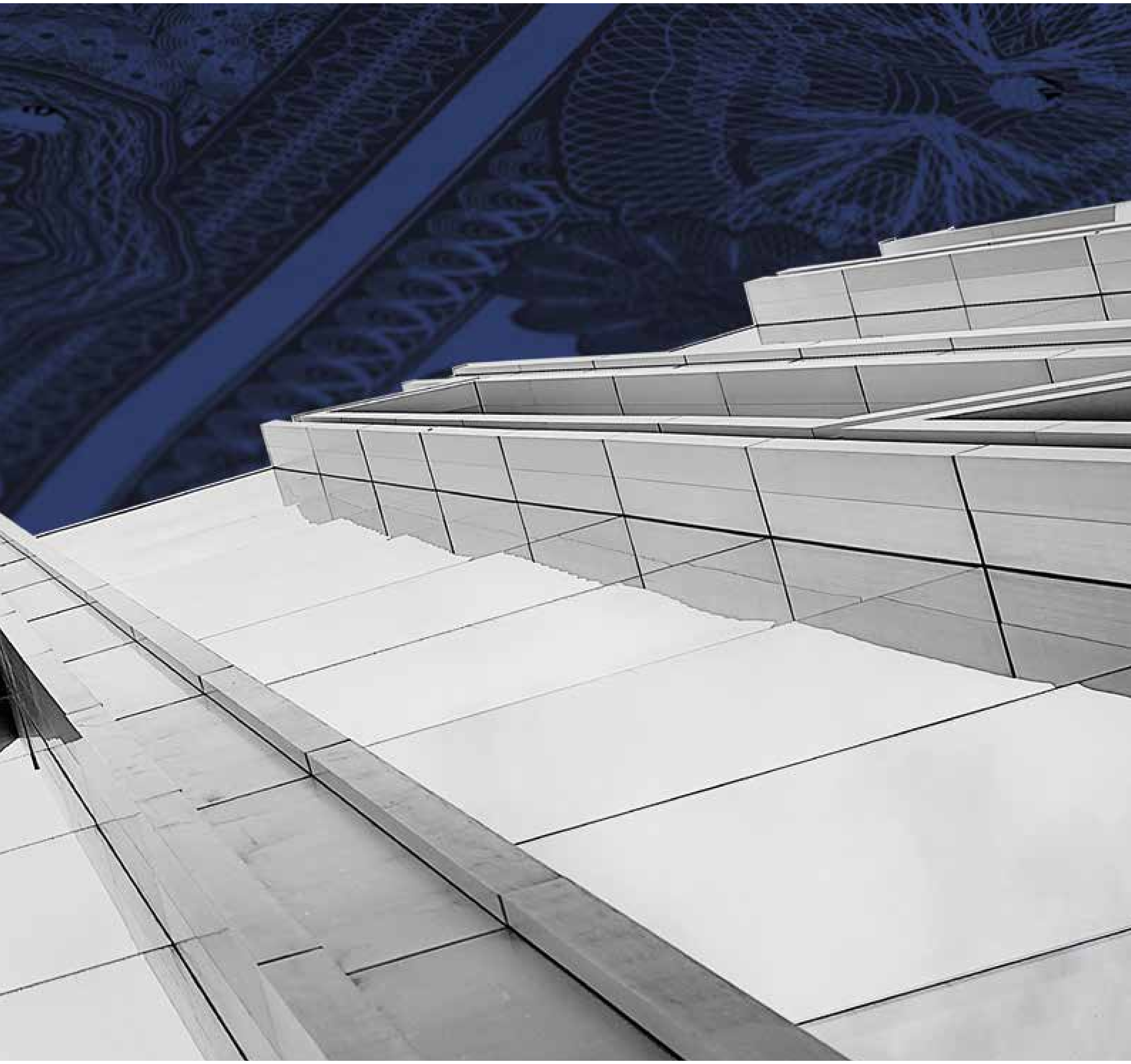
Rothschild & Co
Pillar 3 Disclosure
As at 31 December 2019



Rothschild & Co

Contents

1 Scope

Introduction

This document is published to provide information about the compliance of Rothschild & Co SCA (the "Company" or "Rothschild & Co") with the public disclosure rules set out in the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 relating to minimum capital requirements (known as "Pillar 3" requirements in the Basel 3 Accord) and its European transposition by the Capital Requirement Regulation ("CRR"). Rothschild & Co is registered in the list of financial holding companies supervised by the French Prudential Control Authority (*Autorité de Contrôle Prudentiel et de Résolution* or "ACPR").

The Pillar 3 disclosure requirements complement the minimum capital requirements ("Pillar 1") and the supervisory review process ("Pillar 2") and aim to encourage market discipline by allowing market participants to assess key pieces of information on the risk exposures and the risk assessment processes of Rothschild & Co.

This document is available on Rothschild & Co's website (www.rothschildandco.com) along with the Rothschild & Co 2019 Annual Report.

Basis of disclosure

These risk disclosures are made in respect of Rothschild & Co and its subsidiary undertakings (together "the Group" or "the Rothschild & Co Group").

The following regulated banking entities are fully consolidated in Rothschild & Co's accounts:

- Rothschild & Co Bank AG ("R&CoBZ") incorporated in Switzerland and supervised by the Swiss Financial Market Supervisory Authority ("FINMA");
- Rothschild & Co Bank International Limited ("R&CoBI") incorporated in Guernsey and supervised by the Guernsey Financial Services Commission ("GFSC");
- Rothschild Martin Maurel SCS ("RMM"), formerly named Rothschild & Cie Banque ("RCB"), incorporated in France and supervised by the ACPR; and
- Rothschild Martin Maurel Monaco ("RMMM") incorporated in Monaco and supervised by the ACPR.

As at 31 December 2019, the regulatory consolidation scope is identical to the statutory consolidation scope.

Unless otherwise indicated, financial information presented in this document is as at 31 December 2019. As there is a significant overlap between the information disclosure requirements for Pillar 3 and information already disclosed in the Rothschild & Co 2019 Annual Report, this document should be read in conjunction with that report. The Rothschild & Co Group organisation presented in this document is consistent with the governance arrangements described within the Rothschild & Co 2019 Annual Report.

