Rothschild & Co

Half-year Financial Report

30 June 2023

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Half-year activity report

1. Summary Consolidated income statement

The Rothschild & Co Supervisory Board met on 3 August 2023 and reviewed the half-year summary consolidated financial statements for the period from 1 January to 30 June 2023.

(in € million)	H1 2023	H1 2022	Var	Var %
Revenue	**1 241**	**1 375**	***(134)***	***(10)%***
Staff costs	(766)	(763)	*(3)*	*0%*
Administrative expenses	(191)	(160)	*(31)*	*19%*
Depreciation and amortisation	(46)	(41)	*(5)*	*12%*
Cost of risk	3	3	*0*	-
Operating income	**241**	**414**	***(173)***	***(42)%***
Other income / (expense) (net)	6	0	*6*	*n/a*
Profit before tax	**247**	**414**	***(167)***	***(40)%***
Income tax	(51)	(82)	*31*	*(38)%*
Net income	**196**	**332**	***(136)***	***(41)%***
Non-controlling interests	(68)	(83)	*15*	*(18)%*
Net income - Group share	**128**	**249**	***(121)***	***(49)%***
Adjustments for exceptionals (charges)	(21)	0	*(21)*	*n/a*
Net income - Group share excl. exceptionals	**149**	**249**	***(100)***	***(40)%***
Earnings per share*	***€1.74***	***€3.43***	***(€1.68)***	***(49)%***
EPS excl. exceptionals	***€2.03***	***€3.43***	***(€1.40)***	***(41)%***
Return On Tangible Equity (ROTE)	***8.2%***	***17.9%***		
ROTE excl. exceptionals	***9.5%***	***17.9%***		

* *Diluted EPS is €1.71 (H1 2022: €3.37)*

Exceptional items are shown in Appendix B.

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

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. Financing Advisory encompasses Debt Advisory, Restructuring, and Equity Markets Solutions, which includes ECM Advisory, Private Capital, Investor Advisory and Redburn.

Revenue for H1 2023 was €676 million, down 21%[1] compared to our record H1 last year (€857 million), reflecting lower levels of completion activity in the first half of the year. For the last twelve months to June 2023, we ranked 6th globally by revenue[2].

Profit before tax for H1 2023 was €80 million, down 51%[1] (H1 2022: €163 million). Total costs were down 14%[1] following a reduction in variable compensation, partially offset by inflationary increases in non-personnel costs. This represents an operating margin of 12% (H1 2022: 19%). Excluding Redburn, where we continue to invest strategically, our operating margin was 14%[1].

Our **M&A revenue for H1 2023** was €448 million, down 30% (H1 2022: €642 million), based on relatively strong performances across the majority of our geographies and sector franchises compared to the M&A market as a whole, where completed Global M&A activity was down 49% by deal value and 33% by number of transactions[3]. We ranked 2nd globally by number of completed transactions for the first half of 2023[4]. 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[5].

Financing Advisory revenue for H1 2023 was €228 million, up 6% (H1 2022: €215 million), when including Redburn fully consolidated this year, but down 8% excluding Redburn[1]. Notwithstanding the more challenging market backdrop in H1 2023, our Debt Advisory and Restructuring business performed well, where we ranked 1st in Europe by number of completed restructuring transactions. This was offset by lower Equity Capital Market activity, where we have performed well relative to the market advising on the two largest European IPOs in H1 2023[5]. 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.

Global Advisory advised the following clients on significant selected assignments that completed in H1 2023:

- **Ministry of Finance of Ukraine** on its 4-year IMF program, the design of financing assurances, and the official sector debt restructuring of Paris Club bilateral creditors (US$15.6 billion, Ukraine)
- **Lanxess** on the creation of an engineering materials joint venture with Advent (€6.2 billion, Germany)
- **Capital & Counties Properties** on its merger with Shaftesbury PLC (c.£5 billion, United Kingdom)
- **Talen Energy** on its restructuring (adviser to Unsecured Noteholders - US$4.8 billion, United States)
- **EDP & EDPR** on its capital raise via concurrent ABBs by EDP and listed subsidiary EDPR, with cornerstones (€2 billion, Portugal)

For further examples of Global Advisory assignments completed during H1 2023, please refer to Appendix F.

[1] Excluding our strategic investment in Redburn, revenue was down 25%, profits were down 45%, total costs were down 20%, with an operating margin of 14%. Redburn was treated as an associate until 30/11/2022 and fully consolidated from 01/12/2022.
[2] Source: Company filings.
[3] Source: Dealogic (6m 2023 versus 6m 2022).
[4] Source : Refinitiv.
[5] 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:

- **Orpea** on its debt restructuring and new money raise (€9.7 billion and €2.2 billion respectively, France)
- **Americanas** on its debt restructuring (c.US$8 billion, Brazil)
- **Infranity & MEAG**, together with DigitalBridge Group on its acquisition of a portfolio of European sites from Vantage Data Centres (€2.5 billion, France, Germany and United States)
- **Asda** on its acquisition of EG UK&I (£2.27 billion, United Kingdom)
- **Fondul Proprietea** on the IPO of Hidroelectrica on the Bucharest Stock Exchange (c.US$2 billion, Romania)[1]
- **Talanx** on its acquisition of Liberty Mutual's Latin American operations (US$1.5 billion, Germany, Brazil, Chile, Colombia and Ecuador)

2.2 Wealth and Asset Management

Wealth and Asset Management (WAM) operates Wealth Management businesses in nine European countries (Belgium, France, Germany, Italy, Luxembourg, Monaco, Spain, Switzerland and the UK) and in Israel as well as an Asset Management business in Europe.

Rothschild & Co completed the sale of its North American Asset Management business to Wintrust Financial Corporation in April 2023. Figures for WAM are now restated excluding this business.

As central banks sought to control inflation, interest rates have continued to rise, albeit the pace of increase slowed in the second quarter compared to previous quarters. The Bank of England hiked rates to 5.00%, the Fed took the federal funds rate to 5.00 – 5.25% and the ECB increased to 3.5%. In the first quarter of the year, the rapid rates move exposed some weaknesses in the financial system. However, fears of wider difficulties in the banking sector and of recession have not been realised yet and economic growth surprised positively. Financial markets rose in the first half of 2023, marking a third quarter of increases since the fall of last year. More than a year after the start of the Russia-Ukraine war, European markets have fully recovered their previous valuations. Nonetheless, market volatility and uncertainty remain high.

In this environment, WAM delivered a strong first half 2023. AuM increased by 9% (or by €8.2 billion) to €102.4 billion as at 30 June 2023 (31 December 2022: €94.2 billion[2]) driven by NNA of €2.9 billion and positive market performance of €5.3 billion. WAM continued to expand and attract new clients, recording positive NNA in all Wealth Management locations (+€1.6 billion in Wealth Management). The Asset Management business had strong NNA, notably driven by fixed income (+€1.3 billion).

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.

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 training, significant effort to implement ESG regulations and upgrade existing process, and the publication of additional responsible investment disclosures.

[1] Completed in July 2023.
[2] Excluding Asset Management US, sold in April 2023.

The table below presents the progress in AuM:

In € billion	Quarter ended 30/06/2023	Quarter ended 31/03/2023	Quarter ended 30/06/2022	6 months to June 2023	6 months to June 2022
AuM opening	**99.7**	**94.2**	**102.8**	**94.2**	**103.9**
of which Wealth Management	*76.6*	*73.9*	*73.8*	*73.9*	*73.9*
of which AM Europe	*23.1*	*20.3*	*20.2*	*20.3*	*21.1*
of which AM US	*n/a*	*n/a*	*8.8*	*n/a*	*8.9*
Acquisition of French IFA	**-**	**-**	**3.0**	**-**	**3.0**
Net new assets	**1.4**	**1.5**	**0.7**	**2.9**	**1.8**
of which Wealth Management	*0.8*	*0.8*	*1.2*	*1.6*	*2.6*
of which AM Europe	*0.6*	*0.7*	*-*	*1.3*	*0.2*
of which AM US	*n/a*	*n/a*	*(0.5)*	*n/a*	*(1.0)*
Market and exchange rate	**1.3**	**4.0**	**(6.9)**	**5.3**	**(9.1)**
AuM closing	**102.4**	**99.7**	**99.6**	**102.4**	**99.6**
of which Wealth Management	*78.4*	*76.6*	*73.4*	*78.4*	*73.4*
of which AM Europe	*24.0*	*23.1*	*18.6*	*24.0*	*18.6*
of which AM US	*n/a*	*n/a*	*7.6*	*n/a*	*7.6*
% var / AuM opening	*3%*			*9%*	

Revenue for H1 2023 was €403 million, up 24% (H1 2022: €324 million), primarily due to the improved interest rate environment. Net interest income was up 263% to €117 million (H1 2022: €32 million). Within fees and commissions revenue, management fees were slightly up (+4% at €221 million), as both transaction fees and performance fees declined (respectively by 26% at €29 million and 88% at €1 million). This is a normalisation compared to H1 2022, when we benefitted from an increase in transactional activity due to higher market volatility and performance fees linked to the strong investment performance in 2021. The strong net interest income will likely reduce in the coming months as central banks slow down their rate increases.

Profit before tax for H1 2023 was €111 million, up 56% (H1 2022: €71 million), representing an operating margin of 27.6% compared to 22.0% in H1 2022. 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.

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 H1 2023 was €141 million, down 25% (H1 2022: €188 million). When compared to the average first half-year revenue over the last three years, revenue was down 11%. The table below further analyses the breakdown in revenue.

(in € million)	H1 2023	H1 2022	Var	% Var
Recurring revenue	97	74	23	*31%*
Investment performance revenue	44	114	(70)	*(61)%*
of which carried interest	*13*	*38*	*(25)*	*(66)%*
of which realised and unrealised investments gains and dividends	*31*	*76*	*(45)*	*(59)%*
Total revenue	**141**	**188**	**(47)**	***(25)%***
% recurring / total revenue	*69%*	*39%*		

The reduction in revenue reflects two opposing effects:

- An increase of 31% of recurring revenue, following the growth trajectory of fee-earning AuM mainly driven by additional closings of new Corporate Private Equity and Multi Strategies funds that were launched in 2022 and 2023; offset by:
- investment performance revenue of €44 million, lower than in H1 2022 (€114 million). This decrease comes after two years of exceptional investment gains driven by successful exits and unrealised valuation uplifts. In H1 2023 we did not complete any new exits in our Corporate Private Equity funds and the unrealised valuation uplifts were lower than in previous years. Our Debt portfolios remained resilient, generating investment performance revenue higher than during H1 2022.

Lower revenue generation in H1 2023 led to a contraction in **Profit before tax, which stood at €68 million** (H1 2022: €121 million). Operating margin was 48%, less than in the same period of last year (H1 2022: 64%). Despite the lower overall profitability level, the profitability margin of the fund management activities (which excludes investment performance revenue) reached 25% in H1 2023 (H1 2022: 10% and FY 2022: 15%). The increase was mainly driven by the ramp-up effect of new fund launches on management fee levels, including a catch-up effect on new fund closings launched in 2022.

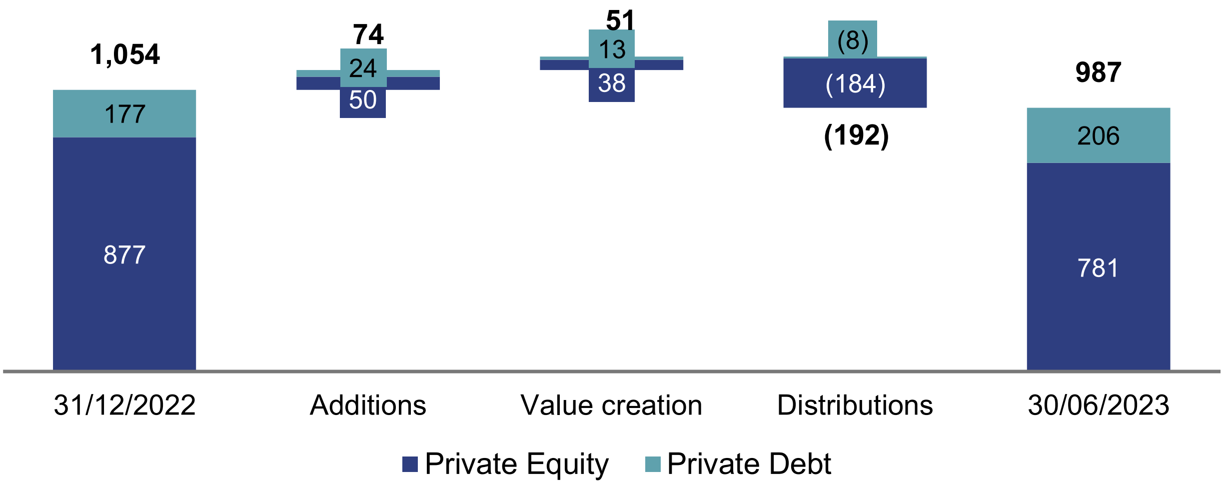
A critical indicator used to measure the performance of Merchant Banking across the investment cycle is Return On Risk Adjusted Capital ("RORAC"), a ratio comparing the adjusted profit before tax and an internal measure of risk capital invested in the business, on a rolling three-year basis. As at 30 June 2023, RORAC was 34% (30 June 2022: 30%), 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.

