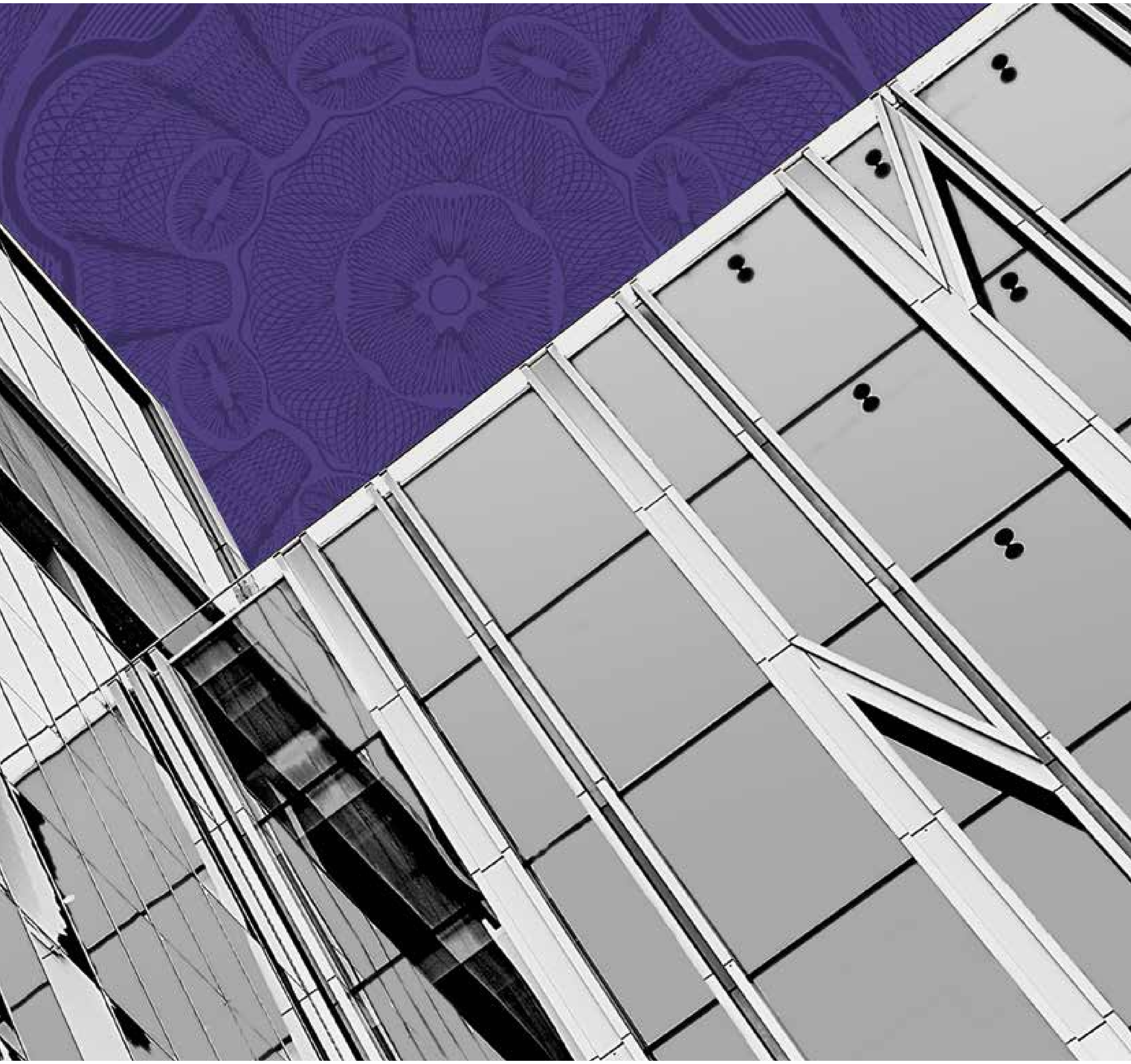
Rothschild & Co
Pillar 3 Disclosure as at 31 December 2017



Rothschild & Co

Contents

1. Scope

Introduction

This document is published to provide information about the compliance of Rothschild & Co (the "Company") with the public disclosure rules set out in the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 relating to minimum capital requirements (known as "Pillar 3" requirements in the Basel 3 Accord and its European transposition by the Capital Requirement Regulation ("CRR"). Rothschild & Co is registered in the list of Financial Companies supervised by the French Prudential Control Authority *(Autorité de Contrôle Prudentiel et de Résolution or "ACPR").*

The Pillar 3 disclosure requirements complement the minimum capital requirements ("Pillar 1") and the supervisory review process ("Pillar 2") and aim to encourage market discipline by allowing market participants to assess key pieces of information on the risk exposures and the risk assessment processes of Rothschild & Co.

It should be noted that the Company's financial year end changed from March to December. The first period to reflect the change is for the nine months to 31 December 2017.

This document is available on Rothschild & Co's website (www.rothschildandco.com) along with the Rothschild & Co 2017 Annual Report.

Basis of disclosure

These risk disclosures are made in respect of Rothschild & Co and its subsidiary undertakings (together "the Group" or "the Rothschild & Co Group").

The following regulated banking entities are fully consolidated in Rothschild & Co's accounts:

Rothschild Bank AG ("RBZ") incorporated in Switzerland and supervised by the Swiss Financial Market Supervisory Authority ("FINMA");

Rothschild Bank International Limited ("RBI") incorporated in Guernsey and supervised by the Guernsey Financial Services Commission ("GFSC"). RBI and Rothschild Bank (CI) Limited merged in October 2016 to become RBI;

Rothschild Martin Maurel SCS ("RMM") formerly named Rothschild et Compagnie Banque SCS incorporated in France and supervised by the ACPR;

Banque Martin Maurel SA ("BMM"), incorporated in France and supervised by the ACPR; and

Martin Maurel Sella ("MMS") incorporated in Monaco and supervised by the ACPR.

It should be noted that in the continuity of the merger between the Company and Compagnie Financière Martin Maurel SA completed on 2 January 2017, the Group conducted an operational and legal reorganisation combining the banking business performed by BMM and Rothschild et Compagnie Banque SCS ("RCB") under one credit institution. RCB was renamed Rothschild Martin Maurel SCS. As a result of this reorganisation implemented on 1 July 2017, BMM submitted the withdrawal of its banking license to the ACPR since it is no longer operating in the banking business. Please refer to page 51 of the 2017 Annual Report of the Company for more details.

