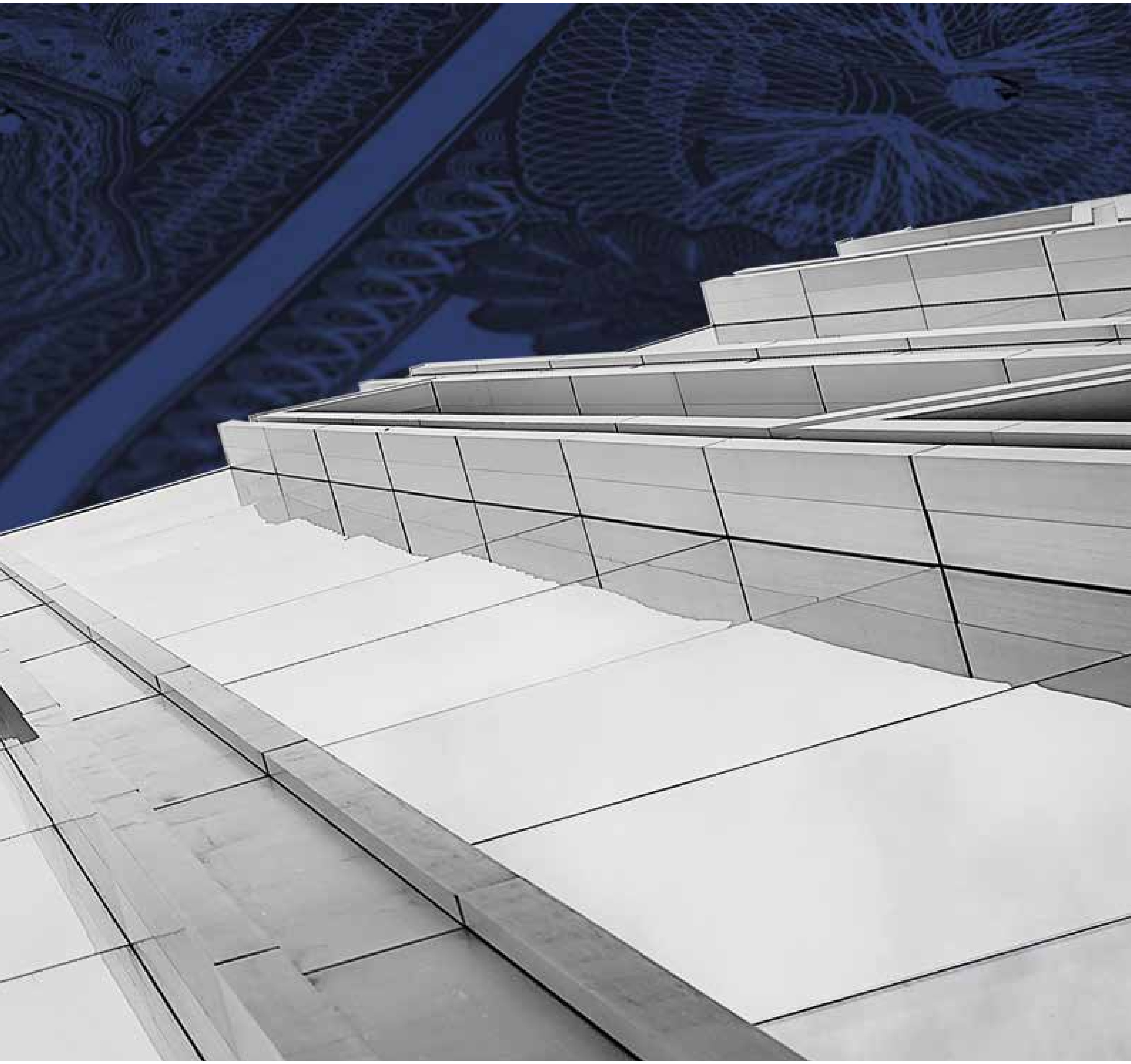
Rothschild & Co

Half-year financial report
Six months to 30 June 2020



Rothschild & Co

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1. Summary Consolidated Income Statement

The Supervisory Board of Rothschild & Co SCA met on 15 September 2020 to review the consolidated financial statements from 1 January 2020 to 30 June 2020; these accounts had been previously approved by Rothschild & Co Gestion SAS, Managing Partner of Rothschild & Co.

(in €m)	H1 2020	H1 2019	*Var*	*Var %*
Revenue	**838**	**898**	***(60)***	***(7)%***
Staff costs	(523)	(520)	*(3)*	*1%*
Administrative expenses	(122)	(134)	*12*	*(9)%*
Depreciation and amortisation	(34)	(31)	*(3)*	*10%*
Impairments	(8)	2	*(10)*	*(500)%*
Operating Income	**151**	**215**	***(64)***	***(30)%***
Other income / (expense) (net)	(1)	18	*(19)*	*N/A*
Profit before tax	**150**	**233**	***(83)***	***(36)%***
Income tax	(28)	(36)	*8*	*(22)%*
Consolidated net income	**122**	**197**	***(75)***	***(38)%***
Non-controlling interests	(62)	(63)	*1*	*(2)%*
Net income - Group share	**60**	**134**	***(74)***	***(55)%***
Adjustments for exceptionals	5	(10)	*15*	*(150)%*
Net income - Group share excl. exceptionals	**65**	**124**	***(59)***	***(48)%***
Earnings per share [1]	*0.82 €*	*1.88 €*	*(1.06) €*	*(56)%*
EPS excl. exceptionals	***0.88 €***	***1.73 €***	***(0.85) €***	***(49)%***
Return On Tangible Equity (ROTE)	*6.3%*	*15.2%*		
ROTE excl. exceptionals	***6.8%***	***14.0%***		

[1] Diluted EPS is €0.82 (H1 2019: €1.85)

An analysis of Exceptional items and a presentation of Alternative Performance Measures are shown respectively in Appendix B and Appendix G

2. Business activities

2.1 Global Advisory

Our Global Advisory business focuses on providing advice in the areas of Strategic Advisory and M&A; Financing Advisory encompassing Debt Advisory, Restructuring and Equity Advisory; and Investor Advisory advising on engaging with shareholders on a variety of topics including activism, sustainability and governance.

Revenue for H1 2020 was €529.4 million, 3% below H1 2019 (€544.8 million), with the effects of the economic shocks caused by the COVID-19 pandemic being felt from March. For the last twelve months to June 2020, we ranked 8th globally by financial advisory revenue[1].

Operating income for H1 2020, excluding ongoing investment in the development of our North American M&A franchise, was €82 million (H1 2019: €93 million), representing an operating income margin of 15.4% (H1 2019: 17.0%). Including the effect of ongoing investment in senior hiring in North America, operating income was €75 million (H1 2019: €83 million) with an operating income margin of 14.1% (H1 2019: 15.2%).

Our **M&A** business has remained resilient despite significantly reduced market activity, ranking 2nd globally by number of completed transactions for H1 2020[2]. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than a decade[3]. M&A advisory revenue for H1 2020 was €385.0 million, down 12% compared to H1 2019 (€436.7 million).

Financing Advisory revenue for H1 2020 was €144.4 million, up 34% compared to H1 2019 (€108.1 million), driven by strong demand for liquidity and financing advice. During H1 2020, we ranked 1st in Europe by numbers of completed restructuring transactions[3] and maintained our position as adviser on more European equity assignments than any other independent financial adviser[3].

Our breadth of independent advice and global footprint position us well to serve existing and new clients effectively through the ongoing crisis. During the second quarter, we have seen a meaningful proportion of the ingoing pipeline of our clients' well-advanced or announced transactions through to completion, and our teams of experienced Financing Advisory bankers have been working extensively with clients to support them on liquidity and financing matters, often in highly expedited situations. Alongside this, all our teams worldwide have been focused on maintaining active dialogues with existing and potential clients in order to offer our assistance and advice in supporting them through this difficult period.

During H1 2020, we promoted 20 new Managing Directors across the business, demonstrating our focus on growing talent from within. In addition, we recruited two new Managing Directors into our Swiss and Middle Eastern businesses and continued our ongoing strategic investment in North America with a new Vice Chairman in North America, advising clients across Restructuring, Debt Advisory and M&A, and one new Managing Director focusing on the Automotive sector.

Global Advisory advised the following clients on significant assignments completed in H1 2020:

- **Asahi Group Holdings** on its acquisition of Carlton & United Breweries from AB InBev (US$11.3 billion, Japan, Australia and Belgium)
- **Finance Agency of the Federal Republic of Germany** on its stabilisation package for Deutsche Lufthansa (€9 billion, Germany)
- **Cobham** on its recommended cash offer from Advent (£4.2 billion, United Kingdom)
- **Froneri** on its acquisition of Nestle's U.S. ice cream business (US$4 billion, United Kingdom, United States)
- **Rallye** on its restructuring and signing of a back-up facility (€3.6 billion and €233 million, respectively, France)
- **Cision** on its sale to Platinum Equity (US$2.74 billion, United States)

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

- **PG&E** on its restructuring (advisor to creditors - US$52 billion, United States)[5]
- **Ingenico** on its combination with Worldline (€21 billion, France)
- **Consortium led by Advent, Cinven & RAG** on its acquisition of Thyssenkrupp's Elevator Technology business (€17.2 billion, Germany, United Arab Emirates and Singapore)[4]
- **Alstom** on its acquisition of Bombardier Transportation and cornerstone investment from CDPQ (€7.5 billion, France and Canada)
- **Nordic Aviation Capital** on its restructuring (US$5.9 billion, United Kingdom)
- **IAG** on its proposed Rights Issue (€2.75 billion, Spain and United Kingdom)
- **Fortress Investment Group** on its asset backed securitisation of logistics real estate (US$2 billion, United States)[4]

For further examples of Global Advisory assignments completed during H1 2020, please refer to Appendix F.

[1] Source: Company filings

[2] Source: Refinitiv

[3] Source: Dealogic

[4] Completed in Q3 2020

2.2 *Wealth & Asset Management*

Wealth & Asset Management is made up of our Wealth Management businesses in France, Switzerland, UK, Belgium, Germany, Monaco and Italy and our Asset Management activity in Europe. In addition, we operate an Asset Management business in North America.

Net New Assets (NNA) were €0.3 billion. These are the result of a combination of an excellent performance in Wealth Management (€1.8 billion net inflows in all our main geographies) partially offset by net outflows of €1.5 billion in our asset management business. Despite the impact of COVID-19, levels of activity have been very high as we remain in constant dialogue with clients in these difficult conditions.
Asset Management recorded a net outflow largely due to North America (€1.4 billion), where our value-oriented investment philosophy has proved difficult in the current environment. However, recently, our North American business has won an important mandate of sub-advisor, with Transamerica AM, a new distribution partner, for approximately $2.1 billion, effective in December 2020.

Assets under Management (AUM) fell by 6% (€4.7 billion) to €71.3 billion as at 30 June 2020 (31 December 2019: €76.0 billion) as a result of weak market conditions, the sharp fall in the first quarter at the start of the COVID-19 crisis has been partially offset by the rally in the second quarter.

The table below presents the progress in Assets under Management.

	Quarter ended			6 months to June	
In € billion	**30/06/2020**	**31/03/2020**	**30/06/2019**	**2020**	**2019**
AuM opening	**66.7**	**76.0**	**69.6**	**76.0**	**64.8**
of which Wealth Management	***46.6***	***50.5***	***45.8***	***50.5***	***42.5***
of which Asset Management	***20.1***	***25.5***	***23.8***	***25.5***	***22.3***
Net new assets	(0.3)	0.6	1.1	0.3	2.0
of which Wealth Management	*0.5*	*1.3*	*1.0*	*1.8*	*1.9*
of which Asset Management	*(0.8)*	*(0.7)*	*0.1*	*(1.5)*	*0.1*
Market and exchange rate	4.9	(9.9)	0.8	(5.0)	4.7
AuM closing	**71.3**	**66.7**	**71.5**	**71.3**	**71.5**
of which Wealth Management	***49.9***	***46.6***	***47.1***	***49.9***	***47.1***
of which Asset Management	***21.4***	***20.1***	***24.4***	***21.4***	***24.4***
% var / AuM opening	*7%*			*-6%*	

Overall, despite the impact of COVID-19, the business has performed well, with high levels of activity and a continued ability to attract new clients.

Revenues for H1 2020 were a record €252.3 million, up 5% (H1 2019: €239.2 million). This reflects two opposite effects (i) an increase of 8% in fees and commissions due to the strong growth in AUM enjoyed in 2019 and high transaction fees; and (ii) a decline of 12% in Net interest income driven by the negative impact of the interest environment on our treasury revenue.

Operating income was also strong at €43.9 million, up 14% (H1 2019: €38.4 million). This represents a margin of 17.4% (H1 2019: 16.1%). Cost increases in 2020 over 2019 primarily reflect the impact of growth-oriented recruitment made in 2019 partially offset by reduced marketing, travel and recruitment activity in 2020 due to COVID-19.

As a result of our conservative lending strategy, the private client loan book has proved resilient in the recent challenging market conditions. The relatively few margin calls have been rectified in accordance with normal procedures.

2.3 Merchant Banking

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

Recurring revenue (management fees) of €53 million was up 29% in H1 2020 (H1 2019: €41 million), as a result of strong AUM growth driven by recent successful fundraisings. Total **revenue** for H1 2020, however, was €52.8 million, down 52% (H1 2019: €110.4 million), reflecting a close-to-zero contribution from investment performance-related revenue in the period. When compared to the average first half year revenue of the last three years, revenue is down 44%. The table below illustrates the progress in revenue.

In € million	H1 2020	H1 2019	% Var
Recurring revenue	53.1	41.3	*29%*
Investment performance revenue	(0.3)	69.1	*(100)%*
of which carried interest	*(0.8)*	*33.5*	*(102)%*
of which realised and unrealised investments gains and dividends	*0.5*	*35.6*	*(99)%*
Total revenue	**52.8**	**110.4**	***(52)%***
% recurring / total revenue	*101%*	*37%*	

These figures confirm the pattern seen in the first quarter, with revenue contraction reflecting two opposing effects:

- a strong increase of 29% in recurring revenue of €11.8 million as a result of AUM growth driven by recent fund closings; and
- a sharp decrease in investment performance-related revenue of €69.4 million, due to:
  - the performance of the public credit markets which, despite a significant recovery in Q2 2020, are still priced below December 2019. This has negatively impacted the mark-to-market valuation of the Group's investments in certain Credit Management products; and
  - a lack of material unrealised valuation uplifts or realised gains from exits in our private equity funds. Our investments have, however, proven extremely resilient, enabling us to keep their overall valuation in line with December 2019.

The decline in investment performance-related revenue is anticipated to be largely transient, with no or limited impact to our long-term value prospects. Given our sector focus (Healthcare, Data & Software and Technology Enabled Business Services) and the quality of our assets, we remain confident that our equity and debt portfolios' value accretion will resume as market conditions stabilise. Crucially, all the portfolio companies in our equity funds are well capitalised with no liquidity issues.

The significant contribution from recurring revenue, combined with tight cost controls, has allowed Merchant Banking to close H1 2020 with positive **Operating income** of €10 million, albeit below the same period of last year (€68 million) due to the above-mentioned contraction in investment performance-related revenue. This illustrates the benefits of a balanced business model combining recurring fee-based revenue and investment performance revenue, especially during times when cyclical conditions delay value accretion.

A critical indicator to measure the performance of Merchant Banking over the investment cycle is **Return On Risk Adjusted Capital** ("RORAC"), a ratio comparing the adjusted profit before tax and an internal measure of risk capital invested in the business, on a rolling three year basis. As at 30 June 2020, RORAC was 25%, lower than last year (28% as at 30 June 2019), but still well above the division's stated target ("above 15% over the cycle"). The use of a three-year rolling average to calculate this metric has reduced the impact of the profit contraction in 2020 – we believe that this calculation method provides a fairer representation of the underlying performance of the business.

The alignment of interests between the Group and our third-party investors remains a key differentiator for Merchant Banking, especially in the midst of these challenging market conditions. During H1 2020:

- Rothschild & Co's investments in the division's products totalled €25 million, of which €22 million was in private equity and €3 million in private debt;
- Disposals and distributions generated proceeds of €54 million, of which €44 million was from private equity (mainly due to exits completed by Five Arrows Minority Investments and Five Arrows Secondary Opportunities – more details below) and €10 million from private debt (mainly due to exits completed by Five Arrows Direct Lending – more details below).

New funds and business development

In H1 2020 Merchant Banking has continued to develop its business activities, launching new fundraising initiatives to increase its AUM further and completing new transactions both in our private equity and private debt portfolios.

We are well advanced in raising our third direct lending and our first growth capital funds, both of which have completed successful first closings in H1 2020:

- In March, Five Arrows Debt Partners III (our third-generation direct lending fund investing in the senior-secured and junior debt of mid-market European corporates) held its first closing of €450 million;
- In May, Five Arrows Growth Capital I, (Merchant Banking's new private equity fund investing in European small caps) held its first closing at €120 million; and
- Five Arrows Private Equity Programme II (second-generation multi-strategy fund) held its third and fourth closings, securing total commitments of more than €400 million to date.

