Rothschild & Co

Consolidated accounts
December 2025

Contents

Consolidated income statement

for the twelve months ended 31 December 2025

In thousands of euros	Notes	31/12/2025	31/12/2024
Interest income on financial instruments using the effective interest method	1	391,971	515,980
Interest expense on financial instruments using the effective interest method	1	(316,572)	(403,686)
Net interest income on other financial instruments	1	95,263	91,239
Fee income	2	2,821,984	2,644,063
Fee expense	2	(162,376)	(142,329)
Net gains on financial instruments at fair value through profit or loss	3	156,627	203,693
Other net banking income	4	(545)	(210)
Net banking income		**2,986,352**	**2,908,750**
Staff costs	5	(1,722,647)	(1,657,955)
Administrative expenses	5	(430,294)	(389,712)
Depreciation, amortisation and impairment of tangible and intangible fixed assets	6	(109,004)	(105,605)
Gross operating income		**724,407**	**755,478**
Cost of risk	24	(11,145)	(12,176)
Operating income		**713,262**	**743,302**
Net income/(expense) from companies accounted for by the equity method	15	35	(5,024)
Net income/(expense) from other assets	7	1,152	(1,713)
Profit before tax		**714,449**	**736,565**
Income tax expense	8	(140,539)	(139,809)
CONSOLIDATED NET INCOME		**573,910**	**596,756**
Non-controlling interests	27	**161,133**	**156,382**
NET INCOME - GROUP SHARE		**412,777**	**440,374**

Statement of comprehensive income

for the twelve months ended 31 December 2025

In thousands of euros	31/12/2025	31/12/2024
Consolidated net income	**573,910**	**596,756**
Gains and losses recognised directly in equity		
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries	(82,873)	60,473
Net gains/(losses) from changes in fair value of cash flow hedges	(183)	3,486
(Gains) relating to cash flow hedges transferred to income statement	(1,199)	(2,132)
Gains and (losses) recognised directly in equity for companies accounted for by the equity method	(46)	242
Taxes	346	(339)
Total gains and losses recyclable in profit or loss	**(83,955)**	**61,730**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	16,033	52,503
Taxes	(3,330)	(11,719)
Total gains and losses not recyclable in profit or loss	**12,703**	**40,784**
Gains and losses recognised directly in equity	**(71,252)**	**102,514**
TOTAL COMPREHENSIVE INCOME	**502,658**	**699,270**
of which: attributable to equity shareholders	*354,346*	*532,854*
of which: attributable to non-controlling interests	*148,312*	*166,416*

Consolidated balance sheet

as at 31 December 2025

Assets

In thousands of euros	Notes	31/12/2025	31/12/2024
Cash and amounts due from central banks		4,646,390	3,491,611
Financial assets at fair value through profit or loss	9	1,911,062	2,017,539
Hedging derivatives	10	2,858	5,579
Securities at amortised cost	11	3,727,995	3,855,889
Loans and advances to banks	12	2,998,069	3,432,158
Loans and advances to customers	13	4,401,995	4,317,119
Current tax assets		18,624	49,765
Deferred tax assets	25	105,189	110,239
Other assets	14	1,247,761	1,253,664
Investments accounted for by the equity method	15	361	373
Right of use assets	16	173,412	205,987
Tangible fixed assets	17	253,391	280,012
Intangible fixed assets	18	228,685	230,350
Goodwill	19	273,450	276,828
TOTAL ASSETS		**19,989,242**	**19,527,113**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/12/2025	31/12/2024
Financial liabilities at fair value through profit or loss	9	58,572	160,354
Hedging derivatives	10	240	13
Due to banks and other financial institutions	20	267,408	226,120
Customer deposits	21	13,191,385	13,071,005
Debt securities in issue		393,195	119,038
Current tax liabilities		32,889	33,236
Deferred tax liabilities	25	73,890	70,180
Lease liabilities	16	205,523	235,348
Other liabilities, accruals and deferred income	22	1,619,470	1,599,361
Provisions	23	45,486	38,522
TOTAL LIABILITIES		**15,888,058**	**15,553,177**
Shareholders' equity		**4,101,184**	**3,973,936**
Shareholders' equity - Group share	26	**3,849,110**	**3,699,028**
Share capital		154,367	154,367
Share premium		1,122,962	1,122,962
Consolidated reserves		2,213,314	1,963,852
Unrealised or deferred capital gains and losses		(54,310)	17,473
Net income - Group share		412,777	440,374
Non-controlling interests	27	**252,074**	**274,908**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**19,989,242**	**19,527,113**

Consolidated statement of changes in equity

for the twelve months ended 31 December 2025

In thousands of euros	Capital and associated reserves (Note 26.2)	Consolidated reserves (Note 26.2)	Unrealised or deferred capital gains and losses (net of tax): Related to translation differences	Unrealised or deferred capital gains and losses (net of tax): Cash flow hedge reserve	Shareholders' equity, Group share	Shareholders' equity, NCoI	Total share-holders' equity
SHAREHOLDERS' EQUITY AT 1 JANUARY 2025	**1,277,329**	**2,404,226**	**16,170**	**1,303**	**3,699,028**	**274,908**	**3,973,936**
Ordinary distributions (Note 26.3, Note 27)	-	(223,953)	-	-	(223,953)	(150,333)	(374,286)
Payment of interest on perpetual subordinated debt (Note 27)	-	-	-	-	-	(9,062)	(9,062)
Change in ownership of subsidiaries without a change in control	-	20,295	(573)	(78)	19,644	(11,786)	7,858
Other movements	-	43	-	2	45	35	80
Subtotal of changes linked to transactions with shareholders	**-**	**(203,615)**	**(573)**	**(76)**	**(204,264)**	**(171,146)**	**(375,410)**
2025 net income for the period	-	412,777	-	-	412,777	161,133	573,910
Remeasurement gains/(losses) on defined benefit funds	-	12,703	-	-	12,703	-	12,703
Net gains/(losses) from changes in fair value	-	-	-	(194)	(194)	57	(137)
Net (gains)/losses transferred to income	-	-	-	(872)	(872)	(27)	(899)
Translation differences and other movements	-	-	(70,068)	-	(70,068)	(12,851)	(82,919)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2025	**1,277,329**	**2,626,091**	**(54,471)**	**161**	**3,849,110**	**252,074**	**4,101,184**
SHAREHOLDERS' EQUITY AT 1 JANUARY 2024	**1,277,329**	**2,030,592**	**(29,049)**	**288**	**3,279,160**	**416,147**	**3,695,307**
Ordinary distributions (Note 26.3, Note 27)	-	(140,370)	-	-	(140,370)	(131,099)	(271,469)
Conversion of perpetual subordinated debt into liability	-	-	-	-	-	(146,108)	(146,108)
Revaluation of perpetual subordinated debt	-	26,757	-	-	26,757	(26,757)	-
Recycle of FX in reserves on disposal of foreign subsidiary	-	4,889	(4,889)	-	-	-	-
Payment of interest on perpetual subordinated debt (Note 27)	-	-	-	-	-	(6,925)	(6,925)
Interest accrued on perpetual subordinated debt	-	-	-	-	-	3,221	3,221
Effect of changes in shareholdings	-	471	(572)	-	(101)	15	(86)
Other movements	-	729	(1)	-	728	(2)	726
Subtotal of changes linked to transactions with shareholders	**-**	**(107,524)**	**(5,462)**	**-**	**(112,986)**	**(307,655)**	**(420,641)**
2024 net income for the period	-	440,374	-	-	440,374	156,382	596,756
Remeasurement gains/(losses) on defined benefit funds	-	40,784	-	-	40,784	-	40,784
Net gains/(losses) from changes in fair value	-	-	-	2,614	2,614	-	2,614
Net (gains)/losses transferred to income	-	-	-	(1,599)	(1,599)	-	(1,599)
Translation differences and other movements	-	-	50,681	-	50,681	10,034	60,715
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2024	**1,277,329**	**2,404,226**	**16,170**	**1,303**	**3,699,028**	**274,908**	**3,973,936**

Cash flow statement

for the twelve months ended 31 December 2025

In thousands of euros	Notes	31/12/2025	31/12/2024
Consolidated profit before tax (I)		**714,449**	**736,565**
Remove (profit)/loss from investing activities	3	(112,332)	(178,559)
Depreciation and amortisation expense on tangible and intangible fixed assets	17,18	55,014	50,950
Depreciation and impairment of ROU assets and interest on lease liabilities	16	62,554	63,689
Net charge for impairments and provisions		19,059	14,872
Remove (gains)/losses related to acquisition, disposal and impairment of Group companies	7	(185)	363
Remove (profit)/loss from associates	15	(35)	5,024
Other non-cash items included in pre-tax profit		7,487	1,147
Non-cash items included in pre-tax profit (II)		**31,562**	**(42,514)**
Net (advance)/repayment of loans to customers		**(133,140)**	**20,214**
Increase/(decrease) in customer deposits		238,307	1,178,491
Net (purchases)/disposals of assets held for liquidity purposes		69,639	(528,304)
Cash (placed)/received through interbank transactions		382,496	(1,736,872)
Issuance/(redemption) of debt securities in issue		274,157	(29,119)
Net inflow/(outflow) related to derivatives and trading items		62,489	(106,814)
Other movements in assets and liabilities related to treasury activities		62,887	98,074
Total treasury-related activities		**1,089,975**	**(1,124,544)**
(Increase)/decrease in working capital		(23,577)	128,897
Tax paid		(108,336)	(153,328)
Payment of lease liabilities	16	(56,326)	(57,839)
Other operating activities		**(188,239)**	**(82,270)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)		**768,596**	**(1,186,600)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)		**1,514,607**	**(492,549)**
Purchase of investments		(237,962)	(169,945)
Purchase of tangible and intangible fixed assets	17,18	(38,047)	(58,557)
Purchase of subsidiaries and associates, net of cash and cash equivalents acquired		(1,684)	(3,059)
Total cash invested		**(277,693)**	**(231,561)**
Cash received from investments (disposals and dividends)		310,526	198,033
Cash from disposal of tangible and intangible fixed assets		2,931	519
Total cash received from investment activity		**313,457**	**198,552**
Net cash inflow/(outflow) related to investing activities (B)		**35,764**	**(33,009)**
Distributions paid to shareholders and general partners of parent company	26.3	(223,953)	(140,370)
Distributions paid to non-controlling interests	27	(150,333)	(131,099)
Disposal/(acquisition) of own shares		-	14
Disposal/(acquisition) of interests in subsidiaries with no change of control		8,111	(2,026)
Perpetual subordinated debt repayment	27	-	(146,108)
Payment of interest on perpetual subordinated debt	27	(9,062)	(6,925)
Net cash inflow/(outflow) related to financing activities (C)		**(375,237)**	**(426,514)**
Impact of exchange rate changes on cash and cash equivalents (D)		**(7,257)**	**(12,856)**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)		**1,167,877**	**(964,928)**
Net opening cash and cash equivalents	29	4,852,047	5,816,975
Net closing cash and cash equivalents	29	6,019,924	4,852,047
NET INFLOW/(OUTFLOW) OF CASH		**1,167,877**	**(964,928)**

1. Highlights

In June 2025 the capital structure of K Développement, the holding company of the Group's Five Arrows business, was restructured, whereby 90% of the existing share capital was converted into fixed return preferred shares, all of which were subscribed by R&Co at their fair value, and are therefore eliminated in the Group accounts. The remaining 10% of the K Développement existing share capital was converted into new ordinary shares. Certain senior employees of the Group purchased certain of these new ordinary shares in K Développement. The purpose of this transaction is to further align the interests on long-term value creation between the senior FA leadership, the FA investors and the R&Co Group.

Further information about K Développement and the non-controlling interest in that group is disclosed in Note 27 – Non-controlling interests and Section 9 Consolidation scope.

Apart from this, there have been no significant changes of scope, changes in the accounting environment or other matters to mention in the Highlights during the twelve months to 31 December 2025.

2. Preparation of the financial statements

2.1 Information regarding the Company

The consolidated financial statements of the Group (i.e. Rothschild & Co SCA and its consolidated subsidiaries) for the twelve months ended 31 December 2025 are presented in accordance with IFRS in force at the reporting date, as adopted in the European Union by way of EC Regulation No. 1606/2002. The format used for the financial statements is a banking format. It is consistent with Recommendation No. 2022-01 of 8 April 2022 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 January 2025 to 31 December 2025.

The consolidated accounts have been approved by Rothschild & Co Gestion SAS, the Statutory Manager of Rothschild & Co SCA, and, for verification and control purposes, were considered by the Supervisory Board on 12 March 2026.

As at 31 December 2025, the Group's holding company was Rothschild & Co SCA, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris, France (Paris Trade and Companies Registry Number 302 519 228).

As at 31 December 2025, the parent company of Rothschild & Co SCA was Rothschild & Co Concordia SAS, whose registered office is also at 23 bis, avenue de Messine, 75008 Paris, France.

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

2.2 General principles

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

2.3 Changes to accounting standards

The IASB has issued minor amendments to IFRS effective since 1 January 2025. These revised requirements do not have any significant impact on the Group. The Group has not opted for early application of new standards, amendments and interpretations adopted by the European Union or the IASB where the application in 2025 is optional.

2.4 Forthcoming changes to accounting standards

Where important or potentially important to the Group, forthcoming changes to accounting standards are noted below.

2.4.1 IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which aims to increase comparability and transparency of the financial performance of similar entities. The standard will replace IAS 1 and will apply for reporting periods beginning on or after 1 January 2027, although earlier application is permitted. IFRS 18 will not change the rules for recognising assets, liabilities, expenses and income nor their evaluation. It only concerns their presentation in the primary financial statements and in the related notes. The Group is currently considering how to implement the new standard.

2.4.2 IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Entities may elect to apply this Standard for reporting periods beginning on or after 1 January 2027, although earlier application is permitted. The standard will not have any impact on the Group's consolidated accounts.

2.4.3 Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which address diversity in accounting practice in relation to these standards. These amendments will apply for reporting periods beginning on or after 1 January 2026, although earlier application is permitted. The impact analysis is ongoing, but the Group does not expect these amendments to have a material impact on the Group's consolidated accounts.

2.5 Subsequent events

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

3. Accounting policies

3.1 Consolidation method

3.1.1 Financial year end of the consolidated companies

For this reporting period, the financial statements of the Group are prepared as at 31 December 2025 and consolidate the financial statements of the Company and its subsidiary undertakings. To this end, at each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

Rothschild & Co and all material subsidiaries are consolidated on the basis of a financial reporting date of 31 December 2025.

3.1.2 Subsidiaries

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

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

3.1.3 Associates

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

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

3.1.4 Business combinations and goodwill

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

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

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

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

For all business combinations, the Group assesses non-controlling interests as based on its share of the fair value of the identifiable assets and liabilities at the date of the acquisition, without recognising the goodwill for non-controlling interest (partial goodwill method).

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount may be too high. Goodwill is allocated to cash-generating units (CGU) for the purposes of impairment testing. It is allocated to the lowest level of CGU or group of CGUs that are expected to benefit from the synergies of the combination. The decision is informed by the level at which the results of the acquired company are monitored for internal management purposes. If the value of each of the cash-generating units is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill would be recognised in the income statement.

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

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

3.1.5 Non-controlling interests following a business combination

In the event of an increase or decrease in the Group's stake in entities over which it already exercises control, the difference between the price of the change in holding and the fair value of the share of net assets acquired or disposed of on this date is booked in the Group's reserves as a reallocation between non-controlling interests and other equity. In the same way, any change in the Group's stake in an entity that it continues to control is accounted for as an equity transaction between shareholders. On the date when the Group lost control of a consolidated subsidiary, any investment retained in the former subsidiary would be revalued to fair value through the income statement.

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

3.1.6 Contracts to purchase non-controlled shares in subsidiaries

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

3.1.7 Foreign currency transactions

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

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

Translation differences on investments classified as FVTPL are reported within the fair value gain or loss of those instruments in the income statement. Where the Group uses foreign exchange derivatives and borrowings to economically hedge translation movements that affect the fair value of foreign currency equities and debt securities held for investment, the change in the value of these are also reported as part of the net income of financial instruments classified as FVTPL.

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

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

	2025			2024		
	GBP	CHF	USD	GBP	CHF	USD
1 January	**0.8269**	**0.9382**	**1.0354**	**0.8670**	**0.9288**	**1.1038**
31 March	0.8370	0.9556	1.0813	0.8550	0.9734	1.0795
30 June	0.8573	0.9341	1.1747	0.8469	0.9625	1.0709
30 September	0.8725	0.9349	1.1729	0.8317	0.9416	1.1148
31 December	**0.8725**	**0.9309**	**1.1741**	**0.8269**	**0.9382**	**1.0354**

3.2 Accounting principles and valuation methods

3.2.1 Accounting judgments and estimates

To prepare the financial statements in accordance with the Group's accounting methods, management has made assumptions and estimates that could have an impact on the carrying value of certain assets and liabilities. By their nature, such valuations carry risks and uncertainties as to their realisation in the future. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the accounts, include:

Valuation of financial assets and liabilities

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

Section 7.5 – Fair Value disclosures provides a description of the valuation techniques used; analysis by valuation hierarchy of assets and liabilities carried at fair value; and inputs and assumptions for valuations that are not primarily based on observable market data, alongside a sensitivity analysis.

Impairment of financial assets at amortised cost

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

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

A description of the methodology used for assessing collective impairments of the main instruments classified at amortised cost is provided in section 7.2.3.1 – Grouping of instruments for losses measured on a collective basis.

Pensions

Defined benefit obligations are calculated at least annually by independent actuaries using the projected unit credit method and the principal assumptions used are set out in Note 28 – Retirement benefit obligations. The assumptions that have the greatest impact on the measurement of the pension fund assets and liabilities, along with their sensitivities, are also set out in the same note.

Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is considered probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are recognised based on the tax rate at which they are expected to reverse. Further details are provided in Note 25 – Deferred tax.

Goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with indefinite lives are assessed at least annually to determine whether they are impaired. The assessment includes management assumptions on future income flows and judgments on appropriate discount rates. Management performs sensitivity analysis of these assumptions as part of this assessment. Further details of management's assessment are contained in Note 18 – Intangible fixed assets and Note 19 – Goodwill.

Provisions

From time to time the Group is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated. Further details are provided in Note 23 – Provisions.

Consolidation of structured entities

The Group manages some structured entities in the form of funds in which the Group's own money is also invested. In these situations, a judgment must be made whether there is a need to consolidate these funds or not. The judgment is explained further in Note 34 – Structured entities.

3.2.2 Revenue from contracts with customers

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

Point in time services

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

For commissions earned at a point in time by the Group, the Group determines whether it acts in the capacity of an agent or principal. When undertaking brokerage services, this assessment is based on whether the Group controls the underlying securities and funds that are being traded before these are transferred to the underlying customer.

In respect of these commissions, the Group considers that the following factors might indicate that it acts as an agent.

- the Group does not take legal title of the related underlying securities and funds before they are transferred to the final customer.
- its performance obligation is to arrange for another party to provide the trade of securities and funds
- although the Group may collect the revenue from the final customer, all associated credit and market risk is borne by the party that is executing or completing the trade.

Where the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group.

Services provided over time

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

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

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

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

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

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

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

3.2.3 Interest income and expense

Interest receivable and payable includes interest arising from the lending and deposit-taking business, treasury activities, interest on hedging transactions, as well as discounting of leases and other liabilities. Interest on all financial instruments, excluding those classified as at fair value through profit or loss, is recognised in the income statement using the effective interest rate method. Where the Group uses trading derivatives and debt instruments measured at FVTPL as part of its net interest income strategy, it also includes there the portion of the change in fair value that is representative of the effective interest rate on these instruments.

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

3.2.4 Carried interest

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

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

3.2.5 Long-term incentive schemes

Long-term profit share schemes

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

Share-based payments

The Group pays certain employees using non-cash instruments in the form of cash awards linked to the value of R&Co shares, which are treated as cash-settled share-based payments. The cash-settled payments are valued at the date they are granted, and the liability is then revalued in the income statement up to the point of settlement.

3.2.6 Taxation

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

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

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

3.2.7 Financial assets and liabilities – classification and measurement

Initial recognition

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

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

Financial assets at amortised cost

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

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

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured, as described in section 3.2.8 Financial assets – impairment. Interest income from these financial assets is included in the account line "Interest income on financial instruments using the effective interest method".

Financial assets at fair value through other comprehensive income (FVOCI)

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

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

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

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in OCI. The Group does not currently own equity securities measured at FVOCI.

Financial assets at fair value through profit or loss (FVTPL)

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

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

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

Business model assessment

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

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

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

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

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

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

Reclassifications

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

Financial liabilities

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

3.2.8 Financial assets – impairment

Scope of application

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

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

No impairment loss is recognised on equity instruments.

Credit risk and provisioning stages

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

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

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

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

Significant increase in credit risk (SICR)

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

Financial instruments are often considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. For fee income receivable by the GA business, the Group has rebutted this presumption and it considers that a significant increase is experienced only after 90 days past due. This rebuttal is based on historical experience of payments and is in line with the internal provisioning process (more detail is in section 7.2.3.1- Grouping of instruments for losses on a collective basis of these financial statements).

Definition of credit impairment and default

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments at FVOCI, if any, are credit impaired (Stage 3).

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

- a breach of contract, such as a default or delinquency in repayment of interest or principal;
- significant deterioration in the collateral or in the borrower's ability to repay, which has led to a breach of covenant;
- threatened or actual legal matters connected to the borrower or loan that have, or could have, a significant impact on the loan;
- granting to the borrower, for economic or legal reasons relating to its financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- significant financial difficulty of the issuer of a security.

A loan that is overdue for 90 days or more is likely to be considered impaired unless reliable evidence exists that supports a more delayed default criterion. A financial asset is credit impaired only when the relevant credit committee has considered that an event has occurred that has a detrimental impact on the estimated future cash flows of the financial asset, before taking into account any collateral. When a financial asset is considered as credit impaired, it is also considered to be in default.

A credit-impaired loan where recovery of collateral fully offsets any detrimental impact on estimated cash flows would still be considered to be credit impaired, but the provision would be nil, reflecting the value of collateral.

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

A financial asset that is classified as credit impaired (Stage 3) has a credit rating of Category 4 or 5 (more detail on credit rating is given in section 7.2.2- Credit rating of these financial statements).

Measurement of expected credit loss (ECL)

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

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

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

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

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

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

Presentation of allowance for ECL in the balance sheet

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

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

Write-off

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

3.2.9 Derivative instruments and hedge accounting

Derivatives

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

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

Hedge accounting

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

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

Fair value hedge accounting

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

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

Cash flow hedge accounting

Changes in the fair value of the effective portion of derivatives designated as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement.

Amounts accumulated in equity are recycled to the income statement when the item being hedged impacts profit or loss.

When hedge accounting is discontinued, any cumulative gain or loss in equity remains in equity and is only recognised in the income statement when the forecast transaction is recognised in the income statement. If the forecast transaction is no longer expected to occur, the cumulative balance in equity would be immediately transferred to the income statement.

Net investment hedge in foreign operations

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

3.2.10 Derecognition

The Group derecognises a financial asset when:

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

3.2.11 Securitisation transactions

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

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

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

3.2.12 Leases

Accounting for leases as a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

3.2.13 Tangible assets

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

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

Computer equipment	2 – 10 years
Cars	3 – 5 years
Fixtures and fittings	3 – 10 years
Leasehold improvements	4 – 24 years
Buildings	10 – 60 years

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

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

3.2.14 Intangible assets

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

For assets with a definite life, amortisation is charged over the useful economic life of the asset, which is determined case by case based on the asset or contract. A straight-line amortisation method is generally used.

3.2.15 Impairment assessments of tangible and intangible assets

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

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

3.2.16 Provisions and contingent liabilities

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

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

3.2.17 Pensions

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

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

The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets. Defined benefit obligations are calculated using the projected unit credit method. Their present values are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating those of the obligation. Remeasurement gains and losses for defined benefit schemes are recognised outside the income statement and are presented in the statement of comprehensive income.

3.2.18 Dividends

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

3.2.19 Classification of debt and shareholders' equity

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

3.2.20 Fiduciary activities

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

4. Notes to the income statement

Note 1 – Net interest income

In thousands of euros	31/12/2025	31/12/2024
Interest income - loans to banks	163,272	217,554
Interest income - loans to customers	143,840	195,283
Interest income - debt securities at amortised cost	81,747	102,077
Interest income - hedging derivatives	1,604	521
Interest income - other financial assets	1,508	545
Interest income on financial instruments using the effective interest method	**391,971**	**515,980**
Interest expense - due to customers	(288,622)	(373,034)
Interest expense - due to banks and other financial institutions	(12,230)	(13,086)
Interest expense - lease liabilities	(8,564)	(9,034)
Interest expense - debt securities in issue and other financial liabilities	(6,248)	(8,024)
Negative interest income from loans to banks	(480)	-
Interest expense - hedging derivatives	(428)	(508)
Interest expense on financial instruments using the effective interest method	**(316,572)**	**(403,686)**
Net interest income - trading derivatives	94,405	90,683
Interest income - debt securities at FVTPL	858	556
Net interest income on other financial instruments	**95,263**	**91,239**
NET INTEREST INCOME	**170,662**	**203,533**

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

Note 2 – Net fee and commission income and expense

2.1 Fee and commission income

In thousands of euros	31/12/2025	31/12/2024
Fees for M&A and strategic advisory work	1,049,061	951,157
Fees for Financing Advisory work and other activities	700,510	747,741
Portfolio fees - Wealth and Asset Management and similar activities	801,881	696,881
Portfolio fees - Five Arrows and similar activities	250,079	228,703
Banking and credit-related fees and commissions	7,306	7,635
Other fees	13,147	11,946
TOTAL	**2,821,984**	**2,644,063**

2.2 Fee and commission expense

In thousands of euros	31/12/2025	31/12/2024
Fees for M&A and strategic advisory work	(7,103)	(4,768)
Fees for Financing Advisory work and other activities	(29,319)	(27,432)
Portfolio fees - Wealth and Asset Management and similar activities	(107,507)	(92,003)
Portfolio fees - Five Arrows and similar activities	(13,664)	(11,635)
Banking and credit-related fees and commissions	(10)	(16)
Other fees	(4,773)	(6,475)
TOTAL	**(162,376)**	**(142,329)**

Note 3 – Net gains on financial instruments at fair value through profit or loss

In thousands of euros	31/12/2025	31/12/2024
Net income - financial instruments at fair value through profit or loss	112,332	158,768
of which: net income - carried interest	*48,598*	*49,875*
Net income - foreign exchange operations	41,237	40,191
Net income - other operations	3,058	4,734
TOTAL	**156,627**	**203,693**

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

Financial instruments at fair value through profit or loss that are held for investment include both ordinary equity and carried interest shares held by the Group in its Five Arrows funds, as well as debt securities issued by its Five Arrows investment vehicles.

Five Arrows uses foreign exchange derivatives and borrowings to economically hedge translation movements affecting the fair value of their USD equities and debt securities held for investment. In the current period, fair value movements of Five Arrows hedges are shown within the account "Net income – financial instruments at fair value through profit or loss". The foreign exchange result of the Five Arrows business in the period was a gain of €25.7 million (December 2024: loss of €19.8 million).

"Net income - foreign exchange operations" comprises the spread on client foreign exchange trades, as well as all other gains and losses resulting from the fair value movements of currency derivatives held for trading, and exchange movements of monetary financial assets and liabilities.

For the purposes of comparison, net income on financial instruments at fair value through profit or loss and net income from foreign exchange operations have been restated for the prior year so that the components are the same in both years.

Note 4 – Other net banking income

In thousands of euros	31/12/2025	31/12/2024
Net gains/(losses) on derecognition of assets held at amortised cost	-	19
Other operating income	653	1,323
Other operating expenses	(1,198)	(1,552)
TOTAL	**(545)**	**(210)**

Note 5 – Operating expenses

In thousands of euros	31/12/2025	31/12/2024
Compensation and other staff costs	(1,689,164)	(1,624,361)
Defined contribution pension expenses	(26,382)	(25,517)
Defined benefit pension expenses (Note 28)	(7,101)	(8,077)
Staff costs	**(1,722,647)**	**(1,657,955)**
Administrative expenses	(430,294)	(389,712)
TOTAL	**(2,152,941)**	**(2,047,667)**

5.1 Staff costs

As part of its variable pay strategy, the Group pays bonuses to employees. In some cases, the cash payment is deferred to future years. In most circumstances, deferred cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two-, three- and four-year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Group. Employees who are identified as Material Risk Takers (MRT) as defined under the Capital Requirements Directive (CRD V) will have a portion of their current year bonus deferred over four years, with the expense recognised accordingly. Occasionally, in certain circumstances, the Group allows employees who are not MRTs to accelerate the vesting of deferred cash awards, and in this case, any remaining uncharged expense is recognised immediately.

A portion of the bonuses paid to MRTs identified under CRD V and the Investment Firms Prudential Regime (IFPR) are settled in the form of a non-cash instrument. All non-cash instrument awards are made in the form of notional shares (both deferred and non-deferred), which track the value of Rothschild & Co shares and will be settled in cash. The value of these non-cash instrument awards in the balance sheet as at 31 December 2025 was €38 million (December 2024: €30 million) and the charge to the income statement from these awards was €18 million (December 2024: €13.6 million).

The objective of the non-cash instruments is to link the reward of certain key staff with the performance of the Group. In addition to the requirement to remain employed by the Group, these awards may also be cancelled or reduced under specific circumstances.

Deferred remuneration gives rise to a commitment to employees. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €157 million (€147 million as at 31 December 2024).

Note 6 – Depreciation, amortisation and impairment of tangible and intangible fixed assets

In thousands of euros	31/12/2025	31/12/2024
Depreciation and amortisation		
Right of use assets	(50,948)	(52,672)
Tangible assets	(29,466)	(28,353)
Intangible assets	(24,719)	(22,491)
Total depreciation and amortisation	**(105,133)**	**(103,516)**
Impairment (charge)/release		
Right of use assets	(3,042)	(1,983)
Tangible assets	-	-
Intangible assets	(829)	(106)
Total impairments	**(3,871)**	**(2,089)**
TOTAL	**(109,004)**	**(105,605)**

Note 7 – Net income/(expense) from other assets

In thousands of euros	31/12/2025	31/12/2024
Gains/(losses) related to disposal and impairment of tangible or intangible assets	921	(590)
Gains/(losses) related to acquisition and disposal of Group companies	185	(363)
Non-operating income/(expense)	46	(760)
TOTAL	**1,152**	**(1,713)**

Note 8 – Income tax (expense)

In thousands of euros	31/12/2025	31/12/2024
Current tax (expense)	(143,355)	(146,650)
Deferred tax income/(expense)	2,816	6,841
TOTAL	**(140,539)**	**(139,809)**

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

8.1 Current tax (expense)

In thousands of euros	31/12/2025	31/12/2024
Tax charge for the period	(136,233)	(135,593)
Irrecoverable dividend-related tax	(7,303)	(7,752)
Adjustments related to prior periods	1,387	(1,391)
Pillar 2 top up tax	(1,174)	(1,966)
Other	(32)	52
TOTAL	**(143,355)**	**(146,650)**

Pillar 2 legislation aims to ensure large multinational corporations pay a minimum 15% tax on income arising in each of the jurisdictions where they operate.

8.2 Deferred tax income

In thousands of euros	31/12/2025	31/12/2024
Temporary differences	6,551	9,563
Changes in tax rates	70	(39)
Irrecoverable dividend-related tax	(1,745)	(900)
Adjustments related to prior periods	(2,060)	(1,783)
TOTAL	**2,816**	**6,841**

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

In thousands of euros	31/12/2025		31/12/2024	
Profit before tax		**714,449**		**736,565**
Expected tax charge at standard French corporate income tax rate	25.83%	184,542	25.83%	190,255
Main reconciling items[1]				
Tax on partnership profits recognised outside the Group	(5.3%)	(38,057)	(5.1%)	(37,805)
Impact of foreign profits and losses taxed at different rates	(3.3%)	(23,317)	(5.1%)	(37,194)
Tax on result from associate recorded net of tax	(0.0%)	(9)	+0.2%	1,298
Tax impacts relating to prior years	+0.1%	673	+0.4%	3,174
Impact of unrecognised deferred tax on losses	+0.1%	908	+0.6%	4,537
Tax on dividends received through partnerships	+0.4%	2,669	+0.3%	1,869
Permanent differences	+0.7%	4,678	+0.7%	4,909
Irrecoverable and other dividend-related taxes	+1.3%	9,048	+1.2%	8,652
Other tax impacts	(0.1%)	(596)	+0.0%	114
Actual tax charge	**19.7%**	**140,539**	**19.0%**	**139,809**
EFFECTIVE TAX RATE		**19.7%**		**19.0%**

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

5. Notes to the balance sheet

Note 9 – Financial instruments at fair value through profit or loss

Financial assets

In thousands of euros	31/12/2025	31/12/2024
Equity instruments held for investment	1,123,144	1,113,518
Equity instruments issued by mutual funds, held for liquidity	526,280	502,861
Debt securities held for investment	122,448	121,691
Debt securities held for liquidity	8,880	-
Other equity instruments	68,751	59,884
Financial assets mandatorily at fair value through profit or loss	**1,849,503**	**1,797,954**
Trading derivative assets (Note 10)	61,559	219,585
TOTAL	**1,911,062**	**2,017,539**

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

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

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

The value of the EBT's plan assets as at December 2025 is €189 million (December 2024: €167 million) and the related amounts due to employees that can be netted is €175 million (December 2024: €156 million). The amount disclosed above in Other equity instruments is after netting plan assets with related liabilities.

Financial liabilities

In thousands of euros	31/12/2025	31/12/2024
Trading derivative liabilities (Note 10)	58,572	160,354
TOTAL	**58,572**	**160,354**

Note 10 – Derivatives

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

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

10.1 Trading derivatives

In thousands of euros	31/12/2025			31/12/2024		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm foreign exchange contracts	*18,863,026*	59,767	57,657	*18,596,399*	204,261	157,606
Conditional foreign exchange contracts	*230,627*	938	915	*345,763*	2,749	2,748
Firm interest rate contracts	*101,285*	854	-	*161,367*	12,575	-
Conditional interest rate contracts	*1,440*	-	-	*1,600*	-	-
TOTAL	***19,196,378***	**61,559**	**58,572**	***19,105,129***	**219,585**	**160,354**

10.2 Hedging derivatives

In thousands of euros	31/12/2025			31/12/2024		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*70,839*	2,060	240	*133,022*	3,217	13
Firm foreign exchange contracts	*83,097*	798	-	*62,407*	2,362	-
TOTAL	***153,936***	**2,858**	**240**	***195,429***	**5,579**	**13**

10.3 Fair value hedges

A relatively small part of the Group's loans and deposits are medium and long-term with a fixed interest rate and are, therefore, exposed to changes in fair value due to movements in market rates. The Group utilises interest rate swaps to manage this risk exposure. For some of these swaps, it applies hedge accounting in the form of both macro and micro fair value hedges.

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

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

Most of the macro hedging swaps are intended to be held until maturity without periodic revision (i.e. they are non-dynamic).

