ROTHSCHILD & CO

Half-year financial report

First half of the 2015/2016 financial year

Contents

1. Half-year activity report

The Supervisory Board of Rothschild & Co SCA met on 24 November 2015 to review the consolidated financial statements for the half year from 1 April 2015 to 30 September 2015; these accounts had been previously approved by Rothschild & Co Gestion SAS, Managing Partner of Rothschild & Co.

Summary Income Statement

(in €m)	6 months 2014/2015	6 months 2015/2016	*Var*	*Var %*
Revenue [1]	**673**	**679**	***6***	***1%***
Staff costs	(382)	(417)	*35*	*9%*
Administrative expenses	(116)	(122)	*6*	*5%*
Depreciation and amortisation	(18)	(20)	*2*	*11%*
Impairments	(10)	(1)	*(9)*	*(90)%*
Operating Income [1]	**147**	**119**	***(28)***	***(19)%***
Other income / expense (net)	26	6	*(20)*	*(77)%*
Profit before tax	**173**	**125**	***(48)***	***(28)%***
Income tax	(36)	(29)	*(7)*	*(19)%*
Consolidated net income	**137**	**96**	***(41)***	***(30)%***
Non-controlling interests	(58)	(57)	*(1)*	*(2)%*
Net income - Group share	**79**	**39**	***(40)***	***(51)%***
Earnings per share	*1.15 €*	*0.56 €*	*(0.59)*	*(51)%*

[1] *The foreign exchange translation effect between the first six months 2015/2016 and the same period in 2014/2015 is:*
- *a positive impact on revenue of €50 million*
- *a negative impact on operating income of €1 million*

Business activities

We have two main activities within our Group: (1) Global Financial Advisory which focuses on providing advice in the areas of M&A, debt, restructuring and equity; and (2) Asset Management in a broad sense which comprises Wealth & Asset Management and Merchant Banking. In addition, we have a Banking business which predominantly relates to the legacy banking business.

Performance by business

The analysis of revenue and operating income by business is as follows:

(in €m)	Global Financial Advisory	Wealth & Asset Management and Merchant Banking	Other [1]	IFRS Reconciliation [2]	6 months to Sept 2015
Revenues	**397**	**255**	**38**	**(11)**	**679**
Operating expenses	(350)	(194)	(59)	44	(559)
Impairments	-	-	2	(3)	(1)
Operating income	**47**	**61**	**(19)**	**30**	**119**
Swap settlement cost	-	-	8	-	8
Operating income before swap settlement	**47**	**61**	**(11)**	**30**	**127**
Operating margin %	12%	24%			19%

(in €m)	Global Financial Advisory	Wealth & Asset Management and Merchant Banking	Other [1]	IFRS Reconciliation [2]	6 months to Sept 2014
Revenue	**413**	**243**	**28**	**(11)**	**673**
Operating expenses	(356)	(161)	(41)	42	(516)
Impairments	-	-	(3)	(7)	(10)
Operating income	**57**	**82**	**(16)**	**24**	**147**
Operating margin %	14%	34%			22%

1 *Other comprises central costs, legacy businesses, including Banking & Asset Finance and other*
2 *IFRS Reconciliation mainly represents the treatment of profit share paid to French partners as non-controlling interests, the application of IAS 19 for defined benefit pension schemes, the reallocation of impairments and the accounting for deferred bonuses over the period earned.*

The swap settlement cost of €8 million relates to the cost of settling interest rate swaps following the refinancing, on more favourable terms, of the debt that relates to our London office property.

Global Financial Advisory

Global Financial Advisory revenue for the six months to September 2015 was €397 million, compared to €413 million for the same period in the prior year, which was our best first half year since the financial crisis. Operating income was €47 million compared to €57 million due to lower revenues and higher investment costs.

M&A advisory revenue was €277 million for the first six months, compared to €257 million for the same period in the prior year (+8%); reflecting a continuation of the momentum seen last year. We remain among the top M&A advisers in the world, ranking 4th globally by number of completed transactions in the 6 months[1]. In Europe, we continue to be the market leader, advising on more M&A deals than any of our competitors – a position we have held for more than a decade.

Whilst M&A market activity, as measured by completed deal values, can vary significantly from quarter to quarter, the trend in global M&A has been strong this year, principally fuelled by a large number of US domestic mega-cap transactions. However, based on the number of deals completed, a key indicator in our activity, the market is at lower levels than in the same period of last year. Overall, in our key markets, we believe M&A activity is broadly flat in the first half year versus last year. In this context, our current pipeline for the financial year to March 2016 remains strong and above last year's levels at the same point in time.

[1] Source: Thomson Reuters

Financing advisory revenue was €120 million for the first six months, compared to €156 million in the same period in the prior year (-23%). Revenue was affected by lower activity in European equity capital markets, although we succeeded in maintaining our position as adviser on more European equity capital market assignments than any other independent financial adviser[2]. In debt and restructuring advisory, whilst we continue to be highly active in large and complex situations, revenue was also lower, principally in Europe partly offset by more activity in the US.

Rothschild advised the following clients on significant advisory assignments that completed in the six months to September 2015:

- **Lafarge** on its US$60 billion merger with Holcim to create LafargeHolcim;
- **Visteon** on the sale of its US$3.6 billion 70% stake in Halla Visteon Climate;
- **TSB** on its £1.7 billion recommended cash offer by Banco de Sabadell;
- **CITIC Environment and CKM** on their US$1.5 billion voluntary general offer for United Envirotech; and
- **PanAust** on its US$950 million recommended cash offer by Guangdong Rising Assets Management.

We are currently working on some of the largest and most complex announced transactions globally, including acting as financial advisor to:

- **Coca-Cola Iberian Partners** on its €28 billion three-way merger with Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke into a new Western European bottler, CCEP, the second largest ever consumer deal in Europe;
- **Intel** on its US$16.7 billion acquisition of Altera;
- **Al Noor Hospitals Group** of the UAE on its £6.9 billion combination with Mediclinic of South Africa;
- **Solera** on its US$6.5 billion sale to Vista Equity Partners, the largest take private transaction of 2015 to date and;
- **Bradesco** on its US$5.2 billion acquisition of HSBC Brazil.

For further examples of Rothschild's completed and ongoing advisory assignments, please refer to Appendix 3.

Asset Management

For the six months to 30 September 2015, Asset Management revenue increased from €243 million to €255 million for the same period in 2014/2015. This reflects a significant increase of Wealth & Asset Management revenue (up 20%) partially offset by the anticipated decrease of Merchant Banking revenue (down 23%).

For the six months to 30 September 2015, Asset Management operating income decreased from €82 million to €61 million for the same period in 2014/2015, due to lower Merchant Banking investments gains.

Wealth & Asset Management

Wealth & Asset Management revenue for the six months to September 2015 was €187 million, up 20% compared to the same period last year (€156 million). This was driven by higher Assets under Management which were €48.3 billion as at 30 September 2015 compared to €45.2 billion as at 30 September 2014, an increase of 7%.

In the first half of 2015/2016 net new assets continued their positive trend (€0.7 billion) but were offset by market depreciation, negative exchange rate effects and reclassification of assets from managed to custodial that totalled €4.5 billion[3]. Net new assets were driven by inflows in Wealth Management

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[2] Source: Dealogic

(€1.2 billion) partially offset by outflows in Asset Management, especially in Europe (€0.5 billion) due to one large institutional mandate that the Group decided to terminate for commercial reasons.

The first six months saw significant macroeconomic activity relating to the Greek bailout, central bank intervention in Europe and Asia, and the return of market volatility, with a market deterioration in August and a general downward trend for all the major indices.

The table below presents the Assets under Management progression.

In € billion	6 months to 30 September 2014	6 months to 30 September 2015	12 months to 30 September 2015
AuM opening	**42.3**	**52.1**	**45.2**
Net new assets	1.4	0.7	2.7
Market, exchange rate and reclassification of assets	1.5	(4.5)[3]	0.4
AuM closing	**45.2**	**48.3**	**48.3**

Merchant Banking

For the six months to 30 September 2015, Merchant Banking generated revenue of €68 million compared to €87 million in the same period last year. The decrease is largely attributable to unusually high investment gains from our proprietary investments portfolio in the previous period. However, revenue was up 33% compared to the average of the last three years first half revenue. This revenue includes:

- €23 million of management fees (€16 million for the six months to 30 September 2014),
- €42 million of net investment gains (€61 million for the six months to 30 September 2014),
- €8 million of interest and dividends (€10 million for the six months to 30 September 2014);
- less €5 million of provisions (€0 million for the six months to 30 September 2014).

The Group's share of the investments made by the division during the first six months was €57 million, of which €44 million was the Group's own investments in funds managed by Merchant Banking and €13 million was in proprietary investments. Disposals generated proceeds of €95 million resulting in €42 million of net investment gains, notably, two proprietary investments in SIACI Saint Honoré and Perenco generating proceeds of €59 million and a profit of €27 million.

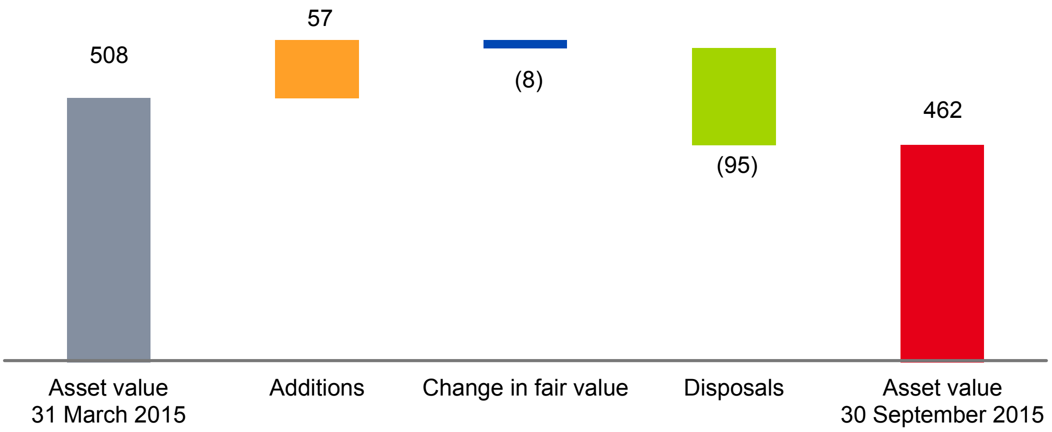
Merchant Banking held a final closing of Five Arrows Principal Investments II ("FAPI II"), European mid-market private equity fund, at €775 million, above its target amount of €700 million thanks to significant over-subscription by investors; of this the Group will invest €130 million. FAPI II has already completed its first investment in a leading Scandinavian data provider for legal and accounting professionals.

In September 2015, Merchant Banking completed the acquisition of West Gate, a Los Angeles based credit manager specialising in leveraged loans with approximately US$1.5 billion (€1.35 billion) assets under management across five collateralised loan obligation ("CLO") structures. The acquisition combines West Gate's specialised expertise in US leveraged loan credit with Rothschild Merchant Banking's existing expertise in European leveraged loan credit products. The combined platforms will manage €2.9 billion of European funds, US funds and global funds with a product offering including unlevered credit funds, multi-strategy credit funds and CLO vehicles.

[3] Of this amount, €1.1 billion relates to a reclassification of assets from Assets under Management to Assets under Custody, and €0.2 million to the final transfer of accounts from Sélection R in France

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

(in €m)	31/03/2013	31/03/2014	31/03/2015	30/09/2015
Managed private funds	116	158	207	243
Rothschild proprietary investments & other	348	360	301	219
Total gross assets	**464**	**518**	**508**	**462**



Banking and Asset Finance

The legacy banking book continues to reduce in line with our plans to exit the Group's corporate banking business. Net legacy drawings fell to €207 million as at 30 September 2015, down from €262 million as at 31 March 2015.

As announced in October 2015, the Group has sold its UK asset finance business, Five Arrows Leasing Group Limited, to Paragon Bank. The transaction will result in an exceptional accounting gain after tax in the region of €90 million, accounted for in the second half year of 2015/2016.

Operating expenses

Staff costs

For the six months to 30 September 2015, staff costs were €417 million compared to €382 million for the same period in 2014/2015, representing an increase of €35 million. The translation impact of exchange rate fluctuations was responsible for an increase of €39 million.

