

December 2023 consolidated accounts

Contents

Consolidated balance sheet	5
Consolidated income statement	6
Statement of comprehensive income	7
Consolidated statement of changes in equity	8
Cash flow statement	
1. Highlights	
1.1 Delisting of Rothschild & Co shares	
1.2 Agreement to purchase Atlantic Equities	
1.3 Disposal of North American asset management business	
1.4 Macro-economic environment	
1.4.1 Interest rate risk	
1.4.2 Credit risk on loans to customers	
1.4.3 Liquidity risk	
1.4.4 Goodwill and intangible assets	
1.5 Global minimum tax	
2. Preparation of the financial statements	
2.1 Information regarding the Company	
2.2 General principles	
2.3 Changes to accounting standards	
2.3.1 December 2023 update on USD Libor exposure	
2.3.2 Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising	
Z.S.Z Amendments to IAS 12 income Taxes. Deferred Tax related to Assets and Elabilities arising Transaction	,
2.3.3 Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules	
2.3.4 IFRS 17 Insurance contracts	
2.3.5 Other changes to accounting standards	
2.4 Forthcoming changes to accounting standards	
2.5 Subsequent events	
2.5.1 Redemption of £125 million perpetual fixed rate subordinated notes	
3. Accounting policies	
3.1 Consolidation method	
3.1.1 Financial year end of the consolidated companies	
3.1.2 Subsidiaries	
3.1.3 Associates	
3.1.4 Business combinations and goodwill	
3.1.5 Non-controlling interests	
3.1.6 Contracts to purchase non-controlled shares in subsidiaries	
3.2 Accounting principles and valuation methods	
3.2.1 Accounting judgments and estimates	
3.2.2 Foreign currency transactions	
3.2.3 Financial assets and liabilities – classification and measurement	
3.2.4 Financial assets – impairment	
3.2.5 Derivative instruments and hedge accounting	
3.2.6 Derecognition	

3.2.7	Securitisation transactions	22
3.2.8	Intangible assets	22
3.2.9	Tangible assets	23
3.2.10	Impairment assessments of tangible and intangible assets	23
3.2.11	Provisions and contingent liabilities	23
3.2.12	Pensions	24
3.2.13	Revenue from contracts with customers	24
3.2.14	Interest income and expense	25
3.2.15	Carried interest	25
3.2.16	Long-term incentive schemes	25
3.2.17	Taxation	26
3.2.18	Dividends	26
3.2.19	Classification of debt and shareholders' equity	26
3.2.20	Fiduciary activities	26
3.2.21	Leases	27
4. Fin	nancial risk management	28
	overnance	
	redit risk	
4.2.1	Credit and counterparty risk	
4.2.2	Credit rating	
4.2.3	Credit risk exposure	
4.2.4	Credit risk management of other financial assets	
4.2.5	Further credit risk analysis	
	arket risk	
4.3.1	Equity investments	
4.3.2	Currency risk	
4.3.3	Interest rate risk	
	quidity risk	
	Liquidity	
4.4.2	Contractual maturity	
	air value disclosures	
4.5.1	Fair value hierarchy	
4.5.2	Valuation techniques used	
4.5.3	Fair value of financial instruments	
4.5.4	Fair value Level 3 disclosures	
4.5.5	Selected controls in the valuation process	
	·	
	nancial impacts and risks associated with climate change	
	overnance of objectives and risks associated with climate change	
	othschild & Co commitment to reduce operational Scope 1,2 and 3 emissions	
	limate risk applied to the Group's accounts	
5.3.1	Consideration of climate risk when testing for impairments of intangible assets and goodwill	
5.3.2	Consideration of climate risk when assessing risk on our banking business	
5.3.3	Consideration of climate risk regarding other assets and liabilities	
6. No	tes to the balance sheet	52
Note 1	Financial instruments at fair value through profit or loss	52
Note 2	- Derivatives	52
Note 3	- Securities at amortised cost	54

Note 4 – Loans and advances to banks	55
Note 5 – Loans and advances to customers	55
Note 6 – Other assets	55
Note 7 - Investments accounted for by the equity method	56
Note 8 - Leases	56
Note 9 – Acquisition of subsidiaries and businesses	58
Note 10 – Tangible fixed assets	60
Note 11 – Intangible fixed assets	60
Note 12 – Goodwill	61
Note 13 – Due to banks and other financial institutions	62
Note 14 – Customer deposits	62
Note 15 – Other liabilities, accruals and deferred income	62
Note 16 – Provisions	63
Note 17 – Impairments	63
Note 18 – Deferred tax	64
Note 19 – Structured entities	65
Note 20 – Capital and reserves	66
Note 21 - Non-controlling interests	67
Note 22 – Retirement benefit obligations	68
Note 23 – Net cash and cash equivalents	72
Note 24 – Commitments given and received	73
Note 25 – Offsetting financial assets and financial liabilities	74
7. Notes to the income statement	75
Note 26 – Net interest income	
Note 27 – Net fee and commission income and expense	
Note 28 – Net gains on financial instruments at fair value through profit or loss	
Note 29 – Operating expenses	
Note 30 – Depreciation, amortisation and impairment of tangible and intangible fixed assets	
Note 31 – Cost of Risk	
Note 32 – Net income/(expense) from other assets	
Note 33 – Income tax (expense)	
Note 34 – Related parties	
Note 35 – Fees to statutory auditors	
Note 36 – Consolidation scope	
Note 37 – Results, tax and headcount by territory	
8. Abbreviations and glossary	
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Consolidated balance sheet

as at 31 December 2023

Assets

In thousands of euros Notes	31/12/2023	31/12/2022
Cash and amounts due from central banks	4,552,290	2,521,688
Financial assets at fair value through profit or loss	1,612,949	2,177,181
Hedging derivatives 2	5,012	6,040
Securities at amortised cost	3,418,083	3,649,077
Loans and advances to banks	1,727,264	1,927,881
Loans and advances to customers 5	4,331,199	4,971,198
Current tax assets	60,106	32,876
Deferred tax assets 18	91,173	67,306
Other assets 6	1,327,971	1,059,738
Investments accounted for by the equity method 7	5,155	4,325
Right of use assets	208,592	213,900
Tangible fixed assets 10	262,485	253,094
Intangible fixed assets 11	232,481	241,453
Goodwill 12	274,247	250,756
TOTAL ASSETS	18,109,007	17,376,513

Liabilities and shareholders' equity

In thousands of euros	Notes	31/12/2023	31/12/2022
Financial liabilities at fair value through profit or loss	1	187,966	302,289
Hedging derivatives	2	510	434
Due to banks and other financial institutions	13	333,902	517,539
Customer deposits	14	11,892,357	10,414,524
Debt securities in issue		148,157	41,724
Current tax liabilities		59,559	70,289
Deferred tax liabilities	18	49,824	69,299
Lease liabilities	8	234,254	240,676
Other liabilities, accruals and deferred income	15	1,470,947	1,667,787
Provisions	16	36,224	34,745
TOTAL LIABILITIES		14,413,700	13,359,306
Shareholders' equity		3,695,307	4,017,207
Shareholders' equity - Group share	20	3,279,160	3,565,080
Share capital		154,367	154,060
Share premium		1,122,962	1,122,438
Consolidated reserves		1,755,827	1,740,742
Unrealised or deferred capital gains and losses		(28,761)	(57,792)
Net income - Group share		274,765	605,632
Non-controlling interests	21	416,147	452,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,109,007	17,376,513

Consolidated income statement

for the twelve months ended 31 December 2023

In thousands of euros	Notes	31/12/2023	31/12/2022
+ Interest income on financial instruments using the ef	ective interest method 26	418,624	130,360
- Interest expense on financial instruments using the e	ffective interest method 26	(260,017)	(56,553)
+/- Net interest income on other financial instruments	26	81,129	49,358
+ Fee income	27	2,239,416	2,645,517
- Fee expense	27	(114,472)	(101,300)
+/- Net gains on financial instruments at fair value through	h profit or loss 28	170,505	297,798
+/- Net gains/(losses) on derecognition of assets held at	amortised cost	1	(5)
+ Other operating income		548	643
- Other operating expenses		(441)	(424)
Net banking income		2,535,293	2,965,394
- Staff costs	29	(1,522,152)	(1,575,425)
- Administrative expenses	29	(399,655)	(332,985)
- Depreciation, amortisation and impairment of tangible	e and intangible fixed assets 30	(98,475)	(87,253)
Gross operating income		515,011	969,731
+/- Cost of risk	31	4,100	(2,904)
Operating income		519,111	966,827
+/- Net income/(expense) from companies accounted fo	by the equity method 7	1,140	(2,062)
+/- Net income/(expense) from other assets	32	5,897	(6,201)
Profit before tax		526,148	958,564
- Income tax expense	33	(98,159)	(157,781)
CONSOLIDATED NET INCOME		427,989	800,783
Non-controlling interests	21	153,224	195,151
NET INCOME - GROUP SHARE		274,765	605,632

Statement of comprehensive income

for the twelve months ended 31 December 2023

In thousands of euros	31/12/2023	31/12/2022
Consolidated net income	427,989	800,783
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries and associates	35,459	(20,274)
Translation gain transferred to income on disposal of subsidiary	(7,682)	-
Net gains/(losses) from changes in fair value of cash flow hedges	1,421	(997)
(Gains) and losses relating to cash flow hedges transferred to income statement	(543)	(1,611)
Gains and (losses) recognised directly in equity for companies accounted for by the equity method	(167)	(334)
Other adjustments	-	(238)
Taxes	(189)	494
Total gains and losses recyclable in profit or loss	28,299	(22,960)
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	(65,516)	136,718
Taxes	15,632	(23,347)
Total gains and losses not recyclable in profit or loss	(49,884)	113,371
Gains and losses recognised directly in equity	(21,585)	90,411
TOTAL COMPREHENSIVE INCOME	406,404	891,194
of which: attributable to equity shareholders	250,715	705,924
of which: attributable to non-controlling interests	155,689	185,270

Consolidated statement of changes in equity

for the twelve months ended 31 December 2023

Unrealised or deferred capital gains and losses (net of tax) (Note 20.2)

	Capital and associated reserves (Note 20.1)	Consolidated reserves (Note 20.1)	Related to translation differences	Cash flow hedge reserve	Shareholders' equity, Group share	Shareholders' equity, NCol	Total share- holders' equity
In thousands of euros	,						
SHAREHOLDERS' EQUITY AT 1 JANUARY 2022	1,301,209	1,861,953	(32,050)	1,713	3,132,825	468,377	3,601,202
Increase/ (decrease) in capital relating to treasury shares	-	(32,853)	-	-	(32,853)	1	(32,852)
Capital decrease	(25,455)	25,455	-	-	-	-	-
Distributions (Note 20.3, Note 21)	-	(200,967)	-	-	(200,967)	(184,656)	(385,623)
Issue of shares	744	-	-	-	744	-	744
Capital increase related to options	-	921	-	-	921	-	921
Interest on perpetual subordinated debt (Note 21)	-	-	-	-	-	(16,584)	(16,584)
Effect of a change in shareholding without a change of control	-	9,443	(9,657)	-	(214)	(281)	(495)
Revaluation of RMM preferred shares to fair value before purchase	-	(41,300)	-	-	(41,300)	41,300	-
Purchase of RMM preferred shares	-	-	-	-	-	(41,300)	(41,300)
Subtotal of changes linked to transactions with shareholders	(24,711)	(239,301)	(9,657)	-	(273,669)	(201,520)	(475,189)
2022 net income for the year	-	605,632	-	-	605,632	195,151	800,783
Net gains/(losses) from changes in fair value	-	-	-	(808)	(808)	-	(808)
Net (gains)/losses transferred to income	-	-	-	(1,306)	(1,306)	-	(1,306)
Remeasurement gains/(losses) on defined benefit funds	-	113,371	-	-	113,371	(1)	113,370
Translation differences and other movements	-	4,719	(15,684)	-	(10,965)	(9,880)	(20,845)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2022	1,276,498	2,346,374	(57,391)	(401)	3,565,080	452,127	4,017,207
Increase/ (decrease) in capital relating to treasury shares	-	145,244	-	-	145,244	-	145,244
Issue of shares, less capital decrease	831	-	-	-	831	-	831
Ordinary distributions (Note 20.3, Note 21)	-	(107,484)	-	-	(107,484)	(170,119)	(277,603)
Exceptional distribution of reserves (Note 20.3, Note 21)	-	(578,216)	-	-	(578,216)	-	(578,216)
Revalue share-based payment liability in equity	-	6,703	-	-	6,703	-	6,703
Charge, net of tax, on reclassifying equity- settled share-based payments to cash settled	-	(4,971)	-	-	(4,971)	-	(4,971)
Reclassification of share based payments	_	(3,629)	-	-	(3,629)	-	(3,629)
Capital increase related to options		7,349		-	7,349	-	7,349
Capital increase and settlements of other share- based payments	-	(3,074)	-	-	(3,074)	-	(3,074)
Interest on perpetual subordinated debt (Note 21)	-	-	-	-		(20,836)	(20,836)
Effect of a change in shareholding without a change of control	-	(2,465)	3,205	-	740	(714)	26
Other movements		(120)	(8)		(128)	-	(128)
Subtotal of changes linked to transactions with shareholders	831	(540,663)	3,197	-	(536,635)	(191,669)	(728,304)
2023 net income for the year	-	274,765	-	-	274,765	153,224	427,989
Net gains/(losses) from changes in fair value	-	-	-	1,066	1,066	-	1,066
Net (gains)/losses transferred to income	-	-	(7,682)	(377)	(8,059)	-	(8,059)
Remeasurement gains/(losses) on defined benefit funds	-	(49,884)	-	-	(49,884)	-	(49,884)
Translation differences and other movements	-	-	32,827	-	32,827	2,465	35,292
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2023	1,277,329	2,030,592	(29,049)	288	3,279,160	416,147	3,695,307

Cash flow statement

for the twelve months ended 31 December 2023

In thousands of euros	Notes	31/12/2023	31/12/2022
Consolidated profit before tax (I)		526,148	958,564
Remove (profit)/loss from investing activities	28	(128,140)	(243,846)
Depreciation and amortisation expense on tangible and intangible fixed assets	10, 11	53,095	62,962
Depreciation and impairment of ROU assets and interest on lease liabilities	8	53,096	47,226
Remove (gains)/losses related to acquisition, disposal and impairment of Group companies	32	(7,906)	(18,502)
Remove (profit)/loss from associates	7	(1,140)	2,062
Other non-cash items included in pre-tax profit		(1,023)	3,438
Non-cash items included in pre-tax profit (II)		(32,018)	(146,660)
Net (advance)/repayment of loans to customers		668,075	(462,690)
Increase/(decrease) in customer deposits		1,308,941	(1,317,322)
Net (purchases)/disposals of assets held for liquidity purposes		676,832	(2,300,808)
Cash (placed)/received through interbank transactions		119,117	131,135
Net inflow/(outflow) related to derivatives and trading items		(105,420)	167,155
Other movements in assets and liabilities related to treasury activities		51,381	50,014
Total treasury-related activities		2,050,851	(3,269,826)
(Increase)/decrease in working capital		(304,824)	(38,461)
Tax paid		(155,686)	(181,607)
Payment of lease liabilities	8	(50,358)	(43,153)
Other operating activities		(510,868)	(263,221)
Net (decrease)/increase in cash related to operating assets and liabilities (III)		2,208,058	(3,995,737)
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (III) + (IIII)		2,702,188	(3,183,833)
Purchase of investments		(126,074)	(211,431)
Purchase of tangible and intangible fixed assets	10, 11	(45,864)	(34,150)
Purchase of subsidiaries and associates, net of cash and cash equivalents acquired		(14,019)	(33,015)
Total cash invested		(185,957)	(278,596)
Cash received from investments (disposals and dividends)		287,895	313,982
Cash from disposal of tangible and intangible fixed assets		2,833	1,438
Cash (outflow) from sale of subsidiaries net of cash and cash equivalents sold		(775)	-
Total cash received from investment activity		289,953	315,420
Net cash inflow/(outflow) related to investing activities (B)		103,996	36,824
Distributions paid to shareholders and general partners of parent company	20.3	(685,700)	(200,967)
Distributions paid to non-controlling interests	21	(170,119)	(184,656)
Disposal/(acquisition) of own shares		148,156	(32,244
Acquisition of additional interests in subsidiaries		(21,404)	(3,513)
Purchase of RMM preferred shares		-	(41,300
Interest paid on perpetual subordinated debt	21	(20,836)	(16,584
Net cash inflow/(outflow) related to financing activities (C)		(749,903)	(479,264)
Impact of exchange rate changes on cash and cash equivalents (D)		85,874	44,428
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)		2,142,155	(3,581,845)
Net opening cash and cash equivalents	23	3,674,820	7,256,665
rect opening each and each equivalence			
Net closing cash and cash equivalents	23	5,816,975	3,674,820

1. Highlights

1.1 Delisting of Rothschild & Co shares

The simplified tender Offer for Rothschild & Co shares, announced by Rothschild & Co Concordia (Concordia) on 6 and 13 February 2023, was filed on 8 June 2023.

On 18 July 2023, the AMF (*Autorité des marchés financiers*) cleared the Offer, and on the same day issued its visa for Concordia's offer document and Rothschild & Co's response document, under numbers 23-316 and 23-317 respectively.

Following the detachment of the exceptional distribution of reserves of €8.00 per share on 20 July 2023, the Offer was opened on 24 July 2023 at a price of €38.60 euros per Rothschild & Co share (ordinary dividend of €1.40 and exceptional distribution of reserves of €8.00 detached) for a period of 35 business days, i.e. until 8 September (inclusive).

It should also be noted that on 4 July 2023, the Supervisory Board of Rothschild & Co issued a unanimous favourable reasoned opinion on the Offer, considering that it is in the interest of Rothschild & Co, its shareholders and its employees, and recommended that Rothschild & Co shareholders tender their shares to the Offer. This decision followed consideration of the work of the ad hoc committee and the findings of Finexsi, acting in the capacity of independent expert, whose report concluded that the terms of the Offer are fair to Rothschild & Co shareholders.

Concordia stated its intention to implement a mandatory delisting in the event that, following the Offer, the minority shareholders hold less than 10% of the capital and voting rights.

On 12 September 2023, the AMF announced that Concordia and the concert members had crossed the 90% threshold of Rothschild & Co's capital and voting rights, thereby allowing for the mandatory buy-out of the remaining shares. As a result of this, Concordia requested to the AMF to implement the mandatory delisting, as indicated in the offer document relative to the Offer. The mandatory delisting was subject to the same financial conditions as the Offer, that is €38.60 per Rothschild & Co share, and it duly occurred on 11 October 2023.

1.2 Agreement to purchase Atlantic Equities

In April 2023, the Group reached an agreement for Redburn, the leading independent European equity research and agency execution broker, to acquire 100% of the business of Atlantic Equities, a US equity research and agency execution specialist. The acquisition was subject to certain conditions precedent, and it completed on 14 August 2023. More details regarding Atlantic are given in Note 9.

1.3 Disposal of North American asset management business

In November 2022, the Group entered into an agreement with Wintrust Financial Corporation according to which a subsidiary of Wintrust, Great Lakes Advisors LLC agreed to purchase our asset management business in the US. The sale of Rothschild & Co Asset Management US Inc. completed on 4 April 2023.

Annual revenue for this business in 2022 was €22 million, and was €5 million for the period up to disposal on 4 April 2023.

1.4 Macro-economic environment

High levels of inflation across much of the world have seen significant increases in interest rates. The impact of this on key risks faced by R&Co Group is set out below.

1.4.1 Interest rate risk

The Group has limited interest rate risk in a rising interest rate environment due to its private banking business model, whereby lending is primarily focused on our private clients, mostly with collateral consisting of portfolios of securities (Lombard lending). This type of lending is typically short term or has floating interest rates, or both. Enhanced disclosures on interest rate risk are given in section 4.3.3 of these financial statements.

1.4.2 Credit risk on loans to customers

The methodology and assumptions used by the Group for the measurement of its expected credit losses are described in section 4.2.3.1 Grouping of instruments for losses measured on a collective basis of these financial statements.

Higher interest rates that have not been seen for many years can make the value of collateral held and the probabilities of default harder to estimate than they are in a stable environment. The Loss Given Default (LGD) of loans has been determined in large part through a review of the collateral held against them. Where the collateral has been difficult to value, adjustments have been made to its assumed value that reflect recent market movements.

In the event that any borrower is affected by interest rate changes to the extent that their loan is in doubt, this would be addressed with the usual methods. Defaults remain very low as at the balance sheet date. Full quantitative disclosure of credit risk is given in section 4.2 Credit risk.

1.4.3 Liquidity risk

The methodology used by the Group for the measurement of its liquidity risk is described in section 4.4 Liquidity risk of these financial statements. The Group's liquidity position continues to be strong and the impact of interest rates is monitored closely to ensure this strength is maintained. Enhanced disclosures on liquidity risk are given in section 4.4.1 of these financial statements.

1.4.4 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.

The current macro-economic impact on the Group's results and projections as well as the increase in discount rates have been reflected in tests performed as at 31 December 2023; these indicated no evidence of impairment on goodwill nor on intangible assets with an indefinite useful life.

1.5 Global minimum tax

To ensure large multinational corporations pay a minimum 15% tax on income arising in each of the jurisdictions where they operate, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework in December 2021, followed by commentary on this in March 2022, Safe Harbour Rules (SHR) at the end of 2022 and detailed guidance in February 2023 and July 2023. Such regulation is widely referred to as Pillar Two.

On 15 December 2022, the EU Council formally adopted the EU directive that transposed the OECD global minimum tax. France, the domicile of the ultimate parent entity of the Group (R&Co Concordia SAS) and the partially owned parent entity (Rothschild & Co SCA) has introduced Pillar 2 legislation for the fiscal year 2024, and therefore the Group top-up tax impact will be declared and paid in France (net of any locally-required top-up tax that would be paid).

The Group has made a first assessment based on the SHR applying to the transitional period from 2024 to 2026, to estimate in which jurisdictions the Group would have to file a Pillar Two return (known as a "Globe Information Return"). As at December 2023, based on available information, the outcome is that the Group would have had to pay a non-material amount of top-up tax only in relation to Guernsey and the UAE.

2. Preparation of the financial statements

2.1 Information regarding the Company

The consolidated financial statements of the Group (i.e. Rothschild & Co SCA and its consolidated subsidiaries) for the twelve months ended 31 December 2023 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 financial statements is a banking format. It is consistent with Recommendation No. 2022-01 of 8 April 2022 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 January 2023 to 31 December 2023.