Verification

These disclosures agreed by the Company's manager (*Gérant*), Rothschild & Co Gestion SAS (the "Manager") on behalf of Rothschild & Co, have been circulated to the Audit Committee and the Supervisory Board upon report of the Audit Committee at their March 2020 meetings. Unless otherwise indicated, information contained within this document has not been subject to external audit. The Pillar 3 disclosures have been prepared purely for the purpose of explaining the basis on which the Rothschild & Co Group has prepared and disclosed certain capital requirements and information about the management of certain risks, and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement on the Rothschild & Co Group.

2 Risk management

Overview

The guiding philosophy of risk management in the Group is for the management 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 involve itself.

The nature and method of monitoring and reporting varies according to the risk type. Most risks are monitored regularly with management information being provided to relevant committees on a weekly, monthly or quarterly basis. Where appropriate to the risk type, the level of risk faced by the Group is also managed through a series of sensitivity and stress tests.

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

Structure and risk governance

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

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

The oversight management and supervision of the Group are the responsibility of the Company's Manager, notwithstanding other Group companies' local requirements, including in particular: Group strategy and management, capital management, and risk management and control (including Group Policies). The Executive Chairman and Managing Partners of the Company's Manager sit at the Rothschild & Co Group Executive Committee ("GEC"). The GEC is co-chaired by two Managing Partners and acts as the senior executive committee at Rothschild & Co.

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

At Rothschild & Co senior management level the GEC participates in the overall management and the definition of the strategy for the Group's businesses. Its role is to assess the delivery of that strategy, to ensure the proper and effective functioning of Group governance structures, operating policies and procedures, to define the Group's risk appetite and to be responsible for the management of risk. The GEC is supported by two subcommittees:

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

At Rothschild & Co supervisory board level:

- the Audit Committee is a specialised committee of the Supervisory Board responsible, in particular, for supervising and reviewing the Group's internal audit arrangements, reviewing the independence of Rothschild & Co's statutory auditors and the effectiveness of the Group's internal control systems;
- the Risk Committee is a specialised committee of the Supervisory Board responsible for reviewing the Group's broad policy guidelines relating to risk management, particularly the limits which reflect the risk appetite presented to the Supervisory Board, and examining the effectiveness of the risk management policies put in place. These policies make up the structure underpinning the group's approach to managing specific categories of risk as articulated in the Group Risk Framework; and
- the Remuneration and Nomination Committee is a specialised committee of the Supervisory Board responsible in particular for setting the principles and parameters of the remuneration policies for the Group and determining the nature and scale of short and long term incentive performance arrangements that encourages enhanced performance and reward individuals in a "risk based" manner for their contribution to the success of the Group in the light of an assessment of the Group's financial situation and future prospects (see section 10).

Risk management framework

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

In the first instance, the Company's Manager sets the Group's risk appetite, approves the strategy for managing risk and is responsible for the Group's system of internal control. The three lines of defence model then distinguishes between functions owning and managing risks, functions overseeing risks and functions providing independent assurance.

Group risk framework

The Three Lines of Defence for identifying, evaluating and managing risks

First Line of Defence	Second Line of Defence	Third Line of Defence
It is the responsibility of senior management in each of the Group's business lines to establish and maintain effective risk management systems and to support risk management best practice.	Comprises specialist Group support functions including: Risk, Compliance, Legal and in some cases, Finance and Human Resources. These functions provide: • advice to management at Group level and operating entity level; • assistance in the identification, assessment, management, measurement, monitoring and reporting of financial and non–financial risks; • independent challenge to the businesses; and • technical guidance.	Provides independent objective assurance on the effectiveness of the management of risks across the entire Group. This is provided by the Group's Internal Audit function.

Risk types

Credit and counterparty risk

Credit risk is the risk of loss resulting from exposure to customer or counterparty default.

Rothschild & Co has adopted the Standardised Approach for calculating Pillar 1 capital requirements for credit risk.

Operational risk

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

Rothschild & Co currently adopts the Basic Indicator Approach for calculating Pillar 1 capital requirements for operational risk (except for RMM which uses the Advanced Measurement Approach).

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due, or that the Group is unable to meet regulatory prudential liquidity ratios.

The Group performs liquidity stress testing based on a range of adverse scenarios and has contingency funding plans which are maintained with the objective of ensuring that the Group has access to sufficient resources to meet obligations as they fall due if these scenarios occur. Stressed liquidity profiles are reviewed by the Group ALCO.

Market risk

Market risk positions arise mainly as a result of the Rothschild & Co Group's activities in interest rate (including interest rate risk in the banking book), currency, equity and debt markets and comprise interest rate, foreign exchange, equity and debt position risk. Market risk exposures are presented in the Rothschild & Co 2019 Annual Report.

Other material risks

Other risks which are, or may be, material arise in the normal conduct of our business. Such risks, including residual risk, concentration risk, basis risk, intermediary risk, clearing and settlement risk, securitisation risk, model risk, business risk, pension obligation risk, capital planning risk (including the risk of excessive leverage) and reputational risk, are identified and managed as part of the overall risk controls and are taken into account in the Supervisory Board's periodic assessment of capital adequacy.

There is additional information regarding credit risks in the Rothschild & Co 2019 Annual Report; other information regarding liquidity and funding risks is also included.

3 Prudential ratios

Solvency ratios

During the year ended 31 December 2019, Rothschild & Co and the individual entities within the Rothschild & Co Group complied with all of the externally imposed capital requirements to which they were subject. The following table provides a breakdown of consolidated capital requirements, together with regulatory ratios, at 31 December 2019 compared to the capital requirements at 31 December 2018:

In millions of euro	31/12/2019[1]	31/12/2018[1]
Tier 1 capital/CET 1	1,766	1,628
Tier 2 capital	–	–
Total Regulatory Capital	**1,766**	**1,628**
Credit Risk	5,532	4,345
Market Risk and Credit Value Adjustment	230	342
Operational Risk	3,307	3,310
Total Risk Weighted Assets	**9,069**	**7,997**
Tier 1/CET 1 ratio	19.5%	20.4%
Total Capital Ratio	**19.5%**	**20.4%**

(1) the fully loaded solvency ratios are presented pro forma for current earnings (subject to the provisions of article 26.2 of Regulation (EU) No 575/2013), net of dividends, for the current financial year.

Total capital ratio decreased by 0.9%. This can be attributed to an increase in Risk Weighted Assets (“RWA”); specifically Credit RWA in Merchant Banking and RMM treasury books.

