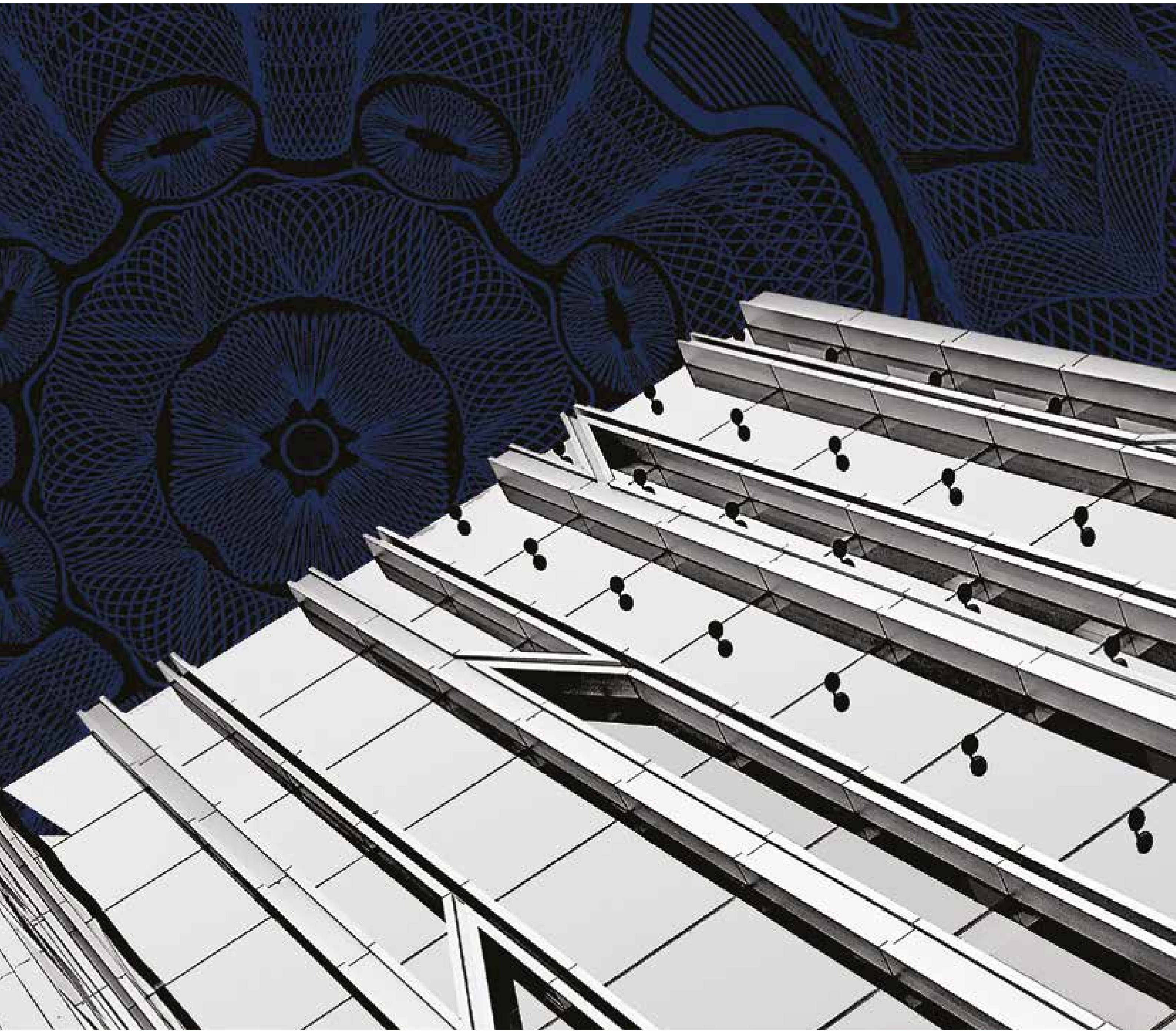
Rothschild & Co

Half-year financial report
Six months to 30 September 2017



Rothschild & Co

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1. Summary Income Statement

(in €m)	Page	6m to Sept 2017 [1]	6m to Sept 2016	*Var*	*Var %*
Revenue	**3 - 6**	**852**	**802**	***50***	***6%***
Staff costs	6	(488)	(473)	*15*	*3%*
Administrative expenses	6	(146)	(129)	*17*	*13%*
Depreciation and amortisation		(14)	(17)	*(3)*	*(18)%*
Impairments	6	(4)	(1)	*3*	*300%*
Operating Income		**200**	**182**	***18***	***10%***
Profit before tax		**206**	**187**	***19***	***10%***
Consolidated net income		**176**	**160**	***16***	***10%***
Net income - Group share		**88**	**67**	***21***	***31%***
Net income - Group share excl. exceptionals		**95**	**70**	***25***	***36%***
Earnings per share [2]		*1.18 €*	*0.97 €*	*0.21 €*	*21%*
EPS excl. exceptionals		***1.28 €***	***1.01 €***	***0.27 €***	***27%***
ROTE		*11.5%*	*11.1%*		
ROTE excl. exceptionals		***12.4%***	***11.6%***		

[1] *The foreign exchange translation effect between 6m to September 2016 and 6m to September 2017 is:*

- a negative impact on revenue of €16 million

- a €1 million positive impact on Net income – Group share

[2] *Diluted EPS is €1.15 (6m to September 2016: €0.96)*

An analysis of exceptional items is shown in Appendix B.

A description of Alternative Performance Measures is shown in Appendix G.

The Supervisory Board of Rothschild & Co SCA met on 28 November 2017 to review the consolidated financial statements from 1 April 2017 to 30 September 2017; these accounts had been previously approved by Rothschild & Co Gestion SAS, Managing Partner of Rothschild & Co.

2. Business activities

2.1 Rothschild Global Advisory

Our Rothschild Global Advisory business (Global Advisory) focuses on providing advice in M&A advisory, and Financing Advisory encompassing debt, restructuring and equity advisory.

For the six months to September 2017, Global Advisory revenue was €492 million, down 8% (6m to September 2016: €537 million), but representing our second best revenue performance for a first half year period since the financial crisis (6m to September 2016 was our record first half year revenue performance post crisis). For the last twelve months to September 2017, the business **ranked 6th by global advisory revenue**.

Operating income for the same period was €61 million representing a 12% operating margin (6m to September 2016: €71 million and 13% respectively). Consistent with expectations outlined in previous full year results announcements, the operating income margin includes ongoing investment in the development of our US M&A franchise; excluding this investment the margin would have been 14% (6m to September 2016: 15%).

M&A advisory revenue for the first six months was €314 million, down 21% compared to the same period in 2016/17, due to lower completions activity in the UK and some parts of Europe offset by improvements in France and North America. Despite this lower performance in M&A Advisory for the twelve months to September 2017, we **ranked 1st by completed deal numbers in Europe** and **2nd globally** by the same measure.

Financing Advisory revenue increased by 27% to €178 million in the six months to September 2017 (6m to September 2016: €140 million), with activity levels in our Debt and Restructuring Advisory businesses being particularly strong. In **Restructuring, we ranked 1st in Europe and 3rd globally by numbers** of completed transactions during the six month period. Equity Advisory revenue also rose in the six months to September 2017, as we maintained our position as **adviser on more European equity capital market assignments** than any other independent financial adviser.

The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the first six months of the financial year, five new Managing Directors joined our North America business, focused on clients in the Healthcare, Retail, Consumer and Technology Products sectors, the latter recruitment being alongside the forthcoming opening of our new office in Silicon Valley. We also made investments elsewhere in the period by opening two new offices: a new wholly owned subsidiary in Tokyo, employing the full team from our previous alliance partner Global Advisory Japan, as well as the establishment of a new office in Switzerland.

Rothschild & Co advised the following clients on significant advisory assignments that completed in the six months to September 2017:

- **Arnault Family Group** on its tender offer on minority shareholders of Christian Dior, with advice to Christian Dior on its disposal of Christian Dior Couture to LVMH (€12 billion and €6.5 billion, France)
- **Metro** on its demerger into METRO and CECONOMY (€15 billion, Germany)
- **Intel Corporation** on its acquisition of Mobileye (US$15.3 billion, United States and Israel)
- **Premier Oil** on its refinancing of debt facilities (US$3.8 billion, United Kingdom)
- **Irish Department of Finance** on its privatisation IPO of Allied Irish Banks (€3.4 billion, Ireland)
- **Ant Financial** on its debt raising (US$3.5 billion, China).

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

- **Government of Puerto Rico** on its restructuring of financial claims and pension obligations (US$100 billion, United States)
- **Essilor** on its combination with Luxottica (€47 billion, France and Italy)
- **Zodiac Aerospace** on its combination with Safran (€35 billion, France)
- **Vodafone group** on its merger of Vodafone India with Idea Cellular (US$23 billion, UK and India)

- **Seadrill** on its chapter 11 restructuring (US$8.8 billion, Bermuda)
- **A.P. Moller-Maersk** on its sale of Maersk Oil to Total (US$7.45 billion, Denmark and France).

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

2.2 Rothschild Private Wealth & Asset Management

Rothschild Private Wealth & Asset Management (Private Wealth & Asset Management) is made up of Rothschild Martin Maurel (France, Belgium and Monaco); Rothschild Wealth Management & Trust (Switzerland, UK, Germany, Italy and Asia) and Rothschild Asset Management Inc. (North America).

Revenue for the six months to September 2017 was €247 million, up 37% (6m to September 2016: €180 million) mainly due to organic growth and the consolidation of Martin Maurel (representing €50 million of revenue).

In a highly evolving market that has been challenging on several fronts including regulatory change (MIFID II) and fee pressure from clients, we have undertaken a number of initiatives to build revenue, cut costs and refocus the business on its core activities.

This resulted in growth in profitability in this division with Operating income, excluding Martin Maurel integration costs of €11 million, rising to €38 million for the first six months to September 2017 (6m to September 2016: €3 million after excluding Martin Maurel integration costs of €4 million). This represents a 15% operating margin (6m to September 2016: 2%) significantly better than the previous years.

In July 2017, the legal merger of the two private banks in France of Rothschild & Co Group and Martin Maurel Group was completed and the French private bank activity is now operating under the name "Rothschild Martin Maurel". The operational integration is progressing as anticipated.

Assets under Management increased by 1% to €67.1 billion in the six months to September 2017 due to net inflows of €0.8 billion, market appreciation offset by negative exchange rate effects of €0.3 billion. Net new assets were driven by inflows of €1.0 billion in Private Wealth across all major geographies and outflows of €0.2 billion in Asset Management.

The table below presents the progress in assets under management.

In € billion	6m to September 2017	6m to September 2016	12m to September 2017
AuM opening	**66.6**	**50.2**	**51.1**
Martin Maurel merger	-	-	10.0
Net new assets	0.8	0.1	1.9
Market and exchange rate	(0.3)	0.8	4.1
AuM closing	**67.1**	**51.1**	**67.1**

2.3 Rothschild Merchant Banking

Rothschild Merchant Banking (Merchant Banking) is the investment arm of the Rothschild & Co group which deploys the firm's and third parties' capital in private equity and debt opportunities.

Merchant Banking generated revenue for the six months to 30 September 2017 of €97 million, up 34% (6m to September 2016: €73 million). When compared to the average first half year revenue for the last three periods, revenue is up 28%.