The consolidated accounts have been approved by Rothschild & Co Gestion SAS, the Statutory Manager of Rothschild & Co, and, for verification and control purposes, were considered by the Supervisory Board on 14 March 2024.

On 31 December 2023, 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, France (Paris Trade and Companies Registry Number 302 519 228). Up to 11 October 2023, the Company was listed on Euronext in Paris (Compartment A), before being taken private.

On 31 December 2023, the parent company of Rothschild & Co SCA was Rothschild & Co Concordia SAS, whose registered office is also at 23 bis, avenue de Messine, 75008 Paris, France.

The Group has a worldwide presence and operates three main businesses: Global Advisory, Wealth and Asset Management, and Five Arrows.

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

2.3.1 December 2023 update on USD Libor exposure

IBOR reform has resulted in certain interest rate benchmarks being phased out. Given much of the Group is focused on Private Client Lending and vanilla treasury assets, with relatively limited exposure to long-term IBOR rates, the reform has not significantly impacted the Group.

The Group's exposures of €39.9 million as at December 2022 to non-derivatives financial assets based on USD Libor moved to a new benchmark rate that has been used from July 2023. In addition, the Group has previously issued perpetual subordinated debt with a face value of US\$200 million, included as part of its non-controlling interest. The interest payments on this debt have been benchmarked to USD Libor. A consent solicitation process was launched to noteholders in June 2023 to transition the interest rate methodology from USD Libor to compounded daily SOFR plus a spread adjustment of 0.42826% per annum, in line with market practice. The proposal was not approved and will, therefore, not be implemented. Following this, synthetic USD Libor has been used for interest rate fixes, which is expected to continue while synthetic USD Libor is quoted (currently expected until 30 September 2024). The Group is consulting with the agent bank regarding future interest rate fixes. The terms and conditions of the notes provide that the rate of interest will be determined by the trustee of the notes if the agent bank does not determine the rate of interest.

2.3.2 Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 Income Taxes which narrow the scope of the exemption from recognising deferred tax when recognising assets or liabilities for the first time. In the case of transactions that give rise to equal and offsetting temporary differences (for example, leases), it is now clear that the exemption does not apply. As a result, both a deferred tax asset and a deferred tax liability for temporary differences will arise on initial recognition of a lease. However, in many jurisdictions, such deferred tax assets and liabilities qualify to be presented net of each other in the balance sheet.

The effective date is 1 January 2023, and it has had no material impact on the Group.

2.3.3 Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules

On 23 May 2023, the IASB published International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) with an effective date 1 January 2023. These amendments create a mandatory temporary exemption to the recognition of deferred tax in relation to Pillar Two. The Group has applied this exemption in these accounts. In addition, the amendments required entities to disclose information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes. Further information on Pillar Two, and its effect on the Group, is given in Highlights Section 1.5.

2.3.4 IFRS 17 Insurance contracts

IFRS 17 Insurance contracts is applicable for periods starting on 1 January 2023. The Group considers that it does not have any products or services that are in the scope of this standard.

2.3.5 Other changes to accounting standards

The IASB has issued other minor amendments to IFRS effective since 1 January 2023. These revised requirements do not have any significant impact on the Group.

2.4 Forthcoming changes to accounting standards

There are no forthcoming changes to accounting standard that are expected to be material to the Group.

2.5 Subsequent events

2.5.1 Redemption of £125 million perpetual fixed rate subordinated notes

On 4 January 2024, the Group gave contractual notice to the noteholders of its £125m perpetual fixed-rate subordinated 9 per cent notes that it would redeem them on 15 February 2024 at par value. Before giving this notice, there was no obligation on the Group to redeem these notes and they were considered as part of non-controlling interests within equity. At the point of giving notice, an obligation to repay them was created and they became a liability. In line with the Group's accounting policy, the notes were revalued to their redemption value through equity before being transferred to liabilities in the balance sheet. Between 4 January and 15 February, any interest accrued on the notes will be reported within interest expense in the income statement. More information about the Group's perpetual subordinated debt is given in Note 21.

Apart from matters already mentioned in these accounts, there have not been any events after the balance sheet date that require disclosure in these accounts.

3. Accounting policies

3.1 Consolidation method

3.1.1 Financial year end of the consolidated companies

For this reporting period, the financial statements of the Group are prepared as at 31 December 2023 and consolidate the financial statements of the Company and its subsidiary undertakings. To this end, at each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

Rothschild & Co and all material subsidiaries are consolidated on the basis of a financial reporting date of 31 December 2023.

3.1.2 Subsidiaries

Subsidiaries are all entities that are controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which the Group acquires control and cease to be consolidated from the date that control ceases.

3.1.3 Associates

Associates are companies over whose financial and operational decisions the Group exercises significant influence but not control (this is generally demonstrated when the percentage of voting rights is equal to or greater than 20% but less than or equal to 50%).

The Group's investments in associated undertakings are initially recorded at cost. Subsequently, they are increased or decreased by the Group's share of the post-acquisition profit or loss, or by other movements reflected directly in the equity of the associated undertaking, such as dividends paid or translation movements. Positive goodwill arising on the acquisition of an associated undertaking is included in the cost of the investment (net of any accumulated impairment loss).

3.1.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method specified by IFRS 3 Business Combinations. Thus, upon initial consolidation of a newly acquired company or business, the identifiable assets acquired, liabilities assumed and any contingent liabilities of the acquired entity are measured at fair value in accordance with IFRS. The costs directly attributable to business combinations are recognised in the income statement for the period.

Contingent cash consideration can be included in the acquisition cost at its fair value on the acquisition date, even if its payment is not certain. In this case, it is recognised as a liability in the balance sheet, and any subsequent adjustments to its value are booked in the income statement in accordance with IFRS 9. However, sometimes arrangements are made in which contingent payments for acquiring a company are made to a vendor who is an employee, and are more similar to a payment for services than a payment for the shares. This would be the case, for example, where these can be forfeited if the employee leaves voluntarily. In this case, these contingent payments are not considered as part of the acquisition cost. Instead, these payments are accounted for as a post-purchase staff expense.

On the date an entity is first consolidated, any stake in this entity already held by the Group is revalued at fair value through profit or loss, because taking control is accounted for as a sale and repurchase of the shares previously held.

Goodwill in an associate or subsidiary represents the excess, at the date of acquisition, of an acquisition's cost over the fair value of the Group's share of net identifiable assets acquired. Identifiable intangible assets are those that can be sold separately or that arise from legal rights, regardless of whether those rights are separate. If the fair value exceeds the cost, the difference ("negative goodwill") is immediately recognised in the income statement. All necessary valuations of assets and liabilities must be carried out within twelve months of the date of acquisition, as must any relevant corrections to the value.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount may be too high. Goodwill is allocated to cash-generating units (CGU) for the purposes of impairment testing. It is allocated to the lowest level of

CGU or group of CGUs that are expected to benefit from the synergies of the combination. The decision is informed by the level at which the results of the acquired company are monitored for internal management purposes. If the value of each of the cash-generating units is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill are recognised in the income statement and are never reversed.

Results from subsidiaries acquired during the reporting period are included from their acquisition dates and income from subsidiaries sold is included up to their disposal dates.

Gains and losses on the disposal of an entity are calculated after including the carrying amount of goodwill relating to the entity sold.

3.1.5 Non-controlling interests

For all business combinations, the Group assesses non-controlling interests (NCoI) as either:

- based on its share of the fair value of the identifiable assets and liabilities at the date of the acquisition, without recognising the goodwill for NCoI (partial goodwill method); or
- at fair value at the date of acquisition. Consequently, the recognition of the goodwill is allocated to Group share and to NCoI (full goodwill method).

In the event of an increase in the Group's stake in entities over which it already exercises control, the difference between the price paid for the additional stake and the fair value of the share of net assets acquired on this date is booked in the Group's reserves as a reallocation from NCoI to other equity. In the same way, any reduction in the Group's stake in an entity that it continues to control is accounted for as an equity transaction between shareholders. On the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through the income statement.

When other non-controlling interests are disposed of, the difference between their book value and the payment made is treated as a revaluation of the NCoI prior to disposal. The counterpart is recognised as a change in shareholders' funds.

3.1.6 Contracts to purchase non-controlled shares in subsidiaries

Where non-controlling shareholders have a contract to sell their equity interests in a subsidiary to the Group, the Group applies the anticipated-acquisition method of accounting for the interests that it did not already own. This means that the contract is accounted for as if the non-controlling shareholders had sold their shares to the Group, even though legally they are still NCoI. This happens regardless of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the contract will be exercised. As the Group treats NCoI in this case as acquired, the associated liability for deferred or contingent consideration is considered as liability-classified rather than equity-classified, and therefore any revaluation of the liability is recognised in the income statement.

3.2 Accounting principles and valuation methods

3.2.1 Accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the accounts, include:

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value used to measure a financial instrument is, where available, the listed price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using measurement techniques.

A description of the valuation techniques used; analysis of assets and liabilities carried at fair value by valuation hierarchy; and inputs and assumptions alongside a sensitivity analysis for valuations not primarily based on observable market data is provided in section 4.5 of these financial statements.

IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

The Group uses judgments when recognising the expected credit losses (ECL) for financial assets at amortised cost. This applies in particular to the assessment of significant increases in credit risk (SICR), and to the models and assumptions used to measure ECL. Management determines the size of the impairment allowance required using a range of factors such as the realisable value of any collateral; the likely recovery on liquidation or bankruptcy; the viability of the customer's business model; and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations.

The accuracy of the allowances made depends on how accurately the Group estimates future cash flows for creditimpaired financial assets (stage 3), in particular the fair value of any collateral, and the model assumptions and parameters used in determining allowances for financial assets classified in Stages 1 and 2. While this necessarily involves judgment, the Group believes that its allowances are reasonable and supportable.

A description of the methodology used for assessing collective impairments of the main instruments classified at amortised cost is provided in section 4.2.3.1 of these financial statements.

PENSIONS

Defined benefit obligations are calculated at least annually by independent actuaries using the projected unit credit method and the principal assumptions used are set out in Note 22 – Retirement benefit obligations

The assumptions that have the greatest impact on the measurement of the pension fund assets and liabilities, along with their sensitivities, are also set out in the same note.

DEFERRED TAX

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are recognised at the rate at which they are expected to reverse. Further details are provided in Note 18.

GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill and intangible assets with indefinite lives are assessed at least annually to determine whether they are impaired. The assessment includes management assumptions on future income flows and judgments on appropriate discount rates. Management performs sensitivity analysis of these assumptions as part of this assessment. Further details of management's assessment are contained in Note 11 and Note 12.

PROVISIONS

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. Further details are provided in Note 16.

CONSOLIDATION OF STRUCTURED ENTITIES

The Group manages some structured entities in the form of funds in which the Group's own money is also invested. In these situations, a judgment must be made whether there is a need to consolidate these funds or not. The judgment is explained further in Note 19.

3.2.2 Foreign currency transactions

The consolidated financial statements are presented in euros, which is the Company's functional currency and the Group's reporting currency. Items included in the financial statements of each of the Group's subsidiaries and associates are measured using their functional currency. The functional currency is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at closing exchange rates for each month, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Their balance sheets are translated at the exchange rate at the end of the period. Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. On disposal or substantive disposal of an operating foreign entity, or when an associate becomes a subsidiary, these translation differences are recognised in the income statement as part of the gain or loss on sale or acquisition.

Translation differences on equities classified as FVTPL are reported as part of the fair value gain or loss in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

The table below shows at each quarter end the main exchange rates against the euro that have been used to prepare the consolidated accounts.

	2023				2022	
	GBP	CHF	USD	GBP	CHF	USD
1 January	0.8869	0.9880	1.0683	0.8390	1.0364	1.1350
31 March	0.8783	0.9917	1.0865	0.8445	1.0223	1.1099
30 June	0.8589	0.9766	1.0915	0.8608	0.9987	1.0462
30 September	0.8679	0.9694	1.0589	0.8792	0.9616	0.9796
31 December	0.8670	0.9288	1.1038	0.8869	0.9880	1.0683

3.2.3 Financial assets and liabilities – classification and measurement

INITIAL RECOGNITION

On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL).

Financial instruments are recognised when the Group becomes a party to the contractual provisions. Under IFRS, regular way purchases and sales can be recognised on the trade or the settlement date. A regular way purchase is a purchase of a financial asset under a contract whose terms require delivery of the asset within an established time frame (for example, T+2). The Group applies trade date accounting for the purchase and sale of securities. Trade date accounting means that the purchase or sale is recognised on the day when the Group commits to purchase or sell the securities. For FX spot contracts, the Group applies settlement date accounting. Settlement date accounting means that the contract is only recognised at the point of delivery.

FINANCIAL ASSETS AT AMORTISED COST

A financial asset is measured at amortised cost only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
 and
- the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in section 3.2.4 Financial assets – impairment. Interest income from these financial assets is included in the account "Interest income" using the effective interest method.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net banking income. Interest income from these financial assets is included in the account "Interest income" using the effective interest method.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in OCI. This election is made on an investment-by-investment basis. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. The Group does not currently own equity securities measured at FVOCI.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets are measured at FVTPL on a designated basis if they meet the criteria for the classification of amortised cost or FVOCI, but they are managed, and their performance is evaluated, on a fair value basis.

Financial assets that do not meet the criteria for the classification of amortised cost or FVOCI are measured at FVTPL on a mandatory basis.

All financial assets at FVTPL are recognised at fair value, with transaction costs recorded immediately in the income statement, and they are subsequently measured at fair value. Gains and losses arising from changes in fair value, or on derecognition, as well as interests and dividends from financial assets at FVTPL are recognised in the income statement as net gains or losses on financial assets at FVTPL.

BUSINESS MODEL ASSESSMENT

When considering classification, the Group's assessment of the business model in which an asset is held is made at the portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular,
 the Group considers whether management's strategy focuses on earning interest revenue; maintaining a
 particular interest profile; matching the duration of the financial assets to the duration of the liabilities that are
 funding those assets; or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods; the reason for such sales; and expectations about future sales activity. However, information about disposal activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed on a fair value basis are classified as FVTPL.

ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time as well as for other basic lending risks and costs, including profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amounts and timing of cash flows;
- prepayment and extension terms;
- leverage features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
 and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment compensation is considered as reasonable, and therefore SPPI compliant, when the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations. For example, in France, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding, and this is treated as SPPI.

RECLASSIFICATIONS

Financial asset categories are not reclassified subsequent to their initial recognition, except when the Group changes its business model for managing financial assets.

FINANCIAL LIABILITIES

Financial liabilities are carried at amortised cost using the effective interest rate method, except for derivatives that are classified as fair value through profit or loss or as cash flow hedges.

3.2.4 Financial assets – impairment

SCOPE OF APPLICATION

The Group assesses loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- loans, advances and debt securities;
- accounts receivable;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

CREDIT RISK AND PROVISIONING STAGES

IFRS 9 outlines a three-stage model for impairments based on changes in credit quality following initial recognition, as summarised below:

- a financial instrument that is not credit impaired on initial recognition is classified in Stage 1.
- if a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired. See below for a description of how the Group determines when an SICR has occurred.
- if the financial instrument is credit impaired, the financial instrument is then moved to Stage 3.
- financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime ECL that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECL on a lifetime basis. See below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

For accounts receivable, the Group uses a simplified approach, under which impairments are calculated as the lifetime ECL from initial recognition, regardless of any changes in the counterparty's credit risk.

The key judgments and assumptions in assessing impairments of financial assets are disclosed below.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, which are based on the Group's credit risk management process. The Group has decided that an SICR is indicated if the relevant credit committee decides that the credit rating of a financial asset is Category 2 or 3.

Financial instruments are often considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. For fee income receivable by the GA business, the Group has rebutted this presumption and it considers that a significant increase is experienced only after 90 days past due. This rebuttal is based on historical experience of payments and is in line with the internal provisioning process (more detail is in section 4.2.3.1 of these financial statements).

DEFINITION OF CREDIT IMPAIRMENT AND DEFAULT

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments at FVOCI, if any, are credit impaired (Stage 3). When an asset is considered as credit impaired, it is also considered to be in default. A financial asset is credit impaired when an event that has a detrimental impact on the estimated cash flows of the financial asset has occurred.

Objective evidence that a financial asset or group of assets is credit impaired includes the following observable data:

- significant financial difficulty of the issuer;
- a breach of contract, such as a default or delinquency in repayment of interest or principal;
- granting to the borrower, for economic or legal reasons relating to its financial difficulty, a concession that the lender would not otherwise consider:
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the value of original contractual cash flows will be received and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

A financial asset that is classified as credit impaired (Stage 3) has a credit rating of Category 4 or 5 (more detail on credit rating is given in section 4.2.2 of these financial statements).

MEASUREMENT OF EXPECTED CREDIT LOSS

ECL is a probability-weighted estimate of credit losses. It is measured as the discounted product of the following factors:

ECL = probability of default (PD) x exposure at default (EAD) x loss given default (LGD)

The PD represents the likelihood of a counterparty defaulting on its financial obligation (based on the definition of default in our accounting principles), either over the next twelve months (12m PD), or over the remaining lifetime (lifetime PD) of the obligation.

The EAD is based on the amount the Group expects to be owed at the time of default, over the next twelve months (12m EAD) or over the remaining lifetime (lifetime EAD). The Group derives the EAD from the current exposure to the counterparty. For an undrawn loan commitment, the EAD is the exposure if the commitment were drawn down. For a financial guarantee contract, the EAD is the expected payment to reimburse the holder.

LGD is the percentage of the exposure likely to be lost if there is a default. The Group estimates LGD parameters informed by historical rates of claims recovered against defaulted counterparties. The LGD models consider the structure, collateral and recovery cost of any collateral that is provided to secure the financial asset. For loans secured by property, loan to value (LTV) ratios are a key parameter in determining LGD.

These parameters are generally derived from internally developed models and other historical data.

PRESENTATION OF ALLOWANCE FOR ECL IN THE BALANCE SHEET

Loss allowances for ECL are presented in the balance sheet as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the balance sheet because the
 carrying amount of these assets is their fair value. However, any loss allowance is disclosed and is recognised
 in the fair value reserve.

WRITE-OFF

The Group writes off financial assets (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

3.2.5 Derivative instruments and hedge accounting

DERIVATIVES

Derivatives are entered into for trading or risk management purposes. Derivatives used for risk management are recognised as hedging instruments when they qualify as such under IAS 39. When it adopted IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting.

Derivatives are initially recognised at fair value and are subsequently measured at fair value with changes in fair value recognised in the income statement. If there is a designated hedging relationship between a hedging instrument and a hedged item, the recognition of the profit or loss on the hedging instrument and the hedged instrument must comply with the conditions of IAS 39, depending on the hedging relationship.

HEDGE ACCOUNTING

The Group may apply hedge accounting when transactions meet the criteria set out in IAS 39. At the inception of the hedge, the Group assesses whether the hedging derivatives meet the effectiveness criteria of IAS 39 in offsetting changes in the fair value or cash flows of the hedged items. The Group then documents the relationship between the hedging instrument and the hedged item. It also records its risk management objectives, its strategy for undertaking the hedge transaction and the methods used to assess the effectiveness of the hedging relationship.

After inception, effectiveness is tested on an ongoing basis. Hedge accounting is discontinued when it is determined that a derivative has ceased to be highly effective, or when the derivative or the hedged item is derecognised, or when the forecast transaction is no longer expected to occur.

FAIR VALUE HEDGE ACCOUNTING

Changes in value of fair value hedge derivatives are recorded in the income statement, together with fair value changes to the underlying hedged item in respect of the risk being hedged.

If the hedge no longer meets the criteria for hedge accounting, the difference between the carrying value of the hedged item on termination of the hedging relationship and the value at which it would have been carried had the hedge never existed is amortised to the income statement over the residual period to maturity based on a recalculated effective interest rate.

NET INVESTMENT HEDGE IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

3.2.6 Derecognition

The Group derecognises a financial asset when:

- the contractual rights to cash flows arising from the financial assets have expired; or
- it transfers the financial asset, including substantially all of the risks and rewards of the ownership of the asset; or
- it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of the asset, but no longer retains control of the asset.

If a sale is followed by an immediate buyback and the Group considers that it has substantially retained the risks and rewards of ownership, it would not derecognise the asset.

3.2.7 Securitisation transactions

The Group may enter into funding arrangements with lenders in order to finance specific financial assets.

In general, the assets from these transactions are held on the Group's balance sheet on origination. However, to the extent that substantially all the risks and returns associated with the assets have been transferred to a third party, the assets and liabilities are derecognised in whole or in part.

Interests in securitised financial assets may be taken in the form of senior or subordinated tranches of debt securities, or other residual interests. The Group makes an assessment of whether the tranches held meet the SPPI criteria. A critical point to consider is whether the given tranche has a credit rating that is higher than the underlying portfolio of assets. Those that do (generally the senior tranches) can be classified as amortised cost. Those that do not (generally the junior tranches) must be classified as FVTPL.

3.2.8 Intangible assets

Intangible assets include software, intellectual property rights and assets acquired through business combinations such as client relationships, brands, and contracts to earn management fees. These are carried at historical cost less amortisation, if any, and less any accumulated impairment losses.

For assets with a definite life, amortisation is charged over the useful economic life of the asset, which is determined case by case based on the asset or contract. Contracts to earn management fees are amortised in line with income earned from the contracts; otherwise a straight-line amortisation method is generally used.

3.2.9 Tangible assets

Tangible assets comprise plant, property and equipment and are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the given asset. The deemed cost refers to the situation in which, on transition to IFRS, the Group elected at that time to consider the fair value of a tangible asset to be its deemed cost.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in the income statement, in the account "Net income/(expense) from other assets".

3.2.10 Impairment assessments of tangible and intangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible assets and intangible assets with a definite life are assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. Intangible assets considered to have an indefinite life (e.g. some of the Group's acquired brands) are not amortised; such assets are subject to an annual impairment test regardless of indications of impairment.

If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously-recognised impairment loss relating to such an asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset could then increase up to the amount that it would have been had the original impairment not been recognised.

3.2.11 Provisions and contingent liabilities

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

Contingent liabilities can be possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control. Alternatively, they could be present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

3.2.12 Pensions

The Group operates a number of pension and other post-retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types.

For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

Remeasurement gains and losses for defined benefit schemes are recognised outside the income statement and are presented in the statement of comprehensive income.

The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets. Independent actuaries calculate the defined benefit obligation at least annually, using the projected unit credit method. The obligations' present values are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

3.2.13 Revenue from contracts with customers

The Group earns fee and commission income from a range of services it provides to clients. Fee income generated by the Group can be categorised into the two broad categories below, depending upon the timing of the relevant service.