Similarly, our Credit Management business has continued to increase its AUM base:

- In January, Five Arrows Global Loan Investments (the new investment company investing in the subordinated tranches of CLOs) held its second closing, securing commitments of €230 million to date;
- In June, Ocean Trails 8 (new US CLO) was priced with assets of c.US$300 million; and
- Most recently, Credit Management priced two additional CLOs in July: Ocean Trails IX in the US (c.US$ 300 million) and Contego VIII in Europe (c.€300 million). Final closings occurred in late August / early September.

Merchant Banking's AUM as at 30 June 2020 was €14.5 billion, up 4% so far in 2020 (31 December 2019: €14.0 billion), of which Rothschild & Co's share is €1.2 billion (8% of total).

Investment and divestment activity

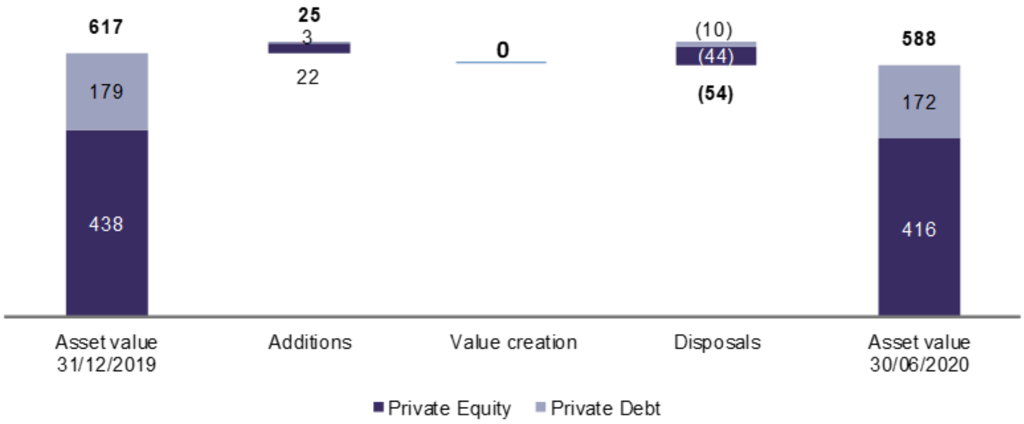
Private Equity

- Five Arrows Principal Investments III completed its third investment, acquiring Softway Medical (cloud-based software provider for health institutions in France);
- Five Arrows Minority Investments, the division's co-investment business, completed the disposal of Reponse Invest (provider of interior design solutions to retail outlets);
- Five Arrows Secondary Opportunities V, completed the acquisition of a portfolio of attractive small cap companies in the Nordic region, mainly active in the Business Services sector; and
- Most recently, in July, Five Arrows Principal Investments III and Five Arrows Capital Partners acquired Juvare (US-based crisis management technology platform) with significant growth opportunities in North America and Europe.

Private Debt

- Five Arrows Direct Lending completed two exits, BFCC (a French distributor of dental prostheses) and Arachas (an Irish commercial insurance broker), achieving gross IRRs of 9.8% and 10.0% respectively; and
- Five Arrows Debt Partners III completed its first investment, providing financing to Aquam Water Services (leading technology and service provider to UK water utilities). Two further investments for the fund have been closed in July.

Evolution in Net Asset Value of the Group's investments in Merchant Banking products (in millions of euros)



3. Consolidated financial results

3.1 Revenue

For H1 2020, revenue was €838 million (H1 2019: €898 million), representing a decrease of €60 million or 7%. This was largely due to Merchant Banking where revenue decreased by €58 million. The translation effect of exchange rate fluctuations increased revenue by €4 million.

3.2 Operating expenses

3.2.1 Staff costs

For H1 2020, staff costs were €523 million, almost at the same level as in H1 2019 (€520 million), in line with the robust level of revenue delivered by our Global Advisory and Wealth and Asset Management divisions. The translation impact of exchange rate fluctuations resulted in an increase in staff costs of €2 million.

The adjusted compensation ratio, as defined in Appendix G on Alternative Performance Measures, was 68.0% as at 30 June 2020 (30 June 2019: 62.8%). When adjusting for the effects of senior hiring in the US for the advisory business and exchange rates; the ratio is 67.3% (30 June 2019: 61.4%). Further, if adjusted for the deferred bonus effect, the ratio is 66.3% (30 June 2019: 59.9%).

The H1 2020 compensation ratio has been negatively impacted by lower investment performance-related revenue from Merchant Banking (average of €60 million for the last three first half years) on which bonuses are not payable. If we calculate a pro forma ratio including an equivalent amount of investment revenue as in H1 2019 (€69.1 million), the compensation ratio would be 62.1%, being a similar level to H1 2019 ratio of 61.4%.

Overall Group headcount was similar to December 2019 at 3,557 as at 30 June 2020 (31 December 2019: 3,559).

3.2.2 Administrative expenses

For H1 2020, administrative expenses were €122 million (H1 2019: €134 million) representing a decrease of €12 million. The translation impact of exchange rate fluctuations had no net impact on administrative expenses.

As announced in our full year results press release, the Group decided to move to a new IT infrastructure supplier to enable it to accelerate the implementation of its operational programmes. This will result in a one-off transition and transformation charge of around €15 million in 2020. For H1 2020, that charge represented €5.5 million.

The administrative expenses reduction is mainly related to the impact of COVID-19, which resulted in savings in travel, marketing and other costs of €14 million.

3.2.3 Depreciation and amortisation

For H1 2020, depreciation and amortisation were €34 million (H1 2019: €31 million), representing an increase of €3 million. The translation impact of exchange rate fluctuations had no net impact on depreciation and amortisation.

3.2.4 Impairment charges and loan provisions

For H1 2020, impairment charges and loan provisions were €8 million (H1 2019: credit of €2 million). In H1 2019, we had a reduction in provisions which resulted in a credit of €2 million. However, given the current uncertain environment, we have conservatively recognised in H1 2020 an increase in provisions in respect of our corporate loan book (€2.2 million) as well as certain GA receivables.

3.3 Other income / (expenses)

For H1 2020, other income and expenses, which include results from equity-accounted companies and gains / losses on disposal of subsidiaries and associates, resulted in a net cost of €1 million (H1 2019: net income of €18 million). In H1 2019, it comprised net capital gains on property transactions and on legacy assets including the sale of Trust.

3.4 Income tax

For H1 2020, the income tax charge was €28 million (H1 2019: €36 million) comprising a current tax charge of €27 million and a deferred tax charge of €1 million, giving an effective tax rate of 18.8% (H1 2019: 15.6%).

3.5 Non-controlling interests

For H1 2020, the charge for Non-controlling interests was €62 million (H1 2019: €63 million). This mainly comprises interest on perpetual subordinated debt and preferred dividends payable to French partners in line with the performance of the French Global Advisory and Wealth & Asset Management businesses.

4. Financial structure

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 Group continues to maintain a high level of liquidity. As at 30 June 2020, total liquid assets as a percentage of total assets was 58% (57% as at 31 December 2019).

	30/06/2020	31/12/2019	Full Basel 3 minimum with the CCB (Capital Conservation Buffer)
Common Equity Tier 1 ratio	19.6%	20.2%[5]	7.0%
Global solvency ratio	19.6%	20.2%[6]	10.5%

The CET 1 ratio was 19.6%[6] as at 30 June 2020 (20.2% as at 31 December 2019). The fully loaded Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully loaded solvency ratios are presented pro forma for current earnings[7], net of dividends, for the current financial year, unless specified otherwise.

5. COVID-19

Our focus throughout the COVID-19 crisis remains the safety and welfare of our colleagues and the needs of our clients. We were able to move swiftly into a home-working set-up for all of our employees without major impact on productivity. This accelerated adoption of digital remote working practices is a testament to the hard work and resilience of our teams around the globe.

[5] The ratios as at 31 December 2019 have been recalculated to reflect the cancellation of the 2019 dividend, in accordance with the ACPR's recommendation

[6] The ratio submitted to ACPR as at 30 June 2020 was 19.0%, which excludes the profit of the first half of the year as non-audited at the time of the submission

[7] Subject to the provisions of article 26.2 of Regulation (EU) No 575/2013

Our return to the office is now taking place in a measured and prudent manner, respecting local government requirements.

The Group is financially resilient; we have a strong balance sheet with a capital ratio of 19.6% and high levels of liquidity. Our prudent approach to the business is also reflected in our conservative loan book.

Thanks to our staff, clients and operating synergies from our three-business model, the Group is confident it will emerge from this crisis stronger and fully able to continue to support our clients and to take advantage of future business opportunities.

6. Dividend

Following the announcements by the *Autorité de contrôle prudentiel et de résolution* (ACPR) in March and July recommending that dividend payments by financial institutions should not be paid, the Managing Partner has decided that no dividend will be distributed to shareholders during the 2020 financial year.

However, it is the intention of the Managing Partner to pay the dividend of €0.85 per share, previously announced in respect of 2019, when appropriate.

7. Outlook

In **Global Advisory**, whilst it is still too difficult to predict the outcome for the year with any confidence, we expect our M&A revenue for the full year to be below 2019 levels, with this decline partially mitigated by Financing Advisory activity. Several M&A situations were put on hold as a consequence of COVID-19, but we have seen a meaningful proportion of our clients' ingoing well-advanced or announced transactions through to completion. We are currently experiencing new M&A activity beginning to return, albeit we remain cautious with regards to predicting M&A activity levels going forward. We also continue to see strong demand to advise existing and new clients with regards to liquidity, financing and balance sheet repair matters, often across multi-disciplinary teams.

In **Wealth & Asset Management**, although our first half 2020 was exceptionally strong, we anticipate revenues to be lower in the second half of 2020 predominantly due to expected lower transaction volumes and to the effects of the interest rate environment, especially in US Dollar and Sterling. NNA is expected to improve in Asset Management but it may prove difficult to sustain the current levels of NNA in Wealth Management given the restrictions imposed by COVID-19 and the decline in M&A activity which has been an important source of new business in recent years. The crisis has, however, underlined how our excellent client service and positive investment performance remain key differentiators in a competitive market and we believe that we are well placed to benefit from future opportunities.

In **Merchant Banking**, we expect to continue to grow our recurring revenue base, which will represent our main profitability driver in 2020. The adverse effects of the COVID-19 outbreak will be confined to our investment performance-related revenue and are expected to be transient with no long-term impact on our value creation prospects. We believe our portfolios are well-equipped to weather this downturn and attribute this resilience to our fundamental investing principles centred around capital preservation.

Although the underlying performance of our businesses is proving robust, there is still considerable uncertainty around how the current situation will develop and it is clear that the effect for the Group will be materially detrimental compared to 2019, largely due to the limited investment revenue we expect to earn in Merchant Banking which has a direct impact on the Group's net income. However, we remain focused on our strategy to increase revenue while maintaining a close control over costs, and we have the advantage of being able to manage the significant element of our cost base which is variable compensation. Experience has shown that our business model is resilient, highly adaptable and well suited to clients' needs at times like these. Therefore, the Group is confident it will emerge from this crisis stronger and fully able to continue to support our clients and to take advantage of future business opportunities.

A. Summary Consolidated Balance sheet

(in €bn)	30/06/2020	31/12/2019	*Var*
Cash and amounts due from central banks	3.9	4.4	*(0.5)*
Loans and advances to banks	2.4	2.0	*0.4*
Loans and advances to customers	3.3	3.3	-
of which Private client lending	*2.9*	*2.8*	*0.1*
Debt and equity securities	2.8	2.8	-
Other assets	1.6	1.7	*(0.1)*
Total assets	**14.0**	**14.2**	***(0.2)***
Due to customers	9.7	9.5	*0.2*
Other liabilities	1.8	2.1	*(0.3)*
Shareholders' equity - Group share	2.2	2.2	-
Non-controlling interests	0.3	0.4	*(0.1)*
Total capital and liabilities	**14.0**	**14.2**	***(0.2)***

The foreign exchange translation effect between 30 June 2020 and 31 December 2019 has no material effect on the balance sheet.

B. Exceptional items

(in €m)	H1 2020			H1 2019		
	PBT	PATMI	*EPS*	PBT	PATMI	*EPS*
As reported	**150**	**60**	***0.82 €***	**233**	**134**	***1.88 €***
- Net profit on legacy assets	-	-	-	18	10	*0.15 €*
- IT transition costs	(6)	(5)	*(0.06) €*	-	-	-
Total exceptional (charges) / profits	**(6)**	**(5)**	***(0.06) €***	**18**	**10**	***0.15 €***
Excluding exceptional	**156**	**65**	***0.88 €***	**215**	**124**	***1.73 €***

C. Performance by business

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation [1]	H1 2020
Revenue	**529**	**252**	**53**	**7**	**(3)**	**838**
Operating expenses	(454)	(206)	(43)	(28)	52	(679)
Impairments	-	(2)	-	-	(6)	(8)
Operating income	**75**	**44**	**10**	**(21)**	**43**	**151**
Other income / (expense)	-	-	-	-	(1)	(1)
Profit before tax	**75**	**44**	**10**	**(21)**	**42**	**150**
Exceptional (profits) / charges	-	-	-	-	6	6
PBT excluding exceptional charges / profits	**75**	**44**	**10**	**(21)**	**48**	**156**
Operating margin %	*14%*	*17%*	*19%*	-	-	*19%*

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation [1]	H1 2019
Revenue	**545**	**239**	**110**	**14**	**(10)**	**898**
Operating expenses	(462)	(202)	(42)	(28)	49	(685)
Impairments	-	1	-	-	1	2
Operating income	**83**	**38**	**68**	**(14)**	**40**	**215**
Other income / (expense)	-	-	-	-	18	18
Profit before tax	**83**	**38**	**68**	**(14)**	**58**	**233**
Exceptional (profits) / charges	-	-	-	-	(18)	(18)
PBT excluding exceptional charges / profits	**83**	**38**	**68**	**(14)**	**40**	**215**
Operating margin %	*15%*	*16%*	*62%*	-	-	*24%*

The sale of our worldwide wealth planning and trust services business was completed in February 2019. The result for this business in 2019 has been classified in "Other businesses" at Group level.

[1] IFRS reconciliation mainly reflects: the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in "net income/(expense) from other assets" or administrative expenses; and reallocating impairments and certain operating income and expenses for presentational purposes.

D. FX rates

P&L

Rates	H1 2020	H1 2019	*Var*
€ / GBP	0.8773	0.8715	*1%*
€ / CHF	1.0642	1.1274	*(6)%*
€ / USD	1.1065	1.1300	*(2)%*

Balance sheet

Rates	30/06/2020	31/12/2019	*Var*
€ / GBP	0.9088	0.8522	*7%*
€ / CHF	1.0654	1.0860	*(2)%*
€ / USD	1.1251	1.1214	*0%*

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

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E. Quarterly progression of revenue

In € million		2020	2019	Var
Global Advisory	1st quarter	269.1	292.5	*(8)%*
	2nd quarter	260.3	252.3	*3%*
	Total	**529.4**	**544.8**	***(3)%***
Wealth & Asset Management	1st quarter	130.8	118.5	*10%*
	2nd quarter	121.4	120.7	*1%*
	Total	**252.2**	**239.2**	***5%***
Merchant Banking	1st quarter	20.7	24.1	*(14)%*
	2nd quarter	32.1	86.3	*(63)%*
	Total	**52.8**	**110.4**	***(52)%***
Other business and corporate centre	1st quarter	3.1	9.8	*(68)%*
	2nd quarter	4.0	3.5	*14%*
	Total	**7.1**	**13.3**	***(47)%***
IFRS reconciliation	1st quarter	(7.3)	(1.0)	*630%*
	2nd quarter	3.6	(9.2)	*(139)%*
	Total	**(3.7)**	**(10.2)**	***(64)%***
Total Group Revenue	**1st quarter**	**416.4**	**443.9**	***(6)%***
	2nd quarter	**421.4**	**453.6**	***(7)%***
	Total	**837.8**	**897.5**	***(7)%***

F. Global Advisory track record

Global Advisory advised the following clients on notable transactions completed in the first 6 months of 2020.