Under the European Banking Authority (“EBA”) rules for 2019, the Tier 1 ratio with the Combined Buffer Requirement (“CBR”) must exceed 8.7% and the total capital ratio including CBR must exceed 10.7%.

Leverage ratios

The Group determines its leverage according to the leverage ratio benchmark as defined by the Basel Committee in January 2014. These rules were transposed into the Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 by way of amended CRR. The leverage ratio is in an observation phase in order to set minimum requirements.

At 31 December 2019, sustained by the higher Common Equity Tier 1 capital, and as the Group’s activities are not highly leveraged, Rothschild & Co’s fully phased–in leverage ratio was 11.9%.

Appendix A discloses the main characteristics of the leverage ratio.

Non-performing loans ratio

At December 2019, the Group’s gross non-performing loans ratio was 2%, reflecting the high quality of its assets. The coverage ratio of non-performing loans by provisions was 63%.

Appendix D discloses the main characteristics of the non-performing loans ratio.

4 Regulatory capital

The table below reconciles the composition of regulatory capital for the Rothschild & Co Group as at 31 December 2019 to the audited financial statements in accordance with Article 2 in Commission implementing regulation (EU) No 1423/2013.

In millions of euro	31/12/2019
Shareholders' equity incl. year-end profit	**2,173**
Parent company shareholders' equity per balance sheet	2,239
of which: Year-end profit	243
Amount not eligible under CRR	(66)
Non-controlling interests (amount allowed in consolidated CET1)	**–**
Non-controlling interests per balance sheet	446
of which: Undated subordinated debt	292
of which: Result for the year – NCI share	154
Amount not eligible under CRR	(446)
Deductions	**(407)**
(–) Goodwill and other intangible assets	(305)
(–) Deferred tax assets on losses carried forward	(12)
(–) Defined–benefit pension fund assets	(19)
(–) Securitisation exposures	(69)
(–) Other adjustments	(2)
Core Equity Tier 1 capital	**1,766**
Qualifying Tier 2 instruments issued by subsidiaries	**–**
Undated subordinated debt	292
Amount not eligible under CRR	(292)
Tier 2 capital	**–**
Total capital base	**1,766**

The undated subordinated debt are not qualified as Tier 2 capital instrument because the direct issuers are not CRR regulated entities.

Appendix B discloses the main characteristics of the own funds instruments.

Appendix C discloses detailed information of the regulatory capital on a full Basel 3 basis and on a transitional basis.

5 Risk weighted assets and capital requirements

The ACPR sets out the minimum capital requirement for French regulated financial institutions under CRR rules. CRR sets out the minimum regulatory capital to meet credit, market and operational risk. At 31 December 2019, the Group's total capital requirements by risk type were as follows:

Pillar 1 Requirement **In millions of euro**	**Risk Weighted Assets**	**Capital requirement**
Credit Risk	5,532	443
Market Risk and Credit Value Adjustment	230	18
Operational Risk	3,307	265
Total Regulatory Capital	**9,069**	**726**

6 Credit risk

Credit risk exposures

All credit risk capital requirements are calculated using the standardised approach.

The table below presents a summary of the Credit Risk Weighted Assets ("RWA") calculation. The net exposure is the exposure that is subject to a credit risk capital requirement after provisions.

The Exposure At Default ("EAD") is calculated after netting effects, collateral and credit conversion factors but before applying risk weightings. EAD includes off balance sheet exposures that are subject to a Credit Conversion Factor.

The RWA consists of the EAD multiplied by a weighting factor, which varies depending on the credit quality of the counterparty.

In millions of euro	31/12/2019
Net exposure	15,184
Financial collateral	(2,036)
Credit conversion factor	(302)
Exposure At Default	**12,846**
Risk Weighted Assets	**5,532**

Exposures by asset class

The table below shows the analysis of exposures by asset class before credit risk mitigation with substitution effects. Exposures with Central Banks are zero weighted.

In millions of euro	Exposure at default	Risk Weighted Assets
Central Banks	4,375	–
Institutions	2,620	825
Corporates	2,309	1,678
High Risk Exposures	1,104	1,655
Other	820	799
Residential Mortgages	663	238
Sovereigns	437	–
Retail	191	130
Collective Investment Units	89	89
Securitisations	78	38
Commercial Mortgages	69	39
Multilateral Development Banks	51	–
Equity	24	24
Exposures in default incl. past due	16	17
Total	**12,846**	**5,532**

High risk exposures comprise mainly unlisted equity investments from the Merchant Banking business. The "Other" category comprises mainly 'Non–credit obligation assets' such as deferred tax assets not otherwise deducted from capital and tangible assets.

6 Credit risk

EAD by geographical location

The Group is mainly exposed to Switzerland, United Kingdom, Luxembourg and France with approximately 83% of its exposures to these four countries. EAD by geographical location is as follows:

In millions of euro	France	Switzerland	Luxembourg	United Kingdom	Other	Total
Central Banks	1,991	2,333	–	–	51	4,375
Institutions	1,636	269	98	134	483	2,620
Corporates	1,599	148	97	148	317	2,309
High Risk Exposures	136	–	965	–	3	1,104
Other	347	92	3	199	179	820
Residential Mortgages	237	282	–	10	134	663
Sovereigns	136	5	–	95	201	437
Retail	141	24	–	3	23	191
Collective Investment Units	32	–	–	52	5	89
Securitisations	–	–	–	78	–	78
Commercial Mortgages	–	–	–	–	69	69
Multilateral Development Banks	48	–	–	–	3	51
Equity	4	–	2	18	–	24
Exposures in default incl. past due	10	–	–	6	–	16
Total	**6,317**	**3,153**	**1,165**	**743**	**1,468**	**12,846**

By sectors, more than 58% of the exposures are to the Financial and Government Sectors (Institutions, Sovereign and Central Banks asset classes). Central Banks exposures are mainly to Swiss National Bank and Banque de France.

EAD by maturity

The table below sets out an analysis of credit risk by maturity as at 31 December 2019. Residual maturity of exposures is based on contractual maturity dates and not expected or behaviourally adjusted dates.