The following table sets out the maturity profile of the designated hedging instruments that are used in the Group's hedging strategies as at 31 December 2025.

Fair value hedges - interest rate swap

In thousands of euros	31/12/2025			
	Total	<1yr	1yr - 5yr	>5yr
Notional value of hedges for loans	70,839	10,871	46,967	13,000

The following table contains further details relating to the Group's hedging strategies. The average fixed-rate leg of the hedges is 1.0% for EUR and 3.2% for GBP (December 24: EUR 1.0% and GBP 4.9%).

In thousands of euros	31/12/2025		31/12/2024	
	Loans to customer	Customer deposit	Loans to customer	Customer deposit
Notional principal of fair value hedges	70,839	-	84,648	48,374
Carrying amount of hedged item	256,360	-	302,048	48,374
Accumulated amount of fair value adjustments on the hedged items	(1,820)	-	(3,216)	(11)
Increase/ (decrease) in fair value of hedged items during the year for effectiveness assessment	1,384	-	419	(11)

10.4 Cash flow hedges

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

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

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

The following table sets out the maturity profile and average exchange rate on the forward foreign exchange contracts that are used in the Group's cash flow hedging strategies as at 31 December 2025.

Cash flow hedges - currency forward	**31/12/2025**				**31/12/2024**
	Total	**<1yr**	**1yr - 5yr**	**>5yr**	**Total**
Notional (in thousands of euros)	83,097	28,876	54,221	-	62,407
Average EUR-GBP exchange rate	0.90	0.89	0.90	-	0.88

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

In thousands of euros	**31/12/2025**	**31/12/2024**
Notional principal of hedging derivatives	83,097	62,407
(Loss) in value of the hedged sterling cost base during the period for effectiveness assessment	(1,199)	(2,132)
Gain in cash flow hedge reserve transferred to P&L	1,199	2,132

10.5 Net investment hedges

A foreign currency exposure arises from a net investment in a subsidiary that has a different functional currency from that of the Group. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiary and the Group's functional currency, which causes the amount of the net investment to vary. This risk may have a significant impact on the Group's financial statements and its risk weighted assets. The Group's policy is to hedge these exposures only when it could have a significant impact on the regulatory capital ratios of the Group and its banking subsidiaries, or give rise to significant translation losses.

During 2025 and 2024, the Group did not have any net investment hedges. In the past, the Group has hedged the risk of weakening exchange rates against the euro that would result in a reduction in the carrying amount of the Group's net investment in its Swiss franc and sterling subsidiaries. The cumulative foreign currency reserve on these discontinued hedges (negative €7.8 million) remains in reserves, and will only be transferred to the P&L if the Group disposes of the underlying foreign operations, for which no plans exist.

Note 11 – Securities at amortised cost

In thousands of euros	31/12/2025	31/12/2024
Public bills held for liquidity	2,100,836	2,214,354
Debt securities held for liquidity	1,609,697	1,615,216
Debt securities held for investment	18,151	26,994
Debt securities at amortised cost - gross amount	**3,728,684**	**3,856,564**
Stage 1 - 2 allowances	(689)	(675)
TOTAL	**3,727,995**	**3,855,889**

Note 12 – Loans and advances to banks

In thousands of euros	31/12/2025	31/12/2024
Interbank demand deposits and overnight loans	965,247	894,028
Interbank term deposits and loans	150,384	128,034
Reverse repos and loans secured by bills	1,878,712	2,402,652
Accrued interest	3,726	7,444
Loans and advances to banks - gross amount	**2,998,069**	**3,432,158**
Allowance for credit losses	-	-
TOTAL	**2,998,069**	**3,432,158**

Note 13 – Loans and advances to customers

In thousands of euros	31/12/2025	31/12/2024
PCL loans to customers	4,062,163	3,985,832
Other loans to customers	298,861	297,019
Overdrafts	49,262	34,113
Accrued interest	31,277	38,465
Loans and advances to customers – gross amount	**4,441,563**	**4,355,429**
Stage 1 - 2 allowances	(4,198)	(3,527)
Stage 3 allowances	(35,370)	(34,783)
Allowance for credit losses	**(39,568)**	**(38,310)**
TOTAL	**4,401,995**	**4,317,119**

Credit risk on loans to customers is further explained in section 7.2.3 – Credit risk exposure.

Note 14 – Other assets

In thousands of euros		31/12/2025	31/12/2024
Accrued income	(1)	225,613	190,484
Prepaid expenses		54,938	55,665
Prepayments and accrued income		**280,551**	**246,149**
Settlement accounts for transactions of securities	(1)	144,660	159,917
Defined benefit pension scheme assets (Note 28)		277,123	273,292
Accounts receivable	(1)	250,224	253,414
Guarantee deposits paid	(1)	46,297	92,472
Other sundry assets		248,906	228,420
Other assets		**967,210**	**1,007,515**
TOTAL		**1,247,761**	**1,253,664**

(1) These balances represent other financial assets as reported in section 7 – Financial risk management.

Note 15 – Investments accounted for by the equity method

The amounts in the balance sheet and income statement for associates are shown below.

	31/12/2025		31/12/2024	
In thousands of euros	Equity accounted value	Share of profit after tax	Equity accounted value	Share of profit after tax
Auster Fund Advisory Ltd	361	35	373	(5,024)
TOTAL	**361**	**35**	**373**	**(5,024)**

Information about the underlying accounts of Auster Fund Advisory Ltd, a Five Arrows business, is as follows.

Auster Fund Advisory Limited - selected financial data

In thousands of euros	31/12/2025	31/12/2024
Balance sheet		
Loans and receivables with bank, net	1,360	735
Other assets	786	1,698
Total assets	**2,146**	**2,433**
Other creditors	943	1,191
Total liabilities	**943**	**1,191**
Comprehensive income		
Net banking revenue	2,958	4,461
Operating expenses	(2,839)	(4,892)
Impairment of other assets	-	(16,314)
Profit before tax	118	(16,746)
Net income	**116**	**(16,745)**
Other comprehensive income	(154)	805
Total comprehensive income	**(38)**	**(15,940)**
Dividends paid	**-**	**-**

Associates are accounted for using the equity method. Information about Group voting rights and ownership interest is disclosed in Section 9 – Consolidation scope.

Note 16 – Leases

The Group rents offices around the world from which it conducts its business. The terms of these leases typically span from 3-15 years.

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

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

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

16.1 Right-of-use assets

In thousands of euros	01/01/2025	Additions	Disposals/ write-offs	Deprec-iation and impairment	Exchange rate and other movements	31/12/2025
Gross right-of-use assets						
Leasehold property	418,723	30,078	(26,359)	-	(17,859)	404,583
Other assets	8,201	2,276	(2,129)	-	(10)	8,338
Total – gross	**426,924**	**32,354**	**(28,488)**	**-**	**(17,869)**	**412,921**
Depreciation and impairments						
Leasehold property	(215,831)	-	23,980	(51,705)	9,228	(234,328)
Other assets	(5,106)	-	2,205	(2,285)	5	(5,181)
Total depreciation and impairments	**(220,937)**	**-**	**26,185**	**(53,990)**	**9,233**	**(239,509)**
TOTAL	**205,987**	**32,354**	**(2,303)**	**(53,990)**	**(8,636)**	**173,412**

16.2 Lease liabilities

In thousands of euros	01/01/2025	Additions	Disposals/ write-offs	Amounts paid	Unwinding of discount	Exchange rate and other movements	31/12/2025
Leasehold property	232,306	28,777	(2,577)	(53,997)	8,428	(10,609)	202,328
Other assets	3,042	2,300	-	(2,329)	136	46	3,195
TOTAL	**235,348**	**31,077**	**(2,577)**	**(56,326)**	**8,564**	**(10,563)**	**205,523**

As at 31 December 2025 the Group has committed to some future leases which have not yet commenced. This includes leases of properties for which the future cash outflows, undiscounted and not adjusted for inflation, may be in the region of €316 million over lease terms of up to 12 years.

16.3 Short-term and low-value leases

Using permitted exemptions, the Group does not capitalise leases that are short term, low value, or otherwise not subject to capitalisation due to materiality. The amounts recorded in the income statement in respect of these leases and commitments payable on these leases as at 31 December 2025 and December 2024 are not material to these accounts.

Note 17 – Tangible fixed assets

In thousands of euros	01/01/2025	Additions	Acquisition/ (disposal) of subsidiaries	Disposals/ write-offs	Depreciation/ impairment charge	Exchange rate and other movements	31/12/2025
Gross tangible fixed assets							
Operating land and buildings	424,716	7,569	-	(4,558)	-	(17,016)	410,711
Other tangible fixed assets	99,879	7,605	18	(3,764)	-	(4,412)	99,326
Total – gross	**524,595**	**15,174**	**18**	**(8,322)**	**-**	**(21,428)**	**510,037**
Depreciation and impairments							
Operating land and buildings	(175,111)	-	-	2,853	(18,223)	7,732	(182,749)
Other tangible fixed assets	(69,472)	-	-	3,460	(11,243)	3,358	(73,897)
Total depreciation and impairments	**(244,583)**	**-**	**-**	**6,313**	**(29,466)**	**11,090**	**(256,646)**
TOTAL	**280,012**	**15,174**	**18**	**(2,009)**	**(29,466)**	**(10,338)**	**253,391**

Note 18 – Intangible fixed assets

In thousands of euros	01/01/2025	Additions	Acquisition/ (disposal) of subsidiaries	Disposals/ write-offs	Amortisation/ impairment	Exchange rate and other movements	31/12/2025
Gross intangible fixed assets							
Brand names	165,457	-	-	(665)	-	(309)	164,483
Software	104,210	22,873	-	(3,333)	-	(330)	123,420
Customer relationships and other intangibles	79,226	-	1,942	(396)	-	(699)	80,073
Total – gross	**348,893**	**22,873**	**1,942**	**(4,394)**	**-**	**(1,338)**	**367,976**
Amortisation and impairments							
Brand names	(2,320)	-	-	665	(1,214)	66	(2,803)
Software	(71,025)	-	-	3,333	(18,602)	210	(86,084)
Customer relationships and other intangibles	(45,198)	-	-	396	(5,732)	130	(50,404)
Total amortisation and impairments	**(118,543)**	**-**	**-**	**4,394**	**(25,548)**	**406**	**(139,291)**
TOTAL	**230,350**	**22,873**	**1,942**	**-**	**(25,548)**	**(932)**	**228,685**

By far the most significant of the brand names is the asset related to the use of the "Rothschild & Co" name. This is considered to have an indefinite useful life and is, therefore, not amortised. Instead, it is subject to an impairment test performed at least annually.

18.1 Testing intangible assets with an indefinite life for impairment

As at 31 December 2025, the Group performed an impairment test for the "Rothschild & Co" name. It valued the name using the "royalty relief" method, whereby the value of the name is based on the theoretical amount that would be paid if the name were licensed from a third party, and not owned by the Group. Income for testing purposes has been determined on the basis of a three-year plan drawn up through the Group's budget process and then extended in perpetuity to a terminal value, using a long-term growth rate of 2.0% (December 2024 assumption: 2.0%).

Based on this test, the amount by which the income would have to fall to cause an impairment would be 64% (December 2024: 62%).

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

Key assumptions	**Value used**		**Value that will result in an impairment**	
	31/12/2025	**31/12/2024**	**31/12/2025**	**31/12/2024**
Royalty rate	2.0%	2.0%	0.7%	0.8%
Discount rate	12.3%	12.5%	30%	28%

Note 19 – Goodwill

In thousands of euros	Global Advisory	Wealth and Asset Management	Five Arrows	TOTAL
As at 1 January 2025	**166,978**	**105,281**	**4,569**	**276,828**
Currency translation	(3,364)	526	(540)	(3,378)
AS AT 31 DECEMBER 2025	**163,614**	**105,807**	**4,029**	**273,450**

19.1 Testing for impairment

The Group performs impairment tests on the carrying value of its goodwill on a recurring annual basis. The tests are applied for each of the cash-generating units (CGU) to which goodwill has been allocated. The recoverable amount of the CGUs has been calculated using the most appropriate method. The results of these tests concluded that no impairment was needed on any of the Group's goodwill.

19.1.1 Global Advisory

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

The following assumptions were used:

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

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

Results of sensitivity tests on this CGU show that either the PER or the normalised profit would have to decrease by 59% (December 2024: 46%) for an impairment to be considered.

19.1.2 WAM

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

The following assumptions were used:

- AUM are based on the closing AUM as at September 2025; and
- AUM multiples used were based on multiples as at September 2025 of WAM Swiss and European peers.

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

Results of sensitivity tests on these CGUs show that for an impairment to be considered, either the EV/AUM or the AUM would have to decrease by 66% for the Swiss WAM CGU (December 2024: 68%) and by 72% for the French WAM CGU (December 2024: 67%).

19.1.3 Five Arrows

The CGU to which the Five Arrows goodwill (€4 million) has been allocated has been valued using the discounted cash flow method (DCF). Cash flows for testing purposes have been determined on the basis of a three-year plan drawn up through the Group's budget process and then extended into perpetuity for a terminal value, using a long-term growth rate. Based on this test, the amount by which the cash flow would have to fall to cause an impairment would be 70% (December 2024: 74%). A 12.3% rate has been used to discount cash flows (December 2024: 12.5%), substantially lower than the discount rate of 41% that would result in an impairment (December 2024: 47%).

Note 20 – Due to banks and other financial institutions

In thousands of euros	31/12/2025	31/12/2024
Interbank demand and overnight deposits	18,417	63,014
Repurchase agreements	100,000	-
Interbank term deposits and borrowings	147,056	160,445
Accrued interest	1,935	2,661
TOTAL	**267,408**	**226,120**

Note 21 – Customer deposits

In thousands of euros	31/12/2025	31/12/2024
Demand and call deposits	8,939,791	8,581,669
Term deposits	4,160,381	4,358,272
Borrowings secured by bills	59,894	77,311
Accrued interest	31,319	53,753
TOTAL	**13,191,385**	**13,071,005**

Note 22 – Other liabilities, accruals and deferred income

In thousands of euros		31/12/2025	31/12/2024
Due to employees		917,587	900,225
Other accrued expenses and deferred income		121,642	114,031
Accrued expenses		**1,039,229**	**1,014,256**
Settlement accounts for transactions of securities	(1)	392,895	337,977
Guarantee deposits received	(1)	40,039	100,218
Accounts payable	(1)	35,181	37,913
Sundry creditors		112,126	108,997
Other liabilities		**580,241**	**585,105**
TOTAL		**1,619,470**	**1,599,361**

(1) These balances represent other financial liabilities as reported in section 7 – Financial risk management

Adjustments to contingent payments for consideration

As at 31 December 2025, the amounts presented in this note include a cumulative liability of €12 million in respect of contingent payments following the acquisition of several different subsidiaries in previous accounting periods (December 2024: €15 million).

Note 23 – Provisions

In thousands of euros	01/01/2025	Charge/ (release)	(Paid)	Exchange movement	Other movements	31/12/2025
Provisions for claims and litigation	13,853	6,355	(875)	30	782	20,145
Provisions for staff costs	8,865	2,126	(1,005)	(86)	156	10,056
Provisions for property	7,262	(202)	-	(433)	-	6,627
Provisions for counterparty risk	485	(72)	-	-	-	413
Subtotal	**30,465**	**8,207**	**(1,880)**	**(489)**	**938**	**37,241**
Retirement benefit liabilities (Note 28)	8,057	-	-	-	188	8,245
TOTAL	**38,522**	**8,207**	**(1,880)**	**(489)**	**1,126**	**45,486**

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

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

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

Note 24 – Impairments

In thousands of euros	01/01/2025	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	31/12/2025
Loans and advances to customers	(38,310)	(5,029)	2,203	1,075	493	(39,568)
Other assets	(25,538)	(12,434)	3,152	3,477	780	(30,563)
Securities at amortised cost	(675)	(55)	40	-	1	(689)
TOTAL	**(64,523)**	**(17,518)**	**5,395**	**4,552**	**1,274**	**(70,820)**

In addition to the net income statement charge disclosed above of €12,123,000, the cost of risk charge of €11,145,000 in the income statement includes: an impairment reversal on commitments given (€72,000); and recoveries on loans (€333,000) and other assets (€573,000) that had previously been written off.

Note 25 – Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euros	31/12/2025	31/12/2024
Net asset/(liability) as at beginning of period	**40,059**	**41,349**
of which: deferred tax net assets	*110,239*	*91,173*
of which: deferred tax net liabilities	*(70,180)*	*(49,824)*
Recognised in income statement		
Income statement income/(expense)	2,816	6,841
Recognised in equity		
Defined benefit pension arrangements	(3,330)	(11,719)
Cash flow hedge	346	(339)
Exchange differences	(7,821)	2,525
Acquisition of a subsidiary	(356)	-
Other	(415)	1,402
NET ASSET/(LIABILITY) AS AT END OF PERIOD	**31,299**	**40,059**
of which: deferred tax net assets	*105,189*	*110,239*
of which: deferred tax net liabilities	*(73,890)*	*(70,180)*

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set-off the current tax assets and liabilities and the balance relates to income tax levied by the same tax authority on the same taxable entity or tax group. There must also be the intention to settle on a net basis or to realise the current tax assets and liabilities simultaneously.

