-Medef Code):</p> <p>The evaluation should measure “the actual contribution of each director to the Board’s work through his or her competence and involvement in discussions”.</p>	<p>The self-assessment questionnaire of the Supervisory Board does not expressly measure the actual contribution of each member.</p> <p>All members of the Supervisory Board expressed a positive assessment on the collective functioning of the Supervisory Board which implies that the individual contribution is also positive. Measuring the actual contribution of each member creates a risk to the general climate of confidence within the Supervisory Board. However, the current evaluation process allows the member to express their personal opinion on other individuals’ contributions in the general remarks section.</p>
<p>Status of the Chairman of the Remuneration and Nomination Committee (§ 16.1-17.1 of the Afep-Medef Code):</p> <p>“<i>The committee (in charge of compensation) should not include any executive directors, and should have a majority of independent directors. It should be chaired by an independent director. It is advised that an employee director be a member of this committee.</i>”</p>	<p>Mr Sylvain Héfès is the Chairman of the Remuneration and Nomination Committee despite his status of non-independent member.</p> <p>The Supervisory Board decided, during its meeting on 14 June 2017, to entrust the Chairmanship to Mr. Héfès due to his extensive knowledge of the Group’s business operations. He served notably for several years as head of Europe wealth management in one of the top leading global investment banking, securities and investment management firm and thanks to his various positions within this firm, he has developed an excellent appreciation of all matters related to the remuneration policies within the banking sector for the benefit of the Company and the Group.</p> <p>In addition, after having considered the moral authority that he enjoys within the Company and within the family company Rothschild Concordia as statutory independent director, his important knowledge of the specificities of the remuneration systems in France, the United Kingdom and other major locations where the Group operates, the Supervisory Board decided his appointment is justified to support the Group’s economic and financial challenges.</p> <p>Therefore, the Supervisory Board considers his situation as not jeopardising his ability to be the Chairman of the Remuneration and Nomination Committee and act in the best interest of the Company and the Group.</p>

2.9 Gender quota on the Supervisory Board

The composition of the Supervisory Board complies with the provisions of Law No. 2011-103 of 27 January 2011, which requires representation of both genders on the Supervisory Board.

It is also noted that this representation is reflected in the membership of the Audit Committee (25%), the Risk Committee (33.3%), the Remuneration and Nomination Committee (25%) and the Strategy Committee (33.3%).

3 Compensation and other benefits received by corporate officers

3.1 Compensation received by the Company's Managing Partner and its Chairman

3.1.1 Rothschild & Co Gestion SAS

In application of Rothschild & Co's articles of association, no compensation is paid to Rothschild & Co Gestion SAS in respect of its position of the Company's Managing Partner. Accordingly, the summary tables relating to compensation and other benefits granted to the Managing Partner required in accordance with AMF recommendations are not relevant.

It is, however, hereby specified that the Company's articles of association provide that Rothschild & Co Gestion SAS is entitled to reimbursement of its operating expenses. In this respect, a total amount of €1,173,540 has been due to Rothschild & Co Gestion SAS as reimbursement of its operating expenses for the financial year ended 31 March 2017.

In accordance with the provisions of Article 14.1 of the articles of association, an amount of €813,658, equal to 0.5% of the distributable profit of the 2016/2017 financial year, will be automatically allocated for payment to the two General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS. This does not constitute compensation for their services as General Partners.

3.1.2 David de Rothschild

Pursuant to the AMF recommendations, the table below presents an overview of compensation due or paid to David de Rothschild, Chairman of Rothschild & Co Gestion.

In thousands of euro	31/03/17	31/03/16
Fixed compensation	500	500
Variable compensation	-	-
Extraordinary compensation	-	-
Directors fees	-	-
Benefits in kind	-	-
TOTAL	500	500

Moreover, David de Rothschild has not benefitted from employment contracts, supplementary pension schemes and compensation or benefits due in the event of termination of office or change in function and non-compensation clauses during the financial year ended 31 March 2017.

3.2 Compensation policy for Supervisory Board members

Rothschild & Co's articles of association provide that the Supervisory Board shall freely distribute all or some of any remuneration that the Ordinary General Meeting of shareholders grants to its members.

The General Meeting of shareholders on 25 September 2014 set at €500,000 the maximum amount of fees available for allocation to members of the Supervisory Board of Rothschild & Co, until a new decision is taken.

During its meeting on 30 March 2016, the Supervisory Board approved, for the financial year 2015/2016 and for the years thereafter until a new decision is taken, a compensation policy based on a fixed fee structure for Supervisory Board and committee memberships, as follows:

	Fees in euro (per member each year)
Supervisory Board membership	20,000
Committee membership (<i>per committee</i>)	5,000
Position as Chairman of Board/committee	10,000

Distribution of fees is subject to the following.

- When a member holds multiple positions in Supervisory Board and Committees, the fees are cumulative. For example, a Board member chairing a committee shall receive €35,000 per financial year.
- All fees are paid on a pro rata basis at the end of the annual financial year in March. For example, when a Supervisory Board member has been appointed by the General Meeting of shareholders in September, fees payable correspond to the period from the date of the nomination as member of the Board to date of the end of the financial year.
- The Supervisory Board decided that, due to their operational and/or advisory functions within the Rothschild Group, Mr Éric de Rothschild, Mrs Arielle Malard de Rothschild and Mr François Henrot, as non-voting member (*censeur*), shall not receive any attendance fees in respect of their positions on the Supervisory Board and its specialised committees.

The table below shows the gross compensation allocated by the Company to the members of the Supervisory Board, in respect of their positions held at Rothschild & Co's Supervisory Board and its committees, during the 2016/2017 financial year.

Distribution of fees

	Supervisory Board	Audit Committee	Strategy Committee	Remuneration and Nomination Committee	Risk Committee	2016/2017 Total
Éric de Rothschild	■ ■		■			-
André Lévy-Lang	■ ■	■	■	■		30,000
Martin Bouygues ⁽¹⁾	■					9,808
Dr. Daniel Daeniker	■		■		■	25,000
Angelika Gifford	■					20,000
Sylvain Héfès	■	■		■ ■		40,000
Lord Leach ⁽²⁾	■		■			3,946
Adam Keswick ⁽³⁾	■					10,028
Arielle Malard de Rothschild	■				■	-
Lucie Maurel-Aubert	■		■			20,000
Carole Piwnica	■	■	■			25,000
Jacques Richier	■					20,000
Anthony de Rothschild	■					20,000
Sipko Schat	■				■ ■	35,000
Peter Smith	■	■ ■	■	■		40,000
Luisa Todini	■			■		25,000
François Henrot	■					-
TOTAL						323,782

- Chairman
- Vice-Chairman
- Independent member
- Non-independent member
- Non-voting member

(1) A pro rata basis of 179/365 days, corresponding to the period from 1 April 2016 to 27 September 2016 the date of the resignation as member of the Supervisory Board.

(2) A pro rata basis of 72/365 days, corresponding to the period from 1 April 2016 to 12 June 2016 the date of his death.

(3) A pro rata basis of 183/365 days, corresponding to the period from 29 September 2016, the date of the nomination as member of the Supervisory Board.

Corporate governance

The table below provides the breakdown of compensation received by the members of the Supervisory Board (in position during the financial year) in respect of their positions held at Rothschild & Co and at any other Group company during the 2016/2017 financial year.

In thousands of euro	31/03/17		31/03/16			
	Rothschild & Co ⁽¹⁾	Other compensation ⁽²⁾	Rothschild & Co ⁽¹⁾	Other compensation ⁽²⁾		
Members of the Supervisory Board						
Éric de Rothschild	-	Benefits in kind	-	Benefits in kind	6	
André Lévy-Lang	30	-	35	-		
Martin Bouygues ⁽³⁾	9.8	-	20	-		
Dr. Daniel Daeniker	25	-	30	-		
Angelika Gifford	20	-	20	-		
Sylvain Héfès	40	Directors fees Benefits in kind	173 2	40 205 2	Directors fees Benefits in kind	
Lord Leach ⁽⁴⁾	3.9	-	25	-		
Adam Keswick ⁽⁵⁾	10	-	-	-		
Arielle Malard de Rothschild	-	Fixed Variable Benefits in kind	242 273 25	- - - Benefits in kind	242 222 20	
Lucie Maurel-Aubert	20	Fixed Consultancy	5 68	25 -	- -	
Carole Piwnica	25	-	30	-		
Jacques Richier	20	-	20	-		
Anthony de Rothschild	20	-	20	-		
Sipko Schat	35	-	35	-		
Peter Smith	40	Fixed	144	45	Fixed	171
Luisa Todini	25	-	25	-		

(1) Includes compensation received from Rothschild & Co in respect of the role of member of the Supervisory Board and, if applicable, its committees.

(2) Received from controlled companies.

(3) Member of the Supervisory Board until 27 September 2016.

(4) Member of the Supervisory Board until 12 June 2016 (the date of his death).

(5) Member of the Supervisory Board from 29 September 2016.

3.3. Vote on compensation

In accordance with the recommendations of the Afep-Medef Code (article 26.1), to which Rothschild & Co refers to, compensation paid or due for the financial year ended 31 March 2017 to Rothschild & Co Gestion SAS, as Managing Partner of Rothschild & Co, and David de Rothschild, as the Chairman and sole legal representative of Rothschild & Co Gestion SAS, and the Chairman of the Supervisory Board will be submitted to the shareholders' advisory vote at the next General Meeting of shareholders on 28 September 2017.

4 Transactions involving the Company's securities by corporate officers

Pursuant to the provisions of Article 223-26 of the AMF General Regulations, the transactions involving the Company's securities during the 2016/2017 financial year executed by persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code, disclosed to the Company and the AMF, are summarised in the table below.

Name	Quality	Transaction date	Nature of the transaction	Unit price (in euro)	Total amount (in euro)	AMF decisions ⁽¹⁾
Nigel Higgins	Managing Partner of Rothschild & Co Gestion SAS	02/01/2017	Acquisition ⁽²⁾	28.195	404,795.62	2017DD461179
Nigel Higgins	Managing Partner of Rothschild & Co Gestion SAS	02/01/2017	Sale	25.79	174,030.92	2017DD461179

(1) These decisions are available on the AMF website (www.amf-france.org).

(2) Shares granted in accordance with the provisions of the third iteration of the Capital Requirements Directive (CRD III) regulating notably market operators' compensation.

5 Statutory Auditors

5.1 Terms of office

The General Meeting of shareholders of 27 September 2011:

- renewed for a term of six financial years, the appointments of Cailliau Dedouit et Associés SA, as main Statutory Auditor, and of Mr Didier Cardon, as Alternate Auditor; and
- appointed KPMG Audit FS II SAS, as main Statutory Auditor (merged into KPMG Audit SA in 2017) and KPMG Audit FS I SAS, as Alternate Auditor, in replacement of KPMG Audit (a division of KPMG SA) and of SCP de Commissaires aux Comptes Jean-Claude André et Autres, whose appointments were not renewed.

In the continuity of Rothschild & Co's conversion into a French partnership limited by shares approved by the General Meeting of shareholders of 8 June 2012, the Statutory Auditors and Alternate Auditors' appointments were confirmed.

It is hereby specified that the terms of offices held by the Statutory Auditors and the Alternate Statutory Auditors will come to an end at the General Meeting of shareholders to be held on 28 September 2017. Shareholders will be asked to deliberate on the renewal of the offices of the main Statutory Auditors. More detailed information will be presented on these proposed renewals in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable regulations.

5.2 Fees to Statutory Auditors

The information relating to the fees paid to the Statutory Auditors in respect of the financial year ended 31 March 2017 is presented on page 175 of this report.

5.3 Regulated agreements and undertakings

In accordance with applicable legal and regulatory provisions, the Statutory Auditors have been informed of all the regulated agreements and undertakings entered into during the 2016/2017 financial year, and of agreements and undertakings entered into during previous financial years but still into effect during the 2016/2017 financial year.

During the 2016/2017 financial year, the following two agreements were approved by the Supervisory Board as regulated agreements:

- the first regulated agreement approved by the Supervisory Board on 18 May 2016 was the Memorandum of Agreement (MoA) setting forth (i) the main terms of the merger with Compagnie Financière Martin Maurel, which was covered by a merger agreement dated 29 July 2016 and was approved by the General assembly of Rothschild & Co's shareholders and (ii) the main terms of the transactions to be completed before the closing of the merger. Such agreement was approved as a regulated agreement, to the extent that Rothschild Concordia, Rothschild & Co Gestion, David de Rothschild, Alexandre de Rothschild, Éric de Rothschild and Lucie Maurel Aubert were parties to the MoA; and
- the second regulated agreement approved by the Supervisory Board on 18 May 2016 was the financial advisory agreement entered into with Rothschild & Cie SCS, in the framework of the merger with Compagnie Financière Martin Maurel.

These two regulated agreements will be submitted for approval to the shareholders at the General Meeting to be held on 28 September 2017.

More detailed information on these regulated agreement and the report of the Statutory Auditors related thereto will be presented in the General Meeting Document.

Internal control and risk management procedures

The Chairman's report on internal control procedures is drawn up in accordance with Article L. 226-10-1 of the French Commercial Code. Its purpose is to provide a summary presentation of Rothschild & Co's internal control system as applied to its different business activities. It also reports on the financial risks relating to the effects of climate change and the Rothschild & Co's objective to implement measures to reduce these effects through a low-carbon strategy in all aspects of its business.

Report of the Chairman on internal control and risk management procedures implemented within the Group

1 Regulatory context

Rothschild & Co is on the list of the financial holding companies supervised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on a consolidated basis. The rules which impact upon the Group arrangements for risk management systems and controls are set out in the French Monetary and Financial code (*Code monétaire et financier*) and the Order dated on 3 November 2014, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. The Order dated on 3 November 2014 lays down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems.

As required by the Order dated on 3 November 2014, the Group internal control system established by Rothschild & Co operates a distinction between organisations and managers in charge of permanent controls (including Compliance, anti-money laundering and risk management) and periodic controls (i.e. internal audit).

The internal control system of Rothschild & Co must also take into account, as appropriate, *Autorité des marchés*'s General Regulations (the "AMF Regulations"), local regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework of international banks, foremost among

which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority, European Securities and Markets Authority).

2 Definition, objectives and scope of internal control

The internal control system refers to Rothschild & Co's own internal control system and the Group's internal control system on a consolidated basis. The internal control system seeks to provide directors, officers and shareholders with reasonable assurance that the following objectives are achieved:

- the effectiveness and efficiency of the entity's operations;
- the prevention and detection of fraud;
- compliance with laws and regulations, internal standards and rules;
- the reliability of accounting and financial information; and
- protection of the entity's assets.

It also fulfils the internal control objectives specific to financial companies supervised by the ACPR on a consolidated basis.

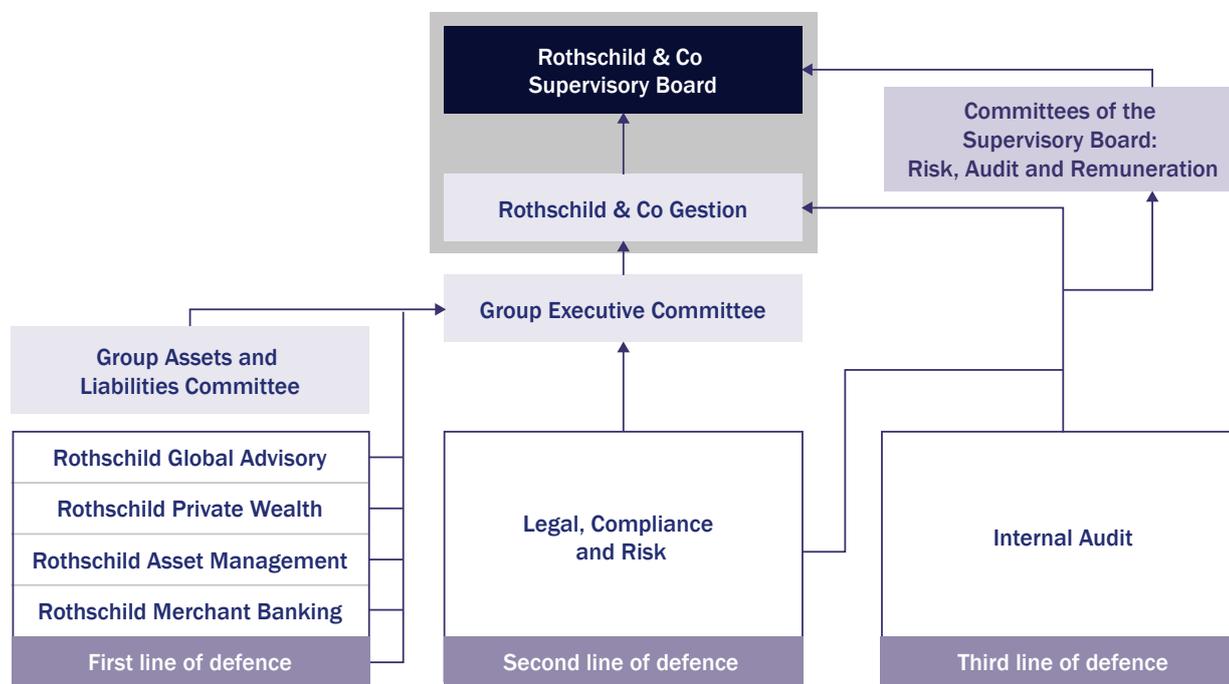
3 Organisation of internal control

The Group's internal control framework is based on the "three lines of defence" model. The first line comprises front-line management of the business itself. The second line includes independent Risk, Compliance (including AML/CFT) and Legal functions and, to a lesser extent, Finance and Human Resources to monitor on a continuous basis the activity of the front line management. The third line comprises Internal Audit who exercises periodic surveillance of the Group's activities, and support functions.

The Three Lines of Defence for identifying, evaluating and managing risks

First Line of Defence	Second Line of Defence	Third Line of Defence
It is the responsibility of senior management in each of the Group's business lines to establish and maintain effective risk management systems and to support risk management best practice.	Comprises specialist Group support functions including: Risk, Compliance, Legal, Finance and Human Resources. These functions provide: <ul style="list-style-type: none"> • operational and technical guidance; • advice to management at Group level and operating entity level; • independent challenge to the businesses; and • assistance in the identification, assessment, management, measurement, monitoring and reporting of financial and non-financial risks. 	Provides independent objective assurance on the effectiveness of the control procedures including those relating to the management of risks across the entire Group. This is provided by the Group's Internal Audit function.

The chart below shows the internal control governance structure through which the Group seeks to comply with these obligations:



3.1 Rothschild & Co Supervisory Board

The Supervisory Board, through the workings and reporting of the Risk Committee, the Audit Committee and the Remuneration and Nomination Committee for matters which have an impact on risk management, ensures the implementation by Executive Management as defined below in Section 3.2 of reliable procedures and processes for monitoring the internal control systems of the Group in order to identify, assess and manage risk.

The Heads of the Compliance, Risk and Internal Audit functions report on the performance of their duties to the Managing Partner and, whenever it is necessary in accordance with legal and regulatory provisions, to the Supervisory Board.

3.2 Rothschild & Co Gestion SAS

The Managing Partner is responsible for the overall management of Rothschild & Co, the Group's holding company. This includes, among other things, establishing the strategic direction of the business, supervising the accounting and financial information, and directing the internal control framework for Rothschild & Co and the Group's entities on a consolidated basis. The Managing Partner exercises its management and supervising responsibilities through its Chairman, M. David de Rothschild, assisted by the Management Board (*Conseil de gérance*).

In addition, a senior committee at Rothschild & Co, the Group Executive Committee (GEC), assists the Managing Partner in the overall management, the definition of the strategy of the Group and the direction of the Group internal control framework, so that Rothschild & Co ensures its proper implementation across the Group.

The Managing Partner, its Management Board and the GEC are referred to as "Executive Management" but for the avoidance of doubt, the final decision-making authority rests with the Managing Partner, represented by its Chairman.

Executive Management, reporting to the Supervisory Board, is responsible for the Group's overall internal control system. The Managing Partner defines the general guidelines of the internal control and risk management systems and monitors the actions implemented within the Group and the local management committees of each business unit.

3.3 Group Executive Committee

The Group Executive Committee (GEC) plays an active role in internal control matters by assisting the Managing Partner in defining the general guidelines of the internal control and risk management systems and monitoring the actions implemented within the Group and the local management committees of each business unit, enabling the Managing Partner on behalf of Rothschild & Co to formulate:

- the Group strategy, long-term strategic projects and three-year business plan;
- the Group's strategic capital determination and allocation; and
- the Group's risk management and control framework.

The Managing Partner is represented at the GEC by two members of the Management Board of the Managing Partner, Nigel Higgins and Olivier Pécoux, who co-chair the GEC.

3.4 Independent control functions

Internal control at Rothschild & Co consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- permanent control is the overall process for monitoring the risks to which the Group is exposed as a result of its on going activities and operations. It is carried out by operational staff, and their line managers, and by independent permanent control functions either within or independent of these operational entities; and
- periodic control is the overall process for *ex post* verification of the operations of the Group, based on investigations that are conducted by the Group Internal Audit function, which performs periodic checks on an independent basis on the design and the effectiveness of the two first lines of defence.

Internal control and risk management procedures

3.4.1 Group compliance function (including AML/CFT)

Group Legal and Compliance ensures that the Group conforms to legal and regulatory provisions, professional standards and codes of conduct, as well as the overall strategy and direction of Executive Management. The responsibilities of Group Legal & Compliance mainly include: development and maintenance of compliance policies and procedures (including those dealing with anti-money laundering and combatting the financing of terrorism), operation of monitoring programmes, or the supervision of monitoring programmes, identification of any failure to follow compliance policies and procedures, monitoring and review of legislation and regulatory developments which might affect the Group's business and reporting results of monitoring programmes to Senior Management and agreeing any remedial action or changes to relevant procedures with Senior Management. This independent internal control function reports to the Group Head of Legal, Compliance and Risk, who is a member of the Group Executive Committee. The Group Head of Legal, Compliance and Risk reports to the Managing Partner, the Supervisory Board's committees (Audit and Risk Committees) and boards around the Group.

3.4.2 Group risk function

Group Risk is responsible for ensuring that suitable risk management processes are in place across the Group and for reporting a consolidated view of risk exposures across the Group. As part of its role, Group Risk assesses the risks run in each business and how they are managed, aims to establish a forward-looking view over emerging risks within the businesses or the external environment and delivers an independent and objective perspective on the risks in the business and whether they are consistent with approved strategy and risk appetite. The Group Chief Risk Officer reports to one of the two *dirigeants responsables* within the meaning of the provisions of French Monetary and Financial Code applicable to Rothschild & Co, as financial holding company. Group Risk reports to Executive Management on significant incidents in accordance with the provisions of the Group Operational Risk Policy. This policy sets out the criteria and thresholds for identifying significant operational risk incidents and the process for escalating them and ensuring that any remedial actions are appropriately monitored.

In addition to the activities highlighted above, Group Risk presents a report on the risk management to the Risk Committee on a quarterly basis. This report covers capital reporting for R&Co, analysis of credit, liquidity, market and operational risk, regulatory and legal issues, any new products and highlights any material limit breaches or issues identified by Group risk in its day-to-day activities.

Other functions are important and participate in the internal control system in their specific areas of responsibilities such as Group Finance and Human Resources.

3.4.3 Group Internal Audit

Periodic control is independently exercised by Group Internal Audit. The Group Head of Internal Audit meets formally every three to four months with the concerned Managing Partners of the Managing Partner and, whenever necessary, to present the activity of the Internal Audit function and discuss any material findings raised during the period. The Group Head of Internal Audit presents the activity of Internal Audit to the Audit Committee which meets four times a year. In March, the Audit Committee approves the audit plan for the coming year and during its meetings in March and September it reviews in detail the activity of the internal audit function as described below. The Group Head of Internal Audit meets regularly, usually every quarter, with the heads of the main lines of business to discuss the evolution of the activity and the evolution of risks for their respective area of responsibility. This forms part of the regular information of the internal audit function on the evolution of the Group's risk profile.

Each of the Internal Audit Officers is responsible for the audit coverage of some specific lines of business: Global Advisory, Private Wealth, Asset Management, Merchant Banking, Banking and Treasury and Information Technology, in parallel to their local geographical coverage. The other members of the Audit function are not specialised by business and are assigned to the different audits according to the scheduling of the annual audit plan. The Group Head of Internal Audit reports to the Officers of RCOG and to the Audit Committee which receives every audit report drawn up by the Internal Audit function.

4 Risk management

The guiding philosophy of risk management in the Group is for the management to adopt a prudent and conservative approach to the taking and management of risk. The maintenance of reputation is a fundamental driver of risk appetite and of risk management. The protection of reputation guides the type of clients and businesses with which the Group will involve itself.

The nature and method of monitoring and reporting varies according to the risk type. Most risks are monitored daily with management information being provided to relevant committees on a weekly, monthly or quarterly basis. Where appropriate to the risk type, the level of risk faced by the Group is also managed through a series of sensitivity and stress tests.

The identification, measurement and control of risk are integral to the management of Rothschild & Co's businesses. Risk policies and procedures are regularly updated to meet changing business requirements and to comply with best practice.

4.1 Credit and counterparty risk

The Group's credit risk exposure primarily arises from its private client lending activity (through RBI, RBZ, RCB and BMM), and from corporate lending through BMM together with a small amount of mezzanine debt financing in Merchant Banking. In addition, the legacy Banking activities undertaken in NMR (commercial loans to corporates) results in some credit risk.

All credit exposures are closely monitored on a regular basis and a quarterly review of bad and doubtful debts is produced.

All material credit exposures are subjected to an intensive process of credit analysis by expert teams and to review and approval by formal credit committees. A high proportion of the credit exposures are secured.

4.1.1. Governance of credit risk

The Group Credit Committee oversees all lending in the Group through three sub-committees. The Private Client Credit Committee (PCCC), the Group Credit Committee – France (GCCF) and the Corporate Credit Committee (CCC). The PCCC is responsible for the management of private client lending exposures (including credit risk and pricing) in Group entities and reviews Private Client Lending which is written on the balance sheets of the banking entities within the Group (excluding RCB and BMM).

The Private Client Lending exposures assumed and the credit policies followed within the Group are subject to the oversight of the Risk Committee. The PCCC reviews the level of risk assumed in respect of Private Client Lending to ensure it is consistent with the risk appetite of the Group and in accordance with the Group Credit Risk Policy. Any material changes to the Private Client Lending policies will be reviewed by the GEC and the Group ALCO, approved by the co-chairmen of the GEC and will be reported to the GRC.

The GCCF is responsible for the management of private client lending exposures and corporate lending exposures in BMM and RCB (together the “French Banking Entities”). The GCCF is also responsible for the management of corporate lending exposures (including credit risk and the pricing of loans) in the French Banking Entities.

The CCC is responsible for the management of corporate lending exposures (including credit risk and the pricing of loans) in Group entities including lending to Group companies/investments in Group funds. The GCC is also responsible for reviewing staff loans and any co-investment in the funds which appear on the balance sheets of any Banking Entity.

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 are approved by the Managing Partner.

4.1.2 Approach to credit risk

The Group has Credit Risk and Large Exposure policies which are reviewed by the Managing Partner and the Risk Committee. In conjunction with the Group’s Risk Appetite Statement, the policies set out the credit risk appetite of the Group, the limits that have been set and establishes reporting protocols.

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 are 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.

Stress testing is an important risk management tool used to evaluate, gain an understanding of the impact of unexpected or extreme events and to validate the firm’s risk appetite. Each Banking Entity is required to set out in its credit risk policy its approach to stress testing and whether it is considered appropriate to the entity’s risk management.

4.1.3 Settlement risk

Settlement risk arises in circumstances where a counterparty does not deliver a security or its value in cash as agreed when the security was traded after the other counterparty has already delivered a security or cash value. Within the Group, settlement risk can arise when conducting derivatives transactions and through the sale and purchase of securities. There are a number of mitigants available to ensure that such risks are minimised and managed appropriately.

4.2 Operational risk

The Group has defined operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

4.2.1 Governance and organisation of operational risk

The Group has an established operational risk framework with the key objectives of mitigating operational risks by means of policies, processes, systems and procedures; communicating the Group’s risk appetite; protecting the Group’s assets; defining roles, responsibilities and accountabilities across the Group; and establishing a consistent approach for identifying, monitoring, measuring and reporting operational risk throughout the Group.

The Group Operational Risk policy, pursuant to the Group Risk Framework the Group, is reviewed annually and formalises the operational risk framework and is designed to ensure compliance with regulatory requirements in relation to operational risk. Oversight of operational risk matters is undertaken by the GEC, the Managing Partner and the Risk Committee.

Each of the key operating entities have established processes and appointed staff to identify and assess the operational risks they are exposed to in the context of their own market conditions, and have appropriate controls or risk mitigation processes in place. The management’s assessment of operational risk is supported by the risk assessments which are undertaken at least annually.

All incidents with a loss amount greater than €30k are reported in the quarterly Legal, Compliance and Risk report which is presented to the GEC, Risk Committee and the Audit Committee.

Internal control and risk management procedures

4.2.2 Compliance risk

Regular and targeted compliance training ensures that Group employees are clear on their regulatory responsibilities and understand the regulatory environment in which they conduct business.

Group Compliance identifies employee training needs based upon a number of factors, including regular monitoring of permanent control, compliance reviews, regulatory developments, annual compliance risk assessments, breaches of compliance policy, practice or procedure, and the results of the annual employee performance appraisals. Group Compliance works in conjunction with the Learning and Development (L&D) team in Group HR to identify and implement compliance training requirements across the Group. In addition, bespoke training is organised at the business line and legal entity level. *Ad hoc* training is given to ensure prompt dissemination to staff of on best practice and business-related market, legal, compliance and regulatory developments.

Protection of the Rothschild brand is of fundamental importance to the Group. The Rothschild name and its reputation are the Group's key asset and a number of controls are in place to ensure the culture of professionalism and protection of the firm's reputation is maintained.

Procedures relating to guarding against reputational risk are set out in each of the business Compliance manuals. These include extensive procedures relating to new clients taken on/acceptance for all business divisions.

On a monthly basis, each Compliance function in all the major business lines is required to complete a report of Compliance management information. This information comprises quantitative data reporting and qualitative assessments made by local Compliance officers. This gives a Group-wide picture of Compliance risk and also allows to collect the requested information by business line or topic.

4.2.3 Money laundering and terrorist financing risk

The Group Legal, Compliance and Risk function oversees and coordinates the prevention of money laundering and terrorist financing for all Group entities. The Group Head of Legal, Compliance and Risk oversees the Group's AML risk framework and strategy and reports into the Managing Partner. He is assisted by subject matter experts in the Group Financial Crime Team and with execution of operational processes by Legal, Compliance and Risk staff on a global basis.

A Group Financial Crime Committee (Chaired by the Group Head of Financial Crime) examines the design and effectiveness of the Group's financial crime policies, procedures and monitoring programmes as well as developing a strategic approach to money laundering prevention for the Group. The Committee convenes on a quarterly basis and its members include all Regional Heads of Financial Crime.

The Group Financial Crime team review all Group Financial Crime-related-policies on an annual basis.

4.3 Market risk

Market risk 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. Trading activities in the Group are confined to 'vanilla' products – the Group does not trade in complex derivatives or other exotic instruments.

Each of the Group's regulated banking entities is required to manage market risk on a stand-alone basis in accordance with its individual risk appetite and limits approved by Group ALCO.

The Group measures interest rate risk in the banking book by measuring its effect on the fair value of interest-bearing assets and liabilities (and of interest rate derivatives). This is done by showing the impact of a uniform 200 basis point shock upwards or downwards over one year. These are calculated at the entity level.

Exposure to interest rate risk in the banking book is small in relation to capital and there has been no material change to the profile of interest rate risk in the banking book in the last 12 months report on the internal report to the ACPR.

4.4 Liquidity risk

Liquidity risk is defined as the risk that Group is not able to maintain or generate sufficient cash resources to meet its payment obligations as they fall due. Managing liquidity risk is therefore a crucial element in ensuring the future viability and prosperity of the Group.

4.4.1 Governance of liquidity risk

The Group adopts a conservative approach to liquidity risk and its management and has designed its approach in the overall context of the Banking and Wealth Management strategy.

The Group Risk Appetite Statement establishes limits to ensure that the Group will maintain sufficient liquid resources to meet cash flow obligations and maintain a buffer over regulatory and internal assessment of liquidity requirements. The Group Liquidity Risk Policy is reviewed annually. 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 line with the directions given by the Managing Partner, the Group ALCO is responsible for the development and oversight of the implementation of liquidity strategy, the approval of local Liquidity Risk Policies and limits, and the implementation of reasonable steps to ensure these are consistent with the Group's risk appetite. The Group ALCO establishes and maintains a structure for the management of liquidity risk including allocations of authority and responsibility to senior managers and ensures that all reasonable steps are taken to measure, monitor and control liquidity risk and identify material changes to the liquidity profile. Group ALCO evaluates the results of stress testing on the liquidity profile and is responsible for the invocation of any Contingency Funding Plan (CFP) measures if necessary. Group ALCO ensures that the appropriate liquidity impact and liquidity cost of transactions is taken into account in the credit processes and approves the benchmark rate for the cost of liquidity used by banking teams as a key element of their pricing and risk-reward assessment in respect of existing and new business.

