



# Pillar 3 Disclosure

As at 31 December 2023

# Contents

1. Introduction	3
2. Risk management	6
3. Scope of application	9
4. Capital and RWAs	13
5. Credit risk	20
6. Counterparty credit risk	28
7. Securitisation	30
8. Market risk	33
9. Operational risk	34
10. Liquidity risk	35
11. Other risks	38
12. Remuneration	39
Appendix I - Countercyclical capital buffer	43
Appendix II - Asset encumbrance	44
Appendix III - Additional tables	46
Appendix IV - Attestation statement	51
Appendix V - Index of disclosure requirements	52
Appendix VI - Glossary	57

For purposes of this report, unless the context requires otherwise, 'Rothschild & Co' means 'the Rothschild & Co Group', the 'Group', the 'R&Co Group', the 'Company', 'we', 'us' and 'our' refer to Rothschild & Co together with its subsidiaries.

This document should be read in conjunction with the Rothschild & Co Financial Statements 2023, which has been published on the Group's website [www.rothschildandco.com](http://www.rothschildandco.com).

# Tables

	Ref	Page
1	Key metrics template	KM1 5
2	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	LI1 10
3	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	LI2 12
4	Composition of regulatory own funds	CC1 14
5	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	CC2 15
6	Overview of risk weighted exposure amounts	OV1 17
7	Amount of institution-specific countercyclical capital buffer	CCyB2 17
8	Leverage ratio common disclosure	LR2 18
9	Summary reconciliation of accounting assets and leverage ratio exposures	LR1 19
10	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	LR3 19
11	Standardised approach	CR5 21
12	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	CR3 22
13	Standardised approach – Credit risk exposure and CRM effects	CR4 23
14	Performing and non-performing exposures and related provisions	CR1 25
15	Credit quality of performing and non-performing exposures by past due days	CQ3 26
16	Template EU CR2: Changes in the stock of non-performing loans and advances	CR2 27
17	Performing and non-performing exposures and related provisions	CR1-A 27
18	Credit quality of forborne exposures	CQ1 27
19	Analysis of CCR exposure by approach	CCR1 28
20	Standardised approach – CCR exposures by regulatory exposure class and risk weights	CCR3 29
21	Composition of collateral for CCR exposures	CCR5 29
22	Transactions subject to own funds requirements for CVA risk	CCR2 29
23	Securitisation exposures in the non-trading book	SEC1 31
24	Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor	SEC3 31
25	Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor	SEC4 32
26	Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	SEC5 32
27	Market risk under the standardised approach	MR1 33
28	Operational risk own funds requirements and risk-weighted exposure amounts	OR1 34
29	Quantitative information of LCR	LIQ1 36
30	Net Stable Funding Ratio	LIQ2 37
31	Interest rate risks of non-trading book activities	IRRBB1 38
32	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	CCyB1 43
33	Encumbered and unencumbered assets	AE1 44
34	Collateral received and own debt securities issued	AE2 45
35	Sources of encumbrance	AE3 45
36	Main features of regulatory own funds instruments and eligible liabilities instruments	CCA 46
37	Remuneration awarded for the financial year	REM1 47
38	Special payments to staff whose professional activities have a material impact on institutions' risk profile	REM2 48
39	Deferred remuneration	REM3 49
40	Remuneration of 1 million EUR or more per year	REM4 50
41	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile	REM5 50

# 1 Introduction

## 1.1 Regulatory framework for disclosures

This Report provides Pillar 3 disclosures for the consolidated Rothschild & Co Group in accordance with the international regulatory framework established by the Basel Committee on Banking Supervision, also known as Basel III. In the European Union ('EU'), the Basel framework is implemented by the Regulation (EU) 575/2013 on prudential requirements (Capital Requirements Regulation or 'CRR') and the Directive (EU) 2013/36 on access to the activity and the prudential supervision (Capital Requirements Directive or 'CRD').

The Basel framework is structured around three pillars: The Pillar 1 minimum capital requirements and Pillar 2 supervisory review process are complemented by Pillar 3 market discipline. The Pillar 3 standards aim to improve comparability and consistency of disclosures through the introduction of harmonised templates, mainly covering risk, capital, leverage, and liquidity.

This report comprises both quantitative and qualitative information required by Part Eight of CRR. These disclosures were verified internally in line with the Group's policy on Pillar 3 disclosure controls and procedures. The information provided in this Pillar 3 report is unaudited.

## 1.2 Frequency and location

The full set of Pillar 3 disclosures<sup>1</sup> is published annually on the Group's website [www.rothschildandco.com](http://www.rothschildandco.com), concurrently with the release of the Rothschild & Co Financial Statements.

## 1.3 Regulatory developments

### Basel III Reforms and amendments to the Capital Requirements Regulation

In the EU, the implementation of the final Basel III (the 'Banking Package') has been taken in two stages. The CRR II represents the first tranche of changes and was implemented on 26 June 2021. The remaining reforms are scheduled for implementation on 1 January 2025. These include the changes to the RWA rules on credit risk, market risk<sup>2</sup>, operational risk and credit valuation adjustments.

On 14 December 2023, these final elements of the banking package, also known as CRR III/CRD VI, are agreed and endorsed by the European Council and European Parliament. The legislative package will now be submitted to the European Parliament Plenary and to the Council for adoption, after which the legal texts will be published in the Official Journal of the EU. Co-legislators confirmed that the new CRR rules will start applying on 1 January 2025. The provision included in the CRD will need to be transposed by Member States before they start applying.

The Group currently does not foresee a material net impact on the ratios from the initial implementation. The RWA under CRR III is proposed to be subject to a transitional period until 2030. Any impact would be towards the end of the transitional period.

### Countercyclical capital buffer

The countercyclical capital buffer ('CCyB') is a macroprudential banking supervisory tool. It is intended to increase the resilience of banks by building up a capital buffer which generally increases the loss-absorbing capacity of banks. The value for the countercyclical capital buffer in France is defined by the Haut Conseil de stabilité financière (High Council for Financial Stability or 'HCSF'). This usually amounts to between 0% and 2.5% and can be set in 0.25 percentage-point increments. In its press release following its meeting on 4 December 2023, the HCSF considered that prevailing economic and financial conditions did not justify changing the countercyclical capital buffer rate, which is currently set at 0.5% and

<sup>1</sup> The list of CRR disclosure requirements is included in appendix V with reference to the items disclosed in this report. For all aspects for which disclosure is required under Part Eight of CRR but that are not applicable to the Rothschild & Co Group, they are reported as "N/A" (not applicable).

<sup>2</sup> The implementation of revised market risk requirements may be delayed by up to two years if other jurisdictions do not implement their respective rules on time.

will be raised to 1% as from 2 January 2024. In the light of current circumstances, the HCSF considered that the protection afforded by this buffer was adequate and that its rate did not need to be raised in the coming quarters.

Banks that have credit risk exposures in other countries must also take the countercyclical capital buffer applicable in those countries into consideration. Among other major financial services jurisdictions, the Financial Policy Committee ('FPC') in the UK has increased the CCyB rate to 2%, effective from 5 July 2023, while the Commission de Surveillance du Secteur Financier ('CSSF') in Luxembourg maintained the CCyB rate at 0.5% for the fourth quarter of 2023.

## 1.4 Material changes in 2023

### Delisting of Rothschild & Co shares

The simplified tender offer (the '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.

Delisting of Rothschild & Co shares has no impact on the prudential requirements of the Group under CRR.



## 1.5 Key metrics

The following table provides key regulatory metrics and ratios as well as related input components as defined by CRR, including own funds, risk-weighted assets, capital ratios, leverage ratio, and liquidity ratios.

At December 2023, the capital ratio of the Group decreases by 3.3% to 19.0%, primarily due to the reduction of shareholders' equity following the exceptional distribution of reserves in 2023.

**Table KM1: Key metrics**

*In millions of euros*

Ref*		Footnotes	31 Dec 2023	31 Dec 2022
	<b>Available own funds</b>	1, 2		
1	Common Equity Tier 1 (CET1) capital		2 354	2 683
2	Tier 1 capital		2 354	2 683
3	Total capital		2 354	2 683
	<b>Risk-weighted exposure amounts</b>	1		
4	Total risk-weighted exposure amount		12 369	12 044
	<b>Capital ratios</b>	1		
5	Common Equity Tier 1 ratio		19.0%	22.3%
6	Tier 1 ratio		19.0%	22.3%
7	Total capital ratio		19.0%	22.3%
	<b>Combined buffer requirement</b>			
8	Capital conservation buffer		2.5%	2.5%
9	Institution specific countercyclical capital buffer		0.66%	0.31%
11	Combined buffer requirement		3.2%	2.8%
EU 11a	Overall capital requirements		11.2%	10.8%
12	CET1 available after meeting the total SREP own funds requirements		11.0%	14.3%
	<b>Leverage ratio</b>	3		
13	Leverage ratio total exposure measure		19 178	18 337
14	Leverage ratio		12.3%	14.6%
	<b>Liquidity Coverage Ratio</b>	4		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)		6 013	5 910
EU 16a	Cash outflows - Total weighted value		3 959	3 846
EU 16b	Cash inflows - Total weighted value		1 255	1 244
16	Total net cash outflows (adjusted value)		2 704	2 602
17	Liquidity Coverage Ratio		223%	228%
	<b>Net Stable Funding Ratio</b>			
18	Total available stable funding		11 284	11 185
19	Total required stable funding		6 954	7 302
20	Net Stable Funding Ratio		162%	153%

\* The references in this table and other tables within this document identify the lines prescribed in the relevant EBA template where applicable and where there is a value.

- 1) Capital figures and ratios are reported using CRR fully loaded basis for capital instruments. The Group has not adopted the IFRS 9 transitional provisions laid down in Article 468 and Article 473a of CRR as the effects from the application are marginal.
- 2) The decrease in own funds was primarily due to the reduction of shareholders' equity following the exceptional distribution of reserves of €578m, which was paid on 24 July 2023.
- 3) Leverage ratio is calculated using CRR endpoint basis for capital instruments.
- 4) LCR is calculated as the rolling average of the twelve latest month-end measures rather than using the end of each period.

## 2 Risk management

### 2.1 Overview

The Group's risk management philosophy centers on adopting a prudent and conservative approach to risk-taking and management. Safeguarding the Group's reputation is a fundamental driver of risk appetite and management decisions, guiding the selection of clients and business engagements. Monitoring and reporting methods vary based on the nature of each risk.

Risks are regularly monitored, with management information presented to relevant committees on a weekly, monthly, or quarterly basis, as appropriate. Sensitivity and stress tests are conducted to assess the level of risk faced by the Group, tailored to each risk type. Identifying, measuring, and controlling risks are integral to the Group's business management.

Risk policies and procedures are updated regularly to adapt to changing business needs and align with best practices. Various risk types are considered, including:

#### Credit risk

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

#### Counterparty credit risk

Counterparty credit risk is the risk a counterparty to a transaction could default before the final settlement of the transaction's cash flows. It includes transaction types such as derivative instruments, securities financing transactions, long settlement transactions and margin lending transactions.

#### Market risk

Market risk arises as a result of our activities in interest rate, currency, equity, and debt markets and comprises interest rate, foreign exchange, equity, and debt position risk.

#### Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due.

#### Operational risk

Operational risk, which is inherent in all business activities and includes information security risk, is the risk of loss resulting from inadequate or failed internal processes, people, and systems or external events.

#### Other non-financial risks

Other non-financial risks are risks created by business relationships, products or services.

### 2.2 Structure and Risk Governance as at 31 December 2023

Rothschild & Co Gestion SAS (the 'Statutory Manager') is the sole manager and legal representative of Rothschild & Co, responsible in particular for establishing adequate, sound, and appropriate risk management processes in line with all legal and regulatory requirements.

The decision-making process of the Statutory Manager relies on a Management Board (the 'Conseil de Gérance'), which is a collegial body chaired by the Executive Chairman of the Statutory Manager. It is composed of three Managing Partners and aims to assist the Executive Chairman in fulfilling the duties of the Statutory Manager acting on the Company's behalf.

The oversight management and supervision of the Group are the responsibility of the Statutory Manager, notwithstanding other Group companies' local requirements, including in particular: Group strategy and management,

capital management, and risk management and control. The Managing Partners sit at the Rothschild & Co Group Executive Committee ('GEC'). The GEC is co-chaired by two Managing Partners and is the senior executive committee at Rothschild & Co.

Internal control governance within the Group is effected through Rothschild & Co Gestion and onwards to the senior executive management committees for each of our businesses and the boards of the principal operating entities. The internal control system of the Group is supervised on a consolidated basis by the Supervisory Board of Rothschild & Co (the 'Supervisory Board'), assisted by its specialised committees. Rothschild & Co Gestion ensures, for the Company and the entities within the Group on a consolidated basis, the effective determination of the direction of the business and determines the regulatory capital; it has direct oversight of all Group entities in respect of internal control matters and considers all major strategic and other risk matters affecting all parts of the Group.

The GEC proposes strategic orientations to the Statutory Manager and assists the Statutory Manager in overseeing the implementation of the strategy across the Group and the operational management of the Group. It notably reviews matters relevant to Group risk management and internal control, including operating policies and procedures, risk appetite, and the management of risk. The GEC is supported by several subcommittees including:

- the Group Assets and Liabilities Committee ('Group ALCO') reports to the GEC and is responsible for ensuring that the Group has prudent funding and liquidity strategies for the efficient management and deployment of capital resources within regulatory constraints, and the oversight of the management of the Group's other financial strategies and policies, including some credit decisions;
- the Group Operations Committee is responsible for developing and coordinating to best effect the cross-divisional operations of the various businesses and support functions, by improving the efficiency of the Group's operations and ensuring better coordination and harmonisation of operational matters across the businesses; it is also responsible for the oversight of operational risk policies, including compliance and information security risk policies.

The Supervisory Board is supported by four specialised committees:

- the Audit Committee which is responsible, in particular, for reviewing the process of drawing up the financial and non-financial information, reviewing the statutory audit of the individual annual accounts and consolidated accounts by the statutory auditors and, reviewing the independence and objectivity of the statutory auditors, reviewing the effectiveness of the Group's internal control systems and internal audit in particular regarding risk exposure, including sustainability matters;
- the Risk Committee which is responsible, in particular, for advising the Supervisory Board on the overall current and future risk appetite and strategy of the Group, assisting the Supervisory Board in overseeing the implementation of that strategy, reviewing on a consolidated basis the material risks of the Group, and the Group's broad policy guidelines relating to risk management, particularly on the limits of risks in the Group risk appetite statement which reflect the risk tolerance presented to the Supervisory Board and examining the effectiveness of the risk management policies put in place;
- the Remuneration and Nomination Committee which is responsible in particular for reviewing the principles and parameters of the remuneration policy for the Group as a whole taking into account all factors which it deems necessary including the Group's strategy from time to time and reviewing the nature and scale of the Group's short and long term incentive performance arrangements with consideration for (i) the objective to encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects, (ii) risk-adjusted returns, current business circumstances and business strategy;
- the Sustainability Committee which is responsible in particular assisting the Supervisory Board in monitoring issues relating to the businesses strategy and position with regards to social, societal and environmental issues, so that Rothschild & Co can best anticipate the opportunities, impacts and risks associated therewith, and in particular assist the Supervisory Board in reviewing the policies in place in the aforementioned areas and the objectives set, and the work of the operating committees in charge of sustainability issues within the Group.



## 2.3 Risk Management Framework

The Group's risk framework provides a comprehensive approach to risk management across the firm and includes the Group risk appetite statement, which documents the types of risk and aggregate level of exposure which the Group is willing to accept.

The Group has adopted a risk governance model that is applied across the Group and requires that all of our businesses and functions establish processes for identifying, evaluating, and managing the key risks faced by the Group. It is based on the concept of "three lines of defence".

The three lines of defence for identifying, evaluating, and managing risks may be described as follows:

### First line of defence

It is the responsibility of senior management in each of the Group's business lines to establish and maintain effective risk management systems and to support risk management best practices.

### Second line of defence

The second line includes the independent Legal, Compliance (including financial crime compliance) and Risk functions and to a lesser extent Finance, Human Resources and Information Technology functions to monitor on a continuous basis the risk exposures borne by the Group.

### Third line of defence

It provides independent objective assurance on the effectiveness of the management of risks across the entire Group. This is provided by the Group's Internal Audit function.

## 2.4 Internal control

Within Group's risk framework, the internal control system is designed to help safeguard the firm and to assist in the achievement of its objectives. In summary, it is intended to:

- promote the effectiveness and efficiency of the entity's operations;
- ensure the prevention and detection of financial crime (e.g., money laundering, terrorist financing, tax evasion, sanctions violations, bribery and corruption);
- ensure compliance with laws and regulations, internal standards and rules;
- ensure the reliability of accounting and financial information; and
- protect the Group's assets.

## 3 Scope of application

### 3.1 Structure of the regulatory group

At the consolidated Group level, Rothschild & Co is supervised by the French supervisory authority (*Autorité de Contrôle Prudentiel et de Résolution* or 'ACPR'), which receives information on the capital adequacy of and sets capital requirements for, the Group as a whole.

On October 2022, Rothschild & Co Wealth & Asset Management, the intermediate holding company consolidating the Wealth & Asset Management companies of the Group, was approved by the ACPR as financial holding company and since then has been supervised by the ACPR on a sub consolidated basis.

All banking entities of the Group are directly regulated by their local banking supervisors on an individual basis or, where applicable, on a sub-consolidated basis. At 31 December 2023, the banking subsidiaries include:

- Rothschild & Co Bank AG incorporated in Switzerland and supervised by the Swiss Financial Market Supervisory Authority;
- Rothschild & Co Bank International Limited incorporated in Guernsey and supervised by the Guernsey Financial Services Commission;
- Rothschild Martin Maurel SA incorporated in France and supervised by ACPR; and
- Rothschild & Co Wealth Management Monaco SA incorporated in Monaco and supervised by ACPR.

At 31 December 2023, these banking entities comply with their prudential commitments on an individual basis or sub-consolidated basis.