In millions of euro	< 1 year	1–5 years	>5 years	Undated	Total
Central Banks	4,375	–	–	–	4,375
Institutions	2,026	582	12	–	2,620
Corporates	1,273	827	209	–	2,309
High Risk Exposures	76	547	5	476	1,104
Other	508	7	–	305	820
Residential Mortgages	99	422	142	–	663
Sovereigns	385	52	–	–	437
Retail	110	57	24	–	191
Collective Investment Units	–	–	–	89	89
Securitisations	2	–	76	–	78
Commercial Mortgages	4	55	10	–	69
Multilateral Development Banks	31	20	–	–	51
Equity	–	–	–	24	24
Exposures in default incl. past due	7	8	1	–	16
Total	**8,896**	**2,577**	**479**	**894**	**12,846**

The Group's strategy is to maintain a highly liquid short term position. This results in more than 69% of the exposures having a maturity below 1 year.

Value adjustment on impaired assets by asset class

Value adjustments (whether through individual or collective provisions or through equity reserves) shown below relate to impaired assets only. The net exposure takes into account value adjustments but does not include any mitigation from collateral.

Negative value adjustments and provisions by asset class

In millions of euro	Impaired gross Exposure	Value Adjustment	Net Exposure
Exposures in default incl. past due	100	84	16
Total	**100**	**84**	**16**

EAD by credit quality

Rothschild & Co uses external credit assessments provided by Standard & Poor's, Moody's, Fitch and Banque de France for all exposure classes. These are used, where available, to assign exposures a credit quality step and calculate credit risk capital requirements under the standardised approach. Credit quality steps are provided by the regulator and are used to weight asset classes based on the external rating. The following tables provide, by asset class, an analysis of exposures by credit quality steps as at 31 December 2019:

In millions of euro	Credit quality Step 1	Credit quality Step 2	Credit quality Step 3	Credit quality Step 4	Credit quality Step 5	Credit quality Step 6	Unrated	Total
Central Banks	4,375	–	–	–	–	–	–	4,375
Institutions	1,578	843	112	1	–	2	84	2,620
Corporates	300	480	277	31	6	–	1,215	2,309
High Risk Exposures	–	–	1	2	2	–	1,099	1,104
Other	80	2	4	–	–	–	734	820
Residential Mortgages	–	–	1	16	4	–	642	663
Sovereigns	408	13	16	–	–	–	–	437
Retail	5	8	10	23	5	–	140	191
Collective Investment Units	–	–	–	–	–	–	89	89
Securitisations	61	7	5	5	–	–	–	78
Commercial Mortgages	–	–	–	–	–	–	69	69
Multilateral Development Banks	51	–	–	–	–	–	–	51
Equity	–	–	–	–	–	–	24	24
Exposures in default incl. past due	1	–	–	1	2	–	12	16
Total	**6,859**	**1,353**	**426**	**79**	**19**	**2**	**4,108**	**12,846**

Credit quality steps correspond to the following external ratings:

Counterparty quality step	Fitch	Moody's	S&P	Banque de France
1	AAA to AA–	Aaa to Aa3	AAA to AA–	3++
2	A+ to A–	A1 to A3	A+ to A–	3+, 3
3	BBB+ to BBB–	Baa1 to Baa3	BBB+ to BBB–	4+
4	BB+ to BB–	Ba1 to Ba3	BB+ to BB–	4 to 5+
5	B+ to B–	B1 to B3	B+ to B–	5 to 6
6	<CCC+	<Caa1	<CCC+	7 to 9

6 Credit risk

Counterparty credit risk

Counterparty credit risk ("CCR") is deemed to be the risk that a counterparty to a derivative transaction defaults. The duration of the derivative and the credit quality of the counterparty are both factored into the regulatory capital and credit limits for counterparty credit exposures. Given the profile of the Group, this type of risk is not material. The table below details CCR exposures. Derivative positions are not netted.

In millions of euro	Gross Exposure	Financial collateral	EAD
Banking book	16	–	16
Trading book	88	–	88
Total	**104**	**–**	**104**

Credit risk mitigation techniques

The value of financial collateral used as credit risk mitigation is €2,036 million as of 31 December 2019. The main types of collateral consist of netting agreements for market related transactions and of financial collateral related to Lombard Lending to private clients. Note that exposures to Private Clients that are above €1 million are classified as corporate, as defined by CRR.

Net exposure is calculated after value adjustment due to provision or value changes on Fair Value through Other Comprehensive Income ("FVOCI") securities. Fully adjusted exposure is calculated after collateral mitigation on net exposures. EAD includes off balance sheet exposures based on credit conversion factors provided by French regulations.

In millions of euro	Net Exposure	Financial collateral	Fully adjusted Exposure	EAD	RWA
Central Banks	4,375	–	4,375	4,375	–
Institutions	3,353	693	2,662	2,620	825
Corporates	3,464	993	2,471	2,309	1,678
High Risk Exposures	1,381	198	1,183	1,104	1,655
Other	820	–	820	820	799
Residential Mortgages	697	34	663	663	238
Sovereigns	437	–	437	437	–
Retail	327	117	210	191	130
Collective Investment Units	89	–	89	89	89
Securitisations	78	–	78	78	38
Commercial Mortgages	70	–	69	69	39
Multilateral Development Banks	51	–	51	51	–
Equity	24	–	24	24	24
Exposures in default incl. past due	18	1	16	16	17
Total	**15,184**	**2,036**	**13,148**	**12,846**	**5,532**

Securitisations

The Group's primary securitisation focus is on managing securitisation vehicles on behalf of third party investors. This may involve the transfer of some assets from the Group, but these are immaterial in both the context of the Group's and the securitisation vehicles' balance sheets. The Group does not underwrite or provide liquidity support to these vehicles.

The Group may invest in both its managed vehicles and third party securitisations. The table below sets out investments in securitisations by credit quality step as at 31 December 2019:

In millions of euro	EAD	RWA
Credit quality step 1	62	13
Credit quality step 2	6	3
Credit quality step 3	5	5
Credit quality step 4	5	17
Total	**78**	**38**

7 Market risk

Market risk arises mainly from FX risk in the Group's Merchant Banking activities, which do not systematically hedge FX exposures on gains that are not realised. Market risk capital requirements split by risk type were as follows at 31 December 2019:

In millions of euro	Risk Weighted Assets	Capital Requirement
Interest rate risk	59	5
Equity risk	2	–
FX risk	157	12
Commodity risk	3	–
Credit Value Adjustment	9	1
Total	**230**	**18**

All market risk requirements are calculated using the standardised approach.