We remain convinced that our investment approach, centred around three key sectors (Data & Software, Healthcare and Technology-Enabled Business Services) and a portfolio of carefully selected, high-quality assets, will continue to create value for our investors and offer them adequate downside protection in an uncertain market environment.

As market conditions remain challenging, the close alignment of interests between the Group and our third-party investors is crucial. As at 30 June 2023, Rothschild & Co exposure to Merchant Banking assets totalled €987 million (of which €781 million was in private equity[1] and €206 million in private debt[2]). During H1 2023, the Group invested €74 million in Merchant Banking assets (of which €50 million was in private equity[1] and €24 million in private debt[2]) and received distributions of €192 million (of which €184 million was from private equity[1] and €8 million from private debt[2]).

[1] Private equity includes Corporate Private Equity and Multi Strategies.
[2] Private debt includes Direct Lending and Credit Management.

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



The Merchant Banking's AuM as at 30 June 2023 was €24.0 billion, 5% higher than 31 December 2022 (€22.9 billion). In H1 2023, the positive contribution from our fundraising activities was offset by large distributions from our Corporate Private Equity funds following the exits of A2Mac1 and The Binding Site which had been agreed in Q4 2022. Rothschild & Co's share of the Merchant Banking's AuM was €2.1 billion.

For a detailed description of the investment activities and business development of Merchant Banking in H1 2023, please refer to appendix G.

3. Consolidated IFRS financial results

3.1 Revenue[1]

Revenue for H1 2023 was €1,241 million (H1 2022: €1,375 million), representing a decrease of €134 million or 10%. The translation effect of exchange rate fluctuations decreased revenue by €9 million.

3.2 Operating expenses

(a) Staff costs

Overall Group headcount as at 30 June 2023 was 4,883, up 8% versus 31 December 2022 (4,508) and up 14% versus 30 June 2022 (4,281). This increase is due partly to the integration of Redburn (+231 employees included since 01/12/2022), and partly to support the development of our three businesses and the strengthening of all support functions.

Staff costs for H1 2023 were €766 million, flat versus H1 2022 (€763 million). The translation impact of exchange rate fluctuations resulted in a decrease in staff costs of €8 million.

The adjusted compensation ratio, as defined in Appendix H on Alternative Performance Measures, was 67.9% as at 30 June 2023 (H1 2022: 66.0%).

The accounting effect of deferred bonus compensation plans is included in the statutory accounts. In H1 2022, this resulted in a net credit of €14 million. In H1 2023, this resulted in a net charge of €61 million of which €20 million is due to the acceleration of the accounting for deferred bonuses as certain partners of the Group will utilise their future deferred bonus pools to invest in Rothschild & Co Partners.

The compensation ratio, if adjusted for the deferred bonus effect, would be 62.8% (H1 2022: 67.1%).

[1] Net Banking Income under IFRS

(b) Administrative expenses

Administrative expenses for H1 2023 were €191 million (H1 2022: €160 million), an increase of €31 million as a result of the full consolidation of Redburn, advisor costs related to the current Offer, headcount increase and related costs (recruitment, IT and market data), the normalisation of travel and entertainment, as well as inflationary effects. The translation impact of exchange rate fluctuations resulted in a decrease in administrative expenses of €1 million.

(c) Depreciation and amortisation

Depreciation and amortisation for H1 2023 were €46 million (H1 2022: €41 million), due to the full consolidation of Redburn and increases in amortisation of software alongside amortisation of intangible assets following WAM acquisitions.

(d) Cost of risk

Cost of risk for H1 2023 was a credit of €3 million (H1 2022: credit of €3 million) reflecting the reversal of previous impairment provisions.

3.3 Other income / (expenses)

Other income and expenses for H1 2023 were a credit of €6 million (H1 2022: nil) mainly due to a gain on the sale of the Asset Management business in the US.

3.4 Income tax

The income tax charge for H1 2023 was €51 million (H1 2022: €82 million) comprising a current tax charge of €52 million and a deferred tax credit of €1 million, giving an effective tax rate of 20.7% (H1 2022: 19.8%).

3.5 Non-controlling interests

The charge for non-controlling interests for H1 2023 was €68 million (H1 2022: €83 million). This mainly comprises profit share (*préciput*) payable to French partners and interest on perpetual subordinated debt.

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 2023 of €3.03 billion (31/12/2022: €3.57 billion) after providing for the exceptional distribution of reserves of €0.6 billion.

The Common Equity Tier 1 (CET 1) ratio was 23.6%[1] pre-exceptional distribution of reserves and 18.7% post exceptional distribution of reserves as at 30 June 2023 (31/12/2022: 22.3%). 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.

	30/06/2023 pre-exceptional distribution of reserves	30/06/2023 post exceptional distribution of reserves	31/12/2022	Full Basel 3 minimum with CBR (Combined Buffer Requirements)
Common Equity Tier 1 ratio (CET 1)	23.6%	18.7%	22.3%	7.5%
Global solvency ratio	23.6%	18.7%	22.3%	11.0%

1 Subject to permission from the ACPR to include profits in Common Equity Tier 1 capital (CET1).

2 Subject to the provisions of article 26.2 of Regulation (EU) No 575/2013.

High levels of liquidity are maintained with cash and treasury assets accounting for 52% of the total assets of €17.8 billion (31/12/2022: 51%). Lending remains conservatively funded by customer deposits with a loan to deposit ratio of 42% as at 30 June 2023 (31/12/2022: 48%).

Operating cash flow[1] (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 H1 2023, the OCF was an outflow of €356 million (H1 2022: outflow of €245 million).

Net book value per share was €41.92 post exceptional distribution of reserves and €49.92 before exceptional distribution of reserves (31/12/2022: €49.73). Net tangible book value per share was €35.46 post exceptional distribution of reserves and €43.46 before exceptional distribution of reserves (31/12/2022: €43.21).

5. 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 long-term roadmap for integration of sustainability considerations across the Group's business model.

In 2022, our investment businesses adopted a new Responsible Investment Roadmap with a focus on climate action and inclusive growth, supporting business lines' strategies and contributing to the Group's long-term sustainability ambition. Our Global Advisory business continued to take a leading advisory role on transactions relating to innovative energy and climate transition technology and energy management. In 2023, we remain focused on these initiatives, as well as group-wide commitments to ensure a diverse and inclusive people culture and a balanced working environment, and our commitment to reduce operational GHG emissions on a trajectory aligned with the goals of the Paris Agreement.

6. Simplified tender Offer by Rothschild & Co Concordia for the Rothschild & Co shares

The simplified tender offer for Rothschild & Co shares, announced by Concordia on 6 and 13 February 2023, was filed on 8 June 2023.

On 18 July 2023, the *Autorité des marchés financiers* ("AMF") cleared the Offer, and on the same day issued its visa for Concordia's Offer Document and Rothschild & Co's Response Document, under numbers 23-316 and 23-317 respectively.

Following the detachment of the exceptional distribution of reserves of 8.00 euros per share on 20 July 2023, the Offer was opened on 24 July 2023 at a price of 38.60 euros per Rothschild & Co share (ordinary dividend of €1.40 and exceptional distribution of reserves of €8.00 detached) for a period of 35 business days, i.e. until 8 September (inclusive).

It should also be noted that on 4 July 2023, the Supervisory Board of Rothschild & Co issued a unanimous favourable reasoned opinion on the Offer, considering that it is in the interest of Rothschild & Co, its shareholders and its employees, and recommended that Rothschild & Co shareholders tender their shares to the Offer. This decision followed consideration of the work of the *ad hoc* committee and the findings of Finexsi, acting in the capacity of independent expert, whose report concluded that the terms of the Offer are fair to Rothschild & Co shareholders.

Concordia has stated its intention to implement a mandatory de-listing in the event that, following the Offer, the minority shareholders hold less than 10% of the capital and voting rights.

[1] Alternative Performance Measure, please refer to Appendix H.

7. Outlook

In **Global Advisory**, we have seen a significantly weaker M&A market in H1 2023. Macro-economic headwinds continue, resulting in significant declines in announced transaction levels and transactions taking longer to complete. Deal activity for the rest of 2023 will be impacted by the level of capital markets activity, availability of financing, valuation expectations and CEO confidence, and so there remains uncertainty for the remainder of the year. Notwithstanding this, our pipeline of business is encouraging, and we foresee meaningful levels of pent-up demand, should market conditions improve. We nevertheless remain cautious in assessing the outlook for the rest of the financial year.

In **Wealth and Asset Management**, after a solid first half of 2023, we are cautious for the rest of the year on the revenue outlook as the recent strength in markets is fragile. Moreover, the record high net interest income growth is likely to slow as central banks will likely reduce the pace of the hiking cycle. The outlook remains positive for new assets resulting from our investments in the business in all locations.

In **Merchant Banking**, we expect to continue to grow our recurring revenue on the back of current fundraising activities and capital deployment plans, albeit at a slower pace than that achieved in H1 2023. We remain focused on investing according to our founding principles – centred around capital preservation and attractive risk-adjusted returns – and are confident that our investments will continue to fulfil their full value creation potential over time.

As announced on 19 June 2023, notwithstanding the intrinsic volatility that characterises each of our three businesses, the Group's best estimates for the full year 2023, which reflect the challenging market environment in Global Advisory and Merchant Banking partially offset by a strong performance in Wealth and Asset Management, are an operating income[1] for the Group's three businesses of around €540 million and a Net Income - Group share of around €280 million.

[1] Operating income excludes Other income / expense, Corporate centre and IFRS adjustments (i.e. profit share (*préciput*) paid to French partners, deferred bonuses, and other statutory adjustments).

A. Summary consolidated balance sheet

(in € billion)	30/06/2023	31/12/2022	*Var*
Cash and amounts due from central banks	5.1	2.5	*2.6*
Loans and advances to banks	1.7	1.9	*(0.2)*
Loans and advances to customers	4.8	5.0	*(0.2)*
of which private client lending	*4.4*	*4.6*	*(0.2)*
Debt and equity securities	3.7	5.8	*(2.1)*
Other assets	2.5	2.2	*0.3*
Total assets	**17.8**	**17.4**	***0.4***
Due to customers	11.3	10.4	*0.9*
Other liabilities	3.1	2.9	*0.2*
Shareholders' equity - Group share (before exceptional distribution of reserves)	3.6	3.6	*0.0*
Exceptional distribution of reserves	(0.6)	0.0	*(0.6)*
Non-controlling interests	0.4	0.5	*(0.1)*
Total capital and liabilities	**17.8**	**17.4**	***0.4***

The foreign exchange translation effect between 30 June 2023 and 30 June 2022 had no significant impact.

B. Exceptional income and expenses

(in €m)	H1 2023			H1 2022		
	PBT	PATMI	*EPS*	PBT	PATMI	*EPS*
As reported	**247**	**128**	***1.74 €***	**414**	**249**	***3.43 €***
- Offer-related costs	(8)	(6)	*(0.08) €*	-	-	- €
- Deferred bonus acceleration	(20)	(15)	*(0.21) €*	-	-	- €
				-	-	- €
Total exceptional (charges) / profits	**(28)**	**(21)**	***(0.29) €***	**0**	**0**	**- €**
Excluding exceptional	**275**	**149**	***2.03 €***	**414**	**249**	***3.43 €***

There were no exceptional items in H1 2022.

Offer-related costs are mainly professional advisor costs.

Deferred bonus acceleration relates to the acceleration of the accounting for deferred bonuses as certain partners of the Group will utilise their future deferred bonus pools to invest in Rothschild & Co Partners.

