



Results for full-year 2021

Presentation to analysts and investors

February 2022

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1

Highlights

Historic record results confirms Group's long-term growth strategy



Group results	Businesses			Capital management
	Global Advisory (GA)			
Revenue €2,925m +63%	Revenue €1,915m +67%	PBT €421m +150%	6 th by revenue 4 th by number	<ul style="list-style-type: none"> • €1.15 Normal dividend (+29%) • €1.60 Special dividend €2.75 total dividend
	Wealth and Asset Management (WAM)			
Net income – Group share ¹ €766m +343%	Revenue €593m +19%	PBT €117m +58%	€103.9bn of AuM ³ €4.1bn of NNA	Launch of the share buyback of up to €70m In addition to the June €35m buyback
	Merchant Banking (MB)			
EPS ¹ €10.59² +347%	Revenue €398m +169%	Record PBT €292m +409%	€18.3bn of AuM €905m of NAV	Very well capitalised balance sheet Solvency ratio 21.3%

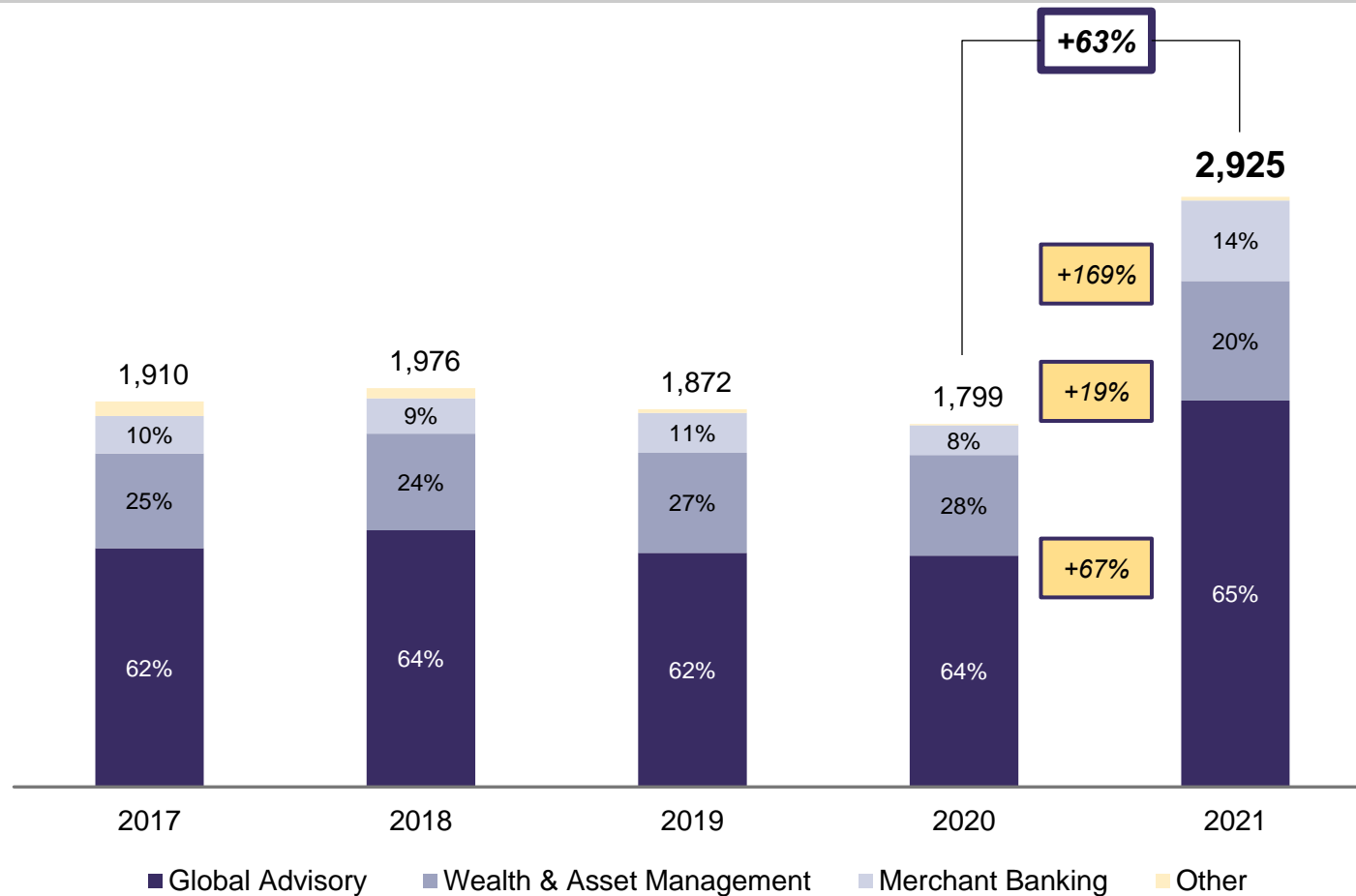
Notes

- 1 Excluding exceptional items
- 2 Of which €1.74 related to deferred bonus credit
- 3 Including double-counted assets

Outstanding revenue growth across all three businesses ...



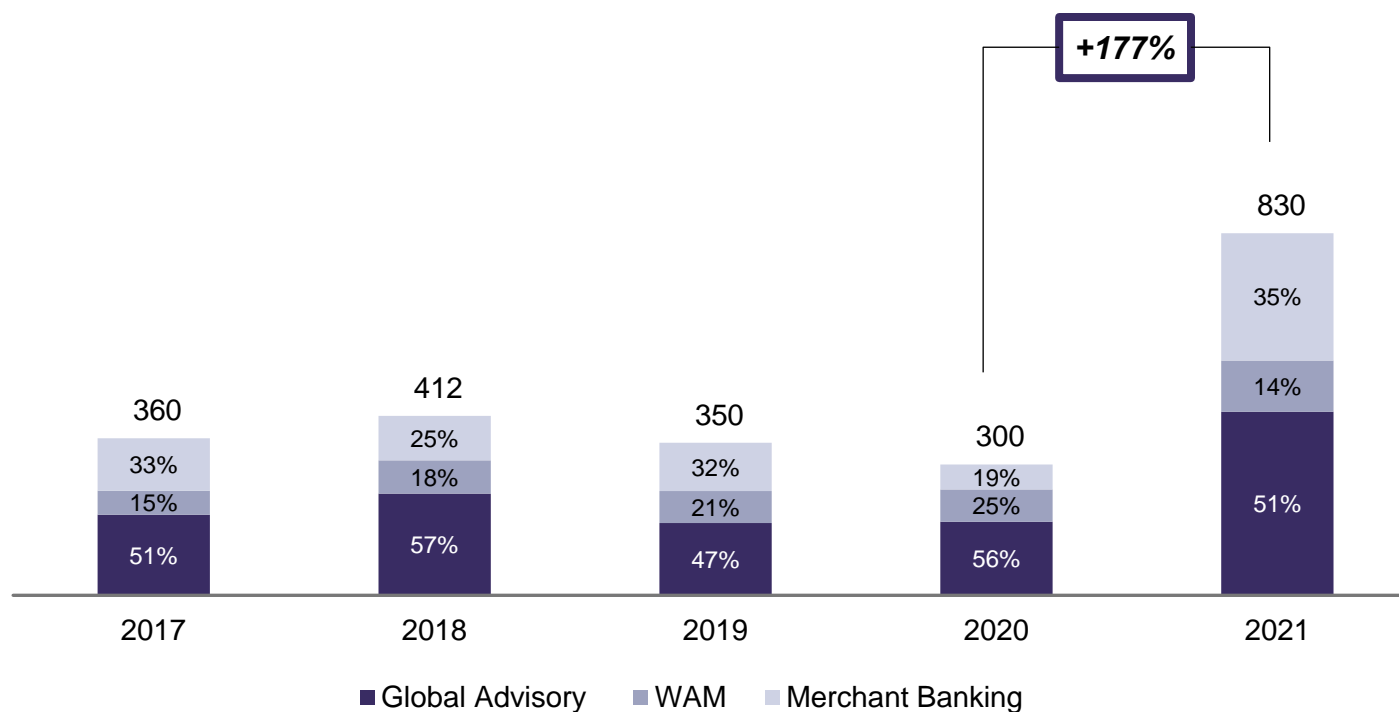
Group revenue (in €m)



and record operating profit before tax ...

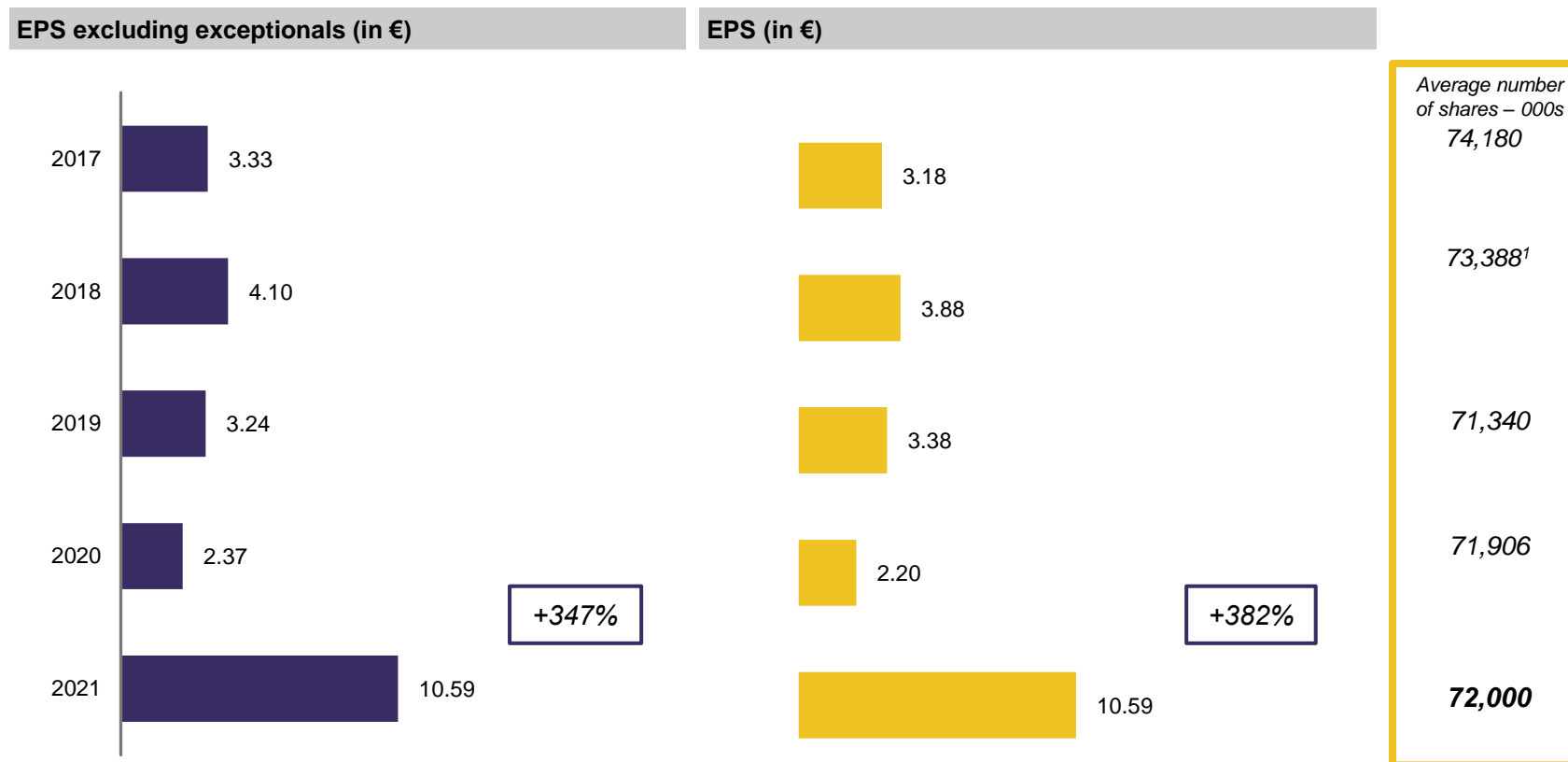


Operating Profit Before Tax (in €m)



Note
1 Operating Profit before tax presented on this slide is the management profit used for internal performance measurement purposes. The reconciliation to statutory P&L is shown on slide 34

... that translate into exceptional EPS progression



Note

¹ Average number of shares decreased as a consequence of the share buy back as part of Edmond de Rothschild deal in August 2018

² Excluding deferred bonus effect, the EPS would be €8.85

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Business review: Global Advisory