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

	31/12/2025			31/12/2024		
In thousands of euros	Net assets	Net liabilities	NET	Net assets	Net liabilities	NET
Deferred profit share arrangements	44,915	37,091	82,006	46,735	37,154	83,889
Losses carried forward	50,367	-	50,367	53,430	-	53,430
Allowances for loan losses and provisions	4,874	-	4,874	3,441	-	3,441
Accelerated depreciation	1,203	(5,604)	(4,401)	3,210	(2,746)	464
Undistributed reserves	-	(5,118)	(5,118)	-	(2,618)	(2,618)
Fair value adjustments to land and buildings	-	(7,711)	(7,711)	-	(7,905)	(7,905)
Financial assets at fair value	(1,787)	(8,324)	(10,111)	(2,248)	(8,411)	(10,659)
Intangible assets recognised following acquisition of subsidiaries	(3,568)	(16,696)	(20,264)	(4,452)	(17,050)	(21,502)
Defined benefit pension	1,423	(64,337)	(62,914)	1,252	(64,226)	(62,974)
Other temporary differences	7,762	(3,191)	4,571	8,871	(4,378)	4,493
TOTAL	**105,189**	**(73,890)**	**31,299**	**110,239**	**(70,180)**	**40,059**

The Group has in its balance sheet €50.4 million (December 2024: €53.4 million) of deferred tax assets for tax losses carried forward, which it expects to recover in subsequent years. These are mainly located in the US.

In accordance with the Group's accounting policy, some deductible temporary differences have not given rise to the recognition of deferred tax assets. Unrecognised deferred tax assets on losses carried forward amounted to €38.9 million at 31 December 2025, mainly in Asia and Canada (December 2024: €43.9 million). In addition, the Group has not recognised deferred tax assets on disallowed interest in the United Kingdom of €4.7 million as at 31 December 2025 (December 2024: €7.3 million).

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

In thousands of euros	31/12/2025	31/12/2024
Tax losses carried forward	3,378	251
Deferred profit share arrangements	1,800	9,340
Allowances for loan losses and provisions	1,533	793
Defined benefit pension liabilities	530	(1,145)
Financial assets carried at fair value	246	(785)
Fair value adjustments to land and buildings	229	328
Undistributed reserves	(2,500)	(1,368)
Depreciation differences	(4,637)	191
Other temporary differences	2,237	(764)
TOTAL	**2,816**	**6,841**

Note 26 – Capital and reserves

26.1 Issued share capital

In thousand of shares	31/12/2025	31/12/2024
As at beginning and end of the year	77,184	77,184
Nominal value per share (in euros)	2.00	2.00

The share capital of the Company consists of ordinary shares of the same category and are all fully paid. No shares are held by the Company or its subsidiaries.

26.2 Shareholders’ equity - Group share

In thousands of euros	31/12/2025	31/12/2024
Share capital	154,367	154,367
Share premium	1,122,962	1,122,962
Capital and associated reserves	**1,277,329**	**1,277,329**
Retained earnings	2,213,314	1,963,852
Group share of net income	412,777	440,374
Consolidated reserves	**2,626,091**	**2,404,226**
Related to translation differences	(54,471)	16,170
Cash flow hedge reserve	161	1,303
TOTAL SHAREHOLDERS' EQUITY - GROUP SHARE	**3,849,110**	**3,699,028**

26.3 Distributions

Distributions to owners of R&Co comprise:

	31/12/2025		31/12/2024	
	Amount €000s	Per share (in euros)	Amount €000s	Per share (in euros)
Dividends paid to R&Co shareholders	217,658	2.82	134,299	1.74
Profit share (*préciput*) [1]	6,295	n/a	6,071	n/a
TOTAL OF DISTRIBUTIONS	**223,953**		**140,370**	

[1] Allocated to the general partners, being R&Co Gestion and Rothschild & Co Commandité SAS.

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

	31/12/2025		31/12/2024	
	Amount €000s	Per share (in euros)	Amount €000s	Per share (in euros)
Ordinary dividend proposed to the AGM	217,658	2.82	217,658	2.82

The dividend proposed for the 2025 financial year is subject to the approval of the annual general meeting of R&Co shareholders to be held on 23 April 2026. The amount disclosed above is calculated based on the number of shares making up the Company's share capital as at 31 December 2025.

Note 27 – Non-controlling interests

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

	31/12/2025			31/12/2024		
In thousands of euros	Income statement	Amounts in the balance sheet	Distributions	Income statement	Amounts in the balance sheet	Distributions
Preferred shares	153,919	133,180	150,016	149,154	129,277	128,948
Perpetual subordinated debt	9,334	127,645	9,062	6,713	140,180	6,925
K Développement group	(2,251)	(9,579)	317	397	4,741	2,149
Other	131	828	-	118	710	2
TOTAL	**161,133**	**252,074**	**159,395**	**156,382**	**274,908**	**138,024**

27.1 Preferred shares

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

Carried interest shares issued by subsidiaries of the K Développement group in the table above are now shown in the "K Développement group" line in the current period. For the purposes of comparison, the prior year presentation has been restated using the same allocation. These carried interest shares represent the non-controlling interest in the balance sheet of the K Développement group disclosed below.

27.2 Perpetual subordinated debt

Certain of the Group's subsidiaries have issued to third parties perpetual subordinated debt instruments that have discretionary clauses relating to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of NCoI because they were issued by subsidiaries and not held by the Group. The interest payable, net of tax relief, on these instruments is shown as a charge to NCoI. The Group has the option to redeem the €150 million and the $200 million perpetual floating-rate notes at nominal value on interest payment dates.

The perpetual subordinated instruments are shown below.

In thousands of euros	31/12/2025	31/12/2024
Perpetual floating-rate subordinated notes (€150 million)	60,123	63,372
Perpetual floating-rate subordinated notes (US$200 million)	67,522	76,808
TOTAL	**127,645**	**140,180**

27.3 Restructuring of K Développement share capital

In June 2025, certain senior employees of the Group participated in an investment plan and purchased ordinary shares in K Développement, the holding company of the Group's Five Arrows business, for €8.3 million. The sale of shares is considered to be a share-based payment transaction under IFRS 2, because it is a transaction only between the Group and these employees, and not outside shareholders. The purchase has been settled in cash at a market valuation performed by an independent valuation expert, and, apart from a short administrative period after signing, the Group has not lent to the participants to purchase the shares. The arrangement is accounted for as an equity-settled share-based payment transaction in the scope of IFRS 2.

As the shares are equity settled, there is no liability booked in the balance sheet in respect of these shares, and there is no periodic charge or credit in the income statement when the employees' shares change in value. Because the shares are sold at fair value, there is no cost to the scheme that the Group would recognise as an income statement charge over the period during which forfeiture conditions exist.

The fair value of the shares was calculated on the basis of the overall plan value at the date of grant. In the absence of any market for the K Développement shares, a valuation model is used to value the shares. The key inputs into this model are the three year plan results of K Développement group and the appropriate discount rate for debt issued by K Développement to another Group company. The Group's accounting policy is to recognise all the shares sold on day one of the scheme as a non-controlling interest in the K Développement group. Dividends paid on the shares are not subject to any forfeiture conditions. Given the nature of the scheme, dividends paid to participants are considered as distributions of equity, rather than as a remuneration expense.

Also shown as a non-controlling interest in K Développement group are preferred shares issued many years ago by subsidiaries of K Développement to parties outside the Group. As stated above, amounts relating to these preferred shares has been moved from the "Preferred shares" line to the "K Développement" line in the current period. For the purposes of comparison, the prior year presentation has been restated using the same method.

K Développement group

In June 2025 the capital structure of K Développement was restructured, whereby 90% of the existing share capital was converted into newly issued fixed return preference shares, all of which were subscribed by another Group company at their fair value, and are therefore eliminated in the Group accounts. The remaining 10% of the K Développement share capital was converted into new ordinary shares.

The Group now holds a majority economic interest in the ordinary equity of K Développement, the holding company of our Five Arrows business. The non-controlling interest in the Group's balance sheet as at 31 December 2025 is calculated based on this economic interest in the K Développement group.

The following table shows a summarised income statement for the 12 months ended 31 December 2025 and a balance sheet of the K Développement group, prepared under IFRS accounting rules. The balance sheet is based on historic values of reserves and capital, and follows the restructuring of the preference share capital issued at fair value, discussed above. The Group share of shareholders' equity does not represent the fair value of the K Développement group.

In thousands of euros	31/12/2025
Income statement information	
Net banking income	261,500
Net income	62,998
Other comprehensive income	(1,567)
TOTAL COMPREHENSIVE INCOME	**61,431**

In thousands of euros	31/12/2025
Balance sheet information	
Financial assets at fair value through profit or loss	1,239,243
Loans and advances to banks	112,077
Loans and advances to customers	54,224
Other assets	161,064
TOTAL ASSETS	**1,566,608**
Due to banks and other financial institutions	90,347
Customer deposits	262,348
Preference shares issued	1,243,800
Other liabilities	174,475
TOTAL LIABILITIES	**1,770,970**
Shareholders’ equity - K Développement group share	**(207,215)**
Non-controlling interests	**2,853**
SHAREHOLDERS' EQUITY	**(204,362)**

Note 28 – Retirement benefit obligations

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

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

The NMR Overseas Pension Fund ("Overseas Fund") was operated for the benefit of employees of certain Group companies outside the United Kingdom. The defined benefit section also closed to new entrants in 2003. The employees remaining in the Overseas Fund stopped earning additional defined benefits in 2017.

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

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

The latest formal actuarial valuations of the UK Fund and the Overseas Fund were carried out as at 31 March 2025. The values of the defined benefit net assets have been updated to 31 December 2025 by qualified independent actuaries. Valuations of the Swiss Funds are performed for each closing, also by qualified actuaries.

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

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

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

28.1 Amounts recognised in the balance sheet

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2025
Present value of funded obligations	691,736	353,301	-	1,045,037
Fair value of plan assets	(922,872)	(399,288)	-	(1,322,160)
Subtotal	**(231,136)**	**(45,987)**	**-**	**(277,123)**
Present value of unfunded obligations	-	-	8,245	8,245
TOTAL IN BALANCE SHEET	**(231,136)**	**(45,987)**	**8,245**	**(268,878)**
Unrecognised plan assets	-	(518)	-	(518)
TOTAL (recognised and unrecognised)	**(231,136)**	**(46,505)**	**8,245**	**(269,396)**
of which: schemes in balance sheet with net liabilities	*-*	*-*	*8,245*	*8,245*
of which: schemes in balance sheet with net (assets)	*(231,136)*	*(45,987)*	*-*	*(277,123)*

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2024
Present value of funded obligations	734,903	340,188	-	1,075,091
Fair value of plan assets	(982,350)	(366,033)	-	(1,348,383)
Subtotal	**(247,447)**	**(25,845)**	**-**	**(273,292)**
Present value of unfunded obligations	-	-	8,057	8,057
TOTAL IN BALANCE SHEET	**(247,447)**	**(25,845)**	**8,057**	**(265,235)**
Unrecognised plan assets	-	-	-	-
TOTAL (recognised and unrecognised)	**(247,447)**	**(25,845)**	**8,057**	**(265,235)**
of which: schemes in balance sheet with net liabilities	*-*	*-*	*8,057*	*8,057*
of which: schemes in balance sheet with net (assets)	*(247,447)*	*(25,845)*	*-*	*(273,292)*

From time to time, unrecognised plan assets can exist in relation to one of the Swiss Funds. The maximum economic benefit that can be recognised there is the capitalised value of the difference between the employer's future service cost and the employer's expected future contributions to the fund, plus any employer contribution reserve. As at both 31 December 2025 and 31 December 2024, conditions relating to this Swiss Fund and its actuarial valuation are such that the Group's future contributions to this fund are expected to be less than the service cost, and so the maximum economic benefit is positive. However, while at December 2024 the maximum economic benefit exceeded the scheme surplus (being the difference between its plan assets and obligations), at December 2025, the surplus exceed the maximum economic benefit. Therefore, as at December 2025, only a portion of the plan assets can be recognised in the balance sheet.

28.2 Movement in net defined benefit asset

The movement in the net defined benefit asset is shown below, comprising the net value of all retirement benefit assets and liabilities in the Group's balance sheet.

In thousands of euros	Plan (assets)	Defined benefit obligations	Net defined benefit (asset)
Net asset as at beginning of period	**(1,348,383)**	**1,083,148**	**(265,235)**
Current service cost (net of contributions paid by other plan participants)	-	15,872	15,872
Contributions by the employees	(6,193)	6,193	-
Net interest (income)/cost	(53,354)	40,788	(12,566)
Past service (income)/cost	-	351	351
Remeasurements due to:			
- actual return less interest on plan assets	(7,874)	-	(7,874)
- changes in financial assumptions	-	(32,489)	(32,489)
- changes in demographic assumptions	-	(4,032)	(4,032)
- experience (gains)/losses	-	27,844	27,844
- derecognition of previously recognised assets	518	-	518
Benefits paid	43,004	(43,004)	-
Transfer of surplus assets to the defined contribution section of UK Fund	8,325	-	8,325
(Contributions) by the Group	(13,452)	-	(13,452)
Administration expenses	3,444	-	3,444
Exchange and other differences	51,805	(41,389)	10,416
NET ASSET AS AT END OF PERIOD	**(1,322,160)**	**1,053,282**	**(268,878)**

As part of the March 2022 triennial actuarial valuations of the UK and Overseas Funds it was agreed that all employer contributions would cease to both schemes with effect from 30 June 2023, subject to the funding position being reviewed on a quarterly basis. No contributions have been paid in respect of the defined benefit section to either fund during 2025. Contributions continue to be paid to other schemes in the Group, and it is estimated that total contributions of €14.5 million will be paid to the Group's defined benefit pension schemes in the twelve months ended 31 December 2026.

The Group has assessed that a surplus can be recognised for the UK, Overseas and the Swiss Funds under IFRS. This conclusion has been reached for the UK and Overseas Funds because their trustees do not have a unilateral power to wind up the fund and the funds' rules allow the sponsoring company an unconditional right to a refund, assuming the gradual settlement of plan liabilities over time until all members have left the fund. Meanwhile, the partial recognition of a pension asset in the Swiss Funds is discussed in Note 28.1 Amounts recognised in the balance sheet.

The Group is aware of recent litigation concerning the application in the UK of section 37 of the UK's Pension Schemes Act 1993 to certain historic rule amendments and the trustees of the UK Fund have received detailed legal advice on this matter. The trustees have reviewed whether any positive steps are necessary to investigate past actuarial confirmations in relation to any relevant historic changes to the UK Fund's benefits. They have noted that the UK Fund has been stable and professionally advised throughout the relevant period, and there is no reason to believe that the actuarial confirmations required by section 37 have not been properly obtained. Their legal advice supports this. During 2025, a legislative solution has also been proposed which may provide affected schemes with a further opportunity to obtain confirmations retrospectively, albeit exact details remain uncertain. Given these circumstances, the Group does not believe that it needs to take any additional action in relation to this matter. The Group continues to monitor developments in this area.

The weighted average projected maturity of fund liabilities is 12 years for the UK Fund and 15 years for the Swiss Funds.

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

In thousands of euros	31/12/2025	31/12/2024
Current service cost (net of contributions paid by other plan participants)	15,872	14,330
Net interest (income)/cost	(12,566)	(9,161)
Past service (income)/cost	351	-
Administration costs	3,444	2,908
TOTAL (included in staff costs)	**7,101**	**8,077**

28.4 Amounts recognised in statement of comprehensive income

In thousands of euros	31/12/2025	31/12/2024
Remeasurement gains/(losses) recognised in the period	16,033	52,503
Cumulative remeasurement gains/(losses) recognised in the statement of comprehensive income	26,468	10,435

28.5 Movement in unrecognised plan assets

In thousands of euros	31/12/2025	31/12/2024
Unrecognised assets as at beginning of period	**-**	**(18,177)**
Interest income on unrecognised assets	-	(268)
Currency translation adjustment	-	36
Other changes in the unrecognised assets	(518)	18,409
UNRECOGNISED ASSETS AS AT END OF PERIOD	**(518)**	**-**

28.6 Actuarial assumptions

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

	UK and Overseas Funds		Swiss Funds	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Discount rate	5.5%	5.5%	1.3%	0.8%
Retail price inflation (RPI)	2.8%	3.1%	n/a	n/a
Consumer price inflation (CPI)	2.1%	2.4%	1.0%	1.3%
Expected rate of salary increases	2.0%	2.0%	1.0%	1.3%
Expected rate of increase of pensions in payment:				
Uncapped increases	n/a	n/a	0.3%	0.3%
Capped at 5.0%	2.7%	3.0%	n/a	n/a
Capped at 2.5%	2.0%	2.1%	n/a	n/a
Life expectancy in years of a:				
Male pensioner aged 60	28.1	28.4	28.1	28.0
Female pensioner aged 60	30.1	30.1	29.9	29.8
Male pensioner aged 60 in 20 years' time	29.5	29.8	30.4	30.3
Female pensioner aged 60 in 20 years' time	31.5	31.4	31.9	31.8

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

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

	31/12/2025	
	(Decrease)/increase in obligation	
In thousands of euros	UK and Overseas Funds	Swiss Funds
50bp increase in discount rate	(37,000)	(16,000)
50bp increase in inflation	28,000	2,000
One year increase in life expectancy	20,000	8,000

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

28.7 Composition of plan assets

	UK Fund		Overseas Fund		Swiss Funds	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Corporate bonds and similar credit	30%	34%	43%	40%	32%	33%
Hedges of liabilities (1)	23%	23%	28%	29%	2%	2%
Equities - quoted	13%	7%	6%	5%	34%	33%
Private equity and hedge funds	8%	10%	-	-	10%	11%
Secure income assets (2)	9%	10%	15%	16%	-	-
Cash and net current assets	8%	6%	8%	8%	7%	6%
Property	4%	4%	-	-	12%	13%
Illiquid credit	5%	6%	-	2%	-	-
Others	-	-	-	-	3%	2%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Hedges of liabilities include LDI and government bonds, inclusive of reinsurance

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

At each year end the value of the assets is measured as at 31 December, where available. In the event that a value is not available at that date then the latest value has been used and adjusted to reflect subsequent cashflows, where applicable. As at 31 December 2025, 73% of the total value of assets shown is at that date with the remaining 27% estimated based on the approach described.