### 3.2 Regulatory consolidation

At 31 December 2023, the Group's regulatory scope of consolidation which is used for the prudential reporting and disclosures is identical to the accounting scope of consolidation published in the Financial Statements 2023.

### 3.3 Measurement of regulatory exposures

The Group's Pillar 3 Disclosures at 31 December 2023 are prepared in accordance with the prudential rules set in CRR, while the Financial Statements 2023 is prepared under IFRS standards. The purpose of the accounting balance sheet is to provide a point-in-time value of all on-balance sheet assets. The regulatory exposure value includes an estimation of risk and is expressed as the amount expected to be outstanding if and when the counterparty defaults.

The following tables show in two steps how the carrying values in the accounting balance sheet link to regulatory exposure at default ('EAD'). Table LI1 shows the comparatives between the carrying values of assets and liabilities under the accounting and regulatory scope of consolidation, and a breakdown of the regulatory balance into the risk types that form the basis for regulatory capital requirements. Table LI2 then shows the main differences between the regulatory balance and EAD by risk type.

Table LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

31 Dec 2023

In millions of euros		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation <sup>1,2</sup>	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
1	Cash and amounts with central bank	4 552	4 552	4 552	-	-	-	-
2	Financial assets at fair value through profit or loss	1 613	1 613	1 340	181	12	181	80
2a	of which: derivatives	119	119	-	119	-	119	-
2b	of which: securitisation exposures	92	92	-	-	12	-	80
2c	of which: equity positions	62	62	-	62	-	62	-
3	Hedging derivatives	5	5	-	5	-	-	-
4	Securities at amortised cost	3 418	3 418	3 371	-	45	-	2
4a	of which: securitisation exposures	47	47	-	-	45	-	2
5	Loans and advances to banks	1 727	1 727	1 727	-	-	-	-
5a	of which: reverse repos <sup>3</sup>	869	869	869	-	-	-	-
6	Loans and advances to customers	4 331	4 331	4 331	-	-	-	-
7	Current income tax assets	60	60	60	-	-	-	-
8	Deferred income tax assets	91	91	43	-	-	-	48
8a	of which: rely on future profitability	48	48	-	-	-	-	48
9	Other assets	1 330	1 330	1 123	-	-	-	207
9a	of which: pension funds assets	207	207	-	-	-	-	207
10	Investments in associates and joint ventures	5	5	5	-	-	-	-
11	Property, plant and equipment	262	262	262	-	-	-	-
12	Right of use assets	209	209	209	-	-	-	-
13	Intangible assets	232	232	-	-	-	-	232
14	Goodwill	274	274	-	-	-	-	274
<b>15</b>	<b>Total assets at 31 Dec 2023</b>	<b>18 109</b>	<b>18 109</b>	<b>17 023</b>	<b>186</b>	<b>57</b>	<b>181</b>	<b>843</b>
16	Financial liabilities at fair value through profit or loss	188	188	-	-	-	-	188
17	Hedging derivatives	1	1	-	-	-	-	1
18	Due to banks and other financial institutions	334	334	-	-	-	-	334
19	Customer deposits	11 892	11 892	-	-	-	-	11 892
20	Debt securities in issue	148	148	-	-	-	-	148
21	Current tax liabilities	60	60	-	-	-	-	60
22	Deferred tax liabilities	50	50	-	-	-	-	50
23	Lease liabilities	234	234	-	-	-	-	234
24	Other liabilities, accruals and deferred income	1 471	1 471	-	-	-	-	1 471
25	Provisions	36	36	-	-	-	-	36
<b>26</b>	<b>Total liabilities at 31 Dec 2023</b>	<b>14 414</b>	<b>14 414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 414</b>

- 1) The amounts shown in the column "Carrying values under the scope of regulatory consolidation" do not equal the sum of the amounts shown in the remaining columns of this table for line items "of which: trading derivatives" as the derivative instruments in this column are subject to regulatory capital charges for more than one type of risk.
- 2) Shareholder's equity items are not reported among the balance sheet liabilities of this table as they are disclosed in table CC2.
- 3) In accordance with article 271 of CRR, the Group determines the exposure value of repurchase transactions by making use of Credit risk mitigation ('CRM') techniques instead of Counterparty credit risk ('CCR'). The comparable amounts in tables LI1 and LI2 have been adjusted to be presented in a way that is consistent with the current year. These adjustments have no impact whatsoever on the calculation of capital requirements.

31 Dec 2022

		Carrying values of items						
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<i>In millions of euros</i>								
1	Cash and amounts with central bank	2 522	2 522	2 522	-	-	-	-
2	Financial assets at fair value through profit or loss	2 177	2 177	1 756	353	11	353	57
2a	<i>of which: derivatives</i>	277	277	-	277	-	277	-
2b	<i>of which: securitisation exposures</i>	68	68	-	-	11	-	57
2c	<i>of which: equity positions</i>	76	76	-	76	-	76	-
3	Hedging derivatives	6	6	-	6	-	-	-
4	Securities at amortised cost	3 649	3 649	3 602	-	43	-	4
4a	<i>of which: securitisation exposures</i>	47	47	-	-	43	-	4
5	Loans and advances to banks	1 928	1 928	1 928	-	-	-	-
5a	<i>of which: reverse repos</i>	913	913	913	-	-	-	-
6	Loans and advances to customers	4 971	4 971	4 971	-	-	-	-
7	Current income tax assets	33	33	33	-	-	-	-
8	Deferred income tax assets	67	67	56	-	-	-	11
8a	<i>of which: rely on future profitability</i>	11	11	-	-	-	-	11
9	Other assets	1 061	1 061	811	-	-	-	250
9a	<i>of which: pension funds assets</i>	250	250	-	-	-	-	250
10	Investments in associates and joint ventures	4	4	4	-	-	-	-
11	Property, plant and equipment	253	253	253	-	-	-	-
12	Right of use assets	214	214	214	-	-	-	-
13	Intangible assets	241	241	-	-	-	-	241
14	Goodwill	251	251	-	-	-	-	251
<b>15</b>	<b>Total assets at 31 Dec 2022</b>	<b>17 377</b>	<b>17 377</b>	<b>16 150</b>	<b>359</b>	<b>54</b>	<b>353</b>	<b>814</b>
16	Financial liabilities at fair value through profit or loss	302	302	-	-	-	-	302
18	Due to banks and other financial institutions	518	518	-	-	-	-	518
19	Customer deposits	10 415	10 415	-	-	-	-	10 415
20	Debt securities in issue	42	42	-	-	-	-	42
21	Current tax liabilities	70	70	-	-	-	-	70
22	Deferred tax liabilities	69	69	-	-	-	-	69
23	Lease liabilities	241	241	-	-	-	-	241
24	Other liabilities, accruals and deferred income	1 667	1 667	-	-	-	-	1 667
25	Provisions	35	35	-	-	-	-	35
<b>26</b>	<b>Total liabilities at 31 Dec 2022</b>	<b>13 359</b>	<b>13 359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 359</b>

Table LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

31 Dec 2023		Total	of which: Items subject to			Market risk framework
<i>In millions of euros</i>			Credit risk framework	CCR framework	Securitisation framework	
1	Assets carrying value amount under the scope of regulatory consolidation <sup>1</sup>	17 266	17 023	186	57	181
4	Off-balance-sheet amounts and risk add-on for counterparty risk	2 708	2 510	198	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(3 925)	(3 925)	-	-	
9	Differences due to credit conversion factors	(469)	(469)	-	-	
11	Other differences	(2)	(2)	-	-	
12	Exposure amounts considered for regulatory purposes (EAD)	15 578	15 137	384	57	181

  

31 Dec 2022		Total	of which: Items subject to			Market risk framework
<i>In millions of euros</i>			Credit risk framework	CCR framework	Securitisation framework	
1	Assets carrying value amount under the scope of regulatory consolidation	16 563	16 150	359	54	353
4	Off-balance-sheet amounts and risk add-on for counterparty risk	2 522	2 297	225	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(3 386)	(3 386)	-	-	
9	Differences due to credit conversion factors	(553)	(553)	-	-	
11	Other differences	(74)	(74)	-	-	
12	Exposure amounts considered for regulatory purposes (EAD)	15 072	14 434	584	54	353

1) The amounts shown in the column "Total" do not equal the amounts shown in the column "Carrying values under the scope of regulatory consolidation" in table LI1 as i) items not subject to capital requirements are not included in this table and ii) derivative instruments in this column are subject to regulatory capital charges for more than one type of risk.

The sources of differences between the regulatory balance and EAD amounts are as follows:

### Off-balance sheet items and Credit Conversion Factors

The Group applies a credit conversion factor ('CCF') to off-balance sheet items subject to credit risk which include undrawn portions of committed facilities and financial guarantees.

### Potential Future Exposure ('PFE') for counterparty risk

For derivatives transactions, the replacement cost intends to capture the loss that would occur if a counterparty were to default and were closed out of its transactions immediately. The PFE add-on represents a potential increase in exposure over a time horizon into the future.

### Differences due to credit risk mitigation

Exposure value under the standardised approach is calculated after deducting credit risk mitigation whereas accounting value is before such deductions.



## 4 Capital and RWAs

### 4.1 Overview

Starting from 1 January 2014, the calculation of the Group's capital requirements takes into account the Basel III rules implemented in CRR and its subsequent amendments. These rules establish the methods for calculating the solvency ratio, which defines it as the ratio between the regulatory capital and the sum of the amount of risk-weighted assets for credit and counterparty risks, market risk, and operational risk.

The Group aims to maintain a robust capital level consistent with its risk profile, keeping significant regulatory capital headroom. Our capital management process culminates in the Group capital plan, taking into account minimum regulatory requirements and internal capital buffer.

Within the context of the Group capital plan, each banking subsidiary manages its own regulatory capital and meets its local regulatory requirements. Subsidiaries that are not regulated under CRR on a local basis are subject to periodic review by the Group, as part of the regular budgeting and strategic planning process.

### 4.2 Regulatory capital

Rothschild & Co SCA as the parent company of the Group is the primary provider of equity capital to its subsidiaries and also provides them with non-equity capital where necessary. These investments are funded by Rothschild & Co SCA's profit retention and there were no significant obstacles limiting the movement of capital in the reporting period.

Regulatory capital is divided into three categories (Common Equity Tier 1 capital, Additional Tier 1 capital, and Tier 2 capital), which consist of equity and debt instruments, to which regulatory adjustments have been made.

#### Common Equity Tier 1 capital ('CET1')

The Common Equity Tier 1 capital instruments of the Group comprise the consolidated equity attributable to shareholders restated for the anticipated dividend and other foreseeable charges.

The main regulatory adjustments are as follows:

- adjustments to the value of instruments measured at fair value by applying the simplified approach;
- goodwill and other intangible assets, net of deferred tax liabilities;
- net deferred tax assets that rely on future profitability and arising from tax loss carry-forwards;
- defined benefit pension fund surpluses, net of deferred tax liabilities;
- securitisation tranches for which the Group has opted for the own funds deduction instead of a 1250% weighting.

It is worth mentioning that the Group has not adopted the revised regulatory treatment of software assets as the effects from the application are immaterial. Under the revised method, certain software assets benefit from a specific prudential amortisation allowing the application of a preferential weighting instead of a deduction from CET1 capital.

#### Additional Tier 1 capital ('AT1') and Tier 2 capital ('T2')

AT1 and T2 capital is mainly composed of subordinated debt instruments with prescribed characteristics under the CRR. At 31 December 2023, the regulatory capital of the Group does not include any AT1 nor T2 capital.

#### Transitional arrangements relating to regulatory capital

Under CRR, the calculation methods for regulatory capital are implemented gradually until a certain defined date. Since 2019, items still subject to these transitional arrangements are subordinated debt issued before 31 December 2011 and IFRS 9 first-time adoption impact. At 31 December 2023, the Group's regulatory capital is not impacted by any of these transitional measures.

## Development of own funds

The Group's CET1 ratio at 31 December 2023 decreased to 19.0% from 22.3% at 31 December 2022. CET1 capital decreased during the year by €329m, mainly as a result of:

- capital generation of €134m relating to the year-end profit, net of anticipated dividend and other foreseeable charges; and
- increase in capital relating to treasury shares of €145m; offset by
- reduction of shareholders' equity following the exceptional distribution of reserves of €578m;
- €19m increase in capital deduction relating to goodwill arising from business acquisition; and
- other reduction in CET1 capital of €11m.

**Table CC1: Own funds disclosure**

*In millions of euros*

Ref		31 Dec 2023	31 Dec 2022
1	Capital instruments and the related share premium accounts	1 273	1 276
2	Retained earnings	1 756	1 739
3	Accumulated other comprehensive income (and any other reserves)	(29)	(58)
5a	Independently reviewed profits net of any foreseeable charge or dividend	134	503
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>3 134</b>	<b>3 460</b>
7	Additional value adjustments	(2)	(3)
8	Intangible assets (net of related tax liability)	(485)	(472)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability)	(48)	(11)
15	Defined-benefit pension fund assets (net of related tax liability)	(158)	(190)
16	Direct and indirect holdings by an institution of own CET1 instruments	-	(15)
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative <sup>1</sup>	(87)	(86)
20c	<i>of which: securitisation positions</i>	(87)	(86)
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(780)</b>	<b>(777)</b>
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>2 354</b>	<b>2 683</b>
44	Additional Tier 1 (AT1) capital	-	-
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2 354</b>	<b>2 683</b>
58	Tier 2 (T2) capital	-	-
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>2 354</b>	<b>2 683</b>
<b>60</b>	<b>Total risk-weighted assets</b>	<b>12 369</b>	<b>12 044</b>
	<b>Capital ratios and buffers</b>		
<b>61</b>	<b>Common Equity Tier 1 ratio</b>	<b>19.0%</b>	<b>22.3%</b>
<b>62</b>	<b>Tier 1 ratio</b>	<b>19.0%</b>	<b>22.3%</b>
<b>63</b>	<b>Total capital ratio</b>	<b>19.0%</b>	<b>22.3%</b>
64	Institution specific buffer requirement	3.2%	2.8%
65	<i>of which: capital conservation buffer requirement</i>	2.5%	2.5%
66	<i>of which: countercyclical buffer requirement</i>	0.66%	0.31%
68	Common Equity Tier 1 available to meet buffers	11.0%	14.3%
	<b>Amounts below the thresholds for deduction (before risk-weighting)</b>		
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	5	4
75	Deferred tax assets arising from temporary difference	48	56

1) At 31 December 2023, the total amount of securitisation exposures deducted from regulatory capital includes €5m off-balance sheet commitments (December 2022: €25m).

Table CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

<i>In millions of euros</i>		Ref*	31 Dec 2023	31 Dec 2022
1	Cash and amounts with central bank		4 552	2 522
2	Financial assets at fair value through profit or loss	7	1 613	2 177
2a	<i>of which: securitisation exposures subject to deduction from capital</i>	20c	80	57
3	Hedging derivatives	7	5	6
4	Securities at amortised cost		3 418	3 649
4a	<i>of which: securitisation exposures subject to deduction from capital</i>	20c	2	4
5	Loans and advances to banks		1 727	1 928
6	Loans and advances to customers		4 331	4 971
7	Current income tax assets		60	33
8	Deferred income tax assets		91	67
8a	<i>o/w: tax losses carried forward</i>	10	48	11
8b	<i>o/w: negative deferred tax assets arising from intangible assets</i>		(3)	-
9	Other assets		1 330	1 061
9a	<i>o/w: pension scheme assets</i>	15	207	250
10	Investments in associates and joint ventures	7	5	4
11	Property, plant and equipment		262	253
12	Right of use assets		209	214
13	Intangible assets	8	232	241
14	Goodwill	8	274	251
<b>15</b>	<b>Total assets</b>		<b>18 109</b>	<b>17 377</b>
17	Financial liabilities at fair value through profit or loss	7	188	302
18	Hedging derivatives	7	1	-
19	Due to banks and other financial institutions		334	518
20	Customer deposits		11 892	10 415
21	Debt securities in issue		148	42
22	Current tax liabilities		60	70
23	Deferred tax liabilities		50	69
23a	<i>o/w: deferred tax liabilities arising from pension scheme assets</i>	15	49	60
23b	<i>o/w: deferred tax liabilities arising from intangible assets</i>	8	18	20
24	Lease liabilities		234	241
25	Other liabilities, accruals and deferred income		1 471	1 668
26	Provisions		36	35
<b>27</b>	<b>Total liabilities</b>		<b>14 414</b>	<b>13 360</b>
<b>28</b>	<b>Shareholders' equity</b>		<b>3 695</b>	<b>4 017</b>
<b>29</b>	<b>Shareholders' equity – Group share</b>		<b>3 279</b>	<b>3 565</b>
30	Share capital	1	154	154
31	Share premium	1	1 123	1 122
32	Consolidated reserves	2	1 756	1 740
33	Unrealised or deferred capital gains and losses	3	(29)	(58)
34	Net income – Group share	5a	275	606
35	Non-controlling interests		416	452
<b>36</b>	<b>Total liabilities and shareholders' equity</b>		<b>18 109</b>	<b>17 377</b>

\* The reference presented reconcile with the references as presented in Table CC1.

### 4.3 Pillar 1 capital requirements and RWAs

Pillar 1 covers the minimum capital resource requirements for credit risk, counterparty credit risk ('CCR'), equity, securitisation, market risk and operational risk. The Basel framework permits different approaches of increasing sophistication to the calculation of Pillar 1 capital requirements. These requirements are expressed in terms of risk-weighted assets.

#### Credit risk

The Group uses the standardised approach, for which the exposures are grouped into categories and standardised risk weightings are applied to these categories.

#### Counterparty credit risk

The Group uses the standardised approach ('SA-CCR') to calculate the prudential exposure to the Group's derivative transactions.

#### Securitisation

The Group uses the external ratings-based approach ('SEC-ERBA') under the EU Securitisation Regulation. Thus, the risk-weighted assets are determined by multiplying securitisation exposure amounts by the appropriate risk weights. Securitisation exposures that are directly deducted from CET1 are not included in the capital requirements.

