Half-year Financial Report
30 June 2022

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Half-year activity report

1. Summary Consolidated income statement

The Rothschild & Co Supervisory Board met on 4 August 2022 and reviewed the full-year summary consolidated financial statements[1] for the period from 1 January to 30 June 2022.

(in € million)	Page	H1 2022	H1 2021	*Var*	*Var %*
Revenue	**5 - 9**	**1,375**	**1,350**	***25***	***2%***
Staff costs	10	(763)	(693)	*(70)*	*10%*
Administrative expenses	10	(160)	(119)	*(41)*	*34%*
Depreciation and amortisation	10	(41)	(34)	*(7)*	*21%*
Cost of risk	10	3	2	*1*	*50%*
Operating Income		**414**	**506**	***(92)***	***(18)%***
Other income / (expense) (net)	10	0	4	*(4)*	*(100)%*
Profit before tax		**414**	**510**	***(96)***	***(19)%***
Income tax	10	(82)	(58)	*(24)*	*41%*
Net income		**332**	**452**	***(120)***	***(27)%***
Non-controlling interests	11	(83)	(106)	*23*	*(22)%*
Net income - Group share		**249**	**346**	***(97)***	***(28)%***
Earnings per share*		***3.43 €***	***4.78 €***	***(€1.35)***	***(28)%***
Return On Tangible Equity (ROTE)		***17.9%***	***31.8%***		

** Diluted EPS is €3.37 (H1 2021: €4.71)*

There were no exceptional items in H1 2022 or H1 2021.

A presentation of Alternative Performance Measures is shown respectively in Appendix H.

[1] Figures have been rounded. Rounding differences may exist, including for percentages.

2. Business activities

2.1 Global Advisory

Our Global Advisory (GA) business focuses on providing advice in the areas of Strategic Advisory and M&A, and Financing Advisory encompassing Debt Advisory, Restructuring and Equity Markets Solutions, which includes ECM Advisory, Private Capital, Investor Advisory, Investor Marketing and Redburn.

Revenue for H1 2022 was €857 million, up 3% compared to H1 last year (€833 million) reflecting continued strong performance. For the last twelve months to June 2022, we ranked 7th globally by revenue[1].

Profit before tax for H1 2022 was €163 million, down 1% (H1 2021: €165 million). This was due to cost growth compared to the same stage last year as a result of the resumption of marketing related travel and other activity as coronavirus restrictions have lifted, as well as inflationary and foreign exchange effects. This represents an operating margin of 19.0% (H1 2021: 19.8%).

Our **M&A revenue for H1 2022 was €642 million,** up 12% (H1 2021: €573 million), driven by continued strong deal activity by volume and by value within our main geography and sector franchises, across both corporate and financial sponsor clients. We ranked 2nd globally by number of completed transactions for the first half of 2022[2]. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than 15 years[3].

Financing Advisory revenue for H1 2022 was €215 million, down 17% (H1 2021: €260 million), as a result of a lower capital markets activity, partly offset by increasing activity in our private capital business. Notwithstanding the more challenging market backdrop, we ranked 1st in Europe by number of completed restructuring transactions for the first half of 2022[2]. During the period, Global Advisory was also active in advising clients on innovative sustainability linked financing transactions and continued its leading role in raising financing for renewable energy projects.

During the first half of 2022, we continued our ongoing strategic investment in North America with the recruitment of a new Vice Chairman in the Consumer, Retail & Leisure group, and five new Managing Directors, with two in the Technology sector, one covering the Consumer Retail sector, one focused on the Infrastructure, Power & Renewables sector as well as a new Head of Canada.

Global Advisory advised the following clients on significant selected assignments that completed in H1 2022:

- **Suez** on its recommended tender offer from Veolia (€26 billion, France)
- **Blackstone** on its re-capitalisation of Mileway (€21 billion, UK and The Netherlands)
- **Macquarie Infrastructure and Real Assets** on its acquisition of Autostrade per l'Italia as part of a consortium (€9.6 billion, Italy)
- **Hella Family Pool** on the sale of its 60% stake in Hella to Faurecia (€6.7 billion, Germany and France).
- **Saipem** on its restructuring (€5.0 billion, Italy)

[1] Source: Company filings
[2] Source: Refinitiv
[3] Source: Dealogic

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

- **FL Entertainment** on its business combination with Pegasus Entrepreneurs and €550 million equity raising (€7.2 billion, France and The Netherlands)
- **Eutelsat** on its combination with OneWeb (€7.0 billion, France and United Kingdom)
- **Apollo Global Management** on its acquisition of Tenneco (US$7.1 billion, United States)
- **Talen Energy** on its restructuring (adviser to ad Hoc Group of Bondholders - US$4.8 billion, United States)
- **Mubadala** on its disposal of Masdar and the creation of a global renewable energy and hydrogen platform with ADNOC and TAQA (US$3.0 billion, United Arab Emirates)

For further examples of Global Advisory assignments completed during H1 2022, please refer to Appendix F.

2.2 Wealth and Asset Management

Wealth and Asset Management (WAM) is made up of our Wealth management businesses in Belgium, France, Germany, Italy, Luxembourg, Monaco, Spain, Switzerland and the UK, and our Asset Management activity in Europe. In addition, we operate an Asset Management business in North America.

The risks arising from the conflict in Ukraine and its long-term geopolitical consequences remain unclear. Market volatility has mostly been driven by cyclical concerns. Central banks are aggressively increasing interest rates to fight inflation. In this context, equity and bond markets are all showing significant negative performance year to date, which has impacted our clients' portfolios.

Wealth and Asset Management delivered a solid half-year in this challenging environment. **Net New Assets (NNA) for H1 2022 were €1.8 billion** (representing 3.5% annualised NNA growth). WAM European business continued to expand, recording solid NNA of €2.8 billion, with all our European geographies generating positive NNA in the first half of the year (+€2.6 billion in Wealth Management and +€0.2 billion in Asset Management).

This performance confirms the strength of our business model as well as the quality of our offerings, services and teams, which continue to attract new clients. In the US, AuM decreased due to outflows and negative market effect.

AuM decreased by 4% (or €4.3 billion) to €99.6 billion as of 30 June 2022 (31 December 2021: €103.9 billion) with negative market performance of €9.1 billion, offsetting solid NNA of €1.8 billion.

After the successful acquisition of Banque Pâris Bertrand in July 2021, Rothschild & Co acquired a French IFA in April 2022, managing a €3.0 billion AuM portfolio, almost entirely invested in an insurance-based savings scheme.

The table below presents the variation in AuM:

	Quarter ended			6 months to June	
In € billion	**30/06/2022**	**31/03/2022**	**30/06/2021**	**2022**	**2021**
AuM opening	**102.8**	**103.9**	**89.0**	**103.9**	**83.4**
of which Wealth Management	*73.8*	*73.9*	*60.9*	*73.9*	*55.8*
of which AM Europe	*20.2*	*21.1*	*19.9*	*21.1*	*19.4*
of which AM US	*8.8*	*8.9*	*8.2*	*8.9*	*8.2*
Acquisition of French IFA	**3.0**	**-**		**3.0**	**-**
Net new assets	**0.7**	**1.1**	**1.5**	**1.8**	**3.4**
of which Wealth Management	*1.2*	*1.4*	*1.3*	*2.6*	*3.7*
of which AM Europe	*-*	*0.2*	*0.3*	*0.2*	*0.4*
of which AM US	*(0.5)*	*(0.5)*	*(0.1)*	*(1.0)*	*(0.7)*
Market and exchange rate	**(6.9)**	**(2.2)**	**2.4**	**(9.1)**	**6.1**
AuM closing	**99.6**	**102.8**	**92.9**	**99.6**	**92.9**
of which Wealth Management	*73.4*	*73.8*	*63.7*	*73.4*	*63.7*
of which AM Europe	*18.6*	*20.2*	*20.7*	*18.6*	*20.7*
of which AM US	*7.6*	*8.8*	*8.5*	*7.6*	*8.5*
% var / AuM opening	*(3%)*			*(4%)*	

Revenue for H1 2022 was strong at €337 million, up 23% (H1 2021: €274 million). Revenue benefitted from the AuM growth achieved last year despite a decrease since the beginning of 2022. Average AuM in H1 2022 remained higher than in 2021, helped by the two recent acquisitions, Banque Pâris Bertrand and the French IFA.

Fees and commissions from our managed and advisory portfolios increased by 21% to €280 million (H1 2021: €232 million).

Net interest income (NII) was up 30% at €32 million (H1 2021: €25 million). The contribution of NII to total revenue is increasing due to the impact of the successive USD and GBP interest rate increases. This trend will accelerate in the coming months as central banks have announced further interest rate increases, including in EUR. This should benefit our treasury revenue and positively contribute to our global revenue. We have also significantly increased our private client loan portfolio (+9%), which continues to be predominantly lombard loans. Increasing interest rates and uncertain markets may slow the growth in the loan book but it continues to be very well collateralised.

Excluding AM US**, Profit before tax for H1 2022 for WAM Europe was up 22% at €71 million** (H1 2021: €58 million), representing an operating margin of 22.0% similar to H1 2021.

This level of operating margin may not be maintained for the full year, as investment in the business continues, such as recruiting new teams and investing in new technology.

All investment business lines continue to further integrate ESG considerations into their investment framework and day-to-day organisation. This work included the deployment of the Group's Sustainability Academy, significant effort to implement and prepare for the new MIFID ESG regulation, and the publication of additional Responsible Investment disclosures.

2.3 Merchant Banking

Merchant Banking is the investment arm of Rothschild & Co which manages capital in private equity and private debt for the firm and third parties.

Revenue for the six months to June 2022 was €188 million (H1 2021: €235 million) driven by solid investment performance revenue combined with year-on-year growth in recurring revenue. As expected, despite this robust performance, revenue was down 20% compared to the first half of 2021, a period characterised by exceptional investment gains. When compared to the average first half-year revenue over the last three years, revenue was up 42%.

The table below illustrates the progression in revenue.

(in € million)	H1 2022	H1 2021	Var	% Var
Recurring revenue	74	59	15	*25%*
Investment performance revenue	114	176	(62)	*(35)%*
of which carried interest	*38*	*64*	*(26)*	*(41)%*
of which realised and unrealised investments gains and dividends	*76*	*112*	*(36)*	*(32)%*
Total revenue	**188**	**235**	**(47)**	***(20)%***
% recurring / total revenue	*39%*	*25%*		

The year-on-year revenue reduction is the result of two opposing effects:

- An increase of 25% in recurring revenue, in line with the growth trajectory of fee-earning AuM, with multiple new fund launches and closings completed in the period; offset by:
- A decline in investment performance revenue which reached €114 million in H1 2022 (H1 2021: €176 million). This performance was mainly driven by:
  - continued value creation in the corporate private equity and secondaries portfolios, generating investment gains and carried interest income,
  - unrealised foreign exchange gains mainly in USD; and
  - accrued interest income generated by the Group's private debt positions.

  The contraction in investment performance revenue versus H1 2021 reflects the exceptional gains achieved in the first half-year of 2021, which were driven by successful exits from the private equity portfolio and significant uplifts, versus the conservative valuations retained at the end of 2020 due to Covid-19.

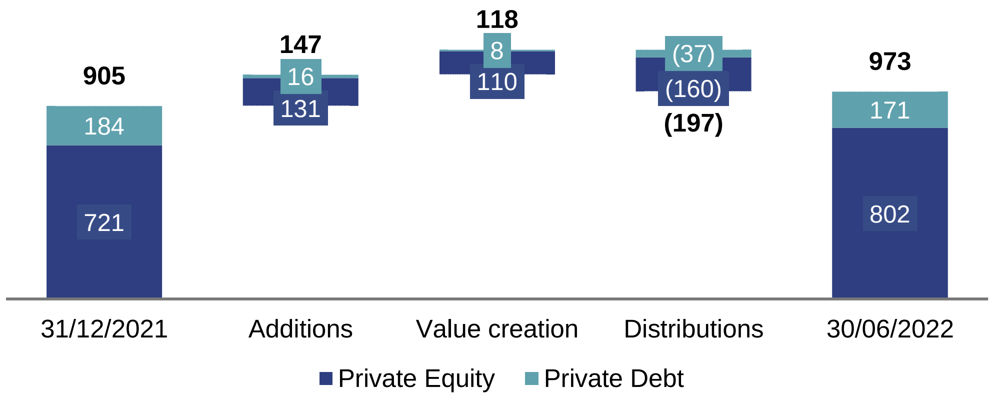
The level of investment performance revenue attained in H1 2022 continued to validate our investment algorithm centred around three key industry sectors (Data & Software, Healthcare and Technology-Enabled Business Services) and a portfolio of carefully selected high quality growing assets with a focus on downside protection.

Sustained revenue generation in H1 2022 led to **Profit before tax of €121 million**. While this result is lower compared to H1 2021 (€185 million), it represents the second best first-half profit before tax on record. **Operating margin was 64%** (H1 2021: 79%). The profitability margin of Merchant Banking's fund management activities (which excludes investment performance revenue) reached 10% (H1 2021: 16% and full-year 2021: 9%) and is expected to improve during H2 2022. The decline was mainly driven by (i) the way management fees are generated from the ramp-up in new funds, with a catch-up effect expected in H2 2022 as further funds closings are held, and (ii) higher personnel costs related to headcount growth to support new funds/investment activities.