Note 29 – Net cash and cash equivalents

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

In thousands of euros	31/12/2025	31/12/2024
Cash and accounts with central banks	4,646,390	3,491,611
Interbank assets - demand deposits and overnight loans	965,247	894,028
Other cash equivalents	426,704	529,422
Interbank liabilities - demand deposits and overnight loans	(18,417)	(63,014)
Net cash and cash equivalents	**6,019,924**	**4,852,047**

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

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

In thousands of euros	31/12/2025	31/12/2024
Cash and accounts with central banks	4,646,390	3,491,611
Loans and advances to banks (Note 12)	2,998,069	3,432,158
Securities at FVTPL - held for liquidity (Note 9)	535,159	502,861
Securities at amortised cost - held for liquidity (Note 11)	3,709,844	3,828,895
Cash and assets held for liquidity	**11,889,462**	**11,255,525**

Further information about liquidity assets and the Group's management of liquidity risk is provided in section 7.4.1 - Liquidity.

6. Other disclosures

Note 30 – Related parties

The term "Executive Directors", in the context of this note and the Group governance arrangements surrounding the decision-making process at the Group level, refers to executive corporate officers (*mandataires sociaux*) of R&Co Gestion, the Statutory Manager of R&Co. In accordance with the provisions of R&Co Gestion's articles of association, its chairman is the sole executive corporate officer in the twelve-month financial period to 31 December 2025. The following remuneration was received by the executive corporate officer in 2025, paid by R&Co Gestion but reimbursed by R&Co in accordance with the provisions of R&Co's articles of association relating to R&Co Gestion's operating expenses.

In thousands of euros	31/12/2025
Fixed remuneration of chairman	500
TOTAL	**500**

The chairman of R&Co Gestion did not benefit from payments in shares in respect of 2025 and no severance benefits were provided for termination of work contracts. No long-term benefits were granted.

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

Other related parties in the table below are: R&Co Gestion, the Statutory Manager of R&Co; the members of the Supervisory Board; parties with control of the Group; Rothschild & Co Concordia SAS and its directors, being parties with control of the parent company of R&Co; and any other party directly or indirectly responsible for management or control of the activities of R&Co, or who exercise joint control or significant influence on R&Co. They also consist of closely related parties of any party mentioned above, including their close family members or controlled companies.

In June 2025, a legacy residential property with a fair value of €2.1 million was sold for this amount by a subsidiary in the Group to a member of the Supervisory Board. The property was professionally valued by an independent third party. The sale, which was settled in cash, generated a gain in the Group's accounts that is immaterial to its results.

During the second half of 2025, a member of the Company's Supervisory Board purchased carry share investments from Five Arrows Principal Investments International Feeder SCA SICAR and from Five Arrows Managers SA, being subsidiary companies that are part of the Group's Five Arrows investment business. The Group accounts for such shares as an equity financial instrument at fair value through profit or loss. The shares were purchased by the Board member at carrying value of €1.7 million and settled in cash.

Other amounts reported in the Group's balance sheet or net income that have a counterpart that is a related party are disclosed below.

	31/12/2025		31/12/2024	
In thousands of euros	Executive Directors	Other related parties	Executive Directors	Other related parties
Assets				
Loans and advances to customers	6	19,244	1	20,049
Other assets	-	-	-	200
TOTAL ASSETS	**6**	**19,244**	**1**	**20,249**
Liabilities				
Due to customers	13,602	76,809	9,541	95,261
TOTAL LIABILITIES	**13,602**	**76,809**	**9,541**	**95,261**
Loans and guarantee commitments				
Guarantees and commitments given	-	2,255	-	5,996
TOTAL COMMITMENTS	**-**	**2,255**	**-**	**5,996**

In thousands of euros	31/12/2025		31/12/2024	
	Executive Directors	Other related parties	Executive Directors	Other related parties
Income and expenses from transactions with related parties				
Net interest income/(expense)	(112)	(1,452)	(223)	(2,686)
Net fee commission/(expense)	10	402	6	1,589
Other income	-	432	-	261
TOTAL NET BANKING INCOME	**(102)**	**(618)**	**(217)**	**(836)**
Other expenses	-	(10,262)	-	(8,818)
TOTAL EXPENSES	**-**	**(10,262)**	**-**	**(8,818)**

Note 31 – Fees to statutory auditors

In thousands of euros	KPMG		Cailliau Dedouit et Associés	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
AUDIT				
Statutory audit of consolidated and solo accounts, and related services				
R&Co (parent company)	206	200	206	200
Subsidiaries	3,334	3,304	252	292
Services other than the statutory audit of accounts, required for legal or regulatory reasons				
R&Co (parent company) - CSRD audit	-	250	-	-
Subsidiaries	1,003	712	11	5
Subtotal	**4,543**	**4,466**	**469**	**497**
SERVICES OTHER THAN THE STATUTORY AUDIT OF ACCOUNTS, PROVIDED AT THE REQUEST OF ENTITIES				
Non-statutory audit of accounts	39	96	39	38
Other services	27	42	-	-
Subtotal	**66**	**138**	**39**	**38**
TOTAL	**4,609**	**4,604**	**508**	**535**

The assessment of whether services provided are audit or not has changed in the year. Comparative amounts in this note have been restated in line with the current year's definitions.

Note 32 – Commitments given and received

32.1 Commitments given

In thousands of euros	31/12/2025	31/12/2024
Given to customers	1,102,241	1,031,280
Loan and debt security commitments	**1,102,241**	**1,031,280**
Given to customers	76,609	105,472
Given to banks	21,517	6,754
Guarantee commitments	**98,126**	**112,226**
Investment commitments	744,938	703,706
Irrevocable nominee commitments	611,484	596,748
Other commitments given	33,035	32,833
Other commitments given	**1,389,457**	**1,333,287**

Investment commitments relate to equity investments in Five Arrows funds and direct investments. Irrevocable nominee commitments represent commitments to funds where the Group acts as a nominee on behalf of its clients.

Commitments to employees in respect of deferred remuneration are set out in Note 5 – Operating expenses. Lease commitments are set out in Note 16 – Leases.

32.2 Commitments received

In thousands of euros	31/12/2025	31/12/2024
Received from banks	600,146	702,597
Loan commitments	**600,146**	**702,597**
Received from banks	4,446	6,246
Received from customers	133	133
Guarantee commitments	**4,579**	**6,379**

32.3 Financial instruments pledged as collateral

In thousands of euros	31/12/2025	31/12/2024
Available for refinancing	510,358	542,597
Pledged as collateral for liabilities with central banks	100,000	-
Financial instruments lodged with central banks	**610,358**	**542,597**
Securities sold under repurchase agreements	59,894	77,311
Other financial assets pledged as collateral for liabilities with credit institutions	50,798	78,563
Financial instruments given as collateral	**110,692**	**155,874**

Within these instruments, €50.8 million can be sold or reused by the beneficiaries (December 2024: €78.6 million).

32.4 Securities received under reverse repurchase agreements

In thousands of euros	31/12/2025	31/12/2024
Fair value of securities received under reverse repurchase agreements	1,905,266	2,363,619
of which: instruments that the Group is authorised to sell or reuse as collateral	*1,468,943*	*1,774,180*

As at December 2025, the Group has not reused or sold any securities received under reverse repurchase agreements (December 2024: €175 million reused and nil sold).

Note 33 – Offsetting financial assets and financial liabilities

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

The table also indicates amounts subject to a master netting agreement, which may be offset in the event of the default of one of the counterparties, but whose characteristics make them ineligible for offsetting under IFRS (columns 2). Fair values of financial instruments and collateral here are capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect. This part of the table ("Net amount") is provided to indicate where master netting agreements mitigate the Group's exposure to financial instruments in the event of default by the counterparty.

The Group also uses other risk mitigation strategies, such as holding collateral against its loans, but these are not disclosed in this table.

				(2) Impact of master netting agreements		
In millions of euros	Gross amounts	(1) Amounts set off	Net amounts as per balance sheet	Cash collateral received/ pledged	Financial instruments received/ pledged as collateral	Net amount
Derivative assets	77	(13)	64	(39)	-	25
Reverse repos and loans secured by bills	1,879	-	1,879	-	(1,879)	-
Guarantee deposits paid	46	-	46	(17)	-	29
Remaining assets not subject to netting	18,000	-	18,000	-	-	18,000
Total assets	**20,002**	**(13)**	**19,989**	**(56)**	**(1,879)**	**18,054**
Derivative liabilities	72	(13)	59	(17)	-	42
Repurchase agreements with banks	100	-	100	-	(100)	-
Repurchase agreements with customers	60	-	60	-	(60)	-
Guarantee deposits received	40	-	40	(39)	-	1
Remaining liabilities not subject to netting	15,629	-	15,629	-	-	15,629
Total liabilities	**15,901**	**(13)**	**15,888**	**(56)**	**(160)**	**15,672**

Note 34 – Structured entities

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It will often have restricted activities and a narrow or well-defined objective and can include some investment funds.

In most cases, it is clear under IFRS 10 that the Group need not consolidate its structured entities. However, some structured entities are managed by the Group in the form of funds in which the Group's own money is also invested. In these situations, a judgment must be made as to whether there is a need to consolidate these funds or not. To do this, a combined assessment of two key indicators is made:

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

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

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

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

Interest in unconsolidated structured entities

The following table shows the Group's interest in unconsolidated structured entities that it manages, and in that it has made an equity investment.

	31/12/2025			31/12/2024		
In millions of euros	Equity funds	Debt funds	TOTAL	Equity funds	Debt funds	TOTAL
Total assets within the underlying vehicles	**9,621.9**	**3,373.1**	**12,995.0**	**8,055.3**	**3,150.8**	**11,206.1**
Assets under management including third party commitments	**16,164.1**	**5,205.7**	**21,369.8**	**14,434.7**	**4,039.6**	**18,474.3**
Interest held in the Group's balance sheet:						
Debt and equity securities at FVTPL	983.3	216.0	1,199.3	965.9	218.4	1,184.3
Debt securities at amortised cost	-	18.2	18.2	-	26.9	26.9
Loans and advances to customers	136.5	-	136.5	135.1	-	135.1
Total assets in the Group's balance sheet	**1,119.8**	**234.2**	**1,354.0**	**1,101.0**	**245.3**	**1,346.3**
Off-balance sheet commitments made by the Group	911.9	70.5	982.4	933.8	55.3	989.1
Group's maximum exposure	**2,031.7**	**304.7**	**2,336.4**	**2,034.8**	**300.6**	**2,335.4**

Note 35 – Results, tax and headcount by territory

Pursuant to Article L.511-45 II to V of the French Monetary and Financial Code "*Code monétaire et financier*" and to Article 89 of CRD V, referred to in Section 9 – Consolidation scope, the table below provides information about net banking income, pre-tax profit, income tax and headcount for the twelve months to 31 December 2025.

Country/region of operation	Net banking income	Profit before tax	Current tax	Deferred tax	Headcount
	In millions of euros				*FTE*
France	955.3	362.3	(64.5)	(3.4)	1,399
United Kingdom	914.6	136.3	(30.7)	(5.0)	1,586
Other Europe	329.9	69.0	(20.7)	1.4	524
North America	285.2	(16.0)	(1.3)	5.3	421
Switzerland	196.3	19.8	(7.1)	0.8	401
Luxembourg	127.2	111.0	(7.3)	0.2	51
Asia-Pacific and Latin America	102.3	4.6	(6.7)	2.7	219
Channel Islands	38.5	21.5	(3.5)	-	50
Cayman Islands(1)	-	0.0	-	-	-
Other	75.9	5.9	(1.6)	0.8	136
Total before intercompany elimination	**3,025.2**	**714.4**	**(143.4)**	**2.8**	**4,787**
Intercompany elimination	(38.8)	-	-	-	-
TOTAL	**2,986.4**	**714.4**	**(143.4)**	**2.8**	**4,787**

(1) The Group only has equity-accounted associates in the Cayman Islands. In the consolidated accounts, the Group's share of associates' profit after tax is reported in profit before tax in the account "Net income from companies accounted for by the equity method". Headcount of associates is not reported in the Group's consolidated accounts. More detail on associates' accounts is disclosed in Note 15 – Investments accounted for by the equity method.

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

The Group has not received any public subsidies in the period. For France, profit before tax is stated before amounts deducted as non-controlling interests, being profit share (*préciput)* paid as preferred amounts to French partners who individually account for tax (see also Note 27 – Non-controlling interests).

7. Financial risk management

7.1 Governance

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

Risk management

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

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

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

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

7.2 Credit risk

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

7.2.1 Credit and counterparty risk

The Group's credit risk exposure primarily arises in the Wealth & Asset Management (WAM) division from its private client lending (PCL) activity (through R&CoBI, R&CoWM UK, R&CoBZ, R&CoMM and R&CoWM Monaco), corporate lending (in R&CoMM), co-lending in transactions as part of real estate debt management mandates and lending to funds managed by the Group.

Loans that are provided in the name of R&CoWM UK are funded and risk participated by R&CoBI, R&CoBZ, or R&CoMM. As a result, R&CoWM UK does not take any credit risk exposure on its own balance sheet.

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

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

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

Management of credit risk

The Group Credit Committee (GCC) oversees lending exposures across the Group and there are five principal credit committees within the Group: the Swiss Credit Committee (R&CoBZCC), the French *Comité de Crédit Banque* (R&CoMM CCB), the Channel Islands Credit Committee (R&CoBICC), the UK Credit Committee (R&CoWMUKCC), and the Corporate Credit Committee (CCC).

The R&CoBZCC is responsible for the oversight of private client lending exposures and other lending exposures (including credit risk and pricing of loans) on the balance sheet of R&CoBZ; funded or risk participations in exposures of other lending entities; as well as lending exposures where R&CoBZ is lender of record only. The lending policies and associated delegated approval authorities are confirmed by the board (or board committee as appropriate) of R&CoBZ.

The R&CoMM CCB is responsible for the oversight of private client lending exposures, corporate lending exposures and other lending exposures (including credit risk and pricing of loans) on the balance sheet of R&CoMM and R&CoWM Monaco; funded or risk participations in exposures of other lending entities; as well as lending exposures where R&CoMM is lender of record only. The lending policies and associated delegated approval authorities are confirmed by the board (or board committee as appropriate) of R&CoMM or R&CoWM Monaco.

The R&CoBICC is responsible for the oversight of private client lending exposures and other lending exposures (including credit risk and pricing of loans) on the balance sheet of R&CoBI; funded or risk participations in exposures of other lending entities; as well as lending exposures where R&CoBI is lender of record only. The lending policies and associated delegated approval authorities are confirmed by the board (or board committee as appropriate) of R&CoBI.

The R&CoWMUKCC is responsible for the oversight of private client lending exposures where it is lender of record only. The lending policies and associated delegated approval authorities are confirmed by the board (or board committee as appropriate) of R&CoWMUK.

The CCC is responsible for the oversight of corporate lending exposures (including credit risk and pricing of loans) by Group entities (excluding corporate lending to RMM clients). This includes corporate lending by NMR, the Group's counterparty limits, lending to Group companies (excluding intra-group lending facilities approved by R&CoBZCC, R&CoMM CCB or R&CoBICC), co-investment in loans within the real estate debt management mandates (subject to R&CoBICC approval for individual loans), and lending to funds managed by the Group.

The lending exposures assumed, and the credit policies followed within the Group, are subject to the oversight of the Risk Committee. The GCC, R&CoBZCC, RMMCCB, R&CoBICC, R&CoWMUKCC and CCC review the level of risk assumed in respect of lending to ensure it is consistent with the risk appetite of the Group and in accordance with the Group's credit risk policy. Any material changes to the lending policies are also reviewed and approved by the R&CoWAM supervisory board and the R&Co Supervisory Board, in addition to the committees mentioned above.

Approach to credit risk

The Group credit risk policy is reviewed annually by the Group Credit in conjunction with Group Risk. The policy is presented to the WAM ALCO, the Group ALCO, the WAM executive committee, and the R&Co Management Board on an annual basis, and is presented for information to the Risk Committee. Any material changes are also to be approved by the R&CoWAM supervisory board and the R&Co Supervisory Board. In conjunction with the Group's risk appetite statement, the policies set out the approach to managing the credit risk profile of the Group, the limits that have been set, and the reporting protocols.

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

Stress testing is an important risk management tool used to evaluate and gain an understanding of the impact of unexpected or extreme events and to validate the firm's risk appetite. Each lending entity is required to set out its approach to stress testing in its credit risk policy and whether it is considered appropriate to that lending entity's risk management. All stress testing must be conducted and/or reviewed with the input of Group Risk.

The Group's lending strategy is to support its WAM activities by providing loans to WAM clients (Private Client Lending) secured predominantly on diversified portfolios of marketable assets or on residential property. In view of this strategy, and taking into account the controls over granting and documenting credit exposures, the Group does not consider credit risk as a main risk (defined as one that it has identified and manages, and that is likely to have a significant negative impact on its ability to meet its strategic objectives).