Revenue comprises two main sources:

- Recurring revenue of €31 million, made up of management fees net of placement fees (6m to September 2016: €26 million),
- Investment performance related revenue of €66 million (6m to September 2016: €47 million):
  - €16 million of carried interest (6m to September 2016: €16 million),
  - €51 million of realised and unrealised investment gains and dividends (6m to September 2016: €33 million),
  - less €1 million of provisions (6m to September 2016: €2 million).

Operating income rose to €65 million for the first six months to September 2017 (6m to September 2016: €48 million), representing a 67% operating margin, at the same level than the comparative period. To measure the performance of this investing business, we look at the RORAC (Return On Risk Adjusted Capital being adjusted profit before tax divided by an internal measure of risk capital invested in the business on a rolling 3 years basis). As at 30 September 2017, the RORAC was 25% (30 September 2016: 24%).

The increase of both revenue and operating income reflects the enduring strong performance of funds. The first primary private equity fund (FAPI I) continues to generate returns not only on the Group's investment therein but also through carried interest (performance fees) being earned. The successor fund (FAPI II) is starting to record investment returns as its portfolio grows and value accretion is recognised on earlier investments. In addition, both secondary private equity funds (FASO III and its successor fund FASO IV) contributed investment and carried interest returns. Finally, management fees have grown 23% year-on-year reflecting the increasing AuM of the division.

In the first six months of the year the Group's share of the investment made by the division amounted to €48 million, of which €30 million was the Group's own investments in funds managed by Merchant Banking, and €18 million in proprietary investments, including those made as part of the Rothschild Private Opportunities co-investment programme.

Disposals generated proceeds of €80 million principally following the sale of investments in Munters, a provider of humidity and climate control solutions (2.5x MOIC[1]), Kisimul, a specialised education and care provider (3.2x MOIC) and Baozun, a leading Chinese digital and e-commerce service partner (5.0x MOIC).

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

(in €m)	30 September 2017	31 March 2017
Managed private funds	293	285
Rothschild proprietary investments & other	188	182
Total gross assets	**481**	**467**

Thanks to the team's developing performance in private equity and private debt, the division continues to expand its product offering.

During the first half year, within the private equity funds, Merchant Banking held the final closing of €195 million for Arolla, a global multi-manager private equity platform and, within the private debt funds, Five Arrows Direct Lending, European mid-market direct lending fund, completed a further closing to bring committed capital to €438 million. Rothschild Credit Management priced its latest CLO, a €360 million CLO (Contego IV) and raised €342 million in new commitments to its Oberon Strategy (unlevered senior secured credits).

Merchant Banking's assets under management were €6.7 billion as at 30 September 2017 compared to €6.2 billion as at 31 March 2017.

[1] MOIC stands for Multiple On Invested Capital

3. Consolidated financial results

3.1 Revenue

For the six months to 30 September 2017, revenue increased by €50 million (+6%) to €852 million (6m to September 2016: €802 million). The translation impact of exchange rate fluctuations resulted in a decrease in revenue of €16 million.

3.2 Operating expenses

Staff costs

For the six months to 30 September 2017, staff costs were €488 million (6m to September 2016: €473 million), representing an increase of €15 million. Of this, €22 million is due to the inclusion of Martin Maurel and an increase of €6 million in the other businesses. The translation impact of exchange rate fluctuations resulted in a decrease in staff costs of €13 million.

The Group's compensation ratio, which shows total staff costs as a percentage of revenues, was 65.1% as at 30 September 2017 (6m to September 2016: 68.0%). When adjusting for the effects of senior hiring in the US for the advisory business and exchange rates, the ratio decreased from 66.7% to 64.5% as at 30 September 2017.

Overall Group headcount increased to 3,503 as at 30 September 2017 from 3,410 as at 31 March 2017, largely due to new junior staff recruitment, mainly in Global Advisory.

Administrative expenses

For the six months to 30 September 2017, administrative expenses increased by €17 million to €146 million (6m to September 2016: €129 million). Of this, €16 million is due to the inclusion of Martin Maurel, €7 million relates to integration costs in respect of the merger with Martin Maurel group that we consider as an exceptional item (6m to September 2017: €11 million versus 6m to September 2016: €4 million) and a reduction of €3 million in the other businesses. The translation impact of exchange rate fluctuations resulted in a decrease in administrative expenses of €3 million.

Impairment charges and loan provisions

For the six months to 30 September 2017, impairment charges and loan provisions were €4 million, (6m to September 2016: €1 million). Of this amount, €3 million is related to the lending activities and the remainder mainly relates to Global Advisory receivables.

3.3 Other income / (expenses)

For the six months to 30 September 2017, other income and expense, which includes results from equity accounted companies, was a net income of €6 million (6m to September 2016: €5 million).

3.4 Income tax

For the six months to 30 September 2017, the income tax charge was €30 million, comprising a current tax charge of €34 million and a deferred tax credit of €4 million, giving a reported tax rate of 14.4% (6m to September 2016: income tax charge was €27 million giving a reported tax rate of 14.3%).

3.5 Non-controlling interests

For the six months to 30 September 2017, the charge for Non-controlling interests was €88 million (6m to September 2016: €93 million). This mainly comprises interest on perpetual subordinated debt and preferred dividends payable to French partners.

4. Financial structure

The Group continues to maintain a high level of liquidity. At 30 September 2017, cash placed with central banks and banks accounted for 46% of total assets (48% at 31 March 2017). The Group is regulated by the French Prudential and Resolution Authority (ACPR: *Autorité de Contrôle Prudentiel et de Résolution*) as a financial company (*Compagnie Financière*).

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

	30/09/2017	31/03/2017	Full Basel 3 minimum with the CCB (Capital Conservation Buffer)
Common Equity Tier 1 ratio	18.7%	18.2%	7.0%
Global solvency ratio	19.5%	19.1%	10.5%

5. Outlook

Overall, we expect in the last quarter (October to December 2017) that business performance will be slightly better than the run rate achieved in the first six months.

In Global Advisory, although market conditions for M&A remain positive, global completed M&A activity has been lower in 2017 compared to last year and this is not expected to change in the short term. Therefore we anticipate our revenue for the nine months to December 2017 to follow a similar year on year trend to that seen in the first six months.

In Private Wealth & Asset Management, Assets under Management should continue to improve subject to financial market conditions, and the Martin Maurel integration will drive further growth in France.

In Merchant Banking, we remain confident that assets under management will continue to increase and to deliver continuing strong results for the nine months to December 2017.

A. Performance by business

(in €m)	Global Advisory	Private Wealth & Asset Management	Merchant Banking	Other business and corporate centre	IFRS reconciliation	6m to Sept 2017
Revenues	**492**	**247**	**97**	**20**	**(4)**	**852**
Operating expenses	(431)	(220)	(32)	(28)	63	(648)
Impairments	-	-	-	-	(4)	(4)
Operating income	**61**	**27**	**65**	**(8)**	**55**	**200**
Exceptional charges / (profits)	-	11	-	-	-	11
Operating income without exceptional charges / profit	**61**	**38**	**65**	**(8)**	**55**	**211**
Operating margin (excl. exceptional charges)	*12%*	*15%*	*67%*			*25%*

(in €m)	Global Advisory	Private Wealth & Asset Management	Merchant Banking	Other business and corporate centre	IFRS reconciliation	6m to Sept 2016
Revenues	**537**	**180**	**73**	**16**	**(4)**	**802**
Operating expenses	(466)	(181)	(24)	(30)	82	(619)
Impairments	-	-	-	-	(1)	(1)
Operating income	**71**	**(1)**	**49**	**(14)**	**77**	**182**
Exceptional charges / (profits)	-	4	-	-	-	4
Operating income without exceptional charges / profit	**71**	**3**	**49**	**(14)**	**77**	**186**
Operating margin (excl. exceptional charges)	*13%*	*2%*	*67%*			*23%*

IFRS reconciliation mainly reflects: the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 for defined benefit pension schemes; and reallocation of impairments and certain operating expenses

B. Exceptional items

(in €m)	6m to Sept 2017			6m to Sept 2016		
	PBT	PATMI	*EPS*	PBT	PATMI	*EPS*
As reported	**206**	**88**	***1.18 €***	**187**	**67**	***0.97 €***
Exceptional item: Martin Maurel integration costs	(11)	(7)	*(0.10) €*	(4)	(3)	*(0.04) €*
Excluding "Exceptionals"	**217**	**95**	***1.28 €***	**191**	**70**	***1.01 €***

The 6 months to September 2016 included US investment costs as exceptional items. Management now considers them as on-going costs; therefore they are excluded from exceptional items. The Net income –Group share for the 6 months to September 2016 has been adjusted for this change from the one published a year ago.

C. FX rates

P&L

Rates	6m to Sept 2017	6m to Sept 2016	*Var*
€ / GBP	0.8786	0.8180	*7%*
€ / CHF	1.1072	1.0925	*1%*
€ / USD	1.1376	1.1230	*1%*

Balance sheet

Rates	30/09/2017	31/03/2017	*Var*
€ / GBP	0.8812	0.8553	*3%*
€ / CHF	1.1439	1.0706	*7%*
€ / USD	1.1822	1.0695	*11%*

D. Quarterly progression of revenue

In €m		9m 2017	2016/2017	Var
Rothschild Global Advisory	1st quarter	225.4	240.3	*(6%)*
	2nd quarter	266.7	296.3	*(10%)*
	Total	**492.1**	**536.6**	***(8%)***
Rothschild Private Wealth & Rothschild Asset Management	1st quarter	126.0	89.4	*+41%*
	2nd quarter	120.9	90.3	*+34%*
	Total	**246.9**	**179.7**	***+37%***
Rothschild Merchant Banking	1st quarter	47.0	55.8	*(15%)*
	2nd quarter	50.0	16.8	*+198%*
	Total	**97.5**	**72.6**	***+34%***
Other businesses and corporate centre	1st quarter	14.0	8.5	*+65%*
	2nd quarter	5.5	9.3	*(41%)*
	Total	**19.5**	**17.8**	***+10%***
IFRS reconciliation	1st quarter	(3.0)	(3.8)	*(21%)*
	2nd quarter	(0.7)	(0.4)	*n/a*
	Total	**(3.7)**	**(4.2)**	***(12%)***
Total Group Revenues	**1st quarter**	**409.9**	**390.2**	***+5%***
	2nd quarter	**442.4**	**412.3**	***+7%***
	Total	**852.3**	**802.5**	***+6%***

E. Summary balance sheet

(in €bn)	30/09/2017	31/03/2017	*Var*
Cash and amounts due from central banks	3.9	3.9	-
Cash placed with banks	1.6	1.9	*(0.3)*
Loans and advances to customers	3.0	2.9	*0.1*
of which Private client lending	*2.4*	*2.3*	*0.1*
Debt and equity securities	1.9	2.1	*(0.2)*
Other assets	1.4	1.4	-
Total assets	**11.8**	**12.2**	***(0.4)***
Due to customers	7.8	8.1	*(0.3)*
Other liabilities	1.7	1.8	*(0.1)*
Shareholders' equity - Group share	1.8	1.8	-
Non-controlling interests	0.5	0.5	-
Total capital and liabilities	**11.8**	**12.2**	***(0.4)***

The foreign exchange translation effect between 30 September 2017 and 31 March 2017 caused total assets to decrease by €0.4 billion.

F. Global Advisory transactions

Rothschild Global Advisory advised the following clients on notable transactions completed in the six months to 30 September 2017 and recently announced deals.