C. Performance by business

(in € million)	GA	WAM	MB	Total businesses	Other businesses and Corporate centre	IFRS reconciliation[1]	H1 2023
Revenue	**676**	**403**	**141**	**1,220**	**25**	**(4)**	**1,241**
Operating expenses	(596)	(293)	(73)	(962)	(31)	(10)	(1,003)
Cost of risk	-	1	-	1	-	2	3
Operating income	**80**	**111**	**68**	**259**	**(6)**	**(12)**	**241**
Other income / (expense)	-	-	-	-	-	6	6
Profit before tax	**80**	**111**	**68**	**259**	**(6)**	**(6)**	**247**
Operating margin %	*12%*	*28%*	*48%*	*21%*			*20%*

(in € million)	GA	WAM	MB	Total businesses	Other businesses and Corporate centre	IFRS reconciliation[1]	H1 2022
Revenue	**857**	**324**	**188**	**1,369**	**21**	**(15)**	**1,375**
Operating expenses	(694)	(254)	(67)	(1,015)	(40)	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%*	*22%*	*64%*	*26%*			*30%*

[1] IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for normal and special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; excluding from 2023 management accounts the costs of the Offer; the application of IAS 19 for defined benefit pension schemes; adding back non-operating items and 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 2023	H1 2022	*Var*
€ / GBP	0.8721	0.8447	*3%*
€ / CHF	0.9865	1.0248	*(4)%*
€ / USD	1.0825	1.0878	*(0)%*

Balance sheet

Rates	30/06/2023	31/12/2022	*Var*
€ / GBP	0.8589	0.8869	*(3)%*
€ / CHF	0.9766	0.9880	*(1)%*
€ / USD	1.0915	1.0683	*2%*

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		2023	2022	Var
Global Advisory	1st quarter	326.8	413.5	*(21)%*
	2nd quarter	349.2	443.1	*(21)%*
	Total	**676.0**	**856.6**	***(21)%***
Wealth & Asset Management	1st quarter	196.5	163.3	*20%*
	2nd quarter	206.9	161.3	*28%*
	Total	**403.4**	**324.6**	***24%***
Merchant Banking	1st quarter	72.3	95.5	*(24)%*
	2nd quarter	68.9	92.4	*(25)%*
	Total	**141.2**	**187.9**	***(25)%***
Other business and corporate centre	1st quarter	14.9	11.7	*27%*
	2nd quarter	10.0	9.4	*6%*
	Total	**24.9**	**21.1**	***18%***
IFRS reconciliation	1st quarter	(4.3)	(8.7)	*n/a*
	2nd quarter	(0.4)	(6.9)	*n/a*
	Total	**(4.7)**	**(15.6)**	***n/a***
Total Group Revenue	1st quarter	606.2	675.3	*(10)%*
	2nd quarter	634.6	699.3	*(9)%*
	Total	**1,240.8**	**1,374.6**	***(10)%***

F. Global Advisory track record

Global Advisory advised the following clients on notable transactions completed in H1 2023.

F.1. M&A and strategic advisory

- **Lanxess**, a specialty chemicals company, on the creation of an engineering materials joint venture with Advent (€6.2 billion, Germany)
- **Capital & Counties Properties**, a property investment and development company, on its merger with Shaftesbury PLC (c.£5 billion, United Kingdom)
- **Société Générale**, on its listed subsidiary ALD Automotive's acquisition of LeasePlan, a fleet management and operational car leasing company (€4.9 billion, France and Netherlands)
- **Melrose** and **Dowlais**, a specialist in the acquisition and performance improvement of manufacturing businesses and an engineering group focused on the automotive sector, on the demerger of GKN Automotive and Dowlais (£4.5 billion, United Kingdom)
- **Capricorn**, an oil and gas exploration and development company, on its special dividend and reverse takeover by NewMed Energy (c.£3 billion, United Kingdom and Israel)
- **Credit Suisse**, a global investment bank, on its merger with UBS (CHF3 billion, Switzerland)

- **CVC**, on its disposal of APRIL Group, the leading French insurance broker with operations across 18 countries, to KKR (€2.3 billion, France)
- **Nethys**, an industrial group specialising in the energy and telecommunications sector, on its disposal of a majority stake in VOO to Orange Belgium (€1.8 billion, Belgium)
- **Meridian Bioscience**, an integrated life science company, on its all-cash sale to SDB Biosensor and SJL Partners (US$1.5 billion, United Sates and South Korea)
- **Merieux** and **Siparex Group**, on its acquisition of a majority stake and financing of Piercan, a leading family owned producer of containment gloves (€190 million, France)
- **Silicon Valley Bank UK**, a subsidiary of Silicon Valley Bank, on its sale to HSBC UK (United Kingdom)

F.2. Financing Advisory

- **Ministry of Finance of Ukraine** on its 4-year IMF program, the design of financing assurances, and the official sector debt restructuring of Paris Club bilateral creditors (US$15.6 billion, Ukraine)
- **Talen Energy**, a leading competitive power generation and infrastructure company, on its restructuring (adviser to Unsecured Noteholders - US$4.8 billion, United States)
- **EDP & EDPR**, global leaders in electrical utilities and renewable energy, on its capital raise via concurrent ABBs by EDP and listed subsidiary EDPR, with cornerstones (€2 billion, Portugal)
- **GOL and Abra**, on the recapitalisation transaction and formation of Abra, a Latin American air transportation group (US$1.6 billion, Brazil and United States)
- **Delivery Hero**, a multinational online food delivery service, on its convertible bond issuance and repurchase of outstanding convertible bonds (€1 billion, United Kingdom and Germany)
- **West Marine**, a boating supply and fishing retailer, on its out-of-court restructuring including new capital financing (US$760 million, United Sates)
- **Brambles**, a supply-chain logistics company operating in more than 60 countries, on its debut green bond (€500 million, Australia)
- **Electricity North West**, an electricity distribution network operator, on its debut green bond and associated hedging (£425 million, United Kingdom)
- **Land Securities**, a leading real estate development and investment company, on its inaugural green bond (£400 million, United Kingdom)
- **Republic of San Marino**, on its liability management exercise and Eurobond issuance (€350 million, Republic of San Marino)
- **Femto Technologies**, on its acquisition of a 59.1% stake in Prima Industrie, a manufacturer and supplier of home heating related products, triggering the launch of a mandatory PTO on remaining shares (€338 million, Italy)
- **Verdane and Polytech**, on its sale of a significant minority in Polytech, a global leader in wind turbine blade protection and enhancements, to FSN Capital and on the amendment and extension of its debt (€135 million, Denmark)

G. Investment activities and business development of Merchant Banking in H1 2023

G.1. Corporate Private Equity

- We plan to hold the final closing for Five Arrows Principal Investments IV (FAPI IV), our 4th generation mid-market private equity fund, during Q3 at c. €2.5 billion. Additionally, we have secured commitments of more than €1.1 billion for Five Arrows Long Term (FALT), our private equity fund focused on the upper mid-market.
- During Q2, FALT and FAPI IV completed their investment in n2y (a trailblazer in special education with award-winning digital solutions to help students and teachers in schools across the US).
- During H1 2023, FAPI IV also invested in A2Mac1, the global leader in automotive and mobility technology benchmarking, with a unique track record of product development and service innovations.

G.2. Multi Strategies

- Five Arrows Secondary Opportunities V (FASO V), our fund focused on GP-led secondary investments, has now closed its investment period having completed 29 transactions in Europe and the US and committed 115% of its capital.
- Its successor fund, Five Arrows Secondary Opportunities VI (FASO VI), is currently fundraising and has secured capital commitments of c. €860 million to date.
- Five Arrows Private Equity Programme III (FAPEP III), our 3rd generation global multi-manager private equity platform, is currently fundraising and has secured capital commitments of c. €290 million to date. The fund has already committed capital to 16 transactions.
- Five Arrows Global Technology (FAGT), our 1st generation technology-focused multi-manager private equity fund, investing in third-party funds and co-investments across buyouts, growth equity and venture capital, has secured US$275 million of capital commitments to date. The fund has been active on the investment front, committing capital to 20 underlying funds and one co-investment to date.
- Five Arrows Sustainable Investments (FASI), our 1st impact fund, is currently fundraising and has secured c. €167 million of capital commitments to date. In 2023 the fund completed its 1st transaction, acquiring an interest in SMRD-Harmonie, a leading player in building renovations, delivering positive environmental and social impacts.

G.3. Direct Lending

- Five Arrows Debt Partners III (FADP III), our 3rd generation direct lending fund, completed five new investments during the first half of the year, providing tailor-made debt financing packages for:
  - Alveo, a leading global provider of data management software to large banks and financial institutions;
  - Ideagen, a leading global provider of regulatory and compliance software;
  - Sciforma, a pan-European provider of project portfolio management software;
  - Roole, the leading French provider of vehicle and driver protection services; and
  - Moore Kingston Smith, a top 20 provider of audit, tax and accounting services in the UK.
- Additional facilities were also provided to several of the fund's existing portfolio companies in order to support their growth ambitions.
- FADP III is now c.114% committed. Given its strong deployment momentum and attractive opportunity pipeline, the team has now launched the fundraising for its successor vehicle, Five Arrows Debt Partners IV.

G.4. Credit Management

- The Credit Management business, investing in senior secured loans, high yield bonds and structured credit, had an active quarter:
  - in the US, Credit Management issued one new CLO vehicle of US$400 million (Ocean Trails XIV);
  - in Europe, the team issued one new CLO vehicle of €370 million (Contego XI); and
  - in Europe the team launched Five Arrows European Loan Fund (FA ELF), an open-ended vehicle investing in senior secured loans.
- Five Arrows Global Loan Investments II (GLI II), the 2nd generation vehicle predominantly investing in equity tranches of CLOs managed by Credit Management, is currently fundraising and has secured c. €157 million of capital commitments to date.

H. Alternative performance measures (APM) - Article 223-1 of the AMF 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 37.
Businesses' PBT margin	Each business PBT margin is calculated by dividing Profit before tax by Revenue, business by business.	To measure business' profitability.	Please refer in the Press release 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 2022 and 30 June 2023.	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 48.
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 48.
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 49.

Condensed half-year consolidated financial statements

Consolidated balance sheet as at 30 June 2023

Assets

In thousands of euros	Notes	30/06/2023	31/12/2022
Cash and amounts due from central banks		5,076,024	2,521,688
Financial assets at fair value through profit or loss	1	1,679,952	2,177,181
Hedging derivatives	2	8,213	6,040
Securities at amortised cost	3	2,062,585	3,649,077
Loans and advances to banks	4	1,686,625	1,927,881
Loans and advances to customers	5	4,786,309	4,971,198
Current tax assets		57,021	32,876
Deferred tax assets	13	78,935	67,306
Other assets	6	1,444,867	1,059,738
Investments accounted for by the equity method		4,199	4,325
Right of use assets		203,388	213,900
Tangible fixed assets		255,435	253,094
Intangible fixed assets		238,428	241,453
Goodwill	7	252,765	250,756
TOTAL ASSETS		**17,834,746**	**17,376,513**

Liabilities and shareholders' equity

In thousands of euros	Notes	30/06/2023	31/12/2022
Financial liabilities at fair value through profit or loss	1	78,405	302,289
Hedging derivatives	2	-	434
Due to banks and other financial institutions	8	381,456	517,539
Customer deposits	9	11,318,932	10,414,524
Debt securities in issue		151,549	41,724
Current tax liabilities		64,666	70,289
Deferred tax liabilities	13	74,014	69,299
Lease liabilities		229,232	240,676
Other liabilities, accruals and deferred income	10	2,116,486	1,667,787
Provisions	11	35,186	34,745
TOTAL LIABILITIES		**14,449,926**	**13,359,306**
Shareholders' equity		**3,384,820**	**4,017,207**
Shareholders' equity - Group share	**14**	**3,030,367**	**3,565,080**
Share capital		154,205	154,060
Share premium		1,123,567	1,122,438
Consolidated reserves		1,664,560	1,740,742
Unrealised or deferred capital gains and losses		(40,439)	(57,792)
Net income - Group share		128,474	605,632
Non-controlling interests	**15**	**354,453**	**452,127**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**17,834,746**	**17,376,513**

Consolidated income statement for the six months ended 30 June 2023

In thousands of euros		Notes	30/06/2023	30/06/2022
+	Interest income on financial instruments using the effective interest method	19	184,535	42,716
-	Interest expense on financial instruments using the effective interest method	19	(99,727)	(25,590)
+/-	Net interest income on other financial instruments	19	38,776	18,027
+	Fee income	20	1,085,189	1,263,213
-	Fee expense	20	(55,338)	(54,403)
+/-	Net gains on financial instruments at fair value through profit or loss	21	87,438	130,964
+/-	Net gains/(losses) on derecognition of assets held at amortised cost		1	(274)
+	Other operating income		150	283
-	Other operating expenses		(177)	(390)
Net banking income			**1,240,847**	**1,374,546**
-	Staff costs	22	(765,565)	(763,424)
-	Administrative expenses	22	(191,493)	(159,982)
-	Depreciation, amortisation and impairment of tangible and intangible fixed assets		(45,960)	(40,485)
Gross operating income			**237,829**	**410,655**
+/-	Cost of risk	23	2,707	3,754
Operating income			**240,536**	**414,409**
+/-	Net income/(expense) from companies accounted for by the equity method		(34)	1,961
+/-	Net income/(expense) from other assets	24	6,263	(2,407)
Profit before tax			**246,765**	**413,963**
-	Income tax expense	25	(50,994)	(81,896)
CONSOLIDATED NET INCOME			**195,771**	**332,067**
Non-controlling interests		**15**	**67,297**	**83,270**
NET INCOME - GROUP SHARE			**128,474**	**248,797**
Earnings per share - basic (euros)		28	€1.74	€3.43
Earnings per share - basic (euros) - continuing operations		28	€1.74	€3.43
Earnings per share - diluted (euros)		28	€1.71	€3.37
Earnings per share - diluted (euros) - continuing operations		28	€1.71	€3.37

