



# Results for half-year 2022

Presentation to analysts and investors

August 2022



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# 1

## Highlights



# Strong H1 2022 performance

## Group

Revenue

**€1,375m**  
+2%

Solvency  
ratio

**20.3%**

Net income – Group share

**€249m**  
-28%

ROTE

**17.9%**

EPS

**€3.43**  
-28%

## Businesses

### Global Advisory (GA)

Revenue

**€857m**  
+3%

PBT

**€163m**  
-1%

7<sup>th</sup>

by revenue

4<sup>th</sup>

by number

### Wealth and Asset Management (WAM)

Revenue

**€337m**  
+23%

PBT

**€71m**  
+22%

**€99.6bn**  
of AuM

**€2.8bn**  
of NNA for WAM  
Europe

### Merchant Banking (MB)

Revenue

**€188m**  
-20%

PBT

**€121m**  
-35%

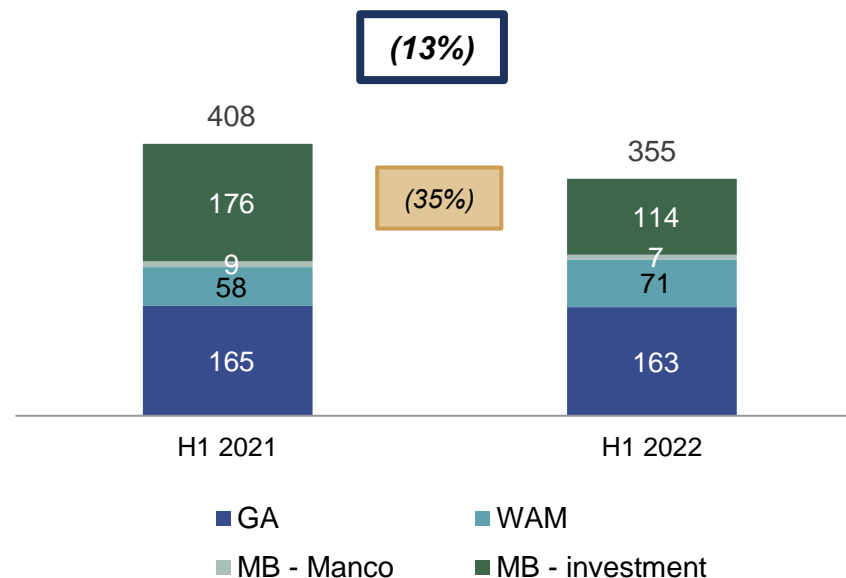
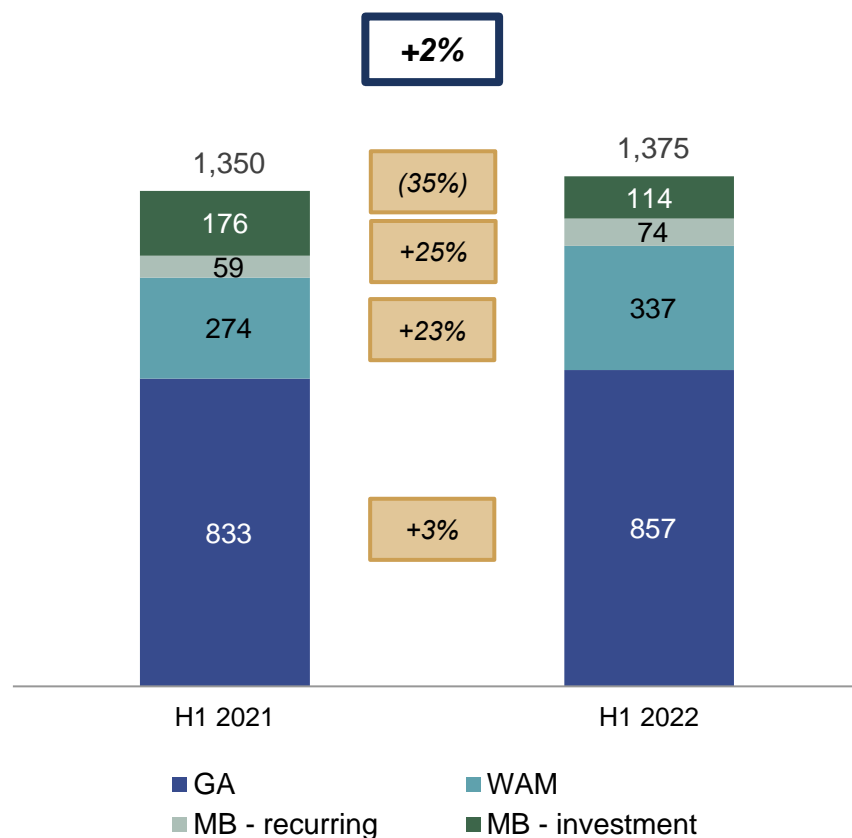
**€21.6bn**  
of AuM

**€973m**  
of NAV



# Very strong performance with YoY comparison impacted by exceptional MB investment revenue in H1 2021

Revenue (in €m)

Business Profit Before Tax<sup>1</sup> (in €m)

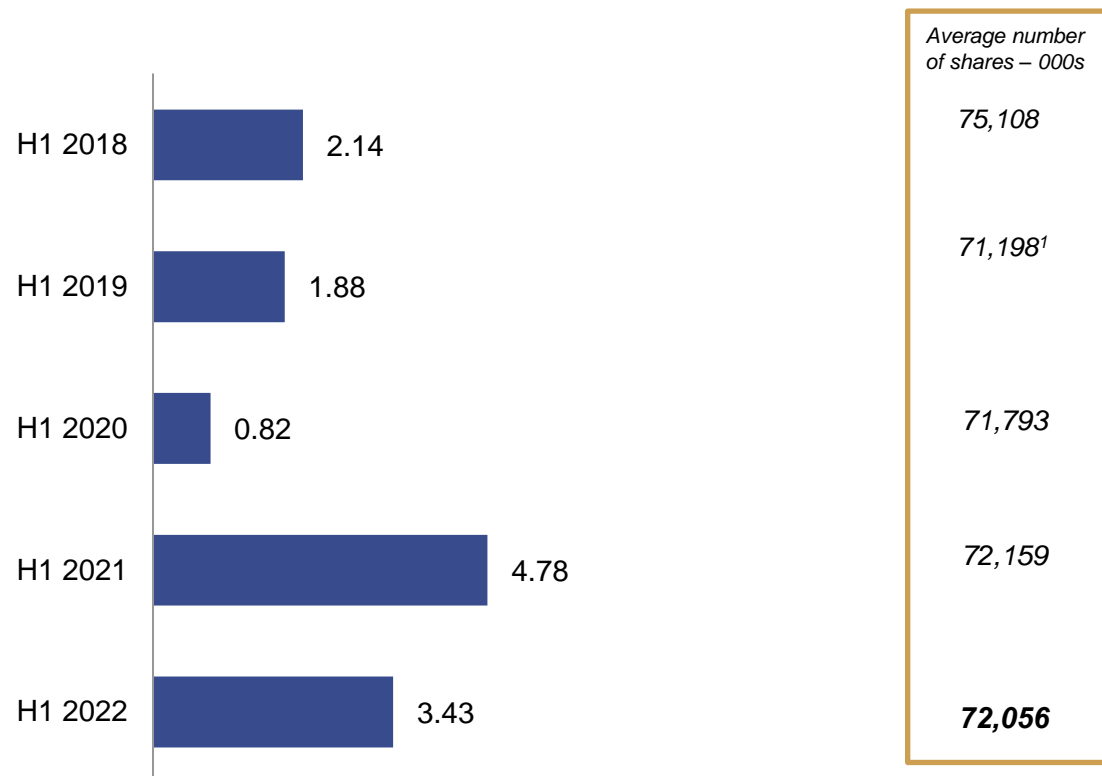
## Note

1 PBT calculated before IFRS reconciliation per segmental analysis – see slide 32



# Solid half-year EPS

EPS (in €)



## 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

Business review: Global Advisory



# Highlights – H1 2022

## Performance

- €857m record first half revenue performance driven by continued strong deal activity by volume and by value
- Record M&A H1 performance, up 12% from H1 2021 and outperforming the market
- Ranked 7th in the global Revenue League Table for last 12 months
- Only European bank ranked in the top 10 by revenue globally

## Pipeline

- Strong pipeline with completion activity expected to remain robust during H2 2022
- Development slowing as macro headwinds negatively impact deal making particularly in Financing Advisory but also in M&A

Consistently 1<sup>st</sup>  
in European M&A  
for 15 years

2<sup>nd</sup>  
by number of M&A deals  
completed globally

1<sup>st</sup>  
for Debt Advisory and  
Restructuring  
in Europe

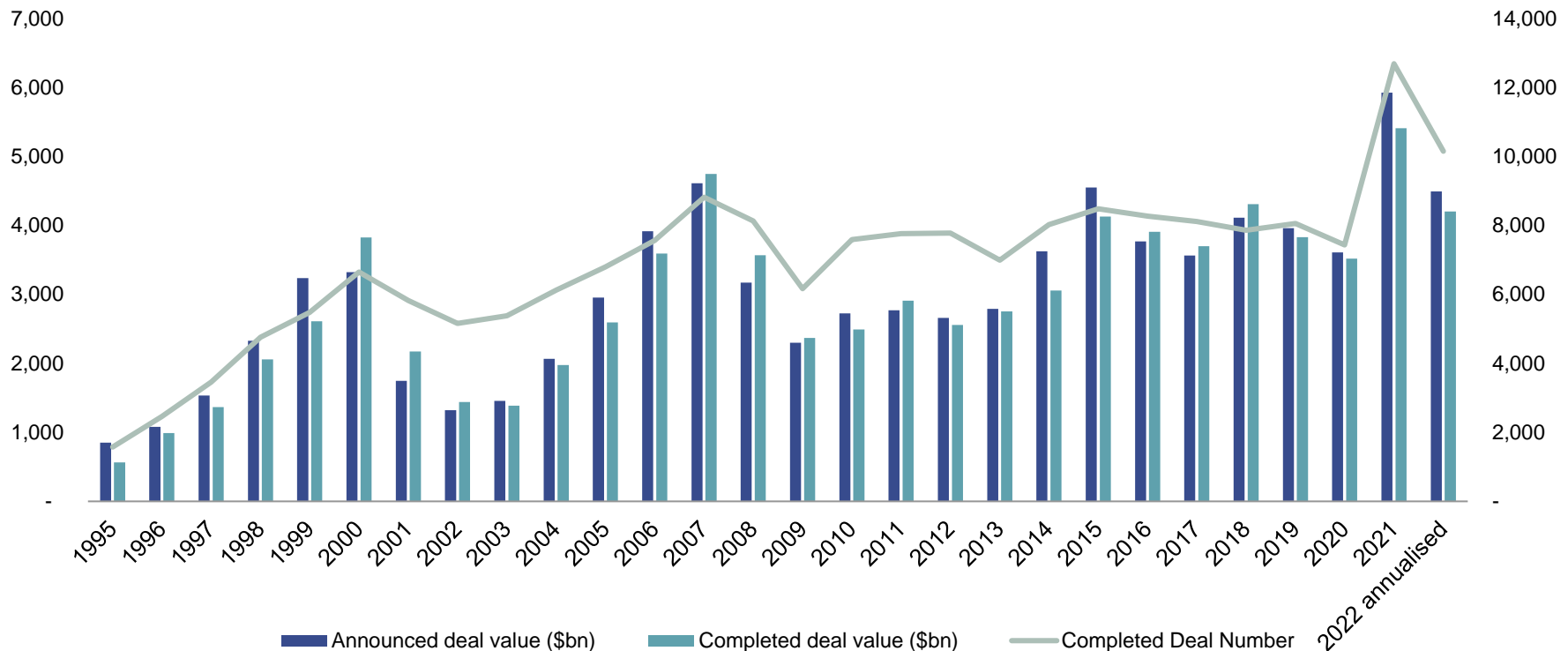
Significant investment  
made in Private Capital  
for the long-term