#### Market risk

The market risk capital requirement of the Group is measured under the standardised approach, for which the market risk capital requirement is computed in a standardised manner and does not require a modelled treatment.

#### Operational risk

The Group currently uses the basic indicator approach ('BIA') in determining the operational risk capital requirement.

#### Developments of RWAs

Total risk-weighted assets were €12.4 billion at 31 December 2023, €0.4 billion above the year-end 2022 level. This is mainly attributable to €0.6 billion increase in RWA from operational risk which relates to the increase in the three-year average revenue, offset by €0.2 billion decrease in RWA from credit risk, of which the main drivers were customer lending activities.

The table below shows RWA broken down by risk types and model approaches compared to the previous period. It also shows the corresponding own fund requirements, derived from the RWA by an 8% capital requirement.

**Table OV1: Overview of RWAs**

<i>In millions of euros</i>		31 Dec 2023		31 Dec 2022	
		RWAs	Capital required	RWAs	Capital required
1	<b>Credit risk (excluding CCR)</b>	6 672	534	6 797	544
2	<i>Of which the standardised approach</i>	6 672	534	6 797	544
6	<b>Counterparty credit risk - CCR</b>	218	18	314	25
7	<i>Of which the standardised approach</i>	172	14	233	19
EU 8b	<i>Of which credit valuation adjustment - CVA</i>	46	4	81	6
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>	53	4	47	4
18	<i>Of which SEC-ERBA (including IAA)</i>	53	4	47	4
20	<b>Position, foreign exchange and commodities risks (Market risk)</b>	159	13	180	14
21	<i>Of which the standardised approach</i>	159	13	180	14
23	<b>Operational risk</b>	5 266	421	4 706	376
EU 23a	<i>Of which basic indicator approach</i>	5 266	421	4 273	342
EU 23c	<i>Of which advanced measurement approach</i>	-	-	433	35
24	Amounts below the thresholds for deduction	117	9	136	11
29	<b>Total</b>	<b>12 369</b>	<b>989</b>	<b>12 044</b>	<b>963</b>

## 4.4 Capital buffers and eligible capital requirements

### Capital buffers

The Group must always comply with the combined capital buffer requirement, which is defined as the total CET1 capital necessary to meet the following obligations:

- Capital conservation buffer: this buffer aims to absorb losses in a situation of intense economic stress. The Group's capital conservation buffer is equal to 2.5% of the total risk-weighted assets;
- Countercyclical capital buffer: This buffer aims to adjust over time to increase the capital requirements in periods when credit growth is accelerating and reduce them in slower periods. The Group's countercyclical capital buffer is 0.66% at 31 December 2023 compared with 0.31% at 31 December 2022.

The following table shows an overview of the Group's countercyclical rate and buffer requirements.

**Table CCyB2: Countercyclical capital buffer requirements**

<i>In millions of euros</i>		31 Dec 2023	31 Dec 2022
1	Total risk exposure amount	12 369	12 044
2	Institution specific countercyclical capital buffer rate	0.66%	0.31%
3	<b>Institution specific countercyclical capital buffer requirement</b>	<b>82</b>	<b>37</b>

### Pillar 2 Requirement ('P2R')

Pillar 2 considers any supplementary requirements for those risks and any requirements for risk categories not captured by Pillar 1. Any Pillar 2 Requirement would result from the evaluation exercise of the ACPR to determine the adequacy of mechanisms and capital of the Group.

At 31 December 2023, the Group is not subject to any Pillar 2 Requirement.



## Minimum requirement for own funds and eligible liabilities ('MREL')

A requirement for total loss-absorbing capacity ('TLAC'), as defined in the final standards adopted by the Financial Stability Board, came into effect on 1 January 2019. In the EU, TLAC requirements were implemented within the MREL framework, which came into force in June 2019. MREL includes own funds and liabilities that can be written down or converted into capital resources to absorb losses or recapitalise a bank in the event of its failure. The framework is complemented with disclosure requirements.

At 31 December 2023, the Group is not subject to the MREL requirements.

## 4.5 Leverage

The Basel framework introduced the requirement of calculation, reporting, and publication of leverage ratio that is an additional regulatory requirement to risk-based indicators. The main objectives are:

- restricting the build-up of leverage in the banking sector; and
- enhancing the capital ratios with a further, simple and not risk-based measure.

The leverage ratio is defined as the capital measure divided by the total exposure and it is expressed as a percentage between the Tier 1 Capital and the total exposure, calculated as the sum of all assets and off-balance sheet items not deducted when determining the Tier 1 capital measure.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.0% minimum ratio requirement set in CRR. The leverage ratio was 12.3% at 31 December 2023, down from 14.6% at 31 December 2022 primarily due to a decrease in tier 1 capital.

The leverage ratio is calculated and monitored by the Group every quarter and reported to the Group ALCO and other governing bodies to ensure adequate monitoring of the risk of excessive leverage. The leverage ratio is a primary metric in the Group capital plan, as part of its commitment to preserving robust solvency ratios. It is regularly monitored to ensure that the ratio comfortably exceeds the minimum regulatory requirements. The capital plan includes a stressed leverage ratio as an additional metric, to manage the risk of excessive leverage in a forward-looking way, identifying how it will perform in a crisis scenario.

The following table shows the leverage ratio at 31 December 2023 on a fully-loaded basis and the breakdown of the exposure by main categories.

**Table LR2: Leverage ratio common disclosure**

<i>In millions of euros</i>	31 Dec 2023	31 Dec 2022
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	17 117	16 181
6 (Asset amounts deducted in determining Tier 1 capital)	(780)	(777)
<b>7 Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>16 337</b>	<b>15 404</b>
8 Replacement cost associated with SA-CCR derivatives transactions	123	283
9 Add-on amounts for potential future exposure	261	300
<b>13 Total derivatives exposures</b>	<b>384</b>	<b>583</b>
14 Gross SFT assets (with no recognition of netting)	869	913
<b>18 Total securities financing transaction exposures</b>	<b>869</b>	<b>913</b>
19 Off-balance sheet exposures at gross notional amount <sup>1</sup>	2 510	2 299
20 (Adjustments for conversion to credit equivalent amounts) <sup>1</sup>	(922)	(862)
<b>22 Total Off-balance sheet exposures</b>	<b>1 588</b>	<b>1 437</b>
23 Tier 1 capital	2 354	2 683
<b>24 Leverage ratio total exposure measure</b>	<b>19 178</b>	<b>18 337</b>
<b>25 Leverage ratio</b>	<b>12.3%</b>	<b>14.6%</b>

1) The comparable amounts have been adjusted to be presented in a way that is consistent with the current year. These adjustments have no impact whatsoever on the calculation of leverage ratio.

The following table provides a reconciliation of the total assets in the published balance sheet under accounting and the total leverage exposure (Table LR1) and a breakdown of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by asset class (Table LR3).

**Table LR1: Summary reconciliation of accounting assets and leverage ratio exposures**

<i>In millions of euros</i>		31 Dec 2023	31 Dec 2022
1	Total assets as per published financial statements	18 109	17 377
8	Adjustments for derivative financial instruments	261	300
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1 588	1 437
11	Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(780)	(777)
<b>13</b>	<b>Leverage ratio total exposure measure</b>	<b>19 178</b>	<b>18 337</b>

The following table shows, for exposures other than derivatives and SFTs, the breakdown by exposure class.

**Table LR3: Leverage ratio – Split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

<i>In millions of euros</i>		31 Dec 2023	31 Dec 2022
<b>EU-1</b>	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>17 117</b>	<b>16 181</b>
EU-2	Trading book exposures	-	-
<b>EU-3</b>	<b>Banking book exposures, of which:</b>	<b>17 117</b>	<b>16 181</b>
EU-5	Exposures treated as sovereigns	6 693	5 157
EU-7	Institutions	2 368	2 316
EU-8	Secured by mortgages of immovable properties	618	673
EU-9	Retail exposures	313	291
EU-10	Corporate	4 566	5 002
EU-11	Exposures in default	9	8
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2 550	2 734

## 5 Credit risk

### 5.1 Overview

Credit risk is the consequence resulting from the likelihood that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The credit risk exposure of the Group primarily arises from its lending activity and private equity business. At 31 December 2023, credit risk represents the largest regulatory capital requirement for the Group.

The Group uses the External Credit Assessments Institution ('ECAI') which are external rating agencies designated as eligible by the European Central Bank ('ECB') for the calculation of regulatory capital in accordance with the standardised approach. The agencies used for the capital calculation as of 31 December 2023 are Fitch, Moody's, Standard & Poor's and Banque de France. Under the ECAI method, different risk weights are applied to credit exposures depending on the rating assigned by the credit rating agencies. The assignment of risk weights according to credit ratings is compliant with the regulatory requirements, aligning the alphanumeric scale of each agency used with the credit quality steps, as follows:

#### Credit quality step by rating for credit risk SA

Credit quality step	Fitch	Moody's	S&P	Banque de France
1	AAA, AA	Aaa, Aa	AAA, AA	1+
2	A	A	A	1, 1-
3	BBB	Baa	BBB	2+, 2, 2-
4	BB	Ba	BB	3+, 3, 3-, 4+, 4, 4-, 5+
5	B	B	B	5, 5-, 6+, 6, 6-
6	CCC, CC, C, RD, D	Caa, Ca, C	CCC, CC, R, SD/D	7, 8, P

As of 31 December 2023, ECAI risk assessments are used as the determination of risk weightings for the following classes of exposure:

#### Risk weights by credit quality step for credit risk SA

Credit quality step	Central governments and central banks	Public sector entities	Rated institutions ≤ 3 months maturity	Rated institutions > 3 months maturity	Institutions not rated	Corporates
	1	0%	20%	20%	20%	20%
2	20%	50%	20%	50%	50%	50%
3	50%	100%	20%	50%	100%	100%
4	100%	100%	50%	100%	100%	100%
5	100%	100%	50%	100%	100%	150%
6	150%	150%	150%	150%	150%	150%

In accordance with the standardised approach, exposures to central governments and central banks of the European Economic Area states are risk-weighted at 0% provided that they are denominated and funded in local currency or qualify for that weight by virtue of their external rating.

The banking book securitisation positions, as well as derivatives and repurchase agreements exposed to counterparty risk, are excluded from this section and presented in sections 6 and 7, respectively. In accordance with EBA guidance on disclosures, equity exposures under the standardised approach are included in this section.

The main differences between the carrying amounts of the regulatory balance sheet and the risk exposure amounts used for regulatory purposes are presented in table LI1.

The following table shows the exposure at default values per regulatory exposure class assigned to their standardised risk weights.

Table CR5: Standardised approach – exposures by asset class and risk weight

31 Dec 2023															
<i>in millions of euros</i>															
		0%	20%	35%	50%	70%	75%	100%	150%	250%	Other	EAD	RWA	Unra ted	
1	Central governments or central banks	6 540	-	-	-	-	-	-	-	47	-	6 587	123	3 353	
3	Public sector entities	-	5	-	-	-	-	-	-	-	-	5	3	-	
4	Multilateral development banks	102	-	-	-	-	-	-	-	-	-	102	-	-	
6	Institutions	111	1 259	-	979	-	-	30	-	-	-	2 379	876	95	
7	Corporates	238	228	237	164	47	-	1 963	11	-	-	2 888	2 213	2 157	
8	Retail exposures	-	-	-	-	-	178	-	-	-	-	178	129	177	
9	Exposures secured by mortgages on immovable property	-	-	573	29	-	-	-	-	-	-	602	215	602	
10	Exposures in default	-	-	-	-	-	-	6	3	-	-	9	11	9	
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	1 683	-	-	1 683	2 514	1 675	
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	34	-	-	5	39	92	39	
15	Equity exposures	-	-	-	-	-	-	20	-	-	-	20	20	20	
16	Other items	157	15	-	-	-	-	473	-	-	-	645	476	643	
<b>17</b>	<b>Total</b>	<b>7 148</b>	<b>1 507</b>	<b>810</b>	<b>1 172</b>	<b>47</b>	<b>178</b>	<b>2 526</b>	<b>1 697</b>	<b>47</b>	<b>5</b>	<b>15 137</b>	<b>6 672</b>	<b>8 770</b>	

31 Dec 2022															
<i>in millions of euros</i>															
		0%	20%	35%	50%	70%	75%	100%	150%	250%	Other	EAD	RWA	Unra ted	
1	Central governments or central banks	5 177	-	-	-	-	-	-	-	54	-	5 231	140	54	
3	Public sector entities	-	-	-	5	-	-	-	-	-	-	5	3	-	
4	Multilateral development banks	58	-	-	-	-	-	-	-	-	-	58	-	1	
6	Institutions	27	1 510	-	858	-	-	-	-	-	-	2 395	812	10	
7	Corporates	118	513	751	235	465	1	1 495	18	-	-	3 596	2 316	1 933	
8	Retail exposures	-	-	-	-	-	153	-	-	-	-	153	109	136	
9	Exposures secured by mortgages on immovable property	-	-	619	42	-	-	-	-	-	-	661	237	648	
10	Exposures in default	-	-	-	-	-	-	7	1	-	-	8	9	3	
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	1 745	-	-	1 745	2 617	1 744	
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	47	3	-	-	50	51	50	
15	Equity exposures	-	-	-	-	-	-	37	-	-	-	37	37	37	
16	Other items	30	1	-	-	-	-	465	-	-	-	496	466	496	
<b>17</b>	<b>Total</b>	<b>5 410</b>	<b>2 024</b>	<b>1 370</b>	<b>1 140</b>	<b>465</b>	<b>154</b>	<b>2 051</b>	<b>1 767</b>	<b>54</b>	<b>-</b>	<b>14 435</b>	<b>6 797</b>	<b>5 112</b>	

1. Central governments and central banks: exposures that are risk-weighted at 250% relate to deferred tax assets.
6. Institutions: exposures that are risk-weighted at 0% relate to settlement accounts on securities transactions.
- 7-9. Corporates, retail exposures, exposures secured by mortgages: risk-weighted exposure amount includes adjustment due to SME (Small and medium enterprises) supporting factor.
16. Other items: exposures that are risk-weighted at 0% include amount of guarantee deposits paid and cash in hand.

## 5.2 Credit risk policy and governance

The credit risk management process involves identification, assessment, control and decision-making concerning the credit risk incurred in our operations. It incorporates operational, customer and portfolio factors, together with a comprehensive view of the credit risk cycle.

The Group has a Credit Risk Policy which is reviewed annually by the Group ALCO and the GEC. In conjunction with the Group Risk Appetite Statement, the policy sets out its credit risk appetite, the limits that have been set at the Group level and establishes reporting protocols. It also requires each subsidiary that conducts banking activities to have a credit risk policy that is consistent with the Group Credit Risk Policy and with the requirements of local regulators.

Our policy is that all exposure to credit risk should be managed by detailed analysis of client and counterparty creditworthiness before entering into exposure, and by continued monitoring thereafter. For monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest.

Group Credit is responsible for the monitoring and reporting on the overall level of credit exposure across the Group, including private client lending, corporate lending exposures and Group lending. Group Credit works with the local credit teams in the banking subsidiaries to provide credit expertise and to assess and mitigate credit risk by implementing appropriate procedures for risk management, internal controls and reporting.

Group Finance is responsible for the monitoring and reporting on the treasury counterparty credit risk.

Group Risk is responsible for:

- providing an independent challenge as part of the credit process and monitors the effectiveness of the procedures and controls implemented by the credit teams;
- reporting on the effectiveness of these processes and any other matters it considers appropriate to the GEC and other relevant Group committees;
- reporting and monitoring on the lending exposure against limits and the risks arising from the Group's credit activities to the GEC and other relevant Group committees.

### 5.3 Credit risk mitigation

A significant proportion of the Group's lendings are secured by guarantees from a third-party financial institution or by financial collateral in form of marketable securities. These credit risk mitigation techniques ('CRM') are also used in much of the Group's derivatives transactions and securities financing transactions, such as repos and reverse repos.

Where credit risk mitigation is available in the form of a guarantee or financial guarantee, the exposure is divided into covered and uncovered portions. Guarantees are applied by reallocating the covered portion of exposures to the corresponding asset categories and risk weightings of the guarantors. When the Group uses the financial collateral as a CRM technique, the valuation of this collateral for the calculation of risk-weighted exposure amounts follows the Comprehensive method under CRR. The application of zero volatility adjustments is possible where the eligibility conditions are fulfilled, otherwise, the Group applies supervisory volatility haircuts (including currency mismatch adjustments), which are determined by the type of collateral, its credit quality and liquidation period.

The following table shows a breakdown of unsecured and secured credit risk exposures. The amounts of secured credit risk exposures shown in this table cover all credit risk mitigation techniques recognised under the applicable accounting framework regardless of whether these techniques are recognised under CRR.

**Table CR3: Credit risk mitigation techniques – overview**

<b>31 Dec 2023</b> <i>in millions of euros</i>	<b>Unsecured carrying amount</b>	<b>Secured carrying amount</b>	<b><i>Of which secured by collateral</i></b>
1 Loans and advances	1 327	4 806	4 806
2 Debt securities	3 422	-	-
<b>3 Total</b>	<b>4 749</b>	<b>4 806</b>	<b>4 806</b>

  

<b>31 Dec 2022</b> <i>in millions of euros</i>	<b>Unsecured carrying amount</b>	<b>Secured carrying amount</b>	<b><i>Of which secured by collateral</i></b>
1 Loans and advances	1 488	5 474	5 474
2 Debt securities	3 658	-	-
<b>3 Total</b>	<b>5 146</b>	<b>5 474</b>	<b>5 474</b>

1, 2. Loans and advances and debt securities in this table include those held at amortised cost and held at fair value through profit or loss.



The table below shows the credit risk exposure before and after credit conversion factors and credit risk mitigation obtained in the form of eligible financial collateral, guarantees and credit derivatives based on the exposure at default values in the standardised approach as well as related RWA broken down by regulatory exposure classes and a split in on- and off-balance sheet exposures.