The Risk Committee has responsibility for reviewing the Group's liquidity risk identification, measurement, monitoring and control policies and procedures.

4.4.2 System for monitoring liquidity risk

The liquidity positions for RBI, RBZ, RCB and BMM are reviewed and reported in depth to the Group ALCO and summarised for the Risk Committee in accordance with the Risk Committee's terms of reference. In addition, the Group is required to have a contingency funding plan in place which requires a periodic review of the relevance and degree of severity of the assumptions used, the level and sustainability of the funding commitments received and the amount and quality of the liquid assets held. The Group also requires a Recovery Plan for liquidity, which sets out adequate strategies and measures to address any possible shortfalls. These will complement existing plans for individual Group entities.

The Heads of Treasury are responsible for: day-to-day management of liquidity, operating the business within liquidity limits set under their local policy and as approved by the Group ALCO, and for reporting to its meetings. Group Finance is responsible for monitoring adherence to the liquidity risk limits and for reporting any limits or target breaches as soon as practicable. Additionally the team is responsible for preparing and submitting regulatory liquidity returns, performing stress tests on the liquidity profile, verifying the appropriateness of such stress tests in consultation with Group Risk and reporting stress test results to Group ALCO.

Group Risk is responsible for monitoring the Group's liquidity risk and preparing periodic reports on it for the Risk Committee, and verifying the appropriateness of stress testing in consultation with Finance.

5 Organisation of the Group accounting arrangements

Group Finance has the necessary people to produce the financial, accounting and regulatory information of the Group on a consolidated and regulatory basis. The Finance Department consists of three sections: management accounting, financial accounting (including consolidations) and regulatory reporting.

5.1 Overview of statutory accounting arrangements

The local accounting departments are responsible for local statutory accounts. Group Finance produces the consolidated Rothschild & Co accounts only.

5.2 Process for establishing consolidated accounts

The consolidation department of Rothschild & Co manages the chart of accounts and the associated databases, performs the Group consolidation, controls the consistency and completeness of data and draws up the consolidated accounts and related notes.

In BFC, the consolidation tool of Group Finance, all subsidiaries report their individual accounting information using a chart of accounts and a format that are common to the whole Group.

Accounting data are reported directly under IFRS in BFC. The Group defines in its data dictionary how to record specific transactions and defines how the notes to the accounts should be prepared. The data dictionary, as well as other accounting guidance, is available for all offices on Rothschild & Co's Intranet. There are also quarterly reporting instructions and a quarterly Group Finance Newsletter/Circular.

Once data has been input into BFC, "blocking" controls defined by the Group are applied in order to validate the consistency of the accounting data, the correctness of the flows and the completeness of the analyses. In addition to these controls, the procedure for preparing the consolidated accounts includes:

- the reconciliation of inter-company transactions and the distribution of shareholdings in the Group's companies;
- checks on the application of consolidation adjustments;
- analysis and justification of shareholders' equity;
- analysis of changes in balances and ratios on a quarterly and year-to-date basis; and
- review at consolidated level of the provisioning policy.

5.3 Accounting control process

The accounting control process at Group level complements the control systems implemented at each level of the Group's organisation.

5.4 Accounting control mechanisms in the Group

Group Finance relies on a decentralised system where the primary control functions are assigned to the persons responsible locally for producing the financial statements.

Accounting data is collected using BFC, the Group's consolidation tool. The local finance departments are responsible for validating the accounting data entered in BFC through three levels of control:

- a first level – of the self-control type – which is embedded in the local accounting processes. These controls are operated daily;
- a second level, which is operated by accounting managers, for example involving controls on securities positions and consistency controls designed to ensure the reliability and completeness of the accounting and financial information; and
- a third level, which involves the Statutory Auditors who certify the accounts, carried out on an annual and half-yearly basis. Note that not all entities are audited (but most are) and that only the large entities and the significant balances are reviewed for the half-year accounts. The Internal Audit department could also be involved in the control process as a third level control.

Local entities' accounting information is input on an IFRS basis into BFC templates. Once data has been input, "blocking" system controls are applied.

Internal control and risk management procedures

5.5 Accounting control mechanisms at consolidation level

In addition to the control procedures described above, the consolidation process is accompanied by additional checks on the integrity of the consolidated accounting information. These checks are carried out by:

- Group Finance, in addition to its controls on the integrity of the accounting information, checks the consistency of the data reported with:
 - its knowledge of the major transactions;
 - the Group management accounts;
 - a category-by-category analysis of key balances; and
 - papers produced by other relevant Committees (for example, the Remuneration and Nomination Committee, the Assets and Liabilities Committee, the Group Executive Committee, etc.).
- The Managing Partner, which approves the consolidated accounts before they are sent to the Audit Committee.
- The statutory auditors, in the context of the certification of the accounts. Their work is carried out in accordance with professional standards.
- A final level of control takes place through the work of the Audit Committee, which is responsible for examining the Rothschild & Co consolidated accounts.

5.6 Control framework for regulatory reports

The Group Regulatory Reporting Division draws up the relevant Group procedures and ensures the quality and reliability of calculations of the solvency ratio, credit risk, market risk, operational risk and regulatory capital.

At Group level, the regulatory reports prepared for the *Autorité de Contrôle Prudenciel et de Résolution* are those related to:

- Solvency ratio (including Capital Adequacy and Risks reports);
- Leverage Ratio;
- Liquidity Coverage Ratio and Net Stable Funding Ratio;
- Large exposures; and
- IFRS/FINREP reports on a regulatory scope.

Following CRD4 implementation, current procedures are currently still under revision to take into account the new CRD4 rules and changes coming from EBA detailed interpretations of rules that are still ongoing in the Q&A process.

There are currently four main procedures related to regulatory reporting process:

- solvency ratio procedure was first written and communicated in May 2010;
- large exposures procedure;
- procedures have been defined for FINREP and list of subsidiaries; and
- counterparty master data procedure.

Furthermore, each quarter the regulatory reporting team circulates quarterly regulatory reporting instructions and a quarterly group regulatory finance newsletter to all relevant finance staff in the Group.

Report of the Chairman on the procedures implemented by the Company in order to prevent and manage the financial risks resulting from its activity on climate change

Pursuant to Article 173 of the energy transition act, as of the 2016/2017 financial year, Rothschild & Co is required to report on the risks linked to climate change and on its low-carbon strategy.

As an independent financial advisory group, Rothschild & Co is exposed to climate change-related risks in the running of its operations and activities.

During the 2016/2017 financial year, Rothschild & Co has been taking steps to understand and, where appropriate, address those risks. A specific example of this is the embedding of the Group Environment, Health & Safety Committee firmly within the Group. The purpose of this committee is to actively lead the successful development and delivery of Rothschild & Co's Environment and Health & Safety (EH&S) Strategies, compliance and regulatory requirements, whilst adding value to the business. The committee will ensure alignment between EH&S and business objectives and will inform the Group Executive Committee of EH&S concerns affecting the Group and Rothschild & Co as well as communicating these to stakeholders, both internal and external.

Moreover, as set out in its Group Environmental Policy, Rothschild & Co's aim is through its operations, products and services to add value to its businesses and those of its clients in a sustainable, environmentally-responsible way, to conserve and protect the world's natural resources.

In recognition of the effects of climate change and its potential impact on societies and ecosystems, resource security and the stability of economic markets, Rothschild & Co gives consideration to climate change issues and their effect on business.

In recognition of the 2 Degree Celsius Target set globally by 197 parties at the 21st session of the Conference of the Parties in Paris in December 2015, Rothschild & Co has adopted a Group Environmental Policy and works to reduce the negative impact of its operations.

Rothschild & Co has already put in place some measures to limit its own impact on the climate, namely rolling out office energy assessments that are aimed at identifying energy efficiency improvements and optimisation of existing office space.

Statutory Auditors' report on the report of the Chairman of the Supervisory Board

This is a free translation into English of the statutory auditors' report prepared in accordance with Article L.226-10-1 of the French Commercial Code, on the report of the Chairman of the Supervisory Board issued in French. It is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 March 2017

To the Shareholders,

In our capacity as Statutory Auditors of Rothschild & Co S.C.A. and in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your company in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*) for the year ended 31 March 2017.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.226-10-1 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.226-10-1 of the French Commercial Code (*Code de commerce*), being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*).

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.226-10-1 of the French Commercial Code (*Code de commerce*).

Paris La Défense, 14 June 2017
KPMG S.A.
Pascal Brouard
Partner

Paris, 14 June 2017
Cailliau Dedouit et Associés
Jean-Jacques Dedouit
Partner

Corporate Social Responsibility

1. Group Corporate Social Responsibility policy

In this report, Rothschild & Co or the Group refers equally to Rothschild & Co and the Rothschild & Co group.

Over the years, Rothschild & Co has been gradually developing and implementing policies designed to take environmental and social issues into greater account in its businesses, and circulating these among its employees. Given the Group's structure, the initiatives are usually locally taken. However, they are informed by a common set of values on which Rothschild & Co's internal operations, relations with stakeholders and investment decisions are based.

Social and environmental information has become an integral part of the Group's reporting practice.

These issues are governed by a number of committees including a Group Environment, Health & Safety Committee, which was established during the 2016/2017 financial year, a Community Investment Committee in the United Kingdom and a Diversity Committee in the United Kingdom.

Rothschild & Co monitors the policies and activities of these committees, on a consolidated basis.

Rothschild & Co is strongly committed to taking into account the impact of its activities on society and the environment. However, as Rothschild & Co is the parent company of a group carrying out banking and financial activities, the disclosure of some of the information listed in article R. 225-105-1 of the French Commercial code is not relevant. Explanations are provided where information has been excluded.

In accordance with the provisions of article L. 225-102-1 of the French Commercial code which provides that Corporate Social Responsibility (CSR) information disclosed in this report must be verified by an independent certification body, Rothschild & Co's Managing Partner has appointed KPMG as independent certification body. The report from KPMG on this report is presented on pages 118 onwards.

2. Methodology

2.1 Reporting procedure

Coordination of the CSR reporting procedure is conducted at Rothschild & Co by members of the Group's functions in charge of Human Resources, Environment and Community Investment, External Reporting, Property and Corporate Services, Legal and Company Secretariat (the "CSR Working Group").

The CSR Working Group has met on a periodic basis to set up the scope of the reporting, to organise the collection of the relevant information for the 2016/2017 financial year and consolidate the indicators included in the reporting campaign.

In the absence of recognised reporting standards on corporate social responsibility that are relevant to its activities, Rothschild & Co has defined for the Group its own reporting procedures based on best practice and on information required by the legal provisions, consolidated in the Rothschild & Co CSR Reporting Guidelines.

These guidelines are updated on an annual basis taking into consideration the CSR objectives fixed for the financial year and set out a formal framework by covering the human resources, environmental and community components, and provides a methodology for all those involved in preparing the CSR information to be included in this report. These guidelines have been updated by the CSR Working Group for the 2016/2017 financial year then reviewed and validated by Rothschild & Co to incorporate changes affecting the Group or the performance indicators from last year.

(1) It is being specified that Martin Maurel headcount represents 14% of the total Group headcount as at 31 March 2017.

2.2 Reporting scope

Given the Group's organisation, for the 2016/2017 financial year, the scope of the reporting does not include all of its entities for some of the required information.

In addition, the Martin Maurel group entities acquired in the framework of the recent merger between Rothschild & Co and Compagnie Financière Martin Maurel are not taken into account in the CSR Report for the financial year 2016/2017⁽¹⁾.

In addition, for the financial year 2016/2017, Rothschild & Co provided the Corporate Social Responsibility information, with the overall objective of a better qualitative approach and an improved verification process based on the following:

- **Completeness:** Rothschild & Co strives to provide the most comprehensive information possible, notably by including indicators covering the most significant consolidated entities; and
- **Materiality:** the published information is significant and representative of the Group's business. Rothschild & Co's performance data is presented within the social, economic and environmental context, taking into account the challenges facing the Group.

In consideration of the above, the reporting scope has been defined as follows:

- Human resources information:
 - regarding labour information, all fully consolidated entities within Rothschild & Co (excluding joint-ventures) are included in the report boundary;
 - regarding training information, only the four major office locations (Paris, London, Zurich and New York) are included in the report boundary, representing approximately 80% of the Group headcount, with quantitative information provided for London (which includes training organised in London for individuals from the office locations across the United Kingdom and the world) and Paris only. As far as the training hours are concerned, the reporting scope is limited to the Paris office; and
 - regarding Health & Safety information, 15 office locations are included in the reporting boundary: London, Paris, Zurich, New York, Frankfurt, Guernsey, Milan, Sydney, Hong Kong, Singapore, Brussels, Mumbai, Madrid, Geneva and Johannesburg, representing approximately 95% of the Group headcount.
- Environmental information: 15 office locations are included in the reporting boundary: London, Paris, Zurich, New York, Frankfurt, Guernsey, Milan, Sydney, Hong Kong, Singapore, Brussels, Mumbai, Madrid, Geneva and Johannesburg, representing approximately 95% of the Group headcount.
- Corporate responsibility information: all fully consolidated entities within Rothschild & Co (excluding joint ventures) are included in the report boundary, except for information on community investment which focuses on offices participating in the programme implemented within the Group.

The information collected covers the period from 1 April 2016 to 31 March 2017, except for data relating to human resources information collected for the Group entities in Paris which covers the period from 1 January 2016 to 31 December 2016. Data is also provided for the 2015/2016 financial year in order to allow a comparison between those two financial years.

3. Human resources information

3.1 Our People

By geography	31/03/17	31/03/16
United Kingdom and the Channel Islands	946	924
France and Monaco ⁽¹⁾	1,166	684
Switzerland	363	359
Other Continental Europe	368	307
North America	282	267
Rest of the world	285	288
Total Group	3,410	2,829

By business	31/03/17	31/03/16
Global Advisory	1,271	1,203
Private Wealth & Asset Management	1,332	839
Merchant Banking	106	91
Specialist Finance	40	54
Central & Support	661	642
Total Group	3,410	2,829

A global team of talented individuals from a diverse range of backgrounds and cultures

Rothschild & Co attracts, develops and retains some of the industry's brightest minds. We strive to create an inclusive culture that encourages the highest standards of quality, professionalism and ethics.

Rothschild & Co has over 3,400 employees across the world, of whom 39.3% are female. The team is truly global; Rothschild & Co draw on local talent from each of the 42 countries in which it is based and beyond, hiring and developing the best each region has to offer.

Rothschild & Co offers structured Graduate and Internship programmes in its Global Advisory, Private Wealth, Merchant Banking and Asset Management businesses, for both students in their final year of university (or French *grande école*) and those who have already graduated. 110 students were hired and placed onto the Global Graduate Training Programme. A large number of the graduates had completed an internship with a Group business entity prior to joining the full-time programme and the remainder were hired via our online and campus recruitment campaigns. We have a keen focus on diversity for all our Internship and Graduate programmes.

Rothschild & Co also recruits experienced professionals to help grow its business and in order to fill critical gaps in our succession planning. However, our key focus is always to offer growth potential and progression to our employees internally, and as such we keenly promote internal mobility as a first priority. When human resources do recruit externally, candidates are sourced in partnership with our Business Unit Heads and Departmental Managers. Human resources also work with specialised recruitment agencies/head hunters to identify candidates, again considering the broader diversity of the candidates we select.

During the 2016/2017 financial year, the number of redundancies represented 1% of the total headcount, and the amount of new joiners was 488 including the graduates mentioned above.

Employee age profile ⁽²⁾	31/03/17	31/03/16
< 30 years	22.8%	22.3%
30 to 39 years	32.9%	33.1%
40 to 49 years	25.6%	25.8%
> 50 years	18.8%	18.7%
Total Group	100.0%	100.0%

Employee gender profile	31/03/17	31/03/16
Male	60.7%	60.8%
Female	39.3%	39.2%
Total Group	100.0%	100.0%

(1) Except as indicated in Section 2.2, the data set out in this table and in the second paragraph below this table include Martin Maurel employees following the merger between Rothschild & Co and Compagnie Financière Martin Maurel. For the avoidance of doubt, the other HR data in Section 3 do not include the employees from the Martin Maurel group.

(2) Age distribution based on 97% of data.

3.2 Remuneration

The Group's remuneration policies, procedures and practices are in line with Rothschild & Co's business strategy, objectives, values and long-term interests and are designed to promote sound and effective risk management. The Remuneration and Nomination Committee, a specialised committee of the Supervisory Board of Rothschild & Co, is responsible for overseeing remuneration related matters in accordance with principles defined in the Group's remuneration policy.

We reward our people at a total compensation level, paying fixed and variable compensation. We ensure that fixed and variable components of total compensation are balanced appropriately.

Fixed compensation is driven by the local market for the role taking into account responsibilities, skills and experience, and annual variable compensation is awarded on a discretionary basis, driven by a combination of the consolidated results of Rothschild & Co and the financial performance of the business division in which an individual works as well as local market competitiveness and is then truly differentiated based on individual performance against financial and non-financial metrics.

In some cases we operate deferral arrangements to defer a proportion of variable compensation over three years. For our regulated population, part of this deferral is awarded in non-cash instruments.

Detailed information is presented in the consolidated financial statements, on page 170, under Note 28 "Operating expenses".

3.3 Work organisation

Working hours vary from country to country depending on national legislation and are therefore managed and monitored by local management and human resources teams.

Absenteeism is actively monitored and managed by local offices. Currently we do not have a uniform system for reporting this, but are embarking on a global systems project to renew our software by the end of 2017 to support this and other reporting initiatives.

3.4 Labour relations

Communication and feedback to employees form a key aspect of Rothschild & Co's values. In particular, two of these values (long-term focus and teamwork) underpin our commitment to our workforce. Attracting, developing and rewarding people are at the heart of what we do. Therefore providing regular and thorough feedback is critical to this. This is done most formally through the performance review, under which employees receive an end of year review. Managers are encouraged to meet with their direct reports on a regular basis to ensure dialogue on progress and two-way feedback is promoted. More generally Group and division-wide communication is regularly promoted through e-mail updates, the internal intranet R-connect, and the various businesses have their own form of face-to-face divisional gatherings.

Regarding Rothschild & Co's largest office locations, France is the only country having collective agreements based on applicable French legal provisions. During the 2016/2017 financial year, 12 collective agreements were executed. These collective agreements address mainly gender equality (actions on recruitment, compensation and work-life balance) and more seasoned employees (actions to enhance their professional development and knowledge transmission within Rothschild & Co).

Moreover, in France, a Health & Safety Committee pays great attention to health, hygiene, safety and the working conditions of employees. Rothschild & Co evaluates and anticipates risks, offers information and implements training on these subjects and we regularly review our procedures and systems at least once a year through the "*Document d'évaluation des risques*" (report identifying the risk on health, safety and working conditions) and the "*Document de prévention des risques*" (report identifying the action plan implemented to control risk). These two documents are regularly reviewed with the social representatives.

In Germany, specific measures are also conducted with the same objective (through, for instance, the "*Gefährdungsbeurteilung*" report which is similar to "*Document d'évaluation des risques*").

3.5 Health & Safety

Rothschild & Co further strengthened and improved its Health & Safety compliance requirements and established a continuous improvement programme that will include reviewing of compliance on a regular basis. In addition, Rothschild & Co has defined its minimum conformance standard and will maintain this standard across all of the Group office locations.

The Group Environment, Health & Safety Committee directs the relevant Health & Safety activities of the Group. At the date of this report, a Global Health & Safety Policy has been adopted by Rothschild & Co for the Group. This Policy states the intention to minimise the risk of injury and ill health by providing and maintaining, so far as reasonably practicable, a safe and healthy working environment for all employees, clients, visitors and contractors, and to enlist the support of employees towards achieving these ends.

The Global Health & Safety Manager enables direct communication and consults with employees on Health & Safety matters in all the Group office locations.

Health & Safety management includes, but is not limited to:

- risk assessments – including fire, occupational health and general office safety;
- contractor management and access procedures;
- accident reporting; and
- inspection and audit.

In France, collective agreements put in place also cover Health & Safety. There are no other collective agreements in place with regard to Health & Safety matters.

For the 2016/2017 financial year, reportable workplace accidents resulting in lost working days are listed below⁽²⁾.

Country	Office location	Workplace accidents 2016/2017 ⁽¹⁾	Days Lost
Australia	Sydney	–	–
Belgium	Brussels	1	1
France	Paris	5	5
Germany	Frankfurt	1	1
Greater China	Hong Kong	–	–
Guernsey	Guernsey	–	–
India	Mumbai	–	–
Italy	Milan	–	–
Singapore	Singapore	–	–
Spain	Madrid	–	–
Switzerland	Geneva	–	–
Switzerland	Zurich	–	–
United Kingdom	London (New Court)	–	–
USA	New York	–	–

(1) Based on reportable accidents resulting in absence.

3.6 Training and development

The Group offers training and development opportunities, enabling employees to improve their professional competencies. There are local and international training programmes, face-to-face, or virtually.

A Learning and Development team is dedicated to assisting the Group's aim to build and provide solutions to satisfy all aspects of an employee's development through services in training, mentoring, coaching and team development.

(2) For the 2015/2016 financial year, reportable workplace accidents were only disclosed for the UK and France: the UK offices had not any reportable workplace accidents resulting in lost working days and the Paris office reported five workplace accidents resulting in lost working days.

Some examples of our key programmes:

Global Advisory' Development Programme: the Global Advisory' Development Programme is a comprehensive technical training curriculum comprised of mandatory, recommended and available courses for employees at all levels in Global Advisory. Organised by grade, the courses are designed to further develop employees' skills as they progress through the firm. As well as offering face to face instructor led training, WEBEX training is also offered for global offices. New technical programmes introduced this year were Debt Specific Modelling which was offered to all junior bankers.

In Global Advisory, a number of new programmes have been introduced. Following the success of the Private Wealth & Asset Management development programme, two pilots have been run in Global Advisory for 22 team leaders within the UK. Building on the management offering, two courses "Supporting Employee Mental Health" and "Managing within the Law" have also been introduced.

Each area of Private Wealth has its own bespoke Career Development Framework and Curriculum which provides guidance to employees on the learning available to them and their specific roles. This year, we have continued offering the course "Driving Performance – Getting the Best out of Yourself and Others". 41 delegates attended from London, Zurich, Geneva and Guernsey. The plan is to roll out to all staff with people responsibilities. In addition, we have developed a structured development programme for Analysts and Associates which provides technical and client skills training alongside on the job training.

Global Graduate Training Programme: is run on an annual basis for Global Advisory and Private Wealth graduates consisting of four weeks of intensive technical training followed by business specific training for Global Advisory and Private Wealth. The programme is held in the UK for Global Graduates and the US for US Analysts. In addition to the technical training, the programme includes a Corporate Induction (presentations from the business) as well as a two-day residential programme.

Compliance Training: is provided through e-learning and face-to-face training workshops to all employees globally, depending on their role and local regulatory requirements.

Performance Review: line managers are offered training prior to the Performance Review Process each year to enhance their skills in managing performance and giving feedback. In Private Wealth one workshop was held in London and Zurich and a number of individual coaching sessions for line managers were organised. In Global Advisory, three workshops were held in London, New York and via WEBEX for overseas employees.

Within Global Advisory, a number of bespoke training programmes have been organised – Trade Finance training was organised for the Mining team, and subsequently offered to all staff and the Financial Institutions team attended Banking and Insurance Valuation training. Managing Directors within UK Global Advisory continue to attend communication skills training.

This year has seen an introduction of self-management programmes supported by our Balance@Rothschild initiative (please refer to section 3.7 below for more details). Further courses: "Optimise your Mindset", "Personal Resilience", "Great influence and Impact" and "Mindfulness" have been offered to **Support, Global Advisory and Private Wealth and Trust.**

Rothschild & Co does not record the number of training hours for office locations other than Paris; however, in the UK 235 training events took place with 2,562 employees from the UK office locations and from other office locations attending. In France, a large budget is allocated to the individual training of employees, well above the legal obligation. In this context, 254 training events were provided, representing 7.707 training hours.

In addition to these global training programmes each office location has its own training policy and programmes.

3.7 Equal opportunities

Rothschild & Co hires the most talented individuals, from a diverse range of backgrounds, cultures and experiences and is committed to provide equal opportunities in employment. In addition, Rothschild & Co aims to ensure that it, and each office location, will not unlawfully discriminate in employment because of race, colour, religion or belief, gender, national or ethnic origin, disability, age, nationality, marriage or civil partnership, pregnancy or maternity, sexual orientation or gender-reassignment. It is therefore Rothschild & Co's policy to make every effort to provide a working environment free from harassment, intimidation and discrimination, behaviours which it considers to be unacceptable behaviour.

The policy applies to all areas of employment including recruitment, the terms and conditions of employment, training, career development, replacement, promotion, transfer, redundancy, rehiring, benefits, compensation, retirement and termination.

As an equal opportunity employer, the Group seeks to recruit on the basis of experience and ability ensuring that the best candidate for the position is recruited. Only those qualifications and skills which are important to the role will be the criteria for selection for recruitment and promotion.

Respect for diversity and an inclusive culture are both central to our success. As such, we support various personal development initiatives, including mentoring and membership of networking organisations and forums to connect our professionals and promote inclusivity across the firm.

Corporate Social Responsibility

Rothschild & Co has been participating in the “*Charte de la Diversité*” since 2005. In this regard, we aim at having objective criteria in our recruitment, appraisal and compensation processes and we inform and train our managers on this important subject.

The Network for Knowledge (NFK) Committee is a City-wide, cross-firm organisation in London for women founded by Goldman Sachs International in 2007. This committee comprises senior women from law firms and banks including representation from Rothschild. It aims to connect female professionals from across these fields and to address the issues that affect their career development. The NFK organises regular networking events, training sessions and seminars including an annual flagship event. There is a cross-firm mentoring programme in which a number of professionals from Rothschild & Co participate.

David de Rothschild is one of the 54 Chairmen of the 30% Club which aims to increase female representation on UK corporate boards from the current industry average of 12% to 30%. This initiative was launched to support and encourage women’s career development and to garner support from chairmen and companies to recognise and cultivate talented women up to board level.

In the UK, Rothschild & Co formed a Diversity Committee which is chaired by a senior investment banker in cooperation with a number of senior representatives from each major business of the Group. Alongside this, our female professionals have formed a Rothschild Women’s Network (RWN) to further assist in the attraction and retention of women in our various businesses. The RWN has now organised several events targeted at different levels of employees and sends out a regular newsletter to its membership. Last year, an LGBT Network was formed in the United Kingdom and Rothschild & Co has become a member of Stonewall’s Diversity Champions Programme which is Britain’s good practice forum on sexual orientation in the workplace. We also have a focus on our junior professionals in particular and have launched initiatives to help them manage their work-life balance. This approach very much involves the assistance of our senior colleagues to help champion this. To support all of the above efforts, we have also launched in the United Kingdom Balance@Rothschild, which is a series of workshops and seminars on health and well-being.

In France, measures have been put in place to promote gender equality in three key areas: recruitment, compensation and work-life balance. Action plans are presented and reviewed every year with our social representatives. We also have a plan in favour of more seasoned employees and measures to enhance their professional development and knowledge transmission within the Group.

3.8 Measures implemented to promote employment and integration of disabled people

Rothschild & Co ensures that in each location where it operates, no discriminatory criterion is applied for recruitment, career development and compensation decisions. Where an employee has a disability, we work closely with them and our Occupational Health advisers to provide the appropriate adjustments and support to ensure they can be successful and fulfilled in the workplace. In its UK environment, the Group also collaborates with specific organisations and charities, for example Blind, in Business, to ensure that we are providing the best possible care and support to our employees.

In France, the Group contribution to the employment of disabled persons is conducted by financing specialised companies or by choosing suppliers who employ disabled people and by investing in educational projects for disabled people.

3.9 Promotion and observation of the International Labour Organisation’s Convention

The policies implemented by Rothschild & Co adhere and are in line with the main provisions of the ILO Convention, for example the elimination of all forms of forced labour, abolition of child labour, elimination of all forms of discrimination in respect of employment and occupation examples of which we have detailed above under Equal Opportunities, but also in respect of freedom of association and collective bargaining.

4. Environmental information

Rothschild & Co recognises its environmental responsibilities and the importance of being actively engaged with environmental issues. Rothschild & Co also recognises that environmental challenges present additional business risks that vary in type, severity and frequency. In addition, Rothschild & Co believes climate change adds further complexity to these risks, creating potential uncertainties for its business.

In recognition of the effects of climate change and its potential impact on societies and ecosystems, resource security and the stability of economic markets, Rothschild & Co gives consideration to climate change issues and their effect on business.

In recognition of the 2 Degree Celsius Target set globally by 197 parties at the 21st session of the Conference of the Parties in Paris in December 2015, Rothschild & Co has adopted a Group Environmental Policy and works to reduce the negative impact of its operations, guided by its environmental vision:

“Through our operations, products and services we will aim to add value to our and our clients’ businesses in a sustainable, environmentally-responsible way, to conserve and protect the world’s natural resources.”

This vision is underpinned by selected United Nations’ Sustainable Development Goals (SDGs) and, in line with the Group’s strategy, is aimed at reducing, the negative environmental impact of its actions and minimise business risk.

Whilst the Group recognises the importance of all the SDGs, it has specifically aligned itself with those it feels most relevant to the business, which is:

- Goal 6 – Clean water and sanitation
- Goal 7 – Affordable and clean energy
- Goal 8 – Decent work and economic growth
- Goal 12 – Responsible consumption and production
- Goal 13 – Climate Change
- Goal 15 – Life on Land

To maintain a consistent, focused approach on the most material environmental impact areas of the Group’s locations, Rothschild & Co is rolling out an Environmental Management Action Plan (EMAP). This EMAP is aimed at reducing the negative environmental impact of the Groups operations. The implementation of this plan will in many cases further support local environmental initiatives run by building landlords where Rothschild & Co and its affiliates are tenants.

Rothschild & Co further strengthened and improved environmental compliance requirements and has established a continuous improvement programme that includes reviewing compliance on a regular basis. In addition, Rothschild & Co has defined its minimum conformance standard and will maintain this standard across all of the Group's offices.

In 2015/2016, Rothschild & Co reported environmental data from 10 office locations: Frankfurt, Guernsey, Hong Kong, Johannesburg, London, Milan, New York, Paris, Sydney and Zurich. The 2016/2017 report expands this scope to include Brussels, Geneva, Madrid, Mumbai and Singapore. This represents a total FTE coverage of approximately 95% of the total coverage by FTE headcount in 2016/2017⁽³⁾.

Rothschild & Co has again normalised its total environmental impact against full-time equivalents (FTE), enabling a better understanding of its impact at an employee level. As such, and due to the FTE count increasing at a greater rate than the total impact, Rothschild & Co has seen a decrease in impact/FTE.

Total waste decreased despite an increase in the number of offices measured this year. This decrease has, in part, been due to improved and more accurate data collection, the piloting of waste reduction programmes, more efficient waste separation and staff training. Food waste measurement has been introduced this year and is sent to compost or anaerobic digestion. The Group piloted a successful food waste separation programme in the London office, which will now be rolled out more widely over time.

Mainly due to the inclusion of five additional offices, total material use and total water use have increased over the reporting year.

Despite the inclusion of five additional offices, total energy consumption saw a very slight decrease. This was partly due to energy efficiency gains from optimisation of existing plant equipment and the introduction of energy saving equipment, namely low energy, LED lighting.

Total Greenhouse Gas (GHG) emissions have remained broadly the same despite an increase in scope. Again, this was partly due to energy efficiency gains from optimisation of existing plant equipment and the introduction of energy saving equipment, namely low energy, LED lighting.

In line with best practice, the Group has elected to produce a "dual report" for Scope 2 (predominately electricity consumption) GHG emission. This "dual reporting" uses both location and market-based reporting methods.

The locations-based methodology is the historical way Rothschild & Co has reported GHG emissions. This method uses energy grid average emission factors in location specific geographies and over specific timeframes and allows Rothschild & Co to compare GHG emissions year-on-year.

The market-based reporting methodology enables the recognition of conscious choices in electricity purchases from 100% renewable energy.

4.1 General Environment Policy

4.1.1 Company policy addressing environmental issues and steps taken to evaluate performance or obtain environmental certification

Rothschild & Co has approved the inaugural Group Environment Policy which defines the Group's direction and approach to responsible environmental management.

The Policy outlines the Group's operational environmental commitments, and covers all areas of operational environmental management, including reporting and legal compliance and conformance with regard to how we conduct business.

Rothschild & Co is committed to the conservation and protection of the world's natural resources. The Policy will apply to and be adopted by all Group entities, branches, divisions and employees and, where deemed appropriate, third parties operating within Rothschild & Co's control.

4.1.2 Employee training and awareness on environmental protection

Rothschild & Co raises employee awareness of environmental challenges affecting the Group primarily through its Intranet R-connect, email communications, notice boards and face-to-face meetings.