M&A and strategic advisory

- Asahi Group, the global beer, spirits and soft drinks business, on its acquisition of Carlton & United Breweries from AB InBev (US$11.3 billion, Japan, Australia and Belgium)
- Cobham, a global aerospace and defence company, on its recommended cash offer from Advent (£4.2 billion, United Kingdom)
- Froneri, a global ice cream company, on its acquisition of Nestle's U.S. ice cream business (US$4 billion, United Kingdom, United States)
- Ei Group, the largest pub company in the UK, on its recommended cash offer by Stonegate (£3 billion, United Kingdom)
- Vivendi, an integrated media and content group, on its sale of a 10% stake in Universal Music Group to a Tencent-led consortium at an EV of €30 billion (€3 billion, France, United States, China)
- Cision, the media software and services provider, on its sale to Platinum Equity (US$2.74 billion, United States)
- DP World, a leading international marine terminal operator, on its recommended cash offer for a 19.5% stake from Port & Free Zone World at an EV of US$13.9 billion (US$2.7 billion, United Arab Emirates)
- Lytx, the leading provider of driver video technology, on its sale to a consortium led by Permira (US$2.55 billion, United States)
- Wumei Technology, one of the largest Chinese retailers, on its acquisition of an 80% stake in METRO China (€1.52 billion, China)
- Accor, a world leading hotel group, on its disposal of a 85.8% stake in Orbis to AccorInvest (€1.1 billion, France, Poland)
- TELUS International, a leading communications and information technology company, on its acquisition of Competence Call Center (US$1 billion, United States, Germany)
- Clarins, a major international player in the beauty, fragrance and fashion markets, on its disposal of Mugler and Azzaro fragrance brands to L'Oréal (France)

Financing Advisory

- Finance Agency of the Federal Republic of Germany on its stabilisation package for Deutsche Lufthansa, the country's largest airline (€9 billion, Germany)
- Rallye, a retail group with interests in Casino Guichard-Perrachon and Groupe GO SPORT, on its restructuring and signing of a back-up facility (€3.6 billion and €233 million, respectively, France)
- Mitchells & Butlers, a leading operator of managed restaurants and pubs in the UK, on its securitisation amendments and new UK Coronavirus Large Business Interruption Loan Scheme facilities (£3.4 billion, £100 million, United Kingdom)
- Hamburg Commercial Bank on its Liability Management Exercise (€2.3 billion, Germany)
- Manchester Airport Group on its equity injection from existing shareholders and creditor consent solicitation process (£300 million and £1.96 billion, respectively, United Kingdom)
- Lenders of Royal IHC, a builder of vessels and equipment for the dredging, offshore and mining industries, on the sale and restructuring of Royal IHC, and arrangement of a tailored government support package (€1.2 billion and €400 million respectively, Netherlands)
- Boehringer Ingelheim, one of the world's largest pharmaceutical companies, on its sell-down in Hikma Pharmaceuticals (£920 million, Germany)
- Artémis, a holding company managing a range of brands, on its offering of bonds exchangeable for PUMA shares (€500 million, France and Germany)

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

Alternative Performance Measures	Definition	Reason for use	Reference to the data in the Press release / Investor presentation
Net income – Group share excluding exceptionals	Net income attributable to equity holders excluding exceptional items	To measure Net result Group share of Rothschild & Co excluding exceptional items of a significant amount	Please refer to Appendix B.
EPS excluding exceptionals	EPS excluding exceptional items	To measure Earnings per share excluding exceptional items of a significant amount	Please refer to Appendix B.
Adjusted compensation ratio	Ratio between adjusted staff costs divided by consolidated Revenue of Rothschild & Co. Adjusted staff costs represent: 1. staff costs accounted in the income statement (which include the effects of accounting for deferred bonuses over the period in which they are earned as opposed to the "awarded" basis), 2. to which must be added the amount of profit share paid to the French partners, 3. from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS, - **which gives Total staff costs in calculating the basic compensation ratio** 4. from which the investment costs related to the recruitment of senior bankers in the United States must be deducted, 5. the amount of adjusted staff costs is restated by the exchange rate effect to offset the exchange rate fluctuations from one year to the next one, - **which gives the adjusted staff costs for compensation ratio**.	To measure the proportion of Net Banking Income granted to all employees. Key indicator for competitor listed investment banks. Rothschild & Co calculates this ratio with adjustments to give the fairest and closest calculation to the one used by other comparable listed companies.	Please refer: to § 3.2 Operating expenses / Staff costs and in the Investor presentation to slide 30
Return on Tangible Equity (ROTE) excluding exceptional items	Ratio between Net income - Group share excluding exceptional items and average tangible equity Group share over the period. Tangible equity corresponds to total equity Group share less intangible assets (net of tax) and goodwill. Average tangible equity over the period equal to the average between tangible equity as at 31 December 2019 and 30 June 2020.	To measure the overall profitability of Rothschild & Co excluding exceptional items on the equity capital in the business	In the Investor presentation release, please refer to slide 39
Business Operating margin	Each Business Operating margin is calculated by dividing Profit before tax relative to revenue, business by business. It excludes exceptional items.	To measure business' profitability	Please refer to § 2
Return on Risk Adjusted Capital (RORAC)	Ratio of an adjusted profit before tax divided by an internal measure of risk adjusted capital deployed in the business on a rolling 3-year basis. The estimated amount of capital and debt which management believes would be reasonable to fund the Group's investments in Merchant Banking products is consistent with its cautious approach to risk management. Based on the mix of its investment portfolio as of the reporting dates, management believes that this "risk-adjusted capital" (RAC) amounts to c. 70% of the Group's investments net asset value and that the remainder could be funded by debt. This percentage broadly represents the weighted average of 80% for equity exposures, 50% for junior credit exposures, 40% for CLO exposures in vertical strips and 33% for senior credit exposures. To calculate the RORAC, Merchant Banking profit before tax is adjusted by a notional 2.5% cost of debt, computed as per the above (i.e. 30% of the Group's investments NAV), divided by the RAC. Disclosed RORAC is calculated on a 3-year rolling period average to account for the inevitable volatility in the financial results of the business, primarily relating to investment income and carried interest recognition.	To measure the performance of the Merchant Banking business	In the Investor presentation release, please refer to slide 39

Condensed half-year consolidated financial statement

Abbreviations and glossary

Term	Definition
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French Prudential and Resolution Authority)
bp	Basis point
Category 1/2/3/4/5	Classification of credit risk rating by the Group, explained in section 4.2.1
CGU	Cash-generating unit
Company	Rothschild & Co SCA
CRD4	Capital Requirements Directive 4
DCF	Discounted cash flow
ECL	Expected credit loss (IFRS 9), which can be measured on either a 12-month basis (12m ECL) or a lifetime basis (lifetime ECL)
Equity Scheme	Rothschild & Co operates a scheme for certain senior staff where participants are required to invest in Rothschild & Co shares and for each share owned they are granted four share options
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GA	Global Advisory (business segment)
Group	Rothschild & Co SCA consolidated group
IBOR	Interbank Offered Rate
IFRS	International Financial Reporting Standards
LCR	Liquidity Coverage Ratio
Level 1/2/3	IFRS 13 fair value hierarchy, explained in section 4.5.1
LGD	Loss given default (IFRS 9)
LIBOR	London Interbank Offered Rate
Lombard lending	Lending secured against portfolios of securities
LTV	Loan to value
Managing Partner	Rothschild & Co Gestion SAS (the *gérant*)
MB/Merchant Banking	Merchant Banking (business segment)
NCI	Non-controlling interest
OCI	Other comprehensive income
PCL	Private Client Lending in the WAM business segment
PD	Probability of default (IFRS 9)
POCI	Purchased or originated credit-impaired financial asset (IFRS 9)
R&Co	Rothschild & Co SCA
R&Co Gestion	Rothschild & Co Gestion SAS (the *gérant*/Managing Partner)
R&CoBI	Rothschild & Co Bank International Limited
R&CoBZ	Rothschild & Co Bank AG Zurich
R&CoCL	Rothschild & Co Continuation Limited
ROU asset	Right of use asset (IFRS 16)
SICR	Significant increase in credit risk (IFRS 9)
Stage 1/2/3	IFRS 9 credit quality assessments
Supervisory Board	Rothschild & Co Supervisory Board
WAM	Wealth & Asset Management (business segment)

Consolidated balance sheet

as at 30 June 2020

Assets

In thousands of euro	Notes	30/06/2020	31/12/2019
Cash and amounts due from central banks		3,899,226	4,382,129
Financial assets at fair value through profit or loss	1	1,262,424	1,347,101
Hedging derivatives	2	369	1,029
Securities at amortised cost	3	1,590,654	1,520,879
Loans and advances to banks	4	2,410,807	2,001,714
Loans and advances to customers	5	3,329,362	3,264,001
Current tax assets		26,579	20,690
Deferred tax assets	15	77,500	59,469
Other assets	6	564,389	693,838
Investments accounted for by the equity method		24,958	25,562
Tangible fixed assets		282,635	306,904
Right of use assets	7	214,218	221,763
Intangible fixed assets	8	181,928	171,203
Goodwill	9	138,974	140,253
TOTAL ASSETS		**14,004,023**	**14,156,535**

Liabilities and shareholders' equity

In thousands of euro	Notes	30/06/2020	31/12/2019
Financial liabilities at fair value through profit or loss	1	68,612	70,735
Hedging derivatives	2	6,438	6,434
Due to banks and other financial institutions	10	402,628	448,594
Customer deposits	11	9,717,499	9,486,569
Debt securities in issue		14,250	3,207
Current tax liabilities		29,340	33,024
Deferred tax liabilities	15	39,776	41,473
Lease liabilities	7	248,756	255,708
Other liabilities, accruals and deferred income	12	800,269	1,061,375
Provisions	13	141,182	64,944
TOTAL LIABILITIES		**11,468,750**	**11,472,063**
Shareholders' equity		**2,535,273**	**2,684,472**
Shareholders' equity - Group share		**2,197,019**	**2,238,888**
Share capital		155,235	155,235
Share premium		1,143,961	1,143,961
Consolidated reserves		918,070	740,346
Unrealised or deferred capital gains and losses		(80,304)	(43,338)
Net income - Group share		60,057	242,684
Non-controlling interests	**17**	**338,254**	**445,584**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,004,023**	**14,156,535**

Consolidated income statement

for the six months ending 30 June 2020

In thousands of euro	Notes	30/06/2020	30/06/2019
+ Interest income	20	56,675	72,472
- Interest expense	20	(25,860)	(38,464)
+ Fee income	21	832,190	823,760
- Fee expense	21	(39,484)	(43,194)
+/- Net gains/(losses) on financial instruments at fair value through profit or loss	22	15,541	81,163
+/- Net gains/(losses) on derecognition of assets held at amortised cost		(828)	426
+ Other operating income		468	2,045
- Other operating expenses		(871)	(686)
Net banking income		**837,831**	**897,522**
- Staff costs	23	(522,558)	(519,439)
- Administrative expenses	23	(122,194)	(133,999)
- Depreciation, amortisation and impairment of tangible and intangible fixed assets		(33,977)	(30,871)
Gross operating income		**159,102**	**213,213**
+/- Cost of risk	24	(7,739)	1,959
Operating income		**151,363**	**215,172**
+/- Net income from companies accounted for by the equity method		1,009	149
+/- Net income/(expense) from other assets	25	(1,951)	18,202
Profit before tax		**150,421**	**233,523**
- Income tax expense	26	(28,228)	(36,462)
CONSOLIDATED NET INCOME		**122,193**	**197,061**
Non-controlling interests	**17**	**62,136**	**62,748**
NET INCOME - GROUP SHARE		**60,057**	**134,313**
Earnings per share in euro - Group share (basic)	29	0.82	1.88
Earnings per share in euro - continuing operations (basic)	29	0.82	1.88
Earnings per share in euro - Group share (diluted)	29	0.82	1.85
Earnings per share in euro - continuing operations (diluted)	29	0.82	1.85

Statement of comprehensive income

for the six months ending 30 June 2020

In thousands of euro	30/06/2020	30/06/2019
Consolidated net income	**122,193**	**197,061**
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries	(49,328)	6,981
Translation gain transferred to income on sale of a subsidiary	-	(8,209)
Recyclable gains/(losses) relating to financial assets at fair value through comprehensive income	-	270
Gains and losses relating to net investment hedge	368	(7,655)
Net gains/(losses) from changes in fair value of cash flow hedges	(1,146)	(1,227)
(Gains) and losses relating to cash flow hedge transferred to P&L	41	217
Gains and losses recognised directly in equity for companies accounted for by the equity method	(1,613)	(16)
Other adjustments	(17)	272
Taxes	110	2,678
Total gains and losses recyclable in profit or loss	**(51,585)**	**(6,689)**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	(92,983)	(24,078)
Taxes	22,504	5,318
Total gains and losses not recyclable in profit or loss	**(70,479)**	**(18,760)**
Gains and losses recognised directly in equity	**(122,064)**	**(25,449)**
TOTAL COMPREHENSIVE INCOME	**129**	**171,612**
attributable to equity shareholders	*(46,966)*	*109,658*
attributable to non-controlling interests	*47,095*	*61,954*

Consolidated statement of changes in equity

for the six months ending 30 June 2020

In thousands of euro			Unrealised or deferred capital gains and losses (net of tax)					
	Capital and associated reserves (1)	**Consol-idated reserves (3)**	**Related to translation differences**	**Cash flow hedge reserve**	**Fair value through OCI reserves**	**Share-holders' equity, Group share**	**Share-holders' equity, NCI**	**Total shareholders' equity**
SHAREHOLDERS' EQUITY AT 1 JANUARY 2019	**1,297,364**	**802,790**	**(61,474)**	**-**	**68**	**2,038,748**	**456,236**	**2,494,984**
Impact of elimination of treasury shares	-	17,951	-	-	-	17,951	-	17,951
Dividends	-	(57,662)	-	-	-	(57,662)	(144,990)	(202,652)
Issue of shares	1,832	-	-	-	-	1,832	-	1,832
Capital increase related to share-based payments	-	243	-	-	-	243	-	243
Interest on perpetual subordinated debt	-	-	-	-	-	-	(17,619)	(17,619)
Effect of a change in shareholding without a change of control		4,461	(4,258)	-	(173)	30	(634)	(604)
Revaluation of R&CoCL preferred shares to the fair value before repayment (note 17)	-	(12,743)	-	-		(12,743)	12,743	-
Repayment of R&CoCL preferred shares (note 17)	-	-	-	-	-	-	(27,129)	(27,129)
Other movements		316		-		316	-	316
Sub-total of changes linked to transactions with shareholders	**1,832**	**(47,434)**	**(4,258)**	**-**	**(173)**	**(50,033)**	**(177,629)**	**(227,662)**
2019 net income for the year	-	242,684	-	-	-	242,684	153,779	396,463
Net gains/(losses) from changes in fair value	-	-	-	279	41	320	-	320
Net (gains)/losses transferred to income	-	-	-	262	-	262	-	262
Remeasurement gains/(losses) on defined benefit funds	-	(14,987)	-	-	-	(14,987)	-	(14,987)
Translation gain transferred to income on sale of subsidiary	-	-	(8,209)	-	-	(8,209)	-	(8,209)
Net gains/(losses) on hedge of net investment in foreign operations	-	-	(5,663)	-	-	(5,663)	-	(5,663)
Translation differences and other movements	-	(23)	35,725	-	64	35,766	13,198	48,964
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2019	**1,299,196**	**983,030**	**(43,879)**	**541**	**-**	**2,238,888**	**445,584**	**2,684,472**
Impact of elimination of treasury shares	-	7,401	-	-	-	7,401	-	7,401
Dividends(2)	-	(2,596)	-	-	-	(2,596)	(146,530)	(149,126)
Capital increase related to share-based payments	-	406	-	-	-	406	-	406
Interest on perpetual subordinated debt	-	-	-	-	-	-	(7,295)	(7,295)
Effect of a change in shareholding without a change of control	-	643	(441)	-	-	202	(600)	(398)
Other movements	-	(316)	-	-	-	(316)	-	(316)
Sub-total of changes linked to transactions with shareholders	**-**	**5,538**	**(441)**	**-**	**-**	**5,097**	**(154,425)**	**(149,328)**
2020 net income for the six months	-	60,057	-	-	-	60,057	62,136	122,193
Net gains/(losses) from changes in fair value	-	-	-	(929)	-	(929)	-	(929)
Net (gains)/losses transferred to income	-	-	-	41	-	41	-	41
Remeasurement gains/(losses) on defined benefit funds	-	(70,479)	-	-	-	(70,479)	-	(70,479)
Net gains/(losses) on hedge of net investment in foreign operations	-	-	261	-	-	261	-	261
Translation differences and other movements	-	(19)	(35,898)	-	-	(35,917)	(15,041)	(50,958)
SHAREHOLDERS' EQUITY AT 30 JUNE 2020	**1,299,196**	**978,127**	**(79,957)**	**(347)**	**-**	**2,197,019**	**338,254**	**2,535,273**

(1) Capital and associated reserves at the period end consist of share capital of €155.2 million and share premium of €1,144.0 million. Share premium, under IFRS measurement, includes costs incurred in the issuance of share capital.

(2) Dividends comprise €2.6 million of dividends to R&Co Gestion and Rothschild & Co Commandité SAS. Distributions to non-controlling interests are analysed in note 17. The R&Co 2019 ordinary dividend was not paid in the period, following the ECB recommendation on 27 March 2020 that dividend payments by financial institutions should not be made until 1 October 2020. A further announcement was made by the ACPR on 28 July recommending that dividend payments by financial institutions should not be made until 1 January 2021. R&Co has, accordingly, decided that no dividend will be distributed to shareholders during the 2020 financial year. It remains its intention to pay the previously announced 2019 dividend of €0.85 per share when appropriate.