M&A

- Metro Group, the international wholesale and food retailer, on its demerger into METRO and CECONOMY (€15 billion, Germany)
- Intel, the world leader in the design and manufacturing of computing devices, on its acquisition of Mobileye (US$15.3 billion, United States, Israel)
- Arnault Family Group on its tender offer on minority shareholders of Christian Dior, the luxury fashion brand (€12 billion, France)
- SunEdison, the renewable energy development company, on its sale of a controlling stake in Terraform Power to Brookfield (US$6.6 billion, United States)
- Bain Capital and Cinven on their public takeover offer for STADA, the pharmaceuticals company (€5.4 billion, Germany)
- Vivendi, the media and content group, on its acquisition of Havas Group (€4.1 billion, France)
- SourceHOV, the transaction processing service, on its three-way merger to form Exela Technologies (US$2.8 billion, United States)
- LANXESS, the specialty chemicals company, on its all-cash acquisition of Chemtura (US$2.7 billion, Germany, United States)
- Advent International on its acquisition of Safran Identity & Security, the security technology company, and its combination with Oberthur Technologies (€2.4 billion, France, United States)
- Patron Capital on its disposal of Punch Taverns, the leading operator of pubs in the UK (£1.8 billion, UK)

Financing

- Ultra Petroleum, the independent energy and power company, on its Chapter 11 restructuring (US$6 billion United States)
- Premier Oil, the UK's largest independent oil and gas exploration and production company, on its amending and refinancing of debt facilities (US$3.8 billion, United Kingdom)
- Irish Department of Finance on its privatisation IPO of Allied Irish Banks (€3.4 billion, Ireland)
- Ant Financial, financial services data and technology company, on its debt raising (US$3.5 billion, China)
- Ministry of Finance of Ukraine on its 15-year Eurobond issue and tender offer on outstanding 2019 and 2020 Eurobonds (US$3 billion and US$1.6 billion respectively, Ukraine)
- Greece's Public Debt Management Agency on its bond issue and liability management exercise (€3 billion, €1.5 billion, Greece)
- U.S. Steel Canada, the leading integrated steel producer in Canada, on its restructuring and sale to Bedrock Industries (US$3.3 billion, Canada)
- NLFI, an entity created by the Dutch State, on its three consecutive sales of stakes in a.s.r. totaling c. 50.5% (€2.26 billion, Netherlands)
- Apollo Global Management and Athene, the retirement savings products company, on Athene's secondary offering (US$1.53 billion, United States)
- An ad hoc group of term lenders of Gymboree Corporation, the children's apparel retailer, on its Chapter 11 restructuring (US$1.1 billion, United States)

Announced

- Government of Puerto Rico on its restructuring of financial claims and pension obligations (US$100 billion, United States)
- Essilor, the world's leading ophthalmic lenses company, on its combination with Luxottica (€47 billion, France, Italy)
- Zodiac Aerospace, the aircraft equipment and systems company, on its combination with Safran (€35 billion, France)
- Vodafone Group, the world’s largest telecommunications services provider, on the merger of Vodafone India and Idea Cellular (US$23 billion, India, United Kingdom)
- Seadrill, the offshore drilling company, on its Chapter 11 restructuring of Seadrill (US$8.8 billion, Bermuda)
- A.P. Moller-Maersk, the transport and infrastructure company, on its sale of Maersk Oil to Total (US$7.45 billion, Denmark, France)
- PAI and British Columbia Investment Management Corporation on the acquisition of Refresco, the leading independent bottler of soft drinks for retailers (€3.3 billion, Netherlands)
- Codelco, the Chilean state-owned copper mining company, on its dual-tranche issuance and associated liability management exercise (US$2.75 billion, Chile)
- BAWAG Group, the Austrian bank, and its shareholders on its IPO (€1.9 billion, Austria) – transaction completed in October
- ILVA, the Italian steel maker, on its disposal to ArcelorMittal and Marcegaglia (€1.8 billion, Italy, Luxumbourg)
- IP Group, the Intellectual property business, on its combination with Touchstone Innovations, and £200 million equity raise (£1.3 billion, United Kingdom)
- Sorgenia, the Italian electricity and natural gas operator, on its debt restructuring (€1.5 billion, Italy)
- Sasol, the integrated chemicals and energy company, on its Broad Based Black Economic Empowerment transaction (US$1.6 billion, South Africa)
- Ministry of Economy and Finance of Guinea on its term loan facilities (US$1.34 billion, Guinea)

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

Alternative Performance Measures	Definition	Reason for use	Reference to the data in the Press release / Investor presentation
Net income – Group share excluding exceptionals	Net income attributable to equity holders excluding exceptional items	To measure Net result Group share of Rothschild & Co 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 Net Banking Income of Rothschild & Co. 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 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. from which the investment costs related to the recruitment of senior bankers in the United States must be deducted, 5. the amount of adjusted staff costs is 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 Net Banking Income 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 25
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 and goodwill. Average tangible equity over the period equal to the average between tangible equity as at 31 March 2017 and tangible equity as at 30 September 2017.	To measure the overall profitability of Rothschild & Co excluding exceptional items on the equity capital in the business	In the Investor presentation release, please refer to slides 36 and 37
Business Operating margin	Each business Operating margin is calculated by dividing Profit before tax relative to revenue, business by business. It excludes exceptional items.	To measure business' profitability	Please refer to § 2.
Return on Risk Adjusted Capital (RORAC)	Ratio of an adjusted profit before tax divided by an internal measure of risk adjusted capital deployed in the business on a rolling 3 years basis. The estimated amount of capital and debt which management believes would be reasonable to fund the Merchant Banking business 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 its net asset value and that the remainder could be funded by debt. This is based on 80% of equity exposures, 50% of junior credit exposures, 40% of CLO exposures in vertical strips and 33% of senior credit exposures being funded with capital. To calculate the RORAC, RMB profit before tax is adjusted by the cost of interest for the amount of notional debt (computed as per the above) and applying a margin (2.5% as at 30 September 2017) to give an adjusted profit before tax which when divided by the RAC gives the RORAC %. RORAC is based on a 3 year rolling period to account for the inevitable volatility in the financial results of RMB due to the timing of realisations and recognition of performance-based incentives such as carried interest.	To measure the performance of the Rothschild Merchant Banking business	In the Investor presentation release, please refer to slides 36 and 37

Condensed half-year consolidated financial statement

Abbreviations and glossary

Term	Definition
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French Prudential and Resolution Authority)
AFS	Available for sale
BMM	Banque Martin Maurel
bp	Basis point
CFMM	Compagnie Financière Martin Maurel
Company	Rothschild & Co SCA
CRD4	Capital Requirements Directive 4
DCF	Discounted cash flow
EdRS	Edmond de Rothschild (Suisse) SA
FVTPL	Fair value through profit or loss
GFSC	Guernsey Financial Services Commission
GEC	Group Executive Committee
Group	Rothschild & Co SCA consolidated Group
Group ALCO	Group Assets and Liabilities Committee
IFRS	International Financial Reporting Standards
LCR	Liquidity Coverage Ratio
Level 1/2/3	IFRS 13 fair value classifications explained in note IV.E.1
NCI	Non-controlling interests
Managing Partner	Rothschild & Co Gestion SAS (the *gérant*)
NMR	N M Rothschild & Sons Limited
PCL	Private Client Lending (business line)
R&Co	Rothschild & Co SCA
R&Co Gestion	Rothschild & Co Gestion SAS (the *gérant* /Managing Partner)
RBI	Rothschild Bank International Limited
RBZ	Rothschild Bank AG Zurich
RGA	Rothschild Global Advisory (business segment)
RHAG	Rothschild Holding AG
RMB / Merchant Banking	Rothschild Merchant Banking (business segment)
RMM	Rothschild Martin Maurel SCS
RPW&AM	Rothschild Private Wealth & Asset Management (business segment)
Supervisory Board	Rothschild & Co Supervisory Board

Consolidated balance sheet

as at 30 September 2017

Assets

In thousands of euro	Notes	30/09/17	31/03/17
Cash and amounts due from central banks		3,885,143	3,907,432
Financial assets at fair value through profit or loss	1	514,312	432,441
Available-for-sale financial assets	3	1,436,463	1,616,427
Loans and advances to banks	4	1,579,425	1,918,060
Loans and advances to customers	5	2,999,714	2,867,275
Current tax assets		21,350	12,643
Deferred tax assets	12	63,905	67,966
Other assets	6	627,216	667,335
Investments accounted for by the equity method		34,033	33,783
Tangible fixed assets		348,482	359,982
Intangible fixed assets		167,343	170,084
Goodwill		123,262	123,843
TOTAL ASSETS		**11,800,648**	**12,177,271**

Liabilities and shareholders' equity

In thousands of euro	Notes	30/09/17	31/03/17
Financial liabilities at fair value through profit or loss	1	63,708	33,329
Hedging derivatives	2	7,085	8,626
Due to banks and other financial institutions	7	480,210	460,958
Customer deposits	8	7,750,223	8,063,283
Debt securities in issue		115,193	139,634
Current tax liabilities		39,668	34,588
Deferred tax liabilities	12	62,085	66,329
Other liabilities, accruals and deferred income	9	863,444	956,450
Provisions	10	78,219	113,544
TOTAL LIABILITIES		**9,459,835**	**9,876,741**
Shareholders' equity		**2,340,813**	**2,300,530**
Shareholders' equity - Group share		**1,831,131**	**1,828,955**
Share capital		154,639	154,581
Share premium		1,139,389	1,138,886
Gains and losses recognised directly in equity		(16,128)	40,299
Consolidated reserves		465,030	309,231
Net income - Group share		88,201	185,958
Non-controlling interests	14	**509,682**	**471,575**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,800,648**	**12,177,271**

Consolidated income statement

for the six months ended 30 September 2017

In thousands of euro		Notes	30/09/17	30/09/16
+	Interest income	17	67,937	40,949
-	Interest expense	17	(29,081)	(20,844)
+	Fee income	18	779,235	738,020
-	Fee expense	18	(47,518)	(25,732)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	19	54,199	47,110
+/-	Net gains/(losses) on available-for-sale financial assets	20	28,752	22,408
+	Other operating income	21	282	856
-	Other operating expenses	21	(1,460)	(300)
Net banking income			**852,346**	**802,467**
-	Staff costs	22	(488,247)	(472,712)
-	Administrative expenses	22	(146,426)	(129,160)
-	Amortisation, depreciation and impairment of tangible and intangible fixed assets		(14,319)	(17,181)
Gross operating income			**203,354**	**183,414**
+/-	Cost of risk	23	(4,356)	(1,848)
Operating income			**198,998**	**181,566**
+/-	Net income from companies accounted for by the equity method		875	188
+	Income from negative goodwill		-	1,381
+/-	Net income/(expense) from other assets	24	5,759	3,818
Profit before tax			**205,632**	**186,953**
-	Income tax expense	25	(29,672)	(26,753)
CONSOLIDATED NET INCOME			**175,960**	**160,200**
Non-controlling interests		14	**87,759**	**93,194**
NET INCOME - GROUP SHARE			**88,201**	**67,006**
Earnings per share in euro - Group share (basic)		28	1.18	0.97
Earnings per share in euro - continuing operations (basic)		28	1.18	0.97
Earnings per share in euro - Group share (diluted)		28	1.15	0.96
Earnings per share in euro - continuing operations (diluted)		28	1.15	0.96