As at 31 December 2017, the regulatory consolidation scope is identical to the statutory consolidation scope.

Unless otherwise indicated, financial information presented in this document is as at 31 December 2017 (Rothschild & Co's new financial year-end). As there is a significant overlap between the information disclosure requirements for Pillar 3 and information already disclosed in the Rothschild & Co 2017 Annual Report, this document should be read in conjunction with that report. The Rothschild & Co Group organisation presented in this document is consistent with the governance arrangements described within the Rothschild & Co 2017 Annual Report.

Verification

These disclosures have been circulated and presented in March 2018 by the Company's managing partner *(Gérant),* Rothschild & Co Gestion SAS (the "Managing Partner") to the Audit Committee and the Supervisory Board upon report of the Audit Committee. Unless otherwise indicated, information contained within this document has not been subject to external audit. The Pillar 3 disclosures have been prepared purely for the purpose of explaining the basis on which the Rothschild & Co Group has prepared and disclosed certain capital requirements and information about the management of certain risks, and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement on the Rothschild & Co Group.

2. Risk Management

Overview

The guiding philosophy of risk management in the Group is for the management to adopt a prudent and conservative approach to the taking and management of risk. The maintenance of the Group's reputation is a fundamental driver of risk appetite and of risk management. The protection of reputation guides the type of clients and businesses with which the Group will involve itself.

The nature and method of monitoring and reporting varies according to the risk type. Most risks are monitored daily with management information being provided to relevant committees on a weekly, monthly or quarterly basis. Where appropriate to the risk type, the level of risk faced by the Group is also managed through a series of sensitivity and stress tests.

The identification, measurement and control of risk are integral to the management of Rothschild & Co's businesses. Risk policies and procedures are regularly updated to meet changing business requirements and to comply with best practice.

Structure and Risk Governance

The Company's Managing Partner is the executive body of Rothschild & Co responsible in particular for establishing adequate, sound and appropriate risk management processes in line with all legal and regulatory requirements.

The decision-making process of the Company's Managing Partner relies on its Management Board *(Conseil de Gérance),* a collective body which aims to assist the Chairman of the Managing Partner in fulfilling the commitments of the Managing Partner acting in its capacity as the sole legal representative of the Company with full power to act in all circumstances in the Company's name and on its behalf.

The oversight management and supervision of the Group are the responsibility of the Management Board, notwithstanding other Group companies' local requirements, including in particular: Group strategy and management, capital management, and risk management and control (including Group Policies).

Internal control governance within the Group is effected through Rothschild & Co and onwards to the senior executive management committees for each of the Group's businesses and the boards of the principal operating entities. The Group internal control system is supervised by the Supervisory Board, assisted by its specialised committees. Rothschild & Co ensures, for the Company and the entities within the Group on a consolidated basis, the effective determination of the direction of the business and determines the regulatory capital; it has direct oversight of all Group entities in respect of internal control matters and considers all major strategic and other risk matters affecting all parts of the Group.

The main roles of the committees with responsibility for key risk management areas are as follows:

The **Group Executive Committee** ("GEC") is the senior executive committee at Rothschild & Co. Rothschild & Co is represented at the GEC by the Managing Partners and Deputy Chairman. Two Managing Partners co–chair the GEC. The GEC participates in the overall management and the definition of the strategy for the Group's businesses. Its role is to assess the delivery of that strategy, to ensure the proper and effective functioning of Group governance structures, operating policies and procedures, to define the Group's risk appetite and to be responsible for the management of risk.

The **Audit Committee** is a specialised committee of the Supervisory Board responsible, in particular, for supervising and reviewing the Group's internal audit arrangements, reviewing the independence of Rothschild & Co's statutory auditors and the effectiveness of the Group's internal control systems.

The **Risk Committee** is a specialised committee of the Supervisory Board responsible for reviewing the Group's broad policy guidelines relating to risk management, particularly the limits which reflect the risk appetite presented to the Supervisory Board, and examining the effectiveness of the risk management policies put in place. These policies make up the structure underpinning the group's approach to managing specific categories of risk as articulated in the Group Risk Framework.

The **Group Assets and Liabilities Committee** ("Group ALCO") is responsible for ensuring that the Group has prudent funding and liquidity strategies for the efficient management and deployment of capital resources within regulatory constraints, and for the oversight of the management of the Group's other financial strategies and policies, including some credit decisions.

The **Remuneration and Nomination Committee** is a specialised committee of the Supervisory Board responsible in particular for setting the principles and parameters of the remuneration policies for the Group and determining the nature and scale of short and long term incentive performance arrangements that encourages enhanced performance and reward individuals in a "risk based" manner for their contribution to the success of the Group in the light of an assessment of the Group's financial situation and future prospects.

Risk Management Framework

The Group has adopted a risk governance model that is applied across the Group and requires that all of the Group's businesses and functions establish processes for identifying, evaluating and managing the key risks faced by the Group. It is based on the concept of 'three lines of defence'.

In the first instance, the Company's Managing Partner sets the Group's risk appetite, approves the strategy for managing risk and is responsible for the Group's system of internal control. The three lines of defence model then distinguishes between functions owning and managing risks, functions overseeing risks and functions providing independent assurance.

Group Risk Framework

The Three Lines of Defence for identifying, evaluating and managing risks

First Line of Defence	Second Line of Defence	Third Line of Defence
It is the responsibility of senior management in each of the Group's business lines to establish and maintain effective risk management systems and to support risk management best practice.	Comprises specialist Group support functions including: Risk, Compliance, Legal, Finance and Human Resources. These functions provide: • operational and technical guidance; • advice to management at Group level and operating entity level; • independent challenge to the businesses; and • assistance in the identification, assessment, management, measurement, monitoring and reporting of financial and non–financial risks.	Provides independent objective assurance on the effectiveness of the control procedures including those relating to the management of risks across the entire Group. This is provided by the Group's Internal Audit function.

Risk types

Credit and counterparty risk

Credit risk is the risk of loss resulting from exposure to customer or counterparty default.

