Rothschild & Co Annual Report

2015/2016

Rothschild & Co

Annual Report 2015/2016

Contents

Preserving a first-class reputation across generations

History

Today
Rothschild & Co offers full-scale financial advice and services around the world.

2015
Paris Orléans changes its name to Rothschild & Co, a necessary outcome of the Group's transformation.

2012
Paris Orléans streamlines its organisation, optimises its regulatory capital and preserves family control, with its conversion into a partnership limited by shares.

2008
Paris Orléans acquires control of the banking activities at a global level and completes reorganisation of family shareholdings.

2003
Move to unify and optimise the worldwide Group structures with the creation of a new lead entity, Concordia BV, held equally by Paris Orléans and the English branch of the Rothschild family.

1982
Relaunch of Rothschild's French financial activities through Paris Orléans following the nationalisation of the Rothschild family's French bank in 1981.

1937
Paris Orléans discontinues its railway business.

1838
Creation of Paris Orléans, a French railway company.

A distinct perspective that makes a meaningful difference

Highlights

Rothschild & Co provides independent advice on M&A, strategy and financing, as well as investment and wealth management solutions to large institutions, families, individuals and governments, worldwide.

With approximately 2,800 talented employees on the ground in more than 40 countries across the world, we deliver a unique global perspective.

As a family-controlled business that has been at the centre of the world's financial markets for over 200 years, we can rely on an unrivalled network of experts and are known for our track-record of outstanding execution in financial services.

Our integrated global network of trusted professionals and decision-makers provide in-depth market intelligence, meaning we can be closer to current issues than any other global financial institution in our core markets.

Informed by experience yet not limited by convention, we are able to separate insight from information and access opportunities for our clients from a unique angle.

It is this scale, local knowledge and intellectual capital that allow us to provide a distinct perspective and effective long-term solutions for our partners.

Key figures as at 31 March 2016

€1,589m
of revenues
(€1,403m as at 31 March 2015)

2,829
employees
(2,853 as at 31 March 2015)

€319m
of operating income
(€268m as at 31 March 2015)

43
countries

€1,529m
of shareholders' equity – Group share
(€1,419m as at 31 March 2015)

Message from the Chairman of the Supervisory Board

Dear Shareholders,

First of all, following the strong financial results, I would like to thank the management and all our staff for their contribution this year. Thanks to the strategy put in place over the past four years by the Managing Partner represented by its Chairman, David de Rothschild, its Deputy Chairman, Alexandre de Rothschild and the Co-Chief Executive Officers Nigel Higgins and Olivier Pécoux, Rothschild & Co is on a steady track for growth even during different market cycles.

You have been notified of the decision to propose to shareholders the merger between Compagnie Financière Martin Maurel and Rothschild & Co. This proposed merger would create one of the largest private banks in the French financial market place and give our company a particularly positive potential for growth.

In early June we learnt with great sadness of the death of Lord Leach of Fairford, the eminence grise of the Jardine Matheson group, one of our major shareholders. Lord Leach joined NM Rothschild & Sons in London in 1963 and became a partner in 1968 when he was appointed joint head of corporate finance. He stayed with the firm for more than a decade returning in 2006 as a Non-Executive Director of Rothschilds Continuation Holdings AG. Following the Group's reorganisation in June 2012 he was appointed a member of the Supervisory Board. Throughout his time with Rothschild & Co, Lord Leach made a significant contribution to our discussions and we benefited immensely from his experience and his wise counsel. He will be a greatly missed member of the Supervisory Board.

One of the roles of the Supervisory Board is to ensure that Rothschild & Co maintains the highest standards of Corporate Governance. My role as Chairman of the Supervisory Board was to ensure over the past 12 months that we continually monitored the way in which the Group was managed by the Managing Partner, including in particular the financial and accounting reporting system and internal control mechanisms applicable to risk, compliance and internal audit, in accordance with the relevant laws and regulations.

The Supervisory Board, made up of 15 members, (of which nine are independent) met five times during this financial year. At the General Meeting of shareholders to be held on 29 September 2016, the terms of offices held by Daniel Daeniker, Angelika Gifford, Carole Piwnica, Arielle Malard de Rothschild and Luisa Todini will come to an end. Shareholders will be proposed to deliberate on the renewal of said offices as well as the approval of an increase of 5% in the dividend to €0.63 per share. More detailed information will be presented in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable regulations.

I would like to thank you for your support and confidence in the company's long-term success.

Éric de Rothschild
Chairman of the Supervisory Board

Message from the Chairman

Dear Shareholders,

The Rothschild & Co financial results this year have been satisfactory, with revenues increasing across all our business lines, despite volatility in the financial markets. Since the reorganisation of 2012, our strategy has been to focus our business on three core activities: Global Advisory; Private Wealth & Asset Management; and Merchant Banking, and this year's performance is proof of the success of this strategy and the resilience of our business model. Our Global Advisory business saw a record performance; revenue increased significantly in Private Wealth & Asset Management and, compared to a three-year average, our Merchant Banking business has also seen double-digit growth.

Shareholders will be rewarded with a dividend payment of €0.63 per share, an increase of 5% in line with our announced progressive policy, following approval at the Annual General Meeting to be held on 29 September 2016.

The global economy has continued to grow, and is now roughly one quarter larger than it was before the financial crisis. However, the pace of growth has been lacklustre, and deflation is seen by many commentators, and several central banks, as a continuing risk. Against this backdrop, stock markets fell back from the new highs reached in May 2015, with two periods of pronounced weakness in the late summer of 2015 and the new year.

Political uncertainty increased with the growing refugee crisis and a vigorously contested US presidential election.

At the end of June we learnt that the UK electorate had voted to leave the European Union. A sad and troubling day for Europe as a whole. We sincerely hope that, notwithstanding, Britain remains a part of Europe even if it is not a part of the European Union. Markets have been consequently volatile and may remain so for some time, although we believe that the long-term impact for our business will be manageable.

This financial year has been pivotal as we have achieved several key milestones to focus on our core business.

- In September 2015, we received shareholder approval to change our name from Paris Orléans to Rothschild & Co. This was a logical and necessary outcome of the Group's transformation; underscoring the commitment of the family shareholders to the long-term success of the business. In parallel with this approval, we launched work to refresh our brand so as to demonstrate to all our different stakeholders that we share a common purpose and guiding principles that unite us as a Group. The history of the Rothschild family dates back more than 200 years and our name resonates among our clients as being of the highest standards and utmost quality, but in a highly competitive marketplace, and as we extend our reach beyond our traditional European market, it is increasingly important that we have clearly defined positioning to attract new talent and win clients. Our brand is an important competitive advantage and we need to ensure that we nurture it accordingly.
- In November 2015 we disposed of our UK asset financing business. The capital released by this sale will be invested in our three core businesses.
- In June this year we announced our intention to merge with the highly reputable French-based bank, Compagnie Financière Martin Maurel, with a view to combining our French activities in private banking and asset management to create one of France's leading independent private banks. The privately owned bank has a proven track record, a profitable and robust franchise and a prudent risk culture. We share a long history with the bank, through mutual shareholdings and directorships, and we see an outstanding cultural fit between the two groups. Combining the two businesses would provide us with a unique chance to strengthen one of our core businesses, wealth and asset management, which has already proven to be resilient and profitable.

The last 12 months have been exciting and rewarding and I would like to thank our shareholders and our clients for their constant support. The Rothschild & Co strategy is now well on track and, despite current market volatility, we are able to face the future with confidence.

David de Rothschild
Chairman of Rothschild & Co Gestion,
Managing Partner of Rothschild & Co

Interview with the CEOs

Rothschild & Co enjoyed a very good year for the 12 months ended 31 March 2016. Strong performance across all our business lines resulted in an increase in our operating income of 19%. In Global Advisory we maintained our leading position in Europe thanks to market share gain in a challenging market. Private Wealth & Asset Management saw resilient growth thanks to an increase in net new assets, while Merchant Banking continues to increase its assets under management.

The results for the Group are strong. What do you consider to be the reasons for this?
This year's robust results are the result of a strategy that was put in place over four years ago and which is starting to bear fruit. Our aim has been to focus on three core businesses: Global Advisory; Private Wealth & Asset Management; and Merchant Banking. Over the past 12 months we completed the sale of our UK asset financing business, Five Arrows Leasing Group (FALG). The results are also testament to our belief in developing long-term relationships with our clients and providing a distinct perspective that will make a meaningful difference to their business and wealth.

The market context was volatile. How did this affect your business?
The year to March 2016 saw significant macroeconomic activity, including central bank intervention in Europe and Asia, and a slowdown in China's economic growth. Worries about China's economy caused a drop in commodity prices, especially metals and oil, and this spilled over into the equity markets where we saw significant volatility and a general downward trend for all the major indices. This turbulence impacted the IPO market where we saw fewer companies coming to market, but by contrast M&A completed deal value rose 17% on a global level.

Despite this difficult environment, Rothschild & Co enjoyed a strong year for the year ended 31 March 2016. Revenue rose €186 million, or 13%, reaching €1,589 million. This increase was largely due to a record year in Global Advisory (+€161 million) and a steady growth in Private Wealth & Asset Management (+€43 million).

As anticipated, Merchant Banking saw a decrease of revenue (€38 million) due to unusually high investment gains from our proprietary investments portfolio in the previous year. Other revenue increased by €20 million.

Operating income increased by 19% to €319 million and net income – Group share rose to €232 million compared to €144 million in the last financial year, mainly reflecting the exceptional profit of €99 million following the sale of FALG.

How did the Rothschild Global Advisory business perform in that context?
Rothschild Global Advisory, which comprises M&A advisory and financing advisory, saw revenue rise 18% versus last year, representing record annual revenue. Operating income for the period was €167 million, an increase of 20% with a 16% operating income margin. By financial advisory revenue for the period, Rothschild ranked 6th globally.

Our M&A advisory revenue rose steeply by 30% to €763 million in a global market which rose 17% on a completed deal basis. This significant out-performance reflects a continuing improvement in market share, particularly in our core European markets, as well as in North America. We remain among the top M&A advisers in the world, rising to 3rd position globally by number of completed transactions, from 4th for the same period last year. In Europe, we remain the market leader, advising on more deals than any of our competitors; a position we have held for more than a decade.

Financing advisory held up well with revenues reaching €277 million, a fall of 5% in the context of lower market activity. During the financial year, we continued to be highly active in large and complex debt advisory and restructuring situations, providing independent advice to clients on approaching 200 debt and restructuring transactions with a total value of more than $120 billion. We also provided equity advisory services on 21 IPOs with a total value of $19 billion, including the largest European IPO, and we continued to advise on more European equity assignments than any other independent adviser.

What about Rothschild Private Wealth & Asset Management?
Rothschild Private Wealth & Asset Management revenue climbed 13% to €379 million, the highest in six years. Assets under management were €50.2 billion as at 31 March 2016 compared to €52.1 billion as at 31 March 2015. Net new assets continued their positive trend and were driven by inflows of €2.3 billion in Wealth Management in all of our main offices (France, UK and Switzerland) and of €0.3 billion in Asset Management, reaching €2.6 billion. They were offset, however, by market depreciation, negative exchange rate effects and reclassification of assets from managed to custodial that totalled €4.5 billion.

Last year Rothschild Merchant Banking had unusually high levels of disposal profits. How did this division perform this year?
Rothschild Merchant Banking revenue for 2015/2016 decreased as expected to €107 million, compared to €145 million in the prior year. When we compare this figure to the average of the previous three years, however, revenue increased 12%.

Carried interest, which is earned when funds under our management achieve certain levels of financial performance, represents a small element of revenue, but is expected to start increasing in 2016/2017.

The Group's share of the investments made by the division during the year was €62 million, of which €41 million was the Group's own investments in funds managed by Merchant Banking and €21 million in proprietary investments. Disposals generated proceeds of €144 million, notably from two proprietary investments in SIACI Saint Honoré and Perenco.

As reported at the time of the half-year results, Merchant Banking held a final closing of Five Arrows Principal Investments II ('FAPI II'), the European mid-market private equity fund, at €775 million, well above its target amount of €700 million. In addition, it completed the acquisition of West Gate, a Los Angeles-based credit manager specialising in leveraged loans. Subsequent to this, in March 2016, the Credit Management Division completed the pricing of Contego III, its second European CLO 2.0 offering, with total commitments of €308 million.

Rothschild Merchant Banking continued to expand its product offering towards its clientele of institutions, family offices and high net-worth individuals around the world, resulting in an increase in its assets under management to €4.8 billion as at 31 March 2016 compared to €3.8 billion as at 31 March 2015.

Where will growth come from next year?
Growth will come from our three core businesses and the synergies that can be found between these three. As a Group, we aim for long-term performance rather than short-term profit, and this is important in the context of volatile markets. The disposal of FALG provided us with a release of capital which we intend to reinvest. We announced in June our intention to merge with the highly reputable Compagnie Financière Martin Maurel, with a view to combining our French activities, confirming our ambition to grow significantly our Private Wealth business.

What is the outlook for each business?
While in the short term we expect continued good performance, the medium-term outlook is more difficult to predict with any degree of confidence.

For our Global Advisory business, the M&A market overall continues to be active, despite a slow start to the year. Our weighted pipeline remains stronger than at the same time last year at constant exchange rates. While M&A market conditions are largely positive, repeating our 2015/2016 revenue performance will be a challenge, not least given the record second half year revenue performance we delivered. We will continue to invest in the US market where we foresee a strong potential for growth over the next few years for the Group, given our modest market share.

In Private Wealth & Asset Management, we expect to see continuing growth in revenue and asset inflows. Any significant declines in financial markets over a sustained period of time will, however, impact our assets under management and, therefore, revenue.

In Merchant Banking, we continue to grow our assets under management across our different product offerings. Following the success of FAPI II, we expect to launch further new funds both equity and debt during the year.

And finally?
Thanks to its long history, exceptional high standards and supremely talented and experienced professionals, Rothschild & Co provides a distinct perspective providing impartial advice, innovative investment solutions and long-term value for clients and shareholders.

We remain committed to building shareholder value through diversifying our revenues so as to be resilient through the cycles, offering a steadily progressive return of capital to shareholders allowing us to invest in our core businesses.

We would like to take this opportunity to thank all our colleagues for their hard work and commitment over the past 12 months, to our clients for their trust in our skills and to our shareholders for their continued support.

Nigel Higgins and Olivier Pécoux
Co-Chief Executive Officers of Rothschild & Co Gestion,
Managing Partner of Rothschild & Co

Overview

1

An integrated global network

Overview of businesses

Rothschild Global Advisory

- **M&A and strategic advisory**
- **Financing advisory**
  - **Debt and restructuring advisory**
  - **Equity advisory**

- Worldwide platform with a presence in over 40 countries
- 940 bankers, of which 197 are Managing Directors
- Adviser on approximately 550 transactions with a total value of $570 billion

(1) Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms.

1st in Europe and 3rd globally
by number of completed M&A transactions(1)

6th globally
by revenue

Rothschild Private Wealth & Rothschild Asset Management

- **Private Wealth**
- **Asset Management**
- **Trust services**

- Strong European presence with targeted extensions in Asia and the United States
- 113 client advisers for Private Wealth
- 67 investment managers for Asset Management

€50.2bn
of Assets under Management

Rothschild Merchant Banking

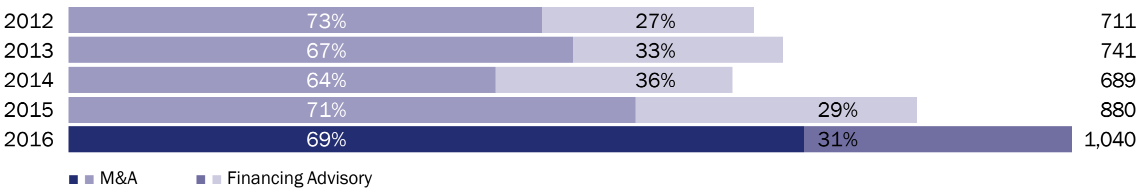
- **Corporate private equity**
- **Secondaries, multi-managers' funds and direct lending**
- **Credit management**

- Solid position in France and the United Kingdom
- Proprietary investments in emerging countries
- 64 investment professionals

€4.8bn
of Assets under Management

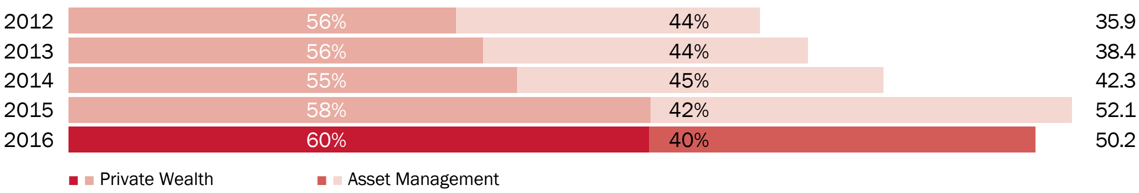
Revenue

(in millions of euros, as at 31 March)



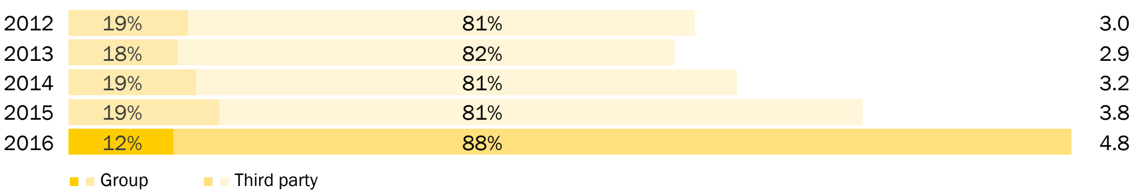
Assets under management

(in billions of euros, as at 31 March)



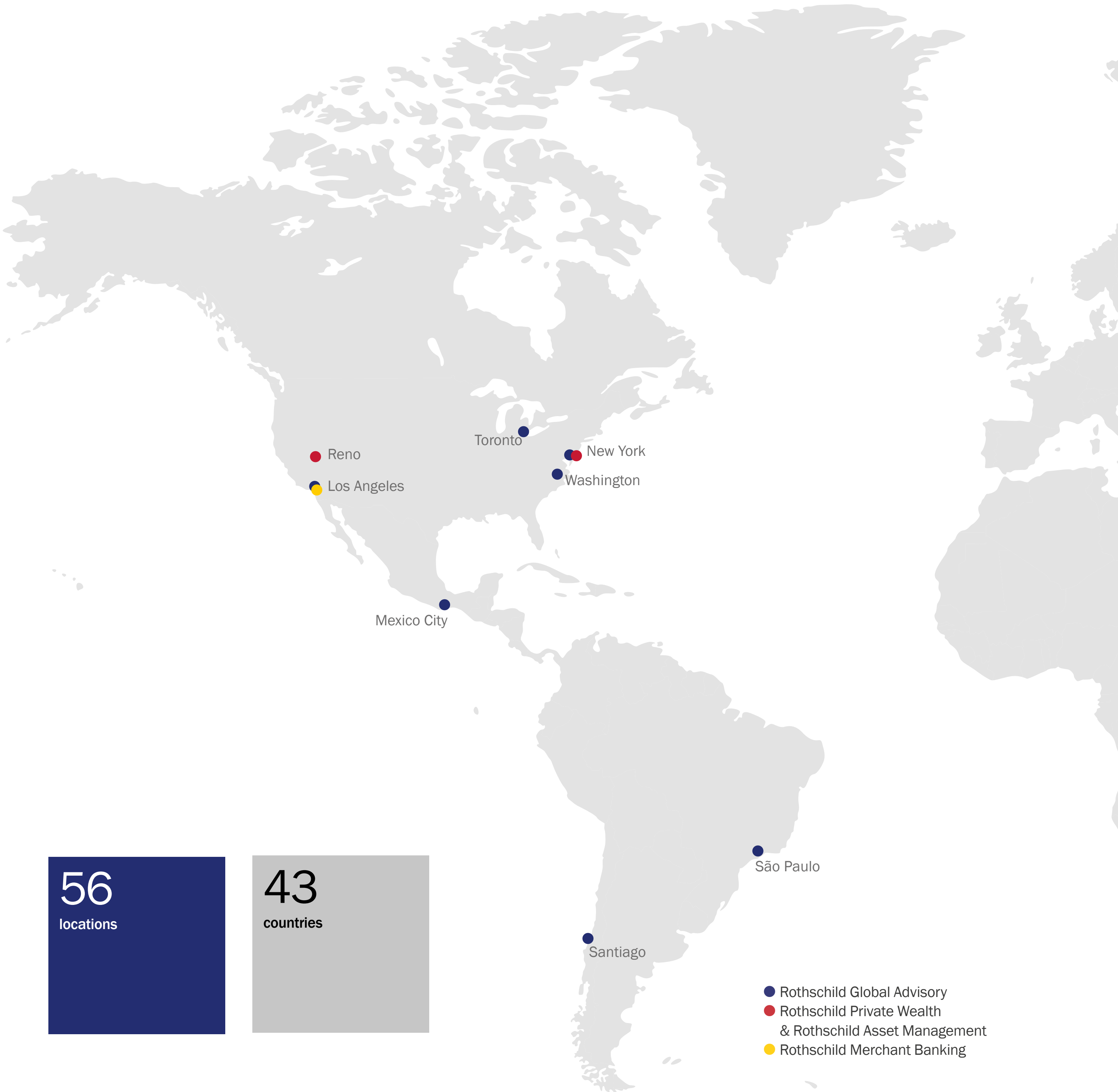
Assets under management

(in billions of euros, as at 31 March)



An unrivalled network of specialists at the centre of the world's financial markets, combining scale with deep local knowledge

World presence



56
locations

43
countries


Stockholm
Tallinn
Riga
Moscow
Vilnius
Manchester
Leeds
Birmingham
London
Amsterdam
Brussels
Frankfurt
Warsaw
Guernsey
Kiev
Luxembourg
Prague
Paris
Budapest
Zurich
Geneva
Milan
Bucharest
Barcelona
Sofia
Istanbul
Madrid
Lisbon
Athens
Tel Aviv
Beijing
Seoul
Tokyo
Shanghai
Doha
Abu Dhabi
Dubai
Hanoi
Hong Kong
Mumbai
Manila
Kuala Lumpur
Singapore
Jakarta
Johannesburg
Sydney
Auckland
Wellington
Melbourne

Corporate governance

Group Management

Our governance structure is based on the Group management and the Supervisory Board.

The Managing Partner

Rothschild & Co Gestion is the Managing Partner (*Gérant*) of Rothschild & Co, responsible for the overall management of the Company, the Group's lead holding company.

This includes, among other things, establishing the strategic direction of the business, supervising the accounting and financial information, and directing the internal control framework for Rothschild & Co and the Group entities on a consolidated basis.

The Managing Partner relies on the Management Board (*Conseil de Gérance*) to fulfil its role.

The Management Board comprises:

Nigel Higgins
Co-Chief Executive Officer

Olivier Pécoux
Co-Chief Executive Officer

Alexandre de Rothschild
Deputy Chairman

David de Rothschild
Chairman

9
members

The Group Management Committee

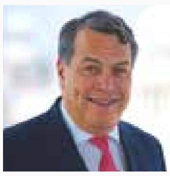
The Group Management Committee (GMC), whose members are the most senior corporate officers of the Group business and support divisions, is the senior executive committee at Rothschild & Co. In its role, the GMC participates in the overall management and the definition of the strategy of the Group by Rothschild & Co, represented by the Managing Partner's CEOs and Deputy Chairman, so that Rothschild & Co ensures its proper implementation across the Group.

Chaired by the CEOs, the GMC comprises:

Paul Barry
Group Human Resources Director

Mark Crump
Group Chief Financial Officer

Marc-Olivier Laurent
Head of Merchant Banking



Robert Leitão
Head of Global Advisory

Richard Martin
Chief Operating Officer of Wealth Management & Trust

Alain Massiera
Head of Private Wealth (France)

Bruno Pfister
Executive Chairman of Wealth Management & Trust

Gary Powell
Head of Group Strategy and Corporate Development

Jonathan Westcott
Group Head of Legal & Compliance

Corporate governance

Supervisory Board and specialised committees

15
Board members

9
Independent members

7
Nationalities

The Supervisory Board exercises permanent oversight of the management of the Company, including in particular the Company's financial accounting reporting system and its internal control mechanism.

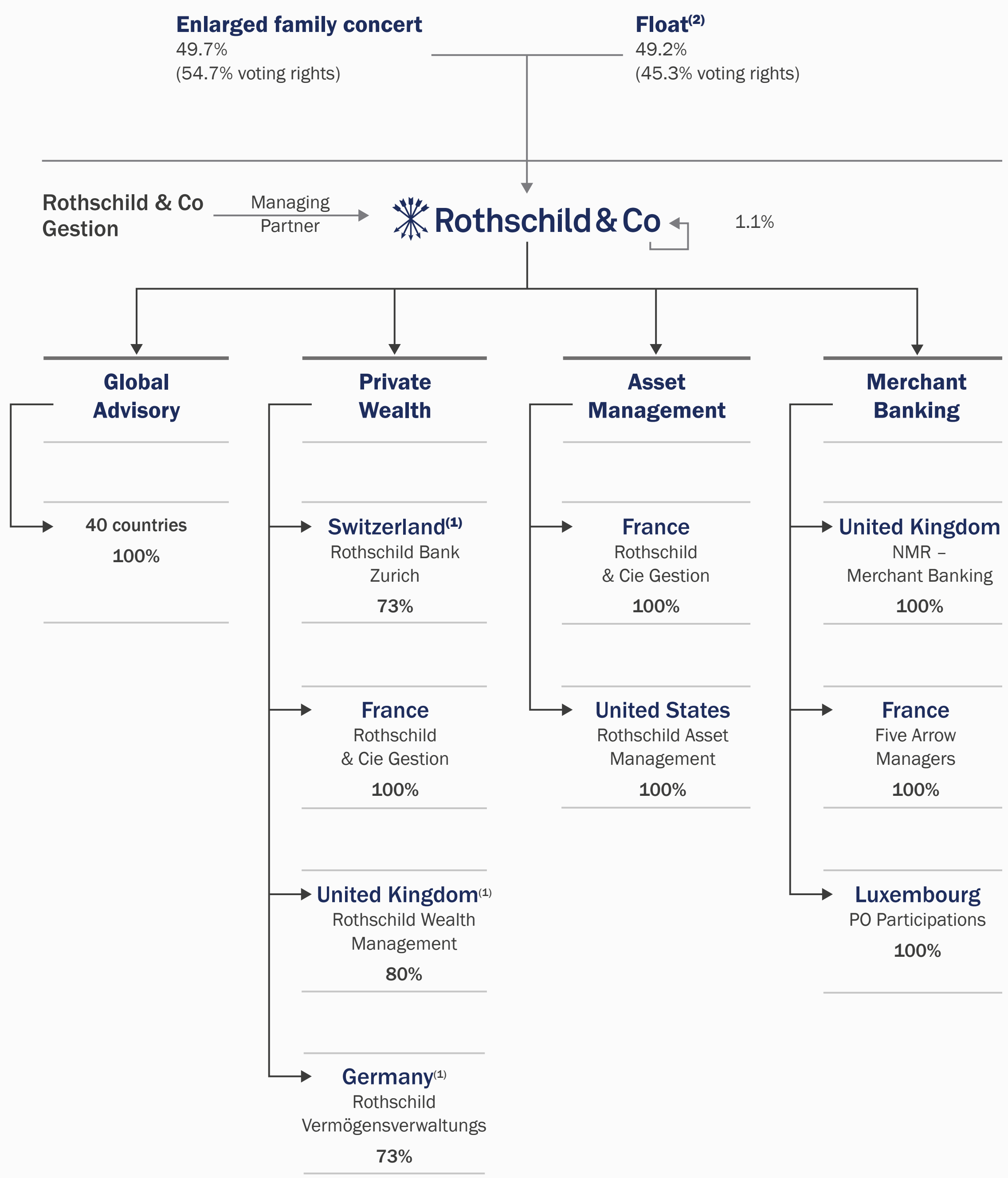
The Supervisory Board relies on four specialised committees: the Audit Committee; the Strategy Committee; the Remuneration and Nomination Committee; and the Risk Committee.

Members	Composition	Specialised committees: Audit Committee	Strategy Committee	Remuneration and Nomination Committee	Risk Committee
Éric de Rothschild French	Chairman, Non-independent member		Non-independent member		
François Henrot French	Vice-Chairman, Non-independent member		Non-independent member		
André Lévy-Lang French	Vice-Chairman, Independent member	Independent member	Independent member	Independent member	
Martin Bouygues French	Independent member				
Daniel Daeniker Swiss	Independent member		Independent member		Independent member
Angelika Gifford German	Independent member				
Sylvain Héfès French	Non-independent member	Non-independent member		Chairman, Non-independent member	
Arielle Malard de Rothschild French	Non-independent member				
Lucie Maurel-Aubert French	Non-independent member		Non-independent member		
Carole Piwnica Belgian	Independent member	Independent member	Independent member		
Jacques Richier French	Non-independent member				
Anthony de Rothschild British	Independent member				
Sipko Schat Dutch	Independent member				Chairman, Independent member
Peter Smith British	Independent member	Chairman, Independent member	Independent member	Independent member	
Luisa Todini Italian	Independent member			Independent member	

- Chairman
- Vice-Chairman
- Independent member
- Non-independent member

Rothschild family aligned with management interests

Organisation chart as at 31 March 2016



(1) Minority interests held by the Rothschild family.
(2) Including Jardine Strategic Holdings Luxembourg Sàrl and Edmond de Rothschild Group.

Corporate social responsibility

At the heart of Rothschild & Co's approach to business is a deeply held sense of responsibility to its people, to the environment and to the communities in which it operates.

People

We are committed to the development and retention of a world-class team

- 2,829 employees across the world of whom 40% are female
- An inclusive culture in which diversity is valued
- Recruitment and promotion based on merit
- A wide range of training and development opportunities
- A focus on well-being and a healthy and safe working environment

Environment

We are committed to managing and taking action to reduce our negative environmental impact

- 9% increase in reporting scope to cover 89% of total headcount
- 10 offices reporting environmental data, up from 6 in 2014/2015
- Initiated a global environment health & safety compliance programme to cover 100% of our offices
- Established a Global Environment, Health & Safety Committee

Community investment

We are committed to creating change in the lives of disadvantaged young people

- Community investment programmes in 10 cities
- More than 4,000 hours volunteered this year
- Over 50% of London employees volunteering each year
- A focus on enhancing the prospects of disadvantaged young people
- Shortlisted for Business in the Community's Responsible Business Awards (Education category) in 2016

Shareholder information

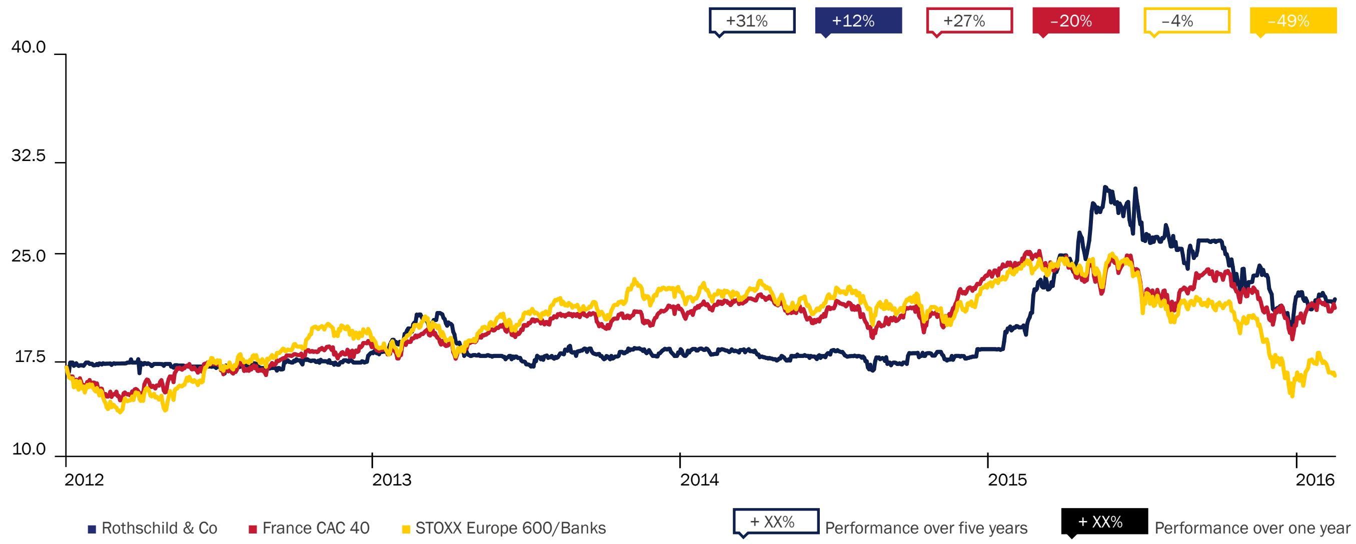
Market data (as at 31 March)

	2012	2013	2014	2015	2016
Market capitalisation (in millions of euro)	552.4	1,262.1	1,279.9	1,402.8	**1,545.8**
Share price (in euro)					
At the end of the financial year	17.00	17.80	18.00	19.70	**21.73**
Maximum	20.10	17.90	20.70	19.70	**30.10**
Minimum	14.00	16.20	16.80	16.40	**19.08**
Yearly average	17.30	16.90	18.10	17.60	**24.53**
Number of shares and investment certificates					
Issued	32,515,587	70,903,029	71,104,108	71,137,036	**71,137,036**
Of which treasury shares	*714,120*	*693,504*	*644,197*	*442,701*	***551,434***
Per share (in euro)					
Dividend	0.50	0.50	0.50	0.60	**0.63**[1]
Earnings per share	1.24	0.68	0.11	2.08	**3.37**
Market data					
Total value traded (in euro)	24,599,627	64,681,721	65,696,798	63,844,931	**307,038,467**
Total trading volume	1,429,983	3,808,255	3,741,749	3,463,602	**12,636,659**
Average daily traded volume	5,543	15,112	14,616	13,583	**49,556**
Excluding exceptional trade blocks over the period					
Total value traded (in euro)	24,599,627	28,608,201	37,153,977	63,844,931	**213,446,000**
Total trading volume	1,429,983	1,708,255	2,141,749	3,463,602	**8,846,659**
Average daily traded volume	5,543	6,779	8,366	13,583	**34,693**

(1) Dividend proposed at the General Meeting to be held on 29 September 2016.

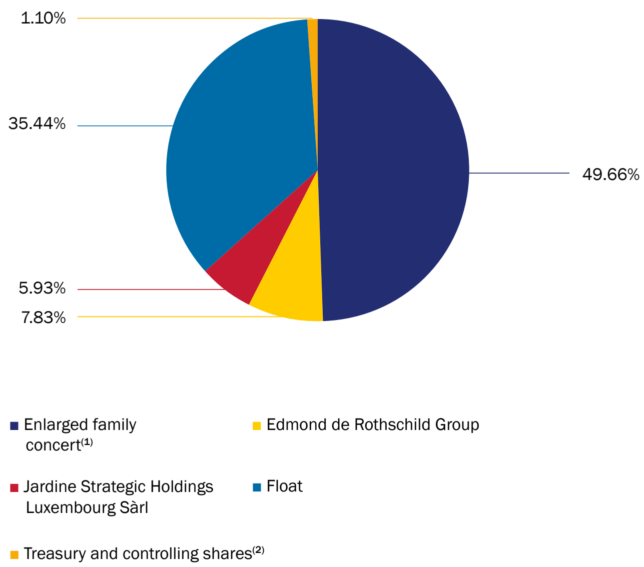
Shareholder information

Rothschild & Co share price evolution

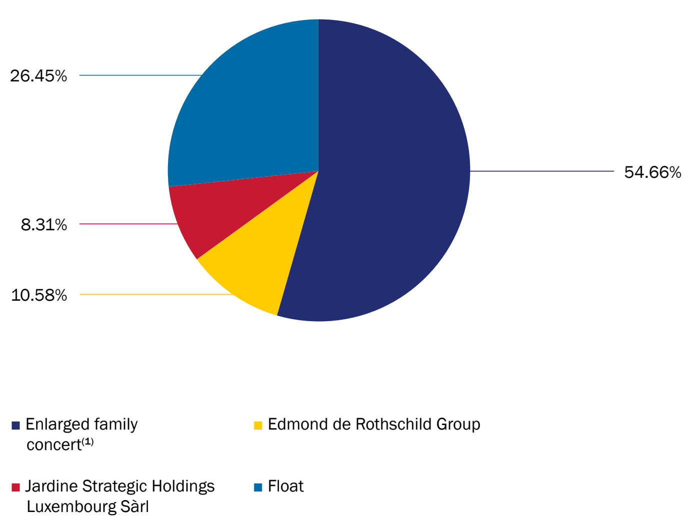


Shareholding structure as at 31 March 2016

Share capital



Exercisable voting rights



(1) More details are provided on page 57.
(2) The controlling shares held by NM Rothschild & Sons are not included as they are part of the enlarged family concert.