This year Rothschild & Co supported Earth Hour by participating in the one-hour power-down of lighting and non-essential office equipment. This support of Earth Hour will be repeated in future years in addition to developing more Group initiatives aimed at increasing the environmental awareness of our employees.

Environmental Advocates have been identified in each office location to ensure alignment of understanding and sharing of best practice to address environmental challenges across the Group.

Rothschild & Co has identified a global environmental training platform to develop and implement employee training to all offices.

4.1.3 Amount of provisions and guarantees for environmental risk

During 2015 and 2016, Rothschild & Co undertook a global legal compliance assessment to understand the legal environmental responsibilities in each jurisdiction where Rothschild & Co has an office. This assessment led to the development of the Group environmental conformance standard in offices worldwide.

To date, no particular provisions or guarantees have been identified or are required for environmental risk.

⁽³⁾ For the avoidance of doubt, this does not include the FTE headcount of the Martin Maurel group entities. The economic and legal reorganisation of the two groups following the merger between the two holdings Rothschild & Co and Compagnie Financière is described in the Management Report on page 57. In due course Rothschild & Co will aim report on 100% of the Rothschild Martin Maurel subgroup office locations.

4.2 Pollution

4.2.1 Measures for preventing, reducing or offsetting discharges into the air, water and soil, with a severe impact on the environment

As an office-based business, Rothschild & Co does not consider its discharges into air, water and soil to be material environmental risks.

4.2.2 Sound pollution and any other form of business-specific pollution

As an office-based business, Rothschild & Co does not consider sound pollution to be a material environmental risk, nor does the Group contribute to any other business-specific forms of pollution.

4.3 Circular economy

4.3.1 Waste prevention and management

4.3.1.1 Waste prevention, recycling, reuse, other forms of recovery, and disposal of waste

During the 2016/2017 financial year, and as part of the wider EMAP, Rothschild & Co piloted initiatives to further prevent, reduce, recycle and promote circular economy activities. In line with the EMAP, Rothschild & Co has started and will continue to implement improved Group waste management. This includes the separation of biodegradable waste, predominately food, and ongoing training to catering staff and employees to help ensure separation is effectively and efficiently managed.

In addition, this year Rothschild & Co has further improved its waste reporting by defining the waste disposal route of food waste more accurately either through composting or anaerobic digestion, which is reported separately for the first time this year.

Overall and despite an increase in the number of offices measured this year, a slight decrease in total waste has been recorded. This decrease has, in part, been due to improved and more accurate data collection, changes in business activity, the piloting of waste reduction programmes, more efficient waste separation and staff training.

Waste disposal data⁽⁴⁾

Waste disposal in tonnes	31/03/17	31/03/16
Re-use	1.3	1.9
Recycling	253.1	399.5
Anaerobic digestion	28.7	-
Composting ⁽¹⁾	3.7	24.5
Incineration	215.9	121.8
Landfill	42.7	46.2
Total Waste Disposal	545.4	593.8
Tonnes/FTE	0.19	0.23

(1) Anaerobic digestion and composting are the two food waste disposal methods used by the Group.

4.3.1.2 Actions against food waste

Food waste in tonnes	31/03/17	31/03/16
Food Waste	33.1	24.5
Tonnes/FTE	0.01	0.01

Rothschild & Co has piloted separate biodegradable, predominately food, waste collection to reduce general waste and increase the amount of biodegradable material that it sends to an anaerobic digester or industrial compost facility. The collection of biodegradable waste includes, amongst other things coffee and tea waste, unwanted or uneaten food and compostable packaging.

Rothschild & Co and the Group entities recognise the challenges for managing waste, particularly where a lack of local infrastructure limits effective waste management. However, it will continue to work towards finding solutions to overcome these challenges by working with local Environmental Advocates and third party contractors.

4.3.2 Sustainable use of resources

4.3.2.1 Water consumption and water supply based on local constraints

As Rothschild & Co increases the geographical reporting scope, it will have a better understanding of water stresses in the local areas. In due course Rothschild & Co will assess and define what "water stress" means for the Group and address it accordingly.

The increase in total water consumption is a direct consequence of introducing five new offices. It should also be noted that a faulty meter in one of the Groups larger office locations has resulted in the water reading for that office location being estimated.

Water use data⁽⁵⁾

Water consumption in m ³	31/03/17	31/03/16
Water Consumption	39,837.3	37,626.3
m ³ /FTE	14.07	14.69

4.3.2.2 Consumption of raw materials and measures to improve efficiency in their use

Raw materials are interpreted predominately to mean paper. However, an increased reporting scope over the years has resulted in more materials being added.

Broadly speaking, materials use in total has seen a very slight increase. This is mainly due to the addition of five new offices in the reporting scope. Reduced business demand in larger offices for paper has been counteracted by increases in paper and other materials from the additional five office locations.

(4) For more information on waste disposal data, please refer below to the additional data notes.

(5) For more information on water use data, please refer below to the additional data notes.

Materials use data⁽⁶⁾

Materials use in tonnes	31/03/17	31/03/16
Paper Consumption (Recycled content)	30.0	29.5
Paper consumption (virgin content)	164.7	173.7
Paper towels (recycled content)	1.7	5.4
Paper towels (virgin content)	8.2	2.3
Paper cups (recycled content)	0.0	0.5
Paper cups (virgin content)	1.7	0.5
Plastics	10.6	0.02
Total Paper Consumption	216.9	211.8
Tonnes/FTE	0.08	0.08

4.3.2.3 Energy consumption and measures to improve energy efficiency

Despite the inclusion of five additional offices, energy consumption decreased moderately. This reduction was driven mainly through optimising existing office plant equipment and implementing energy efficient solutions, such as replacing low efficiency lighting with high efficiency LED lighting.

Energy use data⁽⁷⁾

Total energy use in MWh	31/03/17	31/03/16
Natural Gas + Biogas Combustion	2,931.5	3,484.8
Gasoil/Diesel Combustion	235.7	69.0
Electricity Consumption	13,939.7	13,932.1
Heat Consumption	490.2	386.8
Total Energy Consumed	17,597.0	17,872.7
MWh/FTE	6.22	6.98

4.3.2.4 Land use

No sites are located in or adjacent to areas of high biodiversity value. However, whilst the Group does not consider its land use to be of material environmental risk, it remains mindful of the impacts of land use and will protect, where practicable, biodiversity, as far as practicable, that is directly or indirectly affected by the Group's operations.

4.4 Climate change

4.4.1 Adaptation to the consequences of climate change

During the 2016/2017 financial year, Rothschild & Co has established its position on climate change in its Climate Change Positional Statement (please refer to page 108).

4.4.2 Significant greenhouse gas emissions items generated as a result of the Group's activity, particularly by the use of goods and services they provide

Rothschild & Co's Greenhouse Gas (GHG) emissions are calculated as tonnes of carbon dioxide equivalent (tCO₂e), a universal unit of measurement expressing the impact of each of the Kyoto GHGs in terms of the amount of CO₂ that would create the same amount of warming.

Rothschild & Co calculates tCO₂e by multiplying its activity data, for example waste incineration, landfill and miles travelled by air, by the UK DEFRA-approved conversion factors.

The Group's emissions reporting is in respect of its operational activities and includes Scope 1 and 2 emissions, and Scope 3 emissions in respect of business travel, water supply and wastewater treatment, materials, waste disposal, and electricity transmission and distribution losses.

The GHG emissions data table below does not include emissions associated with investments from Asset Management and Merchant Banking divisions. Rothschild & Co recognises that, although not quantified, Scope 3 emissions from Asset Management and Merchant Banking divisions are a significant source of impact⁽⁸⁾.

Moving forward and in line with best practice, Rothschild & Co has elected to produce a "dual report" for Scope 2 GHG emission. This "dual reporting" uses both location and market-based reporting methods.

The location-based method is the historical way Rothschild & Co reports GHG emissions. This method uses energy grid average emission factors in location specific geographies and over specific timeframes.

Using guidance from the GHG Protocol, Rothschild & Co now also reports GHG emissions using market-based methodology.

The Scope 2 market-based figure reflects emissions from electricity purchasing decisions that Rothschild & Co makes. When quantifying emissions using the market-based approach, and where possible, a tariff-specific emissions factor is used (for example, some office locations choose to purchase electricity generated from 100% renewable sources, and can therefore account emissions associated with electricity consumption at these sites as zero). Where tariff specific emission factors are unavailable, a supplier specific emissions factor is used, failing the availability of tariff-specific emission factors a residual mix emissions factor is used. As a final option, whereby the two previous emission factors are not available, the location-based grid emissions factor is used. This approach is in line with the GHG Protocol Scope 2 Data Hierarchy.

Despite the inclusion of five additional offices, Scope 2 location-based GHG emissions from electricity use have remained the same. This is due to implementing energy efficiency measures including the optimisation of existing plant equipment in some offices. This is the first year the Group reported on Scope 2 market-based GHG emissions; this figure has been heavily influenced by purchasing a 100% renewable electricity contract in one of the office locations.

The reduction in Scope 2 emissions has been slightly negated by an increase in Scope 1 and 3 emissions, namely from business travel, hence total Group GHG emissions remained the same.

(6) For more information on materials use data, please refer below to the additional data notes.

(7) For more information on energy use data, please refer below to the additional data notes.

(8) Over the next 12 to 18 months, Rothschild & Co will look in more detail at quantifying this impact, as a first step to taking more appropriate measures.

Corporate Social Responsibility

Greenhouse Gas emissions data

Greenhouse gas emissions in tCO ₂ e (except electricity for non-UK offices which is tCO ₂)			31/03/17	31/03/16	
Direct Emissions (Scope 1)	Natural Gas + Biogas		481.1	608.8	
	Gasoil		65.1	18.7	
	Owned Vehicles	Distance		26.2	42.3
		Petrol		102.7	86.0
		Diesel		127.0	68.7
Total Scope 1		802.1	824.6		
Indirect Emissions (Scope 2)	Electricity Consumption (Location-based)		3,706.8	3,933.5	
	Electricity Consumption (Market-based)		1,635.6	-	
	Heat Consumption		100.1	86.5	
Total Scope 2 (Location-based)		3,807.0	4,020.0		
Total Scope 2 (Market-based)		1,735.8	-		
Indirect Emissions from Flights (Scope 3)	Business Travel – Flights	Domestic All Classes (Av Passenger)	49.3	54.1	
		Short-Haul Economy Class	337.1	396.6	
		Short-Haul Business Class	1,074.0	928.0	
		Long-Haul Average Passenger	360.5	0.0	
		Long-Haul Economy Class	105.7	60.2	
		Long-Haul Premium Economy Class	134.2	12.9	
		Long-Haul Business Class	3,823.6	3,111.9	
		Long-Haul First Class	438.0	421.4	
		International (Av Passenger)	271.7	292.1	
		International Economy Class	1,166.9	1,109.1	
		International Premium Economy	12.7	8.6	
		International Business Class	5,025.9	6,246.4	
		International First Class	1,163.3	1,139.4	
Total Emissions – Flights		13,962.3	13,780.6		
Other Travel Emissions (Scope 3)	Business Travel – Rail	National	62.1	40.5	
		International	24.1	24.5	
	Business Travel – Taxis		190.8	169.6	
Total Emissions – Other Travel		277.0	234.6		
Other Emissions (Scope 3)	Water	Water Supply	13.7	12.9	
		Water Treatment	28.2	26.6	
	Materials	Paper	185.6	189.8	
		Plastics	35.4	0.1	
	Waste	Re-use	0.0	0.0	
		Recycling	5.3	8.4	
		Anaerobic	0.6	-	
		Composting	0.0	0.1	
		Incineration	4.5	2.6	
	Landfill	8.5	4.3		
Company Leased Vehicles		188.2	103.4		
Electricity Transmission and Distribution Losses		368.9	329.8		
Total Emissions – Other		839.0	678.2		
Total Scope 3		15,078.3	14,693.5		
Total Scope 1, 2 and 3 (Location-based)		19,687.3	19,538.1		
Total Scope 1, 2 and 3 (Market-based)		17,616.2	n/a⁽¹⁾		

(1) Please refer below to the additional data notes.

Greenhouse gas emissions data per FTE

Emissions tCO ₂ e/FTE	Location-based approach		Market-based approach	
	31/03/17	31/03/16	31/03/17	31/03/16
FTE Headcount	2,831.0	2,561.4	2,831.0	-
Scope 1 and 2	1.6	1.9	0.9	-
Scope 3 (All)	5.3	5.7	5.3	-
Scope 1, 2 and 3 (All)	7.0	7.6	6.2	-

4.4.3 Consequences of the use of the services provided by the Group on climate change

As mentioned in the introduction of this section, Rothschild & Co will continuously improve its environmental management practices, limiting and reducing our negative environmental impact as far as practicable.

Over the next 12 to 18 months, Rothschild & Co will look in more detail at the consequences of the impact that its goods and services have on climate change, above and beyond those related to its operations, in order to put in place the appropriate measures.

4.4.4 Information on how investment decision-making process takes social, environmental and governance (ESG) criteria into consideration

Rothschild & Co will continue to adapt its operational activities with the aim of reducing business risk and environmental impact.

Historically, ESG approaches to investment decision-making have remained the responsibility of the individual business entity or area.

Rothschild & Compagnie Gestion and Five Arrows Managers, two of Rothschild & Co's asset management and/or private banking entities are signatories of the UN PRI. Rothschild Private Wealth in the UK has developed its own ESG Policy.

Over the next 12 to 18 months, Rothschild & Co will evaluate the requirements and define the means needed to contribute towards financing the energy and ecological transition.

4.5 Measures taken to preserve or develop biodiversity

No specific measures have been taken thus far to preserve or develop biodiversity at Group level, although the Group does support the Life on Land SDG. This support, coupled to the Rothschild family's historical links to species discovery and protection, Rothschild & Co commits to protecting biodiversity, as far as practicable, that is directly or indirectly affected by the Group's operations.

Additional notes for Section 4.2 to 4.4 inclusive General data notes

The reporting period is the financial year 1 April 2016 to 31 March 2017.

The total Group FTE headcount used to calculate the environmental impact per FTE uses HR finance headcount data provided by the Global HR team. This figure is added to the headcount manually reported by the site Environmental Advocates, of third party, service provider or contractor headcount. The result of adding the two headcount numbers is used to calculate the impact per FTE (Impact/FTE).

Impact per FTE is used to normalise the total impact against headcount.

Our full-time equivalent headcount (FTE) is taken from the human resources (HR) system as a "snapshot in time" on 31 March 2017. Third party, service provider or contractor employee headcount is not captured by the HR system; instead, this headcount is manually captured and added to the HR FTE figure provided by HR.

In order of largest headcount, the 2015/2016 offices that provided environmental data include: London, Paris, Zurich, New York, Frankfurt, Guernsey, Milan, Sydney, Hong Kong and Johannesburg.

In order of largest headcount, the 2016/2017 offices that provided environmental data include: London, Paris, Zurich, New York, Frankfurt, Guernsey, Milan, Sydney, Hong Kong, Brussels, Geneva, Singapore, Madrid, Mumbai and Johannesburg.

The total electricity figure is reported as CO₂e, however, non-UK electricity emissions are in tCO₂. DEFRA national electricity factors for non-UK offices are no longer available. Only for tCO₂, is accessible from the International Energy Agency.

Where assumptions, estimates or changes have been made, this is explained in the following notes for each section.

Corporate Social Responsibility

Waste disposal data notes

Total waste from the Frankfurt office is estimated on the basis of information provided by the city authorities. The waste produced by the city is divided by its population. This figure is multiplied by the number of employees at the Frankfurt office to establish the total.

Due to insufficient data from the Mumbai, actual waste data is not included in this report.

It is assumed that in an office environment all waste that is composted is food. In previous years all separated food waste has been reported as Composting by default. Anaerobic Digestion has been included as a separate category this year explaining the drop in Composting figures in 2016/2017.

Materials use data notes

Raw materials are interpreted to predominately mean office paper; however, the increased reporting scope has resulted in more materials being measured, including paper towels, cups and plastic, where the data has been provided.

It is assumed that one sheet of A4 paper weighs 5 grams, except in the US where an A4 sheet weighs 4.5 grams.

Energy consumption data notes

Greenhouse Gas Emissions have been calculated using most recent DEFRA emissions factors.

The factor for CO₂ equivalent (CO₂e) has been used, with the exception of electricity in non-UK offices which uses the factor for tCO₂.

This year electricity consumption was corrected for 2015/2016 from 0 MWh to 2, 083 MWh. This accounts for not including common area electricity consumption.

Water use data notes

This year water variances were corrected for 2015/2016 from 246.9 m³ to 56 m³.

A meter fault also resulted in one office needing to provide an estimated consumption using the agreed estimation methodology:

Estimation = 49 litres * employee headcount * working days/1,000

GHG emissions data notes

Vehicles (Scope 1 and Scope 3)

In 2015/2016 Diesel consumption associated with vehicles in one office was misclassified into the 'Company Leased Vehicles' category rather than 'Company Owned Vehicles'. This has been reclassified which has decreased the figure for 'Company Leased Vehicles' (Scope 3) and increased the figure for 'Company Owned Vehicles' (Scope 1) by 68.7 tCO₂e.

Energy (Scope 2)

In 2015/2016 the electricity emissions factor associated with one office was missing. This has been updated in 2016/2017 and therefore 165.4 tCO₂e has been added to the electricity emissions.

An updated Energy Factor for one office/country has resulted in a decrease of 12.8 tCO₂e.

The figure for one offices electricity use in 2015/2016 and 2016/2017 has been updated after audit from KPMG. Overall this equates to an increase of 274.7 tCO₂e.

Waste (Scope 3)

2016/2017 is the first year that Anaerobic Digestion has been reported as a standalone category.

Emissions from Waste – Reuse category in 2015/2016 were 0.0 tCO₂e to 1 decimal place, the chosen rounding method Rothschild reports to. However, there were not 'No emissions' as the figure is actually 0.0393519 to 7 decimal places, which rounds to 0.0 (1 d.p.).

In 2015/2016 there was also associated consumption which was not reported in the data tables.

Water (Scope 3)

In 2016/2017 reporting water variance was queried with one office who indicated that figure provided for 2015/2016 was 56 m³. This update created a variance equating to a decrease of 0.1 tCO₂e Water Supply emissions and a decrease of 0.2 tCO₂e Water Treatment emissions.

Electricity Transmission and Distribution (T&D) Losses (Scope 3)

Where electricity consumption figures were updated in 2016/2017 for the 2015/2016 consumption this has also affected emissions from electricity T&D losses, please see above points for an explanation of these updates.

Travel

Short haul flight categories from 2015/2016 have been combined to more closely align to the DEFRA guidance, as a result there is no longer a 'Short haul - Premium Economy' category, this is included in 'Short haul - Economy' category. The same has been done for the 'Short haul - First class' flights which are now included in the 'Short-haul - Business' category.

Regarding the "Total other travels", Mumbai and Singapore offices are omitted from the reporting scope for 2016/17, due to an absence of reported data.

During the 2016/2017 financial year, flights have been allocated into the following categories:

1. Domestic (within the UK)
2. Flights to/from the UK (short haul and long haul by class)
3. International flights (between and within non-UK countries) (by class)

5. Corporate social information

5.1 Territorial, economic and social impact of the Group's activities

As a leading financial services business, Rothschild & Co carries out financial advisory, specialist finance and investment activities. As a consequence, it participates actively in the financing of the economy of the countries where it operates, through its 62 offices implemented in 42 countries.

A Community Investment programme focused on raising and realising the aspirations of young people from disadvantaged backgrounds. It does this through a combination of employee volunteering and charitable giving.

5.2 Relations with individuals and organisations interested by the Group's activities

5.2.1 Conditions of the dialogue with stakeholders

In accordance with the definition provided by the GRI Guidelines, the Rothschild & Co's stakeholders are all entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, products and/or services, and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

Rothschild & Co has identified as its key stakeholders its shareholders, potential investors and financial analysts. Rothschild & Co seeks to maintain a dialogue with those stakeholders to be in the position to take their interests into account and to promote its own values, essentially through the Investor Relations Department.

During the 2016/2017 financial year, several meetings have been organised between the Rothschild & Co's Head of Investor Relations and those stakeholders. Members of Rothschild & Co's Senior Management have also attended these meetings. In addition, the Rothschild & Co's Head of Investor Relations participated in broker conferences dedicated to facilitate relations between listed companies and investors.

As a listed company, Rothschild & Co attaches great importance to comply with applicable listing rules regarding transparency. In accordance with these rules, it discloses in both French and English, the information that is necessary to investors and shareholders to assess its situation and outlook. This financial and extra-financial information is available on Rothschild & Co's internet website (www.rothschildandco.com) in a section entitled "Investor Relations". Information is also disclosed in a subsection named "Shareholders", including all information relating to General Meetings and the exercise of the voting rights, or explanations about the different ways to hold securities issued by Rothschild & Co.

5.2.2 Actions of partnership and sponsorship

Rothschild & Co's Community Investment ambition is to raise and realise the aspirations of young people from disadvantaged backgrounds. Rothschild & Co believes that how much you are able to achieve in life should not depend on your individual family circumstances or background.

Offering a combination of skills-based employee volunteering and strategic financial contributions the Group pursues long-term partnerships with charities, educational establishments and social enterprises which share our goals.

Rothschild & Co focuses on helping disadvantaged young people to develop the skills that will help them to succeed at school and in the workplace, and on instilling them the confidence to become more ambitious. In addition, Rothschild & Co uses its advisory skills to help social enterprises whose aims are aligned with Rothschild & Co's to develop and transform their business models.

Rothschild & Co offers its employees unlimited leave to volunteer for a wide range of skills-based programmes which aim to create long-term change in the lives of their beneficiaries. These include mentoring and academic tutoring programmes as well as work experience and careers insight events. During the 2016/2017 financial year, 42% of Rothschild & Co's staff in the United Kingdom volunteered once or more.

The Group has a long history of charitable giving, continuing the philanthropic traditions of the Rothschild family dating from the 1800s. Today, the Group's charitable giving is directed to causes aligned to our strategy of supporting young people from disadvantaged backgrounds. In addition, the Group supports employee charitable giving and matches staff contributions to the charities of their choice.

Whilst our offices have traditionally acted independently from one another in respect of Community Investment, the Group is now working towards the implementation of a global and coordinated approach starting with our four largest offices in Germany, France, Switzerland and North America, in order to maximise business and societal impact. A newly-established Global Community Investment Committee will oversee the harmonisation of existing initiatives into a single Global programme.

In the past year, the London and Paris offices have continued to support entrepreneurs via Ashoka, and in 2017 will work with new entrepreneurs aligned with our strategy.

Our Frankfurt office focuses on local schools and children's centres. In New York, through a partnership with the educational charity Pencil, staff have partnered with a school in a deprived area of the city and established a mentoring programme.

In London and Johannesburg bursary programmes help disadvantaged young people to continue their studies when the cost of doing so would otherwise be prohibitive.

5.3 Subcontractors and suppliers

5.3.1 Integration of social and environmental issues into the Company procurement policy

In due course, Rothschild & Co plans to establish a clearer position on the environmental consequences of our choice of suppliers and the services they provide.

5.3.2 Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility

Given the Group's activities, subcontracting is not significant.

The Group Environment, Health & Safety Committee aims during the second 2017 semester to provide Rothschild & Co and Group entities with a supplier engagement tool which will help them to consider the social and environmental responsibility policies of prospective significant suppliers.

5.4 Fair business and practices

The Group conducts its activities with a high level of professional ethics with the clients' interests as its priority. This is done by implementing a rigorous internal control system and risk control adapted to the Group's size and covered activities. More details on the Group's internal control and risk control structure are presented in the report of the Chairman of the internal control on pages 96 onwards, of this report.

As the Group's parent company and financial holding company, Rothschild & Co is in charge of the consolidated prudential supervision of its consolidated entities and of the implementation and the monitoring of the efficiency of the internal control system at the Group's scale. This involves the elaboration of procedures and policies implemented homogeneously.

Policies were implemented through different recent initiatives sharing and harmonising best practices. Approximately 20 different policies are currently implemented in the Group throughout all five main regions of the world. Employees' awareness regarding those matters is ensured by dedicated training sessions and the disclosures of guides on the Group's intranet.

Regarding the fight against corruption, the Group requires from its employees to act with honesty and integrity and has a zero-tolerance approach. Involvement in any form of corruption has serious consequences, including dismissal or termination of employment. A Group policy on anti-corruption has been established, in order to comply with the applicable regulations such as the UK Bribery Act which aims at preventing such crimes.

It deals for instance with the acceptance or the offering of gifts and entertainment by employees within the framework of their jobs since this can lead to suspicious or reprehensible situation. In order to avoid such situation, each entity must determine proportionate limits for the acceptance or the offering of gifts that do not require approval. Any gift or entertainment that exceeds these limits must be approved by the relevant head and the local compliance function. In addition to this, persons to whom this policy applies must not accept gifts such as cash or any other gift convertible into cash such as shares, share options or bonds.

Recent developments in France with the so called "Loi Sapin 2" will complete and reinforce the Group's anti-corruption framework.

5.5 Measures implemented to promote consumers Health & Safety

Given the Group's activities, there is no specific need to implement measures to promote clients Health & Safety.

Paris Office has to report directly to the CNIL all new private data treatments (clients and staff private data) in concordance with its procedures.

The safety of servers and records systems (and therefore sensitive and confidential data) is ensured by groups of security driven by the Active Directory (AD). Depending on the rights attributed to AD groups, the user may or may not have access to files in read-only or in read/write. All new joiners are made aware of the best practises regarding the security of information by the Head of the security information system.

R&Co has established a working party at Group level covering all business lines and relevant support divisions to address the implementation of the General Data Protection Regulation, which comes into force on 25 May 2018. This regulation will standardise data protection across the European Union, including the UK, and R&Co's approach is to prioritise those high impact areas in the firm which process personal and sensitive data to ensure that it will comply with this regulation.

5.6 Other actions implemented to promote human rights

Rothschild & Co does not carry out other activities to promote human rights, than those mentioned in the previous sections of this report.

Report by the independent third-party auditor on the labour, environment and social information

This is a free English translation of the Independent Third Party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 March 2017

To the Shareholders,

In our capacity as independent third party of Rothschild & Co S.C.A. company, (hereinafter named the "Company"), certified by COFRAC under number 3-1049⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 March 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Managing Director is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guideline used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

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

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved five persons and was conducted between March and June 2017 during a four week period.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000⁽²⁾ concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the chapter "Methodology" section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted six interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

(1) whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Regarding the CSR Information that we considered to be the most important⁽³⁾:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us⁽⁴⁾ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents between 51% and 59% of headcount considered as material data of social issues and between 68% and 84% of environmental data considered as material data⁽⁵⁾ of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, 14 June 2017
KPMG S.A.

Anne Garans
Partner
Sustainability Services

Pascal Brouard
Partner

(3) **Human resources indicators:** Total headcount (breakdown of employees by gender, age and geographical area), Number of hires, Numbers of redundancies, Number of training sessions.

Environmental indicators: Water consumption, Energy consumption (electricity, gas, heat and fuel), Paper consumption, Waste produced, CO₂ emissions related to business travels.

Qualitative information: Occupational health and safety conditions, Measures implemented to promote gender equality, Conditions of the dialogue with stakeholders, Action implemented against corruption, Actions of partnership and sponsorship.

(4) New-York office (United States of America), Paris offices (France), London office (United Kingdom).

(5) See the list of environmental indicators disclosed in footnote 3 of this report.



Financial Statements

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Consolidated balance sheet as at 31 March 2017

Assets

In thousands of euro	Notes	31/03/17	31/03/16
Cash and amounts due from central banks		3,907,432	3,500,132
Financial assets at fair value through profit or loss	1	432,441	452,867
Hedging derivatives	2	-	2,798
Available-for-sale financial assets	3	1,616,427	1,096,009
Loans and advances to banks	4	1,918,060	1,242,947
Loans and advances to customers	5	2,867,275	1,488,372
Current tax assets		12,643	8,431
Deferred tax assets	16	67,966	72,278
Other assets	6	667,335	528,751
Investments accounted for by the equity method	7	33,783	42,442
Tangible fixed assets	8	359,982	307,068
Intangible fixed assets	9	170,084	168,397
Goodwill	10	123,843	111,853
TOTAL ASSETS		12,177,271	9,022,345

Liabilities and shareholders' equity

In thousands of euro	Notes	31/03/17	31/03/16
Due to central banks		-	1,158
Financial liabilities at fair value through profit or loss	1	33,329	76,733
Hedging derivatives	2	8,626	-
Due to banks and other financial institutions	11	460,958	281,952
Customer deposits	12	8,063,283	5,468,388
Debt securities in issue		139,634	124,168
Current tax liabilities		34,588	38,011
Deferred tax liabilities	16	66,329	43,369
Other liabilities, accruals and deferred income	13	956,450	788,162
Provisions	14	113,544	155,385
TOTAL LIABILITIES		9,876,741	6,977,326
Shareholders' equity		2,300,530	2,045,019
Shareholders' equity – Group share		1,828,955	1,529,169
Share capital		154,581	142,274
Share premium		1,138,886	981,692
Unrealised or deferred capital gains and losses		40,299	61,533
Consolidated reserves		309,231	111,750
Net income – Group share		185,958	231,920
Non-controlling interests	18	471,575	515,850
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,177,271	9,022,345

Consolidated income statement for the year ended 31 March 2017

In thousands of euro	Notes	31/03/17	31/03/16
+ Interest income	23	94,275	97,268
- Interest expense	23	(45,176)	(48,144)
+ Fee income	24	1,633,632	1,474,825
- Fee expense	24	(58,361)	(52,739)
+/- Net gains/(losses) on financial instruments at fair value through profit or loss	25	98,337	58,315
+/- Net gains/(losses) on available-for-sale financial assets	26	38,339	51,080
+ Other operating income	27	6,720	13,106
- Other operating expenses	27	(635)	(4,798)
Net banking income		1,767,131	1,588,913
- Staff costs	28	(1,016,576)	(953,509)
- Administrative expenses	28	(278,512)	(267,297)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	29	(32,116)	(36,769)
Gross operating income		439,927	331,338
+/- Cost of risk	30	(11,265)	(11,939)
Operating income		428,662	319,399
+/- Net income from companies accounted for by the equity method	7	424	267
+ Income from negative goodwill	10	1,381	-
+/- Net income/(expense) from other assets	31	6,273	102,638
Profit before tax		436,740	422,304
- Income tax expense	32	(70,391)	(65,079)
CONSOLIDATED NET INCOME		366,349	357,225
Non-controlling interests	18	180,391	125,305
NET INCOME – GROUP SHARE		185,958	231,920
Earnings per share in euro – Group share (basic)	36	2.64	3.37
Earnings per share in euro – continuing operations (basic)	36	2.64	3.37
Earnings per share in euro – Group share (diluted)	36	2.60	3.32
Earnings per share in euro – continuing operations (diluted)	36	2.60	3.32

Statement of comprehensive income for the year ended 31 March 2017

In thousands of euro	31/03/17	31/03/16
Consolidated net income	366,349	357,225
Gains and losses recyclable in profit or loss		
Translation differences	(35,372)	(85,626)
Translation loss transferred to income on sale of subsidiary	-	(703)
Revaluation of available-for-sale financial assets	23,760	(2,434)
(Gains)/losses transferred to income on available-for-sale financial assets	(31,682)	(43,289)
Loss transferred to income on exit of cash flow hedge	-	8,065
Revaluation of cash flow hedges	-	(7)
Gains and losses recognised directly in equity for companies accounted for by the equity method	(523)	1,659
Taxes	250	6,843
Total gains and losses recyclable in profit or loss	(43,567)	(115,492)
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	4,918	6,436
Taxes	(3,321)	(5,381)
Other	(543)	(198)
Total gains and losses not recyclable in profit or loss	1,054	857
Total unrealised or deferred capital gains or losses	(42,513)	(114,635)
TOTAL COMPREHENSIVE INCOME	323,836	242,590
<i>attributable to equity shareholders</i>	153,015	153,649
<i>attributable to non-controlling interests</i>	170,821	88,941

The amount of consolidated net income and other comprehensive income for CFMM included in the statement above for the year ended 31 March 2017 is €4.7 million and €0.1 million respectively.

Consolidated statement of changes in equity for the year ended 31 March 2017

In thousands of euro	Capital and associated reserves ⁽¹⁾	Consolidated reserves ⁽³⁾	Unrealised or deferred capital gains and losses (net of tax)			Shareholders' equity, Group share	Shareholders' equity, NCI	Total shareholders' equity
			Related to translation differences	Available-for-sale reserves	Hedging reserves			
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	-	(5,598)	-	-	-	(5,598)	-	(5,598)
Dividends ⁽²⁾	-	(44,184)	-	-	-	(44,184)	(131,984)	(176,168)
Issue of shares	154,490	-	-	-	-	154,490	-	154,490
Charge related to share-based payments	-	909	-	-	-	909	13	922
Interest on perpetual subordinated debt	-	-	-	-	-	-	(13,748)	(13,748)
Effect of a change in shareholding without a change of control	-	15,506	7,902	2,618	-	26,026	(69,005)	(42,979)
Other movements ⁽⁴⁾	15,011	-	-	-	-	15,011	-	15,011
Sub-total of changes linked to transactions with shareholders	169,501	(33,367)	7,902	2,618	-	146,654	(214,724)	(68,070)
2016/2017 net income for the year	-	185,958	-	-	-	185,958	180,391	366,349
Net gains/(losses) from changes in fair value	-	-	-	20,537	-	20,537	581	21,118
Net (gains)/losses transferred to income on disposal and impairment	-	-	-	(28,797)	-	(28,797)	(56)	(28,853)
Remeasurement gains/(losses) on defined benefit funds	-	(427)	-	-	-	(427)	2,024	1,597
Translation differences and other movements	-	(645)	(26,254)	2,760	-	(24,139)	(12,491)	(36,630)
SHAREHOLDERS' EQUITY AT 31 MARCH 2017	1,293,467	495,189	(18,168)	58,467	-	1,828,955	471,575	2,300,530

(1) Capital and associated reserves at the period end consist of share capital of €154.6 million and share premium of €1,138.9 million. Share premium, under IFRS measurement, includes costs incurred in the issuance of share capital.