7.2.2 Credit rating

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

Category	Definition	Mapping to IFRS 9 three-stage model for impairment
Category 1	Exposures that are considered to be fully performing.	Stage 1
Category 2	Exposures where the payment of interest or principal is not currently in doubt, but which require closer observation than usual, due to some deterioration in the position. Examples include: some deterioration in the collateral or in the borrower's ability to repay which may or may not lead to a breach of covenant; or, threatened or actual legal matters connected to the borrower/loan which could potentially have an impact on the loan; or loans where the repayment of interest and/or principal is past due. Unimpaired GA receivables that are more than 90 days overdue are included in this category.	Stage 2
Category 3	Exposures where there has been further deterioration in the position compared to Category 2. Although the exposure is not considered to be impaired, the position requires close monitoring.	Stage 2
Category 4	Exposures where there has been further deterioration in the position compared to Category 3. These are considered to be impaired but there may or may not be any provision against the exposure, and some or full recovery is expected to be made.	Stage 3
Category 5	Exposures that are considered to be impaired and there is a full provision against the exposure. No significant recovery of value is expected.	Stage 3

All Group companies map their own credit monitoring to these categories for the purposes of Group reporting.

The tables below disclose the maximum exposure to credit risk as at 31 December 2025 and as at 31 December 2024 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation. Allowances against commitments and guarantees are included in the account "Provisions for counterparty risk" (Note 23 – Provisions).

In millions of euros	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2025
Cash and amounts due from central banks	4,646.4	-	-	-	-	-	4,646.4
Financial assets at FVTPL[(1)]	195.7	-	-	-	-	-	195.7
Loans and advances to banks	2,998.1	-	-	-	-	-	2,998.1
Loans and advances to customers	4,339.5	0.9	1.6	89.2	10.4	(39.6)	4,402.0
Debt at amortised cost	3,728.7	-	-	-	-	(0.7)	3,728.0
Other financial assets	615.6	45.7	-	15.6	20.6	(30.6)	666.9
Subtotal assets	**16,524.0**	**46.6**	**1.6**	**104.8**	**31.0**	**(70.9)**	**16,637.1**
Commitments and guarantees	1,200.4	-	-	-	-	n/a	1,200.4
TOTAL	**17,724.4**	**46.6**	**1.6**	**104.8**	**31.0**	**(70.9)**	**17,837.5**

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

In millions of euros	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2024
Cash and amounts due from central banks	3,491.6	-	-	-	-	-	3,491.6
Financial assets at FVTPL[(1)]	346.9	-	-	-	-	-	346.9
Loans and advances to banks	3,432.2	-	-	-	-	-	3,432.2
Loans and advances to customers	4,250.8	3.3	1.4	90.1	9.8	(38.3)	4,317.1
Debt at amortised cost	3,856.6	-	-	-	-	(0.7)	3,855.9
Other financial assets	671.3	19.5	-	15.2	15.8	(25.5)	696.3
Subtotal assets	**16,049.4**	**22.8**	**1.4**	**105.3**	**25.6**	**(64.5)**	**16,140.0**
Commitments and guarantees	1,143.5	-	-	-	-	n/a	1,143.5
TOTAL	**17,192.9**	**22.8**	**1.4**	**105.3**	**25.6**	**(64.5)**	**17,283.5**

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

7.2.3 Credit risk exposure

7.2.3.1 Grouping of instruments for losses measured on a collective basis

Lending by the Group is primarily focused on supporting the WAM business by providing loans to private clients secured predominantly on diversified portfolios of marketable assets (Lombard lending), or on residential property (mortgages). For expected credit loss provisions calculated on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics of these and other types of lending.

Lombard and mortgage loans

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

For the Lombard loans, the LGD is estimated based on the amount of collateral held, and whether it is diversified or not, as well as the nature of the client and the ability to realise the value of the collateral. In the base case for assessment of credit risk, the weighted average PD is 0.3% and the weighted average LGD is 10% (December 2024: 0.3% and 7%).

For the mortgage loans, the LGD is estimated considering the value of the properties that are mortgaged, and varies based on the LTV ratio; the ability to recover and realise any collateral; and the nature of the client. In the base case, the weighted average PD is 1.5% and the weighted average LGD is 6% (December 2024: 1.5% and 6%).

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

Other loans to customers

The Group also makes other loans to customers, including corporate lending (through R&CoMM), co-lending in transactions as part of the real estate debt management mandates and lending to Five Arrows funds and Wealth & Asset Management funds, and short-term overdrafts for the settlement of investments made by UCITS, as well as life insurance policies managed by the Group. This element equates to €270 million of the total in the balance sheet as at December 2025 (December 2024: €264 million). The ECL in these businesses is considered on a sector-by-sector basis, and, wherever significant, on a loan-by-loan basis. The basis of assessment of the PD and LGD for each sector has been informed by historical losses, combined with a forward-looking judgment of the level of future losses.

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

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

Debt at amortised cost

For debt securities in the treasury portfolio, S&P credit ratings are used to determine the ECL. These published ratings are monitored and updated daily. The twelve-month and lifetime PDs associated with each rating are determined based on realised default rates, also published by S&P. To estimate the LGD, the Group has used the Basel III LGD, which is 40% or 45% for senior debt depending on the counterparty classification.

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

7.2.3.2 Maximum exposure to credit risk – financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of certain financial instruments for which an ECL allowance might be recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets. The credit risk exposure of other financial assets is described in section 7.2.4 - Credit risk management of other financial assets.

In millions of euros	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	31/12/2025	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	31/12/2024
Gross carrying amount								
Loans and advances to banks	2,998.1	-	-	2,998.1	3,432.2	-	-	3,432.2
PCL loans to customers	4,007.1	1.3	53.8	4,062.2	3,928.8	3.4	53.6	3,985.8
Other loans to customers	332.4	1.2	45.8	379.4	322.0	1.3	46.3	369.6
Securities at amortised cost	3,728.7	-	-	3,728.7	3,856.6	-	-	3,856.6
TOTAL	**11,066.3**	**2.5**	**99.6**	**11,168.4**	**11,539.6**	**4.7**	**99.9**	**11,644.2**
Loss allowance								
Loans and advances to banks	-	-	-	-	-	-	-	-
PCL loans to customers	(3.6)	-	(3.5)	(7.1)	(2.9)	-	(4.0)	(6.9)
Other loans to customers	(0.4)	(0.2)	(31.9)	(32.5)	(0.5)	(0.1)	(30.8)	(31.4)
Securities at amortised cost	(0.7)	-	-	(0.7)	(0.7)	-	-	(0.7)
TOTAL	**(4.7)**	**(0.2)**	**(35.4)**	**(40.3)**	**(4.1)**	**(0.1)**	**(34.8)**	**(39.0)**
Net carrying amount								
Loans and advances to banks	2,998.1	-	-	2,998.1	3,432.2	-	-	3,432.2
PCL loans to customers	4,003.5	1.3	50.3	4,055.1	3,925.9	3.4	49.6	3,978.9
Other loans to customers	332.0	1.0	13.9	346.9	321.5	1.2	15.5	338.2
Securities at amortised cost	3,728.0	-	-	3,728.0	3,855.9	-	-	3,855.9
TOTAL	**11,061.6**	**2.3**	**64.2**	**11,128.1**	**11,535.5**	**4.6**	**65.1**	**11,605.2**

For loans to customers, the €2.8 million charge in the loss allowance of Stage 1, 2 and 3 loans is further explained in the table below. Additionally, the movement in all loss allowances is shown in the account "Impairments" (Note 24).

Information on how the ECL is measured and how the three Stages are determined is provided in the section "Measurement of expected credit loss", section 3.2.8 of these financial statements.

Movement in loss allowance of total loans to customers

In millions of euros	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Loss allowance at beginning of period	**(3.4)**	**(0.1)**	**(34.8)**	**(38.3)**
Movements with P&L impact				
(Charge)	(1.1)	(0.1)	(3.8)	(5.0)
Release	0.5	-	1.7	2.2
Total net P&L (charge)/release during the period	**(0.6)**	**(0.1)**	**(2.1)**	**(2.8)**
Movements with no P&L impact				
Written off	-	-	1.1	1.1
Exchange	0.0	-	0.4	0.4
LOSS ALLOWANCE AT END OF PERIOD	**(4.0)**	**(0.2)**	**(35.4)**	**(39.6)**

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

The table below shows the ageing of loans to customers that are past due as at 31 December 2025 and as at 31 December 2024.

Loans to customers that are past due but not impaired

In millions of euros	31/12/2025	31/12/2024
Less than 30 days past due	5.3	3.7
Between 30 and 90 days past due	1.6	0.8
Over 90 days past due	-	-
TOTAL	**6.9**	**4.5**

7.2.3.3 Collateral

The Group holds collateral against loans to customers, as substantially all third-party lending is secured. The majority of collateral is in the form of charges over marketable assets (Lombard lending), or over property (mortgages). The majority of assets securing Lombard loans are held in the Group's custody, which enables the collateral to be realised easily. For mortgages and ex-custody assets, repayment may potentially involve taking possession of and realising the collateral.

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

Collateral is valued at the time the loan is made and periodically thereafter. Management can normally estimate valuations between events via a combination of specific knowledge and the application of general indices.

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

	31/12/2025	31/12/2024
In millions of euros	Stage 3 loans	Stage 3 loans
Gross value of credit-impaired loans	99.6	99.9
Impairment	(35.4)	(34.8)
Net value of credit-impaired loans	**64.2**	**65.1**
Tangible assets collateral	62.2	62.9
Financial assets collateral	0.6	0.9
TOTAL	**62.8**	**63.8**
% of Stage 3 loans covered by collateral	98%	98%

7.2.4 Credit risk management of other financial assets

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

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

Based on historical payment behaviour, management believes that receivables less than 90 days overdue have, prima facie, an immaterial risk of not being recoverable in full. These receivables are therefore classified as Category 1 in our internal credit risk table, unless there are specific reasons to consider them doubtful. Management considers that all individual unimpaired receivables over 90 days past due merit assessment for potential credit losses, in addition to more recent debts that are known to have credit issues. These receivables are considered to be on a watchlist and are classified as Category 2. Where these are not impaired, management provides a percentage of all these assets to reflect losses that might be expected to eventually arise. The provision percentage takes account of both historical experience and management's assessment of future potential losses. The ECL for Stage 2 debtors amounted to €1.4 million as at December 2025 (December 2024: €0.9m).

The credit rating of Other financial assets is disclosed in 7.2.2 Credit Rating. The movements in the loss allowance are disclosed in the account "Impairments" (Note 24).

7.2.5 Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 31 December 2025 and as at 31 December 2024.

7.2.5.1 Credit risk by location

Location for loans and advances is measured by reference to the location of the borrower. Debt securities are recorded based on the location of the issuer of the security. Location for derivative assets is based on the location of the counterparty. Location for margin calls paid on derivative liabilities are recorded based on the location of the receiver of the margin call.

In millions of euros	France	UK and Channel Islands	Switzer-land	Rest of Europe	Americas	Australia and Asia	Other	31/12/2025
Cash and amounts due from central banks	3,615.1	-	1,027.0	4.3	-	-	-	4,646.4
Financial assets at FVTPL[(1)]	14.5	22.0	13.9	88.0	56.2	1.1	-	195.7
Loans and advances to banks	588.9	1,661.3	21.3	351.5	287.7	39.9	47.5	2,998.1
Loans and advances to customers	2,453.8	837.7	246.1	648.4	62.7	106.2	47.1	4,402.0
Debt at amortised cost	384.4	710.9	1,250.9	793.6	488.2	100.0	-	3,728.0
Other financial assets	209.2	173.0	35.5	140.5	44.4	22.8	41.5	666.9
Subtotal assets	**7,265.9**	**3,404.9**	**2,594.7**	**2,026.3**	**939.2**	**270.0**	**136.1**	**16,637.1**
Commitments and guarantees	841.9	29.4	49.7	237.3	27.9	0.2	14.0	1,200.4
TOTAL	**8,107.8**	**3,434.3**	**2,644.4**	**2,263.6**	**967.1**	**270.2**	**150.1**	**17,837.5**

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

In millions of euros	France	UK and Channel Islands	Switzer-land	Rest of Europe	Americas	Australia and Asia	Other	31/12/2024
Cash and amounts due from central banks	2,876.4	-	611.5	3.7	-	-	-	3,491.6
Financial assets at FVTPL[(1)]	47.3	120.3	37.6	77.9	60.4	2.2	1.2	346.9
Loans and advances to banks	917.9	1,815.3	21.8	350.8	252.2	48.5	25.7	3,432.2
Loans and advances to customers	2,227.2	903.4	330.8	602.2	107.4	105.9	40.2	4,317.1
Debt at amortised cost	398.7	491.9	1,618.1	711.2	512.7	123.3	-	3,855.9
Other financial assets	188.5	183.3	40.2	146.0	83.1	5.2	50.0	696.3
Subtotal assets	**6,656.0**	**3,514.2**	**2,660.0**	**1,891.8**	**1,015.8**	**285.1**	**117.1**	**16,140.0**
Commitments and guarantees	780.5	25.4	28.6	274.6	23.2	0.2	11.0	1,143.5
TOTAL	**7,436.5**	**3,539.6**	**2,688.6**	**2,166.4**	**1,039.0**	**285.3**	**128.1**	**17,283.5**

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

7.2.5.2 Credit risk by sector

In millions of euros	31/12/2025	%	31/12/2024	%
Credit institutions	4,655.0	26%	5,247.5	30%
Cash and amounts due from central banks	4,646.4	26%	3,491.6	20%
Households	3,617.6	20%	3,488.2	20%
Government[1]	2,100.7	12%	2,223.9	13%
Other financial corporations	1,179.0	6%	1,251.0	7%
Real estate	655.4	4%	617.5	4%
Short-term fee income receivable (diversified customers)	475.8	3%	443.9	3%
Liquid debt securities (other sectors)	187.6	1%	179.4	1%
Other	320.0	2%	340.5	2%
TOTAL	**17,837.5**	**100%**	**17,283.5**	**100%**

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

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

Short-term fee income receivable and liquid debt securities that are not reported as part of specific sectors are exposed to various diversified sectors. Any exposure to these sectors is not thought by management to pose a significant sectoral risk, and in the case of short-term assets is not expected to be indicative of sectoral concentration for these assets in future. Therefore, these exposures are not analysed further in this section.

7.3 Market risk

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

Market risk arises as a result of the Group's activities in interest rate, currency, precious metals, equity and debt markets. Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging and client purposes. Trading activities in the Group are confined to "vanilla" products, as the Group does not trade in complex derivatives or other exotic instruments. Further information about the use of derivatives instruments and hedge accounting is provided in Note 10 – Derivatives.

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

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

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

7.3.1 Equity investments

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

If the price of these equities were to fall by 5% as at 31 December 2025, then there would be a post-tax charge to the income statement of €101.0 million (31 December 2024: €104.5 million).

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

In millions of euros	31/12/2025	%	31/12/2024	%
Rest of Europe	476.5	28%	482.3	29%
Americas	459.4	27%	435.7	26%
France	373.0	22%	364.7	22%
United Kingdom and Channel Islands	344.0	20%	300.9	18%
Australia and Asia	62.1	3%	55.3	3%
Other	3.3	0%	37.4	2%
TOTAL	**1,718.3**	**100%**	**1,676.3**	**100%**

7.3.2 Currency risk

The Group has exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk that would affect the income statement. The net positions in the table are measured by reference to the net carrying amounts of monetary assets and liabilities other than those in a subsidiary's functional currency, and are shown after taking account of derivative positions. The majority of the positions shown represent short term exposures in many different subsidiaries, and are mostly items of working capital.

	31/12/2025	31/12/2024
In millions of euros	Long/ (short)	Long/ (short)
USD	110.7	80.7
EUR	(21.7)	36.9
GBP	(5.8)	(9.5)
CHF	5.2	5.0
Other	9.9	(1.7)

If the euro strengthened against the currencies in the table above by 5%, then the effect on the Group would be a loss to the income statement of €4.1 million (December 2024: loss of €0.6 million).

7.3.3 Interest rate risk

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

Because of the nature of its business, only the banking entities in the Group are exposed to significant interest rate risk and therefore need to actively manage it. A key risk that banks face is that the interest rate profiles of their assets or liabilities may not match each other (for example, a bank may have variable rate customer deposits funding long-term fixed rate customer loans and securities held for liquidity). The Group materially avoids this risk, because most of its banking and treasury assets and liabilities are either very short term or have floating interest rates. For example, its treasury investments in debt securities and public bills held for liquidity purposes have a weighted average maturity of 11 months (December 2024: 12 months). This figure excludes public bills with an original maturity of less than 6 months that are held as a direct alternative to central bank placements. Where treasury investments are held at amortised cost, the difference between their carrying value and fair value, mostly attributable to interest rate changes, is in the region of only €4 million. Regarding the loan books, there is limited exposure to interest rate risk, with just €202 million (December 2024: €249 million) of unhedged fixed rate loans with a maturity over 1 year, representing just 5% (December 2024: 6%) of our total lending.

The Group calculates Interest Rate Risk in the Banking Book (IRRBB) in line with the EBA requirements, preparing the EVE (Economic Value of Equity) stress tests for each prescribed stress scenario, measured as a percentage of tier 1 capital. The results illustrate the low level of interest rate risk that the Group's banking entities and, on a consolidated basis, the Group is exposed to, even under these severe stress tests. Interest rate risk in non-banking entities is reviewed on an annual basis. As of 31 December 2025, this is not material.

IRRBB EVE results of the prescribed six shock scenarios as at 31 December 2025 are shown in the table below. The figures are taken from regulatory returns, but are not audited.

	Parallel up	Parallel down	Short rate up	Short rate down	Steepener	Flattener
As a percentage of tier 1 capital						
WAM group	1.1%	(4.0%)	(0.5%)	(1.0%)	0.6%	(0.9%)
Rothschild & Co group	0.3%	(1.1%)	(0.1%)	(0.3%)	0.2%	(0.2%)

There is some interest rate risk for certain sight deposits that behave as 0% fixed non-maturity deposits. As a result of this risk, the Group behaviourally adjusts non-maturity non-remunerated deposits, given the requirements of the European regulator along with the expectation that some of these deposits will behave in the same way as a fixed-rate liability. Because the WAM group's deposits are largely of a private banking nature, they are not considered to be very long term. Therefore, the Group behaviourally adjusts the stable amount linearly over five years, with the non-stable amount re-fixing over three months on average. The Group also makes certain adjustments to ECB deposits on the assets side. These behavioural adjustments are periodically reviewed in the light of stress-testing and back-testing to ensure their relevance, especially during periods of interest rate volatility.