# Slowdown in global M&A market in H1 2022

Global M&A market value (in \$bn)

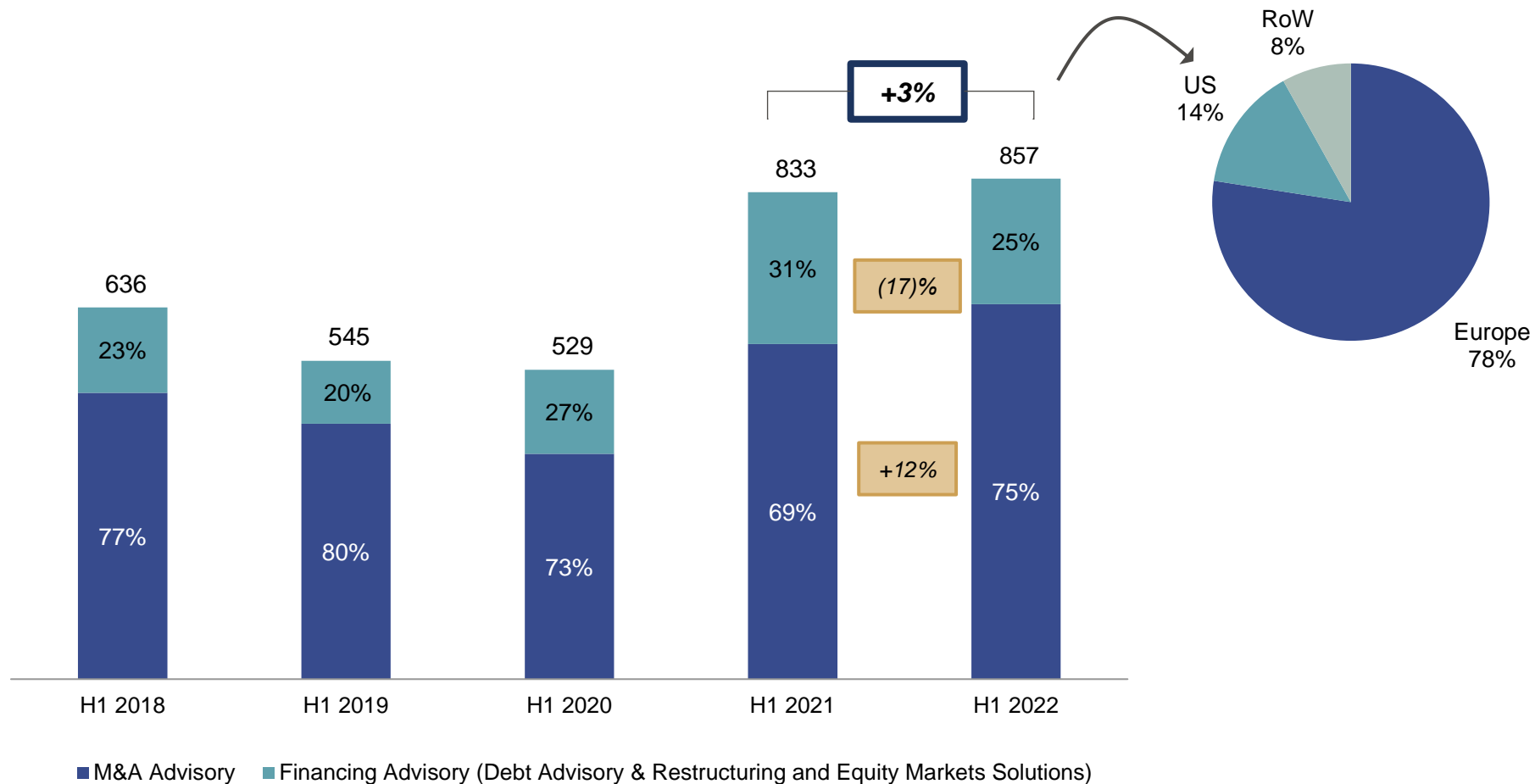


	16 vs 15	17 vs 16	18 vs 17	19 vs 18	20 vs 19	21 vs 20	22 anualised vs 21	H1 22 vs H1 21
% var Announced	(17%)	(5%)	15%	(4%)	(9%)	64%	(24%)	(23%)
% var Completed	(5%)	(5%)	17%	(11%)	(8%)	54%	(22%)	(9%)



# Strong H1 2022 revenue

## Revenue by product (in €m)

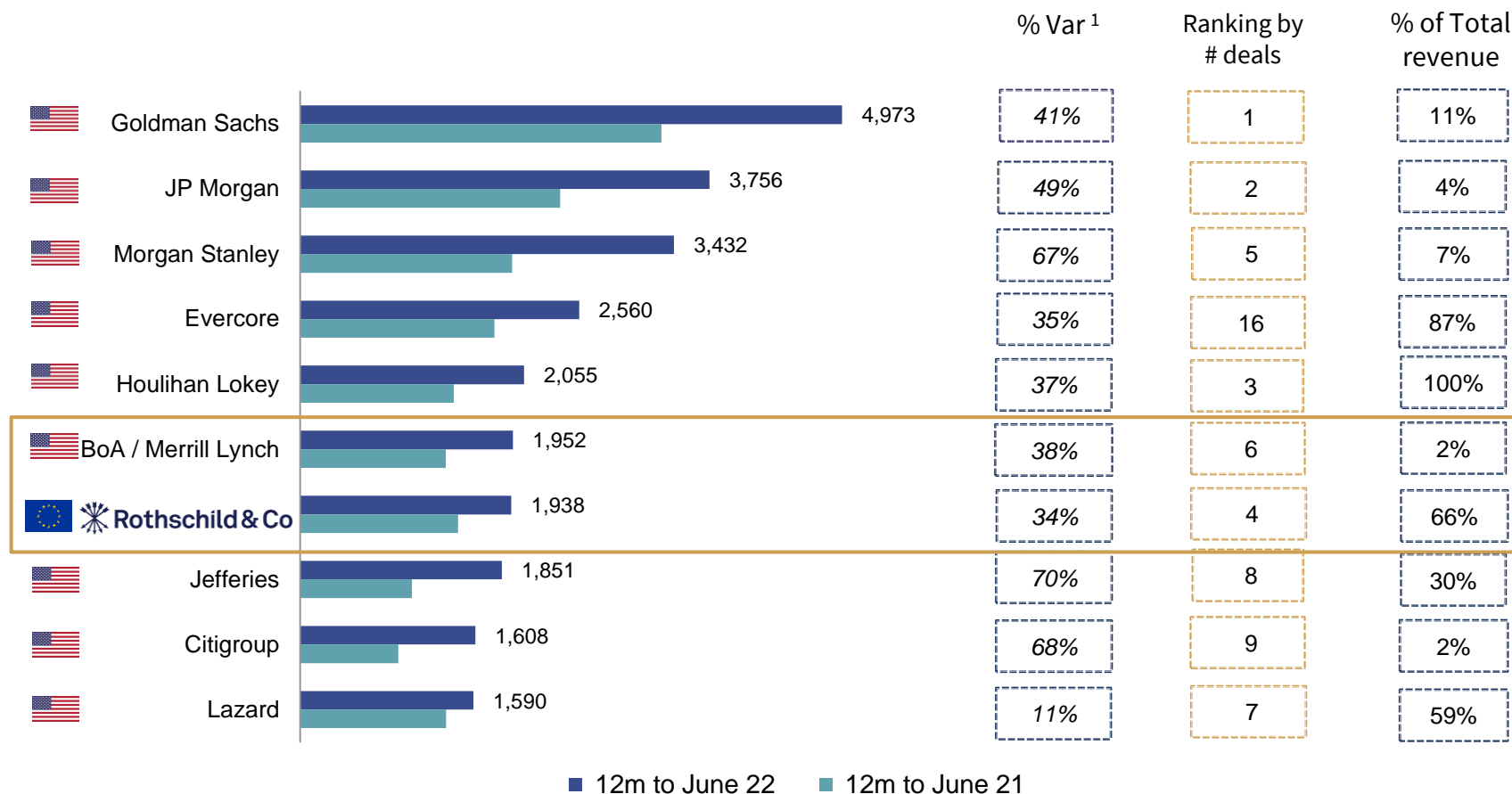




# Only European adviser in the Top 10

Rothschild & Co: 7<sup>th</sup> by revenue and 4<sup>th</sup> by number of deals

Ranking of top 10 advisers by advisory revenue (in €m) – 12m to June 2022



## Note

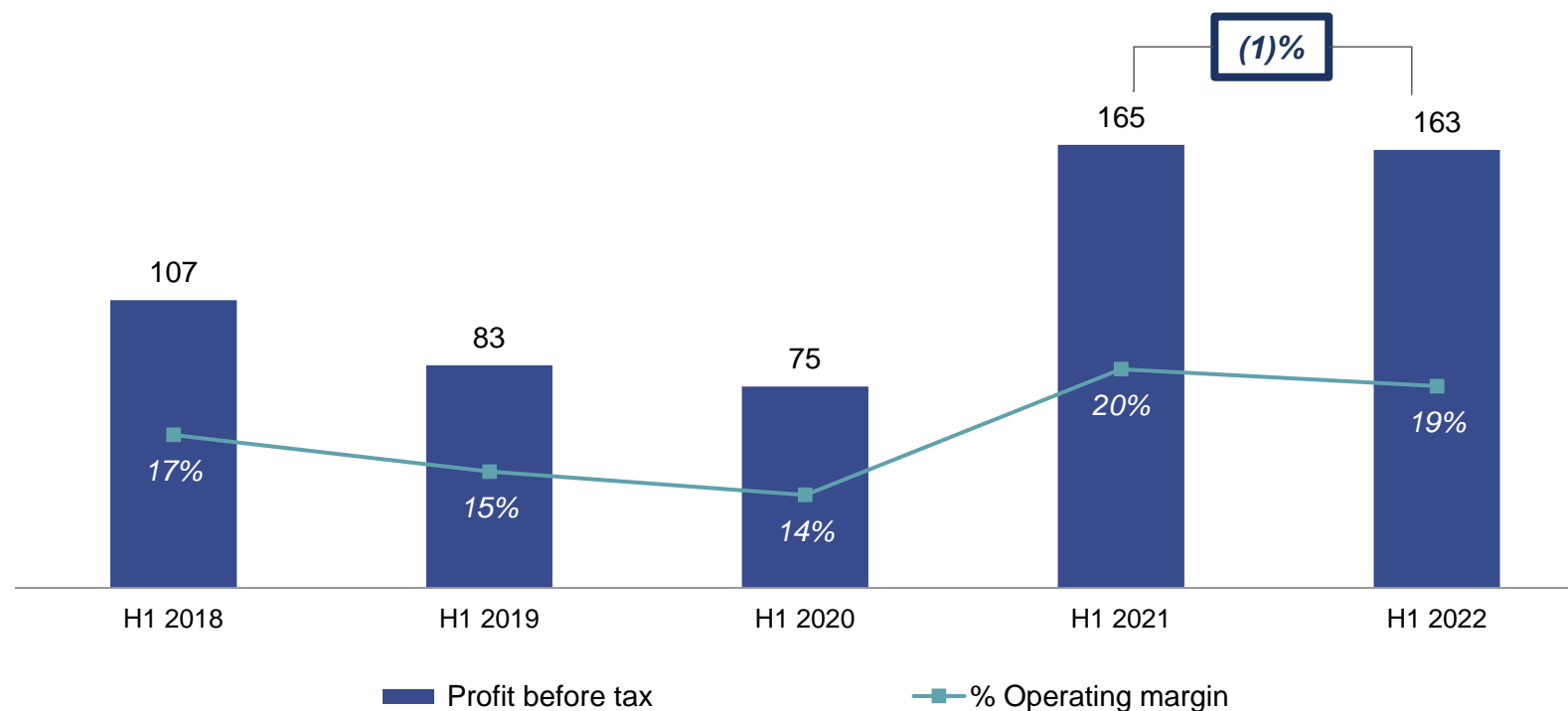
1: Variation calculated on local currency