Statement of comprehensive income for the six months ended 30 June 2023

In thousands of euros	30/06/2023	30/06/2022
Consolidated net income	**195,771**	**332,067**
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries and associates	29,402	19,153
Translation gain transferred to income on disposal of subsidiary	(7,778)	-
Net gains/(losses) from changes in fair value of cash flow hedges	1,685	(532)
(Gains) and losses relating to cash flow hedges transferred to income statement	(159)	(998)
Gains and (losses) recognised directly in equity for companies accounted for by the equity method	(94)	(254)
Other adjustments	1	-
Taxes	(351)	291
Total gains and losses recyclable in profit or loss	**22,706**	**17,660**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	(15,703)	131,420
Taxes	3,564	(22,430)
Total gains and losses not recyclable in profit or loss	**(12,139)**	**108,990**
Gains and losses recognised directly in equity	**10,567**	**126,650**
TOTAL COMPREHENSIVE INCOME	**206,338**	**458,717**
of which: attributable to equity shareholders	*133,161*	*376,399*
of which: attributable to non-controlling interests	*73,177*	*82,318*

Consolidated statement of changes in equity for the six months ended 30 June 2023

In thousands of euros	Capital and associated reserves (Note 14.1)	Consolidated reserves (Note 14.1)	Unrealised or deferred capital gains and losses (net of tax) (Note 14.1)		Shareholders' equity, Group share	Shareholders' equity, NCoI	Total share-holders' equity
			Related to translation differences	Cash flow hedge reserve			
SHAREHOLDERS' EQUITY AT 1 JANUARY 2022	**1,301,209**	**1,861,953**	**(32,050)**	**1,713**	**3,132,825**	**468,377**	**3,601,202**
(Acquisition)/ disposal of treasury shares	-	(32,853)	-	-	(32,853)	1	(32,852)
Capital decrease	(25,455)	25,455	-	-	-	-	-
Distributions (Note 14.2)	-	(200,967)	-	-	(200,967)	(184,656)	(385,623)
Issue of shares	744	-	-	-	744	-	744
Capital increase related to options	-	921	-	-	921	-	921
Interest on perpetual subordinated debt	-	-	-	-	-	(16,584)	(16,584)
Effect of a change in shareholding without a change of control	-	9,443	(9,657)	-	(214)	(281)	(495)
Revaluation of RMM preferred shares to fair value before purchase (Note 15)	-	(41,300)	-	-	(41,300)	41,300	-
Purchase of RMM preferred shares (Note 15)	-	-	-	-	-	(41,300)	(41,300)
Subtotal of changes linked to transactions with shareholders	**(24,711)**	**(239,301)**	**(9,657)**	**-**	**(273,669)**	**(201,520)**	**(475,189)**
2022 net income for the year	-	605,632	-	-	605,632	195,151	800,783
Net gains/(losses) from changes in fair value	-	-	-	(808)	(808)	-	(808)
Net (gains)/losses transferred to income	-	-	-	(1,306)	(1,306)	-	(1,306)
Remeasurement gains/(losses) on defined benefit funds	-	113,371	-	-	113,371	(1)	113,370
Translation differences and other movements	-	4,719	(15,684)	-	(10,965)	(9,880)	(20,845)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2022	**1,276,498**	**2,346,374**	**(57,391)**	**(401)**	**3,565,080**	**452,127**	**4,017,207**
(Acquisition)/ disposal of treasury shares	-	12,772	-	-	12,772	-	12,772
Capital decrease	-	-	-	-	-	-	-
Ordinary distributions (Note 14.2, Note 15)	-	(107,484)	-	-	(107,484)	(159,205)	(266,689)
Issue of shares	1,274	-	-	-	1,274	-	1,274
Capital increase related to options	-	5,168	-	-	5,168	-	5,168
Revalue share-based payment liability in equity	-	6,703	-	-	6,703	-	6,703
Charge, net of tax, on reclassifying equity-settled share-based payments to cash settled	-	(4,971)	-	-	(4,971)	-	(4,971)
Net reclassification of share-based payments	-	(3,629)	-	-	(3,629)	-	(3,629)
Interest on perpetual subordinated debt (Note 15)	-	-	-	-	-	(11,170)	(11,170)
Effect of a change in shareholding without a change of control	-	(19)	528	-	509	(476)	33
Subtotal of changes linked to transactions with shareholders	**1,274**	**(91,460)**	**528**	**-**	**(89,658)**	**(170,851)**	**(260,509)**
2023 net income for the period	-	128,474	-	-	128,474	67,297	195,771
Net gains/(losses) from changes in fair value	-	-	-	1,365	1,365	-	1,365
Net (gains)/losses transferred to income	-	-	(7,778)	(190)	(7,968)	-	(7,968)
Remeasurement gains/(losses) on defined benefit funds	-	(12,139)	-	-	(12,139)	-	(12,139)
Translation differences and other movements	-	1	23,428	-	23,429	5,880	29,309
Shareholders' equity as at 30 June 2023 - pre exceptional distribution of reserves	**1,277,772**	**2,371,250**	**(41,213)**	**774**	**3,608,583**	**354,453**	**3,963,036**
Exceptional distribution of reserves	-	(578,216)	-	-	(578,216)	-	(578,216)
SHAREHOLDERS' EQUITY AT 30 JUNE 2023	**1,277,772**	**1,793,034**	**(41,213)**	**774**	**3,030,367**	**354,453**	**3,384,820**

Cash flow statement for the six months ended 30 June 2023

In thousands of euros	Notes	30/06/2023	30/06/2022
Consolidated profit before tax (I)		**246,765**	**413,963**
Depreciation and amortisation expense on tangible and intangible fixed assets		23,529	21,179
Depreciation and impairment of ROU assets and interest on lease liabilities		26,627	21,697
Remove (gains)/losses related to acquisition, disposal and impairment of Group companies	24	(7,506)	(1,674)
Remove (profit)/loss from associates		34	(1,961)
Remove (profit)/loss from investing activities	21	(64,041)	(103,650)
Other non-cash items included in pre-tax profit		(1,959)	367
Non-cash items included in pre-tax profit (II)		**(23,316)**	**(64,042)**
Net (advance)/repayment of loans to customers		**218,667**	**(380,548)**
Cash (placed)/received through interbank transactions		(52,588)	74,889
Increase/(decrease) in customer deposits		810,552	(128,361)
Net inflow/(outflow) related to derivatives and trading items		(168,166)	(48,398)
Net (purchases)/disposals of assets held for liquidity purposes		1,870,555	116,270
Other movements in assets and liabilities related to treasury activities		140,802	(85,914)
Total treasury-related activities		**2,601,155**	**(71,514)**
(Increase)/decrease in working capital		(408,038)	(329,067)
Payment of lease liabilities		(24,740)	(20,372)
Tax paid		(78,444)	(112,565)
Other operating activities		**(511,222)**	**(462,004)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)		**2,308,600**	**(914,066)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)		**2,532,049**	**(564,145)**
Purchase of investments		(77,135)	(147,059)
Purchase of subsidiaries and associates, net of cash and cash equivalents acquired		(3,389)	(37,900)
Purchase of property, plant and equipment and intangible fixed assets		(19,576)	(11,593)
Total cash invested		**(100,100)**	**(196,552)**
Cash received from investments (disposals and dividends)		205,860	202,333
Cash received from sale of subsidiaries, net of cash and cash equivalents sold		(604)	-
Cash from disposal of property, plant and equipment and intangible fixed assets		2,965	773
Total cash received from investment activity		**208,221**	**203,106**
Net cash inflow/(outflow) related to investing activities (B)		**108,121**	**6,554**
Distributions paid to shareholders and general partners of parent company	14.2	(107,484)	(200,967)
Distributions paid to non-controlling interests	15	(159,205)	(167,826)
Interest paid on perpetual subordinated debt	15	(11,170)	(7,318)
Purchase of RMM preferred shares	15	-	(41,300)
(Acquisition)/disposal of own shares and additional interests in subsidiaries		(8,622)	(21,255)
Net cash inflow/(outflow) related to financing activities (C)		**(286,481)**	**(438,666)**
Impact of exchange rate changes on cash and cash equivalents (D)		**45,236**	**98,662**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)		**2,398,925**	**(897,595)**
Net opening cash and cash equivalents	17	3,674,820	7,256,665
Net closing cash and cash equivalents	17	6,073,745	6,359,070
NET INFLOW/(OUTFLOW) OF CASH		**2,398,925**	**(897,595)**

Notes to the consolidated financial statements

1. Highlights

1.1. Simplified tender Offer by Rothschild & Co Concordia for the Rothschild & Co shares

A simplified tender offer (the “Offer”) for Rothschild & Co shares, announced by Rothschild & Co Concordia on 6 and 13 February 2023, was filed on 8 June 2023.

Further information on the Offer is given in the accompanying half-year activity report.

1.2. Agreement to purchase Atlantic Equities

In April 2023, the Group reached an agreement for Redburn, the leading independent European equity research and agency execution broker, to acquire 100% of the business of Atlantic Equities, a US equity research and agency execution specialist. The acquisition is subject to certain conditions precedent, which are expected to happen during the second half of 2023. More details regarding Redburn are given in Note 7.

1.3. Disposal of North American asset management business

In November 2022, the Group entered into an agreement with Wintrust Financial Corporation according to which a subsidiary of Wintrust, Great Lakes Advisors, LLC agreed to purchase our asset management business in the US. The sale of Rothschild & Co Asset Management US Inc. completed on 4 April 2023.

Annual revenue for this business in 2022 was €22 million, and was €5 million for the period up to disposal on 4 April 2023.

1.4. Macro-economic environment

High levels of inflation across much of the world have seen significant increases in interest rates alongside market volatility. The impact of this on key risks faced by R&Co Group is set out below.

1.4.1. Interest rate risk and liquidity risk

The Group has limited interest rate risk in a rising interest rate environment due to its private banking business model, whereby lending is primarily focused on our private clients, mostly with collateral consisting of portfolios of securities (Lombard lending). This type of lending is typically short term or has floating interest rates.

Moreover, the Group’s liquidity position continues to be strong and the impact of interest rates on client behaviour is monitored closely to ensure this strength is maintained. Enhanced disclosures on interest rate risk and liquidity risk are given in section 4.3.1 and 4.3.2 of these financial statements.

1.4.2. Credit risk on loans to customers

The methodology and assumptions used by the Group for the measurement of its expected credit losses are described in section 4.2.1.1 Grouping of instruments for losses measured on a collective basis of these financial statements.

Higher interest rates that have not been seen for many years can make the value of collateral held and the probabilities of default harder to estimate than they are in a stable environment. The Loss Given Default (LGD) has been determined in large part through a review of the collateral held against loans made. Where the collateral has been difficult to value, adjustments have been made to its assumed value that reflect recent market movements.

In the event that any borrower is affected by interest rate changes to the extent that their loan is in doubt, this would be addressed with the usual methods. Defaults remain very low as at the balance sheet date. Full quantitative disclosure of credit risk is given in section 4.2 Credit risk.

1.5. Global minimum tax

To ensure large multinational corporations pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework in December 2021, followed by detailed guidance released in March 2022, that is expected to be used by over 135 individual jurisdictions that signed the agreement to amend their local tax laws and introduce a global minimum tax of 15%. Such regulation is widely referred to as Pillar 2.

The EU Council formally approved the EU directive transposing the OECD proposed framework into the EU regulatory environment on 15 December 2022. The Directive must be endorsed by the legislative arms of EU member states before 31 December 2023, with application starting from 1 January 2024.

Once changes to the tax laws in any jurisdiction in which the Group operates are substantively enacted, the Group may be subject to the top-up tax. As at 30 June 2023, the United Kingdom and Japan are the only jurisdictions in which the Group operates that have enacted or substantively enacted the tax legislation related to Pillar 2. Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in. As at 30 June 2023, the Group does not foresee material impacts on its consolidated financial statements.

On 23 May 2023, the IASB published International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) with an effective date 1 January 2023. These amendments create a mandatory temporary exception to the recognition of deferred tax in relation to Pillar 2. In addition, the amendments required entities to disclose information that helps users of financial statements understand the entity’s exposure to Pillar 2 income taxes. These disclosure requirements are not required for interim financial reporting as at 30 June 2023.

These amendments have no material impact on the Group’s consolidated accounts as at 30 June 2023.

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 2023 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. 2022-01 of 8 April 2022 of the French Accounting Standards Authority (Autorité des normes comptables). The statements cover the period from 1 January 2023 to 30 June 2023.