**Table CR4: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects**

31 Dec 2023		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs	RWAs density <sup>1</sup>
		On- balance- sheet	Off- balance- sheet	On- balance- sheet	Off- balance- sheet		
<i>in millions of euros</i>							
1	Central governments or central banks	6 577	-	6 587	-	123	2%
3	Public sector entities	5	-	5	-	3	20%
4	Multilateral development banks	101	-	102	-	-	0%
6	Institutions	3 226	2	2 378	1	876	32%
7	Corporates	4 504	1 016	2 577	311	2 213	77%
8	Retail exposures	391	526	108	70	129	73%
9	Exposures secured by mortgages on immovable property	609	15	597	5	215	36%
10	Exposures in default	15	1	9	-	11	122%
11	Exposures associated with particularly high risk	920	919	919	764	2 514	149%
14	Units or shares in collective investment undertakings	39	-	39	-	92	236%
15	Equity exposures	20	-	20	-	20	100%
16	Other items	644	1	644	1	476	74%
<b>17</b>	<b>Total</b>	<b>17 051</b>	<b>2 480</b>	<b>13 985</b>	<b>1 152</b>	<b>6 672</b>	<b>43%</b>

31 Dec 2022		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs	RWAs density <sup>1</sup>
		On- balance- sheet	Off- balance- sheet	On- balance- sheet	Off- balance- sheet		
<i>in millions of euros</i>							
1	Central governments or central banks	5 214	-	5 231	-	140	3%
3	Public sector entities	5	-	5	-	3	60%
4	Multilateral development banks	57	-	58	-	-	0%
6	Institutions	3 196	15	2 387	8	812	31%
7	Corporates	4 814	840	3 229	367	2 316	64%
8	Retail exposures	530	505	97	56	109	71%
9	Exposures secured by mortgages on immovable property	662	22	656	5	237	36%
10	Exposures in default	15	1	8	-	9	113%
11	Exposures associated with particularly high risk	1 031	881	1 030	715	2 617	150%
14	Units or shares in collective investment undertakings	50	-	50	-	51	102%
15	Equity exposures	37	-	37	-	37	100%
16	Other items	496	-	496	-	466	94%
<b>17</b>	<b>Total</b>	<b>16 107</b>	<b>2 264</b>	<b>13 284</b>	<b>1 151</b>	<b>6 797</b>	<b>47%</b>

1) RWA density is the ratio of the RWAs to the exposures post CCF and post CRM. It provides a synthetic metric on the riskiness of each regulatory exposure class.

## 5.4 Non-performing and forborne exposures

CRR defines non-performing exposures as exposures with material amounts that are more than 90 days past due or exposures where the debtor is assessed as unlikely to pay its credit obligations in full without the realisation of collateral, regardless of the existence of any past due amounts or number days past due. Any of the Group's debtors that are impaired under the applicable accounting framework are always considered as non-performing exposures.

CRR defines forborne exposures as exposures where banks have made concessions toward a debtor that is experiencing or about to experience financial difficulties in meeting its financial commitments. The Group classes loans as forborne when the contractual payment terms are modified because the Group has significant concerns about the borrowers' ability to meet contractual payments when due. Non-payment-related concessions without potential indicators of impairment do not trigger identification as forborne loans. Loans cease to be reported as forborne if they pass three tests:

- the forborne exposure must have been considered to be performing for a probation period of at least two years;
- regular payments of more than an insignificant aggregate amount of principal or interest have been made during at least half of the probation period; and
- no exposure to the debtor is more than 30 days past due at the end of the probation period.

The following tables provide asset quality information of the Group's debt Instruments and off-balance sheet exposures excluding those held for trading broken down by supervisory reporting counterparty classes.

The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation. The gross carrying amount reflects the exposure value including accumulated impairment, provisions and accumulated negative changes due to credit risk for non-performing exposures.

Table CR1: Performing and non-performing exposures and related provisions

31 Dec 2023	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures		Collateral and guarantees	
	Total gross amount	Of which stage 1	Of which stage 2	Total gross amount	Of which stage 2	Of which stage 3	Impairment	Of which stage 1	Of which stage 2	Impairment	Of which stage 3	Performing exposures	Non-performing exposures
<i>In millions of euros</i>													
<b>1 Loans and advances</b>	<b>5 339</b>	<b>5 287</b>	<b>52</b>	<b>74</b>	<b>6</b>	<b>68</b>	<b>(5)</b>	<b>(4)</b>	<b>(1)</b>	<b>(39)</b>	<b>(39)</b>	<b>4 810</b>	<b>29</b>
4 Credit institutions	963	963	-	-	-	-	-	-	-	-	-	869	-
5 Other financial corporations	533	533	-	-	-	-	-	-	-	-	-	330	-
6 Non-financial corporations	764	753	11	53	6	47	(1)	(1)	-	(26)	(26)	659	21
8 Households	3 079	3 038	41	21	-	21	(4)	(3)	(1)	(13)	(13)	2 952	8
<b>9 Debt securities</b>	<b>3 422</b>	<b>3 422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11 General governments	1 849	1 849	-	-	-	-	-	-	-	-	-	-	-
12 Credit institutions	1 161	1 161	-	-	-	-	-	-	-	-	-	-	-
13 Other financial corporations	58	58	-	-	-	-	-	-	-	-	-	-	-
14 Non-financial corporations	354	354	-	-	-	-	-	-	-	-	-	-	-
<b>15 Off-balance-sheet exposures</b>	<b>2 509</b>	<b>2 509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18 Credit institutions	12	12	-	-	-	-	-	-	-	-	-	-	-
19 Other financial corporations	1 839	1 839	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	123	123	-	-	-	-	-	-	-	-	-	-	-
21 Households	535	535	-	-	-	-	-	-	-	-	-	-	-
<b>22 Total</b>	<b>11 270</b>	<b>11 218</b>	<b>52</b>	<b>74</b>	<b>6</b>	<b>68</b>	<b>(5)</b>	<b>(4)</b>	<b>(1)</b>	<b>(39)</b>	<b>(39)</b>	<b>4 810</b>	<b>29</b>

31 Dec 2022	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures		Collateral and guarantees	
	Total gross amount	Of which stage 1	Of which stage 2	Total gross amount	Of which stage 2	Of which stage 3	Impairment	Of which stage 1	Of which stage 2	Impairment	Of which stage 3	Performing exposures	Non-performing exposures
<i>In millions of euros</i>													
<b>1 Loans and advances</b>	<b>6 223</b>	<b>6 170</b>	<b>53</b>	<b>79</b>	<b>6</b>	<b>73</b>	<b>(6)</b>	<b>(6)</b>	<b>-</b>	<b>(43)</b>	<b>(43)</b>	<b>5 474</b>	<b>30</b>
4 Credit institutions	1 218	1 218	-	-	-	-	-	-	-	-	-	913	-
5 Other financial corporations	384	383	1	-	-	-	-	-	-	-	-	166	-
6 Non-financial corporations	963	962	1	52	2	50	(1)	(1)	-	(28)	(28)	831	22
8 Households	3 658	3 607	51	27	4	23	(5)	(5)	-	(15)	(15)	3 564	8
<b>9 Debt securities</b>	<b>3 658</b>	<b>3 658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11 General governments	2 339	2 339	-	-	-	-	-	-	-	-	-	-	-
12 Credit institutions	926	926	-	-	-	-	-	-	-	-	-	-	-
13 Other financial corporations	52	52	-	-	-	-	-	-	-	-	-	-	-
14 Non-financial corporations	341	341	-	-	-	-	-	-	-	-	-	-	-
<b>15 Off-balance-sheet exposures</b>	<b>2 300</b>	<b>2 300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18 Credit institutions	16	16	-	-	-	-	-	-	-	-	-	-	-
19 Other financial corporations	1 612	1 612	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	141	141	-	-	-	-	-	-	-	-	-	-	-
21 Households	531	531	-	-	-	-	-	-	-	-	-	-	-
<b>22 Total</b>	<b>12 181</b>	<b>12 128</b>	<b>53</b>	<b>79</b>	<b>6</b>	<b>73</b>	<b>(6)</b>	<b>(6)</b>	<b>-</b>	<b>(43)</b>	<b>(43)</b>	<b>5 474</b>	<b>30</b>

1. Loans and advances in this table exclude demand deposits and overnight loans with banks.

Table CQ3: Credit quality of performing and non-performing exposures by past due days

31 Dec 2023		Performing exposures			Non-performing exposures					
<i>In millions of euros</i>		Total gross amount	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total gross amount	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Of which defaulted
1	<b>Loans and advances</b>	5 339	5 338	1	74	2	2	-	67	68
4	Credit institutions	963	963	-	-	-	-	-	-	-
5	Other financial corporations	533	533	-	-	-	-	-	-	-
6	Non-financial corporations	764	764	-	53	1	2	-	49	47
8	Households	3 079	3 078	1	21	1	-	-	18	21
9	<b>Debt securities</b>	3 422	3 422	-	-	-	-	-	-	-
11	General governments	1 849	1 849	-	-	-	-	-	-	-
12	Credit institutions	1 161	1 161	-	-	-	-	-	-	-
13	Other financial corporations	58	58	-	-	-	-	-	-	-
14	Non-financial corporations	354	354	-	-	-	-	-	-	-
15	<b>Off-balance-sheet exposures</b>	2 509	-	-	-	-	-	-	-	-
18	Credit institutions	12	-	-	-	-	-	-	-	-
19	Other financial corporations	1 839	-	-	-	-	-	-	-	-
20	Non-financial corporations	123	-	-	-	-	-	-	-	-
21	Households	535	-	-	-	-	-	-	-	-
22	<b>Total</b>	11 270	8 760	1	74	2	2	-	67	68

31 Dec 2022		Performing exposures			Non-performing exposures					
<i>In millions of euros</i>		Total gross amount	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total gross amount	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Of which defaulted
1	<b>Loans and advances</b>	6 223	6 220	3	79	1	2	-	74	72
4	Credit institutions	1 218	1 218	-	-	-	-	-	-	-
5	Other financial corporations	384	384	-	-	-	-	-	-	-
6	Non-financial corporations	963	963	-	52	1	1	-	48	49
8	Households	3 658	3 655	3	27	-	1	-	26	23
9	<b>Debt securities</b>	3 658	3 658	-	-	-	-	-	-	-
11	General governments	2 339	2 339	-	-	-	-	-	-	-
12	Credit institutions	926	926	-	-	-	-	-	-	-
13	Other financial corporations	52	52	-	-	-	-	-	-	-
14	Non-financial corporations	341	341	-	-	-	-	-	-	-
15	<b>Off-balance-sheet exposures</b>	2 300	-	-	-	-	-	-	-	-
18	Credit institutions	16	-	-	-	-	-	-	-	-
19	Other financial corporations	1 612	-	-	-	-	-	-	-	-
20	Non-financial corporations	141	-	-	-	-	-	-	-	-
21	Households	531	-	-	-	-	-	-	-	-
22	<b>Total</b>	12 181	9 878	3	79	1	2	-	74	72

1. Loans and advances in this table exclude demand deposits and overnight loans with banks.

The following table provides information on the development of the Group's non-performing loans and advances.

**Table CR2: Changes in the stock of non-performing loans and advances**

<i>In millions of euros</i>	31 Dec 2023	31 Dec 2022
1 Initial stock of non-performing loans and advances	79	80
3 Outflows from non-performing portfolios	(5)	(1)
6 Final stock of non-performing loans and advances	74	79

The following table shows the net credit exposures split into categories based on the residual contractual maturity.

**Table CR1-A: Maturity of exposures**

31 Dec 2023		<= 1 year	> 1 year <= 5 years	> 5 years	Total carrying amount
<i>In millions of euros</i>					
1 Loans and advances		3 934	1 163	271	5 369
2 Debt securities		2 717	660	45	3 422
3 Total		6 651	1 823	316	8 791

31 Dec 2022		<= 1 year	> 1 year <= 5 years	> 5 years	Total carrying amount
<i>In millions of euros</i>					
1 Loans and advances		4 509	1 441	303	6 253
2 Debt securities		2 662	944	52	3 658
3 Total		7 171	2 385	355	9 911

1. Loans and advances in this table exclude demand deposits and overnight loans with banks.

1, 2. Amounts in this table are net of impairments.

The following table shows asset quality information for forbore exposures broken down by Supervisory Reporting counterparty classes.

The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

**Table CQ1: Credit quality of forbore exposures**

31 Dec 2023		Non-performing forbore exposures	Of which defaulted	Of which impaired	Impairment
<i>In millions of euros</i>					
1 Loans and advances		6	6	6	2
6 Non-financial corporations		6	6	6	2
10 Total		6	6	6	2

31 Dec 2022		Non-performing forbore exposures	Of which defaulted	Of which impaired	Impairment
<i>In millions of euros</i>					
1 Loans and advances		9	9	9	3
6 Non-financial corporations		9	9	9	3
10 Total		9	9	9	3

1. Loans and advances in this table exclude demand deposits and overnight loans with banks.

## 6 Counterparty credit risk

### 6.1 Overview

Counterparty credit risk is the risk a counterparty to a transaction could default before the final settlement of the transaction's cash flows. Across the Group, counterparty credit risk mainly arises from derivatives instruments with almost all of the transactions being vanilla foreign exchange and interest rate products used for hedging purposes and entered into bilaterally with major investment-grade banks. CCR is calculated in both the trading and banking books and is the risk that a counterparty may default before the settlement of the transaction.

In accordance with CRR, four approaches may be used to calculate exposure values for CCR: original exposure, standardised approach ('SA-CCR'), simplified SA-CCR and IMM. Exposure values calculated under these approaches are used to determine RWAs. Under the threshold limit set in CRR, the Group applies the standardised approach, which determines EAD as the replacement cost plus regulatory potential future exposures. The regulatory prescribed measures consider trade maturity, the netting and margin agreement, and collaterals.

The CCR capital requirements of the Group are not material.

### 6.2 Counterparty credit risk management

#### Derivative transactions with banking counterparties

The derivative transactions of the Group are each documented by way of an ISDA netting agreement with a corresponding Credit Support Annex which allows for the daily calling of variation margin and is reviewed daily by the Operation teams. The collateral called for margin purposes is always in the form of cash.

The list of approved banking counterparties with whom derivatives are transacted is reviewed on a weekly basis and their ratings are monitored daily with limits and removed in the event of adverse news or a significant rating downgrade.

#### Derivative transactions with non-banking counterparties

This type of transaction is mostly linked to the derivative instruments stemming from activities on servicing client requirements. They are always perfectly hedged by derivatives with banking counterparties. CCR arising from these transactions is managed within the Group's credit risk mitigation process.

The following table shows the main parameters for the standardised approach for counterparty credit risk used to calculate the exposure at default for derivatives and SFTs. Exposures relevant for credit valuation adjustment (CVA) charges are presented separately in table CCR2.

**Table CCR1: Analysis of CCR exposure by approach**

31 Dec 2023		Potential	Alpha	Exposure	Exposure	Exposure	RWA	
		Replacem	future	used for	value pre-	value		
<i>In millions of euros</i>		ent cost	exposure	exposure	CRM	post-CRM	value	
		(RC)	(PFE)	value				
1	SA-CCR (for derivatives)	110	164	1.4	411	384	384	172
6	<b>Total</b>	<b>110</b>	<b>164</b>		<b>411</b>	<b>384</b>	<b>384</b>	<b>172</b>

  

31 Dec 2022		Potential	Alpha	Exposure	Exposure	Exposure	RWA	
		Replacem	future	used for	value pre-	value		
<i>In millions of euros</i>		ent cost	exposure	exposure	CRM	post-CRM	value	
		(RC)	(PFE)	value				
1	SA-CCR (for derivatives)	262	155	1.4	626	584	584	233
6	<b>Total</b>	<b>262</b>	<b>155</b>		<b>626</b>	<b>584</b>	<b>584</b>	<b>233</b>

The following table provides the counterparty credit risk exposures in the standardised approach broken down by risk weights and regulatory exposure classes.

**Table CCR3: Standardised approach – CCR exposures by regulatory exposure class and risk weights**

31 Dec 2023

<i>In millions of euros</i>	20%	50%	75%	100%	150%	Total
6 Institutions	247	18	-	-	-	265
7 Corporates	1	-	-	102	-	103
8 Retail	-	-	16	-	-	16
<b>11 Total</b>	<b>248</b>	<b>18</b>	<b>16</b>	<b>102</b>	<b>-</b>	<b>384</b>

31 Dec 2022

<i>In millions of euros</i>	20%	50%	75%	100%	150%	Total
6 Institutions	414	17	-	-	-	431
7 Corporates	9	-	-	128	-	137
8 Retail	-	-	16	-	-	16
<b>11 Total</b>	<b>423</b>	<b>17</b>	<b>16</b>	<b>128</b>	<b>-</b>	<b>584</b>

The following table provides a breakdown of all types of collateral posted or received to support or reduce CCR exposures related to derivatives.

**Table CCR5: Composition of collateral for CCR exposures**

31 Dec 2023

<i>In millions of euros</i>	Derivative transactions	
	Received	Posted
1 Cash – domestic currency	73	77
<b>9 Total</b>	<b>73</b>	<b>77</b>

31 Dec 2022

<i>In millions of euros</i>	Derivative transactions	
	Received	Posted
1 Cash – domestic currency	207	68
<b>9 Total</b>	<b>207</b>	<b>68</b>

### 6.3 Credit valuation adjustment

Credit valuation adjustment represents the risk of loss as a result of adverse changes to the credit quality of counterparties in non-centrally cleared derivatives transactions. For the calculation of the Group's CVA capital requirements, the standardised approach is applied.

The following table presents information on the risk-weighting of CVA exposures and RWAs under the standardised approach by the applicable method.