Source: Company's filings, Refinitiv completed transactions



# Profits held up despite non personnel cost pressure

PBT (in €m) and PBT margin<sup>1</sup>



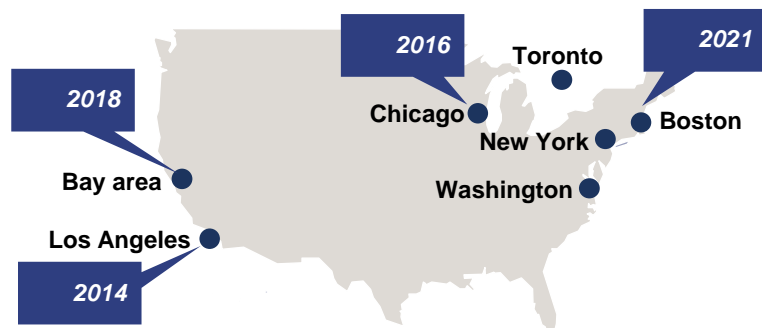
**Note**

1: after ongoing investment in the development of our North America M&A franchise (cost to recruit senior bankers)



# North America update

## Overview



7  
offices

52  
MDs

220  
bankers

## Rothschild & Co North America performance<sup>1</sup>

	H1 2021	H1 2022	
M&A deal value <sup>1</sup>	\$47bn	\$59bn	+26%
M&A deal number <sup>1</sup>	91	84	(8%)
Revenue <sup>2</sup>	\$191m	\$133m	(30%)

- Rothschild & Co North America continues to strengthen its platform with investments in senior and other bankers
- Strong M&A announced deal values vs. H1 2021, despite a decrease in volume

## Selection of landmark deals advised by Rothschild & Co North America in H1 2022

M&A Deals	<b>Apollo Global</b>  US\$7.1bn Acquisition of Tenneco <b>Current</b>	<b>Insight Partners</b>  Exclusive financial advisor on its strategic investment in Precisely <b>Current</b>	<b>Rio Tinto</b>  US\$2.7bn proposal for 49% of Turquoise Hill Resources <b>Current</b>	<b>CarVal</b>  Sale to AllianceBernstein <b>Current</b>	<b>Emmes</b>  Sale to New Mountain Capital <b>Current</b>	Restructuring Deals	<b>Aeromexico</b>  US\$4bn chapter 11 restructuring <b>2022</b>	<b>Nordic Aviation Capital</b>  US\$6.4bn Chapter 11 restructuring <b>2022</b>
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<sup>1</sup> Source: Refinitiv, any North America involvement on announced transactions

<sup>2</sup> Includes M&A and Financing Advisory



# 3

Business review: Wealth and Asset Management



# Highlights – H1 2022

## WAM

- Positive momentum in NNA: +€2.8bn in Europe
- AuM reached €99.6bn (-4%) due to very challenging market
- Strong growth in revenue (+23%): €337m

## WAM Europe

- Strong growth in revenue (+25%) and PBT (+22%)
- Acquisition of French IFA: €3.0bn of AuM integrated

## ESG

- New responsible investment roadmap for 2022 - 2025
- All investment business lines continued their efforts to further integrate ESG considerations in their investment framework

€2.6bn

NNA in **Wealth  
Management**

€0.2bn

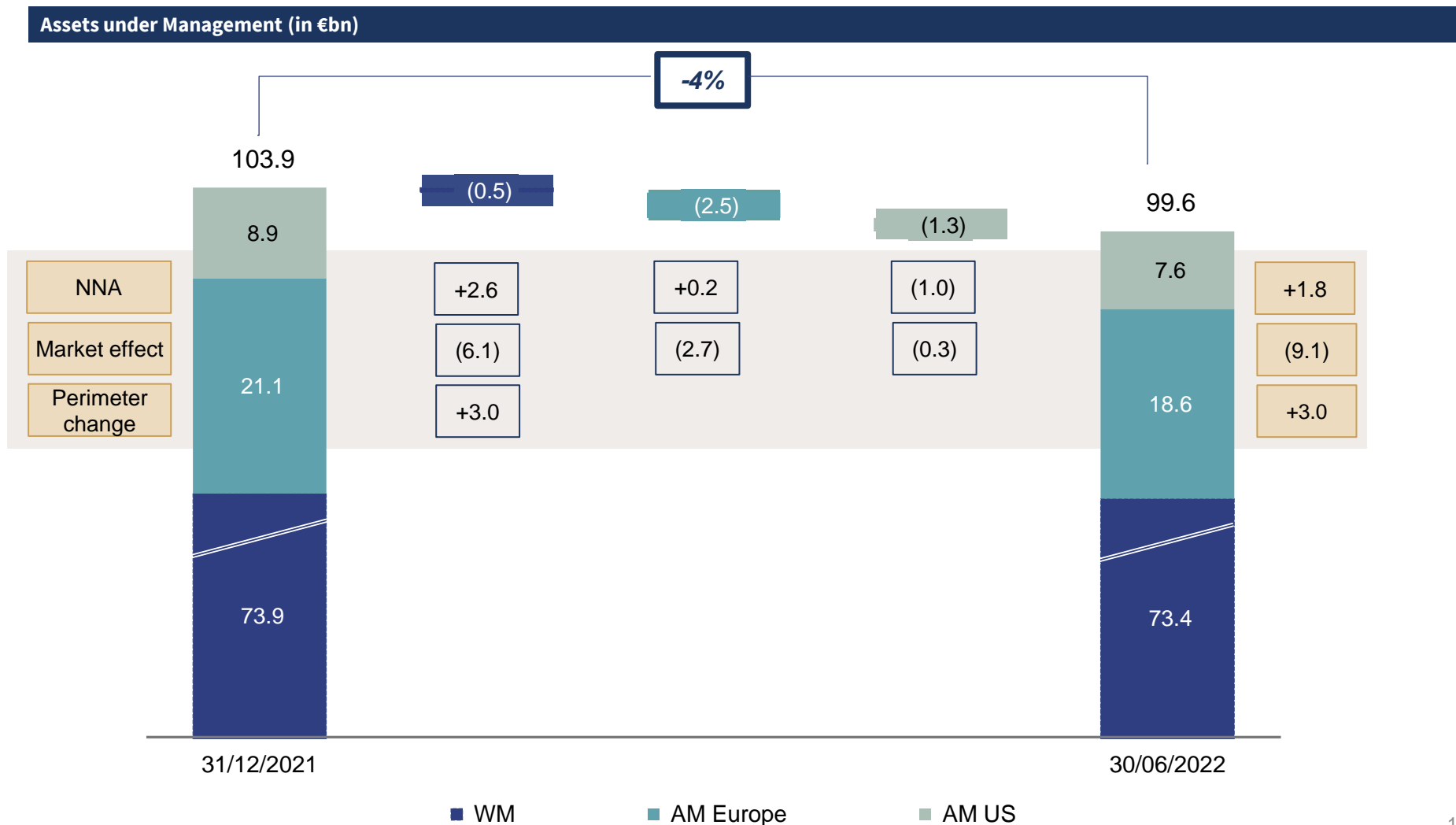
NNA in **AM Europe**

+22%

PBT for  
WAM Europe



# Strong NNA offset by effects of challenging markets



**Note**

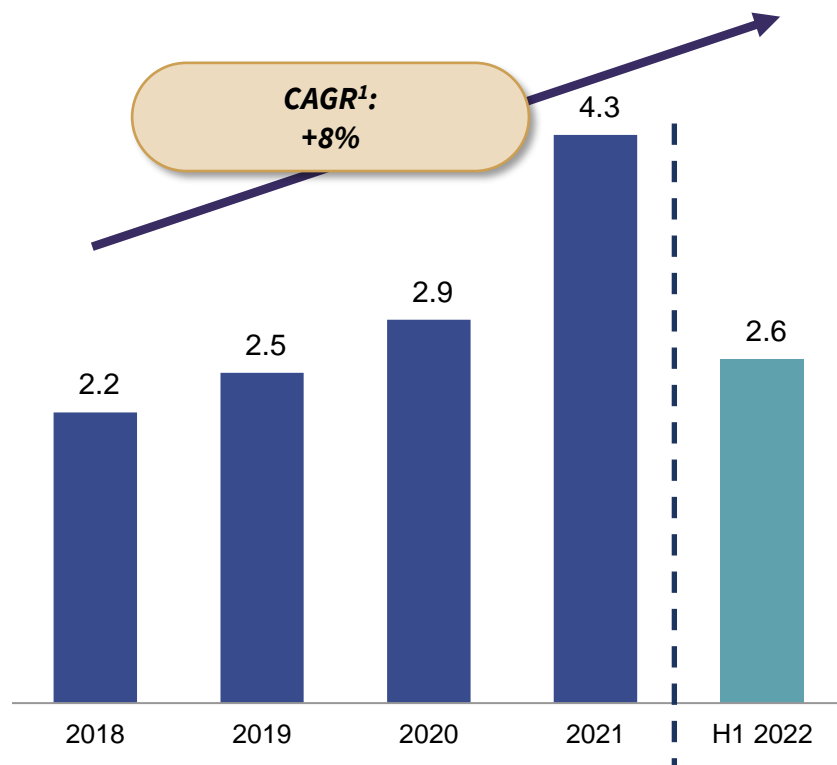
1 including €5.3 billion double-counted assets representing AuM of Wealth Management clients invested in Asset Management products (2021: €6.1 billion)



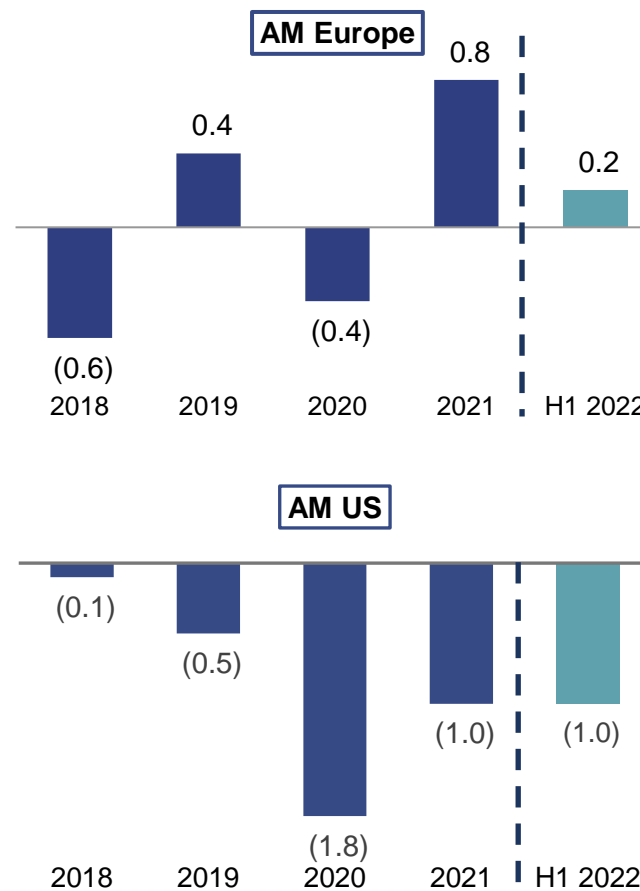


# Continued strong momentum in WM NNA, coupled with positive NNA in AM Europe

Wealth Management NNA (in €bn)