Global Advisory – 2021 Highlights



Record revenue and pipeline

- Record full-year 2021 revenue, driven by leading market positions and supportive market conditions resulting in significantly increased deal activity (by volume and value)
 - +87% M&A revenue
 - +27% Financing Advisory revenue
- The only European bank ranked in the Top 10 by revenue globally
- Elevated levels of deal activity across our geography and sector franchises
- Pipeline is well diversified and ahead of previous years at this stage

A unique equity advisory platform spanning private and public markets

- Reached agreement to acquire a controlling interest in Redburn, the leading independent equity research provider in Europe
- Hired a team to broaden offering in GP-led solutions in support of our strategy to offer a range of private capital solutions to our clients
- Deepened expertise in advising growth companies on their entire fundraising journey from series B through to exit
- Developed a leading activist defence and ESG franchise advising Boards on a stand-alone basis or combined within our other advisory activities (e.g. M&A)

55%

The increase in M&A mandates completed in 2021

15 years

consistently ranked First in M&A by number in Europe

68%

The increase in Debt Advisory deal value completed during the pandemic

\$102bn

The value of Restructurings completed in 2021

1st

by value and number in Europe for Equity Advisory in 2021

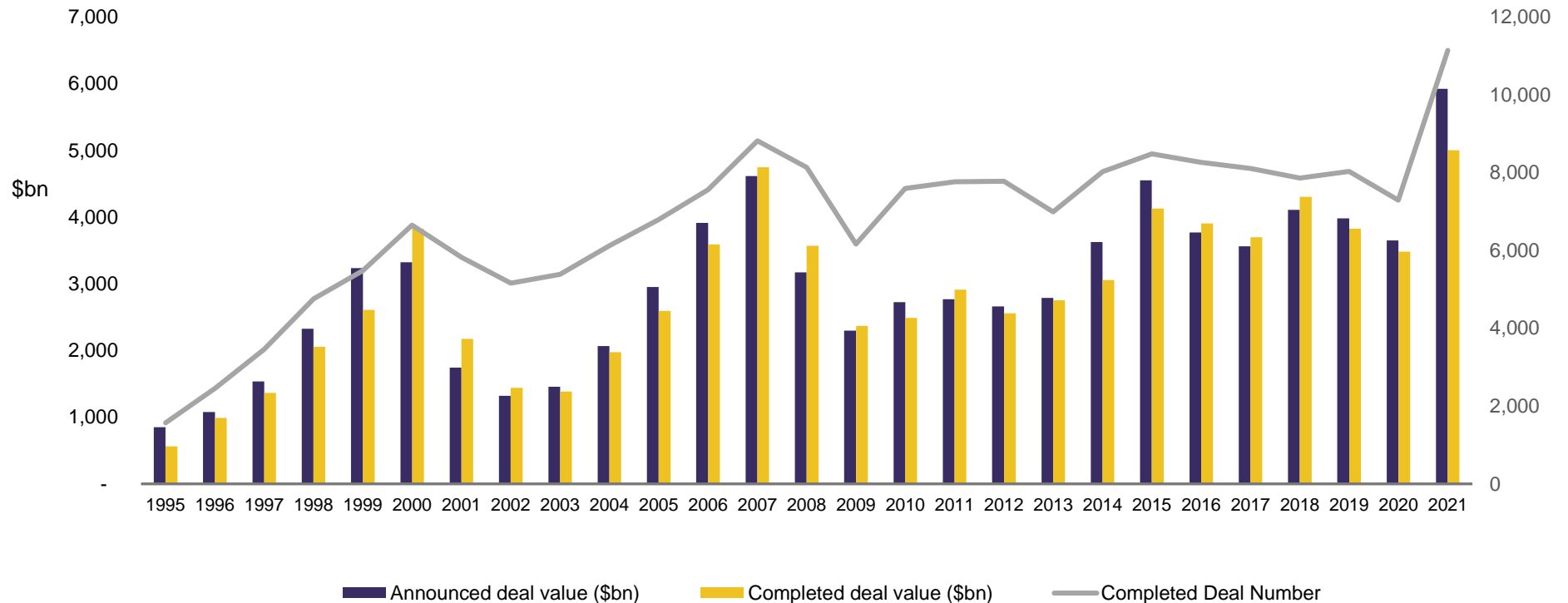
37

The number of mandates with an ESG component in 2021

Note

1 subject to regulatory approval

Global Advisory – Record global M&A market by value



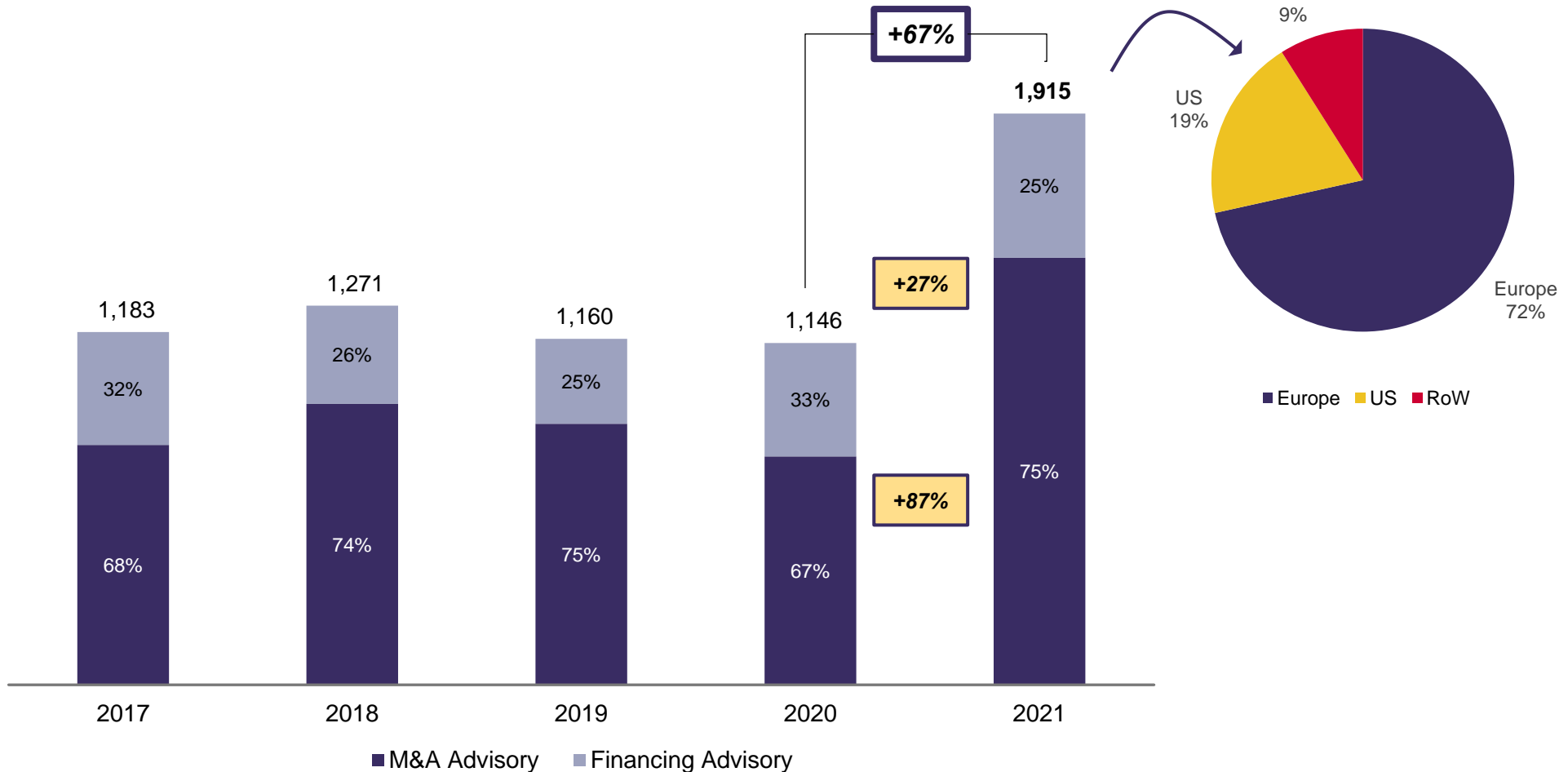
	16 vs 15	17 vs 16	18 vs 17	19 vs 18	20 vs 19	21 vs 20
% var Announced	(17%)	(5%)	15%	(3%)	(8%)	62%
% var Completed	(5%)	(5%)	16%	(11%)	(9%)	44%

Source: Dealogic

Global Advisory - Record full-year revenue



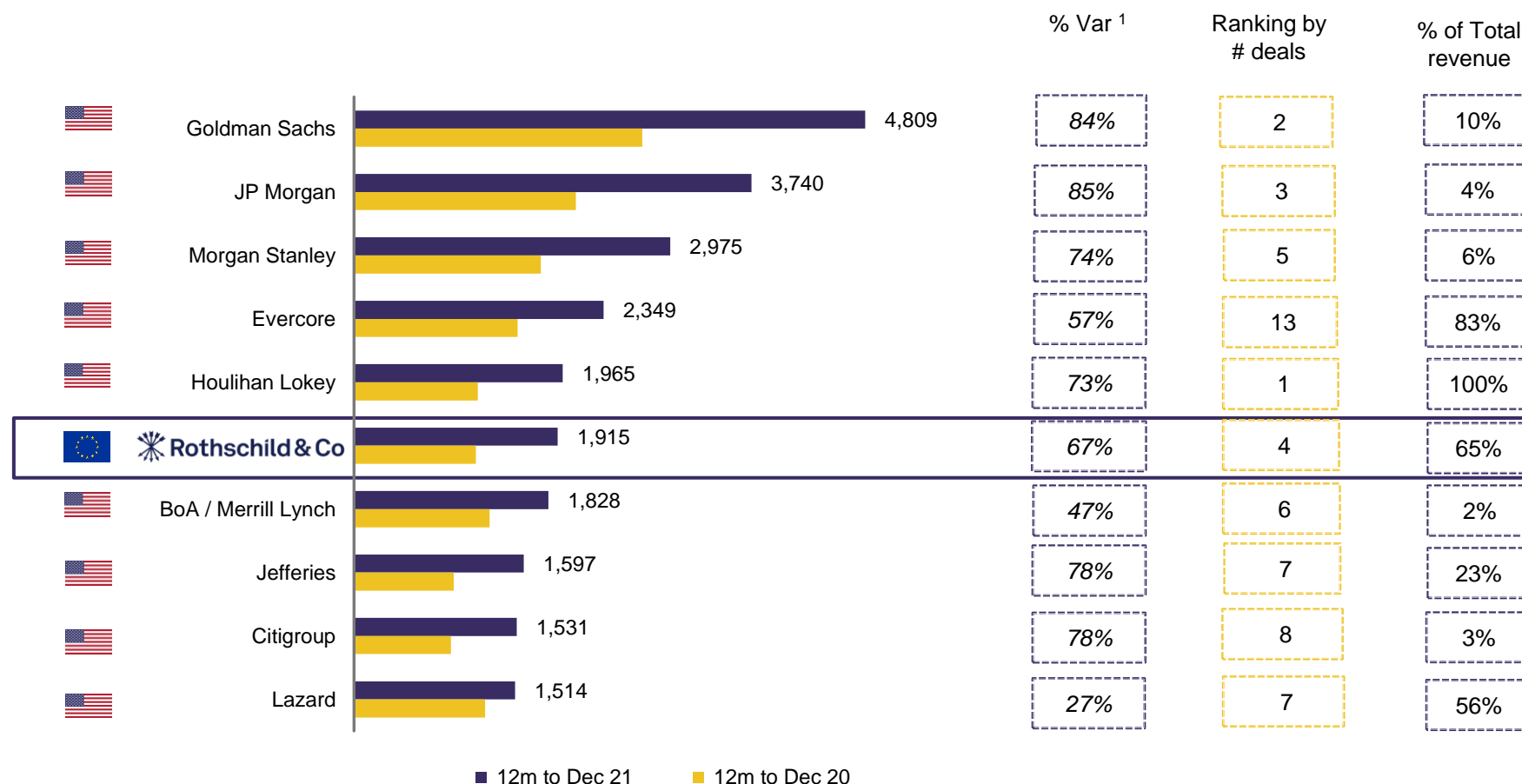
Revenue by product (in €m)