(3) Consolidated reserves consist of retained earnings of €1,036.0 million less treasury shares of €117.9 million plus the Group share of net income of €60.1 million.

Cash flow statement

for the six months ending 30 June 2020

In thousands of euro	30/06/2020	30/06/2019
Consolidated profit before tax (I)	**150,421**	**233,523**
Depreciation and amortisation expense on tangible and intangible fixed assets	16,423	19,356
Depreciation and impairment of ROU assets and interest on lease liabilities	20,421	18,226
Impairments and net charge for provisions	(928)	(5,249)
Remove (profit)/loss from associates and from disposal of subsidiary	(1,000)	(3,356)
Remove (profit)/loss from investing activities	(792)	(89,758)
Non-cash items included in pre-tax profit and other adjustments (II)	**34,124**	**(60,781)**
Net (advance)/repayment of loans to customers	**(79,230)**	**(146,968)**
Cash (placed)/received through interbank transactions	(332,938)	65,326
Increase/(decrease) in customer deposits	328,889	1,125,921
Net inflow/(outflow) related to derivatives and trading items	(519)	64,793
Issuance/(redemption) of debt securities in issue	11,043	1,498
Net (purchases)/disposals of assets held for liquidity purposes	(15,512)	(141,270)
Other movements in assets and liabilities related to treasury activities	9,956	(175,087)
Total treasury-related activities	**919**	**941,181**
(Increase)/decrease in working capital	(175,512)	(177,967)
Payment of lease liabilities	(19,935)	(17,825)
Tax paid	(30,878)	(19,552)
Other operating activities	**(226,325)**	**(215,344)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)	**(304,636)**	**578,869**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**(120,091)**	**751,611**
Purchase of investments	(36,091)	(91,981)
Purchase of property, plant and equipment and intangible fixed assets	(12,942)	(10,958)
Total cash invested	**(49,033)**	**(102,939)**
Cash received from investments (disposals and dividends)	61,812	65,176
Cash received from subsidiaries, associates and long-standing shareholding (disposals and dividends)	-	5,884
Cash from disposal of property, plant and equipment and intangible fixed assets	771	47,198
Total cash received from investments	**62,583**	**118,258**
Net cash inflow/(outflow) related to investing activities (B)	**13,550**	**15,319**
Dividends paid to shareholders of parent company	(2,596)	(57,662)
Dividends paid to non-controlling interests (note 17)	(146,530)	(143,876)
(Repayment) of preference shares	-	(27,129)
Interest paid on perpetual subordinated debt	(7,528)	(9,071)
(Acquisition)/disposal of own shares and additional interests in subsidiaries	1,736	4,132
Net cash inflow/(outflow) related to financing activities (C)	**(154,918)**	**(233,606)**
Impact of exchange rate changes on cash and cash equivalents (D)	**(102,001)**	**32,927**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**(363,460)**	**566,251**
Net opening cash and cash equivalents (note 18)	5,383,025	5,658,872
Net closing cash and cash equivalents (note 18)	5,019,565	6,225,123
NET INFLOW/(OUTFLOW) OF CASH	**(363,460)**	**566,251**

The presentation of the cash flow statement was amended in the current period. For the purposes of comparison, the prior year was restated.

Notes to the consolidated financial statements

1. Highlights

1.1 Covid-19

The Covid-19 pandemic, and the action taken by governments around the world to tackle its effects, have created a significant amount of uncertainty, and the consequences and duration of the impacts are still unclear. This makes the exercise of judgment for accounting estimates particularly difficult for the current accounting period, and increases the range of uncertainty for the figures reported.

A summary of how the impact of the pandemic has been considered in making these judgments is as follows:

1.1.1 Fair values

Wherever possible, the Group continues to use observable market prices to value its investments. In response to market dislocation during the period, the Group has increased the frequency of the Merchant Banking valuation cycles and provided updated valuations to its investors, both at the end of March and at the end of June 2020. The effects of these valuation updates are fully reflected in the accounts for the period. During the period, the method of valuation and the controls surrounding the valuations have not changed: specific attention has been given to the earnings projections of the portfolio companies in such an uncertain market scenario.

Merchant Banking considers the industry sectors most affected by the crisis to be leisure, travel, aviation, non-food retail of the "bricks and mortar" kind, automotive and energy. Its exposure to these sectors is very limited, being approximately 7.5% of its total portfolio. The MB portfolio has proven to be resilient so far with the majority of its businesses taking advantage of the mission-critical nature of their services, their entrenched market positions and the recurring nature of their revenue streams. Merchant Banking continues, however, to manage its assets very conservatively, especially in terms of their liquidity levels and balance sheet metrics to ensure that they are adequately prepared for any new surge of the pandemic and its economic consequences.

Comprehensive disclosures about the assumptions used and the sensitivities of the valuations are made in section 4.5 Fair value disclosures.

1.1.2 Credit risk on loans to customers and accounts receivable

In line with the recommendations of regulatory authorities and of the IASB in light of Covid-19, the Group has reviewed the methodology and assumptions it uses for the measurement of expected credit losses. The adaptations made are described in section 4.2.2.1 Grouping of instruments for losses measured on a collective basis.

The LGD has been determined in large part through a review of the collateral held against loans made. Where the collateral is difficult to value following the Covid-19 market dislocations, adjustments have been made to its assumed value that reflect recent market movements.

Accounts receivable from the GA business are already reviewed on a quarterly basis, and these reviews during the period have, in particular, focused on individual debtors that could have been adversely affected by the effects of the pandemic. The provisioning process is explained further in section 4.2.3 Credit risk management of other financial assets.

1.1.3 Moratoriums

Some borrowers in the corporate loan book have taken advantage of opportunities to postpone scheduled loan payments, known as a moratorium, following the onset of the Covid-19 crisis. The terms of the moratoriums granted by the Group to its clients vary from country to country. In France, for example, since March 2020, six-month moratoriums have been permitted on all outstanding corporate loans, with no specific granting conditions. In the first half of 2020, moratoriums granted by the whole Group concerned the corporate portfolio and represented €103 million of amounts outstanding. Under the terms of the moratoriums, interest continues to accrue and, in the absence of contradictory evidence, such a postponement is not automatically considered as a significant increase of credit risk (SICR), or a transfer into Stage 3. Postponement of payments are not considered as substantial modifications of the contractual cash flows of the loans, an event which would require derecognition of these loans.

1.1.4 Goodwill and intangible assets

Goodwill and intangible assets with an indefinite useful life are subject to an impairment test whenever there is any indication that their value may have diminished, and at least once a year. While the disruption related to Covid-19 does not in itself constitute an indication of impairment, the impact on the Group's results and projections has been reflected in tests reperformed as at 30 June 2020; these revealed no evidence of impairment.

1.1.5 Deferred tax assets

Deferred tax assets are recognised only if the relevant entity is likely to recover these assets. The Group only recognises deferred tax assets for losses carried forward after considering a realistic projection of taxable income or expense of the relevant tax entities. As at 30 June 2020, the Group recognised deferred tax assets for losses carried forward only where recovery was probable after taking account of Covid-19 related uncertainties.

1.2 Adoption of new accounting policies and changes in scope

There are no significant changes in the consolidation scope in the six months ended 30 June 2020. There are also no changes in accounting standards which have a material impact on the Group's accounts.

2. Preparation of the financial statements

2.1 Information regarding the Company

The summary consolidated financial statements of Rothschild & Co SCA Group (the Group) for the six months ended 30 June 2020 are presented in accordance with IFRS in force at the reporting date, as adopted in the European Union by way of EC Regulation No. 1606/2002. The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2017-02 of 2 June 2017 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 January 2020 to 30 June 2020.

The consolidated accounts were approved by Rothschild & Co Gestion SAS, the Managing Partner of Rothschild & Co, on 7 September 2020 and, for verification and control purposes, were considered by the Supervisory Board on 15 September 2020.

On 30 June 2020, the Group's holding company was Rothschild & Co, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris (Paris Trade and Companies Registry Number 302 519 228). The Company is listed on the Eurolist market of Euronext Paris (Compartment A).

2.2 General principles

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

2.3 Changes to accounting standards

The following amendments to IFRS have been adopted for the first time in the EU for accounting periods starting from 1 January 2020:

2.3.1 Interest rate benchmark reform

The replacement of IBORs (Interbank Offered Rates), including LIBOR, with alternative risk-free rates is expected to happen after 2021. The Group continues to evaluate the impact of this on its products, services and processes as the industry accord evolves, with the intention of minimising disruption through appropriate mitigating actions. Given the nature of our businesses, there are not expected to be any significant issues resulting from IBOR transition.

The Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarifies the way to account for hedging relationships during the period of uncertainty linked to the IBOR reform. It does not have a material impact on our current hedging relationships.

2.3.2 Definition of material (amendments to IAS 1 and IAS 8)

These amendments are intended to facilitate the exercise of judgment during the preparation of financial statements, particularly when selecting the information to be presented in the notes. They introduced the notion of obscuring, and advise against disclosing excessive information that is not helpful to the primary users of the accounts.

2.4 Forthcoming changes

IFRS 17 Insurance contracts (applicable for periods starting on 1 January 2023, after adoption by the European Union for application in Europe) is not expected to have any effect on the Group.

2.5 Subsequent events

There are no subsequent events to report.

3. Accounting principles and valuation methods

3.1 Basics of accounting

The accounting principles and valuation methods applied by the Group for the half-year summary consolidated financial statements are the same as those applied and described in the financial statements for the year ended 31 December 2019. 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 2020 is optional.

3.2 Accounting judgments and estimates

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

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

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

4. Financial risk management

4.1 Governance

The Group's governance environment is described in the annual report for the year ended 31 December 2019, and is substantially unchanged at 30 June 2020.

4.2 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group.

4.2.1 Credit rating

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

Category	Definition	Mapping to IFRS 9 three-stage model for impairment
Category 1	Exposures which are considered to be fully performing.	Stage 1
Category 2	Exposures where the payment of interest or principal is not currently in doubt, but which require closer observation than usual, due perhaps to some deterioration in the position of the client. Examples include: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors. Unimpaired GA receivables which are past due over 90 days are included in this category.	Stage 2
Category 3	Exposures where there has been further deterioration in the position of the client compared to Category 2. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.	Stage 2
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan. At least some recovery is expected to be made.	Stage 3
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.	Stage 3

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 June 2020 and at 31 December 2019 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation. Following a review during the period of exposures that are classified as Category 1 to 3, changes have been made to enhance consistency between judgments made by different credit committees. Some comparative categories have been adjusted as at December 2019 to enhance comparability.

In millions of euro	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	30/06/2020
Cash and amounts due from central banks	3,899.2	-	-	-	-	-	3,899.2
Financial assets at FVTPL(1)	141.1	-	-	-	-	-	141.1
Loans and advances to banks	2,410.8	-	-	-	-	-	2,410.8
Loans and advances to customers	3,270.1	15.2	13.7	76.3	16.5	(62.4)	3,329.4
Debt at amortised cost	1,591.4	-	-	-	-	(0.7)	1,590.7
Other financial assets	347.2	22.7	-	20.5	15.7	(29.2)	376.9
Subtotal assets	**11,659.8**	**37.9**	**13.7**	**96.8**	**32.2**	**(92.3)**	**11,748.1**
Commitments and guarantees	861.6	-	-	-	-	n/a	**861.6**
TOTAL	**12,521.4**	**37.9**	**13.7**	**96.8**	**32.2**	**(92.3)**	**12,609.7**

(1) Including hedging derivatives and excluding equities.

Credit risk on financial assets at fair value through profit or loss is not applicable to equity instruments. Allowances against commitments and guarantees are included in "Provisions for counterparty risk" (note 13).

In millions of euro	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2019
Cash and amounts due from central banks	4,382.1	-	-	-	-	-	4,382.1
Financial assets at FVTPL(1)	147.8	5.4	-	-	-	-	153.2
Loans and advances to banks	2,001.7	-	-	-	-	-	2,001.7
Loans and advances to customers	3,187.7	22.6	27.8	67.6	16.3	(58.0)	3,264.0
Debt at amortised cost	1,521.7	-	-	-	-	(0.8)	1,520.9
Other financial assets	436.6	27.8	-	14.3	17.8	(27.8)	468.7
Subtotal assets	**11,677.6**	**55.8**	**27.8**	**81.9**	**34.1**	**(86.6)**	**11,790.6**
Commitments and guarantees	820.9	-	-	-	-	n/a	820.9
TOTAL	**12,498.5**	**55.8**	**27.8**	**81.9**	**34.1**	**(86.6)**	**12,611.5**

(1) Including hedging derivatives and excluding equities.

4.2.2 Credit risk exposure

4.2.2.1 GROUPING OF INSTRUMENTS FOR LOSSES MEASURED ON A COLLECTIVE BASIS

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

Lending by the R&Co Group is primarily focused on supporting the WAM business by way of lending to private clients, either by way of mortgages against residential properties or against portfolios of securities (Lombard lending). In addition, there is a French portfolio of corporate exposures which includes some sector specialisations (this equates to €322 million of the total in the balance sheet). The UK commercial legacy book continues to run off and is now down to less than €25 million net of provisions.

The majority of the Private Client Loan (PCL) books are secured and there is no historical record of losses for these. Nevertheless, we have adopted a conservative approach to measuring losses on a collective basis for these loans, based on assumptions of PD and LGD for different loan types. The approach for the remaining book, which generally comprises a larger number of smaller loans, does have some loss data, and this has been factored into the IFRS 9 calculations.

PCL LOMBARD AND MORTGAGE LOANS

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

For the Lombard loans, the LGD is estimated based on the amount of collateral held, and whether it is diversified or not, as well as the nature of the client and the potential difficulties of recovering the value of the collateral. In the base case for assessment of credit risk, the weighted average PD is 0.3% and the weighted average LGD is 6%.

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

In response to market disruption caused by Covid-19, the forward-looking estimates used to calculate ECL in the PCL book have been reviewed. The base case assumptions have been revisited, and additional provisions have been made as at June 2020 to reflect increased uncertainty under a stressed scenario. However, the Group still considers that there is a very low risk of a material loss from these loans.

OTHER LOANS TO CUSTOMERS

The Group also makes other loans to customers, mainly in the French corporate market and to fund real estate development. In response to Covid-19, the ECL in these businesses has been considered on a sector-by-sector basis, and, wherever significant, on a loan-by-loan basis. The basis of assessment of the PD and LGD for each sector has been informed by historical losses, combined with a forward-looking judgment of the ways the current situation may increase the level of future losses.

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

DEBT AT AMORTISED COST

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

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

4.2.2.2 MAXIMUM EXPOSURE TO CREDIT RISK - FINANCIAL INSTRUMENTS SUBJECT TO IMPAIRMENT

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance might be recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets. As explained in 4.2.1, some comparative Stages have been adjusted as at December 2019 to enhance comparability. The credit risk exposure of other financial assets is shown in section 4.2.3.

In millions of euro	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**30/06/2020**	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**31/12/2019**
Gross carrying amounts								
Loans and advances to banks	2,410.8	-	-	2,410.8	2,001.7	-	-	2,001.7
PCL loans to customers	2,921.9	9.3	4.9	2,936.1	2,801.8	8.2	7.7	2,817.7
Other loans to customers	348.2	19.6	87.9	455.7	385.9	42.2	76.2	504.3
Securities at amortised cost	1,591.4	-	-	1,591.4	1,521.6	-	-	1,521.6
TOTAL	**7,272.3**	**28.9**	**92.8**	**7,394.0**	**6,711.0**	**50.4**	**83.9**	**6,845.3**
Loss allowance								
Loans and advances to banks	-	-	-	-	-	-	-	-
PCL loans to customers	(3.0)	(0.0)	(3.5)	(6.5)	(1.7)	(0.0)	(4.8)	(6.5)
Other loans to customers	(2.5)	(2.6)	(50.8)	(55.9)	(1.2)	(7.8)	(42.5)	(51.5)
Securities at amortised cost	(0.7)	-	-	(0.7)	(0.7)	-	-	(0.7)
TOTAL	**(6.2)**	**(2.6)**	**(54.3)**	**(63.1)**	**(3.6)**	**(7.8)**	**(47.3)**	**(58.7)**
Net carrying amount								
Loans and advances to banks	2,410.8	-	-	2,410.8	2,001.7	-	-	2,001.7
PCL loans to customers	2,918.9	9.3	1.4	2,929.6	2,800.1	8.2	2.9	2,811.2
Other loans to customers	345.7	17.0	37.1	399.8	384.7	34.4	33.7	452.8
Securities at amortised cost	1,590.7	-	-	1,590.7	1,520.9	-	-	1,520.9
TOTAL	**7,266.1**	**26.3**	**38.5**	**7,330.9**	**6,707.4**	**42.6**	**36.6**	**6,786.6**

Information on how the ECL is measured and how the three stages above are determined is provided in "Expected credit loss measurement", section 3.4 of the annual report as at December 2019.