Asset Management (in €bn)



**Note**

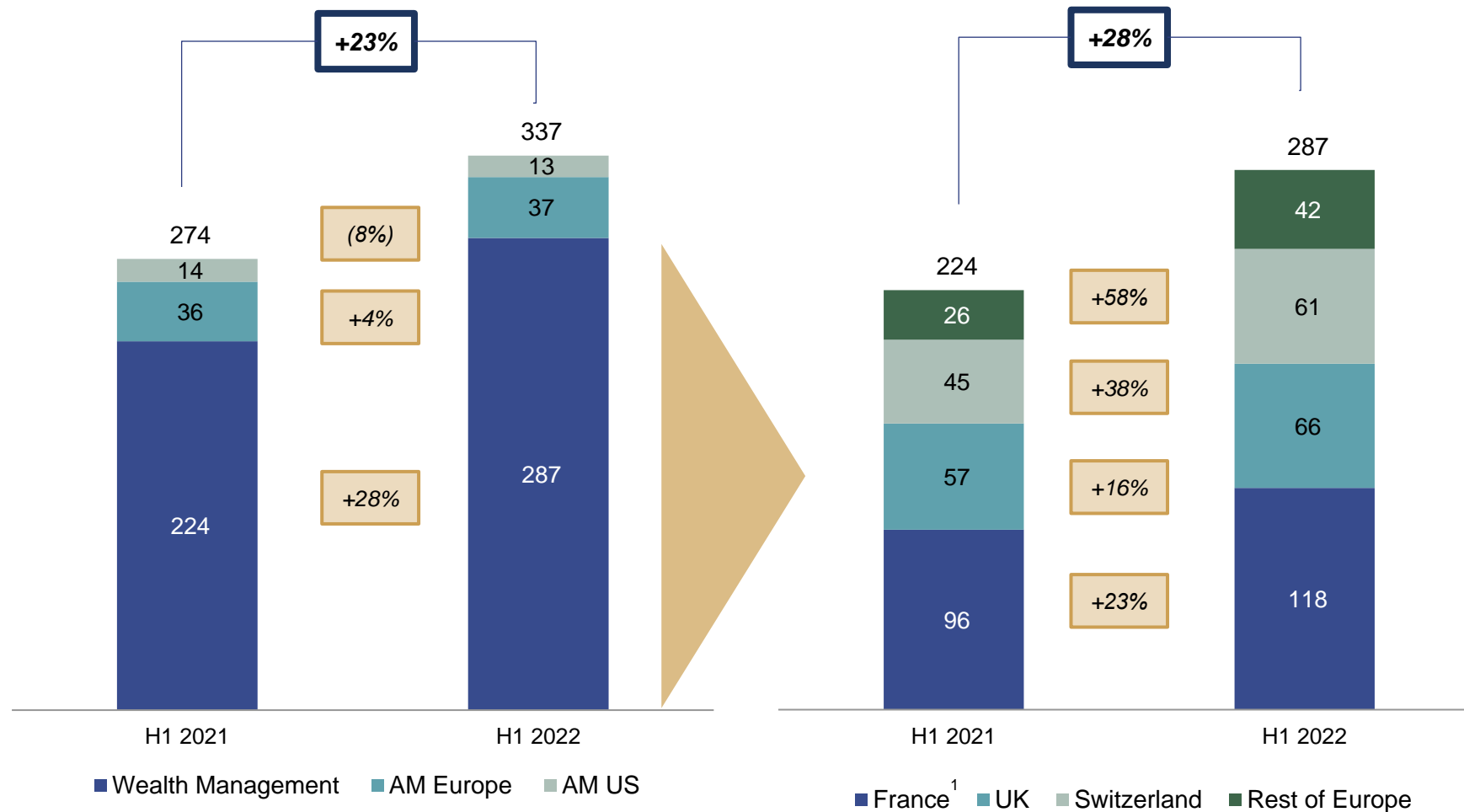
1 CAGR has been calculated based on NNA for H1 2018 of €1.9bn and NNA for H1 2022 of €2.6bn



# Very strong revenue across European businesses

By business line (in €m)

Zoom by geography on WM revenue (in €m)



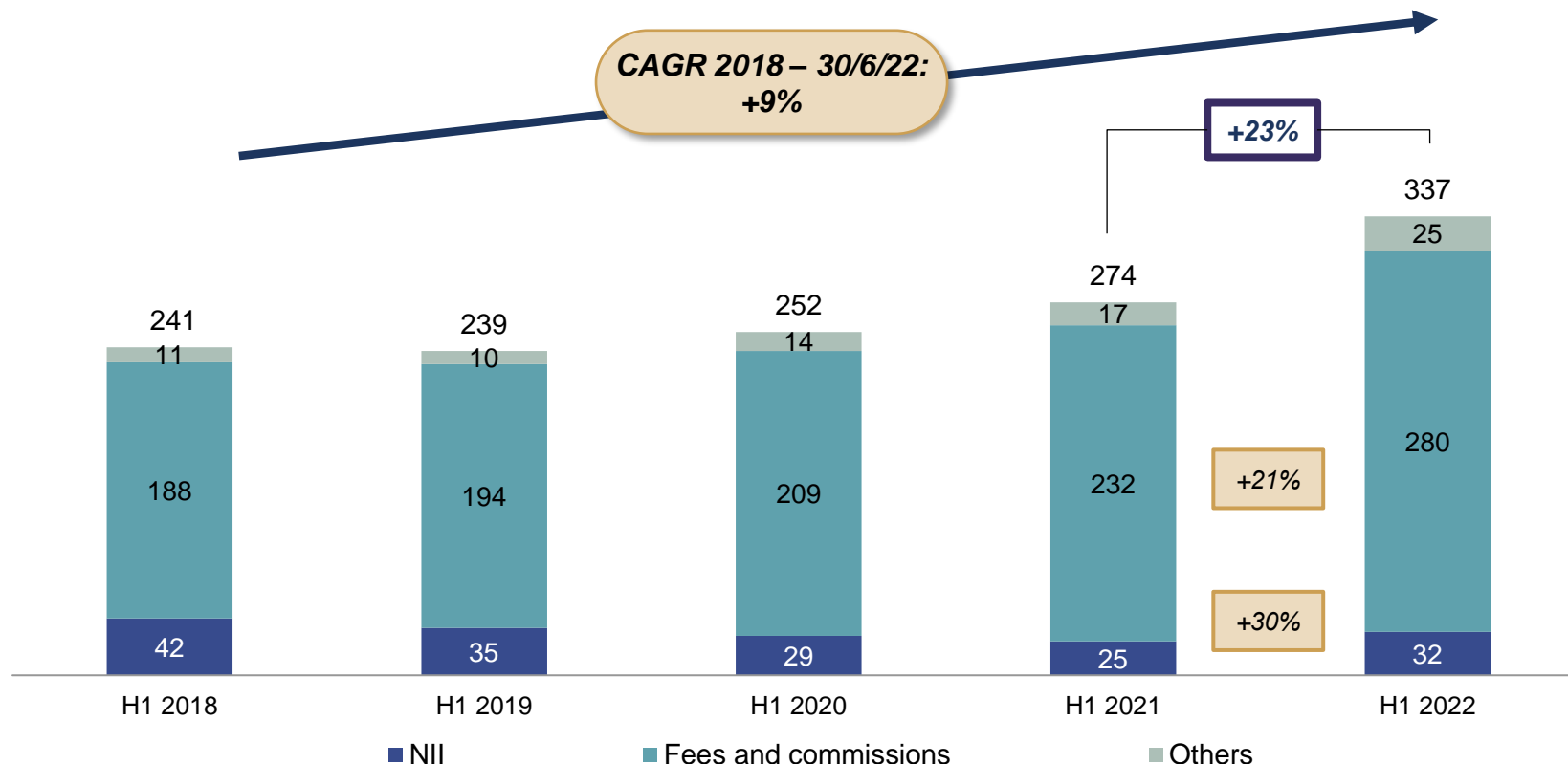
Note

1 France includes France, Belgium and Monaco



# Revenue increase driven by higher fees / commissions and net interest income (NII)

Revenue by type (in €m)

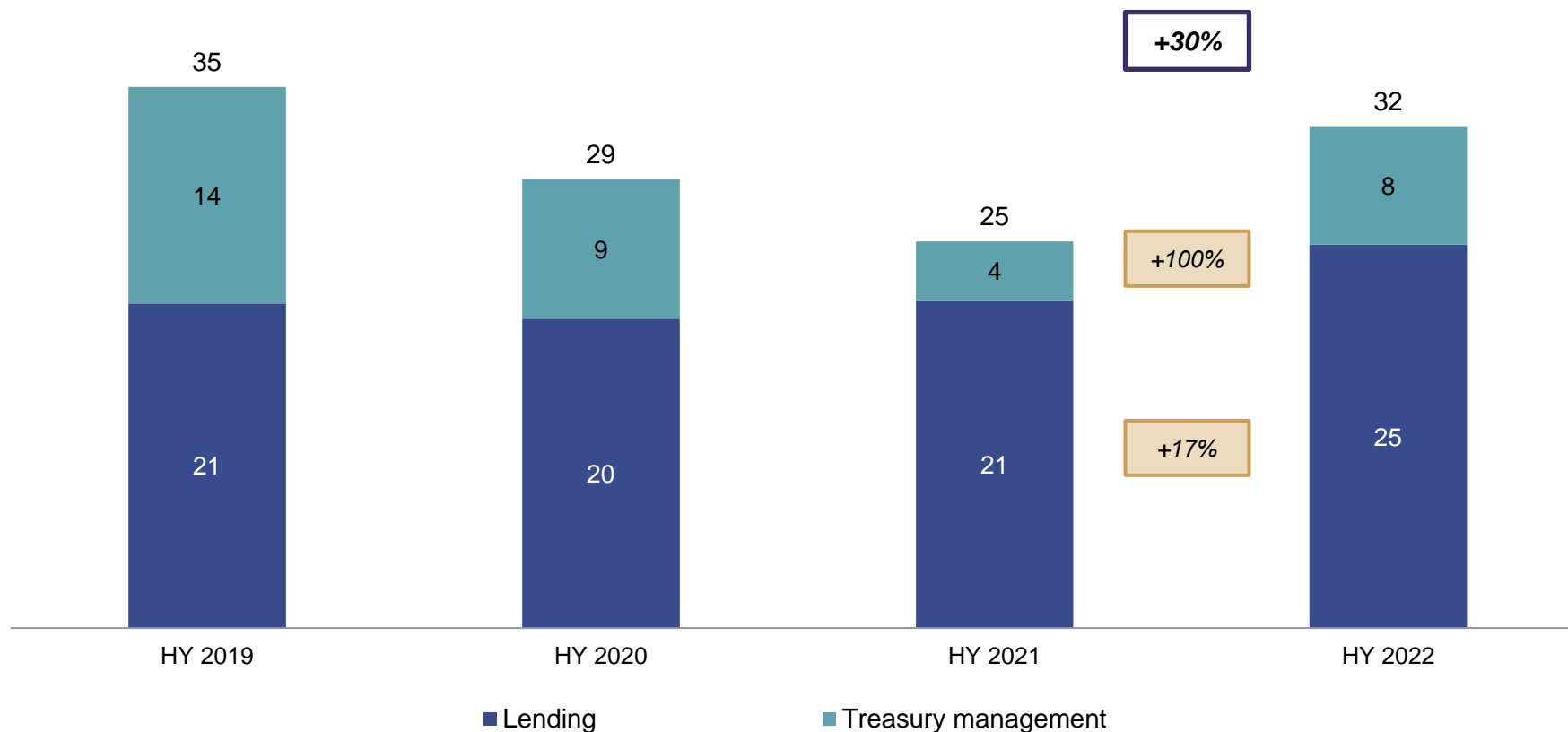


Revenue margin (bps)	68	68	64	62	66
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# Increased interest rates had positive impact on net interest income