Proposed dividend

A dividend of €0.63 per share will be proposed by the Managing Partner, Rothschild & Co Gestion SAS, at the Rothschild & Co Annual General Meeting on 29 September 2016, called to approve the financial statements for the year ended 31 March 2016.

3 October 2016
Ex-dividend date

4 October 2016
Record date

5 October 2016
Payment date

Liquidity

Since January 2008, Rothschild & Co has awarded a liquidity contract to Rothschild & Cie Banque, a subsidiary, in order to improve the share's liquidity, regulate the share price and avoid unjustified differences between market price and fair value. When this contract was put in place, 150,000 shares were made available to the liquidity manager.

As at 31 March 2016, 54,000 shares and €3.3 million cash were booked to the liquidity contract[(1)].

The Company releases half-yearly reports on the liquidity contract. All reports are posted on the corporate website under the 'Investor Relations – Regulated information' section.

Financial communication

Rothschild & Co provides its shareholders with information throughout the year in English and in French, through releases on the publication of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group in accordance with regulations and practices for publication.

Rothschild & Co's website www.rothschildandco.com allows visitors to browse the latest updates, share prices and its own publications. The Annual Report may be reviewed and downloaded from the website.

Visitors can also join Rothschild & Co's mailing list to receive the latest news about the Company. At any time, visitors can also request information from the Investor Relations Department.

For more information about our businesses, career opportunities or our corporate social responsibility initiatives, please visit our corporate website at www.rothschild.com.

Financial calendar

9 August 2016
Publication for the first quarter of FY 2016/2017

29 September 2016 (10:30 am)
Annual Shareholders General Meeting

5 October 2016
Dividend payment date

29 November 2016
First half-year of FY 2016/2017 results

9 February 2017
Publication for the third quarter of FY 2016/2017

14 June 2017
FY 2016/2017 results

Investor Relations

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Share information

ISIN code: FR0000031684
Identification code: ROTH
Market: Euronext Compartment A (France)
Listing place: Paris

(1) See page 56 section entitled 'Share buyback programme'.

Business review

2

Rothschild Global Advisory

Rothschild Global Advisory has an informed and impartial perspective to help our clients reach their goals, through the design and execution of strategic M&A and financing solutions.

1st in Europe

3rd globally

by number of completed M&A transactions[1]

6th

globally by revenue

We differentiate ourselves in the following ways:

- **Advice only:** we provide total advice to our clients through our integrated service offering. Our advice is objective and impartial. We invest the time in understanding each client and take a long-term view with them, building a partnership with them as their trusted, independent adviser.
- **Global scale:** with a presence on the ground in 40 countries across the world. Our global scale, reach and knowledge enable us to develop relationships and deliver effective solutions to support our clients worldwide and across borders.
- **Sector-based knowledge:** our advisers have deep knowledge of the dynamics of every sector, and the current strategies of its participants. This is through the shared perspectives of our specialists and senior advisers across global markets. The depth of our insight is both supported and demonstrated by our unrivalled deal flow across many sectors.

For the year to March 2016, Rothschild Global Advisory revenue was €1,040 million, 18% higher than last year, representing record revenue. Operating income for the period was €167 million compared to €139 million last year, an increase of 20%, with a 16% operating income margin. By financial advisory revenue for the period, Rothschild & Co ranked 6th globally. Within the context of a 17% rise in global completed M&A deal value over the year, M&A advisory revenue rose steeply by 30% to €763 million (2014/2015: €588 million). This out-performance reflects a continuing improvement in market share in our core European markets, as well as in North America.

Financing advisory revenue held up well with revenues reaching €277 million, a fall of 5% compared to €292 million in the prior year, and in the context of lower market activity. During the financial year, we continued to be highly active in large and complex debt advisory and restructuring situations, providing independent advice to clients on approaching 200 debt and restructuring transactions with a total value of more than US$120 billion. For restructuring assignments completed during the financial year, we ranked 2nd by number of deals in Europe and 4th globally. We also provided equity advisory services on 21 IPOs during the financial year with a total value of US$19 billion, including the largest European IPO (ABN Amro), and we continued to advise on more European equity assignments than any other independent adviser.

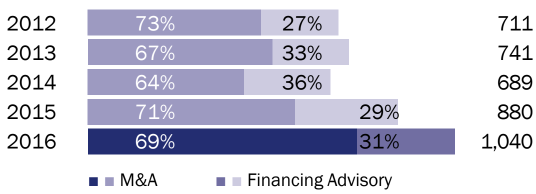
The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the financial year, and more recently, we have recruited Managing Directors into our offices in the United Kingdom, the Nordic region, China and the United States, as well as into our Sovereign Advisory, Debt and Restructuring advisory and Business Services teams.

We also acquired on 1 April 2016 two new teams: firstly, a new M&A advisory team in Belgium, significantly enhancing our market position in the country, as well as Scott Harris, an independent specialist equity marketing consultancy, which will add to our existing investor advisory proposition around improving corporate clients' understanding of and relationships with their shareholders and 'the buy-side' in general.

We remain among the top M&A advisers in the world, rising to 3rd position globally[1] by number of completed transactions, from 4th for the same period last year. In Europe, we are market leader, advising on more deals than any of our competitors; a position we have held for more than a decade. In the US, we will continue to invest as there are interesting recruitment opportunities. We estimate that this investment could dilute our global profit before tax margin in 2016/2017 by up to 2%. Nevertheless, the strategy should be accretive to our margins in the medium term.

Revenue

(in millions of euros, as at 31 March)



(1) Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms.

Rothschild Global Advisory transaction volumes(1)

	2014/2015	2015/2016	% change
Value of M&A (in billions of US$)	241	379	+57%
Value of financing advisory (in billions of US$)	248	189	-24%
Total value (in billions of US$)	**489**	**568**	**+16%**
Number of M&A transactions	248	298	+20%
Number of financing advisory transactions	284	249	-12%
Total transactions	**532**	**547**	**+3%**

(1) Source: Thomson Reuters, Rothschild & Co analysis. Completed transactions during the 12 months to March.

Our expertise was recognised in several leading industry awards:

The Banker Deals of the Year, 2016

- European Capital Raising of the Year – Eurobank's capital increase (adviser to HFSF)
- European Equities of the Year – €16.7bn privatisation IPO of ABN AMRO
- European M&A Deal of the Year – Lafarge and Holcim's €60bn merger and €6.5bn sale of assets to CRH
- Middle Eastern M&A Deal of the Year – Al Noor Hospitals Group's £6.9bn combination with Mediclinic
- Middle Eastern Equities Deal of the Year – Teva's US$7.4bn concurrent and mandatory convertible offerings

The Banker Investment Banking Awards, 2015

- Most Innovative for Restructuring

GlobalCapital ECM and Loans Awards, 2015

- Best Adviser for Private Placements
- Best Equity Capital Markets Adviser
- FIG Equity Deal of the Year – ABN AMRO's €16.7bn IPO
- Large Cap Leveraged Loan of the Year – Verallia's €1bn loan

Real Deals Private Equity Awards, 2015

- UK Small Deal of the Year – Sovereign Capital's sale of Cordium to European Capital
- UK Large Deal of the Year – Poundland Group and Warburg Pincus' £750m listing of Poundland

2015

- Best M&A Deal – ChemChina's acquisition of Pirelli
- Best Hong Kong Deal – IPO of HKBN

Trophées Leaders de la Finance, 2016

- Best Bank for Restructuring
- Best Bank for Private Equity

Mergermarket European M&A Awards, 2015

- France Financial Adviser of the Year
- Mid-market Financial Adviser of the Year

Euromoney Awards for Excellence, 2015

- Best M&A House in Central and Eastern Europe

M&A and strategic advisory

3rd

globally by number of completed transactions[1]

c.300

M&A transactions advised in 2015/2016 for a value of US$380bn

Our teams provide expert advice and execution services across all aspects of mergers and acquisitions, as well as strategic advice in areas such as joint ventures, corporate governance, sovereign advisory and US special committee and fiduciary matters.

In the 2015/2016 financial year, we remained among the top M&A advisers in the world, ranking 3rd globally by number of completed transactions[1] (up from 4th for the same period last year). In Europe, we continued to be the market leader by some distance, advising on more deals than any of our competitors – a position we have held for more than a decade[1].

We advised on approximately US$380 billion of completed M&A transactions in the 12 months to March 2016, including seven out of the top 50 global M&A transactions and six out of the top 20 European M&A transactions.

Our global scale and network of relationships with key decision-makers continue to support our position as adviser in large, complex cross-border situations. We continued to improve our market share of global cross-border advisory assignments, with cross-border transactions representing over 50% of our total activity[1].

For the financial year, we held top five positions in the majority of industry sectors globally and in Europe, being particularly active in healthcare, consumer, retail, media and industrials.

We are also one of the most active advisers on deals with private equity involvement globally, and the most active in Europe.

A list of notable completed M&A transactions on which we advised during the financial year is shown on the following page.

M&A league table rankings by region (as at 31 March)

	By value		By number	
Region	2015	2016	2015	2016
Global	11	10	4	3
Global cross-border	9	6	2	1
Europe	8	6	1	1
Asia (incl. Japan)	23	12	14	14
North America	22	15	20	15
Rest of the world	8	9	5	3

(1) Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms.

Rothschild & Co advised the following clients on a number of significant M&A transactions during the year:

Al Noor Hospitals Group (UAE and South Africa)

- Recommended combination with Mediclinic International (£6.9bn)
- Involved integrated team across UK, Dubai and South Africa

Alstom (France and United States)

- Disposal of energy activities to GE (€12.4bn)
- Adviser to Alstom on 10 transactions in the past decade

Amlin (UK and Japan)

- Recommended cash offer for Amlin (£3.5bn)
- Created a top tier global insurance business

BG Group (UK and Netherlands)

- Sale to Royal Dutch Shell (£36bn)
- The world's largest oil and gas deal since the merger of Shell and Royal Dutch Petroleum in 2005 (Rothschild also advised)

Bradesco (Brazil)

- Acquisition of HSBC Brazil (US$5.2bn)
- The largest ever cash deal by a Brazilian bank

Casino Guichard-Perrachon (France and Thailand)

- Disposal of its stake in Big C Thailand (€3.1bn)
- Adviser to Casino on 29 transactions since 1998

ChemChina (China and Italy)

- Acquisition of a controlling stake in Pirelli (€8.8bn)
- The largest cross-border deal between China and Italy

Controladora Comercial Mexicana (Mexico)

- Disposal of a substantial part of its retail and real estate businesses (US$2.7bn)
- Fifth transaction with CCM in six years, initiated by its debt restructuring (2010)

Intel (United States)

- Acquisition of Altera (US$16.7bn)
- Intel's largest ever acquisition

Lafarge (France and Switzerland)

- Merger with Holcim to create LafargeHolcim (€60bn)
- Created world leader in building materials specialised in cement, concrete and aggregates

Lanxess (Germany and Saudi Arabia)

- Synthetic rubber joint venture with Saudi Aramco (€2.8bn)
- Competitive selection process and simultaneous negotiations with several bidders achieved transaction certainty at attractive terms

Melrose (United Kingdom, United States and Germany)

- Disposal of Elster to Honeywell (£3.3bn)
- Long-standing relationships, advising Melrose on 14 transactions over a decade, and Elster on a broad range of transactions following IPO in 2010

Nikkei (Japan and United Kingdom)

- Acquisition of the Financial Times Group from Pearson (£844m)
- Created a truly global news and content owner

ORIX (Luxembourg and Germany)

- Acquisition of Kansai Airports by a consortium led by ORIX and Vinci (US$18bn)
- First full-scale airport privatisation project in Japan, and country's largest M&A transaction of 2015

Solera (United States)

- Sale to Vista Equity Partners (US$6.5bn)
- One of the largest take private transactions of 2015

Volkswagen (Germany and Netherlands)

- Disposal of Leaseplan to a consortium of investors (€3.7bn)
- Ongoing adviser to VW on its key strategic M&A and financing transactions

Financing advisory

c.250
financing advisory transactions with a total value of US$190bn

Our Financing Advisory teams, encompassing debt and restructuring and equity advisory, provide advice to clients on financing strategy and solutions. On many occasions they work alongside our M&A experts to deliver integrated, comprehensive advice to clients.

A list of notable completed financing transactions on which we advised during the financial year is shown on the page opposite.

Debt and Restructuring advisory

Our Debt and Restructuring advisory teams provide strategic capital structure advice to deliver the best possible refinancing and restructuring solutions. During the financial year, we continued to be highly active in large and complex debt advisory and restructuring situations despite lower market activity, providing independent advice to clients on approximately 200 debt and restructuring transactions with a total value of more than $120 billion.

Our debt advisory capabilities include advice on capital raisings and refinancings across all markets, and expertise across banks, bonds, ratings, derivatives and hedging. We are one of the world leaders in this field. Our track record in successfully helping clients to optimise both the sources of debt and terms of debt finance continues to drive our debt advisory business generation.

Our restructuring capabilities include lender negotiations, recapitalisations, exchange offers, distressed M&A, in-court and out-of-court transactions and creditor representation. Our independence and the significant volume of deals we advise on across M&A and financing advisory place us in a unique position in terms of market knowledge, and enable us to deliver client-focused advice without the conflicts of interests often faced by bulge bracket banks.

Clients continue to engage us on large and highly complex restructuring assignments. For restructuring assignments completed during the financial year, we ranked 2nd by number of deals in Europe and 4th globally.

Restructuring league table rankings by region (as at 31 March)

	By value		By number	
	2015	2016	2015	2016
Global	3	**5**	2	**4**
EMEA	2	**5**	2	**2**

Equity advisory

Our Equity advisory teams provide independent advice to clients on a wide range of equity capital raising transactions including initial public offerings (IPOs), secondary offerings, block trades, spin-offs and convertible instruments. The teams work in collaboration with our industry sector specialists to deliver integrated advice to our clients, including simultaneous dual-track disposal/IPO advisory.

We have an unparalleled global footprint and deeper resources than any other independent equity adviser, with specialist teams in key equity markets around the world including New York, Hong Kong, Singapore, Sydney, Moscow and throughout Europe.

During the financial year ended March 2016, we advised on the largest European IPO (ABN AMRO IPO that raised €3.8 billion on Euronext Amsterdam) and our deal flow in Europe continued to be well above that of our competitors. Worldwide, we advised on 49 equity capital market transactions with a total value of US$66 billion(1) and, for the third successive year, we advised on more European IPOs than any other independent adviser(2).

(1) Source: internal data.
(2) Source: Company filings, Rothschild & Co internal data.

Rothschild & Co advised the following clients on a number of significant financing advisory assignments during the year:

Bayer (Germany)

- Carve-out and subsequent IPO of Covestro (€1.5bn)
- Largest German IPO since June 2007 and the largest IPO of a European chemicals company since 1997

Canada GEN (Canada and United States)

- Block trade of its remaining ownership stake in General Motors (US$2.6bn)
- The largest block trade since 2012, and one of the largest ever US unregistered block trades

Corporación GEO (Mexico)

- In-court restructuring (US$2.9bn)
- Precedent setting restructuring – first company to successfully file for and exit bankruptcy protection under new Mexican laws

Europcar (France)

- IPO on the Euronext Paris (€1bn)
- One of the largest IPOs completed in France in 2015

GEMS Education (United Arab Emirates)

- Dual conventional and Islamic refinancing (US$817m)
- Largest emerging market K-12 education provider

GT Advanced Technologies (United States)

- Chapter 11 restructuring of pre-petition liabilities (US$1.1bn)
- Played an integral role in negotiating with Apple and reaching a mutually beneficial settlement including extinguishing a US$439m loan from Apple

The Hellenic Financial Stability Fund (Greece)

- Recapitalisation of the four systemic Greek banks (Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank) (€14.4bn)
- Intensive and unconventional process involving key institutions including the European Central Bank, European Commission and IMF

NII Holdings (United States)

- Chapter 11 restructuring (US$6bn)
- Concurrent advice on US$1.9bn sale of Nextel Mexico

NL Financial Investments (Netherlands)

- €16.7bn privatisation IPO of ABN AMRO, raising €3.8bn
- Largest ever Dutch privatisation and IPO, and the largest ever Western European Bank IPO

OCP (Morocco)

- Eurobond issue (US$1bn)
- Achieved exceptional pricing and negative new issue premium over implied secondary levels

Poste Italiane (Italy)

- IPO on the Milan Stock Exchange (€3.4bn)
- Largest Italian privatisation and IPO in over 15 years

Republic of Ivory Coast

- 2028 Eurobond issue (€1bn)
- Ongoing advice on capital markets and privatisations

Rumo Logística (Brazil)

- Covenant reset and new debt line (US$2.2bn and US$470m respectively)
- Complex transaction involving credit lines held by 13 financial institutions and a syndicate of six banks in the debt raising

Serco (United Kingdom)

- Recapitalisation comprising a rights issue of new equity, refinancing of bank facilities and US$ private placement notes (£2bn)
- Negotiated with 16 lending banks and 21 US private placement noteholders, agreeing unprecedented make-whole mechanics to Serco's material benefit

Teva Pharmaceutical (Israel)

- Concurrent sale of common stock and mandatory convertible preferred securities (US$7.4bn)
- Complex transaction involving specialist teams in New York, Tel Aviv, Paris and London

Towergate (United Kingdom)

- Restructuring of its high yield bonds (£1bn)
- Precedent-setting transaction in restructuring of bonds in Europe, utilising an innovative dual track scheme of arrangement

Rothschild Private Wealth & Rothschild Asset Management

Objective, transparent and state-of-the-art advice to our high net-worth private clients and our global institutional clients underpins our business model across our Private Wealth and Asset Management divisions.

€50.2bn
of assets under management as at 31 March 2016

€2.6bn
of net new assets in 2015/2016

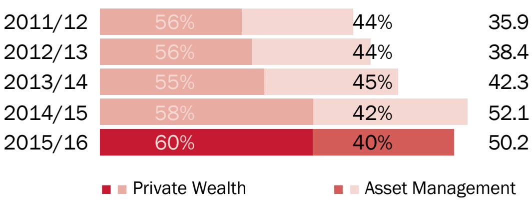
800+
professionals

This is demonstrated by our ability to attract clients, win new assets and generate solid investment performance. We continue to develop our activities in line with our stated strategy of diversifying our sources of income.

Our businesses are focused on the preservation, growth and transmission of our private and institutional clients' wealth and assets. We serve this diverse client base from our offices in Brussels, Frankfurt, Geneva, Guernsey, Hong Kong, London, Milan, New York, Paris, Reno, Singapore and Zurich.

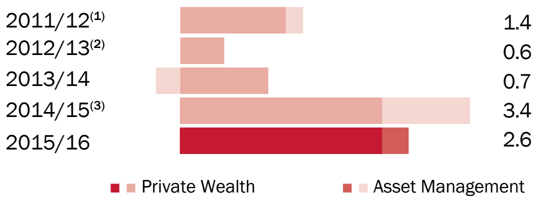
Assets under Management

(in billions of euros, as at 31 March)



Net new assets

(in billions of euros, as at 31 March)



(1) 2011/12 excludes €1.5bn outflow related to the partial sale of Sélection R in France.
(2) 2012/13 includes €0.8bn inflow related to the merger with HDF Finance in France.
(3) 2014/15 excludes €1.9bn outflow related to the transfer of accounts from Sélection R in France.

Market overview

Worries about the global economy clouded the investment outlook for much of the last 12 months. Bond yields hit new lows, and in many cases edged further into negative territory, as investors continued to shelter in safe haven assets and monetary policy mostly remained lenient. Two of the major central banks – the European Central Bank and the Bank of Japan – added to their bond purchases, and utilised negative policy rates. The Federal Reserve raised interest rates in December for the first time since 2006, but the move was later than originally expected, and expectations of subsequent increases have again been pushed further into the future.

China amplified market concerns with its decision in August 2015 to allow its currency to fluctuate more freely against the dollar. In retrospect, the markets were able to view the move as part of China's successful attempt to have its currency accepted as a component of the IMF's Special Drawing Rights basket of reserve currencies, rather than as a competitive devaluation. Similarly, ongoing declines in oil and other commodity prices were seen as reflecting a sharp slowing in global growth, but in practice were driven not just by slowing demand but by extra supply – as in the case of the political deal paving the way for higher Iranian exports of oil.

These concerns notwithstanding, the global economy continued to grow, albeit at a below-trend rate, with slowing growth in emerging economies – including China – muted by steadier growth in the developed world. The first significant decline in US corporate profits since 2009 caused some unease, but reflected weakness in oil and mining earnings, rather than a generalised downturn. Stock markets were volatile in the late summer, and again in early 2016, but had hit new highs in early 2015, and in each case stabilised at levels close to those highs.

Rothschild Private Wealth

Our Private Wealth division provides an objective, long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth. We provide a comprehensive range of private wealth services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities. In an environment where short-term thinking often dominates, our long-term perspective sets us apart: we believe preservation-first is the right approach to managing wealth.

The Rothschilds are one of the few families to have successfully preserved their wealth over seven generations. We understand the issues wealth owners must address and can help them protect their assets. We advise our clients in relation to all their financial and non-financial wealth. When helping our clients invest, we aim to deliver good returns and dampen risks, even in the most complex of financial landscapes.

With over 650 private wealth professionals and an extensive network across Rothschild & Co, we have the scale, intellectual capital and resources to deliver, while still being able to provide a truly personal service. Our distinct perspective makes us a secure and enduring home for our clients' assets, safeguarding their legacy for generations.

We also provide loan facilities to our private clients: Lombard lending secured on portfolios in our custody (€713 million), overdraft facilities and guarantees secured mainly on insurance policies (€258 million), mortgages secured mainly on UK residential real estate (€317 million) and other facilities for private clients (€9 million). Lending is complementary to our investment management, wealth planning and administration services, and enables us to meet the wider private banking requirements of our clients.

Looking ahead, we believe our Private Wealth division is well placed to meet the challenges our industry faces. The demand for our advice-based, unconflicted business model, with stable and multi-generational family ownership makes us truly distinctive in a crowded market. We continue to invest in our infrastructure and top quality people who work with clients to become trusted advisers. Over the next few years, we expect to see continued growth with a sustainable improvement in our profitability as we gain scale.

During the last financial year we won seven prestigious industry awards, which we would like to think is an endorsement of everything we have achieved in our business over the last 12 months.

Awards received in Private Wealth

Spear's Wealth Management Awards 2015

- Winner, Private Bank of the Year, 2015

Wealth Briefing European Awards 2015

- Winner, Private Investment Manager, 2015

Wealth Briefing Swiss Awards 2016

- Highly Commended, Best Private Bank – Client Service, 2016
- Winner, Foreign Private Bank, 2016
- Winner, High Net Worth Team (Swiss Domestic Clients), 2016

PAM (Private Asset Managers) Awards 2016

- Winner, Client Service Quality – Ultra High Net Worth, 2016

Trophées Leaders de la Finance, 2016

- Trophée d'Or 2016, Leaders de la Finance, catégorie 'Gestion de Patrimoine – Banque spécialisée'

Rothschild Private Wealth & Rothschild Asset Management

Our Private Wealth division operates through two businesses, Rothschild Wealth Management & Trust and Rothschild Patrimoine.

Rothschild Wealth Management & Trust

Rothschild Wealth Management & Trust is the private banking arm of Rothschild & Co in Frankfurt, Geneva, Guernsey, Hong Kong, London, Milan, Reno, Singapore and Zurich.

Our goal is to preserve and then grow the real value of our clients' wealth. This involves investing in assets that increase in value over time, beating inflation, and avoiding large losses along the way. This investment management approach, coupled with the stability that comes from our seventh generation of family-controlled ownership, continues to resonate with an increasing number of clients around the world, especially in the current economic environment.

At the end of March 2016, assets under management amounted to €19.8 billion, down from €21.6 billion in the previous year.

The business environment remains challenging, with high volatility and negative interest rates, but the division's client base is well diversified, which helps our bottom line resilience.

Within our Trust business, our focus on helping clients to safeguard their assets and create a legacy has continued to attract entrepreneurs and wealth-owning families globally. Our typical clients are highly international with businesses, family members and assets that span more than one jurisdiction; these clients require wealth planning, family governance and business succession planning on an international basis, crossing many countries and jurisdictions. We have seen particular interest in our Trust offering in those parts of the world where new wealth generation is strong. More broadly, our distinctive offering and unique positioning in the market mean we are very well placed to benefit from the major trends that will continue to re-shape the international wealth management landscape in the years ahead.

Rothschild Patrimoine

Rothschild Patrimoine, the private banking department within Rothschild & Cie Gestion, is based in Paris and Brussels.

At the end of March 2016, assets under management in France and Belgium amounted to €10.2 billion, up from €8.8 billion the previous year, as a result of strong positive net new assets and a slightly negative market impact. The mergers and acquisitions activity was strong this year, which, combined with our continuous commercial efforts and good investment performance, allowed us to achieve once again record net inflows over the period.

As planned, we continue to adapt our services, our investment management offering and our organisation, but also to develop the synergies with the various businesses of the Group, while at the same time selectively reinforcing our commercial capabilities, both in France and Belgium, in order to fully benefit from our good momentum. Consequently, profitability for the period achieved a record level, which will allow us to continue to implement our development strategy, and Rothschild Patrimoine has been distinguished for the second consecutive year by its peers, winning the Leaders de la Finance 2016 Golden Trophee in the category "specialised private bank". 2016 will be in the continuity, capitalising on 2015 success, both in France and Belgium, and on our innovation capability, not only in commercial development sources but also in digitalisation of our processes.

On 6 June 2016, we announced our intention to merge Rothschild & Co with Compagnie Financière Martin Maurel, with a view to combining our French activities in private banking and asset management to create one of France's leading independent private banks. The proposed merger would:

- create a leading independent private bank in France, with combined AUM of c.€34 billion;
- offer a complete wealth management, asset management, financing and corporate finance advisory service; and
- offer a greater geographic footprint in France, notably in the three key regions for its businesses which are Ile de France, Rhône-Alpes and Provence Alpes Côte d'Azur.

Rothschild Asset Management

Rothschild Asset Management offers an independent perspective in innovative investment solutions, designed around the needs of each and every client. We are a global specialist asset manager delivering bespoke investment management and advisory services to institutional clients, financial intermediaries, and third party distributors. Across our complementary fields of expertise in active high-conviction management, open architecture investment solutions or risk-based investment solutions, our business model is grounded in a deep understanding of each and every client's needs.

At Rothschild Asset Management, we know that consistent performance must be delivered in the long term. As a family-controlled business, we can pursue long-term strategies and build truly lasting partnerships with our clients. While other asset managers are involved in proprietary trading and brokerage activities, Rothschild Asset Management is truly independent in security selection and can manage its clients' assets without conflict of interest.

With over 200 years' history in innovative investment decisions, we combine state-of-the-art technology and the latest sophisticated modelling with deep on-the-ground experience to develop bespoke investment solutions for our clients. With a strong track-record across our core markets, we are proud to count some of the most reputable institutional investors as our clients.

It is this innovative yet considered approach that enables us to offer a distinct perspective to our clients and make a meaningful difference to their assets in the long term.

3
specialised and complementary centres of excellence

Active/high conviction expertise | Paris, New York

Rothschild Asset Management has recognised expertise in active conviction management, characterised by strong management choices. Our portfolios are sometimes contrarian and can deviate significantly from reference indexes in terms of composition.

This management is carried out by two entities, in Paris and New York.

In Paris, Rothschild Asset Management's offer is built around a few areas of expertise with the goal of becoming a leading conviction management player in Europe. Our experienced management teams are stable and have recognised know-how in the asset classes they deal with: European equities, credit and convertible bonds and flexible diversified management.

In New York, Rothschild Asset Management offers investments covering a range of US securities including large-cap, small/mid-cap, small-cap, and balanced strategies. We seek to provide superior performance while controlling risk. Our seasoned teams of investment professionals use a disciplined investment philosophy and an integrated process focused on fundamentals. We manage assets for a broad range of clients including: corporations, endowments, foundations, healthcare organisations, high net-worth investors, public pension funds, sub-advisory and Taft-Hartley plans. We are guided by a clear and strongly held investment philosophy that seeks to add value through stock selection while controlling benchmark risk.

We use a proven investment process focused on fundamentals to help us identify stocks with attractive valuations and improving business prospects. Our process seeks to generate consistent alpha with lower volatility than the market.

67
investment managers

Open Architecture and Investment Solutions expertise | Paris, London, New York, Zurich

The Open Architecture expertise is run under the same operational management in Paris, Zurich, London and New York.

Our Investment Solutions teams comprise experienced professionals who help our clients, whether large private or institutional investors, to manage their assets in compliance with our Company values: advice, family values, personal commitment and intellectual rigour. Rothschild Asset Management has taken several initiatives to develop innovative open-architecture investment solutions in order to broaden its offer and meet the needs of both individual and institutional investors.

We have developed assets/liabilities modelling tools that result from institutional management in order to address the problems of our major high net-worth investors. Similarly, we are combining our reporting mechanisms in order to provide these investors with a service similar to that required for institutional investors. For institutional investors, our teams have developed investment solutions that allow them to use a powerful management strategy that optimises the consumption of regulatory capital associated with investments in risky assets.

For 'traditional' asset classes, we offer diversified portfolios managed using open architecture with an optimised dynamic allocation that is particularly suited to institutional investors that are subject to the prudential Solvency II rules. In the area of alternative management, we have been developing a competitive managed account offer for two years that makes it possible, in a completely transparent fashion, to access talented managers selected across the world by our research teams.

The dedicated managed accounts platform created in partnership with Innocap in 2013 now comprises three sub-funds within the open-ended investment company under Irish law, InRIS, which has over €3 billion in assets under management. The first sub-fund registered on the platform is R Parus, a long-short equity fund managed by British alternative management specialist Parus. This fund is currently closed for new subscription. The second launch concerned a low beta, low volatility, long-short equity fund, R BlackRock Select, invested in various strategies managed by BlackRock. The most recent addition to the range, launched in December 2014, R CFM Diversified, is the fruit of a selection of systematic strategies of Capital Fund Management (CFM), which has more than 20 years' experience in the development of quantitative models for all asset classes.

In the United States, Rothschild Asset Management has teamed up with Larch Lane Advisors LLC to provide investment advisory services in relation to an alternative management fund that is managed using an open architecture structure (40 Act fund) and that applies a weighted approach to risk in the construction of the portfolio.

Risk Based Investment Solutions expertise | London, New York

Rothschild Asset Management proposes advisory services based on risk management models to a broad range of French and international institutional investors that complement the other, already widely recognised asset management activities.

Based in London and New York, the company Risk Based Investment Solutions Ltd (RBIS) takes a new approach to portfolio construction, offering investors a more efficient alternative to the traditional portfolios weighted by capitalisation (equities) or debt (bonds). We offer clients tailor-made portfolios, with no restrictions in terms of the number of underlying assets, asset classes or the combination of asset classes. Our investment process combines an academic approach, proprietary technology, case studies and the capacity to develop tailor-made solutions. These solutions are designed and adapted in accordance with the specific requirements of each client: reduction of volatility, improvement of the Sharpe ratio or reduction of the maximum drawdown.

In partnership with Source, an investment company and leading provider of exchange traded products (ETPs), Rothschild Asset Management has also launched the first ETF linked to the Risk-Based European Equity Index: Source R Equal-Risk European Equity UCITS ETF. This index is part of a range created in November 2014 by Rothschild Asset Management, in collaboration with the independent calculation agent Markit. Called the R Risk-Based Equity Index Series, it counts five new-generation, equally weighted stock indexes (European equities, US equities, UK equities, Japanese equities and developed market equities). This range of indexes and this first ETF allow investors to benefit from a methodology that is based on risk rather than market capitalisation. A range of risk-based Euro sovereign indexes has also been created in March 2016.

Awards received in Asset Management

InvestHedge Awards 2015

- R Investments Opal Global Trading
  - Best global macro fund over 1 year

UCITS Hedge Awards 2016

- R CFM Diversified Fund
  - Best Performing Fund 2015
  - CTA >$100 Million Strategy Assets

International CFI 2016

- Europe – Best Institutional Asset Manager Europe 2016

Tijd/L'Echo 2015

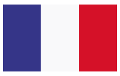
- R Valor
  - Best flexible fund

Lipper Fund Awards 2015

- R Conviction Convertibles Europe
  - Best European convertible bonds fund over three years

Euro Fund Awards 2016

- R Conviction Convertibles Europe
  - Best convertible fund over three years



Pyramides de la Gestion de Patrimoine 2016

- R Opal Multi Stratégies
  - Best absolute performance fund

Le Revenu 2015

- Fixed-income range
  - Trophée d'argent
  - European fixed-income funds over three years
- R Euro Credit
  - Trophée d'argent
  - Best European fixed-income fund over 10 years

Lipper Fund Awards 2015

- R Valor
  - Best mixed asset EUR fund
  - Global over 10 years
- R Allocation Modérée
  - Best mixed asset EUR conservative fund
  - Global over three years

Actifs du Patrimoine 2015

- R Alizés
  - Actifs d'Or – Diversified funds

Patrimoine privé Les Excellences

- R Opal Global Equity
  - Best global aggressive fund over 10 years

Grands Prix Gestion d'Actifs 2015

- R Allocation Modérée
  - Best European diversifed fund

Lipper Fund Awards 2015

- R Euro Credit
  - Best corporate euro bonds fund over three years
- R Valor
  - Best international flexible fund over three, five and 10 years

Banco Swiss Hedge Funds Awards 2015

- R Opal Multi Strategies
  - Best FoHF – Multi-strategy no bias over one year
- R Investments Opal Global Trading
  - Best FoHF – 'Other strategies – CTA Managed Futures' over one, five and 10 years

Citywire Italy Fund Manager and Group Awards 2015

- R Club
  - Best 'mixed assets – flexible EUR' fund

Il Sole 24 Ore 2015

- R Club
  - Best 'diversified' fund

Lipper Fund Awards 2015

- R Euro Credit
  - Best corporate euro bonds fund

Rothschild Merchant Banking

Rothschild Merchant Banking is the investment arm of the Rothschild & Co Group.

€4.8bn
of Assets under Management

64
investment professionals

4
strategies

It deploys the firm's capital, alongside that of a select set of leading institutional and private investors. With assets under management in excess of €4.8 billion, Rothschild Merchant Banking manages a series of funds dedicated to corporate and secondary private equity, and senior and junior credit.

Our business is founded on three inter-twined principles – our passion for investing, respect for risk, and culture of partnership – all of which define who we are today.

- **Passion for investing:** The Rothschild family has an investing history dating back more than a couple of centuries – particularly for backing entrepreneurs who the family felt were ahead of their times. At Rothschild Merchant Banking we celebrate this legacy and passion for investing. So much, that it is the single most important attribute we seek in our people. And we expend significant energy in ensuring that it remains the heart of our culture.
- **Respect for risk:** Our investing ethos is centred on delivering attractive risk-adjusted returns for our investors. We are convinced that this is the only way to consistently create long-term value. This approach is borne out of a long-held Rothschild & Co philosophy of wealth preservation through active avoidance of capital impairment. Respect for risk does not mean we shun it – rather this mindset reflects the importance we attach to a proper understanding, quantification and pricing of risk.
- **Culture of partnership:** We aim to form close, enduring relationships with each of our stakeholders: our investors, our managers, our people, our advisers and financiers, and broadly the environment in which we work. We invest significant amounts of capital alongside our investors in each of our funds. We also actively encourage our managers to invest alongside us in the companies they run – and make it profitable and easy for them to do so. And we do the same for each of our investing professionals. By ensuring that we all 'put our money where our mouth is', we hope to create a close-knit ecosystem where all of our interests are fully aligned. Our aspiration is to have a culture of partnership with a shared sense of collective purpose in every important decision we make.

As at 31 March 2016, our assets under management are split between €2.1 billion in private equity and €2.7 billion in private debt across four strategies:

- **Corporate private equity:** Five Arrows Principal Investments (FAPI)
- **Secondaries, multi-managers funds and co-investments:** Five Arrows Secondary Opportunities (FASO), Arolla and Rothschild Proprietary Investments (RPI) (formerly known as Paris Orléans Proprietary Investments)
- **Direct Lending:** Five Arrows Credit Solutions (FACS)
- **Credit Management:** Oberon strategy and our CLO funds

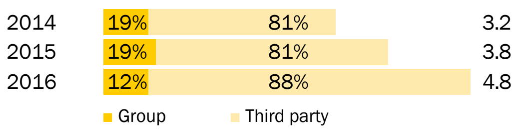
Overall, the business employs 64 investment professionals across four offices (London, Paris, Los Angeles, Luxembourg).