POINT IN TIME SERVICES

These fees are earned from providing services for which revenue is earned only when the service has been completed, i.e. once a performance obligation has been satisfied. Examples include a payment for advisory services that will only be made after the successful completion of a mandate, or an asset management performance fee that relies on meeting a specified return over a specified period. Revenue is recognised when it is highly probable that there will not be a significant reversal of the revenue in future. To minimise subjectivity and enhance comparability from year to year, the revenue is only recognised by the Group when a performance obligation has been contractually met.

SERVICES PROVIDED OVER TIME

These are fees earned from services that are provided over a period of time. Revenue is recognised over the period in which the services are provided, once one of the following occurs:

- i. the customer consumes the benefits provided by the Group and another entity would not need to substantially re-perform the work that the Group has completed to date; or
- ii. the Group has an enforceable right to payment for performance completed to date.

In the WAM and Five Arrows businesses, revenue recognised as services are provided mainly consists of fees calculated based on assets under management. Revenue is recognised monthly based on what is owed according to the contracts with customers.

For GA, such services include advisory services paid upfront or on a retainer basis. Revenue is recognised over the period in which the services are provided, which in practice is usually a straight-line basis over the period that work is performed for the client.

The amount of fee and commission income is based on consideration specified in a legally enforceable contract. The revenue recognised for each mandated service represents a market price, and consideration received is allocated to the separately identifiable performance obligations in the contract.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

Costs can sometimes be charged to the client in the course of a mandate. Where recoverable, these are recognised as a receivable when incurred and do not impact profit or loss when recovered.

3.2.14 Interest income and expense

Interest receivable and payable includes interest arising from the lending and deposit-taking business, interest on related hedging transactions and interest on debt securities, as well as discounting of leases and other liabilities. Interest on all financial instruments, excluding those classified as held for trading or designated at fair value through profit or loss, is recognised in the income statement using the effective interest rate method. Also recorded in interest income and expenses are the portions of income or expenses representative of the effective interest rate of all financial instruments mandatorily measured at FVTPL.

Where negative interest arises from financial assets, the negative interest income is disclosed within interest expense. Where negative interest arises from financial liabilities, the negative interest expense is disclosed within interest income.

The effective interest rate is the rate that exactly discounts the estimated future cash flows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Group considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the loan.

3.2.15 Carried interest

The Group is entitled to receive carried interest in relation to certain of the private equity and private debt funds that it manages. Carried interest receivable is accrued if the performance conditions associated with earning it would be achieved, and is calculated on the assumption that the remaining assets in the fund were realised at their fair value as at the balance sheet date, on the assumption that the associated carried interest asset is considered realisable at that value. Fair value is determined using the valuation methodology applied by the Group in its role as manager to its funds and is measured as at the balance sheet date. An accrual is made equal to the Group's share of profits in excess of the performance conditions, taking into account any cash already paid to the fund's investors and the fair value of assets remaining in the fund.

Certain employees may also hold classes of share capital that give them a right to receive carried interest from investments managed by the Group. Where such carry shares held by staff are in an investment vehicle that is not consolidated, the interests of the staff are reflected in a reduced investment return of the Group's own interests. Where the carry shares held by staff are in a vehicle that is consolidated, the interests of the staff are treated as non-controlling interests of the Group. The valuation of the interests held by staff is calculated as at the balance sheet date using the same method as the valuation of the Group's interests, as described above.

3.2.16 Long-term incentive schemes

LONG-TERM PROFIT SHARE SCHEMES

The Group operates long-term profit share schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, and the payment is contingent of the employee working until the vesting period ends, then the deferred amount is recognised in the income statement in a straight line over the period up to the date of vesting.

SHARE-BASED PAYMENTS

The Group has previously issued share options, which up to their settlement were treated as equity-settled share-based payments. These have been valued at the date they were granted to employees and that value has been recognised in staff costs over the vesting period, with a corresponding adjustment to shareholders' equity. The fair value has been calculated on the basis of the overall plan value at the date of grant. In the absence of any market for the Group's stock options, models were used to value the share-based payments. The only assumptions revised after the initial measurement, and hence resulting in a revaluation of the expense, were those relating to the probability that employees would leave the Group and thereby forfeit their unvested options.

The Group also pays certain employees using non-cash instruments in the form of R&Co shares (which have also been treated as equity-settled share-based payments), or cash awards linked to the value of R&Co shares (which are treated as cash-settled share-based payments). Equity-settled payments are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period. The cash-settled payments are also valued at the date they are granted, but the liability is then revalued in the income statement up to the point of settlement.

3.2.17 Taxation

Tax payable on profits and deferred tax are recognised in the income statement, except to the extent that they relate to gains and losses that are recognised in equity, in which case the relevant tax is also recognised in equity.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when a deferred tax asset is realised, or the deferred tax liability is settled. Deferred taxes are not discounted for the time value of money.

Deferred tax assets, including those for the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will reverse in the foreseeable future.

3.2.18 Dividends

Dividends on ordinary shares are recognised in equity at the point where they become an obligation, usually after having been approved by the Company's shareholders at the Annual General Meeting and any conditions precedent have been met or, in the case of interim dividends, when they are paid by the Company after decisions of the Statutory Manager.

3.2.19 Classification of debt and shareholders' equity

Under IFRS, the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Group to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Group will classify the financial instrument as equity; otherwise it will be classified as a liability and carried at amortised cost. The terms of the perpetual debt instruments issued by the Group permit interest payments to be waived unless discretionary dividends have been paid in the previous six months. These instruments are, therefore, considered to be equity. Equity securities issued by the Company are recorded within the account "Capital and associated reserves". If they are issued by Group subsidiaries and held by parties outside the Group, these securities are recognised as non-controlling interests.

3.2.20 Fiduciary activities

The Group acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. When placed with third parties, these assets are excluded from the Group's financial statements, as they are not assets of the Group.

3.2.21 Leases

Accounting for leases as a lessee

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains a lease, the Group assesses whether:

- the contract involves the use of an identified asset without a substantive substitution right given to the lessor
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at the initial amount of the lease liability recognised, plus an estimate of costs to dismantle and restore the underlying asset, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method. The estimated useful lives of ROU assets usually match the expected term of the lease. The ROU asset may be adjusted if the lease liability is remeasured, and can be reduced by impairment losses, if applicable.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate in the region where the lease is held. Extension and termination options exist for a number of leases, particularly for rentals of offices. In determining the length of the lease term, extension and termination options are included in the assessment only where the Group is reasonably certain that these options will be exercised; this assessment looks beyond contractual terms and considers the broader economic context of the arrangements. In practice, it is rare that the Group will consider an option to be reasonably certain to exercise if it is due to be exercised over ten years in the future.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- any costs that the Group is reasonably certain to exercise relating to renewal or termination options on the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or leases of low-value assets, including most IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting for leases as a lessor

Lessors in the Group classify leases as finance or operating leases. A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

In some jurisdictions, the Group is a lessor of finance leases. When the Group holds assets subject to a finance lease, the present value of the lease payments is recognised as a receivable and the originally held asset is derecognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised in interest income over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

4. Financial risk management

4.1 Governance

The risks relating to financial instruments, and the way in which these are managed by the Group, are described below.

Risk management

The guiding philosophy of risk management in the Group is to adopt a prudent and conservative approach to the taking and management of risk. The maintenance of the Group's reputation is a fundamental driver of risk appetite and of risk management. The protection of reputation guides the type of clients and businesses with which the Group will engage.

The nature and method of monitoring and reporting varies according to the risk type. Risks are monitored regularly with management information being provided to relevant committees on a weekly, monthly or quarterly basis, as appropriate.

Where appropriate to the risk type, the level of risk faced by the Group is also assessed through a series of sensitivity and stress tests.

The identification, measurement and control of risk are integral to the management of the Group's businesses. Risk policies and procedures are regularly updated to meet changing business requirements and risk appetites, and to comply with best practice.

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 and counterparty risk

The Group's credit risk exposure primarily arises from its private client lending activity (through Rothschild & Co Bank International Limited (R&CoBI), Rothschild & Co Wealth Management UK Limited (R&CoWM UK), Rothschild & Co Bank AG (R&CoBZ), Rothschild Martin Maurel (RMM) and Rothschild & Co Wealth Management Monaco (R&CoWM Monaco)), corporate lending (through RMM), co-lending in transactions within real estate debt management mandates and lending to funds managed by the Group. In addition, the legacy banking activities undertaken in N.M. Rothschild & Sons Limited (NMR) result in a small amount of credit risk.

All credit exposures are closely monitored on a regular basis and a quarterly review of bad and doubtful debts is undertaken.

All material credit exposures are subjected to a process of credit analysis by specialist teams and review and approval by credit committees. Nearly all the credit exposures are secured. Group Credit is responsible for monitoring and reporting the overall level of credit exposure across the Group. The Group Credit team works with the local credit teams in R&CoBI, R&CoWM UK, R&CoBZ and RMM to provide credit expertise and to assess and mitigate credit risk by implementing appropriate procedures, internal controls and reporting. Group Credit reports lending exposures against its limits to the Group Executive Committee and the relevant risk committees. It also provides a first line of defence in terms of its credit expertise and its monitoring of the type and quantum of the overall lending activity.

Group Risk provides independent challenge as part of the credit process and second line oversight. Group Risk monitors the effectiveness of the procedures and controls implemented by the credit teams. Group Risk is responsible for the reporting to the Group Executive Committee and the relevant risk committees on the effectiveness of these processes; the risks arising from credit activities of the Group; and any other matters it considers appropriate.

Management of credit risk

The Group Credit Committee (GCC) oversees all lending in the Group through three sub-committees – the Private Client Credit Committee (PCCC), the Bank Credit Committee (Committee (CCC)) and the Corporate Credit Committee (CCC).

The PCCC is responsible for the oversight of private client lending exposures (including credit risk and pricing of loans) in Group entities in Switzerland, the Channel Islands and the UK and reviews private client lending by the following entities: R&CoBZ, R&CoBI and R&CoWM UK. The private client lending policies and associated delegated approval authorities are confirmed by the relevant board (or board committee as appropriate) of each of these entities.

The CCB is responsible for the oversight of private client lending exposures, corporate lending exposures and other lending exposures (including credit risk and pricing of loans) in France, Monaco and Belgium. It reviews private client corporate and other lending by RMM, including its branch in Brussels, and R&CoWM Monaco. The lending policies and associated delegated approval authorities are confirmed by the relevant board (or board committee as appropriate).

The CCC is responsible for the oversight of corporate lending exposures (including credit risk and pricing) by Group entities. This excludes lending to clients by RMM and includes corporate lending by NMR, the Group's counterparty limits, lending to Group companies and lending to funds managed by the Group (including Five Arrows and WAM funds), and co-investment in loans within real estate debt management mandates.

The lending policies and associated delegated approval authorities are confirmed by the relevant board (or board committee as appropriate).

The lending exposures assumed, and the credit policies followed within the Group are subject to the oversight of the Risk Committee. The PCCC, CCB and CCC review the level of risk assumed in respect of lending to ensure it is consistent with the risk appetite of the Group and in accordance with Group Credit's risk policy. Any material changes to the lending policies are reviewed by the Group Executive Committee and the Group Assets and Liabilities Committee (Group ALCO), a subcommittee of the Group Executive Committee, and are reported to the Risk Committee.

Approach to credit risk

The Group has credit risk and large exposure policies which are established by the Group Executive Committee and reviewed by the Risk Committee. In conjunction with the Group's risk appetite statement, the policies set out the approach to managing the credit risk profile of the Group, the limits that have been set and the reporting protocols.

All exposure to credit risk is managed by analysis of client and counterparty creditworthiness prior to entering into an exposure, and by ongoing monitoring thereafter. A significant proportion of the Group's lending exposures are secured on investment assets or property, and the Group monitors the value of the collateral.

Stress testing is an important risk management tool used to evaluate the impact of unexpected or extreme events and to validate the firm's risk appetite. Each lending entity is required to set out its approach to stress testing and explain whether it is considered appropriate for the entity's risk management.

The Group's lending strategy is to focus on lower risk forms of lending such as Lombard and residential mortgages. In view of this strategy and taking into account the strong controls over granting and documenting credit, the Group does not consider credit risk as a main risk (defined as one that it has identified and manages, and that is likely to have a significant negative impact on its ability to meet its strategic objectives).

4.2.2 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 that are considered to be fully performing.	Stage 1
Category 2	Exposures where the payment of interest or principal is not currently in doubt, but that 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 that are more than 90 days overdue 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 that 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 that 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 as at 31 December 2023 and as at 31 December 2022 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

Allowances against commitments and guarantees are included in the account "Provisions for counterparty risk" (Note 16).

	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2023
In millions of euros						allowance	0.7.1_7_0_0
Cash and amounts due from central banks	4,552.3	-	-	-	-	-	4,552.3
Financial assets at FVTPL ⁽¹⁾	201.4	-	-	-	-	-	201.4
Loans and advances to banks	1,727.3	-	-	-	-	-	1,727.3
Loans and advances to customers	4,249.7	9.7	48.3	57.0	10.7	(44.2)	4,331.2
Debt at amortised cost	3,418.7	-	-	-	-	(0.6)	3,418.1
Other financial assets	852.4	27.0	-	3.2	16.7	(19.1)	880.2
Subtotal assets	15,001.8	36.7	48.3	60.2	27.4	(63.9)	15,110.5
Commitments and guarantees	1,223.4	-	-	-	-	n/a	1,223.4
TOTAL	16,225.2	36.7	48.3	60.2	27.4	(63.9)	16,333.9

⁽¹⁾ Including hedging derivatives and excluding equities, for which credit risk does not apply.

	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment	31/12/2022
In millions of euros						allowance	01,12,2022
Cash and amounts due from central banks	2,521.7	-	-	-	-	-	2,521.7
Financial assets at FVTPL ⁽¹⁾	354.7	-	-	-	-	-	354.7
Loans and advances to banks	1,927.9	-	-	-	-	-	1,927.9
Loans and advances to customers	4,887.6	11.5	48.8	59.5	12.7	(48.9)	4,971.2
Debt at amortised cost	3,649.7	-	-	-	-	(0.6)	3,649.1
Other financial assets	607.1	24.8	-	11.8	17.4	(24.3)	636.8
Subtotal assets	13,948.7	36.3	48.8	71.3	30.1	(73.8)	14,061.4
Commitments and guarantees	1,230.1	-	-	-	-	n/a	1,230.1
TOTAL	15,178.8	36.3	48.8	71.3	30.1	(73.8)	15,291.5

⁽¹⁾ Including hedging derivatives and excluding equities, for which credit risk does not apply.

4.2.3 Credit risk exposure

4.2.3.1 GROUPING OF INSTRUMENTS FOR LOSSES MEASURED ON A COLLECTIVE BASIS

Lending by the Group is primarily focused on supporting the WAM business by way of lending to private clients (PCL), with collateral consisting of portfolios of securities (Lombard lending), or mortgages against residential properties. For expected credit loss provisions calculated on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics of these and other types of lending.

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 0.4% and the weighted average LGD is 10% (December 2022: 0.3% and 9%).

For the mortgage loans, the LGD is estimated considering the value of the properties that are mortgaged, and varies based on the LTV; the difficulty and amount of costs likely to be incurred in recovering and realising any collateral; and the nature of the client. In the base case, the weighted average PD is 1.7% and the weighted average LGD is 5% (December 2022: 1.6% and 7%).

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

OTHER LOANS TO CUSTOMERS

The Group also makes other loans to customers, mainly in the French corporate market; to fund corporate real estate lending; and to support Five Arrows and Asset Management activities of the Group - this element equates to €230 million of the total in the balance sheet as at December 2023 (December 2022: €290 million). The ECL in these businesses is 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 level of future losses.

Because of the relatively small size of this portfolio, most of which is 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 that are too small for individual review, additional top-down management overlays have been provided for to reflect increases in the credit risk that are not possible to detect at an individual level. Any changes made to estimation techniques or significant assumptions during the reporting period have not had a significant impact.

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 twelve-month 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, and there have been no significant changes in estimation techniques or key assumptions made during the reporting period.

4.2.3.2 MAXIMUM EXPOSURE TO CREDIT RISK – FINANCIAL INSTRUMENTS SUBJECT TO IMPAIRMENT

The following table contains an analysis of the credit risk exposure of certain 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. The credit risk exposure of other financial assets is shown in section 4.2.4 of these financial statements.

	Stage 1 12 month	Stage 2 Lifetime	Stage 3 Lifetime	31/12/2023	Stage 1 12 month	Stage 2 Lifetime	Stage 3 Lifetime	31/12/2022
In millions of euros	ECL	ECL	ECL		ECL	ECL	ECL	
Gross carrying amount								
Loans and advances to banks	1,727.3	-	-	1,727.3	1,927.9	-	-	1,927.9
PCL loans to customers	3,958.6	55.3	0.2	4,014.1	4,557.3	57.1	0.1	4,614.5
Other loans to customers	291.1	2.7	67.5	361.3	330.3	3.2	72.1	405.6
Securities at amortised cost	3,418.7	-	-	3,418.7	3,649.7	-	-	3,649.7
TOTAL	9,395.7	58.0	67.7	9,521.4	10,465.2	60.3	72.2	10,597.7
Loss allowance								
Loans and advances to banks	-	-	-	-	-	-	-	-
PCL loans to customers	(3.3)	(0.4)	(0.2)	(3.9)	(4.2)	(0.1)	(0.1)	(4.4)
Other loans to customers	(0.8)	(0.2)	(39.3)	(40.3)	(0.9)	(0.3)	(43.3)	(44.5)
Securities at amortised cost	(0.6)	-	-	(0.6)	(0.6)	-	-	(0.6)
TOTAL	(4.7)	(0.6)	(39.5)	(44.8)	(5.7)	(0.4)	(43.4)	(49.5)
Net carrying amount								
Loans and advances to banks	1,727.3	-	-	1,727.3	1,927.9	-	-	1,927.9
PCL loans to customers	3,955.3	54.9	-	4,010.2	4,553.1	57.0	-	4,610.1
Other loans to customers	290.3	2.5	28.2	321.0	329.4	2.9	28.8	361.1
Securities at amortised cost	3,418.1	-	-	3,418.1	3,649.1	-	-	3,649.1
TOTAL	9,391.0	57.4	28.2	9,476.6	10,459.5	59.9	28.8	10,548.2

For loans to customers, the cost of risk in the year was a credit of €1.5 million (see Note 31) and the movement in the loss allowance of Stage 1, 2 and 3 loans is further explained in the table below. Additionally, the movement in all loss allowances is shown in the account "Impairments" Note 17.

Information on how the ECL is measured and how the three Stages are determined is provided in the section "Measurement of expected credit loss", section 3.2.4 of these financial statements.

Movement in loss allowance of total loans to customers

In millions of euros	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Loss allowance at beginning of period	(5.1)	(0.4)	(43.4)	(48.9)
Movements with P&L impact				
(Charge)	(0.5)	-	(5.2)	(5.7)
Release	1.3	0.1	5.5	6.9
Total net P&L (charge)/release during the period	0.8	0.1	0.3	1.2
Movements with no P&L impact				
Transfer	0.3	(0.3)	-	-
Written off	-	-	4.0	4.0
Exchange	(0.1)	-	(0.4)	(0.5)
LOSS ALLOWANCE AT END OF PERIOD	(4.1)	(0.6)	(39.5)	(44.2)

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

The table below shows the ageing of loans to customers that are past due as at 31 December 2023 and as at 31 December 2022.

Loans to customers that are past due but not impaired

In millions of euros	31/12/2023	31/12/2022
Less than 30 days past due	45.8	32.9
Between 30 and 90 days past due	1.3	4.4
Over 90 days past due	5.8	6.7
TOTAL	52.9	44.0

4.2.3.3 COLLATERAL

The Group holds collateral against loans to customers, as substantially all third-party lending is secured. The majority of collateral is in the form of charges over marketable securities (Lombard lending), or over property assets. 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. Management is able to roll forward a valuation between these events 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 loans to its 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.

	31/12/2023	31/12/2022
In millions of euros	Stage 3 loans	Stage 3 Ioans
Tangible assets collateral	25.9	26.8
Financial assets collateral	0.8	0.2
TOTAL	26.7	27.0
Gross value of credit-impaired loans	67.7	72.2
Impairment	(39.5)	(43.4)
Net value of loans	28.2	28.8
% of Stage 3 loans covered by collateral	95%	94%

4.2.4 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 considered to be 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 is conducted by local management and the GA Global Finance Director of any outstanding receivables where there is any concern over recovery, as well as 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.

Based on historical payment behaviour, management believes 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, unless there are specific reasons to consider them doubtful. Management considers that all individual unimpaired receivables over 90 days past due merit assessment for potential credit losses, in addition to more recent debts that 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 31 December 2023 and as at 31 December 2022.

		31/12/2023			31/12/2022		
In millions of euros	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	95%	852.4	-	92%	607.1	-
90 - 180 days past due	Category 2	2%	20.8	(0.3)	2%	14.4	(0.2)
180 days - 1 year past due	Category 2	0%	4.3	(0.4)	1%	8.7	(0.5)
More than 1 year past due	Category 2	0%	1.9	(0.3)	0%	1.7	(0.2)
Impaired							
Partially impaired	Category 4	0%	3.2	(1.4)	2%	11.8	(6.0)
Fully impaired	Category 5	2%	16.7	(16.7)	3%	17.4	(17.4)
TOTAL		100%	899.3	(19.1)	100%	661.1	(24.3)

The movements in the loss allowance are disclosed in the account "Impairments" Note 17.

4.2.5 Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 31 December 2023 and as at 31 December 2022.

4.2.5.1 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. Location for derivative assets is based on the location of the counterparty. Location for margin calls paid on derivative liabilities are recorded based on the location of the receiver of the margin call.

In millions of euros	France	Switzer land	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	31/12/2023
Cash and amounts due from central banks	3,300.5	1,248.6	-	3.2	-	-	-	4,552.3
Financial assets at FVTPL ⁽¹⁾	19.1	42.4	47.7	60.5	29.7	2.0	-	201.4
Loans and advances to banks	575.4	4.8	550.8	211.0	280.9	77.4	27.0	1,727.3
Loans and advances to customers	2,099.6	260.2	1,129.4	579.7	140.0	80.6	41.7	4,331.2
Debt at amortised cost	445.9	1,565.1	300.4	579.9	439.1	87.7	-	3,418.1
Other financial assets	280.2	11.4	353.9	123.4	49.8	25.0	36.5	880.2
Subtotal assets	6,720.7	3,132.5	2,382.2	1,557.7	939.5	272.7	105.2	15,110.5
Commitments and guarantees	813.3	30.7	30.7	309.6	23.4	2.0	13.7	1,223.4
TOTAL	7,534.0	3,163.2	2,412.9	1,867.3	962.9	274.7	118.9	16,333.9

⁽¹⁾ Including hedging derivatives and excluding equities, for which credit risk does not apply.