A critical indicator used to measure the performance of Merchant Banking across the investment cycle is **Return On Risk Adjusted Capital** (RORAC), a ratio comparing the adjusted Profit before tax and an internal measure of risk capital invested in the business, on a rolling three year basis. As at 30 June 2022, RORAC was 30%, higher than 30 June 2021 (27%), and well above the division's stated target (above 15% over the cycle). The use of a three-year rolling average to calculate this metric has reduced the impact of the profit variance over the last three years, providing a fairer representation of the underlying performance of the business.

Evolution in Net asset value of the Group's investments (in € million)

The alignment of interests between the Group and our third-party investors continues to represent a key differentiator for Merchant Banking. As at 30 June 2022, Rothschild & Co's positions in Merchant Banking assets totalled €973 million (of which €802 million were in private equity and €171 million in private debt). In the six months to June 2022, the Group invested €147 million (of which €131 million was in private equity and €16 million in private debt) in Merchant Banking assets and received distributions of €197 million (of which €160 million were from private equity and €37 million were from private debt).



Merchant Banking **AuM as at 30 June 2022 was €21.6 billion**, **up 18%** (31 December 2021: €18.3 billion), of which Rothschild & Co's share was €2.0 billion.

For a detailed description of the investment activities and business development of Merchant Banking in H1 2022, please refer to appendix G.

3. Consolidated IFRS financial results

3.1 Revenue[1]

For H1 2022, revenue was €1,375 million (H1 2021: €1,350 million), representing an increase of €25 million or 2%. The translation effect of exchange rate fluctuations increased revenue by €31 million.

[1] Net Banking Income under IFRS

3.2 Operating expenses

(a) Staff costs

Overall Group headcount as at 30 June 2022 was 4,281, up 13% versus June 2021 (3,797) and up 9% versus 31 December 2021 (3,941). This increase is to support the development of the three businesses and the strengthening of all support functions.

For H1 2022, staff costs were €763 million, up 10% or €70 million (H1 2021: €693 million) reflecting the increased headcount. The translation impact of exchange rate fluctuations resulted in an increase in staff costs of €24 million.

The adjusted compensation ratio, as defined in Appendix H on Alternative Performance Measures, was 66.0% as at 30 June 2022 (30 June 2021: 65.9%).

The accounting effect of deferred bonus compensation plans is included in the statutory accounts. In H1 2021 this resulted in a net credit of €23 million. In H1 2022, it represented a net credit of €14 million.

The compensation ratio, if adjusted for the deferred bonus effect, would be 67.1% (30 June 2021: 67.6%).

(b) Administrative expenses

For H1 2022, administrative expenses were €160 million (H1 2021: €119 million) an increase of €41 million as a result of the headcount increase and related costs (recruitment, IT and market data), the resumption of travel and entertainment as coronavirus restrictions have lifted, as well as inflationary and foreign exchange effects. The translation impact of exchange rate fluctuations resulted in an increase in administrative expenses of €4 million.

(c) Depreciation and amortisation

For H1 2022, depreciation and amortisation were €41 million (H1 2021: €34 million) due to an increase in depreciation expense on IT equipment / software and amortisation of intangible assets following WAM acquisitions. The translation impact of exchange rate fluctuations resulted in an increase on depreciation and amortisation of €1 million.

(d) Cost of risk

For H1 2022, cost of risk was a credit of €3 million (H1 2021: credit of €2 million) reflecting the reversal of previous impairment provisions.

3.3 Other income / (expenses)

For H1 2022, other income and expenses were nil (H1 2021: net income of €4 million).

3.4 Income tax

For H1 2022, the income tax charge was €82 million (H1 2021: €58 million) comprising a current tax charge of €79 million and a deferred tax charge of €3 million, giving an effective tax rate of 20% (H1 2021: 11.4% and FY 2021: 15%).

3.5 Non-controlling interests

For H1 2022, the charge for non-controlling interests was €83 million (H1 2021: €106 million). This mainly comprises interest on perpetual subordinated debt and profit share (*préciput*) payable to French partners.

4. Financial structure

Rothschild & Co, as a financial holding company (*compagnie financière holding*), is supervised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on a consolidated basis. The Group has a solid balance sheet with Group shareholder's equity – Group share as at 30 June 2022 of €3.25 billion (31/12/2021: €3.13 billion).

The Common Equity Tier 1 (CET 1) ratio was 20.3%[1] as at 30 June 2022, slightly lower from prior year (31/12/2021: 21.3%). The CET 1 capital is calculated in accordance with applicable CRR/CRD rules. The solvency ratios are presented including current profits[2], net of dividends, for the current financial year, unless specified otherwise.

	30/06/2022	31/12/2021	Full Basel 3 minimum with CBR (Combined Buffer Requirements)
Common Equity Tier 1 ratio (CET 1)	20.3%	21.3%	7.1%
Global solvency ratio	20.3%	21.3%	10.6%

High levels of liquidity are maintained with cash and treasury assets accounting for 51% of the total assets of €17.8 billion (31/12/2021: 58%). Lending remains conservatively funded by customer deposits with a loan to deposit ratio of 42% as at 30 June 2022 (31/12/2021: 38%).

Operating cash flow[3] (OCF) is normally negative in the first half of the financial year reflecting the payment of variable remuneration in respect of the previous year, although strongly positive on a full year basis. For the first half of 2022, the OCF was a negative outflow of €245 million (H1 2021: inflow of €105 million).

Net book value per share was €45.18 (31/12/2021: €43.31) and net tangible book value per share was €39.02 (31/12/2021: €37.93).

5. Update on activities connected to Russia

Overall, the direct impact of the on-going conflict in Ukraine on the Group is small as there is limited exposure in terms of number of clients, assets under management, revenue, lending book or collateral held. The operations of our Russian office have been suspended.

[1] Subject to permission from the ACPR to include interim profits in Common Equity Tier 1 capital (CET1)
[2] Subject to the provisions of article 26.2 of Regulation (EU) No 575/2013
[3] Alternative Performance Measure, please refer to Appendix H

We continue to fully comply with the expanding sanctions regulations arising from this conflict and senior management continues to monitor developments in this area.

In addition, our thorough mandate and client onboarding procedures continue to consider the heightened risks associated with acting for clients with a Russia exposure and provide for appropriate senior management involvement in these situations.

6. Corporate Sustainability

The Group continues to pursue its long-term ambition to use its influence and expertise to support the sustainability transition of the global economy. A common set of strategic ESG priorities provides our Group with a clear focus when integrating sustainability considerations in business line strategy across our business model.

In 2022, we remain focused on group-wide commitments to ensure a diverse and inclusive culture and balanced working environment, and a net-zero aligned reduction trajectory for our operational GHG emissions. A new Responsible investment roadmap for 2022-2025 has been agreed by investment businesses, providing a common direction for how the business lines' product and service offering could evolve further over the coming years to serve the Group's long-term sustainability ambition.

7. Outlook

In **Global Advisory**, activity for the first half of 2022 has remained strong, particularly in M&A. This trend continues to be evident in our visible pipeline, and we expect completion activity to remain robust during the second half of 2022. However, macro headwinds are negatively impacting deal making, particularly in Financing Advisory but also in M&A. We therefore expect the development of the pipeline to slow leading to a weaker start to 2023.

In **Wealth and Asset Management**, after a solid first half of 2022, we are cautious for the rest of the year due to rising inflation and the war in Ukraine which have significantly increased the risks of prolonged volatility and uncertainty in the financial markets. Despite strong business developments in Europe, AuM may continue to decrease due to adverse market performance, with a negative impact on management fees. However, our recent acquisitions in France and Switzerland, combined with rapidly increasing interest rates, will help support our global revenue in the coming months.

In **Merchant Banking**, we anticipate our recurring revenue to grow in line with our fundraising activities and our capital deployment plans for 2022. As our business becomes more mature, fund management activities will contribute progressively more to the division and the Group results. Additionally, following a positive performance in the first half of 2022, we expect our investments to continue to fulfil their value creation potential and generate further investment revenue, although to a lesser extent than experienced in 2021, which we consider to be an exceptional year for our business. We remain confident that our fundamental investing principles, centred around capital preservation and attractive risk-adjusted returns from our chosen sectors, represent a strong foundation for the ongoing future development of Merchant Banking.

Subject to external events, we expect our core businesses to continue to perform well during 2022, albeit below levels of 2021. The clear long-term strategies of each business give us confidence for a solid performance during 2022, but 2023 is likely to be a more challenging year given the macroeconomic and geopolitical environment.

A. Summary consolidated balance sheet

(in € billion)	30/06/2022	31/12/2021	*Var*
Cash and amounts due from central banks	5.1	6.0	*(0.9)*
Loans and advances to banks	2.1	2.1	*0.0*
Loans and advances to customers	4.8	4.4	*0.4*
of which private client lending	*4.4*	*4.0*	*0.4*
Debt and equity securities	3.1	3.2	*(0.1)*
Other assets	2.7	2.0	*0.7*
Total assets	**17.8**	**17.7**	***0.1***
Due to customers	11.6	11.7	*(0.1)*
Other liabilities	2.6	2.4	*0.2*
Shareholders' equity - Group share	3.2	3.1	*0.1*
Non-controlling interests	0.4	0.5	*(0.1)*
Total capital and liabilities	**17.8**	**17.7**	***0.1***

The foreign exchange translation effect between 31 December 2021 and 30 June 2022 had no significant impact.

B. Exceptional income and expenses

There were no exceptional items in H1 2022 or H1 2021.

C. Performance by business

(in € million)	GA	WAM	MB	Total businesses	Corporate centre	IFRS reconciliation[1]	H1 2022
Revenue	**857**	**337**	**188**	**1,382**	**8**	**(15)**	**1,375**
Operating expenses	(694)	(267)	(67)	(1,028)	(27)	91	(964)
Cost of risk	-	1	-	1	-	2	3
Operating income	**163**	**71**	**121**	**355**	**(19)**	**78**	**414**
Other income / (expense)	-	-	-	-	-	-	-
Profit before tax	**163**	**71**	**121**	**355**	**(19)**	**78**	**414**
Operating margin %	*19%*	*21%*	*64%*	*26%*			*30%*

(in € million)	GA	WAM	MB	Total businesses	Corporate centre	IFRS reconciliation[1]	H1 2021
Revenue	**833**	**274**	**235**	**1,342**	**8**	**0**	**1,350**
Operating expenses	(668)	(217)	(50)	(935)	(31)	120	(846)
Cost of risk	0	1	0	1	0	1	2
Operating income	**165**	**58**	**185**	**408**	**(23)**	**121**	**506**
Other income / (expense)	0	0	0	-	0	4	4
Profit before tax	**165**	**58**	**185**	**408**	**(23)**	**125**	**510**
Operating margin %	*20%*	*21%*	*79%*	*30%*			*38%*

[1] IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for normal and, in 2022, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in the account Net income/(expense) from other assets or administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes.

D. FX rates

P&L

Rates	H1 2022	H1 2021	*Var*
€ / GBP	0.8447	0.8657	*(2)%*
€ / CHF	1.0248	1.0958	*(6)%*
€ / USD	1.0878	1.2014	*(9)%*

Balance sheet

Rates	30/06/2022	31/12/2021	*Var*
€ / GBP	0.8608	0.8390	*3%*
€ / CHF	0.9987	1.0364	*(4)%*
€ / USD	1.0462	1.1350	*(8)%*

P&L rates are illustrative, and P&L is actually translated at the rates of the month in which P&L is booked.

E. Quarterly progression of revenue

In € million		2022	2021	Var
Global Advisory	1st quarter	413.5	394.9	*5%*
	2nd quarter	443.1	438.5	*1%*
	Total	**856.6**	**833.4**	***3%***
Wealth & Asset Management	1st quarter	170.1	134.3	*27%*
	2nd quarter	167.3	139.9	*20%*
	Total	**337.4**	**274.2**	***23%***
Merchant Banking	1st quarter	95.5	103.4	*(8)%*
	2nd quarter	92.4	131.3	*(30)%*
	Total	**187.9**	**234.7**	***(20)%***
Other business and corporate centre	1st quarter	4.9	5.0	*(2)%*
	2nd quarter	3.4	3.1	*10%*
	Total	**8.3**	**8.1**	***2%***
IFRS reconciliation	1st quarter	(8.7)	(1.4)	*n/a*
	2nd quarter	(6.9)	0.9	*n/a*
	Total	**(15.6)**	**(0.5)**	***n/a***
Total Group Revenue	1st quarter	675.3	636.2	*6%*
	2nd quarter	699.3	713.7	*(2)%*
	Total	**1,374.6**	**1,349.9**	***2%***

F. Global Advisory track record

Global Advisory advised the following clients on notable transactions completed in H1 2022.