Statement of comprehensive income

for the six months ended 30 September 2017

In thousands of euro	30/09/17	30/09/16
Consolidated net income	**175,960**	**160,200**
Gains and losses recyclable in profit or loss		
Translation differences	(59,582)	(52,984)
Revaluation of available-for-sale financial assets	5,047	(11,401)
(Gains)/losses transferred to income on available-for-sale financial assets	(22,427)	(17,633)
Gains and losses recognised directly in equity for companies accounted for by the equity method	(396)	(709)
Taxes	(101)	2,070
Total gains and losses recyclable in profit or loss	**(77,459)**	**(80,657)**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	23,122	(60,261)
Taxes	(4,402)	10,571
Other	-	(945)
Total gains and losses not recyclable in profit or loss	**18,720**	**(50,635)**
Gains and losses recognised directly in equity	**(58,739)**	**(131,292)**
TOTAL COMPREHENSIVE INCOME	**117,221**	**28,908**
attributable to equity shareholders	*46,120*	*(38,333)*
attributable to non-controlling interests	*71,101*	*67,241*

Consolidated statement of changes in equity

for the six months ended 30 September 2017

In thousands of euro	Capital and associated reserves (1)	Consol-idated reserves (3)	Gains and losses recognised directly in equity: Related to translation differences	Gains and losses recognised directly in equity: Available-for-sale reserves	Share-holders' equity, Group share	Share-holders' equity, NCI	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 MARCH 2016	**1,123,966**	**343,670**	**184**	**61,349**	**1,529,169**	**515,850**	**2,045,019**
Impact of elimination of treasury shares	-	(5,598)	-	-	(5,598)	-	(5,598)
Dividends	-	(44,184)	-	-	(44,184)	(131,984)	(176,168)
Issue of shares	154,490	-	-	-	154,490	-	154,490
Charge related to share-based payments	-	909	-	-	909	13	922
Interest on perpetual subordinated debt	-	-	-	-	-	(13,748)	(13,748)
Effect of a change in shareholding without a change of control	-	15,506	7,902	2,618	26,026	(69,005)	(42,979)
Other movements (4)	15,011	-	-	-	15,011	-	15,011
Sub-total of changes linked to transactions with shareholders	**169,501**	**(33,367)**	**7,902**	**2,618**	**146,654**	**(214,724)**	**(68,070)**
2016/2017 net income for the year	-	185,958	-	-	185,958	180,391	366,349
Net gains/(losses) from changes in fair value	-	-	-	20,537	20,537	581	21,118
Net (gains)/losses transferred to income on disposal and impairment	-	-	-	(28,797)	(28,797)	(56)	(28,853)
Remeasurement gains/(losses) on defined benefit funds	-	(427)	-	-	(427)	2,024	1,597
Translation differences and other movements	-	(645)	(26,254)	2,760	(24,139)	(12,491)	(36,630)
SHAREHOLDERS' EQUITY AT 31 MARCH 2017	**1,293,467**	**495,189**	**(18,168)**	**58,467**	**1,828,955**	**471,575**	**2,300,530**
Impact of elimination of treasury shares	-	635	-	-	635	-	635
Dividends (2)	-	(51,511)	-	-	(51,511)	(2,700)	(54,211)
Issue of shares	568	-	-	-	568	1	569
Charge related to share-based payments	-	313	-	-	313	-	313
Interest on perpetual subordinated debt	-	-	-	-	-	(6,926)	(6,926)
Effect of a change in shareholding without a change of control	(7)	2,175	3,704	624	6,496	(23,240)	(16,744)
Other movements	-	(153)	61	(371)	(463)	-	(463)
Sub-total of changes linked to transactions with shareholders	**561**	**(48,541)**	**3,765**	**253**	**(43,962)**	**(32,865)**	**(76,827)**
2017 net income for the period	-	88,201	-	-	88,201	87,759	175,960
Net gains/(losses) from changes in fair value	-	-	-	5,167	5,167	156	5,323
Net (gains)/losses transferred to income on disposal and impairment	-	-	-	(22,298)	(22,298)	(7)	(22,305)
Remeasurement gains/(losses) on defined benefit funds	-	18,167	-	-	18,167	414	18,581
Translation differences and other movements	-	215	(42,455)	(859)	(43,099)	(17,350)	(60,449)
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2017	**1,294,028**	**553,231**	**(56,858)**	**40,730**	**1,831,131**	**509,682**	**2,340,813**

(1) Capital and associated reserves at the period end consist of share capital of €154.6 million and share premium of €1,139.4 million. Share premium, under IFRS measurement, includes costs incurred in the issuance of share capital.

(2) Dividends include €50.7 million of dividends to R&Co shareholders and a total of €0.8 million of dividends to R&Co Gestion and Rothschild & Co Commandité SAS. Distributions to non-controlling interests are analysed in note 14.

(3) Consolidated reserves consist of retained earnings of €483.3 million less treasury shares of €18.3 million plus the Group share of net income.

(4) Other movements are described in note 26.

Cash flow statement

for the six months ended 30 September 2017

In thousands of euro	30/09/17	30/09/16
Consolidated profit before tax (I)	**205,632**	**186,953**
Depreciation and amortisation expense on tangible fixed assets and intangible fixed assets	14,319	17,181
Impairments and net charge for provisions	7,739	2,539
Remove (income)/loss from associates and long-standing shareholding	(6,117)	(3,967)
Remove (profit)/loss from disposal of a subsidiary	358	(1,237)
Remove (profit)/loss from investing activities	(71,490)	(55,807)
Non-cash items included in pre-tax profit and other adjustments (II)	**(55,191)**	**(41,291)**
Net (advance)/repayment of loans to customers	**(200,422)**	**(89,823)**
Cash (placed)/received through interbank transactions	388,814	(82,224)
Increase/(decrease) in due to customers	(71,706)	(373,701)
Net inflow/(outflow) related to derivatives and trading items	(24,817)	(41,179)
Issuance/(redemption) of debt securities in issue	(24,469)	(10,240)
Net (purchases)/disposals of AFS assets held for liquidity purposes	115,737	10,845
Other movements in assets and liabilities related to treasury activities	82,760	1,277
Total treasury-related activities	**466,319**	**(495,222)**
(Increase)/decrease in working capital	(202,241)	(186,038)
Tax paid	(37,530)	(26,927)
Other operating activities	**(239,771)**	**(212,965)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)	**26,126**	**(798,010)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**176,567**	**(652,348)**
Purchase of investments	(76,584)	(69,902)
Cash and cash equivalents acquired in new subsidiaries	-	(560)
Purchase of property, plant and equipment and intangible fixed assets	(12,821)	(4,116)
Total cash invested	**(89,405)**	**(74,578)**
Cash received from investments (disposals and dividends)	147,804	103,813
Cash received from subsidiaries, associates and long-standing shareholding (disposals and dividends)	5,242	15,940
Cash from disposal of property, plant and equipment and intangible fixed assets	2,197	49
Total cash received from investments	**155,243**	**119,802**
Net cash inflow/(outflow) related to investing activities (B)	**65,838**	**45,224**
Interest paid on perpetual subordinated debt	(1,839)	(1,359)
(Acquisition)/disposal of own shares and additional interests in subsidiaries	(14,933)	10,211
Net cash inflow/(outflow) related to financing activities (C)	**(16,772)**	**8,852**
Impact of exchange rate changes on cash and cash equivalents (D)	**(216,989)**	**(28,381)**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**8,644**	**(626,653)**
Net opening cash and cash equivalents (note 15)	4,862,319	4,321,980
Net closing cash and cash equivalents (note 15)	4,870,963	3,695,327
NET INFLOW/(OUTFLOW) OF CASH	**8,644**	**(626,653)**

Notes to the consolidated financial statements

I. Highlights

Change of financial year end

On 21 March 2017, the Company announced that it will change its financial year end from 31 March to 31 December. This change was approved at the general meeting of shareholders on 28 September 2017, and will allow its subsidiaries to be aligned with the financial year end required for its banking regulated entities in France. The accounting period is for the nine months to 31 December 2017 with the results for this period being published on 13 March 2018.

Merger with Compagnie Financière Martin Maurel

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

Following consultation processes with work councils from both groups, the merger proposals were approved by general meetings of CFMM and R&Co in September 2016. Once it had received the approval of the French anti-trust authority, the ACPR and the European Central Bank, as well as meeting other conditions precedent, the transaction was completed on 2 January 2017.

On 1 July 2017, and following the grant of necessary regulatory approvals, Rothschild & Cie Banque (RCB) and Banque Martin Maurel (BMM) were operationally integrated. This integration was implemented through the contribution by BMM of its banking activities to RCB and the merger of Martin Maurel Gestion (MMG) into RCB, after Rothschild & Cie Gestion contributed its private banking business operations to MMG. These transactions created a combined group operating under the new corporate name 'Rothschild Martin Maurel'.

II. Preparation of the financial statements

A. Information concerning the Company

The summary consolidated financial statements of Rothschild & Co SCA Group (the Group) for the six months ended 30 September 2017 are presented in accordance with IFRS in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002. The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2013-04 of 7 November 2013 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 April 2017 to 30 September 2017.

The summary consolidated accounts were approved by R&Co Gestion SAS, the Managing Partner of R&Co, on 16 November 2017 and considered for verification and control purposes by the Supervisory Board on 28 November 2017.

At 30 September 2017, the Group's holding company was R&Co, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris (Paris Trade and Companies Registry Number 302 519 228). The Company is listed on the Eurolist market of Euronext Paris (Compartment A).

B. General principles

The notes to the accounts have been prepared taking into account the understanding, relevance, reliability, comparability and materiality of the information provided.

C. Subsequent events

On 6 October 2017, the supreme court in France judged the 3% tax paid by French companies on dividend distributions to be contrary to the French constitution. The decision of the supreme court is immediately effective and will give rise to a return of the tax paid, together with the payment of interest. The Group has claimed a repayment of dividend tax it has paid, together with interest, of around €8 million. The exact timing of the reimbursement is not yet known and the Group has not recognised any repayment of the tax suffered in the accounts as at 30 September 2017.

The French Parliament has passed legislation for a new additional corporate income tax to provide funds to meet the cost of these claims. The Group is out of the scope of this new tax.

III. Accounting principles and valuation methods

The accounting principles and valuation methods applied by the Group for the half-year summary consolidated financial statements are the same as those applied and described in the annual financial statements for the year ended 31 March 2017. 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 2017 is optional.

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

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

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

Future standards and interpretations

A number of significant changes to the Group's financial reporting for future accounting periods are expected as a result of amended or new accounting standards and interpretations from the IASB.

The main standards expected to affect the Group are IFRS 9 Financial Instruments, IFRS 15 Revenue, and IFRS 16 Leases. A description of their likely effects was provided in the annual financial statements for the year ended 31 March 2017, and the assessment is not significantly different now.

IV. Financial risk management

A. Governance

The Group's governance environment is described in the annual financial statements for the year ended 31 March 2017, and is substantially unchanged at 30 September 2017.