Global Advisory – Only European adviser in the Top 10



Ranking of top 10 advisers by advisory revenue (in €m) – 12m to December 2021



Note

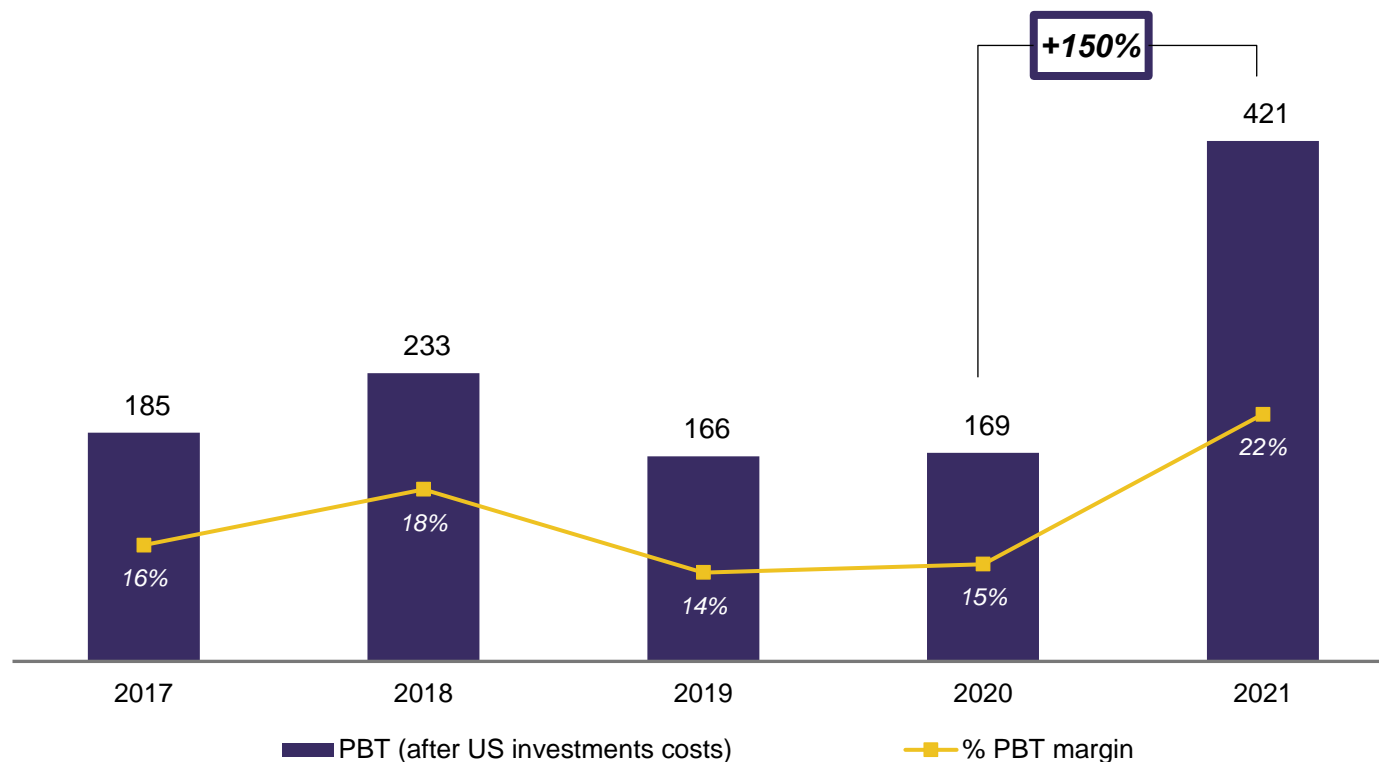
1: Variation calculated on local currency

Source: Company's filings, Refinitiv completed transactions

Global Advisory - Record profits driven by record revenues



Profit Before Tax (in €m) and PBT margin¹



Compensation ratio²

67.2%

65.1%

66.3%

68.1%

66.8%

Notes

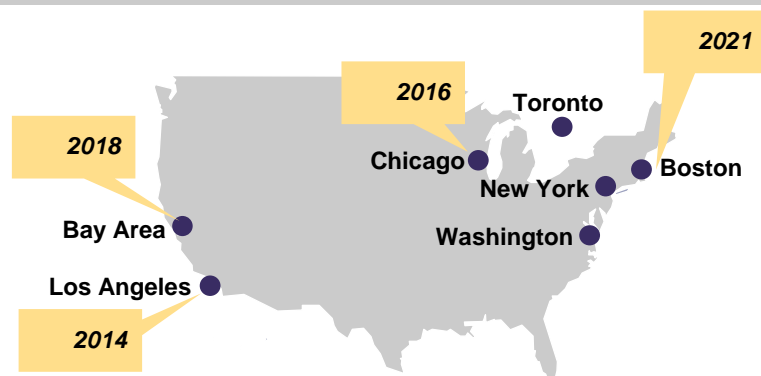
¹ After ongoing investment in the development of our North American M&A franchise (costs to recruit senior bankers)

² On an awarded basis

Global Advisory - North America investment bearing fruit



Overview



7
offices

40
MDs

214
bankers

Rothschild & Co North America performance¹

	2020	2021	
M&A deal value	\$98bn	\$142bn	+45%
M&A deal number	134	181	+35%
Revenue ²	\$271m	\$438m	+62%

- Continued strength in M&A deal volumes in 2021
- Investments in senior and other bankers continue to generate strong results
- Rothschild & Co North America continues to grow its sector coverage and geographic presence

Selection of landmark deals advised by Rothschild & Co North America in 2021

M&A Deals	CC Neuberger II	EQT	Veoneer	Clearlake Capital	Restructuring Deals	Boart Longyear	Ad Hoc Group of European Noteholders	Chesapeake
	 Lead financial advisor on US\$4.8bn merger with Getty Images Current	 Exclusive financial advisor on US\$2.3bn sale of 90% stake of Fenix Marine Services Current	 US\$4.5bn sale to Qualcomm Current	 US\$5.2bn take-private acquisition of Cornerstone OnDemand 2021		 US\$1bn restructuring 2021	 Hertz's US\$19.1bn Chapter 11 restructuring 2021	 Financial Adviser on its US\$10.8bn pre-negotiated chapter 11 restructuring 2021

¹ Source: Refinitiv, any North America involvement on announced transactions

² Includes M&A and Financing Advisory

3

Business review: Wealth & Asset Management

Wealth and Asset Management (WAM) – 2021 highlights



WAM

- Increasing positive momentum in NNA: +€4.1bn
- Strong growth in revenue (+19%): €593m
- AuM reached €103.9bn¹ (+25%)

WAM Europe

- Strong growth in revenue (+20%) and PBT (+58%)
- Merger with Banque Paris Bertrand: €7.1bn of AuM integrated
- Opening of new offices: Madrid, Birmingham and Toulouse
- AM Europe: back to positive NNA (+€0.8bn) in 2021 following the recent strategic refocus

AM US

- Business starting to stabilise with net outflows reduced versus 2020
- Increase in AuM thanks to positive market effect

€4.3bn

NNA in Wealth
Management

AM Europe:
back to positive
NNA of **€0.8bn**

+58%

PBT for
WAM Europe

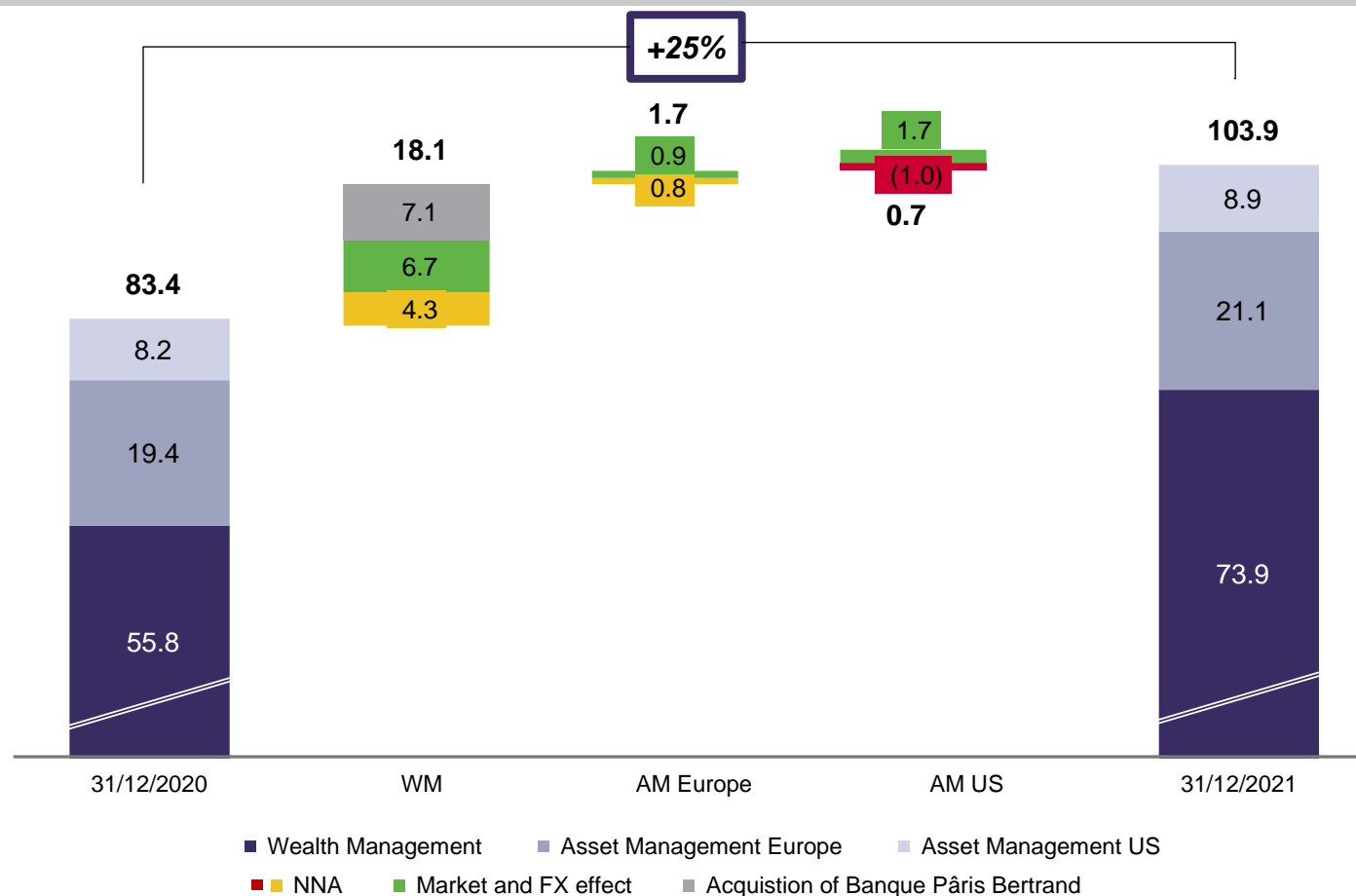
Note

¹ including €6.1 billion double-counted assets representing AuM of Wealth Management clients invested in Asset Management products (2020: €5.3 billion)

WAM – Substantial growth in assets



Assets under management (in €bn)



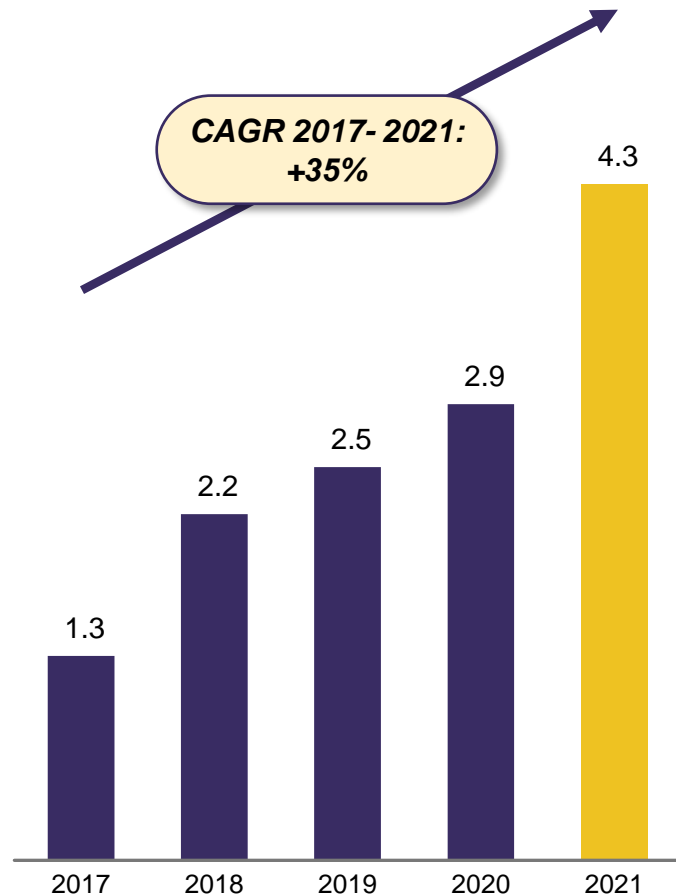
Note

1 including €6.1 billion double-counted assets representing AuM of Wealth Management clients invested in Asset Management products (2020: €5.3 billion)