Our revenues comprise management fees calculated with reference to assets under management, investment profits (from direct investments and partnership interests in the funds we manage) and carried interest.

We are committed to Environmental, Social and Governance (ESG) matters through our management company (Five Arrows Managers) which is a signatory to the UN PRI (Principles for Responsible Investment).

Assets under Management

(in billions of euros as at 31 March)



Note: Assets under management comprise committed capital where a managed fund is still in its investment period, and include net asset value after the investment period has expired.

Merchant Banking strategies

	Private equity				Private debt		
	Corporate Private Equity	Secondaries	Multi-Managers Funds	Co-Investments	Direct Lending	Credit Management	
Initiative name	FAPI	FASO	Arolla	RPI[1]	FACS	Oberon & Managed Accounts	CLOs
Geography	Europe	Europe	Global	Global	Europe	US/Europe	US/Europe
Vintage(s)	2010 and 2015	2012 and 2016[2]	2016[2]	2013 and 2016[2]	2014	2013 / 2015 / 2016[2]	
Assets under management (current) in €m	1,469	259	–[4]	348[3]	415	2,344	

(1) RPI, formerly known as Paris Orléans Proprietary Investments. (2) To be closed post report date. (3) Including RPO. (4) Target €100 million.

During the year to March 2016 assets continued to appreciate in value, reflecting the strong investment performance of the current portfolio, and the division achieved a number of sizeable exits. We have also continued to grow our assets under management and leverage the Group's unique market edge and sourcing capabilities to invest into attractive opportunities.

The key highlights of the period include:

- The expansion of our product offering with:
  - the acquisition of West Gate Horizons Advisors LLC, a US credit manager with €1.35 billion in CLO AUM under the Ocean Trails brand; and
  - the launch of Arolla, our €100 million multi-managers platform.
- The successful fundraising of FAPI II at €775 million, well above its initial target size.
- The final close of Oberon II, our senior secured credit fund at €306 million as well as the successful close of our CLO Contego III at €308 million.
- The growth of our existing programmes with the launch of successor funds/programmes: FASO IV, Oberon III and RPO II.
- A sustained and continuing deployment of capital within our existing strategies with €62 million being invested by the Group.
- Profitable exits of various companies, notably Siaci Saint Honoré and Perenco Rio del Rey, from the RPI portfolio as well as two companies from FAPI I: LPCR in March 2016 for a multiple of 2.65x of invested capital and Grand Frais, post-report date, in April 2016 for a multiple of our invested capital of 3.1x (realised and unrealised).

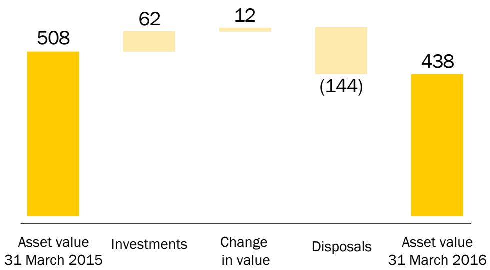
In the future, we plan to continue to grow our assets under management by raising the successor funds to our main strategies and continuing to broaden our product range in investment themes where we see a market opportunity. We will do so through the launch of new funds and managed accounts.

Change in asset value

As of March 2016, the Group held private equity and private debt assets valued at €438 million.

Change in asset value

(in millions of euros)



During the year, value creation in the private equity and private debt portfolios (including managed funds) amounted to €42 million. This was partially offset by a €30 million negative change in fair value largely related to certain listed investments in the legacy portfolio.

Investments during the year

During the year ended 31 March 2016, the new investments of our funds and initiatives amounted to €976 million (of which €139 million in private equity and €837 million in private debt), representing a total cash disbursement for the Group of €62 million. More than half of the investments made during the year were drawdowns by private equity funds FAPI, FASO and RPI and the remainder by our private debt initiatives FACS, Oberon and Contego/Ocean Trails.

Disposals during the year

Disposals generated proceeds of €144 million, notably from two proprietary investments in SIACI Saint Honoré and Perenco generating cash of €59 million and a profit of €27 million.

Private equity

In private equity, we manage €2.1 billion with a team of 35 investment professionals. We have developed two different business lines:

- Corporate private equity; and
- Secondaries, multi-managers funds and co-investments.

Corporate Private Equity

Five Arrows Principal Investments (FAPI)

FAPI is an initiative launched in 2010 as a roll-out of Rothschild & Co's successful European mid-market strategy. FAPI concentrates on expansion and buyout deals in the mid-market segment across Europe. It currently manages two funds: FAPI I, raised in 2010 for €583 million, and its successor FAPI II for €775 million, closed in October 2015.

FAPI I is now fully invested through 15 mid-cap companies in six different European countries. Thanks to its affiliation to Rothschild & Co, the fund has developed a rare pan-European reach and distinctive sector plays in selected segments of the economy which it believes enjoy positive tail winds: technology services (data and software), healthcare, education, business services and growth consumer. In 2015, FAPI's portfolio had a robust performance, achieving aggregate sales and EBITDA growth in excess of 8% and 11% respectively. In 2016, FAPI I completed two exits: LPCR for a multiple of invested capital of 2.65x and Grand Frais for a multiple of invested capital of 3.1x (realised and unrealised).

Its successor fund, FAPI II, builds on the same strategy and is managed by the same team. In 2015, FAPI II completed its first investment in Karnov Group.

As at the end of March 2016, the value of the Group's investment in FAPI I and II represented €130 million.

Les Petits Chaperons Rouges

In March 2016, FAPI announced the exit of Les Petits Chaperons Rouges (LPCR), generating a 2.65x money multiple. FAPI has sold its shares to the co-founder and CEO, backed by French investment holding company Eurazeo. Founded in 2005, LPCR is a leading French operator in the privately managed nurseries market. FAPI invested in LPCR in December 2010 in the context of an owner buyout. FAPI's investment thesis was predicated on the superb growth opportunity it identified as being available to for-profit operators in the French nursery market. During FAPI's holding period, LPCR accelerated its roll-out strategy across the country, on the back of new nursery openings and significant wins of new outsourcing contracts from local authorities. FAPI also supported the company in successfully executing several bolt-on acquisitions, further consolidating LPCR's nationwide network. As a result, LPCR enjoyed five years of exceptional growth, with the company's nursery base increasing from 85 sites in 2010 to 250 today, with sales increasing by 20% per annum to over €140 million in 2015.

Karnov Group

In July 2015, FAPI II invested in Karnov Group, a leading Scandinavian legal and tax & accounting information provider. Karnov Group's strong brand recognition, high-quality, 'mission critical' content and leading technology platform makes it the preferred provider to law firms, law students, corporates, public authorities, accounting firms and tax specialists. The key brands include Karnov, PACTA and UfR, which are renowned for their authority, industry expertise and innovative technology. FAPI had been tracking Karnov closely as part of its broader technology and data services initiative for more than 18 months. FAPI's extensive outside-in work with external advisers and individuals from its internal network of operators allowed us to approach the seller pre-emptively ahead of a broader sale process. The company is performing per plan and the team is working on several value enhancement and growth initiatives.

Secondaries, Multi-Managers Funds and Co-investments

Five Arrows Secondary Opportunities (FASO)

FASO III is a €259 million fund raised in 2012 and managed by a specialist team in European small and mid-cap secondary transactions. FASO purchases assets, whether portfolios of companies or fund shares, from sellers seeking liquidity, divesting non-core assets, or affected by regulatory constraints. With 87% of secondary direct and manager-led transactions in FASO III, the FASO team's specific expertise on secondary direct in the mid-market segment is a distinctive advantage and provides transactions, away from large auctions, where value creation can be brought to portfolio companies to enhance returns.

As of March 2016, FASO III had completed 16 transactions, of which five during the year, offering exposure to more than 170 underlying companies spanning more than 13 different sectors across all of Europe. The fund is developing very well, with a significant part of the capital already having been paid back to investors.

In February 2016, FASO launched the fundraising of FASO IV, which will follow the same successful investment strategy as its predecessor funds, with a target size of €400 million. The final closing of the fund is expected in summer 2016.

As at the end of March 2016, the Group's net investment in FASO represents €25 million.

Palamon Capital Partners

In August 2015, FASO III purchased interests in the mid-cap buy-out funds Palamon I and Palamon II from various existing shareholders (mainly US-based). The Palamon funds were fully invested and the portfolios comprised 11 mature pan-European companies, mostly majority investments. These companies enjoy strong positions in their market segments, with the main value drivers of the portfolio combining double-digit historical top-line growth and healthy EBITDA margins. The portfolio is well diversified across sectors such as healthcare, financial services, business services and consumer goods.

Arolla

Arolla is Rothschild Merchant Banking's global multi-managers private equity platform. Arolla capitalises on the Group's private equity expertise and over-the-cycle performance to invest globally across the private equity asset class: primary fund investments, secondary and direct co-investments. This combination of our flexibility and experience in multiple private equity strategies gives us a truly distinct perspective.

Arolla's focus is to give access to a carefully selected pool of top-tier managers, while enabling access to the wide array of Rothschild & Co's private equity initiatives. We pursue mid-cap investment opportunities generating appropriate risk-adjusted returns across various situations and geographies.

Arolla is targeting a €100 million fund size with a first closing that took place post-report date and is, as of March 2016, already 25% committed across six investments.

Rothschild Proprietary Investments (RPI)

Rothschild Proprietary Investments, formerly Paris Orléans Proprietary Investments, has been the historical investment arm of the Rothschild & Co Group, investing on an opportunistic basis since the 1990s.

Since 2005 onwards, the RPI team has developed a strong co-investment expertise, investing alongside a proprietary network of international fund managers. It deployed over €500 million of capital in more than 80 transactions, mainly in growth capital and buy-out situations on a global basis, with a focus on North America, Europe and Emerging Markets.

As at the end of March 2016, the Group's net investment in RPI represents €191 million.

SIACI SAINT HONORE

Siaci Saint Honoré is the fourth leading French group in insurance brokerage and consulting. The company counts over 1,700 employees worldwide and serves more than 3,500 customers across a number of sectors.

RPI has been a longstanding shareholder of Siaci Saint Honoré for over a decade and has supported a number of corporate initiatives alongside the company's management and its other shareholders (LCF Edmond de Rothschild, Jardine Lloyd Thompson). Over the past few years, we have initiated a gradual exit of this investment before eventually selling our minority stake in April 2015 to Ardian's Mid Cap Buyout Fund.

Rothschild Private Opportunities (RPO)

In conjunction with RPI balance sheet investment activity, the RPI team also manages the Rothschild Private Opportunities (RPO) co-investment programme, an investment club launched in 2013 as a joint initiative between Rothschild Merchant Banking and Rothschild Private Wealth divisions of the Rothschild & Co Group for the exclusive benefit of key relationships of the Group.

Since its inception, RPO has invested in nine companies (including one post-report date) on a global basis spanning geographies ranging from the United States to Western Africa.

Private debt

Rothschild Merchant Banking is active in the leveraged credit market through two different business lines:

- Direct Lending
- Credit Management

Our private debt activities account for over €2.7 billion of assets under management and our team comprises 29 investment professionals.

As for all Merchant Banking initiatives, the affiliation with Rothschild & Co's other business activities provides significant market insight and sector knowledge which we believe materially enhance our credit selection processes.

Through our private debt activities, we are able to offer investors access to both the European mid-size corporate credit market and the larger, broadly syndicated European and US LBO credit markets. We employ specific risk and yield credit strategies, in an asset class currently generating increased investor demand, as investors look to diversify away from lower yielding products and traditional fixed-income products.

Direct Lending

Five Arrows Credit Solutions (FACS)

FACS, the Group's junior debt fund, closed with €415 million of commitments in May 2014 and is focused on the growing European direct lending market, originating and structuring customised financing solutions for middle-market companies. The fund supports private equity sponsor, entrepreneur and family-owned businesses in transactions including leveraged buyouts, expansion and acquisition financings, as well as recapitalisations and refinancings. The fund has continued to demonstrate very strong investment momentum during the year and is, as of March 2016, c.66% deployed into 10 high-quality middle-market companies with very attractive risk-reward propositions in line with the fund's investment mandate.

As at the end of March 2016, the Group's net investment in FACS represents €29 million.

itlab

In May 2015 FACS closed a sponsor-less acquisition financing for IT Lab. Owned by its founding entrepreneur, IT Lab is a leading provider of IT managed services and cloud-based IT services to small and medium-sized enterprises across the UK. The business benefits from a strong, recurring customer base with high loyalty and limited churn. FACS provided the financing to enable IT Lab to complete a transformational and highly synergistic acquisition, significantly enhancing the size of the group, expanding its product offering and widening its geographic footprint. FACS structured and provided a well-priced senior-ranking unitranche loan with opening leverage of only 2.7x. This was an entirely proprietary opportunity sourced from within the Rothschild & Co network.

FeuVert

In March 2016 FACS supported the secondary buyout of the Feu Vert group by Alpha Private Equity. Feu Vert is a leading European provider of automotive maintenance and repair services, operating principally in France, where it enjoys a c.30% market share, and Spain, where it is the market leader. In addition to this core activity, the business also has windscreen repair and replacement and car part and equipment wholesale business units. FACS provided mezzanine financing in support of the buyout, with total leverage of 4.4x constituting an attractive set-up multiple for a large, stable, cash-generative business with a defensible market position and strong historic track record. FACS had a pre-existing relationship with Feu Vert, having supported a refinancing of the business during its previous ownership.

Given the strong growth seen in the European direct lending market, driven by the regulatory and capital constraints faced by traditional bank lenders and evidenced by the high volume of relevant deal-flow already being sourced by the FACS team, Rothschild Merchant Banking has taken the decision to raise a new investment vehicle, Five Arrows Direct Lending, to address this opportunity. This vehicle will focus on providing senior-ranking unitranche financings to middle-market European borrowers, in contrast to the junior debt financing provided by FACS. We believe that the combination of high contractual gross returns, regular income distributions and strong downside protection represents a highly attractive value proposition for investors at a time when yields on conventional fixed income products are at historical lows.

Rothschild Credit Management

Rothschild Credit Management (RCM) is active in both the European and, following the acquisition of CLO manager West Gate Horizons Advisors LLC, US leveraged loan markets. It has €2.3 billion of assets under management across CLO funds, senior credit funds and managed accounts. RCM's investment strategy is to actively manage a diversified portfolio of secured loans and bonds across the corporate leveraged loan market in Europe and the US.

As at the end of March 2016, the Group's net investment in the Oberon Strategy and Contego CLOs represented €60 million.

Oberon credit strategy

During 2015 the RCM team closed its second Oberon fund, a €306 million closed end fund invested across a portfolio of secured, fully performing LBO credits. A total of €760 million has been raised in the Oberon strategy since inception, with fundraising for Oberon III currently underway. The Oberon strategy continues to deliver predictable quarterly cash yields to its investors and to demonstrate strong levels of return when compared to the benchmark Credit Suisse Western European Leveraged Loan Index.

Formula One Group

Commercial rights to the FIA Formula 1 Championship
€27 million participation in €4,155 million senior and second lien debt facilities to support recapitalisation

2014

Moto Hospitality

UK motorway service operator
£370 million senior secured debt facilities to support overall £550 million refinancing of the business

2015

Euskaltel

Telecom, broadband and pay-TV operator in Basque and Galicia regions in Spain
€1.4 billion of senior secured debt to support R Cable acquisition by Euskaltel

2015

VWR International

Global distributor of laboratory equipment
€573 million senior secured debt to support refinancing

2015

BSN Medical

Global supplier of woundcare and medical products
€11.5 million participation in €380 million senior secured debt to support refinancing

2015

CLO Management business

The combined European and US teams consist of 21 investment professionals who currently manage seven CLO funds:

- the five Ocean Trails CLOs invested in US assets; and
- the two Contego CLOs invested in European assets.

In total the business has €1.7 billion of assets under management, predominantly sourced from institutional investors. All the funds are characterised by a highly selective, conservative investment strategy designed to deliver consistent returns from performing credits. The funds will typically invest in senior secured loans in mid to large-cap borrowers with EBITDA in excess of €75 million. We plan to issue two new CLO funds each year, with the US team recently completing an innovative $300 million fund, which has been structured to accommodate both US and European investors.

The team actively manages a portfolio of European and US CLO funds. All exhibited strong performance during the year, with both the European and US teams continuing to maintain performance levels above their respective benchmark indices. Furthermore, during 2015/2016 it launched its second CLO 2.0 transaction, Contego III CLO B.V., a €308 million European CLO on the back of strong investor demand for this type of product and Rothschild & Co's strong track record in credit management.

CS&L The Communications REIT
US$2.14 billion term loan

asurion Our passion is your peace of mind®
US$2.73 billion term loan

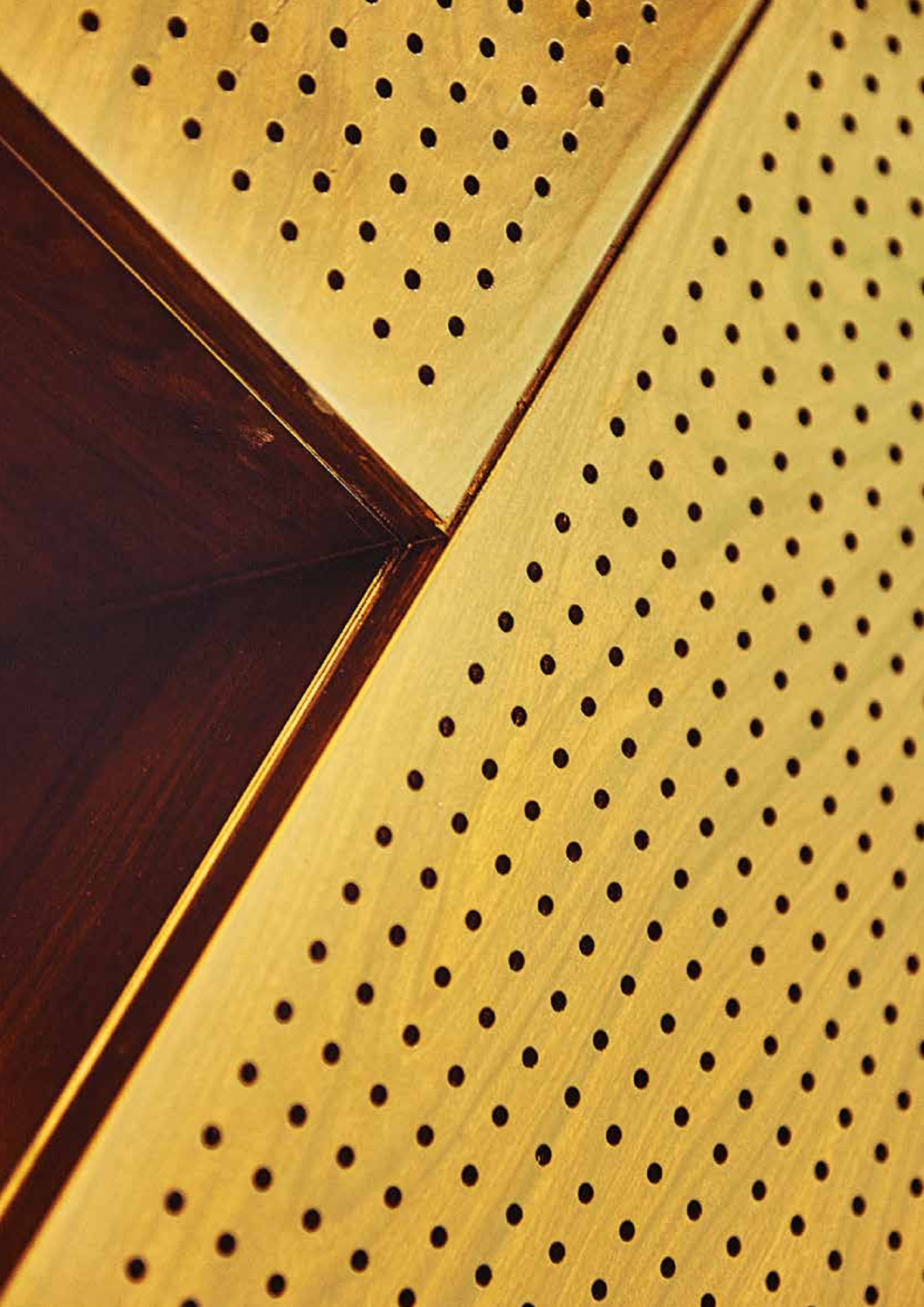
AVAGO TECHNOLOGIES
US$9.75 billion term loan B

Academy SPORTS + OUTDOORS
US$1.83 billion term loan B

Portfolio valuation (in millions of euro as at 31 March)

	2015	2016
Managed funds		
FAPI (Equity)	110	130
FASO (Equity)	18	25
Oberon/Contego (senior credit)	66	60
FACS (junior credit)	13	29
Sub-total	**207**	**244**
Rothschild Proprietary Investments (RPI)(1)		
LBO/Equity	80	33
LBO/Mezzanine	21	8
Growth capital	82	73
External private equity funds	46	33
Strategic holdings	60	44
Real estate	8	0
Sub-total	**297**	**191**
Other		
Other	4	3
Sub-total	**4**	**3**
TOTAL GROSS ASSETS	**508**	**438**

(1) Including Rothschild Private Opportunities (RPO).



Management report

3

Results for the 2015/2016 financial year

1 Summary presentation of the consolidated accounts of the Group during the 2015/2016 financial year

In millions of euro	2015/2016	2014/2015
INCOME STATEMENT		
Revenues	1,588.9	1,403.2
Operating income	319.4	268.0
Profit before tax	422.3	316.7
Consolidated net income	357.2	253.9
Net income – Group share	**231.9**	**143.6**
BALANCE SHEET		
Total assets	9,022.3	9,079.3
Cash and amounts due from central banks	3,500.1	3,643.9
Loans and advances to customers	1,488.4	1,601.6
Due to customers	5,468.4	5,686.9
Shareholders' equity – Group share	**1,529.2**	**1,419.4**
Non-controlling interest	**515.9**	**556.0**

Details on the consolidated results for the 2015/2016 financial year are set out on pages 101 onwards of this report. A review of the Group's activities by businesses during the 2015/2016 financial year is presented on pages 25 onwards of this report.

2 Summary presentation of the solo accounts of the Company

2.1 During the 2015/2016 financial year

In millions of euro	2015/2016	2014/2015
INCOME STATEMENT		
Current income before tax	42.3	6.0
Income from capital transactions	21.8	1.9
Net income	**61.5**	**11.8**
BALANCE SHEET		
Balance sheet total	1,572.0	1,575.2
Non-current financial assets	1,479.5	1,471.5
Current assets	88.9	98.4
Borrowings and other financial liabilities	29.1	60.9
Shareholders' equity	**1,441.5**	**1,423.0**

Details on the activity and results of the Company for the 2015/2016 financial year are set out on pages 160 onwards of this report.

2.2 During the past five financial years

In euro	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
I – Financial position at the end of the financial year					
a) Share capital	142,274,072	142,274,072	142,208,216	141,806,058	65,031,174
b) Number of shares and investment certificates issued	71,137,036	71,137,036	71,104,108	70,903,029	32,515,587
c) Maximum number of future shares to be created	–	–	–	–	–
II – Overall result of effective operations					
a) Revenues exclusive of tax (financial and operating income)	68,170,967	26,542,974	25,238,744	132,789,534	20,636,932
b) Income before tax, amortisation and provisions	63,837,937	8,507,693	6,478,796	(746,339)	4,643,901
c) Corporate income tax(1)	2,580,799	(3,832,636)	(2,029,187)	1,829,465	(201,947)
d) Income after tax, amortisation and provisions	61,498,968	11,764,158	9,985,781	119,878,114	(114,297,251)
e) Distributed income, excluding treasury shares	44,816,333(2)	42,423,795	35,233,340	35,161,483	15,885,984
III – Earnings per share data					
a) Income after tax, but before amortisation and provisions	0.93	0.07	0.06	(0.04)	0.15
b) Income after tax, amortisation and provisions	0.86	0.17	0.14	1.69	(3.52)
c) Dividend per share	0.63(2)	0.60	0.50	0.50	0.50
IV – Employees					
a) Average employee headcount	23	25	29	27	26
b) Total of the payroll	3,164,335	3,451,711	5,230,484	3,411,558	3,667,596
c) Total employee benefits (social security, welfare, etc.)	1,816,360	1,595,239	2,887,383	2,012,034	1,889,761

(1) Negative amounts correspond to tax benefits.
(2) Dividend proposed to the General Meeting of shareholders on 29 September 2016.

2.3 Proposed appropriation of income for the 2015/2016 financial year

The Managing Partner will propose to the General Meeting of shareholders that the income for the 2015/2016 financial year be appropriated as follows:

In euro	
Net profit for the financial year	**61,498,967.83**
Appropriation to the legal reserve	(671,301.57)
Credit retained earnings	87,717,978.37
Distributable profit	**148,545,644.63**
Profit share allocated to the General Partners	(742,728.22)
Appropriation	
• to the payment of a gross dividend of €0.63 per share(1) to shareholders	44,816,332.68
• to retained earnings	102,986,583.73

(1) Out of a total of 70,991,996 shares and 145,040 investment certificates eligible to a dividend.

The parent company's net profit amounts to €61,498,967.83 which, less the amount of €671,301.57 assigned to create the legal reserve and in addition to retained earnings of €87,717,978.37, makes a distributable net profit of €148,545,644.63.

In accordance with the provisions of article 14.1 of the articles of association, an amount of €742,728.22, equal to 0.5% of this distributable profit, will be automatically allocated for payment to the two General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS.

Results for the 2015/2016 financial year

The payment of a dividend of €0.63 per share to shareholders will be submitted for approval to the General Meeting. The ex-dividend date shall be 3 October 2016 and the dividend shall be payable on 5 October 2016. In accordance with applicable statutory provisions, the dividends distributed by the Company to the shareholders in respect of the last three financial years were as follows:

	2014/2015	2013/2014	2012/2013
Number of shares and investment certificates which could qualify for a dividend payment[(1)]	70,706,325	70,466,680	70,322,966
Gross dividend per share (in euro)	0.60	0.50	0.50
Total amount distributed (in euro)	42,423,795[(2)]	35,233,340	35,161,483

(1) Number of shares and investment certificates that could qualify for a dividend, held on the ex-dividend date and excluding treasury shares and investment certificates held by the Company.
(2) As authorised by the General Meeting on 24 September 2015 in its 2nd resolution, the Managing Partner revised the final amount of the actual distribution as the Company did not receive a dividend in respect of the shares it held on the payment date; the amount of the dividend corresponding to these shares was automatically added to retained earnings.

3 Acquisition of holdings and controlling interests

During the 2015/2016 financial year, Rothschild & Co SCA did not acquire, directly or indirectly, any significant shareholdings or controlling interests in companies or groupings, whose registered offices are located in France, as defined in article L. 233-6, paragraph 1 of the French Commercial Code.

4 Accounts payable policy

The Company's settlement periods for its accounts payable comply with article L. 441-6 of the French Commercial Code. Accounts payable are settled within 30 days of receiving the invoice, unless otherwise arranged as part of a sales agreement or pursuant to a dispute.

	As at 31 March 2016					As at 31 March 2015				
	Gross	Amounts due	Amounts not yet due			Gross	Amounts due	Amounts not yet due		
In thousands of euro			<30 days	30 to 60 days	>60 days			<30 days	30 to 60 days	>60 days
Accounts payable	790.4	–	790.4	–	–	477.0	–	477.0	–	–
Accounts payable – invoices not yet received	518.3	–	–	–	–	432.0	–	–	–	–
Total accounts payable	**1,308.7**	**–**	**790.4**	**–**	**–**	**909.0**	**–**	**477.0**	**–**	**–**

5 Significant events after the end of the financial year

On 6 June 2016, Rothschild & Co and Compagnie Financière Martin Maurel announced a plan to merge, with a view to combining their French activities in private banking and asset management to create one of France's leading independent private banks.

The transaction would take the form of a merger between Rothschild & Co and Compagnie Financière Martin Maurel. Shareholders in Compagnie Financière Martin Maurel would be offered either 126 Rothschild & Co shares per existing share or, prior to the completion of the merger, be able to sell their Compagnie Financière Martin Maurel shares in cash. The Maurel family would receive Rothschild & Co shares and, as a result of the merger, would replace Compagnie Financière Martin Maurel in the extended family concert.

The vote on the transaction by the shareholders of Compagnie Financière Martin Maurel is secured; Compagnie Financière Martin Maurel has already received irrevocable support for the merger from shareholders representing more than the qualified majority required to vote the merger.

Compagnie Financière Martin Maurel is valued at €240 million, with the 2015 dividend attached. The transaction would be financed by a mixture of newly issued Rothschild & Co shares, Rothschild & Co's own cash resources and external credit facilities.

Rothschild & Co's Supervisory Board and Compagnie Financière Martin Maurel's board of directors have both favourably welcomed the principle of the merger. The merger is conditional on the approval of the shareholders of Compagnie Financière Martin Maurel and Rothschild & Co, as well as the usual conditions, in particular competition and regulatory authorities' approvals.

Following consultation processes with work councils from both groups, the merger proposals should be put before general meetings of Compagnie Financière Martin Maurel and Rothschild & Co in September 2016 so as to complete the transaction by the end of the financial year.

6 Outlook

The Group has capitalised this year on its market positions, resulting in strong financial results for 2015/2016. The macro economic environment remains volatile and our businesses, which rely on more stable economic and financial markets, face tough challenges. While in the short term we expect continued good performance, the medium-term outlook is more difficult to predict with any degree of confidence.

In Global Advisory, the M&A market overall continues to be active, despite a slow start to the year. Our weighted pipeline remains stronger than at the same time last year. Nevertheless, repeating our 2015/2016 revenue performance will be a challenge. We will continue to invest in the US market where we foresee a strong potential for growth over the next few years for the Group, given our modest market share. This would dilute our Global Advisory profit margin during the investment phase, however the strategy should be accretive to our profitability in the medium term.

In Private Wealth and Asset Management, we expect to see continuing growth in revenue and asset inflows. Any significant declines in financial markets over a sustained period of time will, however, impact our assets under management and, therefore, revenue. Pending the different approvals and consultations, we expect to complete the merger with Compagnie Financière Martin Maurel only by the end of the financial year and, therefore, the impact of this on our 2016/2017 results will be limited.

In Merchant Banking, we continue to grow our assets under management across our different product offerings. Following the success of FAPI II, we expect to launch further new funds, both equity and debt, during the year.

Information on the Company and share capital

1 Overview of the Company

1.1 Legal form

Rothschild & Co (formerly named Paris Orléans) was converted into a French partnership limited by shares (*société en commandite par actions* or SCA) by decisions of the General Meeting of shareholders of 8 June 2012 which approved a reorganisation of the Group[1] that constituted a major step forward in its ongoing international expansion and in the simplification of its structure.

One of these reorganisation stages consisted of converting the Company's form of incorporation into a partnership limited by shares to ensure the commitment and control of the Rothschild family over the long term, leading to changes in the Company's structure and governance.

Under this legal form, the Company's share capital is divided into shares and the Company's structure as a partnership limited by shares is based on two categories of partners: the General Partners, with the status of *'commerçant'*, who have an active role in the Company's business and are jointly and severally liable for the Company's debts, and the Limited Partners (also called shareholders), who are not actively engaged in the Company's business and whose liability is limited to the amount of their investment.

1.2 General Partners

1.2.1 General Partners designated by the articles of association

The Company's General Partners were designated in the articles of association when the Company was converted into a partnership limited by shares on 8 June 2012, for an unlimited period, and are controlled by members of the French and English branches of the Rothschild family:

- Rothschild & Co Gestion (formerly known as PO Gestion), a French simplified joint-stock company (SAS) with share capital of €60,000 – 3 rue de Messine, 75008 Paris (to which the articles of association also confer the role of Managing Partner); and
- Rothschild & Co Commandité (formerly known as PO Commandité), a French simplified joint-stock company (SAS) with share capital of €60,000 – 3 rue de Messine, 75008 Paris.

The General Partners shall have unlimited joint and several liability for the Company's debts. However, they shall be held liable only if the creditors have already issued the Company with a formal demand by extrajudicial instrument to settle its debts.

Losses shall be supported between the General Partners in equal shares (50% for Rothschild & Co Commandité and 50% for Rothschild & Co Gestion).

However, in the event of an annual distributable profit, a profit share (*dividende préciputaire*) equal to 0.5% of said annual distributable profit is allocated automatically to the General Partners who held such position during the year in question, and is distributed between them in the same proportions as the distribution of losses specified above. However, it is hereby specified that in the event that the status of General Partner was lost during the course of the year, the remuneration of the Partner in question in respect of the year will be calculated on a pro rata temporis basis and the remainder shall be distributed between the other General Partners.

1.2.2 Powers of the General Partners

The General Partners have the power to appoint or revoke the Company's Managing Partner at any time, except for Managing Partners appointed under the Company's articles of association for which an approval from the Extraordinary General Meeting of shareholders is required in addition.

In the event of cessation of duties of the Company's Managing Partner, the General Partners shall manage the Company pending the appointment of one or more new Managing Partners under the terms and conditions of the articles of association.

Under the provisions of the law, no decision is valid unless adopted by both categories of partners. As a result, the General Partners vote on all resolutions proposed to the General Meeting of shareholders, except the appointment of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the distribution of dividends for the year and the approval of regulated agreements and commitments, for which legal provisions expressly exclude General Partners' vote. Also, pursuant to Article 11.3 of the Company's articles of association, any transaction whose purpose or effect could fundamentally call into question the Group's independence, tradition of excellence, links to the Rothschild family or the role played by the Rothschild family, its use of the Rothschild name or the fact that the Group's main activities are financial activities must be approved by the General Partners, including when such transactions do not require authorisation from the General Meeting of shareholders.

1.2.3 Decision-making process

The General Partners take decisions at the Managing Partner's discretion at a General Meeting or by written consultation. Whenever a decision requires the approval of the General Partners and the General Meeting of shareholders, pursuant to the law or the Memorandum and articles of association, the Managing Partner collects the General Partners' votes, in principle, before the General Meeting of shareholders and, in any event, no later than the close thereof.

Decisions or proposals that fall within the remit of the General Partners shall be adopted unanimously, except if the Company is converted to a French limited company (*société anonyme*) or a French limited liability company (*société à responsabilité limitée*) which only requires a majority of the General Partners.

1.3 Limited Partners (shareholders)

1.3.1 General presentation of the Limited Partners

The Limited Partners contribute capital and therefore have the status of 'shareholders'.

They do not take an active part in the Company's business but take decisions such as, but not limited to:

- appointment of the Supervisory Board members, who must be selected from among the Limited Partners, and the Statutory Auditors;
- vote on the accounts approved by the Managing Partner, and appropriation of the income of the financial year (including the distribution of dividends);
- approval of the regulated agreements;
- advisory opinion on the Managing Partner's remuneration;
- modification of the articles of association;
- delegation of authority relating to the share capital.

1.3.2 Terms and conditions of shareholders' attendance of General Meetings

Decisions are adopted by Limited Partners during General Meetings of shareholders by a simple majority of the votes for ordinary decisions, and by a majority of two-thirds of the votes for extraordinary decisions.

General Meetings are convened by the Managing Partner or by the Supervisory Board and decisions are made, in the conditions provided for by law, by a simple majority of the votes of shareholders attending or represented at the meeting in the case of Ordinary General Meetings and by a two-thirds majority of the votes of shareholders attending or represented at the meeting in the case of Extraordinary General Meetings.

(1) Detailed information on the Company's reorganisation is provided in the information memorandum filed with the AMF on 16 May 2012 under registration No. E.12-019 and attached to the Executive Board's report presented to the General Meeting of shareholders on 8 June 2012. These documents are available on Rothschild & Co's website (www.rothschildandco.com).

General Meetings are held at the registered office or any other place indicated in the notice of meeting. General Meetings are chaired by one of the statutory Managing Partners or, with the agreement of the Managing Partner, by the Chairman of the Supervisory Board; failing this, the General Meeting elects its chairman.

In application of Article 11 of the Company's articles of association, any shareholder or holder of voting rights certificates is entitled to attend General Meetings in accordance with the conditions provided for by law and by the articles of association. These persons may send their proxy forms or mail voting forms concerning any General Meeting in paper format or electronically. The Managing Partner has the power to accept any proxy form, voting form or shareholding certificate received or presented up to the General Meeting. By the decision of the Managing Partner to use such telecommunication methods, indicated as such in the notice of meeting or invitation to attend, shareholders and holders of voting rights certificates who attend and vote at General Meetings of shareholders by videoconference or any other telecommunication that enables their identity to be verified are deemed to be present at the meeting for the purposes of quorum and majority.

In case of division of ownership of shares or voting rights certificates, the voting rights attached to the shares or the voting rights certificates belong to the bare owner (*nus-propriétaires*), except for decisions on the allocation of income, which belong to the beneficial owners (*usufruitiers*).