7.4 Liquidity risk

7.4.1 Liquidity

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

Management of liquidity risk

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

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

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

The Group and WAM ALCOs evaluate the results of stress testing on the liquidity profile and are responsible for the invocation of any contingency funding plan measures if necessary. The Group and WAM ALCOs ensure that the credit and new product approval processes take account of the appropriate liquidity impact and the cost in terms of liquidity of any transactions. Specific attention is paid to deposits without a maturity date, which are behaviourally adjusted to take account of how interest rates changes may affect their volume.

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

Overview of liquidity risk

The Group retains a very strong liquidity position as at 31 December 2025 with €11.9 billion of liquidity assets (December 2024: €11.3 billion), which is 59% of gross assets and 90% of deposits (December 2024: 58% of gross assets and 86% of deposits). An analysis of the liquidity assets is shown in Note 29 Cash and cash equivalents, and this shows that they consist mainly of amounts at central banks and banks (€7.6 billion; December 2024: €6.9 billion) and investment-grade debt securities (€3.7 billion; December 2024: €3.8 billion). These debt securities are closely monitored and the holdings and limits for any weaker credits are reduced where considered necessary. Regarding sectors, the majority of the exposure is to financials and supranationals, and the corporate exposure at €188 million (December 2024: €179 million) is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are closely monitored along with the Group's loan-to-deposit ratio and its Net Stable Funding Ratio (NSFR). The WAM group's loan-to-deposit ratio is 31% as at December 2025 (December 2024: 32%). The NSFR, which is the regulatory test to ensure that banks have an appropriate level of stable funding for their asset base, is comfortably above the regulatory limit as at 31 December 2025. We continue to see good stability in the core customer deposit book and remain focused to ensure we retain a conservative liquidity risk profile.

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

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

Liquidity coverage ratios (LCRs)	**31/12/2025**	**31/12/2024**
Rothschild & Co Bank AG	157%	152%
Rothschild Martin Maurel	155%	140%
Rothschild & Co Bank International Limited	979%	811%
Regulatory limit	*100%*	*100%*

Net Stable Funding Ratios (NSFRs)	**31/12/2025**	**31/12/2024**
Rothschild & Co Bank AG	152%	150%
Rothschild Martin Maurel	151%	149%
Rothschild & Co Bank International Limited[1]	272%	266%
Regulatory limit	*100%*	*100%*

[1] Rothschild & Co Bank International Limited does not have a regulatory limit for NSFR

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

7.4.2 Contractual maturity

The following table shows the Group's financial assets and liabilities, analysed by remaining contractual maturity at the balance sheet date.

In millions of euros	Demand - 3m	3m - 1yr	1yr - 5yr	>5 yr	No contractual maturity	31/12/2025
Cash and balances at central banks	4,646.4	-	-	-	-	4,646.4
Financial assets at FVTPL	620.3	53.2	721.3	435.6	80.7	1,911.1
Hedging derivative assets	0.1	0.3	1.5	1.0	-	2.9
Securities at amortised cost	1,468.0	1,250.3	991.7	18.0	-	3,728.0
Loans and advances to banks	2,843.2	154.9	-	-	-	2,998.1
Loans and advances to customers	1,782.8	1,241.2	1,219.4	158.6	-	4,402.0
Other financial assets	666.9	-	-	-	-	666.9
TOTAL	**12,027.7**	**2,699.9**	**2,933.9**	**613.2**	**80.7**	**18,355.4**
Financial liabilities at FVTPL	35.9	22.7	-	-	-	58.6
Hedging derivative liabilities	-	-	0.2	-	-	0.2
Due to banks and other financial institutions	72.2	52.6	16.5	126.1	-	267.4
Due to customers	12,035.2	942.7	213.5	-	-	13,191.4
Debt securities in issue	356.0	37.0	-	0.2	-	393.2
Lease liabilities	13.1	37.7	109.7	45.0	-	205.5
Other financial liabilities	467.7	0.4	-	-	-	468.1
TOTAL	**12,980.1**	**1,093.1**	**339.9**	**171.3**	**-**	**14,584.4**
Loan and guarantee commitments given	1,200.4	-	-	-	-	1,200.4

Loan and guarantee commitments given are disclosed in the period in which they could first be drawn down. The undiscounted cash flows of liabilities and commitments are not materially different from the amounts disclosed in the contractual maturity table above.

7.5 Fair value disclosures

7.5.1 Fair value hierarchy

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

Level 1: instruments quoted on an active market

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

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

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

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

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

7.5.2 Valuation techniques used

7.5.2.1 Assets mostly held at fair value through profit or loss

Equity securities

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

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

- **Transaction multiples**

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

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

- **Other earnings multiples**

This measurement technique consists of applying a multiple to the earnings of the company to be valued. It is based on multiples from a sample of listed companies that are in the peer group of the company to be valued. The earnings multiples used might be EV/EBITDA, EV/EBIT and the price/earnings ratio (PER).

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

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

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

Investments in direct lending funds that hold instruments at amortised cost

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

Shares in external funds

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

Credit management products

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

The Group has invested in credit investment companies that invest in subordinated CLO tranches. These tranches are valued by a third-party valuation provider using discounted cash flow (DCF) techniques, giving a “mark to model” valuation that uses assumptions about future cashflows generated by the underlying CLO tranches. Some of these assumptions, of which the default and recoverability rates are considered the most significant, are unobservable inputs, so this valuation is considered to be Level 3.

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

Derivatives

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

7.5.2.2 Assets mostly held at amortised cost

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

Loans to/due to banks and customers

Loans and deposits are usually shown as Level 2. In the event of a difference in interest rates or any other factor indicating that an asset’s fair value is materially different from the net carrying amount, the fair value of instruments not referred to in the paragraph above is adjusted accordingly.

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

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

Debt securities and debt securities in issue

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

7.5.3 Fair value of financial instruments

Carried at amortised cost

In millions of euros	31/12/2025				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	4,646.4	4,646.4	-	4,646.4	-
Securities at amortised cost	3,728.0	3,732.4	3,697.2	35.2	-
Loans and advances to banks	2,998.1	2,998.1	-	2,998.1	-
Loans and advances to customers	4,402.0	4,392.2	-	4,370.0	22.2
TOTAL	**15,774.5**	**15,769.1**	**3,697.2**	**12,049.7**	**22.2**
Financial liabilities					
Due to banks and other financial institutions	267.4	247.7	-	247.7	-
Due to customers	13,191.4	13,191.6	-	13,191.6	-
Debt securities in issue	393.2	393.2	-	393.2	-
TOTAL	**13,852.0**	**13,832.5**	**-**	**13,832.5**	**-**

In millions of euros	31/12/2024				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	3,491.6	3,491.6	-	3,491.6	-
Securities at amortised cost	3,855.9	3,858.1	3,831.2	26.9	-
Loans and advances to banks	3,432.2	3,432.2	-	3,432.2	-
Loans and advances to customers	4,317.1	4,307.9	-	4,289.8	18.1
TOTAL	**15,096.8**	**15,089.8**	**3,831.2**	**11,240.5**	**18.1**
Financial liabilities					
Due to banks and other financial institutions	226.1	200.9	-	200.9	-
Due to customers	13,071.0	13,071.5	-	13,071.5	-
Debt securities in issue	119.0	119.0	-	119.0	-
TOTAL	**13,416.1**	**13,391.4**	**-**	**13,391.4**	**-**

Carried at fair value

In millions of euros	31/12/2025 TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	526.3	504.3	22.0	-
Financial assets at FVTPL held for investment	1,245.6	7.6	313.6	924.4
Other financial assets at FVTPL	77.6	77.6	-	-
Derivative financial instruments	64.4	-	64.4	-
TOTAL	**1,913.9**	**589.5**	**400.0**	**924.4**
Financial liabilities				
Derivative financial instruments	58.8	-	58.8	-
TOTAL	**58.8**	**-**	**58.8**	**-**

In millions of euros	31/12/2024 TOTAL	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	502.9	481.6	21.3	-
Financial assets at FVTPL held for investment	1,235.2	4.0	274.6	956.6
Other financial assets at FVTPL	59.9	59.9	-	-
Derivative financial instruments	225.2	-	225.2	-
TOTAL	**2,023.2**	**545.5**	**521.1**	**956.6**
Financial liabilities				
Derivative financial instruments	160.3	-	160.3	-
TOTAL	**160.3**	**-**	**160.3**	**-**

7.5.4 Further information about the fair value of Level 3 assets

Movement in Level 3 assets

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

In millions of euros	Funds and other equities	Bonds and other fixed income securities	TOTAL
As at 1 January 2025	**954.8**	**1.8**	**956.6**
Transfer (out of) Level 3	(31.0)	-	(31.0)
Total gains for the period included in income statement	(35.9)	(0.5)	(36.4)
Additions	193.6	-	193.6
Disposals	(158.1)	(0.3)	(158.4)
AS AT 31 DECEMBER 2025	**923.4**	**1.0**	**924.4**

In the valuation hierarchy described above, the Group classifies its unquoted investments as Level 2 when the significant inputs to the valuation are observable. When, however, there are significant unobservable inputs to the valuation, these valuations are classified as Level 3. Disclosure about the inputs to the valuation of Level 3 assets, including the elements that are unobservable, is made below.

Inputs and assumptions to value Level 3 assets

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

The main unobservable inputs show a weighted average value of various different inputs.

Investment	31/12/2025				
	Value (in €m)	Valuation method		Main unobservable input	
Investment in unquoted equity, managed by the Group	565.2	Transaction or other earnings multiple (pre-discount)	22.1x	Marketability and liquidity discount	6.9%
Investment in Five Arrows fund, investing in funds/portfolios managed by third parties	254.7	NAV based on an external valuation	n/a	External valuation parameters	n/a
Investment in fund, managed by external providers	20.9	NAV based on an external valuation	n/a	External valuation parameters	n/a
Holding in credit investment companies	77.1	Mark to model	n/a	Recoverability and default rate	2.3%
Other	5.5	n/a	n/a	n/a	n/a
TOTAL	**923.4**				

Investment	31/12/2024				
	Value (in €m)	Valuation method		Main unobservable input	
Investment in unquoted equity, managed by the Group	527.2	Transaction or other earnings multiple (pre-discount)	21.2x	Marketability and liquidity discount	6.4%
Investment in unquoted equity, managed by the Group	66.8	Exit negotiations	n/a	Price negotiations	n/a
Investment in Five Arrows fund, investing in funds/portfolios managed by third parties	251.7	NAV based on an external valuation	n/a	External valuation parameters	n/a
Investment in fund, managed by external providers	22.3	NAV based on an external valuation	n/a	External valuation parameters	n/a
Holding in credit investment companies	79.7	Mark to model	n/a	Recoverability and default rate	2.3%
Other	7.1	n/a	n/a	n/a	n/a
TOTAL	**954.8**				

Out of the €923 million of FVTPL equity securities classified in Level 3 as at 31 December 2025, €565 million are investments made by the Group in managed funds, where the majority of underlying instruments are valued using a transaction multiple or another earnings multiple or by an external valuation. The main unobservable input is the discount applied to the retained multiples. This reflects the differences in value between a particular asset in the portfolio and either (i) a comparable asset valued as part of an executed transaction; or (ii) an asset that operates in the same industry of the asset retained in the portfolio, but is characterised by differences in terms of size, geographical reach, specific business activity, etc.

To quantify the fair value sensitivity of these investments, the Group has determined the impact in the event of a fall of 5% in the carrying value of the underlying instruments. If such an event happened, there would be a pre-tax charge to the income statement of €41.5 million, or 7.3% of this type of asset (December 2024: 8.1%).

Additionally, €276 million are investments in portfolios and funds, for which the underlying assets are subject to a third-party valuation. Because full details of all the valuations are not available, the assumption is made that some elements may be unobservable, and so these are classified as Level 3; none of these underlying assets are individually material to the Group's accounts. To quantify the fair value sensitivity of the underlying assets for these investment types, the Group has determined the impact in the event of a fall of 5% in the carrying value. If such an event happened, there would be a pre-tax charge to the income statement of €15.8 million or 5.7% of these types of investments (December 2024: 5.5%).

The main unobservable input to value the holding in the credit investment companies is considered to be the default rate. If the average default rate were to increase by 25%, the value of the holding would fall by €6.3 million or 8.2% (December 2024: 7.0%).

7.5.5 Selected controls in the valuation process

Five Arrows

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function. Fair values determined by reference to external quoted prices or market parameters are validated by the relevant fund's valuation committee. In addition, systematic checks are made (1) to verify that retained transaction multiples remain coherent with the current market environment by comparing them with multiples of publicly traded peers; and (2) to assess the accuracy of the earnings estimates retained for valuation purposes by systematically back-testing earnings estimates to actual earnings.

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

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

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

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

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

Valuation of derivatives

The Group's over-the-counter (OTC) derivatives (i.e. non-exchange traded) are valued using market-standard valuation models. These models calculate the present value of expected future cash flows. The Group's derivative products are of a "vanilla" nature, such as interest rate swaps and cross-currency swaps, and the modelling techniques used are standard across the industry. Inputs to the valuation models are determined from observable market data, including data available from exchanges, dealers, brokers or providers of consensus pricing.

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

8. Financial impacts and risks associated with climate change

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

Recognising that climate-related physical and transition risks have the potential to destabilise the global economy, the Group is committed to supporting and contributing to the transition to a low-carbon economy. This commitment has been one of the key priorities in the Group's ESG framework since 2021, which is considering priorities in relation to sustainability-related risks, opportunities and impacts at every relevant level of our organisation.

The Group has revised its analysis of the most material sustainability-related risks in its Financial Materiality Assessment based on the definitions of financial materiality outlined in the European Sustainability Reporting Standards. The Group's financial materiality risk assessment concluded that, inherently:

- the exposure to climate-related physical and transition risks via investment solutions for Wealth and Asset Management and Five Arrows has the potential to impact the revenue trajectory for the Group in the short- to medium-term.
- potential reputational and litigation risks exist relating to varying stakeholder perceptions and expectations for climate-related commitments disclosed by the Group, and these could financially impact the Group.
- Global Advisory revenue has exposure to clients in sectors subject to, or crucial for, the low-carbon transition.

The financial materiality of such inherent risks was assessed for the short-term, and is considered to be residually low given existing policies and procedures in place to address this inherent exposure.

For more details, please refer to the Group's 2025 Sustainability Progress and Policy Statement.

8.1 Governance of objectives and risks associated with climate change

Governance of sustainability matters

The governance of sustainability matters, including addressing the impacts of climate change, follows the Group's governance framework with clearly defined roles and responsibilities.

The executive management of R&Co has created a committee dedicated to sustainability matters: this is the Group Sustainability Committee (GSC). The GSC advises on strategic sustainability matters relevant across the Group and/or those that could affect the firm's sustainability position and reputation, including review of material sustainability-related impacts; risks, opportunities and overarching strategic sustainability priorities for the Group; alignment on sustainability matters affecting the Group; policy matters and initiatives; and review of the Group sustainability statement. The Committee is co-chaired by one of the Managing Partners and the Group Head of Sustainability and consists of senior representatives who contribute relevant business insight and subject matter expertise.

The Supervisory Board is informed about sustainability developments on a regular basis. Specialist committees of the Supervisory Board carry out work regarding sustainability matters as follows:

- The Group Audit Committee is responsible, amongst other things, for reviewing the process of drawing up and disclosing the financial and non-financial information, and for reviewing the effectiveness of internal control systems and internal audit, in particular regarding risk exposure, including sustainability matters.
- The Sustainability Committee of the Supervisory Board ensures the Group considers issues relating to sustainability in line with strategic priorities for the business and identifies and addresses opportunities and risks associated herewith. The Committee monitors and reviews the strategic priorities, policies implemented, and objectives set by the Group and its entities relating to sustainability matters.
- The Risk Committee of the Supervisory Board advises the Supervisory Board on the overall current and future risk appetite and strategy of the Group and reviews the effectiveness and coherence of risk management systems deployed in the Group to ensure as far as possible the prevention, detection and/ or management of potential and/ or identified risks, including risks arising from social, societal and environmental matters.

8.2 Climate risk applied to the Group's accounts

The Group continues to assess the potential effects of climate change on its financial statements, from exposure of its investments or revenues to climate-related physical and transition risks. The financial effects could arise both from potential impact on the Group's performance and balance sheet, and/or from actions implemented by the Group with regards to its environmental commitments.

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

When valuing its intangibles and CGUs, the Group mostly uses inputs such as discount rates, royalty rates and growth rates in perpetuity that are market-observed, and that therefore reflect current expectations of climate impacts.

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

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

Lending activities mainly assist private clients in the WAM business. These clients undergo a thorough new client acceptance process designed to protect the Group from any potential reputational risk. The assets that act as security for the Lombard lending activities are largely guided by the Group's investment policy for assets held in client portfolios, which integrate ESG principles. Where the security for Lombard loans comprises assets not managed by Wealth Management, the Group is implementing a policy of applying a loan to value ratio of zero to any assets that do not comply with the Group's investment exclusion policy framework.

A policy for integration of ESG considerations in the Group's real estate loan business has also been implemented, which aims to ensure ESG risks are considered for each credit decision for UK, French and Swiss real estate loans.