(2) Dividends include €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 18.

(3) Consolidated reserves consist of retained earnings of €328.1 million less treasury shares of €18.9 million plus the Group share of net income.

(4) Other movements are described in note 33.

Cash flow statement

for the year ended 31 March 2017

In thousands of euro	31/03/17	31/03/16
Consolidated profit before tax (I)	436,740	422,304
Depreciation and amortisation expense on tangible fixed assets and intangible fixed assets	32,116	38,371
Impairments and net charge for provisions	13,422	14,625
Remove (income)/loss from associates and long-standing shareholding	(4,197)	(6,931)
Remove (profit)/loss from disposal of a subsidiary	(3,904)	(98,748)
Remove (profit)/loss from investing activities	(111,374)	(88,500)
Non-cash items included in pre-tax profit and other adjustments (II)	(73,937)	(141,183)
Net (advance)/repayment of loans to customers	(140,068)	(259,296)
Cash (placed)/received through interbank transactions	(354,925)	(15,942)
Increase/(decrease) in due to customers	425,503	19,274
Net inflow/(outflow) related to derivatives and trading items	(5,481)	3,027
Issuance/(redemption) of debt securities in issue	4,067	110,668
Net (purchases)/disposals of AFS assets held for liquidity purposes	153,533	(586,250)
Other movements in assets and liabilities related to treasury activities	(41,311)	2,099
Total treasury-related activities	181,386	(467,124)
(Increase)/decrease in working capital	(15,753)	(63,805)
Tax paid	(71,371)	(48,073)
Other operating activities	(87,124)	(111,878)
Net (decrease)/increase in cash related to operating assets and liabilities (III)	(45,806)	(838,298)
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	316,997	(557,177)
Purchase of investments	(154,437)	(84,484)
Purchase of subsidiaries and associates	(99,255)	(4,343)
Cash and cash equivalents acquired in new subsidiaries	442,753	-
Purchase of property, plant and equipment and intangible fixed assets	(13,149)	(19,568)
Total cash invested	175,912	(108,395)
Cash received from investments (disposals and dividends)	248,269	179,138
Cash received from subsidiaries, associates and long-standing shareholding (disposals and dividends)	15,940	174,080
Loan made to FALG repaid following its sale	-	267,126
Cash from disposal of property, plant and equipment and intangible fixed assets	546	570
Total cash received from investments	264,755	620,914
Net cash inflow/(outflow) related to investing activities (B)	440,667	512,519
Dividends paid to shareholders of parent company	(44,184)	(41,846)
Dividends paid to non-controlling interests (note 18)	(131,984)	(99,581)
Interest paid on perpetual subordinated debt (note 18)	(13,748)	(14,775)
(Acquisition)/disposal of own shares and additional interests in subsidiaries	(58,864)	(7,764)
Net cash inflow/(outflow) related to financing activities (C)	(248,780)	(163,966)
Impact of exchange rate changes on cash and cash equivalents (D)	31,457	(245,165)
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	540,341	(453,789)
Net opening cash and cash equivalents (note 20)	4,321,980	4,775,769
Net closing cash and cash equivalents (note 20)	4,862,321	4,321,980
NET INFLOW/(OUTFLOW) OF CASH	540,341	(453,789)

I. Highlights

Merger with Compagnie Financière Martin Maurel

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 were offered either 126 R&Co shares per existing share or, prior to the completion of the merger, the opportunity to sell their CFMM shares for cash. The Maurel family received R&Co shares and, as a result of the merger, replaced CFMM in the extended family concert. The transaction was 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. Once it had received the approval of the French anti-trust authority, the ACPR and the European Central Bank, as well as meeting other conditions precedent, the transaction was completed on 2 January 2017.

Merger of Guernsey banks

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 Group's only banking licence in Guernsey. This change has no significant impact on the Group's accounts.

Sale of asset finance business

In the prior 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 'Net income/(expense) from other assets'. FALG's contribution to the revenue and profit before tax for the seven months of 2015/2016 prior to disposal was €23 million and €6 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.

Forthcoming change of year end

On 21 March 2017, the Company announced that it will change its financial year end from 31 March to 31 December. This change will allow its subsidiaries to be aligned with the financial year end required for its banking regulated entities in France. The next accounting period will be for the nine months to 31 December 2017 with the results for this nine-month period being published in March 2018. The half year results for the six months to 30 September 2017 will be published in November 2017.

II. Preparation of the financial statements

A. Information concerning the Company

The consolidated financial statements of Rothschild & Co (the Group) for the year ended 31 March 2017 are presented in accordance with IFRS 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 31 March 2017.

The consolidated accounts were approved by R&Co Gestion SAS, the Managing Partner of R&Co, on 2 June 2017 and considered for verification and control purposes by the Supervisory Board on 14 June 2017.

At 31 March 2017, 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 Euronext market of Euronext Paris (Compartment A).

B. General principles

The notes to the accounts have been prepared taking into account the understanding, relevance, reliability, comparability and materiality of the information provided.

Notes to the consolidated financial statements

C. Developments in reporting standards and interpretations

The standards and interpretations used in preparation of the financial statements to 31 March 2016 were supplemented by the IFRS as adopted by the European Union at 31 March 2017 whose first-time application is mandatory in the 2016/2017 financial year.

1. New accounting standards affecting the consolidated financial statements in the year ended 31 March 2017

New amendments and interpretations of accounting standards, which are mandatory for the Group's financial statements for the year ended 31 March 2017, are considered to have no material effect on the Group. The Group did not choose to apply any new standards, amendments and interpretations adopted by the European Union for which the application in the year ended March 2017 was optional.

2. Future standards and interpretations

A number of significant changes to the Group's financial reporting for future accounting periods are expected as a result of amended or new accounting standards and interpretations from the IASB. The most significant of these are as follows:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting. IFRS 9 is effective for periods beginning on or after 1 January 2018.

In preparation for applying this standard, the Group's finance function has worked with the business lines and support functions which will be most affected by the changes, and reported its progress to the R&Co Audit Committee and to the GEC. For R&Co, the main challenges set by IFRS 9 are expected to relate to two main changes:

- **Classification and measurement**

Financial assets are required to be classified in one of three categories according to the measurement methods applied (amortised cost; fair value through profit or loss; and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity's business model for managing its financial instruments.

By default, financial assets will be classified as measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the contractual cash flows consist solely of payments of principal and interest ('the SPPI test'), and the business model is to collect the contractual cash flows.

Debt instruments which meet the SPPI test, but for which the business model is either to collect the contractual cash flows or to sell the instruments, will be measured at fair value through other comprehensive income (with cumulative gains or losses reclassified in profit or loss when the instruments are derecognised).

Non-trading equity instruments will be measured at fair value through profit or loss, except where an irrevocable election is made at initial recognition to measure them at fair value through other comprehensive income without subsequent reclassification to income.

Accounting for financial liabilities is largely unchanged and is not expected to have an impact on R&Co.

- **Impairment**

IFRS 9 changes the credit risk impairment model, moving from one in which provisions are set aside for incurred credit losses to one in which provisions can be set aside for expected credit losses. The aim of the new approach is to allow credit losses to be recognised at the earliest possible time, removing the need to wait for an objective incurred loss event. A wide range of information can be used to estimate expected credit losses, including historical data on observed losses, cyclical and structural adjustments, and loss projections based on reasonable scenarios.

Implementation

Where it has a choice, the Group has tentatively decided, based on existing business models, to classify its assets under IFRS 9 based on the following principles:

- Assets which are held primarily to make valuation gains will be classified as fair value through profit or loss. This will include Merchant Banking investments.
- Assets which are held primarily to manage surplus liquidity will vary in their classification, depending on the type of asset held.
- Shareholdings held for strategic reasons are expected to be classified as fair value through other comprehensive income.
- Loans and other receivables will continue to be classified at amortised cost.

The highly-secured nature of our lending means that credit losses on our Private Wealth loans have historically been negligible. Therefore, based on models prepared by each business during the implementation phase, we expect the new impairment rules to result in only a small additional provision for loans made by the Private Wealth business. A small additional provision is also expected to be booked against client receivables for the Global Advisory business.

The focus of the project during 2017 will be on preparation for initial application in 2018. Although we will apply IFRS 9 retrospectively, we do not expect to restate comparatives; instead, adjustments which arise from classification and measurement changes will be recognised in opening equity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers will replace the current standards and interpretations on revenue recognition. It will be applicable retrospectively as of 1 January 2018.

R&Co has performed an assessment of the impact of IFRS 15. In this assessment R&Co has assumed Global Advisory to be the line of business most affected by IFRS 15. Our assessment reviewed all material Global Advisory fees to see whether any would have been recognised differently under IFRS 15. The differences identified between revenue recognition under IAS 18 and IFRS 15 were immaterial.

In the event of any accounting difference on adopting IFRS 15, R&Co plans to apply the cumulative effect method, which means that any changes prior to adoption on 1 January 2018 are made in opening equity, and comparatives are not restated.

We will continue to monitor the impact of IFRS 15 and provide further updates in the 30 September 2017 half year report and the 31 December 2017 annual report.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. Under the new requirements, lessees must recognise a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability, representing its obligation to make lease payments. In its income statement, the lessee shall separately recognise the depreciation of the right-of-use assets and the interest expense on lease liabilities.

The Group has identified its property leases as the main contracts affected by new standard. These leases are disclosed in note 21.

The effective date is 1 January 2019 and the Group continues to consider the financial impacts of this new standard.

III. Accounting policies

A. Consolidation method

1. Financial year end of the consolidated companies and sub-groups

The financial statements of the Group are drawn up to 31 March 2017 and consolidate the financial statements of the Company and its subsidiary undertakings. At each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

R&Co and the majority of its subsidiaries are consolidated on the basis of a financial year end of 31 March 2017. A few entities report on the basis of a 31 December 2016 year end. If a material subsequent event occurs between the closing date of these subsidiaries and 31 March 2017, this event is accounted for in the consolidated financial statements of the Group as at 31 March 2017.

As explained in section I. Highlights, above, the Company's next accounting period will be nine months to 31 December 2017 following the change announced on 21 March 2017.

2. Subsidiaries

Subsidiaries are all entities which are controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which the Group acquires control and cease to be consolidated from the date that control ceases.

3. Associates and joint arrangements

Associates are companies over whose financial and operational decisions the Group exercises significant influence but not control (this is generally demonstrated when the percentage of voting rights is equal to or greater than 20% but less than or equal to 50%).

Joint arrangements are where two or more parties, through a contractual arrangement, have joint control over the assets and liabilities of an arrangement. Depending on what those rights and obligations are, the joint arrangement will either be a joint operation (where the parties subject to the arrangement have rights to the assets and obligations for the liabilities of the arrangement) or a joint venture (where the parties subject to the arrangement have rights to the net assets of the arrangement).

Notes to the consolidated financial statements

The Group's investments in associated undertakings are initially recorded at cost. Subsequently they are increased or decreased by the Group's share of the post-acquisition profit or loss, or by other movements reflected directly in the equity of the associated undertaking. Positive goodwill arising on the acquisition of an associated undertaking is included in the cost of the investment (net of any accumulated impairment loss).

4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method stipulated by IFRS 3 Business Combinations. Thus, upon initial consolidation of a newly acquired company, the identifiable assets acquired, liabilities assumed and any contingent liabilities of the acquired entity are measured at fair value in accordance with the provisions of IFRS. The costs directly attributable to business combinations are recognised in the income statement for the period.

Contingent cash consideration is normally included in the acquisition cost at its fair value on the acquisition date, even if its payment is not certain. It is recognised as a liability in the balance sheet; any subsequent adjustments to its value are booked in the income statement in accordance with IAS 39. However, sometimes arrangements are made in which contingent payments to acquire a company are made to a vendor who is an employee, and these can be forfeited if the employee leaves voluntarily. In this case, these contingent payments are not considered as part of the acquisition cost. Instead, these payments are accounted for as a post-purchase staff expense.

Goodwill in an associate or subsidiary represents the excess, at the date of acquisition, of an acquisition's cost over the fair value of the Group's share of net identifiable assets acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights, regardless of whether those rights are separate. If the fair value exceeds the cost, the difference ('negative goodwill') is immediately recognised in the income statement. All necessary valuations of assets and liabilities must be carried out within twelve months from the date of acquisition, as must any corrections to the value based on new information.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount is too high. Goodwill is allocated to cash-generating units for the purposes of impairment testing. If the value of each of the cash-generating units is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill are recognised in the income statement and are not reversed.

Income from subsidiaries acquired or sold during the financial year is included in the consolidated income statement respectively from their acquisition date and up to their disposal date.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

5. Non-controlling interests

For all business combinations, the Group assesses non-controlling interests as either:

- based on its share of the fair value of the identifiable assets and liabilities at the date of the acquisition, without recognising the goodwill for non-controlling interests (partial goodwill method); or
- at fair value at the date of acquisition. Consequently the recognition of the goodwill is allocated to Group share and to non-controlling interests (full goodwill method).

On the date of acquisition of an entity, any stake in this entity already held by the Group is revalued at fair value through profit or loss. In such a case, taking control is accounted for as a sale of the shares previously held and the purchase of all shares held after control is obtained.

In the event of an increase in the Group's stake in entities over which it already exercises control, the difference between the price paid for the additional stake and the fair value of the share of net assets acquired at this date is booked in the Group's reserves as a reallocation from non-controlling interests to other equity. In the same way, any reduction in the Group's stake in an entity which it continues to control is accounted for as an equity transaction between shareholders. At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through the income statement.

6. Contracts to purchase non-controlled shares in subsidiaries

Where non-controlling shareholders have a contract to sell their equity interests in a subsidiary to the Group, the Group applies the anticipated-acquisition method of accounting for the unowned interests. This means that the contract is accounted for as if the non-controlling shareholders had sold their shares to the Group, even though legally they are still NCI. This happens regardless of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the contract will be exercised.

B. Accounting principles and valuation methods

1. Accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the accounts, include:

Valuation of financial assets and liabilities

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value used to measure a financial instrument is, where available, the listed price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using measurement techniques.

A description of the valuation techniques used, analysis of assets and liabilities carried at fair value by valuation hierarchy, and a sensitivity analysis of valuations not primarily based on observable market data is provided in the notes to the financial statements.

Impairment of financial assets at amortised cost

Assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events occurring after initial recognition of the asset (a 'loss event'). If there is such objective evidence, and this has a negative effect on the estimated future cashflows from the asset, then an impairment loss is incurred. Management determines the size of the impairment allowance required using a range of factors such as the realisable value of any collateral, the likely recovery on liquidation or bankruptcy, the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations.

Portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets, but the individually impaired items cannot yet be identified, are collectively assessed for impairment. The collectively assessed impairment allowance is calculated on the basis of future cashflows that are estimated based on historical loss experience.

The accuracy of the allowances made depends on how accurately the Group estimates future cashflows for specific counterparties, in particular the fair value of any collateral, and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgement, the Group believes that its allowances are reasonable and supportable.

Pensions

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and the principal assumptions used are set out in note 19. The assumptions that have the greatest impact on the measurement of the pension fund liability, along with their sensitivities, are also set out in note 19.

Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Further details are provided in note 16.

Goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with indefinite lives are assessed at each balance sheet date to determine whether they are impaired. The assessment includes management assumptions on future income flows and judgements on appropriate discount rates. Management performs sensitivity analysis of these assumptions as part of this assessment. Further details of management's assessment are contained in notes 9 and 10.

Provisions

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.

Consolidation of structured entities

The Group manages some structured entities 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. The judgement is explained in note 17.

Notes to the consolidated financial statements

2. Foreign currency transactions

The consolidated financial statements are presented in euro, which is the Company's functional currency and the Group's reporting currency. Items included in the financial statements of each of the Group's subsidiaries and associates are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for each month, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Their balance sheets are translated at the exchange rate at the end of the period. Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, these translation differences are recognised in the income statement as part of the gain or loss on sale.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement (except when deferred in equity as qualifying cash flow hedges). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at their recognition.

Translation differences on equities classified as at FVTPL are reported as part of the fair value gain or loss in the income statement. In the absence of hedge accounting, translation differences on equities classified as available for sale are included in the available-for-sale reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

The table below shows at each quarter end the main exchange rates against the euro that were used to prepare the consolidated accounts.

Currency	Closing rate	Average rate	Average rate	Average rate	Average rate	Opening rate
	31/03/17	31/03/17	31/12/16	30/09/16	30/06/16	31/03/16
GBP	0.8553	0.8659	0.8442	0.8522	0.7900	0.7916
CHF	1.0706	1.0708	1.0749	1.0919	1.0895	1.0931
USD	1.0695	1.0693	1.0547	1.1212	1.1231	1.1385

Currency	Closing rate	Average rate	Average rate	Average rate	Average rate	Opening rate
	31/03/16	31/03/16	31/12/15	30/09/15	30/06/15	31/03/15
GBP	0.7916	0.7695	0.7220	0.7177	0.7224	0.7273
CHF	1.0931	1.0955	1.0846	1.0720	1.0413	1.0463
USD	1.1385	1.1026	1.0957	1.1124	1.1060	1.0759

3. Derivative instruments and hedge accounting

Derivatives

Derivatives are entered into for trading or risk management purposes. Derivatives used for risk management are recognised as hedging instruments when they qualify as such under IAS 39.

Derivatives are initially recognised at fair value and are subsequently measured at fair value with changes in fair value recognised in the income statement. If there is a designated hedging relationship between a hedging instrument and a hedged item, the recognition of the profit or loss on the hedging instrument and the hedged instrument must comply with the conditions of IAS 39, depending on the hedging relationship.

Hedge accounting

The Group may apply hedge accounting when transactions meet the criteria set out in IAS 39. At the inception of the hedge, the Group assesses whether the hedging derivatives meet the effectiveness criteria of IAS 39 in offsetting changes in the fair value or cash flows of the hedged items. The Group then documents the relationship between the hedging instrument and the hedged item. It also records its risk management objectives, its strategy for undertaking the hedge transaction and the methods used to assess the effectiveness of the hedging relationship.

After inception, effectiveness is tested on an ongoing basis. Hedge accounting is discontinued when it is determined that a derivative has ceased to be highly effective, or when the derivative or the hedged item is derecognised, or when the forecast transaction is no longer expected to occur.

Fair value hedge accounting

Changes in value of fair value hedge derivatives are recorded in the income statement, together with fair value changes to the underlying hedged item in respect of the risk being hedged.

If the hedge no longer meets the criteria for hedge accounting, the difference between the carrying value of the hedged item on termination of the hedging relationship and the value at which it would have been carried had the hedge never existed is amortised to the income statement over the residual period to maturity based on a recalculated effective interest rate. Where the hedged item is an available-for-sale equity security, the adjustment remains in equity until the disposal of the equity security.

Cash flow hedge accounting

Changes in the fair value of the effective portion of derivatives designated as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement.

Amounts accumulated in equity are recycled to the income statement when the item being hedged impacts profit or loss.

When hedge accounting is discontinued, any cumulative gain or loss in equity remains in equity and is only recognised in the income statement when the forecast transaction is recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative balance in equity is immediately transferred to the income statement.

Net investment hedge in foreign operations

Hedges of net investments in foreign operations are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

4. Net gains or losses on financial instruments at fair value through profit or loss

The net gains or losses on financial instruments at fair value through profit or loss result from changes in the fair value of the financial assets held for trading and financial assets designated as being at fair value through profit or loss.

5. Income from fees and commissions

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

The Group recognises revenue from providing services when the following criteria are met: there is persuasive evidence of an arrangement with a client; the agreed-upon services have been provided; the amount of fees has been determined; and collection is probable.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

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

6. Interest income and expense

Interest receivable and payable represent all interest arising out of banking activities, including lending and deposit-taking business, interest on related hedging transactions and interest on debt securities. Interest on all financial instruments, excluding those classified as held for trading or designated at fair value through profit or loss, is recognised in the income statement using the effective interest rate method.

Where negative interest arises from financial assets, the negative interest income is disclosed within interest expense.

The effective interest rate is the rate that exactly discounts the estimated future cash flows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Group considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the loan.

Notes to the consolidated financial statements

7. Financial assets and liabilities

The Group initially recognises loans and advances and deposits on the date on which they have been originated. All other financial assets and liabilities are recognised on trade date.

On initial recognition, IAS 39 requires that financial assets be classified into the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale. The Group does not hold any assets that are classified as held-to-maturity investments.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading (i.e. primarily acquired for the purpose of selling in the short term), assets that are designated as at fair value through profit or loss and derivatives that are not designated as hedges.

These financial assets are recognised at fair value, with transaction costs recorded immediately in the income statement, and they are subsequently measured at fair value. Gains and losses arising from changes in fair value, or on derecognition, are recognised in the income statement as net gains or losses on financial assets at fair value through profit or loss. Interest and dividend income from financial assets at fair value through profit or loss is recognised in net gains or losses on financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans which are intended to be sold in the short term are classified as held for trading and are recorded at fair value through profit or loss.

Loans and receivables are initially recorded at fair value, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses on loans and receivables that are derecognised are booked as Income from other activities.

Available-for-sale financial assets

Available-for-sale investments comprise non-derivative financial assets that are either designated as available for sale on initial recognition or are not classified into the categories described above. Available-for-sale investments include some loans and debt securities that do not meet the criteria for classification as loans and receivables as they are quoted in an active market. They are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity until the financial asset is sold or impaired, at which time the cumulative gain or loss is transferred to the income statement. Interest (determined using the effective interest rate method), impairment losses and translation differences on monetary items are recognised in the income statement as they arise. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

Financial liabilities

Financial liabilities are carried at amortised cost using the effective interest rate method, except for derivatives that are classified as at fair value through profit or loss on initial recognition (unless designated as cash flow hedges).

8. Derecognition

The Group derecognises a financial asset when:

- the contractual rights to cash flows arising from the financial assets have expired; or
- it transfers the financial asset including substantially all of the risks and rewards of the ownership of the asset; or
- it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of the asset, but no longer retains control of the asset.

When a sale is followed by an immediate buyback and the Group considers that it has substantially retained the risks and rewards of ownership, it would not derecognise the asset.

9. Securitisation transactions

The Group may enter into funding arrangements with lenders in order to finance specific financial assets.

In general, the assets from these transactions are held on the Group's balance sheet on origination. However, to the extent that substantially all the risks and returns associated with the assets have been transferred to a third party, the assets and liabilities are derecognised in whole or in part.

Interests in securitised financial assets may be taken in the form of senior or subordinated tranches of debt securities, or other residual interests. Such interests are primarily recorded as available-for-sale assets.

10. Impairment of financial assets

Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- significant financial difficulty of the issuer;
- a breach of contract, such as a default or delinquency in repayment of interest or principal;
- granting to the borrower, for economic or legal reasons relating to its financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Impairment of loans and receivables

The Group first assesses whether objective evidence of impairment exists: individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment losses are calculated on a collective basis for any losses on loans that are subject to individual assessment for impairment, where those losses have been incurred but not yet identified. Collective assessment is also used for homogeneous groups of loans that are not considered individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it is included in a collective assessment for impairment with other assets with similar risk characteristics.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account. The amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a financial asset reflects the cash flows that may result from scheduled interest payments, principal repayments or other payments due, including liquidation of collateral where available. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the value of any underlying collateral or guarantees in the Group's favour. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are reviewed by the relevant Credit Committee on a regular basis. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Collectively assessed credit risk allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets but the individual impaired items cannot yet be identified. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows are estimated on the basis of historical loss experience. These estimates are subject to regular review and adjusted to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate which was used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an objective event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance for loan impairment. The amount of the reversal is recognised in the income statement.

When a loan is deemed uncollectable, it is written off against the related allowance for loan impairment. Recoveries received in respect of loans previously written off are recorded as a decrease in the impairment losses on loans and advances recorded in the income statement in the year in which the recovery was made. Loans whose terms have been renegotiated and which would have been past due or impaired had they not been renegotiated, are reviewed to determine whether they are impaired or past due.

Impairment of available-for-sale financial assets

Available-for-sale assets are assessed at each balance sheet date to determine whether there is objective evidence that these are impaired.

For equity instruments, a significant or prolonged fall in their price below their acquisition cost is an objective indication of value impairment. The Group considers that this is the case, in particular, for equity instruments which at the reporting date show unrealised losses exceeding 40% of their acquisition cost and for those in a situation of an unrealised loss during a continuous five-year period. Even if the criteria mentioned above were not met, management may decide to examine the results for other criteria (financial position of the issuer, outlook for the issuer, multiple-criteria valuations, etc.) in order to determine whether the fall in value is of a permanent nature. Where there is an objective indication of value impairment, the cumulative loss is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value on an impaired AFS equity increases, the impairment loss is not reversed through the income statement. However, any further decline in the fair value will be recognised as a further impairment charge.

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Impairment of available-for-sale debt securities is based on the same criteria as for all other financial assets. If in a subsequent period the fair value of a debt instrument classified as available for sale increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

The loss recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

11. Classification of debts and shareholders' equity

Under IFRS, the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Group to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Group will classify the financial instrument as equity; otherwise it will be classified as a liability and carried at amortised cost. The terms of the perpetual debt instruments issued by the Group permit interest payments to be waived unless discretionary dividends have been paid in the previous six months. These instruments are, therefore, considered to be equity. When they are classified as equity, securities issued by the Company are recorded within Capital and associated reserves. If they are issued by Group subsidiaries and held by parties outside the Group, these securities are recognised as non-controlling interests.

12. Intangible assets

Intangible assets include software, intellectual property rights and assets acquired through business combinations such as brands, contracts to earn management fees and client relationships. These are carried at historical cost less amortisation, if any, and less any accumulated impairment losses.

For assets with a definite life, amortisation is charged over the useful economic life of the asset, which is determined case-by-case based on the asset or contract. Contracts to earn management fees are amortised in line with income earned from the contracts; otherwise a straight-line amortisation method is used. The intangible assets which have a definite useful life are reviewed at each reporting date to determine whether there is objective evidence of impairment. If such evidence exists, an impairment test is performed.

The acquired brands have been considered to have an indefinite life and are not amortised; instead they are subject to an annual impairment test.

13. Tangible assets

Tangible assets comprise plant, property and equipment and are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The deemed cost refers to the situation in which, on transition to IFRS, the Group elected, as IFRS 1 First-time adoption of IFRS permits, to consider the fair value of a tangible asset at that time to be its deemed cost.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Computer equipment	2–10 years
Cars	3–5 years
Fixtures and fittings	3–10 years
Leasehold improvements	4–24 years
Buildings	10–60 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in the income statement, in 'net income/(expense) from other assets'.

14. Impairment of tangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible assets are assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

15. Finance leases and operating leases

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Where the Group is the lessor

Finance leases

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised in interest receivable over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Operating leases

Assets acquired for use by customers under operating lease agreements, including initial direct costs incurred by the lessor in negotiating an operating lease, are capitalised in the relevant category of fixed assets. Depreciation is charged on a straight-line basis to write down the value of the asset to the expected residual value over a period consistent with other assets of a similar type.

Operating lease income and the initial direct costs are then recognised in other operating income on a straight-line basis over the period of the lease.

The Group has not been the lessor of operating leases since November 2015, when it sold FALG, its asset leasing business.

Where the Group is the lessee

The Group has entered into operating leases. The total payments made under those operating leases are charged to the income statement as operating expenses. Commitments arising from operating leases are separately disclosed.

16. Carried interest

The Group is entitled to receive carried interest in relation to certain of the private equity and private debt funds that it manages. Carried interest receivable is accrued if the performance conditions associated with earning it would be achieved, on the assumption that the remaining assets in the fund were realised at the balance sheet date at fair value. Fair value is determined using the valuation methodology applied by the Group in its role as manager to its funds and is measured at the balance sheet date. An accrual is made equal to the Group's share of profits in excess of the performance conditions, taking into account any cash already paid to the fund's investors and the fair value of assets remaining in the fund.

Certain employees may also hold classes of share capital which give them a right to receive carried interest from investments managed by the Group. Where such carry shares held by staff are in an investment vehicle which is not consolidated, the interests of the staff are reflected in a reduced investment return of the Group's own interests. Where the carry shares held by staff are in a vehicle which is consolidated, the interests of the staff are treated as non-controlling interests of the Group. The valuation of the interests held by staff is calculated at the balance sheet date using the same method as the valuation of the Group's interests, as described above.

17. Long-term incentive schemes

Long-term profit share schemes

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

Share-based payments

The Group has issued share options which are treated as equity-settled share-based payments. These are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period, with a corresponding adjustment to shareholders' equity. The fair value is calculated on the basis of the overall plan value at the date of grant. In the absence of any market for stock options, models are used to value the share-based payments. The only assumptions revised after the initial measurement, and hence resulting in a revaluation of the expense, are those relating to the probability that employees will leave the Group.

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18. Pensions

The Group operates a number of pension and other post retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types.

For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

Remeasurement gains and losses for defined benefit schemes are recognised outside the income statement and are presented in the statement of comprehensive income.

The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The obligations' present values are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

19. Taxation

Tax payable on profits and deferred tax are recognised in the income statement, except to the extent that they relate to gains and losses that are recognised in equity.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when a deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates, unless the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

20. Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders at the Annual General Meeting or, in the case of interim dividends, when they are paid by the Company after decisions of the Managing Partner, R&Co Gestion.

21. Fiduciary activities

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

22. Provisions and contingent liabilities

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

IV. Financial risk management

A. Governance

The risks relating to financial instruments, and the way in which these are managed by the Group, are described below. A description of the Group's governance environment is provided in the Corporate Governance section of the annual report (page 73).

B. Credit risk

1. Credit rating

The Group reviews credit exposures on financial assets 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.
<i>Past due but not impaired financial assets</i>	<i>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.</i>
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.

Credit risk management is explained in the Report of the Chairman on internal control and risk management procedures implemented within the Group for the financial year ended 31 March 2017 (page 96).

The tables below disclose the maximum exposure to credit risk at 31 March 2017 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	31/03/17
Financial assets at fair value through profit or loss ⁽¹⁾	33.0	-	-	-	-	-	-	33.0
Loans and advances to banks	1,918.1	-	-	-	-	-	-	1,918.1
Loans and advances to customers	2,679.9	37.0	56.9	18.3	137.4	16.8	(79.0)	2,867.3
Available-for-sale debt securities	1,061.2	-	0.4	-	5.1	9.3	(11.0)	1,065.0
Other financial assets	420.1	-	-	38.1	14.1	14.5	(20.6)	466.2
Subtotal assets	6,112.3	37.0	57.3	56.4	156.6	40.6	(110.6)	6,349.6
Commitments and guarantees	391.8	-	-	-	-	-	-	391.8
TOTAL	6,504.1	37.0	57.3	56.4	156.6	40.6	(110.6)	6,741.4

(1) Excluding equity.

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In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/16
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
Subtotal 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.

2. 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	31/03/17			31/03/16		
	Loans and advances to customers	Other financial assets	TOTAL	Loans and advances to customers	Other financial assets	TOTAL
Less than 90 days	1.2	-	1.2	7.8	0.3	8.1
Between 90 and 180 days	1.5	13.6	15.1	1.2	22.9	24.1
Between 180 days and one year	15.0	13.8	28.8	0.3	6.1	6.4
More than one year	0.6	10.7	11.3	1.6	5.7	7.3
TOTAL	18.3	38.1	56.4	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 31 March 2017 the cumulative value of all loans within this category was €20.1 million (March 2016: €42.2 million). All of these loans were property loans. There are also some loans which are overdue, but not impaired, pending an extension of maturity. As at 31 March 2017, these amounted to €18.3 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. If these loans had not been renegotiated, they would have been deemed to have been impaired. As at 31 March 2017, the carrying value of all loans renegotiated was €2.1 million (March 2016: €29.6 million).

3. Collateral

The Group holds collateral against loans to customers, as substantially all third party commercial lending is secured. The majority of 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.