WAM – Considerable growth in WM NNA, coupled with positive NNA in AM Europe

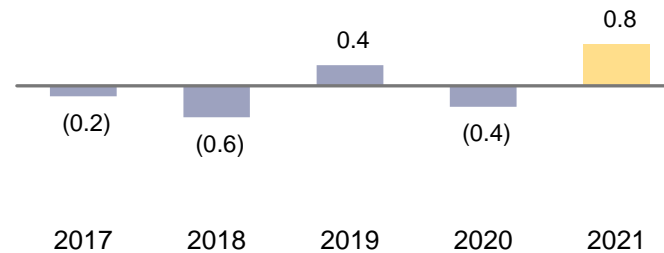


Wealth Management NNA (in €bn)

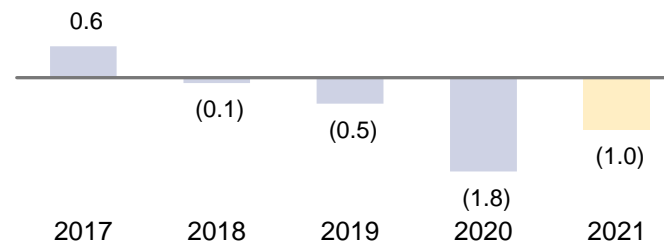


Asset Management NNA (in €bn)

AM Europe



AM US

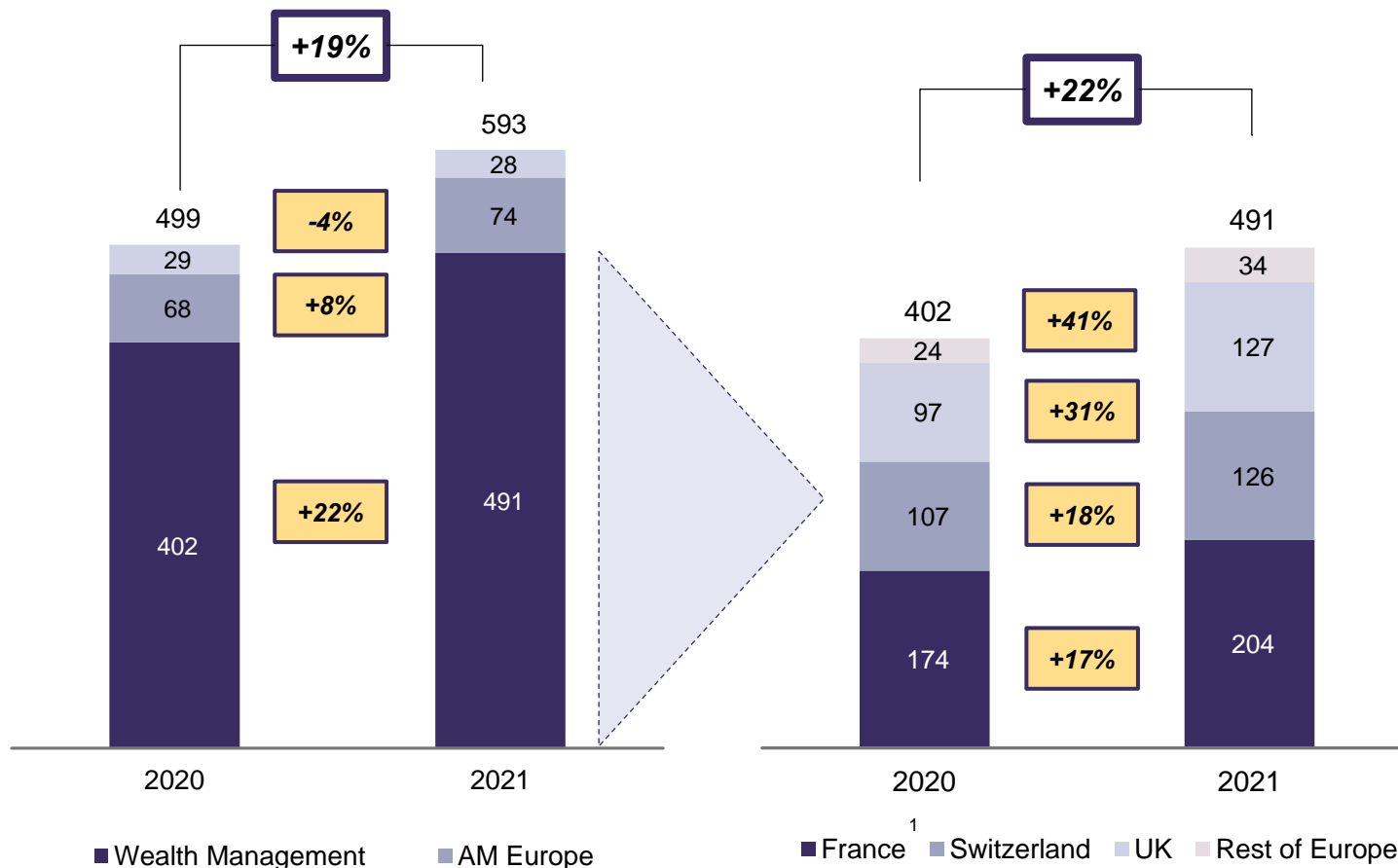


WAM – Strong revenue growth across European businesses



By business line

Zoom by geography on WM revenue



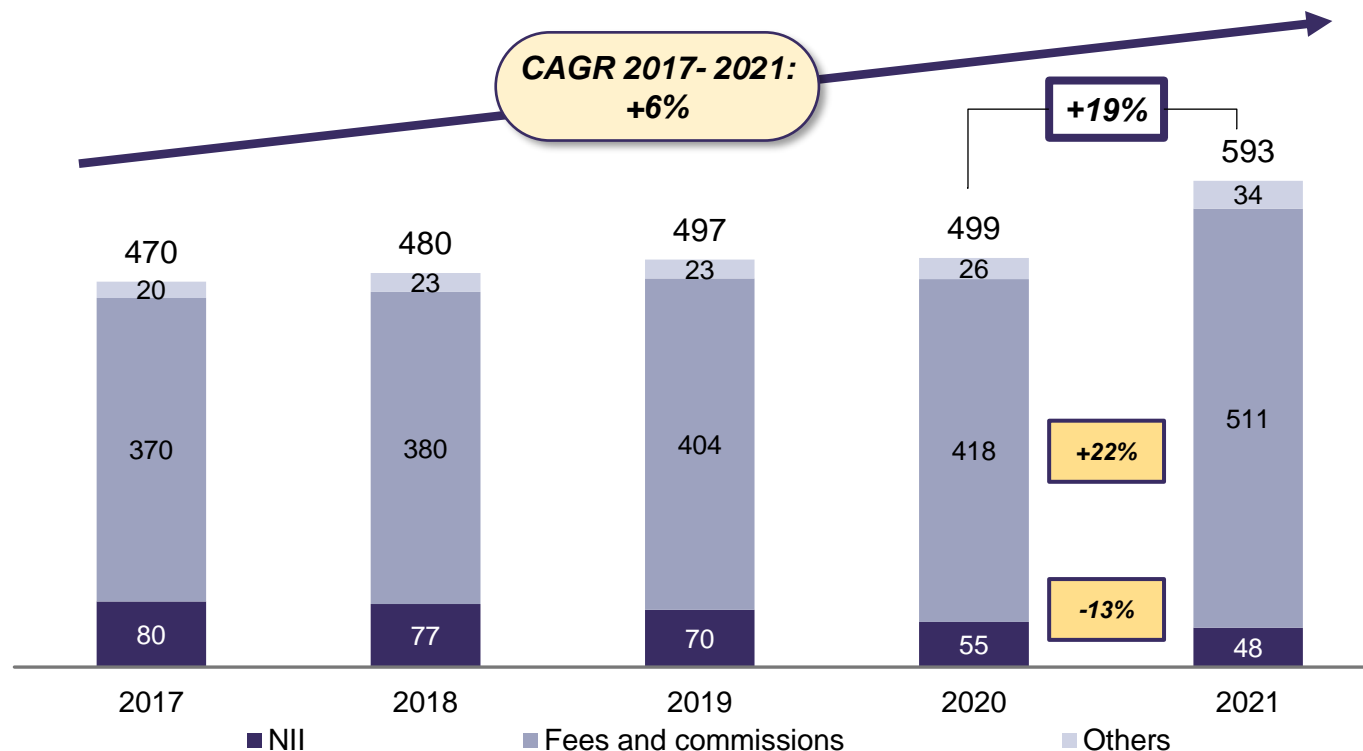
Note

1 France includes France, Belgium and Monaco

WAM - Revenue increase driven by high fees and commissions



Revenue by type (in €m)



Revenue
bps margin¹

72

68

66

61

63

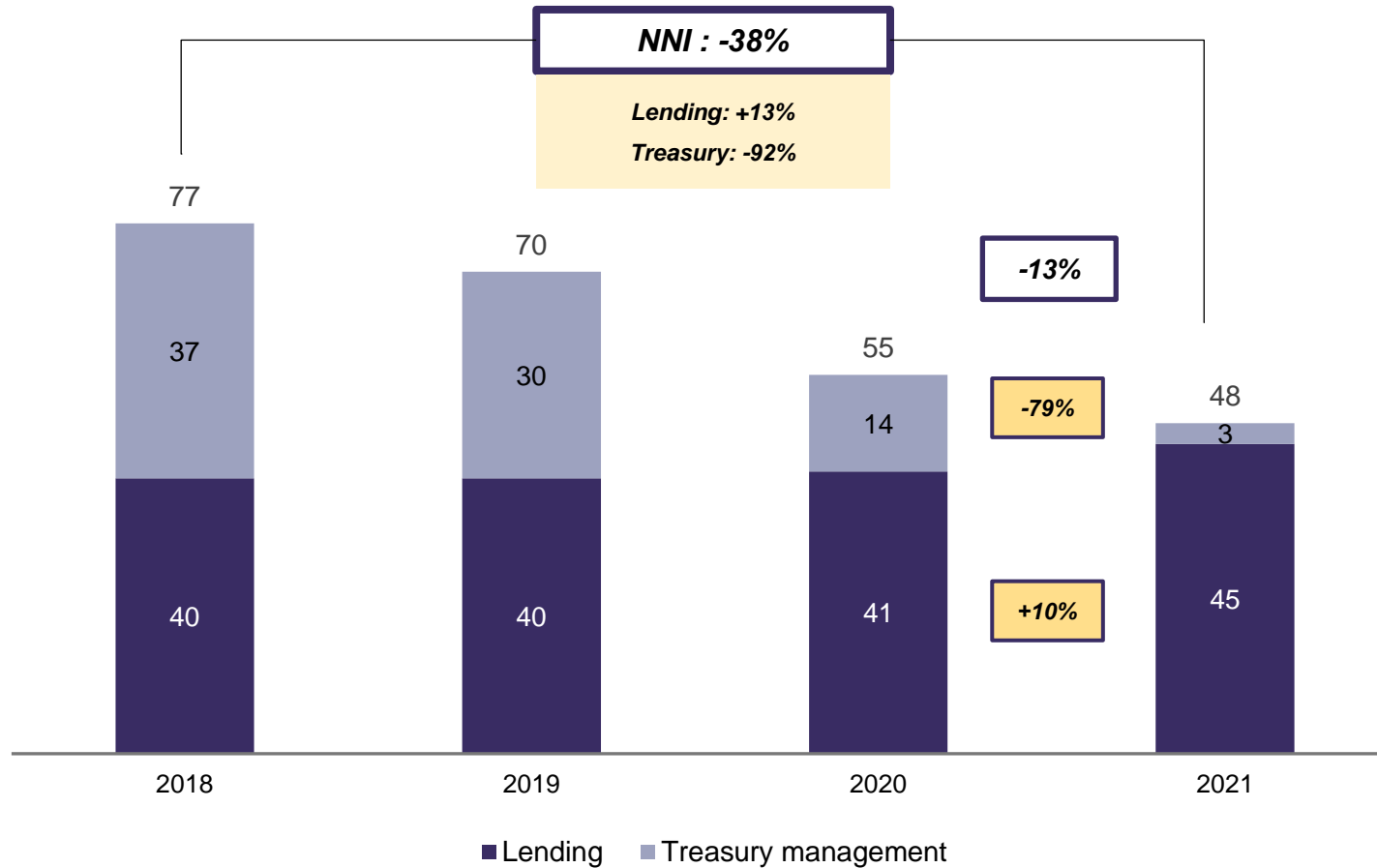
Note

¹ Bps margin have been restated for the double-counting effect of AuM of WM clients invested in AM products