For loans to customers, the movement in the loss allowance is provided in the table on the following page. Additionally, the movement in other loss allowances is shown in "Impairments" (note 14).

Loans to customers

In millions of euro	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**TOTAL**
Loss allowance at beginning of period	**(2.9)**	**(7.8)**	**(47.3)**	**(58.0)**
Movements with P&L impact				
(Charge)	(2.7)	(1.1)	(5.7)	(9.5)
Release	0.2	-	3.4	3.6
Total net P&L (charge)/release during the period	**(2.5)**	**(1.1)**	**(2.3)**	**(5.9)**
Movements with no P&L impact				
Transfers	-	6.2	(6.2)	-
Written off	-	-	0.7	0.7
Exchange	(0.1)	0.1	0.8	0.8
LOSS ALLOWANCE AT END OF PERIOD	**(5.5)**	**(2.6)**	**(54.3)**	**(62.4)**

No loans have been classified as purchased or originated credit-impaired (POCI) assets.

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

The table below shows the ageing of loans to customers which are past due as at 30 June 2020 and at 31 December 2019. As explained in 4.2.1, some comparative data has been adjusted as at December 2019 to enhance comparability.

Loans to customers which are past due

In millions of euro	**30/06/2020**	**31/12/2019**
Less than 30 days past due	151.3	135.4
Between 30 and 90 days past due	23.6	35.9
Over 90 days past due	0.8	2.9
TOTAL	**175.7**	**174.2**

4.2.2.3 COLLATERAL

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

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

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

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are credit impaired. For each loan, the value of collateral disclosed is capped to the nominal amount less provision of the loan that it is held against.

In millions of euro	30/06/2020 Stage 3 loans	31/12/2019 Stage 3 loans
Tangible assets collateral	35.0	35.9
Financial assets collateral	0.6	0.1
TOTAL	**35.6**	**36.0**
Gross value of credit-impaired loans	92.8	83.9
Impairment	(54.3)	(47.3)
Net value of loans	**38.5**	**36.6**
% of Stage 3 loans covered by collateral	92%	98%

4.2.3 Credit risk management of other financial assets

Other financial assets mainly contain trade receivables from the GA and WAM businesses. For these assets, the Group applies a simplified approach to the calculation of impairments. This means that the loss allowance is always measured at an amount equal to the asset's lifetime ECL. Therefore, the concept of a significant increase in credit risk is not applicable to these assets. Fee income is widespread in terms of location and of sector, so concentration risk is not significant.

The Group considers a receivable to be in default when the borrower is unlikely to pay the Group in full. For each GA office, a quarterly review of the outstanding receivables where there is any concern over recovery is conducted by local management and the GA Global Finance Director, including any receivable over 90 days. This review determines if the receivable should be impaired and ensures that impairments are made, or not made, consistently around the Group.

Management has reviewed historical payment behaviour and believes on this basis that receivables less than 90 days overdue have, prima facie, an immaterial risk of not being recoverable in full. These receivables are therefore classified as Category 1 in our internal credit risk table. Management considers that all individual unimpaired receivables over 90 days past due merit assessment for potential credit losses, in addition to more recent debts which are known to have credit issues. These receivables are considered to be on a watchlist. Where these are not impaired, management provides a percentage of all these assets to reflect losses that might be expected to eventually arise. The provision percentage takes account of both historical experience and management's assessment of future potential losses.

The table below shows the ageing of other financial assets and the associated provisions as at 30 June 2020 and at 31 December 2019.

		30/06/2020			31/12/2019		
In millions of euro	Credit risk category classification	% total gross exposure	Gross carrying amount	Lifetime ECL	% total gross exposure	Gross carrying amount	Lifetime ECL
Not impaired							
Current to 90 days past due	Category 1	85%	347.2	-	88%	436.6	-
90 - 180 days past due	Category 2	3%	11.9	(0.2)	4%	21.3	(0.3)
180 days - 1 year past due	Category 2	2%	7.5	(0.7)	1%	4.5	(0.4)
more than 1 year past due	Category 2	1%	3.3	(0.7)	0%	2.0	(0.3)
Impaired							
Partially impaired	Category 4	5%	20.5	(11.9)	3%	14.3	(9.0)
Fully impaired	Category 5	4%	15.7	(15.7)	4%	17.8	(17.8)
TOTAL		**100%**	**406.1**	**(29.2)**	**100%**	**496.5**	**(27.8)**

The movements in the loss allowance are disclosed in "Impairments" (note 14).

4.2.4 Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 30 June 2020 and 31 December 2019.

4.2.4.1 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	Switzer-land	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	30/06/2020
Cash and amounts due from central banks	1,401.8	2,465.5	-	31.9	-	-	-	3,899.2
Financial assets at FVTPL(1)	33.3	5.1	46.7	33.4	21.1	1.1	0.4	141.1
Loans and advances to banks	1,272.9	151.1	445.3	316.5	141.2	76.8	7.0	2,410.8
Loans and advances to customers	1,660.0	160.3	817.7	437.2	135.2	71.4	47.6	3,329.4
Debt at amortised cost	382.1	10.3	381.2	477.9	264.2	75.0	-	1,590.7
Other financial assets	154.1	9.1	33.5	102.6	44.6	21.6	11.4	376.9
Subtotal assets	**4,904.2**	**2,801.4**	**1,724.4**	**1,399.5**	**606.3**	**245.9**	**66.4**	**11,748.1**
Commitments and guarantees	491.5	18.6	66.6	229.4	46.2	8.2	1.1	861.6
TOTAL	**5,395.7**	**2,820.0**	**1,791.0**	**1,628.9**	**652.5**	**254.1**	**67.5**	**12,609.7**

(1) Including hedging derivatives and excluding equities.

In millions of euro	France	Switzer-land	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	31/12/2019
Cash and amounts due from central banks	1,994.8	2,336.3	-	51.0	-	-	-	4,382.1
Financial assets at FVTPL(1)	52.2	28.3	21.2	35.1	16.1	0.3	-	153.2
Loans and advances to banks	1,099.7	58.6	316.2	244.9	214.2	49.1	19.0	2,001.7
Loans and advances to customers	1,629.0	173.8	825.4	392.7	116.2	78.0	48.9	3,264.0
Debt at amortised cost	398.8	6.6	397.5	425.7	228.7	63.6	-	1,520.9
Other financial assets	192.0	15.9	63.8	110.5	43.2	20.5	22.8	468.7
Subtotal assets	**5,366.5**	**2,619.5**	**1,624.1**	**1,259.9**	**618.4**	**211.5**	**90.7**	**11,790.6**
Commitments and guarantees	469.0	23.9	65.0	237.0	14.0	9.8	2.2	820.9
TOTAL	**5,835.5**	**2,643.4**	**1,689.1**	**1,496.9**	**632.4**	**221.3**	**92.9**	**12,611.5**

(1) Including hedging derivatives and excluding equities.

4.2.4.2 CREDIT RISK BY SECTOR

In millions of euro	30/06/2020	%	31/12/2019	%
Cash and amounts due from central banks	3,899.2	31%	4,382.1	35%
Credit institutions	3,502.0	28%	3,005.6	24%
Households	2,883.0	23%	2,672.8	21%
Other financial corporations	613.1	5%	677.4	5%
Real estate	499.4	4%	531.3	4%
Short-term fee income receivable (diversified customers)	303.7	2%	365.4	3%
Liquid debt securities (other sectors)	281.8	2%	269.5	2%
Government(1)	240.2	2%	308.9	2%
Other	387.3	3%	398.5	3%
TOTAL	**12,609.7**	**100%**	**12,611.5**	**100%**

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

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

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

4.3 Market risk

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

4.3.1 Equity investments

The Group has exposure to equity price risk through holdings of equity investments by its Merchant Banking business and through holding other equities, including those issued by mutual funds. The Group is also exposed to the risks affecting the companies in which it invests. Each MB investment is individually approved by management and is monitored on an individual basis.

If the price of these equities were to fall by 5% at 30 June 2020, then there would be a post-tax charge to the income statement of €52.9 million (31 December 2019: €55.1 million).

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

In millions of euro	30/06/2020	%	31/12/2019	%
France	413.5	37%	470.6	39%
Rest of Europe	237.6	21%	281.7	24%
United Kingdom and Channel Islands	234.8	21%	223.1	19%
Americas	151.2	13%	123.9	10%
Australia and Asia	40.5	4%	55.3	5%
Other	44.1	4%	40.4	3%
TOTAL	**1,121.7**	**100%**	**1,195.0**	**100%**

4.4 Liquidity risk

4.4.1 Liquidity

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities. Management of liquidity risk is described in the annual report for the year ended 31 December 2019, and is substantially unchanged at 30 June 2020.

The Group continues to take a conservative approach to the management of liquidity risk and R&Co retains a very strong liquidity position at 30 June 2020 of €8.4bn, which is 60% of gross assets and over 85% of deposits.

Liquidity assets held by the Group consist mainly of amounts at central banks and banks (€6.3bn) and investment grade debt securities (€1.5bn). These debt securities are closely monitored and the holdings and limits for the weaker credits have been reduced where considered necessary. Any new investments are currently restricted to ratings above BBB+ with a maximum tenor of 2 years, and overall there is limited exposure to securities in the BBB range of €81m. Regarding sectors, the majority of the exposure is to financials and supranationals. Corporate exposure is €180m and is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are all as expected in the normal course of business and the core client deposit book has remained stable over the period to June 2020.

Each of the Group's banks maintains low loan-to-deposit ratios and a significant amount of high-quality liquidity, for example central bank deposits, to ensure they maintain a minimum level of 20% of all client deposits in cash or assets readily realisable into cash within 48 hours. Set out below are the regulatory liquidity coverage ratios (LCR) of the Group's banks, all of which are well in excess of the regulatory minimum of 100%. The reduction in the LCRs of Rothschild Martin Maurel and R&CoBI from the very high levels at 31 December 2019 was due to a managed reduction in high quality liquid assets via increased interbank placements and purchases of investment grade securities.

The figures are taken from regulatory returns, but are not audited.

Liquidity coverage ratios (LCRs)	**30/06/2020**	**31/12/2019**
Rothschild & Co Bank AG Zurich	141%	140%
Rothschild Martin Maurel	189%	223%
Rothschild & Co Bank International Limited	187%	231%

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

4.4.2 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	30/06/2020
Cash and balances at central banks	3,899.2	-	-	-	-	-	-	**3,899.2**
Financial assets at FVTPL(1)	517.9	6.8	39.8	73.1	193.0	292.5	139.7	**1,262.8**
Securities at amortised cost	129.2	161.8	428.0	559.2	239.6	72.9	-	**1,590.7**
Loans and advances to banks	1,846.4	508.1	52.3	4.0	-	-	-	**2,410.8**
Loans and advances to customers	817.0	387.3	604.5	475.8	617.0	427.8	-	**3,329.4**
Other financial assets	300.8	57.9	7.6	3.7	-	6.9	-	**376.9**
TOTAL	**7,510.5**	**1,121.9**	**1,132.2**	**1,115.8**	**1,049.6**	**800.1**	**139.7**	**12,869.8**
Financial liabilities at FVTPL	18.5	9.9	40.2	-	-	-	-	**68.6**
Hedging derivatives	-	-	0.4	0.4	2.8	2.8	-	**6.4**
Due to banks and other financial institutions	93.7	0.1	2.7	6.9	160.5	138.7	-	**402.6**
Due to customers	9,538.4	69.9	74.9	20.6	13.5	0.2	-	**9,717.5**
Debt securities in issue	14.3	-	-	-	-	-	-	**14.3**
Lease liabilities	3.3	6.0	27.2	35.8	104.8	71.7	-	**248.8**
Other financial liabilities	142.7	4.2	3.3	0.4	3.9	-	-	**154.5**
TOTAL	**9,810.9**	**90.1**	**148.7**	**64.1**	**285.5**	**213.4**	**-**	**10,612.7**
Loan and guarantee commitments given	631.9	-	2.2	0.9	20.0	206.6	-	**861.6**

(1) Including hedging derivatives.

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

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

4.5 Fair value disclosures

4.5.1 Fair value hierarchy

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

Level 1: instruments quoted on an active market

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

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

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

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

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

4.5.2 Valuation techniques used

4.5.2.1 Assets mostly held at fair value through profit and loss

Equity securities

In the absence of a price available on an active market, an equity security is considered to be Level 3 if a significant adjustment is made to parameters that are observable. Where no significant adjustment is made to those observable parameters, the security is classed as Level 2.

The normal measurement techniques of equity securities held by the Group either directly, or within its managed funds, are:

- Transaction multiples

The preferred measurement technique is based on transaction multiples. This technique uses recent transactions in the sector under consideration. Multiples are established based on the enterprise value (EV) of comparable transactions and accounting measures such as EBITDA (earnings before interest, tax, depreciation and amortisation), EBIT or profit, which are applied to the asset to be measured.

- Other earnings multiples

This consists of applying a multiple to the earnings of the company to be valued. It is based on multiples from a sample of listed companies, which are in the peer group of the company to be valued. The earnings multiples used are EV/EBITDA, EV/EBIT and the price/earnings ratio (PER). These are historical multiples of the company to be valued and of the peer-group companies. They are restated to exclude all non-recurring and exceptional amounts, as well as the amortisation of goodwill.

Companies in the selected peer group must operate in a similar sector to that of the target company. They are of a relatively comparable size and have similar growth prospects. Specific factors may also be taken into account in the selection: country, regulatory aspects specific to each market, and the presence or otherwise of related business activities.

The value of the peer group companies is obtained by adding together the market capitalisation, net financial debt and non-controlling interests, based on the most recently available financial data.

Stock exchange multiples are calculated excluding any control premium. The valuation is made from the point of view of a non-controlling shareholder. However, if the investment to be valued is not listed, the lack of liquidity relative to listed companies in the peer group may be reflected through an illiquidity discount. For the purpose of the valuation hierarchy, such an illiquidity discount is considered as an unobservable discount, and, where significant, would mean the valuation is considered as a Level 3 valuation.

Investments in private equity funds which hold instruments at amortised cost

Investments which give a share of underlying loans held by a fund are classified as Level 2 where the value of underlying loans are considered to be Level 2.

Shares in external funds

Shares of private equity funds or investments managed by third parties, for which the manager and third-party assessor have published a net asset value, may use a valuation technique incorporating parameters that are not directly observable, or using observable inputs with a significant adjustment which is not observed. Where it is not clear that the valuations have been performed using only observable inputs, the external funds are assumed to be Level 3.

Credit management products

Junior and subordinated tranches of securitised vehicles held directly by the Group are valued using prices obtained from active brokers and/or dealers. Transactions do not necessarily occur at the indicated prices due to the nature of the securities held and their usually low transaction volume. Therefore, these are considered to be Level 2.

The group manages and has invested in a credit investment company which invests in subordinated CLO tranches. These are valued by a third party valuation provider using discounted cash flow (DCF) techniques giving a "mark to model" valuation which uses software to estimate future cashflows based on a number of assumptions. Some of these assumptions, of which the default rates are considered the most significant, are unobservable inputs, so this instrument is considered to be Level 3.

Other credit management investments consist mainly of investment funds and managed accounts. The majority of these are valued based on market prices, and are considered to be Level 2.

Derivatives

The fair value of derivatives is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market extrapolation or interpolation or through corroboration by real transactions. Fair value can also be derived from other standard techniques and models. The most frequently used measurement model is the DCF technique. The values derived from these models are materially affected by the measurement assumptions used, such as the amounts and settlement dates of future cash flows, the discount rates and solvency. When those parameters are determined on the basis of directly observable inputs, the derivatives are classified in Level 2.

4.5.2.2 Assets mostly held at amortised cost

Loans to/due to banks and customers

Loans to customers and their associated interest rates are compared, by maturity, with similar recent transactions and are usually held as Level 2. 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 an asset's fair value, the Group estimates the counterparty's default risk and calculates the sum of future cash flows, taking into account the debtor's financial standing.

Repurchase agreements and amounts due to banks and customers are valued using a DCF technique, the discount rate of which is adjusted for the appropriate credit margin.

Impaired loans where the carrying value is determined by a DCF, using best estimates of recoverable cash flows are classified as Level 3.

Debt securities and debt securities in issue

Debt securities are predominantly government bonds, corporate debt securities, senior tranches of securitised mortgage-backed securities, and certificates of deposit. They can be classified in Level 1 if listed, or Level 2 when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices (when supplied, for example, by consensus pricing services or active brokers and/or dealers). Where prices are not directly observable in the market, a DCF valuation is used. The discount rate is adjusted for the applicable credit margin determined by similar instruments listed on an active market for comparable counterparties.