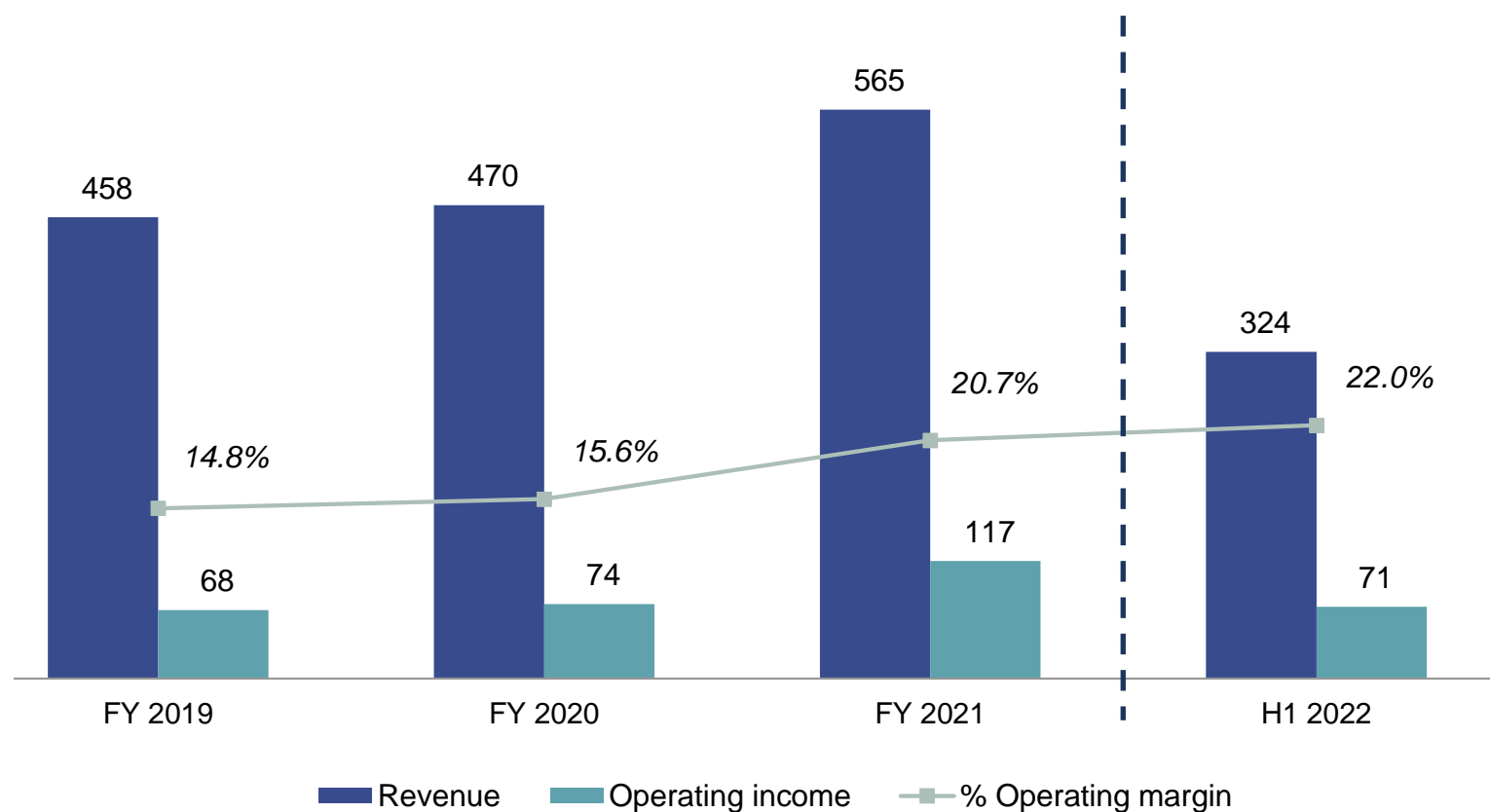
Breakdown of NII between lending and treasury (in €m)





# WAM Europe – Strong improvement in PBT

WAM Europe PBT (in €m) and Operating margin





# 4

## Business review: Merchant Banking



# Highlights – H1 2022

## Investment activity

- New investments completed across the platform in both private equity and private debt
- Number of liquidity events were consummated from a variety of our funds
- Deal pipeline remains strong, however cautious approach is being adopted due to current market volatility

## Investment performance

- Corporate Private Equity and Multi Strategies portfolios continued to deliver material valuation uplifts
- Direct Lending portfolios performed well, while leveraged loan solutions were impacted by volatility in public markets. No negative credit event impacted our private debt portfolios in H1 2022
- Significant cash distributions generated net cash inflows for the Group

## Business performance

- Strong PBT in H1 2022, after a record year in 2021

## Business development and fundraising

- Multiple closings completed for:
  - Corporate Private Equity, relating to FAPI IV, FALT and a single asset continuation vehicle for RLDatix
  - Multi Strategies, relating to two new strategies FAGT (multi-manager fund focused on technology assets) and FASI (minority-focused impact fund)
- One new CLO launched in the US and 1<sup>st</sup> closing completed for our 2<sup>nd</sup> generation CLO equity vehicle, GLI II

**€21.6bn**  
of AuM

**€121m**  
Profit before Tax

**€197m**  
Cash distributions  
to R&Co

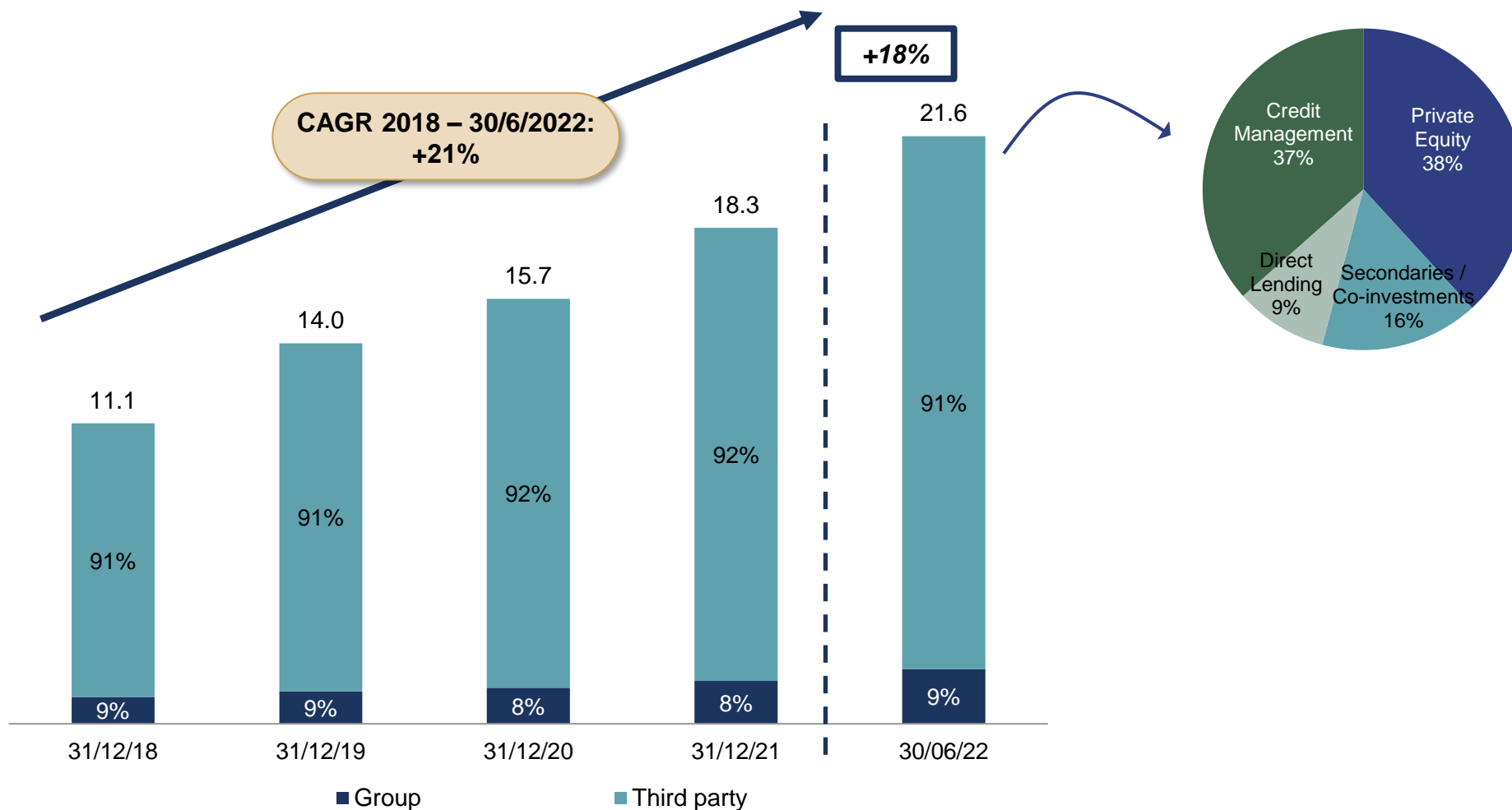
**30%**  
RoRAC

**€3.9bn**  
of new capital raised



# Continued strong growth in AuM

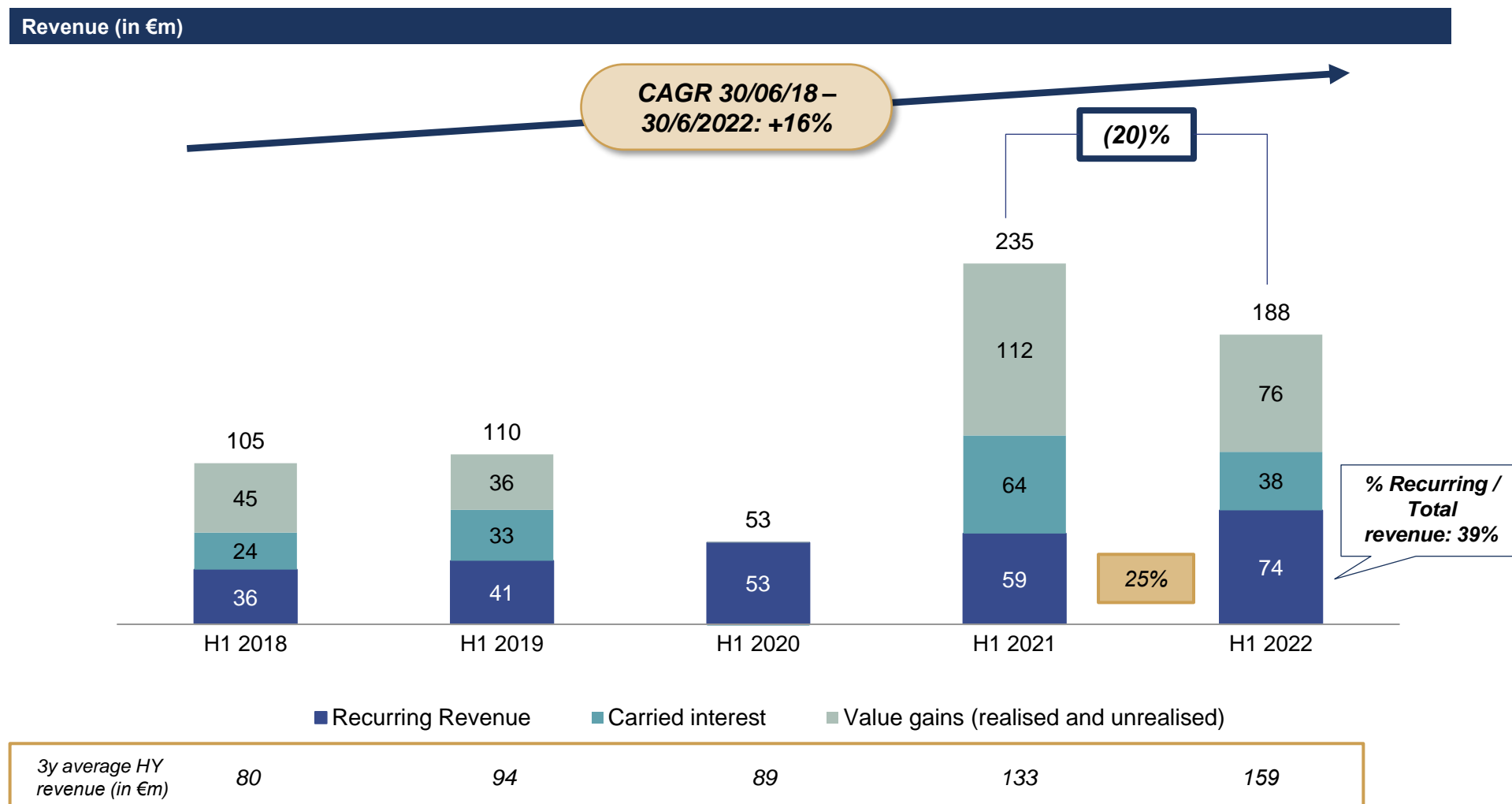
## Assets under Management (in €bn)