The consolidated accounts have been approved by Rothschild & Co Gestion SAS, the Statutory Managing Partner of Rothschild & Co, and, for verification and control purposes, were considered by the Supervisory Board on 3 August 2023.

On 30 June 2023, 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). As at 30 June 2023, the Company is listed on Euronext in Paris (Compartment A).

On 30 June 2023, the parent company of Rothschild & Co SCA was Rothschild & Co Concordia SAS, whose registered office is also 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 the 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

2.3.1. 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 it has had no material impact on the Group.

2.3.2. 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.

2.3.3. June 2023 update on USD LIBOR exposure

IBOR reform has resulted in certain interest rate benchmarks being phased out in previous 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 of €39.9 million as at December 2022 to non-derivatives financial assets based on USD Libor moved to a new benchmark rate that will be used from July 2023. In addition, the Group has previously issued perpetual subordinated debt with a face value of US$200 million, included as part of its non-controlling interest.

The interest payments on this debt have been benchmarked to USD Libor. A consent solicitation process was launched to noteholders on 22 June 2023 to transition the interest rate methodology from USD Libor to compounded daily SOFR plus a spread adjustment of 0.42826% p.a., in line with market practice. The proposal was not approved and will, therefore, not be implemented. In light of this, the Group expects the interest rate of the notes to refer to synthetic USD Libor while it is quoted (currently expected until 30 September 2024) and is consulting with the agent bank regarding future interest rate fixes. The terms and conditions of the notes provide that the rate of interest will be determined by the trustee of the notes if the agent bank does not determine the rate of interest.

2.3.4. Other changes to accounting standards

The IASB has issued other minor amendments to IFRS effective since 1 January 2023. These revised requirements do not have any significant impact on the Group.

2.4. Forthcoming changes to accounting standards

There are no forthcoming changes to accounting standards that are expected to be material to the Group.

2.5. Subsequent events

Apart from matters already mentioned in these accounts, there have not been any events after the balance sheet date that require disclosure in these accounts.

3. Accounting policies

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 2022. 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 2023 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 and valuations of assets at amortised cost, pension accounting, the measurement of deferred tax assets and liabilities, 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 2022, and is substantially unchanged as at 30 June 2023.

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 2022, and is substantially unchanged as at 30 June 2023.

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 shared risk characteristics.

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

LOMBARD AND MORTGAGE LOANS

The Group has a history of very low defaults on its Lombard and mortgage loans made by PCL, and the Probability of Default (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 8% (December 2022: 0.3% and 9%).

For the mortgage loans, the LGD is estimated considering the value of the properties that are mortgaged, and varies based on the LTV; the difficulty and amount of costs likely to be incurred in recovering and realising any collateral; and the nature of the client. In the base case, the weighted average PD is 1.6% and weighted average LGD is 7% (December 2022: 1.6% and 7%).

There have been no significant changes in estimation techniques or 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 and Asset Management activities of the Group – this element equates to €317 million of the total in the balance sheet as at June 2023 (December 2022: €290 million). The Expected Credit Loss (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, most of which is 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 provided for to reflect increases in the credit risk that are not possible to detect at an individual level. Any changes made to estimation techniques or 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 twelve 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 2022 and is not significantly different as at 30 June 2023.

In millions of euros	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**30/06/2023**	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**31/12/2022**
Gross carrying amount								
Loans and advances to banks	1,686.6	-	-	1,686.6	1,927.9	-	-	1,927.9
PCL loans to customers	4,326.8	85.2	0.2	4,412.2	4,557.3	57.1	0.1	4,614.5
Other loans to customers	343.6	5.1	69.8	418.5	330.3	3.2	72.1	405.6
Securities at amortised cost	2,063.1	-	-	2,063.1	3,649.7	-	-	3,649.7
TOTAL	**8,420.1**	**90.3**	**70.0**	**8,580.4**	**10,465.2**	**60.3**	**72.2**	**10,597.7**
Loss allowance								
Loans and advances to banks	-	-	-	-	-	-	-	-
PCL loans to customers	(3.6)	(0.1)	(0.2)	(3.9)	(4.2)	(0.1)	(0.1)	(4.4)
Other loans to customers	(0.9)	(0.3)	(39.3)	(40.5)	(0.9)	(0.3)	(43.3)	(44.5)
Securities at amortised cost	(0.5)	-	-	(0.5)	(0.6)	-	-	(0.6)
TOTAL	**(5.0)**	**(0.4)**	**(39.5)**	**(44.9)**	**(5.7)**	**(0.4)**	**(43.4)**	**(49.5)**
Net carrying amount								
Loans and advances to banks	1,686.6	-	-	1,686.6	1,927.9	-	-	1,927.9
PCL loans to customers	4,323.2	85.1	-	4,408.3	4,553.1	57.0	-	4,610.1
Other loans to customers	342.7	4.8	30.5	378.0	329.4	2.9	28.8	361.1
Securities at amortised cost	2,062.6	-	-	2,062.6	3,649.1	-	-	3,649.1
TOTAL	**8,415.1**	**89.9**	**30.5**	**8,535.5**	**10,459.5**	**59.9**	**28.8**	**10,548.2**

For loans to customers, the cost of risk in the period was a credit of €2.1 million (see Note 23) 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 12.

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 2022.

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	**(5.1)**	**(0.4)**	**(43.4)**	**(48.9)**
Movements with P&L impact				
(Charge)	(0.2)	-	(2.4)	(2.6)
Release	0.8	-	3.8	4.6
Total net P&L (charge)/release during the period	**0.6**	**-**	**1.4**	**2.0**
Movements with no P&L impact				
Written off	-	-	3.0	3.0
Exchange	-	-	(0.5)	(0.5)
LOSS ALLOWANCE AT END OF PERIOD	**(4.5)**	**(0.4)**	**(39.5)**	**(44.4)**

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. Interest rate and liquidity risk

4.3.1. Interest rate risk

Interest rate risk is the risk to earnings or capital arising from movements in interest rates. Management of interest rate risk is covered in the Annual Report for the year ended 31 December 2022, and is substantially unchanged as at 30 June 2023.

Because of the nature of its business, only the banking entities in the Group are exposed to significant interest rate risk and therefore need to actively manage it. A key risk that banks face is that the interest rate profiles of their assets or liabilities may not match each other (for example, a bank may have variable rate customer deposits funding long-term fixed rate customer loans and securities held for liquidity). The Group materially avoids this risk, because most of its banking and treasury assets and liabilities are either very short term or have floating interest rates. Meanwhile, its debt securities and public bills held for liquidity purposes are short term only; of those with an original maturity of over 6 months (held as an alternative to central bank placements), the weighted average maturity as at June 2023 is 13 months (December 2022: 14 months). Where this debt is held at amortised cost, the difference between its carrying value and fair value, mostly attributable to interest rate increases, is only c. -€26m. Regarding the loan books, there is limited exposure to interest rate risk, with just €321 million (December 2022: €384 million) of unhedged fixed rate loans with a maturity over 1 year, representing just 7% (December 2022: 8%) of our total lending.

4.3.2. 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 2022, and is substantially unchanged as at 30 June 2023.

The Group continues to take a conservative approach to the management of liquidity risk and it retains a very strong liquidity position as at 30 June 2023 with €9.3 billion of liquidity assets (December 2022: €8.8 billion), which is 52% of gross assets and 82% of deposits (December 2022: 51% of gross assets and 84% of deposits). An analysis of the liquidity assets is shown in Note 17 Cash and cash equivalents, showing that they consist mainly of amounts at central banks and banks (€6.8 billion; December 2022: €4.5 billion) and investment-grade debt securities (€2.0 billion; December 2022: €3.6 billion). These debt securities are closely monitored and the holdings and limits for the weaker credits are reduced where considered necessary. Regarding sectors, the majority of the exposure is to financials and supranationals and the corporate exposure at €325 million (December 2022: €341 million) is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are broadly as expected, given the increases in interest rates in recent years, and are closely monitored through the Group's Loan-to-Deposit ratio and its Net Stable Funding Ratio. The Group's loan-to-deposit ratio has reduced to 42% as at June 2023 (December 2022: 48%) compared to a conservative internal limit of 50%. The Net Stable Funding ratio, which is the regulatory test to ensure that banks have an appropriate level of stable funding for their asset base, is comfortably above the regulatory limit as at 30 June 2023. We continue to see good stability in the core customer deposit book and remain focused to ensure we retain a conservative liquidity risk profile.

Each of the Group's banks also maintain conservative loan-to-deposit ratios. Set out below are some key liquidity ratios of the Group's banks, all of which are well in excess of the regulatory or internal minimums. The figures are not audited.

Liquidity coverage ratios (LCRs)	**30/06/2023**	**31/12/2022**
Rothschild & Co Bank AG	176%	130%
Rothschild Martin Maurel	173%	134%
Rothschild & Co Bank International Limited	193%	153%
Regulatory limit	*100%*	*100%*

Net Stable Funding Ratios (NSFRs)	**30/06/2023**	**31/12/2022**
Rothschild & Co Bank AG	160%	163%
Rothschild Martin Maurel	186%	152%
Rothschild & Co Bank International Limited(1)	152%	153%
Regulatory limit	*100%*	*100%*

(1) Rothschild & Co Bank International Limited does not have a regulatory limit for NSFR

The Group also retains a strong liquidity position in the central holding companies and other operating businesses.

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 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 draw significantly 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 2022, and are substantially unchanged as at 30 June 2023.

4.4.2. Fair value of financial instruments

Carried at amortised cost

In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
	30/06/2023				
Financial assets					
Cash and amounts due from central banks	5,076.0	5,076.0	-	5,076.0	-
Securities at amortised cost	2,062.6	2,036.7	1,991.3	45.4	-
Loans and advances to banks	1,686.6	1,686.6	-	1,686.6	-
Loans and advances to customers	4,786.3	4,755.0	-	4,746.8	8.2
TOTAL	**13,611.5**	**13,554.3**	**1,991.3**	**11,554.8**	**8.2**
Financial liabilities					
Due to banks and other financial institutions	381.5	356.1	-	356.1	-
Due to customers	11,318.9	11,317.8	-	11,317.8	-
Debt securities in issue	151.5	151.5	-	151.5	-
TOTAL	**11,851.9**	**11,825.4**	**-**	**11,825.4**	**-**

In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
	31/12/2022				
Financial assets					
Cash and amounts due from central banks	2,521.7	2,521.7	-	2,521.7	-
Securities at amortised cost	3,649.1	3,616.1	3,570.5	45.6	-
Loans and advances to banks	1,927.9	1,927.9	-	1,927.9	-
Loans and advances to customers	4,971.2	4,969.3	-	4,962.7	6.6
TOTAL	**13,069.9**	**13,035.0**	**3,570.5**	**9,457.9**	**6.6**
Financial liabilities					
Due to banks and other financial institutions	517.5	497.4	-	497.4	-
Due to customers	10,414.5	10,414.5	-	10,414.5	-
Debt securities in issue	41.7	41.7	-	41.7	-
TOTAL	**10,973.7**	**10,953.6**	**-**	**10,953.6**	**-**

When measuring fair values of instruments at amortised cost disclosed as Level 2, the Group estimates the counterparty's default risk and calculates the present value of future cash flows, taking into account the debtor's financial standing. The Group considers, in the absence of any factor indicating that it is materially different from the net carrying amount, that the fair value equals the carrying value for 1) floating rate instruments; 2) for fixed rate instruments with an original maturity up to one year; and 3) for on-demand exposures.