Rothschild & Co has adopted the Standardised Approach for calculating Pillar 1 capital requirements for credit risk.

Operational risk

Operational risk, which is inherent in all business activities, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Rothschild & Co currently adopts the Basic Indicator Approach for calculating Pillar 1 capital requirements for operational risk (except for RMM which uses the Advanced Measurement Approach and the Basic Indicator combined).

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due, or that the Group is unable to meet regulatory prudential liquidity ratios.

The Group performs liquidity stress testing based on a range of adverse scenarios, and has contingency funding plans which are maintained with the objective of ensuring that the Group has access to sufficient resources to meet obligations as they fall due if these scenarios occur. Stressed liquidity profiles are reviewed by the Group ALCO.

Market risk

Market risk positions arise mainly as a result of the Rothschild & Co Group's activities in interest rate (including interest rate risk in the banking book), currency, equity and debt markets and comprise interest rate, foreign exchange, equity and debt position risk. Market risk exposures are presented in the Rothschild & Co 2017 Annual Report (page 138).

Other material risks

Other risks which are, or may be, material arise in the normal conduct of our business. Such risks, including residual risk, concentration risk, basis risk, intermediary risk, clearing and settlement risk, securitisation risk, model risk, business risk, pension obligation risk, capital planning risk (including the risk of excessive leverage) and reputational risk, are identified and managed as part of the overall risk controls and are taken into account in the Supervisory Board's periodic assessment of capital adequacy.

There is additional information regarding credit risks in the Rothschild & Co 2017 Annual Report (page 135); other information regarding liquidity and funding risks is also included (page 139).

3. Regulatory Ratios

Solvency ratios

During the nine month period ended 31 December 2017, Rothschild & Co and the individual entities within the Rothschild & Co Group complied with all of the externally imposed capital requirements to which they were subject. The following table provides a breakdown of consolidated capital requirements, together with regulatory ratios, at 31 December 2017 compared to the capital requirements at 31 March 2017:

In millions of euro	31/12/2017(1)	31/03/2017(1)
Tier 1 capital/CET 1	1,540	1,433
Tier 2 capital	65	71
Total Regulatory Capital	**1,605**	**1,504**
Credit Risk	4,968	4,720
Operational Risk	3,120	3,002
Market Risk and Credit Value Adjustment	154	172
Total Risk Weighted Assets	**8,242**	**7,894**
Tier 1/CET 1 ratio	18.7%	18.2%
Total capital ratio	**19.5%**	**19.1%**

(1) Fully loaded based on CRR/CRD4 rules as published on 26 June 2013.

Total capital and CET 1 ratios increase respectively by 0.4% and 0.5% mostly due to including profit for the period and despite an increase of Risk Weighted Assets ("RWA"). RWA increase is coming mostly from Credit Risk RWA and from operational risk as revenues strengthened (using a three year rolling average of revenues).

Under European Banking Authority ("EBA") transitional rules for 2017, the Tier 1 ratio with the Capital Conservation Buffer ("CCB") must exceed 7.25% and the Global ratio including CCB must exceed 9.25%. On a fully loaded Basel 3 basis, the Tier 1 ratio with CCB must exceed 8.5% and the Global ratio including CCB must exceed 10.5%.

Leverage ratio

The Group determines its leverage according to the leverage ratio benchmark as defined by the Basel Committee in January 2014. These rules were transposed into the Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 by way of amended CRR. The leverage ratio is in an observation phase in order to set minimum requirements.

At 31 December 2017, sustained by the higher Common Equity Tier 1 capital, and as the Group's activities are not highly leveraged, Rothschild & Co's fully phased–in leverage ratio was 12.3%.

Appendix A discloses the main characteristics of the leverage ratio.

4. Regulatory Capital

The table below reconciles the composition of regulatory capital for the Rothschild & Co Group as at 31 December 2017 to the audited financial statements in accordance with Article 2 in Commission implementing regulation (EU) No 1423/2013.

In millions of euro	**31/12/2017**
Shareholders' equity including period-end profit	1,912
Parent company shareholders' equity per balance sheet	1,912
Non-controlling interests (amount allowed in consolidated CET1)	
Non-controlling interests per balance sheet	540
of which: Undated subordinated debt and certain preferred shares	303
of which: Result for period – NCI share	124
Amount not eligible under CRR	(540)
Deductions	**(372)**
Goodwill and other intangible assets	(274)
Deferred tax assets on losses carried forward	(12)
Proposed dividend	(53)
Securitisation exposures	(13)
Other regulatory adjustments	(20)
Core Tier 1 capital	**1,540**
Qualifying Tier 2 instruments issued by subsidiaries	**65**
Undated subordinated debt and certain preferred shares	303
Amount not eligible under CRR	(238)
Tier 2 capital	65
Total capital base	**1,605**

Appendix B discloses the main characteristics of the own funds instruments.

Appendix C discloses detailed information of the regulatory capital on a full Basel 3 basis and on a transitional basis.

5. Risk Weighted Assets and Capital Requirements

The ACPR sets out the minimum capital requirement for French regulated financial institutions under CRR rules. CRR sets out the minimum regulatory capital to meet credit, market and operational risk. At 31 December 2017, the Group's total capital requirements by risk type were as follows:

Pillar 1 Requirement **In millions of euro**	**Risk Weighted Assets**	**Capital requirement**
Credit Risk	4,968	397
Market Risk and Credit Value Adjustment	154	12
Operational Risk	3,120	250
Total	**8,242**	**659**

6. Credit Risk

Credit risk exposures

All credit risk capital requirements are calculated using the standardised approach.

The table below presents a summary of the Credit Risk Weighted Assets (“RWA”) calculation. The net exposure is the exposure that is subject to a credit risk capital requirement after provisions.

The Exposure At Default (“EAD”) is calculated after netting effects, collateral and credit conversion factors but before applying risk weightings. EAD includes off balance sheet exposures that are subject to a Credit Conversion Factor.

The RWA consists of the EAD multiplied by a weighting factor, which varies depending on the credit quality of the counterparty.