Overall Group headcount increased from 2,857 as at 30 September 2014 to 3,004 as at 30 September 2015. This increase reflects the recruitment of junior bankers to improve operating leverage and work/life balance in Global Financial Advisory, investment in improving our front office (mainly in Wealth and Asset management) and the impact of the acquisition of West Gate.

Administrative expenses

For the six months to 30 September 2015, administrative expenses were €122 million compared to €116 million for the same period in 2014/2015, representing an increase of €6 million. The translation impact of exchange rate fluctuations was responsible for an increase of €10 million.

Impairment charges and loan provisions

For the six months to 30 September 2015, impairment charges and loan provisions were €1 million compared to €10 million for the same period in 2014/2015. Of this amount, €2 million is related to Merchant Banking specific debt investments, partially offset by recoveries related to Global Financial Advisory receivables and the legacy banking book.

Other income / expense (net)

For the six months to 30 September 2015, other income and expense, which includes results from equity accounted companies, was a net income of €6 million compared to €26 million for the same period in 2014/2015. The prior year included the significant profit on disposal relating to the sale of Fircosoft by Merchant Banking.

Income tax

For the six months to 30 September 2015, the income tax charge was €29 million, comprising a current tax charge of €21 million and a deferred tax charge of €8 million, giving a reported tax rate of 23.3% (prior half year, the income tax charge was €36 million giving a reported tax rate of 20.8%).

Non-controlling interests

For the six months to 30 September 2015, the charge for Non-controlling interests was €57 million compared to €58 million for the same period in 2014/2015. This mainly comprises preferred dividends payable to French partners and interest on perpetual subordinated debt.

Liquidity – Capital – Solvency ratio

The Group continues to maintain a high level of liquidity. At 30 September 2015, cash placed with central banks and banks accounted for 54% of total assets (57% at March 2015).

Shareholders' equity, excluding Non-controlling interests, decreased from €1,419 million as at 31 March 2015 to €1,403 million as at 30 September 2015, mainly due to the dividend payment in September 2015 (€42 million).

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:

	31/03/2015	30/09/2015 [4]	Full Basel 3 minimum with the CCB [5]
Core Tier 1 = Tier 1 ratio	18.1%	17.0%	8.5%
Global solvency ratio	20.5%	19.2%	10.5%

The reasons for the decline in the ratios are:

- a decrease of regulatory capital arising on previously recognised AFS gains being transferred to profits following realisations which are "unaudited" for regulatory purposes and therefore cannot be treated as capital until year end; and
- FX movements.

[4] *September 2015 ratios do not include the result of the period as it is unaudited.*

[5] *CCB = Capital Conservation Buffer*

Summary Balance sheet

(in €bn)	31/03/2015	30/09/2015	*Var*
Cash and amounts due from central banks	3.6	3.4	*(0.2)*
Cash placed with banks	1.5	1.5	*0.0*
Loans and advances to customers	1.6	1.5	*(0.1)*
of which Private client lending	*0.9*	*1.2*	*0.3*
of which Legacy lending book	*0.3*	*0.2*	*(0.1)*
Debt and equity securities	1.0	1.0	*0.0*
Other assets	1.4	1.5	*0.1*
Total assets	**9.1**	**8.9**	***(0.2)***
Due to customers	5.7	5.6	*(0.1)*
Other liabilities	1.4	1.3	*(0.1)*
Shareholders' equity - Group share	1.4	1.4	*0.0*
Non-controlling interests	0.6	0.6	*0.0*
Total capital and liabilities	**9.1**	**8.9**	***(0.2)***

The foreign exchange translation effect between 31 March 2015 and 30 September 2015 caused total assets to decrease by €0.2 billion.

Outlook

The Group had satisfactory results in the first half year of 2015/2016, capitalising on the depth of its market positions. However, some of our businesses are volatile and dependent on market conditions, which have recently become more challenging due to macro uncertainties.

In Global Financial Advisory, the M&A market in value is strong but focused on the US whereas in Europe the market has been broadly flat. However, our current pipeline for the year to March 2016 remains strong and above last year's level at the same period. As a result, we are cautiously optimistic that the steady flow of completed and ongoing advisory assignments in M&A seen in recent periods will continue for the remainder of the year.

In Wealth and Asset Management we expect to see continuing growth in revenue and assets inflows but any significant decline in financial markets will impact our Assets under Management and, therefore, revenue.

In Merchant Banking we continue to grow our Assets under Management across our different product offerings. However, given the unusually high investment gains in the prior year, we expect Merchant Banking profitability to be significantly lower than in 2014/2015.

Appendix 1: Quarterly progression of revenue

In €m		**2014/2015**	**2015/2016**	***Var %***
Global Financial Advisory	1st quarter	216.2	208.3	*(4%)*
	2nd quarter	196.7	189.0	*(4%)*
	HY	**412.9**	**397.3**	***(4%)***
Asset Management [6]	1st quarter	114.4	121.8	*+6%*
	2nd quarter	128.6	132.7	*+3%*
	HY	**243.0**	**254.5**	***+5%***
Of which Wealth & Asset Management	*1st quarter*	*76.4*	*94.4*	*+24%*
	2nd quarter	*79.1*	*92.5*	*+17%*
	HY	***155.5***	***186.9***	***+20%***
Of which Merchant Banking	*1st quarter*	*38.0*	*27.4*	*(28%)*
	2nd quarter	*49.5*	*40.2*	*(19%)*
	HY	***87.5***	***67.6***	***(23%)***
Other [7]	1st quarter	16.7	19.6	*+17%*
	2nd quarter	12.2	18.9	*+55%*
	HY	**28.9**	**38.5**	***+33%***
IFRS reconciliation	1st quarter	-	(9.3)	*n/a*
	2nd quarter	(11.5)	(1.8)	*n/a*
	HY	**(11.5)**	**(11.1)**	*n/a*
Total Group Revenue	**1st quarter**	**347.3**	**340.4**	***(2%)***
	2nd quarter	**326.0**	**338.8**	***+4%***
	HY	**673.3**	**679.2**	***+1%***

[6] Asset Management comprises the Wealth & Asset Management and the Merchant Banking businesses

[7] Other comprises central costs, legacy businesses, including Banking & Asset Finance and other

Appendix 2: FX rates

Rates	P&L 6 months 2014/2015	6 months 2015/2016	Var
€ / GBP	0.8046	0.7200	*(11)%*
€ / CHF	1.2155	1.0567	*(13)%*
€ / USD	1.3492	1.1092	*(18)%*

Rates	Balance sheet At March 15	At Sept 15	Var
€ / GBP	0.7273	0.7385	*2%*
€ / CHF	1.0463	1.0915	*4%*
€ / USD	1.0759	1.1203	*4%*

Appendix 3: Global Financial Advisory track record

Major transactions completed in the first six months to 30 September 2015

M&A and strategic advisory

- *Lafarge*, the leading building materials company, on its merger with Holcim to create LafargeHolcim (US$60 billion, France and Switzerland)
- *Visteon*, a leading automotive supplier, on the sale of its 70% stake in Halla Visteon Climate Control (US$3.6 billion, United States and South Korea)
- *Norbert Dentressangle*, the transport, freight and logistics company, on its disposal to XPO Logistics (€3.2 billion, France and United States)
- *Blackstone* on its sale of Center Parcs, the British-based holiday village company, to Brookfield (£2.5 billion, United Kingdom)
- *Lion Capital* on its disposal of a 49% stake in Picard, the French leader in speciality premium food, to ARYZTA (€2.3 billion, France and Switzerland)
- *Casino*, the French supermarket chain, and its Brazilian subsidiary Grupo Éxito on the reorganisation of Casino's operations in Latin America (US$1.9 billion, France and Brazil)
- *TSB*, the British bank, on its recommended cash offer by Banco de Sabadell (£1.7 billion, United Kingdom and Spain)
- *CITIC Environment*, a subsidiary of CITIC, the largest Chinese conglomerate, and CKM, a special purpose vehicle joint-owned by CITIC and KKR, on their voluntary general offer for United Envirotech (US$1.5 billion, Singapore and China)
- *Clayton Dubilier & Rice and BCA*, Europe's leading used-vehicle marketplace, on the sale and LSE listing of BCA (£1.2 billion, United Kingdom)
- *Atos*, the IT services company, on its acquisition of Xerox's ITO business and formation of a worldwide strategic collaboration (US$1.1 billion, France and United States)
- *Domino Print Sciences*, the British technology firm, on its recommended cash offer by Brother Industries (£1.0 billion, United Kingdom and Japan)
- *PanAust*, the Australian-listed copper producer, on its recommended cash offer by Guangdong Rising Assets Management (US$950 million, Australia and China)
- *Canadian Pension Plan Investment Board* on its acquisition of a 46% stake in mfi management für immobilien, a shopping centre operator, from Unibail-Rodamco (€760 million, Canada and Germany)
- *Gerresheimer*, a leading provider of pharmaceutical packaging and administration products, on its acquisition of Centor from Montagu Private Equity (US$725 million, Germany and United States)
- *Abacus Holdings*, a leading global distribution services company with 11 Asian airline shareholders, on the disposal of its 65% stake in Abacus International to Sabre (Singapore, United States)

Financing advisory

- *NII Holdings*, a telecoms company covering Latin American, on its chapter 11 (US$6 billion, United States)
- *Rumo Logística*, the Brazilian logistics company, on its debt covenant reset and new debt line (US$2.2 billion and US$470 million respectively, Brazil)
- *Canada GEN*, an investment vehicle of the Canadian Government, on the block trade of its remaining ownership stake in General Motors (US$2.6 billion, Canada and United States)
- *Serco*, a services company focusing on the public sector, on its recapitalisation (£2 billion, United Kingdom)
- *Towergate*, the insurance broker, on the restructuring of its high yield bonds (£1 billion, United Kingdom)
- *Europcar*, the hire car company, on its IPO on the Euronext Paris (€1 billion, France)
- *OCP*, a leading producer of phosphate, on its Eurobond issue (US$1 billion, Morocco)
- *Allen Systems*, the business software solutions company, on its chapter 11 restructuring and raising of DIP and exit financing (US$975 million, United States)
- *Euskaltel*, the telecoms company covering the Basque region of Spain, on its IPO on Spanish stock exchanges (€840 million, Spain)
- *GEMS Education*, a global education provider on its dual conventional and Islamic refinancing (US$817 million, United Arab Emirates)
- *Flow Traders*, a global liquidity provider for exchange-traded products, on its IPO on the Euronext Amsterdam (€599 million, Netherlands)
- *Groupe Arnault*, a holding company, and Colony Capital on the sell-down of their 8.5% stake in Dia, a leading discount food retailer (€408 million, Spain and France)
- *Tate & Lyle*, a leading food ingredients and solutions provider, on its 8,10 and 12-year debt private placement notes (US$400 million, United Kingdom)
- *Argo Investments*, an Australian investment company, on the IPO of Argo Global Listed Infrastructure on the Australian Stock Exchange (US$287 million, Australia)

Major ongoing and publicly announced transactions

- *Coca-Cola Iberian Partners* on its three-way merger with Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke into a new Western European bottler, CCEP (€28 billion). The second largest ever consumer deal in Europe
- *Intel*, the technology firm, on its acquisition of Altera (US$16.7 billion)
- *Alstom*, a global leader in power generation, on the acquisition of its Energy Activities by General Electric (€12.4 billion), and investment by Alstom to create an Energy and Transport Alliance with General Electric (€3.1 billion)
- *Al Noor Hospitals Group*, largest private healthcare provider in UAE, on its combination with Mediclinic of South Africa (£6.9 billion)
- *Solera*, leading provider of risk and asset management software, on its sale to Vista Equity Partners, the largest take private transaction of 2015 to date (US$6.5 billion)
- *Bradesco*, the financial institution, on its acquisition of HSBC Brazil. The largest ever cash deal by a Brazilian bank (US$5.2 billion)
- *Rexam*, a packaging manufacturer, on its recommended cash and share offer by Ball Corp (£4.4 billion)
- *Amlin*, the specialty insurer and reinsurer, on its cash offer from Mitsui Sumitomo (£3.5 billion)
- *Melrose*, UK listed engineering group, on its disposal of Elster to Honeywell (£3.3 billion)
- *Discovery Communications*, the world's leading non-fiction media company, on its acquisition of the remaining 49% stake in Eurosport from TF1 to gain full control (€491 million)

2. Condensed half-year consolidated financial statements

Abbreviations

Name Change

The Paris Orléans General Meeting held on 24 September 2015 approved by a majority of 87.1% the change of name from Paris Orléans to Rothschild & Co with immediate effect. This half year report reflects the new name.