In millions of euros	France	Switzer land	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	31/12/2022
Cash and amounts due from central banks	2,091.7	424.1	-	5.9	-	-	-	2,521.7
Financial assets at FVTPL ⁽¹⁾	29.5	38.4	148.1	83.1	53.2	2.4	-	354.7
Loans and advances to banks	775.2	1.5	615.0	288.2	155.0	75.4	17.6	1,927.9
Loans and advances to customers	2,294.5	460.7	1,081.2	774.3	183.4	124.2	52.9	4,971.2
Debt at amortised cost	351.5	2,103.7	302.3	429.4	384.4	77.8	-	3,649.1
Other financial assets	143.6	13.7	182.2	199.3	41.7	44.0	12.3	636.8
Subtotal assets	5,686.0	3,042.1	2,328.8	1,780.2	817.7	323.8	82.8	14,061.4
Commitments and guarantees	816.1	32.5	35.4	301.3	24.4	2.1	18.3	1,230.1
TOTAL	6,502.1	3,074.6	2,364.2	2,081.5	842.1	325.9	101.1	15,291.5

⁽¹⁾ Including hedging derivatives and excluding equities, for which credit risk does not apply.

4.2.5.2 CREDIT RISK BY SECTOR

In millions of euros	31/12/2023	%	31/12/2022	%
Cash and amounts due from central banks	4,552.3	28%	2,521.7	16%
Households	3,626.9	22%	4,204.8	27%
Credit institutions	3,390.3	21%	3,312.9	22%
Government ⁽¹⁾	1,933.8	12%	2,339.0	15%
Other financial corporations	1,205.9	7%	1,032.8	7%
Real estate	663.2	4%	709.1	5%
Short-term fee income receivable (diversified customers)	441.0	3%	410.3	3%
Liquid debt securities (other sectors)	268.8	2%	341.0	2%
Other	251.7	2%	419.9	3%
TOTAL	16,333.9	100%	15,291.5	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 exposure to these sectors is not thought by management to pose a significant sectoral risk, and in the case of short-term assets 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.

Market risk arises as a result of the Group's activities in interest rate, currency, equity and debt markets. Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes. Trading activities in the Group are confined to "vanilla" products, as the Group does not trade in complex derivatives or other exotic instruments. Note 2 of these accounts provides further information about the use of derivatives instruments and hedge accounting.

Each of the Group's regulated banking entities is required to manage market risk on a stand-alone basis in accordance with its individual risk appetite and limits approved by the Group ALCO.

The Group measures interest rate risk in the banking book in line with the EBA requirements and this is calculated both at the entity level and on a consolidated basis for the Group.

Given the low level of activity in this area, due to the Group's strategy of minimising proprietary trading, the Group does not consider market risk as one of the main risks (defined as one that it has identified and manages, and that is likely to have a significant negative impact on its ability to meet its strategic objectives).

4.3.1 Equity investments

The Group has exposure to equity price risk through holdings of equity investments by its Five Arrows 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 investment in the Five Arrows funds is individually approved by management and underlying fund investments are monitored on an individual basis.

If the price of these equities were to fall by 5% as at 31 December 2023, then there would be a post-tax charge to the income statement of €84.2 million (31 December 2022: €93.5 million).

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

In millions of euros	31/12/2023	%	31/12/2022	%
France	400.9	28%	614.0	34%
Rest of Europe	389.0	27%	383.4	21%
Americas	263.4	19%	447.9	24%
United Kingdom and Channel Islands	300.5	21%	298.0	16%
Australia and Asia	41.1	3%	60.9	3%
Other	21.7	2%	24.3	1%
TOTAL	1,416.6	100%	1,828.5	100%

4.3.2 Currency risk

The Group has exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk. The net positions in the table are measured by reference to the net carrying amounts of monetary assets and liabilities other than those in a subsidiary's functional currency, and are shown after taking account of positions in derivatives.

	31/12/2023	31/12/2022
In millions of euros	Long / (short	Long / (short)
USD	54.3	38.0
EUR	24.9	33.9
GBP	(12.7)	(30.8)
CHF	3.4	2.0
Other	(3.0)	3.0

If the euro strengthened against the currencies in the table above by 5%, then the effect on the Group would be a loss to the income statement of €0.2 million (31 December 2022: gain of €2.0 million).

4.3.3 Interest rate risk

Interest rate risk is the risk to earnings or capital arising from movements in interest rates.

Because of the nature of its business, only the banking entities in the Group are exposed to significant interest rate risk and therefore need to actively manage it. A key risk that banks face is that the interest rate profiles of their assets or liabilities may not match each other (for example, a bank may have variable rate customer deposits funding long-term fixed rate customer loans and securities held for liquidity). The Group materially avoids this risk, because most of its banking and treasury assets and liabilities are either very short term or have floating interest rates. For example, its treasury investments in debt securities and public bills held for liquidity purposes have a weighted average maturity of 12 months (December 2022: 14 months), a figure excluding public bills with an original maturity of less than 6 months that are held as a direct alternative to central bank placements. Where these treasury investments are held at amortised cost, the difference between their carrying value and fair value, mostly attributable to interest rate increases, is in the region of only €10 million. Regarding the loan books, there is limited exposure to interest rate risk, with just €281 million (December 2022: €384 million) of unhedged fixed rate loans with a maturity over 1 year, representing just 6% (December 2022: 8%) of our total lending.

The Group calculates Interest Rate Risk in the Banking Book (IRRBB) in line with the EBA requirements, preparing the EVE (Economic Value of Equity) stress tests for each prescribed stress scenario, measured as a percentage of tier 1 capital. The results illustrate the low level of interest rate risk that the Group's banking entities and, on a consolidated basis, the Group is exposed to, even under these severe stress tests.

IRRBB EVE results of the prescribed six shock scenarios as at 31 December 2023 are shown in the table below. The figures are taken from regulatory returns, but are not audited.

	Parallel up	Parallel down	Short rate up	Short rate down	Steepener	Flattener			
Assumption: All non-maturity deposits reprice overnight									
Rothschild Martin Maurel	(12.2%)	13.7%	(6.5%)	6.7%	1.0%	(2.9%)			
Rothschild & Co Bank AG	(5.5%)	5.8%	(4.0%)	4.1%	1.3%	(2.3%)			
Rothschild & Co Bank International Limited	(1.0%)	0.3%	(1.0%)	0.3%	0.2%	(0.8%)			
Group	(2.5%)	2.7%	(1.5%)	1.5%	0.3%	(0.7%)			
Assumption: Maturities of the stable portio	n of RMM non-r	naturity deposits	are behaviourally	adjusted					
Rothschild Martin Maurel	(4.6%)	3.0%	1.7%	(1.8%)	(3.7%)	2.5%			
Rothschild & Co Bank AG	(5.5%)	5.8%	(4.0%)	4.1%	1.3%	(2.3%)			
Rothschild & Co Bank International Limited	(1.0%)	0.3%	(1.0%)	0.3%	0.2%	(0.8%)			
Group	(1.4%)	1.1%	(0.3%)	0.2%	(0.4%)	0.1%			

The top section shows the results based on the assumption that sight deposits re-price overnight. It demonstrates the Group's limited exposure to interest rate risk, which results from the Group's focus on private banking, as well as the very limited fixed-rate long-term lending exposures taken on in this activity.

There is, however, some interest rate risk for certain sight deposits that behave as 0% fixed non-maturity deposits. (During 2023, these balances have reduced significantly given the increase in interest rates and have been largely transformed into term deposits). As a result of this risk, the Group behaviourally adjusts non-maturity deposits in RMM, given the requirements of the French regulator along with the expectation that some of these deposits will behave in the same way as a fixed-rate liability. On the other hand, and in the light of RMM's deposits being of a largely private banking nature, these deposits are not considered to be very long term. Therefore, the Group behaviourally adjusts the stable amount linearly over five years with the non-stable amount re-fixing over three months, as well as some adjustments to ECB deposits on the assets side. The results of this approach for RMM, and its impact on the Group, are set out in the lower half of the table. The Group does not consider it appropriate to apply behavioural adjustments for IRRBB in its other banks, because these are not required by the local regulators and there is flexibility to pass on market rates.

4.4 Liquidity risk

4.4.1 Liquidity

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities and is defined as the risk that a Group entity is not able to maintain or generate sufficient cash resources to meet its payment obligations as they fall due.

Management of liquidity risk

The Group continues to adopt a conservative approach to liquidity risk and its management and has designed its approach in the overall context of the Wealth and Asset Management strategy.

The Group risk appetite statement establishes limits to ensure that the Group will maintain sufficient liquid resources to meet cash flow obligations and maintain a buffer over regulatory and internal liquidity requirements. The Group liquidity risk policy is reviewed annually by Group ALCO. Each banking entity must have in place a liquidity risk policy which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled.

In line with the directions given by the Statutory Manager, the Group ALCO is responsible for the development and oversight of the implementation of the liquidity strategy, and the implementation of reasonable steps to ensure these are consistent with the Group's risk appetite. The Group ALCO, along with WAM ALCO, establishes and maintains a structure for the management of liquidity risk, including allocations of authority and responsibility to senior managers and ensures that all reasonable steps are taken to measure, monitor and control liquidity risk and identify material changes to the liquidity profile.

The Group ALCO evaluates the results of stress testing on the liquidity profile and is responsible for the invocation of any contingency funding plan measures if necessary. The Group ALCO ensures that the appropriate liquidity impact and liquidity cost of transactions is taken into account in the credit processes and as a key element of their pricing and risk-reward assessment in respect of existing and new business.

The Group's strategy for liquidity management is to maintain a low loan-to-deposit ratio as well as high levels of high-quality liquid assets in order to be able to manage significant unexpected calls on liquidity.

Overview of liquidity risk

The Group retains a very strong liquidity position as at 31 December 2023 with €10.0 billion of liquidity assets (December 2022: €8.8 billion), which is 55% of gross assets and 84% of deposits (December 2022: 51% of gross assets and 84% of deposits). An analysis of the liquidity assets is shown in Note 23 Cash and cash equivalents, and this shows that they consist mainly of amounts at central banks and banks (€6.3 billion; December 2022: €4.5 billion) and investment-grade debt securities (€3.4 billion; December 2022: €3.6 billion). These debt securities are closely monitored and the holdings and limits for the weaker credits are reduced where considered necessary. Regarding sectors, the majority of the exposure is to financials and supranationals and the corporate exposure at €269 million (December 2022: €341 million) is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are closely monitored along with the Group's loan-to-deposit ratio and its Net Stable Funding Ratio (NSFR). The Group's loan-to-deposit ratio is 36% as at December 2023 (December 2022: 48%) compared to a conservative internal upper limit of 50%. The NSFR, which is the regulatory test to ensure that banks have an appropriate level of stable funding for their asset base, is comfortably above the regulatory limit as at 31 December 2023. We continue to see good stability in the core customer deposit book and remain focused to ensure we retain a conservative liquidity risk profile.

Each of the Group's banks also maintain conservative loan-to-deposit ratios. Set out below are some key liquidity ratios of the Group's banks, all of which are well in excess of the regulatory minimum of 100%.

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

Rothschild & Co Bank International Limited⁽¹⁾

Regulatory limit

Liquidity coverage ratios (LCRs)	31/12/2023	31/12/2022
Rothschild & Co Bank AG	137%	130%
Rothschild Martin Maurel	204%	134%
Rothschild & Co Bank International Limited	226%	153%
Regulatory limit	100%	100%
Net Stable Funding Ratios (NSFRs)	31/12/2023	31/12/2022
Rothschild & Co Bank AG	153%	163%
Rothschild Martin Maurel	179%	152%

198%

100%

153%

100%

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

⁽¹⁾ Rothschild & Co Bank International Limited does not have a regulatory limit for NSFR

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 euros	Demand - 3m	3m - 1yr	1yr - 5yr	>5 yr	No contractual maturity	31/12/2023
Cash and balances at central banks	4,552.3	-	-	-	-	4,552.3
Financial assets at FVTPL	473.7	69.2	479.5	479.4	111.1	1,612.9
Hedging derivative assets	0.3	0.5	2.7	1.5	-	5.0
Securities at amortised cost	1,806.4	910.1	656.4	45.2	-	3,418.1
Loans and advances to banks	1,527.3	200.0	-	-	-	1,727.3
Loans and advances to customers	1,838.3	1,058.7	1,162.7	271.5	-	4,331.2
Other financial assets	877.6	2.6	-	-	-	880.2
TOTAL	11,075.9	2,241.1	2,301.3	797.6	111.1	16,527.0
Financial liabilities at FVTPL	94.1	93.9	-	-	-	188.0
Hedging derivative liabilities	-	-	0.5	-	-	0.5
Due to banks and other financial institutions	54.1	129.3	13.8	136.7	-	333.9
Due to customers	10,334.1	1,380.2	178.1	-	-	11,892.4
Debt securities in issue	104.9	40.3	3.0	-	-	148.2
Lease liabilities	14.4	33.9	143.6	42.4	-	234.3
Other financial liabilities	516.9	3.6	-	-	-	520.5
TOTAL	11,118.5	1,681.2	339.0	179.1	-	13,317.8
Loan and guarantee commitments given	1,223.4	-	-	-	-	1,223.4

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 that 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 whose liquidity can be demonstrated, as well as shares of funds where the value is determined and reported daily.

Level 2: instruments measured based on valuation models that 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).

Level 3: instruments measured using models that draw significantly on non-observable inputs

Level 3 comprises instruments that are measured, at least in part, using non-observable market data that 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 OR 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 revenues, which are applied to the asset to be measured.

Transaction multiples often reflect a premium that is a consequence of negotiations carried out during the transaction. Five Arrows therefore applies a marketability discount to transaction multiples that are used to value positions retained in the portfolio. Such marketability discounts are higher where Five Arrows holds a minority position in the portfolio company and cannot independently trigger a disposal. For the purpose of the IFRS 13 fair value hierarchy, the marketability discount is considered as an unobservable input, and, where significant, would indicate a Level 3 valuation.

Other earnings multiples

This measurement technique 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 that are in the peer group of the company to be valued. The earnings multiples used might be EV/EBITDA, EV/EBIT and the price/earnings ratio (PER).

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

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, as 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 input, and, where significant, would mean the valuation is considered as a Level 3 valuation.

Investments in direct lending funds that hold instruments at amortised cost

Investments that give a share of underlying assets held by a fund are classified as Level 2 where the value of underlying assets are considered to be Level 2. An example would be a fund holding loans at amortised cost.

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 may use observable inputs with a significant adjustment that 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, however, necessarily occur at the indicated prices, due to the nature of the securities held and transaction volumes that are usually low. Therefore, these valuations are considered to be Level 2.

The Group has invested in credit investment companies that invest in subordinated CLO tranches. These tranches are valued by a third-party valuation provider using discounted cash flow (DCF) techniques, giving a "mark to model" valuation that uses assumptions about future cashflows generated by the underlying CLO tranches. Some of these assumptions, of which the default and recoverability rates are considered the most significant, are unobservable inputs, so this valuation 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

When measuring fair values of instruments at amortised cost disclosed as Level 2, the Group estimates the counterparty's default risk and calculates the present value of future cash flows, taking into account the debtor's financial standing. The Group considers, in the absence of any factor indicating that it is materially different from the net carrying amount, that the fair value equals the carrying value for 1) floating rate instruments; 2) for fixed rate instruments with an original maturity up to one year; and 3) for on-demand exposures.

Loans to/due to banks and customers

Loans and deposits are usually shown as Level 2. In the event of a 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 of instruments not referred to in the paragraph above is adjusted accordingly.

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 collateralised loan obligations, and certificates of deposit. They are classified in Level 1 if listed. 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), these are classified as Level 2. 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

	31/12/2023				
In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	4,552.3	4,552.3	-	4,552.3	-
Securities at amortised cost	3,418.1	3,406.4	3,362.4	44.0	-
Loans and advances to banks	1,727.3	1,727.3	-	1,727.3	-
Loans and advances to customers	4,331.2	4,303.0	-	4,295.6	7.4
TOTAL	14,028.9	13,989.0	3,362.4	10,619.2	7.4
Financial liabilities					
Due to banks and other financial institutions	333.9	316.9	-	316.9	-
Due to customers	11,892.4	11,889.4	-	11,889.4	-
Debt securities in issue	148.2	148.2	-	148.2	-
TOTAL	12,374.5	12,354.5	-	12,354.5	-

	31/12/2022					
In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3	
Financial assets						
Cash and amounts due from central banks	2,521.7	2,521.7	-	2,521.7	-	
Securities at amortised cost	3,649.1	3,616.1	3,570.5	45.6	-	
Loans and advances to banks	1,927.9	1,927.9	-	1,927.9	-	
Loans and advances to customers	4,971.2	4,969.3	-	4,962.7	6.6	
TOTAL	13,069.9	13,035.0	3,570.5	9,457.9	6.6	
Financial liabilities						
Due to banks and other financial institutions	517.5	497.4	-	497.4	-	
Due to customers	10,414.5	10,414.5	-	10,414.5	-	
Debt securities in issue	41.7	41.7	-	41.7	-	
TOTAL	10,973.7	10,953.6	-	10,953.6	-	

Carried at fair value

		31/12/2023		
In millions of euros	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	384.2	363.8	20.4	-
Financial assets at FVTPL held for investment	1,048.1	5.7	196.7	845.7
Other financial assets at FVTPL	62.1	62.1		-
Derivative financial instruments	123.5	-	123.5	-
TOTAL	1,617.9	431.6	340.6	845.7
Financial liabilities				
Derivative financial instruments	188.4	-	188.4	-
TOTAL	188.4	-	188.4	-

31/12/2022

In millions of euros	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	725.5	706.3	19.2	-
Financial assets at FVTPL held for investment	1,090.9	11.7	194.3	884.9
Other financial assets at FVTPL	83.4	83.4	-	-
Derivative financial instruments	283.4	-	283.4	-
TOTAL	2,183.2	801.4	496.9	884.9
Financial liabilities				
Derivative financial instruments	302.6	-	302.6	-
TOTAL	302.6	-	302.6	-

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 the account "Net gains/(losses) on financial instruments at fair value through profit or loss". The majority of valuation changes are unrealised.

In millions of euros	Funds and other equities	Bonds and other fixed income securities	TOTAL
As at 1 January 2023	882.4	2.5	884.9
Transfer (out of) Level 3	(8.7)	-	(8.7)
Total gains for the period included in income statement	70.2	0.1	70.3
Additions	125.5	-	125.5
Disposals	(225.5)	(0.8)	(226.3)
AS AT 31 DECEMBER 2023	843.9	1.8	845.7

In the valuation hierarchy described above, the Group classifies 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. Disclosure about the inputs to the valuation of Level 3 assets, including the elements that are unobservable, is made below.

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

Investment	Value (in €m)		Valuation method	_	erage multiple scount	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
Investment in unquoted equity, managed by the Group	534.1	641.8	Transaction or other earnings multiple	20.2x	19.7x	
Investment in Five Arrows fund investing in funds/portfolios managed by third parties	206.2	157.4	NAV based on an external valuation	n/a	n/a	
Investment in fund, managed by external providers	21.7	24.5	NAV based on an external valuation	n/a	n/a	
Holding in credit investment companies	76.1	50.6	Mark to model	n/a	n/a	
Other	5.8	8.1	n/a	n/a	n/a	
TOTAL	843.9	882.4				
				Weighted average unobservable input		
Investment	Value	(in €m)	Main unobservable input	_	_	
Investment	Value 31/12/2023	(in €m) 31/12/2022	Main unobservable input	_	_	
Investment in unquoted equity, managed by the Group		ı	Main unobservable input Marketability and liquidity discount	unobserv	able input	
Investment in unquoted equity,	31/12/2023	31/12/2022		unobserva 31/12/2023	31/12/2022	
Investment in unquoted equity, managed by the Group Investment in Five Arrows fund investing in funds/portfolios managed	31/12/2023 534.1	31/12/2022 641.8	Marketability and liquidity discount	31/12/2023 8.9%	31/12/2022 9.1%	
Investment in unquoted equity, managed by the Group Investment in Five Arrows fund investing in funds/portfolios managed by third parties Investment in fund, managed by	31/12/2023 534.1 206.2	31/12/2022 641.8 157.4	Marketability and liquidity discount External valuation parameters	8.9% n/a	9.1%	
Investment in unquoted equity, managed by the Group Investment in Five Arrows fund investing in funds/portfolios managed by third parties Investment in fund, managed by external providers	31/12/2023 534.1 206.2 21.7	31/12/2022 641.8 157.4 24.5	Marketability and liquidity discount External valuation parameters External valuation parameters Recoverability and default rate	unobserva 31/12/2023 8.9% n/a	9.1% n/a	

Out of the €844 million of FVTPL equity securities classified in Level 3 as at 31 December 2023, €534 million are investments made by the Group in managed funds, where the underlying instruments are valued using a transaction multiple or another earnings multiple or by an external valuation. The main unobservable input is the discount applied to the retained multiples. This reflects the difference in value between a particular asset in the portfolio and either (i) a comparable asset valued as part of an executed transaction; or (ii) an asset that operates in the same industry of the asset retained in the portfolio, but is characterised by differences in terms of size, geographical reach, specific business activity, etc.

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 €37.5 million, or 7.0% of this type of asset (December 2022: 6.0%).

Additionally, €228 million are 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 underlying assets, 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 €11.3 million or 4.9% of this type of asset (December 2022: 5.7%).

The main unobservable input to value the holding in the credit investment companies is considered to be the default rate. If the average default rate were to increase by 25%, the value of the holding would fall by €4.1 million or 5.3% (December 2022: 6.2%).

4.5.5 Selected controls in the valuation process

Five Arrows

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. In addition, systematic checks are made to verify that retained transaction multiples remain coherent with the current market environment by comparing them with multiples of publicly traded peers.

These committees review the valuation of the investments made by Five Arrows on a quarterly basis for its corporate private equity funds, and on a twice-yearly cycle for other funds.

The parameters of valuation that are reviewed in committee include the following:

- the consistency of the various sources;
- the consistency of the valuation assumptions and of the related adjustments (if any);
- the events that took place during the period that could affect the value; and
- the frequency with which the data is updated.

Five Arrows 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 Five Arrows 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 data available from exchanges, dealers, brokers or providers of consensus pricing.