Interest rate risk from the Banking Book is described within the Rothschild & Co 2019 Annual Report.

8 Operational risk

The capital requirement for operational risk is calculated using the Basic Indicator Approach ("BIA") for the Rothschild & Co Group except for RMM that has been authorised by the ACPR to use the combined Advanced Measurement Approach ("AMA").

The Group Operational Risk Policy defines roles, responsibilities and accountabilities across the Group for the identification, measurement, monitoring and reporting of operational risks. Risk maps are developed by each business and support unit.

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

One of the objectives of the Group Operational Risk Policy is to ensure that operational risk is managed and reported consistently across the Group. Senior management of each business and support unit is required to:

- identify the operational risks which are material in its business;
- describe the controls in place to mitigate these risks; and
- assess the potential impact of each risk, and the likelihood of an event occurring (after taking account of mitigants in place).

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

RMM is authorised by ACPR to use the Advanced Measurement Approach. The RMM framework is composed of both qualitative and quantitative elements. The qualitative elements follow the requirements for the Rothschild & Co Group as set out in the Group Operational Risk Policy.

The quantitative elements comprise an internal model that quantifies material operational risks. The RMM internal model inputs are internal data, external data, scenario analysis and Key Risk Indicators that reflect the business and internal control environment. Internal losses are collected without threshold at RMM. Scenario analyses are defined with business experts for material risks. The RMM model is composed of eleven risk classes based on the combination of Basel business lines and the following Basel risk categories:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Clients, products, and business practices;
- Damage to physical assets;
- Business disruption and system failures; and
- Execution, delivery, and process management.

The RMM insurance programme has been revised during the deployment of the Operational Risk Advanced Measurement Approach framework to allow the recognition of the effect of insurance techniques as a factor reducing capital.

In millions of euro	Risk Weighted Assets	Capital requirement
Basic Indicator Approach	2,540	204
Advanced Measurement Approach	767	61
Total	**3,307**	**265**

9 Asset encumbrance

Assets on the balance sheet and collateral received used as pledges, guarantees or enhancement of a transaction and which cannot be freely withdrawn are considered to be encumbered. The following are the main transactions with asset encumbrance:

- secured financing transactions, such as repurchase contracts and agreements;
- collateral placed for the market value of derivatives transactions; and
- assets in portfolio hedging of long-term employee benefits.

The ratio of encumbered assets and collateral received relative to the total assets and collateral received available for encumbrance was 2.02% as at 31 December 2019. According to the EBA Report on Asset Encumbrance, the total weighted average asset encumbrance ratio of EU banks is 27.9% in December 2018.

Encumbered and unencumbered assets

In millions of euro	Carrying amount of unencumbered asset	Fair value of unencumbered asset	Carrying amount of unencumbered asset	Fair value of unencumbered assets
Equity instruments	–	–	1,195	1,195
Debt securities	204	204	1,358	1,358
Other assets	95	95	11,305	11,305
Total assets	**299**	**299**	**13,858**	**13,858**

Encumbered and unencumbered collateral

In millions of euro	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Equity instruments	–	470
Debt securities	–	201
Other assets	–	–
Total collateral	**–**	**671**

Encumbered assets/collateral received and associated liability

In millions of euro	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued
Carrying amount of selected financial liabilities	281	281

10 Remuneration policy

The undernoted remuneration disclosures have been drafted in accordance with Article 450 of the CRR, with consideration for the size, internal organisation and nature, scope and complexity of the Rothschild & Co Group's activities.

1 Decision-making process for remuneration policy

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

- setting the principles and parameters of remuneration policy for the Group as a whole and periodically reviewing the policy's adequacy and effectiveness taking into account all factors which it deems necessary including Group's strategy from time to time;
- supervising and reviewing the broad policy framework for the remuneration of the Group Executive Committee and the principles of the remuneration policy applicable to Material Risk Takers ("MRTs");
- supervising the remuneration paid/awarded to members of the Compliance and Risk divisions and, where appropriate, the employment and remuneration arrangements of the Group Executive Committee;
- reviewing and agreeing the list of MRTs as we define them (in line with appropriate criteria) in R&Co Group and each of its CRR regulated entities for the purposes of the ACPR and other local regulators as appropriate;
- participating in the selection and nomination process of members of the Supervisory Board as detailed in the AFEP MEDEF Code;
- reviewing and making recommendations to the Supervisory Board on appropriate levels of board and committee fees and the overall envelope of fees for each financial year;
- reviewing the nature and scale of R&Co Group's short and long term incentive performance arrangements to ensure that they encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of R&Co Group in light of an assessment of R&Co Group's financial situation and future prospects;
- reviewing the adequacy, timing and content of any significant disclosures on remuneration;
- discussing and reviewing with Rothschild & Co Gestion officers the determination and quantum of the total bonus pool; and
- undertaking any other remuneration related obligation placed upon the Remuneration Committee by either the head regulator or a local regulator.

As at 31 December 2019, the Committee was composed of four members including three independent members: Sylvain Héfès (chairman), Luisa Todini (independent), Carole Piwnica (independent) and Peter Smith (independent).

The Committee met four times during 2019 to discharge these responsibilities.

The Chairman of the Supervisory Board, the Executive Chairman and Managing Partners of Rothschild & Co Gestion, the Group Heads of Business Divisions, the Group Human Resources Director and the Group Chief Financial Officer are invited to attend these meetings.

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

1.1 External consultants

The Committee's work during the year was informed by independent professional advice on remuneration issues from external consultants. These external consultants provided advice on updates to and the application of the remuneration policy which informed the management decisions reviewed by the Committee.

1.2 Role of the relevant stakeholders

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

1.3 Material risk takers criteria

Material Risk Takers are identified using appropriate criteria, which are based upon criteria set out in the EBA Regulatory Technical Standard on the identification of Material Risk Takers (Commission Delegated Regulation 604/2014).

2 The link between pay and performance

Remuneration is made up of fixed compensation (i.e. salary and cash allowances) and incentive or variable compensation (i.e. annual bonus awards). Performance is central to the determination of annual incentive pools and individual bonus awards.

2.1 Performance measurement

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

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

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

Individual bonus awards reflect individual performance, which is assessed through the Group's annual performance process as well as business unit and the Group's performance.