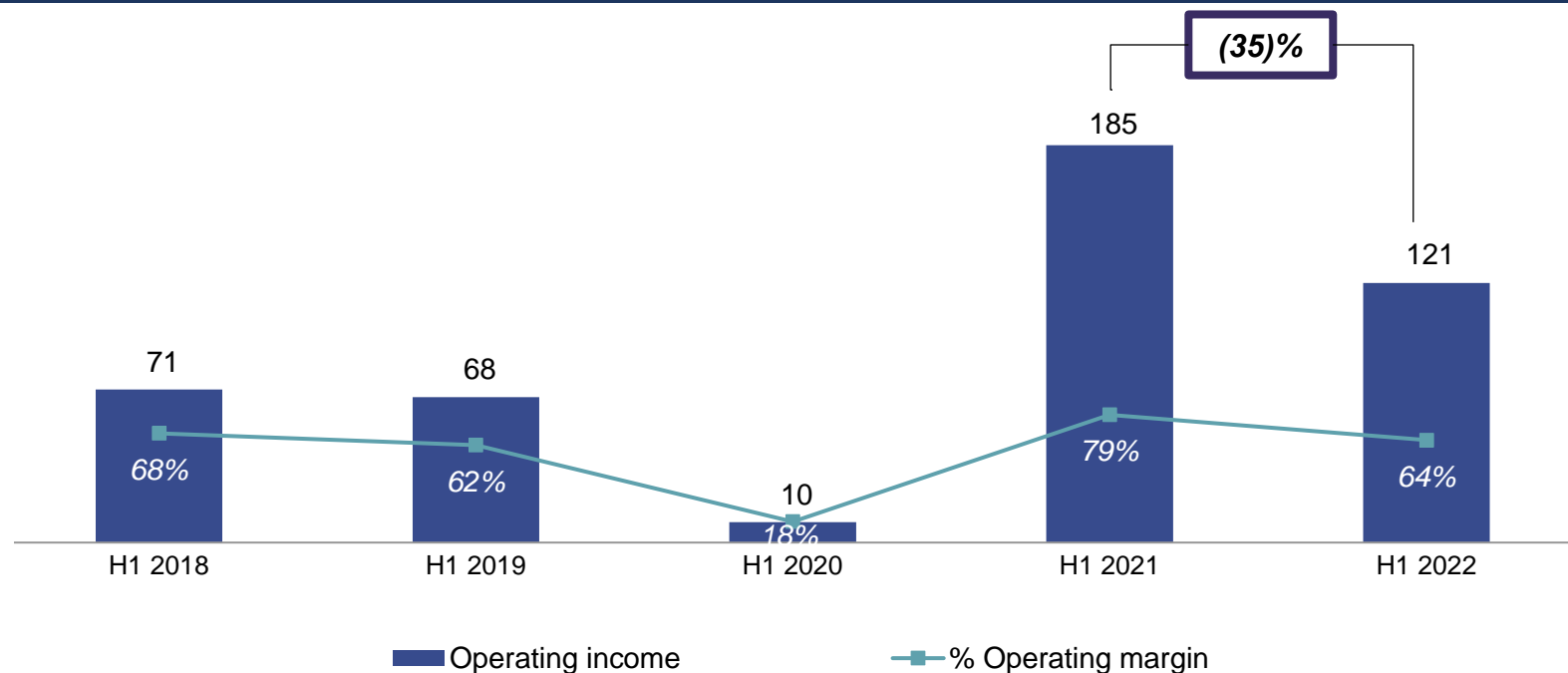
# Strong improvement in recurring revenue; decrease in investment revenue following exceptional 2021





# Robust profits in line with revenue

PBT (in €m), Operating margin and RORAC<sup>1</sup>



3 year average  
RORAC<sup>1</sup>

28%

28%

25%

27%

30%

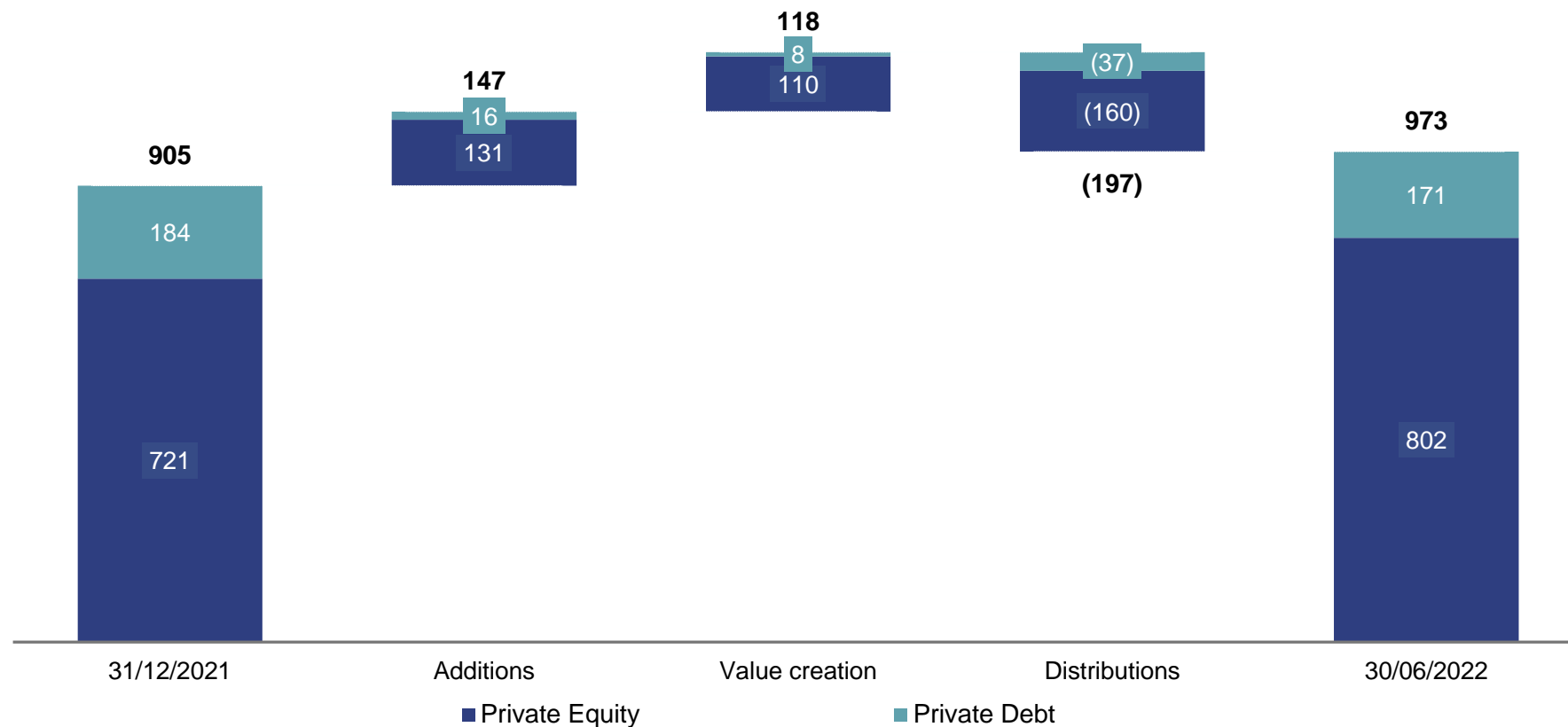
**Note**

<sup>1</sup> RORAC stands for Return On Risk Adjusted Capital – an internal measure of risk capital invested in the business, being PBT divided by risk weighted capital



# Record NAV driven by strong portfolio performance

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





# 5

## Corporate Sustainability



# Sustainability is strategy

## Key areas of focus H1 2022

### Firm commitment

- Sustainability is a key pillar in group strategy
- Group governance with clear responsibilities for definition and implementation of group-wide E, S, G priorities, and ongoing performance monitoring

### Operational focus

- Further implementation of initiatives to meet ambitious targets for gender representation and operational GHG reduction pathway in line with a net-zero trajectory by 2030
- Roll-out of additional ESG training to employees

### Business focus

- New Responsible Investment roadmap agreed
- Implementation of EU sustainable finance regulations for eligible investment business entities
- Global Advisory: one of the leading financial advisers in Sustainable M&A<sup>1</sup>

#### Note

<sup>1</sup> Source: Refinitiv, Sustainable Finance Review, Sustainable Target or Acquiror M&A, Financial Adviser league table, by number of deals, H1 2022



# 6

## Financials



# Summary consolidated P&L

<i>(in €m)</i>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Var</b>	<b>Var %</b>	<b>FX effects</b>
<b>Revenue</b>	<b>1,375</b>	<b>1,350</b>	<b>25</b>	<b>2%</b>	<b>31</b>
Staff costs	(763)	(693)	(70)	10%	(24)
Administrative expenses	(160)	(119)	(41)	34%	(4)
Depreciation and amortisation	(41)	(34)	(7)	21%	(1)
Cost of risk	3	2	1	50%	0
<b>Operating Income</b>	<b>414</b>	<b>506</b>	<b>(92)</b>	<b>(18)%</b>	<b>2</b>
Other income / (expense) (net)	0	4	(4)	(100)%	0
<b>Profit before tax</b>	<b>414</b>	<b>510</b>	<b>(96)</b>	<b>(19)%</b>	<b>2</b>
Income tax	(82)	(58)	(24)	41%	(1)
<b>Consolidated net income</b>	<b>332</b>	<b>452</b>	<b>(120)</b>	<b>(27)%</b>	<b>1</b>
Non-controlling interests	(83)	(106)	23	(22)%	0
<b>Net income - Group share</b>	<b>249</b>	<b>346</b>	<b>(97)</b>	<b>(28)%</b>	<b>1</b>
 <b>Earnings per share <sup>1</sup></b>	 <b>3.43 €</b>	 <b>4.78 €</b>	 <b>(1.35) €</b>	 <b>(28)%</b>	
 <b>Return On Tangible Equity (ROTE)</b>	 <b>17.9%</b>	 <b>31.8%</b>			