**Table CCR2: Transactions subject to own funds requirements for CVA risk**

31 Dec 2023

<i>In millions of euros</i>	Exposure value	RWA
4 Transactions subject to the standardised method	340	46
<b>5 Total</b>	<b>340</b>	<b>46</b>

31 Dec 2022

<i>In millions of euros</i>	Exposure value	RWA
4 Transactions subject to the standardised method	514	81
<b>5 Total</b>	<b>514</b>	<b>81</b>



## 7 Securitisation

### 7.1 Overview

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having the following characteristics:

- payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- the subordination of tranches determines the distribution of losses during the life of the risk transfer.

The securitisation exposures of the Group are not material and mainly relate to the collateral management service to Collateralised Loan Obligations ('CLO') programs. The type of CLO that the Group is involved in is known as traditional securitisations or true sale securitisation transactions, which are established by the transfer of ownership of the securitised exposures to a securitisation special purpose entity ('SSPE'). The securities issued by the SSPE do not represent payment obligations of the Group.

The applicable accounting rules require the Group to review whether or not the SSPEs need to be consolidated in accordance with IFRS 10. This review process is centralised in Group Finance and the information is disclosed in the Financial Statements.

Within the framework of the securitisation activities, the Group can act as originator or sponsor:

- as an originator, the Group purchases a third party's exposures for its own account and then securitises them by issuing CLO notes. Securitisation exposures arise due to the 5% risk retention requirement under the EU Securitisation Regulation;
- as a sponsor, the Group establishes and manage a CLO programme used to refinance third party assets and consequently, the third party holds the 5% of CLO notes issued as retention holder.

### 7.2 Risk and regulatory framework

The risk management framework for securitisation is part of the Group's credit risk management framework. The business lines represent the first line of defence with responsibility for understanding all the risks incurred in order to ensure correct evaluation. Risk and other support functions act independently, as a second line of defence. Positions taken are monitored to measure changes in individual and portfolio risks. The monitoring of securitised assets covers credit, counterparty, market and liquidity risks on the underlying assets.

From 1 January 2019, the revised EU Securitisation Regulation began to apply for securitisation exposures. It comprises two regulations: the Regulation (EU) 2017/2402 that creates a European framework for simple, transparent and standardised securitisations ('STS') as well as regulation (EU) 2017/2401 where the necessary amendments regarding CRR are adapted.

At 31 December 2023, for the Group's securitisation exposures, the classification as an STS-securitisation is not applied as the effects from the application are marginal.

The hierarchy defined in the EU Securitisation Regulations sets the internal based approach ('SEC-IRBA') at the top if at least 95% of the underlying exposure amounts can be calculated with the SEC-IRBA. If this is not the case the standardised approach ('SEC-SA') is to be used. Only if the SEC-SA is not applicable, the External rating-based approach ('SEC-ERBA') is relevant.

At 31 December 2023, the Group calculates the securitisation capital requirement under the SEC-ERBA, for which the capital requirements are assigned to securitisation tranches based on their external rating<sup>3</sup>. It should be noted that for all securitisations which qualify for a weight of 1 250%, the Group deducts this exposure from CET1 capital.

---

3 The agencies used for the capital calculation as of 31 December 2023 are Fitch, Moody's, Standard & Poor's and Banque de France.

The following table details the total non-trading book securitisation exposure split by exposure type where the Group acts as either originator or sponsor, and positions that have been purchased through investment activities as investor. The amounts reported are the securitised principal notional amounts where no SRT has been achieved else the aggregated regulatory exposure values (EAD) are shown.

**Table SEC1: Securitisation exposures in the non-trading book**

31 Dec 2023										
<i>In millions of euros</i>	STS	Non-STS	Institution acts as originator	STS	Non-STS	Institution acts as sponsor	STS	Non-STS	Institution acts as investor	
1 Total exposure amount	-	45	45	-	-	-	-	12	12	
7 Wholesale underlying	-	45	45	-	-	-	-	12	12	
8 Loans to corporates	-	45	45	-	-	-	-	12	12	

31 Dec 2022										
<i>In millions of euros</i>	STS	Non-STS	Institution acts as originator	STS	Non-STS	Institution acts as sponsor	STS	Non-STS	Institution acts as investor	
1 Total exposure amount	-	43	43	-	-	-	-	11	11	
7 Wholesale underlying	-	43	43	-	-	-	-	11	11	
8 Loans to corporates	-	43	43	-	-	-	-	11	11	

The following table presents, where the Group acts as originator or sponsor, the retained or purchased non-trading book securitisations by risk-weight bands.

**Table SEC3: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor**

31 Dec 2023										
<i>In millions of euros</i>	Exposure values by RW bands					Exposure values under SEC-ERBA	RWA under SEC-ERBA	Capital charge after cap under SEC-ERBA		
	≤20% RW	>20% to 50% RW	>50% to 100% RW		>100% to 125% RW					
			100% RW	125% RW						
1 Total exposure amount	31	6	3	5	45	19	2			
2 Traditional transactions	31	6	3	5	45	19	2			
3 Securitisation	31	6	3	5	45	19	2			
6 Wholesale underlying	31	6	3	5	45	19	2			

31 Dec 2022										
<i>In millions of euros</i>	Exposure values by RW bands					Exposure values under SEC-ERBA	RWA under SEC-ERBA	Capital charge after cap under SEC-ERBA		
	≤20% RW	>20% to 50% RW	>50% to 100% RW		>100% to 125% RW					
			100% RW	125% RW						
1 Total exposure amount	29	5	3	6	43	25	2			
2 Traditional transactions	29	5	3	6	43	25	2			
3 Securitisation	29	5	3	6	43	25	2			
6 Wholesale underlying	29	5	3	6	43	25	2			

The following table presents, where the Group acts as investor, the purchased non-trading book securitisations by risk-weight bands.

**Table SEC4: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor**

31 Dec 2023		Exposure values by RW bands					Exposure values under SEC-ERBA	RWA under SEC-ERBA	Capital charge after cap under SEC-ERBA
<i>In millions of euros</i>		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 125% RW	RW			
1	<b>Total exposure amount</b>	-	-	-	12	12	33	3	
2	Traditional transactions	-	-	-	12	12	33	3	
3	Securitisation	-	-	-	12	12	33	3	
6	Wholesale underlying	-	-	-	12	12	33	3	

31 Dec 2022		Exposure values by RW bands					Exposure values under SEC-ERBA	RWA under SEC-ERBA	Capital charge after cap under SEC-ERBA
<i>In millions of euros</i>		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 125% RW	RW			
1	<b>Total exposure amount</b>	-	-	-	11	11	22	2	
2	Traditional transactions	-	-	-	11	11	22	2	
3	Securitisation	-	-	-	11	11	22	2	
6	Wholesale underlying	-	-	-	11	11	22	2	

The following table presents the outstanding nominal amounts where the Group acts as originator or sponsor along with exposures that have been classified as defaulted and its relating specific credit risk adjustments.

**Table SEC5: Exposures securitised in default and specific credit risk adjustments - institution acting as originator or as sponsor**

31 Dec 2023		Outstanding nominal amount	Of which exposures in default	Specific credit risk adjustments
<i>In millions of euros</i>				
1	<b>Total exposure amount</b>	45	-	-
7	Wholesale underlying	45	-	-
8	Loans to corporates	45	-	-

31 Dec 2022		Outstanding nominal amount	Of which exposures in default	Specific credit risk adjustments
<i>In millions of euros</i>				
1	<b>Total exposure amount</b>	43	-	-
7	Wholesale underlying	43	-	-
8	Loans to corporates	43	-	-

## 8 Market risk

### 8.1 Overview

Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and the correlations between them. The market risk of the Group encompasses risk factors that are defined as follows:

- interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates;
- foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates;
- equity risk arises from changes in the market prices and volatilities of equity shares and/or equity indices;
- commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices.

The market risk of the Group is not material and mainly relates to derivative financial instruments. These derivative transactions are classified in the regulatory trading book under CRR, however, the majority of trading derivatives are contracted to hedge financial assets or financial liabilities for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS.

**Table MR1: Market risk under the standardised approach**

<i>In millions of euros</i>	RWA	
	31 Dec 2023	31 Dec 2022
<b>Outright products</b>		
1 Interest rate risk (general and specific)	69	88
2 Equity risk (general and specific)	-	4
3 Foreign exchange risk	85	82
4 Commodity risk	6	6
<b>9 Total</b>	<b>159</b>	<b>180</b>

### 8.2 Market risk management

#### System for measuring market risk

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

#### System for monitoring market risk

It is the responsibility of senior management within each business in the Group entities to implement risk management systems and controls. They must comply with the Group Risk Framework designed to ensure compliance with the regulations applicable to the Group.

Each material subsidiary that conducts banking activities and has market risk exposures is required, subject to local disclosure rules and regulations, to have a market risk policy approved by the Group ALCO which is consistent with the Group Market Risk Policy and which is in line with the requirements of local regulators.

#### Stress testing of market risk

Given the negligible exposure to market risk on proprietary trading across the group active stress testing is not deemed necessary. The Group and banking subsidiaries do not use internal models to calculate capital requirements for market risk.

## 9 Operational risk

### 9.1 Overview

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks, risks related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risk. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

**Table OR1: Operational risk own funds requirements and risk-weighted exposure amounts**

31 Dec 2023	Relevant indicator			Own funds requirements	Risk weighted exposure amount	
	Year-3	Year-2	Last year			
<i>In millions of euros</i>						
1	Banking activities subject to basic indicator approach (BIA)	2 925	2 965	2 535	421	5 266
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

  

31 Dec 2022	Relevant indicator			Own funds requirements	Risk weighted exposure amount	
	Year-3	Year-2	Last year			
<i>In millions of euros</i>						
1	Banking activities subject to basic indicator approach (BIA)	1 553	2 640	2 639	342	4 273
5	Banking activities subject to advanced measurement approaches AMA	246	285	326	33	433

At 31 December 2023, operational risk-weighted assets increase due to the higher revenues of the year and the harmonisation of the BIA approach across the Group.

### 9.2 Approach adopted

At 31 December 2023, the capital requirement for operational risk is based on the Basic Indicator Approach ('BIA'), calculated as the average over the past three years of a financial aggregate based on net banking income (the exposure indicator) multiplied by a unique alpha parameter set by the regulator (15% weighting).

### 9.3 Operational risk management objectives and policies

The nature of our businesses means that operational risks are most effectively mitigated through the application of rigorous internal procedures and processes, with a particular emphasis on client take-on, identification of conflicts of interest, project-specific appointment letters, formal approval of new products and quality controls in transaction implementation. This is supported by a training program on our procedures and regulatory and compliance issues. The Group manages its operational risks through a variety of techniques, including monitoring of incidents, internal controls, training and various risk mitigation techniques, such as insurance and business continuity planning.

The Group Operational Risk Policy defines roles, responsibilities and accountabilities across the Group for the identification, measurement, monitoring and reporting of operational risks. Risk maps are developed by each business and support unit. One of the objectives of the Group Operational Risk Policy is to ensure that operational risk is managed and reported consistently across the Group. Senior management of each business and support unit is required to:

- identify the operational risks which are material in its business;
- describe the controls in place to mitigate these risks; and
- assess the potential impact of each risk and the likelihood of an event.

Senior management in the operating entities is required to identify, escalate and report operational risk incidents and control weaknesses which give rise to or potentially give rise to financial loss or reputation damage.

## 10 Liquidity risk

### 10.1 Overview

Liquidity risk reflects the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term. Managing liquidity risk is a crucial element in ensuring the future viability and prosperity of the Group. The Group adopts a conservative approach to liquidity risk and its management and has designed its approach in the overall context of our strategy.

### 10.2 Governance

In line with the directions given by the Managing Partners, the Group ALCO is granted authority for the development and oversight of the implementation of the liquidity strategy, the approval of the Group liquidity risk policy and limits, and the implementation of reasonable steps to ensure these are consistent with our risk appetite.

Within this framework, the Group 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;
- evaluates the results of stress testing on the liquidity profile and is responsible for the invocation of any Contingency Funding Plan (CFP) measures if necessary.

Group Risk is responsible for monitoring the Group's liquidity risk, preparing periodic reports on it for the GEC, the Rothschild & Co Risk Committee and the Group ALCO and verifying the appropriateness of stress testing in consultation with Group Finance.

The Rothschild & Co Risk Committee are responsible for regularly reviewing the Group's liquidity risk identification, measurement, monitoring and control policies and procedures.

The Rothschild & Co Supervisory Board is required to approve material changes to the Group Liquidity Risk Policy.

### 10.3 Liquidity risk management

#### Measurement

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. Each banking subsidiary must have in place a liquidity risk policy which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled.

The Group has a low appetite for liquidity risk and when investing its liquidity, each banking subsidiary is required to comply with the Treasury Liquidity Investment policy. The policy sets parameters on the type and quantum of liquidity investments that can be made and investments can only be made subject to these parameters and in compliance with all internal and external liquidity limits and regulatory requirements.

Each entity performs annual stress testing and forecasting relative to business plans and stress scenarios with the results assessed by each banking subsidiary Treasury Committee and the Group ALCO.

#### Monitoring

It is the responsibility of senior management within each business in the Group to implement risk management systems and controls which comply with the Group Risk Framework designed to ensure compliance with CRR.

Each of these banking subsidiaries manages liquidity risk on a stand-alone basis in accordance with its defined individual risk appetite and according to policies and limits approved by the Rothschild & Co Group ALCO and the Rothschild & Co Supervisory Board in addition to any applicable local regulatory liquidity guidance and limits. Liquidity risk is therefore primarily monitored through a range of liquidity measures applicable to each banking subsidiary. Liquidity risk is also

monitored on an aggregated basis for the Group to ensure compliance with regulatory and internal limits and to ensure Group liquidity risk is in line with the risk appetite.

The Group and all banking subsidiary liquidity risk policies are reviewed annually and follow the governance processes defined within the respective policies.

## 10.4 Liquidity Coverage Ratio

The Liquidity Coverage Ratio aims to ensure that banks hold sufficient liquid assets or cash to survive a significant stress scenario combining a market crisis and a specific crisis and lasting for one month. The following table presents the Group's quarterly LCR calculated as the rolling average of the twelve latest month-end measures.

Table LIQ1: Liquidity coverage ratio

		31 Dec 2023		30 Sep 2023		30 Jun 2023		31 Mar 2023		31 Dec 2022	
		Gross amount	LCR amount	Gross amount	LCR amount	Gross amount	LCR amount	Gross amount	LCR amount	Gross amount	LCR amount
<i>in millions of euros</i>											
1	Total high-quality liquid assets (HQLA)	6 081	6 013	5 798	5 726	5 796	5 723	5 788	5 716	5 977	5 910
2	Retail deposits and deposits from small business customers	3 872	613	4 352	690	4 895	781	5 275	848	5 564	902
3	Stable deposits	349	17	378	19	395	20	405	20	411	21
4	Less stable deposits	3 523	596	3 974	671	4 500	761	4 870	828	5 152	881
5	Unsecured wholesale funding	6 780	3 062	6 481	2 951	6 258	2 900	6 038	2 819	5 953	2 767
6	Operational deposits and deposits in networks of cooperative banks	810	200	842	208	954	236	1 012	251	1 090	270
7	Non-operational deposits	5 970	2 861	5 640	2 743	5 304	2 664	5 026	2 569	4 864	2 497
9	Secured wholesale funding	31	31	36	36	43	43	52	52	45	45
10	Additional requirements	1 436	243	1 323	169	1 260	144	1 203	137	1 127	122
11	Outflows related to derivative exposures and other collateral requirements	111	111	39	39	16	16	16	16	13	13
13	Credit and liquidity facilities	1 325	132	1 284	130	1 245	128	1 187	121	1 114	110
14	Other contractual funding obligations	96	10	98	10	101	10	103	10	94	10
15	Other contingent funding obligations	74	-	65	-	48	-	29	-	8	-
16	Total cash outflows	12 289	3 959	12 356	3 855	12 605	3 878	12 700	3 867	12 791	3 846
17	Secured lending (eg reverse repos)	418	112	399	108	393	86	371	76	331	55
18	Inflows from fully performing exposures	1 603	1 061	1 554	1 017	1 623	1 082	1 636	1 117	1 635	1 129
19	Other cash inflows	82	82	68	68	58	58	48	48	60	60
20	Total cash inflows	2 103	1 255	2 021	1 193	2 074	1 226	2 056	1 241	2 025	1 244
21	Liquidity buffer		6 013		5 726		5 723		5 716		5 910
22	Total net cash outflows		2 704		2 662		2 652		2 626		2 602
23	Liquidity coverage ratio (%)		223%		215%		217%		218%		228%



## 10.5 Net Stable Funding Ratio

CRR introduces the Net Stable Funding Ratio as a one-year structural liquidity ratio, which is the subject of a 100% minimum requirement. NSFR aims to ensure that assets and financing commitments considered over one year are financed by resources over one year.