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

There is strong central oversight of bonus pools and individual awards. Overall annual compensation expense is reviewed every year by the Committee. There is clear individual differentiation to ensure that the best performers are rewarded and in the financial year ended 31 December 2019 a number of staff received nil bonus awards.

3 Design and structure of remuneration for Material Risk Takers

3.1 Fixed compensation

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

3.2 Incentive/variable compensation

ELIGIBILITY CRITERIA

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

DEFERRAL AND NON-CASH AWARDS

A proportion of the variable remuneration awards made to senior staff (Assistant Director and above) are deferred and vest over three years. MRTs variable remuneration is subject to the remuneration provisions as set out in the European Banking Authority guidelines on sound remuneration policies as interpreted by the ACPR. These include:

- Application of the bonus capping requirements;
- Deferring at least 40% of a Material Risk Taker's variable remuneration (above the de-minimis threshold) over a period of at least 3 years;
- Delivering at least 50% of a Material Risk Taker's variable remuneration, for those above the de-minimis threshold, in shares or share linked instruments;
- Ensuring Material Risk Takers have their variable remuneration subject to Malus and Clawback adjustment.

4 Remuneration expenditure for Material Risk Takers for the year ended 31 December 2019

Total remuneration paid to Material Risk Takers for the year ended 31 December 2019 was €64.9 million, of which €35.1 million was paid to members of Senior Management, €3.9 million to Control Functions and €25.9 million to the remaining Material Risk Takers.

Of the total remuneration paid to Material Risk Takers, 53.6% was awarded to Material Risk Takers within the Global Advisory business, 18.9% to those within the Wealth and Asset Management business and 27.5% to Material Risk Takers within Merchant Banking and Support functions.

Appendix A – leverage ratio

Disclosure according to Article 451 in CRR (EU) No. 575/2013

Summary reconciliation of accounting assets and leverage ratio exposure

		Applicable Amounts (In €m)
1	Total consolidated assets as per published financial statements	14,157
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) No. 575/2013	–
4	Adjustments for derivative financial instruments	74
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustment for off–balance sheet items (i.e. conversion to credit equivalent amounts of off–balance sheet exposures)	961
7	Other adjustments	(407)
8	**Leverage ratio exposure**	**14,785**

Summary reconciliation of accounting assets and leverage ratio exposure

		CRR leverage ratio exposures (In €m)
EU–1	**Total on–balance sheet exposures (excluding derivatives and SFTs), of which**	**13,448**
EU–2	Trading book exposures	–
EU–3	**Banking book exposures, of which:**	**13,448**
EU–4	Covered bonds	–
EU–5	Exposures treated as sovereigns	4,812
EU–6	Exposures to regional governments, MDB, international organisations and PSE NOT	51
EU–7	Institutions	2,620
EU–8	Secured by mortgages of immovable properties	732
EU–9	Retail exposures	191
EU–10	Corporate	2,309
EU–11	Exposures in default	16
EU–12	Other exposures (e.g. equity, securitisations, and other non–credit obligation assets)	2,717

Leverage ratio common disclosure

		CRR leverage ratio exposures (In €m)
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	13,448
2	Asset amounts deducted in determining Tier 1 capital	(407)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**13,041**
Derivative exposures		–
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	31
5	Add-on amounts for PFE associated with all derivatives transactions	74
EU-5a	Exposure determined under Original Exposure Method	–
11	**Total derivative exposures (sum of lines 4 to 5a)**	**105**
Securities financing transaction exposures		–
EU-12a	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	678
EU-12b	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	–
16	**Total securities financing transaction exposures (sum of lines 12a and 12b)**	**678**
Other off-balance sheet exposures		–
17	Off-balance sheet exposure at gross notional amount	1,259
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(298)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**961**
Capital and total exposures		–
20	Tier 1 capital	1,766
EU-21a	Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013	–
21	**Total exposures (sum of lines 3, 11, 16, 19 and 21a)**	**14,785**
Leverage ratio		
22	End of quarter leverage ratio	11.9%
EU-22a	Leverage ratio	11.9%
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased-in

Appendix B – capital instruments
Disclosure according to Article 3 in Commission Implementing regulation (EU) No. 1423/2013

Capital instruments

1	Issuer	ROTHSCHILD & CO SCA	ROTHSCHILD & CO CONTINUATION FINANCE PLC	ROTHSCHILD & CO CONTINUATION FINANCE B.V.	ROTHSCHILD & CO CONTINUATION FINANCE C.I. LTD
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN Code: FR0000031684	ISIN Code: XS0197703118	ISIN Code: GB0047524268	ISIN Code: XS0048662232
3	Governing law(s) of the instrument	French law	English law	English law	English law
Regulatory treatment					
4	Transitional CRR rules	Core Equity Tier 1	Not eligible	Not eligible	Not eligible
5	Post-transitional CRR rules	Core Equity Tier 1	Not eligible	Not eligible	Not eligible
6	Eligible at solo/(sub-)consolidated/ solo & (sub) consolidated	Solo & Consolidated	Solo and (Sub-) Consolidated	Solo and (Sub-) Consolidated	Solo and (Sub-) Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Core Equity Tier 1 as published in Regulation (EU) No 575/2013 article 484.4	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 155m	EUR 0m	EUR 0m	EUR 0m
9	Nominal amount of instrument	EUR 155m	EUR 150m	USD 200m	GBP 125m
9a	Issue price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	99.989 per cent of Nominal amount
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Share Capital	Non-controlling interest in consolidated subsidiary	Non-controlling interest in consolidated subsidiary	Non-controlling interest in consolidated subsidiary
11	Original date of issuance	N/A	3rd August, 2004	22nd September, 1986	8th February, 1994
12	Perpeptual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	Call option on Interest payment date falling in August 2014 + Tax call; Redemption at par	Call option on Interest payment date falling in September 1991 + Tax call; Redemption at par	Call option on 15 February 2004 + Tax call
16	Subsequent call dates, if applicable	N/A	For each Interest payment date	For each Interest payment date	For each Interest payment date to but excluding 15th February 2024 at par or if higher the YTM of an equivalent UK Treasury stock; or on that date and any fifteenth anniversary at the principal amount
Coupons/dividends					
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed
18	Coupon rate and any related index	N/A	EUR-TEC10-CNO plus a margin	Libor plus a margin	9 per cent
19	Existence of a dividend stopper	N/A	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary

1	Issuer	ROTHSCHILD & CO SCA	ROTHSCHILD & CO CONTINUATION FINANCE PLC	ROTHSCHILD & CO CONTINUATION FINANCE B.V.	ROTHSCHILD & CO CONTINUATION FINANCE C.I. LTD
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No	No
22	Non-cumulative or cumulative	N/A	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specifiy instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down features	N/A	No	No	No
31	If write-down, write-down trigger (s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierachy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deeply subordinated notes	Subordinated to unsubordinated notes	Subordinated to unsubordinated notes	Subordinated to unsubordinated notes
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specifiy non-compliant features	N/A	N/A	N/A	N/A

Appendix C – 'own funds': full basis

Disclosure according to Article 5 in Commission implementing regulation (EU) No. 1423/2013

Regulatory Capital under final provision

		Full basis (In €m)
1	Capital instruments and the related share premium accounts	1,299
2	Retained earnings	740
3	Accumulated other comprehensive income (and any other reserves)	(43)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	177
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,173**
7	Additional value adjustments (negative amount)	(2)
8	Intangible assets (net of related tax liability) (negative amount)	(305)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(12)
15	Defined-benefit pension fund assets (negative amount)	(19)
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(69)
20c	of which: securitisation positions (negative amount)	(69)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(407)**
29	**Common Equity Tier 1 (CET1) capital**	**1,766**
44	**Additional Tier 1 (AT1) capital**	**–**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,766**
58	**Tier 2 (T2) capital**	**–**
59	**Total capital (TC = T1 + T2)**	**1,766**
60	Total risk-weighted assets	**9,069**
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	19.5%
62	Tier 1 (as a percentage of total risk exposure amount)	19.5%
63	Total capital (as a percentage of total risk exposure amount)	19.5%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	2.7%
65	of which: capital conservation buffer requirement	2.5%
66	of which: countercyclical buffer requirement	0.2%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	15.0%
Amounts below the thresholds for deduction (before risk-weighting)		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	26
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	47

Regulatory Capital under transitional provisions

		Transitional provisions (In €m)	Transitional adjustment
1	Capital instruments and the related share premium accounts	1,299	–
2	Retained earnings	740	–
3	Accumulated other comprehensive income (and any other reserves)	(43)	–
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	177	–
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,173**	**–**
7	Additional value adjustments (negative amount)	(2)	–
8	Intangible assets (net of related tax liability) (negative amount)	(305)	–
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(12)	–
15	Defined-benefit pension fund assets (negative amount)	(19)	–
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(69)	–
20c	of which: securitisation positions (negative amount)	(69)	–
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(407)**	**–**
29	**Common Equity Tier 1 (CET1) capital**	**1,766**	**–**
44	**Additional Tier 1 (AT1) capital**	**–**	**–**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,766**	**–**
58	**Tier 2 (T2) capital**	**–**	**–**
59	**Total capital (TC = T1 + T2)**	**1,766**	**–**
60	Total risk-weighted assets	9,069	–
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	19.5%	–
62	Tier 1 (as a percentage of total risk exposure amount)	19.5%	–
63	Total capital (as a percentage of total risk exposure amount)	19.5%	–
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	2.7%	–
65	of which: capital conservation buffer requirement	2.5%	–
66	of which: countercyclical buffer requirement	0.2%	–
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	15.0%	–
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	26	–
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	47	–

Appendix D – non-performing exposures

Disclosure according to paragraph 6 in EBA Guidelines on disclosure of non-performing and forborne exposures.

Performing and non-performing exposures and related provisions

	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment and provisions			Collateral and guarantee received	
In millions of euro	**Total**	**stage 1**	**stage 2**	**Total**	**stage 2**	**stage 3**	**Total**	**stage 1**	**Total**	**stage 2**	**stage 3**	**On Performing exposures**	**On Non-performing exposures**
Loans and advances	9,673	9,602	71	87	3	84	(3)	(3)	(55)	(8)	(47)	3,387	36
Central banks	4,377	4,377	–	–	–	–	–	–	–	–	–	–	
General governments	–	–	–	–	–	–	–	–	–	–	–	–	
Credit institutions	2,009	2,009	–	–	–	–	–	–	–	–	–	671	–
Other financial corporations	183	183	–	–	–	–	–	–	–	–	–	54	–
Non-financial corporations	784	721	63	63	3	60	(1)	(1)	(48)	(8)	(40)	478	19
Of which SMEs	784	721	63	63	3	60	(1)	(1)	(48)	(8)	(40)	478	19
Households	2,320	2,312	8	24	–	24	(2)	(2)	(7)	–	(7)	2 184	17
Debt securities	1,562	1,562	–	–	–	–	–	–	–	–	–	–	
Central banks	–	–	–	–	–	–	–	–	–	–	–	–	
General governments	309	309	–	–	–	–	–	–	–	–	–	–	
Credit institutions	864	864	–	–	–	–	–	–	–	–	–	–	
Other financial corporations	120	120	–	–	–	–	–	–	–	–	–	–	
Non-financial corporations	269	269	–	–	–	–	–	–	–	–	–	–	
Off-balance-sheet exposures	1,473	1,473	–	–	–	–	(2)	(2)	–	–	–	321	
Central banks	–	–	–	–	–	–	–	–	–	–	–	–	
General governments	–	–	–	–	–	–	–	–	–	–	–	–	
Credit institutions	105	105	–	–	–	–	–	–	–	–	–	–	
Other financial corporations	913	913	–	–	–	–	–	–	–	–	–	–	
Non-financial corporations	134	134	–	–	–	–	–	–	–	–	–	–	
Households	321	321	–	–	–	–	(2)	(2)	–	–	–	321	
Total	**12,708**	**12,637**	**71**	**87**	**3**	**84**	**(5)**	**(5)**	**(55)**	**(8)**	**(47)**	**3 708**	**36**