In millions of euro	**31/12/2017**
Net exposure	12,627
Financial collateral	(1,778)
Credit conversion factor	(223)
Exposure At Default	**10,626**
Risk Weighted Assets	**4,968**

Exposures by asset class

The table below shows the analysis of exposures by asset class before credit risk mitigation with substitution effects. Exposures with Central Banks are zero weighted.

In millions of euro	**Exposure at default**	**Risk Weighted Assets**
Central Banks	3,875	–
Institutions	1,911	732
Corporates	1,690	1,383
Other	780	831
High Risk Exposures	718	1,077
Retail	470	318
Residential Mortgages	362	131
Sovereigns	279	–
Exposures in default incl. past due	176	242
Equity	160	161
Multilateral Development Banks	75	–
Collective Investment Units	50	53
Securitisations	44	14
Commercial Mortgages	36	26
Total	**10,626**	**4,968**

High risk exposures comprise mainly unlisted equity investments from the Merchant Banking business. The “Other” category comprises mainly ’Non–credit obligation assets’ such as deferred tax assets not otherwise deducted from capital and tangible assets.

EAD by geographical location and by sector

The Group is mainly exposed to Switzerland, United Kingdom, Luxembourg and France with approximately 84% of its exposures to these four countries. EAD by geographical location is as follows:

In millions of euro	France	Switzerland	Luxembourg	United Kingdom	Other	Total
Central Banks	1,218	2,643	–	–	14	3,875
Institutions	597	245	193	149	727	1,911
Corporates	1,046	30	209	92	313	1,690
Other	254	101	45	270	110	780
High Risk Exposures	208	–	409	39	62	718
Retail	400	12	–	11	47	470
Residential Mortgages	6	8	–	118	230	362
Sovereigns	93	2	40	92	52	279
Exposures in default incl. past due	10	7	–	81	78	176
Equity	22	120	10	–	8	160
Multilateral Development Banks	17	–	39	–	19	75
Collective Investment Units	50	–	–	–	–	50
Securitisations	16	–	–	4	24	44
Commercial Mortgages	–	–	1	29	6	36
Total	**3,937**	**3,168**	**946**	**885**	**1,690**	**10,626**

By sectors, more than 57% of the exposures are to the Financial and Governments Sectors (Institutions, Sovereign and Central Banks asset classes). Central Banks exposures are mainly to Swiss National Bank and Banque de France.

EAD by maturity

The table below sets out an analysis of credit risk by maturity as at 31 December 2017. Residual maturity of exposures is based on contractual maturity dates and not expected or behaviorally adjusted dates.

In millions of euro	< 1 year	1–5 years	>5 years	Undated	Total
Central Banks	3,875	–	–	–	3,875
Institutions	1,349	403	159	–	1,911
Corporates	910	509	271	–	1,690
Other	404	2	–	374	780
High Risk Exposures	39	245	–	434	718
Retail	162	180	128	–	470
Residential Mortgages	110	250	2	–	362
Sovereigns	276	3	–	–	279
Exposures in default incl. past due	138	36	2	–	176
Equity	–	3	–	157	160
Multilateral Development Banks	20	55	–	–	75
Collective Investment Units	–	50	–	–	50
Securitisations	6	–	38	–	44
Commercial Mortgages	3	27	6	–	36
Total	**7,292**	**1,763**	**606**	**965**	**10,626**

The Group’s strategy is to maintain a highly liquid short term position. This results in more than 68% of the exposures having a maturity below 1 year.

Value adjustment on impaired assets by asset class

Value adjustments (whether through individual or collective provisions or through equity reserves) shown below relate to impaired assets only. The net exposure takes into account value adjustments but does not include any mitigation from collateral.

NEGATIVE VALUE ADJUSTMENTS AND PROVISIONS BY ASSET CLASS

In millions of euro	Impaired gross Exposure	Value Adjustment	Net Exposure
Exposures in default incl. past due	229	68	161
High Risk Exposures	59	41	18
Equity	26	8	18
Retail	18	13	5
Corporates	5	1	4
Other	1	–	1
Total	**338**	**131**	**207**

EAD by credit quality

Rothschild & Co uses external credit assessments provided by Standard & Poor's, Moody's, Fitch and Banque de France for all exposure classes. These are used, where available, to assign exposures a credit quality step and calculate credit risk capital requirements under the standardised approach. Credit quality steps are provided by the regulator and are used to weight asset classes based on the external rating. The following tables provide, by asset class, an analysis of exposures by credit quality steps as at 31 December 2017:

In millions of euro	Credit quality Step 1	Credit quality Step 2	Credit quality Step 3	Credit quality Step 4	Credit quality Step 5	Credit quality Step 6	Unrated	Total
Central Banks	3,875	–	–	–	–	–	–	3,875
Institutions	910	620	81	–	–	–	300	1,911
Corporates	121	222	101	45	13	–	1,188	1,690
Other	26	–	–	–	–	–	754	780
High Risk Exposures	–	–	–	–	–	–	718	718
Retail	6	14	9	54	19	1	367	470
Residential Mortgages	–	–	–	–	–	–	362	362
Sovereigns	279	–	–	–	–	–	–	279
Exposures in default incl. past due	–	–	–	1	1	–	174	176
Equity	–	–	–	–	–	–	160	160
Multilateral Development Banks	75	–	–	–	–	–	–	75
Collective Investment Units	–	–	–	–	–	–	50	50
Securitisations	38	3	2	1	–	–	–	44
Commercial Mortgages	–	–	–	–	–	–	36	36
Total	**5,330**	**859**	**193**	**101**	**33**	**1**	**4,109**	**10,626**

Credit quality steps correspond to the following external ratings:

Counterparty quality step	Fitch	Moody's	S&P	Banque de France
1	AAA to AA–	Aaa to Aa3	AAA to AA–	3++
2	A+ to A–	A1 to A3	A+ to A–	3+, 3
3	BBB+ to BBB–	Baa1 to Baa3	BBB+ to BBB–	4+
4	BB+ to BB–	Ba1 to Ba3	BB+ to BB–	4 to 5+
5	B+ to B–	B1 to B3	B+ to B–	5 to 6
6	<CCC+	<Caa1	<CCC+	7 to 9

Counterparty credit risk

Counterparty credit risk ("CCR") is deemed to be the risk that a counterparty to a derivative transaction defaults. The duration of the derivative and the credit quality of the counterparty are both factored into the internal capital and credit limits for counterparty credit exposures. Given the profile of the Group, this type of risk is not material. The table below details CCR exposures. Derivatives positions are not netted.