WAM – Net interest income impacted by low interest rate environment



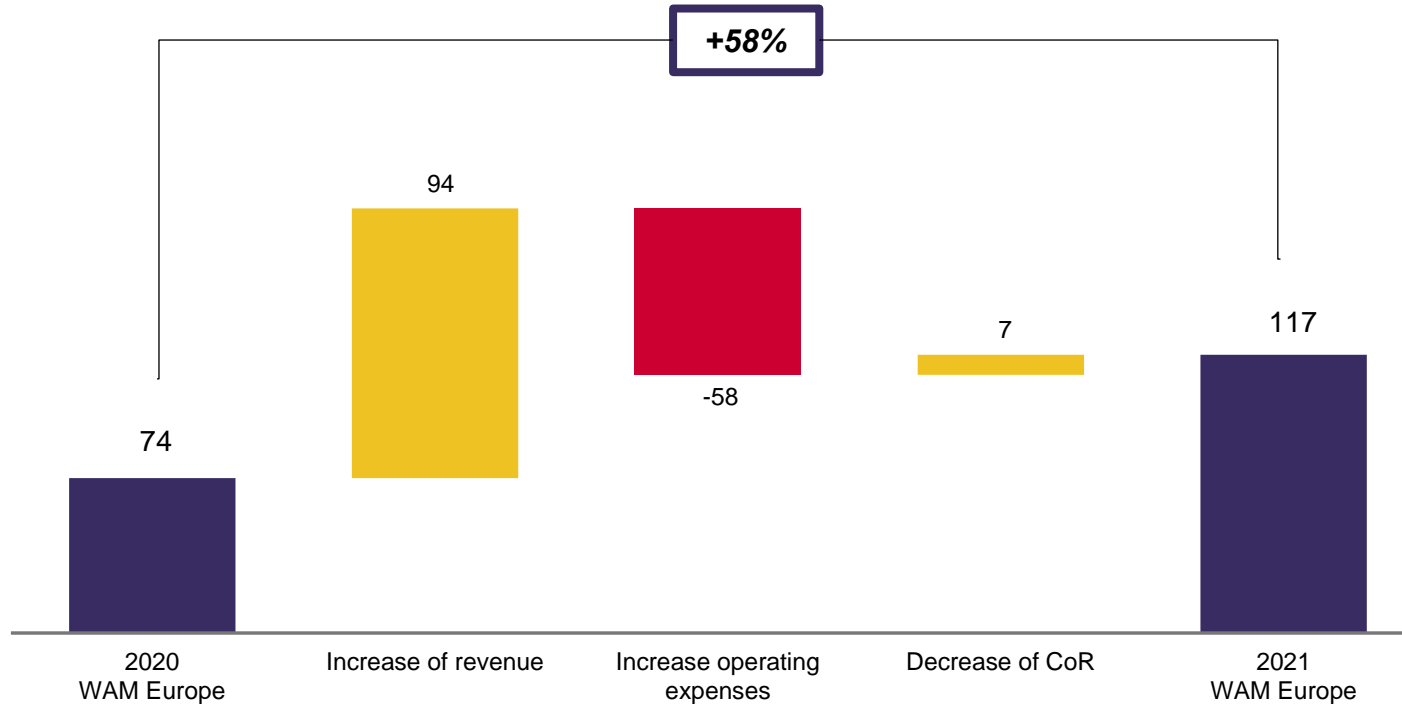
Breakdown of NII between lending and treasury



WAM – Outstanding progress in PBT and PBT margin



WAM Europe Profit Before Tax (in €m) and PBT margin



- These variations include 6 months of Banque Pâris Bertrand

WAM Europe
PBT margin

15.6%

20.7%



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Business review: Merchant Banking

Merchant Banking



Highlights of FY 2021

Investment activity

- Multiple new attractive investments and profitable exits completed across all strategies
- Many transactions leveraged our transatlantic capabilities
- Strong and active deal pipeline across all strategies as we move into 2022

Investment performance

- Valuations in private equity and secondaries portfolios increased significantly
- Private debt portfolios continued to perform well, both in our direct lending and in our leveraged loan products
- Significant cash distributions as a result of successful exits

Business performance

- Record-high PBT due to combination of outstanding investment revenues and steadily growing recurring fees
- Highest RoRAC on record despite growing value of the R&Co proprietary investments in MB products

Business development and fundraising

- Raised a continuation fund to benefit from the additional value creation of the remaining FAPI I portfolio companies
- Closings:
 - Final closing of Five Arrows Growth Capital I, our lower mid-market private equity fund, and Five Arrows Debt Partners III, our 3rd generation direct lending fund, materially above their fundraising targets
 - First closing of Five Arrows Global Technology, our new multi-strategy fund focused on global tech investments
- Two new CLOs (Europe and US) plus two new CLO warehouses and held final closing of Oberon IV (senior secured loan fund) above target
- Launched fundraisings for Five Arrows Principal Investments IV, Five Arrows Long Term fund, Five Arrows Sustainable Investments in H2 2021 which all had a 1st closing in Q1 2022
- Signed a single asset secondary liquidity event for one investment (RLDatix in FAPI II and FACP funds)

€18.3bn
of AuM

€292m
Profit before Tax

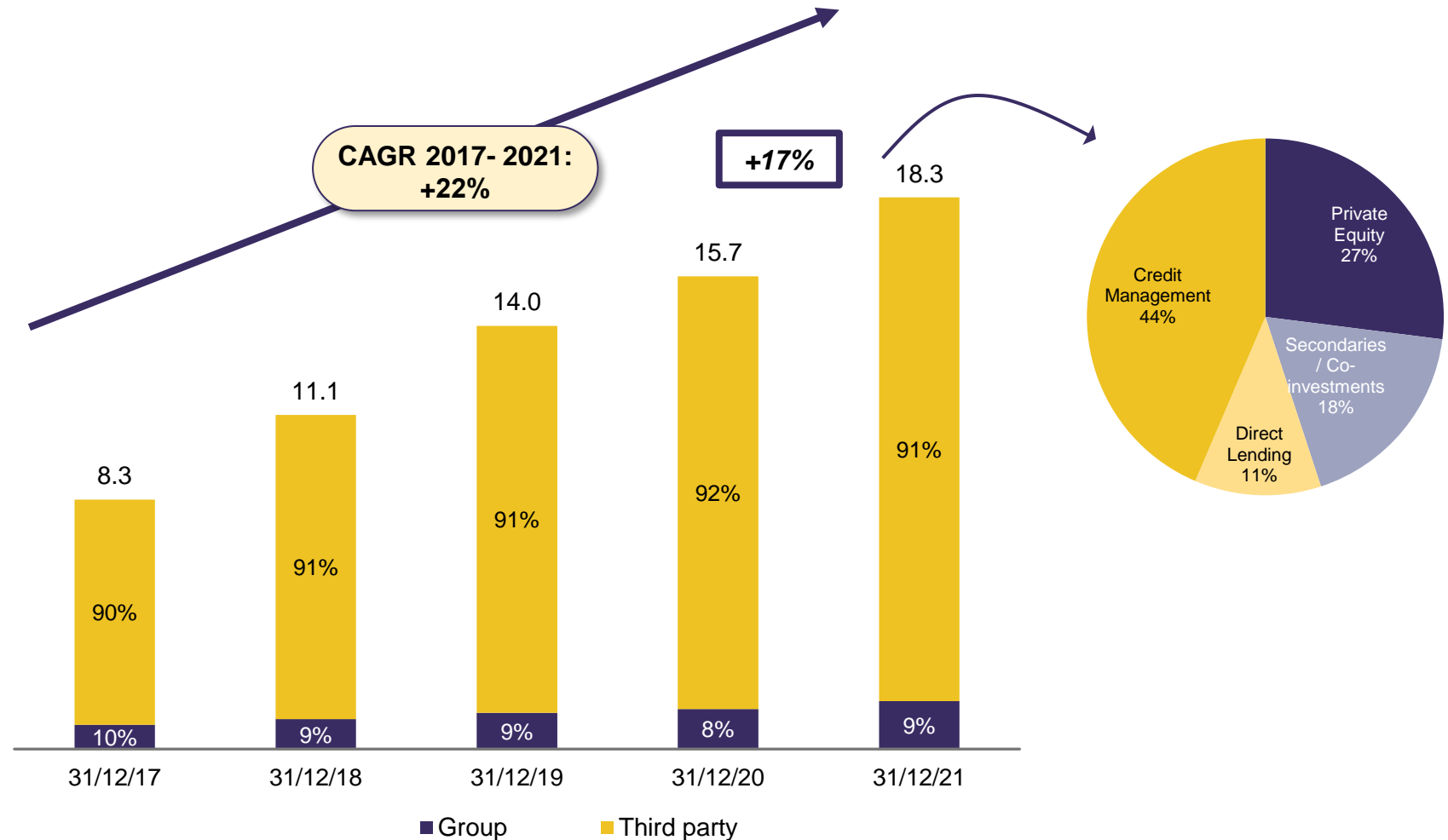
€244m
Cash distributions
to R&Co

29%
RoRAC

8 new vehicles
fundraising in 2021

Merchant Banking – Proven ability to raise funds and scale up

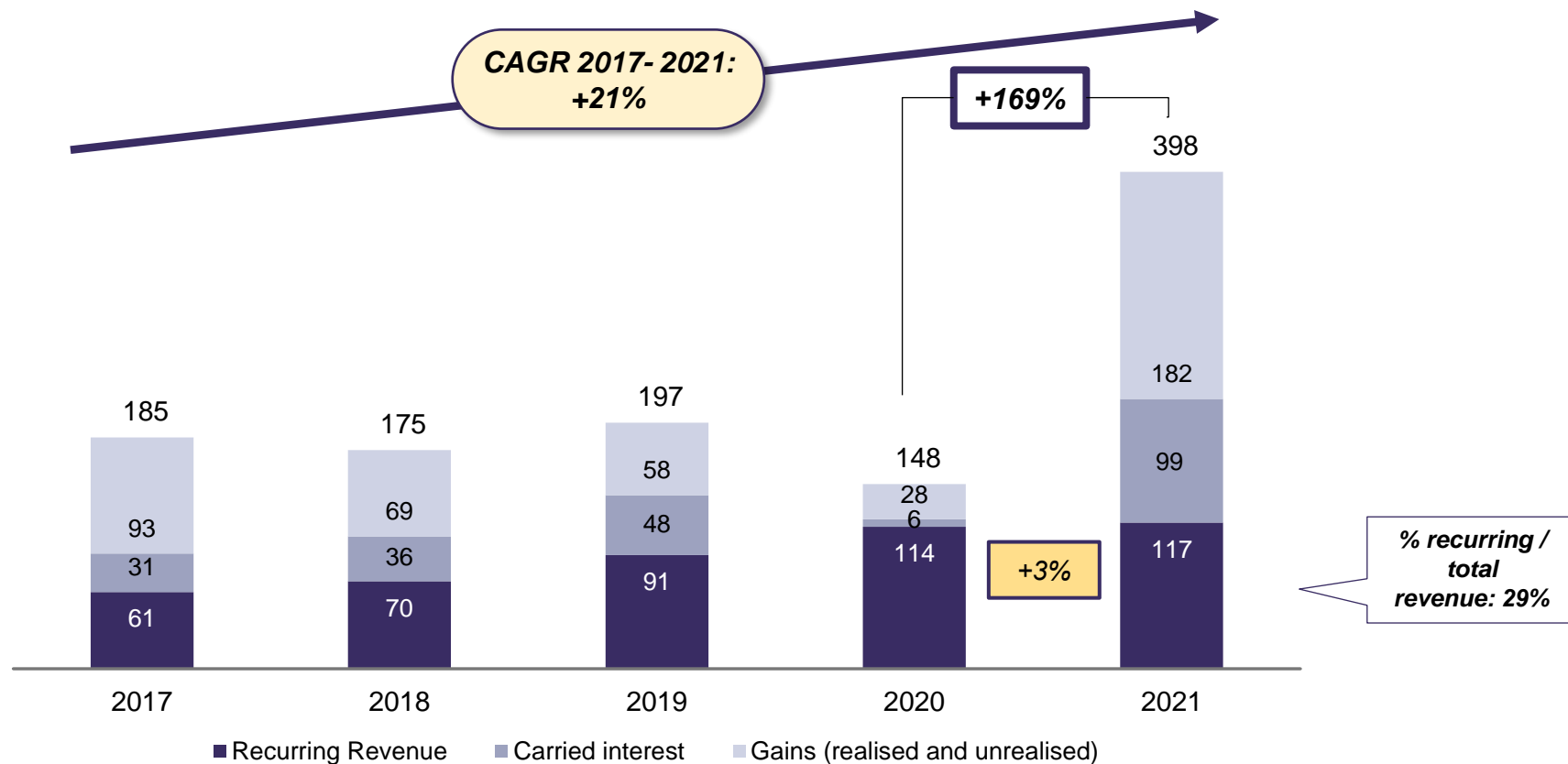
Assets under Management (in €bn)