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

5. Financial impacts and risks associated with climate change

A core pillar in R&Co's strategy at Group level is its long-term ambition to support the sustainability transition of the global economy through its expertise and influence.

Recognising that climate-related physical and transition risks have the potential to destabilise the global economy, the Group is committed to supporting and contributing to the transition to a low-carbon economy. This commitment is one of the key priorities in the Group's ESG framework, which forms the basis for the integration of sustainability-related risks, opportunities and impacts at every relevant level of our organisation and into the existing risk management framework.

The Group's assessment of climate-related risks, which is now considered as part of a sustainability risk module in the Group's annual strategic risk assessment process, currently concludes that due to the Group's business model, climate change-related physical risks are not likely to have a material impact on credit, liquidity and market risk relating to our balance sheet activities in the short term. However, in the short- to medium-term, climate-related transition risks, have the potential to amplify existing strategic risks of the Group, primarily in the area of regulation, the need to adapt internal control frameworks in an uncertain environment and changing stakeholder and market expectations. All of these contribute to the overall risk that our firm's reputation would suffer if it was to be perceived as being slow or unwilling to address the issues raised by climate change.

Rothschild & Co has defined objectives for its businesses to understand and manage material climate-related transition risks and seize opportunities resulting from the low-carbon transition of the global economy.

5.1 Governance of objectives and risks associated with climate change

Governance of sustainability matters

With its sustainability ambition as a core pillar of Group strategy, the governance of sustainability matters, including addressing the impacts of climate change, follows the Group's governance framework.

The Supervisory Board considers sustainability issues at the initiation of senior management unless the Supervisory Board itself identifies an opportunity to discuss them. The Supervisory Board is assisted by specialised committees. In particular, sustainability-related matters will be in the duties of the:

- Sustainability Committee, for monitoring issues relating to the businesses' strategy and position with regards to social, societal and environmental issues. Thereby, R&Co can best anticipate the opportunities, impacts and risks associated therewith. Additionally, the Sustainability Committee reviews the policies in place and the objectives set;
- Risk Committee, for overseeing sustainability risk management; and
- Audit Committee, for monitoring and reviewing the procedures for the preparation of the R&Co sustainability report, as part of the Group's non-financial reporting within the Group.

Rothschild & Co Gestion, the Statutory Manager, defines the Group's strategic orientation including the integration of sustainability priorities into Group strategy, as well as the consideration of climate-related risks, impacts and opportunities. It regularly reviews updates, in relation to the strategy it has defined, on the opportunities and risks as well as the measures taken accordingly. For the Group's objectives relating to its own operational footprint, the Statutory Manager annually reviews the results achieved and the relevance, if any, of adapting the action plan or changing the objectives in the light of, inter alia, the evolution of the Company's strategy, technologies, stakeholder expectations and the economic capacity to implement them.

The Group Executive Committee (GEC) proposes strategic orientations to Rothschild & Co Gestion, including in relation to sustainability, and assists the Statutory Manager in overseeing the implementation of the strategy across the Group. The GEC is advised by specialist committees and expert teams at Group and divisional level. Sustainability matters are discussed in the regular meetings of the GEC as required and on a quarterly basis it receives specialist reports and reviews performance against a select number of group-wide performance indicators related to its sustainability strategy.

The Group's divisional management is responsible for the integration of group-wide ESG priorities into the business line strategies.

5.2 Rothschild & Co commitment to reduce operational Scope 1,2 and 3 emissions

Rothschild & Co has set objectives to contribute to a more environmentally sustainable economy and limit its environmental impact. This is highlighted by its target commitment to reduce operational Scope 1, 2 and 3 emissions by 30% by 2030 against a 2018 baseline. This target covers Scope 1, 2 and most material operational Scope 3 emissions.

The commitment requires the Group to make changes to the way it operates and reduce its GHG emissions by more than 80% of absolute Scope 1 + 2 emissions, and 24% per FTE of operational Scope 3 emissions vs the base year. This commitment is aligned with the trajectory of the Paris Agreement. In parallel, the Group has committed to remove all its residual operational emissions by 2030 through the procurement of credits from carbon removal and sequestration projects.

The direct costs related to this transition are driven by the cost of procurement of carbon compensation credits and Group-level initiatives aimed at enabling a reduction of operational emissions (around €1.5 million in the year ended 2023 and expected to increase thereafter). These costs are allocated out to the businesses, based on actual contribution to emissions, via our internal carbon price (ICP). Due to the number of cost variables (including actual emissions, ICP, and price of available compensation credits), the Group considers it difficult to provide an exact quantification of future investment requirements.

The financial impact of this commitment does not meet the criteria for recognition as a provision at the balance sheet date, and so the costs of the transition will be booked in the accounts when the relevant emissions occur. There are no other significant costs related directly to the commitment to reducing and compensating for our operational emissions and the commitment, therefore, has no material impact on the Group's financial statements.

5.3 Climate risk applied to the Group's accounts

The Group continues to assess the effects of climate change on its financial statements that potentially arise 1) from the necessity to adapt its business model; 2) from reputational issues; or 3) from expanded legal and compliance requirements. The financial effects could arise both from climate changes likely to impact the Group's performance and balance sheet, and from actions implemented by the Group with regards to its environmental commitments.

5.3.1 Consideration of climate risk when testing for impairments of intangible assets and goodwill

When valuing its intangibles and CGUs, the Group mostly uses inputs such as discount rates, royalty rates and growth rates in perpetuity that are market-observed, and that therefore reflect current expectations of climate impacts. The impact of climate risk is not considered financially significant to the Group's accounts.

5.3.2 Consideration of climate risk when assessing risk on our banking business

The Group considers that climate risks do not have a material impact on credit, liquidity and market risk relating to the Group's banking and treasury activities.

With regard to the credit risk of climate change on our loan book, the majority of the Group's loan book is Lombard lending, i.e. loans against portfolios of financial assets held by clients that are managed by the WAM business, which is integrating climate change considerations to its lending. Non-Lombard lending, meanwhile, is predominantly secured on real estate, where various ESG metrics are considered. For example, the UK commercial property lending team has been collecting data in relation to energy performance and flood risk for each property financed and ESG risks are considered as part of each credit proposal.

5.3.3 Consideration of climate risk regarding other assets and liabilities

As at December 2023, climate risk is not considered to affect the carrying value of assets. The Group, meanwhile, has not identified any linked litigation or obligations, or identified contracts that may become onerous due to climate risk, and does not consider it necessary to record provisions and contingent liabilities related to these.

In summary, as at 31 December 2023, the Group considers that climate change does not have a material impact on our financial statements.

6. Notes to the balance sheet

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

Financial assets

In thousands of euros	31/12/2023	31/12/2022
Equity instruments held for investment	970,238	1,024,159
Equity instruments issued by mutual funds, held for liquidity	384,232	725,476
Debt securities held for investment	77,867	66,692
Debt securities held for liquidity	-	4,548
Other equity instruments	62,095	78,896
Financial assets mandatorily at fair value through profit or loss	1,494,432	1,899,771
Trading derivative assets (see Note 2)	118,517	277,410
TOTAL	1,612,949	2,177,181

Assets held for investment at FVTPL are held primarily by the Five Arrows business. Equity instruments issued by mutual funds are predominantly money market and low-risk debt funds.

Other equity instruments include assets used to hedge certain fund-denominated amounts due to employees, or to cover social security payable on these amounts. The Group has set up a legally separate employee benefit trust (EBT) to hold some of these assets. Although this trust is consolidated, its assets are not available to the Group's creditors (even in the case of bankruptcy), and cannot be returned to the Group.

The assets held by this EBT meet the criteria for being "plan assets" in the context of IAS 19 Employee Benefits. Plan assets are measured at fair value and netted against the related liabilities due to employees.

The value of the EBT's plan assets as at December 2023 is €146.9 million and the related amounts due to employees that can be netted is €132.9 million. The amount disclosed above as at December 2023 in Other equity instruments is after netting plan assets with related liabilities.

Financial liabilities

In thousands of euros	31/12/2023	31/12/2022
Trading derivative liabilities (see Note 2)	187,966	302,289
TOTAL	187,966	302,289

Note 2 - Derivatives

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative fair values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Changes in fair values of derivative instruments are recognised in trading income unless they qualify as cash flow or net investment hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Most of the Group's derivative transactions that do not qualify as hedges for accounting purposes are nonetheless for the purpose of reducing market risk, by hedging exposures in the trading or non-trading books.

2.1 Trading derivatives

		31/12/2023			31/12/2022	
In thousands of euros	Notional principal	Of which: asset	Of which: liability	Notional principal	Of which: asset	Of which: liability
Firm foreign exchange contracts	16,268,546	115,573	180,274	15,674,399	274,164	300,435
Conditional foreign exchange contracts	296,618	1,259	1,230	330,961	1,641	1,709
Firm interest rate contracts	145,081	1,677	6,462	125,351	1,585	3
Conditional interest rate contracts	1,915	8	-	10, 4 23	20	142
TOTAL	16,712,160	118,517	187,966	16,141,134	277,410	302,289

2.2 Hedging derivatives

		31/12/2023			31/12/2022	
In thousands of euros	Notional principal	Of which: asset	Of which: liability	Notional principal	Of which: asset	Of which: liability
Firm interest rate contracts	96,083	4,145	510	89,955	6,040	-
Firm foreign exchange contracts	48,933	867	-	45,601	-	434
TOTAL	145,016	5,012	510	135,556	6,040	434

2.3 Fair value hedges

A relatively small part of the Group's loan portfolio consists 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 rate risk element is hedged; other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component that is hedged is the change in fair value of the medium/long-term fixed-rate customer loans arising solely from changes in 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 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 31 December 2023.

		31/12/2022			
Fair value hedges - interest rate swap	Total	<1yr	1yr - 5yr	>5yr	Total
Notional (in thousands of euros)	96,083	13,037	66,046	17,000	89,955
Average fixed interest rate paid	2.50%	2.02%	2.95%	1.14%	1.69%

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

In thousands of euros	31/12/2023	31/12/2022
Notional principal of hedging derivatives	96,083	89,955
Carrying amount of hedged fixed-rate loans	368,865	416,114
Accumulated amount of fair value (decreases)/ increases on the hedged loans	(3,635)	(6,040)
Increases / (decreases) in fair value of hedged loans during the year for effectiveness assessment	2,405	(9,268)

2.4 Cash flow hedges

A foreign currency exposure arises in operating divisions that 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 for 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 31 December 2023.

Cash flow hedges		31/12/2023			31/12/2022
Cash flow hedges - currency forward	Total	<1yr	1yr - 5yr	>5yr	Total
Notional (in thousands of euros)	48,933	26,950	21,983	-	45,601
Average EUR-GBP exchange rate	0.90	0.90	0.90	-	0.90

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

In thousands of euros	31/12/2023	31/12/2022
Notional principal of hedging derivatives	48,933	45,601
(Loss) in value of the hedged sterling cost base during the period for effectiveness assessment	(543)	(1,611)
Gain in cash flow hedge reserve transferred to P&L	543	1,611

2.5 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.

During 2023 and 2022, the Group did not have any net investment hedges. In the past, the Group has hedged 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 and sterling subsidiaries. The cumulative foreign currency reserve on these discontinued hedges (negative €7.8 million) will only be transferred to the P&L if the Group disposes of the underlying foreign operations, for which no plans exist.

Note 3 - Securities at amortised cost

In thousands of euros	31/12/2023	31/12/2022
Public bills held for liquidity	1,848,669	2,339,104
Debt securities held for liquidity	1,524,720	1,262,539
Debt securities held for investment	45,264	48,010
Debt securities at amortised cost - gross amount	3,418,653	3,649,653
Stage 1 - 2 allowances	(570)	(576)
TOTAL	3,418,083	3,649,077

Note 4 - Loans and advances to banks

In thousands of euros	31/12/2023	31/12/2022
Interbank demand deposits and overnight loans	816,381	748,979
Interbank term deposits and loans	37,649	256,626
Reverse repos and loans secured by bills	868,547	913,472
Accrued interest	4,687	8,804
Loans and advances to banks - gross amount	1,727,264	1,927,881
Allowance for credit losses	-	-
TOTAL	1,727,264	1,927,881

Note 5 - Loans and advances to customers

In thousands of euros	31/12/2023	31/12/2022
PCL loans to customers	4,014,118	4,614,507
Other loans to customers	286,528	342,453
Overdrafts	32,101	39,968
Accrued interest	42,633	23,186
Loans and advances to customers – gross amount	4,375,380	5,020,114
Stage 1 - 2 allowances	(4,736)	(5,460)
Stage 3 allowances	(39,445)	(43,456)
Allowance for credit losses	(44,181)	(48,916)
TOTAL	4,331,199	4,971,198

Credit risk on loans to customers is further explained in section 4.2.3 of these financial statements.

Note 6 - Other assets

In thousands of euros	31/12/2023	31/12/2022
Accrued income (1)	183,418	183,972
Prepaid expenses	50,303	45,369
Prepayments and accrued income	233,721	229,341
Settlement accounts for transactions of securities (1)	353,738	158,364
Defined benefit pension scheme assets (Note 22)	207,062	249,576
Accounts receivable (1)	257,560	226,469
Guarantee deposits paid (1)	85,517	67,951
Other sundry assets	190,373	128,037
Other assets	1,094,250	830,397
TOTAL	1,327,971	1,059,738

These balances represent other financial assets as reported in section 4 of these financial statements.

Note 7 - Investments accounted for by the equity method

The amounts in the balance sheet and income statement for associates are shown below. On 30 November 2022, Redburn (Europe) Limited became a subsidiary of the Group, having been an associate before then. St Julian's Properties was liquidated during the year, as planned.

	31/12/2023	31/12/2023	31/12/2022	31/12/2022
	Equity accounted	Share of profit after	Equity accounted	Share of profit after
In thousands of euros	value	tax	value	tax
Redburn (Europe) Limited	-	-	-	(3,666)
Auster Fund Advisory Ltd	5,155	1,061	4,261	1,604
St Julian's Properties Limited	-	79	64	-
TOTAL	5,155	1,140	4,325	(2,062)

Information about the underlying accounts of the associates in 2023 is as follows.

	31/12	2/2023
	Auster Fund Advisory Ltd	St Julian's Properties Limited
In thousands of euros		
Activity	Five Arrows	Other
Loans and receivables with bank, net	2,082	-
Other assets	17,223	-
Total assets	19,305	-
Other creditors	2,123	-
Total liabilities	2,123	-
Net banking revenue	9,393	-
Profit before tax	3,560	-
Net income	3,538	157
Other comprehensive income	(104)	-
Total comprehensive income	3,434	157
Dividends paid	-	288

All associates are accounted for using the equity method. Information about Group voting rights and ownership interest is disclosed in Note 36.

Note 8 - Leases

The Group rents 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 nine years.

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

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

8.1 Right-of-use assets

In thousands of euros	01/01/2023	Additions	Acquisition/ (disposal) of subsidiaries	Disposals/ write-offs	Deprec- Excha iation and rate impairment o moveme	and ther	31/12/2023
Gross right-of-use assets							
Leasehold property	343,788	41,530	(1,709)	(6,373)	- (3,1	173)	374,063
Other assets	7,354	2,629	-	(2,308)	-	(9)	7,666
Total right-of-use assets – gross amount	351,142	44,159	(1,709)	(8,681)	- (3,1	182)	381,729
Depreciation and allowances	;						
Leasehold property	(132,391)	-	(55)	6,252	(44,048) 1,	546	(168,696)
Other assets	(4,851)	-	-	2,308	(1,926)	28	(4,441)
Total depreciation and allowances	(137,242)	-	(55)	8,560	(45,974) 1,	574	(173,137)
TOTAL	213,900	44,159	(1,764)	(121)	(45,974) (1,6	608)	208,592

8.2 Lease liabilities

In thousands of euros	01/01/2023	Additions	Acquisition/ (disposal) of subsidiaries	Disposals/ write-offs	Amounts paid	Unwinding of discount	Exchange rate and other movements	31/12/2023
Leasehold property	238,183	38,573	(1,684)	(852)	(48,398)	7,066	(1,815)	231,073
Other assets	2,493	2,629	-	(56)	(1,961)	56	20	3,181
TOTAL	240,676	41,202	(1,684)	(908)	(50,359)	7,122	(1,795)	234,254

As at 31 December 2023 the Group has committed to some future leases which have not yet commenced. This includes leases of properties for which the future cash outflows, undiscounted and not adjusted for inflation, may be in the region of €195 million over lease terms of 5 to 12 years.

Using permitted exemptions, the Group does not capitalise low-value leases and short-term leases. The amounts recorded in the income statement in respect of these leases were as follows:

In thousands of euros	31/12/2023	31/12/2022
Short-term leases	(810)	(696)
Low-value leases	(8)	15
TOTAL	(818)	(681)

8.3 Operating lease commitments payable

	31/12/2023		31/12/2	2022
In thousands of euros	Land and buildings	Other	Land and buildings	Other
Up to one year	609	69	376	103
Between one and five years		-	-	-
Over five years	-	-	-	-
TOTAL	609	69	376	103

Amounts disclosed as commitments payable as at 31 December 2023 represent a commitment to pay for leases that are short term, low value, or otherwise not subject to capitalisation due to materiality.

Note 9 - Acquisition of subsidiaries and businesses

9.1 Purchase of remaining unowned shares in Redburn

In November 2022, Rothschild & Co Group acquired a controlling interest in Redburn (Europe) Limited, one of the largest independent equity brokers in Europe.

The acquisition of Redburn was achieved in two stages. Stage one on 30 November 2022 saw the Group increase its stake to a controlling one of 76.2% following a tender offer. For accounting purposes, this is the date of acquisition. Stage two occurred in March 2023, when Rothschild & Co acquired the outstanding shares that it did not own.

Because the holders of the shares that were legally acquired in March 2023 had been granted a put option to sell them to the Group, these shares were already considered for accounting purposes to have been purchased by the Group as at 30 November 2022, the date of acquisition. This is the "anticipated-acquisition" method of accounting. The Group, therefore, accounted for 100% of Redburn at acquisition, with no minority interest. The amount payable for the unowned shares, the contingent consideration, was booked last year as a liability and is now settled in full.

9.2 Purchase of the Atlantic business

In April 2023, the Group reached an agreement for Redburn to acquire 100% of the business of Atlantic Equities, a US equity research and agency execution specialist. The acquisition is structured in the form of a purchase of certain of its assets and liabilities, rather than a corporate structure. The acquisition was subject to certain conditions precedent, and the acquisition completed on 14 August 2023.

The acquisition of Atlantic will support the Group's strategy to develop a global multi-product equity solutions platform, spanning independent advice on listed equity offerings, raising capital in the private markets, investor advisory services (including activist defence, ESG advice and investor engagement), through to listed company research and trade execution. The new combined business trades under the name Redburn Atlantic.

The identifiable assets and liabilities have been measured at fair value as at the effective date of the acquisition, and are shown below.

Assets

In millions of euros	14/08/2023
Other assets	0.0
Intangible fixed assets	3.0
TOTAL ASSETS	3.0

Liabilities

In millions of euros	14/08/2023
Provisions	0.3
Deferred tax liabilities	0.8
Lease liabilities	0.2
TOTAL LIABILITIES	1.3
Non-controlling interests	-
FAIR VALUE OF NET ASSETS ACQUIRED	1.7

The revenues and profits of Atlantic are not material to the Group's overall income statement in the year of acquisition.

9.2.1 Calculation of goodwill

In millions of euros

Fair value of consideration payable	20.7
Fair value of net assets acquired	1.7
Goodwill	19.0

The goodwill arising from this transaction amounts to €19.0 million. The goodwill is the excess of the fair value of consideration over the recognisable net assets, and is largely attributable to value expected to arise from the synergies and opportunities for the GA business that are described above. None of this goodwill is deductible for income tax purposes.

9.2.2 Consideration for the business combination

The consideration calculated on the effective date of the acquisition amounted to €20.7 million, as detailed below:

In millions of euros	
Cash consideration, net	12.7
Contingent consideration at fair value	8.0
Total consideration for the acquisition	20.7

The contingent consideration is payable in August 2026 and can vary based on the Atlantic shareholders who are still working for the business between acquisition and payment date. Where any of the payments to the Atlantic shareholders are contingent on their remaining in the Group's employment, these are removed from the consideration above and will be charged as remuneration during their service period. The value of consideration shown is the Group's best estimate of the amount that will be finally paid and anticipates that a majority will still work for the Group up to the point of payment. The estimated payment has been discounted to a present value to reflect the time value of money.

9.3 Adjustments to contingent payments for consideration

As at 31 December 2023, the Group has recognised a cumulative liability of €24 million in respect of contingent payments following purchase of several different subsidiaries that have been acquired in previous accounting periods (December 2022: €45 million). These amounts are booked in the note "Other liabilities, accruals and deferred income" (Note 15). During the period, the amount reduced by €21 million following payments of €29 million being made and new amounts recognised relating to Atlantic, as well as some reassessments of the amounts payable.

Note 10 - Tangible fixed assets

In thousands of euros	01/01/2023	Additions	Acquisition/ (disposal) of subsidiaries	Disposals/ write-offs	Depreciation/ impairment charge	Exchange rate and other movements	31/12/2023
Gross tangible fixed assets							
Operating land and buildings	363,306	18,439	(254)	(2,293)	-	6,642	385,840
Other tangible fixed assets	83,943	14,616	(37)	(2,178)	-	578	96,922
Total tangible fixed assets – gross amount	447,249	33,055	(291)	(4,471)	-	7,220	482,762
Depreciation and impairments							
Operating land and buildings	(141,176)	-	19	1,065	(14,582)	(1,742)	(156,416)
Other tangible fixed assets	(52,979)	-	2	1,725	(12,014)	(595)	(63,861)
Total depreciation and impairments	(194,155)	-	21	2,790	(26,596)	(2,337)	(220,277)
TOTAL	253,094	33,055	(270)	(1,681)	(26,596)	4,883	262,485

Note 11 - Intangible fixed assets

In thousands of euros	01/01/2023	Additions	Acquisition/ (disposal) of subsidiaries	Disposals/ write-offs	Amortisation/ impairment	Exchange rate and other movements	31/12/2023
Gross intangible fixed assets							
Brand names	164,303	-	659	-	-	217	165,179
Software	78,455	12,657	-	(433)	-	934	91,613
Customer relationships and other intangibles	74,558	146	2,331	(111)	-	1,586	78,510
Total intangible assets – gross amount	317,316	12,803	2,990	(544)	-	2,737	335,302
Amortisation and impairments							
Brand names	(849)	-	-	-	(648)	(79)	(1,576)
Software	(48,143)	-	-	356	(13,654)	(475)	(61,916)
Customer relationships and other intangibles	(26,871)	-	-	111	(12,197)	(372)	(39,329)
Total amortisation and impairments	(75,863)	-	-	467	(26,499)	(926)	(102,821)
TOTAL	241,453	12,803	2,990	(77)	(26,499)	1,811	232,481

Amortisation and impairments that have occurred under normal course of business are set out in Note 30. Impairments that have occurred following a combined review of intangible assets and contingent consideration from a business combination are disclosed in Note 32.