Unimpaired loans (categories 1 to 3) are usually covered by collateral. For category 1, 2 and 3 loans the level of collateral at 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 is 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	31/03/17		31/03/16	
	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets collateral	18.5	84.1	7.5	50.7
Financial assets collateral	2.1	20.4	4.9	6.7
Other collateral	-	38.5	-	-
TOTAL	20.6	143.0	12.4	57.4
Gross value of loans	18.3	154.2	10.9	107.7
Impairment	-	(55.3)	-	(48.9)
Net value of loans	18.3	98.9	10.9	58.8

4. Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 31 March 2017 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	France	UK and Channel Islands	Rest of Europe	Americas	Switzerland	Australia and Asia	Other	31/03/17
Financial assets at fair value through profit or loss ⁽¹⁾	9.8	8.2	5.3	0.9	7.5	1.2	0.1	33.0
Loans and advances to banks	1,088.7	297.5	233.1	177.7	74.6	29.7	16.8	1,918.1
Loans and advances to customers	1,500.9	697.7	310.3	127.9	99.1	68.9	62.5	2,867.3
Available-for-sale debt securities	658.6	93.0	203.8	93.0	2.8	4.5	9.3	1,065.0
Other financial assets	156.7	68.2	78.9	50.6	39.4	38.0	34.4	466.2
Subtotal assets	3,414.7	1,164.6	831.4	450.1	223.4	142.3	123.1	6,349.6
Commitments and guarantees	275.6	22.4	53.4	0.9	8.2	0.1	31.2	391.8
TOTAL	3,690.3	1,187.0	884.8	451.0	231.6	142.4	154.3	6,741.4

(1) Excluding equity.

Notes to the consolidated financial statements

In millions of euro	France	UK and Channel Islands	Rest of Europe	Americas	Switzerland	Australia and Asia	Other	31/03/16
Financial assets at fair value through profit or loss ⁽¹⁾	33.7	71.0	16.2	12.6	35.2	3.8	0.2	172.7
Hedging derivatives	-	2.8	-	-	-	-	-	2.8
Loans and advances to banks	573.9	234.1	145.5	182.6	30.7	48.5	27.6	1,242.9
Loans and advances to customers	279.4	705.0	215.0	72.0	116.9	91.0	9.1	1,488.4
Available-for-sale debt securities	220.5	527.8	35.3	20.3	-	7.6	-	811.5
Other financial assets	107.9	69.7	79.1	53.9	17.9	33.0	8.2	369.7
Subtotal assets	1,215.4	1,610.4	491.1	341.4	200.7	183.9	45.1	4,088.0
Commitments and guarantees	70.9	27.5	44.9	6.4	24.9	2.0	5.0	181.6
TOTAL	1,286.3	1,637.9	536.0	347.8	225.6	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	31/03/17	%	31/03/16	%
Financial	3,162.2	47%	1,895.7	44%
Private clients	1,746.0	26%	1,190.2	28%
Real estate	683.7	10%	226.1	5%
Industrials	501.9	8%	192.6	5%
Government	196.3	3%	516.6	12%
Consumer discretionary	190.3	3%	40.7	1%
Consumer staples	38.8	1%	23.2	1%
Utilities	28.3	0%	20.7	0%
Materials	25.4	0%	21.2	1%
Healthcare	24.0	0%	42.8	1%
IT and telecoms	23.2	0%	27.3	1%
Energy	20.3	0%	17.5	0%
Other	101.0	2%	55.0	1%
TOTAL	6,741.4	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 €3,907 million at 31 March 2017 (31 March 2016: €3,500 million).

Financial exposures are further analysed as follows:

In millions of euro	31/03/17	%	31/03/16	%
Short-term interbank exposures	1,915.3	60%	1,323.6	69%
Treasury marketable securities – investment grade	610.4	19%	223.4	12%
Finance companies	239.6	8%	14.5	1%
Cash/investment-backed lending	119.4	4%	108.7	6%
Other	277.5	9%	225.5	12%
TOTAL FINANCIAL SECTOR	3,162.2	100%	1,895.7	100%

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

C. Market risk

Market risks associated with treasury and equity positions are described below with a description of the levels of risk. Market risk management is covered in the report on internal control and risk management procedures (page 96).

1. Equity investments

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 €17.9 million (March 2016: €12.3 million) and a charge to equity of €22.4 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	31/03/17	%	31/03/16	%
United Kingdom and Channel Islands	315.3	33%	103.0	18%
France	227.7	24%	126.8	22%
Rest of Europe	134.7	14%	88.0	16%
Switzerland	114.5	12%	114.0	20%
Americas	92.6	10%	78.4	14%
Australia and Asia	35.9	4%	31.1	6%
Other	30.1	3%	23.6	4%
TOTAL	950.8	100%	564.9	100%

2. Currency risk

The Group has exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk. The net positions in the table are measured by reference to the net carrying amounts of monetary assets and liabilities other than those in a subsidiary's functional currency, and are shown after taking account of positions in derivatives.

In millions of euro	31/03/17 Long/(short)	31/03/16 Long/(short)
USD	40.9	11.0
EUR	12.4	(2.9)
GBP	3.9	(1.7)
CHF	3.8	1.4
Other	1.9	9.6

Excluded from the table is a long euro exposure of €97 million, which is not representative of the currency risk during the year. This arose from a large intercompany exposure on 31 March 2017, which was hedged shortly after the year end. With this exposure excluded, if the euro strengthened against these currencies by 5 per cent, then the effect on the Group would be a loss to the income statement of €0.3 million.

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3. Interest rate risk

Because of the nature of its business, only a few entities in the Group are exposed to significant interest rate risk, and these entities manage it primarily through the use of derivatives. Each December, the Group reports its combined interest rate risk to its regulator in the form of a table which collates the impact at an entity level on the fair value of interest-bearing assets and liabilities and of interest rate derivatives of a uniform 200 basis point rise over one year. The combined impact of such a shock at 31 December 2016 would have been a fall in fair values of €7.6 million (December 2015: €2.6 million).

Banque Martin Maurel (BMM) joined the Group after the numbers above were calculated. BMM is primarily exposed to the risk of changes in short-term interest rates, because the assets and liabilities of its balance sheet are mainly at variable rates indexed to short-term interest rates (Eonia, Euribor, interbank market rate). Given that variable rate assets (loans and cash) exceed variable rate liabilities (deposits received), BMM's profitability would be adversely impacted by a fall in short-term interest rates.

BMM tries to limit its exposure to long-term fixed-rate loans and, where these exist, they are partly hedged by derivatives in order to limit exposure to the rising long-term rates.

D. Liquidity risk

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities. Management of liquidity risk is covered in the report on internal control and risk management procedures (page 96).

The Group's four 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 liquidity coverage ratio (LCR) at 31 March 2017 was 169%, as measured for regulatory purposes (31 March 2016: 222%). The regulatory limit is 80%.

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 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 corresponds to the ratio of high-quality liquid assets to total net cash outflows over the next 30 days. It is calculated on a monthly basis, with the minimum threshold set at 80% in 2017 and planned to reach 100% in 2019.

At 31 March 2017, RCB's LCR was 202% (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 31 March 2017, the RBI regulatory liquidity ratio for the eight-day to one-month period as a percentage of total deposits was 18.1% (31 March 2016: 17.6%), well in excess of the limit set by the GFSC of -5%.

The GFSC is amending the minimum regulatory liquidity requirements that apply to licensed deposit takers incorporated in Guernsey with effect from 31 July 2017. RBI will comply with the new requirements, which are consistent with the Basel III LCR and Net Stable Funding Ratio standards.

Banque Martin Maurel

BMM maintains a stable and diverse pool of customer deposits with a low customer loan to deposit ratio of 56%. Treasury manages liquidity to ensure that a conservative position is maintained at all times by holding a significant amount of short-term liquidity with the Central Bank and inter-bank alongside a portfolio of highly rated securities. Exposure to liquidity risk is considered to be very low and is monitored on a daily basis independently of the front office.

At 31 March 2017, BMM's LCR was 333%.

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	>5yr	No contractual maturity	31/03/17
Cash and balances at central banks	3,907.4	-	-	-	-	-	-	3,907.4
Financial assets at FVTPL	13.2	3.9	3.4	1.4	178.7	46.9	184.9	432.4
AFS financial assets	77.7	188.7	213.7	319.9	196.7	68.4	551.3	1,616.4
Loans and advances to banks	1,215.4	532.8	133.5	10.0	0.5	25.9	-	1,918.1
Loans and advances to customers	880.5	301.7	567.7	328.7	584.9	203.8	-	2,867.3
Other financial assets	412.5	35.8	17.6	0.3	-	-	-	466.2
TOTAL	6,506.7	1,062.9	935.9	660.3	960.8	345.0	736.2	11,207.8
Financial liabilities at FVTPL	28.5	4.0	0.5	0.1	0.2	-	-	33.3
Hedging derivatives	-	-	-	-	8.6	-	-	8.6
Due to banks and other financial institutions	113.4	19.2	1.3	22.5	124.8	179.8	-	461.0
Due to customers	7,787.8	61.7	85.3	61.8	66.6	0.1	-	8,063.3
Debt securities in issue	35.4	22.7	80.0	-	1.5	-	-	139.6
Other financial liabilities	104.7	18.2	1.1	3.4	1.9	1.3	-	130.6
TOTAL	8,069.8	125.8	168.2	87.8	203.6	181.2	-	8,836.4
Loan and guarantee commitments given	240.6	26.2	39.5	33.0	44.0	8.5	-	391.8

Loan and guarantee commitments given are disclosed in the period in which they could first be drawn down.

The undiscounted cash flows of liabilities and commitments are not materially different from the amounts disclosed in the contractual maturity table above.

E. Fair value disclosures

1. Fair value classification

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.

Derivatives

Derivatives are classified in Level 2 in the following circumstances:

- fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market extrapolation or interpolation or through corroboration by real transactions; or
- fair value is derived from other standard techniques and models. The most frequently used measurement model is the discounted cashflow technique (DCF). The values derived from these models are materially affected by the measurement assumptions used, such as the amounts and settlement dates of future cash flows, the discount rates and solvency. When those parameters are determined on the basis of directly observable inputs, the derivatives are classified in Level 2.

Notes to the consolidated financial statements

Debt securities

Level 2 debt securities are less liquid than Level 1 securities. They are predominantly government bonds, corporate debt securities, mortgage backed securities, and certificates of deposit. They can be classified in Level 2 when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices (when supplied, for example, by consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers). Where prices are not directly observable in the market, a DCF valuation is used. The discount rate is adjusted for the applicable credit margin determined by similar instruments listed on an active market for comparable counterparties.

Other equity securities

In the absence of a price available on an active market, fair value of Level 2 equity securities is determined using parameters derived from market conditions, based on data from comparable companies at the closing date.

The measurement techniques of Level 2 equity securities are:

- **Transaction multiples**

The preferred measurement technique is based on transaction multiples. This technique uses recent transactions in the sector under consideration. Multiples are established based on the enterprise value of comparable transactions and accounting measures such as EBITDA, EBIT or profit, which are applied to the asset to be measured.

- **Earnings multiples**

This consists of applying a multiple to the earnings of the company to be valued. It is based on multiples from a sample of listed companies, which are in the peer group of the company to be valued. The earnings multiples used are the price/earnings ratio (PER), enterprise value/earnings before interest and tax (EV/EBIT) and enterprise value/earnings before interest, tax, depreciation and amortisation (EV/EBITDA). These are historical multiples of the company to be valued and of the peer-group companies. They are restated to exclude all non-recurring and exceptional amounts, as well as the amortisation of goodwill.

Companies in the selected peer group must operate in a similar sector to that of the target company. They are of a relatively comparable size and have similar growth prospects. Specific factors may also be taken into account in the selection: country, regulatory aspects specific to each market, and the presence or otherwise of related business activities.

The value of the peer group companies is obtained by adding together the market capitalisation, net financial debt and non-controlling interests, based on the most recently available financial data.

Stock exchange multiples are calculated excluding any control premium. The valuation is made from the point of view of a non-controlling shareholder. However, if the investment to be valued is not listed, the lack of liquidity relative to listed companies in the peer group may be reflected through an illiquidity discount.

- **Measurement of share subscription warrants**

Securities providing access to the capital, which generally take the form of share subscription warrants, are regularly assessed to determine the probability of exercise and the possible impact thereof on the value of the investment. At each closing date, the probability of exercise of the warrants is determined by comparing the cost of exercise with the expected benefit derived from exercise.

- **Historical cost**

When the Group has recently made an investment in an unquoted instrument, the transaction price (i.e. an entry price) is often considered as a reasonable starting point for measuring the fair value of this unquoted equity instrument at the measurement date.

- **Net assets**

Net asset value is, for a company, the amount a shareholder would receive if the company sold all its assets at their current market value, paid off any outstanding debts with the proceeds, and then distributed the remainder to the stockholders. For funds, the net asset value is based on the value of securities and working capital held in a fund's portfolio.

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. This could include:

- unquoted shares whose fair value could not be determined using observable inputs and for which the net asset value is the best approximation of fair value at the closing date;
- shares of Private Equity funds for which the manager and third-party assessor has published a net asset value at the valuation date, using a valuation technique incorporating parameters that are not directly observable, or using observable inputs with a significant adjustment which is not observed; or
- more generally, all unquoted equity investments for which the Group uses a valuation technique (comparable valuation multiple, transaction multiple), as described above, but which incorporates parameters that are not directly observable. Such parameters might include cashflow forecasts for a DCF, a discount rate which incorporates a risk premium, or an illiquidity discount; for all of these, the parameters may not be directly observable in the market.

2. Fair value of financial instruments

The fair value of financial instruments is determined at the reporting date in accordance with the accounting principles and methods described in this report.

Carried at amortised cost

In millions of euro	31/03/17				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	3,907.4	3,907.4	-	3,907.4	-
Loans and advances to banks	1,918.1	1,918.1	-	1,918.1	-
Loans and advances to customers	2,867.3	2,858.5	-	2,801.3	57.2
TOTAL	8,692.8	8,684.0	-	8,626.8	57.2
Financial liabilities					
Due to banks and other financial institutions	461.0	463.0	-	463.0	-
Due to customers	8,063.3	8,063.3	-	8,063.3	-
Debt securities in issue	139.6	139.6	-	139.6	-
TOTAL	8,663.9	8,665.9	-	8,665.9	-

In millions of euro	31/03/16				
	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 banks and 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.

Notes to the consolidated financial statements

Carried at fair value

In millions of euro	31/03/17			
	TOTAL	Measured using		
		Level 1	Level 2	Level 3
Financial assets				
Trading securities – short term	17.1	17.1	-	-
Financial assets designated at FVTPL – long term	393.8	40.2	353.6	-
Derivative financial instruments	21.5	-	21.5	-
AFS public bills and similar securities	173.1	173.1	-	-
AFS bonds, other fixed income securities and accrued interest	891.9	822.9	65.5	3.5
AFS equity securities	551.4	472.6	11.7	67.1
TOTAL FINANCIAL ASSETS	2,048.8	1,525.9	452.3	70.6
Financial liabilities				
Derivative financial instruments	42.0	-	42.0	-
TOTAL FINANCIAL LIABILITIES	42.0	-	42.0	-

In millions of euro	31/03/16			
	TOTAL	Measured using		
		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	-

3. Fair value Level 3 disclosures

Valuation technique by class of Level 3 financial assets

Description	Fair value at 31 March 2017 (in millions of euro)	Valuation technique	Unobservable input	Range (weighted average)
Securities portfolios (CDOs, CLOs, etc.)	1.5	Discounted cash flow, based on expected cash flows of securitised assets and expectation of how these will be distributed to different noteholders.	Default and recovery data according to the various asset classes.	n/a
Mezzanine debt securities	2.0	Carrying value is based on original investment plus accrued interest less any impairment provisions.	Impairment provisions based on expected repayment cashflows.	n/a
AFS debt	3.5			
Private equity fund investments	30.9	External valuation based on net asset value.	n/a	n/a
Other equities	20.5	Adjusted observable market value.	Non-observable valuation discounts; e.g. for non-controlling interests, lack of liquidity, or adjustments to the multiple to reflect a specific sector or activity.	4-20 for EBITDA multiple; 20%-40% illiquidity discount.
	14.6	External valuation.	n/a	n/a
	1.1	Valued at cost.	n/a	n/a
AFS equity	67.1			

Sensitivity of fair value for Level 3 instruments

Out of €67.1 million of AFS equity securities classified in Level 3 as of 31 March 2017, €45.5 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 on net income and on equity in the event of a fall of 5% in the carrying 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 €1.6 million.

Movement in Level 3 assets

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		1.4	1.4	7.6	10.4
Total gains or losses for the period	Included in income statement	-	-	(0.2)	(0.2)
	Gains/(losses) through equity	-	2.1	13.8	15.9
Purchases, issues, sales and settlements	Additions	-	1.5	0.5	2.0
	Disposals	(0.6)	(12.3)	(26.2)	(39.1)
Exchange		-	0.1	-	0.1
AS AT 31 MARCH 2017		3.5	31.0	36.1	70.6

Notes to the consolidated financial statements

4. 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). Dedicated advisory committees exist to approve half-yearly investment valuations, which are sent to investors in the Group's merchant banking funds. As such, these committees act as the valuation committees 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	31/03/17	31/03/16
Equities	382,327	275,825
Loans to customers	11,513	98,925
Financial assets designated at fair value through profit or loss	393,840	374,750
Public bills and similar securities	-	3,003
Equities	17,077	4,323
Trading instruments	17,077	7,326
Trading derivative assets (see note 2)	21,524	70,791
TOTAL	432,441	452,867
<i>of which listed</i>	57,287	39,382
<i>of which unlisted</i>	375,154	413,485

2. Financial liabilities

In thousands of euro	31/03/17	31/03/16
Trading derivative liabilities (see note 2)	33,329	76,733
TOTAL	33,329	76,733

Note 2 – Derivatives

A derivative is a financial instrument, the value of which is derived from another financial instrument, an index or some other variable (the 'underlying'). Typically the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivatives require little or no net investment or a lower investment than a non-derivative financial instrument to obtain the same sensitivity to changes in the underlying.

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative fair values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Positive and negative fair values on different transactions are only netted if there is legal right of set-off, the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in fair values of derivative instruments are recognised in trading income unless they qualify as cash flow hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Most of the Group's transactions that do not qualify as hedges for accounting purposes are nonetheless for the purpose of reducing market risk, by hedging exposures in the trading or non-trading books.

Trading derivatives

In thousands of euro	31/03/17			31/03/16		
	<i>Notional principal</i>	Of which: asset	Of which: liability	<i>Notional principal</i>	Of which: asset	Of which: liability
Firm interest rate contracts	143,424	2,998	169	61,721	2,671	349
Conditional interest rate contracts	15,090	305	34	-	-	-
Firm foreign exchange contracts	6,517,560	17,253	32,690	9,743,925	63,482	75,670
Conditional foreign exchange contracts	193,494	485	234	205,128	693	487
Commodity options	54,039	135	65	65,120	3,717	200
Equity related options	103,518	348	137	272	228	27
TOTAL	7,027,125	21,524	33,329	10,076,166	70,791	76,733

Hedging derivatives

In thousands of euro	31/03/17			31/03/16		
	<i>Notional principal</i>	Of which: asset	Of which: liability	<i>Notional principal</i>	Of which: asset	Of which: liability
Firm interest rate contracts	136,000	-	8,626	190,434	2,798	-
TOTAL	136,000	-	8,626	190,434	2,798	-

The Group's hedging derivatives consist of fair value hedges only. These are interest rate swaps that are used to protect against changes in the fair value of fixed rate lending. There is no charge or credit in the income statement due to ineffectiveness of these hedges.

The Group does not apply cash flow hedge accounting any more following the repayment of a floating rate loan in April 2015 (see note 25).

Notes to the consolidated financial statements

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	31/03/17		
	Gross assets	Amounts set off	Net amounts as per balance sheet
Trading derivative assets	53,274	(31,750)	21,524
Loans and receivables with banks	1,922,298	(4,238)	1,918,060
Other assets not subject to netting	10,237,687	-	10,237,687
Total assets	12,213,259	(35,988)	12,177,271
Due to banks	479,899	(18,941)	460,958
Trading derivative liabilities	50,376	(17,047)	33,329
Other liabilities not subject to netting	9,382,454	-	9,382,454
Total liabilities	9,912,729	(35,988)	9,876,741

Note 3 – Available-for-sale financial assets

In thousands of euro	31/03/17	31/03/16
Public bills and similar securities	173,092	505,921
Other fixed income securities	885,997	305,087
Accrued interest	5,908	540
Total AFS debt securities	1,064,997	811,548
<i>of which impairment losses</i>	<i>(10,996)</i>	<i>(20,013)</i>
Total AFS equity securities	551,430	284,461
<i>of which impairment losses</i>	<i>(132,082)</i>	<i>(133,424)</i>
TOTAL	1,616,427	1,096,009

Changes in available-for-sale financial assets

In thousands of euro	31/03/17	31/03/16
As at 1 April	1,096,009	669,437
Additions	1,274,272	1,355,346
Acquisition of a subsidiary (note 22)	737,970	-
Disposals	(1,470,454)	(895,012)
Gains/(losses) from changes in fair value, recognised directly in equity	23,760	583
Impairment losses recognised in income statement	(1,177)	(5,562)
Exchange differences	(23,927)	(30,035)
Changes in scope and other movements	(20,026)	1,252
AT THE END OF THE PERIOD	1,616,427	1,096,009

Note 4 – Loans and advances to banks

In thousands of euro	31/03/17	31/03/16
Interbank demand deposits and overnight loans	987,911	779,584
Interbank term deposits and loans	119,069	74,197
Reverse repos and loans secured by bills	810,445	388,965
Accrued interest	635	201
Loans and advances to banks – gross amount	1,918,060	1,242,947
Allowance for credit losses	-	-
TOTAL	1,918,060	1,242,947

The merger with CFMM contributed €187 million of loans and advances to banks (note 22).

Note 5 – Loans and advances to customers

In thousands of euro	31/03/17	31/03/16
Debit balances on current accounts	287,974	25,438
Other loans to customers	2,638,880	1,530,196
Accrued interest	19,442	7,299
Loans and advances to customers – gross amount	2,946,296	1,562,933
Specific provisions	(55,346)	(48,876)
Collective provisions	(23,675)	(25,685)
Allowance for credit losses	(79,021)	(74,561)
TOTAL	2,867,275	1,488,372

The merger with CFMM contributed €1,241 million of loans to customers (note 22).

At 31 March 2017, loans and advances to customers include finance lease receivables, as shown below:

In thousands of euro	Total future receipts	Less unrecognised interest income	Present value of net finance lease assets
Up to one year	7,813	(387)	7,426
Between one and five years	12,532	(400)	12,132
Over five years	522	(9)	513
TOTAL	20,867	(796)	20,071

Note 6 – Other assets

In thousands of euro	31/03/17	31/03/16
Accounts receivable ⁽¹⁾	229,473	218,506
Guarantee deposits paid ⁽¹⁾	18,039	11,838
Settlement accounts for transactions of securities ⁽¹⁾	83,196	54,257
Defined benefit pension scheme assets (note 19)	17,823	11,701
Other sundry assets ⁽²⁾	166,703	129,163
Other assets	515,234	425,465
Prepaid expenses	20,349	23,594
Accrued income ⁽¹⁾	131,752	79,692
Prepayments and accruals	152,101	103,286
TOTAL	667,335	528,751

(1) These balances represent financial assets.

(2) Of this balance, €3.7 million relates to financial assets.

Notes to the consolidated financial statements

Note 7 – Investments accounted for by the equity method

The amounts in the balance sheet and income statement for associates are shown below:

In thousands of euro	31/03/17		31/03/16	
	Equity accounted value	Share of profit after tax	Equity accounted value	Share of profit after tax
JRAC Proprietary Investments LP Incorporated	20,267	22	20,244	27
Réponse Invest ⁽¹⁾	982	-	-	-
Quintus fund	-	-	-	(178)
Merchant Banking Investments	21,249	22	20,244	(151)
Sélection 1818 ⁽¹⁾	-	-	12,160	99
St Julian's Properties Limited ⁽¹⁾	7,757	296	8,318	276
Others	4,777	106	1,720	43
Other investments	12,534	402	22,198	418
TOTAL	33,783	424	42,442	267

(1) Financial year ended 31 December.

Information about the underlying accounts of the associates are as follows:

In thousands of euro	31/03/17			
	Réponse Invest ⁽¹⁾	JRAC Proprietary Investments LP Incorporated	St Julian's Properties Limited ⁽¹⁾	Others
Loans and receivables with bank, net	3,726	575	194	5,000
Available-for-sale financial assets	-	40,200	-	5,256
Other assets	48,401	62	15,481	2,167
Total assets	52,127	40,837	15,675	12,423
Total creditors	55,846	303	160	2,429
Net banking revenue	73,561	156	-	2,065
Profit before tax	(2,669)	65	748	687
Net income	(3,167)	43	592	436
Other comprehensive income	(3,223)	4	(1,252)	-
Total comprehensive income	(6,390)	47	(660)	436
Dividends received	-	-	231	183

(1) Financial year ended 31 December.

All associates are accounted for using the equity method. Information about business activities, Group voting rights and ownership interest is disclosed in note 37.

Note 8 – Tangible fixed assets

In thousands of euro	01/04/16	Additions	Disposals/ write-offs	Acquisition of subsidiar- ies	Deprecia- tion charge	Exchange rate movement	Other movements	31/03/17
Gross tangible fixed assets								
Operating land and buildings	323,788	2,366	(1,948)	96,405		(16,677)	13,408	417,342
Other tangible fixed assets	118,245	10,455	(4,904)	13,028		558	(9,371)	128,011
Total tangible fixed assets – gross amount	442,033	12,821	(6,852)	109,433		(16,119)	4,037	545,353
Depreciation and allowances								
Operating land and buildings	(70,489)		1,937	(26,137)	(10,848)	2,714	(7,787)	(110,610)
Other tangible fixed assets	(64,476)		4,226	(5,797)	(12,144)	(300)	3,730	(74,761)
Total depreciation and allowances	(134,965)		6,163	(31,934)	(22,992)	2,414	(4,057)	(185,371)
TOTAL	307,068	12,821	(689)	77,499	(22,992)	(13,705)	(20)	359,982

Note 9 – Intangible fixed assets

In thousands of euro	01/04/16	Additions	Disposals/ write-offs	Acquisition of a subsidiary (note 22)	Amortisation and impairment (note 29)	Exchange rate movement	Other movements	31/03/17
Gross intangible fixed assets								
Brand names	151,000	-	-	6,500		-	-	157,500
Other intangible assets	44,687	497	(7,476)	11,049		(312)	(54)	48,391
Total intangible assets – gross amount	195,687	497	(7,476)	17,549		(312)	(54)	205,891
Depreciation and allowances								
Brand names	-		-	-	-	-	-	-
Other intangible assets	(27,290)		7,476	(6,966)	(9,124)	109	(12)	(35,807)
Total depreciation and allowances	(27,290)		7,476	(6,966)	(9,124)	109	(12)	(35,807)
TOTAL	168,397	497	-	10,583	(9,124)	(203)	(66)	170,084

The Brand names contain mainly the use of the 'Rothschild' name, which was recognised following the acquisition of a subsidiary in 2007. The asset was considered as having an indefinite useful life and is, therefore, not amortised, but is instead subject to an annual impairment test.

As at 31 March 2017, the Group performed its annual impairment test for the Rothschild brand name. It valued the brand using the 'royalty relief' method, whereby the value of the brand is based on the theoretical amount that would be paid if the brand were licensed from a third party, and not owned. The key assumptions used for the test were:

- income is determined on the basis of a business plan of the acquired group, which is derived from a three-year plan drawn up through the Group's budget process and then extended in perpetuity to a terminal value, using a long-term growth rate;
- royalty rate = 2%;
- growth rate in perpetuity = 2%; and
- discount rate = 8.5%.

Results of sensitivity tests on the Rothschild brand name show that:

- a 50 bp increase in discount rates combined with a 50 bp reduction in perpetual growth rates would reduce the value by €36 million;
- a 25 bp decrease in the royalty rate would reduce the value by €40 million; and
- a 10% decrease in the income in the future business plan cash flows would reduce the value by €31 million.

Such decreases would not result in an impairment.

Notes to the consolidated financial statements

Note 10 – Goodwill

In thousands of euro	RCB	Concordia Holding	Other	TOTAL
As at 1 April 2016	47,718	59,346	4,789	111,853
Additions	-	-	12,101	12,101
Translation difference	-	-	(111)	(111)
AS AT 31 MARCH 2017	47,718	59,346	16,779	123,843

Additions

On 2 January 2017, R&Co merged with CFMM. The accounting consequences of this are explained in note 22.

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 €6.9 million from merging with CFMM, €5.1 million from acquiring Scott Harris Ltd and 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, €5.1 million of deferred consideration has been charged to 'compensation and other staff costs' in the year.

Testing for impairment

As at 31 March 2017, the Group performed an annual impairment test for each of the Cash Generating Units (CGU) to which goodwill has been allocated. The recoverable amount of the CGU was calculated using the most appropriate method.

For Concordia Holding, the value-in-use has been calculated using a discounted future cash flow method (DCF). The following assumptions were used:

- cash flows are determined on the basis of a business plan, which is derived from a three-year plan drawn up through the Group's budget process, and then extended in perpetuity to a terminal value, using a long-term growth rate;
- growth rate in perpetuity: 2%, in line with market practice; and
- discount rate: 8.5%, based on market data.

Results of sensitivity tests on the Concordia Holding DCF show that a 50 bp increase in discount rates combined with a 50 bp reduction in perpetual growth rates would reduce the value of the CGU by €127 million. Similarly, a 10% decrease in the normalised cash flow in the future business plan cash flows would reduce the value by €108 million. Such decreases would not result in an impairment.

For RCB, which represents the Global Advisory and Asset Management activities in France, the fair value less cost of disposal has been calculated using trading multiples which have been applied to the normalised profit after tax. The value was determined using parameters derived from market conditions and based on data from comparable companies. The valuation technique would be classified in Level 2 of the fair value hierarchy. There was no change in the valuation technique used compared to last year's valuation.

The following assumptions were used:

- normalised profit after tax is determined over a three-year period; and
- trading multiples: long-term PE multiples derived from M&A-focused and investment banking peers.

Results of sensitivity tests on RCB show that a 10% decrease in either the trading multiples or in the normalised profit after tax would reduce the value of the CGU by €40 million and would not result in an impairment.

At 31 March 2017, the recoverable amount of each CGU was higher than its carrying amount. The Group did not, therefore, record any goodwill impairment in the year.

Note 11 – Due to banks and other financial institutions

In thousands of euro	31/03/17	31/03/16
Interbank demand deposits and overnight	108,022	59,579
Interbank term deposits and borrowings	347,567	220,559
Accrued interest	5,369	1,814
TOTAL	460,958	281,952

The merger with CFMM contributed €67 million of amounts due to banks and other financial institutions (note 22).

Note 12 – Customer deposits

In thousands of euro	31/03/17	31/03/16
Demand deposits	7,416,913	4,494,422
Term deposits	576,180	865,996
Borrowings secured by bills	68,403	99,915
Accrued interest	1,787	8,055
TOTAL	8,063,283	5,468,388

The merger with CFMM contributed €2,168 million of customer deposits (note 22).

Note 13 – Other liabilities, accruals and deferred income

In thousands of euro	31/03/17	31/03/16
Due to employees	528,232	454,096
Other accrued expenses and deferred income	158,410	134,938
Accrued expenses	686,642	589,034
Settlement accounts for transactions of securities ⁽¹⁾	99,983	76,870
Accounts payable ⁽¹⁾	30,628	32,510
Sundry creditors	139,197	89,748
Other liabilities	269,808	199,128
TOTAL	956,450	788,162

(1) These balances represent financial liabilities.

Note 14 – Provisions

In thousands of euro	01/04/16	Charge/ (release)	Utilised	Exchange movement	Acquisition of a subsidiary (note 22)	Other movements	31/03/17
Provision for counterparty risk	32	325	(430)	-	1,099	45	1,071
Provision for claims and litigation	18,980	2,466	(13)	116	5,585	96	27,230
Provisions for restructuring	642	(642)	-	-	-	-	-
Provisions for property	1,027	-	(659)	18	-	(20)	366
Other provisions	152	(50)	(38)	-	887	(22)	929
Subtotal	20,833	2,099	(1,140)	134	7,571	99	29,596
Retirement benefit liabilities (note 19)	134,552	n/a	n/a	n/a	n/a	(50,604)	83,948
TOTAL	155,385	2,099	(1,140)	134	7,571	(50,505)	113,544

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.

Notes to the consolidated financial statements

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

Management believes 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.