Table LIQ2: Net Stable Funding Ratio

<i>In millions of euros</i>	Unweighted value			Weighted value 31 Dec 2023	Unweighted value*			Weighted value 31 Dec 2022
	< 6 months	6 months to < 1yr	≥ 1yr		< 6 months	6 months to < 1yr	≥ 1yr	
<b>1 Capital items and instruments</b>	<b>183</b>	<b>-</b>	<b>3 096</b>	<b>3 096</b>	<b>105</b>	<b>-</b>	<b>3 460</b>	<b>3 460</b>
2 Own funds	-	-	3 096	3 096	-	-	3 460	3 460
3 Other capital items	183	-	-	-	105	-	-	-
<b>4 Retail deposits</b>	<b>3 988</b>	<b>279</b>	<b>26</b>	<b>3 879</b>	<b>4 935</b>	<b>-</b>	<b>-</b>	<b>4 462</b>
5 Stable deposits	255	-	-	242	399	-	-	379
6 Less stable deposits	3 733	279	26	3 637	4 536	-	-	4 083
<b>7 Wholesale funding</b>	<b>7 535</b>	<b>321</b>	<b>289</b>	<b>3 865</b>	<b>5 704</b>	<b>50</b>	<b>279</b>	<b>2 776</b>
8 Operational deposits	927	-	-	463	1 257	-	-	399
9 Other wholesale funding	6 608	321	289	3 402	4 447	50	279	2 377
<b>11 Other liabilities</b>	<b>1 810</b>	<b>-</b>	<b>471</b>	<b>471</b>	<b>2 021</b>	<b>-</b>	<b>487</b>	<b>487</b>
12 NSFR derivative liabilities	88	-	-	-	180	-	-	-
13 All other liabilities and capital instruments not included in the above categories	1 722	-	471	471	1 841	-	487	487
<b>14 Total available stable funding (ASF)</b>	<b>13 516</b>	<b>600</b>	<b>3 882</b>	<b>11 311</b>	<b>12 765</b>	<b>50</b>	<b>4 226</b>	<b>11 185</b>
<b>Required stable funding (RSF) Items</b>								
15 Total high-quality liquid assets (HQLA)	6 649	-	-	131	5 300	-	-	84
16 Deposits held at other financial institutions for operational purposes	6	-	-	3	5	-	-	3
<b>17 Performing loans and securities</b>	<b>4 706</b>	<b>767</b>	<b>3 350</b>	<b>4 894</b>	<b>4 627</b>	<b>1 169</b>	<b>3 859</b>	<b>5 405</b>
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	869	-	-	25	913	-	-	26
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	985	38	45	163	1 147	18	4	128
20 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs	2 259	517	1 389	2 529	2 312	842	1 714	2 995
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	593	212	1 916	2 177	255	309	2 141	2 256
<b>26 Other assets</b>	<b>1 069</b>	<b>-</b>	<b>1 531</b>	<b>1 804</b>	<b>939</b>	<b>-</b>	<b>1 441</b>	<b>1 696</b>
27 Physical traded commodities	-	-	116	99	-	-	71	61
30 NSFR derivative liabilities before deduction of variation margin posted	225	-	-	44	325	-	-	37
31 All other assets not included in the above categories	844	-	1 415	1 661	614	-	1 370	1 598
32 Off-balance sheet items	304	312	1 854	124	178	249	1 862	114
<b>33 Total RSF</b>	<b>12 734</b>	<b>1 079</b>	<b>6 735</b>	<b>6 956</b>	<b>11 049</b>	<b>1 418</b>	<b>7 162</b>	<b>7 302</b>
<b>34 Net Stable Funding Ratio (%)</b>				<b>163%</b>				<b>153%</b>

\* The comparable amounts have been adjusted to be presented in a way that is consistent with the current year. These adjustments have no impact whatsoever on the calculation of NSFR.

## 11 Other risks

### 11.1 Large exposures

Large exposures requirement is the regulatory measurement of the Group's concentration risk. It limits the maximum loss that the Group could face in the event of a single counterparty failure to a level that does not endanger our solvency. In accordance with CRR, the Group measures its exposures to a single counterparty or a group of connected counterparties and limits the size of large exposures to 25% of Tier 1 capital.

At 31 December 2023, the Group does not have capital requirements arising from large exposures that exceed the limits in accordance with CRR.

### 11.2 Exposures to interest rate risk on positions not included in the trading book

Interest rate risk in the banking book ('IRRBB') is the risk of an adverse impact to earnings or capital due to changes in market interest rates. It is generated by the non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent.

EVE sensitivities represent the expected movement in Economic Value of Equity ('EVE') resulting from pre-specified interest rate shocks, with all other economic variables held constant. EVE represents the present value of future banking book cash flows that could be distributed to equity providers under a managed run-off scenario. This analysis helps assess the economic capital required to support interest rate risk in the banking book and provides a comprehensive view of the potential long-term effects of changes in interest rates.

The sensitivity of Net Interest Income ('NII') sensitivities involve applying varying interest rate scenarios to a static balance sheet, with all other economic variables held constant. NII reflects the bank's earnings sensitivity to changes in market interest rates and is assessed over 1-year.

The Group mandates that each of its banking entities independently manages interest rate risk in accordance with their respective risk appetites and approved limits set by the Group ALCO. Quarterly calculations of IRRBB are conducted for the relevant entities, with results reported to the Group ALCO. Additionally, all IRRBB assumptions undergo annual review by the relevant treasury committees and subsequent approval by the Group ALCO.

The table below presents the results of EVE stress tests, expressed as a percentage of Tier 1 capital, on a consolidated basis for the Group, across prescribed stress scenarios. Overall, the Group demonstrates a low level of interest rate risk, considering the severity of the applied stresses.

**Table IRRBB1: Interest rate risks of non-trading book activities**

#### Changes of the economic value of equity

<i>In millions of euros</i>		31 Dec 2023	31 Dec 2022
1	Parallel up	(1.4%)	(1.4%)
2	Parallel down	1.1%	1.0%
3	Steeper	(0.4%)	(0.4%)
4	Flattener	0.1%	(0.1%)
5	Short rates up	(0.3%)	(0.4%)
6	Short rates down	0.2%	0.3%

## 12 Remuneration

The under noted remuneration disclosures have been drafted in accordance with Article 450 of the amended CRR, with consideration for the size, internal organisation and nature, scope and complexity of our activities.

### 12.1 Remuneration policy, principles, practices and procedures

The R&Co Group's remuneration policies, practices and procedures are documented in a Remuneration Policy document.

The Policy outlines, among other things, the governance framework for remuneration matters, the way in which Material Risk Takers ('MRTs') are identified and remunerated, the definition of fixed and variable remuneration and the appropriate ratios between the two, the performance measures used in determining variable remuneration including adjustments for current and potential risks and the Group's approach to guaranteed bonuses, retention awards and severance pay.

There were no material updates to the Policy during the course of 2023 in relation to the remuneration requirements of Directive 2013/36/EU of the European Parliament and of the Council ('CRD').

### 12.2 Decision-making process for remuneration policy as at 31 December 2023

The R&Co Group has a Remuneration and Nomination Committee (the 'Committee') which reports to the Supervisory Board to assist the Supervisory Board with its remuneration related duties and in particular with the preparation of its decisions aimed at deciding R&Co Group's remuneration policy principles. Specifically, as laid out in its terms of reference, the Committee is notably responsible for:

- Reviewing the principles and parameters of remuneration policy for the Group as a whole taking into account all factors which it deems necessary including the Group's strategy from time to time;
- Reviewing the broad policy framework for the remuneration of Rothschild & Co Gestion, the GEC and more generally the principles of the remuneration policy applicable to MRTs identified across the Group under all applicable remuneration regulations;
- Reviewing the nature and scale of the Group's short and long term incentive performance arrangements with consideration for (i) the objective to encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects, (ii) risk-adjusted returns, current business circumstances and business strategy;
- Reviewing the total remuneration awarded across the Group, with consideration for the current and future risks of the business. In doing so, the Group will rely upon the support of input from independent control functions;
- Directly overseeing and reviewing the remuneration awarded to senior members of the Compliance, Internal Audit and Risk divisions and, where appropriate, the employment and remuneration arrangements of Rothschild & Co Gestion, the GEC and, more generally, MRTs;
- Reviewing any significant disclosures on remuneration (due to regulation or otherwise) to be made available to external stakeholders, including shareholders, regulators and the public;
- Undertaking any other remuneration related obligation placed upon the Remuneration and Nomination Committee by either the head regulator or a local regulator in entities subject to CRR or other regulations. This includes regularly reviewing applicable regulations (through trainings as appropriate) with a view to carrying its missions as set out above;
- Conducting an annual review of the remuneration, indemnities and benefits of any kind granted to Rothschild & Co Gestion as Statutory Managing Partner (gérant) and its Executive Chairman; and
- Reviewing the remuneration policy applicable to members of the Supervisory Board, including its Chair, including the overall cap on annual fees payable to Supervisory Board members.
- As at 31 December 2023, the Committee was composed of four members: Sylvain Héfès (chairman), Sir Peter Estlin, Véronique Weill and Fabrice Guillard.

The Committee met five times during 2023 to discharge these responsibilities.

Only members of the Committee are entitled to attend the meetings. However, other individuals including the Executive Body, Human Resource executives, the Group Chief Financial Officer, Group Chief Risk Officer, Group Head of Legal and Compliance and Group Head of Internal Audit, members of Senior Business Management and any other person whose presence is useful for the work of the Remuneration and Nomination Committee (including external advisors) may be invited to attend all or part of any meeting as and when appropriate if so required by the Committee.

No R&Co Group employee is permitted to participate in discussions or decisions of the Committee relating to his or her remuneration.

### External consultants

The Committee's work during the year was informed by independent professional advice on remuneration issues from external consultants, in particular Linklaters. The external consultants provided advice on the interpretation and application to the Group of new remuneration regulations as well as updates to and the application of the remuneration policy which informed the management decisions reviewed by the Committee.

### Role of the relevant stakeholders

The Committee takes full account of the R&Co Group's strategic objectives in setting its remuneration policy and is mindful of its duties to shareholders and other stakeholders. The Committee seeks to preserve shareholder value by supporting the effective retention and motivation of employees.

### Material risk takers criteria

MRTs are identified on a consolidated and individual basis using appropriate criteria, which are based upon criteria set out in Article 92(3) of CRD and the EBA Regulatory Technical Standard on the identification of Material Risk Takers (Commission Delegated Regulation 2021/923).

## 12.3 The link between pay and performance

Remuneration is made up of fixed compensation (i.e. salary and cash allowances) and incentive or variable remuneration.

Performance is central to the determination of annual incentive pools and individual variable remuneration awards.

### Performance measurement

Incentive pools are set having regard to a number of performance measures including revenues, pre-compensation profit and appropriate levels of shareholder return and bearing in mind market conditions, general economic conditions, the risk profile of, and risk taken by the R&Co Group, market remuneration trends and staff retention.

The measurement of performance used to set incentive pools takes account of the return to shareholders and return on capital as well as liquidity requirements. It also includes adjustment for current and potential risks as follows:

- Financial performance measures are after the deduction of the full impairment of financial instruments and other assets where under the business unit's control;
- Management accounts include full provision for all remuneration costs whether deferred or current;
- Any significant contingencies are drawn to the attention of the Committee;
- With respect to receivable advisory fees, the collectability of the fee is highlighted if the fees were material in the determination of the variable remuneration pool;
- Where necessary, the Group's Chief Finance Officer and Group Chief Risk Officer highlight any risk positions which the Committee should take into account when setting variable remuneration pools; and
- Fees are included in a financial period's results when they have been earned.

Individual variable remuneration awards reflect individual performance, which is assessed through the R&Co Group's annual performance process as well as business unit and R&Co Group performance.

Individual performance assessment takes into account financial measures and non-financial measures such as contribution measured against pre-set personal and technical competencies, effective risk management, compliance with the regulatory system and behaviours that support the R&Co Group's values and guiding principles.

There is strong central oversight of variable remuneration pools and individual awards. Overall annual remuneration expense is reviewed every year by the Committee. There is clear individual differentiation to ensure that the best performers are rewarded and in the financial year ended 31 December 2023 a number of staff received no variable remuneration awards.

## 12.4 Design and structure of remuneration for Material Risk Takers

### Fixed compensation

Executives and staff receive fixed compensation and non-executives receive fees. These amounts primarily reflect their role, market value and level of responsibility. The structure of the remuneration package is such that the fixed element is sufficiently large to enable the R&Co Group to operate a truly flexible variable remuneration policy.

### Variable compensation

#### *ELIGIBILITY CRITERIA*

All MRTs, with the exception of non-executive directors, are eligible to participate in the R&Co Group's discretionary annual bonus scheme. Annual variable remuneration awards are designed to reward performance in line with the business strategy, objectives, values and long-term interests of the R&Co Group and its subsidiaries while taking account of the R&Co Group's risk appetite.

#### *DEFERRAL AND NON-CASH AWARDS*

The variable remuneration of MRTs identified on a consolidated basis is subject to the remuneration provisions as set out in out in Article 94 of CRD as interpreted by the ACPR. These include:

- Application of the variable remuneration capping requirements (a ratio of variable remuneration not exceeding 200% (or in the case of control functions 100%) of the fixed remuneration having been agreed in accordance with the Article 94(1)(g) of CRD);
- Deferring at least 40% of a MRT's variable remuneration (above the de-minimis threshold) over a period of at least four years, plus a holding period, post vesting, of twelve months;
- Delivering at least 50% of a MRTs variable remuneration, for those above the de-minimis threshold, in shares or share linked instruments;
- Ensuring MRTs have their variable remuneration subject to malus and clawback adjustment as appropriate in accordance with the R&Co Group's Malus and Clawback Policy.

In accordance with Article 94(3)(a) and (b) (respectively) of CRD, a proportionate approach is applied when determining the level of deferral and non-cash instrument that should be awarded as part of the variable remuneration of MRTs identified whose remuneration is below the specified thresholds.

### Other payments

Guaranteed bonuses are only awarded in exceptional circumstances, in the context of hiring a new employee and are limited to the first year of service. Severance Awards are only awarded in certain specified circumstances and after taking into account various factors including the employee's performance and contribution to the R&Co Group over the period of employment as well as any impact that their actions may have had on the R&Co Group's financial position or reputation.

The policies regarding guaranteed bonuses and severance awards apply to payments made to any employee regardless of whether or not they are classified as an MRT.

## 12.5 Control functions

Employees engaged in control functions are independent from the business units they oversee and have appropriate authority.

Human Resources reviews the remuneration of employees in control functions ensuring that remuneration proposals are determined with reference to objectives that relate to their respective functions and not to the performance of the business units they oversee.

The remuneration of the heads of the control functions, the Group Chief Financial Officer and the Group Human Resources Director is directly overseen by the Remuneration and Nomination Committee.

## 12.6 Remuneration expenditure for Material Risk Takers for the year ended 31 December 2023

Total remuneration awarded to MRTs identified on a consolidated basis for the period ended 31 December 2023 was €83.2 million.

Appendix III provides further information on the breakdown of the total remuneration awarded to MRTs.

## Appendix I – Countercyclical capital buffer

The following tables disclose the amount of the institution’s specific countercyclical buffer as well as the geographical distribution of credit exposures relevant for its calculation in the standard format as set out in Commission Delegated Regulation (EU) 2015/1555. The geographical split table shows countries on an individual basis if they impose a countercyclical capital buffer rate or their total own funds requirements exceed €5m. The values for the remaining countries are shown as “Rest of the world”.

Countercyclical capital buffer rates are determined by Basel Committee member jurisdictions, respectively. Institution specific countercyclical capital buffer varies according to the percentage of risk-weighted assets. The “General credit exposures” comprise only credit exposures to the private sector, excluding exposures to the public sector and institutions, while the “Trading book exposures” contain market risk exposures to these sectors.

**Table CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer**

31 Dec 2023		Relevant credit exposures			Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights	Counter-cyclical buffer rate
		Credit risk under SA	Market risk under SA	Total	General credit exposures	Trading book exposures	Total			
<i>In millions of euros</i>										
1	France	3 529		3 529	130		130	1 625	28%	0.50%
2	Luxembourg	1 552		1 552	139		139	1 738	30%	0.50%
3	United Kingdom	1 703		1 703	73		73	913	16%	2.00%
4	Switzerland	603		603	12		12	150	3%	0.00%
5	United States	356		356	36		36	450	8%	0.00%
6	Jersey	232		232	4		4	50	1%	0.00%
7	Germany	149		149	14		14	175	3%	0.75%
8	Spain	75		75	2		2	25	0%	0.00%
9	Netherlands	93		93	4		4	50	1%	0.00%
10	Italy	80		80	3		3	38	1%	0.00%
11	Rest of the world	1 399		1 399	50		50	625	11%	0.39%
12	<b>Total</b>	<b>9 771</b>		<b>9 771</b>	<b>467</b>		<b>467</b>	<b>5 838</b>	<b>100%</b>	<b>0.66%</b>

31 Dec 2022		Relevant credit exposures			Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights	Counter-cyclical buffer rate
		Credit risk under SA	Market risk under SA	Total	General credit exposures	Trading book exposures	Total			
<i>In millions of euros</i>										
1	France	3 732		3 732	156		156	1 950	32%	0.00%
2	Luxembourg	1 613		1 613	134		134	1 675	28%	0.50%
3	United Kingdom	1 509		1 509	76		76	950	16%	1.00%
4	Switzerland	627		627	12		12	150	2%	0.00%
5	United States	294		294	25		25	313	5%	0.00%
6	Jersey	279		279	6		6	75	1%	0.00%
7	Germany	201		201	18		18	225	4%	0.00%
8	Spain	113		113	3		3	38	1%	0.00%
9	Netherlands	107		107	5		5	63	1%	0.00%
10	Italy	77		77	5		5	63	1%	0.00%
11	Rest of the world	1 474		1 474	42		42	525	9%	0.12%
12	<b>Total</b>	<b>10 026</b>		<b>10 026</b>	<b>482</b>		<b>482</b>	<b>6 025</b>	<b>100%</b>	<b>0.31%</b>



## Appendix II – Asset encumbrance

In line with the EBA technical standards on regulatory asset encumbrance, the encumbered assets of the Group primarily comprise those on- and off-balance sheet assets that are pledged as collateral against secured funding, initial margins and derivative margin receivable assets, as well as other assets pledged which cannot be freely withdrawn such as mandatory minimum reserves at central banks.

The following tables set out a breakdown of on- and off-balance sheet items, broken down between encumbered and unencumbered. Any securities borrowed or purchased under resale agreements are shown based on the fair value of collateral received. Following the European Commission’s disclosure guidance for asset encumbrance, the Group has introduced the asset quality indicator concept “high-quality liquid assets” (‘HQLA’) as defined under the Delegated Act on Liquidity Coverage Ratio.

At 31 December 2023, €280m of the Group’s on-balance sheet assets were encumbered. These assets primarily relate to repo operations and cash collateral for derivative margin requirements.