F.1. M&A and strategic advisory

- **Suez,** a provider of water, waste, and resource management solutions, on its recommended tender offer from Veolia (€26 billion, France)
- **Blackstone** on its re-capitalisation of Mileway, a provider of last mile logistics real estate assets (€21 billion, United Kingdom and The Netherlands)
- **Macquarie Infrastructure and Real Assets (MIRA)** on its acquisition of Autostrade per l'Italia, concessionaries for the construction and management of toll roads, as part of a consortium (€9.6 billion, Australia and Italy)
- **HELLA Family Pool**, a manufacturer of lighting, electronic and system components, on its sale to Faurecia (€6.7 billion, Germany and France)
- **Intesa Sanpaolo, UniCredit and Generali**, among the top banking groups in the Eurozone, on their disposal of an aggregate 60% stake in Bank of Italy (€4.4 billion, Italy)
- **Veoneer**, a manufacturer of safety automotive technology, on its sale to Qualcomm (US$4.5 billion, Sweden and United States)
- **Secure Income REIT,** which specialises in long leases across a range of property sectors, on its merger with LXi REIT (£3.9 billion, United Kingdom)
- **Woodside Petroleum**, an oil and gas company, on its sale of a 49% stake in the Pluto Train 2 Project to Global Infrastructure Partners (US$3.6 billion, Australia)
- **Europcar Mobility Group,** a provider of passenger mobility vehicle services, on its recommended tender offer by a Volkswagen-led consortium (€3 billion, France)
- **Allianz France**, a provider of insurance and financial services, on its disposal of a legacy savings contracts portfolio to CNP Assurances (€2.1 billion, France)
- **Basalt Infrastructure Partners** on its recommended cash offer for Nobina, a public transport service provider (€1.5 billion, United Kingdom and Sweden)

F.2. Financing Advisory

- **Nordic Aviation**, a regional aircraft lessor, on its Chapter 11 restructuring (US$6.4 billion, Republic of Ireland)
- **Saipem**, a global energy technological and engineering platform, on its financing package (€5.0 billion, Italy)
- **P3 Logistics Parks**, an investor, manager and developer of European warehouse properties, on its debut Green bonds (€1.0 billion and €750 million, respectively, Czech Republic)
- **Mediapro**, a technical services supplier to the audiovisual sector, on its debt restructuring and concurrent share capital increase (€915 million and €620 million retrospectively, Spain)
- **CityFibre**, a provider of wholesale full fibre network infrastructure, on its equity raise with two new investors Mubudala and Interogo, and debt raise (£1.1 billion and £300 million respectively, United Kingdom)
- **HORNBACH**, a Do-It-Yourself retail chain, on its public delisting tender offer to all shareholders of HORNBACH Baumarkt (€1.5 billion, Germany)
- **Delivery Hero**, a multinational online food delivery service, on its US TLB and RCF financing (€1.4 billion, Germany)
- **Sanofi**, a global healthcare company, on its partial spin-off of EUROAPI (€1.2 billion, France)
- **Moto**, a motorway services operator, on its social and environmental-linked investment grade refinancing (£835 million, United Kingdom)
- **Stoneway Capital**, an owner and operator of power generation facilities, on its restructuring (US$834 million, Argentina)
- **Ferguson**, a distributor of plumbing and heating products, on the transfer of its primary listing from the United Kingdom to the United States (United Kingdom and United States)

G. Investment activities and business development of Merchant Banking in H1 2022

G.1. **Corporate Private Equity**

- Five Arrows Principal Investments III (**FAPI III**), our 3rd generation European mid-market private equity fund, completed its last investment in Intescia, a leading B2B market watch and tender data provider located in France. The fund's investment period is now closed
- The successor fund, Five Arrows Principal Investments IV (**FAPI IV**), is currently fundraising and has secured capital commitments of c. €1.8 billion to date. **FAPI IV** completed its first two investments:
  - Mintec, a global agricultural and commodity pricing data and analytics platform, serving the food industry; and
  - GEDH, a leading European private higher education platform offering accredited bachelor and masters diplomas focusing on digital communication, creative arts, coding and journalism
- **FAPI II** and Five Arrows Capital Partners I (**FACP I**), our US mid-market private equity fund, sold their respective holdings in RLDatix, a leading healthcare Risk, Governance and Compliance software provider, to a continuation fund (Five Arrows Florence Continuation Fund), which will continue to be managed by our Corporate Private Equity team
- Five Arrows Long Term (**FALT**), our 1st generation private equity fund with a long-term investment horizon, completed two closings in the period, securing capital commitments of c. €770 million
- Five Arrows Growth Capital I (**FAGC I**), the 1st generation European small cap private equity fund, and **FACP I** completed an investment in Kpler, a leading provider of technology-led data, analytics and market insights focused on the energy markets

G.2. **Multi strategies**

- Five Arrows Secondary Opportunities V (**FASO V**) completed 7 investments, including one as co-lead investor in the latest continuation fund of Ufenau Capital Partners and another one in a fund managed by Omnes Capital, exposed to 27 attractive companies. The fund has now committed 96% of its capital across 24 transactions in Europe and the US, investing in more than 130 underlying portfolio companies
- Five Arrows Minority Investments (**FAMI**) completed two new investments and distributed proceeds from the disposals of Mirion and HRA
- Five Arrows Private Equity Programme II (**FAPEP II**), the 2nd generation global multi-manager private equity platform, completed 7 investments. The fund has now committed 115% of its capital in 53 transactions
- Five Arrows Global Tech I (**FAGT I**), the 1st generation technology-focused multi-manager fund investing in venture capital, growth capital and buyout funds, is currently fundraising and has secured US$186 million of capital commitments to date. FAGT has already committed capital to 14 underlying funds
- Five Arrows Sustainable Investments (**FASI**), Merchant Banking's first impact fund, held its 2nd closing in Q2 2022, securing c.€141 million of capital commitments

G.3. **Direct lending**

- Five Arrows Credit Solutions (**FACS**), our 1st generation direct lending fund, successfully completed the final exits from its investment portfolio and is now fully realised
- Five Arrows Direct Lending (**FADL**), our 2nd generation direct lending fund, successfully exited its positions in Sandcastle, Dominique Dutscher and Pirum, whilst deploying additional capital to support the growth plans of several of its existing portfolio companies
- Five Arrows Debt Partners III (**FADP III**), our 3rd generation direct lending fund, successfully exited its position in Dominique Dutscher and completed nine new investments, as a result of which it has committed c. 75% of its capital. The transactions completed in H1 2022 included:
  - a preferred equity investment in Precisely, a leading global provider of data integrity software solutions
  - a financing package for Cornwall Insight, a leading UK provider of data, insight and consulting services, focused on the energy transition market
  - a unitranche financing package for Akquinet, a German provider of integrated IT solutions and services
  - a unitranche financing package for Résonance Imagerie, a French provider of radiology and image diagnostics services; and
  - a debt financing package for SGI Compliance, a pan-European provider of risk management and compliance services focused on the water and hazardous materials sectors

G.4. **Credit Management**

The Credit Management business, investing in senior secured loans, high yield bonds and structured credit, was active both in business development and investing:

- Five Arrows Global Loan Investments II (**GLI II**), the 2nd generation vehicle investing in equity tranches of CLOs managed by Credit Management, held its 1st closing in May 2022, securing c.€115 million of capital commitments
- Credit Management is preparing the launch of Five Arrows European Loan Fund (**ELF**), its 6th leveraged loan fund. ELF is an open-ended fund which is targeting an initial close in H2 2022
- Credit Management issued one new CLO vehicle in the US (Ocean Trails XII) and continued investing in two CLO warehouses in Europe

H. Alternative performance measures (APM) - Article 223-1 of the AMF's General Regulation

APM	Definition	Reason for use	Reconciliation
Net income – Group share excluding exceptionals	Net income attributable to holders of ordinary equity excluding exceptional items	To measure Net income Group share excluding exceptional items of a significant amount	In the Press release, please refer to Appendix B.
EPS excluding exceptionals	EPS excluding exceptional items	To measure Earnings per share excluding exceptional items of a significant amount	In the Press release, please refer to Appendix B.
Adjusted compensation ratio	Ratio between adjusted staff costs divided by consolidated Revenue of Rothschild & Co excluding MB investment performance revenue (carried interest and investment gains). Adjusted staff costs represent: 1. staff costs accounted in the income statement (which include the effects of accounting for deferred bonuses over the period in which they are earned as opposed to the awarded basis), 2. to which must be added the amount of profit share paid to the French partners (*Associés gérants*), 3. from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS, - **which gives total staff costs in calculating the basic compensation ratio** 4. the amount of adjusted staff costs and revenue are restated by the exchange rate effect to offset the exchange rate fluctuations from one year to the next one, - **which gives the adjusted staff costs for compensation ratio.**	To measure the proportion of revenue granted to all employees. Key indicator for competitor listed investment banks. Rothschild & Co calculates this ratio with adjustments to give the fairest and closest calculation to the one used by other comparable listed companies.	Please refer: in the Press release to § 3.2 Operating expenses / Staff costs and in the Investor presentation to slide 34
Businesses' Operating margin	Each business Operating margin is calculated by dividing Profit before tax by revenue, business by business. It excludes exceptional items.	To measure business' profitability	Please refer to § 2
Return on Tangible Equity (ROTE) excluding exceptional items	Ratio between Net income - Group share excluding exceptional items and average tangible equity Group share over the period. Tangible equity corresponds to total equity Group share less intangible assets (net of tax) and goodwill. Average tangible equity over the period equal to the average between tangible equity as at 31 December 2021 and 30 June 2022.	To measure the overall profitability of Rothschild & Co excluding exceptional items on the Group share of tangible equity capital in the business	In the Investor presentation release, please refer to slide 46
Return on Risk Adjusted Capital (RORAC)	Ratio of an adjusted Profit before tax divided by an internal measure of risk adjusted capital (RAC) deployed in the business on a rolling 3-year basis. The estimated amount of capital and debt which management believes would be reasonable to fund the Group's investments in Merchant Banking products is consistent with its cautious approach to risk management. Based on the mix of its investment portfolio as of the reporting dates, management believes that this risk-adjusted capital (RAC) amounts to c.70% of the Group's investments net asset value and that the remainder could be funded by debt. This percentage broadly represents the weighted average of 80% for equity exposures, 50% for junior credit exposures, 40% for CLO exposures in vertical strips and 33% for senior credit exposures. To calculate the RORAC, Merchant Banking Profit before tax is adjusted by a notional 2.5% cost of debt, computed as per the above (i.e. 30% of the Group's investments NAV), divided by the RAC. Disclosed RORAC is calculated on a 3-year rolling period average to account for the inevitable volatility in the financial results of the business, primarily relating to investment income and carried interest recognition.	To measure the performance of the Merchant Banking business	In the Investor presentation release, please refer to slide 46
Operating Cash Flow (OCF)	Amount of cash generated by the Group's normal business operations in the current financial year. The calculation is done via the indirect method, from the profit before tax.	To measure the amount of cash generated by the Group's normal business operations	In the Investor presentation release, please refer to slide 47

Condensed half-year consolidated financial statements

Consolidated balance sheet

as at 30 June 2022

Assets

In thousands of euros	Notes	30/06/2022	31/12/2021
Cash and amounts due from central banks		5,099,189	6,005,107
Financial assets at fair value through profit or loss	1	1,997,363	1,942,068
Hedging derivatives	2	2,616	2,584
Securities at amortised cost	3	1,459,768	1,336,732
Loans and advances to banks	4	2,072,903	2,144,123
Loans and advances to customers	5	4,824,254	4,462,023
Current tax assets		36,750	10,281
Deferred tax assets	15	92,274	64,025
Other assets	6	1,260,752	802,784
Investments accounted for by the equity method		23,104	17,611
Tangible fixed assets		257,400	268,674
Right of use assets		185,778	187,570
Intangible fixed assets	8	239,265	209,055
Goodwill	9	228,663	197,421
TOTAL ASSETS		**17,780,079**	**17,650,058**

Liabilities and shareholders’ equity

In thousands of euros	Notes	30/06/2022	31/12/2021
Financial liabilities at fair value through profit or loss	1	334,505	98,949
Hedging derivatives	2	-	3,228
Due to banks and other financial institutions	10	502,797	512,478
Customer deposits	11	11,620,074	11,655,531
Debt securities in issue		11,900	12,500
Current tax liabilities		58,586	66,142
Deferred tax liabilities	15	114,023	52,076
Lease liabilities		210,611	211,619
Other liabilities, accruals and deferred income	12	1,260,563	1,393,345
Provisions	13	43,347	42,988
TOTAL LIABILITIES		**14,156,406**	**14,048,856**
Shareholders’ equity		**3,623,673**	**3,601,202**
Shareholders’ equity - Group share		**3,248,038**	**3,132,825**
Share capital		155,495	155,465
Share premium		1,145,976	1,145,744
Consolidated reserves		1,716,260	1,096,149
Unrealised or deferred capital gains and losses		(18,490)	(30,337)
Net income - Group share		248,797	765,804
Non-controlling interests	**16**	**375,635**	**468,377**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**17,780,079**	**17,650,058**