4.5.3 Fair value of financial instruments

Carried at amortised cost

In millions of euro	30/06/2020				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	3,899.2	3,899.2	-	3,899.2	-
Securities at amortised cost	1,590.7	1,585.9	1,514.8	71.1	-
Loans and advances to banks	2,410.8	2,410.8	-	2,410.8	-
Loans and advances to customers	3,329.4	3,330.1	-	3,321.4	8.7
TOTAL	**11,230.1**	**11,226.0**	**1,514.8**	**9,702.5**	**8.7**
Financial liabilities					
Due to banks and other financial institutions	402.6	433.6	-	433.6	-
Due to customers	9,717.5	9,717.5	-	9,717.5	-
Debt securities in issue	14.3	14.3	-	14.3	-
TOTAL	**10,134.4**	**10,165.4**	**-**	**10,165.4**	**-**

In millions of euro	31/12/2019				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	4,382.1	4,382.1	-	4,382.1	-
Securities at amortised cost	1,520.9	1,519.7	1,446.4	73.3	-
Loans and advances to banks	2,001.7	2,001.7	-	2,001.7	-
Loans and advances to customers	3,264.0	3,257.5	-	3,253.8	3.7
TOTAL	**11,168.7**	**11,161.0**	**1,446.4**	**9,710.9**	**3.7**
Financial liabilities					
Due to banks and other financial institutions	448.6	469.2	-	469.2	-
Due to customers	9,486.6	9,486.6	-	9,486.6	-
Debt securities in issue	3.2	3.2	-	3.2	-
TOTAL	**9,938.4**	**9,959.0**	**-**	**9,959.0**	**-**

Carried at fair value

	30/06/2020			
In millions of euro	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	508.0	487.1	20.9	-
Other financial assets at FVTPL	702.3	107.9	143.6	450.8
Derivative financial instruments	52.5	-	52.5	-
TOTAL	**1,262.8**	**595.0**	**217.0**	**450.8**
Financial liabilities				
Derivative financial instruments	75.0	-	75.0	-
TOTAL	**75.0**	**-**	**75.0**	**-**

	31/12/2019			
In millions of euro	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	580.0	557.7	22.3	-
Other financial assets at FVTPL	713.8	96.6	592.3	24.9
Derivative financial instruments	54.4	-	54.4	-
TOTAL	**1,348.2**	**654.3**	**669.0**	**24.9**
Financial liabilities				
Derivative financial instruments	77.2	-	77.2	-
TOTAL	**77.2**	**-**	**77.2**	**-**

4.5.4 Fair value Level 3 disclosures

Movement in Level 3 assets

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

In millions of euro	Funds and other equities	Bonds and other fixed income securities	TOTAL
As at 1 January 2020	**23.2**	**1.7**	**24.9**
Transfer into/(out of) Level 3	439.9	-	**439.9**
Total gains or losses for the period included in income statement	(1.7)	-	**(1.7)**
Additions	24.6	-	**24.6**
Disposals	(36.3)	(0.6)	**(36.9)**
Other movements	(0.1)	0.1	**-**
AS AT 30 JUNE 2020	**449.6**	**1.2**	**450.8**

In the valuation hierarchy described above, the Group has an accounting policy of classifying its unquoted investments as Level 2 when the significant inputs to the valuation are observable. When there are significant unobservable inputs to the valuation, these valuations are classified as Level 3. Since the end of 2019, in the context of the growing importance of the Merchant Banking business to Rothschild & Co and the volatility of markets in the year to date, the Group has benchmarked its fair value Levels against other quoted companies and reassessed the materiality or otherwise of the unobservable elements in the valuations. During this exercise, the Group compared the extent to which the inputs for valuations are considered to be observable or not, as well as the point at which they were significant enough to cause a valuation to be in Level 3. The Group has not changed its valuation method during the year; nevertheless, following this exercise, certain assets with a value of €440 million have been reclassified during the year from Level 2 to Level 3.

Disclosure about the inputs to the valuation of Level 3 assets, including the elements which are unobservable, are made below.

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

Investment	**Value 30/06/2020 (in m€)**	**Valuation method**	**Weighted average multiple pre-discount**	
			30/06/2020	**31/12/2019**
Investment in unquoted equity, managed by the Group	341.9	Earnings multiple	15.5x	15.3x
Investment in MB fund, investing in external funds	66.6	NAV based on an external valuation	n/a	n/a
Investment in fund, managed by external providers	26.2	NAV based on an external valuation	n/a	n/a
Holding in credit investment company	14.2	Mark to model	n/a	n/a
Other	0.7	n/a	n/a	n/a
Total	**449.6**			

Investment	**Value 30/06/2020 (in m€)**	**Main unobservable input**	**Weighted average unobservable input**	
			30/06/2020	**31/12/2019**
Investment in unquoted equity, managed by the Group	341.9	Liquidity discount	9.4%	9.2%
Investment in MB fund, investing in external funds	66.6	External valuation parameters	n/a	n/a
Investment in fund, managed by external providers	26.2	External valuation parameters	n/a	n/a
Holding in credit investment company	14.2	Default rate	2.0%	2.0%
Other	0.7	n/a	n/a	n/a
Total	**449.6**			

Out of the €450 million of FVTPL equity securities classified in Level 3 as at 30 June 2020, €342 million are investments made by the Group in managed funds, where the underlying instruments are valued using an earnings multiple or by an external valuation. The main unobservable input is the liquidity discount taken off valuations which have been calculated by using earnings multiples. These reflect the difference in value between a comparable liquid share whose value can be observed and an illiquid unquoted share. In general, if the liquidity discount for an asset were 15% rather than 10%, the valuation used by R&Co would be 15% lower than that calculated using the earnings multiple, rather than 10% lower. To further quantify the fair value sensitivity of these investments, the Group has determined the impact in the event of a fall of 5% in the carrying value of the underlying instruments. In such an event, there would be a pre-tax charge to the income statement of €17.8 million, or 5.2% of this type of asset. The remaining Level 3 equities held by the Group will rise or fall by a proportion matching the change in value of the asset being valued.

Additionally, €93 million were investments in funds, for which the underlying assets are subject to a third-party valuation. Because full details of all the valuations are not available, the assumption is made that some elements may be unobservable, and so these are classified as Level 3; none of the underlying assets are individually material to the Group's accounts. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact in the event of a fall of 5% in the carrying value. In such an event, there would be a pre-tax charge to the income statement of €5.1 million or 5.5%.

The main unobservable input to value the holding in the credit investment company is considered to be the default rate. If the average default rate was 2.5% instead of 2.0%, the value of the holding would fall by €0.3 million or 2.4%.

4.5.5 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, at least 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 is updated.

Merchant Banking funds are valued by their management companies in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines or other commonly acknowledged industry standards. As such, where applicable, these valuation committees act as the valuator under the Alternative Investment Fund Managers Directive (AIFMD) requirements.

In addition, the valuations of assets held by MB funds are reviewed and supported by statutory audits of those funds.

Valuation of derivatives

The Group's over-the-counter (OTC) derivatives (i.e. non-exchange traded) 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.

5. Notes to the balance sheet

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

Financial assets

In thousands of euro	30/06/2020	31/12/2019
Debt securities held for liquidity	23,035	28,929
Debt securities and loans to customers held for investment	65,612	69,880
Equity instruments held for investment	542,317	562,830
Equity instruments issued by mutual funds	507,959	580,014
Other equity instruments	71,383	52,123
Financial assets mandatorily at fair value through profit or loss	**1,210,306**	**1,293,776**
Trading derivative assets (see note 2)	**52,118**	**53,325**
TOTAL	**1,262,424**	**1,347,101**

Assets held for investment at FVTPL are held primarily by the Merchant Banking business. Equity instruments issued by mutual funds are predominantly money market and low risk debt funds. The presentation of assets at fair value through profit or loss has changed in the period to better reflect the way that the assets are managed, and comparatives have, therefore, also been adjusted.

Financial liabilities

In thousands of euro	30/06/2020	31/12/2019
Trading derivative liabilities (see note 2)	**68,612**	**70,735**
TOTAL	**68,612**	**70,735**

Note 2 - Derivatives

Trading derivatives

In thousands of euro	30/06/2020			31/12/2019		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*202,411*	58	3,948	*234,780*	175	1,946
Conditional interest rate contracts	*11,800*	-	151	*19,500*	5	106
Firm foreign exchange contracts	*10,121,361*	50,231	61,305	*9,236,039*	51,956	67,117
Conditional foreign exchange contracts	*436,039*	1,829	1,821	*337,989*	1,189	1,175
Other swaps	*7,100*	-	1,387	*7,100*	-	391
TOTAL	***10,778,711***	**52,118**	**68,612**	***9,835,408***	**53,325**	**70,735**

Hedging derivatives

In thousands of euro	30/06/2020			31/12/2019		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*101,894*	-	6,139	*98,000*	-	6,434
Firm foreign exchange contracts	*55,856*	369	299	*27,200*	1,029	-
TOTAL	***157,750***	**369**	**6,438**	***125,200***	**1,029**	**6,434**

Fair value hedges

The Group holds a portfolio of medium and long-term fixed-rate customer loans and is, therefore, exposed to changes in fair value due to movements in market interest rates. The Group manages this risk exposure by entering into interest rate swaps whereby it pays fixed rates and receives floating rates. The Group applies hedge accounting to these derivatives, which it treats as fair value hedges.

Only the interest risk element is hedged; other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component which is hedged is the change in fair value of the medium/long-term fixed rate customer loans arising solely from changes in EONIA (the benchmark rate of interest). Such changes are usually the largest component of the overall change in fair value.

For the purposes of hedge accounting, efficiency tests are performed, prospectively at the date of designation and retrospectively at each balance sheet date, to ensure that there is no risk of over-coverage. The ineffectiveness of these hedges is considered immaterial and has therefore not been recognised in the income statement.

Most of these macro hedging swaps are carried out against EONIA and are intended to be held until maturity without periodic revision (i.e. they are non-dynamic).

The following table sets out the maturity profile and average fixed rate payable on the hedging instruments that are used in the Group's non-dynamic hedging strategies as at 30 June 2020.

	Total	Demand - 1 month	1m - 3m	3m - 1yr	1yr - 5yr	>5yr
Fair value hedges - interest rate swap						
Notional (in thousands of euro)	101,894	-	-	11,000	53,894	37,000
Average fixed interest rate paid	1.48%	-	-	3.12%	1.54%	0.91%

The following table contains details of the loans and advances to customers that are covered by the Group's hedging strategies.

In thousands of euro	30/06/2020	31/12/2019
Notional principal	101,894	98,000
Carrying amount of hedged fixed rate loans	448,670	399,106
Accumulated amount of fair value increases on the hedged loans	6,139	6,434
Increase/(decrease) in fair value of hedged loans during the year for effectiveness assessment	(295)	630

Net investment hedges

A foreign currency exposure arises from a net investment in subsidiaries that have a different functional currency from that of the Group. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Group's functional currency, which causes the amount of the net investment to vary. This risk may have a significant impact on the Group's financial statements. The Group's policy is to hedge these exposures only when not doing so would be expected to have a significant impact on the regulatory capital ratios of the Group and its banking subsidiaries.

The hedged risk in the Group's net investment hedges is the risk of weakening exchange rates against the euro that would result in a reduction in the carrying amount of the Group's net investment in its Swiss franc subsidiaries.

The Group uses forward foreign exchange contracts as hedging instruments. The Group assesses effectiveness by comparing past changes in the fair value of the derivatives with changes in the fair value of a hypothetical derivative. Because the Group expects to hold the net investment for a period longer than the maturity of the forward foreign exchange contract, and the Group policy is to hedge only a portion of the net investment, any ineffectiveness is expected to be immaterial.

The following table sets out the maturity profile and average exchange rate on the forward foreign exchange contracts that are used in the Group's net investment hedging strategies as at 30 June 2020.

	Total	Demand - 1 month	1m-3m	3m-1yr	1yr-5yr	>5yr
Net investment hedges - currency forward						
Notional (in thousands of euro)	37,546	-	-	37,546	-	-
Average EUR-CHF exchange rate	1.16	-	-	1.16	-	-

The following table contains details of the Group's net investment hedges.

In thousands of euro	30/06/2020	31/12/2019
Notional principal	37,546	-
Gain/(loss) in value of the hedged net investment during the period for effectiveness assessment	(368)	8,345
Cumulative foreign currency translation reserve gain/(loss) - continuing hedges	368	-
Cumulative foreign currency translation reserve (loss) - discontinuing hedges	(8,877)	(8,877)

The cumulative foreign currency reserve on discontinued hedges (negative €8.9m) will only be transferred to the P&L if the Group disposes of the underlying foreign operations, for which no plans exist.

Cash flow hedges

A foreign currency exposure arises in operating divisions which have a cost base in a currency that is different to its functional currency. The risk arises from the fluctuation in future spot rates, which would cause volatility in the Group's income statement. This risk may have a significant impact on the financial statements of the Group or the affected business.

The Group has introduced a hedging programme in certain divisions to reduce the volatility caused by exchange rate movements, by entering into forward foreign exchange contracts. The derivatives (a cash flow hedge) are designated as a hedge of a probable forecasted transaction, being the foreign currency sterling costs of the operating division.

The hedged risk in the Group's cash flow hedges is the risk of a strengthening of sterling exchange rates against the euro that would result in a reduction in profit. Because the Group policy is to hedge only a portion of the cost base, any ineffectiveness is expected to be immaterial.

The following table sets out the maturity profile and average exchange rate on the forward foreign exchange contracts that are used in the Group's cash flow hedging strategies as at 30 June 2020.

	Total	Demand - 1 month	1m-3m	3m-1yr	1yr-5yr	>5yr
Cash flow hedges - currency forward						
Notional (in thousands of euro)	18,310	-	-	18,310	-	-
Average EUR-GBP exchange rate	0.90	-	-	0.90	-	-

The following table contains details of the Group's cash flow hedges.

In thousands of euro	30/06/2020	31/12/2019
Notional principal	18,310	27,200
Gain/(loss) in value of the hedged sterling cost base during the period for effectiveness assessment	41	238
Gain/(loss) in cash flow hedge reserve transferred to P&L	(41)	(327)

Offsetting financial assets and financial liabilities

The following table shows the impact (1) on the consolidated balance sheet of offsetting assets and liabilities with the same counterparties. Amounts are offset when the Group has a legally enforceable right to set off the recognised amounts, and it intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The table also indicates (2) amounts subject to a master netting agreement, which may be offset in the event of the default of one of the counterparties, but whose characteristics make them ineligible for offsetting under IFRS. Fair values of financial instruments and collateral here are capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect. This part of the table ("net amount") is provided to indicate where master netting agreements mitigate the Group's exposure to financial instruments in the event of default by the counterparty. The Group also uses other risk mitigation strategies, such as holding collateral against its loans, but these are not disclosed in this table.

				(2) Impact of Master Netting Agreements		
In thousands of euro	**Gross amounts**	(1) Amounts set off	**Net amounts as per balance sheet**	Cash collateral received/ pledged	Financial instrument received/ pledged as collateral	**Net amount**
Derivative assets	66,464	(13,977)	52,487	(29,031)	-	23,456
Interbank demand deposits and overnight loans assets	1,004,727	-	1,004,727	(43,805)	-	960,922
Reverse repos and loans secured by bills	828,870	-	828,870	-	(828,870)	-
Guarantee deposits paid	17,172	-	17,172	(7,844)	-	9,328
Remaining assets not subject to netting	12,100,767	-	12,100,767	-	-	12,100,767
Total assets	**14,018,000**	**(13,977)**	**14,004,023**	**(80,680)**	**(828,870)**	**13,094,473**
Derivative liabilities	89,027	(13,977)	75,050	(53,650)	-	21,400
Interbank demand deposits and overnight loans liabilities	88,257	-	88,257	(27,030)	-	61,227
Repurchase agreements	150,000	-	150,000	-	(150,000)	-
Guarantee deposits received	107	-	107	-	-	107
Other liabilities not subject to netting	11,155,336	-	11,155,336	-	-	11,155,336
Total liabilities	**11,482,727**	**(13,977)**	**11,468,750**	**(80,680)**	**(150,000)**	**11,238,070**

Note 3 - Securities at amortised cost

In thousands of euro	30/06/2020	31/12/2019
Debt securities at amortised cost - gross amount	**1,591,397**	**1,521,633**
Stage 1 - 2 allowances	(743)	(754)
TOTAL	**1,590,654**	**1,520,879**

Note 4 - Loans and advances to banks

In thousands of euro	30/06/2020	31/12/2019
Interbank demand deposits and overnight loans	1,004,727	927,905
Interbank term deposits and loans	575,763	400,615
Reverse repos and loans secured by bills	828,870	671,484
Accrued interest	1,447	1,710
Loans and advances to banks - gross amount	**2,410,807**	**2,001,714**
Allowance for credit losses	-	-
TOTAL	**2,410,807**	**2,001,714**

Note 5 - Loans and advances to customers

In thousands of euro	30/06/2020	31/12/2019
Overdrafts	174,864	169,662
PCL loans to customers	2,936,078	2,817,690
Other loans to customers	263,174	315,011
Accrued interest	17,617	19,665
Loans and advances to customers – gross amount	**3,391,733**	**3,322,028**
Stage 1 - 2 allowances	(8,041)	(10,687)
Stage 3 allowances	(54,330)	(47,340)
Allowance for credit losses	**(62,371)**	**(58,027)**
TOTAL	**3,329,362**	**3,264,001**

Credit risk on loans to customers is further explained in 4.2.2.