**Table AE1: Encumbered and unencumbered assets**

31 Dec 2023	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA
<i>In millions of euros</i>								
<b>1 Total assets</b>	<b>280</b>	<b>-</b>			<b>17 829</b>	<b>6 317</b>		
2 Loans on demand	86	-			4 467	-		
3 Equity instruments	62	-	62	-	1 354	-	1 354	-
4 Debt securities	132	-	132	-	3 290	1 765	3 290	1 765
7 of which: general governments	84	-	84	-	1 765	1 765	1 765	1 765
8 of which: financial corporations	49	-	49	-	1 171	-	1 171	-
9 of which: non-financial corporations	-	-	-	-	354	-	354	-
10 Other assets	-	-	-	-	8 718	4 552	-	-

31 Dec 2022	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA
<i>In millions of euros</i>								
<b>1 Total assets</b>	<b>353</b>	<b>-</b>			<b>17 023</b>	<b>4 861</b>		
2 Loans on demand	68	-			2 454	-		
3 Equity instruments	76	-	76	-	1 752	-	1 752	-
4 Debt securities	209	-	209	-	3 449	2 339	3 449	2 339
7 of which: general governments	-	-	-	-	2 339	2 339	2 339	2 339
8 of which: financial corporations	155	-	155	-	823	-	823	-
9 of which: non-financial corporations	54	-	54	-	287	-	287	-
10 Other assets	-	-	-	-	9 368	2 522	-	-

Table AE2: Collateral received and own debt securities issued

31 Dec 2023	Fair value of encumbered collateral received		Fair value of collateral received available for encumbrance	
	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA
<i>In millions of euros</i>				
1 Collateral received	125	-	773	375
3 Equity instruments	125	-	398	-
4 Debt securities	-	-	375	375
7 of which: issued by general governments	-	-	375	375
13 Total assets, collateral received and own debt securities issued	125	-	18 602	375

31 Dec 2022	Fair value of encumbered collateral received		Fair value of collateral received available for encumbrance	
	Total	of which: EHQLA and HQLA	Total	of which: EHQLA and HQLA
<i>In millions of euros</i>				
1 Collateral received	175	-	739	402
3 Equity instruments	175	-	287	-
4 Debt securities	-	-	452	402
7 of which: issued by general governments	-	-	402	402
8 of which: issued by financial corporations	-	-	49	-
13 Total assets, collateral received and own debt securities issued	175	-	17 762	-

The below table shows selected amounts for encumbered on- and off-balance sheet assets against the corresponding liabilities that have given rise to the encumbrance. These include assets pledged for derivatives margin, collateral required for repurchase agreements, and the ECB's Targeted Longer Term Refinancing Operation.

Table AE3: Sources of encumbrance

31 Dec 2023	Matching liabilities	Assets and collateral received
<i>In millions of euros</i>		
1 Carrying amount of selected financial liabilities	405	405

31 Dec 2022	Matching liabilities	Assets and collateral received
<i>In millions of euros</i>		
1 Carrying amount of selected financial liabilities	529	529

## Appendix III – Additional tables

The following table shows the main features of the Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments issued by Rothschild & Co SCA as of 31 December 2023.

**Table CCA: Main features of regulatory own funds instruments and eligible liabilities instruments**

<b>Capital instrument</b>		
1	Issuer	ROTHSCHILD & CO SCA
2	ISIN	FR0000031684
3	Governing law(s) of the instrument	French law
<b>Regulatory treatment</b>		
4	Transitional CRR rules	Core Equity Tier 1
5	Post-transitional CRR rules	Core Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub) consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary share
8	Amount recognised in regulatory capital	EUR 154m
9	Nominal amount of instrument	EUR 154m
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	N/A
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
<b>Coupons / dividends</b>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
30	Write-down features	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No

The following tables provide information on the fixed and variable remuneration awarded during the financial year 2023, details of any special payments made, and information on a bank's total outstanding deferred and retained remuneration.

**Table REM1: Remuneration awarded for the financial year**

31 Dec 2023 <i>In millions of euros</i>		MB Management function & Other senior management			Other identified staff
		MB Supervisory function			
<b>Fixed remuneration</b>					
1	Number of identified staff	23	15		94
2	<b>Total fixed remuneration</b>	<b>4.0</b>	<b>20.7</b>		<b>20.3</b>
3	<i>Of which: cash-based</i>	4.0	20.7		20.3
<b>Variable remuneration</b>					
9	Number of identified staff	15	16		100
10	<b>Total variable remuneration</b>	<b>2.5</b>	<b>19.8</b>		<b>15.7</b>
11	<i>Of which: cash-based</i>	1.3	9.9		7.9
12	<i>Of which: deferred</i>	0.6	5.4		3.3
EU-13a	<i>Of which: shares or equivalent ownership interests</i>	0.6	5.4		3.3
EU-14a	<i>Of which: deferred</i>	0.6	5.4		3.3
EU-13b	<i>Of which: share-linked instruments or equivalent non-cash instruments</i>	0.6	4.5		4.5
17	<b>Total</b>	<b>6.5</b>	<b>40.5</b>		<b>36.1</b>

31 Dec 2022 <i>In millions of euros</i>		MB Management function & Other senior management			Other identified staff
		MB Supervisory function			
<b>Fixed remuneration</b>					
1	Number of identified staff	15	16		100
2	<b>Total fixed remuneration</b>	<b>1.5</b>	<b>21.5</b>		<b>16.9</b>
3	<i>Of which: cash-based</i>	1.5	21.5		16.9
<b>Variable remuneration</b>					
9	Number of identified staff	15	16		100
10	<b>Total variable remuneration</b>	<b>0.5</b>	<b>31.4</b>		<b>15.3</b>
11	<i>Of which: cash-based</i>	0.3	15.7		7.8
12	<i>Of which: deferred</i>	0.1	8.7		3.0
EU-13a	<i>Of which: shares or equivalent ownership interests</i>	0.1	8.7		3.0
EU-14a	<i>Of which: deferred</i>	0.1	8.7		3.0
EU-13b	<i>Of which: share-linked instruments or equivalent non-cash instruments</i>	0.1	7.0		4.4
17	<b>Total</b>	<b>2.1</b>	<b>52.9</b>		<b>32.2</b>

**Table REM2: Special payments to staff whose professional activities have a material impact on institutions' risk profile**

<b>31 Dec 2023</b>		<b>MB Supervisory function</b>	<b>MB Management function &amp; Other senior management</b>	<b>Other identified staff</b>
<i>In millions of euros</i>				
<b>Severance payments awarded during the financial year</b>				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	2
7	Severance payments awarded during the financial year - Total amount	-	-	0.3
8	<i>Of which paid during the financial year</i>	-	-	0.3
11	<i>Of which highest payment that has been awarded to a single person</i>	-	-	0.2

<b>31 Dec 2022</b>		<b>MB Supervisory function</b>	<b>MB Management function &amp; Other senior management</b>	<b>Other identified staff</b>
<i>In millions of euros</i>				
<b>Severance payments awarded during the financial year</b>				
6	Severance payments awarded during the financial year - Number of identified staff	1	-	3
7	Severance payments awarded during the financial year - Total amount	0.3	-	0.3
8	<i>Of which paid during the financial year</i>	0.3	-	0.3
11	<i>Of which highest payment that has been awarded to a single person</i>	0.3	-	0.1

Table REM3: Deferred remuneration

31 Dec 2023		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year
<i>In millions of euros</i>					
<b>1</b>	<b>MB Supervisory function</b>	<b>4.9</b>	<b>1.8</b>	<b>3.1</b>	<b>1.8</b>
2	Cash-based	1.3	0.3	1.0	0.3
3	Shares or equivalent ownership interests	3.6	1.5	2.1	1.5
<b>7</b>	<b>MB Management function &amp; Other senior management</b>	<b>36.9</b>	<b>12.3</b>	<b>24.6</b>	<b>12.3</b>
8	Cash-based	12.3	2.9	9.4	2.9
9	Shares or equivalent ownership interests	24.6	9.4	15.2	9.4
<b>13</b>	<b>Other identified staff</b>	<b>18.4</b>	<b>4.6</b>	<b>13.7</b>	<b>4.6</b>
14	Cash-based	10.2	2.0	8.2	2.0
15	Shares or equivalent ownership interests	8.2	2.6	5.5	2.6
<b>19</b>	<b>Total</b>	<b>60.2</b>	<b>18.8</b>	<b>41.4</b>	<b>18.8</b>

31 Dec 2022		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year
<i>In millions of euros</i>					
<b>1</b>	<b>MB Supervisory function</b>	<b>0.5</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>
2	Cash-based	0.2	0.1	0.2	0.1
3	Shares or equivalent ownership interests	0.2	0.1	0.2	0.1
<b>7</b>	<b>MB Management function &amp; Other senior management</b>	<b>36.0</b>	<b>11.2</b>	<b>24.8</b>	<b>11.2</b>
8	Cash-based	9.4	2.4	7.0	2.4
9	Shares or equivalent ownership interests	26.6	8.8	17.8	8.8
<b>13</b>	<b>Other identified staff</b>	<b>13.5</b>	<b>3.9</b>	<b>9.6</b>	<b>3.9</b>
14	Cash-based	6.0	1.6	4.4	1.6
15	Shares or equivalent ownership interests	7.5	2.3	5.3	2.3
<b>19</b>	<b>Total</b>	<b>49.9</b>	<b>15.1</b>	<b>34.8</b>	<b>15.1</b>

Table REM4: Remuneration of 1 million EUR or more per year

Identified staff that are high earners as set out in Article 450(i) CRR

EUR	31 Dec 2023	31 Dec 2022
1 1 000 000 to below 3 000 000	12	7
2 3 000 000 to below 5 000 000	3	2
3 5 000 000 and above	2	4

Table REM5: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile

31 Dec 2023	MB Supervisory function	Investment banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
<i>In millions of euros</i>							
<b>1 Total number of identified staff</b>							<b>132</b>
2 <i>Of which: members of the MB Supervisory function</i>	23						<b>23</b>
3 <i>Of which: members of the MB Management function &amp; Other senior management</i>		4	5	3	2	1	<b>15</b>
4 <i>Of which: other identified staff</i>		47	29	10	8	-	<b>94</b>
<b>5 Total</b>	<b>6.5</b>	<b>29.0</b>	<b>32.6</b>	<b>8.7</b>	<b>5.7</b>	<b>0.5</b>	<b>83.1</b>
6 <i>Of which: variable remuneration</i>	2.5	11.4	17.4	4.6	2.1	-	<b>38.1</b>
7 <i>Of which: fixed remuneration</i>	4.0	17.6	15.3	4.1	3.6	0.5	<b>45.0</b>

31 Dec 2022	MB Supervisory function	Investment banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
<i>In millions of euros</i>							
<b>1 Total number of identified staff</b>							<b>131</b>
2 <i>Of which: members of the MB Supervisory function</i>	15						<b>15</b>
3 <i>Of which: members of the MB Management function &amp; Other senior management</i>		4	6	3	2	1	<b>16</b>
4 <i>Of which: other identified staff</i>		45	28	12	8	7	<b>100</b>
<b>5 Total</b>	<b>2.1</b>	<b>39.6</b>	<b>29.9</b>	<b>9.2</b>	<b>5.4</b>	<b>1.1</b>	<b>87.2</b>
6 <i>Of which: variable remuneration</i>	0.5	23.1	16.3	5.0	2.1	0.2	<b>47.2</b>
7 <i>Of which: fixed remuneration</i>	1.5	16.5	13.6	4.2	3.3	0.9	<b>40.0</b>



## Appendix IV – Attestation statement

I certify, after having taken all reasonable measures to this effect, that the information disclosed in this Pillar 3 Risk Report complies, to the best of my knowledge and belief, with Part 8 of the Regulation (EU) 575/2013 (and its subsequent amendments) and has been established in accordance with the internal control procedures agreed upon at the management body.

Paris, 2 April 2024

François Pérol

Managing Partner

## Appendix V – Index of disclosure requirements

Article	Description of disclosure requirements	Pillar 3 location	Table	Financial Statements
<b>431</b>	<b>Scope of disclosures</b>			
431.1	Requirement to publish Pillar 3 disclosures	Pillar 3 report		
431.2	Disclosure of permission granted by competent authorities	Section 4.3		
431.3	Description of policies covering the frequency of disclosures, their verification, comprehensiveness and appropriateness	Section 1.1		
431.3 last paragraph	One or more senior officers of a bank must attest in writing that Pillar 3 disclosures have been prepared in accordance with the board-agreed internal control processes	appendix IV		
431.4	Quantitative disclosures must be accompanied by qualitative narrative	Pillar 3 report		
431.5	Explanation of SMEs ratings decision upon request by competent authorities	N/A		
<b>432</b>	<b>Non-material, proprietary or confidential information</b>			
432.1	Institutions may omit information that is not material	N/A		
432.2	Institutions may omit information that is proprietary or confidential	N/A		
432.3	Where 432.2 applies this must be stated in the disclosures, and more general information must be disclosed	N/A		
<b>433</b>	<b>Frequency of disclosure</b>			
433	Description of the Frequency of disclosure	Section 1.2		
<b>433a</b>	<b>Disclosures by large institutions</b>	N/A		
<b>433b</b>	<b>Disclosures by small and non-complex institutions</b>	N/A		
<b>433c</b>	<b>Disclosures by other institutions</b>	Pillar 3 report		
<b>434</b>	<b>Means of disclosure</b>			
434.1	All disclosures in one appropriate medium or provide clear cross-references to the synonymous information in the disclosures	appendix V		
434.2	Disclosures made under other requirements eg accounting can be used to satisfy Pillar 3 requirements	appendix V		
<b>434a</b>	<b>Uniform disclosure formats</b>	Pillar 3 report		
<b>435</b>	<b>Risk management objectives and policies</b>			
435.1	Disclose information for each separate category of risk:			
435.1.a	The strategies and processes to manage risks	Section 2, 5-10		
435.1.b	Structure and organisation of the risk management function	Section 2, 5-10		
435.1.c	Risk reporting and measurement systems	Section 2, 5-10		
435.1.d	Hedging and mitigating risk policies, strategies and processes	Section 2, 5-10		
435.1.e	Declaration of adequacy of risk management arrangements approved by the management body eg the Board	Section 2		
435.1.f	Inclusion of a concise risk statement approved by the Board:			
435.1.f.i	Key ratios and figures		KM1	
435.1.f.ii	information on intragroup transactions and transactions with related parties			Section 7 Note 34
435.2	Information on governance arrangements:			
435.2.a	Number of directorships held by Board members			R&Co Group website
435.2.b	Recruitment policy for the selection of Board members, their actual knowledge, skills and expertise			R&Co Group website
435.2.c	Policy on diversity of Board membership			R&Co Group website

Article	Description	Pillar 3 location	Table	Financial Statements
435.2.d	Existence of risk committee, and number of meetings during the year	Section 2		
435.2.e	Description of the information flow on risk to the Board	Section 2		
<b>436</b>	<b>Scope of application of the requirements</b>			
436.a	Institution to which the requirements of this Regulation applies	Section 1.1		
436.b	Difference of consolidation for accounting and prudential purposes	Section 3.2		Section 7 Note 36
436.c	Balance sheet of the consolidated financial statements	Section 3.2	LI1	
436.d	Main sources of differences between the carrying value in the financial statements and the exposure amount used for regulatory purposes	Section 3.2	LI2	
436.e	Disclosure of exposures if adjusted by prudent value adjustments	N/A		
436.f	Impediments to transfer of own funds between parent and subsidiaries	Section 4.2		
436.g	Capital shortfalls in any subsidiaries outside the scope of consolidation	Section 3.1		
436.h	The circumstance of making use of articles on derogations from: a) Prudential requirements b) Liquidity requirements for individual subsidiaries	Section 3.1		
<b>437</b>	<b>Own funds</b>			
437.a	A full reconciliation of own funds items and the balance sheet in the audited financial statements	Section 4.2	CC1, CC2	
437.b	Description of the main features of own funds instruments	Appendix III	CCA	
437.c	Full terms and conditions of all own funds instruments	Appendix III	CCA	
437.d	Disclosure of the nature and amounts of the following:			
437.d.i	Prudential filters applied on own funds	Section 4.2	CC1	
437.d.ii	Items deducted from own funds	Section 4.2	CC1	
437.d.iii	Items not deducted from own funds	Section 4.2	CC1	
437.e	Description of all restrictions applied to the calculation of own funds	Section 4.2		
437.f	Explanation if certain elements of own funds determined on a basis other than this Regulation	N/A		
<b>437a</b>	<b>Disclosure of own funds and eligible liabilities</b>	Section 4.4		
<b>438</b>	<b>Capital requirements</b>			
438.a	Summary of the approach to assessing adequacy of capital levels	Section 4.3		
438.b	Additional own funds requirements based on the SREP	Section 4.4	KM1	
438.c	Result of ICAAP on demand from authorities	N/A		
438.d	Capital requirements for each risk category	Section 4.4	OV1	
438.e	Disclosure specialised lending exposures	N/A		
438.f	Own funds instruments held in insurance undertakings	N/A		
438.g	Supplementary own funds requirement of the financial conglomerate	N/A		
438.h	Variations in the RWAs that result from the use of internal models	N/A		
<b>439</b>	<b>Exposure to counterparty credit risk</b>			
439.a	Process to assign internal capital and credit limits to CCR exposures	Section 6.2		
439.b	Policies for securing collateral and establishing credit reserves	Section 6.2		
439.c	Management of wrong-way risk exposures	N/A		
439.d	Collateral to be provided in the event of ratings downgrade	Section 6.2		
439.e	Collateral received and posted per type of collateral	Section 6.2		
439.f	Exposure values for derivatives by method	Section 6.2	CCR1	
439.g	Exposure values for SFTs by method	N/A	CCR1	
439.h	Credit valuation adjustment capital charge by method	Section 6.2	CCR2	