B. Credit risk

1. Credit rating

The Group reviews credit exposures on financial assets on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures which are considered to be fully performing.
Category 2	Exposures where the payment of interest or principal is not currently in doubt~~,~~ but which require closer observation than usual, due perhaps to some deterioration in the position of the client. Examples include: poor trading results; difficult conditions in the client’s market sector; competitive or regulatory threats; or the potential impact from currency or other factors. Unimpaired RGA receivables which are past due over 90 days are included in this category.
Category 3	Exposures where there has been further deterioration in the position of the client compared to Category 2. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan (unless collateral exists which exceeds the exposure's carrying value). At least some recovery is expected to be made.
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

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

The tables below disclose the maximum exposure to credit risk at 30 September 2017 and at 31 March 2017 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In millions of euro	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	30/09/17
Financial assets at fair value through profit or loss (1)	76.5	-	-	-	-	-	76.5
Loans and advances to banks	1,579.4	-	-	-	-	-	1,579.4
Loans and advances to customers	2,837.3	33.5	53.5	138.7	15.7	(79.0)	2,999.7
Available-for-sale debt securities	1,030.7	-	-	2.0	7.7	(8.2)	1,032.2
Other financial assets	322.4	46.0	-	12.2	9.8	(16.1)	374.3
Subtotal assets	**5,846.3**	**79.5**	**53.5**	**152.9**	**33.2**	**(103.3)**	**6,062.1**
Commitments and guarantees	425.4	-	0.3	-	-	-	425.7
TOTAL	**6,271.7**	**79.5**	**53.8**	**152.9**	**33.2**	**(103.3)**	**6,487.8**

(1) Excluding equity

In millions of euro	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/03/17
Financial assets at fair value through profit or loss (1)	33.0	-	-	-	-	-	33.0
Loans and advances to banks	1,918.1	-	-	-	-	-	1,918.1
Loans and advances to customers	2,679.9	37.0	75.2	137.4	16.8	(79.0)	2,867.3
Available-for-sale debt securities	1,061.2	-	0.4	5.1	9.3	(11.0)	1,065.0
Other financial assets	420.1	38.1	-	14.1	14.5	(20.6)	466.2
Subtotal assets	**6,112.3**	**75.1**	**75.6**	**156.6**	**40.6**	**(110.6)**	**6,349.6**
Commitments and guarantees	391.8	-	-	-	-	-	391.8
TOTAL	**6,504.1**	**75.1**	**75.6**	**156.6**	**40.6**	**(110.6)**	**6,741.4**

(1) Excluding equity

The Group no longer uses 'past due but not impaired' as a separate category for its risk assessment above. Amounts previously disclosed as past due but not impaired in this table are now shown in the categories 2 or 3 as appropriate. The comparatives for credit risk have been restated accordingly.

2. Past due but not impaired assets

A financial asset is considered to be past due when the counterparty has failed to make a payment when contractually due (unless this is caused by short-term administrative delays). Financial assets that are past due but not impaired are exposures for which a provision is not considered necessary despite non-payment of the contractual obligations.

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

In millions of euro	30/09/17			31/03/17		
	Loans and advances to customers	Other financial assets	TOTAL	Loans and advances to customers	Other financial assets	TOTAL
Less than 90 days	-	-	**-**	1.2	-	**1.2**
Between 90 and 180 days	-	24.9	**24.9**	1.5	13.6	**15.1**
Between 180 days and one year	-	13.3	**13.3**	15.0	13.8	**28.8**
More than one year	12.9	7.8	**20.7**	0.6	10.7	**11.3**
TOTAL	**12.9**	**46.0**	**58.9**	**18.3**	**38.1**	**56.4**

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

Unimpaired loans extended in this manner are not categorised as either past due or as renegotiated. As at 30 September 2017 the cumulative value of all loans within this category was €20.0 million (March 2017: €20.1 million). All of these loans were property loans. There are also some loans which are overdue, but not impaired, pending an extension of maturity. As at 30 September 2017, these amounted to €12.9 million (March 2017: €18.3 million).

Some loans were renegotiated on substantially different terms than before. Typically these loans will include revised covenants and higher margins to reflect higher credit risk as well as having extended maturities. If these loans had not been renegotiated, they would have been deemed to have been impaired. As at 30 September 2017, the carrying value of all loans renegotiated was €0.9 million (March 2017: €2.1 million).

3. Collateral

The Group holds collateral against loans to customers, as substantially all third party commercial lending is secured. The majority of collateral is in the form of charges over property assets, or over marketable securities (Lombard lending). There is a realistic possibility, if necessary, of both taking possession of, and realising, the collateral.

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

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

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

In millions of euro	30/09/17		31/03/17	
	Past due but not impaired	**Individually impaired**	**Past due but not impaired**	**Individually impaired**
Tangible assets collateral	11.4	86.0	18.5	89.6
Financial assets collateral	-	40.0	2.1	26.4
TOTAL	**11.4**	**126.0**	**20.6**	**116.0**
Gross value of loans	12.9	154.4	18.3	154.2
Impairment	n/a	(56.9)	n/a	(55.3)
Net value of loans	**12.9**	**97.5**	**18.3**	**98.9**

4. Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 30 September 2017 and 31 March 2017.

a) Credit risk by location

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

In millions of euro	France	UK and Channel Islands	Rest of Europe	Americas	Switzerland	Australia and Asia	Other	30/09/17
Financial assets at fair value through profit or loss (1)	14.0	2.7	11.2	0.8	46.6	1.1	0.1	76.5
Loans and advances to banks	824.1	274.2	165.5	186.8	97.0	23.3	8.5	1,579.4
Loans and advances to customers	1,530.5	802.3	259.5	134.0	116.5	85.6	71.3	2,999.7
Available-for-sale debt securities	286.6	156.6	441.4	111.4	25.0	7.0	4.2	1,032.2
Other financial assets	118.4	59.5	67.3	70.8	24.6	24.5	9.2	374.3
Subtotal assets	**2,773.6**	**1,295.3**	**944.9**	**503.8**	**309.7**	**141.5**	**93.3**	**6,062.1**
Commitments and guarantees	306.1	50.1	67.4	0.1	-	-	2.0	425.7
TOTAL	**3,079.7**	**1,345.4**	**1,012.3**	**503.9**	**309.7**	**141.5**	**95.3**	**6,487.8**

(1) Excluding equity

In millions of euro	France	UK and Channel Islands	Rest of Europe	Americas	Switzerland	Australia and Asia	Other	31/03/17
Financial assets at fair value through profit or loss (1)	9.8	8.2	5.3	0.9	7.5	1.2	0.1	33.0
Loans and advances to banks	1,088.7	297.5	233.1	177.7	74.6	29.7	16.8	1,918.1
Loans and advances to customers	1,500.9	697.7	310.3	127.9	99.1	68.9	62.5	2,867.3
Available-for-sale debt securities	658.6	93.0	203.8	93.0	2.8	4.5	9.3	1,065.0
Other financial assets	156.7	68.2	78.9	50.6	39.4	38.0	34.4	466.2
Subtotal assets	**3,414.7**	**1,164.6**	**831.4**	**450.1**	**223.4**	**142.3**	**123.1**	**6,349.6**
Commitments and guarantees	275.6	22.4	53.4	0.9	8.2	0.1	31.2	391.8
TOTAL	**3,690.3**	**1,187.0**	**884.8**	**451.0**	**231.6**	**142.4**	**154.3**	**6,741.4**

(1) Excluding equity

b) Credit risk by sector

In millions of euro	30/09/17	%	31/03/17	%
Central banks	3,879.6	37%	3,907.4	37%
Households	2,300.4	22%	2,270.0	21%
Credit institutions	1,678.2	16%	1,915.3	18%
Liquid debt securities from other sectors (diversified)	817.6	8%	817.2	8%
Other financial corporations	359.3	3%	283.2	3%
Short-term fee income receivable from other sectors (diversified clients)	311.1	3%	361.0	3%
Real estate	272.9	3%	325.7	3%
Government(1)	148.8	1%	196.3	2%
Other	599.5	6%	572.7	5%
TOTAL	**10,367.4**	**100%**	**10,648.8**	**100%**

(1)The 'Government' exposure predominantly consists of high quality government securities.

The sectors above are based on NACE classification codes ('Nomenclature of Economic Activities'), and other categories used for FINREP regulatory reporting.

Previous reporting on sectoral risk has been prepared by mapping local data to GICS (Global Industry Classification Standards) codes. The Group now records all sectoral exposure using NACE codes, and, therefore, the sector risk disclosure has been amended to reflect this. Comparative information has also been restated to be consistent with this presentation.

Short-term accounts receivable and highly liquid debt securities held for treasury management are exposed to various diversified sectors. Any temporary exposure to these sectors is not thought by management to pose a significant sectoral risk, and is not expected to be indicative of sectoral concentration for these assets in future. Therefore, these exposures are not analysed further in this note.

C. Market risk

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

1. Equity investments

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

If the price of these equities were to fall by 5%, then there would be a post-tax charge to the income statement of €18.5 million (March 2017: €17.9 million) and a charge to equity of €16.0 million (March 2017: €22.4 million).

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

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

In millions of euro	30/09/17	%	31/03/17	%
France	258.0	31%	227.7	24%
United Kingdom and Channel Islands	212.2	25%	315.3	33%
Rest of Europe	125.1	15%	134.7	14%
Switzerland	116.4	14%	114.5	12%
Americas	86.9	10%	92.6	10%
Australia and Asia	13.0	2%	35.9	4%
Other	30.5	4%	30.1	3%
TOTAL	**842.1**	**100%**	**950.8**	**100%**

D. Liquidity risk

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities.

The Group's three main banking groups each manage their own liquidity independently of each other. An illustration of how they manage their short-term liquidity is summarised below, together with a measure of their liquidity coverage ratio (LCR). The LCR is a ratio of highly liquid assets to short-term obligations.

Rothschild Bank AG Zurich

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

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

RBZ's LCR at 30 September 2017 was 154%, as measured for regulatory purposes (31 March 2017: 169%). The regulatory limit is 80%.

Rothschild Martin Maurel

RMM maintains a stable and diverse pool of customer deposits with a low customer loan-to-deposit ratio. Treasury manages liquidity to ensure that a conservative position is maintained at all times by holding a significant amount of short-term liquidity with the Central Bank and other banks alongside a portfolio of highly rated securities. Exposure to liquidity risk is considered to be very low and is monitored on a daily basis independently of the front office.

At 30 September 2017, RMM's LCR was 269% (31 March 2017: 202%). The regulatory limit is 80%.

Rothschild Bank International Limited

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

At 31 March 2017, the RBI regulatory liquidity ratio for the eight-day to one-month period as a percentage of total deposits was 18.1%, well in excess of the limit set by the GFSC of -5%.

The GFSC amended the minimum regulatory liquidity requirements that apply to licensed deposit takers incorporated in Guernsey with effect from 31 July 2017. RBI's LCR under the new requirements at 30 September 2017 was 171%. The regulatory limit is 80%.

Contractual maturity

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

In millions of euro	Demand-1m	1m-3m	3m-1yr	1yr-2yr	2yr-5yr	>5 yr	No contractual maturity	30/09/17
Cash and balances at central banks	3,885.1	-	-	-	-	-	-	**3,885.1**
Financial assets at FVTPL	9.2	13.3	41.4	6.0	189.0	87.7	167.7	**514.3**
AFS financial assets	241.5	192.5	286.2	281.6	218.2	18.8	197.7	**1,436.5**
Loans and advances to banks	1,144.4	395.1	39.9	-	-	-	-	**1,579.4**
Loans and advances to customers	1,005.5	547.3	541.5	216.9	448.1	240.4	-	**2,999.7**
Other financial assets	327.6	38.0	8.7	-	-	-	-	**374.3**
TOTAL	**6,613.3**	**1,186.2**	**917.7**	**504.5**	**855.3**	**346.9**	**365.4**	**10,789.3**
Financial liabilities at FVTPL	31.3	1.4	30.3	-	0.7	-	-	**63.7**
Hedging derivatives	-	-	-	-	7.1	-	-	**7.1**
Due to banks and other financial institutions	169.5	0.1	5.1	16.5	123.6	165.4	-	**480.2**
Due to customers	7,480.0	103.5	71.2	50.9	44.6	-	-	**7,750.2**
Debt securities in issue	-	36.7	78.5	-	-	-	-	**115.2**
Other financial liabilities	165.1	0.6	3.8	-	-	-	-	**169.5**
TOTAL	**7,845.9**	**142.3**	**188.9**	**67.4**	**176.0**	**165.4**	**-**	**8,585.9**
Loan and guarantee commitments given	202.6	17.1	68.8	8.8	120.7	7.7	-	**425.7**

Loan and guarantee commitments given are disclosed in the period in which they could first be drawn down.