Note

1 Diluted EPS is €3.37 for H1 2022 (H1 2021: €4.71)



# Performance by business

<i>(in € million)</i>	GA	WAM	MB	Total businesses	Corporate centre	IFRS reconciliation <sup>1</sup>	H1 2022
<b>Revenue</b>	<b>857</b>	<b>337</b>	<b>188</b>	<b>1,382</b>	<b>8</b>	<b>(15)</b>	<b>1,375</b>
Operating expenses	(694)	(267)	(67)	(1,028)	(27)	90	(965)
Cost of risk	-	1	-	0	-	3	4
<b>Operating income</b>	<b>163</b>	<b>71</b>	<b>121</b>	<b>355</b>	<b>(19)</b>	<b>78</b>	<b>414</b>
Other income / (expense)	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>163</b>	<b>71</b>	<b>121</b>	<b>355</b>	<b>(19)</b>	<b>78</b>	<b>414</b>
<i>Operating margin %</i>	<i>19%</i>	<i>21%</i>	<i>64%</i>	<i>26%</i>	-	-	<i>30%</i>

<i>(in € million)</i>	GA	WAM	MB	Total businesses	Corporate centre	IFRS reconciliation <sup>1</sup>	H1 2021
<b>Revenue</b>	<b>833</b>	<b>274</b>	<b>235</b>	<b>1,342</b>	<b>8</b>	<b>0</b>	<b>1,350</b>
Operating expenses	(668)	(217)	(50)	(935)	(31)	120	(846)
Cost of risk	0	1	0	0	0	1	2
<b>Operating income</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>408</b>	<b>(23)</b>	<b>121</b>	<b>506</b>
Other income / (expense)	0	0	0	-	0	4	4
<b>Profit before tax</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>408</b>	<b>(23)</b>	<b>125</b>	<b>510</b>
<i>Operating margin %</i>	<i>20%</i>	<i>21%</i>	<i>79%</i>	<i>30%</i>	-	-	<i>38%</i>

Note

<sup>1</sup> IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for normal and, in 2022, 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





# Deferred bonus

	2019	2020	2021	H1 2021	H1 2022
Profit before tax <i>(in €m)</i>	(4)	(3)	161	23	14
Profit after tax and minority interest <i>(in €m)</i>	(3)	(2)	126	18	10
Impact on Earnings per share <i>(in €)</i>	(0.04)	(0.03)	1.74	0.25	0.13

H1 2022 EPS  
pre-deferred bonus  
accounting  
**€3.30**



# Compensation ratio

(in €m)	H1 2022	H1 2021
Revenue excluding MB investment performance	1,261	1,174
Total staff costs <sup>1</sup>	(838)	(773)
<b>Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>66.4%</b>	<b>65.8%</b>
variation due to FX	(0.4)%	0.1%
<b>Adjusted for FX change</b>		
<b>Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>66.0%</b>	<b>65.9%</b>
variation due to deferred bonus accounting	1.1%	1.7%
<b>Adjusted awarded Compensation ratio</b> <b>(EXCLUDING deferred bonus accounting)</b>	<b>67.1%</b>	<b>67.6%</b>
Headcount	4,281	3,797

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

## Note

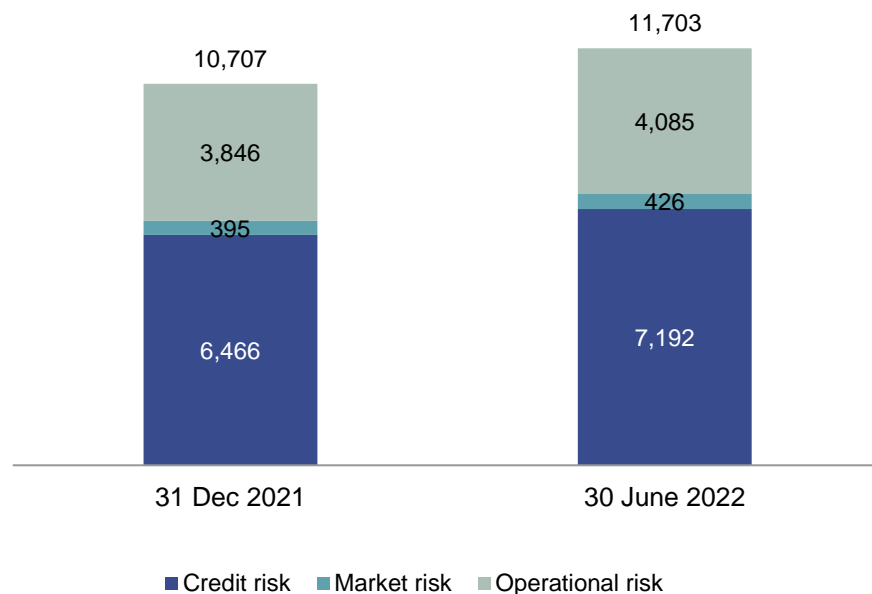
- <sup>1</sup> Total staff costs include profit share (préciput) paid to French Partners and effects of accounting for normal and special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked, but exclude redundancy costs,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



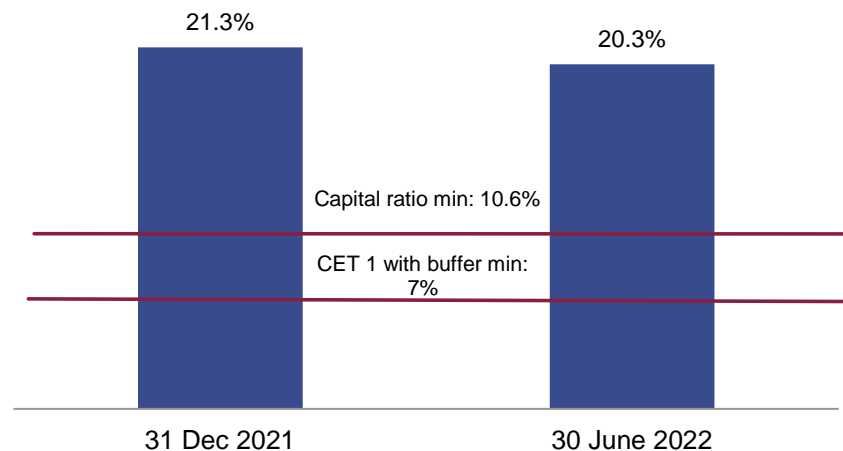
# Solvency ratios above minimum requirements

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

Risk weighted assets (in €m)



Global solvency ratio<sup>1</sup>



- Increase of RWA, mainly reflecting credit risk relating to Merchant Banking value accretion and commitments in new funds launch in 2022
- Ratio reduced from December 2021 to June 2022 due to:
  - Merchant Banking new commitments
  - Acquisition of the French IFA

Note

<sup>1</sup> Subject to permission from the ACPR to include interim profits in Common Equity Tier 1 capital (CET1)



# Summary balance sheet

(in €bn)	30/06/2022	31/12/2021	Var
<b>Banks</b>	<b>14.4</b>	<b>14.5</b>	<b>(0.1)</b>
Credit exposures	4.8	4.4	0.4
<i>o/w Private client lending (PCL)</i>	4.4	4.0	0.4
Cash and treasury assets	8.1	8.9	(0.8)
<i>o/w amounts deposited by non-bank Group subsidiaries</i>	0.4	0.5	(0.1)
Other current and non-current assets	1.5	1.2	0.3
<b>Non-Banks</b>	<b>3.4</b>	<b>3.2</b>	<b>0.2</b>
Merchant Banking investments	1.0	0.9	0.1
Cash and treasury assets	1.0	1.4	(0.4)
<i>o/w central Group</i>	0.5	0.7	(0.2)
Other current and non-current assets	1.4	0.9	0.5
<b>Total assets</b>	<b>17.8</b>	<b>17.7</b>	<b>0.1</b>
<b>Banks</b>	<b>13.6</b>	<b>13.3</b>	<b>0.3</b>
Due to customers	11.6	11.7	(0.1)
Due to banks	0.3	0.3	0.0
Other current and non-current liabilities	1.7	1.3	0.4
<b>Non-Banks</b>	<b>0.6</b>	<b>0.8</b>	<b>(0.2)</b>
Long term borrowing - central Group	0.2	0.2	0.0
Other current and non-current liabilities	0.4	0.6	(0.2)
<b>Capital</b>	<b>3.6</b>	<b>3.6</b>	<b>0.0</b>
Shareholders' equity - Group share	3.2	3.1	0.1
Non-controlling interests	0.4	0.5	(0.1)
<b>Total capital and liabilities</b>	<b>17.8</b>	<b>17.7</b>	<b>0.1</b>

	30/06/2022	31/12/2021
<i>Loans / Deposits</i>	42%	38%
<i>Liquid assets / Total assets</i>	51%	58%
<i>Equity / share</i>	€45.18	€43.31
<i>Net tangible equity / share</i>	€39.02	€37.93



# 7

## Targets and outlook



# Our financial targets

			Target	H1 2022	H1 2021	2021
Group targets	Compensation ratio <sup>1</sup>	►	Low to mid 60's through the cycle	66.0%	65.9%	60.2%
	Return on tangible equity <sup>2</sup>	►	10 to 15% through the cycle	17.9%	31.8%	32.3%
Businesses targets	Global Advisory: PBT margin	►	Mid to high-teens through the cycle	19%	20%	22%
	Wealth & Asset Management: PBT margin <sup>3</sup>	►	Around 18% <sup>3</sup> by end of 2022	22.0%	22.0%	20.7%
	Merchant Banking: 3 years average RORAC <sup>4</sup>	►	Above 15% through the cycle	30%	27%	29%

## Notes

1 Compensation ratio: see calculation on slide [34](#)

2 ROTE based on Net income – Group share excl. exceptional items. See definition on slide [44](#) and calculation on slide [46](#)

3 Excluding Asset Management US

4 RORAC: see definition on slide [44](#) and calculation on slide [46](#)



# Outlook

## Global Advisory

- Expect completion activity to remain robust during the second half of 2022
- Macro headwinds are negatively impacting deal making particularly in Financing Advisory but also in M&A
- Expect the development of the pipeline to slow leading to a weaker start to 2023

## Wealth & Asset Management

- Cautious for the rest of 2022 due to rising inflation and war in Ukraine which have significantly increased risks of prolonged volatility and uncertainty
- AuM may continue to decrease due to adverse market performance, with negative consequences on management fees

## 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, which we consider to be exceptional
- 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
- Subject to the environment, we remain optimistic for a solid performance during 2022, albeit below 2021