Note 15 – Impairments

In thousands of euro	01/04/16	Income statement charge	Income statement reversal	Written off	Acquisition of a subsidiary	Exchange rate and other movements	31/03/17
Loans and advances to customers	(74,561)	(17,235)	14,746	27,291	(31,107)	1,845	(79,021)
Available-for-sale financial assets	(153,437)	(1,194)	17	11,626	(70)	(20)	(143,078)
Other assets	(14,730)	(9,478)	1,570	2,814	-	(949)	(20,773)
TOTAL	(242,728)	(27,907)	16,333	41,731	(31,177)	876	(242,872)

Note 16 – Deferred tax

The movement on the deferred tax account is as follows:

In thousands of euro	31/03/17	31/03/16
Net asset as at beginning of period	28,909	37,707
<i>of which deferred tax assets</i>	72,278	92,760
<i>of which deferred tax liabilities</i>	(43,369)	(55,053)
Recognised in income statement		
Income statement (charge)	(6,548)	(4,030)
Recognised in equity		
Defined benefit pension arrangements	(3,321)	(5,451)
Available-for-sale financial assets	(186)	7,880
Tax losses carried forward	23	119
Cash flow hedges	-	(1,611)
Reclassification to current tax	4,164	5,214
Payments/(refunds)	(253)	121
Exchange differences	(3,486)	(4,866)
Purchase/sale of a subsidiary	(19,913)	(5,733)
Other	2,248	(441)
NET ASSET AS AT END OF PERIOD	1,637	28,909
<i>of which deferred tax assets</i>	67,966	72,278
<i>of which deferred tax liabilities</i>	(66,329)	(43,369)

Deferred tax net assets are attributable to the following items:

In thousands of euro	31/03/17	31/03/16
Deferred profit share arrangements	26,213	26,606
Defined benefit pension liabilities	18,074	22,893
Losses carried forward	13,954	12,982
Accelerated depreciation	3,971	6,015
Provisions	2,968	1,516
Available-for-sale financial assets	(311)	347
Other temporary differences	3,097	1,919
TOTAL	67,966	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 eight years 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. Elsewhere in the Group, in accordance with the Group's accounting policy, some deductible temporary differences have not given rise to the recognition of deferred tax assets, mainly in the United States, Canada and Asia. Unrecognised deferred tax assets amounted to €72.9 million at 31 March 2017 (€73.9 million at 31 March 2016).

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	31/03/17	31/03/16
Fair value adjustments to properties	21,272	7,772
Available-for-sale financial assets	19,277	13,070
Intangible assets recognised following acquisition of subsidiaries	14,520	13,565
Defined benefit pension assets	3,946	1,829
Accelerated capital allowances	2,224	1,549
Other temporary differences	5,090	5,584
TOTAL	66,329	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	31/03/17	31/03/16
Depreciation differences	2,520	2,025
Defined benefit pension liabilities	5,540	1,345
Allowances for loan losses	344	(1,359)
Tax losses carried forward	1,004	3,337
Deferred profit share arrangements	(1,118)	2,504
Available-for-sale financial assets	743	(522)
Other temporary differences	(2,485)	(3,300)
TOTAL	6,548	4,030

Notes to the consolidated financial statements

Note 17 – 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; and
- 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.

In thousands of euro	31/03/17		
	Equity funds	Debt funds	TOTAL
Total assets within the underlying vehicles	1,215,206	3,014,036	4,229,242
Assets under management including third party commitments	2,307,839	3,271,236	5,579,075
Interest held in the Group's balance sheet:			
Financial assets designated at FVTPL	263,463	64,495	327,958
Financial assets available for sale	-	47,009	47,009
Loans and receivables	3,700	7,644	11,344
Total assets in the Group's balance sheet	267,163	119,148	386,311
Off-balance sheet commitments made by the Group	196,385	42,633	239,018
Group's maximum exposure	463,548	161,781	625,329

Note 18 – Non-controlling interests

Non-controlling interests (NCI) represent the share of fully consolidated subsidiaries that is 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	31/03/17			31/03/16		
	Net income	Amounts in the balance sheet	Distributions	Net income	Amounts in the balance sheet	Distributions
Preferred shares	160,013	60,103	128,520	100,881	30,783	96,993
Perpetual subordinated debt	13,748	305,372	13,748	14,775	319,813	14,775
Rothschild Holding AG group	2,502	79,563	2,351	7,022	153,641	2,407
Other	4,128	26,537	1,113	2,627	11,613	181
TOTAL	180,391	471,575	145,732	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

Subsidiaries inside the Group have issued perpetual subordinated debt instruments which have discretionary clauses relating to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of NCI because they were issued by subsidiaries and not held by the Group. The interest payable on these instruments is shown as a charge to NCI.

In thousands of euro	31/03/17	31/03/16
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	172,905	186,835
Perpetual floating rate subordinated notes (€150 million)	60,474	65,346
Perpetual floating rate subordinated notes (US\$200 million)	71,993	67,632
TOTAL	305,372	319,813

Rothschild Holding AG group

The Group holds a 86.80% (2016: 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 the Group's 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	
	31/03/17	31/03/16
Income statement information		
Net banking revenue	214,432	216,253
Net income	16,784	30,686
Total other comprehensive income for the year, after tax ⁽¹⁾	16,591	(19,472)
Total comprehensive income for the year	33,375	11,214
Balance sheet information		
Cash and amounts due from central banks	3,324,725	2,749,608
Loans and advances to banks	170,521	138,230
Loans and advances to customers	1,125,283	1,102,499
Other assets	460,739	467,256
Total assets	5,081,268	4,457,593
Due to customers	3,341,049	3,581,066
Other liabilities	1,093,806	265,937
Total liabilities	4,434,855	3,847,003
Shareholders' equity	646,413	610,590

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

Note 19 – Retirement benefit obligations

The Group supports various pension schemes for the employees of operating subsidiaries. Where material, these are described below.

The NMR Pension Fund (NMRP) is operated by NMR for the benefit of employees of certain Group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in 2003, and a defined contribution section, established with effect from the same date.

The NMR Overseas Pension Fund (NMRP) is operated for the benefit of employees of certain Group companies outside the United Kingdom. The defined benefit section also closed to new entrants and a defined contribution section was opened in 2003.

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Rothschild North America Inc maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements for certain employees (RNAP). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees. The last time that new benefits were accrued was 2001.

RBZ also operates a funded pension scheme (RBZP). This scheme has been set up on the basis of the Swiss method of defined contributions but has characteristics of a defined benefit pension plan. Current employees and pensioners (former employees or their surviving partners) receive benefits upon retiring as well as in the event of death or invalidity. These benefits are financed through employer and employee contributions.

Additionally, certain companies in the Group have smaller unfunded obligations in respect of pensions and other post-employment benefits.

The latest formal actuarial valuations of the NMRP and the NMROP were carried out as at 31 March 2016. The value of the defined benefit obligation has been updated to 31 March 2017 by qualified independent actuaries. Valuations of RBZP are performed each September and March, also by qualified actuaries.

The defined benefit obligations expose the Group to a number of risks, including longevity, inflation, interest rate and investment performance. These risks are mitigated where possible by applying an investment strategy for the funded schemes which aims to minimise the long-term costs. This is achieved by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities. The matching assets, that the funded schemes invest in, include corporate bonds, government gilts and a specific liability-driven investment mandate, which provide a partial hedge of the funds' interest rate and inflation exposure.

Overall, the objective is to select assets which will generate income and capital growth to meet, together with new contributions, the cost of current and future benefits payable by the funds.

Amounts recognised in the balance sheet

In thousands of euro	NMRP and NMROP	RBZP	RNAP	Other	31/03/17
Present value of funded obligations	1,095,734	248,079	-	-	1,343,813
Fair value of plan assets	(1,073,137)	(236,745)	-	-	(1,309,882)
Subtotal	22,597	11,334	-	-	33,931
Present value of unfunded obligations	-	-	21,109	11,085	32,194
TOTAL	22,597	11,334	21,109	11,085	66,125
<i>of which schemes with net liabilities</i>	33,676	18,078	21,109	11,085	83,948
<i>of which schemes with net (assets)</i>	(11,079)	(6,744)	-	-	(17,823)

In thousands of euro	NMRP and NMROP	RBZP	RNAP	Other	31/03/16
Present value of funded obligations	981,362	245,123	-	-	1,226,485
Fair value of plan assets	(911,854)	(226,018)	-	-	(1,137,872)
Subtotal	69,508	19,105	-	-	88,613
Present value of unfunded obligations	-	-	23,737	10,501	34,238
TOTAL	69,508	19,105	23,737	10,501	122,851
<i>of which schemes with net liabilities</i>	75,946	24,368	23,737	10,501	134,552
<i>of which schemes with net (assets)</i>	(6,438)	(5,263)	-	-	(11,701)

Movement in net defined benefit obligation

In thousands of euro	Plan (assets)	Defined benefit obligations	Net defined benefit liability
As at 1 April 2016	(1,137,872)	1,260,723	122,851
Current service cost (net of contributions paid by other plan participants)	-	15,824	15,824
Contributions by the employees	(3,371)	3,371	-
Past service costs	-	(213)	(213)
Interest (income)/cost	(31,712)	34,501	2,789
Remeasurements due to:			
- actual return less interest on plan assets	(200,623)	-	(200,623)
- changes in financial assumptions	-	196,169	196,169
- changes in demographic assumptions	-	5,235	5,235
- experience (gains)/losses	-	(5,699)	(5,699)
Benefits paid	56,018	(56,018)	-
(Contributions) by the Group	(68,347)	-	(68,347)
Administration expenses	2,031	-	2,031
Exchange and other differences	73,994	(77,886)	(3,892)
AS AT 31 MARCH 2017	(1,309,882)	1,376,007	66,125

Following the March 2016 triennial actuarial valuation of the NMRP, the trustees of the defined benefit pension fund have agreed a contribution plan with the Group to reduce the resulting deficit in accordance with pensions regulation. The aim is to eliminate the funding deficit by 2023 with €18.0 million of additional contributions per year. In addition, participating employers in the fund have agreed to pay 46.6% of in-service members' pensionable salaries.

It is estimated that total contributions of €28 million will be paid to the defined benefit pension schemes in the nine months ending 31 December 2017.

The Group has assessed that no further liability arises for the NMRP, the NMRP or the RBZP under IFRIC 14 – IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. This conclusion was reached because the trustees of the NMRP and NMRP funds do not have a unilateral power to wind up the fund and the fund's rules allow the Company an unconditional right to a refund assuming the gradual settlement of plan liabilities over time until all members have left the Fund. Meanwhile, the plan assets of the RBZP contain a repurchase value of CHF4.5 million, resulting from a reinsurance contract with Zurich Insurance Company Ltd, Zurich (Zurich Insurance). Zurich Insurance does not have a unilateral power to wind up the reinsurance contract.

The net pension asset in the RBZP is expected to become available to the Group because the statutory employer contributions do not fully cover the employer service cost according to IAS 19. According to IFRIC 14, the maximum economic benefit is the capitalised value of the difference between the employer service cost and the expected employer's contributions to the fund for the following financial year.

The weighted average projected maturity of the Fund's liabilities is 20 years for the NMRP and 17 years for the RBZP.

Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euro	31/03/17	31/03/16
Current service cost (net of contributions paid by other plan participants)	15,824	16,917
Net interest cost	2,789	4,579
Negative past service cost	(213)	(10,433)
Administration costs	2,031	1,978
Other pension income	(34)	106
TOTAL (included in staff costs)	20,397	13,147

As a result of changes implemented to the basis on which pensionable service accrues to in-service members, the 2017 income statement includes a credit of €0.2 million (2016: €10.4 million) in respect of past service costs.

Notes to the consolidated financial statements

Amounts recognised in statement of comprehensive income

In thousands of euro	31/03/17	31/03/16
Remeasurement gains/(losses) recognised in the year	4,918	6,382
Cumulative remeasurement losses recognised in the statement of comprehensive income	(211,890)	(216,808)

Actuarial assumptions and sensitivities

The principal actuarial assumptions used as at the balance sheet date were as follows:

	31/03/17			31/03/16		
	NMRP and NMROP	RBZP	RNAP	NMRP and NMROP	RBZP	RNAP
Discount rate	2.8%	0.6%	3.0%	3.6%	0.4%	2.5%
Retail price inflation	3.2%	n/a	n/a	2.9%	n/a	n/a
Consumer price inflation	2.1%	0.3%	n/a	1.9%	0.5%	n/a
Expected rate of salary increases	2.0%	0.5%	n/a	2.0%	0.5%	n/a
Expected rate of increase of pensions in payment:						
Uncapped increases	n/a	0.0%	n/a	n/a	0.0%	n/a
Capped at 5.0%	3.1%	n/a	n/a	2.8%	n/a	n/a
Capped at 2.5%	2.1%	n/a	n/a	2.0%	n/a	n/a
Life expectancy in years of a:						
Male pensioner aged 60	29.2	27.2	26.0	28.7	26.4	26.1
Female pensioner aged 60	30.4	29.5	29.0	29.5	29.0	28.6
Male pensioner aged 60 in 20 years' time	31.1	29.1	n/a	30.7	28.1	n/a
Female pensioner aged 60 in 20 years' time	32.3	31.3	n/a	30.7	30.7	n/a

The value placed on the defined benefit net liabilities and assets is sensitive to the actuarial assumptions used above. Those assumptions that have the most significant impact on the measurement of the liability, along with an illustration of the sensitivity to the assumption, are as follows:

Approximate increase/(decrease) in balance sheet liability

In thousands of euro	31/03/17	
	NMRP and NMROP	RBZP
0.5% increase in discount rate	(102,000)	(18,000)
0.5% increase in inflation	81,000	1,000
One year increase in life expectancy	38,000	n/a

The sensitivities shown above reflect only an estimate of the change in the assessed defined benefit obligation for the funds. In practice, any movement leading to a change in the discount rate or price inflation is likely to be partially offset by a change in asset values, and the corresponding overall impact on the net liability is therefore likely to be lower than the amounts above.

Composition of plan assets

	31/03/17			31/03/16		
	NMRP	NMROP	RBZP	NMRP	NMROP	RBZP
Equities – quoted	33%	44%	30%	35%	43%	26%
Bonds – quoted	18%	19%	44%	18%	18%	46%
Cash and gilts	8%	4%	6%	9%	8%	8%
Hedge funds and private equity	17%	10%	11%	20%	13%	12%
Liability hedges	22%	20%	2%	17%	16%	2%
Property and others	2%	3%	7%	1%	2%	6%
	100%	100%	100%	100%	100%	100%

Equities includes €0.8 million (2016: €0.9 million) of shares in companies that are related parties of the Company.

Note 20 – 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	31/03/17	31/03/16
Cash and accounts with central banks	3,907,432	3,500,132
Interbank demand deposits and overnight loans (assets)	987,911	779,584
Other cash equivalents	75,000	103,001
Interbank demand deposits and overnight loans (liabilities) and due to central banks	(108,022)	(60,737)
TOTAL	4,862,321	4,321,980

Cash includes cash on hand and demand deposits placed with banks. Other cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of value change. These comprise overnight interbank reverse repos and public bills which are held for trading.

Note 21 – Commitments given and received

Commitments given

In thousands of euro	31/03/17	31/03/16
Given to banks	1,500	-
Given to customers	103,368	83,588
Loan commitments	104,868	83,588
Given to banks	18,922	21,384
Given to customers	267,995	76,657
Guarantee commitments	286,917	98,041
Investment commitments	261,400	183,754
Irrevocable nominee commitments	187,975	179,096
Pledged assets and other commitments given	28,268	106,244
Other commitments given	477,643	469,094

Investment commitments relate to Merchant Banking funds and investments. Irrevocable nominee commitments represent commitments to funds where the Group acts as a nominee on behalf of its clients.

The merger with CFMM contributed €196 million of loan and guarantee commitments given to customers.

The commitment to employees in respect of deferred remuneration is set out in note 28.

Commitments received

In thousands of euro	31/03/17	31/03/16
Received from banks	136,169	135,000
Loan commitments	136,169	135,000
Received from banks	123,239	-
Received from customers	55,625	9,900
Guarantee commitments	178,864	9,900

The merger with CFMM contributed €172 million of commitments received.

Notes to the consolidated financial statements

Operating lease commitments payable

In thousands of euro	31/03/17		31/03/16	
	Land and buildings	Other	Land and buildings	Other
Up to one year	33,877	2,032	32,708	2,332
Between one and five years	117,186	2,264	111,904	4,284
Over five years	136,261	3	132,015	-
TOTAL	287,324	4,299	276,627	6,616

The operating lease commitments above mainly relate to leases of rented offices around the world.

Note 22 – Merger with Compagnie Financière Martin Maurel

The planned merger between R&Co and CFMM was announced in June 2016. On 2 January 2017 the transaction completed when CFMM was merged into R&Co. This merger combined our French private banking and asset management activities with those of CFMM to strengthen our Wealth & Asset Management business.

R&Co has acquired 100% of the shares in CFMM in return for cash consideration of €88.3 million and 6,107,976 R&Co shares. For accounting purposes, R&Co has been determined in accordance with IFRS as the accounting acquirer and the acquisition method has been applied. The identifiable assets and liabilities of CFMM group have been fair valued as at the effective date of the merger, and are shown below.

In thousands of euro	02/01/17
Cash and amounts due from central banks	334,438
Financial assets at fair value through profit or loss	1,523
Available-for-sale financial assets	737,970
Loans and advances to banks	187,339
Loans and advances to customers	1,240,712
Current tax assets	1,922
Deferred tax assets	4,694
Other assets	35,975
Investments accounted for by the equity method	3,020
Tangible fixed assets	76,899
Intangible fixed assets	10,583
Total assets	2,635,075
Financial liabilities at fair value through profit or loss	201
Hedging derivatives	9,738
Due to banks and other financial institutions	67,320
Customer deposits	2,167,584
Debt securities in issue	11,399
Deferred tax liabilities	24,933
Other liabilities, accruals and deferred income	76,331
Provisions	7,571
Total liabilities	2,365,077
Non-controlling interest	16,007
Fair value of net assets acquired	253,991
Calculation of goodwill	
Consideration transferred on acquisition of CFMM	260,860
Fair value of net assets acquired	253,991
Goodwill	6,869

The goodwill arising from this transaction amounts to €6.9 million. The goodwill is attributable to the synergies that are expected from the two businesses coming together, as well as the quality of the merged teams. None of this goodwill is deductible for income tax purposes.

The gross amounts of loans to customers to be collected by the CFMM group at the point of the merger was €1,264 million. The contractual cash flows not expected to be collected were €31.1 million and the loans had a fair value of €7.9 million higher than their carrying value in CFMM group. The fair value of the receivables for CFMM group, therefore, was €1,241 million.

Included in the liabilities assumed following the merger with CFMM are contingent liabilities of €0.9 million.

Consideration for the business combination

The consideration calculated on the effective date of the merger amounted to €260.9 million, as detailed in the schedule below:

Number of R&Co shares tendered	6,107,976
R&Co share price at the date of merger (in euro)	25.73
In thousands of euro	
Fair value of R&Co shares issued in exchange for CFMM shares	157,158
Cash consideration paid	88,302
Total consideration transferred for the business combination	245,460
Fair value of previously held interest in CFMM	5,700
Deferred consideration	9,700
Total consideration for the merger with CFMM	260,860

Fair value of previously held interest of CFMM

Prior to the merger, the Group had an interest of 2.27% in CFMM (€3.0 million). As a result of the merger, this interest was treated as if it had been sold and repurchased, generating a gain in the income statement of €2.7 million. This has been recorded in 'net income/(expense) from other assets'.

Pro forma financial information in respect of the merger with CFMM

The pro forma information included below, which presents a pro forma condensed consolidated income statement, reflects the merger of R&Co and CFMM as if the merger had occurred on 1 April 2016. The purpose of the pro forma information is to allow readers to compare more easily the current year's results with those to be published for the next financial period. It reflects a hypothetical situation and has been prepared for illustrative purposes only. It does not reflect the Group's actual financial results, nor any forecast of future results.

The pro forma information has been derived from:

- R&Co audited financial statements for the year ended 31 March 2017;
- CFMM group unaudited financial statements for the year ended 31 December 2016; and
- CFMM group unaudited financial statements for the quarter ended 31 March 2016.

The pro forma information disclosed has been prepared in line with the Group's accounting policies. In addition, the following assumptions have been made:

- The CFMM group income statement for the nine months ended 2 January 2017 has been estimated on a pro rata basis based on published accounts and internal management reporting. The non-controlling interest for this period is estimated using shareholder arrangements in place on 2 January 2017.
- IFRS 3 fair value adjustments recognised as part of the merger have been amortised in the R&Co accounts from 2 January 2017. In the restatement column, the amortisation has been increased on a pro rata basis to cover the whole accounting period. This includes depreciating the fair value adjustments to properties and adjusting the interest charge on loans with a fair value difference.
- The cost of borrowing cash used to fund the acquisition has also been increased on a pro rata basis to cover the whole accounting period.

Notes to the consolidated financial statements

Pro forma condensed consolidated income statement

In thousands of euro	R&Co published summary income statement for the year ended 31 March 2017	Pro forma CFMM summary income statement for the period 1 April 2016–2 January 2017	Other restatements	R&Co pro forma summary income statement as at 31 March 2017
Net banking income	1,767,131	80,531	(1,327)	1,846,335
Staff costs	(1,016,576)	(37,832)	-	(1,054,408)
Administrative expenses	(278,512)	(16,407)	-	(294,919)
Depreciation and amortisation	(32,116)	(2,350)	(98)	(34,564)
Cost of risk	(11,265)	(735)	-	(12,000)
Operating Income	428,662	23,207	(1,425)	450,444
Other income/(expense) (net)	8,078	442	-	8,520
Profit before tax	436,740	23,649	(1,425)	458,964
Income tax expense	(70,391)	(7,137)	491	(77,037)
Consolidated net income	366,349	16,512	(934)	381,927
Non-controlling interests	180,391	1,322	-	181,713
Net income – Group share	185,958	15,190	(934)	200,214

Certain non-recurring items have been adjusted from the pro forma figures above, in order to show an underlying result that is easier to compare to the next accounting period.

In millions of euro	Profit before tax	Net income – Group share
	31/03/17	31/03/17
Pro forma result	459.0	200.2
Less adjustments:		
Revaluation of previously held interest in CFMM	2.7	2.7
Integration costs charged to income statement	(11.1)	(11.1)
Tax impact of one-offs	n/a	3.7
Non-controlling interest	n/a	0.0
Total adjustments	(8.4)	(4.7)
Total	467.4	204.9

Following the merger, CFMM group companies contributed net banking income and net income – Group share of €24.8 million and €4.4 million respectively for the period from 2 January 2017 to 31 March 2017.

For the current year, integration costs of approximately €11.1 million have been recognised in 'administrative expense' (note 28). The transaction costs for the share issuance and share exchange, net of tax, are recorded in share premium, amounting to €3.5 million.

VI. Notes to the income statement

Note 23 – Net interest income

Interest income

In thousands of euro	31/03/17	31/03/16
Interest income – loans to banks	6,191	8,118
Interest income – loans to customers	36,868	47,283
Interest income – available-for-sale instruments	5,945	5,716
Interest income – derivatives	42,949	34,174
Interest income – other financial assets	2,322	1,977
TOTAL	94,275	97,268

Interest expense

In thousands of euro	31/03/17	31/03/16
Interest expense – due to banks and other financial institutions	(8,613)	(10,208)
Negative interest income from loans to banks	(24,172)	(19,536)
Interest expense – due to customers	(7,095)	(15,765)
Interest expense – debt securities in issue	(350)	(216)
Interest expense – derivatives	(1,745)	(1,882)
Interest expense – other financial liabilities	(3,201)	(537)
TOTAL	(45,176)	(48,144)

Note 24 – Net fee and commission income

Fee and commission income

In thousands of euro	31/03/17	31/03/16
Fees for advisory work and other services	1,205,587	1,060,420
Portfolio and other management fees	409,580	400,434
Banking and credit-related fees and commissions	3,973	2,264
Other fees	14,492	11,707
TOTAL	1,633,632	1,474,825

Fee and commission expense

In thousands of euro	31/03/17	31/03/16
Fees for advisory work and other services	(11,270)	(8,699)
Portfolio and other management fees	(38,548)	(37,531)
Banking and credit-related fees and commissions	(353)	(75)
Other fees	(8,190)	(6,434)
TOTAL	(58,361)	(52,739)

Note 25 – Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euro	31/03/17	31/03/16
Net income – financial instruments designated at fair value through profit or loss	36,954	34,484
Net income – carried interest	32,912	2,600
Net income – foreign exchange operations	28,266	28,015
Net income – equity securities and related derivatives held for trading	(73)	1,023
Net income – other trading operations	278	(7,807)
TOTAL	98,337	58,315

Notes to the consolidated financial statements

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 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 26 – Net gains/(losses) on available-for-sale financial assets

In thousands of euro	31/03/17	31/03/16
Gains or losses on disposal	35,702	49,798
Impairment losses on AFS equities	(634)	(3,095)
Dividend income	3,271	4,377
TOTAL	38,339	51,080

Dividend income from the Group's interest in EdRS is included as dividend income within 'net income/(expense) from other assets' (note 31).

Note 27 – Other operating income and expenses

In thousands of euro	31/03/17	31/03/16
Income from leasing	-	9,821
Other income	6,720	3,285
TOTAL OTHER OPERATING INCOME	6,720	13,106
Expenses relating to assets used to generate lease income	-	(4,522)
Other expenses	(635)	(276)
TOTAL OTHER OPERATING EXPENSES	(635)	(4,798)

During the year, 'other income' benefited from a reduction of €3.6 million in a performance-based liability, which is explained further in note 29.

Other operating income and expenses at 31 March 2016 included leasing income from FALG, the Group's asset leasing business. FALG was sold on 3 November 2015.

Note 28 – Operating expenses

In thousands of euro	31/03/17	31/03/16
Compensation and other staff costs	(984,318)	(928,321)
Defined benefit pension expenses (note 19)	(20,397)	(13,147)
Defined contribution pension expenses	(11,861)	(12,041)
Staff costs	(1,016,576)	(953,509)
Administrative expenses	(278,512)	(267,297)
TOTAL	(1,295,088)	(1,220,806)

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.

Deferred 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 employees, a portion of the deferred bonus 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 after 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 €95.5 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.

R&Co Equity Scheme

R&Co also operates an Equity Scheme for some of its senior staff. Equity Scheme participants are required to invest in R&Co shares and for each share owned they are granted four share options. The shares are subject to a four-year lock-up period and the share options granted are subject to a vesting period before exercise.

Movements in the number of share options outstanding are as follows:

	31/03/17		31/03/16	
	Number 000s	Weighted average exercise price, €	Number 000s	Weighted average exercise price, €
As at 1 April	3,580	19.4	3,120	18.6
Issued	-	-	460	24.7
Exercised	(55)	17.5	-	-
AS AT 31 MARCH	3,525	19.4	3,580	19.4
Exercisable at the end of the year	725	17.5	-	-

Share options outstanding at 31 March were as follows:

Exercise price €	31/03/17		31/03/16	
	Number of outstanding options, 000s	Weighted average contractual life (years)	Number of outstanding options, 000s	Weighted average contractual life (years)
€17.50-€18.00	1,505	6.5	1,560	7.5
€18.01-€20.00	1,560	6.5	1,560	7.5
€20.01-€22.00	-	-	-	-
€22.01-€24.00	115	8.5	115	9.5
Over €24.00	345	8.5	345	9.5
	3,525	6.8	3,580	7.8

The fair value of the share options awarded in the year was €nil (31 March 2016: €0.9 million). Fair values are charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the options change in value.

On issuance, options are valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model are the price of the underlying R&Co shares, the expected volatility of the share price (for which the historic volatility has been the primary consideration), and the estimated exercise date of the options (which is assumed to be the mid-point between the dates of vesting and expiry). The valuation is based on the assumption that all recipients will remain with the Group.

The charge arising in the year that relates to share-based payments is included in the line 'Compensation and other staff costs', and amounts to €0.9 million (2016: €1.0 million).

Notes to the consolidated financial statements

Note 29 – Amortisation, depreciation and impairment of tangible and intangible fixed assets

In thousands of euro	31/03/17	31/03/16
Depreciation of tangible assets	(22,992)	(27,075)
Amortisation of intangible assets	(5,573)	(9,694)
Impairment of intangible assets	(3,551)	-
TOTAL	(32,116)	(36,769)

During the year, the value of certain software used in one of our businesses was reassessed and its value was written down by €3.6 million. The deferred terms of payment for this software were performance-based, and the amount accrued as payable has also been reduced by €3.6 million. The benefit of the reduced payment is booked in 'other operating income' (note 27).

Note 30 – Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	31/03/17	31/03/16
Loans and receivables	(17,235)	13,913	833	(2,489)	(4,905)
Debt securities	(560)	11	6	(543)	(2,467)
Guarantee commitments given to customer	(755)	430	-	(325)	-
Other assets	(9,478)	1,570	-	(7,908)	(4,567)
TOTAL	(28,028)	15,924	839	(11,265)	(11,939)

Note 31 – Net income/(expense) from other assets

In thousands of euro	31/03/17	31/03/16
Dividend from long-standing shareholding	3,778	4,562
Gains/(losses) on sales of tangible or intangible assets	(183)	45
Gains on acquisition, disposal and impairment of subsidiaries and associates	2,678	98,031
TOTAL	6,273	102,638

The prior year includes a profit of €98.7 million from the sale of FALG, the UK asset finance subsidiary.

Note 32 – Income tax expense

In thousands of euro	31/03/17	31/03/16
Current tax	(63,843)	(61,049)
Deferred tax	(6,548)	(4,030)
TOTAL	(70,391)	(65,079)

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	31/03/17	31/03/16
Tax charge for the year	(59,157)	(52,471)
Adjustments related to prior years	2,698	(974)
Irrecoverable dividend-related tax	(6,457)	(7,133)
Other	(927)	(471)
TOTAL	(63,843)	(61,049)

Deferred tax

In thousands of euro	31/03/17	31/03/16
Temporary differences	(8,457)	(5,926)
Changes in tax rates	1,435	(154)
Adjustments related to prior years	474	2,050
TOTAL	(6,548)	(4,030)

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

In thousands of euro	31/03/17		31/03/16	
Profit before tax		436,740		422,304
Expected tax charge at standard French rate	34.4%	150,370	34.4%	145,399
Main reconciling items				
Sale of FALG with nil tax charge	-	-	(8.0%)	(33,999)
Partnership tax recognised outside the Group	(10.8%)	(46,941)	(7.1%)	(30,536)
Profits and losses in lower tax areas	(8.6%)	(37,441)	(5.8%)	(24,404)
Tax impacts relating to prior years	(0.7%)	(3,172)	(0.3%)	(1,076)
(Gains)/losses where no deferred tax recognised	+0.2%	1,004	+0.0%	166
Deferred tax rate change	(0.3%)	(1,435)	+0.1%	556
Local permanent differences	+0.3%	1,147	+0.2%	883
Irrecoverable dividend-related taxes	+1.5%	6,469	+1.7%	7,133
Other	+0.1%	390	+0.2%	957
Actual tax charge	16.1%	70,391	15.4%	65,079
EFFECTIVE TAX RATE		16.1%		15.4%

Note 33 – Related parties

The term 'Executive Directors', in the context of this note and the Group governance arrangements surrounding the decision-making process at R&Co level, refers to executive corporate officers (*mandataires sociaux*) of R&Co Gestion, the Managing Partner of R&Co. In accordance with the provisions of the R&Co Gestion's articles of association, its chairman is the sole executive corporate officer. The following remuneration was received by the executive corporate officer in 2016/2017, paid by R&Co Gestion but reimbursed by R&Co in accordance with the provisions of the R&Co's articles of association related to R&Co Gestion's operating expenses.

In thousands of euro	31/03/17
Fixed remuneration	500
TOTAL	500

The chairman of R&Co Gestion did not benefit from payments in shares in respect of 2016/2017 and no severance benefits were provided for termination of work contracts. No other long-term benefits were granted.

The transactions during the year and balances at the end of the year between Group companies which are fully consolidated are eliminated on consolidation. Transactions and balances with companies accounted for by the equity method are shown separately in the table below.

Notes to the consolidated financial statements

Other related parties are: the members of the Supervisory Board; people with active control of the Group; people with active control in the parent company of R&Co as Rothschild Concordia SAS directors; companies that are controlled by the principal officers; and any person directly or indirectly responsible for management or control of the activities of R&Co. They also include close family members of any person who controls, exercises joint control or significant influence on R&Co, and persons related to Executive Directors and members of the Supervisory Board or to board members of its parent company.

During the year the Group purchased, from a related party being a member of the concert party, a 13.07% interest in Rothschild Holding AG. The purchase price of CHF64 million (€60 million), which was settled in cash, was determined using an independent third party valuation. This purchase continues the Group's policy of reducing non-controlling interests in subsidiaries. At the same time, the same related party received a cash settlement of an amount due, disclosed in the table below in the prior year within 'due to customers', in respect of a similar share purchase transaction undertaken in a prior year. As the amount settled was CHF16 million (€15 million) lower than the carrying value of the liability, the resulting gain for the Group has been treated as a capital contribution from a shareholder and taken directly to equity. This accounting treatment is shown in the consolidated statement of changes in equity as 'other movements'.