Carried at fair value

In millions of euros	30/06/2023 TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	470.4	450.7	19.7	-
Financial assets at FVTPL held for investment	1,029.9	6.2	185.0	838.7
Other financial assets at FVTPL	86.4	86.4	-	-
Derivative financial instruments	101.5	-	101.5	-
TOTAL	**1,688.2**	**543.3**	**306.2**	**838.7**
Financial liabilities				
Derivative financial instruments	78.4	-	78.4	-
TOTAL	**78.4**	**-**	**78.4**	**-**

In millions of euros	31/12/2022 TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	725.5	706.3	19.2	-
Financial assets at FVTPL held for investment	1,090.9	11.7	194.3	884.9
Other financial assets at FVTPL	83.4	83.4	-	-
Derivative financial instruments	283.4	-	283.4	-
TOTAL	**2,183.2**	**801.4**	**496.9**	**884.9**
Financial liabilities				
Derivative financial instruments	302.6	-	302.6	-
TOTAL	**302.6**	**-**	**302.6**	**-**

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	TOTAL
As at 1 January 2023	**882.4**	**2.5**	**884.9**
Total gains for the period included in income statement	33.1	0.1	**33.2**
Additions	85.2	-	**85.2**
Disposals	(163.7)	(0.8)	**(164.5)**
Other movements	(0.1)	-	**(0.1)**
AS AT 30 JUNE 2023	**836.9**	**1.8**	**838.7**

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 to value 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	
	30/06/2023	31/12/2022		30/06/2023	31/12/2022
Investment in unquoted equity, managed by the Group	560.7	641.8	Transaction or other earnings multiple	19.9x	19.7x
Investment in MB fund, investing in external funds	176.7	157.4	NAV based on an external valuation	n/a	n/a
Investment in fund, managed by external providers	23.3	24.5	NAV based on an external valuation	n/a	n/a
Holding in credit investment companies	68.9	50.6	Mark to model	n/a	n/a
Other	7.3	8.1	n/a	n/a	n/a
TOTAL	**836.9**	**882.4**			

Investment	Value (in €m)		Main unobservable input	Weighted average unobservable input	
	30/06/2023	31/12/2022		30/06/2023	31/12/2022
Investment in unquoted equity, managed by the Group	560.7	641.8	Marketability and liquidity discount	8.3%	9.1%
Investment in MB fund, investing in external funds	176.7	157.4	External valuation parameters	n/a	n/a
Investment in fund, managed by external providers	23.3	24.5	External valuation parameters	n/a	n/a
Holding in credit investment companies	68.9	50.6	Recoverability and default rate	2.3%	2.3%
Other	7.3	8.1	n/a	n/a	n/a
TOTAL	**836.9**	**882.4**			

Out of the €837 million of FVTPL equity securities classified in Level 3 as at 30 June 2023, €561 million are investments made by the Group in managed funds, where the underlying instruments are valued using a transaction multiple or another 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. For clarity, if the discount for an asset were 15% rather than 10%, the valuation used by the Group would generally 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 €41.2 million, or 7.3% of this type of asset (December 2022: 6.0%).

Additionally, €200 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 €10.4 million or 5.2% of this type of asset (December 2022: 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 €4.0 million or 5.9% (December 2022: 6.2%).

5. Financial impacts and risks associated with climate change

5.1. Governance of risks associated with climate change

The main risks faced by the Group from a changing climate are explained in the Annual Report 2022, together with its policies, progress and governance of sustainability matters. The Group's Climate impact report, issued in November 2022, addresses the potential impact of climate change on our business, as well as key elements of our strategy to manage climate-related risks and seize opportunities resulting from the transition of the global economy to one that is low carbon. It also notes the key actions taken so far to mitigate these risks for our business and our stakeholders.

The Group has assigned responsibility for sustainability matters at different levels of the governance, including

- the Risk and Sustainability Committee of the Supervisory Board,
- Rothschild & Co Gestion,
- the Group Executive Committee,
- the divisional management committees, and
- specialist teams and committees who advise management on risks, opportunities and impacts related to sustainability, including climate change.

Supporting the transition to the low-carbon economy is a clearly-stated priority in the Group's ESG framework, which forms the basis for the integration of sustainability-related risks, opportunities and impacts at every level of our organisation and into the existing risk management framework. Dedicated policy frameworks aim to ensure a comprehensive understanding and management of the potential impacts of climate change on our activities.

The Group's assessment of climate-related risks currently concludes that due to the Group's business model, climate-change related risks have only a limited potential to have a material impact on credit, liquidity and market risk relating to the Group's balance sheet activities. The most material climate-related impacts are likely to affect the Group's operations in the form of, amongst others, reputational consideration, expanded regulatory obligations, and client expectations.

5.2. Climate risk applied to the Group's accounts

The Group continues to assess the effects of climate change on its financial statements that potentially arise 1) from the necessity to adapt its business model; 2) from reputational issues; or 3) from expanded legal and compliance requirements. The financial 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, such as its net-zero pledge described in the Annual Report 2022.

Consideration of climate risk when testing for impairments of intangible assets and goodwill

When valuing its intangibles and Cash-Generating Units (CGU), the Group mostly uses inputs such as discount rates, royalty rates and growth rates in perpetuity that are market-observed, and that therefore reflect current expectations of climate impacts. The impact of climate risk is not considered financially significant to the Group, given our careful management of the risks.

Consideration of climate risk when assessing risk on our banking business

The Group considers that climate risks do not have a material impact on credit, liquidity and market risk relating to the Group's balance sheet activities.

With regard to the credit risk of climate change on our loan book, the majority of the Group's loan book is Lombard lending, i.e. loans against portfolios of financial assets held by clients which are managed by the WAM business, which is integrating climate change considerations. Non-Lombard lending, meanwhile, is predominantly secured on real estate, where various ESG metrics are considered. For example, the UK commercial property lending team has been collecting data in relation to energy performance and flood risk for each property financed and ESG risks are considered as part of each credit proposal.

Consideration of climate risk regarding other assets and liabilities

As at 30 June 2023, climate risk 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, as at 30 June 2023, the Group considers that climate change does not have a material impact on our financial statements.

6. Notes to the balance sheet

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

Financial assets

In thousands of euros	30/06/2023	31/12/2022
Debt securities held for liquidity	4,572	4,548
Debt securities held for investment	68,469	66,692
Equity instruments held for investment	961,407	1,024,159
Equity instruments issued by mutual funds, held for liquidity	470,342	725,476
Other equity instruments	81,924	78,896
Financial assets mandatorily at fair value through profit or loss	**1,586,714**	**1,899,771**
Trading derivative assets (see Note 2)	93,238	277,410
TOTAL	**1,679,952**	**2,177,181**

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 2023 is €159m (December 2022: €132m) and the related amounts due to employees that can be netted is €135m (December 2022: €113m). The amount disclosed above as at June 2023 in Other equity instruments is after netting plan assets with related liabilities.

Financial liabilities

In thousands of euros	30/06/2023	31/12/2022
Trading derivative liabilities (see Note 2)	78,405	302,289
TOTAL	**78,405**	**302,289**

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 derivative 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

	30/06/2023			31/12/2022		
In thousands of euros	*Notional principal*	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*123,860*	2,707	3,465	*125,351*	1,585	3
Conditional interest rate contracts	*8,796*	13	13	*10,423*	20	142
Firm foreign exchange contracts	*15,399,667*	89,337	73,749	*15,674,399*	274,164	300,435
Conditional foreign exchange contracts	*310,794*	1,181	1,178	*330,961*	1,641	1,709
TOTAL	***15,843,117***	**93,238**	**78,405**	***16,141,134***	**277,410**	**302,289**

Hedging derivatives

	30/06/2023			31/12/2022		
In thousands of euros	*Notional principal*	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*191,593*	7,236	-	*89,955*	6,040	-
Firm foreign exchange contracts	*84,982*	977	-	*45,601*	-	434
TOTAL	***276,575***	**8,213**	**-**	***135,556***	**6,040**	**434**

Note 3 – Securities at amortised cost

In thousands of euros	30/06/2023	31/12/2022
Public bills held for liquidity	727,313	2,339,104
Debt securities held for liquidity	1,288,501	1,262,539
Debt securities held for investment	47,260	48,010
Debt securities at amortised cost - gross amount	**2,063,074**	**3,649,653**
Stage 1 - 2 allowances	(489)	(576)
TOTAL	**2,062,585**	**3,649,077**

Note 4 – Loans and advances to banks

In thousands of euros	30/06/2023	31/12/2022
Interbank demand deposits and overnight loans	620,438	748,979
Interbank term deposits and loans	250,596	256,626
Reverse repos and loans secured by bills	794,295	913,472
Accrued interest	21,296	8,804
Loans and advances to banks - gross amount	**1,686,625**	**1,927,881**
Allowance for credit losses	-	-
TOTAL	**1,686,625**	**1,927,881**

Note 5 – Loans and advances to customers

In thousands of euros	30/06/2023	31/12/2022
PCL loans to customers	4,412,176	4,614,507
Other loans to customers	341,864	342,453
Overdrafts	45,427	39,968
Accrued interest	31,198	23,186
Loans and advances to customers – gross amount	**4,830,665**	**5,020,114**
Stage 1 - 2 allowances	(4,927)	(5,460)
Stage 3 allowances	(39,429)	(43,456)
Allowance for credit losses	**(44,356)**	**(48,916)**
TOTAL	**4,786,309**	**4,971,198**

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		30/06/2023	31/12/2022
Accrued income	(1)	168,913	183,972
Prepaid expenses		59,922	45,369
Prepayments and accrued income		**228,835**	**229,341**
Settlement accounts for transactions of securities	(1)	579,802	158,364
Defined benefit pension scheme assets (Note 16)		251,641	249,576
Accounts receivable	(1)	197,370	226,469
Guarantee deposits paid	(1)	26,767	67,951
Other sundry assets		160,452	128,037
Other assets		**1,216,032**	**830,397**
TOTAL		**1,444,867**	**1,059,738**

(1) These balances represent other financial assets as reported in section 4 of these financial statements.

Note 7 – Acquisition of subsidiaries

7.1 Purchase of remaining unowned shares in Redburn

In November 2022, Rothschild & Co Group acquired a controlling interest in Redburn (Europe) Limited, one of the largest independent equity brokers in Europe.

The acquisition of Redburn was achieved in two stages. Stage one on 30 November 2022 saw the Group increase its stake to a controlling one of 76.2% following a tender offer. For accounting purposes, this is the date of acquisition. Stage two occurred in April 2023, when Rothschild & Co acquired the outstanding shares that it did not own.

Because the holders of the shares that were legally acquired in April 2023 had been granted a put option to sell them to the Group, these shares were already considered for accounting purposes to have been purchased by the Group as at 30 November 2022, the date of acquisition. This is the “anticipated-acquisition” method of accounting. The Group, therefore, accounted for 100% of Redburn at acquisition, with no minority interest. The amount payable for the unowned shares, the contingent consideration, was booked last year as a liability and is now settled in full.

7.2 Adjustments to contingent payments for acquisitions

As at 30 June 2023, the Group has recognised a cumulative liability of €11 million in respect of contingent payments following purchase of several different subsidiaries that have been acquired in previous accounting periods (December 2022: €45 million). These amounts are booked in the note “Other liabilities, accruals and deferred income” (Note 10). During the period, the amount reduced by €3.4 million following reassessments of the amounts payable, as well as payments of €32 million being made.

Note 8 – Due to banks and other financial institutions

In thousands of euros	30/06/2023	31/12/2022
Interbank demand and overnight deposits	42,012	34,318
Repurchase agreements	175,000	325,000
Interbank term deposits and borrowings	158,788	155,520
Accrued interest	5,656	2,701
TOTAL	**381,456**	**517,539**

Repurchase agreements consist of TLTRO issued by the ECB. The TLTRO borrowing gave rise to the recognition of negative interest expense at an enhanced rate of -1.00% until the end of June 2022, as the Group met the lending objectives defined by the ECB.

The Group considers that the interest rate has been 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.

Note 9 – Customer deposits

In thousands of euros	30/06/2023	31/12/2022
Demand deposits	7,191,329	8,506,993
Term deposits	4,087,502	1,843,174
Borrowings secured by bills	9,144	59,479
Accrued interest	30,957	4,878
TOTAL	**11,318,932**	**10,414,524**

Note 10 – Other liabilities, accruals and deferred income

In thousands of euros	30/06/2023	31/12/2022
Due to employees	524,171	932,272
Other accrued expenses and deferred income	120,348	127,721
Accrued expenses	**644,519**	**1,059,993**
Settlement accounts for transactions of securities	701,697	244,222
Exceptional distribution of reserves payable	578,216	-
Guarantee deposits received	37,269	206,610
Accounts payable	33,891	57,409
Sundry creditors	120,894	99,553
Other liabilities	**1,471,967**	**607,794**
TOTAL	**2,116,486**	**1,667,787**

Note 11 – Provisions

In thousands of euros	01/01/2023	Charge/ (release)	(Paid)	Exchange movement	Other movements	30/06/2023
Provisions for claims and litigation	14,166	608	(791)	154	(1)	14,136
Provisions for staff costs	6,892	(564)	-	(46)	7	6,289
Provisions for property	4,298	-	-	58	838	5,194
Provisions for counterparty risk	206	528	-	-	19	753
Subtotal	**25,562**	**572**	**(791)**	**166**	**863**	**26,372**
Retirement benefit liabilities (Note 16)	9,183	-	-	-	(369)	8,814
TOTAL	**34,745**	**572**	**(791)**	**166**	**494**	**35,186**

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 at the reporting date.