The undiscounted cash flows of liabilities and commitments are not materially different from the amounts disclosed in the contractual maturity table above.

E. Fair value of financial instruments

1. Fair value classification

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

Level 1: instruments quoted on an active market

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

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

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

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

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

2. Fair value of financial instruments

The fair value of financial instruments is determined at the reporting date in accordance with the accounting principles and methods described in this report.

Carried at amortised cost

In millions of euro	30/09/17				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	3,885.1	3,885.1	-	3,885.1	-
Loans and advances to banks	1,579.4	1,579.4	-	1,579.4	-
Loans and advances to customers	2,999.7	2,987.7	-	2,943.4	44.3
TOTAL	**8,464.2**	**8,452.2**	**-**	**8,407.9**	**44.3**
Financial liabilities					
Due to banks and other financial institutions	480.2	489.6	-	489.6	-
Due to customers	7,750.2	7,750.2	-	7,750.2	-
Debt securities in issue	115.2	115.2	-	115.2	-
TOTAL	**8,345.6**	**8,355.0**	**-**	**8,355.0**	**-**

In millions of euro	31/03/17				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	3,907.4	3,907.4	-	3,907.4	-
Loans and advances to banks	1,918.1	1,918.1	-	1,918.1	-
Loans and advances to customers	2,867.3	2,858.5	-	2,801.3	57.2
TOTAL	**8,692.8**	**8,684.0**	**-**	**8,626.8**	**57.2**
Financial liabilities					
Due to banks and other financial institutions	461.0	463.0	-	463.0	-
Due to customers	8,063.3	8,063.3	-	8,063.3	-
Debt securities in issue	139.6	139.6	-	139.6	-
TOTAL	**8,663.9**	**8,665.9**	**-**	**8,665.9**	**-**

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

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

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

Carried at fair value

In millions of euro	30/09/17			
		Measured using		
	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Trading securities - short term	36.0	36.0	-	-
Financial assets designated at FVTPL - long term	421.3	48.6	372.7	-
Derivative financial instruments	57.1	-	57.1	-
AFS public bills and similar securities	150.8	150.8	-	-
AFS bonds, other fixed income securities and accrued interest	881.4	818.8	59.4	3.2
AFS equity securities	404.3	341.0	23.5	39.8
TOTAL FINANCIAL ASSETS	**1,950.9**	**1,395.2**	**512.7**	**43.0**
Financial liabilities				
Derivative financial instruments	70.8	-	70.8	-
TOTAL FINANCIAL LIABILITIES	**70.8**	**-**	**70.8**	**-**

In millions of euro	31/03/17			
		Measured using		
	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Trading securities - short term	17.1	17.1	-	-
Financial assets designated at FVTPL - long term	393.8	40.2	353.6	-
Derivative financial instruments	21.5	-	21.5	-
AFS public bills and similar securities	173.1	173.1	-	-
AFS bonds, other fixed income securities and accrued interest	891.9	822.9	65.5	3.5
AFS equity securities	551.4	472.6	11.7	67.1
TOTAL FINANCIAL ASSETS	**2,048.8**	**1,525.9**	**452.3**	**70.6**
Financial liabilities				
Derivative financial instruments	42.0	-	42.0	-
TOTAL FINANCIAL LIABILITIES	**42.0**	**-**	**42.0**	**-**

3. Fair value Level 3 disclosures

Valuation technique by class of Level 3 financial assets

Description	Fair value at 30 September 2017 *(in millions of euro)*	Valuation technique	Unobservable input	Range (weighted average)
Securities portfolios (CDOs, CLOs, etc.)	1.7	Discounted cash flow, based on expected cash flows of securitised assets and expectation of how these will be distributed to different noteholders.	Default and recovery data according to the various asset classes.	n/a
Mezzanine debt securities	1.5	Carrying value is based on original investment plus accrued interest less any impairment provisions.	Impairment provisions based on expected repayment cashflows.	n/a
AFS debt	**3.2**			
Funds and other equity	38.8	External valuation.	n/a	n/a
	1.0	Valued at cost.	n/a	n/a
AFS equity	**39.8**			

Sensitivity of fair value for Level 3 instruments

Out of €39.8 million of AFS equity securities classified in Level 3 as at 30 September 2017, €38.8 million were subject to a third-party valuation. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact on net income and on equity in the event of a fall of 5% in the carrying value. In such an event, there would be a post-tax charge to the income statement of €0.2 million and a charge to equity of €1.7 million.

Movement in Level 3 assets

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

In millions of euro		Bonds and other fixed income securities	Funds and other equities	TOTAL
As at 1 April 2017		**3.5**	**67.1**	**70.6**
Total gains or losses for the period	Included in income statement	-	(0.4)	(0.4)
	Gains/(losses) through equity	-	2.2	2.2
Purchases, issues, sales and settlements	Additions	-	0.6	0.6
	Disposals	(0.5)	(29.7)	(30.2)
Exchange		0.2	-	0.2
AS AT THE END OF THE PERIOD		**3.2**	**39.8**	**43.0**

4. Selected controls in the valuation process

Merchant Banking

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

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

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

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

Valuation of derivatives

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

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

V. Notes to the balance sheet

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

1. Financial assets

In thousands of euro	30/09/17	31/03/17
Equities	401,856	382,327
Loans to customers	19,395	11,513
Financial assets designated at fair value through profit or loss	**421,251**	**393,840**
Equities	35,963	17,077
Trading instruments	**35,963**	**17,077**
Trading derivative assets (see note 2)	**57,098**	**21,524**
TOTAL	**514,312**	**432,441**

2. Financial liabilities

In thousands of euro	30/09/17	31/03/17
Trading derivative liabilities (see note 2)	**63,708**	**33,329**
TOTAL	**63,708**	**33,329**

Note 2 - Derivatives

Trading derivatives

In thousands of euro	30/09/17			31/03/17		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*121,411*	380	651	*143,424*	2,998	169
Conditional interest rate contracts	*6,658*	87	121	*15,090*	305	34
Firm foreign exchange contracts	*7,502,514*	56,311	62,667	*6,517,560*	17,253	32,690
Conditional foreign exchange contracts	*61,811*	320	242	*193,494*	485	234
Commodity options	-	-	-	*54,039*	135	65
Equity-related options	*28*	-	27	*103,518*	348	137
TOTAL	***7,692,422***	**57,098**	**63,708**	***7,027,125***	**21,524**	**33,329**

Hedging derivatives

In thousands of euro	30/09/17			31/03/17		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*142,000*	-	7,085	*136,000*	-	8,626
TOTAL	***142,000***	**-**	**7,085**	***136,000***	**-**	**8,626**

Offsetting financial assets and financial liabilities

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

In thousands of euro	30/09/17		
	Gross assets	Amounts set off	Net amounts as per balance sheet
Trading derivative assets	118,023	(60,925)	57,098
Loans and receivables with banks	1,579,469	(44)	1,579,425
Other assets not subject to netting	10,164,125	-	10,164,125
Total assets	**11,861,617**	**(60,969)**	**11,800,648**
Due to banks	521,967	(41,757)	480,210
Trading derivative liabilities	82,920	(19,212)	63,708
Other liabilities not subject to netting	8,915,917	-	8,915,917
Total liabilities	**9,520,804**	**(60,969)**	**9,459,835**

Note 3 - Available-for-sale financial assets

In thousands of euro	30/09/17	31/03/17
Public bills and similar securities	150,782	173,092
Other fixed income securities	879,841	885,997
Accrued interest	1,568	5,908
Total AFS debt securities	**1,032,191**	**1,064,997**
of which impairment losses	*(9,849)*	*(10,996)*
Total AFS equity securities	**404,272**	**551,430**
of which impairment losses	*(128,081)*	*(132,082)*
TOTAL	**1,436,463**	**1,616,427**

Changes in available-for-sale financial assets

In thousands of euro	30/09/17	31/03/17
As at 1 April	**1,616,427**	**1,096,009**
Additions	330,327	1,274,272
Acquisition of a subsidiary	-	737,970
Disposals	(486,542)	(1,470,454)
Gains/(losses) from changes in fair value, recognised directly in equity	5,047	23,760
Impairment losses recognised in income statement	(225)	(1,177)
Exchange differences	(23,132)	(23,927)
Changes in scope and other movements	(5,439)	(20,026)
AT THE END OF THE PERIOD	**1,436,463**	**1,616,427**

Note 4 - Loans and advances to banks

In thousands of euro	30/09/17	31/03/17
Interbank demand deposits and overnight loans	820,666	987,911
Interbank term deposits and loans	143,816	119,069
Reverse repos and loans secured by bills	614,772	810,445
Accrued interest	171	635
Loans and advances to banks - gross amount	**1,579,425**	**1,918,060**
Allowance for credit losses	-	-
TOTAL	**1,579,425**	**1,918,060**

Note 5 - Loans and advances to customers

In thousands of euro	30/09/17	31/03/17
Debit balances on current accounts	310,918	287,974
Other loans to customers	2,749,430	2,638,880
Accrued interest	18,342	19,442
Loans and advances to customers – gross amount	**3,078,690**	**2,946,296**
Specific provisions	(56,899)	(55,346)
Collective provisions	(22,077)	(23,675)
Allowance for credit losses	**(78,976)**	**(79,021)**
TOTAL	**2,999,714**	**2,867,275**

Note 6 - Other assets

In thousands of euro	30/09/17	31/03/17
Accounts receivable(1)	150,430	229,473
Guarantee deposits paid(1)	23,079	18,039
Settlement accounts for transactions of securities(1)	40,057	83,196
Defined benefit pension scheme assets	18,821	17,823
Other sundry assets	202,188	166,703
Other assets	**434,575**	**515,234**
Prepaid expenses	31,916	20,349
Accrued income(1)	160,725	131,752
Prepayments and accruals	**192,641**	**152,101**
TOTAL	**627,216**	**667,335**

(1) These balances represent financial assets

Note 7 - Due to banks and other financial institutions

In thousands of euro	30/09/17	31/03/17
Interbank demand deposits and overnight	162,364	108,022
Interbank term deposits and borrowings	312,364	347,567
Accrued interest	5,482	5,369
TOTAL	**480,210**	**460,958**

Note 8 - Customer deposits

In thousands of euro	30/09/17	31/03/17
Demand deposits	7,230,551	7,416,913
Term deposits	489,601	576,180
Borrowings secured by bills	28,775	68,403
Accrued interest	1,296	1,787
TOTAL	**7,750,223**	**8,063,283**

Note 9 - Other liabilities, accruals and deferred income

In thousands of euro	30/09/17	31/03/17
Due to employees	340,872	528,232
Other accrued expenses and deferred income	189,100	158,410
Accrued expenses	**529,972**	**686,642**
Settlement accounts for transactions of securities(1)	150,490	99,983
Accounts payable (1)	19,031	30,628
Sundry creditors	163,951	139,197
Other liabilities	**333,472**	**269,808**
TOTAL	**863,444**	**956,450**

(1) These balances represent financial liabilities

Note 10 - Provisions

In thousands of euro	01/04/17	Charge/ (release)	Utilised	Exchange movement	Other movements	30/09/17
Provision for counterparty risk	1,071	-	(61)	(1)	(43)	966
Provision for claims and litigation	27,230	2,139	(1,402)	(447)	328	27,848
Provisions for property	366	-	-	(30)	1	337
Other provisions	929	21	-	(17)	752	1,685
Subtotal	**29,596**	**2,160**	**(1,463)**	**(495)**	**1,038**	**30,836**
Retirement benefit liabilities	83,948	*n/a*	*n/a*	*n/a*	(36,565)	47,383
TOTAL	**113,544**	**2,160**	**(1,463)**	**(495)**	**(35,527)**	**78,219**

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 which are likely to have an impact on the Group's financial statements, based on information available at the reporting date.