By far 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. Instead, it is subject to an impairment test performed at least annually.

11.1 Testing intangible assets with an indefinite life for impairment

As at 31 December 2023, 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 by the Group. Income for testing purposes has been determined on the basis of 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.

Based on this test, the amount by which the income would have to fall to cause an impairment would be 60% (December 2022: 68%).

The other key assumptions used for the test and the value that would result in an impairment are:

Key assumptions	Value	used	Value that will result in an impairment		
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	
Royalty rate	2.0%	2.0%	0.8%	0.7%	
Discount rate	12.0%	10.5%	26%	27%	
Revenue growth rate in perpetuity	2.0%	2.0%	(25%)	(33%)	

The increase in discount rate this year is mainly linked to the increase of the underlying risk-free rate in all major locations where the Group operates.

Note 12 - Goodwill

In thousands of euros	Global Advisory	Wealth and Asset Management	Five Arrows	TOTAL
As at 1 January 2023	144,418	101,910	4,428	250,756
Additions	18,974	-	-	18,974
Currency translation	608	4,051	(142)	4,517
AS AT 31 DECEMBER 2023	164,000	105,961	4,286	274,247

12.1 Additions

Goodwill as at 31 December 2023 includes the effect of the Group's acquisition of the Atlantic business. Further details are provided in Note 9.

12.2 Testing for impairment

The Group has performed its annual impairment tests as at 31 December 2023. The tests are applied for each of the cash-generating units (CGU) to which goodwill has been allocated. The recoverable amount of the CGUs has been calculated using the most appropriate method. The results of these tests concluded that no impairment was needed on any of the Group's goodwill.

12.2.1 Global Advisory

For the GA CGU (goodwill: €164 million), the fair value has been calculated using price/earnings (PER) multiples that have been applied to the normalised profits earned after tax.

The following assumptions were used:

- normalised profit after tax is determined over the last three years; and
- trading multiples used were medium-term PER multiples of M&A-focused peers.

The valuation technique would be classified in Level 2 of the fair value hierarchy.

Results of sensitivity tests on this CGU show that either the PER or the normalised profit would have to decrease by 60% (December 2022: 66%) for an impairment to be considered.

12.2.2 WAN

For the Swiss WAM CGU (goodwill: €68 million) and the French WAM CGU (goodwill: €38 million), the fair value has been calculated using an enterprise value/asset under management (EV/AUM) multiple, which has been applied to the underlying CGU's AUM.

The following assumptions were used:

- AUM are based on the closing AUM as at September 2023; and
- AUM multiples used were based on multiples as at September 2023 of WAM Swiss and European peers.

The valuation technique would be classified in Level 2 of the fair value hierarchy.

Results of sensitivity tests on these CGUs show that for an impairment to be considered, either the EV/AUM or the AUM would have to decrease by 59% for the Swiss WAM CGU (December 2022: 45%) and by 76% for the French WAM CGU (December 2022: 68%).

12.2.3 Five Arrows

The CGU to which the Five Arrows goodwill (€4.3m) has been allocated has been valued using the discounted cash flow method (DCF). Cash flows for testing purposes have been determined on the basis of a three-year plan drawn up through the Group's budget process and then extended into perpetuity for a terminal value, using a long-term growth rate. Based on this test the amount by which the cash flow would have to fall to cause an impairment would be 80% (December 2022: 76%). A 12.0% discount rate has been used (December 2022: 10.5%), substantially lower than the discount rate of 61% that would result in an impairment (December 2022: 46%).

Note 13 - Due to banks and other financial institutions

In thousands of euros	31/12/2023	31/12/2022
Interbank demand and overnight deposits	45,243	34,318
Repurchase agreements	125,000	325,000
Interbank term deposits and borrowings	157,052	155,520
Accrued interest	6,607	2,701
TOTAL	333,902	517,539

Repurchase agreements consist of TLTRO issued by the ECB. The TLTRO borrowing gave rise to the recognition of some negative interest expense at an enhanced rate of -1.00% until the end of June 2022, as the Group met the lending objectives defined by the ECB.

The Group considers that the interest rate, including the possible bonus, has been a market rate, as the ECB applies the same conditions to all banks. Debt with a market rate of interest is accounted for under IFRS 9.

Note 14 - Customer deposits

In thousands of euros	31/12/2023	31/12/2022
Demand and call deposits	6,420,011	8,506,993
Term deposits	5,371,407	1,843,174
Borrowings secured by bills	48,589	59,479
Accrued interest	52,350	4,878
TOTAL	11,892,357	10,414,524

Note 15 - Other liabilities, accruals and deferred income

In thousands of euros	31/12/2023	31/12/2022
Due to employees	740,198	932,272
Other accrued expenses and deferred income	121,002	127,721
Accrued expenses	861,200	1,059,993
Settlement accounts for transactions of securities (1)	408,184	244,222
Guarantee deposits received (1)	73,325	206,610
Accounts payable (1)	38,990	57,409
Sundry creditors	89,248	99,553
Other liabilities	609,747	607,794
TOTAL	1,470,947	1,667,787

⁽¹⁾ These balances represent other financial liabilities as reported in section 4 of these financial statements

Note 16 - Provisions

In thousands of euros	01/01/2023	Charge/ (release)	(Paid)	Addition	Exchange movement	Other movements	31/12/2023
Provisions for claims and litigation	14,166	1,521	(1,251)	-	336	-	14,772
Provisions for staff costs	6,892	(66)	-	-	(22)	(2)	6,802
Provisions for property	4,298	-	-	1,407	36	(15)	5,726
Provisions for counterparty risk	206	231	-	-	-	19	456
Subtotal	25,562	1,686	(1,251)	1,407	350	2	27,756
Retirement benefit liabilities (Note 22)	9,183	-	-	-	-	(715)	8,468
TOTAL	34,745	1,686	(1,251)	1,407	350	(713)	36,224

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

Note 17 - Impairments

In thousands of euros	01/01/2023	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	31/12/2023
Loans and advances to customers	(48,916)	(5,726)	6,903	3,985	(427)	(44,181)
Other assets	(24,343)	(4,474)	7,282	2,494	(71)	(19,112)
Securities at amortised cost	(576)	(30)	34	-	2	(570)
TOTAL	(73,835)	(10,230)	14,219	6,479	(496)	(63,863)

Note 18 - Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euros	31/12/2023	31/12/2022
Net asset/(liability) as at beginning of period	(1,993)	11,949
of which: deferred tax net assets	67,306	64,025
of which: deferred tax net liabilities	(69,299)	(52,076)
Recognised in income statement		
Income statement income/(expense)	29,495	7,001
Recognised in equity		
Defined benefit pension arrangements	15,632	(23,347)
Share options revaluation	4,144	(958)
Modification of equity-settled share-based payment to cash settled	1,731	-
Cash flow hedge	(189)	494
Transfer within equity from deferred to current tax following share option exercise	(4,838)	-
(Disposal)/ acquisition of a subsidiary	(1,675)	1,887
Exchange differences	(1,891)	542
Other	933	439
NET ASSET/(LIABILITY) AS AT END OF PERIOD	41,349	(1,993)
of which: deferred tax net assets	91,173	67,306
of which: deferred tax net liabilities	(49,824)	(69,299)

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set-off the current tax assets and liabilities 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 current tax assets and liabilities simultaneously.

Deferred tax net assets and net liabilities are attributable to the following items:

		31/12/2023			31/12/2022	
	Net assets	Net	NET	Net assets	Net	NET
In thousands of euros		liabilities			liabilities	
Deferred profit share arrangements	36,818	37,012	73,830	46,575	40,007	86,582
Losses carried forward	48,056	-	48,056	11,435	29	11,464
Share options	-	-	-	1,165	2,846	4,011
Provisions	2,709	-	2,709	3,388	-	3,388
Accelerated depreciation	2,050	(1,923)	127	908	(961)	(53)
Undistributed reserves	-	(1,250)	(1,250)	-	(12,071)	(12,071)
Fair value adjustments to properties	-	(8,282)	(8,282)	-	(8,544)	(8,544)
Financial assets at fair value	(1,349)	(8,394)	(9,743)	(344)	(8,412)	(8,756)
Intangible assets recognised following acquisition of subsidiaries	(4,813)	(17,783)	(22,596)	(4,467)	(20,042)	(24,509)
Defined benefit pension	1,316	(48,720)	(47,404)	1,271	(59,378)	(58,107)
Other temporary differences	6,386	(484)	5,902	7,375	(2,773)	4,602
TOTAL	91,173	(49,824)	41,349	67,306	(69,299)	(1,993)

The Group has in its balance sheet €48.1 million (December 2022: €11.5 million) of deferred tax assets for tax losses carried forward, which it expects to recover in subsequent years. These are mainly located in the US.

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 Asia, in the UK and Canada. Unrecognised deferred tax assets on losses carried forward amounted to €38.6 million at 31 December 2023 (December 2022: €36.5 million). In addition, the Group has not recognised deferred tax assets on disallowed interest in the United Kingdom of €13.8 million as at 31 December 2023 (December 2022: €14.0 million).

The deferred tax income recognised in the income statement comprises the following temporary differences:

In thousands of euros	31/12/2023	31/12/2022
Tax losses carried forward	35,111	5,803
Undistributed reserves	10,821	(3,571)
Fair value adjustments to properties	547	382
Depreciation differences	442	(920)
Allowances for loan losses	(732)	(870)
Financial assets carried at fair value	(961)	1,164
Defined benefit pension liabilities	(3,612)	(12,147)
Deferred profit share arrangements	(14,266)	11,711
Other temporary differences	2,145	5,449
TOTAL	29,495	7,001

Note 19 - Structured entities

A structured entity is one that 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 the Group measures this 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 that it manages, and in that it has made an equity investment.

		31/12/2023			31/12/2022	
to millions of some	Equity funds	Debt funds	TOTAL	Equity funds	Debt funds	TOTAL
In millions of euros Total assets within the underlying vehicles	6,599.6	3,102.6	9,702.2	6,801.7	2,832.6	9,634.3
Assets under management including third party commitments	12,990.0	3,931.2	16,921.2	11,829.8	3,549.2	15,379.0
Interest held in the Group's balance sheet:						
Debt and equity securities at FVTPL	774.1	181.5	955.6	883.0	130.1	1,013.1
Debt securities at amortised cost	-	44.6	44.6	-	47.9	47.9
Loans and advances to customers	87.5	-	87.5	123.0	-	123.0
Total assets in the Group's balance sheet	861.6	226.1	1,087.7	1,006.0	178.0	1,184.0
Off-balance sheet commitments made by the Group	968.7	54.1	1,022.8	875.7	47.6	923.3
Group's maximum exposure	1,830.3	280.2	2,110.5	1,881.7	225.6	2,107.3

Note 20 - Capital and reserves

20.1 Issued share capital

In thousand of shares	31/12/2023	31/12/2022
As at 1 January - total number of shares issued	77,029.8	77,732.5
Shares issued for R&Co Equity Scheme	262.8	42.5
Cancellation of shares	(108.9)	(745.2)
AS AT 31 DECEMBER	77,183.7	77,029.8
Of which: shares held by the Company or its subsidiaries	0.5	5,349.0
Value per share (in euros)	2.00	2.00

The share capital of the Company consists of ordinary shares of the same category and are all fully paid. When R&Co shares are held by the Company or its subsidiaries, they lose the voting rights attached to them.

20.2 Shareholder's equity - Group share

In thousands of euros	31/12/2023	31/12/2022
Share capital	154,367	154,060
Share premium	1,122,962	1,122,438
Capital and associated reserves	1,277,329	1,276,498
Retained earnings	1,755,846	1,874,547
R&Co shares held by the Company or its subsidiaries (1)	(19)	(133,805)
Group share of net income	274,765	605,632
Consolidated reserves	2,030,592	2,346,374
Related to translation differences	(29,049)	(57,391)
Cash flow hedge reserve	288	(401)
TOTAL SHAREHOLDER'S EQUITY - GROUP SHARE	3,279,160	3,565,080

⁽¹⁾ In accordance with IFRS, shares held by the Company or its subsidiaries are deducted from retained earnings.

20.3 Distributions

Distributions to owners comprise:

	31/12/2023		31/12	31/12/2022		
	Amount €000s	Per share (in euros)		Per share (in euros)		
Dividends paid to R&Co shareholders	101,180	1.40	197,538	2.75		
Profit share (préciput) (1)	6,304	n/a	3,429	n/a		
Exceptional distribution of reserves, paid on 24 July 2023	578,216	8.00	-	-		
TOTAL OF DISTRIBUTIONS	685,700		200,967			

⁽¹⁾ Automatically allocated to the general partners, being R&Co Gestion and Rothschild & Co Commandité SAS.

The amount of dividends proposed before the financial statements were authorised but not recognised as a distribution to owners are:

	31/12/2023		31/12/2022		
	Amount €000s	Per share (in euros)	Amount €000s	Per share (in euros)	
Ordinary dividend proposed to the AGM	134,299	1.74	107,842	1.40	

The dividend proposed for the 2023 financial year is subject to the approval of the annual general meeting of R&Co shareholders to be held on 25 April 2024. The amount disclosed above is calculated based on the number of shares making up the Company's share capital as at 31 December 2023 and may vary if the number of shares eligible for a dividend changes between 1 January 2024 and the annual general meeting of R&Co shareholders.

Note 21 - Non-controlling interests

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

In thousands of euros	Income	31/12/2023 Amounts in the balance sheet	Distributions	Income	31/12/2022 Amounts in the balance sheet	Distributions
Share of profit attributable to non-c	ontrolling interes	ts				
Preferred shares	132,131	115,564	169,947	176,085	153,380	180,741
Other	119	578	172	1,889	1,587	3,915
Expense, net of tax						
Perpetual subordinated debt	20,974	300,005	20,836	17,177	297,160	16,584
TOTAL	153,224	416,147	190,955	195,151	452,127	201,240

21.1 Preferred shares

Preferred shares within NCoI mainly consist of amounts calculated in accordance with statutory clauses applicable to French limited partnerships of the Group. The distributed profit share (préciput) is based on the partnerships' individual local earnings.

21.2 Perpetual subordinated debt

Certain of the Group's subsidiaries have issued to third parties perpetual subordinated debt instruments that 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 NCoI 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 NCoI. As at 31 December 2023, the Group has the option to redeem the €150 million and the \$200 million perpetual floating-rate notes at nominal value on interest payment dates. The Group also has the option to redeem the £125 million perpetual fixed-rate notes on interest payment dates at the higher of nominal value or at a price based on the relevant gilt yield, and on 15 February 2024 at nominal value. After the balance sheet date, on 4 January 2024, the Group gave contractual notice to the noteholders of its £125m perpetual notes that it would redeem them on 15 February 2024. Further information on this event is provided in Section 2.5 Subsequent Events.

The instruments are shown below.

In thousands of euros	31/12/2023	31/12/2022
Perpetual fixed-rate subordinated notes 9 per cent (£125 million)	170,582	166,760
Perpetual floating-rate subordinated notes (€150 million)	59,661	58,324
Perpetual floating-rate subordinated notes (US\$200 million)	69,762	72,076
TOTAL	300,005	297,160

Note 22 - Retirement benefit obligations

The Group supports various pension schemes for the employees of operating subsidiaries. Where material, these are described below.

The NMR Pension Fund ("UK Fund") is operated by NMR for the benefit of certain employees and ex-employees of certain Group companies in the United Kingdom. This fund includes a defined benefit section, which closed to new entrants in 2003.

The NMR Overseas Pension Fund ("Overseas Fund") was operated for the benefit of employees of certain Group companies outside the United Kingdom. The defined benefit section also closed to new entrants in 2003. The employees remaining in the Overseas Fund stopped earning additional defined benefits in 2017. Benefits built up by former in-service members are increasing between the date of closure and each member's retirement date in line with the standard deferred revaluation in the fund's rules.

R&CoBZ also operates funded pension schemes ("Swiss Funds"). These schemes have been set up on the basis of the Swiss method of defined contributions but have certain characteristics of a defined benefit pension plan. Current employees and pensioners (former employees or their surviving partners) receive benefits upon retiring as well as in the event of death or invalidity. These benefits are financed through employer and employee contributions.

Additionally, certain companies in the Group have smaller unfunded obligations in respect of pensions and other long-term or post-employment benefits.

The latest formal actuarial valuations of the UK Fund and the Overseas Fund were carried out as at 31 March 2022. The values of the defined benefit net assets have been updated to 31 December 2023 by qualified independent actuaries. Valuations of the Swiss Funds are performed for each closing, also by qualified actuaries.

The defined benefit obligations expose the Group to a number of risks, including longevity, inflation, interest rate and investment performance. These risks are mitigated where possible by applying an investment strategy for the funded schemes that aims to minimise the long-term costs. This is achieved by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities. The matching assets that the funded schemes invest in include corporate bonds, government gilts and, for the UK and Overseas Funds, a specific liability-driven investment (LDI) mandate.

The objective of the LDI mandates is to provide a portfolio of assets that mirror the sensitivity of the funds' liabilities to changes in interest rates and inflation. For the purposes of efficient portfolio management, the mandates make use of derivative instruments (such as interest rate swaps, inflation swaps and gilt repos), which require collateral to be posted in the event that they have a negative mark-to-market value. The UK and Overseas Funds target a level of hedging of 100% of interest rate sensitivity and 100% of inflation sensitivity against the funds' long-term funding targets.

A key risk of using liability-driven investment mandates is that, when interest rates rise, the UK and Overseas funds are required to meet collateral calls. If at some point either of these funds were unable to do so, they could be forced into reducing their level of hedging. In order to mitigate this risk, the trustee of these funds monitors the level of leverage and collateral headroom within each funds' LDI portfolio and holds regular discussions with the investment manager and the funds' investment consultant. The trustee notes that the funds have a relatively low level of leverage compared to many other pension schemes and were not forced to reduce hedging during the second half of 2022, when UK government yields rose significantly.

22.1 Amounts recognised in the balance sheet

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2023
Present value of funded obligations	786,528	332,487	-	1,119,015
Fair value of plan assets	(987,556)	(338,521)	-	(1,326,077)
Subtotal	(201,028)	(6,034)	-	(207,062)
Present value of unfunded obligations	-	-	8,468	8,468
TOTAL IN BALANCE SHEET	(201,028)	(6,034)	8,468	(198,594)
Unrecognised plan assets	-	(18,177)	-	(18,177)
TOTAL (recognised and unrecognised)	(201,028)	(24,211)	8,468	(216,771)
of which: schemes in balance sheet with net liabilities	-	-	8,468	8,468
of which: schemes in balance sheet with net (assets)	(201,028)	(6,034)	-	(207,062)

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2022
Present value of funded obligations	750,215	281,491	-	1,031,706
Fair value of plan assets	(993,658)	(287,624)	-	(1,281,282)
Subtotal	(243,443)	(6,133)	-	(249,576)
Present value of unfunded obligations	-	-	9,183	9,183
TOTAL IN BALANCE SHEET	(243,443)	(6,133)	9,183	(240,393)
Unrecognised plan assets	-	(34,220)	-	(34,220)
TOTAL (recognised and unrecognised)	(243,443)	(40,353)	9,183	(274,613)
of which: schemes in balance sheet with net liabilities	-	-	9,183	9,183
of which: schemes in balance sheet with net (assets)	(243,443)	(6, 133)	-	(249,576)

Under pension accounting rules, applied to the circumstances of the Swiss Funds, the maximum economic benefit that can be recognised is the sum of employer contribution reserves and the capitalised value of the difference between the employer's future service cost and the employer's expected future contributions to the fund. Based on current conditions, the Group's future contributions to one of the Swiss Funds are expected to be greater than the service cost, so the surplus of assets in this fund can only be relied upon to become available to the Group to the extent of the employer contribution reserve. Therefore, a portion of the surplus plan assets have been derecognised from the balance sheet.

22.2 Movement in net defined benefit asset

The movement in the net defined benefit asset is shown below, including unrecognised income and other comprehensive income related to the unrecognised plan assets in one of the Swiss Funds.

	Plan (assets)	Defined benefit obligations	Net defined benefit (asset)
In thousands of euros		· ·	, ,
As at 1 January 2023	(1,281,282)	1,006,669	(274,613)
Current service cost (net of contributions paid by other plan participants)	-	10,945	10,945
Contributions by the employees	(5,598)	5,598	-
Net interest (income)/cost	(54,834)	42,277	(12,557)
Remeasurements due to:			
- actual return less interest on plan assets	33,375	-	33,375
- changes in financial assumptions	-	39,524	39,524
- changes in demographic assumptions	-	(12,241)	(12,241)
- experience (gains)/losses	-	23,768	23,768
Benefits paid	46,205	(46,205)	-
(Contributions) by the Group	(20,059)	-	(20,059)
Administration expenses	2,979	-	2,979
Exchange and other differences	(46,863)	38,971	(7,892)
AS AT 31 DECEMBER 2023	(1,326,077)	1,109,306	(216,771)

As part of the March 2022 triennial actuarial valuations of the UK and Overseas Funds it was agreed that all employer contributions would cease to both schemes with effect from 30 June 2023, subject to the funding position being reviewed on a quarterly basis. Other than in respect of expenses incurred before this date and obligations under the previous schedule of contributions, no contributions have been paid in respect of the defined benefit section to either fund since 30 June 2023. Contributions continue to be paid to other schemes in the Group, and it is estimated that total contributions of €13 million will be paid to the Group's defined benefit pension schemes in the twelve months ended 31 December 2024.

The Group has assessed that no further liability arises and a surplus can be recognised for the UK, Overseas and the smaller of the Swiss Funds under IFRIC 14 - IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This conclusion was reached because the trustees of the UK and Overseas Funds do not have a unilateral power to wind up the fund and the funds' rules allow the sponsoring company an unconditional right to a refund, assuming the gradual settlement of plan liabilities over time until all members have left the fund.

The net pension asset in the smaller of the Swiss Funds is expected to become available to the Group because the statutory employer contributions do not fully cover the employer service cost, as measured using IAS 19. According to IFRIC 14, the maximum economic benefit is the capitalised value of the difference between the employer's future service cost and the employer's expected future contributions to the fund.

The weighted average projected maturity of fund liabilities is 14 years for the UK Fund and 15 years for the Swiss Funds.