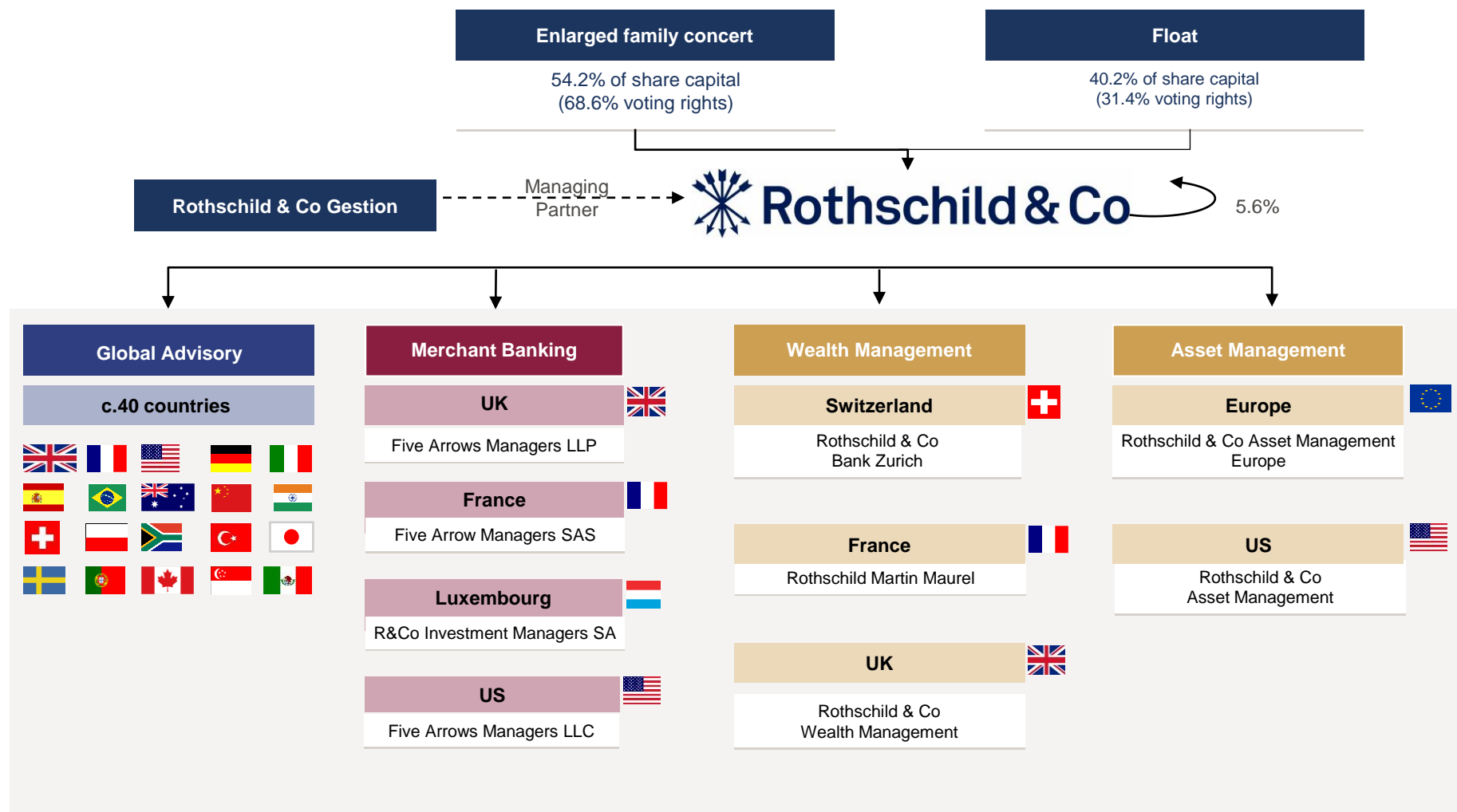
## Appendices





# Rothschild & Co at a glance

As at 30 June 2022





# Major FX rates

P&L (average)				Balance sheet (spot)			
Rates	H1 2022	H1 2021	Var	Rates	30/06/2022	31/12/2021	Var
€ / GBP	0.8447	0.8657	(2)%	€ / GBP	0.8608	0.8390	3%
€ / CHF	1.0248	1.0958	(6)%	€ / CHF	0.9987	1.0364	(4)%
€ / USD	1.0878	1.2014	(9)%	€ / USD	1.0462	1.1350	(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 (average)			Balance sheet (spot)		
(in €m)	H1 2022	H1 2021	(in €m)	30/06/2022	31/12/2021
Interest on perpetual subordinated debt	7.4	6.5	Perpetual subordinated debt	306	306
Preferred shares <sup>1</sup>	74.3	99.6	Preferred shares <sup>1</sup>	68	158
Other non-controlling interests	1.6	0.0	Other non-controlling interests	2	5
<b>TOTAL</b>	<b>83.3</b>	<b>106.1</b>	<b>TOTAL</b>	<b>376</b>	<b>468</b>

## Note

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



# Alternative performance measures (APM)

APM	Definition	Reason for use
<b>Net income – Group share excluding exceptionals</b>	Net income attributable to holders of ordinary equity excluding exceptional items	To measure Net result Group share of Rothschild & Co excluding exceptional items
<b>EPS excluding exceptionals</b>	EPS excluding exceptional items	To measure EPS excluding exceptional items of a significant amount
<b>Adjusted compensation ratio</b>	<p>Ratio between adjusted staff costs divided by consolidated revenue of Rothschild &amp; Co, excluding MB investment performance revenue (carried interest and gains). Adjusted staff costs represent:</p> <ol style="list-style-type: none"> <li>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)</li> <li>2. to which must be added the amount of profit share (préciput) paid to the French partners</li> <li>3. from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS</li> </ol> <p><b>- which gives Total staff costs in calculating the basic compensation ratio</b></p> <ol style="list-style-type: none"> <li>4. the amount of adjusted staff costs and revenue are restated by the exchange rate effect to offset the exchange rate fluctuations from one year to the next</li> </ol> <p><b>- which gives the adjusted staff costs for compensation ratio.</b></p>	<p>To measure the proportion of Net Banking Income granted to all employees.</p> <p>Key indicator for competitor listed investment banks.</p> <p>Rothschild &amp; Co calculates this ratio with adjustments to give the fairest and closest calculation to that used by other comparable listed companies.</p>
<b>Return on Tangible Equity (ROTE) excluding exceptional items</b>	<p>Ratio between Net income - Group share excluding exceptional items and average tangible equity Group share over the period.</p> <p>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 2021 and 30 June 2022</p>	To measure the overall profitability of Rothschild & Co excluding exceptional items on the Group share of tangible equity capital in the business
<b>Business Operating margin</b>	Each business Operating margin is calculated by dividing Operating income by revenue, business by business. It excludes exceptional items	To measure business' profitability
<b>Return on Risk Adjusted Capital (RORAC)</b>	<p>Ratio of an adjusted Operating income 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.</p> <p>To calculate the RORAC, MB Operating income 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 business
<b>Operating cash flow (OCF)</b>	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

	30/06/2022	30/06/2021	31/12/2021
<b>Shareholders' equity (group share)</b>	<b>3,248,038</b>	<b>2,658,920</b>	<b>3,132,825</b>
<b>Net book value</b>	<b>3,248,038</b>	<b>2,658,920</b>	<b>3,132,825</b>
- Intangible assets	(239,265)	(185,869)	(209,055)
- Intangible assets net of tax	(214,550)	(172,400)	(191,587)
- Goodwill	(228,663)	(136,169)	(197,421)
<b>Net tangible book value</b>	<b>2,804,825</b>	<b>2,350,352</b>	<b>2,743,817</b>
<b>Average number of shares in issue</b>	<b>77,734,655</b>	<b>77,675,845</b>	<b>77,692,512</b>
- Average Treasury shares	(3,667,147)	(3,404,567)	(3,619,381)
- Average Controlling shares	(2,011,374)	(2,112,548)	(2,073,028)
<b>Average number of shares</b>	<b>72,056,134</b>	<b>72,158,731</b>	<b>72,000,103</b>
<b>Number of shares in issue - End of the period</b>	<b>77,747,512</b>	<b>77,697,512</b>	<b>77,732,512</b>
- Treasury shares - End of the period	(3,656,020)	(4,186,573)	(3,526,632)
- Controlling shares - End of the period	(2,208,499)	(2,236,018)	(1,867,673)
<b>Number of shares - End of the period</b>	<b>71,882,993</b>	<b>71,274,921</b>	<b>72,338,207</b>
<b>Net book value per share (End of the period)</b>	<b>€ 45.18</b>	<b>€ 37.31</b>	<b>€ 43.31</b>
<b>Net tangible book value per share (End of the period)</b>	<b>€ 39.02</b>	<b>€ 32.98</b>	<b>€ 37.93</b>
<b>Net income (group share)</b>	<b>248,797</b>	<b>346,095</b>	<b>765,804</b>
- profit share to R&Co Gestion	(1,715)	(1,503)	(3,005)
<b>Net income attributable to shareholders</b>	<b>247,083</b>	<b>344,592</b>	<b>762,799</b>
<b>Earnings per share (based on average number of shares)</b>	<b>€ 3.43</b>	<b>€ 4.78</b>	<b>€ 10.59</b>
<b>Diluted earnings per share</b>	<b>€ 3.37</b>	<b>€ 4.71</b>	<b>€ 10.45</b>



# Alternative performance measures (APM)

## ROTE and RORAC

ROTE			RORAC		
	H1 2022	H1 2021		H1 2022	H1 2021
<b>Net income - Group share excluding exceptionals</b>	<b>249</b>	<b>346</b>	PBT 12m to June 2022	228	
			PBT 12m to June 2021	233	233
			PBT 12m to June 2020	52	52
			PBT 12m to June 2019		99
Shareholders' equity - Group share - opening	3,133	2,303	<b>Average PBT rolling 3 years</b>	<b>171</b>	<b>128</b>
- Intangible fixed assets	(192)	(170)	NAV 30/06/2022	973	
- Goodwill	(197)	(135)	NAV 30/06/2021	804	804
<b>Tangible shareholders' equity - Group share - opening</b>	<b>2,744</b>	<b>1,997</b>	NAV 30/06/2020	588	588
			NAV 30/06/2019		544
Shareholders' equity - Group share - closing	3,248	2,659	<b>Average NAV rolling 3 years</b>	<b>788</b>	<b>645</b>
- Intangible fixed assets	(192)	(172)	Debt = 30% of average NAV	237	194
- Goodwill	(229)	(136)	Notional interest of 2.5% on debt	(5)	(5)
<b>Tangible shareholders' equity - Group share - closing</b>	<b>2,828</b>	<b>2,350</b>			
<b>Average tangible equity</b>	<b>2,786</b>	<b>2,174</b>	<b>Average PBT rolling 3 years adjusted by the cost of debt interest</b>	<b>166</b>	<b>123</b>
<b>ROTE excluding exceptionals</b>	<b>17.9%</b>	<b>31.8%</b>			
			<b>Risk adjusted capital = 70% of Average NAV</b>	<b>552</b>	<b>452</b>
			<b>RORAC</b>	<b>30%</b>	<b>27%</b>



# Operating cash flow

	H1 2020	H1 2021	H1 2022
<b>Consolidated Profit before tax</b>	<b>150</b>	<b>510</b>	<b>414</b>
Non cash items	34	(155)	(64)
<b>Profit before tax and non cash items</b>	<b>184</b>	<b>355</b>	<b>350</b>
Acquisition of MB investments	(25)	(89)	(147)
Disposal of MB investments	54	144	197
Net (acquisition)/disposal of PPE and intangible assets	(12)	(10)	(11)
Tax paid	(31)	(54)	(113)
Net cash inflow/(outflow) relating to other operating activities <sup>(1)</sup>	(348)	(241)	(521)
<b>Operating cash flow (OCF)</b>	<b>(178)</b>	<b>105</b>	<b>(245)</b>
Net (advance)/repayment of loans to customers	(78)	(466)	(381)
Net cash inflow/(outflow) related to treasury activities <sup>(2)</sup>	309	555	(270)
Net cash inflow/(outflow) related to investing activities <sup>(3)</sup>	(5)	(1)	(33)
Net cash inflow/(outflow) related to financing activities	(2)	(86)	(267)
Impact of exchange rate changes on cash and treasury assets	(132)	84	101
<b>NET INFLOW/(OUTFLOW) OF CASH AND TREASURY ASSETS</b>	<b>(86)</b>	<b>191</b>	<b>(1,095)</b>
Treasury assets cash inflow/(outflow)	(367)	(109)	196
Impact of exchange rate on treasury asset	30	(6)	(3)
Interbank demand deposits and overnight loans	60	39	4
<b>Net inflow/(outflow) of cash disclosed in consolidated accounts</b>	<b>(363)</b>	<b>115</b>	<b>(898)</b>

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:

- 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

## Notes

1 Includes payment in respect of French profit share (*préciput*), rental payments, movement in working capital (including bonus payments from previous years) and interest on perpetual debts

2 Excluding cash inflow/(outflow) from treasury assets

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



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