More details on the terms and conditions of shareholders' attendance of Rothschild & Co's General Meetings are provided to shareholders in the notice of meeting to be published on the Company's website prior to the General Meeting in accordance with law.

2 Information on the share capital

2.1 Composition of the share capital

As at 31 March 2016, the Company's share capital is divided into 70,991,996 ordinary shares and 145,040 investment certificates. Moreover, 145,040 voting right certificates, not included in the share capital, are also circulating. A whole share is automatically consolidated by combining an investment certificate with a voting right certificate.

There was no modification of the share capital during the financial year.

2.2 Voting rights

As at 31 March 2016, the total number of voting rights was as follows:

Total number of voting rights	31/03/2016
Exercisable	101,551,213
Theoretical(1)	104,032,561

(1) The total number of theoretical voting rights includes voting rights attached to shares without the capacity to exercise the voting rights attached to them pursuant to applicable legal or regulatory provisions. The shares concerned are treasury shares and controlling shares. Pursuant to applicable legal and regulatory provisions, the crossing upwards of voting rights thresholds provided for by law or by the articles of association must be calculated based on the total number of theoretical voting rights, as rendered public by Rothschild & Co every month.

Each month, the Company issues a report on the total number of shares and voting rights comprised in the share capital available on its website (www.rothschildandco.com under section 'Regulated Information').

Each share and voting right certificate entitles to one voting right in the General Meetings. However, Article 11.1 of the Company's articles of association provides that, as from the General Meeting of shareholders of 8 June 2012, the holder of any fully paid share, held in the form of registered shares for at least two years in the name of a single holder, shall be entitled to two voting rights per share, without any limitation.

In case of capital increase, by incorporation of reserves, benefits or issue premiums, the double voting right is, as from the issuance date, attributed to the registered shares allocated to a shareholder as a consequence of former shares for which he benefits from a double voting right.

In the event of any transfer following inheritance, liquidation of marital property between spouses or donation *inter vivos* in favour of a spouse or relative entitled to inherit, the right remains acquired and the period hereinabove referred to is not interrupted. The double voting right is cancelled *ipso jure* of any share transferred for any other cause.

In case of division of shares and voting right certificates ownership, the voting right attached to the share or to the voting right certificate is exercised by the bare owner (*nus-propriétaires*), except on decisions relating to the appropriation of income, where it is exercised by the beneficial owner (*usufruitiers*).

2.3 Securities granting access to share capital

The Combined General Meeting of 26 September 2013 authorised the Managing Partner to grant stock options to the benefit of the senior employees and executive corporate officers of the Company and its subsidiaries, to promote the alignment of interests between the Rothschild family, shareholders and stock options beneficiaries.

As at 31 March 2016, two incentive schemes with grant of stock options have been implemented within the Group: the 2013 and 2015 Equity Schemes.

2.3.1 Equity Scheme implemented on 11 October 2013

On 11 October 2013, Rothschild & Co implemented a long-term incentive scheme (the '2013 Equity Scheme') for Global Advisory partners, as well as members of the Group Management Committee, representing 57 persons operating in ten countries around the world.

Under the 2013 Equity Scheme rules, the participants have been required to invest in Rothschild & Co shares and for each share owned they are granted four stock options. Shares invested are subject to a four-year lock-up period and the share options granted are subject to a vesting period before exercise.

The 2013 Equity Scheme participants have invested in a global amount of 780,000 Rothschild & Co shares representing 1.10% of Rothschild & Co's share capital at grant date:

- by acquiring Rothschild & Co shares directly; or
- by requesting and being granted restricted share units, which entitle the holder to receive Rothschild & Co shares on a determined vesting date, subject to determined conditions[2]; or
- a combination of the two.

In accordance with the authorisation granted to it by the General Meeting on 26 September 2013, on 11 October 2013 the Managing Partner then set up a stock option plan for the benefit of the 2013 Equity Scheme participants, resulting in a total of 3,120,000 stock options granted.

The options granted under the 2013 Equity Scheme are divided into four distinct categories: Options 2013-1, Options 2013-2, Options 2013-3 and Options 2013-4, respectively vesting on each of the third, fourth, fifth and sixth anniversaries of the 2013 Equity Scheme and exercisable from the vesting dates at a price of €17.50, €18, €19 and €20 per option, either by share subscription or by share purchase (by decision of the Managing Partner no later than the exercise date).

(2) In relation to the restricted units under the Equity Scheme, a number of Rothschild & Co shares were acquired by certain entities of the Rothschild & Co Group of which the Equity Scheme participants are employees or executive officers. Those shares, to be granted to the restricted share units holder on the vesting date and subject to determined conditions, are currently, and until the restricted share units' vesting date, controlling shares without voting rights.

The 2013 Equity Scheme participants may not exercise the options unless the participants have remained senior employees and executive officers within the Group up to the date of the exercise of the stock options subject to certain exceptions provided for in the 2013 Equity Scheme rules and regulations.

2.3.2 Equity Scheme implemented on 10 December 2015

As a continuation of the 2013 Equity Scheme, on 10 December 2015 Rothschild & Co implemented a second incentive scheme (the '2015 Equity Scheme'), and participation to the scheme was extended to Wealth Management & Trust and Merchant Banking partners, for a total of ten participants in the 2015 Equity Scheme.

This new incentive scheme has the same characteristics as the 2013 Equity Scheme: a first stage consisting of an investment by the participants in Rothschild & Co shares and for each share invested they are granted, in a second stage, four stock options.

The 2015 Equity Scheme participants have invested in a global amount of 115,000 Rothschild & Co shares representing 0.16% of Rothschild & Co's share capital at grant date. The Managing Partner then set up a stock option plan for the benefit of the Equity Scheme participants, resulting in a total of 460,000 stock options granted.

The options granted under the Equity Scheme are divided into four distinct categories: Options 2015-1, Options 2015-2, Options 2015-3 and Options 2015-4, respectively vesting on each of the third, fourth, fifth and sixth anniversaries of the 2015 Equity Scheme and exercisable from the vesting dates at a price of €23.62, €24.12, €25.12 and €26.12 per option, either by share subscription or by share purchase (by decision of the Managing Partner no later than the exercise date).

The exercise of stock options is subject to the condition that each of the participants remain within the Group up to the exercise date subject to certain exceptions provided for in the 2015 Equity Scheme rules and regulations.

	Options 2013-1	Options 2013-2	Options 2013-3	Options 2013-4	Options 2015-1	Options 2015-2	Options 2015-3	Options 2015-4	Total
Date of authorisation by the General Meeting	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	26 Sept. 2013	–
Grant date by the Managing Partner	11 Oct. 2013	11 Oct. 2013	11 Oct. 2013	11 Oct. 2013	10 Dec. 2015	10 Dec. 2015	10 Dec. 2015	10 Dec. 2015	–
Total of options granted	780,000	780,000	780,000	780,000	115,000	115,000	115,000	115,000	**3,580,000**
Number of beneficiaries	57	57	57	57	10	10	10	10	–
Share capital % at the grant date	1.10%	1.10%	1.10%	1.10%	0.16%	0.16%	0.16%	0.16%	**5.03%**
Performance requirement achievement rate	None	None	None	None	None	None	None	None	–
Exercise period start date	11 Oct. 2016	11 Oct. 2017	11 Oct. 2018	11 Oct. 2019	10 Dec. 2018	10 Dec. 2019	10 Dec. 2020	10 Dec. 2021	–
Expiration date	11 Oct. 2023	11 Oct. 2023	11 Oct. 2023	11 Oct. 2023	10 Dec. 2025	10 Dec. 2025	10 Dec. 2025	10 Dec. 2025	–
Subscription or purchase price in euro	17.5	18.00	19.00	20.00	23.62	24.12	25.12	26.12	–
Total options exercised as at 31 March 2016	–	–	–	–	–	–	–	–	–
Total options cancelled as at 31 March 2016	–	–	–	–	–	–	–	–	–
Total options remaining as at 31 March 2016	**780,000**	**780,000**	**780,000**	**780,000**	**115,000**	**115,000**	**115,000**	**115,000**	**3,580,000**

2.4 List of outstanding delegations relating to the share capital

The following table summarises the outstanding delegations in force and their use during the financial year ended 31 March 2016.

Purpose	Resolution number	Individual limit	Period of validity	Use during the financial year
Combined General Meeting of 26 September 2013				
To grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies	13	Limited to 10% of the share capital as of the date of the General Meeting of shareholders of 26 September 2013(1)	38 months	Granting of 460,000 options by decisions of the Managing Partner on 10 December 2015(2)
Combined General Meeting of 25 September 2014				
To decrease the share capital by cancelling treasury shares	19	Limited to 10% of the share capital per 24-month periods	26 months	None
To increase the share capital by incorporation of all or part of reserves, income or issue, merger or contribution premiums, by granting bonus shares, by increasing the par value of existing shares or by using such two methods jointly	20	Limited to a nominal amount of €50 million	26 months	None

Purpose	Resolution number	Individual limit	Period of validity	Use during the financial year
To issue transferrable securities with preferential subscription rights maintained, giving access to the Company's share capital	21	Limited to a nominal amount of €70 million (share capital securities) or €300 million (debt instrument)(1)	26 months	None
To issue transferrable securities with waiver of preferential subscription rights, giving access to the Company's share capital by public offer	22	Limited to a nominal amount of €15 million (share capital securities) or €200 million (debt instrument)(1)	26 months	None
To issue transferrable securities with waiver of preferential subscription rights and free fixing of issue price, giving access to the Company's share capital	23	Limited to 10% of the share capital per year (share capital securities) or €200 million (debt instrument)(1)	26 months	None
To increase the number of securities to be issued when increasing the share capital with waiver or not of preferential subscription rights	24	To be deducted on the individual limit as stipulated in the resolution in respect thereof the initial issuance is decided(1)	26 months	None
Combined General Meeting of 24 September 2015				
To grant bonus shares to employees and corporate officers of the Company and/or associated companies	14	5% of the share capital as of the date of the decision to grant bonus shares	38 months	None
To issue transferrable securities with waiver of preferential subscription rights and giving access to the Company's share capital to the benefit of members of one or several employee savings schemes	15	Limited to a nominal amount of €1,000,000(1)	26 months	None

(1) To be deducted from the aggregate limit fixed by resolution No. 27 adopted by the General Meeting of shareholders of 25 September 2014 to €70 million for the share capital securities and to €300 million for the debt instruments.
(2) See details on page 54.

As their validity will come to an end during the financial year 2016/2017, the following delegations will be submitted for approval to the General Meeting of shareholders on 29 September 2016:

- to decrease the share capital by cancelling treasury shares;
- to increase the share capital by incorporation of all or part of reserves, income or issue, merger or contribution premiums, by granting bonus shares, by increasing the par value of existing shares or by using such two methods jointly;
- to issue transferrable securities with preferential subscription rights maintained, giving access to the Company's share capital;
- to issue transferrable securities with waiver of preferential subscription rights, giving access to the Company's share capital by public offer;
- to issue transferrable securities with waiver of preferential subscription rights and free fixing of issue price, giving access to the Company's share capital;
- to increase the number of securities to be issued when increasing the share capital with waiver or not of preferential subscription rights;
- to grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies;
- to issue transferrable securities with waiver of preferential subscription rights and giving access to the Company's share capital to the benefit of members of one or several employee savings schemes.

2.5 Share buyback programmes

2.5.1 Share buyback programmes during the 2015/2016 financial year

In accordance with the provisions of Article L. 225-209 of the French Commercial Code, the share buyback programmes approved by the shareholders at the General Meetings and in force during the 2015/2016 financial year were as follows:

	General Meeting of 25 September 2014	General Meeting of 24 September 2015
Period of validity	From 1 April 2015 to 24 September 2015	From 24 September 2015 to 31 March 2016
Resolution approving the programme	18	12
Maximum number of shares	7,110,410	7,110,410
Maximum purchase price per share	€35	€50
Maximum amount	€248,864,350	€355,685,150

Under both programmes, the shares could be purchased, sold or otherwise transferred for the purposes set out in the European regulations and in accordance with the market prices accepted by the French Financial Markets Authority (*Autorité des marchés financiers* or AMF), namely to:

- reduce the share capital;
- award shares to employees;
- tender in exchange or as consideration for future external growth transactions;
- make a market and promote liquidity in the share under liquidity contracts entered into with independent investment services providers, authorising them to purchase a certain number of shares in accordance with the AMF Regulations.

As required under Article L. 225-211 of the French Commercial Code, the table below summarises the transactions carried out by the Company under these authorisations during the 2015/2016 financial year.

	Liquidity contract(1)	Stock options coverage	Other purposes	Not covered by share buyback programmes(1) (2)	TOTAL
Number of shares as at 31 March 2015)	500	–	–	297,161	**297,661**
Shares purchased	343,477	238,095(4)	–	–	**581,572**
Shares sold	(289,977)	–	–	(182,862)	**(472,839)**
Shares loaned to members of the Supervisory Board	–	–	–	–	**–**
Number of shares cancelled	–	–	–	–	**–**
Average price of purchases and sales(3)					
– Purchases (in euro)	*24.46*	*21.00*	–	*25.13*	*n/a*
– Sales (in euro)	*25.03*	–	–	–	*n/a*
Number of shares as at 31 March 2016	**54,000**	**238,095**	**–**	**114,299**	**406,394**

(1) The transactions are recorded after settlement/delivery.
(2) These treasury shares are not shares previously purchased by the Company under a share buyback programme but shares automatically consolidated by combining investment certificates historically held by the Company with purchased voting right certificates. These treasury shares are therefore not subject to the allocation obligations provided for by Article L. 225-209 of the French Commercial Code.
(3) Arithmetic mean of the share market prices for transactions settled from 1 April 2015 to 31 March 2016.
(4) Transactions disclosed to the AMF and published on the website of Rothschild & Co (press release of 22 October 2015).

In accordance with Article L. 225-212 of the French Commercial Code, Rothschild & Co provides the AMF with a monthly report on the shares acquired, sold, cancelled or transferred by the Company in application of Article L. 225-209 of said code.

2.5.2 Authorisation to establish a new share buyback programme

The General Meeting of shareholders on 29 September 2016 will be invited to adopt a new share buyback programme, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, whose main characteristics are the following:

- the number of shares purchased may not exceed 10% of the share capital on the purchase date which, based on the current share capital and taking account of shares held directly on that date, would authorise the purchase of 7,113,703 shares, assuming that the Company does not cancel, transfer or sell any of the shares currently held;
- the share buyback programme shall be valid for a duration of 18 months as from 29 September 2019; the authorisation will be used by the Company for the following purposes:
  - market making for the Company's shares under a liquidity contract signed with an independent investment service provider;
  - cancellation of some or all of the shares purchased;
  - granting of shares to employees and officers of the Company and/or companies related to it;
  - deliver shares upon the exercise, by the beneficiaries, of options to purchase for shares of the Company;
  - selling of shares to employees of the Company or its subsidiaries, directly or through a Company mutual fund, or implementation of any Company or Group savings plan (or similar plan) and, more generally, to make any allocation of ordinary shares of the Company to these employees and corporate officers, particularly in the context of the variable compensation of members of the professional financial market staff whose activities have a material impact on the risk exposure of the Company, for whom these awards are dependent upon the fulfilment of performance conditions;
  - deliver shares upon the exercise of rights attaching to securities giving immediate or deferred access to the share capital;
  - more generally, any other practice admitted or recognised by law or the French Financial Markets Authority, or any other purpose consistent with applicable laws and regulations.

3 Information on the shareholding structure as at 31 March 2016

In accordance with statutory requirements, the table below lists the shareholders of Rothschild & Co holding, a percentage of the share capital or of the voting rights that exceeds the thresholds for disclosure as required under Article L. 233-9 of the French Commercial Code:

	31 March 2016			31 March 2015		
Shareholders	**Total capital**	**% of share capital**	**% of exercisable voting rights**	**Total capital**	**% of share capital**	**% of exercisable voting rights**
• Rothschild Concordia SAS(1)	24,806,341	34.87%	39.93%	24,806,341	34.87%	39.32%
• David de Rothschild subtotal	111,115	0.16%	0.11%	–	–	–
• Éric and Robert de Rothschild subtotal	437,763	0.62%	0.69%	267,130	0.38%	0.52%
• Holding Financier Jean Goujon SAS(2)	3,657,079	5.14%	6.91%	3,581,685	5.03%	6.19%
• NM Rothschild & Sons Ltd(3)	1,822,283	2.56%	–	1,774,221	2.49%	–
• Other members of the Enlarged Family Concert(4)	4,491,632	6.31%	7.02%	4,275,202	6.01%	7.06%
Total Enlarged Family Concert(4)	35,326,213	49.66%	54.66%	34,704,579	48.79%	53.08%
Treasury shares	551,434	0.78%	–	442,701	0.62%	–
Other controlling shares(3)	252,671	0.33%	–	220,245	0.31%	–
Edmond de Rothschild Group(5)	5,573,586	7.83%	10.58%	5,573,586	7.83%	10.42%
Jardine Matheson Group	4,217,310	5.93%	8.31%	4,217,310	5.93%	7.97%
Float	25,215,822	35.45%	26.46%	25,978,615	36.52%	28.54%
TOTAL	**71,137,036**	**100.00%**	**100.00%**	**71,137,036**	**100.00%**	**100.00%**

(1) For the composition of the Enlarged Family Concert, see details in section 3.1.1 below.
(2) Controlled by Édouard de Rothschild.
(3) Group entities controlled by Rothschild & Co. According to applicable legal provisions, controlling shares cannot have voting rights.
(4) For the composition of the Enlarged Family Concert, see details on page 58.
(5) Entities of the Edmond de Rothschild Group acting in concert as disclosed to the AMF (AMF Decision & Information No. 214C2351 of 7 November 2014).

To the Company's knowledge, no other shareholder holds as at 31 March 2016 directly or indirectly, alone or acting in concert, above 5% of the Company's share capital or voting rights.

3.1 Control of the Company by a family concert

The Company is controlled, since 2008, by a concert of members of the Rothschild Family (the 'Initial Family Concert'), which extended to new members as from the Group reorganisation of 2012 (the 'Enlarged Family Concert'). The relations between concert members in relation to their shareholding in the Company are ruled by shareholders' agreements whose main provisions are presented on pages 60 onwards.

3.1.1 Initial Family Concert following the Group reorganisation in January 2008

The Group reorganisation in January 2008 resulted in the establishment of two shareholders' agreements still effective at the date of this report.

The first shareholders' agreement was entered into on 25 January 2008 between shareholders of Rothschild Concordia SAS (the 'Rothschild Concordia Shareholders' Agreement'), all being members of the Rothschild family. The main provisions of this Rothschild Concordia Shareholders' Agreement are summarised on page 60 of this report and set up an action in concert between the shareholders of Rothschild Concordia SAS in respect of the Rothschild & Co shares held by Rothschild Concordia SAS.

As at 31 March 2016, the shareholders of Rothschild Concordia SAS were as follows:

Shareholders	**Shares**	**% of share capital**	**% of voting rights**
David de Rothschild subtotal(1)	269,551,815	33.02%	33.02%
Éric and Robert de Rothschild subtotal(2)	374,927,451	45.94%	45.94%
Integritas subtotal(3)	171,728,995	21.04%	21.04%
Total Rothschild Concordia SAS	**816,208,261**	**100%**	**100%**

(1) David de Rothschild, his family and holding companies controlled by his family.
(2) Éric de Rothschild and controlled holding companies controlled by his family.
(3) Controlled by the English branch of the Rothschild family.

The second agreement concerns relations between Rothschild & Co and the Eranda Rothschild Foundation, covering in particular the terms and conditions of sale by Eranda of its shares in Rothschild & Co.

Pursuant to the provisions of Article L. 233-11 of the French Commercial Code, those two agreements were published by the AMF on 25 January 2008 (AMF Decision & Information No. 208C0180 of 25 January 2008).

3.1.2 Enlarged Family Concert after the Group reorganisation in June 2012

Following the Group reorganisation in June 2012, the AMF was informed on 12 June 2012 of the new composition of the family concert extended to new members: Rothschild Concordia, the David, Éric and Édouard de Rothschild branches, certain members of the management bodies and Compagnie Financière Martin Maurel. On this occasion, the AMF was informed of the existence of a new shareholders' agreement, whose main dispositions were published by the AMF (AMF Decision & Information No. 212C0752 of 13 June 2012 and Decision & Information No. 212C0783 of 19 June 2012), summarised on page 60 of this report.

In December 2014, the AMF was informed of the addition of four new members to the Enlarged Family Concert: Nicolas Bonnault, Laurent Baril, Philippe Le Bourgeois and Christophe Desprez (through his holding company CD GFA SARL), being four of the Group's senior managers. On this occasion, the AMF was informed of the execution of an amendment to the Shareholders' Agreement of June 2012, which main dispositions were published by the AMF (AMF Decision & Information No. 215C0073 of 14 January 2015).

During the financial year ended 31 March 2016, certain members of the Enlarged Family Concert (the David, Édouard, Éric and Robert family branches and Olivier Pécoux) acquired 404,142 additional Rothschild & Co shares on 19 October 2015, representing 0.39% of the Company's share capital. At this occasion, declarations were made to the AMF (AMF Decisions & Information No. 215DD396509, 215DD396510 and 2015DD396511 of 23 October 2015).

On 4 January 2016, the AMF was informed of the addition to the Enlarged Family Concert of a new member, Nigel Higgins, Chief Executive Officer of Rothschild & Co Gestion SAS, after the acquisition of 4,362 shares (AMF Decision & Information No. 2016C0119 of 12 January 2016).

Moreover, the AMF was informed of a series of share reclassifications by certain members of the Enlarged Family Concert. At this occasion, six individuals within the concert contributed their shares to their holding companies, also members of the concert. This series of share reclassifications, which was completed on 31 March 2016, resulted in a loss of double voting rights for members who had held their shares under the registered form for more than two years, representing a gross loss of 434,000 voting rights for the family concert.

As at 31 March 2016, the composition of the Enlarged Family Concert is as follows:

	Shares	% of share capital	Voting rights	% of exercisable voting rights
Rothschild Concordia SAS	24,806,341	34.87%	40,544,341	39.93%
David de Rothschild subtotal(1)	111,115	0.16%	111,115	0.11%
Éric and Robert de Rothschild subtotal(1)	437,763	0.62%	704,893	0.69%
Holding Financier Jean Goujon SAS(2)	3,657,079	5.14%	7,017,764	6.91%
NM Rothschild & Sons Ltd(3)	1,822,283	2.56%	–	–
Eranda Rothschild Foundation	1,183,480	1.66%	2,366,960	2.33%
Philippe de Nicolay–Rothschild	102	<0.01%	202	<0.01%
Alexandre de Rothschild	7,538	0.01%	15,038	0.01%
François Henrot subtotal(1)	762,470	1.07%	1,238,730	1.22%
Olivier Pécoux subtotal(1)	484,339	0.68%	783,668	0.77%
Nigel Higgins	4,362	<0.01%	4,362	<0.01%
Rothschild & Co Gestion SAS	1	<0.01%	2	<0.01%
Compagnie Financière Martin Maurel SA	639,250	0.90%	1,278,500	1.26%
Nicolas Bonnault subtotal(1)	328,260	0.46%	338,260	0.33%
Laurent Baril subtotal(1)	404,570	0.57%	414,570	0.41%
Philippe Le Bourgeois subtotal(1)	293,260	0.41%	303,260	0.30%
Christophe Desprez subtotal(1)	384,000	0.54%	384,000	0.38%
Total concert	**35,326,213**	**49.66%**	**55,505,665**	**54.66%**

(1) Including their family holding company.
(2) Controlled by Édouard de Rothschild.
(3) Group entity controlled by Rothschild & Co without voting rights, in accordance with applicable legal provisions.

3.2 Ownership threshold disclosure

3.2.1 Threshold disclosure requirements

Pursuant to Article L. 233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert with others, that comes into possession of more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66% or 90% of Rothschild & Co's share capital or voting rights, must inform the Company and the AMF no later than the close of business on the fourth trading day following attainment of the threshold, and disclose the total number of shares, investment certificates or voting rights held. This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below these thresholds.

In addition to threshold crossing subject to legal provisions, Article 7.3 of Rothschild & Co's articles of association establishes disclosure obligations for shareholders who come into possession of a number of shares or voting rights equal to or greater than 1% of the Company's share capital or voting rights, or any multiple of this threshold.

This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below these thresholds. The shareholders must inform the Company within the timeframe provided for by law, by registered letter with acknowledgement of receipt, stating whether the number of shares, investment certificates or voting rights are or are not held on behalf of, under the control of or in concert with other individuals or legal entities. Subject to the specific provisions stated above, this statutory obligation is governed by the same rules that apply to the legal obligation, including in particular the cases of assimilation of securities held provided for by law.

Summary of the threshold disclosure requirements

Thresholds (%)	Disclosure to the Company	Disclosure to the AMF	Related obligations
1.00% and any multiple	Yes	No	
5.00%	Yes	Yes	
10.00%	Yes	Yes	Statement of intent
15.00%	Yes	Yes	Statement of intent
20.00%	Yes	Yes	Statement of intent
25.00%	Yes	Yes	Statement of intent
30.00%	Yes	Yes	Public takeover bid or offer of exchange(1)
33.33%	Yes	Yes	
50.00%	Yes	Yes	
66.66%	Yes	Yes	
90.00%	Yes	Yes	

(1) Requirement also applicable in the event of an increase of more than 1% of the share capital or voting rights within a period of 12 consecutive months for persons holding between 30% and 50% of the Company's share capital or voting rights.

In the event of failure to comply with the disclosure requirements provided for above, the securities that exceed the fraction that should have been declared may be deprived of voting rights at all General Meetings held for a period of two years.

Each month, the Company publishes a report on its website disclosing the total number of shares and voting rights composing the share capital on the last day of the previous month (www.rothschildandco.com under the section 'Regulated Information'). Shareholders are invited to refer to these monthly publications to determine whether they are subject to the threshold disclosure requirements described above.

3.2.2 Legal thresholds disclosures during the financial year

By notice received on 8 January 2016, Nigel Higgins declared that he had surpassed, acting in concert with the members of the Enlarged Family Concert, the thresholds of 5%, 10%, 15%, 20%, 30% and 33.33% of Rothschild & Co's share capital and voting rights and of 50% of Rothschild & Co's voting rights and that he held directly 4,362 shares representing less than 0.01% of the Company's share capital and the voting rights (AMF Decision & Information No. 214C1769).

This threshold crossing resulted from the addition of Nigel Higgins to the Enlarged Family Concert, materialised by the acquisition of Rothschild & Co shares by Nigel Higgins as payment of part of his deferred variable remuneration, pursuant to provisions of the CRD3 regulations applicable to the Rothschild & Co Group.

3.3 Shares held by the Company's employees

As required under Article L. 225-102 of the French Commercial Code, employee share ownership in the share capital of the Company as at 31 March 2016 amounted to 0.08% of the share capital, held by a company mutual fund (*Fonds Commun de Placement d'Entreprise*) within the frame of an employee share ownership scheme (*Plan d'Épargne d'Entreprise*).

3.4 Treasury shares held by the Company

As at 31 March 2016, Rothschild & Co held 551,434 of its own shares and certificates, without voting rights, as follows:

Total number of shares held by Rothschild & Co	**406,384**
• *Allocated to the liquidity contract*	54,000
• *Allocated to the stock options coverage*	238,095[1]
• *Other treasury shares*	114,299
Number of investment certificates held by Rothschild & Co	145,040
Total of shares and investment certificates held by Rothschild & Co	**551,434**
% of the share capital	0.78%
Book value	€7,885,929.21

(1) Transactions disclosed to the AMF and published on the website of Rothschild & Co (press release of 22 October 2015).

3.5 Controlling shares held by entities controlled by the Company

As at 31 March 2016, a total of 2,074,954 shares are held by entities controlled by Rothschild & Co, representing 2.92% of the share capital. These shares are by nature without voting rights.

4 Shareholders' agreements

4.1 Shareholders' agreements dated 22 January 2008

4.1.1 Rothschild Concordia Shareholders' Agreement

The AMF has published the main provisions of this agreement, entered into on 25 January 2008 between shareholders of Rothschild Concordia SAS (Decision & Information No. 208C0180). The main provisions, in particular with respect to Rothschild & Co or the Group, are the following:

- The Board of Directors of Rothschild Concordia SAS is composed of 12 members, each of the three branches appointing four members (including three members representing the Rothschild family and an independent member). This power of appointment will be reduced to two members if the concerned branch's participation drops below 15% of the share capital and will be removed if the participation drops below 5% of the share capital.
- A certain number of decisions by the Board of Directors on specific matters (the 'Reserved Matters') are voted by a majority of 75% of its members. It includes among others:
  - any investment by Rothschild Concordia SAS other than in Rothschild & Co or within the Group;
  - any decisions relating to Rothschild Concordia SAS's vote in Rothschild & Co's Extraordinary General Meetings;
  - any sale of Rothschild & Co shares or any transaction resulting in a reduction of Rothschild Concordia SAS's interests in Rothschild & Co or any transactions resulting in the loss of control of NM Rothschild & Sons Ltd;
  - any action involving the sale, alienation or licensing to a third party of the 'Rothschild' name or of any associated intellectual property rights.
- All decisions of the Board of Directors of Rothschild Concordia SAS other than with respect to a Reserved Matter shall be voted by a simple majority of the votes cast at the meeting of the Board of Directors. It includes Rothschild Concordia SAS's votes in Rothschild & Co's Ordinary General Meetings.
- The Chairman of Rothschild Concordia SAS will consult the Board of Directors of Rothschild Concordia SAS, prior to any decision or action by the Supervisory Board of Rothschild & Co, with the objective of reaching consensus at the Rothschild Concordia SAS level on matters likely to have an impact on the Rothschild & Co Group.
- For a duration of ten years as from the date of the Rothschild Concordia Shareholders' Agreement, unless decided otherwise by at least 90% of the Rothschild Concordia SAS shareholders, no transfer of the shares to any third party or any exit transaction (as defined in the Shareholders' Agreement) is authorised.
- No Rothschild Concordia SAS shareholder may, directly or indirectly, alone or in concert with any person, acquire any Rothschild & Co shares or take any action that may trigger the requirement to file a mandatory offer for Rothschild & Co without first consulting the Board of Directors of Rothschild Concordia SAS.
- Rothschild Concordia SAS shall have priority over its shareholders in respect of any potential acquisition of Rothschild & Co.

4.1.2 Share Disposal Agreement

The provisions of the Rothschild Concordia Shareholders' Agreement coexist with the provisions of the Share Disposal Agreement signed on 22 January 2008 between the Eranda Foundation and Rothschild & Co. The main provisions of this agreement were notified to the AMF by letter dated 23 January 2008 and duly published by the AMF (Decision & Information No. 208C0180 of 25 January 2008). This Share Disposal Agreement, which covers the terms and conditions of sale by the Eranda Foundation of its shares in Rothschild & Co, provides in particular for a right of first refusal for Rothschild & Co, or any person it shall designate, which shall apply, with some exceptions, in the event of transfer of the shares held by the Eranda Foundation.

4.2 Shareholders' Agreement dated 8 June 2012

The AMF has published the main provisions of this agreement (AMF Decision & Information No. 212C0752 dated 13 June 2012 and Decision & Information No. 212C0783 dated 19 June 2012). These are summarised below.

- The shareholders act in concert. They shall make their best endeavours to reach a consensus as to how they shall vote at each General Meeting of shareholders of Rothschild & Co. If they fail to reach a consensus, they undertake to vote in accordance with the recommendations made by the Chairman of Rothschild Concordia SAS (David de Rothschild at the date of this report).
- Each of the shareholders concerned has undertaken to keep at least the following proportions of the Rothschild & Co shares issued to them as remuneration for the transfers approved by the General Meeting of shareholders of 8 June 2012:
  - 100% during 12 months as from 8 June 2012; and
  - 50% during the subsequent 24 months.

- In the event of sale or transfer of Rothschild & Co shares by a shareholder, Rothschild Concordia SAS has a right of first refusal (together with a right of substitution, in the exercise of this right by Rothschild Concordia SAS, by any person it chooses providing said person acts in concert with it). Rothschild Concordia SAS's right of first refusal applies to all Rothschild & Co shares held by any shareholder at 8 June 2012, whether the shares came into the shareholder's possession as a result of the transfers approved by the General Meeting of shareholders of 8 June 2012 or by any other means.
- Rothschild Concordia SAS may exercise its right of first refusal (i.e. the priority right to acquire them) in respect of all or part of the shares concerned, at a price equal to the volume weighted average price of the Rothschild & Co share on Euronext Paris during the 20 trading days preceding the date of notification of Rothschild Concordia SAS by the shareholder concerned.
- Rothschild Concordia SAS's right of first refusal shall also apply in the case of the sale or transfer by a shareholder of preferential subscription rights, preference rights or share subscription warrants issued or allocated by Rothschild & Co in the context of a capital increase.
- The shareholders shall receive the totality of the dividends distributed by Rothschild & Co in respect of the share they hold and shall dispose of these amounts freely, it being nonetheless specified that if these dividends are paid in Rothschild & Co shares, the shares thus received shall be governed by the agreement in the same way as the shares in respect of which the dividend in shares was received.
- The shareholders are free (in compliance with the legal regulations, particularly those relating to insider trading) to acquire additional shares in Rothschild & Co, it being specified that such shares will not be governed by the agreement and that any shareholders planning to increase their shareholdings in Rothschild & Co must first:
  - inform the other shareholders in order to assess the impact of the planned increase on the shareholders' overall shareholdings in Rothschild & Co; and
  - if necessary, obtain all derogations to any obligation to make a tender offer for the Rothschild & Co shares and/or the relevant authorisations from the supervisory bodies.

It is hereby specified that the Shareholders' Agreement of 8 June 2012 also provided that the parties to the Agreement have a right to give their shares to their family members and that such shares, while held in the names of the family members, will still be subject to the terms of the Shareholders' Agreement (including the agreement to act in concert with respect to those shares).

In this respect, the AMF was informed that Éric de Rothschild and Olivier Pécoux, both members of the family concert, donated, in July 2012, a part of their Rothschild & Co shares to members of their families, who also became members of the family concert upon the French regulator having received notification of the donations. Their adhesion was formalised by the execution of an amendment to the Shareholders' Agreement of 8 June 2012, without modification to its main terms and conditions.

On 7 January 2015, the AMF was informed of the addition of Nicolas Bonnault, Laurent Baril, Philippe Le Bourgeois and CD GFA SARL to the family concert. On this occasion, the AMF was informed of the execution of a second amendment to the Shareholders' Agreement of June 2012 which main dispositions were published by the AMF and are available on its website (AMF Decision & Information No. 215C0073 of 14 January 2015).

4.3 'Dutreil' agreements *(pactes Dutreil)*

The following agreements, falling within the scope of the Dutreil Act and concluded or still in force in 2015/2016, were communicated to the Company:

Agreement	Governed by	Date of signature	Collective commitment to retain shares	% of share capital and voting rights covered by agreement	Signatories who hold the quality of corporate officer within the meaning of Article 621-18-2 of the Monetary and Financial code[1]
Agreement 2012.9	CGI Art. 885 I bis (ISF)	20 December 2012	6 years from registration date (i.e. 27 December 2018)	Over 20% of share capital and voting rights	• Rothschild & Co Gestion SAS, Managing Partner • David de Rothschild, Chairman of Rothschild & Co Gestion SAS
Agreement 2012.11	CGI Art. 885 I bis (ISF)	27 December 2012	6 years from registration date (i.e. until 28 December 2018)	Over 20% of share capital and voting rights	• Rothschild & Co Gestion SAS, Managing Partner • David de Rothschild, Chairman of Rothschild & Co Gestion • Éric de Rothschild, Chairman of the Supervisory Board • François Henrot, member of the Supervisory Board
Agreement 2013.1	CGI Art. 885 I bis (ISF)	27 December 2013	2 years from registration date (i.e. until 30 December 2015)	Over 20% of share capital and voting rights	• Rothschild & Co Gestion SAS, Managing Partner
Agreement 2014.1	CGI Art. 885 I bis (ISF)	12 December 2014	2 years from registration date (i.e. until 18 December 2016)	Over 20% of share capital and voting rights	• Rothschild & Co Gestion SAS, Managing Partner

(1) As of this report.

4.4 Other shareholders' agreements

Within the context of the Group's reorganisation in June 2012, lock-up agreements were concluded. In this context, shareholders' agreements were signed with the contributor shareholders, not members of the Extended Family Concert, which contributed their interests in Rothschild & Cie Banque SCS and their shares in Financière Rabelais SAS.