8.2.3 Consideration of climate risk when assessing operational expenditure

Rothschild & Co has set objectives to contribute to a more environmentally sustainable economy and limit its environmental impact. The direct operating costs related to these objectives principally relate to the purchase of carbon compensation credits and sustainable aviation fuel.

The financial impact of these objectives are booked in the income statement as the relevant emissions occur. The objectives do not meet the criteria for recognition as a provision at the balance sheet date.

8.2.4 Consideration of climate risk regarding other assets and liabilities

As at December 2025, climate risk is not considered to affect the carrying value of assets. The Group, meanwhile, has not identified any linked litigation or obligations, or identified contracts that may become onerous due to climate risk, and so it does not consider it necessary to record provisions or contingent liabilities related to these.

In summary, as at 31 December 2025, the Group considers that climate change does not have a material impact on our financial statements.

9. Consolidation scope

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

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

		31/12/2025		31/12/2024		Consolidation method [1]	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2025	31/12/2024
AUSTRALIA							
Rothschild & Co Australia Limited	GA	100.00	100.00	100.00	100.00	FC	FC
BELGIUM							
Rothschild & Co Belgium SA	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management Belgium - Belgium Branch	WAM	100.00	100.00	100.00	100.00	FC	FC
BRAZIL							
Rothschild & Co Brasil Ltda	GA	92.41	100.00	92.41	100.00	FC	FC
CANADA							
Rothschild & Co Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Securities Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
CAYMAN ISLANDS							
Auster Capital Ltd	FA	30.00	28.20	30.00	30.00	EM	EM
Auster Fund Advisory Ltd	FA	30.00	28.20	30.00	30.00	EM	EM
Auster Holdings Ltd	FA	30.00	28.20	30.00	30.00	EM	EM
CHINA							
Rothschild & Co Financial Advisory (Shanghai) Company Limited	GA	100.00	100.00	100.00	100.00	FC	FC
DENMARK							
N.M. Rothschild & Sons Limited, Denmark Filial	GA	100.00	100.00	100.00	100.00	FC	FC
FINLAND							
Five Arrows Managers - Finland Branch	FA	100.00	94.00	100.00	100.00	FC	FC
FRANCE							
Aix-Rabelais SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Cavour SAS	Other	-	-	100.00	100.00	-	FC
Concordia Holding Sarl	Other	100.00	100.00	100.00	100.00	FC	FC
Courtage Etoile SNC	WAM	-	-	100.00	100.00	-	FC
Five Arrows Managers GP SAS	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Managers SAS	FA	100.00	94.00	100.00	100.00	FC	FC
GIE Rothschild & Co	Other	100.00	100.00	100.00	100.00	FC	FC
K Développement SAS	FA	99.40	94.00	100.00	100.00	FC	FC
Montaigne Rabelais SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Paris Orléans Holding Bancaire SAS	Other	100.00	100.00	100.00	100.00	FC	FC
PO Fonds SAS	FA	100.00	94.00	100.00	100.00	FC	FC
R&Co Investments France SAS	WAM	100.00	100.00	100.00	100.00	FC	FC
Redburn (France) SA	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Cie SCS[2]	GA	99.96	99.96	99.97	99.97	FC	FC
Rothschild & Co Asset Management SCS[2]	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Immobilier SCS[2]	GA	99.85	99.81	99.83	99.80	FC	FC
Rothschild & Co Martin Maurel SA	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co SCA	Other	100.00	100.00	100.00	100.00	Parent	Parent
Rothschild & Co TA SCS[2]	GA	100.00	99.96	100.00	99.97	FC	FC
Rothschild & Co Wealth & Asset Management SAS	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild Martin Maurel Courtage SAS	WAM	-	-	100.00	100.00	-	FC
SCI Du 20 Rue Grignan	WAM	100.00	100.00	100.00	100.00	FC	FC
SCI Du 6 Rue De La Bourse	WAM	100.00	100.00	100.00	100.00	FC	FC
SCI Prado Marveyre	WAM	100.00	100.00	100.00	100.00	FC	FC
Transaction R&Co Immobilier SCS[2]	GA	100.00	99.44	100.00	99.40	FC	FC
Transaction R&Co SCS[2]	GA	99.48	99.44	99.43	99.40	FC	FC
TRR Partenaires SAS	GA	75.00	74.58	75.00	74.55	FC	FC
Verdi SAS	Other	-	-	100.00	100.00	-	FC
Verseau SAS	FA	100.00	94.00	100.00	100.00	FC	FC
Wargny BBR SA	WAM	-	-	100.00	100.00	-	FC

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

(2) Some subsidiaries are limited partnerships (*sociétés en commandite simple*). The percentage interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership

		31/12/2025		31/12/2024		Consolidation method [1]	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2025	31/12/2024
GERMANY							
Redburn (France) SA - German Branch	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Deutschland GmbH	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Vermögensverwaltung GmbH	WAM	100.00	100.00	100.00	100.00	FC	FC
GREECE							
Rothschild & Co Greece Single Member S.A.	GA	100.00	100.00	100.00	100.00	FC	FC
GUERNSEY							
Jofran Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Maison (C.I.) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Asset Management Holdings (CI) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Bank International Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance CI Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield Holdings (Guernsey) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
TM New Court Plan Trust	Other	100.00	100.00	100.00	100.00	FC	FC
HONG KONG							
Rothschild & Co Hong Kong Limited	GA	100.00	100.00	100.00	100.00	FC	FC
INDIA							
Rothschild & Co Global Services Private Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co India Private Limited	GA	100.00	100.00	100.00	100.00	FC	FC
INDONESIA							
PT RothschildCo Advisory Indonesia	GA	100.00	100.00	100.00	100.00	FC	FC
ISRAEL							
Rothschild & Co Israel B.V. - Israel Branch	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Wealth Management (Israel) Ltd	WAM	100.00	100.00	100.00	100.00	FC	FC
ITALY							
Rothschild & Co Asset Management - Milan Branch	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Italia S.p.A.	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Wealth Management Italy SIM SpA	WAM	100.00	100.00	100.00	100.00	FC	FC
JAPAN							
Five Arrows Managers SA - Japan Branch	FA	100.00	94.00	100.00	100.00	FC	FC
Rothschild & Co Japan Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
LUXEMBOURG							
Elsinore I GP S.à r.l.	FA	100.00	94.00	100.00	100.00	FC	FC
FAMI GP S.à r.l.	FA	100.00	94.00	100.00	100.00	FC	FC
FIN PO S.A., SICAR	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Managers SA	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Principal Investments International Feeder SCA SICAR	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows U.S. Loan Fund GP S.a.r.l	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Umbrella Credit Fund GP	FA	100.00	94.00	100.00	100.00	FC	FC
Hermance Capital Management Sàrl	WAM	100.00	100.00	100.00	100.00	FC	FC
Oberon GP S.à r.l.	FA	100.00	94.00	100.00	100.00	FC	FC
Oberon III GP S.à r.l.	FA	100.00	94.00	100.00	100.00	FC	FC
Parallel GP S.à.r.l.	FA	100.00	94.00	100.00	100.00	FC	FC
PO Co-Invest GP S.à.r.l.	FA	-	-	100.00	100.00	-	FC
Rothschild & Co Investment Managers S.A.	FA	100.00	94.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management (Europe) S.A.	WAM	-	-	100.00	100.00	-	FC
Rothschild & Co Wealth Management Luxembourg	WAM	100.00	100.00	-	-	FC	-
RPI Invest 2 SCSp	FA	100.00	94.00	100.00	100.00	FC	FC
RPO GP S.à.r.l.	FA	100.00	94.00	100.00	100.00	FC	FC
RPO Invest 1 SCSp	FA	100.00	94.00	100.00	100.00	FC	FC
MALAYSIA							
RothschildCo Malaysia Sdn. Bhd.	GA	100.00	100.00	100.00	100.00	FC	FC
MEXICO							
Rothschild & Co Mexico, S.A. de C.V.	GA	100.00	100.00	100.00	100.00	FC	FC
MONACO							
Rothschild & Co Asset Management Monaco	WAM	99.50	99.43	99.50	99.44	FC	FC
Rothschild & Co Wealth Management Monaco	WAM	99.93	99.93	99.94	99.94	FC	FC
NETHERLANDS							
Rothschild & Co CIS B.V.	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Continuation Finance B.V.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Europe B.V.	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Israel BV	GA	100.00	99.98	100.00	99.99	FC	FC

[1] FC: full consolidation. EM: equity method.

Company name	Activity	31/12/2025 % Group voting interest	31/12/2025 % Group ownership interest	31/12/2024 % Group voting interest	31/12/2024 % Group ownership interest	Consolidation method [(1)] 31/12/2025	Consolidation method [(1)] 31/12/2024
POLAND							
Rothschild & Co Polska sp. z o. o.	GA	100.00	99.98	100.00	99.99	FC	FC
QATAR							
Rothschild & Co Doha LLC	GA	100.00	99.98	100.00	99.99	FC	FC
RUSSIAN FEDERATION							
Rothschild & Co CIS B.V. - Moscow Branch	GA	100.00	99.98	100.00	99.99	FC	FC
SAUDI ARABIA							
Rothschild & Co Financial Advisory Company	GA	100.00	100.00	100.00	100.00	FC	FC
SINGAPORE							
Rothschild & Co Singapore Limited	GA	100.00	100.00	100.00	100.00	FC	FC
SOUTH AFRICA							
Rothschild & Co (South Africa) Foundation Trust	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild and Co South Africa (Pty) Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
Southern Arrows Proprietary Limited	GA	100.00	100.00	100.00	100.00	FC	FC
SPAIN							
Redburn (France) SA - Spanish Branch	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management Spain, A.V., S.A	WAM	100.00	100.00	100.00	100.00	FC	FC
RothschildCo España S.A.	GA	100.00	99.98	100.00	99.99	FC	FC
SWEDEN							
Rothschild & Co Nordic AB	GA	100.00	99.98	100.00	99.99	FC	FC
SWITZERLAND							
Holding Pâris Bertrand SA	WAM	-	-	100.00	100.00	-	FC
Pâris Bertrand Holding SA	WAM	-	-	100.00	100.00	-	FC
Rothschild & Co Bank AG	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Holdings AG	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Global Advisory Switzerland AG	GA	100.00	100.00	100.00	100.00	FC	FC
Tenalis AG	WAM	100.00	100.00	-	-	FC	-
TURKEY							
Rothschild & Co Kurumsal Finansman Hizmetleri Limited Sirketi	GA	100.00	99.98	100.00	99.99	FC	FC
UNITED ARAB EMIRATES							
Rothschild & Co Europe B.V. - Abu Dhabi Representative Office	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Middle East Limited	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Middle East Limited - Abu Dhabi Branch	GA	100.00	99.98	100.00	99.99	FC	FC
Rothschild & Co Wealth Management Middle East Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
UNITED KINGDOM							
Arrowpoint Advisory Services Limited	GA	-	-	100.00	100.00	-	FC
Continuation Computers Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows (Scotland) General Partner Limited	FA	-	-	100.00	100.00	-	FC
Five Arrows Credit Solutions Co-Investments, LP	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Finance Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Holding UK Limited	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Managers LLP	FA	100.00	94.00	100.00	100.00	FC	FC
International Property Finance (Spain) Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
Lanebridge Holdings Limited	Other	-	-	100.00	100.00	-	FC
Lanebridge Investment Management Limited	Other	-	-	100.00	100.00	-	FC
Marplace (Number 480) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
N.M. Rothschild & Sons Limited	GA	100.00	100.00	100.00	100.00	FC	FC
New Court Securities Limited	Other	100.00	100.00	100.00	100.00	FC	FC
O.C. Investments Limited	Other	100.00	100.00	100.00	100.00	FC	FC
R&Co Equity Markets Solutions Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Australia Holdings Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance PLC	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Credit Management Limited	FA	100.00	94.00	100.00	100.00	FC	FC
Rothschild & Co Global Markets Solutions Limited (formerly Redburn (Europe) Limited)	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management UK Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
Second Continuation Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield MBCA Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield Trust Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Third New Court Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Walbrook Assets Limited	Other	100.00	100.00	100.00	100.00	FC	FC

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

Company name	Activity	31/12/2025 % Group voting interest	31/12/2025 % Group ownership interest	31/12/2024 % Group voting interest	31/12/2024 % Group ownership interest	Consolidation method (1) 31/12/2025	Consolidation method (1) 31/12/2024
UNITED STATES OF AMERICA							
FACP General Partner LP	FA	100.00	94.00	100.00	100.00	FC	FC
FACP GP-GP	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Managers (North America) LLC	FA	100.00	94.00	100.00	100.00	FC	FC
Five Arrows Managers (USA) LLC	FA	100.00	94.00	100.00	100.00	FC	FC
Rothschild & Co Global Markets Solutions LLC (formerly Redburn (USA) LLC)	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co North America Holdings Inc.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co North America Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Realty Group Inc.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co US Inc.	GA	100.00	100.00	100.00	100.00	FC	FC

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

10. Abbreviations and glossary

Term	Definition
Audit Committee	A committee of the Supervisory Board
bp	Basis point
Category 1/2/3/4/5	Classification of credit risk rating by the Group, explained in section 7.2.2
CCC	Corporate Credit Committee
CGU	Cash-generating unit
Company	Rothschild & Co SCA
Concordia	Rothschild & Co Concordia SAS, the parent company of Rothschild & Co SCA
CRD V	Capital Requirements Directive V
CSRD	Corporate Sustainability Reporting Directive, being European Union directive for large and listed companies, obligating them to disclose in their sustainability statement information on how they monitor a wide range of material sustainability-related topics and their impact, with the main aim to drive accountability and transparency, while promoting sustainable practices and investments.
Financial Materiality Assessment	Assessment whether defined environmental, social and governance factors have the potential to present material financial risks to the business.
DCF	Discounted cash flow
EAD	Exposure at default (IFRS 9)
EBA	European Banking Authority
EBT	Employee benefit trust
ECL	Expected credit loss (IFRS 9), which can be measured on either a 12-month basis (12m ECL) or a lifetime basis (lifetime ECL)
ESG	Environmental, social and governance
European Sustainability Reporting Standards	Reporting standards covering environmental, social and governance topics on which companies subject to the CSRD are required to report.
EVE	Economic value of equity
Financing Advisory	A subset of the Global Advisory business, encompassing Debt Advisory; Restructuring and Global Markets Solutions.
FINREP	FINancial REPorting standards that specify financial information required for regulatory reporting.
Five Arrows (FA)	Business segment
FTE	Full time equivalent employee
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
Global Advisory (GA)	Business segment
Group	Rothschild & Co SCA and its consolidated subsidiaries
Group ALCO	Group assets and liabilities committee
Group Credit Committee	A committee that reports to the Group ALCO

Term	Definition
Group Credit	Internal department responsible for the monitoring and reporting on the overall level of credit exposure across the Group.
Group Risk	Internal department responsible for ensuring that suitable risk management processes are in place across the Group, for reporting a consolidated view of risk exposures across the Group and delivering an independent and objective perspective on the risks in the business and whether they are consistent with Group strategy and risk appetite.
Group Sustainability Committee (GSC)	Group committee dedicated to sustainability matters
IASB	International Accounting Standards Board
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
IRRBB	Interest rate risk in the banking book
LCR	Liquidity coverage ratio
LDI	Liability-driven investment
Level 1/2/3	IFRS 13 fair value hierarchy, explained in section 7.5.1
LGD	Loss given default (IFRS 9)
Lombard lending	Lending secured against portfolios of assets
LTV	Loan to value
MRT	Material Risk Taker, as defined under the Capital Requirements Directive (CRD IV as amended by CRD V).
NAV	Net asset value
NCoI	Non-controlling interest
NMR	N M Rothschild & Sons Limited
NSFR	Net stable funding ratio
OCI	Other comprehensive income
Overseas Fund	N M Rothschild & Sons Limited overseas pension fund
PCL	Private Client Lending in the WAM business segment
PD	Probability of default (IFRS 9)
PER	Price/earnings ratio
POCI	Purchased or originated credit-impaired financial asset (IFRS 9)
R&Co	Rothschild & Co SCA
R&Co Gestion	Rothschild & Co Gestion SAS
R&CoBI	Rothschild & Co Bank International Limited
R&CoBICC	Credit committee of R&CoBI
R&CoBZ	Rothschild & Co Bank AG Zurich
R&CoBZCC	Credit committee of R&CoBZ
R&CoMM	Rothschild & Co Martin Maurel SA, whose commercial name is Rothschild Martin Maurel
R&CoMM CCB	Credit committee (*Comité de Crédit Banque*) of Rothschild & Co Martin Maurel SA
R&CoWAM	Rothschild & Co Wealth & Asset Management SAS
R&CoWM Monaco	Rothschild & Co Wealth Management Monaco

Term	Definition
R&CoWM UK	Rothschild & Co Wealth Management UK Limited
R&CoWMUKCC	Rothschild & Co Wealth Management UK Limited Credit Committee, a subsidiary credit committee
Risk Committee	A committee of the Supervisory Board
ROU asset	Right-of-use asset (IFRS 16)
SICR	Significant increase in credit risk (IFRS 9)
SPPI	Solely payments of principal and interest (IFRS 9)
Stage 1/2/3	IFRS 9 credit quality assessments
Statutory Manager (*gérant*)	Rothschild & Co Gestion SAS, as manager (*gérant*) of Rothschild & Co SCA
Supervisory Board	Rothschild & Co supervisory board
Sustainability Committee	A committee of the Supervisory Board
Swiss Funds	Rothschild & Co Bank AG Zurich pension funds
UCITS	Undertaking for collective investment in transferable securities
UK Fund	N M Rothschild & Sons Limited pension fund
Wealth and Asset Management (WAM)	Business segment
WAM ALCO	Assets and liabilities committee of WAM

Rothschild & Co