Note 6 - Other assets

In thousands of euro	30/06/2020	31/12/2019
Accounts receivable[(1)]	163,139	211,253
Guarantee deposits paid[(1)]	17,172	18,194
Settlement accounts for transactions of securities[(1)]	55,920	85,008
Defined benefit pension scheme assets (note 13)	20,093	20,345
Other sundry assets	129,620	174,659
Other assets	**385,944**	**509,459**
Prepaid expenses	37,775	30,182
Accrued income[(1)]	140,670	154,197
Prepayments and accrued income	**178,445**	**184,379**
TOTAL	**564,389**	**693,838**

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

Note 7 - Leases

The Group rents several offices around the world from which it conducts its business. The terms of these leases typically span from 5-15 years.

Many of these leases contain clauses whereby the lessee has the opportunity to extend the lease beyond the non-cancellable term of the lease or has the option to terminate the lease early in advance of the contractual end date. Where entities have judged that they are reasonably certain to utilise these options they have included these early termination/extension options in their assessment of the lease term.

A significant proportion of the Group's property leases are for French commercial leases. Typically, French commercial leases are signed for at least nine years, with unilateral termination possible by the tenant after three or six years. For this reason, this form of lease is commonly also known as 3/6/9 in France. As the tenants of these properties are reasonably certain that they do not expect to utilise these unilateral termination options, they have estimated that the lease term will be for 9 years.

The Group, where appropriate, subleases a proportion of these properties to entities outside the Group.

The Group also leases a number of motor vehicles and certain other equipment, which are collectively not significant to the Group's accounts.

Right of use assets

In thousands of euro	**01/01/2020**	Additions	Disposals/ write-offs	Depreciation and impairment	Exchange rate and other movements	**30/06/2020**
Right of use assets						
Leasehold property	251,037	10,649	(381)	-	(1,654)	259,651
Other assets	4,483	753	(15)	-	(17)	5,204
Total right of use assets – gross amount	**255,520**	**11,402**	**(396)**	**-**	**(1,671)**	**264,855**
Depreciation and allowances						
Leasehold property	(32,283)	-	258	(16,661)	404	(48,282)
Other assets	(1,474)	-	6	(893)	6	(2,355)
Total depreciation and allowances	**(33,757)**	**-**	**264**	**(17,554)**	**410**	**(50,637)**
TOTAL	**221,763**	**11,402**	**(132)**	**(17,554)**	**(1,261)**	**214,218**

Lease liabilities

In thousands of euro	**01/01/2020**	Additions	Disposals/ write-offs	Amounts paid	Unwinding of discount	Exchange rate and other movements	**30/06/2020**
Lease liabilities							
Lease liabilities - property assets	252,693	10,825	(115)	(19,036)	2,853	(1,334)	245,886
Lease liabilities - other assets	3,015	754	(1)	(900)	13	(11)	2,870
TOTAL	**255,708**	**11,579**	**(116)**	**(19,936)**	**2,866**	**(1,345)**	**248,756**

Using permitted exemptions, the Group does not apply IFRS 16 to low value leases and short term leases. The amounts recorded in the P&L in respect of these leases were as follows:

In thousands of euro	30/06/2020	30/06/2019
Low value leases	-	(6)
Short term leases	(531)	(2,601)
TOTAL	**(531)**	**(2,607)**

Commitments payable

In thousands of euro	30/06/2020		30/06/2019	
	Land and buildings	Other	Land and buildings	Other
Up to one year	315	133	789	1,240
Between one and five years	-	-	-	731
Over five years	-	-	-	-
TOTAL	**315**	**133**	**789**	**1,971**

Amounts disclosed as commitments payable as at 30 June 2020 represent a commitment to pay for leases which are short term, low value, or otherwise not subject to IFRS 16 due to materiality.

Note 8 - Intangible fixed assets

In thousands of euro	01/01/2020	Additions	Disposals/ write-offs	Amortisation/ impairment	Exchange rate and other movements	30/06/2020
Gross intangible fixed assets						
Brand names	157,955	-	-	-	(30)	157,925
Other intangible assets	34,541	6,588	(3,507)	-	11,824	49,446
Total intangible assets – gross amount	**192,496**	**6,588**	**(3,507)**	**-**	**11,794**	**207,371**
Amortisation and allowances						
Brand names	-	-	-	(45)	1	(44)
Other intangible assets	(21,293)	-	3,507	(2,813)	(4,800)	(25,399)
Total amortisation and allowances	**(21,293)**	**-**	**3,507**	**(2,858)**	**(4,799)**	**(25,443)**
TOTAL	**171,203**	**6,588**	**-**	**(2,858)**	**6,995**	**181,928**

The most significant of the brand names is the asset related to the use of the “Rothschild & Co” name. This is considered to have an indefinite useful life and is, therefore, not amortised, but is instead subject to an annual impairment test. However, the Group has reperformed its annual impairment test at the half year to identify whether impairment losses are required due to the impact of Covid-19.

Testing for impairment

As at 30 June 2020, the Group performed an impairment test for the "Rothschild & Co" name. It valued the name using the "royalty relief" method, whereby the value of the name is based on the theoretical amount that would be paid if the name were licensed from a third party, and not owned. The key assumptions used for the test were:

- income is determined on the basis of a business plan of the acquired subsidiaries, which is derived from a three-year plan drawn up through the Group’s budget process and then extended in perpetuity to a terminal value, using a long-term growth rate. For the purposes of this test, the economic disruption resulting from the Covid-19 pandemic is considered to have an impact on the current year, followed by an improvement in results in 2021 and thereafter;

- royalty rate = 2%;
- growth rate in perpetuity = 2%; and
- discount rate = 8%.

Results of sensitivity tests on the Rothschild & Co name show that:

- a 50 bp increase in discount rates combined with a 50 bp reduction in perpetual growth rates would reduce the value by €51 million;
- a 25 bp decrease in the royalty rate would reduce the value by €50 million; and
- a 10% decrease in the income in the future business plan cash flows would reduce the value by €39 million.

Such decreases would not result in an impairment.

Note 9 - Goodwill

In thousands of euro	Global Advisory	Wealth & Asset Management	Merchant Banking	TOTAL
As at 1 January 2020	123,118	12,916	4,219	140,253
Currency translation	(1,272)	7	(14)	(1,279)
AS AT 30 JUNE 2020	**121,846**	**12,923**	**4,205**	**138,974**

Testing for impairment

The Group has reperformed its annual impairment tests as at 30 June 2020 to identify whether impairment losses are required due to the impact of Covid-19. The tests are applied for each of the cash generating units (CGU) to which goodwill has been allocated. The recoverable amount of the CGUs was calculated using the most appropriate method. The results of these tests concluded that no impairment was needed on any of the Group's goodwill.

For GA, the fair value less cost of disposal has been calculated using price/earnings (PE) multiples which have been applied to the normalised profit after tax. The value was determined using parameters derived from market conditions and based on data from comparable companies. The valuation technique would be classified in Level 2 of the fair value hierarchy.

The following assumptions were used:
- normalised profit after tax is determined over a three-year period; and
- trading multiples used were medium-term PE multiples of M&A-focused peers.

Results of sensitivity tests on the wider GA business show that a 10% decrease in either the PE multiples or in the normalised profit after tax would reduce the CGU by €127 million and would not result in an impairment.

Note 10 - Due to banks and other financial institutions

In thousands of euro	30/06/2020	31/12/2019
Interbank demand and overnight deposits	88,257	148,493
Repurchase agreements(1)	150,000	50,000
Interbank term deposits and borrowings	159,927	245,522
Accrued interest	4,444	4,579
TOTAL	**402,628**	**448,594**

(1) These balances include repurchase agreements made with central banks

Note 11 - Customer deposits

In thousands of euro	30/06/2020	31/12/2019
Demand deposits	9,101,787	8,679,775
Term deposits	502,890	650,316
Borrowings secured by bills	111,775	154,100
Accrued interest	1,047	2,378
TOTAL	**9,717,499**	**9,486,569**

Note 12 - Other liabilities, accruals and deferred income

In thousands of euro	30/06/2020	31/12/2019
Due to employees	438,344	641,745
Other accrued expenses and deferred income	96,512	126,538
Accrued expenses	**534,856**	**768,283**
Settlement accounts for transactions of securities(1)	134,997	169,324
Accounts payable (1)	19,519	26,859
Sundry creditors	110,897	96,909
Other liabilities	**265,413**	**293,092**
TOTAL	**800,269**	**1,061,375**

(1) These balances represent other financial liabilities as reported in section 4.

Note 13 - Provisions

In thousands of euro	01/01/2020	Charge/ (release)	(Paid)/ recovered	Exchange movement	Other movements	30/06/2020
Provisions for counterparty risk	1,047	(366)	-	-	-	681
Provisions for claims and litigation	29,187	(7,753)	1,297	(47)	12	22,696
Provisions for property	1,687	30	(75)	(5)	443	2,080
Provisions for staff costs	2,912	(815)	(114)	(16)	(2)	1,965
Other provisions	1,002	-	-	-	-	1,002
Subtotal	**35,835**	**(8,904)**	**1,108**	**(68)**	**453**	**28,424**
Retirement benefit liabilities	29,109	n/a	n/a	n/a	83,649	112,758
TOTAL	**64,944**	**(8,904)**	**1,108**	**(68)**	**84,102**	**141,182**

From time to time, the Group is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated.

Also within provisions for claims and litigation are amounts set aside to cover estimated costs of other legal proceedings and claims arising from the conduct of business.

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

Retirement benefit liabilities (above) and assets (note 6) arise mainly from defined benefit pension schemes in the United Kingdom, the US and Switzerland, and represent the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of any plan assets. The values of assets and obligations in the principal schemes are prepared by qualified independent actuaries for the half year and year-end accounts and the net movement in the liability is shown in the table above. Further information on retirement benefit obligations is provided in the financial statements for the period ended 31 December 2019.

Note 14 - Impairments

In thousands of euro	01/01/2020	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	30/06/2020
Loans and advances to customers	(58,027)	(9,480)	3,571	666	899	(62,371)
Other financial assets	(27,751)	(2,758)	552	306	464	(29,187)
Securities at amortised cost	(755)	-	10	-	-	(745)
TOTAL	**(86,533)**	**(12,238)**	**4,133**	**972**	**1,363**	**(92,303)**

Note 15 - Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euro	30/06/2020	31/12/2019
Net (liability)/asset as at beginning of period	**17,996**	**2,741**
of which deferred tax assets	*59,469*	*50,587*
of which deferred tax liabilities	*(41,473)*	*(47,846)*
Recognised in income statement		
Income statement (expense)/income	(649)	9,881
Recognised in equity		
Defined benefit pension arrangements	22,313	5,588
Financial assets at fair value through other comprehensive income	191	1,284
Share options	(626)	(1,062)
Net investment hedge	(107)	-
Cash flow hedge	217	(136)
Exchange differences	(1,967)	1,095
Purchase/sale of a subsidiary	-	(1,117)
Other	356	(278)
NET (LIABILITY)/ASSET AS AT END OF PERIOD	**37,724**	**17,996**
of which deferred tax assets	*77,500*	*59,469*
of which deferred tax liabilities	*(39,776)*	*(41,473)*

Deferred tax net assets are attributable to the following items:

In thousands of euro	30/06/2020	31/12/2019
Deferred profit share arrangements	42,046	43,839
Defined benefit pension liabilities	19,802	3,456
Provisions	5,798	4,815
Losses carried forward	2,764	1,031
Accelerated depreciation	1,158	1,892
Share options	313	954
Financial assets at fair value	(508)	(839)
Other temporary differences	6,127	4,321
TOTAL	**77,500**	**59,469**

In accordance with the Group's accounting policy, some deductible temporary differences have not given rise to the recognition of deferred tax assets, mainly in the United States, Canada and Asia. Unrecognised deferred tax assets amounted to €46.0 million at 30 June 2020 (€47.6 million at 31 December 2019). The Group has not recognised significant amounts of deferred tax assets for tax losses carried forward.

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	30/06/2020	31/12/2019
Intangible assets recognised following acquisition of subsidiaries	13,459	13,459
Fair value adjustments to properties	9,853	10,159
Financial assets at fair value	9,602	10,035
Accelerated capital allowances	2,895	2,179
Defined benefit pension assets	963	1,499
Other temporary differences	3,004	4,142
TOTAL	**39,776**	**41,473**

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	30/06/2020	31/12/2019
Deferred profit share arrangements	1,220	15,589
Allowances for loan losses	984	(669)
Fair value adjustments to properties	396	6,639
Financial assets carried at fair value	362	(1,626)
Tax losses carried forward	(458)	(3,530)
Depreciation differences	(934)	(1,039)
Defined benefit pension liabilities	(5,018)	(5,001)
Other temporary differences	2,799	(482)
TOTAL	**(649)**	**9,881**

Note 16 - 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 judgment must be made as to whether there is a need to consolidate these funds or not. To do this, a combined assessment of two key indicators is made:

- remuneration and other economic interests in aggregate; and
- kick-out rights.

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

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

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

The Group's judgment 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, and in which it has made an equity investment.

	30/06/2020		
In thousands of euro	**Equity funds**	**Debt funds**	**TOTAL**
Total assets within the underlying vehicles	**2,557,883**	**2,795,914**	**5,353,797**
Assets under management including third party commitments	**5,892,128**	**3,806,195**	**9,698,323**
Interest held in the Group's balance sheet:			
Debt and equity securities at FVTPL	436,654	103,735	540,389
Debt securities at amortised cost	-	72,900	72,900
Loans and advances to customers	13,000	3,986	16,986
Total assets in the Group's balance sheet	**449,654**	**180,621**	**630,275**
Off-balance sheet commitments made by the Group	551,552	97,336	648,888
Group's maximum exposure	**1,001,206**	**277,957**	**1,279,163**

Note 17 - Non-controlling interests

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

	30/06/2020			30/06/2019	31/12/2019	30/06/2019
In thousands of euro	**Income**	**Amounts in the balance sheet**	**Distributions**	**Income**	**Amounts in the balance sheet**	**Distributions**
Share of profit attributable to NCI						
Preferred shares	54,982	46,175	146,413	54,716	137,713	170,979
Other	(374)	3,992	117	(1,039)	4,976	27
Expense, net of tax						
Perpetual subordinated debt	7,528	288,087	7,295	9,071	302,895	8,875
TOTAL	**62,136**	**338,254**	**153,825**	**62,748**	**445,584**	**179,881**

Preferred shares

Preferred shares within NCI mainly consist of amounts calculated in accordance with legal clauses applicable to French limited partnerships owned by Rothschild Martin Maurel SCS, the French holding company of our WAM and GA 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.

Preferred shares issued by R&CoCL a number of years ago were repaid in March 2019 at fair value, and the proceeds of €27.1 million are included in the 2019 distributions in the table above. As this was a transaction with shareholders, the uplift in fair value on repayment was charged directly to shareholders' funds in the consolidated statement of changes in equity.