Note 12 – Impairments

In thousands of euros	01/01/2023	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	30/06/2023
Loans and advances to customers	(48,916)	(2,618)	4,660	2,960	(442)	(44,356)
Other assets	(24,343)	(2,492)	3,563	1,877	(73)	(21,468)
Securities at amortised cost	(576)	(19)	106	-	-	(489)
TOTAL	**(73,835)**	**(5,129)**	**8,329**	**4,837**	**(515)**	**(66,313)**

Note 13 – Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euros	30/06/2023	31/12/2022
Net asset/(liability) as at beginning of period	**(1,993)**	**11,949**
of which: deferred tax net assets	*67,306*	*64,025*
of which: deferred tax net liabilities	*(69,299)*	*(52,076)*
Recognised in income statement		
Income statement income/(expense)	1,428	7,001
Recognised in equity		
Defined benefit pension arrangements	3,564	(23,347)
Share options	2,435	(958)
Modification of equity-settled share-based payment to cash settled	1,731	-
Cash flow hedge	(351)	494
Exchange differences	(1,041)	542
(Disposal)/ acquisition of a subsidiary	(944)	1,887
Other	92	439
NET ASSET/(LIABILITY) AS AT END OF PERIOD	**4,921**	**(1,993)**
of which: deferred tax net assets	*78,935*	*67,306*
of which: deferred tax net liabilities	*(74,014)*	*(69,299)*

Note 14 – Capital and reserves

14.1 Shareholder's equity - Group share

In thousands of euros	30/06/2023	31/12/2022
Share capital	154,205	154,060
Share premium	1,123,567	1,122,438
Capital and associated reserves	**1,277,772**	**1,276,498**
Retained earnings	1,785,593	1,874,547
R&Co shares held by the Company or its subsidiaries [(1)]	(121,033)	(133,805)
Group share of net income	128,474	605,632
Consolidated reserves	**1,793,034**	**2,346,374**
Related to translation differences	(41,213)	(57,391)
Cash flow hedge reserve	774	(401)
TOTAL SHAREHOLDER'S EQUITY - GROUP SHARE	**3,030,367**	**3,565,080**

[(1)] In accordance with IFRS, shares held by the Company or its subsidiaries are deducted from retained earnings.

14.2 Dividends

The amount of dividends recognised as distributions to owners are:

	30/06/2023		31/12/2022	
	Amount €000s	Per share (in euros)	Amount €000s	Per share (in euros)
Dividends paid to R&Co shareholders	101,180	1.40	197,538	2.75
Profit share *(préciput)* [(1)]	6,304	n/a	3,429	n/a
Exceptional distribution of reserves, paid on 24 July 2023	578,216	8.00	-	-
TOTAL OF DIVIDENDS RECOGNISED	**685,700**		**200,967**	

[(1)] Automatically allocated to the general partners (R&Co Gestion and Rothschild & Co Commandité SAS).

Note 15 - 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:

	30/06/2023			30/06/2022	31/12/2022	30/06/2022
In thousands of euros	Income	Amounts in the balance sheet	Distributions	Income	Amounts in the balance sheet	Distributions
Share of profit attributable to non-controlling interests						
Preferred shares	56,175	50,530	159,025	74,279	153,380	164,109
Other	32	962	180	1,557	1,587	3,717
Expense, net of tax						
Perpetual subordinated debt	11,090	302,961	11,170	7,434	297,160	7,318
TOTAL	**67,297**	**354,453**	**170,375**	**83,270**	**452,127**	**175,144**

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.

2022 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)* issued many years ago by the RMM group. These shares were accounted for as NCoI in the Group. Following the purchase, the Rothschild family companies no longer have the right to receive *préciput* share income (*dividende préciputaire*) from RMM.

The valuation of the shares was reviewed and confirmed by an independent valuation expert.

The carrying value of the shares in the RMM balance sheet as at 1 January 2022 was €0.0m. As the purchase of the NCoI was 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 were disclosed as a reduction in NCoI.

Perpetual subordinated debt

Certain of the Group's subsidiaries 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. As at 30 June 2023, the Group has the option to redeem the €150 million and the $200 million perpetual floating-rate notes at nominal value on interest payment dates. The Group also has the option to redeem the £125 million perpetual fixed-rate notes on interest payment dates at the higher of nominal value or at a price based on the relevant gilt yield, and on 15 February 2024 at nominal value. The instruments are shown below.

In thousands of euros	30/06/2023	31/12/2022
Perpetual fixed-rate subordinated notes 9 per cent (£125 million)	172,193	166,760
Perpetual floating-rate subordinated notes (€150 million)	60,224	58,324
Perpetual floating-rate subordinated notes (US$200 million)	70,544	72,076
TOTAL	**302,961**	**297,160**

Note 16 – 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 2022. Details of the movements in the schemes as at 30 June 2023 are described in summary below.

Amounts recognised in the balance sheet

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	30/06/2023
Present value of funded obligations	751,011	308,909	-	1,059,920
Fair value of plan assets	(998,439)	(313,122)	-	(1,311,561)
Subtotal	**(247,428)**	**(4,213)**	**-**	**(251,641)**
Present value of unfunded obligations	-	-	8,814	8,814
TOTAL IN BALANCE SHEET	**(247,428)**	**(4,213)**	**8,814**	**(242,827)**
Unrecognised plan assets	-	(29,815)	-	(29,815)
TOTAL (recognised and unrecognised)	**(247,428)**	**(34,028)**	**8,814**	**(272,642)**
of which: schemes in balance sheet with net liabilities	*-*	*-*	*8,814*	*8,814*
of which: schemes in balance sheet with net (assets)	*(247,428)*	*(4,213)*	*-*	*(251,641)*

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2022
Present value of funded obligations	750,215	281,491	-	1,031,706
Fair value of plan assets	(993,658)	(287,624)	-	(1,281,282)
Subtotal	**(243,443)**	**(6,133)**	**-**	**(249,576)**
Present value of unfunded obligations	-	-	9,183	9,183
TOTAL IN BALANCE SHEET	**(243,443)**	**(6,133)**	**9,183**	**(240,393)**
Unrecognised plan assets	-	(34,220)	-	(34,220)
TOTAL (recognised and unrecognised)	**(243,443)**	**(40,353)**	**9,183**	**(274,613)**
of which: schemes in balance sheet with net liabilities	*-*	*-*	*9,183*	*9,183*
of which: schemes in balance sheet with net (assets)	*(243,443)*	*(6,133)*	*-*	*(249,576)*

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.

Based on conditions as at 30 June 2023, 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 continue to be derecognised from the balance sheet as at 30 June 2023.

Movement in net defined benefit asset

In thousands of euros	Plan (assets)	Defined benefit obligations	Net defined benefit (asset)
As at 1 January 2023	**(1,281,282)**	**1,006,669**	**(274,613)**
Current service cost (net of contributions paid by other plan participants)	-	5,561	5,561
Contributions by the employees	(2,002)	2,002	-
Net interest (income)/cost	(27,218)	21,045	(6,173)
Remeasurements due to:			
- actual return less interest on plan assets	29,898	-	29,898
- changes in financial assumptions	-	(29,807)	(29,807)
- changes in demographic assumptions	-	372	372
- experience (gains)/losses	-	20,044	20,044
Benefits paid	19,067	(19,067)	-
(Contributions) by the Group	(11,982)	-	(11,982)
Administration expenses	1,573	-	1,573
Exchange and other differences	(39,615)	32,100	(7,515)
AS AT 30 JUNE 2023	**(1,311,561)**	**1,038,919**	**(272,642)**

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

In thousands of euros	30/06/2023	30/06/2022
Current service cost (net of contributions paid by other plan participants)	5,561	7,890
Net interest (income)/cost	(5,774)	(923)
Administration costs	1,573	1,070
TOTAL (included in staff costs)	**1,360**	**8,037**

Amounts recognised in statement of comprehensive income

In thousands of euros	30/06/2023	31/12/2022
Remeasurement gains/(losses) recognised in the period	(15,703)	136,718
Cumulative remeasurement gains/(losses) recognised in the statement of comprehensive income	7,745	23,448

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	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Discount rate	5.2%	4.8%	2.1%	2.3%
Retail price inflation	3.2%	3.2%	n/a	n/a
Consumer price inflation	2.4%	2.4%	2.0%	1.8%
Expected rate of salary increases	2.0%	2.0%	2.0%	1.8%
Expected rate of increase of pensions in payment:				
Uncapped increases	n/a	n/a	0.3%	0.3%
Capped at 5.0%	3.1%	3.1%	n/a	n/a
Capped at 2.5%	2.1%	2.1%	n/a	n/a
Life expectancy in years of a:				
Male pensioner aged 60	28.8	28.8	27.8	27.7
Female pensioner aged 60	30.4	30.3	29.7	29.6
Male pensioner aged 60 in 20 years' time	30.2	30.1	30.2	30.1
Female pensioner aged 60 in 20 years' time	31.7	31.6	31.7	31.6

Note 17 – Net cash and cash equivalents

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

In thousands of euros	30/06/2023	31/12/2022
Cash and accounts with central banks	5,076,024	2,521,688
Interbank assets - demand deposits and overnight loans	620,438	748,979
Other cash equivalents	419,295	438,471
Interbank liabilities - demand deposits and overnight loans	(42,012)	(34,318)
TOTAL	**6,073,745**	**3,674,820**

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.

The mix of liquid assets held by the Group has changed during the year. Accounts held with central banks have risen while holdings of government bonds have decreased by €1.6 billion (see Note 3 "Securities at amortised cost").

For the purposes of its liquidity management, the Group considers that its liquidity assets have a broader definition than the statutory measure above of cash and cash equivalents. They consist of: cash and accounts with central banks; all loans to bank, including term deposits; UCITs and mutual funds measured at FVTPL (comprising AAA money market funds or low-risk treasury credit funds); and its highly liquid securities at amortised cost. These amounts are shown below.

In thousands of euros	30/06/2023	31/12/2022
Cash and accounts with central banks	5,076,024	2,521,688
Loans and advances to banks (Note 4)	1,686,625	1,927,881
Securities at FVTPL - held for liquidity (Note 1)	474,914	730,024
Securities at amortised cost - held for liquidity (Note 3)	2,015,325	3,601,067
Cash and assets held for liquidity	**9,252,888**	**8,780,660**

Further information about liquidity assets and the Group's management of liquidity risk is provided in section 4.3.2.

Note 18 – Commitments given and received

Commitments given

In thousands of euros	30/06/2023	31/12/2022
Given to customers	1,107,768	1,106,561
Loan and debt security commitments	**1,107,768**	**1,106,561**
Given to banks	12,254	12,076
Given to customers	108,803	111,482
Guarantee commitments	**121,057**	**123,558**
Investment commitments	657,854	582,560
Irrevocable nominee commitments	463,327	453,617
Other commitments given	32,820	33,012
Other commitments given	**1,154,001**	**1,069,189**

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 22.

Commitments received

In thousands of euros	30/06/2023	31/12/2022
Received from banks	466,675	361,846
Loan commitments	**466,675**	**361,846**
Received from banks	7,631	8,718
Received from customers	176	327
Guarantee commitments	**7,807**	**9,045**

7. Notes to the income statement

Note 19 – Net interest income

In thousands of euros	30/06/2023	30/06/2022
Interest income - loans to banks	69,656	4,563
Interest income - loans to customers	91,712	34,786
Interest income - debt securities at amortised cost	22,826	3,099
Interest income - hedging derivatives	95	17
Interest income - other financial assets	246	251
Interest income on financial instruments using the effective interest method	**184,535**	**42,716**
Interest expense - due to banks and other financial institutions	(7,838)	(3,417)
Negative interest income from loans to banks	-	(17,147)
Interest expense - due to customers	(86,345)	(1,949)
Interest expense - hedging derivatives	(112)	(670)
Interest expense - lease liabilities	(3,433)	(2,391)
Interest expense - debt securities in issue and other financial liabilities	(1,999)	(16)
Interest expense on financial instruments using the effective interest method	**(99,727)**	**(25,590)**
Interest income - trading derivatives	38,560	17,568
Interest expense - trading derivatives	-	(54)
Interest income - debt securities at FVTPL	216	513
Net interest income on other financial instruments	**38,776**	**18,027**
NET INTEREST INCOME	**123,584**	**35,153**

Interest income on financial instruments using the effective interest method for the six months to June 2022 included €1.7 million of negative interest expense on the TLTRO borrowings from the ECB as well as €1.1 million of negative interest expense from amounts due to customers. There is no such negative interest expense booked in 2023.

The Group considers that the trading derivatives in this table are part of the Group's overall strategy on its interest margin, and so have shown the effective interest element of their change in value in net interest income.