Term	Definition
AFIC	Association Française des Investisseurs en Capital
AIFMD	Alternative Investment Fund Managers Directive
BVCA	British Venture Capital Association
CGU	Cash Generating Unit
CRD3	Capital Requirements Directive 3
EVCA	European Private Equity and Venture Capital Association
GFA	Global Financial Advisory
GFSC	Guernsey Financial Services Commission
GICS	Global Industry Classification Standards
GMC	Group Management Committee
Group	Rothschild & Co SCA consolidated Group
Group ALCO	Group Assets and Liabilities Committee
IPEV	International Private Equity and Venture Capital Valuation
LCR	Liquidity Coverage Ratio
NCI	Non-controlling interest
NMR	N M Rothschild & Sons Limited
R&Co	Rothschild & Co SCA (formerly Paris Orléans SCA)
R&Co Gestion	Rothschild & Co Gestion SAS
RBCI	Rothschild Bank C.I. Limited
RBI	Rothschild Bank International Limited
RBZ	Rothschild Bank AG Zurich
RCB	Rothschild & Cie Banque
RHAG	Rothschild Holding AG

Consolidated balance sheet

as at 30 September 2015

Assets

In thousands of euro	Notes	30/09/2015	31/03/2015
Cash and amounts due from central banks		3,357,129	3,643,942
Financial assets at fair value through profit or loss	1	407,044	363,170
Hedging derivatives	2	4,383	20,023
Available-for-sale financial assets	3	624,848	669,437
Loans and advances to banks	4	1,495,715	1,530,914
Loans and advances to customers	5	1,524,386	1,601,605
Current tax assets		20,114	15,121
Deferred tax assets	13	77,822	92,760
Other assets	6	444,020	455,416
Investments accounted for by the equity method		40,605	47,688
Tangible fixed assets		331,088	360,485
Intangible fixed assets		165,725	168,159
Non-current assets held for sale	18	342,882	-
Goodwill	7	112,861	110,533
TOTAL ASSETS		**8,948,622**	**9,079,253**

Liabilities and shareholders' equity

In thousands of euro	Notes	30/09/2015	31/03/2015
Due to central banks		1,244	1,240
Financial liabilities at fair value through profit or loss	1	37,253	67,012
Hedging derivatives	2	-	8,195
Due to banks and other financial institutions	8	363,826	292,584
Customer deposits	9	5,621,760	5,686,863
Debt securities in issue		61,328	13,500
Current tax liabilities		26,951	33,971
Deferred tax liabilities	13	49,640	55,053
Other liabilities, accruals and deferred income	10	608,475	730,855
Liabilities related to non-current assets held for sale	18	20,647	-
Provisions	11	175,191	214,500
Shareholders' equity		**1,982,307**	**1,975,480**
Shareholders' equity - Group share		**1,402,845**	**1,419,446**
Share capital		142,274	142,274
Share premium		981,692	981,692
Unrealised or deferred capital gains and losses		112,662	134,859
Available-for-sale reserves		*74,092*	*86,813*
Cash flow hedge reserves		*(12)*	*(5,671)*
Translation reserves		*38,582*	*53,717*
Consolidated reserves		127,617	17,070
Net income - Group share		38,600	143,551
Non-controlling interests	15	**579,462**	**556,034**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,948,622**	**9,079,253**

Consolidated income statement

for the six months ended 30 September 2015

In thousands of euro	Notes	30/09/2015	30/09/2014
+ Interest income	19	57,994	45,760
- Interest expense	19	(29,177)	(24,493)
+ Fee income	20	616,850	594,224
- Fee expense	20	(30,379)	(21,503)
+/- Net gains / (losses) on financial instruments at fair value through profit or loss	21	18,779	19,657
+/- Net gains / (losses) on available-for-sale financial assets	22	40,816	54,715
+ Other operating income	23	8,588	8,349
- Other operating expenses	23	(4,293)	(3,413)
Net banking income		**679,178**	**673,296**
- Staff costs	24	(416,695)	(382,115)
- Administrative expenses	24	(122,173)	(116,314)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets		(19,686)	(18,133)
Gross operating income		**120,624**	**156,734**
+/- Cost of risk	25	(1,320)	(10,224)
Operating income		**119,304**	**146,510**
+/- Net income from companies accounted for by the equity method		391	3,071
+/- Net income / (expense) from other assets	26	4,794	23,259
Profit before tax		**124,489**	**172,840**
- Income tax expense	27	(29,067)	(35,920)
CONSOLIDATED NET INCOME		**95,422**	**136,920**
Non-controlling interests	**15**	**56,822**	**57,540**
NET INCOME - GROUP SHARE		**38,600**	**79,380**
Earnings per share in euro - Group share (basic)	30	0.56	1.15
Earnings per share in euro - continuing operations (basic)	30	0.56	1.15
Earnings per share in euro - Group share (diluted)	30	0.55	1.15
Earnings per share in euro - continuing operations (diluted)	30	0.55	1.15

Statement of comprehensive income

for the six months ended 30 September 2015

In thousands of euro	30/09/2015	30/09/2014
Consolidated net income	**95,422**	**136,920**
Gains and losses recyclable in profit or loss		
Translation differences	(27,110)	48,041
Revaluation of available-for-sale financial assets	12,283	22,456
(Gains) / losses transferred to income on available-for-sale financial assets	(36,810)	(40,592)
Loss transferred to income on exit of cash flow hedge	8,065	128
Revaluation of cash flow hedges	(23)	3,099
Gains and losses recognised directly in equity for companies accounted for by the equity method	(630)	1,309
Taxes	5,293	4,221
Total gains and losses recyclable in profit or loss	**(38,932)**	**38,662**
Gains and losses not recyclable in profit or loss		
Remeasurement gains / (losses) on defined benefit pension funds	21,067	(25,118)
Taxes	(4,109)	4,828
Other	427	(1)
Total gains and losses not recyclable in profit or loss	**17,385**	**(20,291)**
Total unrealised or deferred capital gains or losses	**(21,547)**	**18,371**
TOTAL COMPREHENSIVE INCOME	**73,875**	**155,291**
attributable to equity shareholders	*24,699*	*79,787*
attributable to non-controlling interests	*49,176*	*75,504*

Consolidated statement of changes in equity

for the six months ended 30 September 2015

In thousands of euro	Capital and associated reserves (1)	Consol-idated reserves	Unrealised or deferred capital gains and losses (net of tax): Related to translation differences	Available-for-sale reserves	Hedging reserves	Share-holders' equity, Group share	Share-holders' equity, non - controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 MARCH 2014	**1,110,557**	**87,708**	**(18,711)**	**98,514**	**(9,274)**	**1,268,794**	**473,933**	**1,742,727**
Increase in share capital	567	-	-	-	-	567	-	567
Impact of elimination of treasury shares	3,361	-	-	-	-	3,361	-	3,361
Dividends	-	(35,059)	-	-	-	(35,059)	(75,299)	(110,358)
Charge related to share-based payments	-	1,012	-	-	-	1,012	13	1,025
Interest on undated subordinated debt	-	-	-	-	-	-	(14,267)	(14,267)
Effect of a change in percentage of interest without a change of control	-	4,542	(370)	63	(113)	4,122	(2,531)	1,591
Sub-total of changes linked to transactions with shareholders	**3,928**	**(29,505)**	**(370)**	**63**	**(113)**	**(25,997)**	**(92,084)**	**(118,081)**
2014/2015 Net income for the year	-	143,551	-	-	-	143,551	110,303	253,854
Net gains / (losses) from changes in fair value	-	-	-	55,969	4,614	60,583	1,791	62,374
Net (gains) / losses transferred to income on disposal	-	-	-	(57,948)	84	(57,864)	(2,355)	(60,219)
Net (gains) / losses transferred to income on impairment	-	-	-	1,973	-	1,973	30	2,003
Remeasurement gains / (losses) on defined benefit funds	-	(31,728)	-	-	-	(31,728)	(4,609)	(36,337)
Translation differences and other movements	-	76	72,798	(11,758)	(982)	60,134	69,025	129,159
SHAREHOLDERS' EQUITY AT 31 MARCH 2015	**1,114,485**	**170,102**	**53,717**	**86,813**	**(5,671)**	**1,419,446**	**556,034**	**1,975,480**
Increase in share capital	-	-	-	-	-	-	-	-
Impact of elimination of treasury shares	9	-	-	-	-	9	-	9
Dividends (2)	-	(41,844)	-	-	-	(41,844)	(3,772)	(45,616)
Charge related to share-based payments	-	505	-	-	-	505	-	505
Interest on undated subordinated debt	-	-	-	-	-	-	(7,417)	(7,417)
Effect of a change in percentage of interest without a change of control	-	(10,218)	67	10,411	(9)	251	(14,640)	(14,389)
Sub-total of changes linked to transactions with shareholders	**9**	**(51,557)**	**67**	**10,411**	**(9)**	**(41,079)**	**(25,829)**	**(66,908)**
2015/2016 Net income for the period	-	38,600	-	-	-	38,600	56,822	95,422
Net gains / (losses) from changes in fair value	-	-	-	5,649	(19)	5,630	6,348	11,978
Net (gains) / losses transferred to income on disposal	-	-	-	(29,006)	6,358	(22,648)	(18)	(22,666)
Remeasurement gains / (losses) on defined benefit funds	-	18,134	-	-	-	18,134	(1,176)	16,958
Translation differences and other movements	-	410	(15,202)	225	(671)	(15,238)	(12,719)	(27,957)
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2015	**1,114,494**	**175,689**	**38,582**	**74,092**	**(12)**	**1,402,845**	**579,462**	**1,982,307**

(1) Capital and associated reserves at the period end consists of share capital of €142,274,000; share premium of €981,692,000 less treasury shares of €9,472,000.

(2) This allocation includes €41.1 million of dividends to R&Co shareholders and a total of €0.7 million of dividends to R&Co Gestion SAS and Rothschild & Co Commandité SAS. Distributions to non-controlling interests are analysed in note 15.

Cash flow statement

for the six months ended 30 September 2015

In thousands of euro	30/09/2015	30/09/2014
Consolidated profit before tax (I)	**124,489**	**172,840**
Depreciation and amortisation expense on tangible fixed assets and intangible assets	21,062	19,199
Impairments and net charge for provisions	3,854	21,923
Remove (income) / loss from associates and long-standing shareholding	(4,953)	(6,967)
Remove (profit) / loss from investing activities	(57,302)	(83,589)
Non-cash items included in pre-tax profit and other adjustments (II)	**(37,339)**	**(49,434)**
Net (advance) / repayment of loans to customers	**(270,775)**	**(21,168)**
Cash (placed) / received through interbank transactions	161,145	(153,979)
Increase / (decrease) in due to customers	97,619	751,537
Net inflow / (outflow) related to derivatives and trading items	(13,146)	(52,261)
Issuance of debt securities in issue	47,828	-
Net (purchases) / disposals of AFS assets held for liquidity purposes	(31,142)	(42,936)
Other movements in assets and liabilities related to treasury activities	24,149	67,437
Total treasury-related activities	**286,453**	**569,798**
(Increase) / decrease in working capital	(204,348)	(162,782)
Tax paid	(27,073)	(4,219)
Other operating activities	**(231,421)**	**(167,001)**
Net (decrease) / increase in cash related to operating assets and liabilities (III)	**(215,743)**	**381,629**
Net cash inflow / (outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**(128,593)**	**505,035**
Purchase of investments	(49,423)	(54,263)
Purchase of associates and subsidiaries	(4,986)	(3,365)
Purchase of property, plant and equipment and intangible fixed assets	(14,606)	(8,504)
Total cash invested	**(69,015)**	**(66,132)**
Cash received from investments (disposal and dividends)	114,889	151,180
Cash received from subsidiaries, associates and long-standing shareholding (disposal and dividends)	5,034	9,662
Cash from disposal of property, plant and equipment and intangible fixed assets	1,337	2,339
Total cash received from investments	**121,260**	**163,181**
Net cash inflow / (outflow) related to investing activities (B)	**52,245**	**97,049**
Interest paid on perpetual subordinated debt	(1,150)	(1,706)
(Acquisition) / disposal of own shares and additional interests in subsidiaries	(4,019)	(7,768)
Net cash inflow / (outflow) related to financing activities (C)	**(5,169)**	**(9,474)**
Impact of exchange rate changes on cash and cash equivalents (D)	**(164,073)**	**108,574**
NET INFLOW / (OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**(245,590)**	**701,184**
Net cash and cash equivalents at the beginning of the period (note 16)	4,775,769	4,063,718
Net cash and cash equivalents at the end of the period (note 16)	4,530,179	4,764,902
NET INFLOW / (OUTFLOW) OF CASH	**(245,590)**	**701,184**

Notes to the consolidated financial statements

I. Highlights of the first half of the financial year

A description of the highlights of the first half of the financial year can be found in the Half Year Activity Report at the front of this document.