In millions of euro	Gross Exposure	Financial collateral	EAD
Banking book	22	2	20
Trading book Equity	109	14	95
Total	**131**	**16**	**115**

Credit risk mitigation techniques

The value of financial collateral used as credit risk mitigation is €1,778 million as of 31 December 2017. The main types of collateral consist of netting agreements for market related transactions and of financial collateral related to Lombard Lending to private clients. Note that exposures to Private Clients that are above €1m are classified as corporate, as defined by CRR.

Net exposure is calculated after value adjustment due to provision or value changes on Available For Sale ("AFS") securities. Fully adjusted exposure is calculated after collateral mitigation on net exposures. EAD includes off balance sheet exposures based on credit conversion factors provided by French regulations.

In millions of euro	Net Exposure	Financial collateral	Fully adjusted Exposure	EAD	RWA
Corporates	2,464	928	1,818	1,690	1,383
High Risk Exposures	873	139	734	718	1,077
Other	782	2	780	780	831
Institutions	2,501	606	1,939	1,911	732
Retail	934	88	520	470	318
Exposures in default incl. past due	179	2	177	176	242
Equity	160	–	160	160	161
Residential Mortgages	375	13	362	362	131
Collective Investment Units	50	–	50	50	53
Commercial Mortgages	36	–	36	36	26
Securitisations	44	–	44	44	14
Central Banks	3,875	–	3,875	3,875	–
Sovereigns	279	–	279	279	–
Multilateral Development Banks	75	–	75	75	–
Total	**12,627**	**1,778**	**10,849**	**10,626**	**4,968**

Securitisations

The Group's primary securitisation focus is on managing securitisation vehicles on behalf of third party investors. This may involve the transfer of some assets from the Group, but these are immaterial in both the context of the Group's and the securitisation vehicles' balance sheets. The Group does not underwrite or provide liquidity support to these vehicles.

The Group may invest in both its managed vehicles and third party securitisations. The table below sets out investments in securitisations by credit quality step as at 31 December 2017:

In millions of euro	Credit quality step	EAD	RWA
Securitisation	1	38	8
High Risk Exposures	2	3	2
Equity	3	2	2
Retail	4	1	2
Total		**44**	**14**

7. Market Risk

Market risk arises mainly from FX risk in the Group's Merchant Banking activities, which do not systematically hedge FX exposures on gains that are not realised. Market risk capital requirements split by risk type were as follows at 31 December 2017:

In millions of euro	Risk Weighted Assets	Capital Requirement
FX risk	119	9
Equity risk	4	–
Commodity risk	20	2
Credit Value Adjustment	11	1
Total	154	12

All market risk requirements are calculated using the standardised approach.

Interest rate risk from the non–Trading Book is described within the Rothschild & Co 2017 Annual Report (page 139).

8. Operational Risk

The capital requirement for operational risk is calculated using the Basic Indicator Approach ("BIA") for the Rothschild & Co Group except for RMM that has been authorised by the ACPR to use the combined Advanced Measurement Approach ("AMA") on ex-RCB scope and BIA on ex-BMM scope. Current extension of AMA to ex-BMM scope is ongoing.

The Group Operational Risk Policy defines roles, responsibilities and accountabilities across the Group for the identification, measurement, monitoring and reporting of operational risks. Risk maps are developed by each business and support unit.

The nature of Rothschild & Co's businesses means that operational risks are most effectively mitigated through the application of rigorous internal procedures and processes, with a particular emphasis on client take-on, identification of conflicts of interest, project–specific appointment letters, formal approval of new products and quality controls in transaction implementation. This is supported by a program of training on Rothschild & Co Group's procedures and regulatory and compliance issues. The Rothschild & Co Group manages its operational risks through a variety of techniques, including monitoring of incidents, internal controls, training and various risk mitigation techniques, such as insurance and business continuity planning.

One of the objectives of the Group Operational Risk Policy is to ensure that operational risk is managed and reported consistently across the Group. Senior management of each business and support unit is required to:

- identify the operational risks which are material in its business;
- describe the controls in place to mitigate these risks; and
- assess the potential impact of each risk, and the likelihood of an event occurring (after taking account of mitigants in place).

Senior management in the operating entities is required to identify, escalate and report operational risk incidents and control weaknesses which give rise to or potentially give rise to financial loss or reputation damage.

The ACPR authorised ex-RCB to use the Advanced Measurement Approach in December 2007. The ex-RCB framework is composed of both qualitative and quantitative elements. The qualitative elements follow the requirements for the Rothschild & Co Group as set out in the Group Operational Risk Policy.

The quantitative elements comprise an internal model that quantifies material operational risks. The ex-RCB internal model inputs are internal data, external data, scenario analysis and Key Risk Indicators that reflect the business and internal control environment. Internal losses are collected without threshold at RCB. Scenario analyses are defined with business experts for material risks. The ex-RCB model is composed of eleven risk classes based on the combination of Basel business lines and the following Basel risk categories:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Clients, products, and business practices;
- Damage to physical assets;
- Business disruption and system failures; and
- Execution, delivery, and process management.

The RMM insurance program has been revised during the deployment of the Operational Risk Advanced Measurement Approach framework to allow the recognition of the effect of insurance techniques as a factor reducing capital. Current extension of AMA to ex-BMM scope should not change materially current AMA framework.

In millions of euro	**Risk Weighted Assets**	**Capital requirement**
Basic Indicator Approach	2,551	204
Advanced Measurement Approach	569	46
Total	**3,120**	**250**

9. Asset Encumbrance

Assets on the balance sheet and collateral received used as pledges, guarantees or enhancement of a transaction and which cannot be freely withdrawn are considered to be encumbered. The following are the main transactions with asset encumbrance:

- secured financing transactions, such as repurchase contracts and agreements;
- collateral placed for the market value of derivatives transactions; and
- assets in portfolio hedging of long term employee benefits.