Perpetual subordinated debt

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

In thousands of euro	**30/06/2020**	**31/12/2019**
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	162,734	173,537
Perpetual floating rate subordinated notes (€150 million)	56,916	60,694
Perpetual floating rate subordinated notes (US$200 million)	68,437	68,664
TOTAL	**288,087**	**302,895**

Note 18 - 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	30/06/2020	31/12/2019
Cash and accounts with central banks	3,899,226	4,382,129
Interbank demand deposits and overnight loans (assets)	1,004,727	927,905
Other cash equivalents	203,869	221,484
Interbank demand deposits and overnight loans (liabilities) and due to central banks	(88,257)	(148,493)
TOTAL	**5,019,565**	**5,383,025**

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

Note 19 - Commitments given and received

Commitments given

In thousands of euro	30/06/2020	31/12/2019
Given to banks	1,602	1,542
Given to customers	665,223	625,960
Loan commitments	**666,825**	**627,502**
Given to banks	98,204	103,855
Given to customers	96,611	89,502
Guarantee commitments	**194,815**	**193,357**
Investment commitments	413,877	391,396
Irrevocable nominee commitments	222,071	200,757
Pledged assets and other commitments given	55,350	60,484
Other commitments given	**691,298**	**652,637**

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

Commitments received

In thousands of euro	30/06/2020	31/12/2019
Received from banks	299,189	314,609
Loan commitments	**299,189**	**314,609**
Received from banks	44,177	47,723
Received from customers	2,988	3,072
Guarantee commitments	**47,165**	**50,795**

6. Notes to the income statement

Note 20 - Net interest income

Interest income

In thousands of euro	30/06/2020	30/06/2019
Interest income - loans to banks	3,183	4,906
Interest income - loans to customers	29,153	31,974
Interest income - debt securities at FVTPL	374	371
Interest income - debt securities at FVOCI	-	528
Interest income - debt securities at amortised cost	4,324	3,000
Interest income - derivatives	19,514	31,706
Interest income - other financial assets	127	(13)
TOTAL	**56,675**	**72,472**

Interest expense

In thousands of euro	30/06/2020	30/06/2019
Interest expense - due to banks and other financial institutions	(3,495)	(4,649)
Negative interest income from loans to banks	(12,191)	(16,247)
Interest expense - due to customers	(6,122)	(13,772)
Interest expense - derivatives	(894)	(1,064)
Interest expense - lease liabilities	(2,866)	(2,646)
Interest expense - other financial liabilities	(292)	(86)
TOTAL	**(25,860)**	**(38,464)**

Note 21 - Net fee and commission income

Fee and commission income

In thousands of euro	30/06/2020	30/06/2019
Fees for advisory work and other services	533,132	551,077
Portfolio and other management fees	289,407	264,782
Banking and credit-related fees and commissions	3,532	2,816
Other fees	6,119	5,085
TOTAL	**832,190**	**823,760**

Fee and commission expense

In thousands of euro	30/06/2020	30/06/2019
Fees for advisory work and other services	(4,507)	(10,018)
Portfolio and other management fees	(33,683)	(31,888)
Banking and credit-related fees and commissions	(18)	(87)
Other fees	(1,276)	(1,201)
TOTAL	**(39,484)**	**(43,194)**

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

In thousands of euro	30/06/2020	30/06/2019
Net income - financial instruments at fair value through profit or loss	3,368	40,163
Net income - carried interest	(621)	30,897
Net income - foreign exchange operations	14,450	11,059
Net income - other trading operations	(1,656)	(956)
TOTAL	**15,541**	**81,163**

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

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

Note 23 - Operating expenses

In thousands of euro	30/06/2020	30/06/2019
Compensation and other staff costs	(506,550)	(507,932)
Defined benefit pension expenses	(8,416)	(4,751)
Defined contribution pension expenses	(7,592)	(6,756)
Staff costs	**(522,558)**	**(519,439)**
Administrative expenses	(122,194)	(133,999)
TOTAL	**(644,752)**	**(653,438)**

Staff costs

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

In most circumstances, deferred cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four-year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Group. For certain employees, a portion of the bonus will be settled in the form of a non-cash instrument. There are two forms of non-cash instruments in the R&Co Group, used in response to the Capital Requirements Directive 4 (CRD4). Firstly, an equity-settled deferred share award consisting of R&Co shares: the R&Co shares are released to the employees six months after the vesting date of the award. Secondly, a cash-settled share-linked cash award (non-deferred): this vests immediately but the value of the amount paid moves in line with the R&Co share price over a six month holding period. When it is mutually beneficial, the Group sometimes allows employees to accelerate the vesting of deferred cash awards, and in this case, the uncharged expense is recognised immediately.

A commitment to employees exists in connection with deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €91.3 million (€109.7 million as at 31 December 2019).

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

Note 24 - Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	30/06/2020	30/06/2019
Loans and advances to customers	(9,480)	1,848	1,723	(5,909)	1,278
Securities at amortised cost	-	10	-	10	(131)
Other financial assets	(2,758)	472	80	(2,206)	812
Commitments given to customers	-	366	-	366	-
TOTAL	**(12,238)**	**2,696**	**1,803**	**(7,739)**	**1,959**

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

In thousands of euro	30/06/2020	30/06/2019
Gains/(losses) related to sales of tangible or intangible assets	62	18,598
Gains/(losses) on disposal and impairment of subsidiaries	-	3,207
Non-operating income/(expense)	(2,013)	(3,603)
TOTAL	**(1,951)**	**18,202**

The comparative period in the note above includes the result on sale, and impairment prior to sale, of two office buildings.

The loss in non-operating income includes the unrealised change in value and dividend income from certain legacy investments, which are excluded from the management result.

Note 26 - Income tax expense

In thousands of euro	30/06/2020	30/06/2019
Current tax	(27,579)	(34,930)
Deferred tax	(649)	(1,532)
TOTAL	**(28,228)**	**(36,462)**

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

Current tax

In thousands of euro	30/06/2020	30/06/2019
Tax charge for the period	(23,485)	(29,690)
Adjustments related to prior periods	(3,053)	(552)
Irrecoverable dividend-related tax	(970)	(4,415)
Other	(71)	(273)
TOTAL	**(27,579)**	**(34,930)**

Deferred tax

In thousands of euro	30/06/2020	30/06/2019
Temporary differences	983	(1,347)
Changes in tax rates	(2,946)	1,015
Adjustments related to prior periods	1,314	(1,200)
TOTAL	**(649)**	**(1,532)**

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

In thousands of euro		30/06/2020		30/06/2019
Profit before tax		**150,421**		**233,523**
Expected tax charge at standard French corporate income tax rate	32.02%	48,165	32.02%	74,774
Main reconciling items (1)				
Tax on partnership profits recognised outside the Group	(11.7%)	(17,589)	(7.0%)	(16,265)
Impact of foreign profits and losses taxed at different rates	(5.6%)	(8,414)	(12.1%)	(28,322)
Recognition of previously unrecognised deferred tax	(1.8%)	(2,625)	(1.9%)	(4,412)
Irrecoverable and other dividend-related taxes	+0.7%	970	+1.9%	4,415
Permanent differences	+0.7%	1,035	+1.5%	3,587
Tax impacts relating to prior years	+1.2%	1,739	+0.8%	1,752
Impact of unrecognised deferred tax on losses	+1.2%	1,811	+0.6%	1,318
Tax impact on deferred tax relating to change of the corporate income tax rate	+2.0%	2,946	(0.4%)	(1,015)
Other tax impacts	+0.1%	190	+0.2%	630
Actual tax charge	**18.8%**	**28,228**	**15.6%**	**36,462**
EFFECTIVE TAX RATE		**18.8%**		**15.6%**

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

Note 27 - Related parties

In thousands of euro	30/06/2020			31/12/2019		
	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	-	-	7,480	-	-	11,882
Right of use assets	4,304	-	-	4,857	-	-
Other assets	-	-	-	-	-	-
TOTAL ASSETS	**4,304**	**-**	**7,480**	**4,857**	**-**	**11,882**
Liabilities						
Due to customers	-	3,569	88,897	-	573	115,317
Lease liabilities	4,346	-	-	4,905	-	-
Other liabilities	9	-	-	7	-	-
TOTAL LIABILITIES	**4,355**	**3,569**	**88,897**	**4,912**	**573**	**115,317**

In thousands of euro	30/06/2020			30/06/2019		
	Companies accounted for by the equity method	Executive Directors	Other related parties	Companies accounted for by the equity method	Executive Directors	Other related parties
Income and expenses from transactions with related parties						
Net interest income/(expense)	(46)	-	19	(52)	19	30
Net fee and commission income/(expense)	55	-	-	57	-	-
Other income	-	-	-	-	-	75
TOTAL NET BANKING INCOME	**9**	**-**	**19**	**5**	**19**	**105**
Other expenses	(260)	-	(1,319)	(263)	-	(773)
TOTAL EXPENSES	**(260)**	**-**	**(1,319)**	**(263)**	**-**	**(773)**

Note 28 - Segmental information

The table below presents a segmental analysis by business line, used internally for assessing business performance, which is then adjusted to conform to the Group's statutory accounting policies. The reconciliation to IFRS mainly reflects: the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in "net income/(expense) from other assets" or administrative expenses; and reallocating impairments and certain operating income and expenses for presentational purposes.

Segmental information split by business

In thousands of euro	Global Advisory	Wealth & Asset Management	Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	30/06/2020
Net banking income	**529,380**	**252,271**	**52,802**	**7,080**	**841,533**	**(3,702)**	**837,831**
Operating expenses	(454,520)	(205,959)	(43,338)	(26,881)	(730,698)	51,969	(678,729)
Cost of risk	-	(2,436)	-	-	(2,436)	(5,303)	(7,739)
Operating income	**74,860**	**43,876**	**9,464**	**(19,801)**	**108,399**	**42,964**	**151,363**
Share of profits of associated entities	-	-	-	-	-	1,009	1,009
Non-operating income	-	-	-	-	-	(1,951)	(1,951)
Profit before tax	**74,860**	**43,876**	**9,464**	**(19,801)**	**108,399**	**42,022**	**150,421**

In thousands of euro	Global Advisory	Wealth & Asset Management	Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	30/06/2019
Net banking income	**544,846**	**239,195**	**110,406**	**13,291**	**907,738**	**(10,216)**	**897,522**
Operating expenses	(462,064)	(201,886)	(42,496)	(27,215)	(733,661)	49,352	(684,309)
Cost of risk	-	1,126	-	-	1,126	833	1,959
Operating income	**82,782**	**38,435**	**67,910**	**(13,924)**	**175,203**	**39,969**	**215,172**
Share of profits of associated entities	-	-	-	-	-	149	149
Non-operating income	-	-	-	-	-	18,202	18,202
Profit before tax	**82,782**	**38,435**	**67,910**	**(13,924)**	**175,203**	**58,320**	**233,523**

Net banking income split by geographical segment

In thousands of euro	30/06/2020	%	30/06/2019	%
France	269,667	32%	235,056	26%
United Kingdom and Channel Islands	264,109	32%	279,097	31%
Americas	122,197	15%	123,529	14%
Rest of Europe	93,143	11%	165,515	18%
Switzerland	58,210	7%	51,218	6%
Australia and Asia	21,503	3%	32,587	3%
Other	9,002	1%	10,520	1%
TOTAL	**837,831**	**100%**	**897,522**	**100%**

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

Note 29 - Earnings per share

	30/06/2020	30/06/2019
Net income - Group share (millions of euro)	60.1	134.3
Preferred dividends adjustment (millions of euro)	(1.3)	(0.7)
Net income - Group share after preferred dividends adjustment (millions of euro)	**58.8**	**133.6**
Basic average number of shares in issue - 000s	71,793	71,198
Earnings per share - basic (euro)	**0.82**	**1.88**
Diluted average number of shares in issue - 000s	71,994	72,251
Earnings per share - diluted (euro)	**0.82**	**1.85**

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. The preferred dividend adjustment is spread evenly over the reporting period.

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

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

Note 30 - Consolidation scope

As at 30 June 2020, the main entities in the Group's consolidation scope can be summarised as follows:

		30/06/2020		31/12/2019		Consolidation method [1]	
Company name	**Country of operation**	**% Group voting interest**	**% Group ownership interest**	**% Group voting interest**	**% Group ownership interest**	**30/06/2020**	**31/12/2019**
Concordia Holding Sarl	France	100.00	100.00	100.00	100.00	FC	FC
Rothschild Martin Maurel SCS[2]	France	99.99	99.99	99.99	99.99	FC	FC
Rothschild & Co Deutschland GmbH	Germany	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Bank International Limited	Guernsey	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Principal Investments International Feeder SCA SICAR	Luxembourg	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Europe B.V.	Netherlands	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Bank AG	Switzerland	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Holdings AG	Switzerland	100.00	100.00	100.00	100.00	FC	FC
N.M. Rothschild & Sons Limited	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co North America Inc.	United States of America	100.00	100.00	100.00	100.00	FC	FC

(1) FC: full consolidation.

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

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

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

For the period from January 1 to June 30, 2020

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Rothschild & Co S.C.A., for the period from January 1 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

These half-yearly summary consolidated financial statements are the responsibility of the Management which met on September 7th, 2020 and were produced on the basis of the information available at that date in an evolving context of the Covid-19 crisis and difficulties in apprehending its impact and future prospects. 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 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the 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 La Défense, on September 15, 2020
KPMG S.A.

Arnaud Bourdeille
Partner

Paris, on September 15, 2020
Cailliau Dedouit et Associés

Sandrine Le Mao
Partner

Persons responsible for the half-year financial report

Rothschild & Co Gestion SAS
Managing Partner

Mark Crump
Group Chief Financial Officer and
Group Chief Operating Officer

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

We hereby declare that, to the best of our knowledge, the the summary interim consolidated financial statements for the past six-month period have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that the half-year activity report includes a fair review of the material eventsthat occurred in the first six months of the financial year, their impact on the interim accounts and the main transactions between related parties, together with a description of the principal risks and uncertainties for the remaining six months of the year.

Paris, 15 September 2020

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

Mark Crump
Group Chief Financial Officer and
Group Chief Operating Officer

About Rothschild & Co

With a team of c.3,500 talented financial services specialists on the ground in over 40 countries across the world, our integrated global network of trusted professionals provide in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth & Asset Management, and Merchant Banking. Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years.

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) listed on Euronext in Paris, Compartment A with a share capital of €155,235,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

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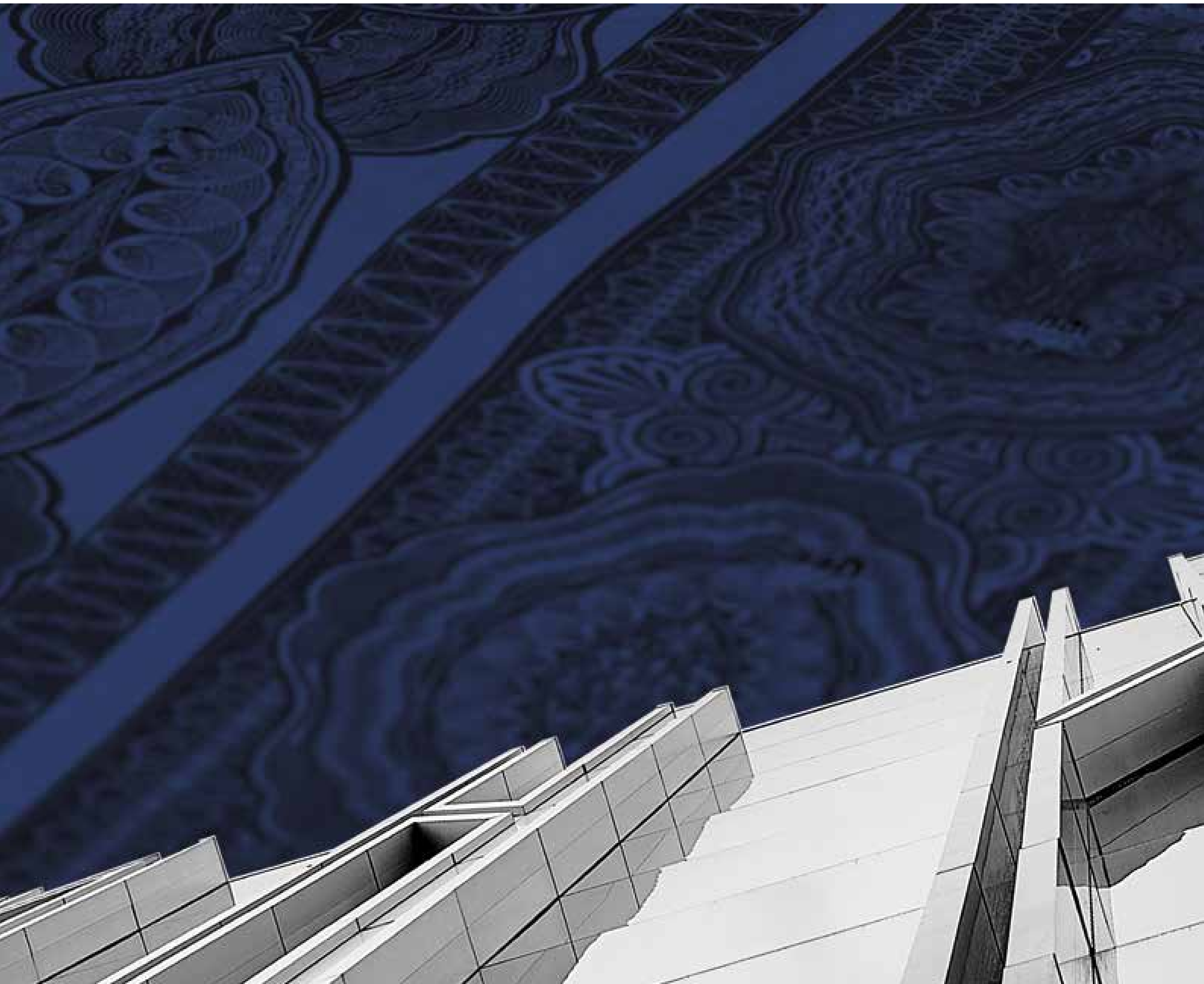
Financial calendar:

- 9 November 2020 — Publication of Third quarter information 2020
- 9 March 2021 — Publication of Full year results 2020



Rothschild & Co