Merchant Banking – Outstanding revenue growth



Revenue (in €m)



3y average
revenue (in €m)

145

164

186

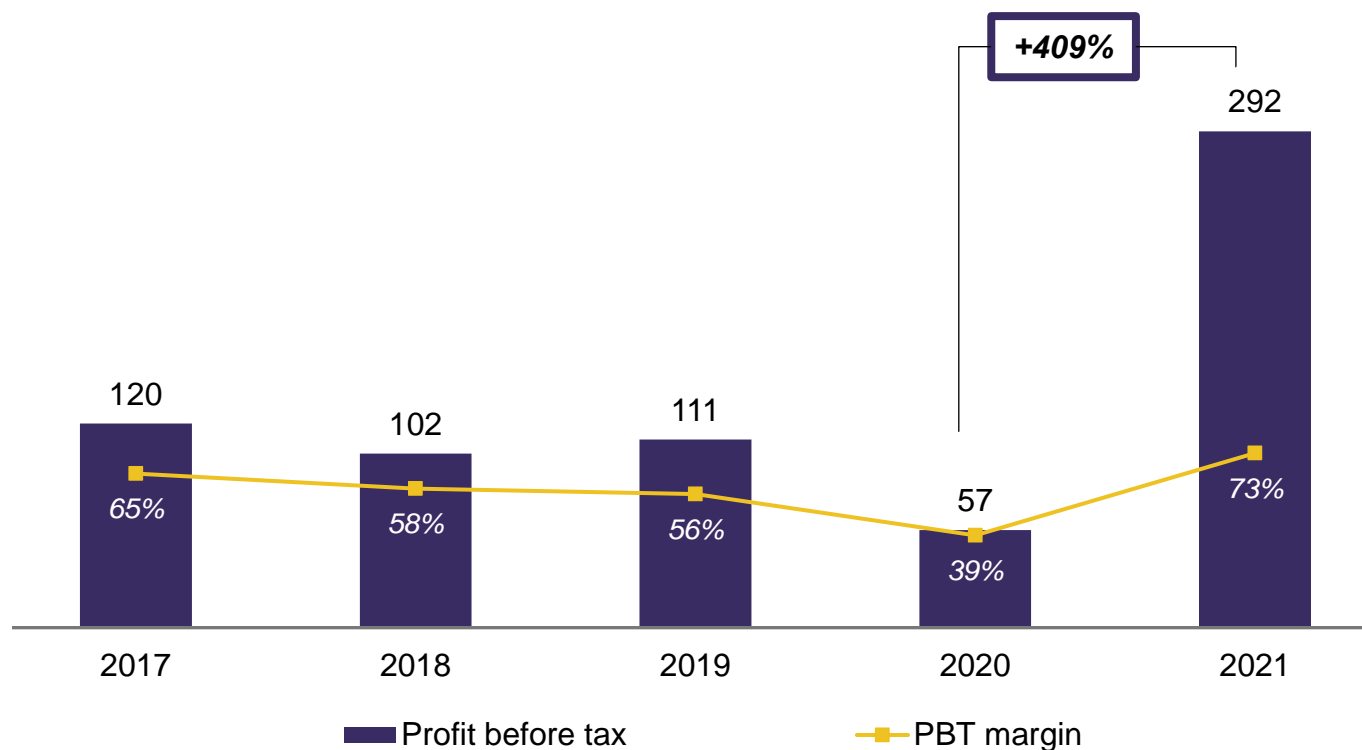
173

248

Merchant Banking – Substantial profits in line with revenue



Profit Before Tax (in €m) and RORAC¹



3 year average RORAC ¹	26%	28%	28%	20%	29%
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Note

¹ RORAC stands for Return On Risk Adjusted Capital – an internal measure of risk capital invested in the business, being profit before tax divided by risk weighted capital

Merchant Banking - Record NAV driven by strong portfolio performance



Change in Net Asset Value (NAV) of the Group's investment (in €m)





5

Sustainability

Firm commitment to ESG

Sustainability is a strategic priority for Rothschild & Co

Strategic pillar in group strategy



“Use our influence and expertise to support the sustainability transition of the global economy”

Clear governance – integrative setup

Supervisory Board oversight with dedicated Sustainability Committee

Managing Partner and Group Executive Committee set ambition and is responsible for implementation overview

Execution and integration into business line strategy by Divisional Management Committees

Specialist teams and Committees at group level support development of strategy in collaboration with business lines (incl. TCFD)

Ambitious targets

Started to disclose ESG related targets for operations and investment parameter

-30% operational GHG emissions 2030 ¹	Net zero operations 2030	30% female AD+ by 2024	85% of WM discretionary assets ² and 95% of AM EU's open-ended funds to be classified as SFDR Article 8 or 9 ³
100% renewable electricity by 2025		Zero tolerance to bribery & corruption	MB funds: two classified as Article 8 and one as Article 9

¹ vs 2018 baseline

² Excluding UK and dedicated funds, which represent c. 50% of total WM discretionary assets

³ SFDR framework: based on available information and businesses' own analysis, 2020 baseline

Transparency commitment

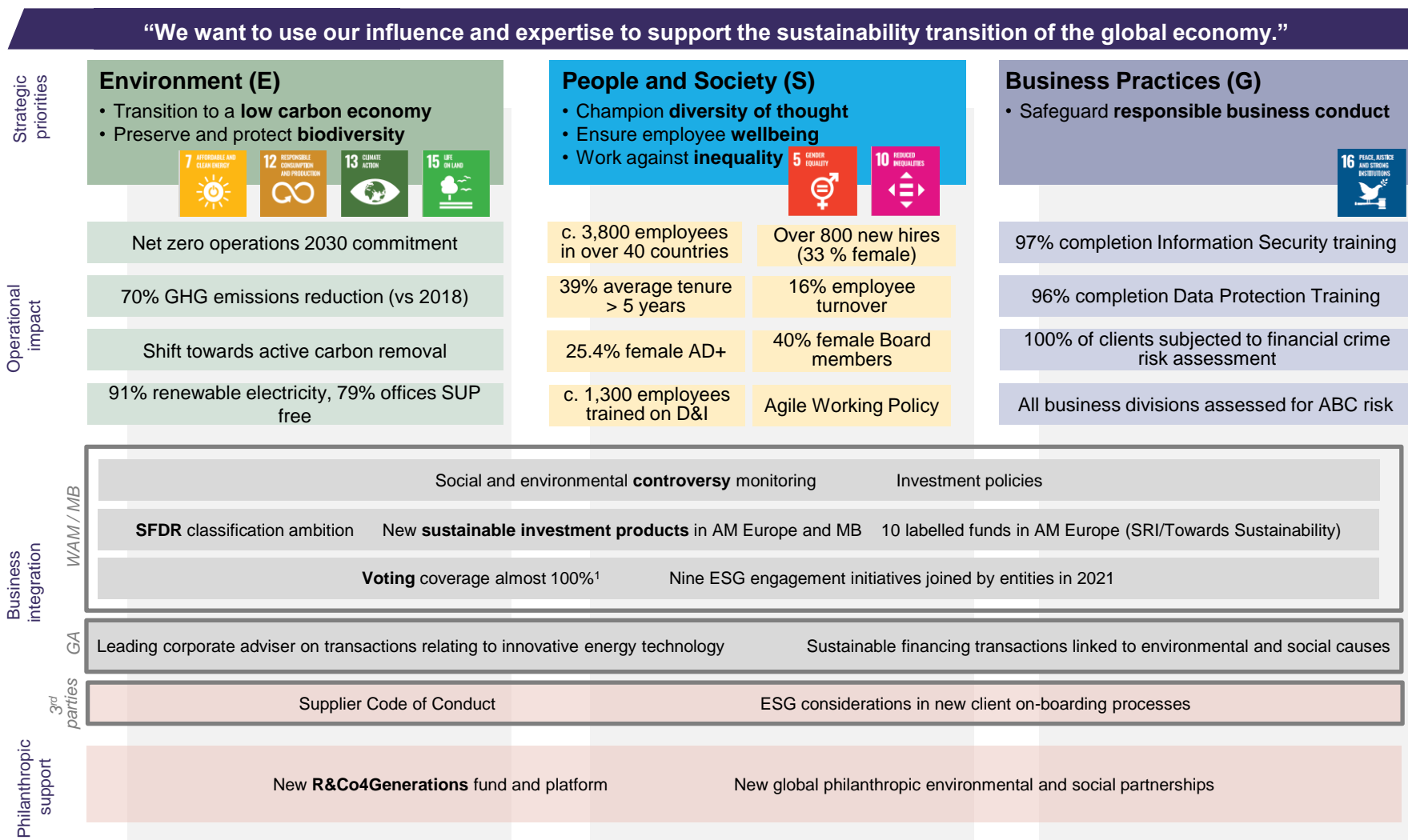
Disclosure of meaningful performance indicators to the market



Signatory of United Nations Global Compact

Impact across the business model

E, S, G priorities & 2021 highlights





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Financials

Summary consolidated P&L



(in €m)	2021	2020	Var	Var %	FX effects
Revenue	2,925	1,799	1,126	63%	27
Staff costs	(1,453)	(1,096)	(357)	33%	(14)
Administrative expenses	(267)	(255)	(12)	5%	(1)
Depreciation and amortisation	(73)	(67)	(6)	9%	0
Cost of risk	(1)	(7)	6	(86)%	0
Operating Income	1,131	374	757	202%	12
Other income / (expense) (net)	0	(5)	5	(100)%	(1)
Profit before tax	1,131	369	762	207%	11
Income tax	(170)	(60)	(110)	183%	(2)
Consolidated net income	961	309	652	211%	9
Non-controlling interests	(195)	(148)	(47)	32%	0
Net income - Group share	766	161	605	376%	9
Adjustments for exceptionals	0	12	(12)	(100)%	0
Net income - Group share excl. exceptionals	766	173	593	343%	9
<i>Earnings per share ¹</i>	<i>10.59 €</i>	<i>2.20 €</i>	<i>8.39 €</i>	<i>382%</i>	
EPS excl. exceptionals	10.59 €	2.37 €	8.22 €	347%	
<i>Return On Tangible Equity (ROTE)</i>	<i>32.3%</i>	<i>8.2%</i>			
ROTE excl. exceptionals	32.3%	8.8%			

Note

¹ Diluted EPS is € 10.45 for 2021 (2020: €2.19)

Performance by business



(in € million)	GA	WAM	MB	Other businesses and corporate centre	IFRS reconciliation ¹	2021
Revenue	1,915	593	398	14	5	2,925
Operating expenses	(1,494)	(479)	(106)	(56)	343	(1,792)
Cost of risk	-	3	-	-	(5)	(2)
Operating income	421	117	292	(42)	343	1,131
Other income / (expense)	-	-	-	-	-	-
Profit before tax	421	117	292	(42)	343	1,131
Exceptional (profits) / charges	-	-	-	-	-	-
PBT excluding exceptional charges / profits	421	117	292	(42)	343	1,131
Operating margin %	22%	20%	73%	-	-	39%

(in € million)	GA	WAM	MB	Other businesses and corporate centre	IFRS reconciliation ¹	2020
Revenue	1,146	499	148	11	(5)	1,799
Operating expenses	(977)	(422)	(91)	(53)	125	(1,418)
Cost of risk	-	(3)	-	-	(4)	(7)
Operating income	169	74	57	(42)	116	374
Other income / (expense)	-	-	-	-	(5)	(5)
Profit before tax	169	74	57	(42)	111	369
Exceptional (profits) / charges	-	-	-	-	15	15
PBT excluding exceptional charges / profits	169	74	57	(42)	126	384
Operating margin %	15%	15%	39%	-	-	21%

Note
¹ IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for normal and, in 2021, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in the account "Net income/(expense) from other assets" or administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes.