Article	Description	Pillar 3 location	Table	Financial Statements
439.i	Central counterparties by types of exposures	N/A		
439.j	Credit derivative transactions by product type	N/A		
439.k	Estimate of alpha	N/A	CCR1	
439.l	Exposures by credit quality step	Section 6.2	CCR3	
439.m	Use of OEM or Simplified SA-CCR	N/A		
<b>440</b>	<b>Capital buffers</b>			
440.a	Geographical distribution of credit exposures relevant for the calculation of countercyclical capital buffer	Appendix I	CCyB1	
440.b	Amount of the specific countercyclical capital	Section 4.4	CCyB2	
<b>441</b>	<b>Indicators of global systemic importance</b>			
441	Disclosure of the indicators of global systemic importance	N/A		
<b>442</b>	<b>Credit risk adjustments</b>			
442.a	Definitions for accounting purposes of past due and impaired assets			Section 3 Paragraph 2.4
442.b	Description of the approaches adopted for calculating specific and general credit risk adjustments	Section 5.4		
442.c	Disclosure of NPE and FBE pre-CRM EAD by exposure class	Section 5.4	CR1, CQ1	
442.d	Disclosure of past due exposure pre-CRM EAD by residual maturity	Section 5.4	CQ3	
442.e	Disclosure of pre-CRM EAD by industry and exposure class	N/A		
442.f	Disclosure of changes in the gross amount of defaulted exposures	Section 5.4	CR1, CR2	
442.g	Breakdown of loans and debt securities by residual maturity	Section 5.4	CR1A	
<b>443</b>	<b>Unencumbered assets</b>			
443	Disclosures of unencumbered assets	Appendix III	AE1, AE2, AE3	
<b>444</b>	<b>Use of ECAs</b>			
444.a	ECAs used in the calculation of RWAs and reasons for any changes	Section 5.1		
444.b	Exposure classes associated with each ECAI	Section 5.1		
444.c	Process to transfer credit assessments to non-trading book items	Section 5.1		
444.d	Mapping of external rating to credit quality steps (CQS)	Section 5.1		
444.e	Exposure value pre and post-credit risk mitigation by CQS	Section 5.1	CR5, CCR3	
<b>445</b>	<b>Exposure to market risk</b>			
445	Disclosure of market risk, and, if any, large exposures exceeding limits	Section 8, 11	MR1	
<b>446</b>	<b>Operational risk</b>			
446	Scope of approaches used to calculate operational risk	Section 9	OR1	
<b>447</b>	<b>Disclosure of key metrics</b>			
447.a	Composition of own funds and own funds requirements	Section 1.4	KM1	
447.b	Total RWAS	Section 1.4	KM1	
447.c	Composition of additional own funds	Section 1.4	KM1	
447.d	Combined buffer requirement	Section 1.4	KM1	
447.e	Leverage ratio and the total exposure measure	Section 1.4	KM1	
447.f.i	Average of liquidity coverage ratio over the preceding 12 months	Section 1.4	KM1	
447.f.ii	Average of liquid assets after haircuts over the preceding 12 months	Section 1.4	KM1	
447.f.iii	Average of liquidity outflows and inflows over the preceding 12 months	Section 1.4	KM1	
447.g.i	Net stable funding ratio	Section 1.4	KM1	
447.g.ii	Available stable funding	Section 1.4	KM1	
447.g.iii	Required stable funding	Section 1.4	KM1	
447.h	Components of own funds and eligible liabilities ratios	Section 4.4		

Article	Description	Pillar 3 location	Table	Financial Statements
<b>448</b>	<b>Exposure to interest rate risk on positions not included in the trading book (IRRBB)</b>			
448.a	Changes in value of equity under the six supervisory scenarios	Section 11	IRRBB1	
448.b	Changes in net interest income under the two supervisory scenarios	N/A		
448.c	Description of key modelling and parametric assumptions			Section 4 Paragraph 3.3
448.d	Explanation of the significance of the risk measures			Section 4 Paragraph 3.3
448.e.i	Description of the specific risk measures used to evaluate IRRBB			Section 4 Paragraph 3.3
448.e.ii	Description of the key modelling and parametric assumptions			Section 4 Paragraph 3.3
448.e.iii	Description of the interest rate shock scenarios	N/A		
448.e.iv	Recognition of the effect of hedges	N/A		
448.e.v	Outline of the frequency of evaluation	N/A		
<b>449</b>	<b>Exposure to securitisation positions</b>			
449.a	Objectives in relation to securitisation activity	Section 7		
449.b	Nature of other risks in securitised assets, including liquidity	Section 7		
449.c	Risks in re-securitisation activity	N/A		
449.d	Roles played by the institution in the securitisation process	Section 7		
449.e	List of outside entities involved in each of the securitisation roles	N/A		
449.f	List of affiliated entities involved in each of the securitisation roles	N/A		
449.g	Accounting policies for securitisation activities			Section 3 Paragraph 2.7
449.h	ECAs used for securitisations	Section 7		
449.i	Description of the Internal Assessment Approach, if applicable	N/A		
449.j	Carrying amount of securitisation exposures	Section 7	SEC1	
449.k.i	securitisation positions where institutions act as originator or sponsor	Section 7	SEC3	
449.k.ii	securitisation positions where institutions act as investor	Section 7	SEC4	
449.i	Exposures securitised in default	Section 7	SEC5	
<b>449a</b>	<b>Disclosure of environmental, social and governance risks</b>			
449a	Disclose information on ESG risks by large institutions	N/A		
<b>450</b>	<b>Remuneration policy</b>			
450.1.a	Decision-making process used for determining the remuneration policy	Section 12		
450.1.b	Link between pay of the staff and their performance	Section 12		
450.1.c	Most important design characteristics of the remuneration system	Section 12		
450.1.d	Ratios between fixed and variable remuneration	Section 12		
450.1.e	Performance criteria on which the variable remuneration is based	Section 12		
450.1.f	Main parameters and rationale for variable component scheme	Section 12		
450.1.g	Quantitative information on remuneration by business area	Section 12	REM5	
450.1.h.i	Remuneration awarded by fixed and variable remuneration	Section 12	REM1	
450.1.h.ii	Amounts and forms of awarded variable remuneration	Section 12	REM1	
450.1.h.iii	Deferred remuneration awarded for previous performance periods	Section 12	REM3	
450.1.h.iv	Deferred remuneration due to vest	Section 12	REM3	
450.1.h.v	Guaranteed variable remuneration	Section 12	REM2	
450.1.h.vi	Severance payments awarded in previous periods paid out during the financial year	Section 12	REM2	
450.1.h.vii	Severance payments awarded during the financial year	Section 12	REM2	
450.1.i	Number of individuals remunerated EUR 1 million or more	Section 12	REM4	

Article	Description	Pillar 3 location	Table	Financial Statements
450.1.j	Remuneration for each member of the management body upon request by competent authority	N/A		
450.1.k	Derogation laid down in Article 94(3) of Directive 2013/36/EU	N/A		
450.2	For large institutions, remuneration for collective management body	N/A		
<b>451</b>	<b>Leverage</b>			
451.1.a	Description of leverage ratio	Section 4.5	LR2	
451.1.b	Reconciliation between exposure measures and financial statements	Section 4.5	LR1, LR3	
451.1.c	Amount of the derecognised fiduciary items, if applicable	Section 4.5		
451.1.d	Processes used to manage risk of excessive leverage	Section 4.5		
451.1.e	Description of the factors that had an impact on the leverage ratio	Section 4.5		
<b>451a</b>	<b>Disclosure of liquidity requirements</b>			
451a.1	Disclosure of liquidity coverage ratio, net stable funding ratio and liquidity risk management	Section 10.1 and 10.2		
451a.2.a	Average of liquidity coverage ratio over the preceding 12 months	Section 10.4	LIQ1	
451a.2.b	Average of liquid assets after haircuts over the preceding 12 months	Section 10.4	LIQ1	
451a.2.c	Average of liquidity outflows and inflows over the preceding 12 months	Section 10.4	LIQ1	
451a.3.a	Net stable funding ratio	Section 10.5	LIQ2	
451a.3.b	Available stable funding	Section 10.5	LIQ2	
451a.3.c	Required stable funding	Section 10.5	LIQ2	
451a.4	Arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk	Section 10.3		
<b>452</b>	<b>Use of the IRB Approach to credit risk</b>			
452	Use of the IRB Approach to credit risk	N/A		
<b>453</b>	<b>Use of credit risk mitigation techniques</b>			
453.a	Use of on and off-balance sheet netting	Section 5.3		
453.b	Description of how collateral valuation is managed	Section 5.3		
453.c	Description of types of collateral	Section 5.3		
453.d	Main types of guarantor and credit derivative counterparty	Section 5.3		
453.e	Market or credit risk concentrations within risk mitigation exposures	Section 5.3		
453.f	Exposure covered by eligible collateral under standardised approach	Section 5.3	CR3	
453.g	Exposures covered by guarantees or credit derivatives	Section 5.3	CR4	
453.h	Exposure by exposure class pre/post CCF for standardised approach	Section 5.3	CR4	
453.i	RWA by exposure class pre/post CCF for standardised approach	Section 5.3	CR4	
453.j	RWA by exposure class pre/post CRM for standardised approach	Section 5.3		
<b>454</b>	<b>Use of the Advanced Measurement Approaches to operational risk</b>			
454	Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk	N/A		
<b>455</b>	<b>Use of Internal Market Risk Models</b>			
455	Use of Internal Market Risk Models	N/A		

## Appendix VI – Glossary

Term	Definition
<b>B</b>	
Bank Recovery and Resolution Directive ('BRRD')	A European legislative package issued by the European Commission and adopted by EU member states. This directive introduced a common EU framework for how authorities should intervene to address banks that are failing or are likely to fail. The framework includes early intervention and measures designed to prevent failure and in the event of bank failure for authorities to ensure an orderly resolution.
Basel III	In December 2010, the Basel Committee issued 'Basel III rules: a global regulatory framework for more resilient banks and banking systems' and 'International framework for liquidity risk measurement, standards and monitoring'. Together, these documents present the Basel Committee's reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. In June 2011, the Basel Committee issued a revision to the former document setting out the finalised capital treatment for counterparty credit risk in bilateral trades. In December 2017, the Basel III reforms package was finalised.
<b>C</b>	
Capital conservation buffer ('CCB')	A capital buffer implemented in the EU through CRD and designed to ensure banks build up capital buffers outside periods of stress that can be drawn down as losses are incurred. Should a bank's capital levels fall within the capital conservation buffer range, capital distributions will be constrained by the regulators.
Capital Requirements Directive ('CRD')	A capital adequacy legislative package adopted by EU member states. The CRD package comprises a recast Capital Requirements Directive and a new Capital Requirements Regulation. The package implements the Basel III capital proposals together with transitional arrangements for some of its requirements. CRD came into force on 1 January 2014.
CET1 ratio	A measure of CET1 capital expressed as a percentage of total risk exposure amount.
Common equity tier 1 capital ('CET1')	The highest quality form of regulatory capital under CRR that comprises common shares issued and related share premium, retained earnings and other reserves, less specified regulatory adjustments.
Countercyclical capital buffer ('CCyB')	A capital buffer implemented in the EU through CRD, which aims to ensure that capital requirements take account of the macro-financial environment in which banks operate. This will provide the banking sector with additional capital to protect it against potential future losses, when excess credit growth in the financial system as a whole is associated with an increase in system-wide risk.
Counterparty credit risk ('CCR')	Counterparty credit risk, in both the trading and non-trading books, is the risk that the counterparty to a transaction may default before completing the satisfactory settlement of the transaction.
Credit Conversion Factor (CCF)	The ratio between the currently undrawn amount of a commitment that could be drawn and that would therefore be exposed to default and the currently undrawn amount of the commitment, the extent of the commitment being determined by the authorised limit, unless the unauthorised limit is higher.

<b>Term</b>	<b>Definition</b>
Credit risk	The risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from other products such as guarantees, credit derivatives and from holding assets in the form of debt securities.
Credit risk mitigation	A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants, such as collateral, guarantee and credit derivatives.
Credit valuation adjustment ('CVA')	An adjustment to the valuation of OTC derivative contracts to reflect the creditworthiness of OTC derivative counterparties.
<b>E</b>	
Exposure	A claim, contingent claim or position which carries a risk of financial loss.
Exposure at default ('EAD')	Under the standardised approach, the amount expected to be outstanding after any credit risk mitigation, if and when the counterparty defaults. Under IRB, the amount outstanding if and when the counterparty defaults. EAD reflects drawn balances as well as allowances for undrawn amounts of commitments and contingent exposures.
<b>F</b>	
Financial guarantee	An undertaking by a party to pay a creditor should a debtor fail to do so.
Funded exposure	A situation where the notional amount of a contract is or has been exchanged.
<b>G</b>	
Gross exposure	Exposure before the impact of provisions, adjustments and risk mitigation techniques.
<b>H</b>	
Haircut	A discount applied by management when determining the amount at which an asset can be realised. The discount takes into account the method of realisation, including the extent to which an active market for the asset exists. With respect to credit risk mitigation, a downward adjustment to collateral value to reflect any currency or maturity mismatches between the credit risk mitigant and the underlying exposure to which it is being applied. Also, a valuation adjustment to reflect any fall in value between the date the collateral was called and the date of liquidation or enforcement.
<b>I</b>	
Internal Capital Adequacy Assessment Process ('ICAAP')	The Group's own assessment of the levels of capital that it needs to hold through an examination of its risk profile from regulatory and economic capital viewpoints.
ISDA Master agreement	Standardised contract developed by ISDA used as an umbrella contract under which bilateral derivatives contracts are entered into.
<b>L</b>	
Leverage ratio	A measure that is the ratio of tier 1 capital to total exposures. Total exposures include on-balance sheet items, off-balance sheet items and derivatives, and should generally follow the accounting measure of exposure. This supplementary measure to the risk-based capital requirements is intended to constrain the build-up of excess leverage in the banking sector.
Liquidity coverage ratio ('LCR')	The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.



<b>Term</b>	<b>Definition</b>
Loan-to-value ratio ('LTV')	A mathematical calculation that expresses the amount of the loan as a percentage of the value of security. A high LTV indicates that there is less cushion to protect the lender against house price falls or increases in the loan if repayments are not made and interest is added to the outstanding loan balance.
<b>M</b>	
Market risk	The risk that movements in market risk factors, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce income or portfolio values.
Material risk taker ('MRT')	Individuals identified as MRTs in accordance with the qualitative and quantitative criteria set out in the Regulatory Technical Standard EU 604/2014 and other criteria applied by HSBC. This also includes individuals, identified in accordance with any local or sectorial regulatory requirements, to whom certain prescribed remuneration rules apply under the relevant local/sectorial regulations.
Minimum requirement for own funds and eligible liabilities ('MREL')	Requirements set out in the Bank Recovery and Resolution Directive in the EU for global systemically important banks to have a sufficient amount of eligible liabilities that can be used to absorb losses and recapitalise a bank in resolution. These requirements are intended to facilitate an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions and avoids exposing taxpayers to loss.
<b>N</b>	
Net exposure	Initial exposure, net of specific and general provisions in advanced approach and net of specific provisions in the Standardised method.
Net stable funding ratio ('NSFR')	The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. Available stable funding would include items such as equity capital, preferred stock with a maturity of over one year and liabilities with an assessed maturity of over one year. The Basel III rules require this ratio to be over 100% with effect from 2018. The NSFR is still subject to an observation period and review to address any unintended consequences.
<b>P</b>	
Pillar 1	Pillar 1 sets minimum requirements for capital. It aims to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk and operational risk.
Pillar 2	Pillar 2 Provides for the supervisory review of institutions' internal assessments of their overall risks and capital adequacy.
Potential future exposure (PFE)	Potential future credit exposure on derivative contracts calculated according to the mark-to-market approach.
<b>R</b>	
Revised Capital Requirements Regulation ('CRR II')	The amending Regulation to the CRD package transpose elements of the Basel III Reforms into EU legislation. These changes follow a phased implementation from June 2019.

<b>Term</b>	<b>Definition</b>
Risk-weighted assets ('RWAs')	Calculated by assigning a degree of risk expressed as a percentage (risk weight) to an exposure value.
RWA density	RWA density is the ratio of RWAs to exposure value arising from any given exposure, or group of exposures. It is expressed as a percentage.
<b>S</b>	
Standardised approach ('SA')	In relation to credit risk, a method for calculating credit risk capital requirements using ratings agencies and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Securities financing transactions ("SFT")	SFTs are generally collateralised transactions, whereby cash, securities or commodities are transferred from one counterparty (transferor) to the other counterparty (transferee), and the transferee provides collateral in the form of cash or securities to the transferor so that, if the transferee were to default to return the cash, securities or commodities received, the transferor may liquidate or keep appropriation of the collateral to reduce the resulting loss.
SME supporting factor ("SME SF")	Exposures (including exposures in default) to small-and-medium enterprises (SMEs) that are classified as retail, corporate or secured by mortgages on immovable property (excluding residential property) classes receive favourable regulatory capital treatment known as SME supporting factor. An entity is considered as eligible for SME support factor if its annual turnover does not exceed € 50 million.
Simple, Transparent, and Standardised (STS) securitisation	Securitisations (traditional and synthetic) that comply with the 'Simple, Transparent, and Standardised' (STS) criteria set out in Regulation (EU) 2017/2402, as amended by Regulation (EU) 2021/557, receive favourable regulatory capital treatment.
<b>T</b>	
Total loss absorbing capacity ('TLAC')	Requirements set out by the FSB for global systemically important banks to have a sufficient amount of specific types of liabilities that can be used to absorb losses and recapitalise a bank in resolution. These requirements are intended to facilitate an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions and avoids exposing taxpayers to loss. TLAC is implemented in the EU through the Bank Recovery and Resolution Directive as MREL.
Tier 1 capital	A component of regulatory capital, as defined in CRR, comprising common equity tier 1 and additional tier 1. Additional tier 1 capital includes eligible non-common equity capital securities and any related share premium.
Tier 2 capital	A component of regulatory capital, as defined in CRR, comprising eligible capital securities and any related share premium.
<b>U</b>	
Unencumbered assets	Assets on our balance sheet that have not been pledged as collateral against an existing liability.