II. Preparation of the financial statements

A. Information concerning the company

The consolidated financial statements of Rothschild & Co Group ("the Group") for the six months ended 30 September 2015 are presented in accordance with the IFRS standards 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 2015 to 30 September 2015.

The consolidated accounts were approved by R&Co Gestion SAS, the Managing Partner of R&Co, on 16 November 2015 and considered for verification and control purposes by the R&Co Supervisory Board on 24 November 2015.

At 30 September 2015, the Group's holding company was Rothschild & Co SCA, 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 were drawn up taking into account the understanding, relevance, reliability, comparability and materiality of the information provided.

C. Subsequent Events

On 2 October 2015, the Group announced that it had entered into an agreement to sell its UK asset finance business, Five Arrows Leasing Group Limited, to Paragon Bank PLC. The transaction completed on 3 November 2015. Whilst the exceptional accounting gain in the region of €90 million will be reflected in the consolidated financial statements for the year ending 31 March 2016, and not for the six months ended 30 September 2015, further detail of the transaction and its effect on the Group is set out in note 18 concerning disposal groups held for sale.

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 identical to those applied and described in the annual financial statements for the year ended 31 March 2015. 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 2015 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 take into consideration 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 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.

IV. Financial risk management

In accordance with IFRS 7 Financial instruments: Disclosures, the risks relating to financial instruments, and the way in which these are managed by the Group, are described below, along with a general description of the Group's governance environment.

A. Governance

Within the framework of the worldwide operational and functional organisation of the Group, the oversight management of the Group, without prejudice to the responsibilities of legal entities, is carried out by the Company. The Company's governance structure is based on an executive body, the Managing Partner (*gérant*), Rothschild & Co Gestion ("R&Co Gestion") and a supervisory body, the Supervisory Board, which relies on specialised committees stemming from it.

The Supervisory Board and its Committees

The Supervisory Board is the supervising body of the Company and the Group on a consolidated basis overseeing the management of R&Co by R&Co Gestion. The Supervisory Board submits to the annual general meeting of shareholders a report on the results of its supervision. In addition, pursuant to the provisions of Article L. 225-68 of the French Commercial Code, the Chairman of the Supervisory Board submits to the annual general meeting of shareholders a report on corporate governance and on the internal control and risk management procedures implemented by the Company.

The Supervisory Board has appointed four specialised committees to address particular matters: the Audit Committee, the Remuneration and Nomination Committee, the Risk Committee and the Strategy Committee. Each committee reports to the Supervisory Board after each meeting. Members and chairpersons of the Supervisory Board's Committees are appointed by the Supervisory Board from its own members. The terms of reference of these committees are approved by the Supervisory Board.

The Audit Committee is responsible for reviewing the effectiveness of the Group's internal control systems, in addition to its responsibility for reviewing the process for drawing up the financial information.

The Risk Committee is mainly responsible for advising the Supervisory Board on the overall current and future risk appetite and strategy of the Group and reviewing on a consolidated basis the material risks of the Group.

At least once a year, the Chairmen of the Audit Committee and Risk Committee consult each other on various subjects, including, but not limited to, subjects of common interest and/or cross-cutting topics falling within the missions assigned to them and related to internal control and risk management systems.

The Remuneration and Nomination Committee assists the Supervisory Board with its remuneration-related duties and in particular with the preparation of its decisions aimed at deciding the Group's remuneration policy principles.

The Strategy Committee gives guidance to the Managing Partner (*gérant*) and the Supervisory Board with respect to the long-term development strategies, significant investments and significant technical proposals or initiatives of the Managing Partner affecting R&Co and the Group strategy on a consolidated basis.

More detailed information on the Supervisory Board, its Committees and the internal control and risk management procedures implemented by the Company is available in the aforesaid report the Chairman of the Supervisory Board is required to establish for each financial year pursuant to the provisions of Article L. 225-68 of the French Commercial code.

R&Co Gestion

R&Co Gestion is the legal representative of the Company in charge of the management of the Company with full power to act in all circumstances in the Company's name and on its behalf under the oversight of the Supervisory Board, in order to, among other things:

- ensure the effective determination of the direction of the business of the Company and the entities within the Group on a consolidated basis;

- supervise the accounting and financial information and direct the internal control of the Company and the entities within the Group on a consolidated basis;

- determine the regulatory capital of the Company and the entities within the Group on a consolidated basis;

- approve the annual, consolidated and half-yearly accounts of the Company.

The Chairman and two Co-Chief-Executive Officers of R&Co Gestion are assisted in the management of the Group and the oversight of the other business management and internal control executive Group committees by the Group Management Committee ("GMC"). At the date of this report, the Group's key executive bodies involved in risk monitoring and internal control and supporting R&Co Gestion and the GMC are:

- the Group Assets and Liabilities Committee ("Group ALCO") which is responsible for monitoring and managing all balance sheet risks within the Group, excluding those risks subject to the Group Credit Risk Policy, and to oversee all treasury operations within the Group;

- the GFA Global Risk Committee, which is responsible for taking decisions on complex, difficult, or high risk matters affecting the business.

The terms of reference and membership of these committees are regularly reviewed.

B. Credit risk

Credit risk arises from the potential failure of counterparties and customers to meet their obligations.

The Group's on-going credit activities are in:
- lending to private clients through its banks NMR, RBZ, RBI, RBCI and RCB;
- the residual Treasury exposures held for liquidity purposes; and
- mezzanine debt through the residual activities of R&Co's on-balance sheet investment, now managed by Merchant Banking.

The Group also has credit risk exposure from its legacy Banking activities undertaken in NMR (comprising commercial loans to corporates).

The Group has a Credit Risk Policy which is reviewed annually by R&Co Gestion. The policy sets out the credit risk appetite of the Group and the limits that have been established at Group level, and establishes reporting protocols. It also requires each subsidiary that conducts banking activities to have a credit risk policy which is consistent with the Group Credit Risk Policy and with the requirements of local regulators.

All exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures is secured on property or assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest.

Reflecting the Group's focus on Private Client Lending, a Group Private Client Credit Committee approves and periodically reviews the Private Client Lending exposures and credit policies consistent with the Private Client Lending strategy approved by R&Co Gestion.

The Private Client Lending policies and associated delegated authorities are confirmed by the relevant Board (or Board Committee as appropriate) of each of the banking entities on an annual basis. Any material changes to the Private Client Lending policies will be approved by R&Co Gestion.

Interbank credit exposures are subject to a limit structure that is monitored by the Group ALCO. Those limits are monitored within the Group on a weekly basis. The Group also has a Large Exposures policy for interbank loans which is reviewed annually.

Credit exposures on loans and debt securities are reviewed on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures where the payment of interest or principal is not in doubt and which are not part of categories 2 to 5.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
Past due but not impaired financial 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.*
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 2015 and at 31 March 2015 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	30/09/2015
Financial assets at fair value through profit or loss [(1)]	142.3	-	-	-	-	-	-	142.3
Hedging derivatives	4.4	-	-	-	-	-	-	4.4
Loans and advances to banks	1,495.7	-	-	-	-	-	-	1,495.7
Loans and advances to customers	1,330.6	17.5	119.6	1.8	119.4	18.5	(83.0)	1,524.4
Available-for-sale debt securities	284.3	-	8.4	-	11.1	12.6	(18.2)	298.2
Other financial assets	230.4	0.2	-	40.6	3.0	13.6	(16.1)	271.7
Sub-total Assets	**3,487.7**	**17.7**	**128.0**	**42.4**	**133.5**	**44.7**	**(117.3)**	**3,736.7**
Commitments and guarantees	143.0	-	-	-	-	-	-	143.0
TOTAL	**3,630.7**	**17.7**	**128.0**	**42.4**	**133.5**	**44.7**	**(117.3)**	**3,879.7**

(1) Excluding equity

In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/2015
Financial assets at fair value through profit or loss [(1)]	152.1	-	-	-	-	-	-	152.1
Hedging derivatives	20.0	-	-	-	-	-	-	20.0
Loans and advances to banks	1,530.9	-	-	-	-	-	-	1,530.9
Loans and advances to customers	1,347.4	19.8	149.5	9.8	141.2	35.2	(101.3)	1,601.6
Available-for-sale debt securities	268.1	-	10.4	-	11.7	12.8	(23.3)	279.7
Other financial assets	263.8	0.0	0.1	37.7	3.6	13.6	(16.9)	301.9
Sub-total Assets	**3,582.3**	**19.8**	**160.0**	**47.5**	**156.5**	**61.6**	**(141.5)**	**3,886.2**
Commitments and guarantees	192.8	1.9	0.0	-	-	-	-	194.7
TOTAL	**3,775.1**	**21.7**	**160.0**	**47.5**	**156.5**	**61.6**	**(141.5)**	**4,080.9**

(1) Excluding equity

1. Past due but not impaired assets

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

In millions of euro	30/09/2015			31/03/2015		
	Loans and advances to customers	Other financial assets	**TOTAL**	Loans and advances to customers	Other financial assets	**TOTAL**
Less than 90 days	-	-	**-**	6.2	4.6	**10.8**
Between 90 and 180 days	-	9.8	**9.8**	1.5	20.9	**22.4**
Between 180 days and 1 year	0.4	22.7	**23.1**	0.7	8.3	**9.0**
More than 1 year	1.4	8.1	**9.5**	1.4	3.9	**5.3**
TOTAL	**1.8**	**40.6**	**42.4**	**9.8**	**37.7**	**47.5**

As refinancing and sale options continue to be 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 2015 the cumulative value of all loans within this category was €93.1 million (March 2015: €103.5 million). All of these loans were property loans. There are a small number of loans which are overdue, but not impaired, pending an extension of maturity. As at 30 September 2015, these amounted to €4.1 million (March 2015: €6.0 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. But for these renegotiations the loans would have been deemed to have been impaired. As at 30 September 2015, the carrying value of all loans renegotiated was €31.3 million (March 2015: €31.9 million).

2. Collateral

The Group holds collateral against loans to customers. Substantially all third party commercial lending is secured. Collateral is split by type as either specific or general.