The contributors, not members of the Extended Family Concert, of interests in Rothschild & Cie Banque SCS and shares in Financière Rabelais SAS are under an obligation to hold all the Rothschild & Co shares received in exchange for their contributions for lock-up periods ranging from one to 18 years and also have an obligation to notify Rothschild & Co and Rothschild Concordia SAS before any sale of said shares. Some of these agreements, which concern natural persons occupying functions within the Group, grant Rothschild & Co a call option on the shares in the event the shareholder ceases to occupy his/her functions before the end of the applicable lock-up period.

5 Elements that can have an impact in the event of a takeover bid

Rothschild & Co is a French partnership limited by shares; it therefore benefits from the specificities of such legal form, which include specific legal and statutory provisions that may have an impact in the event of a takeover bid.

5.1 Share ownership structure

The share ownership structure is described on page 52 of this report. Following Rothschild & Co's conversion into a French partnership limited by shares, this structure has a particularity linked to the existence of two categories of partners: General Partners and Limited Partners.

A change of control therefore implies a change in the composition of these two categories of partners. Subject to the other elements described below that could have an impact in the event of a takeover bid on the Company's shares, a third party could, through a takeover bid, acquire control of the capital and the related voting rights. It could not, however, take control of the General Partners. In these conditions, a third party that would acquire the control of Rothschild & Co would, in particular, be unable to modify the articles of association or dismiss the Managing Partners; such decisions can only be made with the unanimous agreement of the General Partners. Also, General Partners may not transfer the shares they hold without the unanimous agreement of all the General Partners. These provisions are such as to prevent a change of control of Rothschild & Co without the unanimous agreement of the General Partners.

5.2 Statutory restrictions on the exercise of voting rights and share transfers

Rothschild & Co's articles of association do not put any direct restrictions on the exercise of voting rights and share transfers.

However, in addition to threshold crossings subject to legal provisions, Article 7.3 of Rothschild & Co's articles of association establishes statutory disclosure obligations as described on page 59 of this report.

5.3 Holders of securities granting special rights of control

As at the date of this report, there were no securities granting special rights of control. However, Rothschild & Co's General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS, have some rights that could be assimilated to special rights of control, as described on page 52 of this report.

5.4 Rules applicable to the appointment and replacement of the management and the members of the Supervisory Board

Pursuant to the articles of association, the Managing Partners are appointed by unanimous decision of Rothschild & Co's General Partners, with approval from the Extraordinary General Meeting of Limited Partners (the shareholders) acting by a qualified majority of two-thirds when the Managing Partner has been designated by the Company's articles of association (as is the case at the date of this report). The same rule applies to dismissals, solely on fair grounds. Managing Partners are free to resign subject to giving nine months' notice. If the position of Managing Partner is unoccupied, it shall be filled by the General Partners until a new Managing Partner has been appointed.

The rules that apply to the appointment and replacement of members of the Supervisory Board are set forth in the articles of association. Supervisory Board members are appointed and dismissed by the Ordinary General Meeting of Limited Partners based on deliberations in which the General Partners may not take part.

It is nonetheless specified that Rothschild Concordia SAS, following on from the contribution of shares in Rothschilds Continuation Holdings AG made by Jardine Strategic Investment Holdings Sàrl, a company of the Jardine Matheson Group, and approved by the General Meeting of shareholders of 8 June 2012, has given an undertaking to vote in favour of the appointment to the Supervisory Board of a representative of Jardine Matheson for as long as Jardine Matheson holds at least 5% of the share capital of Rothschild & Co. This resulted in the appointment on 8 June 2012 of a representative of Jardine Matheson, Lord Leach, to the Supervisory Board of the Company under its new form of partnership limited by shares.

5.5 Agreements entered into by the Company that change or cease in the event of a change of control of the Company

Some of the loan agreements entered into by the Group with third parties contain early call clauses in the event of a change of control, which are normal clauses in this type of loan agreement. They could be triggered by a takeover bid for the Company's shares.

5.6 Other elements that can have an impact in the event of a takeover bid

- Direct or indirect interests in the Company of which it has been informed pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code: see section 57 on page 3 of this report.
- Control mechanisms provided for in an employee share ownership scheme, when the rights of control are not exercised by the employees: none.
- Shareholders' agreements of which the Company is aware and that may restrict the transfer of shares and the exercise of voting rights: see section 4 on page 60 of this report.
- Management's powers, particularly with regard to the issue or purchase of shares: see section 24 and 25 on page 54 onwards of this report.
- Agreements providing for indemnification of the management or Supervisory Board members: none
- Clauses of agreements declared to the Company pursuant to Article L. 233-11 of the French Commercial Code: see section 4 on page 60 of this report.

Corporate governance

As from the Group reorganisation implemented in June 2012, the Company's corporate governance structure is based on the Managing Partner, assisted by the Group Management Committee, and the Supervisory Board, which relies on four specialised committees: the Audit Committee, the Strategy Committee, the Risk Committee and the Remuneration and Nomination Committee.

1 The Managing Partner, Rothschild & Co Gestion SAS

1.1 Role and duties

Rothschild & Co Gestion SAS, the sole Managing Partner (*Gérant*) and legal representative of Rothschild & Co, was appointed by Rothschild & Co's articles of association for the duration of the Company. Rothschild & Co Gestion SAS, as Managing Partner of Rothschild & Co, is responsible for the overall management of Rothschild & Co, the Group's lead holding company.

The Managing Partner has full power to act in all circumstances in the Company's name and on its behalf, in order to, among others:

- ensure the effective determination of the direction of the business of the Company and the entities within the Group on a consolidated basis;
- supervise the accounting and financial information and direct the internal control of the Company and the entities within the Group on a consolidated basis;
- determine the regulatory capital of the Company and the entities within the Group on a consolidated basis;
- approve the annual, consolidated and half-yearly accounts of the Company;
- determine the agenda and prepare the draft resolutions of the general shareholders meetings of the Company;
- convene the general shareholders meetings of the Company; and
- prepare its reports and decisions established in its capacity as the Managing Partner of the Company.

David de Rothschild, in his capacity as Chairman of the Company's Managing Partner, represents Rothschild & Co vis-à-vis third parties. Subject to the powers granted to Rothschild & Co Gestion SAS' shareholders, the Chairman is vested with the broadest powers to act in Rothschild & Co Gestion SAS' name, and therefore in the Company's name, in any circumstances.

Two Co-Chief Executive Officers, Nigel Higgins and Olivier Pécoux, assist the Chairman based on and within the limit of the powers granted to them by the Chairman. In accordance with the terms of a delegation of powers given by the Chairman, each Chief Executive Officer may act in the name of and on behalf of Rothschild & Co Gestion SAS when it represents Rothschild & Co in its capacity as Managing Partner.

1.2 The Management Board of Rothschild & Co Gestion SAS

The decision-making process of the Managing Partner relies on its Management Board, a collective body which aims to assist the Chairman of the Company's Managing Partner to fulfil the commitments of Rothschild & Co Gestion SAS acting in its capacity as the Managing Partner of Rothschild & Co.

The Management Board is composed of David de Rothschild, Chairman; Alexandre de Rothschild, Deputy Chairman; and Nigel Higgins and Olivier Pécoux, Co-Chief Executive Officers.

As regards the oversight management and supervision of the Group, the following areas are reserved to the Management Board, without prejudice to and consistent with other significant Group companies' local requirements:

- Group organisational structure;
- strategy and management;
- appointments and compensation;
- financial matters;
- capital management;
- risk management and control (including Group Policies);
- brand, marketing and communication.

The Management Board meets at least four times a year ahead of the meetings of the Supervisory Board and the Supervisory Board's specialised committees, so as to in particular enable an adequate preparation and review ahead of presentations to the Supervisory Board and its committees.

In addition to those quarterly meetings, in order to maintain the proper and consistent functioning of the Group management and supervision and to streamline the process of information of the Management Board, the Management Board can meet more frequently if so required by the Chairman.

The list of positions held by the Managing Partner and David de Rothschild, its Chairman, is presented on the following page.

Rothschild & Co Gestion SAS

Positions held within Rothschild & Co
- Statutory Managing Partner

General information

French partnership limited by shares (*société par actions simplifiée*)
Date of first appointment: 8 June 2012

Date of last renewal: n/a
End of term of office: n/a
Number of shares directly held as at 31 March 2016: 1

Other directorships and positions held

Within the Group
In France:
Managing Partner of RCB Gestion SNC

In other countries:
None

Outside the Group
None

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
None

David de ROTHSCHILD

Positions held within Rothschild & Co
- Chairman of Rothschild & Co Gestion SAS in its capacity as Managing Partner

General information

French
Born in 1942
Date of first appointment: 8 June 2012

Date of last renewal: n/a
End of term of office: statutory
Number of shares directly held as at 31 March 2016: None

Other directorships and positions held

Within the Group
In France:
Chairman of Rothschild Concordia SAS
Chairman of SCS Holding SAS
Chairman of Rothschild & Co Commandité SAS
Chairman of RCG Partenaires SAS
Chairman of RCI Partenaires SAS
Chairman of Cavour SAS
Chairman of Verdi SAS
Chairman of Aida SAS
Chairman of Financière Rabelais SAS
Chairman of Paris Orléans Holding Bancaire (POHB) SAS
Chairman of Financière de Reux SAS
Chairman of Financière de Tournon SAS
Managing Partner of Rothschild & Cie SCS
Managing Partner of RCB Partenaires SAS
Manager of Rothschild & Cie Banque SCS
Manager of Bero SCA
Permanent representative of Rothschild & Co Gestion SAS as Managing Partner of RCB Gestion SNC
Sole Director of GIE Sagitas

In other countries:
Chairman of Rothschild Europe BV (the Netherlands)
Vice-Chairman of Rothschild Bank AG (Switzerland)
Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland)
Member of the Board of Directors of Rothschild Holding AG (Switzerland)
Member of the Board of Directors of Continuation Investments NV (the Netherlands)
Member of the Board of Directors of Rothschild Employee Trustees Limited (United Kingdom)
Member of the Board of Directors of Rothschild Asia Holding Limited (China)
Member of the Board of Directors of Rothschild Concordia AG (Switzerland)

Outside the Group
In France:
Managing Partner of Rothschild Ferrières SC
Managing Partner of SCI 2 Square tour Maubourg SC
Managing Partner of Société Civile du Haras de Reux SC
Member of the Supervisory Board of Euris SAS
Member of the Board of Directors of La Compagnie Financière Martin-Maurel SA
Member of the Board of Directors of Casino SA(1)
Sole Director of GIE Five Arrows Messieurs de Rothschild Frères

In other countries:
None

Positions no longer held (but held within the last five years)

In France:
Member of the Board of Directors of Edmond de Rothschild SA (2015) (Outside the Group)
Chairman of RCG Gestion SAS (2013)
Chairman of RCB Gestion SNC (2013)
Chairman of RCBP Gestion SAS (2013)
Chairman of RCI Gestion SAS (2013)
Chairman of Norma SAS (2013)

In other countries:
Chairman of Rothschild North America Inc. (United States of America) (2015)
Chairman of Rothschilds Continuation Holdings AG (Switzerland) (2014)
Member of the Board of Directors of Rothschild Asia Holding Limited (China) (2014)
Chairman and Director of NM Rothschild & Sons Ltd (United Kingdom) (2014)
Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Board of Directors of De Beers SA(1) (Luxemburg) (2013) (Outside the Group)

(1) Listed company.

2 The Supervisory Board

(Report of the Chairman of the Supervisory Board on corporate governance)

This report, established pursuant to paragraphs 7 to 9 of Article L. 225-68 of the French Commercial Code with reference to Article L. 226-10-1 of that code, sets forth the principles of the corporate governance of Rothschild & Co.

This report describes the Supervisory Board's powers and duties, the duties of its members, and the status, powers and duties of the Supervisory Board's specialised committees. These arise from the provisions of the Company's articles of association and the Supervisory Board's terms of reference and internal rules of procedure of the specialised committees.

All of the work that went into the preparation of this report was presented to the Supervisory Board, which approved its terms at its meeting of 22 June 2016.

2.1 Composition of the Supervisory Board

In accordance with the articles of association, the Supervisory Board is composed of a maximum of 18 members, all of whom are shareholders in the Company. The Supervisory Board members are appointed by the Ordinary General Meeting of shareholders, which in accordance with the articles of association, sets the duration of their term of office. The number of members of the Supervisory Board over the age of 75 years may not exceed one-third of the members in office; if this proportion is exceeded, the members who are required to leave the Supervisory Board in order to restore compliance with this proportion will be considered to have resigned, starting with the oldest.

As at 31 March 2016, the Supervisory Board was composed of 16 members:

- Éric de Rothschild, Chairman
- André Lévy-Lang, Vice-Chairman(1)
- François Henrot, Vice-Chairman
- Martin Bouygues(1)
- Dr. Daniel Daeniker(1)
- Sylvain Héfès
- Angelika Gifford(1)
- Lord Leach (1) (†)
- Arielle Malard de Rothschild
- Lucie Maurel-Aubert
- Carole Piwnica(1)
- Anthony de Rothschild
- Jacques Richier(1)
- Sipko Schat(1)
- Peter Smith(1)
- Luisa Todini(1)

Among the 16 members of the Supervisory Board, ten members are independent members: Martin Bouygues, Dr. Daniel Daeniker (also member of the Strategy Committee and Risk Committee), Angelika Gifford, André Lévy-Lang (also member of the Audit Committee, Strategy Committee and Remuneration and Nomination Committee), Lord Leach (also member of the Strategy Committee), Carole Piwnica (also member of the Strategy Committee and Audit Committee), Jacques Richier, Sipko Schat (also Chairman of the Risk Committee), Peter Smith (also Chairman of the Audit Committee and member of the Strategy Committee and Remuneration and Nomination Committee) and Luisa Todini (also member of the Remuneration and Nomination Committee).

During the 2015/2016 financial year, five members' terms of office were renewed at the Combined General Meeting of shareholders held on 24 September 2015, as follows: Lucie Maurel-Aubert, Sylvain Héfès, Anthony de Rothschild, Lord Leach, Sipko Schat and Peter Smith.

The Group Company Secretary (and *Directeur Juridique* of the Company) also acts as Secretary to the Supervisory Board under the supervision of the Chairman of the Supervisory Board.

2.2 Profiles and lists of positions held by members of the Supervisory Board

A summary profile for each of the members of the Supervisory Board and the list of their directorships and positions held as at 31 March 2016, within and outside the Group, in France and in other countries, is presented on the following pages.

More information, including a short biography for each of the members, is available on the Company's website at www.rothschildandco.com.

(1) Independent member.
(†) Deceased on 12 June 2016.

Éric de ROTHSCHILD

Positions held within Rothschild & Co
- Chairman of the Supervisory Board
- Member of the Strategy Committee

General information

French
Born in 1940
Date of first appointment: 29 October 2004
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
In France:
Member of the Board of Directors and General Manager of Rothschild Concordia SAS
Partner of RCB Partenaires SNC
General Partner and Manager of Béro SCA
Permanent representative of Béro SCA as Chairman of Ponthieu Rabelais SAS

In other countries:
Chairman of Rothschild Holding AG (Switzerland)
Chairman of Rothschild Asset Management Holdings AG (Switzerland)
Member of the Board of Directors of Continuation Investments NV (the Netherlands)
Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland)
Member of the Board of Directors of Rothschild Concordia AG (Switzerland)
Member of the Board of Directors of The Rothschild Archive Ltd (United Kingdom)
Member of the Board of Directors of Rothschild Employee Trustees Ltd (United Kingdom)

Outside the Group
In France:
Permanent representative of Béro SCA as:
- Chairman of Société du Château Rieussec SAS
- Manager of Château Lafite Rothschild SC
- Manager of Château Duhart-Milon SC
- Manager of La Viticole de Participation SCA, co-Manager of Domaines Barons de Rothschild (Lafite) SCA

Chairman of Fondation nationale des Arts graphiques et plastiques
Member of the Supervisory Board of Milestone SAS
Member of the Supervisory Board of SIACI Saint-Honoré SA
Member of the Board of Directors of Baronnes et Barons Associés SAS
Member of the Board of Directors of Christie's France SA
Member of the Board of Directors of Société des Amis du Louvre
Member of the Board of Directors of Centre national de la Photographie

In other countries:
Chairman and Director of DBR USA Inc. (United States of America)
Member of the Board of Directors of Los Vascos SA (Chile)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Chairman of Rothschild Bank AG (Switzerland) (2014)
Member of the Board of Directors of NM Rothschild & Sons Ltd (United Kingdom) (2014)
Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Board of Directors of Rothschild North America Inc (United States of America) (2013)

André LÉVY-LANG

Positions held within Rothschild & Co
- Vice-Chairman and independent member of the Supervisory Board
- Member of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy Committee

General information

French
Born in 1937
Date of first appointment: 29 October 2004
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017
Number of shares directly held as at 31 March 2016: 4,305

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
Chairman of the Supervisory Board of Les Échos SAS
Chairman of La Fondation du Risque (association)
Chairman of Institut Louis Bachelier (association)
Member of the Board of Directors of Institut Français des Relations Internationales (association)
Member of the Board of Directors of Hôpital Américain de Paris (association)
Member of the Board of Directors of Institut des Hautes Études Scientifiques (association)
Member of the Board of Directors of Paris Sciences et Lettres (association)

In other countries:
None

Positions no longer held (but held within the last five years)

In France:
Chairman of Institut Français des Relations Internationales (association) (2015) (Outside the Group)
Chairman of the Audit Committee of Paris Orléans SCA[1] (2013)
Vice-Chairman of Institut Europlace de Finance (association) (2013) (Outside the Group)
Member of the Board of Directors of Groupe des Ecoles Nationales d'Economie et Statistique (2013) (Outside the Group)
Member of the Board of Directors of Scor (2011) (Outside the Group)

In other countries:
None

(1) Listed company.

François HENROT

Positions held within Rothschild & Co
- Vice-Chairman of the Supervisory Board
- Member of the Strategy Committee

General information

French
Born in 1949
Date of first appointment: 29 March 2012
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017
Number of shares directly held as at 31 March 2016: 476,260

Other directorships and positions held

Within the Group
In France:
Manager of FH GFA SARL, General Partner and Manager of Rothschild & Cie SCS
Manager of FH GFA SARL, Managing Partner of de RCB Partenaires SNC
Managing Director of Rothschild & Cie Banque SCS
Chief Executive Officer of Paris Orléans Holding Bancaire (POHB) SAS

In other countries:
None

Outside the Group
In France:
Member of the Supervisory Board of Rexel SA(1)

In other countries:
Chairman of the Board of Directors of Copeba (Belgium)
Member of the Board of Directors of Yam Invest NV (the Netherlands)
Non-Executive member of the Board of Directors of BMCE Bank SA(1) (Morocco)

Positions no longer held (but held within the last five years)

In France:
Non-voting member (*censeur*) of the Supervisory Board of Vallourec SA(1) (2015) (Outside the Group)
General Partner and Manager of Rothschild & Cie SCS (2014)
Managing Partner of de RCB Partenaires SNC (2014)
Member of the Supervisory Board of 3 Suisses SA (2013) (Outside the Group)

In other countries:
Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)

Martin BOUYGUES

Positions held within Rothschild & Co
- Independent member of the Supervisory Board

General information

French
Born in 1952
Date of first appointment: 7 December 2007
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017
Number of shares directly held as at 31 March 2016: 35,697

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
Chairman and Chief Executive Officer of Bouygues SA(1)
Chairman of SCDM SAS
Member of the Board of Directors of TF1 SA(1)
Chairman of the Selection Committee of TF1 SA(1)
Member of the Board of Directors of Fondation d'entreprise Francis Bouygues
Permanent representative of SCDM SAS as:
- Chairman of SCDM Participations SAS
- Chairman of Actiby SAS

In other countries:
Member of the Board of Directors of Fondation Skolkovo (Russia)

Positions no longer held (but held within the last five years)

In France:
Permanent representative of SCDM SAS as Chairman of SCDM Invest 3 SAS (2015) (Outside the Group)
Member of the Strategy Committee of Paris Orléans SCA(1) (2014)

In other countries:
None

(1) Listed company.

Dr. Daniel DAENIKER

Positions held within Rothschild & Co
- Independent member of the Supervisory Board
- Member of the Risk Committee
- Member of the Strategy Committee

General information

Swiss
Born in 1963
Date of first appointment: 25 September 2014
Date of last renewal: n/a
End of term of office: AGM to be held in 2016
Number of shares directly held as at 31 March 2016: 2,010

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
None

In other countries:
Member of the Board of Directors of dorma+kaba Holding AG[1] (Switzerland)
Member of the Board of Directors of Homburger AG (Switzerland)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Member of the Board of Directors of GAM Holding AG[1] (Switzerland) (2015) (Outside the Group)
Independent member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2014)

Sylvain HÉFÈS

Positions held within Rothschild & Co
- Member of the Supervisory Board
- Chairman of the Remuneration and Nomination Committee
- Member of the Audit Committee

General information

French
Born in 1952
Date of first appointment: 29 March 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
In France:
Member of the Board of Directors of Rothschild Concordia SAS
Member of the Advisory Committee of Five Arrows Managers SAS

In other countries:
Senior Adviser of NM Rothschild & Sons Ltd (United Kingdom)
Member of the Investment Committee of Five Arrows Principal Investments SCA SICAR (Luxemburg)
Member of the Board of Directors of Five Arrows Capital Ltd (British Virgin Islands)
Chairman of Francarep, Inc. (United States of America)

Outside the Group
In France:
None

In other countries:
Member of the Board of Directors of Rhone Capital LLC (United States of America)

Positions no longer held (but held within the last five years)

In France:
Chairman of the Executive Board of Paris Orléans SA[1] (Until 29 March 2012)
Member of the Rothschild Group Risk Committee (2014)

In other countries:
Member of the Board of Directors of Intercontinental Exchange Group, Inc[1] (United States of America) (2015) (Outside the Group)
Director of NYSE Euronext Inc. (United States of America) (2013) (Outside the Group)
Member of the Advisory Committee of General Atlantic LLC (United States of America) (2013) (Outside the Group)
Member of the Audit Committee of Rothschild Bank AG (Switzerland) (2013)
Member of the Board of Directors of Rothschild Bank AG (Switzerland) (2013)
Non-Executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)

(1) Listed company.

Angelika GIFFORD

Positions held within Rothschild & Co
- Independent member of the Supervisory Board

General information

German
Born in 1965
Date of first appointment: 25 September 2014

Date of last renewal: n/a
End of term of office: AGM to be held in 2016
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
None

In other countries:
Executive Director and Vice-President of Hewlett-Packard GmbH (Germany)
Member of the Executive Board of Atlantik-Brücke e.V. (Germany)
Member of Board of Directors of ProSieben Sat.1 Media SE(1) (Germany)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Member of the Board of Directors of TUI AG(1) (Germany) (2015) (Outside the Group)
Member of the Executive Board of Microsoft Germany GmbH (Germany) (2011) (Outside the Group)

Lord LEACH†

Positions held within Rothschild & Co
- Independent member of the Supervisory Board
- Member of the Strategy Committee

General information

British
Born in 1934
Date of first appointment: 8 June 2012

Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
None

In other countries:
Member of the Board of Directors of Jardine Lloyd Thompson Group plc(1) (United Kingdom)
Member of the Board of Directors of Dairy Farm International Holdings Ltd (Bermuda)
Member of the Board of Directors of Hong Kong Land Holdings Ltd (Bermuda)
Member of the Board of Directors of Jardine Matheson Holdings Ltd (Bermuda)
Member of the Board of Directors of Jardine Strategic Holdings Ltd (Bermuda)
Member of the Board of Directors of Mandarin Oriental International Ltd (Bermuda)
Member of the Board of Directors of Matheson & Co. Ltd (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
None

(1) Listed company.
(†) Deceased on 12 June 2016.

Arielle MALARD de ROTHSCHILD

Positions held within Rothschild & Co

- Member of the Supervisory Board
- Member of the Risk Committee as from 22 June 2016

General information

French
Born in 1963
Date of first appointment: 25 September 2014

Date of last renewal: n/a
End of term of office: AGM to be held in 2016
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
In France:
Managing Director of Rothschild & Cie SCS

In other countries:
None

Outside the Group
In France:
Chairwoman of CARE France
Member of the Board of Directors of Groupe Lucien Barrière SAS
Member of the Board of Directors of Imerys SA(1)
Member of the Remuneration and Nomination Committee of Imerys SA(1)

In other countries:
Vice-Chairwoman of CARE International (Switzerland)
Member of the Board of Directors of Electrica SA(1) (Romania & United Kingdom)
Member of the Nomination and Remuneration Committee of Electrica SA(1) (Romania & United Kingdom)
Member of the Audit and Risk Committee of Electrica SA(1) (Romania & United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
None

Lucie MAUREL-AUBERT

Positions held within Rothschild & Co

- Member of the Supervisory Board
- Member of the Strategy Committee

General information

French
Born in 1962
Date of first appointment: 8 June 2012

Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
Member of the Supervisory Board of Martin Maurel Gestion SA
Member of the Supervisory Board of BBR Rogier SA
Member of the Supervisory Board of Fonds de garantie des depots et de resolution
Chairwoman of Grignan Participations SAS
Chairwoman of Hoche Paris SAS
Chairwoman of Immobilière Saint Albin SAS
Member of the Executive Board and Chief Executive Officer of Banque Martin Maurel SA
Chairwoman of the Supervisory Board of International Capital Gestion SA
Chairwoman of the Supervisory Board of Hoche Gestion Privée SA
Vice-Chairwoman, Deputy Chief Executive Officer and Director of Compagnie Financière Martin Maurel SA
Vice-Chairwoman of the Association Française des Banques
Permanent representative of Banque Martin Maurel as member of the Supervisory Board of Optigestion SA
Member of the Board of Directors of Compagnie Plastic Omnium SA(1)
Member of the Board of Directors of Théâtre du Châtelet
Member of the Board of Directors of Montupet SA(1)
Member of the Board of Directors of Fondation Hôpital Saint-Joseph

In other countries:
Manager (Type A) of Mobilim International Sàrl (Luxemburg)

Positions no longer held (but held within the last five years)

In France:
Member of the Supervisory Board of Aéroport Marseille Provence (2015) (Outside the Group)
Chairwoman of Groupement Européen de Banques (2015) (Outside the Group)
Member of the Supervisory Board of Foncière INEA SA (2014) (Outside the Group)
Vice-Chairwoman of the Supervisory Board of Optigestion SA (2013) (Outside the Group)

In other countries:
None

(1) Listed company.

Carole PIWNICA

Positions held within Rothschild & Co
- Independent member of the Supervisory Board
- Member of the Audit Committee
- Member of the Strategy Committee

General information

Belgian
Born in 1958
Date of first appointment: 25 September 2014

Date of last renewal: n/a
End of term of office: AGM to be held in 2016
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
Independent Member of the Board of Directors of Sanofi SA(1)
Member of the Audit Committee of Sanofi SA(1)
Independent Member of the Board of Directors of Eutelsat Communications SA(1)
Chairwoman of the Governance, Remunerations and Selection Committee of Eutelsat Communications SA(1)

In other countries:
Member of the Board of Directors of Naxos UK Ltd (United Kingdom)
Member of the Board of Directors of Big Red (United States of America)
Member of the Board of Directors of Elevance (United States of America)
Member of the Board of Directors of Amyris Inc.(1) (United States of America)
Member of the Board of Directors of I20 (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Member of the Board of Directors of RecyCoal Ltd (United Kingdom) (2015) (Outside the Group)
Member of the Board of Directors of Louis Delhaize(1) (Belgium) (2013) (Outside the Group)
Member of the Board of Directors of Dairy Crest Plc(1) (United Kingdom) (2011) (Outside the Group)
Member of the Board of Directors of Aviva Plc(1) (United Kingdom) (2011) (Outside the Group)
Chairwoman of the Corporate Social Responsibility of Aviva Plc(1) (2011) (United Kingdom) (Outside the Group)
Member of the Remuneration Committee of Aviva Plc(1) (United Kingdom) (2011) (Outside the Group)

Anthony de ROTHSCHILD

Positions held within Rothschild & Co
- Member of the Supervisory Board

General information

British
Born in 1977
Date of first appointment: 8 June 2012

Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
In France:
Member of the Board of Directors of Rothschild Concordia SAS

In other countries:
None

Outside the Group
In France:
None

In other countries:
Member of the Board of Directors of Ascott Farms Ltd (United Kingdom)
Member of the Board of Directors of Ascott Nominees Ltd (United Kingdom)
Member of the Board of Directors of Southcourt Stud Company Ltd (United Kingdom)
Member of the Board of Directors of Sculpt the Future Company Ltd (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Member of the Board of Directors of Ascott Properties Ltd (United Kingdom) (2015) (Outside the Group)
Member of the Board of Directors of William and Suzue Curley Ltd (United Kingdom) (2014) (Outside the Group)
Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Board of Directors of A7 Music Ltd (United Kingdom) (2013) (Outside the Group)

(1) Listed company.

Jacques RICHIER

Positions held within Rothschild & Co
- Independent member of the Supervisory Board

General information

French
Born in 1955
Date of first appointment: 27 September 2010

Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
Chairman and Chief Executive Officer of Allianz IARD SA
Chairman and Chief Executive Officer of Allianz Vie SA
Chairman and Chief Executive Officer of Allianz France SA
Chairman of the Supervisory Board of Allianz Worldwide Partners SAS
Member of the Board of Directors of AWP Health & Life SA
Member of the Supervisory Board of Euler Hermès SA(1)

In other countries:
Non-executive member of the Board of Directors of Georgia Healthcare Group plc(1) (United Kingdom)
Member of the Audit Committee of Georgia Healthcare Group plc(1) (United Kingdom)
Member of the Nomination Committee of Georgia Healthcare Group plc(1) (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
Chairman of the Board of Directors of Allianz Worldwide Care SA (2015) (Outside the Group)
Chairman of Allianz Worldwide Partners SAS (2015) (Outside the Group)
Member of the Supervisory Board of Allianz Global Assistance SAS (2013) (Outside the Group)
Member of the Supervisory Board of Oddo & Cie SCA (2012) (Outside the Group)

In other countries:
Chairman of Allianz Worldwide Care Ltd (Ireland) (2014) (Outside the Group)
Member of the Supervisory Board of Allianz Global Corporate & Specialty AG (Germany) (2014) (Outside the Group)

Sipko SCHAT

Positions held within Rothschild & Co
- Independent member of the Supervisory Board
- Chairman of the Risk Committee

General information

Dutch
Born in 1960
Date of first appointment: 8 June 2012

Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
None

In other countries:
Chairman of the Supervisory Board of Vion N.V (the Netherlands)
Non-executive member of the Board of Directors of OCI N.V(1) (the Netherlands)

Positions no longer held (but held within the last five years)

In France:
Representative of Rabobank as member of the Board of Directors of NYSE Euronext (2013) (Outside the Group)

In other countries:
Member of the Executive Board of Rabobank Nederland (the Netherlands) (2013) (Outside the Group)
Chairman of the Wholesale Management Team of Rabobank International (the Netherlands) (2013) (Outside the Group)
Member of the Board of Directors of Bank Sarasin & Cie AG (Switzerland) (2013) (Outside the Group)
Member of the Board of Directors of Rabo Real Estate (the Netherlands) (2013) (Outside the Group)
Representative of Rabobank as Director of VNO-NCW (Confederation of Netherlands Industry and Employers) (2013) (Outside the Group)

(1) Listed company.

Peter SMITH

Positions held within Rothschild & Co
- Independent member of the Supervisory Board
- Chairman of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy Committee

General information

British
Born in 1946
Date of first appointment: 27 September 2012

Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
In France:
None

In other countries:
Non-executive Chairman and member of the Board of Directors of NM Rothschild & Sons Ltd (United Kingdom)
Member of the Board of Directors of Rothschild Bank AG (Switzerland)
Member of the Audit Committee of Rothschild Bank AG (Switzerland)

Outside the Group
In France:
None

In other countries:
Non-executive Chairman of the Board of Directors of Savills Plc[1] (United Kingdom)
Chairman of the Board of Directors of Land Restoration Trust (a charity) (United Kingdom)
Member of the Board of Directors of Associated British Foods Plc (United Kingdom)
Member of the Board of Directors of Casa San Damian Limited (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Non-executive Chairman of the Board of Directors of Templeton Emerging Markets Investment Trust Plc[1] (United Kingdom) (2015) (Outside the Group)
Non-executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2014)
Chairman of the Audit Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Remuneration Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)

Luisa TODINI

Positions held within Rothschild & Co
- Independent member of the Supervisory Board
- Member of the Remuneration and Nomination Committee

General information

Italian
Born in 1966
Date of first appointment: 25 September 2014

Date of last renewal: n/a
End of term of office: AGM to be held in 2016
Number of shares directly held as at 31 March 2016: 10

Other directorships and positions held

Within the Group
None

Outside the Group
In France:
None

In other countries:
Chairwoman of Poste Italiane[1] (Italy)
Chairwoman of Todini Costruzioni Generali SpA (Italy)
Chairwoman of Todini Finanziaria SpA, Ecos Energia Srl, Uni-Esco Srl (Italy)
Chairwoman of Comitato Leonardo – Italian Quality Committee (Italy)
Chairwoman of Fondazione Poste Insieme (Italy)
Co-Chairwoman of the Italian and Russian Civil Society Dialogue Forum (Italy)
Sole Managing Director of Proxima Srl (Italy)
Member of the Board of Directors of Salini Costruttori SpA (Italy)
Member of the Board of Directors of Foundation Child for Study and Research into Childhood and Adolescence (Italy)
Member of the Steering Committee of Assonime (Italy)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
Member of the Board of Directors of RAI SpA[1] (Italy) (2014) (Outside the Group)
Member of the Board of Directors of Cediv SpA (Italy) (2014) (Outside the Group)
Chairwoman of FIEC (European Construction Industry Federation) (Italy) (2012) (Outside the Group)
Chairwoman of Cantina Todini Srl (Italy) (2013) (Outside the Group)
Member of the Board of Directors of Salini SpA (Italy) (2013) (Outside the Group)
Member of the Board of Directors of Tiesse Holding Srl (Italy) (2013) (Outside the Group)
Member of the Board of Directors of AGI (Italy) (2011) (Outside the Group)

(1) Listed company.

It is hereby specified that the terms of offices held by Daniel Daeniker, Angelika Gifford, Carole Piwnica, Arielle Malard de Rothschild and Luisa Todini will come to an end by the General Meeting of shareholders to be held on 29 September 2016. Shareholders will be proposed to deliberate on the renewal of said offices. More detailed information will be presented on these proposed renewals in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable legal provisions.

2.3 Powers of the Supervisory Board

The Supervisory Board continually monitors the way in which the Company is managed by the Managing Partner, including in particular the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audit, in accordance with the laws and regulations applicable to the Company.

The Supervisory Board may call a General Meeting of shareholders.

In order to exercise its authority in the area of permanent oversight:

- the Supervisory Board conducts such checks and controls that it considers appropriate at any time of the year, and may ask to be provided with such documents it considers useful to perform its duties;
- every three months (or more frequently if requested by the Supervisory Board), the Managing Partner presents a report to the Supervisory Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Board;
- within three months of the end of each financial year, the Managing Partner presents the annual and consolidated financial statements to the Supervisory Board for verification and control purposes;
- the Managing Partner submits its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;
- the Supervisory Board presents a report to shareholders at the Annual General Meeting of shareholders in which it reports any discrepancies and/or inaccuracies in the annual and consolidated financial statements and comments on the way in which the Company is managed;
- the Supervisory Board approves the Chairman's report on the composition of the Board and the application of the principle of equal representation of men and women on the Board, the terms and conditions according to which the Board prepares and organises its work, and the internal control and risk management procedures implemented by the Company;
- it decides each year on the Company's policy in terms of professional equality and equal pay;
- the agreements and commitments relating to the combined provisions of Article L. 226-10 and L. 225-38 to L. 225-43 of the French Commercial Code are submitted to the Supervisory Board for prior authorisation;
- it checks the quality of information issued by the Rothschild & Co Group to shareholders and the financial markets, through the Company and Group financial statements prepared by the Managing Partner and the annual report drawn up by the Managing Partner, or at the time of major transactions.

In addition to the powers granted to it by law, using the methods set forth in Article 10.2.3 of the Company's articles of association, the Supervisory Board issues:

- an advisory opinion to Group Management in respect of:
  - the strategic policies, annual budget and three-year business plan of the Rothschild & Co Group;
  - any significant acquisition or disposal of a business or part of a business; and
  - any strategic initiative or major refocusing of the business of the Rothschild & Co Group; and
- a recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board presents a report to the shareholders and a reasoned opinion on any resolution submitted to the shareholders at their General Meeting and on any matter that is the subject of a report by the Company's Statutory Auditors.

The Supervisory Board may be assisted by experts of its choosing, whose expenses shall be paid by the Company. It has the broadest powers of investigation and may submit written questions to, or seek the opinion of, the Managing Partner at any time.