Consolidated income statement

for the six months ending 30 June 2022

In thousands of euros		Notes	30/06/2022	30/06/2021
+	Interest income	20	60,797	43,049
-	Interest expense	20	(25,644)	(20,650)
+	Fee income	21	1,263,213	1,175,377
-	Fee expense	21	(54,403)	(49,102)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	22	130,964	200,871
+/-	Net gains/(losses) on derecognition of assets held at amortised cost		(274)	(266)
+	Other operating income		283	1,146
-	Other operating expenses		(390)	(562)
Net banking income			**1,374,546**	**1,349,863**
-	Staff costs	23	(763,424)	(692,767)
-	Administrative expenses	23	(159,982)	(118,870)
-	Depreciation, amortisation and impairment of tangible and intangible fixed assets		(40,485)	(33,814)
Gross operating income			**410,655**	**504,412**
+/-	Cost of risk	24	3,754	1,548
Operating income			**414,409**	**505,960**
+/-	Net income from companies accounted for by the equity method		1,961	509
+/-	Net income/(expense) from other assets	25	(2,407)	3,833
Profit before tax			**413,963**	**510,302**
-	Income tax expense	26	(81,896)	(58,113)
CONSOLIDATED NET INCOME			**332,067**	**452,189**
Non-controlling interests		**16**	**83,270**	**106,094**
NET INCOME - GROUP SHARE			**248,797**	**346,095**
Earnings per share - basic (euros)		29	€3.43	€4.78
Earnings per share - basic (euros) - continuing operations		29	€3.43	€4.78
Earnings per share - diluted (euros)		29	€3.37	€4.71
Earnings per share - diluted (euros) - continuing operations		29	€3.37	€4.71

Statement of comprehensive income

for the six months ending 30 June 2022

In thousands of euros	30/06/2022	30/06/2021
Consolidated net income	**332,067**	**452,189**
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries and associates	19,153	33,698
Gains and (losses) relating to net investment hedge	-	110
Net gains/(losses) from changes in fair value of cash flow hedges	(532)	2,519
(Gains) and losses relating to cash flow hedges transferred to income statement	(998)	(755)
Gains and (losses) recognised directly in equity for companies accounted for by the equity method	(254)	812
Other adjustments	-	(1)
Taxes	291	(348)
Total gains and losses recyclable in profit or loss	**17,660**	**36,035**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	131,420	89,830
Taxes	(22,430)	(17,475)
Total gains and losses not recyclable in profit or loss	**108,990**	**72,355**
Gains and losses recognised directly in equity	**126,650**	**108,390**
TOTAL COMPREHENSIVE INCOME	**458,717**	**560,579**
attributable to equity shareholders	*376,399*	*441,515*
attributable to non-controlling interests	*82,318*	*119,064*

Consolidated statement of changes in equity

for the six months ending 30 June 2022

In thousands of euros	Capital and associated reserves (1)	Consolidated reserves (3)	Unrealised or deferred capital gains and losses (net of tax): Related to translation differences	Unrealised or deferred capital gains and losses (net of tax): Cash flow hedge reserve	Shareholders' equity, Group share	Shareholders' equity, NCoI	Total share-holders' equity
SHAREHOLDERS' EQUITY AT 1 JANUARY 2021	**1,299,896**	**1,088,748**	**(86,248)**	**501**	**2,302,897**	**404,938**	**2,707,835**
Impact of elimination of treasury shares	-	(8,195)	-	-	(8,195)	-	(8,195)
Distributions(2)	-	(128,815)	-	-	(128,815)	(141,776)	(270,591)
Issue of shares	1,313	-	-	-	1,313	-	1,313
Capital increase related to share-based payments	-	4,194	-	-	4,194	-	4,194
Interest on perpetual subordinated debt	-	-	-	-	-	(12,963)	(12,963)
Effect of a change in shareholding without a change of control	-	(1,121)	1,295	-	174	885	1,059
Other movements	-	-	-	-	-	(77)	(77)
Subtotal of changes linked to transactions with shareholders	**1,313**	**(133,937)**	**1,295**	**-**	**(131,329)**	**(153,931)**	**(285,260)**
2021 net income for the year	-	765,804	-	-	765,804	195,271	961,075
Net gains/(losses) from changes in fair value	-	-	-	2,709	2,709	-	2,709
Net (gains)/losses transferred to income	-	-	-	(1,497)	(1,497)	-	(1,497)
Remeasurement gains/(losses) on defined benefit funds	-	146,455	-	-	146,455	-	146,455
Net gains/(losses) on hedge of net investment in foreign operations	-	-	95	-	95	-	95
Translation differences and other movements	-	(5,117)	52,808	-	47,691	22,099	69,790
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2021	**1,301,209**	**1,861,953**	**(32,050)**	**1,713**	**3,132,825**	**468,377**	**3,601,202**
Impact of elimination of treasury shares	-	(18,589)	-	-	(18,589)	-	(18,589)
Distributions(2)	-	(200,967)	-	-	(200,967)	(167,826)	(368,793)
Issue of shares	262	-	-	-	262	-	262
Capital increase related to share-based payments	-	(930)	-	-	(930)	-	(930)
Interest on perpetual subordinated debt	-	-	-	-	-	(7,318)	(7,318)
Effect of a change in shareholding without a change of control	-	7,100	(6,762)	-	338	84	422
Revaluation of RMM preferred shares to fair value before purchase (Note 16)	-	(41,300)	-	-	(41,300)	41,300	-
Purchase of RMM preferred shares (Note 16)	-	-	-	-	-	(41,300)	(41,300)
Other movements	-	-	-	-	-	-	-
Subtotal of changes linked to transactions with shareholders	**262**	**(254,686)**	**(6,762)**	**-**	**(261,186)**	**(175,060)**	**(436,246)**
2022 net income for the six months	-	248,797	-	-	248,797	83,270	332,067
Net gains/(losses) from changes in fair value	-	-	-	(431)	(431)	-	(431)
Net (gains)/losses transferred to income	-	-	-	(808)	(808)	-	(808)
Remeasurement gains/(losses) on defined benefit funds	-	108,990	-	-	108,990	-	108,990
Net gains/(losses) on hedge of net investment in foreign operations	-	-	-	-	-	-	-
Translation differences and other movements	-	3	19,848	-	19,851	(952)	18,899
SHAREHOLDERS' EQUITY AT 30 JUNE 2022	**1,301,471**	**1,965,057**	**(18,964)**	**474**	**3,248,038**	**375,635**	**3,623,673**

(1) Capital and associated reserves at the period end consist of share capital of €155.5 million and share premium of €1,146.0 million. Share premium, under IFRS measurement, includes costs incurred in the issuance of share capital.

(2) Distributions include €197.5 million (December 21: €125.8 million) of dividends to R&Co shareholders and €3.4 million (December 21: €3.0 million) of profit share (*préciput*) automatically allocated to the general partners (R&Co Gestion and Rothschild & Co Commandité SAS).

(3) Consolidated reserves consist of retained earnings of €1,861.3 million less treasury shares of €145.0 million plus the Group share of net income of €248.8 million.

Cash flow statement

for the six months ending 30 June 2022

In thousands of euros	30/06/2022	30/06/2021
Consolidated profit before tax (I)	**413,963**	**510,302**
Depreciation and amortisation expense on tangible and intangible fixed assets	21,179	17,693
Depreciation and impairment of ROU assets and interest on lease liabilities	21,697	18,564
Net charge for impairments and provisions	955	(1,564)
Remove (profit)/loss from associates and from acquisition/disposal of subsidiary	(3,634)	191
Remove (profit)/loss from investing activities	(104,239)	(189,822)
Non-cash items included in pre-tax profit (II)	**(64,042)**	**(154,938)**
Net (advance)/repayment of loans to customers	**(380,548)**	**(465,582)**
Cash (placed)/received through interbank transactions	74,889	3,792
Increase/(decrease) in customer deposits	(128,361)	437,989
Net inflow/(outflow) related to derivatives and trading items	(48,398)	(64,786)
Net (purchases)/disposals of assets held for liquidity purposes	116,270	(113,814)
Other movements in assets and liabilities related to treasury activities	(85,914)	220,968
Total treasury-related activities	**(71,514)**	**484,149**
(Increase)/decrease in working capital	(329,067)	(84,849)
Payment of lease liabilities	(20,372)	(22,335)
Tax paid	(112,565)	(54,402)
Other operating activities	**(462,004)**	**(161,586)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)	**(914,066)**	**(143,019)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**(564,145)**	**212,345**
Purchase of investments	(147,059)	(90,593)
Purchase of subsidiaries and associates, net of cash and cash equivalents acquired	(37,900)	-
Purchase of property, plant and equipment and intangible fixed assets	(11,593)	(12,362)
Total cash invested	**(196,552)**	**(102,955)**
Cash received from investments (disposals and dividends)	202,333	145,026
Cash from disposal of property, plant and equipment and intangible fixed assets	773	1,897
Total cash received from investment activity	**203,106**	**146,923**
Net cash inflow/(outflow) related to investing activities (B)	**6,554**	**43,968**
Distributions paid to shareholders and general partners of parent company	(200,967)	(53,669)
Distributions paid to non-controlling interests (Note 16)	(167,826)	(126,575)
Interest paid on perpetual subordinated debt	(7,318)	(6,570)
Purchase of RMM preferred shares (Note 16)	(41,300)	-
(Acquisition)/disposal of own shares and additional interests in subsidiaries	(21,255)	(32,085)
Net cash inflow/(outflow) related to financing activities (C)	**(438,666)**	**(218,899)**
Impact of exchange rate changes on cash and cash equivalents (D)	**98,662**	**77,990**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**(897,595)**	**115,404**
Net opening cash and cash equivalents (Note 17)	7,256,665	5,867,008
Net closing cash and cash equivalents (Note 17)	6,359,070	5,982,412
NET INFLOW/(OUTFLOW) OF CASH	**(897,595)**	**115,404**

Notes to the consolidated financial statements

1. Highlights

1.1 Changes of scope

On 15 March 2022, Rothschild & Co reached an agreement with an independent financial advisor to acquire a business managing a €3.0 billion AuM portfolio. Details are provided in Note 7. Apart from this, there have been no significant changes in the consolidation scope in the six months ended 30 June 2022.

1.2 Adoption of new accounting policies

There have been no changes in accounting standards during the year that have a material impact on the Group's accounts.

1.3 Financial impacts and risks associated with climate change

In the light of increased interest on the financial impacts and risks associated with climate change and the measures and commitments taken by companies to try to limit its effects, the Group has assessed the effects of climate change on its financial statements. These effects could arise from changes in the Group's activities; from regulatory changes; or the necessity to adapt its business models. The effects could arise both from climate changes likely to impact the Group's performance and balance sheet, and from actions implemented by the Group with regards to its environmental commitments.

Where significant, the Group considers these risks as part of its assessment of potential impairments of its assets (including properties, goodwill, and intangible assets); and when considering expected credit losses. As at June 2022, the expected impact of climate risks is not considered to affect the carrying value of assets. The Group, meanwhile, has not identified any linked litigation or obligations, or identified contracts that may become onerous due to climate risk, and does not consider it necessary to record provisions and contingent liabilities related to these. In summary, the Group considers that climate change, therefore, does not have a material impact on our financial statements as at June 2022.

1.4 Financial impacts of the war in Ukraine

The direct impact of the war in Ukraine, and the actions taken by the Group in response, have not had a material impact on the financial statements as at 30 June 2022. Further information on this matter can be found in the Half-year activity report.

2. Preparation of the financial statements

2.1 Information regarding the Company

The condensed consolidated financial statements of the Group (i.e. Rothschild & Co SCA and its consolidated subsidiaries) for the six months ended 30 June 2022 are presented in accordance with IFRS in force at the reporting date, as adopted in the European Union by way of EC Regulation No. 1606/2002. The format used for the condensed financial statements is a banking format. It is consistent with Recommendation No. 2017-02 of 2 June 2017 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 January 2022 to 30 June 2022.

The consolidated accounts have been approved by Rothschild & Co Gestion SAS, the Managing Partner of Rothschild & Co, and, for verification and control purposes, were considered by the Supervisory Board on 4 August 2022.

On 30 June 2022, the Group's holding company was Rothschild & Co, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris, France (Paris Trade and Companies Registry Number 302 519 228). The Company is listed on Euronext in Paris (Compartment A).

On 30 June 2022, the parent company of Rothschild & Co SCA was Rothschild & Co Concordia SAS, whose registered office is at 23 bis, avenue de Messine, 75008 Paris, France.

The Group has a worldwide presence and operates three main businesses: Global Advisory, Wealth and Asset Management, and Merchant Banking.

2.2 General principles

The notes to the accounts have been prepared having taken into account the understanding, relevance, reliability, comparability and materiality of information provided. The Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

2.3 Changes to accounting standards and reporting requirements

The IASB has issued some minor amendments to IFRS effective since 1 January 2022. These revised requirements do not have any significant impact on the Group.

2.3.1 June 2022 update on USD LIBOR exposure

IBOR reform has resulted in certain interest rate benchmarks being phased out last year and over the coming years. Given much of the Group is focused on Private Client Lending and vanilla treasury assets, with relatively limited exposure to long-term IBOR rates, the reform has not significantly impacted the Group.

The Group's exposures to non-derivatives financial assets and to loans and debt securities commitments based on USD Libor that must move to a new rate before maturity are respectively €32.9 million and nil as at June 2022 (December 2021: €79.3 million and €10.5 million).

2.4 Forthcoming changes to accounting standards

2.4.1 Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 Income Taxes which narrow the scope of the exemption from recognising deferred tax when recognising assets or liabilities for the first time. In the case of transactions that give rise to equal and offsetting temporary differences (for example, leases), it is now clear that the exemption does not apply. As a result, both a deferred tax asset and a deferred tax liability for temporary differences will arise on initial recognition of a lease. However, in many jurisdictions, such deferred tax assets and liabilities qualify to be presented net of each other in the balance sheet.