Specific collateral is a readily identifiable asset. The majority of specific 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. General collateral will be more difficult to both identify and realise. It will usually be a charge over the assets of a business, and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. For category 1, 2 and 3 loans the level of collateral at expected 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 are 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	30/09/2015		31/03/2015	
	Past due but not impaired	**Individually impaired**	**Past due but not impaired**	**Individually impaired**
Tangible assets collateral	1.6	75.9	10.8	90.8
Financial assets collateral	-	6.7	-	6.7
TOTAL	**1.6**	**82.6**	**10.8**	**97.5**
Gross value of loans	1.8	137.9	9.8	176.4
Impairment	-	(55.5)	-	(75.1)
Net value of loans	**1.8**	**82.4**	**9.8**	**101.3**

3. Credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 30 September 2015 and 31 March 2015.

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	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	30/09/2015
Financial assets at fair value through profit or loss [(1)]	32.5	73.4	13.3	14.6	6.2	1.8	0.5	142.3
Hedging derivatives	-	4.4	-	-	-	-	-	4.4
Loans and advances to banks	827.7	272.0	84.4	182.4	68.2	42.5	18.5	1,495.7
Loans and advances to customers	252.5	735.7	118.0	207.6	87.9	94.2	28.5	1,524.4
Available-for-sale debt securities	24.5	195.4	31.9	34.5	11.2	0.7	-	298.2
Other financial assets	65.3	50.8	28.1	49.3	35.3	23.9	19.0	271.7
Sub-total Assets	**1,202.5**	**1,331.7**	**275.7**	**488.4**	**208.8**	**163.1**	**66.5**	**3,736.7**
Commitments and guarantees	73.3	27.3	7.5	26.7	5.1	2.7	0.4	143.0
TOTAL	**1,275.8**	**1,359.0**	**283.2**	**515.1**	**213.9**	**165.8**	**66.9**	**3,879.7**

(1) Excluding equity

In millions of euro	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2015
Financial assets at fair value through profit or loss [(1)]	57.1	59.6	8.6	18.5	2.0	2.8	3.5	152.1
Hedging derivatives	0.8	18.2	-	1.0	-	-	-	20.0
Loans and advances to banks	672.5	403.7	71.8	198.6	108.8	49.3	26.2	1,530.9
Loans and advances to customers	163.8	999.0	132.3	179.4	47.2	42.7	37.2	1,601.6
Available-for-sale debt securities	28.6	163.5	0.1	62.7	19.0	4.8	1.0	279.7
Other financial assets	80.9	56.2	24.9	63.9	42.1	18.4	15.5	301.9
Sub-total Assets	**1,003.7**	**1,700.2**	**237.7**	**524.1**	**219.1**	**118.0**	**83.4**	**3,886.2**
Commitments and guarantees	75.9	47.1	10.8	52.3	5.5	2.7	0.4	194.7
TOTAL	**1,079.6**	**1,747.3**	**248.5**	**576.4**	**224.6**	**120.7**	**83.8**	**4,080.9**

(1) Excluding equity

b) Credit risk by sector

The sector is based on Global Industry Classification Standards ("GICS").

In millions of euro	%	30/09/2015	%	31/03/2015
Financial	56%	2,196.1	50%	2,037.9
Private clients	23%	881.4	24%	967.1
Real estate	7%	278.8	8%	307.6
Industrials	4%	144.2	5%	188.7
Government	5%	184.8	4%	181.1
Consumer discretionary	1%	24.8	3%	134.4
Consumer staples	0%	18.3	1%	53.2
Healthcare	1%	36.8	1%	51.2
Utilities	0%	24.1	1%	44.3
Materials	1%	26.0	1%	31.8
IT and telecoms	1%	23.3	1%	30.0
Energy	0%	5.5	0%	5.3
Other	1%	35.6	1%	48.3
TOTAL	**100%**	**3,879.7**	**100%**	**4,080.9**

The "Government" exposure above predominantly consists of high quality government securities.

The balances above do not include Cash and amounts due from central banks, which are not considered to have a significant credit risk. These amounted to €3,357 million at 30 September 2015 (31 March 2015 : €3,644 million).

Financial and real estate sector exposures may be analysed as follows:

In millions of euro	%	30/09/2015	%	31/03/2015
Short term interbank exposures	77%	1,712.5	77%	1,558.6
Treasury marketable securities - investment grade	1%	16.7	1%	17.5
Cash / investment-backed lending	11%	234.3	11%	225.0
Finance companies	2%	41.2	1%	28.6
Other	9%	191.4	10%	208.2
TOTAL FINANCIAL SECTOR	**100%**	**2,196.1**	**100%**	**2,037.9**

Short term interbank lending and marketable securities are held for liquidity management purposes.

In millions of euro	%	30/09/2015	%	31/03/2015
Senior loans	91%	252.9	84%	258.2
Mezzanine	6%	17.9	12%	36.2
Other	3%	8.0	4%	13.2
TOTAL REAL ESTATE SECTOR	**100%**	**278.8**	**100%**	**307.6**

Real estate exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types, and are located predominantly within the UK.

C. Market risk

Market risk arises from changes in the market value of assets and liabilities. It arises as a result of the Group's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange, equity and debt position risk.

Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes. Trading activities in the Group are confined to 'vanilla' products – the Group does not trade in complex derivatives or other exotic instruments.

Exposure to market risk also arises from the Group's proprietary investments in funds and other portfolios. These risks are further explained in the section on "Equity investments" below.

The Group requires that each of its regulated banking entities manages market risk on a stand-alone basis in accordance with its individual risk appetite and limits approved by Group ALCO.

R&Co, NMR and RBZ are the principal entities that are exposed to market risk within the Group. For each entity, monitoring of trading market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Risk limits are complemented by other measures and controls, including stress testing to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity.

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

Equity investments

As described above, the Group has exposure to equity price risk through holdings of equity investments and warrants on equity investments. Each of these positions is individually approved by senior 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 €13.1 million (March 2015: €10.4 million) and a charge to equity of €13.9 million (March 2015: €16.9 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	%	30/09/2015	%	31/03/2015
France	27%	158.2	38%	224.5
Switzerland	22%	129.4	17%	103.4
Americas	14%	82.7	15%	90.4
United Kingdom and Channel Islands	16%	96.2	12%	72.5
Rest of Europe	14%	79.6	8%	49.1
Australia and Asia	4%	25.1	5%	30.0
Other	3%	20.0	5%	30.8
TOTAL	**100%**	**591.2**	**100%**	**600.7**

D. Liquidity risk

Liquidity risk arises from the mis-match between the legal maturity of assets and liabilities. Conservative management of funding and liquidity risk is fundamental to the Group's strategy with the key objective of maintaining a diversified funding base of appropriate maturity to fund the Group's banking and other activities. Liquidity is measured based on behavioural adjustments and stress tests. The behaviour of assets and liabilities may, in certain scenarios, be less favourable than foreseen by their contractual maturity. For instance, there is the possibility that customer loans will not be repaid at their contractual term.

The Group has designed its management of liquidity risk in the overall context of the Banking and Wealth Management strategy. Each banking entity must have in place a liquidity risk policy approved by the Group ALCO and which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled. Under the ministerial decree (*arrêté*) of 3 November 2014, R&Co and the Supervisory Board have additional obligations regarding oversight and reporting on matters of liquidity. In summary each entity is required:

- to hold a level of liquidity resources necessary to meet its short-term obligations as defined by its liquidity policy statement; the Group ALCO may from time to time impose stricter guidance according to market conditions or other Group considerations.

- to maintain an appropriate structural liquidity profile through a funding base of appropriate duration and diversity relative to its asset profile, business plans, market capacity and access.

- to maintain in so far as is possible local market and counterparty access to available liquidity resources including, for example, foreign exchange swap markets, repo and applicable central bank facilities.

- to comply with all applicable regulatory liquidity requirements.

Liquidity is monitored daily, independently of the front office Treasury staff responsible for day-to-day liquidity management. The banking entities are also subject to liquidity guidelines set by their regulator.

The Group's four main banking groups each manage their own liquidity independently of each other. An illustration of how they manage their short term liquidity is summarised below.

N M Rothschild & Sons Limited

NMR measures its liquidity risk quantitatively against a Liquidity Coverage Ratio ("LCR") limit. This is in line with the requirements of the regulator's liquidity regime. The LCR considers NMR's eligible "Buffer" assets against the cumulative net cash flows payable under its most severe stress test. Only those assets of the highest quality can be treated as eligible for inclusion in the LCR.

NMR's liquidity policy requires it to keep a liquidity coverage ratio in excess of 100% at the one-month time horizon. At 30 September 2015, the ratio measured was 186% (31 March 2015: 168%).

Rothschild Bank International Limited

RBI complies with the liquidity regime of the Guernsey Financial Services Commission ("GFSC") which prescribes cumulative cash flow deficit limits for periods up to the one-month time horizon using standard behavioural adjustments (i.e. not institution specific).

At 30 September 2015, the RBI regulatory liquidity ratio for the eight day to one month period as a percentage of total deposits was 26% (31 March 2015: 16%), well in excess of the limit set by the GFSC of -5%.

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 liquid assets at 30 September 2015 were 439% of liquid liabilities, as measured for regulatory purposes (31 March 2015: 451%). The regulatory limit is 100%.

Rothschild & Cie Banque

RCB's liquidity management process involves the maintenance of a high quality buffer of liquid assets; typically cash, money held with the central bank or reverse bond repos against its client deposit balances. The Treasury Committee, which meets monthly, authorises the counterparties for these liquidity investments within overall bank counterparty group limits set by Group ALCO.

RCB’s regulatory liquidity ratio corresponds to the ratio of cash assets and short-term loans to short-term liabilities. It is calculated on a monthly basis, with the minimum threshold set at 100%.

At 30 September 2015, RCB’s one month liquidity ratio set by the French regulator was 743% compared with 705% at 31 March 2015. This will shortly be replaced by a Europe wide LCR.

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	30/09/2015
Cash and balances at central banks	3,357.1	-	-	-	-	-	-	**3,357.1**
Financial assets at FVTPL	30.9	6.8	11.0	0.6	254.0	22.3	81.4	**407.0**
Hedging derivatives	-	-	3.5	0.9	-	-	-	**4.4**
AFS financial assets	58.6	60.9	55.8	41.0	29.7	52.3	326.5	**624.8**
Loans and advances to banks	1,435.3	60.2	0.1	-	0.1	-	-	**1,495.7**
Loans and advances to customers	580.7	275.3	289.4	64.1	283.4	31.5	-	**1,524.4**
Other financial assets	238.3	19.9	13.5	-	-	-	-	**271.7**
TOTAL ASSETS	**5,700.9**	**423.1**	**373.3**	**106.6**	**567.2**	**106.1**	**407.9**	**7,685.1**
Financial liabilities at FVTPL	8.3	18.3	9.9	0.8	-	-	-	**37.3**
Hedging derivatives	-	-	-	-	-	-	-	**-**
Due to banks and other financial institutions	124.5	7.6	15.9	9.2	15.0	192.9	-	**365.1**
Due to customers	4,918.4	131.7	364.8	143.5	51.1	12.3	-	**5,621.8**
Debt securities in issue	-	-	49.6	11.7	-	-	-	**61.3**
Other financial liabilities	101.1	12.8	1.4	1.1	2.3	1.2	-	**119.9**
TOTAL LIABILITIES	**5,152.3**	**170.4**	**441.6**	**166.3**	**68.4**	**206.4**	**-**	**6,205.4**

E. Fair value of financial instruments

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, on the basis of non-observable market data which is liable to materially impact the valuation.

Carried at amortised cost:

In millions of euro	30/09/2015				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Loans and advances to banks	1,495.7	1,495.7	-	1,495.7	-
Loans and advances to customers	1,524.4	1,494.0	-	1,423.4	70.6
TOTAL	**3,020.1**	**2,989.7**	**-**	**2,919.1**	**70.6**
Financial liabilities					
Due to banks and other financial institutions	365.1	367.4	-	367.4	-
Due to customers	5,621.8	5,624.1	-	5,624.1	-
Debt securities in issue	61.3	61.3	-	61.3	-
TOTAL	**6,048.2**	**6,052.8**	**-**	**6,052.8**	**-**

In millions of euro	31/03/2015				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Loans and advances to banks	1,530.9	1,530.9	-	1,530.9	-
Loans and advances to customers	1,601.6	1,560.5	-	1,180.5	380.0
TOTAL	**3,132.5**	**3,091.4**	**-**	**2,711.4**	**380.0**
Financial liabilities					
Due to banks and other financial institutions	293.8	293.8	-	293.8	-
Due to customers	5,686.9	5,690.2	-	5,690.2	-
Debt securities in issue	13.5	13.5	-	13.5	-
TOTAL	**5,994.2**	**5,997.5**	**-**	**5,997.5**	**-**

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

- Delivered repurchase agreements, repurchase agreements and amounts due to 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	30/09/2015			
	TOTAL	Measured using		
		Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Trading securities - short term	**6.8**	**6.8**	**-**	**-**
Financial assets designated at FVTPL - long term	**353.6**	**29.6**	**324.0**	**-**
Derivative financial instruments	**51.0**	**-**	**51.0**	**-**
Public bills and similar securities	180.9	180.0	0.9	-
Bonds and other fixed income securities	109.0	35.9	66.9	6.2
Accrued interest	8.3	0.5	5.9	1.9
Total AFS debt securities	298.2	216.4	73.7	8.1
Total AFS equity securities	326.6	169.4	60.7	96.5
Available-for-sale financial assets	**624.8**	**385.8**	**134.4**	**104.6**
TOTAL FINANCIAL ASSETS	**1,036.2**	**422.2**	**509.4**	**104.6**
FINANCIAL LIABILITIES				
Derivative financial instruments	**37.3**	-	37.3	-
TOTAL FINANCIAL LIABILITIES	**37.3**	**-**	**37.3**	**-**