22.3 Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euros	31/12/2023	31/12/2022
Current service cost (net of contributions paid by other plan participants)	10,945	15,741
Net interest (income)/cost	(11,731)	(1,831)
Past service (income) / cost	-	(123)
Administration costs	2,979	2,175
TOTAL (included in staff costs)	2,193	15,962

22.4 Amounts recognised in statement of comprehensive income

In thousands of euros	31/12/2023	31/12/2022
Remeasurement gains/(losses) recognised in the period	(65,516)	136,718
Cumulative remeasurement gains/(losses) recognised in the statement of comprehensive income	(42,068)	23,448

22.5 Actuarial assumptions and sensitivities

The principal actuarial assumptions used in the main funds as at the balance sheet date were as follows:

	UK and Ove	UK and Overseas Funds		Funds
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Discount rate	4.5%	4.8%	1.5%	2.3%
Retail price inflation	3.0%	3.2%	n/a	n/a
Consumer price inflation	2.2%	2.4%	2.0%	1.8%
Expected rate of salary increases	2.0%	2.0%	2.0%	1.8%
Expected rate of increase of pensions in payment:				
Uncapped increases	n/a	n/a	0.3%	0.3%
Capped at 5.0%	2.9%	3.1%	n/a	n/a
Capped at 2.5%	2.0%	2.1%	n/a	n/a
Life expectancy in years of a:				
Male pensioner aged 60	28.4	28.8	27.8	27.7
Female pensioner aged 60	29.9	30.3	29.7	29.6
Male pensioner aged 60 in 20 years' time	29.7	30.1	30.2	30.1
Female pensioner aged 60 in 20 years' time	31.3	31.6	31.7	31.6

The CPI assumption for the UK and Overseas Fund is derived by deducting a wedge from the RPI inflation assumption, to reflect structural differences between the indices. The wedge is 1.1% p.a. for the period up to 2030 and 0.1% p.a. for the period after, to reflect that RPI is expected to be more aligned to CPI from 2030. The rate shown above is a weighted average.

The value placed on the defined benefit net liabilities and assets is sensitive to the actuarial assumptions used. Those assumptions that have the most significant impact on the measurement of the liability, along with an illustration of the sensitivity to each assumption, are as follows:

	31/1	31/12/2023	
In thousands of euros	UK and Overseas Funds	Swiss Funds	
50bp increase in discount rate	(50,000)	(15,000)	
50bp increase in inflation	37,000	2,000	
One year increase in life expectancy	25,000	n/a	

The sensitivities shown above reflect only an estimate of the change in the assessed defined benefit obligation for the funds. In practice, any movement leading to a change in the discount rate or price inflation is likely to be partially offset by a change in asset values, and the corresponding overall impact on the net asset is therefore likely to be lower than the amounts above.

22.6 Composition of plan assets

UK Fund		Overseas Fund		Swiss Funds	
31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
30%	34%	40%	39%	31%	32%
26%	26%	33%	36%	2%	2%
6%	5%	4%	4%	32%	27%
11%	13%	-	-	10%	11%
9%	9%	15%	12%	-	-
9%	4%	6%	6%	9%	10%
4%	4%	-	-	14%	16%
5%	5%	2%	3%	-	-
-	-	-	-	2%	2%
100%	100%	100%	100%	100%	100%
	31/12/2023 30% 26% 6% 11% 9% 9% 4% 5%	31/12/2023 31/12/2022 30% 34% 26% 26% 6% 5% 11% 13% 9% 9% 9% 4% 4% 4% 5% 5% - -	31/12/2023 31/12/2022 31/12/2023 30% 34% 40% 26% 26% 33% 6% 5% 4% 11% 13% - 9% 9% 15% 9% 4% 6% 4% 4% - 5% 5% 2%	31/12/2023 31/12/2022 31/12/2023 31/12/2022 30% 34% 40% 39% 26% 26% 33% 36% 6% 5% 4% 4% 11% 13% - - 9% 9% 15% 12% 9% 4% 6% 6% 4% 4% - - 5% 5% 2% 3% - - - -	31/12/2023 31/12/2022 31/12/2023 31/12/2022 31/12/2023 30% 34% 40% 39% 31% 26% 26% 33% 36% 2% 6% 5% 4% 4% 32% 11% 13% - - 10% 9% 9% 15% 12% - 9% 4% 6% 6% 9% 4% 4% - - 14% 5% 5% 2% 3% - - - - 2%

⁽¹⁾ Hedges of liabilities include LDI and gilts

At each year end the value of the assets is measured as at 31 December, where available. In the event that a value is not available at that date then the latest value has been used and adjusted to reflect subsequent cashflows, where applicable. At 31 December 2023, 76% of the total value of assets shown is at that date with the remaining 24% estimated based on the approach described.

Note 23 - Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, cash and cash equivalents is made up of the following items:

In thousands of euros	31/12/2023	31/12/2022
Cash and accounts with central banks	4,552,290	2,521,688
Interbank assets - demand deposits and overnight loans	816,381	748,979
Other cash equivalents	493,547	438,471
Interbank liabilities - demand deposits and overnight loans	(45,243)	(34,318)
TOTAL	5,816,975	3,674,820

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 that are subject to an insignificant risk of value change. These comprise overnight interbank reverse repos and public bills that are held for trading.

For the purposes of its internal liquidity management, the Group considers that its liquidity assets have a broader definition than the statutory measure above of cash and cash equivalents. Its liquidity assets consist of: cash and accounts with central banks; all loans to bank, including term deposits; UCITs and mutual funds measured at FVTPL (comprising AAA money market funds or low-risk treasury credit funds); and its highly liquid securities at amortised cost. These amounts are shown below.

In thousands of euros	31/12/2023	31/12/2022
Cash and accounts with central banks	4,552,290	2,521,688
Loans and advances to banks (Note 4)	1,727,264	1,927,881
Securities at FVTPL - held for liquidity (Note 1)	384,232	730,024
Securities at amortised cost - held for liquidity (Note 3)	3,372,819	3,601,067
Cash and assets held for liquidity	10,036,605	8,780,660

Further information about liquidity assets and the Group's management of liquidity risk is provided in section 4.4.1

⁽²⁾ Secure income assets are tangible assets that generate a return

Note 24 - Commitments given and received

24.1 Commitments given

In thousands of euros	31/12/2023	31/12/2022
Given to customers	1,114,635	1,106,561
Loan and debt security commitments	1,114,635	1,106,561
Given to banks	10,646	12,076
Given to customers	98,071	111,482
Guarantee commitments	108,717	123,558
Investment commitments	696,798	582,560
Irrevocable nominee commitments	556,696	453,617
Other commitments given	32,978	33,012
Other commitments given	1,286,472	1,069,189

Investment commitments relate to equity investments in Five Arrows funds and direct 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 29. Lease commitments are set out in Note 8.

24.2 Commitments received

In thousands of euros	31/12/2023	31/12/2022
Received from banks	561,412	361,846
Loan commitments	561,412	361,846
Received from banks	6,286	8,718
Received from customers	155	327
Guarantee commitments	6,441	9,045

24.3 Financial instruments pledged as collateral

In thousands of euros	31/12/2023	31/12/2022
Available for refinancing	401,412	206,662
Pledged as collateral for liabilities with central banks	125,000	325,000
Financial instruments lodged with central banks	526,412	531,662
Securities sold under repurchase agreements	48,589	59,479
Other financial assets pledged as collateral for liabilities with credit institutions	83,585	97,760
Financial instruments given as collateral	132,174	157,239

Within these instruments, €83.6 million can be sold or reused by the beneficiaries (December 2022: €97.8 million).

24.4 Securities received under reverse repurchase agreements

In thousands of euros	31/12/2023	31/12/2022
Fair value of securities received under reverse repurchase agreements	876,212	904,850
of which: instruments that the Group is authorised to sell or reuse as collateral	552,865	550,911

As at December 2023, the Group has reused €175 million of securities received under reverse repurchase agreements and sold nil (December 2022: €175 million and nil).

Note 25 - Offsetting financial assets and financial liabilities

The following table shows the impact on the consolidated balance sheet of offsetting assets and liabilities with the same counterparties (column 1). 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 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 (columns 2). 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 magreem	_	
In millions of euros	Gross amounts	(1) Amounts set off		Cash collateral received/ pledged	Financial instrument received/ pledged as collateral	Net amount
Derivative assets	183	(59)	124	(72)	-	52
Reverse repos and loans secured by bills	869	-	869	-	(869)	-
Guarantee deposits paid	86	-	86	(58)	-	28
Remaining assets not subject to netting	17,030	-	17,030	-	-	17,030
Total assets	18,168	(59)	18,109	(130)	(869)	17,110
Derivative liabilities	247	(59)	188	(58)	-	130
Repurchase agreements with banks	125	-	125	-	(125)	-
Repurchase agreements with customers	49	-	49	-	(49)	-
Guarantee deposits received	73	-	73	(72)	-	1
Remaining liabilities not subject to netting	13,979	-	13,979	-	-	13,979
Total liabilities	14,473	(59)	14,414	(130)	(174)	14,110

7. Notes to the income statement

Note 26 - Net interest income

In thousands of euros	31/12/2023	31/12/2022
Interest income - loans to banks	162,871	23,930
Interest income - loans to customers	196,608	90,381
Interest income - debt securities at amortised cost	57,343	15,583
Interest income - hedging derivatives	646	118
Interest income - other financial assets	1,156	348
Interest income on financial instruments using the effective interest method	418,624	130,360
Interest expense - due to banks and other financial institutions	(13,520)	(7,767)
Negative interest income from loans to banks	-	(18,519)
Interest expense - due to customers	(234,048)	(23,713)
Interest expense - hedging derivatives	(287)	(938)
Interest expense - lease liabilities	(7,123)	(5,346)
Interest expense - debt securities in issue and other financial liabilities	(5,039)	(270)
Interest expense on financial instruments using the effective interest method	(260,017)	(56,553)
Interest income - trading derivatives	80,702	48,795
Interest expense - trading derivatives	(13)	(41)
Interest income - debt securities at FVTPL	440	604
Net interest income on other financial instruments	81,129	49,358
NET INTEREST INCOME	239,736	123,165

Interest income on financial instruments using the effective interest method for the twelve months to December 2022 included €1.8 million of negative interest expense on the TLTRO borrowings from the ECB as well as €1.4 million of negative interest expense from amounts due to customers. There is no such negative interest expense booked in 2023.

The Group considers that the trading derivatives in this table are part of the Group's overall strategy on its interest margin, and so have shown the effective interest element of their change in value in net interest income.

Note 27 - Net fee and commission income and expense

27.1 Fee and commission income

In thousands of euros	31/12/2023	31/12/2022
Fees for M&A advisory work	853,157	1,355,070
Fees for Financing Advisory work and other services	558,124	506,810
Portfolio fees - Wealth and Asset Management and similar services	598,775	594,220
Portfolio fees - Five Arrows and similar services	210,751	168,878
Banking and credit-related fees and commissions	7,389	7,398
Other fees	11,220	13,141
TOTAL	2,239,416	2,645,517

27.2 Fee and commission expense

In thousands of euros	31/12/2023	31/12/2022
Fees for M&A advisory work	(3,867)	(7,258)
Fees for Financing Advisory work and other services	(20,882)	(9,482)
Portfolio fees - Wealth and Asset Management and similar services	(75,222)	(71,423)
Portfolio fees - Five Arrows and similar services	(10,150)	(6,699)
Banking and credit-related fees and commissions	(116)	(17)
Other fees	(4,235)	(6,421)
TOTAL	(114,472)	(101,300)

Note 28 - Net gains on financial instruments at fair value through profit or loss

In thousands of euros	31/12/2023	31/12/2022
Net income - financial instruments at fair value through profit or loss	128,140	243,846
of which: net income - carried interest	45,374	90,068
Net income - foreign exchange operations	37,513	47,261
Net income - other operations	4,852	6,691
TOTAL	170,505	297,798

Net gains 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 Five Arrows funds. They also include debt securities issued by its Five Arrows investment vehicles.

Note 29 - Operating expenses

In thousands of euros	31/12/2023	31/12/2022
Compensation and other staff costs	(1,495,523)	(1,538,568)
Defined benefit pension expenses (Note 22)	(2,193)	(15,962)
Defined contribution pension expenses	(24,436)	(20,895)
Staff costs	(1,522,152)	(1,575,425)
Administrative expenses	(399,655)	(332,985)
TOTAL	(1,921,807)	(1,908,410)

29.1 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. Employees who are identified as Material Risk Takers (MRT) under the Capital Requirements Directive V (CRD V) will have a portion of their current year bonus deferred over four years, with the expense recognised accordingly. Occasionally, in certain circumstances, the Group allows employees who are not MRTs to accelerate the vesting of deferred cash awards, and in this case, any remaining uncharged expense is recognised immediately.

A portion of the bonuses paid to MRTs identified under CRD V and the Investment Firms Prudential Regime (IFPR) are settled in the form of a non-cash instrument. For a number of years, up to and including the awards made in 2022 (relating to the 2021 performance year), the deferred element of NCI awards made to CRD V MRTs was equity-settled with R&Co shares. These R&Co shares were released to the employees six months after the vesting date of the award.

In February 2023, as a result of the proposed Offer for the Rothschild & Co shares, the Group decided it could no longer operate an effective equity-settled non-cash instrument award scheme, so it informed affected employees in February 2023 that existing non-cash instrument awards would be settled in cash. In accounting terms, these changes make these instruments cash-settled at R&Co Group level, whereas they were previously equity-settled with the on-balance sheet portion of the commitment in equity. It is the Group's accounting policy to revalue amounts in equity to their fair value before they are transferred to the balance sheet, as a liability. The liability for a cash-settled award subsequently moves in line with the underlying share value, with differences booked in the income statement.

All non-cash instrument awards made in 2023 (relating to the 2022 performance year) and in future years are being made in the form of notional shares (both deferred and non-deferred), which track the value of Rothschild & Co shares and will be settled in cash. The value of these non-cash instrument awards as at 31 December 2023 was €13 million (December 2022: €11 million) and the charge to the income statement from these awards was €7.1 million (December 2022: €9.1 million). The charge in 2023 included an augmentation of non-cash instruments to compensate holders for an exceptional distribution of reserves (Note 20.3), which would otherwise have diluted the value of their awards.

The objective of the non-cash instruments 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 or reduced under specific circumstances.

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 €132 million (€189 million as at 31 December 2022).

29.2 R&Co Equity Scheme

Until its delisting following the Offer, described in the Highlights of these accounts, the Group also operated Equity Schemes for some of its senior staff. Equity Scheme participants had been required to invest in R&Co shares and, for each share owned, they were granted four share options. The shares were subject to a three-year to four-year lock-up period and the share options granted were subject to a vesting period before exercise. Some staff used deferred cash awards to fund their investment in the R&Co shares. In this case, the element of the deferred awards they used that had not yet been expensed at the point of purchase was recognised over the lock-up period. Following the announcement of the Offer, other share-based payments related to the R&Co Equity Scheme remained as equity-settled in the R&Co Group. However, their vesting was accelerated during July 2023, so that any uncharged amounts relating to future service periods were fully charged during the year.

Additionally, substantially all vested stock options in the Equity Schemes were exercised in the second half of 2023. Once the Offer had resulted in the mandatory buyout of minority shareholders, the Group also accelerated the vesting of all remaining stock options in the Equity Schemes, almost all of which were then also exercised in the second half of 2023.

Movements in the number of share options outstanding are as follows:

	31/12/20	023	31/12/2022	
	Number, 000s	Weighted average exercise price, €	•	Weighted average exercise price, €
At the beginning of the period	3,630	28.3	4,111	27.6
Issued	-	-	-	-
Make-whole adjustment	631	24.2	-	-
Forfeited/ cancelled	(109)	28.7	(20)	20.0
Exercised	(4,151)	28.4	(461)	22.3
AS AT THE END OF THE PERIOD	1	34.1	3,630	28.3
Exercisable at the end of the period	1	34.1	2,833	26.5

The make-whole adjustment was an additional award of options, of a type envisaged within the original plan rules, to compensate holders for an exceptional distribution of reserves, from which they did not benefit (Note 20.3).

The fair value of equity-settled share-based payments made in the year was €nil (31 December 2022: €nil). Fair values are charged to the income statement over the period of employee service required under the vesting conditions. As the options continued to be equity-settled until the point of exercise, there was no liability booked in the balance sheet in respect of these options, and there was no periodic charge or credit in the income statement as the employees' options change in value.

On issuance, options were valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model was the price of the underlying R&Co shares, the expected volatility of the share price (for which the historic volatility has been the primary consideration), and the estimated exercise date of the options (which was assumed to be the mid-point between the dates of vesting and expiry). The valuation was based on the assumption that all recipients will remain with the Group.

The charge arising in the year that relates to equity-settled share-based payments is included in the account "Compensation and other staff costs", and amounts to €3.2 million (31 December 2022: €1.9 million).

Note 30 - Depreciation, amortisation and impairment of tangible and intangible fixed assets

In thousands of euros	31/12/2023	31/12/2022
Depreciation and amortisation		
Right of use assets	(46,618)	(40,522)
Tangible assets	(26,596)	(27,691)
Intangible assets	(21,129)	(15,793)
Total depreciation and amortisation	(94,343)	(84,006)
Impairment (charge)/release		
Right of use assets	644	(1,357)
Tangible assets	-	(1,900)
Intangible assets	(4,776)	10
Total Impairments	(4,132)	(3,247)
TOTAL	(98,475)	(87,253)

Impairment of intangible assets that are linked to reductions in the amount of contingent consideration payable for acquisitions have been disclosed in Note 32.

Note 31 - Cost of Risk

In thousands of euros	Impairment	Impairment reversal	Recovered loans	31/12/2023	31/12/2022
Loans and advances to customers	(5,726)	6,903	342	1,519	670
Securities at amortised cost	(30)	34	-	4	(21)
Other assets	(4,474)	7,282	-	2,808	(4,009)
Commitments given to customers	(231)	-	-	(231)	456
TOTAL RECOVERY/ (COST)	(10,461)	14,219	342	4,100	(2,904)

Note 32 - Net income/(expense) from other assets

In thousands of euros	31/12/2023	31/12/2022
Gains/(losses) related to disposal and impairment of tangible or intangible assets	523	(17,791)
Gains/(losses) related to acquisition and disposal of Group companies	7,906	18,502
Non-operating income/(expense)	(2,532)	(6,912)
TOTAL	5,897	(6,201)

The consolidated gain on disposal of €4.1 million of the Group's North American asset management business (see Highlights section 1.3), net of associated costs, has been booked in the current period in the account "Gains/(losses) related to acquisition and disposal of Group companies" following the completion of the sale.

The result in the account "Non-operating income/(expense)" includes the unrealised change in value from certain fair-valued legacy investments, which are excluded from the management result.

During 2022, the Group, as usual, reviewed the assumptions used to determine the deferred or contingent consideration and the intangible assets related to its acquisitions. Following these reviews, it revised downwards the amount it expected to pay in respect of contingent consideration for the shares acquired. The credit from this reassessment was included in the account "Gains/(losses) related to acquisition of Group companies". Meanwhile, the Group at the same time booked impairment losses on certain of the intangibles acquired through these acquisitions, and these were included in the account "Gains/(losses) related to impairment of tangible or intangible assets".

Note 33 - Income tax (expense)

In thousands of euros	31/12/2023	31/12/2022
Current tax (expense)	(127,654)	(164,782)
Deferred tax income	29,495	7,001
TOTAL	(98,159)	(157,781)

Further details of the current and deferred tax charge are as follows:

33.1 Current tax (expense)

In thousands of euros	31/12/2023	31/12/2022
Tax charge for the period	(99,235)	(143,320)
Irrecoverable dividend-related tax	(27,354)	(18,339)
Adjustments related to prior periods	(843)	(3,090)
Other	(222)	(33)
TOTAL	(127,654)	(164,782)

33.2 Deferred tax income

In thousands of euros	31/12/2023	31/12/2022
Temporary differences	19,091	18,683
Irrecoverable dividend-related tax	7,921	(3,571)
Changes in tax rates	2,426	(13,935)
Adjustments related to prior periods	57	5,824
TOTAL	29,495	7,001

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

In thousands of euros	31/12/	2023	31/12/2	2022
Profit before tax		526,148		958,564
Expected tax charge at standard French corporate income tax rate	25.83%	135,904	25.83%	247,597
Main reconciling items ⁽¹⁾				
Impact of foreign profits and losses taxed at different rates	(6.6%)	(34,954)	(8.9%)	(85,292)
Tax on partnership profits recognised outside the Group	(5.7%)	(29,974)	(4.6%)	(44,272)
Tax impact on deferred tax relating to change of the corporate income tax rate	(0.5%)	(2,426)	+1.5%	13,935
Recognition of previously unrecognised deferred tax	-	-	(0.6%)	(5,330)
Permanent differences	+0.1%	725	+1.0%	9,176
Tax impacts relating to prior years	+0.1%	786	(0.3%)	(2,734)
Impact of unrecognised deferred tax on losses	+0.6%	3,309	+0.1%	1,358
Tax on dividends received through partnerships	+1.1%	5,543	+0.1%	619
Irrecoverable and other dividend-related taxes	+3.7%	19,433	+2.3%	21,910
Other tax impacts	(0.0%)	(187)	+0.1%	814
Actual tax charge	18.7%	98,159	16.5%	157,781
EFFECTIVE TAX RATE		18.7%		16.5%

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

Note 34 - Related parties

The term "Executive Directors", in the context of this note and the Group governance arrangements surrounding the decision-making process at the Group level, refers to executive corporate officers (*mandataires sociaux*) of R&Co Gestion, the Statutory Manager of R&Co. In accordance with the provisions of R&Co Gestion's articles of association, its chairman is the sole executive corporate officer in the twelve-month financial period to 31 December 2023. The following remuneration was received by the executive corporate officer in 2023, paid by R&Co Gestion but reimbursed by R&Co in accordance with the provisions of R&Co's articles of association relating to R&Co Gestion's operating expenses.

In thousands of euros	31/12/2023
Fixed remuneration of chairman	500
TOTAL	500

The chairman of R&Co Gestion did not benefit from payments in shares in respect of 2023 and no severance benefits were provided for termination of work contracts. No other long-term benefits were granted.

The transactions during the period and balances at the end of the period between Group companies which are fully consolidated are eliminated on consolidation, and so are not disclosed. Transactions and balances with companies accounted for by the equity method are not material.