The ratio of encumbered assets and collateral received relative to the total assets and collateral received available on the Group's balance sheet was 1.50% as at 31 December 2017. According to EBA Report on Asset Encumbrance, the total weighted average asset encumbrance ratio of EU banks is 26.6% in December 2016 and 25.4% in December 2015.

ENCUMBERED AND UNENCUMBERED ASSETS

In millions of euro	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Equity instruments	–	–	1,100	1,100
Debt securities	152	152	835	835
Other assets	39	–	10,036	–
Total assets	191	152	11,971	1,935

ENCUMBERED AND UNENCUMBERED COLLATERAL

In millions of euro	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Debt securities	79	457
Total collateral	79	457

ENCUMBERED ASSETS/COLLATERAL RECEIVEDAND ASSOCIATED LIABILITY

In millions of euro	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued
Carrying amount of selected financial liabilities	171	171

10. Remuneration Policy

The undernoted remuneration disclosures have been drafted in accordance with Article 450 of the CRR, with consideration for the size, internal organisation and nature, scope and complexity of the Rothschild & Co ("R&Co") Group's activities.

1. Decision-making process for remuneration policy

The R&Co Group has a Remuneration Committee ("Committee") which reports to the Supervisory Board to assist the Supervisory Board with its remuneration related duties and in particular with the preparation of its decisions aimed at deciding R&Co Group's remuneration policy principles. Specifically, as laid out in its terms of reference, the Remuneration Committee is responsible for:

- setting the principles and parameters of remuneration policy for R&Co Group as a whole and periodically review the policy's adequacy and effectiveness taking into account all factors which it deems necessary including R&Co Group's strategy from time to time;
- supervising and reviewing the broad policy framework for the remuneration of the GEC and the principles of the remuneration policy applicable to Material Risk Takers ("MRTs");
- supervising the remuneration paid/awarded to members of the Compliance and Risk divisions and, where appropriate, the employment and remuneration arrangements of the Group Executive Committee;
- reviewing and agreeing the list of MRTs as we define them (in line with appropriate criteria) in R&Co Group and each of its CRR regulated entities for the purposes of the ACPR and other local regulators as appropriate;
- reviewing the nature and scale of R&Co Group's short and long term incentive performance arrangements to ensure that they encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of R&Co Group in light of an assessment of R&Co Group's financial situation and future prospects;
- discussing and reviewing with RCOG officers the determination and quantum of the total bonus pool; and
- undertaking any other remuneration related obligation placed upon the Remuneration Committee by either the head regulator or a local regulator.

The terms of reference of the Committee are available upon request.

As at 31 December 2017, the Committee was composed of four members including three independent members: Sylvain Héfès (chairman), Luisa Todini (independent), André Lévy-Lang (independent) and Peter Smith (independent).

The Committee met three times during 2017 to discharge these responsibilities.

The Chairman of the Supervisory Board, the officers of RCOG, the Group Heads of Business Divisions, the Group Human Resources Director and senior representative of this division and the Group Chief Financial Director are invited to attend these meetings.

In addition, the Committee makes recommendations to the Supervisory Board on all matters relating to the composition of the Supervisory Board, such as appointments or renewals of terms of office, or the compliance with AFEP-MEDEF recommendations.

No R&Co Group employee is permitted to participate in discussions or decisions of the Committee relating to his or her remuneration.

1.1 EXTERNAL CONSULTANTS

The Committee's work during the period was informed by independent professional advice on remuneration issues from external consultants. These external consultants provided advice on updates to and the application of the remuneration policy which informed the management decisions reviewed by the Committee.

1.2 ROLE OF THE RELEVANT STAKEHOLDERS

The Committee takes full account of the R&Co Group's strategic objectives in setting its remuneration policy and is mindful of its duties to shareholders and other stakeholders. The Committee seeks to preserve shareholder value by supporting the effective retention and motivation of employees.

1.3 MATERIAL RISK TAKERS CRITERIA

Material Risk Takers are identified using appropriate criteria, which are based upon criteria set out in the EBA Regulatory Technical Standard on the identification of Material Risk Takers (Commission Delegated Regulation 604/2014).

2. The link between pay and performance

Remuneration is made up of fixed compensation (i.e. salary and cash allowances) and incentive or variable compensation (i.e. annual bonus awards).

Performance is central to the determination of annual incentive pools and individual bonus awards.

2.1 PERFORMANCE MEASUREMENT

Incentive pools are set having regard to a number of performance measures including revenues, pre–compensation profit and appropriate levels of shareholder return and bearing in mind market conditions, general economic conditions, the risk profile of, and risk taken by the R&Co Group, market remuneration trends and staff retention.

The measurement of performance used to set bonus pools takes account of the return to shareholders and return on capital as well as liquidity requirements. It also includes adjustment for current and potential risks as follows:

- Financial performance measures are after the deduction of the full impairment of financial instruments and other assets where under the business units' control;
- Management accounts includes full provision for all compensation costs whether deferred or current;
- Any significant contingencies are drawn to the attention of the Committee;
- With respect to receivable advisory fees, the collectability of the fee is highlighted if the fees were material in the determination of the bonus pool; and
- Where necessary, the Group's Chief Finance Officer, Group Chief Risk Officer, and Head of Legal and Compliance highlight any risk positions which the Committee should take into account when setting bonus pools.
- Fees are included in a financial period's results when they have been earned.

Individual bonus awards reflect individual performance, which is assessed through the R&Co Group's annual performance process as well as business unit and R&Co Group performance.

Individual performance assessment takes into account financial measures and non–financial measures such as contribution measured against pre–set personal and technical competencies, effective risk management, compliance with the regulatory system and behaviors' that support the R&Co Group's values and guiding principles.

There is strong central oversight of bonus pools and individual awards. Overall annual compensation expense is reviewed every year by the Committee. There is clear individual differentiation to ensure that the best performers are rewarded and in the nine month financial period ended 31 December 2017 a number of staff received nil bonus awards.

3. Design and structure of remuneration for Material Risk Takers

3.1 FIXED COMPENSATION

All Material Risk Takers receive fixed remuneration (executives/staff) or fees (non–executives). This primarily reflects their role, market value and level of responsibility. The structure of the remuneration package is such that the fixed element is sufficiently large to enable the R&Co Group to operate a truly flexible bonus policy.