In millions of euro	31/03/2015			
	TOTAL	Measured using		
		Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Trading securities - short term	**26.4**	**26.4**	**-**	**-**
Financial assets designated at FVTPL - long term	**290.2**	**2.0**	**288.2**	**-**
Derivative financial instruments	**66.7**	**-**	**66.7**	**-**
Public bills and similar securities	147.8	147.8	-	-
Bonds and other fixed income securities	124.2	41.8	72.5	9.9
Accrued interest	7.8	0.4	5.5	1.9
Total AFS debt securities	279.8	190.0	78.0	11.8
Total AFS equity securities	389.7	153.3	72.7	163.7
Available-for-sale financial assets	**669.5**	**343.3**	**150.7**	**175.5**
TOTAL FINANCIAL ASSETS	**1,052.8**	**371.7**	**505.6**	**175.5**
FINANCIAL LIABILITIES				
Derivative financial instruments	**75.2**	-	75.2	-
TOTAL FINANCIAL LIABILITIES	**75.2**	**-**	**75.2**	**-**

Valuation technique by class of financial assets measured based on Level 3 input at 30 September 2015:

Description	Valuation technique	Unobservable input	Range (weighted average)
AFS debt			
Securities portfolios (CDOs, CLOs, etc.)	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	Carrying value is based on original investment plus accrued interest less any impairment provisions	Expected repayment cashflow taking into account shareholders' equity of the borrower	n/a
AFS equity			
Private equity fund investments	External valuation based on net asset value	n/a	n/a
Other equities	Earnings multiples adjusted	Non-observable valuation discounts; for example, non-controlling interests, lack of liquidity and adjustments to the multiple to reflect a specific sector or activity	4-20 for EBITDA Multiple 20%-40% discount for Lack of liquidity/Non-controlling interest discount
	External valuation based on net asset value	n/a	n/a
	Valued at cost	n/a	n/a

Sensitivity of fair value for Level 3 instruments

Out of €96.5 million of AFS equity securities classified in Level 3 as of 30 September 2015, €87.8 million were subject to a valuation by a third party. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact in net income and in equity in the event of a fall of 5% of the net asset 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 €3.9 million.

Assets measured at fair value based on Level 3 as of 30 September 2015

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

In millions of euro		Bonds and other fixed income securities	Funds	Other equities	TOTAL
As at 1 April 2015		**11.8**	**53.5**	**110.2**	**175.5**
Transfer into / (out of) Level 3		(1.0)	(0.2)	(12.3)	(13.5)
Total gains or losses for the period	Included in income statement	(2.5)	1.0	(2.9)	(4.4)
	Gains / (losses) through equity	-	(0.6)	0.7	0.1
Purchases, issues, sales and settlements	Additions	-	4.3	0.1	4.4
	Disposals	(0.3)	(10.7)	(46.2)	(57.2)
Exchange		-	(0.4)	-	(0.4)
Other		0.1	-	-	0.1
AS AT 30 SEPTEMBER 2015		**8.1**	**46.9**	**49.6**	**104.6**

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"). An Advisory Committee exists to approve half-yearly investment valuations, which are sent to investors in the Group's merchant banking funds. As such, this committee acts as the valuation committee 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	30/09/2015	31/03/2015
Public bills and similar securities	2,929	20,950
Equities	3,888	5,422
Trading instruments	**6,817**	**26,372**
Equities	260,831	205,615
Other financial instruments	92,812	84,509
Financial assets designated at fair value through profit or loss	**353,643**	**290,124**
Trading derivative assets	**46,584**	**46,674**
TOTAL	**407,044**	**363,170**
of which financial assets at fair value through profit or loss - listed	*36,374*	*28,310*
of which financial assets at fair value through profit or loss – unlisted	*370,670*	*334,860*

2. Financial liabilities

In thousands of euro	30/09/2015	31/03/2015
Trading derivative liabilities	**37,253**	**67,012**
TOTAL	**37,253**	**67,012**

Trading derivative financial instruments

In thousands of euro	30/09/2015			31/03/2015		
	Notional principal	**Of which: asset**	**Of which: liability**	*Notional principal*	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*63,197*	1,921	-	*78,742*	2,177	-
Firm foreign exchange contracts	*9,096,385*	41,292	34,115	*7,118,151*	39,822	62,539
Conditional foreign exchange contracts	*195,961*	3,143	3,111	*325,929*	4,448	4,431
Equity derivatives	*272*	228	27	*270*	227	42
TOTAL	***9,355,815***	**46,584**	**37,253**	***7,523,092***	**46,674**	**67,012**

Note 2 - Hedging derivatives

In thousands of euro	30/09/2015			31/03/2015		
	Notional principal	**Of which: asset**	**Of which: liability**	*Notional principal*	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*204,116*	2,441	-	*558,408*	8,950	8,195
Firm foreign exchange contracts	*26,919*	1,942	-	*86,003*	11,073	-
TOTAL	***231,035***	**4,383**	**-**	***644,411***	**20,023**	**8,195**

Note 3 - Available-for-sale financial assets

In thousands of euro	30/09/2015	31/03/2015
AFS debt securities		
Public bills and similar securities	180,945	147,787
Bonds and other fixed income securities	108,967	124,165
Sub total	**289,912**	**271,952**
Accrued interest	8,307	7,777
Total AFS debt securities	**298,219**	**279,729**
of which impairment losses	*(20,116)*	*(24,357)*
AFS equity securities		
Total AFS equity securities	**326,629**	**389,708**
of which impairment losses	*(139,896)*	*(143,066)*
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**624,848**	**669,437**

Changes in available-for-sale financial assets

In thousands of euro	30/09/2015	31/03/2015
As at 1 April	**669,437**	**748,042**
Additions	398,360	291,828
Disposals (sale and redemption)	(451,520)	(468,829)
Gains / (losses) from changes in fair value, recognised directly in equity	11,874	67,501
Impairment losses recognised in income statement	2,098	(13,147)
Exchange differences	(7,069)	49,419
Reclassifications and other movements	1,668	(5,377)
AT THE END OF THE PERIOD	**624,848**	**669,437**

Note 4 - Loans and advances to banks

In thousands of euro	30/09/2015	31/03/2015
Interbank demand deposits and overnight loans	893,455	783,974
Interbank term deposits and loans	65,623	70,756
Reverse repos and loans secured by bills	535,411	674,989
Sub total	**1,494,489**	**1,529,719**
Accrued interest	1,226	1,195
Loans and advances to banks - Gross amount	**1,495,715**	**1,530,914**
Allowance for credit losses	-	-
TOTAL	**1,495,715**	**1,530,914**

Note 5 - Loans and advances to customers

In thousands of euro	30/09/2015	31/03/2015
Overdrafts on current accounts	138,914	73,105
Retail	1,122,946	941,577
Corporate	337,284	680,133
Sub total	**1,599,144**	**1,694,815**
Accrued interest	8,223	8,045
Loans and advances to customers – Gross amount	**1,607,367**	**1,702,860**
Specific provisions	(55,505)	(75,099)
Collective provisions	(27,476)	(26,156)
Allowance for credit losses	**(82,981)**	**(101,255)**
TOTAL	**1,524,386**	**1,601,605**

Note 6 - Other assets

In thousands of euro	30/09/2015	31/03/2015
Guarantee deposits paid	13,563	5,806
Settlement accounts on securities transactions	23,396	43,348
Defined benefit pension scheme assets	8,487	977
Other sundry assets	154,287	135,581
Sundry assets	**199,733**	**185,712**
Prepaid expenses	18,969	20,078
Accounts receivable and accrued income	225,318	249,626
Estimated accounts	**244,287**	**269,704**
TOTAL	**444,020**	**455,416**

Note 7 - Goodwill

In thousands of euro	RCB	Concordia Holding	TOTAL
As at 1 April 2015	**47,718**	**62,815**	**110,533**
Additions	-	4,986	**4,986**
Disposals and other decreases	-	(2,645)	**(2,645)**
Translation difference	-	(13)	**(13)**
AS AT 30 SEPTEMBER 2015	**47,718**	**65,143**	**112,861**

As at 30 September 2015, there is no indication that any goodwill carried by the Group could be impaired.

On 14 September 2015 the Group announced that its Merchant Banking business had acquired West Gate Horizons Advisors, LLC ("West Gate") a Los Angeles based credit manager specialising in leveraged loans and related assets with approximately $1.5 billion (€1.35 billion) assets under management across five collateralised loan obligation ("CLO") structures. As a consequence of the acquisition, the Group has recorded goodwill of €5.0 million and intangibles of €3.5 million, the latter to be amortised over their estimated useful lives.

Note 8 - Due to banks

In thousands of euro	30/09/2015	31/03/2015
Interbank demand deposits and overnight	122,091	71,859
Interbank term deposits and borrowings	239,903	217,559
Due to banks	**361,994**	**289,418**
Accrued interest	1,832	3,166
TOTAL	**363,826**	**292,584**

Note 9 - Customer deposits

In thousands of euro	30/09/2015	31/03/2015
Demand deposits	4,484,496	4,278,497
Term deposits	1,043,256	1,366,715
Borrowings secured by bills	86,371	20,726
Customer deposits	**5,614,123**	**5,665,938**
Accrued interest	7,637	20,925
TOTAL	**5,621,760**	**5,686,863**

Note 10 - Other liabilities, accruals and deferred income

In thousands of euro	30/09/2015	31/03/2015
Settlement accounts on securities transactions	64,412	52,800
Accounts payable	16,471	41,025
Sundry creditors	118,562	71,420
Other liabilities	**199,445**	**165,245**
Due to employees	272,568	445,882
Other accrued expenses and deferred income	136,462	119,728
Estimated accounts	**409,030**	**565,610**
TOTAL	**608,475**	**730,855**

Note 11 - Provisions

In thousands of euro	01/04/2015	Charge / (Release)	Utilised	Exchange movement	Other movements	30/09/2015
Provision for counterparty risk	142	-	-	1	(110)	33
Provision for claims and litigation	37,570	(21)	(10,504)	(239)	318	27,124
Provisions for restructuring	2,100	(945)	-	-	-	1,155
Provisions for property	1,011	(195)	-	(59)	15	772
Other provisions	-	552	(8)	(16)	575	1,103
Sub-total	**40,823**	**(609)**	**(10,512)**	**(313)**	**798**	**30,187**
Retirement benefit liabilities	173,677				(28,673)	145,004
TOTAL	**214,500**	**(609)**	**(10,512)**	**(313)**	**(27,875)**	**175,191**

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.

Included within provisions for claims and litigation at 1 April 2015 were amounts to cover the estimated financial liability and professional and other costs relating to the Group's Swiss private banking business participation in the U.S. Program in connection with undeclared U.S. related accounts. On 3 June 2015, a non-prosecution agreement was finalised with the U.S. Department of Justice and the settlement of US$11.5 million was within the amounts provided.

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 believe that the level of provisions made in these financial statements continues to be sufficient for any potential or actual proceedings or claims which are likely to have an impact on the Group’s financial statements, based on information available at the reporting date.