Other related parties in the table below are: R&Co Gestion, the Statutory Manager of R&Co; the members of the Supervisory Board; parties with control of the Group; parties with control of the parent company of R&Co as Concordia directors; and any party directly or indirectly responsible for management or control of the activities of R&Co. They also include close family members or controlled companies of any party who controls, exercises joint control or significant influence on R&Co; and parties closely related to Executive Directors, members of the Supervisory Board or to board members of Concordia, its parent company.

Amounts reported in the Group's accounts that have a counterpart that is a related party are disclosed below.

	31/12/2023		31/12/2	2022
	Executive Directors	Other related parties	Executive Directors	Other related parties
In thousands of euros				
Assets				
Loans and advances to customers	3	12,800	825	16,251
TOTAL ASSETS	3	12,800	825	16,251
Liabilities				
Due to customers	3,409	97,272	937	174,147
TOTAL LIABILITIES	3,409	97,272	937	174,147
Loans and guarantee commitments				
Guarantees and commitments given	-	6,348	-	6,798
TOTAL COMMITMENTS	-	6,348	-	6,798

	31/12/	2023	31/12/2	2022
In thousands of euros	Executive Directors	Other related parties	Executive Directors	Other related parties
Income and expenses from transactions with related parties				
Net interest income/(expense)	(153)	(3,773)	-	(114)
Net fee commission/(expense)	184	6,412	-	2,594
Other income	-	172	-	84
TOTAL NET BANKING INCOME	31	2,811	-	2,564
Other expenses	-	(4,631)	-	(3,546)
TOTAL EXPENSES		(4,631)	-	(3,546)

Note 35 - Fees to statutory auditors

	KP	KPMG Cailliau Dedouit et A		
In thousands of euros	31/12/2023	31/12/2022	31/12/2023	31/12/2022
AUDIT				
Statutory audit of consolidated and solo accounts, and related services				
R&Co (parent company)	191	180	191	180
Subsidiaries	3,215	3,224	279	266
Services other than the statutory audit of accounts, required for legal or	gal or regulatory reasons			
R&Co (parent company)	-	26	-	-
Subsidiaries	504	433	-	27
Subtotal	3,910	3,863	470	473
SERVICES OTHER THAN THE STATUTORY AUDIT OF ACCOUNTS, PROVID	ED AT THE RE	QUEST OF EN	TITIES	
Law, tax and social	-	-	-	-
Other	112	20	55	7
Subtotal	112	20	55	7
TOTAL	4,022	3,883	525	480

Services other than the statutory audit of accounts include €504,000 (31 December 2022: €486,000) for the review of the compliance of Group entities with regard to regulatory requirements.

Note 36 - Consolidation scope

In response to Article 89 of CRD V, Article L.511-45 of the French Monetary and Financial Code "Code monétaire et financier", requires financial holding companies to publish information on their locations and activities in certain countries and territories.

The following table shows the material subsidiaries and associates that are included in the Group consolidated financial statements, and the territory in which they are domiciled. The list below does not include dormant companies, on account of their immateriality.

The abbreviations for the activities below are defined in the glossary of this report.

		31/12/	2023	31/12/2022		Consol meth	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2023	31/12/2022
Australia							
Rothschild & Co Australia Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Belgium							
Rothschild & Co Belgium SA	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management Belgium - Belgium branch	WAM	100.00	100.00	100.00	99.98	FC	FC
Brazil							
Rothschild & Co Brasil Ltda	GA	100.00	100.00	100.00	100.00	FC	FC
Canada							
Rothschild & Co Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Securities Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Cayman Islands	_						
Auster Capital Ltd	5A	30.00	30.00	30.00	30.00	EM	EM
Auster Fund Advisory Ltd	5A	30.00	30.00	30.00	30.00	EM	EM
Auster Holdings Ltd	5A	30.00	30.00	30.00	30.00	EM	EM
China							
Rothschild & Co Advisory (Beijing) Company Limited	GA	-	-	100.00	100.00	-	FC
Rothschild & Co Financial Advisory (Shanghai) Company Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Denmark							
N.M. Rothschild & Sons Limited, Denmark Filial	GA	100.00	100.00	100.00	100.00	FC	FC
Finland							
Five Arrows Managers – Finland branch	5A	100.00	100.00	-	-	FC	-
France							
Aida SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Aix-Rabelais SAS	Other	100.00	100.00	100.00	99.98	FC	FC
Cavour SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Concordia Holding Sarl	Other	100.00	100.00	100.00	100.00	FC	FC
Courtage Etoile SNC	WAM	100.00	100.00	100.00	99.98	FC	FC
Five Arrows Managers GP SAS	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers SAS	5A	100.00	100.00	100.00	100.00	FC	FC
GIE Rothschild & Co	Other	100.00	100.00	100.00	99.98	FC	FC
K Développement SAS	5A	100.00	100.00	100.00	100.00	FC	FC
Messine Participations SAS	Other	-	-	100.00	99.98	-	FC
Messine SAS	Other	-	-	99.70	99.68	-	FC
Montaigne Rabelais SAS	Other	100.00	100.00	100.00	99.98	FC	FC
Paris Orléans Holding Bancaire SAS	GA	100.00	100.00	100.00	100.00	FC	FC
PO Fonds SAS	5A	100.00	100.00	100.00	100.00	FC	FC
R&Co Investments France SAS	WAM	100.00	100.00	100.00	99.98	FC	FC
Redburn (France) SA	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Cie SCS (2)	GA	99.97	99.97	99.97	99.97	FC	FC
Rothschild & Co Asset Management (2)	WAM	100.00	100.00	100.00	99.98	FC	FC
Rothschild & Co Immobilier SCS (2)	GA	99.80	99.77	98.80	98.77	FC	FC

⁽¹⁾ FC: full consolidation. EM: equity method.

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.

		31/12/2023 31/12/2022		Consolidation method (1)			
Company name	Activity	% Group voting interest	% Group ownership interest	% Group % Group voting ownership interest interest		31/12/2023	31/12/2022
Rothschild & Co SCA	Other	100.00	100.00	100.00	100.00	Parent	Parent
Rothschild & Co TA SCS (2)	GA	100.00	99.97	100.00	99.97	FC	FC
Rothschild & Co Wealth & Asset Management SAS	WAM	100.00	100.00	99.99	99.99	FC	FC
Rothschild Martin Maurel Courtage	WAM	100.00	100.00	100.00	99.99	FC	FC
Rothschild Martin Maurel SA	WAM	100.00	100.00	99.99	99.98	FC	FC
SCI Du 20 Rue Grignan	WAM	100.00	100.00	100.00	99.98	FC	FC
SCI Du 6 Rue De La Bourse	WAM	100.00	100.00	100.00	99.98	FC	FC
SCI Prado Marveyre	WAM	100.00	100.00	100.00	99.98	FC	FC
Transaction R&Co Immobilier SCS (2)	GA	100.00	99.45	100.00	99.76	FC	FC
Transaction R&Co SCS (2)	GA	99.48	99.45	99.79	99.75	FC	FC
TrésoPlus	WAM	100.00	100.00	100.00	99.98	FC	FC
TRR Partenaires SAS	GA	75.00	74.59	75.00	74.81	FC	FC
Verdi SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Verseau SAS	5A	100.00	100.00	100.00	100.00	FC	FC
Wargny BBR SA	WAM	94.66	99.99	94.66	99.98	FC	FC
Germany	VV / LIVI	34.00	33.33	34.00	33.30	10	10
Rothschild & Co Deutschland GmbH	GA	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Vermögensverwaltung GmbH	WAM	100.00	100.00	100.00	99.99	FC	FC
Greece	VVAIVI	100.00	100.00	100.00	33.33	10	10
Rothschild & Co Greece Single Member S.A.	GA	100.00	100.00	100.00	100.00	FC	FC
	GA	100.00	100.00	100.00	100.00	FC	го
Guernsey Jofran Limited	Othor	100.00	100.00	100.00	100.00	FC	FC
	Other	100.00	100.00	100.00	100.00		FC
Maison (C.I.) Limited	Other	100.00	100.00	100.00	100.00	FC FC	FC
Rothschild & Co Asset Management Holdings (CI) Limited	Other	100.00	100.00	100.00	100.00		
Rothschild & Co Bank International Limited	WAM	100.00	100.00	100.00	99.99	FC	FC
Rothschild & Co Continuation Finance CI Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield Holdings (Guernsey) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
St. Julian's Properties Limited	Other	-	-	50.00	49.99	-	EM
TM New Court Plan Trust	Other	100.00	100.00	100.00	100.00	FC	FC
Hong Kong							
Rothschild & Co Hong Kong Limited	GA	100.00	100.00	100.00	100.00	FC	FC
India							
Rothschild & Co India Private Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Indonesia							
PT RothschildCo Advisory Indonesia	GA	100.00	100.00	100.00	100.00	FC	FC
Israel							
Rothschild & Co Israel B.V Israel Branch	GA	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Wealth Management (Israel) Ltd	WAM	100.00	100.00	100.00	99.99	FC	FC
Italy							
Rothschild & Co Asset Management Milan Branch	WAM	100.00	100.00	100.00	99.98	FC	FC
Rothschild & Co Italia S.p.A.	GA	100.00	99.99	100.00	99.98	FC	FC
Rothschild & Co Wealth Management Italy SIM SpA	WAM	100.00	100.00	100.00	99.99	FC	FC
Japan							
Five Arrows Managers SA - Japan branch	5A	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Japan Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
Jersey							
Arena Plaza Jersey GP Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Luxembourg							
Elsinore I GP S.à r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
FACS C General Partner	5A	100.00	100.00	100.00	100.00	FC	FC
FAMI GP S.à r.I.	5A	100.00	100.00	100.00	100.00	FC	FC
FIN PO S.A., SICAR	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Credit Solutions General Partner	5A	100.00	100.00	100.00	100.00	FC	FC
	5A	100.00	100.00	100.00	100.00	FC	FC

⁽¹⁾ FC: full consolidation. EM: equity method.

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.

		31/12/2023		31/12/2022		Consolidation method (1)	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2023	31/12/2022
Five Arrows Principal Investments International Feeder SCA SICAR	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Umbrella Credit Fund GP	5A	100.00	100.00	100.00	100.00	FC	FC
Hermance Capital Management Sàrl	WAM	100.00	100.00	100.00	99.99	FC	FC
HRA Investment SCSp	5A	84.62	84.62	84.62	84.62	FC	FC
Oberon GP S.à r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
Oberon II GP S.à r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
Oberon III GP S.à r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
Oberon USA General Partner S.à r.l	5A	100.00	100.00	100.00	100.00	FC	FC
Parallel GP S.à.r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
PO Co Invest GP S.à.r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
PO Invest 2 SA	5A	-	-	93.85	93.85	-	FC
Rothschild & Co Investment Managers S.A.	5A and WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management (Europe) S.A.	WAM	100.00	100.00	100.00	99.99	FC	FC
RPI Invest 2 SCSp	5A	100.00	100.00	100.00	100.00	FC	FC
RPO GP S.à.r.l.	5A	100.00	100.00	100.00	100.00	FC	FC
RPO Invest 1 SCSp	5A	100.00	100.00	100.00	100.00	FC	FC
Malaysia							
RothschildCo Malaysia Sdn. Bhd.	GA	100.00	100.00	100.00	100.00	FC	FC
Mexico							
Rothschild & Co Mexico, S.A. de C.V.	GA	100.00	100.00	100.00	100.00	FC	FC
Monaco	_						
Rothschild & Co Asset Management Monaco	WAM	99.50	99.44	99.30	99.25	FC	FC
Rothschild & Co Wealth Management Monaco	WAM	99.94	99.94	99.97	99.95	FC	FC
Netherlands							
Rothschild & Co CIS B.V.	GA	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Continuation Finance B.V.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Europe B.V.	GA	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Israel BV	GA	100.00	99.99	100.00	99.99	FC	FC
Poland							
Rothschild & Co Polska sp. z o. o.	GA	100.00	99.99	100.00	99.99	FC	FC
Portugal							
Rothschild & Co Portugal Limitada	GA	-	-	100.00	99.99	-	FC
Qatar	_						
Rothschild & Co Doha LLC	GA	100.00	99.99	100.00	99.99	FC	FC
Russia							
Rothschild & Co CIS B.V Moscow Branch	GA	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co CIS B.V. Moscow Representative Office	GA	100.00	99.99	100.00	99.99	FC	FC
Singapore	_						
Rothschild & Co Singapore Limited	GA	100.00	100.00	100.00	100.00	FC	FC
South Africa	_						
Rothschild & Co (South Africa) Foundation Trust	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild and Co South Africa (Pty) Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
Southern Arrows Proprietary Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Spain	_						
Redburn (France) SA, Succursale en Espana	GA	100.00	100.00	-	-	FC	-
Rothschild & Co Wealth Management Spain, A.V., S.A	WAM	100.00	100.00	100.00	99.99	FC	FC
RothschildCo España S.A.	GA	100.00	99.99	100.00	99.99	FC	FC
Sweden							
Rothschild & Co Nordic AB	GA	100.00	99.99	100.00	99.99	FC	FC
Switzerland							
Holding Pâris Bertrand SA	WAM	100.00	100.00	100.00	99.99	FC	FC
Pâris Bertrand Holding SA	WAM	100.00	100.00	100.00	99.99	FC	
Rothschild & Co Bank AG	WAM	100.00	100.00	100.00	99.99	FC	
Rothschild & Co Continuation Holdings AG	Other	100.00	100.00	100.00	100.00	FC	
Rothschild & Co Global Advisory Switzerland AG	GA	100.00	100.00	100.00	100.00	FC	
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FC: full consolidation. EM: equity method.

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		31/12/2023		31/12/2022		Consolidation method ⁽¹⁾	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2023	31/12/2022
Turkey							
Rothschild & Co Kurumsal Finansman Hizmetleri Limited Sirketi	GA	100.00	99.99	100.00	99.99	FC	FC
United Arab Emirates							
Rothschild & Co Europe B.V Abu Dhabi Representative Office	GA	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Middle East Limited	GA	100.00	99.99	100.00	99.99	FC	FC
United Kingdom							
Arrowpoint Advisory LLP	GA	-	-	100.00	100.00	-	FC
Arrowpoint Advisory Services Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Continuation Computers Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows (Scotland) General Partner Limited	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Credit Solutions Co-Investments, LP	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Finance Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Holding UK Limited	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers LLP	5A	100.00	100.00	100.00	100.00	FC	FC
International Property Finance (Spain) Limited	WAM	100.00	100.00	100.00	99.99	FC	FC
Lanebridge Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Lanebridge Investment Management Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Marplace (Number 480) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
N.M. Rothschild & Sons Limited	GA	100.00	100.00	100.00	100.00	FC	FC
New Court Securities Limited	Other	100.00	100.00	100.00	100.00	FC	FC
O.C. Investments Limited	Other	100.00	100.00	100.00	100.00	FC	FC
R&Co Equity Markets Solutions Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Redburn (Europe) Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Redburn Investment Fund I LP	GA	-	-	100.00	100.00		FC
Rothschild & Co Australia Holdings Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance PLC	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Credit Management Limited	5A	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management UK Limited	WAM	100.00	100.00	100.00	99.99	FC	FC
Second Continuation Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield MBCA Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield Trust Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Third New Court Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Walbrook Assets Limited	Other	100.00	100.00	100.00	100.00	FC	FC
United States of America	Otrici	100.00	100.00	100.00	100.00		
FACP General Partner LP	5A	100.00	100.00	100.00	100.00	FC	FC
FACP GP-GP	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers (North America) LLC	5A	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers (USA) LLC	5A	100.00	100.00	100.00	100.00	FC	FC
Francarep Inc	5A	100.00	100.00	100.00	100.00	-	FC
PO Black LLC	5A	_	_	100.00	100.00		FC
PO Elevation Rock, Inc	5A	100.00	100.00	100.00	100.00	FC	FC
Redburn (USA) LLC	GA	100.00	100.00	100.00	100.00	FC	FC
Redburn Asset Management LLC	GA	100.00	100.00	100.00	100.00	-	FC
Redburn Investment Fund I GP LLC	GA			100.00	100.00		FC
Redburn Investment Fund LP LLC Redburn Investment Fund LP LLC	GA	-	_	100.00	100.00		FC
			<u> </u>				
Rothschild & Co Asset Management US Inc.	WAM	400.00	400.00	100.00	100.00	-	FC
Rothschild & Co North America Holdings Inc.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co North America Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Realty Group Inc.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Risk Based Investments LLC	WAM	-	-	100.00	100.00	-	FC
Rothschild & Co US Inc.	GA	100.00	100.00	100.00	100.00	FC	FC

⁽¹⁾ FC: full consolidation. EM: equity method.

Note 37 - Results, tax and headcount by territory

Pursuant to Article L.511-45 II to V of the French Monetary and Financial Code "Code monétaire et financier" and to Article 89 of CRD V, referred to in Note 36, the table below specifically provides information linked to net banking income, pre-tax profit, income tax and headcount for the twelve months to 31 December 2023.

Country/region of operation	Net banking income	Profit before tax	Current tax	Deferred tax	Headcount
		(millions o	f euros)		(FTE)
United Kingdom	726.9	63.5	(10.0)	(4.8)	1,583
France	789.8	272.6	(72.2)	12.2	1,374
Other Europe	306.5	67.3	(16.2)	(1.5)	528
North America	217.6	(74.9)	0.9	18.5	466
Luxembourg	126.8	109.2	(6.1)	0.0	48
Switzerland	204.6	58.1	(15.4)	0.9	393
Asia-Pacific and Latin America	94.5	(4.6)	(7.1)	4.2	232
Channel Islands	35.6	25.9	(1.7)	0.3	46
Cayman Islands ⁽¹⁾	-	1.1	-	-	-
Other	57.8	7.9	0.1	(0.3)	112
Total before intercompany elimination	2,560.1	526.1	(127.7)	29.5	4,782
Intercompany elimination	(24.8)	-	-	-	-
TOTAL	2,535.3	526.1	(127.7)	29.5	4,782

⁽¹⁾ The Group only has associates in the Cayman Islands. In the consolidated accounts, the Group's share of associates' profit after tax is reported in profit before tax in the account "Net income from companies accounted for by the equity method". Headcount of associates is not reported in the Group's consolidated accounts. More detail on associates' accounts is disclosed in Note 7.

Revenues and profits are measured before the elimination of intercompany fees and interest income and expense. Headcount is calculated as full-time equivalent employees (FTE) at the period end and includes interns and apprentices.

The Group has not received any public subsidies in the period. For France, profit before tax is stated before amounts deducted as non-controlling interests, being profit share (*préciput*) paid as preferred amounts to French partners who individually account for tax (see also Note 33).

Term	Definition
5A	Five Arrows (formerly Merchant Banking) business segment
Audit Committee	A committee of the Supervisory Board
bp	Basis point
Category 1/2/3/4/5	Classification of credit risk rating by the Group, explained in section 4.2.2
CCB	Comité de Crédit Banque, a sub-committee of the Risk Committee
CCC	Corporate Credit Committee, a sub-committee of the Risk Committee
CGU	Cash-generating unit
Company	Rothschild & Co SCA
Concordia	Rothschild & Co Concordia SAS, the parent company of Rothschild & Co
CRD V	
DCF	Capital Requirements Directive 5 Discounted cash flow
EAD	Exposure at default (IFRS 9)
EBA	European Banking Authority
ECL	Expected credit loss (IFRS 9), which can be measured on either a 12-month basis (12m ECL) or a lifetime basis (lifetime ECL)
Facility Calcara	A scheme for certain senior Rothschild & Co staff where participants were required
Equity Scheme	to invest in Rothschild & Co shares and for each share owned they were granted four share options
ESG	Environmental, social and governance
EVE	Economic value of equity
	A subset of the Global Advisory business, encompassing Debt Advisory;
Financing Advisory	Restructuring and Equity Markets Solutions.
FINREP	FINancial REPorting standards that specify financial information required for
Fire Arrang/(FA)	regulatory reporting
Five Arrows/ (5A)	Five Arrows (formerly Merchant Banking) business segment
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GA	Global Advisory (business segment)
GEC	Group Executive Committee
GHG	Greenhouse gasses
Group	Rothschild & Co SCA and its consolidated subsidiaries
Group ALCO	Group Assets and Liabilities Committee, a sub-committee of the GEC
Group Credit	Internal department reporting to the Group Credit Committee
Group Credit Committee	A committee of the GEC
Group Risk	Internal department responsible for ensuring that suitable risk management processes are in place across the Group, for reporting a consolidated view of risk exposures across the Group and delivering an independent and objective
	perspective on the risks in the business and whether they are consistent with Group
	strategy and risk appetite
Group Executive Committee	The senior executive committee of R&Co, whose members are the most senior executive officers of the Group's business lines and support functions.
IBOR	Interbank offered rate
ICP	Internal carbon price
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
IRRBB	Interest rate risk in the banking book
LCR	Liquidity coverage ratio
LDI	Liability-driven investment
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
MRT	Material Risk Taker, as defined under CRD IV and V
Ncol	Non-controlling interest
NMR	N M Rothschild & Sons Limited
NSFR	Net stable funding ratio
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OCI	Other comprehensive income
Offer	Filing of a simplified tender offer for the Rothschild & Co shares by Concordia, the
	holding company of the Rothschild family
Overseas Fund	N M Rothschild & Sons Limited overseas pension fund
PCCC	Private Client Credit Committee, a sub-committee of the Risk Committee
PCL	Private Client Lending in the WAM business segment
PD	Probability of default (IFRS 9)
PER	Price/earnings ratio
POCI	Purchased or originated credit-impaired financial asset (IFRS 9)
R&Co	Rothschild & Co SCA
R&Co Gestion	Rothschild & Co Gestion SAS
R&CoBI	Rothschild & Co Bank International Limited
R&CoBZ	Rothschild & Co Bank AG Zurich
R&CoWM Monaco	Rothschild & Co Wealth Management Monaco
R&CoWM UK	Rothschild & Co Wealth Management UK Limited
Risk Committee	A committee of the Supervisory Board
RMM	Rothschild Martin Maurel SA
ROU asset	Right-of-use asset (IFRS 16)
SICR	Significant increase in credit risk (IFRS 9)
SPPI	Solely payments of principal and interest (IFRS 9)
Stage 1/2/3	IFRS 9 credit quality assessments
Statutory Manager (gérant)	Rothschild & Co Gestion SAS as manager (gérant) of Rothschild & Co SCA
Supervisory Board	Rothschild & Co supervisory board
Sustainability Committee	A committee of the Supervisory Board
Swiss Funds	Rothschild & Co Bank AG Zurich pension funds
TLTRO	Targeted longer-term refinancing operation
UK Fund	N M Rothschild & Sons Limited pension fund
WAM	Wealth and Asset Management (business segment)
WAM ALCO	Assets and Liabilities Committee of WAM