In thousands of euro	31/03/17			31/03/16		
	Companies accounted for by the equity method	Executive Directors	Other related parties	Companies accounted for by the equity method	Executive Directors	Other related parties
Assets						
Loans and advances to customers	4,700	1,293	9,225	-	877	7,796
Equity instruments	-	-	-	-	-	2,999
Other assets	93	-	-	-	-	3
TOTAL ASSETS	4,793	1,293	9,225	-	877	10,798
Liabilities						
Due to customers	62	8,240	162,555	75	5,817	91,476
Other liabilities	-	305	1,634	-	-	489
TOTAL LIABILITIES	62	8,545	164,189	75	5,817	91,965
Loan and guarantee commitments						
Guarantees and commitments given	-	1,114	59	-	1,545	73
TOTAL COMMITMENTS	-	1,114	59	-	1,545	73
Income and expenses from transactions with related parties						
Interest received	-	7	503	-	-	10
Interest paid	-	-	-	-	-	(332)
Commissions received	-	-	-	164	-	-
Other income	1,277	-	-	1,827	-	3,531
TOTAL INCOME	1,277	7	503	1,991	-	3,209
Other expenses	(744)	-	(3,105)	(911)	-	(3,000)
TOTAL EXPENSES	(744)	-	(3,105)	(911)	-	(3,000)

Note 34 – Fees to statutory auditors

In thousands of euro	KPMG Audit				Cailliau Dedouit et Associés			
	31/03/17		31/03/16		31/03/17		31/03/16	
		%		%		%		%
AUDIT								
Fees related to statutory audit, certification and examination of individual and consolidated accounts:								
R&Co (parent company)	186	6%	174	5%	186	51%	174	45%
Subsidiaries	2,346	71%	2,474	69%	157	43%	174	45%
Fees related to audit services and related assignments⁽¹⁾:								
R&Co (parent company)	119	4%	22	1%	–	–	13	3%
Subsidiaries	309	9%	612	17%	23	6%	30	8%
Subtotal	2,960	89%	3,282	91%	366	100%	391	100%
OTHER SERVICES PROVIDED BY THE NETWORKS TO SUBSIDIARIES:								
Law, tax and social	293	9%	289	8%	–	–	–	–
Other	74	2%	23	1%	–	–	–	–
Subtotal	367	11%	312	9%	–	–	–	–
TOTAL	3,327	100%	3,594	100%	366	100%	391	100%

(1) In order to maintain comparability between the two accounting periods, this table displays the fees according to the requirements existing before the implementation of the European regulation on audit reform on 17 June 2016. This regulation renders obsolete the distinction between 'Fees related to audit services and related assignments' and 'Other services provided by the networks to subsidiaries'.

Note 35 – Segmental information

The table below presents a segmental analysis by business line, which is used internally for assessing business performance and then adjusted to conform to the Group's statutory accounting policies. IFRS reconciliation mainly reflects: 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 for defined benefit pension schemes; and reallocation of impairments and certain operating expenses.

Segmental information split by business

In thousands of euro	Global Advisory	Asset Management ⁽¹⁾	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	31/03/17
Net banking income	1,189,503	545,729	28,936	1,764,168	2,963	1,767,131
Operating expenses	(986,615)	(442,317)	(64,420)	(1,493,352)	166,148	(1,327,204)
Cost of risk	–	–	–	–	(11,265)	(11,265)
Operating income	202,888	103,412	(35,484)	270,816	157,846	428,662
Share of profits of associated entities	–	–	–	–	–	424
Non-operating income	–	–	–	–	–	7,654
Profit before tax	–	–	–	–	–	436,740

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

Notes to the consolidated financial statements

In thousands of euro	Global Advisory	Asset Management ⁽¹⁾	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	31/03/16
Net banking income	1,040,383	485,843	54,556	1,580,782	8,131	1,588,913
Operating expenses	(873,031)	(404,250)	(101,379)	(1,378,660)	121,085	(1,257,575)
Cost of risk	-	-	-	-	(11,939)	(11,939)
Operating income	167,352	81,593	(46,823)	202,122	117,277	319,399
Share of profits of associated entities	-	-	-	-	-	267
Non-operating income	-	-	-	-	-	102,638
Profit before tax	-	-	-	-	-	422,304

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

Comparative figures have been restated to take into account minor changes in the presentation of the management accounts. The results by business have not changed.

As explained in note 25, the closure of an interest rate swap in the year ended 31 March 2016 resulted in a negative mark-to-market cost of €7.9 million. This cost is shown in the 'other business' 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	31/03/17	%	31/03/16	%
United Kingdom and Channel Islands	516,530	29%	560,082	35%
France	507,632	29%	414,677	26%
Americas	280,013	16%	236,577	15%
Rest of Europe	250,009	14%	180,725	11%
Switzerland	121,440	7%	117,057	7%
Australia and Asia	65,215	4%	57,324	4%
Other	26,292	1%	22,471	2%
TOTAL	1,767,131	100%	1,588,913	100%

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

Note 36 – Earnings per share

In millions of euro	31/03/17	31/03/16
Net income – Group share	186.0	231.9
<i>preferred dividends adjustment</i>	<i>(0.7)</i>	<i>(0.7)</i>
Net income – Group share after preferred dividends adjustment	185.3	231.2
Basic average number of shares in issue – 000s	70,181	68,586
Earnings per share – basic (euro)	2.64	3.37
Diluted average number of shares in issue – 000s	71,145	69,646
Earnings per share – diluted (euro)	2.60	3.32

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, whereby net income is divided by the weighted average number of ordinary shares outstanding plus the bonus number of ordinary shares that would be issued through dilutive option or share awards. Share options and awards which are dilutive are those which are in the money, based on the average share price during the period. The majority of potential ordinary shares which are not dilutive are connected to the R&Co Equity Scheme, which is described in note 28.

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 37 – Consolidation scope

Article 7 of Law No. 2013-672 of 26 July 2013, amending Article L.511-45 of the French Monetary and Financial Code, requires credit institutions to publish information on their locations and activities in each country or territory.

The following table shows the material subsidiaries and associates which are included in the Group consolidated accounts, and the territory in which they are domiciled. The list below does not include dormant or nominee companies, on account of their immateriality.

The activities shown below are defined in note 35.

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Australia							
Arrow Capital Pty Limited	Other	–	–	100.00	98.53	–	FC
Rothschild Australia Limited	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Belgium							
Rothschild Belgique – Rothschild & Compagnie Banque SCS branch	Asset Management	100.00	99.63	100.00	99.30	FC	FC
Rothschild Belgium SA	Global Advisory	100.00	99.98	–	–	FC	–
Transaction R Belgique – Transaction R SCS branch	Global Advisory	100.00	99.34	99.73	99.00	FC	FC
Bermuda							
Rothschild Trust (Bermuda) Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Brazil							
N M Rothschild & Sons (Brasil) Limitada	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
British Virgin Islands							
Five Arrows Capital Limited	Other	–	–	100.00	98.53	–	FC
Master Nominees Inc.	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Canada							
Rothschild (Canada) Holdings Inc.	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild (Canada) Inc.	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild (Canada) Securities Inc.	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild Trust Canada Inc.	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust Protectors Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Cayman Islands							
JRE Asia Capital Management Ltd	Other	50.00	49.80	50.00	49.61	EM	EM
Rothschild Trust Cayman Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
China							
Rothschild Asset Management Inc – Beijing representative office	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Rothschild China Holding AG – Beijing representative office	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Financial Advisory Services (Beijing) Co. Ltd	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild Financial Advisory Services (Beijing) Co. Ltd – Shanghai branch	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild Financial Advisory Services (Tianjin) Co. Ltd.	Global Advisory	100.00	99.22	100.00	98.53	FC	FC

(1) FC: full consolidation.
EM: equity method.

Notes to the consolidated financial statements

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Curaçao							
N M Rothschild & Sons (Asia) NV	Other	100.00	99.22	100.00	98.53	FC	FC
NMR International NV	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Latin America NV	Other	100.00	99.22	100.00	98.53	FC	FC
Denmark							
N M Rothschild & Sons – Danish Branch	Global Advisory	100.00	99.22	–	–	FC	–
France							
Aida SAS	Other	100.00	99.98	100.00	99.95	FC	FC
Aix-Rabelais	Other	100.00	99.63	100.00	99.30	FC	FC
Albinoni SAS	Other	100.00	99.63	–	–	FC	–
Banque Martin Maurel SA	Asset Management	100.00	99.96	–	–	FC	–
Bastia Rabelais	Asset Management	99.99	99.63	99.99	99.30	FC	FC
BBR Rogier SA	Asset Management	99.99	99.96	–	–	FC	–
Cavour SAS	Other	100.00	99.98	100.00	99.95	FC	FC
Compagnie Meridionale Financière Immobilière SA	Asset Management	99.76	99.72	–	–	FC	–
Concordia Holding SARL	Other	100.00	99.98	100.00	99.95	FC	FC
Courtage Etoile SNC	Asset Management	100.00	99.96	–	–	FC	–
Financière Rabelais SAS	Other	100.00	99.98	100.00	99.95	FC	FC
Five Arrows Managers SAS	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Funds Selection SA	Asset Management	20.00	20.00	–	–	EM	–
GIE Rothschild & Cie	Other	100.00	99.63	100.00	99.30	FC	FC
Grignan Participations SAS	Asset Management	100.00	99.98	–	–	FC	–
Hoche Gestion Privée SA	Asset Management	34.69	34.67	–	–	EM	–
Hoche Paris SAS	Asset Management	99.70	99.66	–	–	FC	–
Immobilière Saint-Albin SAS	Asset Management	100.00	99.96	–	–	FC	–
International Capital Gestion SA	Asset Management	100.00	99.96	–	–	FC	–
K Développement SAS	Asset Management	100.00	99.98	100.00	99.95	FC	FC
Martin Maurel Gestion SA	Asset Management	100.00	99.96	–	–	FC	–
Messine Manager Investissement SAS	Other	–	–	100.00	99.95	–	FC
Messine Participations SAS	Other	100.00	99.54	100.00	99.22	FC	FC
Monceau Rabelais SAS	Other	100.00	99.62	100.00	99.29	FC	FC
Montaigne Rabelais SAS	Other	100.00	99.63	100.00	99.30	FC	FC
Optigestion Courtage SARL	Other	32.17	32.16	–	–	EM	–
Optigestion SA	Asset Management	33.86	33.85	–	–	EM	–
Paris Orléans Holding Bancaire SAS	Other	100.00	99.98	100.00	99.95	FC	FC
PO Capinvest 1 SAS	Asset Management	100.00	99.98	100.00	99.95	FC	FC
PO Fonds SAS	Asset Management	100.00	99.98	100.00	99.95	FC	FC
PO Mezzanine SAS	Asset Management	100.00	99.98	100.00	99.95	FC	FC
Puccini SAS	Other	100.00	99.63	–	–	FC	–
Réponse Invest	Other	39.00	38.99	–	–	EM	–
Rothschild & Cie SCS ⁽²⁾	Global Advisory	99.98	99.61	99.98	99.28	FC	FC
Rothschild & Co SCA	Asset Management	100.00	99.98	100.00	99.95	Parent company	Parent company

(1) FC: full consolidation.
EM: equity method.

(2) Some subsidiaries are limited partnerships (sociétés en commandite simple). The percentage interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership, after taking into consideration the share attributable to workers' remuneration.

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Rothschild & Compagnie Banque SCS ⁽²⁾	Asset Management and Other	99.99	99.63	99.99	99.30	FC	FC
Rothschild & Compagnie Gestion SCS ⁽²⁾	Asset Management	99.99	99.62	99.99	99.29	FC	FC
Rothschild Assurance & Courtage SCS	Asset Management	99.83	99.45	99.83	99.12	FC	FC
Rothschild Europe SNC (French partnership)	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Rothschild HDF Investment Solutions SAS	Asset Management	100.00	95.59	100.00	95.28	FC	FC
RTI Partenaires SCS	Global Advisory	100.00	98.41	-	-	FC	-
SCI du 20 Rue Grignan	Asset Management	99.99	99.95	-	-	FC	-
SCI du 6 Rue De La Bourse	Asset Management	99.99	99.96	-	-	FC	-
SCI Prado Marveyre	Asset Management	99.99	99.96	-	-	FC	-
SCS Holding SAS	Other	100.00	99.22	100.00	98.53	FC	FC
Sélection 1818 SA	Asset Management	-	-	25.00	24.80	-	EM
Stravinski SCS	Other	100.00	99.63	-	-	FC	-
Transaction R SCS ⁽²⁾	Global Advisory	99.79	99.34	99.81	99.01	FC	FC
TRR Partenaires	Global Advisory	50.00	49.71	50.00	49.64	FC	FC
Verdi SAS	Other	100.00	99.98	100.00	99.95	FC	FC
Verseau SAS	Asset Management	95.00	94.98	95.00	94.95	FC	FC
Vivaldi SAS	Other	100.00	99.63	-	-	FC	-
Germany							
Rothschild GmbH	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Rothschild Vermögensverwaltungs-GmbH	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Guernsey							
Blackpoint Management Limited	Asset Management	100.00	95.59	100.00	95.28	FC	FC
Guernsey Global Trust Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Jofran Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Maison (CI) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Asset Management Holdings (CI) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Bank (CI) Limited	Asset Management	-	-	100.00	72.87	-	FC
Rothschild Bank International Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Mexico (Guernsey) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Switzerland (CI) Trustees Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust Canada Inc – Guernsey branch	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust Financial Services Limited	Other	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust Guernsey Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschids Continuation Finance (CI) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
S y C (International) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Shield Holdings (Guernsey) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Shield Securities Limited	Other	100.00	99.22	100.00	98.53	FC	FC
St. Julian's Properties Limited	Other	50.00	49.61	50.00	49.27	EM	EM
TM New Court Plan Trust	Other	100.00	99.22	100.00	98.53	FC	FC

(1) FC: full consolidation.
EM: equity method.

(2) Some subsidiaries are limited partnerships (sociétés en commandite simple). The percentage interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership, after taking into consideration the share attributable to workers' remuneration.

Notes to the consolidated financial statements

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Hong Kong							
HongKong Win Go Fund Management Limited	Asset Management	33.33	33.32	33.33	33.30	EM	EM
JRE Asia Capital (Hong Kong) Ltd	Asset Management	50.00	49.80	50.00	49.61	EM	EM
RAIL Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild (Hong Kong) Limited	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild Bank AG – Hong Kong representative office	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Wealth Management (Hong Kong) Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
India							
JRE Asia Capital Advisory Services (India) Private Limited	Asset Management	50.00	49.80	50.00	49.61	EM	EM
Rothschild (India) Private Limited	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Indonesia							
PT Rothschild Indonesia	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Israel							
RCF (Israel) BV – Israel branch	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Italy							
Rothschild & Cie Gestion – Milan branch	Asset Management	100.00	99.41	100.00	98.91	FC	FC
Rothschild S.p.A.	Global Advisory	100.00	99.42	100.00	98.91	FC	FC
Rothschild Trust Italy Srl	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Wealth Management (UK) Limited – Milan branch	Asset Management	100.00	90.53	100.00	80.57	FC	FC
Japan							
Rothschild Japan Co., Ltd.	Global Advisory	100.00	99.63	–	–	FC	–
Jersey							
FAC Carry LP	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Capital GP Limited	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Mezzanine Holder LP	Asset Management	88.00	87.32	88.00	86.71	FC	FC
Five Arrows Partners LP	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Proprietary Feeder LP	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Staff Co-investment LP	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Lanebridge (Arena Plaza) Jersey GP Limited	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Quintus European Mezzanine Fund Limited partnership	Asset Management	–	–	50.00	49.27	–	EM
Luxembourg							
Centrum Jonquille Sàrl	Asset Management	100.00	99.98	100.00	99.95	FC	FC
Centrum Narcisse Sàrl	Asset Management	100.00	99.98	100.00	99.95	FC	FC
Elsinore I GP Sàrl	Asset Management	100.00	99.96	–	–	FC	–
Fin PO SA	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Five Arrows Co-Investments Feeder VSCA SICAR	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Co-Investments II Feeder SCSp	Asset Management	91.59	91.56	–	–	FC	–
Five Arrows Co-Investments II SCSp	Asset Management	51.95	51.93	–	–	FC	–
Five Arrows Credit Solutions C General Partner	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Five Arrows Credit Solutions General Partner	Asset Management	100.00	99.96	100.00	99.92	FC	FC

(1) FC: full consolidation.
EM: equity method.

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Five Arrows Managers SA	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Five Arrows Mezzanine Investments Sàrl	Asset Management	100.00	99.96	100.00	99.23	FC	FC
Five Arrows Mircan Invest SCS	Asset Management	-	-	100.00	99.40	-	FC
Five Arrows Principal Investments II B SCSp	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Five Arrows Principal Investments International Feeder SCA SICAR	Asset Management	100.00	99.59	100.00	99.23	FC	FC
HRA Investment SCSp	Asset Management	90.87	90.84	-	-	FC	-
Jardine Rothschild Asia Capital (Luxembourg) Sàrl	Other	50.00	49.80	50.00	49.61	EM	EM
Messine Investissement SA	Asset Management	100.00	99.98	100.00	99.22	FC	FC
Mobilim International – Groupe Martin Maurel Sàrl	Asset Management	100.00	99.96	-	-	FC	-
Oberon GP Sàrl	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Oberon II GP Sàrl	Asset Management	100.00	99.96	100.00	99.92	FC	FC
Oberon III GP Sàrl	Asset Management	100.00	99.96	-	-	FC	-
Parallel GP Sàrl	Asset Management	100.00	99.96	-	-	FC	-
PO Co Invest GP Sàrl	Asset Management	100.00	99.96	99.98	99.92	FC	FC
PO Invest 2 SA SOPARFI	Asset Management	93.85	93.83	93.85	93.80	FC	FC
PO Participations SA	Asset Management	100.00	99.96	99.98	99.92	FC	FC
R Commodity Finance Fund General Partner	Asset Management	100.00	95.59	100.00	95.28	FC	FC
RPI Invest 2 SCS	Asset Management	99.48	99.44	-	-	FC	-
RPO GP Sàrl	Asset Management	100.00	99.96	99.98	99.92	FC	FC
RPO Invest 1 SCSp	Asset Management	99.48	99.44	99.48	99.40	FC	FC
Malaysia							
Rothschild Malaysia Sendirian Berhad	Global Advisory	70.00	99.22	70.00	98.53	FC	FC
Mexico							
Rothschild (Mexico) SA de CV	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Monaco							
Banque Martin Maurel SA – Monaco branch	Asset Management	100.00	99.96	-	-	FC	-
Martin Maurel Sella – Banque Privée – SAM	Asset Management	54.98	54.96	-	-	FC	-
Martin Maurel Sella Gestion – SAM	Asset Management	99.30	54.62	-	-	FC	-
SCI VDP 2	Asset Management	100.00	55.22	-	-	FC	-
SCPM VDP 1	Asset Management	71.00	55.22	-	-	FC	-
Netherlands							
Continuation Investments NV	Asset Management	39.33	38.35	39.33	37.31	EM	EM
RCF (Israel) BV	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
RCF (Russia) BV	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Rothschild Europe BV	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Rothschilds Continuation Finance BV	Other	69.00	68.59	69.00	68.22	FC	FC
New Zealand							
Rothschild Trust New Zealand Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Poland							

(1) FC: full consolidation.
EM: equity method.

Notes to the consolidated financial statements

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Rothschild Polska Sp. z o.o.	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Portugal							
Rothschild Portugal Limitada	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Qatar							
Rothschild (Qatar) LLC	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Russia							
RCF (Russia) BV – Moscow branch	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Singapore							
Rothschild (Singapore) Limited	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild Bank AG – Singapore representative office	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust (Singapore) Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Wealth Management (Singapore) Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
South Africa							
Rothschild (South Africa) Foundation	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild (South Africa) Proprietary Limited	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Southern Arrows Proprietary Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Spain							
Rothschild S.A.	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Sweden							
Rothschild Nordic AB	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Switzerland							
Creafin AG	Other	100.00	86.80	100.00	72.87	FC	FC
Equitas S.A.	Asset Management	90.00	78.12	90.00	65.59	FC	FC
ESOP Services AG	Other	-	-	100.00	97.52	-	FC
Five Arrows Capital AG	Asset Management	-	-	100.00	98.53	-	FC
RBZ Fiduciary Ltd.	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild & Cie Gestion – Zurich branch	Asset Management	100.00	99.62	100.00	99.29	FC	FC
Rothschild Asset Management Holdings AG	Other	-	-	100.00	98.53	-	FC
Rothschild Bank AG	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild China Holding AG	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Concordia AG	Other	100.00	98.80	100.00	97.52	FC	FC
Rothschild Holding AG	Other	87.48	86.80	73.94	72.87	FC	FC
Rothschild India Holding AG	Other	-	-	100.00	98.53	-	FC
Rothschild Private Trust Holdings AG	Other	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust (Switzerland) Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Trust Canada Inc – Swiss branch	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschilds Continuation Holdings AG	Other	99.87	99.22	99.87	98.53	FC	FC
RTB Administrators AG	Asset Management	100.00	86.80	100.00	72.87	FC	FC
RTB Trustees AG	Asset Management	100.00	86.80	100.00	72.87	FC	FC
RTS Geneva SA	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Turkey							

(1) FC: full consolidation.
EM: equity method.

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Rothschild – Kurumsal Finansman Hizmetleri Limited Sirketi	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
United Arab Emirates							
Rothschild (Middle East) Limited	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
Rothschild Europe BV – Abu Dhabi representative office	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
United Kingdom							
Continuation Computers Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Elgin Capital Services Limited	Other	–	–	100.00	98.53	–	FC
F.A. International Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Five Arrows (Scotland) General Partner Limited	Asset Management	99.87	99.22	100.00	98.53	FC	FC
Five Arrows Credit Solutions Co-Investments, L.P.	Asset Management	50.00	49.98	–	–	EM	–
Five Arrows Finance Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Leasing Holdings Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Managers LLP	Asset Management	100.00	99.22	100.00	98.53	FC	FC
International Property Finance (Spain) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Investor Perceptions Limited	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Lanebridge Holdings Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Lanebridge Investment Management Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Marplace (No 480) Limited	Other	100.00	99.22	100.00	98.53	FC	FC
N M Rothschild & Sons Limited	Global Advisory, Asset Management and Other	100.00	99.22	100.00	98.53	FC	FC
N M Rothschild Holdings Limited	Other	100.00	99.22	100.00	98.53	FC	FC
New Court Property Services	Other	–	–	100.00	98.53	–	FC
New Court Securities Limited	Other	100.00	99.22	100.00	98.53	FC	FC
NMR Europe (UK partnership)	Global Advisory	100.00	99.41	100.00	98.91	FC	FC
O C Investments Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Risk Based Investment Solutions Ltd	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Rothschild Australia Holdings Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Credit Management Limited	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Rothschild Gold Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild HDF Investment Adviser Limited	Asset Management	100.00	95.59	100.00	95.28	FC	FC
Rothschild Holdings Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Investments Limited	Other	–	–	100.00	98.53	–	FC
Rothschild Private Fund Management Limited	Asset Management	100.00	90.53	100.00	80.57	FC	FC
Rothschild Trust Corporation Limited	Asset Management	100.00	86.80	100.00	72.87	FC	FC
Rothschild Wealth Management (UK) Limited	Asset Management	100.00	90.53	100.00	80.57	FC	FC
Rothschilds Continuation Finance Holdings Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschilds Continuation Finance PLC	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschilds Continuation Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Scott Harris UK Limited	Global Advisory	100.00	99.22	–	–	FC	–
Second Continuation Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Shield MBCA Limited	Other	100.00	99.22	100.00	98.53	FC	FC

(1) FC: full consolidation.
EM: equity method.

Notes to the consolidated financial statements

Company name	Activity	31/03/17		31/03/16		Consolidation method ⁽¹⁾	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/17	31/03/16
Shield Trust Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Third New Court Limited	Other	100.00	99.22	100.00	98.53	FC	FC
Walbrook Assets Limited	Other	100.00	99.22	100.00	98.53	FC	FC
United States of America							
FACP General Partner LP	Asset Management	100.00	99.96	-	-	FC	-
FACP GP-GP	Asset Management	100.00	99.96	-	-	FC	-
Five Arrows Friends & Family Feeder LP	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Five Arrows Managers (USA) LLC	Asset Management	100.00	99.96	-	-	FC	-
Five Arrows Managers North America LLC	Asset Management	100.00	99.22	-	-	FC	-
Francairep Inc	Asset Management	100.00	99.98	100.00	99.95	FC	FC
PO Elevation Rock Inc	Asset Management	100.00	99.96	100.00	99.92	FC	FC
PO Black LLC	Asset Management	100.00	82.91	100.00	82.87	FC	FC
Rothschild Asset Management (Canada) LLC	Asset Management	100.00	99.22	-	-	FC	-
Rothschild Asset Management Inc.	Asset Management	100.00	99.22	100.00	98.53	FC	FC
Rothschild Inc.	Global Advisory	100.00	99.22	100.00	98.53	FC	FC
Rothschild Larch Lane Management Company LLC	Asset Management	-	-	50.00	49.27	-	EM
Rothschild North America Holdings Inc.	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild North America Inc.	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Realty Group Inc.	Other	100.00	99.22	100.00	98.53	FC	FC
Rothschild Risk Based Investments LLC	Asset Management	100.00	99.22	-	-	FC	-
Rothschild Trust North America LLC	Asset Management	100.00	86.80	100.00	72.87	FC	FC
West Gate Horizon Advisors LLC	Asset Management	100.00	99.22	100.00	98.53	FC	FC

(1) FC: full consolidation.
EM: equity method.

Note 38 – Results, tax and headcount by territory

Pursuant to Article L511-45 II to V of the French Monetary and Financial code, referred to in note 37, the table below specifically provides information linked to net banking income, pre-tax profit, income tax and headcount as at 31 March 2017.

Country/region of operation	Net banking income (in millions of euro)	Profit before tax (in millions of euro)	Current tax (in millions of euro)	Deferred tax (in millions of euro)	Headcount (full-time equivalent)
France	508.5	205.4	(29.6)	3.1	1,166
United Kingdom	486.3	71.7	(7.6)	(6.8)	875
North America	242.2	15.6	(6.5)	(0.7)	282
Other Europe	186.5	50.5	(15.3)	0.3	354
Switzerland	121.5	4.9	(1.0)	0.4	363
Asia-Pacific and Latin America	103.3	5.8	(1.0)	(3.4)	235
Luxembourg	68.4	62.6	(0.2)	0.2	14
Channel Islands	31.0	13.7	(0.9)	-	71
British Virgin Islands	0.1	0.1	-	-	-
Cayman Islands	0.1	0.1	-	-	-
Bermuda	-	(0.0)	-	-	-
Curaçao	(0.6)	(0.4)	(0.1)	-	-
Other	26.7	6.7	(1.6)	0.4	50
Total before intercompany elimination	1,774.0	436.7	(63.8)	(6.5)	3,410
Intercompany elimination	(6.9)	-	-	-	-
TOTAL	1,767.1	436.7	(63.8)	(6.5)	3,410

Revenues and profits are measured before the elimination of intercompany fees and interest income and expense.

The Group has not received any public subsidies in the year.

For France, profit before tax is stated before amounts deducted as non-controlling interests, being profit share paid as preferred amounts to French partners who individually account for tax (see also note 32).

Statutory auditors' report on the consolidated financial statements for the year ended 31 March 2017

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2017, on:

- the audit of the accompanying consolidated financial statements of Rothschild & Co S.C.A.;
- the justification of our assessments;
- the specific verification required by law.

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

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

- Your Group accounts for impairments in order to cover for credit risks inherent in its activities.

Our work consisted in assessing the appropriateness of the processes used by the management, in reviewing the control procedures implemented to identify and measure such exposures and their valuation, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements, in particular in note 30.

- Your Group performs accounting estimates related to the assessment of the fair value of available-for-sale financial assets, intangible assets and goodwill.

Our work consisted in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements, in particular in notes 3, 9, 10 and 26.

- Your Group records some provisions to cover the risks and litigation generated by its activities (Note 14 of Part V).

We reviewed the methodology of determining these provisions as well as the main assumptions used.

- Your Group recognised deferred tax assets, some of which are relating to losses carried forward (Note 19 of Part III and Note 16 of Part V).

We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

We also assessed whether these estimates were reasonable.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realised outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information related to the Group presented in the Management report.

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

Paris La Défense, 14 June 2017
KPMG S.A.

Pascal Brouard
Partner

Paris, 14 June 2017
CAILLIAU DEDOUIT ET ASSOCIÉS

Jean-Jacques Dedouit
Partner

Parent company balance sheet as at 31 March 2017

Assets

In thousands of euro	Notes	31/03/17			31/03/16
		Gross value	Depreciation, amortisation and provisions	Net carrying amount	Net carrying amount
Non-current assets					
Intangible assets					
Concessions, patents, brand and software		226	221	5	10
Total intangible assets		226	221	5	10
Property, plant and equipment					
	1				
Land		3,327	-	3,327	-
Buildings		4,773	74	4,699	-
Other property, plant and equipment		424	331	93	141
Total property, plant and equipment		8,524	405	8,119	141
Non-current financial assets					
Investments in Group and other companies	2	1,671,157	442	1,670,715	1,461,112
Portfolio holdings	3	37,063	7,313	29,750	18,199
Receivables related to portfolio holdings		-	-	-	-
Loans		1	-	1	1
Other non-current financial assets		6	-	6	6
Total non-current financial assets		1,708,227	7,755	1,700,472	1,479,318
Total non-current assets		1,716,977	8,381	1,708,596	1,479,469
Current assets					
Accounts receivable	4	26,952	-	26,952	16,910
Marketable securities					
	5				
Treasury stock		587	-	587	1,127
Other securities		3,862	2	3,860	3,272
Cash		104,828	-	104,828	67,394
Prepaid expenses		-	-	-	215
Total current assets		136,229	2	136,227	88,918
Loan issue costs		360	50	310	-
Unrealised translation losses	6	20	-	20	3,574
TOTAL ASSETS		1,853,586	8,433	1,845,153	1,571,961

Parent company balance sheet as at 31 March 2017

Liabilities and shareholders' equity

In thousands of euro	Notes	31/03/17	31/03/16
Shareholders' equity	7		
Share capital		154,580	142,274
Share premium		1,109,268	983,062
Reserves			
Legal reserves		14,227	13,556
Regulated reserves		-	-
Other reserves		153,044	153,044
Retained earnings		103,241	87,718
Net income for the year		60,713	61,499
Regulated provisions		303	303
Total shareholders' equity		1,595,376	1,441,456
Provisions for contingencies and charges	8		
Provisions for contingencies		396	3,466
Provisions for charges		5,396	-
Total provisions for contingencies and charges		5,792	3,466
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities – banks	9	95,209	29,084
Borrowings and other financial liabilities – others		29	-
Operating liabilities	10	5,856	12,255
Other liabilities	11	142,887	85,592
Total liabilities		243,981	126,931
Unrealised translation gains		4	108
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,845,153	1,571,961

Company income statement for the year ended 31 March 2017

In thousands of euro	Notes	31/03/17	31/03/16
Income transactions			
Operating income transactions			
Operating income	12	3,899	745
Operating expenses	13	(24,909)	(20,275)
Net operating income		(21,010)	(19,530)
Other income transactions			
Income from investments in Group and other companies and portfolio holdings	14	80,032	62,434
Other financial income	15	934	915
Capital gains/(losses) on disposals of marketable securities	16	60	(46)
(Charge)/Recovery of provisions on transactions affecting the income	17	3,448	205
Financial expenses	18	(4,597)	(1,693)
Income from other income transactions		79,877	61,815
Income from joint ventures			
Share of profit/(loss)		-	-
Current income before tax		58,867	42,285
Income from capital transactions	19	(2,039)	21,795
Income tax	20	3,885	(2,581)
NET INCOME		60,713	61,499

Notes to the Company financial statements

I. Highlights of the financial year

Net income for the year

Rothschild & Co SCA (R&Co) ended the 2016/2017 financial year with net income of €60.7 million, compared with €61.5 million the prior year. R&Co's earnings therefore remained stable between the two periods.

During the 2016/2017 financial year, the Company received dividends of €78.2 million from its French subsidiary Paris Orléans Holding Bancaire SAS (POHB), compared with €59.2 million the previous year.

The Company also recognised a merger deficit on the transfer of all of the assets of Messine Managers Investissements SAS (MMI) to R&Co SAS, representing a total of €6.4 million.

Merger of Compagnie Financière Martin Maurel SA (CFMM) into R&Co on 2 January 2017

In accordance with the terms of the memorandum of understanding signed in May 2016, the merger took place primarily by means of an exchange of shares on the basis of an exchange ratio of 126 R&Co shares per CFMM share. The merger took place on 2 January 2017 with retroactive effect in terms of accounting and taxation as of 1 January 2017. The merger was 62% financed by the issuing of 6.1 million new shares, and 38% by external bank facilities representing a total of €88.3 million.

As mentioned in the press release of 2 January 2017, the merger follows:

- a favourable opinion on the proposed merger between R&Co and CFMM on 16 and 17 June 2016 by the employee representative committees of Rothschild's economic and social unit and that of Martin Maurel;
- the signing of the merger agreement by the Managing Partner of R&Co on 29 July 2016;
- approval from shareholders of both companies in September 2016 at the annual general shareholders' meetings of R&Co and CFMM, and the partners of R&Co separately;
- authorisation of the merger by the Anti-Trust Authority on 14 October 2016;
- regulatory authorisations required for the merger from the French Prudential Supervisory and Resolution Authority (Autorité de Contrôle Prudenciel et de Résolution), the European Central Bank, and the French financial markets authority (Autorité des Marchés Financiers).