Note 12 - Impairments

In thousands of euro	01/04/2015	Income statement charge	Income statement reversal	Written off	Exchange rate and other movements	30/09/2015
Loans and advances to customers	(101,255)	(10,257)	5,844	20,924	1,763	(82,981)
Available-for-sale financial assets	(167,423)	(5,389)	5,863	6,323	614	(160,012)
Other assets	(17,435)	(1,218)	889	818	354	(16,592)
TOTAL	**(286,113)**	**(16,864)**	**12,596**	**28,065**	**2,731**	**(259,585)**

Note 13 - Deferred tax

Deferred taxes are calculated on all temporary differences using the liability method.
The movement on the deferred tax account is as follows:

In thousands of euro	30/09/2015	31/03/2015
Net asset as at beginning of period	**37,707**	**30,657**
of which deferred tax assets	*92,760*	*89,627*
of which deferred tax liabilities	*(55,053)*	*(58,970)*
Recognised in income statement		
Income statement (charge) / credit	(7,620)	(13,274)
Recognised in equity		
Defined benefit pension arrangements	(4,109)	9,398
Available-for-sale financial assets	6,599	4,058
Tax losses carried forward	1,229	-
Cash flow hedges	(1,608)	(1,217)
Reclassification to current tax	3,228	(2,533)
Payments / (refunds)	(141)	(175)
Exchange differences	(1,338)	9,447
Reclassification to disposal group	(5,320)	-
Other	(445)	1,346
NET ASSET AS AT END OF PERIOD	**28,182**	**37,707**
of which deferred tax assets	*77,822*	*92,760*
of which deferred tax liabilities	*(49,640)*	*(55,053)*

Deferred tax net assets are attributable to the following items:

In thousands of euro	30/09/2015	31/03/2015
Accelerated tax depreciation	9,470	14,348
Defined benefit pension liabilities	22,298	29,428
Provisions	(109)	239
Deferred profit share arrangements	17,607	29,240
Losses carried forward	26,112	17,574
Available-for-sale financial assets	451	208
Other temporary differences	1,993	1,723
TOTAL	**77,822**	**92,760**

NMR, a subsidiary in the UK, recognises deferred tax assets corresponding to losses carried forward. As part of its assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, NMR considers the period over which sufficient taxable profits would arise to utilise the deferred tax assets. During the year ended March 2015, the UK government announced restrictions on the ability of banks to utilise historic tax losses. This affects the period over which the deferred tax assets will be utilised and, accordingly, NMR decided to derecognise €8.7 million of deferred tax assets in the year ended March 2015. For these financial statements to September 2015, NMR considers that there will be sufficient profits within a reasonable time frame to utilise deferred tax assets that remain recognised on the balance sheet.

In the United States, Canada and Asia, deductible temporary differences have not given rise to the recognition of deferred tax assets.

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	30/09/2015	31/03/2015
Accelerated tax depreciation	2,154	2,032
Defined benefit pensions	(1)	-
Cash flow hedges	-	(1,602)
Available-for-sale financial assets	16,801	23,061
Intangible assets recognised on acquisition of subsidiaries	11,838	11,838
Other temporary differences	18,848	19,724
TOTAL	**49,640**	**55,053**

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	30/09/2015	31/03/2015
Accelerated tax depreciation	(473)	(80)
Defined benefit pension liabilities	2,647	4,177
Allowances for loan losses	313	1,046
Tax losses carried forward	(7,905)	8,934
Deferred profit share arrangements	13,987	1,149
Available-for-sale financial assets	64	422
Other temporary differences	(1,013)	(2,374)
TOTAL	**7,620**	**13,274**

Note 14 - Structured entities

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

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

- Remuneration and other economic interests in aggregate

- 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). Whereas, 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.

			30/09/2015
In thousands of euro	Equity funds	Debt funds	Total
Total assets within the underlying vehicles	**1,033,408**	**2,926,764**	**3,960,172**
Assets under management including third party commitments	**1,626,542**	**3,253,380**	**4,879,922**
Interest held in the Group's balance sheet:			
Financial assets designated at fair value	240,479	69,620	310,099
Financial investment available for sale	-	23,119	23,119
Loans and Receivables	4,569	6,981	11,550
Total assets in the Group's balance sheet	**245,048**	**99,720**	**344,768**
Off-balance sheet commitments made by the Group	163,001	37,034	200,035
Group's maximum exposure	**408,049**	**136,754**	**544,803**

In addition, the Group has established and manages investment funds to provide customers with investment opportunities, as a sponsor. The Group, as fund manager, may be entitled to receive a management fee and a performance fee based on the assets under management. The Group made no investment in these funds, and the assets under management amounted to €48.3 billion as at 30 September 2015 with revenue earned of €186.9 million.

Note 15 - Non-controlling interests

Non-controlling interests ("NCI") represent the share of fully consolidated subsidiaries that are not directly or indirectly attributable to the Group. These 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 non-controlling interests arise from the following sources:

	30/09/2015			31/03/2015		
In thousands of euro	Net income	Amounts in the balance sheet	Distributions	Net income	Amounts in the balance sheet	Distributions
Preferred shares	46,432	73,129	1,332	85,839	39,823	72,175
Perpetual subordinated debt	7,417	339,031	7,417	14,267	346,030	14,267
Rothschild Holding AG group	3,183	157,330	2,407	7,289	157,273	2,149
Other	(210)	9,972	33	2,908	12,908	975
Total	**56,822**	**579,462**	**11,189**	**110,303**	**556,034**	**89,566**

Preferred shares

Preferred shares within non-controlling interests mainly consist of amounts calculated in accordance with legal clauses applicable to French limited partnerships owned by Rothschild & Compagnie Banque SCS, the French holding company of our Asset Management and Global Financial 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

The Group has issued perpetual subordinated debt instruments which have discretionary clauses related to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of non-controlling interests. The interest payable on these instruments is shown as a charge to non-controlling interests.

In thousands of euro	30/09/2015	31/03/2015
Perpetual Fixed Rate Subordinated Notes 9 per cent (£125 million)	200,258	203,343
Perpetual Floating Rate Subordinated Notes (€150 million)	70,041	71,119
Perpetual Floating Rate Subordinated Notes (US$200 million)	68,732	71,568
TOTAL	**339,031**	**346,030**

Rothschild Holding AG group

The Group holds a 72.87% economic interest in the equity of Rothschild Holding AG ("RHAG"), the Swiss holding company of part of our Wealth & Asset Management business. The non-controlling interest in its 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.

	RHAG Group	
In thousands of euro	30/09/2015	31/03/2015
Income statement information		
Net banking revenue	111,870	189,136
Net income	13,637	21,710
Total other comprehensive income for the period, after tax	(3,380)	58,161
Total comprehensive income for the period	**10,257**	**79,871**

	RHAG Group	
Balance sheet information	30/09/2015	31/03/2015
Cash and amounts due from central banks	2,752,002	2,753,309
Loans and receivables to banks	215,965	135,461
Loans and receivables to customers	1,042,363	845,525
Other assets	523,962	488,470
Total assets	**4,534,292**	**4,222,765**
Due to customers	3,668,741	3,401,037
Other liabilities	256,449	213,176
Total liabilities	**3,925,190**	**3,614,213**
Shareholder equity	609,102	608,552

Note 16 - 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	30/09/2015	31/03/2015
Cash and accounts with central banks	3,357,129	3,643,942
Interbank demand deposits and overnight loans (assets)	893,455	783,974
Other cash equivalents	402,930	420,952
Interbank demand deposits and overnight loans (liabilities) and due to central banks	(123,335)	(73,099)
TOTAL	**4,530,179**	**4,775,769**

Other cash equivalents comprise overnight interbank reverse repos and public bills and securities which are held for trading.

Note 17 - Commitments given and received

Commitments given

In thousands of euro	30/09/2015	31/03/2015
Given to customers	86,233	117,554
Loan commitments	**86,233**	**117,554**
Given to banks	20,603	20,672
Given to customers	36,174	56,442
Guarantee commitments	**56,777**	**77,114**
Investment commitments	216,124	234,839
Pledged assets and other commitments given	138,579	140,977
Total other commitments given	**354,703**	**375,816**

Investment commitments relate to Merchant Banking funds and investments.
The commitment to employees in respect of deferred remuneration is set out in note 24.

Commitments received

In thousands of euro	30/09/2015	31/03/2015
Received from banks	86,000	61,000
Loan commitments	**86,000**	**61,000**
Received from customers	15,365	15,365
Guarantee commitments	**15,365**	**15,365**

Note 18 - Disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable; the assets or disposal group are available for immediate sale in their present condition; management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of the classification; and the disposal group is actively marketed for sale at a price that is reasonable in relation to its fair value.

On 2 October 2015, the Group announced that it had entered into an agreement to sell its UK asset finance business, Five Arrows Leasing Group Limited, to Paragon Bank PLC. As a result of this sale process, the Five Arrows Leasing Group has been classified in the accounts 30 September 2015 as a disposal group.

Consideration for the sale amounted to £117 million (€159 million at 30 September 2015 rates). The transaction is expected to generate an exceptional accounting gain in the region of €90 million, with the proceeds to be used for general corporate purposes and for investing in the growth of our three core businesses. The transaction completed on 3 November 2015. On completion, the funding of £194 million (€263 million at 30 September 2015 rates) provided by the Group to Five Arrows Leasing Group was repaid to the Group, in addition to the sale proceeds.

The major categories of assets and liabilities classified as held for sale are set out below:

In thousands of euro	30/09/2015	31/03/2015
Loans and advances to banks	5,498	-
Loans and advances to customers	308,035	-
Other assets	4,385	-
Tangible fixed assets	17,074	-
Goodwill	2,570	-
Deferred tax assets	5,320	-
Total Assets	**342,882**	**-**
Due to banks	-	-
Other liabilities, accruals & deferred income	19,000	-
Current tax liabilities	1,647	-
Total Liabilities	**20,647**	**-**

VI. Notes to the income statement

Note 19 - Net interest income

Interest income

In thousands of euro	30/09/2015	30/09/2014
Interest income - loans to banks	3,988	5,223
Interest income - loans to customers	30,027	26,899
Interest income - available-for-sale instruments	2,893	3,443
Interest income - derivatives	19,113	9,662
Interest income - other financial assets	1,973	533
TOTAL	**57,994**	**45,760**

Interest expense

In thousands of euro	30/09/2015	30/09/2014
Interest expense - due to banks and other financial institutions	(5,502)	(2,061)
Negative interest income from loans to banks	(10,740)	-
Interest expense - due to customers	(9,817)	(15,527)
Interest expense - debt securities in issue	(51)	-
Interest expense - subordinated debt	(7)	(99)
Interest expense - derivatives	(2,489)	(5,726)
Interest expense - other financial liabilities	(571)	(1,080)
TOTAL	**(29,177)**	**(24,493)**

Note 20 - Net fee and commission income

Fee and commission income

In thousands of euro	30/09/2015	30/09/2014
Fees for advisory work and other services	406,086	421,681
Portfolio and other management fees	195,977	162,771
Banking and credit-related fees and commissions	6,165	3,936
Other fees	8,622	5,836
TOTAL	**616,850**	**594,224**

Fee and commission expense

In thousands of euro	30/09/2015	30/09/2014
Fees for advisory work and other services	(4,627)	(3,335)
Portfolio and other management fees	(21,479)	(13,990)
Banking and credit-related fees and commissions	(225)	(278)
Other fees	(4,048)	(3,900)
TOTAL	**(30,379)**	**(21,503)**

Note 21 - Net gains / (losses) on financial instruments at fair value through profit or loss

In thousands of euro	30/09/2015	30/09/2014
Net income - debt securities and related derivatives held for trading	(16)	(332)
Net income - equity securities and related derivatives held for trading	1,032	675
Net income - foreign exchange operations	12,241	13,751
Net income - other trading operations	(7,813)	196
Net income - financial instruments designated at fair value through profit or loss	13,335	5,367
TOTAL	**18,779**	**19,657**

Net gains and losses on financial instruments at fair value through profit or loss include the changes in fair value (excluding accrued interest) of financial instruments held in the trading portfolio and classified as financial instruments designated at fair value through profit or loss by option. These also include gains and losses on hedging transactions, foreign exchange gains and losses, and gains or losses arising from the ineffectiveness of hedging instruments.

In April 2015, the Group repaid a floating rate loan which had a swap attached to it to fix the interest rate. This swap, which was accounted for as a cash flow hedge, had a negative mark-to-market value of €7.9 million at the time of closure, which has been recycled in the line "Net income - other trading operations". The loan, which was refinanced on more favourable terms, relates to our London office property.

Note 22 - Net gains / (losses) on available-for-sale financial assets

In thousands of euro	30/09/2015	30/09/2014
Gains or losses on disposal	38,796	47,640
Impairment losses	(2,948)	(1,656)
Dividend income	4,968	8,731
TOTAL	**40,816**	**54,715**

Dividend income from the Group's interest in Edmond de Rothschild (Suisse) SA is included as dividend income within Net income / (expense) from other assets (note 26). The impairment charged in the six months to 30 September 2014 is also included in note 26.