2.4 Duties of the Supervisory Board members

Before assuming a seat on the Supervisory Board, each member must be aware of the general and special obligations incumbent on them. In particular, they must familiarise themselves with the laws and regulations governing the duties of Supervisory Board members.

The Company provides new members with its articles of association and the Supervisory Board's internal rules of procedure before they take office. By accepting a seat on the Supervisory Board, members agree to abide by its internal rules of procedure.

When taking part in Supervisory Board meetings and casting a vote, Supervisory Board members are representing all of the Company's shareholders and acting in the interests of the Company.

Supervisory Board members must allocate the required time to preparing for Board meetings and meetings of any committees on which they sit (as the case may be) by carefully reading the documentation provided to them. They may ask the Chairman for any further information they require.

Board members must attend all Supervisory Board meetings and meetings of any committees of which they are members (as the case may be), as well as General Meetings of shareholders, unless subject to an impediment and provided that they notify the Chairman and/or the Secretary accordingly beforehand.

Documentation for Supervisory Board meetings as well as information collected before or during Supervisory Board meetings are confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend the meetings may not pass on such information to a third person other than within the ordinary scope of their work or occupation, or for any purpose or activity other than those for which the information was provided to them. They take appropriate measures to protect the confidentiality of such information. Such information ceases to be personal and confidential when published externally by the Company, particularly in the form of a press release.

Supervisory Board members are not permitted to use their position and/or duties to procure any kind of benefit, whether financial or otherwise, either for themselves or for a third party.

Members must notify the Supervisory Board of any actual or potential conflict of interest with the Rothschild & Co Group. They must abstain from voting on the corresponding decision and from taking part in the discussion held prior to the vote.

The direct or indirect involvement of any Supervisory Board member in an operation or a transaction in which the Rothschild & Co Group has a direct interest, or of which he is aware as a result of his membership of the Board, must be disclosed to the Board prior to the conclusion of such operation or transaction.

Supervisory Board members are not permitted to assume personal responsibilities in undertakings or affairs that compete directly or indirectly with those of the Rothschild & Co Group without notifying the Board in advance.

Supervisory Board members and all other persons who are invited to attend Board meetings must not engage (either in person or via an intermediary) in transactions involving financial instruments of the Company and/or any other issuer for as long as they possess (as a result of their duties or presence at a Board meeting) confidential information that might have a material effect on the price of the said financial instruments or on the price of related financial instruments. This duty applies without the Company being required to stipulate that the relevant information is confidential or privileged. Similarly, Supervisory Board members must refrain from disclosing such information to any other person outside the ordinary scope of their functions or for any purpose other than those for which the information was provided to them. Lastly, members must refrain from advising any other person to purchase or sell the financial instruments to which such information relates.

To this end, the following measures in particular must be taken:

- shares in the Company held by a Board member personally or by a member's cohabiting spouse, minor child (not of full age) or any other intermediary must be registered, either in a registered account managed by the holder of the Company's register or in the books of a French custodian account keeper whose details shall be provided to the Board's Secretary;
- members are not permitted to engage in any short or deferred transaction involving derivatives or financial instruments relating to securities issued by the Company (financial futures, warrants, exchangeable bonds, etc.);
- transactions involving Rothschild & Co shares, including hedge transactions effected during the 30 calendar days prior to publication of the annual statutory and consolidated financial statements, half-yearly financial statements and (where applicable) the full quarterly financial statements (such period being reduced to 15 days with regard to the publication of quarterly financial information) and on the publication date may not be effected by Supervisory Board members or any other person who attended the Board meeting at which the results were reviewed. The same rule applies with respect to the announcement of projected annual and half-yearly results.

2.5 Organisation and operation of the Supervisory Board

2.5.1 Notice of meetings

On a proposal by its Chairman, the Supervisory Board prepares a schedule of meetings each year, for the following year.

The Supervisory Board meets as often as required in the interests of the Company and at least four times a year, further to a notice of meeting issued by any means by the Chairman, at least one half of Supervisory Board members, the Managing Partner, Rothschild & Co Gestion SAS, or a General Partner, subject to reasonable notice unless circumstances require a meeting to be called at very short notice.

The person(s) who call(s) a Supervisory Board meeting prepares the agenda of the meeting and informs the Supervisory Board members in a timely manner and by any appropriate means.

All Supervisory Board members may consult the Secretary and benefit from the latter's services. The Secretary is responsible for all procedures relating to the Supervisory Board practices and for the organisation of the meetings.

Documents provided to Supervisory Board members to enable them to express an opinion in full knowledge of the facts on items included on the agenda are provided to Supervisory Board members at least 48 hours prior to Supervisory Board meetings, except in an emergency or if there is a requirement to keep such documents strictly confidential.

The Managing Partner and Group management are informed of Supervisory Board meetings, and may attend such meetings in an advisory capacity. Any other person outside the Supervisory Board may be invited to attend the whole or part of a Supervisory Board meeting by the Chairman of the Supervisory Board.

2.5.2 Organisation of meetings

Under any circumstances, at any of its meetings, in the event of an emergency and on a proposal by the Chairman of the meeting, the Supervisory Board may discuss matters referred to its members that are not included on the agenda.

At each Supervisory Board meeting, the Chairman informs Supervisory Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Supervisory Board meeting.

Supervisory Board meetings may be held at the registered office or at any other location indicated in the notice of meeting, as well as by videoconferencing or teleconferencing facilities that identify members of the Supervisory Board and guarantee their effective involvement through the use of technical resources that continually and simultaneously transmit discussions. Meetings shall be chaired by the Chairman or, in the latter's absence, by the longest-standing Vice-Chairman present or, in the absence of a Vice-Chairman, by the member appointed for that purpose by the Supervisory Board.

2.5.3 Attendance and majority

The Supervisory Board members are entitled to be represented at any meeting by another member, pursuant to specific authorisation set out in a letter, a fax, an email or any other method of communication deemed reasonable and acceptable by both parties.

The Supervisory Board members who take part in a Supervisory Board meeting via the technical resource methods referred to above are deemed present, except where the Supervisory Board is meeting to verify and check the annual report and the statutory and consolidated financial statements.

Decisions are taken by an ordinary majority of members who are present or represented and authorised to vote. In the event of a tie, the chairman of the meeting shall have a casting vote.

2.5.4 Review of the Supervisory Board's activity during the financial year

The Supervisory Board meets at least four times a year, in March, June, September and November. The Supervisory Board met five times during the 2015/2016 financial year, with an average attendance rate of 83.75% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

Each meeting of the Supervisory Board is preceded by a meeting of the Audit and Risk Committees.

At its meeting on 24 June 2015, the Supervisory Board, in particular:

- reviewed the annual and consolidated financial statements for the 2014/2015 financial year and the draft results announcement;
- reviewed the overall situation of the Group's activities and prospects;
- considered the reports from the Audit Committee, the Risk Committee and the Remuneration and Nomination Committee;
- considered the agenda and the draft resolutions submitted by the Managing Partner to the Combined General Meeting of shareholders;
- approved the report of the Chairman of the Supervisory Board, the terms of its report to shareholders, and proceeded to the annual review of the regulated agreement previously authorised; and

- upon recommendations from the Remuneration and Nomination Committee, deliberated on the renewal of the terms of office of six Board members.

At its meeting on 1 September 2015, the Supervisory Board reviewed a request made by Edmond de Rothschild Holding SA, a shareholder who met the conditions provided for in article R. 225-71 of the French Commercial Code, for draft resolutions to be included on the agenda.

At its meeting on 24 September 2015, the Supervisory Board, in particular:

- approved the renewal of six members within the specialised committees of the Supervisory Board, whose terms of office within the Supervisory Board were renewed at the Combined General Meeting of the same day;
- considered the Group Performance review (results for four months ended 31 July 2015); and
- considered a report from the Audit Committee, a report from the Strategy Committee, and a report from the Remuneration and Nomination Committee.

At its meeting on 24 November 2015, the Supervisory Board, in particular:

- considered the Group Performance review (results to 30 September 2015 and forecast for the year to 31 March 2016);
- reviewed the half-yearly financial statements for the 2015/2016 financial year and the draft results announcement;
- considered a report from the Audit Committee and a report from the Risk Committee; and
- delivered a favourable opinion to the Nomination Committee of Rothschild & Co Gestion, the Managing Partner, on the proposed remuneration of the Chairman of Rothschild & Co Gestion for the year ended 31 March 2016.

At its meeting on 24 March 2016 the Supervisory Board, in particular:

- considered the Group Performance review, and more specifically the outlook for the 12 months to 31 March 2016 and the overall Group budget for the year to March 2017;
- considered a report from the Audit Committee, a report from the Risk Committee and regulatory developments;
- examined the Group internal control reports to be submitted to the ACPR in respect of 2015; and
- decided upon the remuneration allocated to the members of the Supervisory Board for 2015/2016.

2.5.5 Assessment of the Supervisory Board's organisation and working methods

In accordance with the AFEP-MEDEF Corporate Governance Code for listed corporations to which Rothschild & Co refers to, the Group Company Secretary, in liaison with the Remuneration and Nomination Committee, conducted an assessment of the Supervisory Board's organisation and working methods as regards the 2014/2015 financial year. A new self-assessment will be conducted thereafter.

During the 2015/2016 financial year, the Group Company Secretary conducted more specifically an assessment of the effectiveness of the Audit Committee. The objective was to check that important issues are properly prepared and discussed.

The Audit Committee's self-assessment is based on a questionnaire with a grading system with scores ranging from 1 (excellent) to 5 (poor), with possibility to provide further comments. 13 general topics were covered in the questionnaire: terms of reference of the committee, its composition, training and resources provided, organisation of meetings, financial reporting, internal control and financial risk management, internal audit process, external audit, reliance of the work of subsidiaries' audit committees, whistleblowing and relationships with the Supervisory Board, the Risk Committee and the shareholders.

Answers received in response to the questionnaire showed committee members had a favourable opinion on the majority of the statements. The committee approved an action plan for those identified which required attention.

2.6 Specialised committees of the Supervisory Board

In accordance with legal and regulatory provisions, the Supervisory Board set up an Audit Committee, a Remuneration and Nomination Committee and a Risk Committee, and defined the composition of those committees as well as their tasks and practices.

In addition, according to the articles of association which provide the creation of any additional committee to assist the Supervisory Board, the Supervisory Board decided to set up a Strategy Committee.

Only members of the Supervisory Board may sit on these committees and only for their term of office on the Supervisory Board. The composition of each committee is determined by the Supervisory Board.

2.6.1 The Audit Committee

2.6.1.1 Composition

As at 31 March 2016, the Audit Committee was composed of four members: Peter Smith (Chairman and independent member), Carole Piwnica (independent member), Sylvain Héfès and André Lévy-Lang (independent member).

2.6.1.2 Responsibilities

Specifically the Audit Committee is responsible for:

- reviewing the process of drawing up financial information, the statutory audit of the annual accounts and consolidated accounts by the Statutory Auditors and the independence and objectivity of the Statutory Auditors;
- checking that the information provided is clear and providing an appraisal of the relevance of the accounting methods used to draw up the individual and consolidated accounts;
- reviewing the effectiveness of the internal control and risk management systems both at the Group and Rothschild & Co levels;
- providing an appraisal both of the internal control systems, in particular, examining whether the measurement, monitoring and risk control systems are consistent and, where necessary, suggesting further actions in this respect.

The Audit Committee can draw on the help of Company employees as necessary. It is empowered to obtain any information it considers necessary to fulfil its task from the Company's executive body, its staff, and the Company's or its subsidiaries' Statutory Auditors. Audit Committee members have the opportunity, if necessary, to seek the opinion of the senior executives of the Group as well as that of the Statutory Auditors.

2.6.1.3 Activity

The Audit Committee meets at least four times a year, in March, June, September and November, or more frequently if so required. The Audit Committee met four times during the 2015/2016 financial year, with an average attendance rate of 87.50% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Group Chief Financial Officer, the Group External Reporting Director, the Group Head of Internal Audit, the Group Head of Legal & Compliance, the Group Chief Risk Officer, the Group Company Secretary and the Statutory Auditors are permanent attendees to the meetings of the Audit Committee.

The Chief Executive Officers of Rothschild & Co Gestion SAS may be invited to participate for part of the meeting, if so required by the Chairman of the Audit Committee.

The June and November meetings are mainly focused respectively on the review of annual and half-year accounts and the presentation by the Statutory Auditors of their report after review of these accounts. In addition, at the June meeting, the Audit Committee reviews the section of the Chairman's report issued in accordance with the provisions of article L. 225-37 of the French Commercial Code, on risk management procedures implemented by the Company on pages 84 onwards of this report. The June meeting includes in addition a focus on the Banking book and the November meeting includes a review of the Merchant Banking division.

The March and September meetings mainly focus on internal control matters. In March, the Audit Committee receives for consideration, the Group internal control report to be submitted to the Autorité de contrôle prudentiel et de resolution (the "ACPR"). In advance of each meeting, the Audit Committee members receive the Internal Audit activity report and the status of Statutory Auditors' recommendations. The activities of the Group subsidiary audit committees are also presented to the Audit Committee during those two meetings. This year, the Audit Committee also reviewed the list of non-audit fees and took note of the new auditors' rotations and audit governance requirements under the revised Statutory Audit Directive.

At the end of each meeting, the Audit Committee usually meets with the Group Head of Internal Audit and the Statutory Auditors without the presence of any representative of senior management.

After each meeting of the Audit Committee, the Chairman of the Audit Committee submits a report on the work of the Audit Committee to the Supervisory Board members.

In addition, the Audit Committee receives, in advance of each meeting, the Group Risk and Compliance quarterly report presented to the Group Risk Committee.

2.6.2 The Remuneration and Nomination Committee

2.6.2.1 Composition

As at 31 March 2016, the Remuneration and Nomination Committee was composed of four members: Sylvain Héfès (Chairman), André Lévy-Lang (independent member), Peter Smith (independent member) and Luisa Todini (independent member).

2.6.2.2 Responsibilities

The role of the Remuneration and Nomination Committee is to assist the Supervisory Board with its remuneration-related duties and in particular with the preparation of its decisions in correction with the Group's remuneration policy principles. It also makes recommendations to the Supervisory Board on all matters relating to the composition of the Supervisory Board, such as appointments or renewals of terms of office, or the compliance with AFEP-MEDEF recommendations.

Specifically, the Remuneration and Nomination 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 the Group's strategy from time to time;
- supervising and reviewing the broad policy framework for the remuneration of the Group Management Committee and the principles of the remuneration policy applicable to Regulated Persons;
- supervising the remuneration paid/awarded to members of the Compliance and Risk divisions and, where appropriate, the employment and remuneration arrangements of the Group Management Committee;
- identifying Regulated Persons as we define them in each of Rothschild & Co, Rothschild & Cie Banque SCS and its subsidiaries, NM Rothschild & Sons Limited and its subsidiaries and Rothschild Wealth Management for the purposes of the ACPR, FCA and PRA as appropriate;
- participating in the selection and nomination process of members of the Supervisory Board, as provided by the AFEP-MEDEF Corporate code of Governance;
- reviewing the nature and scale of the 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 the Group in light of an assessment of the Group's financial situation and future prospects;
- discussing and reviewing with Rothschild & Co Gestion SAS the determination and quantum of the total bonus pool; and
- undertaking any other remuneration-related obligations placed upon the Remuneration and Nomination Committee by either the lead regulator or a local regulator.

2.6.2.3 Activity

The Remuneration and Nomination Committee met two times during the 2015/2016 financial year, with an average attendance rate of 75% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The meetings of the Remuneration and Nomination Committee were mainly convened to set and to periodically review the principles and parameters of its remuneration policies and their adequacy and effectiveness, review developments in remuneration regulations and ensure that Rothschild & Co Gestion SAS and business divisions are in compliance.

In addition, the Remuneration and Nomination Committee reviews the proposals submitted by business divisions regarding fixed and variable compensation with absolute discretion to adjust fixed compensation proposals, bonus pools and individual payments, and supervise and review the broad policy framework for the remuneration of senior employees, including the Regulated Population across the Rothschild & Co Group.

No Group employee was permitted to participate in discussions or decisions relating to his or her remuneration.

The Chairman of the Supervisory Board, the Chairman and the Chief Executive Officers of Rothschild & Co Gestion SAS, the Group HR Director and the Group Chief Financial Officer are permanent attendees to the meetings of the Remuneration and Nomination Committee.

In addition, as regards the meetings of the Remuneration and Nomination Committee to review the proposals submitted by business divisions regarding fixed and variable compensation, the Heads of Group business divisions attend the meetings for part of the meeting to present their own business division.

2.6.3 The Risk Committee

2.6.3.1 Composition

As at 31 March 2016, the Risk Committee was composed of two members: Sipko Schat (Chairman and independent member) and Dr. Daniel Daeniker (independent member).

2.6.3.2 Responsibilities

Specifically, the Risk Committee is responsible for:

- advising the Supervisory Board on the overall current and future risk appetite and strategy, both at the Group and Rothschild & Co levels;
- assisting the Supervisory Board in overseeing the implementation of that strategy;
- reviewing on a consolidated basis the material risks of the Group, and the total exposures of the Group's activities to such risks;
- reviewing the results of the Group's risk assessment that identifies and evaluates exposures to risk in the light of internal and external factors;
- reviewing the Group's broad guidelines relating to risk management and examining the effectiveness of the risk management policies put in place;
- reviewing all material new products and new classes of products and funds that have been approved pursuant to the Group's New Products Policy; and
- examining incentives provided by remuneration policies and practices to ensure they are consistent in the light of the risk, capital, liquidity and the likelihood and timing of expected earnings for entities.

2.6.3.3 Activity

The Risk Committee meets at least four times a year, in March, June, September and November, or more frequently if so required. The Risk Committee met four times during the 2015/2016 financial year, with an average attendance rate of 100%. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Chairman of the Audit Committee, the Group Heads of Risk, Legal & Compliance and Internal Audit, the Group Chief Financial Officer, the Group External Reporting Director and the Group Company Secretary are permanent attendees to the meetings of the Risk Committee.

The Chief Executive Officer of the Managing Partner, to whom the Group Chief Risk Officer reports, and the Statutory Auditors may be invited to participate for part of the meeting, if so required by the Risk Committee.

During those meetings, the Risk Committee reviewed the four quarterly Group Legal, Compliance and Risk Reports and examined the Group Strategic and Operational Risk Assessments. In addition, the Risk Committee reviewed various Group policies, and checked the implementation of crisis management plans across the Group.

2.6.3.4 Cooperation with the Audit Committee

The Chairmen of the Audit Committee and the Risk Committee consult each other, whenever they deem it necessary and at least once a year, on various subjects, including but not limited to, subjects of common interest and/or cross-cutting topics falling within the missions assigned to them, related to the internal control and risk management system.

2.6.4 The Strategy Committee

2.6.4.1 Composition

As at 31 March 2016, the Strategy Committee was composed of eight members: Éric de Rothschild, Dr. Daniel Daeniker (independent member), François Henrot, André Lévy-Lang (independent member), Lord Leach (independent member), Lucie Maurel-Aubert, Peter Smith (independent member) and Carole Piwnica (independent member).

2.6.4.2 Responsibilities

The main role of this committee is to support the Supervisory Board in advising Rothschild & Co Gestion SAS on strategy matters.

Meetings of the Strategy Committee are prepared beforehand by Rothschild & Co Gestion SAS assisted by the Group Management Committee.

2.6.4.3 Activity

The Strategy Committee meets at least once a year, or more frequently if so required. The Strategy Committee met once during the 2015/2016 financial year, with an attendance rate of 85.71%. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Chairman and the members of the Management Board of Rothschild & Co Gestion SAS, the Group Chief Financial Officer, the Head of Group Strategy and Corporate Development, Senior Group advisers and the Group Company Secretary are permanent attendees to the meetings of the Strategy Committee.

In addition, the Group Heads of business divisions may be invited to participate for part of the meeting, if so required by the Strategy Committee.

2.7 Corporate Governance code

The Company has decided voluntarily to adhere to the Corporate Governance code for listed corporations published by the AFEP and the MEDEF, last amended in November 2015 and available at www.medef.com (the 'AFEP-MEDEF code').

The Company is very committed to the principles of good governance and to the recommendations of the AFEP-MEDEF code. It should however be stressed that the very principle of partnerships limited by shares, the Company's form of incorporation, gives a unique structure to governance providing a clear separation of powers between the Managing Partner, Rothschild & Co Gestion SAS, and the Supervisory Board, which cannot comply with the AFEP-MEDEF recommendations without adaptation. In this situation, the Board takes into account the specific characteristics of this form of incorporation, and the Board is organised in a way that is adapted to the nature of the functions conferred upon it by law and the articles of association as well as by the recommendations of the AFEP-MEDEF code.

Pursuant to the AMF recommendations, the recommendations of the AFEP-MEDEF code not applied by the Company are described in the table below, with an explanation for each of them:

AFEP-MEDEF recommendations	Explanations by the Company
Independence criterion for members of the Supervisory Board related to the length of office (§9.4 of the AFEP-MEDEF Code): Criterion providing that in order to be considered as independent, a Director must not "*have been a Director for more than 12 years*".	Given the Company's ownership structure, which is controlled by an enlarged Rothschild family concert acting in concert, by companies owned by members of the Rothschild family and by other shareholders with long-standing ties to the Rothschild family, and given the legal and statutory characteristics of a French partnership limited by shares, the Supervisory Board has expressly decided to waive the criterion relating to the duration of Supervisory Board members' terms of office. This particular criterion was therefore expressly waived in the Supervisory Board's Internal rules of procedure as follow: "The independence criteria that apply are those referred to in Article 9.4 of the AFEP/MEDEF Corporate Governance code of December 2008, amended in November 2015, excluding the criteria relating to terms of office, which is expressly set aside." The Supervisory Board considers that the length of service is a key element for assessing and understanding the Rothschild & Co Group's activities and that the effectiveness of the Supervisory Board is ensured by a wide-ranging composition in terms of diversity, professional experience and expertise of its members.
Independence criterion for members of the Supervisory Board related to directorship in a company the corporation consolidates (§9.4 of the AFEP-MEDEF Code): Criterion providing that in order to be considered as independent, a Director must not "*be an employee or executive director of the corporation, or an employee or director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years*".	Peter Smith is non-executive Chairman of the Board of Directors of NM Rothschild & Sons Ltd (NMR) and non-executive Director of the Board of Directors of Rothschild Bank AG, two of the Group's entities. However, the Supervisory Board considered that bearing in mind that Peter Smith performed duties in important international groups, this gives him a good perspective and a strong vision which contributes to the effectiveness of the Supervisory Board. Moreover, his experience and Group knowledge give him a freedom of speech and opinion which is a guarantee of independence. He is therefore able to challenge the Supervisory Board and make an extremely valuable contribution to the discussions of the Supervisory Board. Sipko Schat is a senior adviser at NMR. However, he performed management duties in an important banking group and it gives him expertise and capacity of judgement which contributes to the effectiveness of the Supervisory Board. Accordingly, the Supervisory Board considers their situations do not affect their independence and they can be deemed as independent members.
Assessment of the actual contribution of each director of the Supervisory Board (§10.2 of the AFEP-MEDEF Code): The evaluation should measure "*the actual contribution of each director to the Board's work through his or her competence and involvement in discussions.*"	The self-assessment questionnaire of the Supervisory Board does not expressly measure the actual contribution of each member. All members of the Supervisory Board express a positive assessment on the collective functioning of the Supervisory Board which implies that the individual contribution is also positive. Measuring the actual contribution of each Director creates a risk to the general climate of confidence within the Supervisory Board. However, the current evaluation process allows the Directors to express their personal opinion on the individual contribution as general remark.
Status of the Chairman of the Remuneration and Nomination Committee (§18.1 of the AFEP-MEDEF Code): "*The committee* (in charge of compensation) *should not include any executive directors, and should have a majority of independent directors. It should be chaired by an independent director. It is advised that an employee director be a member of this committee.*"	Mr Sylvain Héfès, non-independent member of the Supervisory Board, is the Chairman of the Remuneration and Nomination Committee despite his status of non-independent member. Mr Héfès' experience and expertise in the banking area make him fully aware of the governance practices to be followed in a group such as Rothschild & Co, in particular concerning remuneration and nomination matters. Therefore, the Supervisory Board considers his situation as not jeopardising his ability to be the Chairman of the Remuneration and Nomination Committee and to act in the best interests of the Rothschild & Co Group.

2.8 Equal representation of men and women on the Supervisory Board

The composition of the Supervisory Board complies with the provisions of Law No. 2011-103 of 27 January 2011, which imposed the equal representation of both genders on the Supervisory Board.

It is also hereby specified that this representation is also respected in the Audit Committee (25%), the Remuneration and Nomination Committee (25%) and the Strategy Committee (25%).

3 Compensation and other benefits received by corporate officers

3.1 Compensation received by the Managing Partner and its Chairman

3.1.1 Rothschild & Co Gestion SAS

In application of Rothschild & Co's articles of association, no compensation is paid to Rothschild & Co Gestion SAS in respect of its position of Rothschild & Co's Managing Partner. Accordingly, the summary tables relating to compensation and other benefits granted to the Managing Partner required in accordance with AMF recommendations are not relevant.

It is however hereby specified that the Company's articles of association provide that Rothschild & Co Gestion SAS is entitled to reimbursement of its operating expenses. In this respect, a total amount of €1,172,352.61 has been paid to Rothschild & Co Gestion SAS as reimbursement of its operating expenses for the financial year ended 31 March 2016.

In accordance with the provisions of Article 14.1 of the articles of association, an amount of €742,728.22, equal to 0.5% of the distributable profit of the 2015/2016 financial year, will be automatically allocated for payment to the two General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS. This does not constitute compensation for their services as General Partners.

3.1.2 David de Rothschild

Pursuant to the AMF recommendations, the table below presents an overview of compensation due or paid to David de Rothschild, Chairman of Rothschild & Co Gestion SAS.

In thousands of euros	2015/2016	2014/2015
Fixed compensation	500	382(1)
Variable compensation	–	–
Extraordinary compensation	–	–
Directors' fees	–	–
Benefits in kind(2)	–	4
TOTAL	**500**	**386**

(1) Received from controlled companies.
(2) This amount related to the use of a car for the period.

Moreover, it is hereby specified that David de Rothschild has not benefited from employment contracts, supplementary pension schemes, compensation or benefits due in the event of termination of office or change in function and non-compensation clauses during the financial year ended 31 March 2016.

3.1.3 'Say on Pay' advisory opinion

Pursuant the AFEP-MEDEF Code to which the Company refers, compensation paid or due to Rothschild & Co Gestion SAS, as Managing Partner of Rothschild & Co, and David de Rothschild, as the Chairman and sole legal representative of Rothschild & Co Gestion SAS, will be submitted to the shareholders' consultative vote at the next General Meeting of shareholders on 29 September 2016.

3.2 Compensation policy for Supervisory Board members

Rothschild & Co's articles of association provide that the Supervisory Board shall freely distribute all or some of any remuneration that the Ordinary General Meeting of shareholders grants to it between its members.

The General Meeting of shareholders of 25 September 2014 set at €500,000 the maximum amount of fees available for allocation to members of the Supervisory Board of Rothschild & Co, until a new decision is taken.

During its meeting on 24 March 2016, the Supervisory Board approved, for the financial year 2015/2016 and for the years thereafter until a new decision is taken, a compensation policy based on a fixed-fee structure for Supervisory Board and committee memberships, as follows:

	Fees in euro (per member each year)
Supervisory Board membership	20,000
Committee membership (*per committee*)	5,000
Position as Chairman of Board/committees	10,000

Distribution of fees is subject to the following:

- When a member holds multiple positions in Supervisory Board and committees, the fees are cumulative. For example, a Board member chairing a committee shall receive €35,000 per financial year.
- All fees are paid on a pro-rated basis at the end of the annual financial year in March. For example, when a Supervisory Board member has been appointed by the General Meeting of shareholders in September, fees payable correspond to the period from the date of the nomination as member of the Board to date of the end of the financial year.
- The Supervisory Board decided that, due to their operational functions within the Rothschild Group, Mrs Arielle Malard de Rothschild and Éric de Rothschild and François Henrot shall not receive any attendance fees in respect of their positions in the Supervisory Board and its specialised committees.

The table following shows the compensation allocated by the Company to the members of the Supervisory Board, in respect of their positions held at Rothschild & Co's Supervisory Board and its committees, during the 2015/2016 financial year.

	Supervisory Board	Audit Committee	Strategy Committee	Remuneration and Nomination Committee	Risk Committee	2015/2016 gross remuneration (in euro)
Éric de Rothschild	■ Chairman ■ Non-independent member		■ Non-independent member			–
André Lévy-Lang	■ Vice-Chairman ■ Independent member	■ Independent member	■ Independent member	■ Independent member		35,000
François Henrot	■ Vice-Chairman ■ Non-independent member		■ Non-independent member			–
Martin Bouygues	■ Independent member					20,000
Dr. Daniel Daeniker	■ Independent member		■ Independent member		■ Independent member	30,000
Sylvain Héfès	■ Non-independent member	■ Non-independent member		■ Chairman ■ Non-independent member		40,000
Angelika Gifford	■ Independent member					20,000
Lord Leach[†]	■ Independent member		■ Independent member			25,000
Arielle Malard de Rothschild	■ Non-independent member					–
Lucie Maurel-Aubert	■ Non-independent member		■ Non-independent member			25,000
Carole Piwnica	■ Independent member	■ Independent member	■ Independent member			30,000
Anthony de Rothschild	■ Non-independent member					20,000
Jacques Richier	■ Independent member					20,000
Sipko Schat	■ Independent member				■ Chairman ■ Independent member	35,000
Peter Smith	■ Independent member	■ Chairman ■ Independent member	■ Independent member	■ Independent member		45,000
Luisa Todini	■ Independent member			■ Independent member		25,000
TOTAL						**370,000**

■ Chairman ■ Independent member ■ Vice-Chairman ■ Non-independent member

The table below summarises compensation received by the members of the Supervisory Board (in function during the financial year) in respect of their positions held at Rothschild & Co and at any other Group company during the 2015/2016 financial year.

In thousands of euro	2015/2016			2014/2015		
Members of the Supervisory Board	**Rothschild & Co[(1)]**	**Other compensation[(2)]**		**Rothschild & Co[(1)]**	**Other compensation[(2)]**	
Éric de Rothschild	–	Benefits in kind	6	–	Benefits in kind	6
André Lévy-Lang	35		–	35		–
François Henrot	–		–	–		–
Martin Bouygues	20		–	20		–
Dr. Daniel Daeniker[(3)]	30		–	15		–
Sylvain Héfès	40	Directors fees	205	40	Directors' fees	175
			2		Benefits in kind	2
Angelika Gifford[(3)]	20		–	10		–
Lord Leach[(†)]	25		–	25		–
Arielle Malard de Rothschild[(3)]	–	Fixed	242	–	Fixed	261
		Variable	222		Variable	–
		Benefits in kind	20		Benefits in kind	–
Lucie Maurel-Aubert	25		–	25		–
Carole Piwnica[(3)]	30		–	15		–
Alexandre de Rothschild[(4)]	n/a	Fixed	n/a	–	Fixed	66
		Benefits in kind	n/a		Benefits in kind	19
Anthony de Rothschild	20		–	20		–
Jacques Richier	20		–	20		–
Sipko Schat	35		–	35		–
Peter Smith	45	Fixed	171	45	Fixed	159
Luisa Todini[(3)]	25		–	13		–

(1) Includes compensation due or received from Rothschild & Co in respect of the position of member of the Supervisory Board and, if applicable, its committees.
(2) Received from controlled companies.
(3) Member of the Supervisory Board as from 25 September 2014.
(4) Member of the Supervisory Board until September 2014.
(†) Deceased on 12 June 2016.

4 Transactions involving the Company's securities by corporate officers

Pursuant to the provisions of Article 223-26 of the AMF General Regulations, the transactions involving the Company's securities during the 2015/2016 financial year executed by persons mentioned in Article L. 621-18-2 of the French Monetary and Financial code, disclosed to the Company and the AMF, are summarised in the table below.

Name	Quality	Transaction date	Nature of the transaction	Unit price *(in euro)*	Total amount *(in euro)*	AMF Decisions[1]
Béro SCA	Entity related to Éric de Rothschild	19/10/2015	Acquisition	21	3,583,293	2015DD396509
Financière de Reux	Entity related to David de Rothschild	19/10/2015	Acquisition	21	2,333,415	2015DD396510
Olivier Pécoux	Chief Executive Officer of Rothschild & Co Gestion SAS	19/10/2015	Acquisition	21	987,000	2015DD396511
Nigel Higgins	Chief Executive Officer of Rothschild & Co Gestion SAS	04/01/2016	Acquisition	28.195	232,947.09	2016DD408281
Nigel Higgins	Chief Executive Officer of Rothschild & Co Gestion SAS	04/01/2016	Sale	23.45	91,455	2016DD408282
Olivier Pécoux	Chief Executive Officer of Rothschild & Co Gestion SAS	31/03/2016	Contribution of shares to Olivier Pécoux EURL	23	3,174,000	2016DD423815
François Henrot	Member of the Supervisory Board	31/03/2016	Contribution of shares to FH GFA SARL	23	6,582,600	2016DD423816
FH GFA SARL	Entity related to François Henrot	31/03/2016	Contribution of shares from François Henrot	23	6,582,600	2016DD423819
Olivier Pécoux EURL	Entity related to Olivier Pécoux	31/03/2016	Contribution of shares from Olivier Pécoux	23	3,174,000	2016DD423820

(1) These decisions are available on the AMF website (www.amf-france.org).

5 Statutory Auditors

5.1 Terms of office

The General Meeting of shareholders of 27 September 2011:

- renewed for a term of six financial years the appointments of Cailliau Dedouit et Associés SA, as Statutory Auditor, and of Mr Didier Cardon, as Alternate Auditor;
- appointed KPMG Audit FS II SAS, as Statutory Auditor, and KPMG Audit FS I SAS, as Alternate Auditor, as a replacement for KPMG Audit (a division of KPMG SA) and for SCP de Commissaires aux Comptes Jean-Claude André et Autres, whose appointments were not renewed.

In the continuity of Rothschild & Co's conversion into a French partnership limited by shares approved by the General Meeting of shareholders of 8 June 2012, the Statutory Auditors and Alternate Auditors' appointments were confirmed.

The Statutory Auditors' terms of office will end after the Annual General Meeting to be held in September 2017 to approve the accounts for the financial year ended 31 March 2017.

5.2 Fees to Statutory Auditors

The information relating to the fees paid to the Statutory Auditors in respect of the financial year ended 31 March 2016 is presented in page 154 of this present report.

5.3 Regulated agreements and undertakings

In accordance with applicable legal and regulatory provisions, the Statutory Auditors have been informed of all the regulated agreements and undertakings entered into during the 2015/2016 financial year, and of agreements and undertakings entered into during the previous financial years but still into effect during the 2015/2016 financial year.

Internal control and risk management procedures

Report of the Chairman on internal control and risk management procedures implemented within the Group

The information below concerning the Group's internal control system was provided by Executive Management. This section of the report was prepared using information provided by the following Group functions: Legal, Compliance and Risk, Finance, and Internal Audit and based on the Rothschild & Co Report on internal control in accordance with Articles 258, 259, 261, 262, 264 and 266 of the 3 November 2014 Ministerial Decree applicable to financial holding companies supervised on a consolidated basis by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and addressed for the attention of the Supervisory Board.

It was submitted to the Audit Committee on 15 June 2016 for the matters falling within its scope, and approved by the Supervisory Board at its meeting on 22 June 2015.

1 Internal control references

Given the fact that Rothschild & Co has been designated by the Autorité de Contrôle Prudentiel et de Résolution as the Group consolidating entity for the purposes of prudential oversight, the rules applicable to financial holding companies apply to Rothschild & Co. The rules which impact upon the Group arrangements for Group risk management systems and controls are set out in the French Monetary and Financial code ('code monétaire et financier' or 'COMOFI') and the 3 November 2014 Ministerial Decree, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. The 3 November 2014 Ministerial Decree lays down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems.

As required by the 3 November 2014 Ministerial Decree, the Group internal control system established by Rothschild & Co operates a distinction between organisations and managers in charge of permanent controls (including Compliance and Risk Management) and periodic controls (i.e. internal audit).

The internal control system of Rothschild & Co must also take into account, as appropriate, the AMF's (French Securities Regulator) General Regulations, local regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework issues of international banks, foremost among which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority, European Securities and Markets Authority).

2 Definition, objectives and scope of internal control

The internal control system refers to Rothschild & Co's own internal control system and the Group's internal control system on a consolidated basis.

The internal control system seeks to provide Directors, officers and shareholders with reasonable assurance that the following objectives are achieved:

- the effectiveness and efficiency of the entity's operations;
- the prevention and detection of fraud;
- compliance with laws and regulations, internal standards and rules;
- the reliability of accounting and financial information; and
- protection of the entity's assets.