The effective date is 1 January 2023 and the Group continues to consider the financial impacts of these amendments, though they are not expected at this stage to have a material impact.

2.4.2 IFRS 17 Insurance contracts

IFRS 17 Insurance contracts is applicable for periods starting on 1 January 2023. The Group considers that it does not have any products or services that are in the scope of this standard.

2.5 Subsequent events

There have not been any events after the balance sheet date that require disclosure in these accounts.

3. Accounting principles and valuation methods

3.1 Basis of accounting

The accounting principles and valuation methods applied by the Group for the half-year condensed consolidated financial statements are the same as those applied and described in the financial statements for the year ended 31 December 2021. It should be noted that the Group's interim financial reporting is in compliance with IAS 34.

The Group has not opted for early application of new standards, amendments and interpretations adopted by the European Union or the IASB where the application in 2022 is optional.

3.2 Accounting judgments and estimates

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

Estimates and assumptions are used mainly with regard to estimation of bonus accruals, impairment testing of goodwill and intangible assets, valuation of FVTPL financial assets, impairments of assets at amortised cost, pension accounting, provisions, and the assessment of consolidation under IFRS 10 rules.

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

4. Financial risk management

4.1 Governance

The Group's governance environment is described in the annual report for the year ended 31 December 2021, and is substantially unchanged at 30 June 2022.

4.2 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. The Group's credit risk governance is described in the annual report for the year ended 31 December 2021, and is substantially unchanged at 30 June 2022.

4.2.1 Credit risk exposure

4.2.1.1 GROUPING OF INSTRUMENTS FOR LOSSES MEASURED ON A COLLECTIVE BASIS

For expected credit loss provisions calculated on a collective basis, a grouping of exposures is performed on the basis of risk characteristics that are shared by exposures.

Lending by the Group is primarily focused on supporting the WAM business by way of lending to private clients, against portfolios of securities (Lombard lending) or by way of mortgages against residential properties.

PCL LOMBARD AND MORTGAGE LOANS

The Group has a history of very low defaults on its Lombard and mortgage loans made by PCL, and the PD and the LGD have been determined by the history of observed defaults alongside realistic downside scenarios based on management assessment.

For the Lombard loans, the LGD is estimated based on the amount of collateral held, and whether it is diversified or not, as well as the nature of the client and the potential difficulties of recovering the value of the collateral. In the base case for assessment of credit risk, the weighted average PD is 0.3% and the weighted average LGD is 9% (December 2021: 0.3% and 7%).

For the mortgage loans, the LGD is estimated considering the value of the properties that are mortgaged, and varies based on the LTV; the amount of costs likely to be incurred in recovering and realising any collateral; the nature of the client; and the potential difficulties of recovering the value of the collateral. In the base case, the weighted average PD is 1.6% and weighted average LGD is 6% (December 2021: 1.6% and 5%).

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis and there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

OTHER LOANS TO CUSTOMERS

The Group also makes other loans to customers, mainly in the French corporate market; to fund corporate real estate lending; and to support Merchant Banking activities of the Group - this equates to €326 million of the total in the balance sheet as at June 2022 (December 2021: €346 million). Other lending is also provided from time to time to support Asset Management activities of the Group. The ECL in these businesses is considered on a sector-by-sector basis, and, wherever significant, on a loan-by-loan basis. The basis of assessment of the PD and LGD for each sector has been informed by historical losses, combined with a forward-looking judgment of the level of future losses.

Because of the relatively small size of this portfolio, especially any part that is not assessed for credit risk on an individual basis, the Group does not use a model to estimate correlations between the macroeconomic variables and the probability of default. For loans where there is no obvious sign of distress, or for loans that are too small for individual review, additional top-down management overlays have been made in cost of risk to reflect increases in the credit risk that are not possible to detect at an individual level. Any changes made to estimation techniques or significant assumptions during the reporting period have not had a significant impact.

DEBT AT AMORTISED COST

For debt securities in the treasury portfolio, S&P credit ratings are used to determine the ECL. These published ratings are monitored and updated daily. The 12 month and lifetime PDs associated with each rating are determined based on realised default rates, also published by S&P. To estimate the LGD, the Group has used the Basel III LGD, which is 45% for senior debt.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis, and there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

4.2.1.2 MAXIMUM EXPOSURE TO CREDIT RISK – FINANCIAL INSTRUMENTS SUBJECT TO IMPAIRMENT

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance might be recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets. The credit risk exposure of other financial assets is shown in the section "credit risk management of other financial statements" of the annual report as at December 2021 and is not significantly different as at 30 June 2022.

In millions of euros	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**30/06/2022**	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**31/12/2021**
Gross carrying amount								
Loans and advances to banks	2,072.9	-	-	2,072.9	2,144.1	-	-	2,144.1
PCL loans to customers	4,395.3	54.5	0.1	4,449.9	4,003.9	52.2	0.1	4,056.2
Other loans to customers	343.8	6.3	73.5	423.6	370.7	5.6	79.9	456.2
Securities at amortised cost	1,460.4	-	-	1,460.4	1,337.3	-	-	1,337.3
TOTAL	**8,272.4**	**60.8**	**73.6**	**8,406.8**	**7,856.0**	**57.8**	**80.0**	**7,993.8**
Loss allowance								
Loans and advances to banks	-	-	-	-	-	-	-	-
PCL loans to customers	(3.7)	(0.1)	(0.1)	(3.9)	(2.7)	(0.1)	(0.1)	(2.9)
Other loans to customers	(1.0)	(0.3)	(44.1)	(45.4)	(1.4)	(0.5)	(45.6)	(47.5)
Securities at amortised cost	(0.6)	-	-	(0.6)	(0.6)	-	-	(0.6)
TOTAL	**(5.3)**	**(0.4)**	**(44.2)**	**(49.9)**	**(4.7)**	**(0.6)**	**(45.7)**	**(51.0)**
Net carrying amount								
Loans and advances to banks	2,072.9	-	-	2,072.9	2,144.1	-	-	2,144.1
PCL loans to customers	4,391.6	54.4	-	4,446.0	4,001.2	52.1	-	4,053.3
Other loans to customers	342.8	6.0	29.4	378.2	369.3	5.1	34.3	408.7
Securities at amortised cost	1,459.8	-	-	1,459.8	1,336.7	-	-	1,336.7
TOTAL	**8,267.1**	**60.4**	**29.4**	**8,356.9**	**7,851.3**	**57.2**	**34.3**	**7,942.8**

For loans to customers, the cost of risk in the period was a credit of €0.8 million (see Note 24) and the movement in the loss allowance of Stage 1, 2 and 3 loans is further explained in the table below. Additionally, the movement in all loss allowances is shown in the account "Impairments" Note 14.

Information on how the ECL is measured and how the three stages are determined is provided in the section "Measurement of expected credit loss" of the annual report as at December 2021.

Movement in loss allowance of total loans to customers

In millions of euros	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**TOTAL**
Loss allowance at beginning of period	**(4.1)**	**(0.6)**	**(45.7)**	**(50.4)**
Movements with P&L impact				
(Charge)	(0.3)	-	(2.2)	(2.5)
Release	-	-	3.2	3.2
Total net P&L (charge)/release during the period	**(0.3)**	**-**	**1.0**	**0.7**
Movements with no P&L impact				
Transfer	(0.2)	0.2	-	-
Written off	-	-	0.1	0.1
Exchange	(0.1)	-	0.4	0.3
LOSS ALLOWANCE AT END OF PERIOD	**(4.7)**	**(0.4)**	**(44.2)**	**(49.3)**

Changes in the gross amounts of loans to customers had a relatively insignificant effect on the Stage 1 and the Stage 2 allowances in the period.

4.3 Liquidity risk

4.3.1 Liquidity

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities. Management of liquidity risk is described in the annual report for the year ended 31 December 2021, and is substantially unchanged as at 30 June 2022.

The Group continues to take a conservative approach to the management of liquidity risk and it retains a very strong liquidity position at 30 June 2022 of €9.1 billion, which is 51% of gross assets and 79% of deposits.

Liquidity assets held by the Group consist mainly of amounts at central banks and banks (€7.2 billion) and investment grade debt securities (€1.4 billion). These debt securities are closely monitored and the holdings and limits for the weaker credits have been reduced where considered necessary. Regarding sectors, the majority of the exposure is to financials and supranationals and the corporate exposure is €263 million and is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are all as expected in the normal course of business and the core client deposit book has remained relatively stable over the period to June 2022.

Each of the Group’s banks maintains low loan-to-deposit ratios and a significant amount of high-quality liquidity, for example central bank deposits, to ensure they maintain a minimum level of 20% of all client deposits in cash or assets readily realisable into cash within 48 hours.

4.4 Fair value disclosures

4.4.1 Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements that are 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 consists of listed securities and derivatives traded on organised markets (futures, options, etc.) whose liquidity can be demonstrated, as well as shares of funds where the value is determined and reported daily.

Level 2: instruments measured based on valuation models that use observable inputs other than quoted prices

Level 2 comprises instruments not directly quoted on an active market, measured using a standard valuation technique incorporating parameters that are either directly observable (prices) or indirectly observable (price derivatives).

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

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

The methods used by the Group to value its assets and liabilities for reporting purposes are fully described in the annual report for the year ended 31 December 2021, and are substantially unchanged as at 30 June 2022.

4.4.2 Fair value of financial instruments

Carried at amortised cost

	30/06/2022				
In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	5,099.2	5,099.2	-	5,099.2	-
Securities at amortised cost	1,459.8	1,436.7	1,386.5	50.2	-
Loans and advances to banks	2,072.9	2,072.9	-	2,072.9	-
Loans and advances to customers	4,824.3	4,826.7	-	4,819.9	6.8
TOTAL	**13,456.2**	**13,435.5**	**1,386.5**	**12,042.2**	**6.8**
Financial liabilities					
Due to banks and other financial institutions	502.8	497.6	-	497.6	-
Due to customers	11,620.1	11,620.1	-	11,620.1	-
Debt securities in issue	11.9	11.9	-	11.9	-
TOTAL	**12,134.8**	**12,129.6**	**-**	**12,129.6**	**-**

	31/12/2021				
In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	6,005.1	6,005.1	-	6,005.1	-
Securities at amortised cost	1,336.7	1,334.4	1,275.3	59.1	-
Loans and advances to banks	2,144.1	2,144.1	-	2,144.1	-
Loans and advances to customers	4,462.0	4,468.5	-	4,462.7	5.8
TOTAL	**13,947.9**	**13,952.1**	**1,275.3**	**12,671.0**	**5.8**
Financial liabilities					
Due to banks and other financial institutions	512.5	527.7	-	527.7	-
Due to customers	11,655.5	11,655.5	-	11,655.5	-
Debt securities in issue	12.5	12.5	-	12.5	-
TOTAL	**12,180.5**	**12,195.7**	**-**	**12,195.7**	**-**

Carried at fair value

	30/06/2022			
In millions of euros	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	533.1	512.6	20.5	-
Financial assets at FVTPL held for investment	1,036.2	13.0	174.7	848.5
Other financial assets at FVTPL	116.2	116.2	-	-
Derivative financial instruments	314.5	-	314.5	-
TOTAL	**2,000.0**	**641.8**	**509.7**	**848.5**
Financial liabilities				
Derivative financial instruments	334.6	-	334.6	-
TOTAL	**334.6**	**-**	**334.6**	**-**

	31/12/2021			
In millions of euros	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	777.0	755.2	21.8	-
Financial assets at FVTPL held for investment	939.0	17.6	157.5	763.9
Other financial assets at FVTPL	131.8	131.8	-	-
Derivative financial instruments	96.9	-	94.8	2.1
TOTAL	**1,944.7**	**904.6**	**274.1**	**766.0**
Financial liabilities				
Derivative financial instruments	102.2	-	102.2	-
TOTAL	**102.2**	**-**	**102.2**	**-**

4.4.3 Fair value Level 3 disclosures

Movement in Level 3 assets

The following table presents the movement in assets valued using Level 3 valuation methods in the period. All changes in value are recorded in the income statement in the account "Net gains/(losses) on financial instruments at fair value through profit or loss". The majority of valuation changes are unrealised.

In millions of euros	Funds and other equities	Bonds and other fixed income securities	Derivative assets	TOTAL
As at 1 January 2022	**757.0**	**6.9**	**2.1**	**766.0**
Transfer (out of) Level 3	(2.3)	-	-	**(2.3)**
Total gains or losses for the period included in income statement	106.5	(1.2)	-	**105.3**
Additions	156.0	-	-	**156.0**
Disposals	(171.8)	(2.5)	(2.1)	**(176.4)**
Other movements	(0.1)	-	-	**(0.1)**
AS AT 30 JUNE 2022	**845.3**	**3.2**	**-**	**848.5**

In the valuation hierarchy described above, the Group classifies its unquoted investments as Level 2 when the significant inputs to the valuation are observable. When there are significant unobservable inputs to the valuation, these valuations are classified as Level 3. Disclosure about the inputs to the valuation of Level 3 assets, including the elements that are unobservable, is made below.

The following table summarises the inputs and assumptions used for equities categorised as Level 3 assets. Where the equity investment by the Group is in a managed fund or in a portfolio managed by a third party, the valuation method refers to the valuation of the underlying investments of that fund, of which the Group has a proportionate interest.