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

Note 11 - Impairments

In thousands of euro	01/04/17	Income statement charge	Income statement reversal	Written off	Exchange rate and other movements	30/09/17
Loans and advances to customers	(79,021)	(9,626)	5,825	3,033	813	(78,976)
Available-for-sale financial assets	(143,078)	(1,345)	1,120	5,124	249	(137,930)
Other assets	(20,773)	(2,599)	924	2,526	974	(18,948)
TOTAL	**(242,872)**	**(13,570)**	**7,869**	**10,683**	**2,036**	**(235,854)**

Note 12 - Deferred tax

The movement on the deferred tax account is as follows:

In thousands of euro	30/09/17	31/03/17
Net asset as at beginning of period	**1,637**	**28,909**
of which deferred tax assets	*67,966*	*72,278*
of which deferred tax liabilities	*(66,329)*	*(43,369)*
Recognised in income statement		
Income statement (charge)	4,152	(6,548)
Recognised in equity		
Defined benefit pension arrangements	(4,402)	(3,321)
Available-for-sale financial assets	(103)	(186)
Tax losses carried forward	12	23
Reclassification to current tax	792	4,164
Payments/(refunds)	-	(253)
Exchange differences	(1,459)	(3,486)
Purchase/sale of a subsidiary	72	(19,913)
Other	1,119	2,248
NET ASSET AS AT END OF PERIOD	**1,820**	**1,637**
of which deferred tax assets	*63,905*	*67,966*
of which deferred tax liabilities	*(62,085)*	*(66,329)*

Deferred tax net assets are attributable to the following items:

In thousands of euro	30/09/17	31/03/17
Deferred profit share arrangements	23,517	26,213
Losses carried forward	18,573	13,954
Defined benefit pension liabilities	9,029	18,074
Provisions	3,809	2,968
Accelerated depreciation	3,388	3,971
Available-for-sale financial assets	38	(311)
Other temporary differences	5,551	3,097
TOTAL	**63,905**	**67,966**

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

NMR derecognised €8.7 million of deferred tax assets during the year ended March 2015, after the UK government announced restrictions on the ability of banks to utilise historic tax losses. Elsewhere in the Group, in accordance with the Group’s accounting policy, some deductible temporary differences have not given rise to the recognition of deferred tax assets, mainly in the United States, Canada and Asia. Unrecognised deferred tax assets amounted to €72.2 million at 30 September 2017 (€72.9 million at 31 March 2017).

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	**30/09/17**	**31/03/17**
Fair value adjustments to properties	17,865	17,772
Available-for-sale financial assets	18,689	19,277
Intangible assets recognised following acquisition of subsidiaries	14,515	14,520
Defined benefit pension assets	1,675	3,946
Accelerated capital allowances	1,907	2,224
Other temporary differences	7,434	8,590
TOTAL	**62,085**	**66,329**

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

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

In thousands of euro	**30/09/17**	**31/03/17**
Defined benefit pension liabilities	1,976	5,540
Deferred profit share arrangements	1,941	(1,118)
Depreciation differences	174	2,520
Available-for-sale financial assets	(202)	743
Allowances for loan losses	(733)	344
Tax losses carried forward	(4,108)	1,004
Other temporary differences	(3,200)	(2,485)
TOTAL	**(4,152)**	**6,548**

Note 13 - Structured entities

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

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

- Remuneration and other economic interests in aggregate; and

- Kick-out rights.

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

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

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

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

Interest in unconsolidated structured entities

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

	30/09/17		
In thousands of euro	Equity funds	Debt funds	TOTAL
Total assets within the underlying vehicles	**1,334,531**	**3,665,394**	**4,999,925**
Assets under management including third party commitments	**2,897,821**	**4,059,049**	**6,956,870**
Interest held in the Group's balance sheet:			
Financial assets designated at FVTPL	279,907	66,579	346,486
Financial assets available for sale	-	45,547	45,547
Loans and receivables	15,059	5,436	20,495
Total assets in the Group's balance sheet	**294,966**	**117,562**	**412,528**
Off-balance sheet commitments made by the Group	268,190	36,655	304,845
Group's maximum exposure	**563,156**	**154,217**	**717,373**

Note 14 - Non-controlling interests

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

In thousands of euro	30/09/17			31/03/17		
	Net income	**Amounts in the balance sheet**	**Distributions**	**Net income**	**Amounts in the balance sheet**	**Distributions**
Preferred shares	78,533	138,321	1,038	160,013	60,103	128,520
Perpetual subordinated debt	7,021	291,673	6,926	13,748	305,372	13,748
Rothschild Holding AG group	1,269	57,867	744	2,502	79,563	2,351
Other	936	21,821	918	4,128	26,537	1,113
TOTAL	**87,759**	**509,682**	**9,626**	**180,391**	**471,575**	**145,732**

Preferred shares

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

Perpetual subordinated debt

Subsidiaries inside the Group have issued perpetual subordinated debt instruments which have discretionary clauses relating to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of NCI because they were issued by subsidiaries and are not held by the Group. The interest payable on these instruments is shown as a charge to NCI.

In thousands of euro	30/09/17	31/03/17
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	167,839	172,905
Perpetual floating rate subordinated notes (€150 million)	58,702	60,474
Perpetual floating rate subordinated notes (US$200 million)	65,132	71,993
TOTAL	**291,673**	**305,372**

Rothschild Holding AG group

The Group holds a 90.09% (31 March 2017: 86.80%) economic interest in the equity of Rothschild Holding AG (RHAG), the Swiss holding company of part of our Private Wealth business. The non-controlling interest in the Group's income statement and balance sheet is calculated based on this economic interest.

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

In thousands of euro	RHAG Group	
Income statement information	**30/09/17**	**31/03/17**
Net banking revenue	108,450	214,432
Net income	16,038	16,784
Total other comprehensive income for the year, after tax (1)	(34,272)	16,591
Total comprehensive income for the year	**(18,234)**	**33,375**
Balance sheet information		
Cash and amounts due from central banks	3,048,225	3,324,725
Loans and advances to banks	254,986	170,521
Loans and advances to customers	1,092,463	1,125,283
Other assets	439,160	460,739
Total assets	**4,834,834**	**5,081,268**
Due to customers	3,040,033	3,341,049
Other liabilities	1,173,369	1,093,806
Total liabilities	**4,213,402**	**4,434,855**
Shareholders' equity	621,432	646,413

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

Note 15 - Net cash and cash equivalents

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

In thousands of euro	30/09/17	31/03/17
Cash and accounts with central banks	3,885,143	3,907,432
Interbank demand deposits and overnight loans (assets)	820,666	987,911
Other cash equivalents	327,517	75,000
Interbank demand deposits and overnight loans (liabilities) and due to central banks	(162,364)	(108,022)
TOTAL	**4,870,962**	**4,862,321**

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

Note 16 - Commitments given and received

Commitments given

In thousands of euro	30/09/17	31/03/17
Given to banks	1,500	1,500
Given to customers	318,706	291,343
Loan commitments	**320,206**	**292,843**
Given to banks	16,619	18,922
Given to customers	88,894	80,020
Guarantee commitments	**105,513**	**98,942**
Investment commitments	315,303	261,400
Irrevocable nominee commitments	154,062	187,975
Pledged assets and other commitments given	26,607	28,268
Other commitments given	**495,972**	**477,643**

Investment commitments relate to Merchant Banking funds and investments. Irrevocable nominee commitments represent commitments to funds where the Group acts as a nominee on behalf of its clients.

The commitment to employees in respect of deferred remuneration is set out in note 22.

Commitments received

In thousands of euro	30/09/17	31/03/17
Received from banks	105,000	136,169
Loan commitments	**105,000**	**136,169**
Received from banks	102,135	123,239
Received from customers	3,262	12,609
Guarantee commitments	**105,397**	**135,848**

VI. Notes to the income statement

Note 17 - Net interest income

Interest income

In thousands of euro	30/09/17	30/09/16
Interest income - loans to banks	2,993	3,222
Interest income - loans to customers	33,660	13,815
Interest income - available-for-sale instruments	4,770	2,833
Interest income - derivatives	25,393	19,619
Interest income - other financial assets	1,121	1,460
TOTAL	**67,937**	**40,949**

Interest expense

In thousands of euro	30/09/17	30/09/16
Interest expense - due to banks and other financial institutions	(5,610)	(4,941)
Negative interest income from loans to banks	(13,636)	(10,918)
Interest expense - due to customers	(6,460)	(3,324)
Interest expense - debt securities in issue	(85)	(194)
Interest expense - derivatives	(1,918)	(461)
Interest expense - other financial liabilities	(1,372)	(1,006)
TOTAL	**(29,081)**	**(20,844)**

Note 18 - Net fee and commission income

Fee and commission income

In thousands of euro	30/09/17	30/09/16
Fees for advisory work and other services	502,112	543,440
Portfolio and other management fees	265,207	188,659
Banking and credit-related fees and commissions	4,030	778
Other fees	7,886	5,143
TOTAL	**779,235**	**738,020**

Fee and commission expense

In thousands of euro	30/09/17	30/09/16
Fees for advisory work and other services	(6,929)	(4,899)
Portfolio and other management fees	(37,453)	(17,354)
Banking and credit-related fees and commissions	(301)	(118)
Other fees	(2,835)	(3,361)
TOTAL	**(47,518)**	**(25,732)**

Note 19 - Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euro	30/09/17	30/09/16
Net income - financial instruments designated at fair value through profit or loss	24,637	17,391
Net income - carried interest	15,893	15,423
Net income - foreign exchange operations	11,406	14,666
Net income - equity securities and related derivatives held for trading	639	(83)
Net income - other trading operations	1,624	(287)
TOTAL	**54,199**	**47,110**

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

Financial instruments designated at fair value through profit or loss by option include both ordinary equity and carried interest shares held by the Group in its Merchant Banking funds. It also includes loans made to its Merchant Banking funds.

Note 20 - Net gains/(losses) on available-for-sale financial assets

In thousands of euro	30/09/17	30/09/16
Gains or losses on disposal	27,347	20,277
Impairment losses on AFS equities	(1,345)	(708)
Dividend income	2,750	2,839
TOTAL	**28,752**	**22,408**

Dividend income from the Group's interest in EdRS is included as dividend income within 'net income/(expense) from other assets' (note 24).