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

	Performing exposures			Non-performing exposures						
In millions of euro	Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Of which defaulted
Loans and advances	9,673	9,613	60	87	–	9	2	–	76	84
Central banks	4,377	4,377	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–	–	–
Credit institutions	2,009	2,009	–	–	–	–	–	–	–	–
Other financial corporations	183	183	–	–	–	–	–	–	–	–
Non-financial corporations	784	724	60	63	–	8	2	–	53	60
Of which SMEs	784	724	60	63	–	8	2	–	53	60
Households	2,320	2,320	–	24	–	1	–	–	23	24
Debt securities	1,562	1,562	–	–	–	–	–	–	–	–
Central banks	–	–	–	–	–	–	–	–	–	–
General governments	309	309	–	–	–	–	–	–	–	–
Credit institutions	864	864	–	–	–	–	–	–	–	–
Other financial corporations	120	120	–	–	–	–	–	–	–	–
Non-financial corporations	269	269	–	–	–	–	–	–	–	–
Off-balance-sheet exposures	1,473			–				–		–
Central banks	–	–	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–	–	–
Credit institutions	105	–	–	–	–	–	–	–	–	–
Other financial corporations	913	–	–	–	–	–	–	–	–	–
Non-financial corporations	134	–	–	–	–	–	–	–	–	–
Households	321	–	–	–	–	–	–	–	–	–
Total	**12,708**	**11,175**	**60**	**87**	**–**	**9**	**2**	**–**	**76**	**84**

Appendix D – non-performing exposures

Disclosure according to paragraph 6 in EBA Guidelines on disclosure of non-performing and forborne exposures.

Credit quality of forborne exposures

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
In millions of euro	Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and guarantees received on non-performing exposures with forbearance measures
Loans and advances	3	–	–	–	–	–	–	–
Central banks	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Other financial corporations	–	–	–	–	–	–	–	–
Non-financial corporations	3	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–	–
Debt Securities	–	–	–	–	–	–	–	–
Loan commitments given	–	–	–	–	–	–	–	–
Total	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

About Rothschild & Co

With a team of c.3,500 talented financial services specialists on the ground in over 40 countries across the world, our integrated global network of trusted professionals provide in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth and Asset Management, and Merchant Banking. Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years. Rothschild & Co is a French partnership limited by shares (*société en commandite par actions*) listed on Euronext in Paris, Compartment A with a share capital of €155,235,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

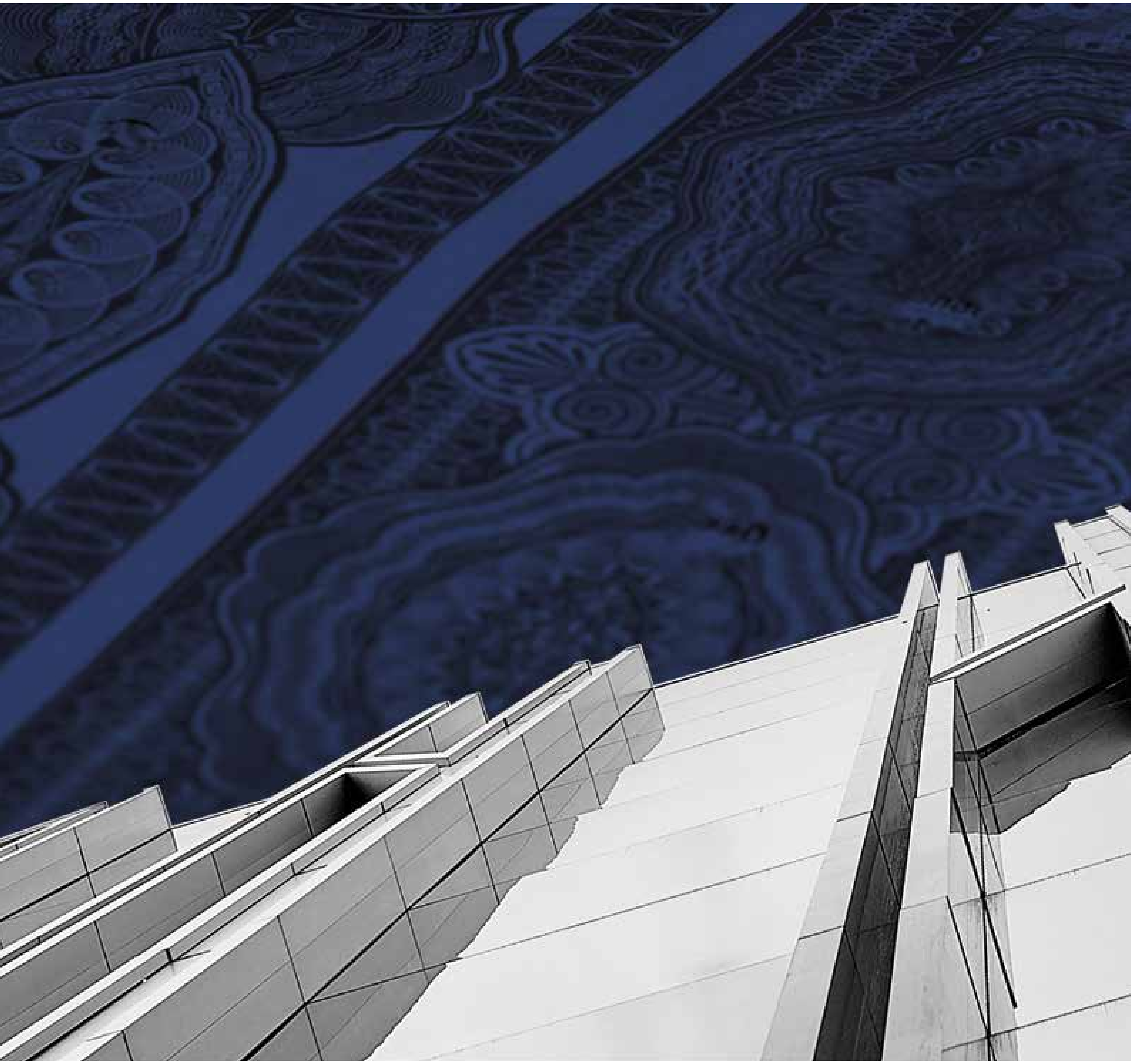
For further information:

Investor Relations
Marie-Laure Becquart
marie-laure.becquart@rothschildandco.com

Media Relations
Caroline Nico
caroline.nico@rothschildandco.com

For more information, please visit the Group's website:
www.rothschildandco.com

Designed and produced by **emperor**
Visit us at **emperor.works**



Rothschild & Co