It also fulfills the internal control objectives specific to financial companies supervised by the Autorité de Contrôle Prudentiel et de Résolution on a consolidated basis.

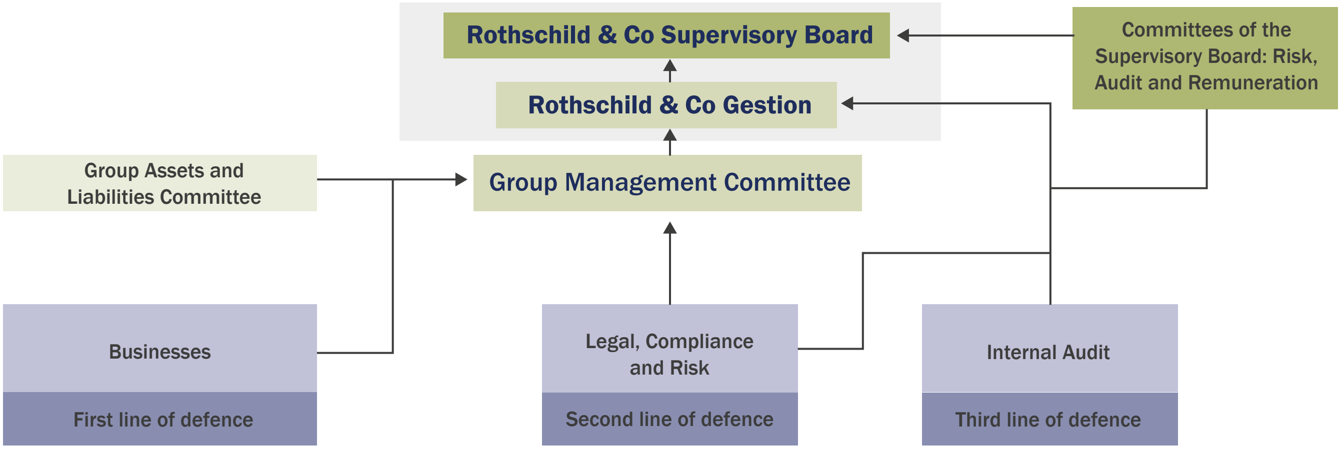
3 Organisation of internal control

Internal control at Rothschild & Co consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- permanent control is the overall process for monitoring the risks to which the Group is exposed as a result of its ongoing activities and operations. It is carried out by operational staff, and their line managers, and by independent permanent control functions either within or independent of these operational entities;
- periodic control is the overall process for ex-post verification of the operations of the Group, based on investigations that are conducted by the Group Internal Audit function, which performs periodic checks on an independent basis on the design and the effectiveness of the two first lines of defence.

Rothschild & Co's internal control framework is based on the 'three lines of defence' model. The first line comprises senior management in the business itself. The second line includes independent Risk, Compliance and Legal functions and, to a lesser extent, Finance and Human Resources to monitor on a continuous basis the activity of the business, and the third line comprises Internal Audit as well as the Group's external auditors, who both oversee the Group's activities.

The chart below shows the internal control governance structure as at 31 March 2016 through which Rothschild & Co seeks to comply with these obligations.



4 The principal parties involved in internal control and their main duties

4.1 Executive Management

Rothschild & Co Gestion SAS, as Managing Partner (*Gérant*) of Rothschild & Co, is responsible for the overall management of Rothschild & Co, the Group's lead holding company. This includes, among other things, establishing the strategic direction of the business, supervising the accounting and financial information, and directing the internal control framework for Rothschild & Co and the Group entities on a consolidated basis. Rothschild & Co Gestion exercises its management and supervising responsibilities through its Chairman, David de Rothschild, assisted by the Management Board (*Conseil de gérance*). In addition, a senior committee at Rothschild & Co, the Group Management Committee (GMC), assists Rothschild & Co's Managing Partner, represented by its Co-Chief Executive Officers Nigel Higgins and Olivier Pécoux, in the overall management, the definition of the strategy of the Group by Rothschild & Co and the direction of the Group internal control framework, so that Rothschild & Co ensures its proper implementation across the Group. Rothschild & Co Gestion SAS, its Management Board and the GMC are referred to as 'Executive Management') but for the avoidance of doubt, the final decision-making process relies on the Company's Managing Partner, Rothschild & Co Gestion SAS.

Executive Management, reporting to the Supervisory Board, are responsible for the Group's overall internal control system. The Company's Managing Partner defines the general guidelines of the internal control and risk management systems and monitors the actions implemented within the Group that are supervised by the internal audit functions of the Group and the local management committees of each business unit.

4.2 Independent permanent control functions ('second-level' controls)

Group Legal and Compliance ensures that the Group conforms to legal and regulatory provisions, professional standards and codes of conduct, as well as the overall strategy of the Supervisory Board and Executive Management directives. The responsibilities of Group Legal and Compliance mainly include: development and maintenance of compliance policies and procedures (together with legal policies and procedures), operation of monitoring programmes, or the supervision of monitoring programmes, identification of any failure to follow compliance policies and procedures, monitoring and review of legislation and regulatory developments which might affect the Group's business and reporting results of monitoring programmes to Senior Management and agreeing any remedial action or changes to relevant procedures with Senior Management. This independent internal control function reports to the Group Head of Legal, Compliance and Risk, who is a member of the Group Management Committee. The Group Head of Legal, Compliance and Risk reports to the Company's Managing Partner, the Supervisory Board's Committees (Audit and Risk Committees) and Boards around the Group.

Group Risk is responsible for ensuring that suitable risk management processes are in place across the Group and for reporting a consolidated view of risk exposures across the Group. As part of its role, Group Risk assesses the risks run in each business and how they are managed, aims to establish a forward-looking view over emerging risks within the businesses or the external environment and delivers an independent and objective perspective on the risks in the business and whether they are consistent with approved strategy and risk appetite. The Group Chief Risk Officer reports to Olivier Pécoux in his capacity as Chief Executive Officer of the Company's Managing Partner and *dirigeant responsable* within the meaning of the provisions of the French Monetary and Financial code applicable to the financial holding company Rothschild & Co. Group Risk reports to Executive Management on significant incidents in accordance with the provisions of the Group Operational Risk Policy. This policy sets out the criteria and thresholds for identifying significant operational risk incidents and the process for escalating them and ensuring that any remedial actions are appropriately monitored.

Group Finance is responsible for the preparation of statutory financial reports, in accordance with legal requirements and accounting standards; preparation of Group management accounts reports; maintenance and development of the Group reporting system; preparation and submission of regulatory reports; monitoring of compliance with regulatory capital requirements, coordination of business planning and budget process; and planning and implementation of tax planning and Group structuring arrangements. Through the Regulatory Capital Monitoring Division, Group Finance is also responsible for the Group's capital monitoring and the follow-up of large exposures monitoring. Its head, the Group Chief Financial Officer, who is a member of the Group Management Committee, reports directly to Executive Management.

Other functions are important and participate in the internal control system in their specific areas of responsibilities, such as Group Human Resources.

4.3 Periodic controls ('third-level' controls)

Periodic control is independently exercised by Group Internal Audit. The Group Head of Internal Audit meets formally every three to four months with the Company's Managing Partner Co-Chief Executive Officers, and whenever necessary, to present the activity of the Internal Audit function and discuss any material findings raised during the period. The Group Head of Internal Audit presents the activity of Internal Audit to the Audit Committee, which meets four times a year. In March, the Audit Committee approves the audit plan for the coming year and during its meetings in March and September it reviews in detail the activity of the Internal Audit function as described below. The Group Head of Internal Audit meets regularly, usually every quarter, with the heads of the main lines of business to discuss the evolution of the activity and the evolution of risks for their respective area of responsibility. This forms part of the regular information of the Internal Audit function on the evolution of the Group's risk profile.

Each of the Internal Audit Officers is responsible for the audit coverage of some specific lines of business: Global Advisory, Private Wealth, Asset Management, Merchant Banking, Banking and Treasury and Information Technology, in parallel to their local geographical coverage. The other members of the Internal Audit function are not specialised by business and are assigned to the different audits according to the scheduling of the annual audit plan.

4.4 The Supervisory Board

The Supervisory Board, through the workings and reporting of the Risk Committee and the Audit Committee, ensures the implementation by Executive Management of reliable procedures and processes for monitoring the internal control systems of the Group in order to identify, assess and manage risk.

Every quarter, a Group Legal, Compliance and Risk report is presented to the Risk Committee and Audit Committee and both committees report to the Supervisory Board.

The Heads of the Compliance, Risk and Internal Audit functions report on the performance of their duties to the Company's Managing Partner, and whenever it is necessary in accordance with legal and regulatory provisions, to the Supervisory Board via the Supervisory Board's committees. They may be interviewed by the Supervisory Board or the competent Supervisory Board's committee.

4.5 Risk management

The Group's internal control framework is based on the 'three lines of defence' model. The first line comprises senior management of the business itself, which has overall responsibility for risk management. The second line includes independent Risk, Compliance and Legal functions and, to a lesser extent, Finance and Human Resources to monitor on a continuous basis the activity of the business, and the third line comprises Internal Audit as well as the Group's external auditors who both exercise periodic surveillance of the Group's activities.

4.6 Risk appetite

The close involvement of the major shareholder in the active oversight of the Group's businesses is a defining characteristic of the culture and environment within which the Group manages its risks. The guiding philosophy is for management to adopt a prudent and conservative approach to the taking and management of risk.

The principal elements which underpin this approach are the following:

4.6.1 Primacy of reputation

The Rothschild Group is a unique institution with a prestigious reputation which extends beyond normal banking circles and which belies the actual scale of business undertaken. The maintenance of reputation is a fundamental driver of risk management. Business is to be conducted according to the highest ethical standards. The protection of reputation guides the type of clients and businesses the Group will involve itself with.

4.6.2 Family ownership and control

The continuation of family ownership and control shapes the Group's long-term strategy, time horizon for planning, and allocation of capital. Capital allocation is managed within the constraints of raising capital as a family-controlled company.

4.6.3 Management of capital

Business strategy and risk appetite are predicated on the limited access to capital. Capital available to the Group is allocated by the Group Management Committee across the key business lines. Business activities are diversified in terms of the markets within which they operate and the geographical distribution of their activities to reduce the probability of risk concentrations. Responsibility and accountability for the day-to-day management of significant pools of capital is devolved to Group committees and local boards.

4.6.4 Advice and intellect

Advice and intellect are the heart of the Group's business philosophy. The emphasis of the business is towards products which have a high value added intellectual and structured content.

The Group articulates risk appetite through:

- a system of limits (including limits on capital utilisation, credit risk and market risk) and stress tests; and
- a qualitative assessment of the Group's tolerance level for operational risk, including reputational and regulatory compliance risk.

4.7 Risk identification

The Group's activities expose it to several types of risk. Risk arises in Group entities in relation to the specific business activities conducted by them. Responsibility for identifying, communicating and managing risk lies with each business and its management.

The principal Group business activities are:

- Global Advisory
- Private Wealth & Asset Management
- Merchant Banking

The following table summarises the material risk categories and the significant exposure to each category by Group business activity.

Risk category	Risk by business activity		
	Rothschild Global Advisory	Rothschild Private Wealth & Asset Management	Rothschild Merchant Banking
Group	✓	✓	✓
Business	✓	✓	✓
Capital planning		✓	✓
Credit		✓	✓
Operational (incl. reputational)	✓	✓	✓
Market		✓	✓
Liquidity		✓	✓

The material risk categories are defined as follows:

4.7.1 Group risk

Group risk is the risk of an occurrence in one part of the Group, such as a failure or a significant reputational event in a line of business, causing damage to another business line in the Group or to the Group as a whole.

4.7.2 Systemic risk

Systemic risk is the risk of disruption of the financial system with the potential to have serious negative consequences for the financial system and the real economy.

4.7.3 Business risk

The Group and each of its business lines are exposed to business risk. Business risk covers the risk of loss (or opportunity cost) relating to each of: the business strategy, economic cycle, competitive business environment, political landscape and strategy execution.

4.7.4 Capital planning risk

This is the risk that the Group and/or entities engaged in banking activities do not hold sufficient capital to protect against expected and unexpected losses arising from the risks described above. For planning purposes, the Group considers credit risk capital requirements from both a regulatory and economic capital perspective.

This includes the identification, management and monitoring of the risks of excessive leverage.

4.7.5 Credit and counterparty risk

Credit risk is the risk of loss that may occur through (primarily) an exposure to customer default or counterparty default. This risk is particularly prevalent in individual, corporate and structured lending, corporate hedging, inter-bank lending and traded credit positions with which Banking & Asset Finance are involved (although other Group businesses also have limited exposure to credit risk).

Concentration risk is the risk arising from exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region or from the same activity or commodity, and is treated as a subset of credit risk.

Settlement risk is the risk incurred during the period between the time when the payment or delivery order for a financial instrument that has been sold can no longer be unilaterally cancelled and the final receipt of the purchased instrument or corresponding cash, and is considered as part of credit risk.

Intermediation risk is the risk that a principal or counterparty will default in a transaction involving financial instruments for which a supervised institution has guaranteed final settlement.

Securitisation risk is the risk arising from securitisation transactions in relation to which the credit institutions are investor, originator or sponsor, and is considered as part of credit risk.

4.7.6 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems as well as external events.

Operational risk arises in all of the Group's business activities. The Basel Committee on Banking Supervision has identified the following broad areas of operational risk:

- Business Disruption and Systems Failures;
- Clients Products and Business Practices;
- Damage to Physical Assets;
- Employment Practices and Workplace Safety;
- Execution, Delivery and Process Management;
- External Fraud;
- Internal Fraud.

The Group takes the view that the failure to control operational risk can, in varying degrees, give rise to reputational risk (i.e. the potential that negative publicity regarding the business practices of a member of the Group, whether true or not, will cause a decline in the customer base of that entity, costly litigation or revenue reductions) as reputational risk is inherent in most aspects of the business and features as a consideration in all decision-making. The Group monitors the management of this risk closely and requires that issues with a material reputational impact are escalated quickly to senior management.

Operational risk includes residual risk, which is the risk that credit risk mitigation techniques may prove less efficient than expected, and model risk, which is the risk of the potential loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.

4.7.7 Market risk

Traded market risk is the risk of loss that may occur through a trading exposure to market factors such as interest rates, exchange rates, implied volatilities, spreads and equities. This risk is particularly prevalent in Banking & Asset Finance through the trading book activities.

Non-traded market risk is the risk of loss due to market factors that may occur through non-trading activities. This risk arises primarily in relation to:

- a liquidity portfolio (traded debt securities);
- balance sheet re-pricing mismatch (asset and liability position);
- equity underwritings; and
- equity investments.

Market risk includes interest rate risk in the banking book, that is risk arising from potential changes in interest rates that affect an entity's non-trading activities, and basis risk, which arises when the value of the instrument used to hedge a financial risk exposure does not move in line with the value of the original exposure.

4.7.8 Liquidity risk

Liquidity risk is the risk that a subsidiary cannot meet its payment obligations as and when they fall due. This risk arises mainly through a mismatch in maturity of balance sheet assets and liabilities relating to a subsidiary's lending activities and treasury funding activities.

5 Organisation of the Group accounting arrangements

Group Finance has the necessary people to produce the financial, accounting and regulatory information of the Group on a consolidated and regulatory basis. The Finance Department consists of three sections: management accounting, financial accounting (including consolidations) and regulatory reporting.

5.1 Overview of statutory accounting arrangements

The local accounting departments are responsible for local statutory accounts. Group Finance produces the consolidated Rothschild & Co accounts only.

5.2 Process for establishing consolidated accounts

The consolidation department of Rothschild & Co manages the chart of accounts and the associated databases, performs the Group consolidation, controls the consistency and completeness of data and draws up the consolidated accounts and related notes.

In BFC, the consolidation tool of Group Finance, all subsidiaries report their individual accounting information using a chart of accounts and a format that are common to the whole Group.

Accounting data are reported directly under IFRS in BFC. The Group defines in its data dictionary how to record specific transactions and defines how the notes to the accounts should be prepared. The data dictionary, as well as other accounting guidance, is available for all offices on Rothschild & Co's Intranet. There are also quarterly reporting instructions and a quarterly Group Finance Newsletter/Circular.

Once data has been input into BFC, 'blocking' controls defined by the Group are applied in order to validate the consistency of the accounting data, the correctness of the flows and the completeness of the analyses. In addition to these controls, the procedure for preparing the consolidated accounts includes:

- the reconciliation of inter-company transactions and the distribution of shareholdings in the Group's companies;
- checks on the application of consolidation adjustments;
- analysis and justification of shareholders' equity;
- analysis of changes in balances and ratios on a quarterly and year-to-date basis; and
- review at consolidated level of the provisioning policy.

These controls are subsequently repeated at the global Rothschild & Co consolidation level.

5.3 Accounting control process

The accounting control process at Group level complements the control systems implemented at each level of the Group's organisation.

5.4 Accounting control mechanisms in the Group

Group Finance relies on a decentralised system where the primary control functions are assigned to the persons responsible locally for producing the financial statements.

Accounting data is collected using BFC, the Group's consolidation tool. The local finance departments are responsible for validating the accounting data entered in BFC through three levels of control:

- a first level – of the self-control type – which is embedded in the local accounting processes. These controls are operated daily;
- a second level, which is operated by accounting managers, for example involving controls on securities positions and consistency controls designed to ensure the reliability and completeness of the accounting and financial information; and
- a third level, which involves the Statutory Auditors who certify the accounts, carried out on an annual and half-yearly basis. Note that not all entities are audited (but most are) and that only the large entities and the significant balances are reviewed for the half-year accounts. The Internal Audit department could also be involved in the control process as a third level control.

Local entities' accounting information is input on an IFRS basis into BFC templates. Once data has been input, 'blocking' system controls are applied.

5.5 Accounting control mechanisms at consolidation level

In addition to the control procedures described above, the consolidation process is accompanied by additional checks on the integrity of the consolidated accounting information. These checks are carried out by:

- Group Finance, in addition to its controls on the integrity of the accounting information, checks the consistency of the data reported with:
  - its knowledge of the major transactions;
  - the Group management accounts;
  - a category-by-category analysis of key balances;
  - papers produced by other relevant committees (for example, the Remuneration and Nomination Committee, the Assets and Liabilities Committee, the Group Management Committee, etc.);

- Rothschild & Co Gestion SAS, which approves the consolidated accounts before they are sent to the Audit Committee;
- the statutory auditors, in the context of the certification of the accounts. Their work is carried out in accordance with professional standards; and
- a final level of control takes place through the work of the Audit Committee, which is responsible for examining the Rothschild & Co consolidated accounts.

During 2015 reporting, Group Finance recorded areas of potential improvement for local teams. A presentation which summarised these was presented to the senior local accountants responsible for the key reporting entities. The local team agreed actions with Group Finance to address the observed shortcomings, and these will be followed up for the next quarter's reporting.

5.6 Control framework for regulatory reports

The Group Regulatory Reporting Division draws up the relevant Group procedures and ensures the quality and reliability of calculations of the solvency ratio, credit risk, market risk, operational risk and regulatory capital. At Group level, the regulatory reports prepared for the Autorité de Contrôle Prudentiel et de Résolution are those related to:

- the solvency ratio (COREP);
- IFRS reports on a regulatory scope (FINREP);
- large exposures (SURFI);
- unrealised gains and losses (SURFI);
- list of subsidiaries (SURFI);
- commitments abroad (SURFI); and
- banking deposit guarantee system (SURFI).

Following CRD4 implementation, current procedures are currently still under revision to take into account the new CRD4 rules and changes coming from EBA detailed interpretations of rules that are still ongoing in the Q&A process.

There are currently four main procedures related to the regulatory reporting process:

- solvency ratio procedure was first written and communicated in May 2010;
- large exposures procedure;
- procedures have been defined for FINREP and list of subsidiaries;
- counterparty master data procedure.

Furthermore, each quarter the regulatory reporting team circulates quarterly regulatory reporting instructions and a quarterly Group regulatory finance newsletter to all relevant finance staff in the Group.

Statutory Auditors' report on the report of the Chairman of the Supervisory Board

This is a free translation into English of the statutory auditors' report prepared in accordance with Article L.226-10-1 of the French Commercial Code, on the report of the Chairman of the Supervisory Board issued in French. It is provided solely for the convenience of English-speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the financial year ended 31 March 2016

To the Shareholders,

In our capacity as Statutory Auditors of Rothschild & Co S.C.A. and in accordance with Article L. 226-10-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your company in accordance with Article L. 226-10-1 of the French Commercial Code (*Code de commerce*) for the year ended 31 March 2016.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 226-10-1 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 226-10-1 of the French Commercial Code (*Code de commerce*), being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 226-10-1 of the French Commercial Code (*Code de commerce*).

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 226-10-1 of the French Commercial Code (*Code de commerce*).

Paris-La Défense, 22 June 2016	Paris, 22 June 2016
KPMG Audit FS II	**Cailliau Dedouit et Associés**
Pascal Brouard	Jean-Jacques Dedouit
Partner	*Partner*

1 Group Corporate Social Responsibility policy

Over the years, the Group has been gradually developing and implementing policies designed to take environmental and social issues into greater account in its businesses, and circulating these among its employees. Given the Group's structure, the initiatives are usually taken locally. However, they are informed by a common set of values on which the Group's internal operations, relations with stakeholders and investment decisions are based.

Social and environmental information has become an integral part of the Group's reporting practice. These issues are governed by a number of committees, including an Environment Committee, Community Investment Committee and a Diversity Committee.

As the parent company of the Group, Rothschild & Co monitors the policies and activities of these committees on a consolidated basis.

The Group is strongly committed to taking into account the impact of its activities on society and the environment. However, as a group carrying out banking and financial activities, the disclosure of some of the information listed in article R. 225-105-1 of the French Commercial Code is not relevant. Explanation is provided where information has been excluded.

In accordance with the provisions of article L. 225-102-1 of the French Commercial Code which provides that corporate social responsibility (CSR) information disclosed in this report must be certified by an independent third party, the Managing Partner has appointed KPMG as the Group's independent certifier. The report by KPMG on this report is presented on pages 100 onwards.

2 Methodology

2.1 Reporting procedure

Coordination of the CSR reporting procedure is conducted at the Group level by members of the Group Human Resources, Central Group in charge of the Environment and Community Investment, Group External Reporting, Property and Corporate Services and Group Company Secretary departments within the Rothschild & Co Group (the 'CSR Working Group').

The CSR Working Group has met on a periodic basis to set up the scope of the reporting, to organise the collection of the relevant information for the 2015/2016 period and consolidate the indicators included in the reporting campaign.

In the absence of recognised reporting standards on corporate social responsibility that are relevant to its activities, Rothschild & Co, as the Group's parent company, has defined its own reporting procedures based on best practice and on information required by the legal provisions, consolidated in the Rothschild & Co CSR Reporting Guidelines.

These guidelines are updated on an annual basis taking into consideration the CSR objectives fixed for the financial year and set out a formal framework by covering the human resources, environmental and community components and provides guidelines on methodology for all those involved in preparing the CSR information to be included in this report. These guidelines have been updated by the CSR Working Group for the 2015/2016 financial year and then reviewed and validated by Rothschild & Co to incorporate changes affecting the Group or the performance indicators from last year.

2.2 Reporting scope

For the 2015/2016 financial year, given the Group's organisation complexity, the scope of the reporting did not include all of its entities for some of the required information. It had been decided to take into account, regarding most of the disclosed information, the Group's six main offices: London, Paris, Zurich, New York, Frankfurt and Johannesburg (for the environmental information).

For the financial year under review, it has been decided to maintain that scope, with an extension of scope for environmental information, with the overall objective of a better qualitative approach and an improved verification process based on the following:

- **Completeness:** the Group strives to provide the most comprehensive information possible, notably by including indicators covering the most significant consolidated entities;
- **Materiality:** the published information is significant and representative of the Group's business. The Group's performance data is presented within the social, economic and environmental context, taking into account the challenges facing the Group.

In consideration of the above, the reporting scope in respect of this report has been defined as follows:

- Human resources information:
  - regarding labour information, all fully consolidated entities within the Group (excluding joint ventures) are included in the report boundary;
  - regarding training information, only the four major offices (Paris, London, Zurich and New York) are included in the report boundary, representing approximately 80% of Rothschild & Co headcount, with quantitative information provided for London (including trainings organised by the office for people from the other offices) and Paris only;
  - regarding Health & Safety information, only the two major offices (Paris and London) are included in the report boundary, representing approximately 60% of the Group headcount.
- Environmental information: ten offices are included in the reporting boundary: London, Paris, Zurich, New York, Frankfurt, Guernsey, Milan, Sydney, Hong Kong and Johannesburg, representing approximately 86% of the Group headcount.
- Corporate responsibility information: all fully consolidated entities within the Group (excluding joint ventures) are included in the report boundary, except for information on community investment which focuses on offices participating in the programme implemented within the Group.

The information collected covers the period from 1 April 2015 to 31 March 2015, except for data relating to human resources information collected for the Paris office which covers the period from 1 January 2015 to 31 December 2015. Data is also provided for the 2014/2015 financial year in order to allow a comparison between those two financial years.

3 Human resources information

3.1 Our people

By geography *(as at 31 March)*	2016	2015
United Kingdom and Channel Islands	924	1,059
France	684	642
Switzerland	359	351
Other Europe	307	335
North America	267	219
Rest of the world	288	247
Total Group	**2,829**	**2,853**

By business *(as at 31 March)*	2016	2015
Global Advisory	1,203	1,112
Private Wealth & Asset Management	839	796
Merchant Banking	91	70
Specialist Finance	54	258
Central & Support	642	617
Total Group	**2,829**	**2,853**

Employee age profile[1] *(as at 31 March)*	2016	2015
< 30 years	22.3%	22.5%
30 to 39 years	33.1%	32.7%
40 to 49 years	25.8%	26.6%
> 50 years	18.7%	18.2%
Total Group	**100%**	**100%**

Employee gender profile *(as at 31 March)*	2016	2015
Male	60.8%	60.3%
Female	39.2%	39.7%
Total Group	**100.0%**	**100.0%**

(1) Age distribution based on 97% of data.

A global team of talented individuals from a diverse range of backgrounds and cultures

The Group attracts, develops and retains some of the industry's brightest minds. We strive to create an inclusive culture that encourages the highest standards of quality, professionalism and ethics.

The Group has over 2,800 employees across the world, of which 40% are female. Our team is truly global; we draw on local talent from each of the 43 countries in which we are based and beyond, hiring and developing the best each region has to offer.

The Group offers structured Graduate and Internship programmes in our Global Advisory, Private Wealth & Asset Management, Merchant Banking and Asset Management businesses, for both students in their final year of university and those who have already graduated. 123 students were hired and placed onto the Global Graduate Training Programme. A large number of the graduates had completed an internship with Rothschild prior to joining the full-time programme and the remainder were hired via our online and campus recruitment campaigns. We have a keen focus on diversity for all our Internship and Graduate programmes.

The Group also recruits experienced professionals to help grow our business and in order to fill critical gaps in our succession planning. However, our key focus is always to offer growth potential and progression to our employees internally, and as such we keenly promote internal mobility as a first priority. When Human Resources do recruit externally, candidates are sourced in partnership with our Business Unit Heads and Departmental Managers. Human Resources also work with specialised recruitment agencies/head-hunters to identify candidates, again considering the broader diversity of the candidates we select.

During the 2015/2016 financial year, the number of redundancies was not significant, representing 1% of the total headcount, and the amount of new joiners was 547, including the graduates mentioned above throughout the year.

3.2 Remuneration

The Group's remuneration policies, procedures and practices are in line with our business strategy, objectives, values and long-term interests and are designed to promote sound and effective risk management. The Remuneration and Nomination Committee is responsible for overseeing remuneration-related matters.

We reward our people at a total compensation level, paying fixed and variable compensation. We ensure that fixed and variable components of total compensation are balanced appropriately.

Fixed compensation is driven by the local market for the job taking into account responsibilities, skills and experience and annual variable compensation is awarded on a discretionary basis, driven by a combination of the results of the Group as a whole and the financial performance of the business division in which an individual works as well as local market competitiveness and is then truly differentiated based on individual performance against financial and non-financial metrics.

In some cases we operate deferral arrangements to defer a proportion of variable compensation over three years. For our regulated population, part of this deferral is awarded in non-cash instruments.

Detailed information is presented in the consolidated financial statements, on page 150, under note 28 'Operating expenses'.

3.3 Work organisation

Working hours vary from country to country depending on national legislation and are therefore managed and monitored by local management and Human Resources teams.

Absenteeism is actively monitored and managed by local offices. Currently we do not have a uniform system for reporting this, but are embarking on a global systems project to renew our software by 2017 to support this and other reporting initiatives.

Corporate social responsibility

3.4 Labour relations

Communication and feedback to employees form a key aspect of our values. In particular, two of these values (long-term focus and teamwork) underpin our commitment to our workforce. Attracting, developing and rewarding people is at the heart of what we do. Therefore, providing regular and thorough feedback is critical to this. This is done most formally through our appraisal system, where employees receive an end of year review. Managers are encouraged to meet with their direct reports on a regular basis to ensure dialogue on progress and two-way feedback is promoted. More generally, Group and division-wide communication is regularly promoted through email updates, and the various businesses have their own form of face-to-face divisional gatherings. Regarding our four largest offices, we only have collective agreements in France. During the 2015/2016 financial year we have signed six collective agreements.

3.5 Health & Safety

Over the last financial year the Group has further strengthened and improved its health & safety compliance requirements. The Group has also established a continuous improvement programme to ensure it maintains legal compliance across the globe.

We have developed a more appropriate governance structure, the Global Environment, Health & Safety Committee. With senior representatives across the business, the committee will direct the relevant health & safety activities of the Group, its level of seniority being such that it will relieve the CEOs of the task of addressing health & safety matters directly, although they, along with the Board, will retain overall responsibility.

In the UK, the Health & Safety at Work Act sets out the general duties which employers have towards employees and members of the public, and employees have to themselves and to each other.

The London Office publishes and communicates a policy stating the intention to minimise the risk of injury and ill health by providing and maintaining, so far as reasonably practicable, a safe and healthy working environment for all employees, clients, visitors and contractors, and to enlist the support of employees towards achieving these ends.

The London Office employs a Health & Safety Manager who enables direct communication and consults with employees on health & safety matters in London and the Regional Offices Manchester, Leeds and Birmingham. Health & safety management includes, but is not limited to:

- risk assessments – including workstation, home working, new and expectant mothers, work experience, and manual handling assessments;
- contractor management and access procedures;
- accident reporting;
- inspection and audit.

In the UK, the Health & Safety Manager uses risk assessment, inspection and audit to proactively measure and monitor health & safety performance in the business.

In France, we have a Health & Safety Committee, where we pay great attention to health, hygiene, safety and the working conditions of our employees. We evaluate and anticipate risks, offer information and implement training on these subjects and we regularly review our procedures and systems at least once a year through the 'Document d'évaluation des risques' (report identifying the risk on health, safety and working conditions) and the 'Document de prévention des risques' (report which identifies the action plan implemented to control the risk). These two documents are regularly reviewed with the social representatives.

There are no collective agreements in place with regard to health & safety matters in the UK. In France, our collective agreements also cover Health & Safety.

For the 2015/2016 financial year, the UK offices have not had any reportable workplace accidents resulting in lost working days and the Paris office reported five workplace accidents resulting in lost working days.

3.6 Training and development

The Group offers training and development opportunities, enabling employees to improve their professional competencies. There are local and international training programmes, face to face, or virtually.

The Learning and Development team is dedicated to assisting the Group's aim to build and provide solutions to satisfy all aspects of an employee's development through services in training, mentoring, coaching and team development.

Some examples of our key programmes:

Bankers' Development Programme: the Bankers' Development Programme is a comprehensive technical training curriculum comprised of mandatory, recommended and available courses for bankers at all levels in Global Advisory. Organised by grade, the courses are designed to further develop employees' skills as they progress through the firm. As well as offering face-to-face instructor led training, WEBEX training is also offered for global offices.

Each area of **Wealth Management & Trust** has its own bespoke Career Development Framework and Curriculum which provides guidance to employees on the learning available to them and their specific roles. This year, we have run a pilot on management development: Driving Performance – Getting the best out of yourself and others. 11 delegates attended from London, Zurich, Geneva and Guernsey. The plan is to roll out to all staff with people responsibilities. In addition, we have developed a structured development programme for Analysts and Associates which provides technical and client skills training alongside on-the-job training.

Global Graduate Training Programme: is run on an annual basis for Global Advisory and Wealth Management graduates consisting of four weeks of intensive technical training followed by business-specific training for Global Advisory and Wealth Management. The programme is held in the UK for Global Graduates and the US for Americas Analysts. In addition to the technical training, the programme includes a Corporate Induction (presentations from the business) as well as a two-day residential programme.

Compliance Training: is provided through e-learning and face-to-face training workshops to all staff depending on their role and local regulatory requirements.

Performance Review: line managers are offered training prior to the Performance Review process each year to enhance their skills in managing performance and giving feedback. In Wealth Management, ten workshops were held in London and Zurich and a number of individual coaching sessions for line managers were organised. In Global Advisory, seven workshops were held in London, New York and via WEBEX for overseas employees.

Within **Global Advisory**, a number of bespoke training programmes have been organised by sector or products. For example, the Financial Institutions team attended Banking and Insurance Valuation, and all Managing Directors within UK GA have attended communication skills training.

The Group does not record the number of training hours, however, in the UK 137 training events took place with 1,479 employees attending. In France, we allocate a large budget to the individual training of our employees well above our legal obligation and we provided 243 training sessions.

In addition to these global training programmes each country has its own training policy and programmes.

3.7 Equal opportunities

We hire the most talented individuals, from a diverse range of backgrounds, cultures and experiences. The Group is committed to providing equal opportunities in employment and aims to ensure that it will not unlawfully discriminate in employment because of race, colour, religion or belief, gender, national or ethnic origin, disability, age, nationality, marriage or civil partnership, pregnancy or maternity, sexual orientation or gender-reassignment. It is therefore the Group's policy to make every effort to provide a working environment free from harassment, intimidation and discrimination which the Group considers unacceptable behaviour.

The policy applies to all areas of employment including recruitment, the terms and conditions of employment, training, career development, replacement, promotion, transfer, redundancy, rehiring, benefits, compensation, retirement and termination.

As an equal opportunity employer, the Group seeks to recruit based on experience and ability ensuring that the best candidate for the position is recruited. Only those qualifications and skills which are important to the job will be the criteria of selection for recruitment and promotion.

Respect for diversity and an inclusive culture are both central to our success. As such, we support various personal development initiatives including mentoring and membership of networking organisations and forums to connect our professionals and promote inclusivity across the firm.

We have been participating in the '*Charte de la Diversité*' since 2005. In this regard, we aim at having objective criteria in our recruitment, appraisal and compensation processes and we inform and train our managers on this important subject.

The Network for Knowledge (NFK) Committee is a City-wide, cross-firm organisation in London for women founded by Goldman Sachs International in 2007. The Committee is comprised of senior women from law firms and banks, including representation from Rothschild. It aims to connect female professionals from across these fields and to address the issues that affect their career development. The NFK organises regular networking events, training sessions and seminars including an annual flagship event. There is a cross-firm mentoring programme in which a number of professionals from Rothschild participate.

David de Rothschild is one of the 54 Chairmen of the 30% Club which aims to increase female representation on UK corporate boards from the current industry average of 12% to 30%. This initiative was launched to support and encourage women's career development and to garner support from chairmen and companies to recognise and cultivate talented women up to board level. We now have women on our major board, with a view to further enhance this and bring yet greater diversity to this Group.

In the UK, we have formed a Diversity Committee which is chaired by a senior investment banker in cooperation with a number of senior representatives from each major area of the bank. Alongside this, our female professionals have formed a Rothschild Women's Network (RWN) to further assist in the attraction and retention of women in our various businesses. The RWN has now organised several events targeted at different levels of employees and sends a regular newsletter out to its membership. This year, colleagues have also formed an LGBT Network and the firm has become a member of Stonewall's Diversity Champions Programme which is Britain's good-practice forum on sexual orientation in the workplace. We also have a focus on our junior professionals in particular and have launched initiatives to help them manage their work-life balance. This approach very much involves the assistance of our senior colleagues to help champion this. To support all of the above efforts, we have also launched Balance@Rothschild, which is a series of workshops and seminars on health and well-being.

In France, we have put in place measures to promote gender equality in three key areas: recruitment, compensation and work-life balance. Action plans are presented and reviewed every year with our social representatives. We also have a plan in favour of more seasoned employees and measures to enhance their professional development.