3.2 INCENTIVE/VARIABLE COMPENSATION

ELIGIBILITY CRITERIA

All Material Risk Takers, with the exception of non–executive directors, are eligible to participate in the R&Co Group's discretionary annual bonus scheme. Annual bonus awards are designed to reward performance in line with the business strategy, objectives, values and long term interests of the R&Co Group and its subsidiaries while taking account of the R&Co Group's risk appetite.

DEFERRAL AND NON–CASH AWARDS

A proportion of the variable remuneration awards made to senior staff (Assistant Director and above) are deferred and vest over three years. MRTs are subject to higher rates of deferral and a proportion of their deferral award is delivered in the form of a non–cash instrument. The instrument also vests over three years but is then subject to a six month retention period.

4. Remuneration expenditure for Material Risk Takers for the nine month period ended 31 December 2017

Total compensation paid to Material Risk Takers for the nine month period ended 31 December 2017 (due to the R&Co Group change of financial year) was €49.3 million, of which €23.9 million was paid to members of Senior Management and €25.4 million to the other Material Risk Takers.

Summary reconciliation of accounting assets and leverage ratio exposures

Template reference		Applicable Amounts (In €m)
1	Total consolidated assets as per published financial statements	12,116
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) No. 575/2013	–
4	Adjustments for derivative financial instruments	105
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustment for off–balance sheet items (i.e. conversion to credit equivalent amounts of off–balance sheet exposures)	642
7	Other adjustments	(288)
8	Leverage ratio exposure	12,575

Split of on balance sheet exposures excluding derivatives and Securities Financing Transactions (SFTs)

Template reference		CRR leverage ratio exposures (In €m)
EU–1	Total on–balance sheet exposures (excluding derivatives and SFTs), of which:	11,527
EU–2	Trading book exposures	–
EU–3	Banking book exposures, of which:	11,527
EU–4	Covered bonds	–
EU–5	Exposures treated as sovereigns	4,229
EU–6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	–
EU–7	Institutions	1,392
EU–8	Secured by mortgages of immovable properties	389
EU–9	Retail exposures	818
EU–10	Corporate	2,123
EU–11	Exposures in default	189
EU–12	Other exposures (e.g. equity, securitisations, and other non–credit obligation assets)	2,344

Leverage ratio common disclosure

Template reference		CRR leverage ratio exposures (In €m)
On–balance sheet exposures		
1	On–balance sheet items (excluding derivatives and SFTs, but including collateral)	11,527
2	Asset amounts deducted in determining Tier 1 capital	(334)
3	Total on–balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	11,193
DERIVATIVE EXPOSURES		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	26
5	Add–on amounts for PFE associated with all derivatives transactions	105
EU–5a	Exposure determined under Original Exposure Method	–
6	Gross–up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	–
8	Less: Exempted CCP leg of client–cleared trade exposures (reported as negative amounts)	–
9	Adjusted effective notional amount of written credit derivatives	–
10	Less: Adjusted effective notional offsets and add–on deductions for written credit derivatives (reported as negative amounts)	–
11	Total derivative exposures (sum of lines 4 to 5a)	131
SECURITIES FINANCING TRANSACTION EXPOSURES		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–
EU–12a	SFT exposure according to Article 220 of Regulation (EU) No. 575/2013	609
EU–12b	SFT exposure according to Article 222 of Regulation (EU) No. 575/2013	–
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	–
14	CCR exposure for SFT assets	–
15	Agent transaction exposures	–
16	Total securities financing transaction exposures (sum of lines 12a and 12b)	609
OTHER OFF–BALANCE SHEET EXPOSURES		
17	Off–balance sheet exposure at gross notional amount	642
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	–
19	Off–balance sheet items (sum of lines 17 and 18)	642
CAPITAL AND TOTAL EXPOSURES		
20	Tier 1 capital	1,540
EU–21a	Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) No. 575/2013	
21	Total exposures (sum of lines 3, 11, 16, 19 and 21a)	12,575
LEVERAGE RATIO		
22	End of quarter leverage ratio	12.2%
EU–22a	Leverage ratio	12.2%
EU–23	Choice on transitional arrangements for the definition of the capital measure	Fully phased–in
EU–24	Amount of derecognised fiduciary items	–

Capital instruments[1]

Template reference					
1	Issuer	**ROTHSCHILD & CO SCA**	**ROTHSCHILDS CONTINUATION FINANCE PLC**	**ROTHSCHILDS CONTINUATION FINANCE B.V.**	**ROTHSCHILDS CONTINUATION FINANCE C.I. LTD**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	ISIN Code: FR0000031684	ISIN Code: XS0197703118	ISIN Code: GB0047524268	ISIN Code: XS0048662232
3	Governing law(s) of the instrument	French law	English law	English law	English law
Regulatory treatment					
4	Transitional CRR rules	Core Equity Tier 1	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Core Equity Tier 1	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/ solo& (sub-) consolidated	Solo & Consolidated	Solo and (Sub-) Consolidated	Solo and (Sub-) Consolidated	Solo and (Sub-) Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Core Equity Tier 1 as as published in Regulation (EU) No. 575/2013 article 484.4	Tier 2 as published in Regulation (EU) No. 575/2013 article 63	Tier 2 as published in Regulation (EU) No. 575/2013 article 63	Tier 2 as published in Regulation (EU) No. 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as at most recent reporting date)	EUR 155m	EUR 14m	EUR 15m	EUR 37m
9	Nominal amount of instrument	EUR 155m	EUR 150m	USD 200m	GBP 125m
9a	Issue price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	99.989 per cent of Nominal amount
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Shareholders' equity	Non-controlling interest in consolidated subsidiary	Non-controlling interest in consolidated subsidiary	Non-controlling interest in consolidated subsidiary
11	Original date of issuance	N/A	3 August, 2004	22 September, 1986	8 February, 1994
12	Perpetual or dated	N/A	Perpetual	Perpetual	Perpetual
13	Original maturity date	N/A	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	August 2014	September 1991	February 2004
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends					
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed
18	Coupon rate and any related index	N/A	EUR-TEC10-CNO plus a margin	LIBOR plus a margin	9 per cent
19	Existence of a dividend stopper	N/A	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No	No