Note 20 – Net fee and commission income and expense

Fee and commission income

In thousands of euros	30/06/2023	30/06/2022
Fees for M&A advisory work	447,344	638,278
Fees for Financing Advisory work and other services	230,494	221,767
Portfolio and other management fees - Wealth and Asset Management	291,984	312,409
Portfolio and other management fees - Merchant Banking	105,982	79,151
Banking and credit-related fees and commissions	3,816	3,911
Other fees	5,569	7,697
TOTAL	**1,085,189**	**1,263,213**

Fee and commission expense

In thousands of euros	30/06/2023	30/06/2022
Fees for M&A advisory work	(1,817)	(6,062)
Fees for Financing Advisory work and other services	(9,440)	(3,028)
Portfolio and other management fees - Wealth and Asset Management	(36,438)	(39,936)
Portfolio and other management fees - Merchant Banking	(5,978)	(2,571)
Banking and credit-related fees and commissions	(7)	(14)
Other fees	(1,658)	(2,792)
TOTAL	**(55,338)**	**(54,403)**

Note 21 – Net gains on financial instruments at fair value through profit or loss

In thousands of euros	30/06/2023	30/06/2022
Net income - financial instruments at fair value through profit or loss	64,041	103,650
of which: net income - carried interest	*16,298*	*38,555*
Net income - foreign exchange operations	20,961	21,713
Net income - other operations	2,436	5,601
TOTAL	**87,438**	**130,964**

Net gains 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 22 – Operating expenses

In thousands of euros	30/06/2023	30/06/2022
Compensation and other staff costs	(752,217)	(745,521)
Defined benefit pension expenses (Note 16)	(1,360)	(8,037)
Defined contribution pension expenses	(11,988)	(9,866)
Staff costs	**(765,565)**	**(763,424)**
Administrative expenses	(191,493)	(159,982)
TOTAL	**(957,058)**	**(923,406)**

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. 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. Occasionally, in certain circumstances, the Group allows employees who are not MRTs to accelerate the vesting of deferred cash awards, and in this case, any remaining uncharged expense is recognised immediately.

A portion of the bonuses paid to MRTs identified under CRD V and, from the 2022 performance year, the Investment Firms Prudential Regime (IFPR) are settled in the form of a non-cash instrument. For a number of years, up to and including the awards made in 2022, there were two forms of non-cash instruments in the R&Co Group, used in response to CRD V. 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 was immediately vested but the value of the amount paid moved in line with the R&Co share price over a six-month holding period.

Following the Offer for the Rothschild & Co shares, there will not be sufficient liquidity in R&Co shares to operate an effective equity-settled non-cash instrument award scheme, so the Group informed affected employees in February 2023 that it expected to settle existing non-cash instrument awards in cash. In accounting terms, these changes make these instruments cash-settled at R&Co Group level, whereas they were previously equity-settled with the commitment in equity. It is the Group's accounting policy to revalue amounts in equity to their fair value before they are transferred to the balance sheet as a liability. The liability for a cash-settled award subsequently moves in line with the underlying share value, with differences booked in the income statement.

All new non-cash instruments awarded in 2023 (relating to the 2022 performance year) and onwards are being made by way of notional shares (both deferred and non-deferred), which track the value of Rothschild & Co shares and will be settled in cash.

The objective of the non-cash instruments 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.

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 €148 million (€189 million as at 31 December 2022).

R&Co Equity Scheme

As at 30 June 2023, R&Co also operates Equity Schemes for some of its senior staff. Equity Scheme participants have been required to invest in R&Co shares and, for each share owned, they are granted four share options. The shares are subject to a three-year to four-year lock-up period and the share options granted are subject to a vesting period before exercise. Some staff used deferred cash awards to fund their investment in the R&Co shares. In this case, the element of the deferred awards they use that has not yet been expensed at the point of purchase is recognised over the lock-up period. Following the announcement of the Offer, other share-based payments related to the R&Co Equity Scheme remain as equity-settled in the R&Co Group. However, their vesting has been accelerated during July 2023, so that any uncharged amounts relating to future service periods will now be charged in the second half of the year.

All vested stock options in the Equity Schemes are expected to be exercised in the second half of 2023. If the Offer results in the mandatory buyout of minority shareholders, the Group will accelerate the vesting of all of the remaining stock options in the Equity Schemes and these are also expected to be exercised in the second half of 2023.

Movements in the number of share options outstanding are as follows:

	30/06/2023		31/12/2022	
	Number, 000s	Weighted average exercise price, €	Number, 000s	Weighted average exercise price, €
At the beginning of the period	3,630	28.3	4,111	27.6
Issued	-	-	-	-
Forfeited	-	-	(20)	20.0
Exercised	(595)	23.6	(461)	22.3
AS AT THE END OF THE PERIOD	**3,035**	**29.2**	**3,630**	**28.3**
Exercisable at the end of the period	*2,237*	*27.3*	*2,833*	*26.5*

Share options outstanding at the end of the period were as follows:

Exercise price €	30/06/2023		31/12/2022	
	Number of outstanding options, 000s	Weighted average contractual life (years)	Number of outstanding options, 000s	Weighted average contractual life (years)
€16.01 - €18.00	309	0.3	450	0.8
€18.01 - €20.00	414	0.3	635	0.8
€20.01 - €22.00	-	-	-	-
€22.01 - €24.00	30	2.3	30	2.8
€24.01 - €26.00	100	2.3	120	2.8
€26.01 - €28.00	427	3.2	502	3.7
€28.01 - €30.00	181	2.9	199	3.2
€30.01 - €32.00	321	2.7	361	3.0
€32.01 - €35.00	752	4.3	782	4.8
€35.01 - €38.00	-	-	-	-
€38.01 - €41.00	363	2.3	413	2.8
€41.01 - €44.00	138	2.3	138	2.8
TOTAL	**3,035**	**2.5**	**3,630**	**2.8**

The fair value of share-based payments made in the period was €nil (31 December 2022: €nil). Fair values are charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the employees' options change in value.

The charge arising in the period that relates to share-based payments is included in the account "Compensation and other staff costs", and amounts to €2.7 million (30 June 2022: €1.1 million).

Note 23 – Cost of Risk

In thousands of euros	Impairment	Impairment reversal	Recovered loans	30/06/2023	30/06/2022
Loans and advances to customers	(2,618)	4,660	35	2,077	762
Securities at amortised cost	(19)	106	-	87	(71)
Other assets	(2,492)	3,563	-	1,071	2,590
Commitments given to customers	(528)	-	-	(528)	473
TOTAL	**(5,657)**	**8,329**	**35**	**2,707**	**3,754**

Note 24 – Net income/(expense) from other assets

In thousands of euros	30/06/2023	30/06/2022
Gains/(losses) related to disposal and impairment of tangible or intangible assets	531	(101)
Gains/(losses) related to acquisition, disposal and impairment of Group companies	7,506	1,674
Non-operating income/(expense)	(1,774)	(3,980)
TOTAL	**6,263**	**(2,407)**

The consolidated result on disposal of €4.1m, of the Group's North American asset management business (see Highlights section 1.3), net of associated costs, has been booked in the current period in the account "Gains/(losses) related to acquisition, disposal and impairment of Group companies" following the completion of the sale earlier this year.

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 25 – Income tax expense

In thousands of euros	30/06/2023	30/06/2022
Current tax	(52,422)	(78,452)
Deferred tax	1,428	(3,444)
TOTAL	**(50,994)**	**(81,896)**

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

In thousands of euros	30/06/2023		30/06/2022	
Profit before tax		**246,765**		**413,963**
Expected tax charge at standard French corporate income tax rate	25.83%	63,739	25.83%	106,927
Main reconciling items[(1)]				
Impact of foreign profits and losses taxed at different rates	(7.3%)	(18,065)	(8.3%)	(34,464)
Tax on partnership profits recognised outside the Group	(5.5%)	(13,616)	(4.6%)	(18,951)
Tax impact on deferred tax relating to change of the corporate income tax rate	(1.1%)	(2,634)	+3.8%	15,915
Tax impacts relating to prior years	(0.3%)	(733)	(0.0%)	(26)
Permanent differences	(0.2%)	(400)	+1.3%	5,267
Recognition of previously unrecognised deferred tax	-	-	(0.6%)	(2,361)
Impact of unrecognised deferred tax on losses	+1.0%	2,537	+0.5%	2,079
Tax on dividends received through partnerships	+1.7%	4,100	+0.2%	619
Irrecoverable and other dividend-related taxes	+6.5%	16,007	+1.8%	7,276
Other tax impacts	+0.0%	59	(0.1%)	(385)
Actual tax charge	**20.7%**	**50,994**	**19.8%**	**81,896**
EFFECTIVE TAX RATE		**20.7%**		**19.8%**

(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 26 – 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 15.

Note 27 – 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 special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; excluding from 2023 management accounts the costs of the Offer; the application of IAS 19 for defined benefit pension schemes; adding back non-operating items and 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	30/06/2023
Net banking income	**676,013**	**403,358**	**141,224**	**24,910**	**1,245,505**	**(4,658)**	**1,240,847**
Operating expenses	(595,969)	(293,569)	(73,219)	(30,991)	(993,748)	(9,270)	(1,003,018)
Cost of risk	-	1,416	-	-	1,416	1,291	2,707
Operating income	**80,044**	**111,205**	**68,005**	**(6,081)**	**253,173**	**(12,637)**	**240,536**
Share of profits of associated entities	-	-	-	-	-	(34)	(34)
Non-operating income	-	-	-	-	-	6,263	6,263
Profit before tax	**80,044**	**111,205**	**68,005**	**(6,081)**	**253,173**	**(6,408)**	**246,765**

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**	**324,653**	**187,857**	**20,978**	**1,390,108**	**(15,562)**	**1,374,546**
Operating expenses	(693,862)	(253,722)	(66,731)	(40,444)	(1,054,759)	90,868	(963,891)
Cost of risk	-	576	-	-	576	3,178	3,754
Operating income	**162,758**	**71,507**	**121,126**	**(19,466)**	**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**	**71,507**	**121,126**	**(19,466)**	**335,925**	**78,038**	**413,963**

In April 2023, the Group completed the sale of its North American asset management business to Wintrust Financial Corporation. Therefore, this business has been reclassified into “Other businesses” in 2022 and 2023, with the 2022 figures for the Wealth and Asset Management segment being restated.

Net banking income split by geographical segment

In thousands of euros	30/06/2023	%	30/06/2022	%
France	385,735	31%	333,348	24%
United Kingdom and Channel Islands	378,011	30%	400,342	29%
Other Europe	150,386	12%	214,781	16%
Switzerland	106,250	9%	79,501	6%
United States of America	101,284	8%	140,323	10%
Luxembourg	60,112	5%	130,855	10%
Australia and Asia	26,454	2%	44,142	3%
Other	32,615	3%	31,254	2%
TOTAL	**1,240,847**	**100%**	**1,374,546**	**100%**

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

Note 28 – Earnings per share

	30/06/2023	30/06/2022
Net income - Group share (millions of euros)	128.5	248.8
Profit share *(préciput)* adjustment (millions of euros)	(3.2)	(1.7)
Net income - Group share after *préciput* adjustment (millions of euros)	**125.3**	**247.1**
Basic average number of shares in issue - 000s	**71,930**	**72,056**
Earnings per share - basic (euros)	**€1.74**	**€3.43**
Effect of potentially dilutive ordinary shares - 000s	1,280	1,191
Diluted average number of shares in issue - 000s	**73,210**	**73,247**
Earnings per share - diluted (euros)	**€1.71**	**€3.37**

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 year.

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.

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 29 – Consolidation scope

With the exception of acquisitions disclosed in Note 7 and disposals in the Highlights 1.3, there have been no material changes during the period in the scope of companies consolidated by the Group.

Abbreviations and glossary

Term	Definition
CGU	Cash-generating unit
Company	Rothschild & Co SCA
CRD V	Capital Requirements Directive 5
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 Markets Solutions	Subset of the Financing Advisory business segment, which includes ECM Advisory, Private Capital, Investor Advisory, Investor Marketing and Redburn.
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
Financing Advisory	A subset of the Global Advisory business, encompassing Debt Advisory; Restructuring and Equity Markets Solutions.
FVTPL	Fair value through profit or loss
GA	Global Advisory (business segment)
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
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
NSFR	Net stable funding ratio
OCI	Other comprehensive income
Offer	Filing of a simplified tender offer for the Rothschild & Co shares by Concordia, the holding company of the Rothschild family
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*/Statutory 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
Statutory Managing Partner	Rothschild & Co Gestion SAS (the gérant)
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 it 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 auditing standards applicable in France.

For the period from 1 January 2023 to 30 June 2023

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 2023 to 30 June 2023;
- 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 (le "Gérant"). Our role is to express a conclusion on these financial statements based on our limited review.

I. Conclusion of 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 IFRS 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, 4 August 2023

KPMG S.A.

Paris, 4 August 2023

Cailliau Dedouit et Associés S.A.

French original signed by

Jean-François Dandé
Partner

Nicolas Bourhis
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

Managing Partner

Mark Crump

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, 4 August 2023

Rothschild & Co Gestion SAS

Managing Partner Represented by
Alexandre de Rothschild,
Executive Chairman

Mark Crump

Group Chief Financial Officer and
Chief Operating Officer

About Rothschild & Co

Rothschild & Co is 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. 4,200 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 €154,205,332. Paris trade and companies registry number: 302 519 228. Registered office: 23 *bis*, avenue de Messine, 75008 Paris, France.