Before the merger, R&Co owned 2.3% of CFMM, which itself owned 0.9% of R&Co.

Financial statements used to set out the terms of the merger

The merger agreement was drawn up on the basis of the following financial information:

- CFMM's financial statements to 31 December 2015 as approved by the annual general meeting of 31 May 2016;
- R&Co's financial statements to 31 March 2015 as approved by the annual general meeting of 24 September 2015;
- R&Co's consolidated half-year financial statements to 30 September 2015, subject to a limited review by R&Co's statutory auditors;
- R&Co's consolidated balance sheet (unaudited) to 31 December 2015, prepared using the same methods and presentation format as the last full-year balance sheet;
- R&Co's financial statements to 31 March 2016, as audited by the statutory auditors and included in the R&Co annual report approved in accordance with article L. 451-1-2 of the French Monetary and Financial Code; and
- a CFMM accounting statement to 31 May 2016, prepared using the same methods and presentation format as the last full-year balance sheet and subject to a limited review by the Merged Company's statutory auditors.

CFMM's financial statements to 31 December 2016 were prepared by the Managing Partner of R&Co, and were used to determine the definitive actual values of assets and liabilities, and thus the definitive value of net assets transferred at the effective date of the merger.

Valuation method and designation of assets and liabilities transferred

As this is a merger initiated by the absorbing company involving two companies said to be "under separate control", the transfer value of the assets and liabilities transferred by CFMM is based on their real value on the date the merger took place from an accounting and taxation viewpoint, i.e. 1 January 2017.

Definitive net asset value

The definitive real values of the assets and liabilities transferred, as well as the resulting definitive net asset value transferred – which amounts to €233,329,499 – has been definitively determined on the basis of CFMM's individual financial statements to 31 December 2016 as approved by the Managing Partner.

Exchange ratio and consideration for the merger

On the basis of an exchange ratio of 126 R&Co shares for 1 CFMM share, and as dividends are not payable on the CFMM shares owned by R&Co, R&Co carried out a capital increase of a total nominal amount of €12,215,952 plus a merger premium of €128,747,168, by issuing 6,107,976 new shares with a par value of €2 by way of consideration for the merger.

All newly issued shares bear current dividend rights and entitle the holder to all payouts of dividends, interim dividends or reserves decided after they are issued, it being specified that they do not bestow the right to payment of the ordinary dividend in respect of the financial year ended 31 March 2016 as decided at the R&Co general shareholders' meeting of 29 September 2016 to approve the merger.

Merger premium

The definitive merger premium comes to €128,747,168, equal to the difference between (i) the share of definitive net assets transferred corresponding to CFMM shares not held by R&Co and paid for in the form of newly issued R&Co shares, and (ii) the nominal value of the capital increase relating to these newly issued R&Co shares.

Merger surplus

This is the difference between the share of net assets transferred, corresponding to CFMM shares held by R&Co, and the carrying value of CFMM shares in R&Co's books.

At 31 March 2017, this difference represented a surplus of €1,065,284, of which €173,564 is recognised as financial income as it corresponds to the fraction of the surplus that is less than or equal to the share of earnings accumulated by CFMM since its shares were bought by R&Co, and not paid out. The residual amount of €891,720 has been recognised as a merger premium.

II. Subsequent events

No significant adjusting events have occurred after 31 March 2017 closing date.

III. Accounting principles and valuation methods

To ensure operating continuity and consistency of methods and to adhere to the principles of prudence and reliability, the financial statements are prepared in accordance with the provisions of French law and with the accounting principles generally accepted in France.

The financial statements have been approved in accordance with Financial Regulations 2014-03 modified by regulations 2015-06 and 2016-07 from the French Accounting Standards Authority (*Autorité des normes comptables*).

To provide relevant reporting on the Company's business, the income statement is presented in accordance with the so-called 'TIAP' model as recommended by the French Accounting Standards Authority for financial companies.

Income transactions are split in two: firstly, operating income transactions, followed by other income transactions (primarily financial transactions).

Current income corresponds to 'income from ordinary activities', i.e. all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an add-on basis or as an extension of its ordinary activities.

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the Company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting policies applied are as follows.

Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Estimated useful life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 to 30 years	straight-line
Plant and general improvements	8 to 10 years	straight-line
Vehicles	5 years	straight-line
Office equipment	3 years	reducing-balance
Office furniture	10 years	straight-line

Notes to the Company financial statements

Non-current financial assets are valued at their acquisition cost. The values of holdings denominated in foreign currencies are translated into euro at the exchange rate on the transaction date. All loans and receivables denominated in foreign currencies classified among non-current financial assets are translated at the closing rate for the financial year.

Investments in Group and other companies and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when fair value is below acquisition cost.

The fair values of investments in Group and other companies and portfolio holdings are calculated in the following manner:

- unlisted securities: market value. This is obtained using either the Company's share of book net assets or re-appraised net assets of the holding or the price used for a recent transaction on the security;
- treasury stock: average price in the final month of the financial year;
- listed securities: last quoted price of the financial year; and
- funds: an impairment is recognised when the acquisition cost or total investments in the fund exceed the Company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

The value of the portfolio at 31 March 2017 was measured using the same methodology as applied in the preceding financial year.

Dividends are recorded in the month in which it is decided to distribute them.

Regarding FCPR-type venture capital funds, in accordance with market practice, only amounts actually called up are recorded, and the unfunded capital commitment is recorded as an off-balance sheet item.

Sales of shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in, first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate for the financial year.

Marketable securities are recognised at their acquisition cost. When their overall inventory value is lower than their acquisition cost, an impairment loss is recognised. The book value is equal to the closing price for the financial year.

Transactions denominated in foreign currencies are recognised at the rate on the transaction date. At the end of the financial year, all assets and liabilities are converted at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown. A provision is recognised to take account of unrealised losses; where an exchange rate hedge has been set in place, only the uncovered portions of transactions are subject to provisions.

IV. Notes to the Company balance sheet

Note 1 – Property, plant and equipment

In thousands of euro	01/04/16	Acquisitions	(Disposals)	31/03/17
Gross value	510	8,127	(113)	8,524
Amortisation/Impairment	(369)	(96)	60	(405)
TOTAL	141	8,031	(53)	8,119

Acquisitions/increases of property, plant and equipment during the year concerned, firstly, the purchase of a vehicle for a value of €30,000 and, secondly, the recognition of CFMM's property, plant and equipment at the real value of assets in the amount of €8,097,000.

Note 2 – Investments in Group and other companies

In thousands of euro	01/04/16	Acquisitions	(Disposals)	31/03/17
Gross value	1,461,895	225,656	(16,394)	1,671,157
Impairment	(783)	(2)	343	(442)
TOTAL	1,461,112	225,654	(16,051)	1,670,715

Acquisitions/increases of equity securities for the year concerned, firstly, the contribution of K Développement SAS shares following the transfer of all of the assets of MMI, for which R&Co owned all of its share capital in the amount of €9,459,000 and, secondly, the addition of new investments following the merger with CFMM in the amount of €216,197,000.

The reduction in gross values concerned almost entirely MMI, which – as mentioned above – had all of its assets transferred to R&Co SAS on 2 May 2016.

Note 3 – Portfolio holdings

This heading includes all non-current strategic portfolio investments that cannot be classified as 'Investment in Group and other companies'.

In thousands of euro	01/04/16	Acquisitions	(Disposals)	31/03/17
Gross value	25,834	103,270	(92,041)	37,063
Impairment	(7,635)	(13)	335	(7,313)
TOTAL	18,199	103,257	(91,706)	29,750

Acquisitions/increases as well as disposals/exits for the year concerned, firstly, CFMM shares bought in cash at the time of the merger and then cancelled and, secondly, R&Co shares formerly held by CFMM transformed into R&Co treasury shares.

At 31 March 2017, the estimated value of the portfolio of participating interests and investments amounted to €38,099,000, of which €23,116,000 were in treasury shares and €3,219,000 were in investment certificates R&Co.

Note 4 – Accounts receivable

In thousands of euro	Total	< 1 year	Between 1 and 5 years	> 5 years
Group and associated companies' advances and current accounts (cash pooling)	3,445	3,445	–	–
Current accounts related to the tax consolidation group	18,975	18,975	–	–
Amounts receivable from the tax authorities	3,515	3,515	–	–
Other accounts receivable	1,017	1,017	–	–
TOTAL	26,952	26,952	–	–

Note 5 – Marketable securities

Marketable securities consist of:

- 24,237 treasury shares (held in accordance with a liquidity contract) of €587,000. At 31 March 2017, the estimated value of the marketable securities was €63,000, with an unrealised gain of €46,000.
- The other securities for an amount of €3,862,000 consist mainly of mutual funds and short-term liquid investments. As at 31 March 2017, the fair value of these securities amounted to €3,860,000, with an unrealised loss of €2,000 for which a provision was made.

Note 6 – Unrealised translation losses

Unrealised foreign exchange losses which corresponded to the difference between the equivalent value in euro at the closing price for portfolio investments and other long-term investments denominated in US dollars, and their historical value, were €20,000 as at 31 March 2017.

Notes to the Company financial statements

Note 7 – Shareholders' equity

In thousands of euro	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the year	Total shareholder's equity
Shareholders' equity as at 1 April 2016	142,274	983,062	13,556	153,044	87,718	303	61,499	1,441,456
Capital increase	12,306	126,206 ⁽²⁾	-	-	-	-	-	138,512
Appropriation of net income for 2015/2016 FY	-	-	671	-	60,828	-	(61,499)	-
Distribution of dividends ⁽¹⁾	-	-	-	-	(45,305)	-	-	(45,305)
Net income for 2016/2017 FY	-	-	-	-	-	-	60,713	60,713
Change in investment provision	-	-	-	-	-	-	-	-
SHAREHOLDERS' EQUITY AS AT 31 MARCH 2017	154,580	1,109,268	14,227	153,044	103,241	303	60,713	1,595,376

(1) The dividends distributed during 2016/2017 financial year in respect of the previous year were €254,000 lower than the amount approved in the second resolution proposed to the Combined General Meeting on 29 September 2016, as no dividends were paid on treasury stock and investment certificates.

(2) The merger premium of €129,639,000 was decreased by €4,130,000 of costs (net of tax) attributed directly to the merger.

At 31 March 2017, the Company's capital comprised 77,144,972 shares and 145,040 of its investment certificates, both with a nominal value of €2 each.

Treasury shares

As at 31 March 2017, R&Co holds 145,040 of its own investment certificates (i.e. all the securities issued in this category) and 909,534 of its own shares, including 24,237 shares held as part of the liquidity contract, compared to 406,394 own shares including 54,000 shares held as part of the liquidity contract on 31 March 2016.

Note 8 – Provisions for contingencies and charges

In thousands of euro	01/04/16	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision unused)	31/03/17
Provisions for contingencies	3,466	396	-	(3,466)	396
- Insufficient hedging of foreign currency risk	3,466	15	-	(3,466)	15
- Legal dispute	-	381	-	-	381
Provisions for charges	-	5,396	-	-	5,396
TOTAL	3,466	5,792	-	(3,466)	5,792

The provision for charges which amounts to €5,396,000, is substantiated by a provision for deferred tax transferred from CFMM merger.

The accounting method for retirement commitments, recommended by French General Chart of Accounts, was not applied in these accounts and would not have had a material impact on the total assets or current income of the Company.

Note 9 – Borrowings and financial liabilities – banks

In thousands of euro	Total	< 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	92,052	2,500	73,525	16,027
US-dollar overdrafts	2,816	2,816	-	-
Bank overdrafts	1	1	-	-
Accrued interest	340	340	-	-
TOTAL	95,209	5,657	73,525	16,027

These loans have variable rates of interest.

Loan principal amortised or repaid over the financial year amounted to €55,833,000 and US\$5,166,000 respectively, whereas new loans taken out in the financial year amounted to €128,302,000 and US\$30,000.

Note 10 – Operating liabilities

In thousands of euro	Total	< 1 year	Between 1 and 5 years	> 5 years
Accounts payable	4,350	4,350	-	-
Tax and social liabilities	1,506	1,506	-	-
TOTAL	5,856	5,856	-	-

Note 11 – Other liabilities

In thousands of euro	Total	< 1 year	Between 1 and 5 years	> 5 years
Group advances and current accounts	142,805	142,805	-	-
Sundry liabilities	82	82	-	-
TOTAL	142,887	142,887	-	-

V. Notes to the Company income statement

R&Co ended the 2016/2017 financial year with net income of €60.7 million compared with €61.5 million the prior year.

The company reported a loss on share capital transactions of €2.0 million compared with a profit of €21.8 million the prior year. This sharp fall is due on one hand to the recognition the previous year of a capital gain on the sale of security and on the other hand to the merger deficit for MMI, which had all of its assets transferred to R&Co on 2 May 2016.

Note 12 – Operating income

In thousands of euro	31/03/17	31/03/16
Expenses re-billed to related companies	3,457	732
Reversal on provisions for contingencies and charges	-	-
Other operating income	442	13
TOTAL	3,899	745

Note 13 – Operating expenses

In thousands of euro	31/03/17	31/03/16
General and administration costs	16,826	12,311
Taxes other than those on income	2,797	2,495
Salaries and payroll taxes	4,801	4,981
Depreciation and amortisation	151	45
Other expenses	334	443
TOTAL	24,909	20,275

Note 14 – Income from investments in Group and other companies and portfolio holdings

In thousands of euro	31/03/17	31/03/16
Dividends from investments in Group and other companies	78,173	59,238
Dividends from portfolio holdings	1,859	3,196
Loan interest from investments in Group and other companies	-	-
TOTAL	80,032	62,434

Notes to the Company financial statements

Note 15 – Other financial income

In thousands of euro	31/03/17	31/03/16
Interest income on forward contracts and certificates of deposit	93	359
Interest income from advances granted to Group companies	202	321
Other	639	235
TOTAL	934	915

Note 16 – Capital gains/(losses) on disposals of marketable securities

In thousands of euro	31/03/17	31/03/16
Capital gains on sales of marketable securities	106	72
Capital losses on sales of marketable securities	(46)	(118)
TOTAL	60	(46)

Note 17 – (Charge)/Recovery of provisions on other income transactions

In thousands of euro	31/03/17	31/03/16
Provisions on exchange rate risk	(18)	(3,466)
Other provisions on income transactions	-	-
Recoveries of provisions on other income transactions	3,466	3,671
TOTAL	3,448	205

Note 18 – Financial expenses

In thousands of euro	31/03/17	31/03/16
Interest on medium-term borrowings	502	482
Other interest expense	102	178
Exchange losses	3,993	1,033
TOTAL	4,597	1,693

Note 19 – Income from capital transactions

In thousands of euro	31/03/17	31/03/16
Capital gains on disposals of investments in Group and other companies and portfolio holdings	6,644	21,810
Recoveries of impairment of investments in Group and other companies and portfolio holdings	678	415
Capital losses on disposals of investments in Group and other companies and portfolio holdings	(9,346)	(96)
Charges for impairment of investments in Group and other companies and portfolio holdings	(15)	(334)
TOTAL	(2,039)	21,795

Note 20 – Income tax

For the fiscal year 2016/2017, R&Co recorded a net tax profit of €3.9 million, which is broken down into net tax income of €5.2 million received primarily from the subsidiaries under the tax consolidation scheme (composed by €18.6 million of tax income reduced by a tax expense of €13.4 million) and a tax expense of €1.3 million for the 3% tax on dividends paid during the year.

VI. Other information

A. Employees

The average headcount of 19 people in 2016/2017 included 16 executives and three other employees compared to 23 people the previous year.

B. Compensation of management bodies

In respect of their functions as corporate officers of R&Co for 2016/2017, members of the Supervisory Board entitled to compensation under the terms fixed by Supervisory Board, received compensation of €324,000. In addition, the Supervisory Board members received €6,400 in benefits in kind.

C. Tax consolidation

R&Co is the head of a tax group that includes the following companies:

- Paris Orléans Holding Bancaire SAS;
- Concordia Holding SARL;
- Financière Rabelais SAS;
- K Développement SAS;
- PO Fonds SAS;
- PO Mezzanine SAS;
- Verseau SAS.

This tax grouping lasts for five years and expires on 31 March 2019.

As part of the tax consolidation process, each subsidiary in the tax consolidation group calculates its income tax as if it were taxed on a stand-alone basis.

As at 31 March 2017, the tax consolidation group headed by R&Co had no tax loss carry-forward at the standard income tax rate.

D. Consolidation

R&Co, the parent company of the R&Co Group, prepares consolidated financial statements as at 31 March 2017, which are in turn consolidated into the Rothschild Concordia SAS group, registered at 23 bis, avenue de Messine, 75008 Paris.

E. Forward financial instruments

R&Co has no forward financial instruments as at 31 March 2017.

F. Off-balance sheet commitments

In thousands of euro	31/03/17	31/03/16
Commitments given		
Guarantees given and other commitments	289	289
Investment commitments in various funds	26	26
Earn-out amounts to be paid for shares purchased	14,210	6,981
TOTAL	14,525	7,296
Commitments received		
Undrawn lines of credit	85,000	85,000
TOTAL	85,000	85,000

1. Off-balance sheet commitments relating to the purchase of preferred shares in MMI

In July 2015 and March 2016, R&Co acquired from minority shareholders all b1, b2, b3 and b4 preference shares not yet held by MMI. MMI intended to involve the Company's managers in potential capital gains that may be realised by the Company within the framework of its private equity activities on making divestments. Within the framework of agreements with these minority shareholders, the Company agreed to pay them earnouts on shares transferred, estimated at an amount of €4,510,000 as at 31 March 2017.

These purchases by R&Co of the remaining MMI shares that it did not hold contribute to the streamlining and simplification of its legal structure. Within the framework of this simplification, the Company – in its capacity as sole shareholder of MMI – decided on 2 May 2016, in accordance with article 1844-5 of the French Civil Code, to dissolve MMI ahead of term, with all of MMI's assets transferred to the Company without going into liquidation.

Notes to the Company financial statements

The definitive transfer of all assets was subject to the end of the 30-day period for the company's creditors to express objections, or, in the event of any objections, until such an objection is rejected, until the amounts for which creditors have raised an objection are repaid, or, as applicable, until guarantees are provided in accordance with the conditions set out in article 1844-5-3 of the French Civil Code.

The transfer of all of MMI's assets became definitive on 21 October 2016.

2. Off-balance sheet commitments relating to the Equity Schemes

a. Legal authorisation allowing for the implementation of Equity Schemes

The combined general shareholders' meetings of 26 September 2013 delegated to the Managing Partner the authority to award stock options to certain senior managers or corporate officers of the R&Co Group.

By invoking the authority to award stock options to beneficiaries, the Company also wanted to promote the convergence of interests of beneficiaries of these options with the controlling family shareholder as well as shareholders.

The schemes implemented also include a characteristic specific to the Company, insofar as the intended beneficiaries of options are required to buy R&Co shares beforehand in order to be granted options. According to the regulations for each Equity Scheme:

- shares are invested beforehand in the form of the direct purchase of R&Co shares, or in the form of the award of restricted share units, giving holders the right to receive R&Co shares after a set vesting date, subject to certain conditions⁽¹⁾, or a combination of the two;
- for each share invested, beneficiaries are awarded a number of stock options;
- the shares invested are subject to a lock-up period of four years and stock options awarded are subject to a vesting period before being exercised.

It was also agreed that beneficiaries of these options can only exercise their options if they remain in their management or executive role within the Group until the exercise date of the options, subject to some specific exceptions stipulated in the Equity Scheme regulations.

Within the framework of this delegation of authority and characteristics specific to the Company, two Equity Schemes have been implemented and were still in force as at 31 March 2017.

b. Equity Scheme of 11 October 2013

The Equity Scheme of 11 October 2013 (2013 Equity Scheme) was intended for certain senior employees of the financial advisory business, as well as members of the Group's Executive Committee, representing a total of 57 people from ten different countries.

In accordance with the aforementioned regulations for the 2013 Equity Scheme, participants invested a total of 780,000 R&Co shares, representing 1.10% of the Company's share capital on the award date. For each R&Co share invested, four stock options could be awarded.

In accordance with the authorisations granted by the general shareholders' meeting of 26 September 2013, the Managing Partner decided on 11 October 2013 to grant a total of 3,120,000 stock options.

The options awarded within the framework of the 2013 Equity Scheme are classified into four separate categories, the 2013-1 Options, the 2013-2 Options, the 2013-3 Options and the 2013-4 Options, acquired respectively on the third, fourth, fifth and sixth anniversaries of the 2013 Equity Scheme, and exercisable on the vesting dates at a price of €17.50, €18, €19 and €20 per option, either by subscription or purchase of shares (the exercise option being decided by the Managing Partner before the start of the exercise period).

During the 2016/2017 financial year, 55,000 2013-1 Options were exercised. Furthermore, the options exercised during the year were exercised by subscription on the decision of the Managing Partner in accordance with the provisions of the 2013 Equity Scheme.

c. Equity Scheme of 10 December 2015

Following on from the 2013 Equity Scheme, on 10 December 2015, R&Co launched a second incentive scheme (2015 Equity Scheme), for which participation was extended to certain employees of the private banking, trust services, private equity and private debt businesses, representing a total of ten participants.

In accordance with the aforementioned terms and conditions, 115,000 R&Co shares, representing 0.16% of share capital on the date of the 2015 Equity Scheme, were invested in this way. As with the 2013 Equity Scheme, for each R&Co share invested, four stock options could be awarded. As a result, the Managing Partner granted a total of 460,000 stock options.

(1) Within the framework of restricted share units under the Equity Scheme, a number of R&Co shares were acquired by Group entities in which Equity Scheme participants hold management or executive roles. These shares, intended to be awarded to holders of restricted share units after the vesting date and subject to certain conditions, are currently – and until the vesting date – treasury shares and therefore do not bear any voting rights.

The options awarded within the framework of the 2015 Equity Scheme are classified into four separate categories, the 2015-1 Options, the 2015-2 Options, the 2015-3 Options and the 2015-4 Options, acquired respectively on the third, fourth, fifth and sixth anniversaries of the 2015 Equity Scheme, and exercisable on the vesting dates at a price of 23.62 euros, 24.12 euros, 25.12 euros and 26.12 euros per option, either by subscription or purchase of shares (the exercise option being decided by the Managing Partner before the start of the exercise period).

d. As at 31 March 2017

The table below summarises the information relating to Equity Schemes in force as at 31 March 2017.

	2013-1 Options	2013-2 Options	2013-3 Options	2013-4 Options	2015-1 Options	2015-2 Options	2015-3 Options	2015-4 Options	Total
Date authorised by the General Meeting	26 Sep 2013	-							
Date awarded by the Managing Partner	11 Oct 2013	11 Oct 2013	11 Oct 2013	11 Oct 2013	10 Dec 2015	10 Dec 2015	10 Dec 2015	10 Dec 2015	-
Total number of stock options awarded	780,000	780,000	780,000	780,000	115,000	115,000	115,000	115,000	3,580,000
Number of beneficiaries	57	57	57	57	10	10	10	10	-
% of share capital on award date	1.10%	1.10%	1.10%	1.10%	0.16%	0.16%	0.16%	0.16%	5.03%
Performance conditions	None	-							
Start of exercise period	30 Nov 2016	11 Oct 2017	11 Oct 2018	11 Oct 2019	10 Dec 2018	10 Dec 2019	10 Dec 2020	10 Dec 2021	-
Expiry date	11 Oct 2023	11 Oct 2023	11 Oct 2023	11 Oct 2023	10 Dec 2025	10 Dec 2025	10 Dec 2025	10 Dec 2025	-
Subscription or purchase price (euros)	17.50	18.00	19.00	20.00	23.62	24.12	25.12	26.12	-
Total number of options exercised as at 31 March 2017	(55,000)	-	-	-	-	-	-	-	(55,000)
Total number of options cancelled as at 31 March 2017	-	-	-	-	-	-	-	-	-
Total number of options remaining as at 31 March 2017	725,000	780,000	780,000	780,000	115,000	115,000	115,000	115,000	3,525,000

As at 31 March 2017, 3,525,000 options were still outstanding and exercisable in accordance with the terms and conditions of the 2013 and 2015 schemes. The average value of the option used as a basis for the social security contribution of 30% paid by companies under French law concerned by the 2013 scheme is €1.33.

R&Co confirms that it has not omitted any material off-balance sheet commitments in accordance with applicable accounting standards.

3. Off-balance sheet commitments within the framework of the acquisition of Banque Martin Maurel SA (BMM) shares from certain managers

On 1 June 2016, R&Co signed memoranda of understanding with a number of managers at BMM, including commitments to buy and sell BMM shares held by these managers and available as a result of the legal obligation to hold these shares until the fifth anniversary of their payment into the Martin Maurel group savings plan.

In accordance with the stipulations of these memoranda of understanding, R&Co is entitled to buy unavailable BMM shares in the month following the date this unavailability to various managers is lifted.

As the unavailable shares are paid into the Martin Maurel group savings plan staggered over several years, the shares will be available on a staggered basis between 12 March 2017 and 22 March 2021.

During the 2016/2017 financial year, R&Co informed managers, for whom the unavailability of shares was lifted on 12 March 2017, of the exercising of commitments to sell these shares. Within this framework and after the close of the financial year, on 13 April 2017, R&Co purchased 10,184 BMM shares, representing 0.81% of BMM's share capital, held by 21 BMM managers, for a total of €2,087,720. Following this exercise, there are still 29,233 unavailable BMM shares subject to commitments to buy and sell that R&Co is entitled to buy.

As at 31 March 2017, these commitments concerned a total of 39,417 BMM shares, for an estimated commitment of €9.7 million, which acquisition will be effective according to above mentioned memoranda of understanding.

Notes to the Company financial statements

G. Analysis of subsidiaries and participating interests

Companies or groups of companies	Share capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held	Carrying value of shares held		Outstanding loans and advances from the company	Gross revenues (excluding VAT) for the last financial year	Net income for the last financial year	Dividends received by the Company during the financial year
				Gross	Net				
In millions of euro									
A. Subsidiaries (Company holds at least 50% of capital)									
Paris Orléans Holding Bancaire SAS (Paris) ⁽⁴⁾	729.6	482.5	100%	1,335.5	1,335.5	14.1	-	92.2	78.1
K Développement SAS (Paris) ⁽⁴⁾	99	198.5	100%	104.2	104.2	0.09	-	18.8	-
Francarep Inc. (USA) ⁽²⁾⁽⁴⁾	-	1.9	100%	2.6	2.3	-	-	0.4	-
Cavour SASU (Paris) ⁽²⁾⁽⁴⁾	0.06	-	100%	0.06	0.05	-	-	-	-
Verdi SASU (Paris) ⁽²⁾⁽⁴⁾	0.06	-	100%	0.06	0.05	-	-	-	-
Aida SASU (Paris) ⁽²⁾⁽⁴⁾	0.3	-	100%	0.3	0.2	-	-	-	-
Banque Martin Maurel SA (Marseille) ⁽²⁾⁽⁴⁾	56.3	111.5	96.85%	215	215	-	70.1	11.7	-
Grignan Participations (Marseille) ⁽²⁾⁽⁴⁾	0.3	-	100%	0.4	0.4	-	-	-	-
B. Participating interests (Company holds 5 to 50% of capital)									
Funds Selection (Paris) ⁽²⁾⁽⁴⁾	0.1	2.6	20%	0.5	0.5	-	1.4	-	-
Finatis SA (Paris) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	85	(2)	5%	12.3	12.3	-	36.788	622	0.6

(1) Consolidated figures.

(2) Financial year ended 31 December 2016 (used rate €1 = US\$1,069547).

(3) Reserves and Net income (Group share).

(4) No guarantees were given by the Company to the above companies or groups of companies.

Statutory auditors' report on the financial statements year ended 31 March 2017

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2017, on:

- the audit of the accompanying financial statements of Rothschild & Co S.C.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Management. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 March 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

As stated in paragraph III "Accounting principles and valuation methods" of the notes to the financial statements, your company accounts for impairments, when necessary, in order to cover for the risk of a decrease in fair value of participating interests and portfolio holdings.

In assessing the significant accounting estimates applied by your company for the year ended 31 March 2017, we have examined the methods used by management and described in the notes to the financial statements on the basis of the information available and we have performed tests of detail, on a sample, in order to verify the accurate application of these methods.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realised outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to its fair presentation and its consistency with the financial statements of the information given in the Management report, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Paris La Défense, 14 June 2017
KPMG S.A.

Pascal Brouard
Partner

Paris, 14 June 2017
Cailliau Dedouit et Associés

Jean-Jacques Dedouit
Partner

Abbreviations and glossary

Term	Definition
Order dated on 3 November 2014	the 3 November 2014 Order on the internal control of banking sector companies
AAM	Advisors Asset Management
ACPR	<i>Autorité de Contrôle Prudentiel et de Résolution</i> (French Prudential and Resolution Authority)
AFS	Available for sale
AMF	<i>Autorité des marchés financiers</i>
Asset Management	For segmental information only, the Asset Management business segment comprises Rothschild Private Wealth & Asset Management and Rothschild Merchant Banking
AuM	Assets under Management
Banking	Banking business line
BMM	Banque Martin Maurel
bp	Basis point
CCC	Corporate Credit Committee
CFMM	Compagnie Financière Martin Maurel
CGU	Cash Generating Unit
CLO	Collateralised Loan Obligation
Company	Rothschild & Co SCA
CRD4	Capital Requirements Directive 4
DCF	Discounted cash flow
EdRS	Edmond de Rothschild (Suisse) SA
EPS	Earnings per Share
ESG	Environment, Social and Governance
ETP	Exchange Traded Products
FACS	Five Arrows Credit Solutions
FADL	Five Arrows Direct Lending
FALG	Five Arrows Leasing Group
FAPI	Five Arrows Principal Investments
FASO	Five Arrows Secondary Opportunities
FVTPL	Fair value through profit or loss
Global Advisory	Rothschild Global Advisory business segment
GCC	Group Credit Committee
GEC	Group Executive Committee
GFSC	Guernsey Financial Services Commission
Group	Rothschild & Co SCA consolidated Group
Group ALCO	Group Assets and Liabilities Committee
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
LBO	Leveraged Buy-Out
LCR	Liquidity Coverage Ratio
Level 1/2/3	IFRS 13 fair value classifications explained in IV.E.1
M&A	Mergers and Acquisitions
Managing Partner	Rothschild & Co Gestion SAS (the <i>gérant</i>)
Merchant Banking	Rothschild Merchant Banking business line
MOIC	Multiple of invested capital
NCI	Non-controlling interest

Term	Definition
NMR	N M Rothschild & Sons Limited
NMROP	N M Rothschild & Sons Limited Overseas pension fund
NMRP	N M Rothschild & Sons Limited pension fund
PCCC	Private Client Credit Committee
PCL	Private Client Lending business line
Private Wealth	Rothschild Private Wealth business line
QE	Quantitative Easing
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
RBIS	Risk Based Investment Solutions
RBZ	Rothschild Bank AG Zurich
RBZP	Rothschild Bank AG Zurich pension fund
RCB	Rothschild & Compagnie Banque SCS
RCM	Rothschild Credit Management
RHAG	Rothschild Holding AG
RMB	Rothschild Merchant Banking
ROTE	Return on tangible equity
RPI	Rothschild Proprietary Investments
RPO	Rothschild Private Opportunities
SICAV	Société d'Investissement à Capital Variable
SMA	Separately Managed Accounts
Supervisory Board	Rothschild & Co Supervisory Board
UCITS	Undertakings for Collective Investment in Transferable Securities

General information

Persons responsible for the annual financial report

Rothschild & Co Gestion SAS
Managing Partner

Mark Crump
Group Chief Financial Officer

Statement by the persons responsible for the annual financial report

We hereby certify that, to the best of our knowledge, the accounts are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and all the undertakings included in the consolidation, together with a description of the principal risks and uncertainties that they face.

Paris, 14 June 2017

Rothschild & Co Gestion SAS
Managing Partner
Represented by David de Rothschild, Chairman

Mark Crump
Group Chief Financial Officer

Persons responsible for the audit of the financial statements

Statutory Auditors

Cailliau Dedouit et Associés SA
Represented by Mr Jean-Jacques Dedouit
19 rue Clément-Marot
75008 Paris, France

Start date of first term: 24 June 2003
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

Alternate Auditors

Didier Cardon
19 rue Clément-Marot
75008 Paris, France

Start date of first term: 29 September 2009
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS II SAS

Represented by Mr Pascal Brouard
Tour Eqho 2 avenue Gambetta
92066 Paris la Défense Cedex

Start date of first term: 27 September 2011
Date of last renewal: n/a
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS I SAS

Tour Eqho 2 avenue Gambetta
92066 Paris la Défense Cedex

Start date of first term: 27 September 2011
Date of last renewal: n/a
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

About Rothschild & Co

With a team of c.3,400 talented financial services specialists on the ground in over 40 countries across the world, our integrated global network of trusted professionals provides 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) listed on Euronext in Paris, Compartment A with a share capital of €154,580,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

For further information:

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www.rothschildandco.com, www.rothschild.com