Appendix B – Capital Instruments

Disclosure according to Article 3 in Commission Implementing regulation (EU) No. 1423/2013

Template reference	Issuer	ROTHSCHILD & CO SCA	ROTHSCHILDS CONTINUATION FINANCE PLC	ROTHSCHILDS CONTINUATION FINANCE B.V.	ROTHSCHILDS CONTINUATION FINANCE C.I. LTD
22	Non–cumulative or cumulative	N/A	Cumulative	Cumulative	Cumulative
23	Convertible or non–convertible	N/A	Non–convertible	Non–convertible	Non–convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write–down features	N/A	No	No	No
31	If write–down, write–down trigger(s)	N/A	N/A	N/A	N/A
32	If write–down, full or partial	N/A	N/A	N/A	N/A
33	If write–down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write–down, description of write–up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deeply subordinated notes	Subordinated to unsubordinated notes	Subordinated to unsubordinated notes	Subordinated to unsubordinated notes
36	Non–compliant transitioned features	No	No	No	No
37	If yes, specify non–compliant features	N/A	N/A	N/A	N/A

(1) 'N/A' inserted if the question is not applicable.

Regulatory Capital under final provision

Template reference		Full basis (In €m)
1	Capital instruments and the related share premium accounts	1,296
2	Retained earnings	651
3	Accumulated other comprehensive income (and any other reserves)	(210)
5	Minority interests (amount allowed in consolidated CET1)	–
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	138
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,875
7	Additional value adjustments (negative amount)	(1)
8	Intangible assets (net of related tax liability) (negative amount)	(274)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(12)
11	Fair value reserves related to gains or losses on cash flow hedges	–
15	Defined–benefit pension fund assets (negative amount)	(19)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(16)
16	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(13)
20c	of which: securitisation positions (negative amount)	(13)
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	–
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(335)**
29	COMMON EQUITY TIER 1 (CET1) CAPITAL	1,540
44	**ADDITIONAL TIER 1 (AT1) CAPITAL**	**–**
45	**TIER 1 CAPITAL (T1 = CET1 + AT1)**	**1,540**
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in row 5) issued by subsidiaries and held by third party	65
51	Tier 2 (T2) capital before regulatory adjustment	65
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**–**
58	TIER 2 (T2) CAPITAL	65
59	**TOTAL CAPITAL (TC = T1 + T2)**	**1,605**
60	**TOTAL RISK WEIGHTED ASSETS**	**8,242**
Capital ratios and buffers		
61	COMMON EQUITY TIER 1 (AS A PERCENTAGE OF TOTAL RISK EXPOSURE AMOUNT)	18.7%
62	**TIER 1 (AS A PERCENTAGE OF TOTAL RISK EXPOSURE AMOUNT)**	**18.7%**
63	**TOTAL CAPITAL (AS A PERCENTAGE OF TOTAL RISK EXPOSURE AMOUNT)**	**19.5%**
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	2.5%
65	of which: capital conservation buffer requirement	2.5%
66	of which: countercyclical buffer requirement	–
67a	of which: Global Systemically Important Institution (G–SII) or Other Systemically Important Institution (O–SII) buffer	–
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14.2%

Appendix C – ‘Own Funds’: Full Basis and Transitional Basis

Disclosure according to Article 5 in Commission implementing regulation (EU) No. 1423/2013

Template reference		Full basis (In €m)
Amounts below the thresholds for deduction (before risk–weighting)		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	121
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	–
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	54
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	4,967
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating–based approach (prior to the application of the cap)	–
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings–based approach	–

Appendix C – 'Own Funds': Full Basis and Transitional Basis

Disclosure according to Article 5 in Commission implementing regulation (EU) No. 1423/2013

Regulatory Capital under transitional provisions

Template reference		Transitional provisions (In €m)	Transitional adjustment
Common Equity Tier 1 capital: instruments and reserves[1]			
1	Capital instruments and the related share premium accounts	1,296	–
2	Retained earnings	651	–
3	Accumulated other comprehensive income (and any other reserves)	(210)	–
5	Minority interests (amount allowed in consolidated CET1)	23	23
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	138	–
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,898	
7	Additional value adjustments (negative amount)	(1)	–
8	Intangible assets (net of related tax liability) (negative amount)	(274)	–
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(4)	8
11	Fair value reserves related to gains or losses on cash flow hedges	–	–
15	Defined-benefit pension fund assets (negative amount)	(15)	4
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(16)	–
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	–
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(13)	–
20c	of which: securitisation positions (negative amount)	(13)	–
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	(10)	–
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	–	–
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(333)**	**–**
29	COMMON EQUITY TIER 1 (CET1) CAPITAL	1,565	–
44	**ADDITIONAL TIER 1 (AT1) CAPITAL**	**–**	**–**
45	**TIER 1 CAPITAL (T1 = CET1 + AT1)**	**1,565**	**–**
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in row 5) issued by subsidiaries and	79	14
51	Tier 2 (T2) capital before regulatory adjustment	79	–
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**–**	**–**
58	TIER 2 (T2) CAPITAL	79	–
59	**TOTAL CAPITAL (TC = T1 + T2)**	**1,644**	**–**
60	**TOTAL RISK-WEIGHTED ASSETS**	**8,242**	**–**
Capital ratios and buffers			
61	**COMMON EQUITY TIER 1 (AS A PERCENTAGE OF TOTAL RISK EXPOSURE AMOUNT)**	**19.0%**	**–**
62	TIER 1 (AS A PERCENTAGE OF TOTAL RISK EXPOSURE AMOUNT)	19.0%	–
63	TOTAL CAPITAL (AS A PERCENTAGE OF TOTAL RISK EXPOSURE AMOUNT)	20.0%	–
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	1.25%	–
65	of which: capital conservation buffer requirement	1.25%	–
66	of which: countercyclical buffer requirement	–	–
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	–	–
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14.5%	–

Appendix C – 'Own Funds': Full Basis and Transitional Basis

Disclosure according to Article 5 in Commission implementing regulation (EU) No. 1423/2013

Template reference		Transitional provisions (In €m)	Transitional adjustment
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions	121	–
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions	–	–
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	54	–
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap	–	–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	4,967	–
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	–	–
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	–	–

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