“Exceptionals” reconciliation



(in €m)	2021			2020		
	PBT	PATMI	EPS	PBT	PATMI	EPS
As reported	1,131	766	10.59 €	369	161	2.20 €
- IT transition costs	-	-	- €	(15)	(12)	(0.17) €
Total exceptional (charges) / profits	-	-	- €	(15)	(12)	(0.17) €
Excluding exceptional	1,131	766	10.59 €	384	173	2.37 €

Deferred bonus



Impact of deferred bonus accounting:

	2018	2019	2020	2021
Profit before tax (<i>in €m</i>)	30	(4)	(3)	161
Profit after tax and minority interest (<i>in €m</i>)	24	(3)	(2)	126
Earnings per share (<i>in €</i>)	0.32	(0.04)	(0.03)	1.74

- The very large credit in 2021 reflects two main factors:
 - the awarded bonus pool has increased by 67% versus 2020 which results in a net deferred credit of €40m under our normal deferred bonus plan rules
 - significant levels of special deferrals have been implemented in 2021, given the very high reported revenues in GA, to act as an employee retention mechanism which results in an extraordinary credit to profits in the year of €121m

2021 EPS
pre-deferred bonus
accounting
€8.85

Compensation ratio



<i>(in €m)</i>	2021	2020
Revenue excluding MB investment performance	2,643	1,765
Total staff costs ¹	(1,590)	(1,207)
Compensation ratio (INCLUDING deferred bonus accounting)	60.2%	68.4%
variation due to FX	-	-
Adjusted for FX change Compensation ratio (INCLUDING deferred bonus accounting)	60.2%	68.4%
variation due to deferred bonus accounting	6.1%	(0.1)%
Adjusted awarded Compensation ratio (EXCLUDING deferred bonus accounting)	66.3%	68.3%
Headcount	3,941	3,675

- The compensation ratio is calculated by excluding MB investment performance revenue (carried interest and investment gains) on which staff costs are not payable
- Normally 50% of personnel costs within Rothschild & Co is discretionary, but the percentage is higher in 2021 due to the exceptional results

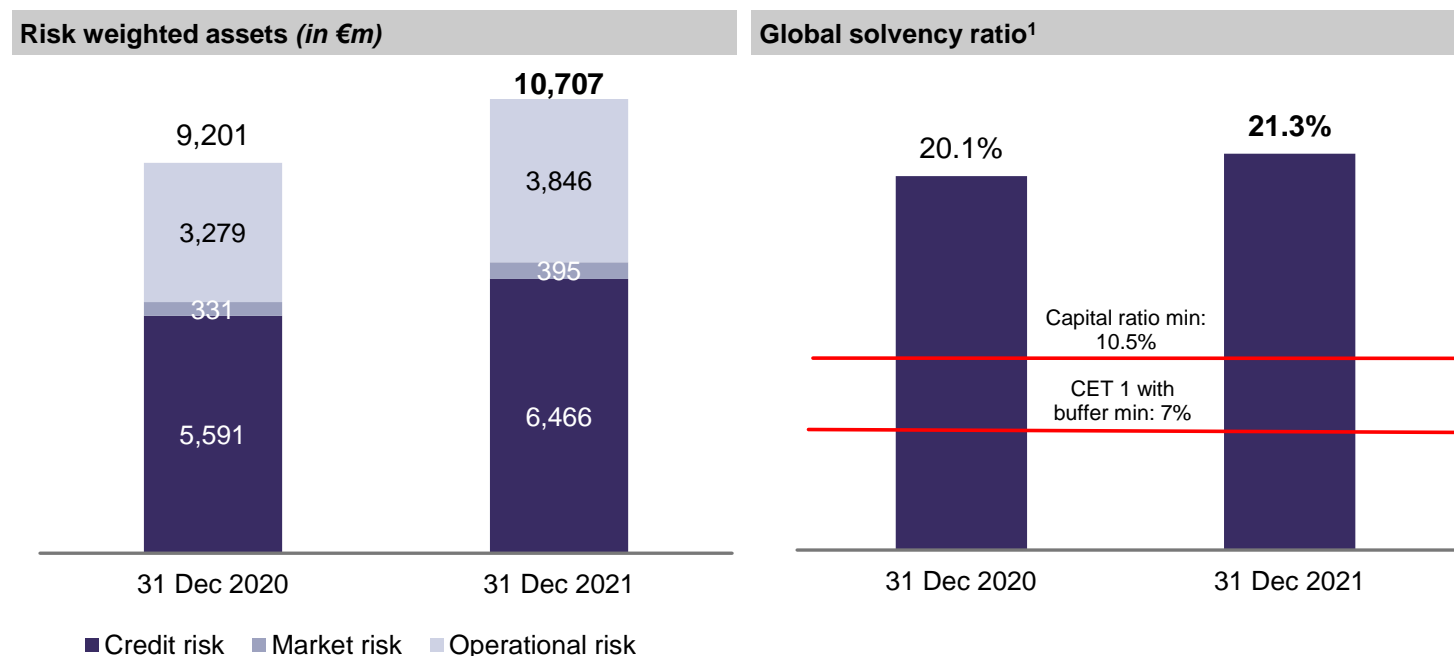
Note

¹ Total staff costs include profit share (préciput) paid to French Partners and effects of accounting for normal and, in 2021, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked, but exclude redundancy costs, revaluation of share-based employee liabilities and acquisition costs treated as employee compensation under IFRS

Solvency ratios comfortably above minimum requirements



Risk weighted assets and ratios under full application of Basel 3 rules



- Ratio improved from December 2020 to December 2021 to 21.3% due to:
 - Strong growth in capital reflecting 2021 profit, positive reserve movements on pensions and FX, partially offset by €35m share buyback, dividend paid in October 2021 related to 2020 and 2019 and the dividend payable in respect of 2021
 - Increase of RWA, mainly reflecting credit risk relating to Merchant Banking value accretion and increase of private client lending and operational risk due to higher revenue
- Acquisition of Banque Pâris Bertrand in July reduces Rothschild & Co's CET 1 ratio by 0.9%
- Acquisition of Redburn will reduce the CET 1 ratio by around c.0.7%

Note

¹ The ratio submitted to ACPR as at 31 December 2021 was 18.2%, which excludes the profit of the second half of the year as non-audited at the time of the submission

Summary Balance sheet



(in €bn)	31/12/2021	31/12/2020	Var
Banks	14.5	12.3	2.2
Credit exposures	4.4	3.5	0.9
o/w Private client lending (PCL)	4.0	3.1	0.9
Cash and treasury assets	8.9	7.9	1.0
o/w amounts deposited by non-bank Group subsidiaries	0.5	0.4	0.1
Other current and non-current assets	1.2	0.9	0.3
Non-Banks	3.2	2.4	0.8
Merchant Banking investments	0.9	0.7	0.2
Cash and treasury assets	1.4	0.8	0.6
o/w central Group	0.7	0.6	0.1
Other current and non-current assets	0.9	0.9	0.0
Total assets	17.7	14.7	3.0
Banks	13.3	11.3	2.0
Due to customers	11.7	9.9	1.8
Due to banks	0.3	0.3	0.0
Other current and non-current liabilities	1.3	1.1	0.2
Non-Banks	0.8	0.7	0.1
Long term borrowing - central Group	0.2	0.2	0.0
Other current and non-current liabilities	0.6	0.5	0.1
Capital	3.6	2.7	0.9
Shareholders' equity - Group share	3.1	2.3	0.8
Non-controlling interests	0.5	0.4	0.1
Total capital and liabilities	17.7	14.7	3.0

	31/12/2021	31/12/2020
<i>Loans / Deposits</i>	38%	35%
<i>Liquid assets / Total assets</i>	58%	59%
<i>Net book value / share</i>	€43.31	€31.90
<i>Net tangible book value / share</i>	€37.93	€27.67

Operating cash flow



	12m to Dec 19	12m to Dec 20	12m to Dec 21
Consolidated Profit before tax	465	369	1,131
Non cash items	(55)	38	(213)
Profit before tax and non cash items	410	407	918
Acquisition of MB investments	(126)	(120)	(176)
Disposal of MB investments	104	89	244
Net (acquisition)/disposal of PPE and intangible assets	26	(22)	(22)
Tax paid	(69)	(52)	(145)
Net cash inflow/(outflow) relating to other operating activities ⁽¹⁾	(229)	(212)	56
Operating cash flow (OCF)	116	90	875
OCF excl. MB investment activities	138	121	807
<i>OCF as a % of Net income - Group share excl. MB investment activities and investment revenue</i>	101%	96%	167%

Note

¹ includes payment in respect of French profit share (préciput), rental payments, movement in working capital and interest on perpetual debt



7

Targets and outlook

Our financial targets

			Target	2021	2020	2019
Group targets	Compensation ratio ¹	▶	Low to mid 60's through the cycle	60.2%	68.4%	66.6%
	Return on tangible equity ²	▶	10 to 15% through the cycle	32.3%	8.8%	12.6%
Businesses targets	Global Advisory: Profit before tax margin	▶	Mid to high-teens through the cycle	22%	15%	14%
	Wealth & Asset Management: Profit before tax margin ³	▶	Around 18% ³ by 2022	20.7%	15.6%	14.8%
	Merchant Banking: 3 years average RORAC ⁴	▶	Above 15% through the cycle	29%	20%	28%

Notes

1 See calculation on slide [37](#)

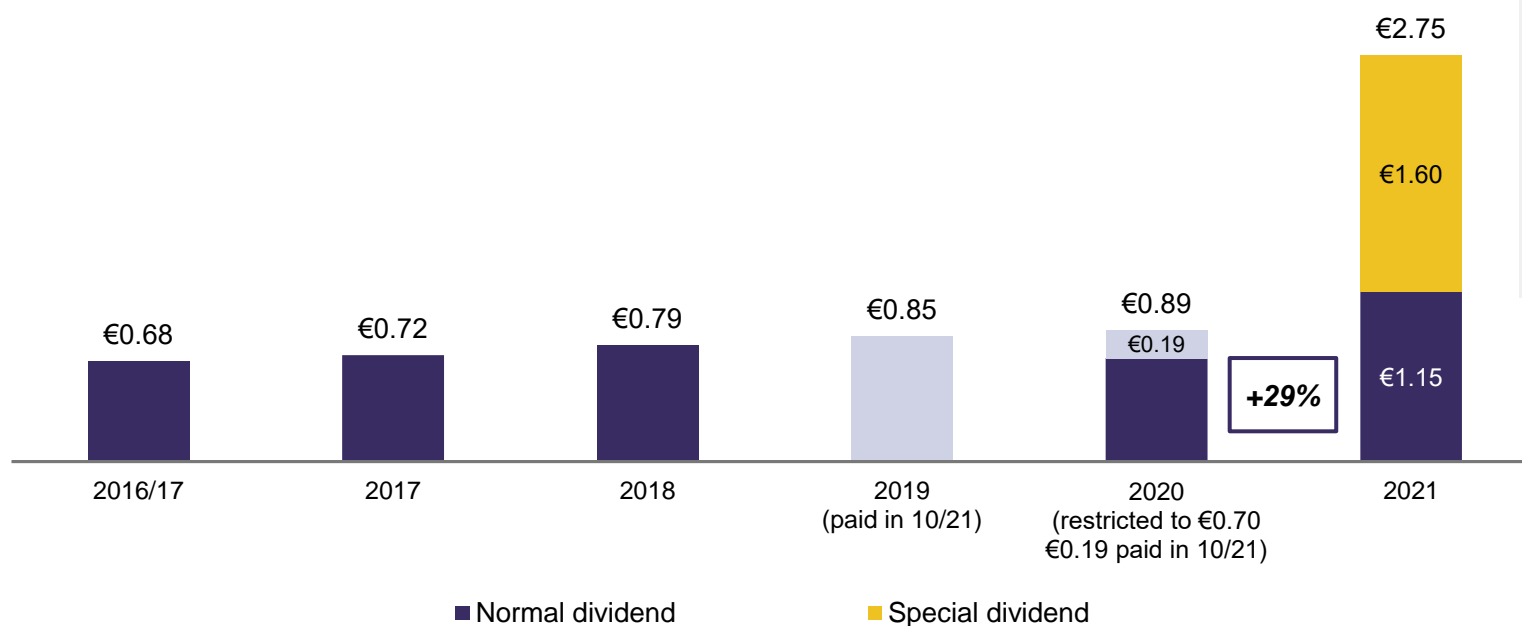
2 ROTE based on Net income – Group share excl. exceptional items. See definition on slide [49](#) and calculation on slide [51](#)

3 Excluding AM US

4 See definition on slide [49](#) and calculation on slide [51](#)

Strong increase in dividend, reflecting confidence in long term prospects of the business

Dividend progression over 5 years



In addition to dividends shown, there were share buy backs of:

- 2018: €132m as part of Edmond de Rothschild deal
- 2021: €35m
- 2022: launch of the previously announced SBB of €70m, following ACPR approval

Payout ratio ¹	26%	22%	19%	26%	38%	26% ²
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Note

¹ Pay-out ratio calculated excluding exceptional items

² 31% excluding deferred bonus credit

Outlook for 2022



Global Advisory



- Our visible pipeline of business is well diversified and ahead of previous years at this stage
- Expect activity levels to remain strong through H1 2022, although we remain alert to respond and adapt if conditions change, particularly in light of current geo-political events and market volatility

Wealth & Asset Management



- Reasonably positive for strong asset collection, thanks to good business pipeline
- Expect more difficult markets, as coming months will be driven by significant and increasing geo-political uncertainty, as well as various measures taken by central banks to curb surging inflation

Merchant Banking



- Expect to continue to grow recurring revenue base and generate further investment performance-related revenue, although to a lesser extent compared to 2021
- Investments should continue to fulfil their value creation potential

Group



- Our three core businesses continue to perform strongly, albeit with increasing levels of uncertainty in the current macro environment
- Optimistic for a solid performance during 2022 but subject to the evolution of recent geo-political events and market conditions during the year

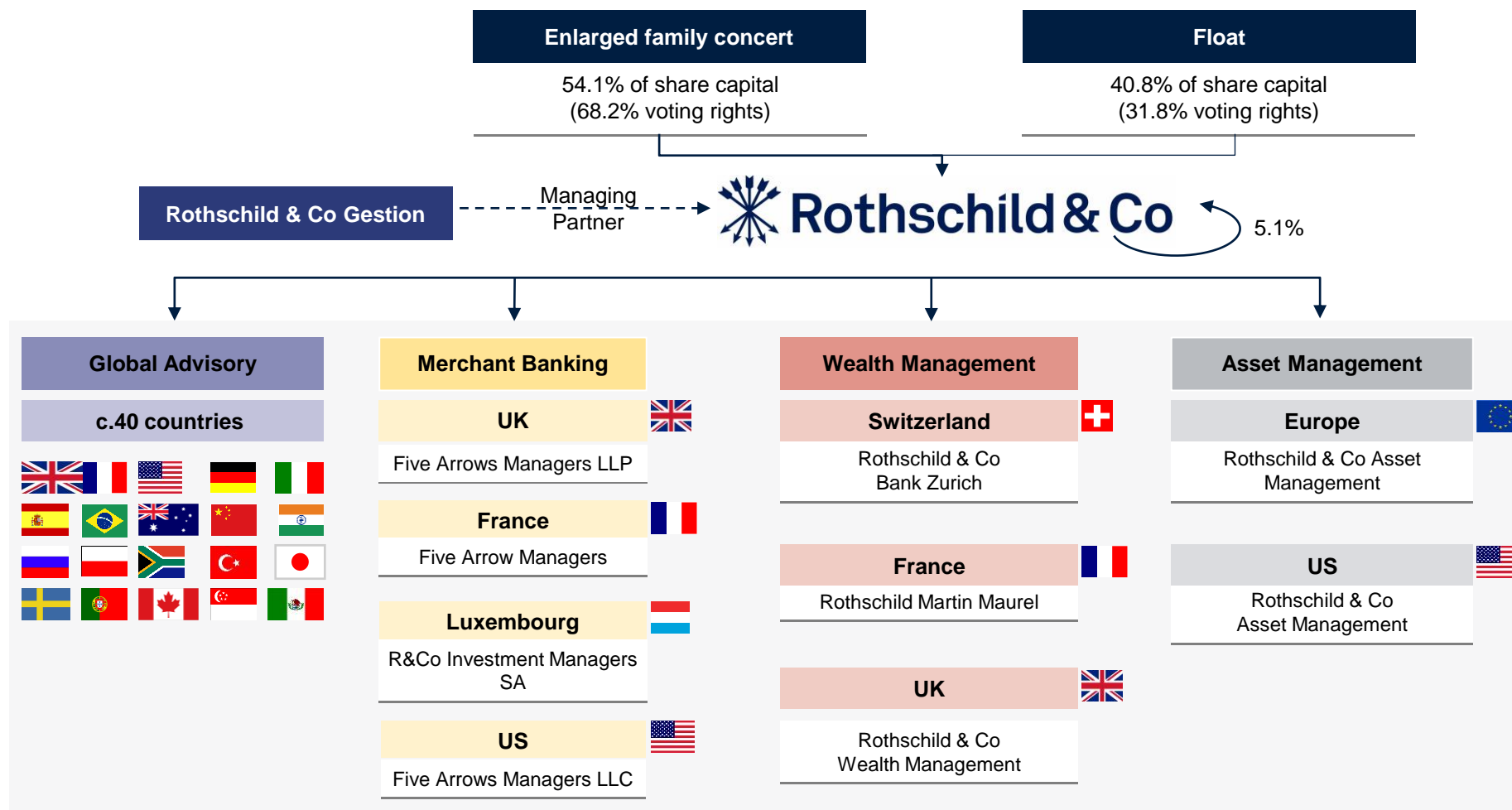


Appendices

Rothschild & Co at a glance



As at 31 December 2021



Major FX rates



P&L (average)

Rates	2021	2020	Var
€ / GBP	0.8614	0.8883	(3)%
€ / CHF	1.0800	1.0706	1%
€ / USD	1.1762	1.1481	2%

Balance sheet (spot)

Rates	31/12/2021	31/12/2020	Var
€ / GBP	0.8390	0.8992	(7)%
€ / CHF	1.0364	1.0804	(4)%
€ / USD	1.1350	1.2281	(8)%

P&L rates are illustrative

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

Non-controlling interests



P&L

(in €m)	2021	2020
Interest on perpetual subordinated debt	12.7	14.5
Preferred shares ¹	181.2	134.7
Other non-controlling interests	1.4	(0.5)
TOTAL	195.3	148.7

Balance sheet

(in €m)	31/12/2021	31/12/2020
Perpetual subordinated debt	306	285
Preferred shares ¹	158	118
Other non-controlling interests	5	2
TOTAL	468	405

Note

¹ Mainly relates to the profit share (préciput) distributed to French partners

Alternative performance measures (APM)



APM	Definition	Reason for use
Net income – Group share excluding exceptionals	Net income attributable to holders of ordinary equity excluding exceptional items	To measure Net result Group share of Rothschild & Co excluding exceptional items
EPS excluding exceptionals	EPS excluding exceptional items	To measure EPS excluding exceptional items
Adjusted compensation ratio	<p>Ratio between adjusted staff costs divided by consolidated revenue of Rothschild & Co, excluding MB investment performance revenue (carried interest and gains). Adjusted staff costs represent:</p> <ol style="list-style-type: none"> 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 (préciput) 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 <p>- which gives Total staff costs in calculating the basic compensation ratio</p> <ol style="list-style-type: none"> 4. 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 <p>- which gives the adjusted staff costs for compensation ratio.</p>	<p>To measure the proportion of Net Banking Income granted to all employees. Key indicator for competitor listed investment banks.</p> <p>Rothschild & Co calculates this ratio with adjustments to give the fairest and closest calculation to that used by other comparable listed companies.</p>
Return on Tangible Equity (ROTE) excluding exceptional items	<p>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.</p> <p>Average tangible equity over the period equal to the average between tangible equity as at 31 Dec 2020 and 31 Dec 2021</p>	To measure the overall profitability of Rothschild & Co excluding exceptional items on the equity capital in the business
Business Operating margin	Each business Operating margin is calculated by dividing Profit before tax by revenue, business by business. It excludes exceptional items	To measure business' profitability
Return on Risk Adjusted Capital (RORAC)	<p>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.</p> <p>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, MB 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.</p> <p>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.</p>	To measure the performance of the Merchant Banking's business
Operating cash flow (OCF)	Amount of cash generated by the Group's normal business operations in the current financial year. The calculation is done via the indirect method, from the profit before tax	To measure the amount of cash generated by the group's normal business operations

Alternative performance measures (APM)



Book value per share, tangible book value per share and earnings per share

	31/12/2021	31/12/2020
Shareholders' equity (group share)	3,132,825	2,302,897
Net book value	3,132,825	2,302,897
- Intangible assets	(209,055)	(183,905)
- Intangible assets net of tax	(191,587)	(170,400)
- Goodwill	(197,421)	(135,108)
Net tangible book value	2,743,817	1,997,389
Average number of shares in issue	77,692,512	77,620,845
- Average Treasury shares	(3,619,381)	(3,721,096)
- Average Controlling shares	(2,073,028)	(1,993,808)
Average number of shares	72,000,103	71,905,941
Number of shares in issue - End of the period	77,732,512	77,657,512
- Treasury shares - End of the period	(3,526,632)	(3,476,731)
- Controlling shares - End of the period	(1,867,673)	(1,989,816)
Number of shares - End of the period	72,338,207	72,190,965
Net book value per share (End of the period)	€ 43.31	€ 31.90
Net tangible book value per share (End of the period)	€ 37.93	€ 27.67
Net income (group share)	765,804	160,511
- profit share to R&Co Gestion	(3,005)	(2,596)
Net income attributable to shareholders	762,799	157,915
Earnings per share (based on average number of shares)	€ 10.59	€ 2.20

Alternative performance measures (APM)



ROTE and RORAC

ROTE			RORAC		
	2021	2020		2021	2020
Net income - Group share excluding exceptionals	766	173	PBT 2021	292	
Shareholders' equity - Group share - opening	2,303	2,239	PBT 2020	57	57
- Intangible fixed assets	(170)	(158)	PBT 2019	111	111
- Goodwill	(135)	(140)	PBT 2018		102
Tangible shareholders' equity - Group share - opening	1,997	1,941	Average PBT rolling 3 years	153	90
Shareholders' equity - Group share - closing	3,133	2,303	NAV 31/12/2021	905	
- Intangible fixed assets	(192)	(170)	NAV 31/12/2020	679	679
- Goodwill	(197)	(135)	NAV 31/12/2019	617	617
Tangible shareholders' equity - Group share - closing	2,744	1,997	NAV 31/12/2018		515
Average tangible equity	2,371	1,969	Average NAV rolling 3 years	734	604
ROTE excluding exceptionals	32.3%	8.8%	Debt = 30% of average NAV	220	181
			Notional interest of 2.5% on debt	(5)	(5)
			Average PBT rolling 3 years adjusted by the cost of debt interest	148	85
			Risk adjusted capital = 70% of Average NAV	514	423
			RORAC	29%	20%

Alternative performance measures (APM)



Operating cash flow reconciliation to statutory cash flow

	12m to Dec 19	12m to Dec 20	12m to Dec 21
Operating cash flow (OCF)	116	90	875
Net (advance)/repayment of loans to customers	(298)	(255)	(804)
Net cash inflow/(outflow) related to treasury activities ⁽¹⁾	277	604	1,301
Net cash inflow/(outflow) related to investing activities ⁽²⁾	(23)	10	(15)
Net cash inflow/(outflow) related to financing activities	(73)	4	(136)
Impact of exchange rate changes on cash and treasury assets	213	(160)	272
NET INFLOW/(OUTFLOW) OF CASH AND TREASURY ASSETS	212	293	1,493
Treasury assets cash inflow/(outflow)	(567)	165	(221)
Impact of exchange rate on treasury asset	(33)	26	(16)
Interbank demand deposits and overnight loans	112	-	134
Net inflow/(outflow) of cash disclosed in consolidated accounts	(276)	484	1,390

The cash flows shown in this document are prepared on an operating business basis to give a better understanding of the cash generation of the activities of the group whereas for the statutory accounts the cash flows are shown on a "cash usage" basis. This means that the main differences of treatment and classification between the cash flows shown here and those in the statutory cash flow statement are:

1. Cash and treasury assets include all liquid assets held at FVTPL and at amortised cost, the entire loans and advances to banks and to central banks but exclude the amounts due to banks on demand. For the statutory cash flow the focus is on pure cash assets less any amounts "due to banks on demand" which is a much narrower definition of cash. In addition to resulting in a different movement in cash, these definition differences impact the treasury activities and the exchange rates lines.
2. Operating cash flow includes:
 - MB investment activities and net acquisition of PPE and intangible assets which are disclosed as investing activities in the statutory cash flow
 - Dividends paid in respect of profit share (préciput) in France and interest paid on perpetual subordinated debt which are disclosed as financing activities in the statutory cash flow

Notes

1 Excluding cash inflow / (outflow) from treasury assets

2 Excluding MB investing activities, PPE and intangibles (acquisition) / disposal disclosed in operating activities

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