Investment	**Value (in €m)**		**Valuation method**	**Weighted average multiple pre-discount**	
	30/06/2022	**31/12/2021**		**30/06/2022**	**31/12/2021**
Investment in unquoted equity, managed by the Group	621.6	580.5	Earnings multiple	18.6x	19.2x
Investment in MB fund, investing in external funds	142.4	99.7	NAV based on an external valuation	n/a	n/a
Investment in fund, managed by external providers	26.6	26.0	NAV based on an external valuation	n/a	n/a
Holding in credit investment companies	51.0	47.3	Mark to model	n/a	n/a
Other	3.7	3.5	n/a	n/a	n/a
TOTAL	**845.3**	**757.0**			

Investment	**Value (in €m)**		**Main unobservable input**	**Weighted average unobservable input**	
	30/06/2022	**31/12/2021**		**30/06/2022**	**31/12/2021**
Investment in unquoted equity, managed by the Group	621.6	580.5	Marketability and liquidity discount	8.6%	9.9%
Investment in MB fund, investing in external funds	142.4	99.7	External valuation parameters	n/a	n/a
Investment in fund, managed by external providers	26.6	26.0	External valuation parameters	n/a	n/a
Holding in credit investment companies	51.0	47.3	Recoverability and default rate	2.3%	2.0-2.5%
Other	3.7	3.5	n/a	n/a	n/a
TOTAL	**845.3**	**757.0**			

Out of the €845 million of FVTPL equity securities classified in Level 3 as at 30 June 2022, €622 million are investments made by the Group in managed funds, where the underlying instruments are valued using an earnings multiple or by an external valuation. The main unobservable input is the liquidity/marketability discount taken off valuations that have been calculated using earnings multiples. These reflect the difference in value between (i) a comparable liquid share whose value can be observed; or (ii) a comparable asset valued as part of an executed transaction; and an asset retained in a portfolio. In general, if the discount for an asset were 15% rather than 10%, the valuation used by the Group would be 15% lower than that calculated using the earnings multiple, rather than 10% lower. To further quantify the fair value sensitivity of these investments, the Group has determined the impact in the event of a fall of 5% in the carrying value of the underlying instruments. In such an event, there would be a pre-tax charge to the income statement of €35.2 million, or 5.7% of this type of asset (December 2021: 5.4%).

Additionally, €169 million are investments in funds, for which the underlying assets are subject to a third-party valuation. Because full details of all the valuations are not available, the assumption is made that some elements may be unobservable, and so these are classified as Level 3; none of the underlying assets are individually material to the Group's accounts. To quantify the fair value sensitivity of these underlying assets, the Group has determined the impact in the event of a fall of 5% in the carrying value. In such an event, there would be a pre-tax charge to the income statement of €9.6 million or 5.7% of this type of asset (December 2021: 5.7%).

The main unobservable input to value the holding in the credit investment companies is considered to be the default rate. If the average default rate were to increase by 25%, the value of the holding would fall by €2.5 million or 4.9% (December 2021: 5.3%).

5. Notes to the balance sheet

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

Financial assets

In thousands of euros	30/06/2022	31/12/2021
Debt securities held for liquidity	21,496	25,275
Debt securities held for investment	85,632	68,604
Equity instruments held for investment	950,553	870,287
Equity instruments issued by mutual funds, held for liquidity	533,053	777,038
Other equity instruments	94,737	106,558
Financial assets mandatorily at fair value through profit or loss	**1,685,471**	**1,847,762**
Trading derivative assets (see Note 2)	311,892	94,306
TOTAL	**1,997,363**	**1,942,068**

Assets held for investment at FVTPL are held primarily by the Merchant Banking business. Equity instruments issued by mutual funds are predominantly money market and low-risk debt funds.

Other equity instruments include assets used to hedge certain fund-denominated amounts due to employees, or to cover social security payable on these amounts. The Group has set up a legally separate employee benefit trust (EBT) to hold some of these assets. Although this trust is consolidated, its assets are not available to the Group's creditors (even in the case of bankruptcy); and cannot be returned to the Group.

The assets held by this EBT meet the criteria for being “plan assets” in the context of IAS 19 Employee Benefits. Plan assets are measured at fair value and netted against the related liabilities due to employees.

The value of the EBT’s plan assets as at June 2022 is €136.6m and the related amounts due to employees that can be netted is €99.4m. The amount disclosed above as at June 2022 in other equity instruments is after netting plan assets with the related liabilities.

Financial liabilities

In thousands of euros	30/06/2022	31/12/2021
Trading derivative liabilities (see Note 2)	334,505	98,949
TOTAL	**334,505**	**98,949**

Note 2 – Derivatives

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

	30/06/2022			31/12/2021		
In thousands of euros	***Notional principal***	**Of which: asset**	**Of which: liability**	***Notional principal***	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*136,799*	6,915	-	*145,718*	519	3,560
Conditional interest rate contracts	*10,630*	-	153	*10,997*	-	124
Firm foreign exchange contracts	*16,529,427*	302,664	331,970	*16,580,506*	90,012	93,592
Conditional foreign exchange contracts	*414,730*	2,313	2,382	*477,487*	1,675	1,673
Other swaps	-	-	-	*7,100*	2,100	-
TOTAL	***17,091,586***	**311,892**	**334,505**	***17,221,808***	**94,306**	**98,949**

Hedging derivatives

	30/06/2022			31/12/2021		
In thousands of euros	***Notional principal***	**Of which: asset**	**Of which: liability**	***Notional principal***	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*92,438*	1,509	-	*95,673*	106	3,228
Firm foreign exchange contracts	*22,427*	1,107	-	*27,494*	2,478	-
TOTAL	***114,865***	**2,616**	**-**	***123,167***	**2,584**	**3,228**

Note 3 – Securities at amortised cost

In thousands of euros	**30/06/2022**	**31/12/2021**
Debt securities held for liquidity	1,408,434	1,278,273
Debt securities held for investment	51,960	59,014
Debt securities at amortised cost - gross amount	**1,460,394**	**1,337,287**
Stage 1 - 2 allowances	(626)	(555)
TOTAL	**1,459,768**	**1,336,732**

Note 4 – Loans and advances to banks

In thousands of euros	30/06/2022	31/12/2021
Interbank demand deposits and overnight loans	943,661	892,238
Interbank term deposits and loans	320,260	398,217
Reverse repos and loans secured by bills	802,392	849,251
Accrued interest	6,590	4,417
Loans and advances to banks - gross amount	**2,072,903**	**2,144,123**
Allowance for credit losses	-	-
TOTAL	**2,072,903**	**2,144,123**

Note 5 – Loans and advances to customers

In thousands of euros	30/06/2022	31/12/2021
Overdrafts	44,602	34,747
PCL loans to customers	4,449,913	4,056,169
Other loans to customers	365,988	405,405
Accrued interest	13,018	16,038
Loans and advances to customers – gross amount	**4,873,521**	**4,512,359**
Stage 1 - 2 allowances	(5,018)	(4,678)
Stage 3 allowances	(44,249)	(45,658)
Allowance for credit losses	**(49,267)**	**(50,336)**
TOTAL	**4,824,254**	**4,462,023**

Credit risk on loans to customers is further explained in section 4.2.1 of these financial statements.

Note 6 – Other assets

In thousands of euros	30/06/2022	31/12/2021
Accounts receivable	232,757	209,235
Guarantee deposits paid	219,975	82,893
Settlement accounts for transactions of securities	206,374	37,598
Defined benefit pension scheme assets (Note 19)	251,511	121,912
Other sundry assets	153,401	145,304
Other assets	**1,064,018**	**596,942**
Prepaid expenses	51,992	38,096
Accrued income	144,742	167,746
Prepayments and accrued income	**196,734**	**205,842**
TOTAL	**1,260,752**	**802,784**

Note 7 – Acquisition of subsidiaries

Acquisition of a business managing French insurance-based assets

On 15 March 2022, Rothschild & Co reached an agreement with a French independent financial advisor to acquire 100% of a €3.0 billion AuM portfolio, almost entirely invested in an insurance-based savings scheme with guaranteed returns (''French Euro Funds/ *Fonds en Euros*'').

The acquisition is well aligned with Wealth and Asset Management strategy. The acquired client base is a strong fit in term of client profiles. The knowledge, expertise and network of Rothschild Martin Maurel will benefit the new clients, thanks to a wider and diversified offering.

The consideration includes contingent consideration potentially payable in five annual instalments between April 2023 and April 2027 and the amount of the payment depends on the development of revenues over this time. The consideration is measured as at the acquisition date at the amount that is payable under the projected base-case performance of the acquired business.

The identifiable assets and liabilities have been measured at fair value as at the effective date of the acquisition, and are shown below.

The numbers disclosed in this note are not expected to change materially, but they should be considered provisional at this stage.

Assets

In millions of euros	**15/03/2022**
Loans and advances to banks	0.3
Other assets	0.8
Intangible fixed assets	30.0
TOTAL ASSETS	**31.1**

Liabilities and shareholders' equity

In millions of euros	**15/03/2022**
Current tax liabilities	0.0
Deferred tax liabilities	7.6
Other liabilities, accruals and deferred income	0.1
TOTAL LIABILITIES	**7.7**
Non-controlling interests	-
FAIR VALUE OF NET ASSETS ACQUIRED	**23.4**

Agreement to acquire 100% of Redburn, expected to complete in second half of 2022

In December 2021, Rothschild & Co reached an agreement to acquire a controlling interest in Redburn (Europe) Limited, one of the largest independent equity brokers in Europe. The acquisition will be achieved in two stages, subject to regulatory approval, which is expected to happen during the second half of 2022. Stage one will see the Group increase its current stake to 76.2% following a tender offer. Ultimately, in 2026, Rothschild & Co will acquire the outstanding shares that it will not then own, with the final consideration paid for this stake being dependent on the performance of the Redburn business up to 2025.

In anticipation of the planned acquisition, R&Co group increased its stake in Redburn to 31.7% in February 2022.

The acquisition of Redburn will support the Group's strategy to develop a global multi-product equity solutions platform, spanning independent advice on listed equity offerings, raising capital in the private markets, investor advisory services (including activist defence, ESG advice and investor engagement), through to listed company research and trade execution.

Note 8 – Intangible fixed assets

In thousands of euros	01/01/2022	Additions	Acquisition of a subsidiary	Disposals/ write-offs	Amortisation/ impairment	Exchange rate and other movements	30/06/2022
Gross intangible fixed assets							
Brand names	158,933	-	-	-	-	55	158,988
Other intangible assets	86,756	6,794	29,984	-	-	1,004	124,538
Total intangible assets – gross amount	**245,689**	**6,794**	**29,984**	**-**	**-**	**1,059**	**283,526**
Amortisation and allowances							
Brand names	(72)	-	-	-	(148)	(5)	(225)
Other intangible assets	(36,562)	-	-	-	(7,467)	(7)	(44,036)
Total amortisation and allowances	**(36,634)**	**-**	**-**	**-**	**(7,615)**	**(12)**	**(44,261)**
TOTAL	**209,055**	**6,794**	**29,984**	**-**	**(7,615)**	**1,047**	**239,265**

Note 9 – Goodwill

In thousands of euros	Global Advisory	Wealth and Asset Management	Merchant Banking	TOTAL
As at 1 January 2022	123,440	69,813	4,168	197,421
Additions	-	29,124	-	29,124
Currency translation	(528)	2,292	354	2,118
AS AT 30 JUNE 2022	**122,912**	**101,229**	**4,522**	**228,663**

Additions

Goodwill at 30 June 2022 includes the effect of the Group's acquisition of 100% of a business managing French insurance-based assets. Further details are provided in Note 7.

Note 10 – Due to banks and other financial institutions

In thousands of euros	30/06/2022	31/12/2021
Interbank demand and overnight deposits	11,173	14,932
Repurchase agreements	325,000	325,000
Interbank term deposits and borrowings	161,931	167,865
Accrued interest	4,693	4,681
TOTAL	**502,797**	**512,478**

Repurchase agreements consist of debt (TLTRO) issued by the ECB. The Group considers that the interest rate, including the possible bonus, is a market rate, as the ECB applies the same conditions to all banks. Debt with a market rate of interest is accounted for under IFRS 9.

It has given rise to the recognition of negative interest expense at an enhanced rate of -100bp over the period, as the Group has met the lending objectives defined by the ECB.

Note 11 – Customer deposits

In thousands of euros	30/06/2022	31/12/2021
Demand deposits	10,865,043	11,025,423
Term deposits	713,502	517,399
Borrowings secured by bills	40,514	112,297
Accrued interest	1,015	412
TOTAL	**11,620,074**	**11,655,531**

Note 12 – Other liabilities, accruals and deferred income

In thousands of euros	30/06/2022	31/12/2021
Due to employees	609,727	980,086
Other accrued expenses and deferred income	113,777	127,726
Accrued expenses	**723,504**	**1,107,812**
Guarantee deposits received	244,427	77,391
Settlement accounts for transactions of securities	131,055	56,398
Accounts payable	53,917	43,136
Sundry creditors	107,660	108,608
Other liabilities	**537,059**	**285,533**
TOTAL	**1,260,563**	**1,393,345**

Note 13 – Provisions

In thousands of euros	01/01/2022	Charge/ (release)	(Paid)	Exchange movement	Other movements	30/06/2022
Provisions for counterparty risk	681	(473)	-	-	-	208
Provisions for claims and litigation	20,797	4,248	(1,866)	508	13	23,700
Provisions for property	1,790	-	-	37	-	1,827
Provisions for staff costs	6,739	556	(490)	33	-	6,838
Other provisions	1,674	-	(1,023)	-	-	651
Subtotal	**31,681**	**4,331**	**(3,379)**	**578**	**13**	**33,224**
Retirement benefit liabilities (Note 19)	11,307	-	(759)	-	(425)	10,123
TOTAL	**42,988**	**4,331**	**(4,138)**	**578**	**(412)**	**43,347**

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.