Note 23 - Other operating income and expenses

In thousands of euro	30/09/2015	30/09/2014
Income from leasing	8,505	7,044
Other income	83	1,305
TOTAL OTHER OPERATING INCOME	**8,588**	**8,349**
Expenses relating to assets used to generate lease income	(3,974)	(3,291)
Other expenses	(319)	(122)
TOTAL OTHER OPERATING EXPENSES	**(4,293)**	**(3,413)**

Note 24 - Operating expenses

In thousands of euro	30/09/2015	30/09/2014
Compensation and other staff costs	(398,498)	(367,696)
Defined benefit pension expenses	(12,512)	(9,281)
Defined contribution pension expenses	(5,685)	(5,138)
Staff costs	**(416,695)**	**(382,115)**
Administrative expenses	(122,173)	(116,314)
TOTAL	**(538,868)**	**(498,429)**

Staff costs

As part of its variable pay strategy, the Group operates long term incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

The 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 significant employees, a portion of the awards will be settled in the form of R&Co shares rather than cash, in response to the Capital Requirements Directive 3 (“CRD3”). The R&Co shares will be released to the employees six months following 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 €67.1 million (€78.1 million as at 31 March 2015).

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

Note 25 - Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	30/09/2015	30/09/2014
Loans and receivables	(10,257)	3,572	2,272	(4,413)	(2,084)
Debt securities	(2,441)	5,863	-	3,422	(4,238)
Other assets	(1,218)	889	-	(329)	(3,902)
TOTAL	**(13,916)**	**10,324**	**2,272**	**(1,320)**	**(10,224)**

Note 26 - Net income / (expense) from other assets

In thousands of euro	30/09/2015	30/09/2014
Impairment of long-standing shareholding	-	(3,212)
Long-standing shareholding dividend	4,562	3,896
Gains / (losses) on sales of tangible or intangible assets	27	46
Gains / (losses) on acquisition or disposal of subsidiaries and associates	205	22,529
TOTAL	**4,794**	**23,259**

Net income / (expense) from other assets includes an impairment loss of €nil (€3.2 million for the six months ended 30 September 2014) relating to the Group’s 8.4% equity investment in Edmond de Rothschild (Suisse) SA. From 1 October 2014 to 30 September 2015 the value of the Group's investment has increased - €5.1 million in the six months to 31 March 2015 and €26.1 million in the six months to 30 September 2015. In accordance with IFRS, the increase over the previously impaired value is taken to the available-for-sale reserve after adjusting for consequential tax and non-controlling interest impacts. This investment, which is accounted for as an available-for-sale financial asset, has been consistently fair valued since 2007 in accordance with IFRS using the listed price.

Included in the prior period is the profit on sale of Fircosoft, an associate, which realised a gain of €21.3 million.

Note 27 - Income tax expense

In thousands of euro	30/09/2015	30/09/2014
Current tax	(21,447)	(31,527)
Deferred tax	(7,620)	(4,393)
TOTAL	**(29,067)**	**(35,920)**

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

Current tax

In thousands of euro	30/09/2015	30/09/2014
Tax charge for the period	(19,819)	(28,528)
Prior year adjustments	(196)	(1,338)
Irrecoverable dividend witholding tax	(1,195)	(1,505)
Other	(237)	(156)
TOTAL	**(21,447)**	**(31,527)**

Deferred tax

In thousands of euro	30/09/2015	30/09/2014
Temporary differences	(6,782)	(4,537)
Changes in tax rates	(85)	-
Prior year adjustments	(753)	(87)
Other	-	231
TOTAL	**(7,620)**	**(4,393)**

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

In thousands of euro		30/09/2015		30/09/2014
Profit before tax		**124,489**		**172,840**
Expected tax charge at standard French rate	34.4%	42,862	34.4%	59,508
Main reconciling items				
Irrecoverable dividend withholding tax	+1.4%	1,734	+0.9%	1,505
Tax impacts relating to prior period	+0.8%	949	+0.8%	1,425
Impairment of Edmond de Rothschild (Suisse) SA in lower tax area	-	-	+0.5%	820
Deferred tax rate changes	+1.3%	1,575	+0.2%	340
Local permanent differences, net	(0.6%)	(798)	+0.1%	231
(Gains) / losses where no deferred tax recognised	+1.1%	1,373	(0.2%)	(320)
Income from associate recorded net of tax in profit before tax	+0.2%	242	(0.4%)	(739)
Profits and losses in lower tax areas	(4.6%)	(5,671)	(7.1%)	(12,232)
Partnership tax recognised outside the Group	(10.9%)	(13,599)	(7.9%)	(13,709)
Other	+0.2%	400	(0.5%)	(909)
Actual tax charge	**23.3%**	**29,067**	**20.8%**	**35,920**
EFFECTIVE TAX RATE		23.3%		20.8%

Note 28 - Related parties

In thousands of euro	30/09/2015			31/03/2015		
	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	84	894	7,028	85	931	4,519
Equity instruments	-	-	13,069	-	-	11,304
Other assets	612	-	3	469	-	4
TOTAL	**696**	**894**	**20,100**	**554**	**931**	**15,827**
Liabilities						
Due to customers	728	1,185	62,495	479	989	120,937
Other liabilities	-	-	-	-	-	-
TOTAL	**728**	**1,185**	**62,495**	**479**	**989**	**120,937**
Loan and guarantee commitments						
Guarantees and commitments given	-	1,764	73	-	1,987	73
TOTAL	**-**	**1,764**	**73**	**-**	**1,987**	**73**
Realised operating income from transactions with related parties						
Interest received	-	6	29	-	20	40
Interest paid	-	-	(87)	-	-	(273)
Commissions received	164	-	-	333	-	-
Commissions paid	-	-	(29)	-	-	(29)
Other income	1,612	-	406	668	-	781
TOTAL INCOME	**1,776**	**6**	**319**	**1,001**	**20**	**519**
Other expenses	(462)	(2)	(536)	(849)	(386)	(1,550)
TOTAL EXPENSES	**(462)**	**(2)**	**(536)**	**(849)**	**(386)**	**(1,550)**

Note 29 - Segmental information

The table below presents a segmental analysis by business line, prepared from non-IFRS data, and its reconciliation with IFRS data. The 'IFRS reconciliation' column includes items that mainly relate to 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 (R) for defined benefit pension schemes; and reallocation of impairments.

Segmental information split by business

In thousands of euro	Global Financial Advisory	Asset Management (1)	Other (2)	Total before IFRS reconciliation	IFRS reconciliation	30/09/2015
Net banking income	**397,251**	**254,582**	**38,522**	**690,355**	**(11,177)**	**679,178**
Operating expenses	(350,417)	(193,973)	(58,912)	(603,302)	44,748	**(558,554)**
Impairments	1	(82)	1,465	1,384	(2,704)	**(1,320)**
Operating income	**46,835**	**60,527**	**(18,925)**	**88,437**	**30,867**	**119,304**
Share of profits of associated entities						**391**
Net income / (expense) from other assets						**4,794**
Profit before tax						**124,489**

(1) Asset Management comprises Wealth & Asset Management and Merchant Banking businesses

(2) Other comprises central costs, legacy businesses, including Banking & Asset Finance, and other

As explained in note 21, the closure of an interest rate swap resulted in a negative mark-to-market cost of €7.9 million. This cost is shown in the Other business line segment as an expense, and then reclassified as an IFRS reconciling item to net banking income.

In thousands of euro	Global Financial Advisory	Asset Management (1)	Other (2)	Total before IFRS reconciliation	IFRS reconciliation	30/09/2014
Net banking income	**412,887**	**242,993**	**28,896**	**684,776**	**(11,480)**	**673,296**
Operating expenses	(355,681)	(161,399)	(41,605)	(558,685)	42,123	(516,562)
Impairments	(38)	128	(2,714)	(2,624)	(7,600)	(10,224)
Operating income	**57,168**	**81,722**	**(15,423)**	**123,467**	**23,043**	**146,510**
Share of profits of associated entities						3,071
Net income / (expense) from other assets						23,259
Profit before tax						**172,840**

(1) Asset Management comprises Wealth & Asset Management and Merchant Banking businesses

(2) Other comprises central costs, legacy businesses, including Banking & Asset Finance, and other

Net banking income split by geographical segments

In thousands of euro	30/09/2015	%	30/09/2014	%
United Kingdom and Channel Islands	223,383	33%	207,258	31%
France	209,822	31%	195,104	29%
Americas	85,654	12%	70,240	10%
Rest of Europe	68,528	10%	104,831	16%
Switzerland	58,616	9%	49,247	7%
Australia and Asia	26,240	4%	40,763	6%
Other	6,935	1%	5,853	1%
TOTAL	**679,178**	**100%**	**673,296**	**100%**

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

Note 30 - Earnings per share

In millions of euro	30/09/2015	30/09/2014
Net income - Group share	38.6	79.4
preferred dividends adjustment	*(0.3)*	*(0.4)*
Net income - Group share after preferred dividends adjustment	**38.3**	**79.0**
Basic average number of shares in issue - 000s	68,692	68,501
Earnings per share - basic (euro)	**0.56**	**1.15**
Diluted average number of shares in issue - 000s	69,641	68,549
Earnings per share - diluted (euro)	**0.55**	**1.15**

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, after taking into account the effects of all dilutive potential ordinary shares.

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 31 - Consolidation scope

As at 30 September 2015, the main entities in the Group's consolidation scope can be summarised as follows.

Company name	Country of operation	30/09/2015		31/03/2015		Consolidation method (1)	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	30/09/2015	31/03/2015
Rothschild Bank (CI) Limited	Channel Islands	100.00	72.87	100.00	72.77	FC	FC
Rothschild Bank International Limited	Channel Islands	100.00	98.53	100.00	98.40	FC	FC
Concordia Holding Sàrl	France	100.00	99.95	100.00	99.95	FC	FC
K Développement SAS	France	100.00	99.95	100.00	99.95	FC	FC
Rothschild & Compagnie Banque SCS (2)	France	99.99	99.30	99.99	99.24	FC	FC
Rothschild GmbH	Germany	100.00	98.91	100.00	98.82	FC	FC
Rothschild Europe BV	Netherlands	100.00	98.91	100.00	98.82	FC	FC
Rothschild Bank AG	Switzerland	100.00	72.87	100.00	72.77	FC	FC
Rothschild Concordia AG	Switzerland	100.00	97.52	100.00	97.52	FC	FC
Rothschild Holding AG	Switzerland	73.96	72.87	73.96	72.77	FC	FC
Rothschilds Continuation Holdings AG	Switzerland	99.87	98.53	99.77	98.40	FC	FC
N M Rothschild & Sons Limited	United Kingdom	100.00	98.53	100.00	98.40	FC	FC
Rothschild North America Inc.	United States of America	100.00	98.53	100.00	98.40	FC	FC

(1) FC: full consolidation

(2) % ownership interest is stated before profit share

3. 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 activity report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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 condensed half-yearly consolidated financial statements of Rothschild & Co S.C.A. for the six-month period ended 30 September 2015,
- the verification of the information presented in the half-yearly activity report.

These condensed half-yearly 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 condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

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

Paris, 24 November 2015
Cailliau Dedouit et Associés
Jean-Jacques Dedouit
Partner

Paris La Défense, 24 November 2015
KPMG Audit FS II
Pascal Brouard
Partner

4. Persons responsible for the half-year financial report

Persons responsible for the half-year financial report

Rothschild & Co Gestion SAS	Mark Crump
Managing Partner	Group Finance Director

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

"We hereby declare that, to the best of our knowledge and belief, the summary interim consolidated financial statements for the past six-month period have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and the companies in the consolidated group, 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 and their impact on the interim accounts, a description of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year."

Paris, 24 November 2015

Rothschild & Co Gestion SAS	Mark Crump
Managing Partner	Group Finance Director
Represented by David de Rothschild,	
Chairman	

Financial calendar

▪ 11 February 2016 after market close	Publication for the third quarter of FY 2015/2016
▪ 22 June 2016 after market close	Results of the financial year 2015/2016

About Rothschild & Co (formerly Paris Orléans)

Rothschild & Co operates in the following areas:

- *Global Financial Advisory provides advisory services for mergers and acquisitions, debt financing and restructuring, and equity capital markets;*
- *Wealth & Asset Management, and*
- *Merchant Banking which comprises third party private equity and private debt business and proprietary investments.*

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) with a share capital of €142,274,072. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Rothschild & Co is listed on Euronext in Paris, Compartment A - ISIN Code: FR0000031684. Rothschild & Co share is PEA-PME eligible

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