Note 21 - Other operating income and expenses

In thousands of euro	30/09/17	30/09/16
Other income	282	856
TOTAL OTHER OPERATING INCOME	**282**	**856**
Other expenses	(1,460)	(300)
TOTAL OTHER OPERATING EXPENSES	**(1,460)**	**(300)**

Note 22 - Operating expenses

In thousands of euro	30/09/17	30/09/16
Compensation and other staff costs	(472,146)	(456,538)
Defined benefit pension expenses	(9,821)	(10,350)
Defined contribution pension expenses	(6,280)	(5,824)
Staff costs	**(488,247)**	**(472,712)**
Administrative expenses	(146,426)	(129,160)
TOTAL	**(634,673)**	**(601,872)**

Staff costs

As part of its variable pay strategy, the Group pays bonuses to employees. In some cases, the cash payment is deferred to future years.

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

A commitment to employees exists in connection with this deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €78.8 million (€95.5 million as at 31 March 2017).

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

Note 23 - Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	30/09/17	30/09/16
Loans and receivables	(9,626)	5,789	36	(3,801)	1,370
Debt securities	-	1,120	-	1,120	(648)
Guarantee commitments given to customers	-	-	-	-	-
Other assets	(2,599)	924	-	(1,675)	(2,570)
TOTAL	**(12,225)**	**7,833**	**36**	**(4,356)**	**(1,848)**

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

In thousands of euro	30/09/17	30/09/16
Dividend from long-standing shareholding	5,242	3,778
Gains/(losses) on sales of tangible or intangible assets	875	(5)
Gains/(losses) on acquisition, disposal and impairment of subsidiaries and associates	(358)	45
TOTAL	**5,759**	**3,818**

Note 25 - Income tax expense

In thousands of euro	30/09/17	30/09/16
Current tax	(33,824)	(19,027)
Deferred tax	4,152	(7,726)
TOTAL	**(29,672)**	**(26,753)**

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

Current tax

In thousands of euro	30/09/17	30/09/16
Tax charge for the year	(25,120)	(19,309)
Adjustments related to prior years	(3,154)	1,174
Irrecoverable dividend-related tax	(3,729)	(4,469)
Other	(1,821)	3,577
TOTAL	**(33,824)**	**(19,027)**

Deferred tax

In thousands of euro	30/09/17	30/09/16
Temporary differences	4,138	(7,704)
Changes in tax rates	248	53
Adjustments related to prior years	(234)	(75)
TOTAL	**4,152**	**(7,726)**

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

In thousands of euro		30/09/17
Profit before tax		**205,632**
Expected tax charge at standard French rate	34.4%	70,799
Main reconciling items		
Partnership tax recognised outside the Group	(10.1%)	(20,841)
Profits and losses in lower tax areas	(7.8%)	(15,961)
Local permanent differences	(5.0%)	(10,231)
(Gains)/losses where no deferred tax recognised	(0.5%)	(1,113)
Deferred tax rate change	(0.1%)	(160)
Tax impacts relating to prior years	+1.6%	3,332
Irrecoverable dividend-related taxes	+1.8%	3,729
Other	+0.1%	118
Actual tax charge	**14.4%**	**29,672**
EFFECTIVE TAX RATE		**14.4%**

Note 26 - Related parties

In thousands of euro	30/09/17			31/03/17		
	Companies accounted for by the equity method	Executive Directors	Other related parties	Companies accounted for by the equity method	Executive Directors	Other related parties
Assets						
Loans and advances to customers	4,872	-	8,412	4,700	1,293	9,225
Equity instruments	-	-	-	-	-	-
Other assets	4	-	75	93	-	-
TOTAL ASSETS	**4,876**	**-**	**8,487**	**4,793**	**1,293**	**9,225**
Liabilities						
Due to customers	44	3,444	38,237	62	8,240	162,555
Other liabilities	-	-	-	-	305	1,634
TOTAL LIABILITIES	**44**	**3,444**	**38,237**	**62**	**8,545**	**164,189**
Loan and guarantee commitments						
Guarantees and commitments given	-	-	59	-	1,114	59
TOTAL COMMITMENTS	**-**	**-**	**59**	**-**	**1,114**	**59**
Income and expenses from transactions with related parties						
Interest received	-	-	17	-	7	503
Interest paid	-	-	-	-	-	-
Commissions received	-	-	-	-	-	-
Other income	1,120	-	237	1,277	-	-
TOTAL INCOME	**1,120**	**-**	**254**	**1,277**	**7**	**503**
Other expenses	(348)	-	(732)	(744)	-	(3,105)
TOTAL EXPENSES	**(348)**	**-**	**(732)**	**(744)**	**-**	**(3,105)**

During the prior year the Group purchased, from a related party being a member of the concert party, a 13.07% interest in Rothschild Holding AG. The purchase price of CHF64 million (€60 million), which was settled in cash, was determined using an independent third party valuation. This purchase continued the Group's policy of reducing non-controlling interests in subsidiaries. At the same time, the same related party received a cash settlement of an amount due in respect of a similar share purchase transaction undertaken in a prior year. As the amount settled was CHF16 million (€15 million) lower than the carrying value of the liability, the resulting gain for the Group was treated as a capital contribution from a shareholder and taken directly to equity. This accounting treatment was shown in the consolidated statement of changes in equity as 'other movements'.

Note 27 - Segmental information

The table below presents a segmental analysis by business line, which is used internally for assessing business performance and then adjusted to conform to the Group's statutory accounting policies. IFRS reconciliation mainly reflects: the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 for defined benefit pension schemes; and reallocation of impairments and certain operating expenses.

Segmental information split by business

In thousands of euro	Rothschild Global Advisory	Rothschild Private Wealth & Asset Management	Rothschild Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	30/09/17
Net banking income	**492,072**	**246,906**	**97,484**	**19,523**	**855,985**	**(3,639)**	**852,346**
Operating expenses	(431,572)	(220,433)	(31,900)	(28,092)	(711,997)	63,005	(648,992)
Cost of risk	-	-	-	-	-	(4,356)	(4,356)
Operating income	**60,500**	**26,473**	**65,584**	**(8,569)**	**143,988**	**55,010**	**198,998**
Share of profits of associated entities							875
Non-operating income							5,759
Profit before tax							**205,632**

In thousands of euro	Rothschild Global Advisory	Rothschild Private Wealth & Asset Management	Rothschild Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	30/09/16
Net banking income	**536,605**	**179,680**	**72,600**	**17,763**	**806,648**	**(4,181)**	**802,467**
Operating expenses	(465,866)	(180,952)	(24,209)	(30,258)	(701,285)	82,232	(619,053)
Cost of risk	-	-	-	-	-	(1,848)	(1,848)
Operating income	**70,739**	**(1,272)**	**48,391**	**(12,495)**	**105,363**	**76,203**	**181,566**
Share of profits of associated entities							188
Non-operating income							5,199
Profit before tax							**186,953**

Comparative figures have been restated to take into account minor changes in the presentation of the management accounts. The results by business have not changed.

Net banking income split by geographical segments

In thousands of euro	30/09/17	%	30/09/16	%
France	292,724	34%	235,448	29%
United Kingdom and Channel Islands	181,585	21%	223,157	28%
Rest of Europe	151,433	18%	127,042	16%
Americas	133,064	16%	127,391	16%
Switzerland	60,020	7%	56,980	7%
Australia and Asia	26,146	3%	20,261	2%
Other	7,374	1%	12,188	2%
TOTAL	**852,346**	**100%**	**802,467**	**100%**

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

Note 28 - Earnings per share

	30/09/17	30/09/16
Net income - Group share (millions of euro)	88.2	67.0
preferred dividends adjustment (millions of euro)	*(0.4)*	*(0.4)*
Net income - Group share after preferred dividends adjustment (millions of euro)	**87.8**	**66.6**
Basic average number of shares in issue - 000s	74,531	68,624
Earnings per share - basic (euro)	**1.18**	**0.97**
Diluted average number of shares in issue - 000s	76,113	69,487
Earnings per share - diluted (euro)	**1.15**	**0.96**

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

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

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

As at 30 September 2017, the main entities in the Group's consolidation scope can be summarised as follows:

		30/09/17		31/03/17		Consolidation method (1)	
Company name	**Country of operation**	**% Group voting interest**	**% Group ownership interest**	**% Group voting interest**	**% Group ownership interest**	**30/09/17**	**31/03/17**
Banque Martin Maurel SA	France	100.00	99.83	100.00	99.96	FC	FC
Concordia Holding SARL	France	100.00	99.98	100.00	99.98	FC	FC
K Développement SAS	France	100.00	99.98	100.00	99.98	FC	FC
Rothschild Martin Maurel SCS (2) (3)	France	99.99	99.83	99.99	99.63	FC	FC
Rothschild GmbH	Germany	100.00	99.66	100.00	99.41	FC	FC
Rothschild Bank International Limited	Guernsey	100.00	99.52	100.00	99.92	FC	FC
Rothschild Europe BV	Netherlands	100.00	99.66	100.00	99.41	FC	FC
Rothschild Bank AG	Switzerland	100.00	90.09	100.00	86.80	FC	FC
Rothschild Concordia AG	Switzerland	100.00	99.10	100.00	98.80	FC	FC
Rothschild Holding AG	Switzerland	90.52	90.09	87.48	86.80	FC	FC
Rothschilds Continuation Holdings AG	Switzerland	99.99	99.52	99.87	99.22	FC	FC
N M Rothschild & Sons Limited	United Kingdom	100.00	99.52	100.00	99.22	FC	FC
Rothschild North America Inc.	United States of America	100.00	99.52	100.00	99.22	FC	FC

(1) FC: full consolidation.

(2) Some subsidiaries are limited partnerships (sociétés en commandite simple). *The percentage interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership, after taking into consideration the share attributable to workers' remuneration.*

(3) Company resulting from the operational integration of Banque Martin Maurel SA and Rothschild & Compagnie Banque SCS.

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

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

For the period from April 1, 2017 to September 30, 2017

To the Shareholders,

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

- the review of the accompanying half-year summary consolidated financial statements of Rothschild & CO S.C.A., for the period from April 1, 2017 to September 30, 2017,
- the verification of the information presented in the half-yearly management report.

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

I. Conclusion on the financial statements

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

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

II. Specific verification

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

Paris La Défense, on the 28 November 2017 KPMG S.A.	Paris, on the 28 November 2017 Cailliau Dedouit et Associés
Arnaud Bourdeille *Partner*	Jean-Jacques Dedouit *Partner*

General information

Persons responsible for the half-year financial report

Rothschild & Co Gestion SAS
Managing Partner

Mark Crump
Group Chief Financial Officer

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

We hereby declare that, to the best of our knowledge, the the summary interim 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 report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the interim accounts and the main transactions between related parties, together with a description of the principal risks and uncertainties for the remaining six months of the year.

Paris, 28 November 2017

Rothschild & Co Gestion SAS
Managing Partner
Represented by David de Rothschild, Chairman

Mark Crump
Group Chief Financial Officer

About Rothschild & Co

With a team of c.3,400 talented financial services specialists on the ground in over 40 countries across the world, our integrated global network of trusted professionals provides in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Private Wealth, Asset Management, and Merchant Banking. Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years.

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Financial calendar:
- 13 March 2018 9 months results to December 2017
- 15 May 2018 1st quarter revenue 2018 (January – March)
- 17 May 2018 Annual General Meeting

Rothschild & Co