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 that are likely to have an impact on the Group's financial statements, based on information available.

Note 14 – Impairments

In thousands of euros	01/01/2022	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	30/06/2022
Loans and advances to customers	(50,336)	(2,482)	3,160	82	309	(49,267)
Other assets	(23,925)	(866)	3,456	981	(484)	(20,838)
Securities at amortised cost	(555)	(71)	-	-	-	(626)
TOTAL	**(74,816)**	**(3,419)**	**6,616**	**1,063**	**(175)**	**(70,731)**

Note 15 – Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euros	30/06/2022	31/12/2021
Net asset/(liability) as at beginning of period	**11,949**	**32,411**
of which deferred tax net assets	*64,025*	*71,184*
of which deferred tax net liabilities	*(52,076)*	*(38,773)*
Recognised in income statement		
Income statement (expense)/income	(3,444)	10,252
Recognised in equity		
Defined benefit pension arrangements	(22,430)	(34,025)
Share options	(2,014)	2,856
Net investment hedge	-	(16)
Cash flow hedge	291	(284)
Exchange differences	1,501	3,234
Acquisition of a subsidiary	(7,652)	(2,706)
Other	50	227
NET ASSET/(LIABILITY) AS AT END OF PERIOD	**(21,749)**	**11,949**
of which deferred tax net assets	*92,274*	*64,025*
of which deferred tax net liabilities	*(114,023)*	*(52,076)*

Note 16 – Non-controlling interests

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

In thousands of euros	30/06/2022 Income	30/06/2022 Amounts in the balance sheet	30/06/2022 Distributions	30/06/2021 Income	31/12/2021 Amounts in the balance sheet	30/06/2021 Distributions
Share of profit attributable to non-controlling interests						
Preferred shares	74,279	68,017	164,109	99,564	157,847	126,514
Other	1,557	2,124	3,717	11	4,770	61
Expense, net of tax						
Perpetual subordinated debt	7,434	305,494	7,318	6,519	305,760	6,570
TOTAL	**83,270**	**375,635**	**175,144**	**106,094**	**468,377**	**133,145**

Preferred shares

Preferred shares within NCoI mainly consist of amounts calculated in accordance with statutory clauses applicable to French limited partnerships of the Group. The distributed profit share *(préciput)* is based on the partnerships' individual local earnings.

Purchase of preferred shares previously held by non-controlling interests

On 13 April 2022, the Group paid €41.3 million, at fair value, to certain companies owned by the Rothschild family for general partnership preferred shares (*parts d'associés commandités)* that were issued many years ago by RMM. The fairness of the acquisition price was reviewed by an independent financial expert. These shares were previously accounted for as NCoI in the Group. Following the purchase, the selling companies no longer have the right to receive profit share income (*dividende préciputaire*) from RMM.

The carrying value of the shares in the NCoI section of the Group's balance sheet as at 1 January 2022 was €0.0m. As the purchase of the NCoI is a transaction with shareholders, the uplift in fair value on repayment was charged directly to shareholders' funds in the consolidated statement of changes in equity. The proceeds paid are disclosed as a reduction in NCoI.

Perpetual subordinated debt

Subsidiaries inside the Group have issued to third parties perpetual subordinated debt instruments that 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 NCoI because they were issued by subsidiaries and not held by the Group. The interest payable, net of tax relief, on these instruments is shown as a charge to NCoI. The instruments are shown below.

In thousands of euros	30/06/2022	31/12/2021
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	171,804	176,267
Perpetual floating rate subordinated notes (€150 million)	60,089	61,649
Perpetual floating rate subordinated notes (US$200 million)	73,601	67,844
TOTAL	**305,494**	**305,760**

Note 17 – Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, the account "cash and cash equivalents" is made up of the following items:

In thousands of euros	30/06/2022	31/12/2021
Cash and accounts with central banks	5,099,189	6,005,107
Interbank assets - demand deposits and overnight loans	943,661	892,238
Other cash equivalents	327,393	374,252
Interbank liabilities - demand deposits and overnight loans	(11,173)	(14,932)
TOTAL	**6,359,070**	**7,256,665**

Cash includes demand deposits placed with banks and cash on hand. Other cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of value change. These comprise overnight interbank reverse repos and public bills that are held for trading.

Note 18 – Commitments given and received

Commitments given

In thousands of euros	30/06/2022	31/12/2021
Given to customers	986,760	835,401
Loan and debt security commitments	**986,760**	**835,401**
Given to banks	15,561	15,539
Given to customers	135,016	130,622
Guarantee commitments	**150,577**	**146,161**
Investment commitments	629,281	405,713
Irrevocable nominee commitments	429,168	336,212
Other commitments given	3,430	3,275
Other commitments given	**1,061,879**	**745,200**

Investment commitments relate to equity investments in Merchant Banking funds and direct investments. Irrevocable nominee commitments represent commitments to funds where the Group acts as a nominee on behalf of its clients. The commitment to employees in respect of deferred remuneration is set out in Note 23.

Commitments received

In thousands of euros	30/06/2022	31/12/2021
Received from banks	296,387	195,148
Loan commitments	**296,387**	**195,148**
Received from banks	9,168	36,195
Received from customers	650	650
Guarantee commitments	**9,818**	**36,845**

Note 19 – Retirement benefit obligations

The Group supports various pension schemes for the employees of operating subsidiaries, including the NMR Pension Fund ("UK Fund"), the NMR Overseas Pension Fund ("Overseas Fund"), and R&CoBZ's funded pension schemes ("Swiss Funds"). The values of assets and obligations in the principal schemes are prepared by qualified independent actuaries for the half year and year-end accounts. Further information on retirement benefit obligations is provided in the financial statements for the period ended 31 December 2021. Details of the movements in the schemes as at 30 June 2022 are described in summary below.

Amounts recognised in the balance sheet

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	30/06/2022
Present value of funded obligations	879,962	272,270	-	1,152,232
Fair value of plan assets	(1,127,464)	(276,279)	-	(1,403,743)
Subtotal	**(247,502)**	**(4,009)**	**-**	**(251,511)**
Present value of unfunded obligations	-	-	10,123	10,123
TOTAL IN BALANCE SHEET	**(247,502)**	**(4,009)**	**10,123**	**(241,388)**
Unrecognised plan assets	-	(39,140)	-	(39,140)
Total (recognised and unrecognised)	**(247,502)**	**(43,149)**	**10,123**	**(280,528)**
of which schemes in balance sheet with net liabilities	*-*	*-*	*10,123*	*10,123*
of which schemes in balance sheet with net (assets)	*(247,502)*	*(4,009)*	*-*	*(251,511)*

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2021
Present value of funded obligations	1,253,842	261,545	-	1,515,387
Fair value of plan assets	(1,353,145)	(284,154)	-	(1,637,299)
Subtotal	**(99,303)**	**(22,609)**	**-**	**(121,912)**
Present value of unfunded obligations	-	-	11,307	11,307
TOTAL IN BALANCE SHEET	**(99,303)**	**(22,609)**	**11,307**	**(110,605)**
Unrecognised plan assets	-	-	-	-
Total (recognised and unrecognised)	**(99,303)**	**(22,609)**	**11,307**	**(110,605)**
of which schemes in balance sheet with net liabilities	*-*	*-*	*11,307*	*11,307*
of which schemes in balance sheet with net (assets)	*(99,303)*	*(22,609)*	*-*	*(121,912)*

Under pension accounting rules, applied to the circumstances of the Swiss Funds, the maximum economic benefit that can be recognised is the sum of employer contribution reserves and the capitalised value of the difference between the employer's future service cost and the employer's expected future contributions to the fund. As at 31 December 2021, the net pension assets in the Swiss Funds were expected to become available to the Group. This could be relied upon at that time because the Group's contributions were less than its service cost.

Based on conditions as at 30 June 2022, the Group's future contributions to one of the Swiss Funds are expected to be greater than the service cost, so the surplus of assets in this fund can now only be relied upon to become available to the Group to the extent of the employer contribution reserve. Therefore, a portion of the surplus plan assets have been derecognised from the balance sheet as at 30 June 2022. This change is mainly due to the fact that the service cost has decreased significantly as a result of the increase in the discount rate since 31 December 2021.

Movement in net defined benefit obligation

In thousands of euros	Plan (assets)	Defined benefit obligations	Net defined benefit liability/ (asset)
As at 1 January 2022	**(1,637,299)**	**1,526,694**	**(110,605)**
Current service cost (net of contributions paid by other plan participants)	-	7,890	7,890
Contributions by the employees	(2,800)	2,800	-
Past service costs	-	-	-
Interest (income)/cost	(13,192)	12,269	(923)
Remeasurements due to:			
- actual return less interest on plan assets	214,564	-	214,564
- changes in financial assumptions	-	(416,997)	(416,997)
- experience (gains)/losses	-	31,873	31,873
Benefits paid	18,547	(18,547)	-
(Contributions) by the Group	(9,239)	-	(9,239)
Administration expenses	1,070	-	1,070
Exchange and other differences	24,606	(22,767)	1,839
AS AT 30 JUNE 2022	**(1,403,743)**	**1,123,215**	**(280,528)**

Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euros	30/06/2022	30/06/2021
Current service cost (net of contributions paid by other plan participants)	7,890	7,078
Net interest (income)/cost	(923)	425
Administration costs	1,070	1,039
TOTAL (included in staff costs)	**8,037**	**8,542**

Amounts recognised in statement of comprehensive income

In thousands of euros	30/06/2022	31/12/2021
Remeasurement gains/(losses) recognised in the period	131,420	180,480
Cumulative remeasurement gains/(losses) recognised in the statement of comprehensive income	18,150	(113,270)

Actuarial assumptions and sensitivities

The principal actuarial assumptions used in the main funds as at the balance sheet date were as follows.

	UK and Overseas Funds		Swiss Funds	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Discount rate	3.90%	2.00%	2.30%	0.20%
Retail price inflation	3.20%	3.30%	n/a	n/a
Consumer price inflation	2.40%	2.40%	1.50%	0.75%
Expected rate of salary increases	2.00%	2.00%	1.75%	1.00%
Expected rate of increase of pensions in payment:				
Uncapped increases	n/a	n/a	0.00%	0.00%
Capped at 5.0%	3.10%	3.10%	n/a	n/a
Capped at 2.5%	2.10%	2.10%	n/a	n/a
Life expectancy in years of a:				
Male pensioner aged 60	29.2	29.1	27.7	27.6
Female pensioner aged 60	30.7	30.6	29.6	29.4
Male pensioner aged 60 in 20 years' time	30.5	30.4	30.1	30.0
Female pensioner aged 60 in 20 years' time	32.0	31.9	31.6	31.5

6. Notes to the income statement

Note 20 – Net interest income

Interest income

In thousands of euros	30/06/2022	30/06/2021
Interest income - loans to banks	4,563	2,028
Interest income - loans to customers	34,786	27,449
Interest income - debt securities at FVTPL	513	393
Interest income - debt securities at amortised cost	3,099	2,606
Interest income - derivatives	17,585	10,457
Interest income - other financial assets	251	116
TOTAL	**60,797**	**43,049**

Interest income includes €1.7 million of negative interest expense on the TLTRO transactions made with the ECB (June 2021: €0.5 million) as well as €1.1 million of negative interest expense from amounts due to customers (June 2021: €0.8 million).

Interest expense

In thousands of euros	30/06/2022	30/06/2021
Interest expense - due to banks and other financial institutions	(3,417)	(3,288)
Negative interest income from loans to banks	(17,147)	(13,019)
Interest expense - due to customers	(1,949)	(1,108)
Interest expense - derivatives	(724)	(880)
Interest expense - lease liabilities	(2,391)	(2,443)
Interest expense - other financial liabilities	(16)	88
TOTAL	**(25,644)**	**(20,650)**

Note 21 – Net fee and commission income

Fee and commission income

In thousands of euros	30/06/2022	30/06/2021
Fees for M&A advisory work	638,278	580,403
Fees for Financing Advisory work and other services	221,767	263,302
Portfolio and other management fees - Wealth and Asset Management	312,409	257,692
Portfolio and other management fees - Merchant Banking	79,151	63,777
Banking and credit-related fees and commissions	3,911	3,571
Other fees	7,697	6,632
TOTAL	**1,263,213**	**1,175,377**

Fee and commission expense

In thousands of euros	30/06/2022	30/06/2021
Fees for M&A advisory work	(6,062)	(3,010)
Fees for Financing Advisory work and other services	(3,028)	(7,765)
Portfolio and other management fees - Wealth and Asset Management	(39,936)	(33,234)
Portfolio and other management fees - Merchant Banking	(2,571)	(2,999)
Banking and credit-related fees and commissions	(14)	(56)
Other fees	(2,792)	(2,038)
TOTAL	**(54,403)**	**(49,102)**

Note 22 – Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euros	30/06/2022	30/06/2021
Net income - financial instruments at fair value through profit or loss	65,095	121,514
Net income - carried interest	38,555	63,639
Net income - foreign exchange operations	21,713	15,584
Net income - other operations	5,601	134
TOTAL	**130,964**	**200,871**

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

Financial instruments at fair value through profit or loss include both ordinary equity and carried interest shares held by the Group in its Merchant Banking funds. They also include debt securities issued by its Merchant Banking investment vehicles.

Note 23 – Operating expenses

In thousands of euros	30/06/2022	30/06/2021
Compensation and other staff costs	(745,521)	(675,426)
Defined benefit pension expenses	(8,037)	(8,542)
Defined contribution pension expenses	(9,866)	(8,799)
Staff costs	**(763,424)**	**(692,767)**
Administrative expenses	(159,982)	(118,870)
TOTAL	**(923,406)**	**(811,637)**

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.

In most circumstances, 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. Occasionally, in certain circumstances, the Group allows employees to accelerate the vesting of deferred cash awards, and in this case, any remaining uncharged expense is recognised immediately. Employees who are identified as Material Risk Takers (MRT) under the Capital Requirements Directive V (CRD V) will have a portion of their current year bonus deferred over four years, with the expense recognised accordingly.

A portion of the bonuses paid to MRTs identified under CRD V and the Investment Firms Prudential Regime (IFPR) are settled in the form of a non-cash instrument. There are two forms of non-cash instruments in the R&Co Group, used in response to the CRD V and IFPR. Firstly, an equity-settled deferred share award consisting of R&Co shares: these R&Co shares are released to the employees six months after the vesting date of the award. Secondly, a cash-settled share-linked cash award (non-deferred): this vests immediately but the value of the amount paid moves in line with the R&Co share price over a six-month holding period.

A commitment to employees exists in connection with 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 €190 million (€164 million as at 31 December 2021).

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

Note 24 – Cost of Risk

In thousands of euros	Impairment	Impairment reversal	Recovered loans	30/06/2022	30/06/2021
Loans and advances to customers	(2,482)	3,160	84	762	895
Securities at amortised cost	(71)	-	-	(71)	44
Other assets	(866)	3,456	-	2,590	609
Commitments given to customers	(127)	600	-	473	-
TOTAL	**(3,546)**	**7,216**	**84**	**3,754**	**1,548**

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

In thousands of euros	30/06/2022	30/06/2021
Gains/(losses) related to disposal and impairment of tangible or intangible assets	(101)	(124)
Gains/(losses) related to acquisition, disposal and impairment of Group companies	1,674	(700)
Non-operating income/(expense)	(3,980)	4,657
TOTAL	**(2,407)**	**3,833**

The result in the account "Non-operating income/(expense)" includes the unrealised change in value and dividend income from certain fair-valued legacy investments, which are excluded from the management result.

Note 26 – Income tax expense

In thousands of euros	30/06/2022	30/06/2021
Current tax	(78,452)	(70,900)
Deferred tax	(3,444)	12,787
TOTAL	**(81,896)**	**(58,113)**

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

In thousands of euros	30/06/2022		30/06/2021	
Profit before tax		**413,963**		**510,302**
Expected tax charge at standard French corporate income tax rate	25.83%	106,927	28.40%	144,977
Main reconciling items [(1)]				
Impact of foreign profits and losses taxed at different rates	(8.3%)	(34,464)	(11.8%)	(60,077)
Tax on partnership profits recognised outside the Group	(4.6%)	(18,951)	(5.4%)	(27,694)
Impact of deferred tax unrecognised on losses	(0.6%)	(2,361)	+0.1%	654
Tax impacts relating to prior years	(0.0%)	(26)	+0.1%	718
Tax on dividends received through partnerships	+0.2%	619	+0.1%	412
Recognition of previously unrecognised deferred tax	+0.5%	2,079	(0.4%)	(2,274)
Permanent differences	+1.3%	5,267	+0.1%	118
Irrecoverable and other dividend-related taxes	+1.8%	7,276	+0.5%	2,682
Tax impact on deferred tax relating to change of the corporate income tax rate	+3.8%	15,915	(0.4%)	(1,829)
Other tax impacts	(0.1%)	(385)	+0.1%	426
Actual tax charge	**19.8%**	**81,896**	**11.4%**	**58,113**
EFFECTIVE TAX RATE		**19.8%**		**11.4%**

[(1)] The categories used in the comparative disclosure are always presented in a way that is consistent with the categories used to explain the tax in the current period.

Note 27 – Related parties

On 13 April 2022, the Group paid €41.3 million to companies owned by the Rothschild family for the fair value of general partnership preferred shares (*parts d'associés commandités*), issued many years ago by the RMM group. Further details of the transaction are provided in Note 16.

On 30 June 2022, a company owned by the Rothschild family purchased Merchant Banking assets from the Group for cash of €9.5m. The value of the assets was based on the assets' fair value as at 31 March 2022, adjusted for capital calls and distributions up to 30 June 2022.

Note 28 – Segmental information

The table below presents a segmental analysis by business line, used internally for assessing business performance, which is then adjusted to conform to the Group's statutory accounting policies. The reconciliation to IFRS mainly reflects: the treatment of profit share (*préciput*) paid to French partners as non-controlling interests; accounting for normal and, in 2022, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in the account "Net income/(expense) from other assets" or administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes.

Segmental information split by business

In thousands of euros	Global Advisory	Wealth and Asset Management	Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	30/06/2022
Net banking income	**856,620**	**337,361**	**187,857**	**8,270**	**1,390,108**	**(15,562)**	**1,374,546**
Operating expenses	(693,862)	(266,675)	(66,731)	(27,491)	(1,054,759)	90,868	(963,891)
Cost of risk	-	576	-	-	576	3,178	3,754
Operating income	**162,758**	**71,262**	**121,126**	**(19,221)**	**335,925**	**78,484**	**414,409**
Share of profits of associated entities	-	-	-	-	-	1,961	1,961
Non-operating income	-	-	-	-	-	(2,407)	(2,407)
Profit before tax	**162,758**	**71,262**	**121,126**	**(19,221)**	**335,925**	**78,038**	**413,963**

In thousands of euros	Global Advisory	Wealth and Asset Management	Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	30/06/2021
Net banking income	**833,397**	**274,186**	**234,602**	**8,148**	**1,350,333**	**(470)**	**1,349,863**
Operating expenses	(668,670)	(217,371)	(49,323)	(30,590)	(965,954)	120,503	(845,451)
Cost of risk	-	797	-	-	797	751	1,548
Operating income	**164,727**	**57,612**	**185,279**	**(22,442)**	**385,176**	**120,784**	**505,960**
Share of profits of associated entities	-	-	-	-	-	509	509
Non-operating income	-	-	-	-	-	3,833	3,833
Profit before tax	**164,727**	**57,612**	**185,279**	**(22,442)**	**385,176**	**125,126**	**510,302**

Net banking income split by geographical segment

In thousands of euros	30/06/2022	%	30/06/2021	%
United Kingdom and Channel Islands	400,342	29%	367,994	27%
Rest of Europe	345,637	25%	325,310	24%
France	333,348	24%	358,011	27%
Americas	158,781	12%	198,678	15%
Switzerland	79,501	6%	52,823	4%
Australia and Asia	44,142	3%	37,384	3%
Other	12,795	1%	9,663	1%
TOTAL	**1,374,546**	**100%**	**1,349,863**	**100%**

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

Note 29 – Earnings per share

	30/06/2022	30/06/2021
Net income - Group share (millions of euros)	248.8	346.1
Profit share (préciput) adjustment (millions of euros)	(1.7)	(1.5)
Net income - Group share after préciput adjustment (millions of euros)	**247.1**	**344.6**
Basic average number of shares in issue - 000s	**72,056**	**72,159**
Earnings per share - basic (euros)	**€3.43**	**€4.78**
Effect of potentially dilutive ordinary shares - 000s	1,191	945
Diluted average number of shares in issue - 000s	**73,247**	**73,104**
Earnings per share - diluted (euros)	**€3.37**	**€4.71**

Basic earnings per share are calculated by dividing Net income - Group share (after removing accrued profit share (*préciput*), which is not part of the distributable profit available to shareholders) by the weighted average number of shares in issue during the period. The *préciput* adjustment is spread evenly over the reporting period.

Diluted earnings per share are calculated using the treasury share method, whereby net income is divided by the sum of the weighted average number of shares outstanding plus the bonus number of shares that would be issued through dilutive option or share awards. Share options and awards that are dilutive are those that are in the money, based on the average share price during the period. The majority of potential shares that are not dilutive are connected to the Rothschild & Co Equity Scheme.

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

Note 30 – Consolidation scope

With the exception of transactions disclosed in Note 7, there have been no material changes during the period in the scope of companies consolidated by the Group.

Abbreviations and glossary

Term	Definition
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French prudential and resolution authority)
bp	Basis point
Company	Rothschild & Co SCA
CRD V	Capital Requirements Directive 5
DCF	Discounted cash flow
ECL	Expected credit loss (IFRS 9), which can be measured on either a 12-month basis (12m ECL) or a lifetime basis (lifetime ECL)
Equity Scheme	Rothschild & Co operates a scheme for certain senior staff where participants are required to invest in Rothschild & Co shares and for each share owned they are granted four share options
ESG	Environmental, social and governance
EVE	Economic value of equity
Financing Advisory	A subset of the Global Advisory business, encompassing debt advisory; restructuring and equity advisory; and investor advisory work.
FVTPL	Fair value through profit or loss
GA	Global Advisory (business segment)
GEC	Group Executive Committee
Group	Rothschild & Co SCA and its consolidated subsidiaries
IBOR	Interbank offered rate
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
LCR	Liquidity coverage ratio
Level 1/2/3	IFRS 13 fair value hierarchy, explained in section 4.4.1
LGD	Loss given default (IFRS 9)
LIBOR	London interbank offered rate
Lombard lending	Lending secured against portfolios of securities
LTV	Loan to value
Managing Partner	Rothschild & Co Gestion SAS (the *gérant*)
MB/Merchant Banking	Merchant Banking (business segment)
MRT	Material Risk Taker, as defined under CRD V
NCoI	Non-controlling interest
NMR	N.M. Rothschild & Sons Limited
OCI	Other comprehensive income
Overseas Fund	N. M. Rothschild & Sons Limited overseas pension fund
PCL	Private Client Lending in the WAM business segment
PD	Probability of default (IFRS 9)
PER	Price/earnings ratio
R&Co	Rothschild & Co SCA
R&Co Gestion	Rothschild & Co Gestion SAS (the *gérant*/ Managing Partner)
R&CoBZ	Rothschild & Co Bank AG Zurich
RMM	Rothschild Martin Maurel SCS
Stage 1/2/3	IFRS 9 credit quality assessments
Supervisory Board	Rothschild & Co supervisory board
Swiss Funds	Rothschild & Co Bank AG Zurich pension funds
TLTRO	Targeted longer-term refinancing operation
UK Fund	N. M. Rothschild & Sons Limited pension fund
WAM	Wealth and Asset Management (business segment)

Statutory Auditors' review report on the half-year financial information

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

For the period from 1 January 2022 to 30 June 2022

To the Shareholders,

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

- the limited review of the accompanying condensed half-year consolidated financial statements of Rothschild & Co SCA, for the period from 1 January 2022 to 30 June 2022,
- the verification of the information presented in the half-year activity report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Managing Partner (gérant). Our role is to express a conclusion on these financial statements based on our limited review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review of interim financial information consists primarily of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. A limited review is substantially less extensive in scope than an audit conducted in accordance with the professional standards applicable in France. Accordingly, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained in a limited review is a moderate assurance, lower than that obtained in an audit.

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

II. Specific verification

We have also verified the information presented in the half-year activity report on the condensed half-year consolidated financial statements subject to our limited review.

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

Paris La Défense, 5 August 2022
KPMG S.A.

Paris, 5 August 2022
Cailliau Dedouit et Associés S.A.

French original signed by

Arnaud Bourdeille
Partner

Jean-Jacques Dedouit
Partner

Statement by the persons responsible for the Half-year Financial Report

Persons responsible for the half-year financial report

Rothschild & Co Gestion SAS	**Mark Crump**
Managing Partner	Group Chief Financial Officer and Chief Operating Officer

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

We hereby declare that, to the best of our knowledge,the condensed half-year consolidated financial statements for the past six-month period have been 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 other companies included in the scope of consolidation,and that the half-year activity herein report gives a fair view of the material events that occurred in the first six months of the financial year, their impact on the condensed half-year financial statements and the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, 5 August 2022

Rothschild & Co Gestion SAS	**Mark Crump**
Managing Partner Represented by Alexandre de Rothschild, Executive Chairman	Group Chief Financial Officer and Chief Operating Officer

About Rothschild & Co

Rothschild & Co is a family-controlled and independent group and has been at the centre of the world's financial markets for over 200 years. With a team of c.3,800 talented financial services specialists on the ground in over 40 countries, Rothschild & Co's integrated global network of trusted professionals provides in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth and Asset Management, and Merchant Banking.

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 €155,495,024. Paris trade and companies registry number 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France

Rothschild & Co