3.8 Measures implemented to promote employment and integration of disabled people

The Group ensures that no discriminatory criteria is applied for recruitment, career development and compensation decisions. Where an employee has a disability, we work closely with them and our Occupational Health advisers to provide the appropriate adjustments and support to ensure they can be successful and fulfilled in the workplace. We also collaborate with specific organisations and charities, for example Blind in Business, to ensure that we are providing the best possible care and support to our employees.

In France, we also contribute to the employment of disabled persons by financing specialised companies or by choosing suppliers who employ disabled people and we invest in educational projects for disabled people.

3.9 Promotion and observation of the International Labour Organisation's Convention

The policies implemented by the Group adhere to and are in line with the main provisions of the ILO Convention, for example the elimination of all forms of forced labour, abolition of child labour, elimination of all forms of discrimination in respect of employment and occupation examples of which we have detailed above under Equal opportunities, but also in respect of freedom of association and collective bargaining.

4 Environmental information

The Group's operations have an impact on the environment and as a Group we have a responsibility to manage and take action to reduce the negative environmental impact as far as practicable and to promote a culture of environmental stewardship. In order to do this we must understand our material impacts and legal environmental obligations in a structured, meaningful way.

In 2014/2015 we reported environmental data from six offices: London, Paris, Zurich, New York, Frankfurt and Johannesburg. The 2015/2016 report expands this scope to include Guernsey, Milan, Sydney and Hong Kong. This represents an increase in percentage terms of approximately 9% to 86% total coverage by headcount. Our ambition is to report on 100% of our office portfolio.

The apparent increases in total environmental impacts for 2015/2016 are a direct consequence of introducing four new offices to the reporting process, increased business activity and continuous improvements in data quality and collection. Further overall reporting improvements will be made as we move towards a more automated data gathering and reporting process.

Improvements in material use efficiency have been localised with some offices implementing their own measures. Across European Union (EU) member states, the Group has conducted energy assessments in line with Article 8 of the EU Energy Efficiency Directive. At a Group level, improvements in all elements of environmental management will be signed off by the Environment, Health & Safety (EH&S) Committee to ensure a consistent and aligned approach.

We have again normalised our total impact against full time equivalents (FTE), enabling us to understand our environmental impact at an employee level. As such, and due to the FTE count increasing at a greater rate than the total impact, we have seen a decrease in impact/FTE. This is recognised in all categories with the exception of business flights, where the increased travel requirements due to increased business activity grew at a faster rate.

Over the last financial year the Group has further strengthened and improved its environmental compliance requirements. The Group has also established a continuous improvement programme to ensure it maintains legal compliance across the globe.

During 2015/2016 we have become more globally connected on environmental concerns. As a consequence, we have developed a more appropriate governance structure, the Global Environment, Health & safety Committee. It is responsible for the Group's activities, within the orientations defined by the management.

4.1 General Environment Policy

4.1.1 Company policy addressing environmental issues and steps taken to evaluate performance or obtain environmental certification

The Group has agreed the development of a Group Environment Policy. Historically, our offices have either had no policy to align with, aligned with their building landlord's policies or aligned to the UK Environment Policy Statement.

4.1.2 Employee training and awareness on environmental protection

Employee environmental training and awareness has been limited to locally driven initiatives. However, a global environmental training programme has been identified and will be rolled out over the coming years to all offices.

To ensure a common understanding of environmental aspects globally, the Group will begin the alignment of an Environmental Ambassador network of best practice idea sharing across offices in an effort to ensure environmental improvement activities have a formalised structure.

4.1.3 Amount of provisions and guarantees for environmental risk

Given the current understanding and with a continuous improvement compliance programme in place, no particular provisions or guarantees have been identified or are required for environmental risk.

4.2 Pollution and waste management

4.2.1 Measures for preventing, reducing or offsetting discharges into the air, water and soil, with a severe impact on the environment

As an office-based business, the Group does not consider its discharges into air, water and soil to be material environmental risks.

4.2.2 Waste prevention, recycling and disposal measures

While some offices manage their own waste and recycling, generally speaking, waste management is driven by the facilities provided and managed by building landlords.

The increase in totals is a direct consequence of increasing the scope of offices reporting environmental data, as well as increased business activity and more accurate weighing of waste and recycling material. Increased accuracy of weights provides a clearer understanding of the impact from waste production and recycling. This increase is reflected in the higher total Group waste numbers.

The decrease in incineration and increase in recycling is a direct consequence of an error correction from 2014/2015, whereby the waste streams were incorrectly allocated.

Waste disposal data(1)

Waste disposal in tonnes	2015/2016	2014/2015
Recycling	399.5	145.5
Composting(2)	24.5	17.7
Incineration	121.8	303.2
Landfill	46.2	15.5
Total waste disposal	**591.4**	**481.9**
Tonnes/FTE	0.2	0.2

(1) For more information on waste disposal data please refer below to the additional notes for section 4.1 to 4.3 inclusive.
(2) Compostable waste includes food waste.

4.2.3 Sound pollution and any other form of business-specific pollution

As an office-based business, the Group does not consider sound pollution to be of material environmental risk. The Group does not contribute to any other business-specific forms of pollution.

4.3 Sustainable use of resources

4.3.1 Water consumption and water supply based on local constraints

As we increase the scope of our reporting we will have a better understanding of water stresses in the local areas. We will assess and redefine what water stress means to the Group.

The increase in totals is a direct consequence of increasing the scope of offices reporting environmental data. Approximately 2,500m^3 of water is from the new office locations.

Water use data(3)

Water use in m^3	2015/2016	2014/2015
Water consumption	37,873.2	36,114.0
m^3/FTE	14.8	18.0

(3) For more information on water use data please refer below to the additional notes for section 4.1 to 4.3 inclusive.

4.3.2 Consumption of raw materials and measures to improve efficiency in their use

Raw materials are interpreted predominately to mean paper. However, the increased reporting scope has resulted in more materials being measured.

The increase in totals is a direct consequence of the increase in business activity and the inclusion of more paper-based consumables, including cups and paper towels.

Materials use data(4)

Material use in tonnes	2015/2016	2014/2015
Paper consumption (recycled content)	29.5	21.4
Paper consumption (virgin content)	173.7	147.9
Paper towels (recycled content)	5.4	5.4
Paper towels (virgin content)	2.3	2.0
Paper cups (recycled content)	0.5	–
Paper cups (virgin content)	0.5	–
Plastics	0.02	–
Total paper consumption	**211.8**	**176.7**
Tonnes/FTE	0.1	0.1

(4) For more information on materials use data please refer below to the additional notes for section 4.1 to 4.3 inclusive.

4.3.3 Energy consumption and measures to improve energy efficiency

The combination of increased business activity and reporting scope has been the major contributor to the increase in Group energy consumption.

Energy use data(5)

Energy use in MWh	2015/2016	2014/2015
Natural gas combustion	3,484.8	3,272.5
Gasoil/diesel combustion	69.0	5.5
Electricity consumption	11,848.7	10,705.9
Heat consumption	386.8	464.0
Total energy consumed	**15,789.4**	**14,448.0**
MWh/FTE	6.2	7.2

(5) For more information on energy use data please refer below to the additional notes for section 4.1 to 4.3 inclusive.

4.3.4 Land use

The Group does not consider land use to be of material environmental risk since its sites are for office use only and are located in major cities. No sites are located in or adjacent to areas of high biodiversity value.

4.4 Climate change

4.4.1 Adaptation to the consequences of climate change

Over the coming reporting year, the Group will begin investigation into the level of risk from climate change and the effects that it will have on its business divisions.

4.4.2 Greenhouse gas emissions

Our greenhouse gas (GHG) emissions are calculated as tonnes of carbon dioxide equivalent (tCO_2e), a universal unit of measurement expressing the impact of each different GHG in terms of the amount of CO_2 that would create the same amount of warming. We calculate CO_2e by multiplying our activity data, for example waste incineration, landfill and miles travelled by air, by the UK DEFRA-approved conversion factors.

The scope of emissions reporting includes Scope 1 and Scope 2 emissions, and Scope 3 emissions in respect of business travel, water supply and wastewater treatment, materials, waste disposal, and electricity transmission and distribution losses.

With our scope expansion in 2015/2016 we see increases in energy and subsequent GHG emission.

Corporate social responsibility

Greenhouse gas emissions data

Greenhouse gas emissions in tCO_2e (except electricity for New York, Zurich, Paris, Frankfurt, Johannesburg, Hong Kong, Sydney and Milan which is tCO_2)			2015/2016	2014/2015
Direct Emissions (Scope 1)	Natural Gas		608.8	605.3
	Gasoil		18.7	1.5
	Owned Vehicles	*Distance*	42.3	25.8
		Petrol	86.0	57.2
		Diesel	–	63.0
TOTAL SCOPE 1			**755.9**	**752.9**
Indirect Emissions (Scope 2)	Electricity Consumption		3,658.8	3,398.3
	Heat Consumption		86.5	100.6
TOTAL SCOPE 2			**3,745.3**	**3,498.8**
Indirect Emissions from Flights (Scope 3)	Business Travel – Flights	*Domestic All Classes (Av Passenger)*	54.1	–
		Short-Haul Average Passenger	–	347.4
		Short-Haul Economy Class	392.5	848.4
		Short-Haul Premium Economy Class	4.1	n/c
		Short-Haul Business Class	927.8	1,266.5
		Short-Haul First Class	0.3	n/c
		Long-Haul Economy Class	60.2	264.5
		Long-Haul Premium Economy Class	12.9	65.0
		Long-Haul Business Class	3,111.9	6,462.4
		Long-Haul First Class	421.4	998.9
		International (Av Passenger)	292.1	n/c
		International Economy Class	1,109.1	n/c
		International Premium Economy	8.6	n/c
		International Business Class	6,246.4	n/c
		International First Class	1,139.4	n/c
Total Emissions – Flights			**13,780.6**	**10,253.0**
Other Travel Emissions (Scope 3)	Business Travel – Rail	*National*	40.5	79.3
		International	24.5	13.4
	Business Travel – Taxis		169.6	125.8
Total Emissions – Other Travel			**234.6**	**218.5**
Other Emissions (Scope 3)	Water	*Water Supply*	13.0	12.4
		Water Treatment	26.8	25.6
	Materials	*Paper*	189.8	161.5
		Plastics	0.1	n/c
	Waste	*Re-use*	–	0.1
		Recycling	8.4	3.1
		Composting	0.1	0.1
		Incineration	2.6	6.4
		Landfill	4.3	3.1
	Company Leased Vehicles		172.1	64.7
	Electricity Transmission and Distribution Losses		319.2	300.2
Total Emissions – Other			**736.5**	**577.1**
TOTAL SCOPE 3			**14,751.8**	**11,048.6**
TOTAL SCOPE 1,2 and 3			**19,253.2**	**15,300.3**

4.5 Measures taken to preserve or develop biodiversity

No specific measures have been taken to preserve or develop biodiversity at a Group level.

Additional notes for Section 4.1 to 4.3 inclusive

General data notes

The reporting period is the financial year 1 April 2015 to 31 March 2016.

The total Group FTE headcount used to calculate the environmental impact per FTE uses HR finance headcount data provided by the Global HR team. This figure is added to the site representative reported third party and contractor headcount. The result of adding the two headcount numbers is used to calculate the impact per FTE (Impact/FTE).

Impact per FTE is used to normalise the total impact against headcount.

Our full time equivalent headcount is taken from the Human Resources (HR) system as a 'snapshot in time' on 31 March 2016. Third party or service provider employee headcount is not captured by the HR system; instead, this headcount is manually captured and through aggregation those employees on site.

In order of largest headcount, the 2013/2014 offices that provided environmental data include: London, Paris, Zurich and New York.

In order of largest headcount, the 2014/2015 offices that provided environmental data include: London, Paris, Zurich, New York, Frankfurt and Johannesburg.

In order of largest headcount, the 2015/2016 offices that provided environmental data include: London, Paris, Zurich, New York, Frankfurt, Guernsey, Milan, Sydney, Hong Kong and Johannesburg.

DEFRA national electricity factors for Zurich, Paris and New York are available only for CO_2, rather than CO_2e. The total electricity figure is reported as CO_2e.

Where assumptions or estimates have been made, this is explained in the following notes for each section.

Waste disposal data notes

Total waste from the Frankfurt office is estimated on the basis of information provided by the city authorities. The waste produced by the city is divided by its population. This figure is multiplied by the number of employees at the Frankfurt office to establish the total.

London and Zurich waste data is now accurately weighed, not estimated as in previous years.

The decrease in incineration and increase in recycling is also a consequence of the correct allocation of waste streams from the Paris office, which were incorrectly allocated in 2014/2015.

Materials use data notes

Raw materials are interpreted to predominately mean office paper; however, the increased reporting scope has resulted in more materials being measured, including paper towels, cups and plastic, where the data has been provided.

It is assumed that one sheet of A4 paper weighs 5 grams, except in the US where an A4 sheet weighs 4.5 grams.

In 2014/2015 New York paper consumption (virgin content) incorrectly included the paper towel tonnes. This has been updated in this financial year's report and correctly categorised.

Energy consumption data notes

Greenhouse gas emissions have been calculated using most recent DEFRA emissions factors.

Zurich natural gas in 2014/2015 was incorrect due to a transposition error to the final spreadsheet. Last year's reported figure for Zurich has been updated for this report.

In 2014/2015 the Paris electricity figure was incorrectly taken as the sum of total consumption (office consumption and landlord consumption) plus landlord consumption, not total consumption minus landlord consumption. This has been updated for this year's report.

The factor for CO_2 equivalent (CO_2e) has been used, with the exception of electricity in New York, Zurich, Paris, Frankfurt, Johannesburg, Hong Kong, Sydney and Milan offices which use the factor for tCO_2.

GHG emissions data notes

Vehicles (Scope 1)

In 2014/2015 the incorrect emission factor was used for London-owned vehicles (distance). The miles emission factor was used rather than the km emission factor. This has been amended for this year's report.

In 2014/2015 the incorrect emission factor was used for Company Owned Vehicles – Diesel. The emission factor was for gas oil in litres rather than car diesel fuel. This has been updated for this year's report.

Energy (Scope 2)

In 2014/2015 the $kgCO_2$ UK electricity emission factor used was rather than the $kgCO_2e$ emission factor; as a result, the UK emissions were understated. This has been updated for this year's report.

In 2014/2015 the Paris electricity figure was incorrectly taken as the sum of total consumption (office consumption and landlord consumption) plus landlord consumption, not just the portion relating to ICG Paris. This has been updated for this year's report.

The 2014/2015 emission calculation for New York used an incorrect calculation formula. This has been updated for this year's report.

Corporate social responsibility

In 2014/2015 the New York emissions from electricity transmission and distribution (T&D) losses were incorrectly reported due to a correction of occupied floor space. This has been corrected and updated for this year's report.

Materials (Scope 3)

In 2014/2015 New York paper consumption (virgin content) incorrectly included the paper towel tonnes (2.45 tonnes); this been updated and correctly categorised.

Waste (Scope 3)

In 2014/2015 the municipal waste landfill emission factor was used (289.83) rather than the commercial waste landfill emission factor. This has been corrected for this year's report.

Travel

In 2014/2015 non-UK 'domestic' flights were incorrectly allocated and have been changed to 'short-haul average passenger'. This has resulted in a change in emission factor from 0.2932 to 0.1663, meaning that there are now no 'domestic all classes' flights in 2014/2015, instead these are under 'short-haul average passenger'.

In 2015/2016 flights have been allocated into the following categories:

1. Domestic (within the UK)

2. Flights to/from the UK (short haul and long haul by class)

3. International flights (between and within non-UK countries) (by class)

Due to the lack of granularity available in flight data, we are unable to define flights originating from outside the UK that travel to the UK or other countries and as such, we can only apply the international emissions factor as stated by DEFRA.

In 2014/2015 the incorrect emission factor for national rail was used (0.0582 instead of 0.0474). This has been updated in this year's report.

In 2014/2015 the incorrect emission factor for international rail was used (0.0151); this has been updated to use the correct emission factor for this year's report.

In 2014/2015 the incorrect emission factor for national rail was used (0.0582 instead of 0.0474). This has been updated to use the correct emission factor for this year's report.

In 2014/2015 the incorrect emission factor for international rail was used (0.0151); this has been amended to use the correct emission factor for this year's report.

5 Corporate social information

5.1 Territorial, economic and social impact of the Group's activities

As a leading financial services business, the Group carries out financial advisory, specialist finance and investment activities. As a consequence, it participates actively in the financing of the economy of the countries where it operates, through its 56 offices implemented in 43 countries.

The Group is also strongly involved in charity support and community partnerships all over the world, which have become an integral part of Rothschild's Community Investment ('CI') programme. The Group encourages its employees to contribute in these actions. Its initiatives mainly focus on addressing educational disadvantage.

5.2 Relations with individuals and organisations interested by the Group's activities

5.2.1 Conditions of the dialogue with stakeholders

In accordance with the definition provided by the GRI Guidelines, the Group's stakeholders are all entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, products, and/or services, and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

The Group has identified as its key stakeholders its shareholders, potential investors and financial analysts. The Group seeks to maintain a dialogue with those stakeholders to be in the position to take their interests into account and to promote its own values, essentially through the Investor Relations Department.

During the 2015/2016 financial year, several meetings have been organised between the Group's Head of Investor Relations and those stakeholders. Members of Rothschild & Co's Senior Management and people holding strategic positions within the Group have also attended these meetings. In addition, the Head of Investor Relations participated in conferences dedicated to facilitate relations between listed companies and investors.

The Group also attaches great importance to comply with the rules regarding transparency. It discloses, as soon as possible, in French and in English, the information that is necessary to investors and shareholders to assess its situation and outlook. This financial and extra-financial information is available on Rothschild & Co's internet website (www.rothschildandco.com) in a section entitled 'Investor Relations'. Information is also disclosed in a subsection named 'Shareholders', including all information relating to General Meetings and the exercise of the voting rights, or explanations about the different ways to hold securities issued by Rothschild & Co.

5.2.2 Actions of partnership and sponsorship

Across the UK, we have been making donations through the Charities Committee since 1975, continuing the philanthropic traditions of the Rothschild family, dating from the early 1800s. Rothschild's employee volunteering programme was formally established in 2009 by Baron David de Rothschild.

We aim to achieve our mission by working in partnership with community organisations and schools, and through the combination of financial contributions and employee volunteering. In 2016/2017 we have committed to investing over 1% – £385,500 – of our pre-tax profit in the UK on our community investment programme. c. £40,000 of our overall Community Investment budget is reserved for supporting our employees' personal causes.

Employees are entitled to unlimited volunteer leave to volunteer for a Rothschild & Co initiative that is skills based and creates long-term change and impact. In addition they are permitted two full days' volunteering leave for a cause of their choice. In 2015/2016, over 50% of our staff in London volunteered once or more.

Our Core Partners for 2016 are Teach First, Future First, Ashoka, The Access Project, Bow School, Regent High School and Old Palace Primary School. Initiatives include mentoring and coaching, tutoring, work experience, and career insight events.

In 2016, we were shortlisted for the Business in the Community Responsible Business Award in the Education category.

While our offices act independently from one another in respect of CI, many are engaged in community investment. However, it is our ambition to have one global and coordinated approach to community investment, starting with our four largest offices in Germany, France, Zurich and America, in order to maximise business and societal impact.

In the last year, the Paris office has continued to support entrepreneurs via Ashoka, and in 2016 will work with new entrepreneurs that are aligned with the mission.

Our Frankfurt office focuses on local schools and children's centres. In New York, through a partnership with New York Cares, staff have this year volunteered with a wide range of local charities including foodbanks and homeless shelters, and our offices in Milan have a partnership with the Theodora Foundation.

In Johannesburg, a scholarship programme helps historically underprivileged South Africans to continue their postgraduate studies in a financial discipline at the University of the Witwatersrand. Rothschild offers more than just financial assistance, ensuring students are supported by a mentor as well as through internship opportunities.

5.3 Subcontractors and suppliers

5.3.1 Integration of social and environmental issues into the Company procurement policy

Over the coming year we plan to establish a clearer position on the environmental consequences of our choice of suppliers and the services they provide.

5.3.2 Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers, of their social and environmental responsibility

Given the Group's activities, subcontracting is not significant as it does not concern the main businesses.

We are developing a supplier engagement tool which will help us to consider the social and environmental responsibility policies of prospective suppliers.

5.4 Fair business and practices

The Group conducts its activities with a high level of professional ethics with the clients' interests as its priority. This is done by implementing a rigorous internal control system and risk control adapted to the Group's size and covered activities. More details on the Group's internal control and risk control structure are presented in the report of the Chairman on internal control on pages 84 of this report.

As the Group's parent company, Rothschild & Co is in charge of the consolidated prudential supervision of the Group and of the implementation and the monitoring of the efficiency of the internal control system at the Group's scale. This involves the elaboration of procedures and policies implemented homogeneously.

Within the Group's internal organisation, Legal, Compliance and Risk functions were centralised to enable a better-coordinated global approach.

Policies were implemented through different recent initiatives, sharing and harmonising best practices. Approximately 20 different policies are currently implemented in the Group throughout all five main regions of the world, with 13 of them reviewed in the course of the 2015/2016 financial year. Employees' awareness regarding those matters is ensured by dedicated training sessions and the disclosures of guides on the Group's intranet.

Regarding the fight against corruption, the Group requires its employees to act with honesty and integrity and has a zero-tolerance approach. Involvement in any form of corruption has serious consequences, including dismissal or termination of employment. A Group Policy on Anti-Corruption has been established, in order to comply with the applicable regulations such as the UK Bribery Act which aims at preventing such crimes.

It deals, for instance, with the acceptance or the offering of gifts and entertainment by employees within the framework of their jobs since this can lead to suspicious or reprehensible situations. In order to avoid such situations, each entity must determine proportionate limits for the acceptance or the offering of gifts that do not require approval. Any gift or entertainment that exceeds these limits must be approved by the relevant head and the local Compliance function. In addition to this, persons to whom this policy applies must not accept gifts such as cash or any other gift convertible into cash such as shares, share options or bonds.

5.5 Measures implemented to promote consumers' health & safety

Given the Group's activities, there is no specific need to implement measures to ensure clients' health & safety.

5.6 Other actions implemented to promote human rights

The Group does not carry out other activities to promote human rights, other than those mentioned in the previous sections of this report.

Report of the independent third-party auditor on the labour, environment and social information

This is a free English translation of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 March 2016

In our capacity as independent third party of Rothschild & Co S.C.A. company (the 'Company'), certified by COFRAC under number 3-1049[(1)], and member of the KPMG International network as your statutory auditor, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 March 2016, included in the management report (hereinafter named 'CSR Information'), pursuant to article L.225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the 'Guidelines'), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Independent Third Party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between May and June 2016 during a four-week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

1 Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the chapter 'Methodology' of the Report of the Board of Directors.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2 Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted six interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[(3)]:

- at the consolidation level, including the parent company, subsidiaries and controlled entities, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on

(1) Whose scope is available at www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.
(3) Human resources indicators: Total headcount (breakdown of employees by gender, age and geographical area), Number of training sessions
Environmental indicators: Water consumption, Energy consumption (electricity, gas, heat and fuel), Paper consumption, Waste produced, CO_2 emissions related to business travels
Qualitative information: Policies implemented regarding training, Summary of collective agreements, Policy against discriminations, Measures implemented to promote gender equality, Working time organisation, The organisation of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues, Conditions of the dialogue with stakeholders.

the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of entities selected by us[4] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 48% of headcount and between 45% and 67% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-La Défense, 22 June 2016

KPMG SA

Anne Garans	Pascal Brouard
Partner	*Partner*
Climate Change & Sustainability Services	

(4) For social information: Germany, Switzerland, United Kingdom.
For environmental information: Frankfurt office (Germany), Zürich offices (Switzerland), London office (United Kingdom)


CONCORDIA
INTEGRITAS
INDUSTRIA

Financial statements

4

Abbreviations and glossary

Name change

The Paris Orléans General Meeting held on 24 September 2015 approved by a majority of 87.1% the change of name from Paris Orléans to Rothschild & Co with immediate effect. This year end report reflects the new name.

Term	Definition
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French Prudential and Resolution Authority)
AFS	Available for sale
Asset Management	Asset Management business segment, comprising Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking
Banking	Banking business line
bp	Basis point
CGU	Cash-generating unit
Company	Rothschild & Co SCA (formerly Paris Orléans SCA)
CRD3	Capital Requirements Directive 3
DCF	Discounted cash flow
EdRS	Edmond de Rothschild (Suisse) SA
FALG	Five Arrows Leasing Group
GA/Global Advisory	Rothschild Global Advisory business line (formerly GFA)
GFSC	Guernsey Financial Services Commission
GICS	Global Industry Classification Standards
GMC	Group Management Committee
Group	Rothschild & Co SCA consolidated Group
Group ALCO	Group Assets and Liabilities Committee
LCR	Liquidity Coverage Ratio
NCI	Non-controlling interest
Managing Partner	Rothschild & Co Gestion SAS (the *gérant*)
Merchant Banking	Rothschild Merchant Banking business line
NMR	N M Rothschild & Sons Limited
NMRP	N M Rothschild & Sons Limited pension fund
NMROP	N M Rothschild & Sons Limited overseas pension fund
PCCC	Private Client Credit Committee
PCL	Private Client Lending
R&Co	Rothschild & Co SCA (formerly Paris Orléans SCA)
R&Co Gestion	Rothschild & Co Gestion SAS (the *gérant*/Managing Partner)
RBCI	Rothschild Bank C.I. Limited
RBI	Rothschild Bank International Limited
RBZ	Rothschild Bank AG Zurich
RBZP	Rothschild Bank AG Zurich pension fund
RCB	Rothschild & Cie Banque
RHAG	Rothschild Holding AG
Supervisory Board	Rothschild & Co Supervisory Board

Consolidated balance sheet as at 31 March 2016

Assets

In thousands of euro	Notes	31/03/16	31/03/15
Cash and amounts due from central banks		3,500,132	3,643,942
Financial assets at fair value through profit or loss	1	452,867	363,170
Hedging derivatives	2	2,798	20,023
Available-for-sale financial assets	3	1,096,009	669,437
Loans and advances to banks	4	1,242,947	1,530,914
Loans and advances to customers	5	1,488,372	1,601,605
Current tax assets		8,431	15,121
Deferred tax assets	16	72,278	92,760
Other assets	6	528,751	455,416
Investments accounted for by the equity method	7	42,442	47,688
Tangible fixed assets	8	307,068	360,485
Intangible fixed assets	9	168,397	168,159
Goodwill	10	111,853	110,533
TOTAL ASSETS		**9,022,345**	**9,079,253**

Liabilities and shareholders' equity

In thousands of euro	Notes	31/03/16	31/03/15
Due to central banks		1,158	1,240
Financial liabilities at fair value through profit or loss	1	76,733	67,012
Hedging derivatives	2	–	8,195
Due to banks and other financial institutions	11	281,952	292,584
Customer deposits	12	5,468,388	5,686,863
Debt securities in issue		124,168	13,500
Current tax liabilities		38,011	33,971
Deferred tax liabilities	16	43,369	55,053
Other liabilities, accruals and deferred income	13	788,162	730,855
Provisions	14	155,385	214,500
TOTAL LIABILITIES		**6,977,326**	**7,103,773**
Shareholders' equity		**2,045,019**	**1,975,480**
Shareholders' equity – Group share		**1,529,169**	**1,419,446**
Share capital		142,274	142,274
Share premium		981,692	981,692
Unrealised or deferred capital gains and losses		61,533	134,859
Consolidated reserves		111,750	17,070
Net income – Group share		231,920	143,551
Non-controlling interests	18	**515,850**	**556,034**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,022,345**	**9,079,253**

Consolidated income statement for the year ended 31 March 2016

In thousands of euro		Notes	31/03/16	31/03/15
+	Interest income	23	97,268	93,889
-	Interest expense	23	(48,144)	(47,734)
+	Fee income	24	1,474,825	1,251,200
-	Fee expense	24	(52,739)	(45,215)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	25	58,315	60,659
+/-	Net gains/(losses) on available-for-sale financial assets	26	51,080	78,827
+	Other operating income	27	13,106	18,516
-	Other operating expenses	27	(4,798)	(6,943)
Net banking income			**1,588,913**	**1,403,199**
-	Staff costs	28	(953,509)	(820,157)
-	Administrative expenses	28	(267,297)	(257,064)
-	Amortisation, depreciation and impairment of tangible and intangible fixed assets	29	(36,769)	(35,597)
Gross operating income			**331,338**	**290,381**
+/-	Cost of risk	30	(11,939)	(22,358)
Operating income			**319,399**	**268,023**
+/-	Net income from companies accounted for by the equity method	7	267	3,598
+/-	Net income/(expense) from other assets	31	102,638	45,072
Profit before tax			**422,304**	**316,693**
-	Income tax expense	32	(65,079)	(62,839)
CONSOLIDATED NET INCOME			**357,225**	**253,854**
Non-controlling interests		18	**125,305**	**110,303**
NET INCOME – GROUP SHARE			**231,920**	**143,551**
Earnings per share in euro – Group share (basic)		36	3.37	2.08
Earnings per share in euro – continuing operations (basic)		36	3.37	2.08
Earnings per share in euro – Group share (diluted)		36	3.32	2.08
Earnings per share in euro – continuing operations (diluted)		36	3.32	2.08

Consolidated statement of comprehensive income for the year ended 31 March 2016

In thousands of euro	31/03/16	31/03/15
Consolidated net income	**357,225**	**253,854**
Gains and losses recyclable in profit or loss		
Translation differences	(85,626)	135,370
Translation loss transferred to income on sale of subsidiary	(703)	–
Revaluation of available-for-sale financial assets	(2,434)	66,150
(Gains)/losses transferred to income on available-for-sale financial assets	(43,289)	(67,855)
Loss transferred to income on exit of cash flow hedge	8,065	–
Revaluation of cash flow hedges	(7)	5,990
Gains and losses recognised directly in equity for companies accounted for by the equity method	1,659	2,194
Taxes	6,843	3,854
Total gains and losses recyclable in profit or loss	**(115,492)**	**145,703**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	6,436	(45,734)
Taxes	(5,381)	9,398
Other	(198)	(1,321)
Total gains and losses not recyclable in profit or loss	**857**	**(37,657)**
Total unrealised or deferred capital gains or losses	**(114,635)**	**108,046**
TOTAL COMPREHENSIVE INCOME	**242,590**	**361,900**
attributable to equity shareholders	153,649	186,977
attributable to non-controlling interests	88,941	174,923

Consolidated statement of changes in equity for the year ended 31 March 2016

In thousands of euro	Capital and associated reserves(1)	Consolidated reserves(3)	Unrealised or deferred capital gains and losses (net of tax): Related to translation differences	Available-for-sale reserves	Hedging reserves	Share-holders' equity, Group share	Share-holders' equity, non-controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 MARCH 2014	**1,123,399**	**74,866**	**(18,711)**	**98,514**	**(9,274)**	**1,268,794**	**473,933**	**1,742,727**
Increase in share capital	567	–	–	–	–	567	–	567
Impact of elimination of treasury shares	–	3,361	–	–	–	3,361	–	3,361
Dividends	–	(35,059)	–	–	–	(35,059)	(75,299)	(110,358)
Charge related to share-based payments	–	1,012	–	–	–	1,012	13	1,025
Interest on perpetual subordinated debt	–	–	–	–	–	–	(14,267)	(14,267)
Effect of a change in shareholding without a change of control	–	4,542	(370)	63	(113)	4,122	(2,531)	1,591
Sub-total of changes linked to transactions with shareholders	**567**	**(26,144)**	**(370)**	**63**	**(113)**	**(25,997)**	**(92,084)**	**(118,081)**
2014/2015 net income for the year	–	143,551	–	–	–	143,551	110,303	253,854
Net gains/(losses) from changes in fair value	–	–	–	55,969	4,614	60,583	1,791	62,374
Net (gains)/losses transferred to income on disposal	–	–	–	(57,948)	84	(57,864)	(2,355)	(60,219)
Net (gains)/losses transferred to income on impairment	–	–	–	1,973	–	1,973	30	2,003
Remeasurement gains/(losses) on defined benefit funds	–	(31,728)	–	–	–	(31,728)	(4,609)	(36,337)
Translation differences and other movements	–	76	72,798	(11,758)	(982)	60,134	69,025	129,159
SHAREHOLDERS' EQUITY AT 31 MARCH 2015	**1,123,966**	**160,621**	**53,717**	**86,813**	**(5,671)**	**1,419,446**	**556,034**	**1,975,480**
Impact of elimination of treasury shares	–	(3,810)	–	–	–	(3,810)	–	(3,810)
Dividends(2)	–	(41,846)	–	–	–	(41,846)	(99,581)	(141,427)
Charge related to share-based payments	–	1,026	–	–	–	1,026	12	1,038
Interest on perpetual subordinated debt	–	–	–	–	–	–	(14,775)	(14,775)
Effect of a change in shareholding without a change of control	–	(9,955)	69	10,411	(9)	516	(14,705)	(14,189)
Sub-total of changes linked to transactions with shareholders	**–**	**(54,585)**	**69**	**10,411**	**(9)**	**(44,114)**	**(129,049)**	**(173,163)**
2015/2016 net income for the year	–	231,920	–	–	–	231,920	125,305	357,225
Net gains/(losses) from changes in fair value	–	–	–	1,938	(5)	1,933	2,449	4,382
Net (gains)/losses transferred to income on disposal	–	–	–	(37,753)	6,358	(31,395)	(13)	(31,408)
Remeasurement gains/(losses) on defined benefit funds	–	5,439	–	–	–	5,439	(4,470)	969
Translation differences and other movements	–	275	(53,602)	(60)	(673)	(54,060)	(34,406)	(88,466)
SHAREHOLDERS' EQUITY AT 31 MARCH 2016	**1,123,966**	**343,670**	**184**	**61,349**	**–**	**1,529,169**	**515,850**	**2,045,019**

(1) Capital and associated reserves at the year end consists of share capital of €142.3 million and share premium of €981.7 million.
(2) This allocation includes €41.1 million of dividends to R&Co shareholders and a total of €0.7 million of dividends to R&Co Gestion and Rothschild & Co Commandité SAS. Distributions to non-controlling interests are analysed in note 18.
(3) Consolidated reserves consist of retained earnings of €125.0 million less treasury shares of €13.3 million plus the Group share of net income.

Consolidated cash flow statement for the year ended 31 March 2016

In thousands of euro	31/03/16	31/03/15
Consolidated profit before tax (I)	**422,304**	**316,693**
Depreciation and amortisation expense on tangible fixed assets and intangible assets	38,371	37,923
Impairments and net charge for provisions	14,625	46,805
Remove (income)/loss from associates and long-standing shareholding	(6,931)	(7,494)
Remove (profit)/loss from disposal of a subsidiary	(98,748)	–
Remove (profit)/loss from investing activities	(88,500)	(157,040)
Non-cash items included in pre-tax profit and other adjustments (II)	**(141,183)**	**(79,806)**
Net (advance)/repayment of loans to customers	**(259,296)**	**(39,923)**
Cash (placed)/received through interbank transactions	(15,942)	(145,746)
Increase/(decrease) in due to customers	19,274	27,738
Net inflow/(outflow) related to derivatives and trading items	3,027	21,585
Issuance of debt securities in issue	110,668	13,500
Net (purchases)/disposals of AFS assets held for liquidity purposes	(586,250)	15,228
Other movements in assets and liabilities related to treasury activities	2,099	42,979
Total treasury-related activities	**(467,124)**	**(24,716)**
(Increase)/decrease in working capital	(63,805)	(60,210)
Tax paid	(48,073)	(21,217)
Other operating activities	**(111,878)**	**(81,427)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)	**(838,298)**	**(146,066)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**(557,177)**	**90,821**
Purchase of investments	(84,484)	(118,403)
Purchase of associates and subsidiaries	(4,343)	(4,757)
Purchase of property, plant and equipment and intangible fixed assets	(19,568)	(18,068)
Total cash invested	**(108,395)**	**(141,228)**
Cash received from investments (disposal and dividends)	179,138	272,642
Cash received from subsidiaries, associates and long-standing shareholding (disposal and dividends)	174,080	9,910
Repayment of FALG funding (see note 22)	267,126	–
Cash from disposal of property, plant and equipment and intangible fixed assets	570	49,457
Total cash received from investments	**620,914**	**332,009**
Net cash inflow/(outflow) related to investing activities (B)	**512,519**	**190,781**
Dividends paid to shareholders of parent company	(41,846)	(34,492)
Dividends paid to minority interests	(99,581)	(75,299)
Repayment of subordinated debt	–	(34,559)
Interest paid on perpetual subordinated debt	(14,775)	(14,267)
(Acquisition)/disposal of own shares and additional interests in subsidiaries	(7,764)	(5,351)
Net cash inflow/(outflow) related to financing activities (C)	**(163,966)**	**(163,968)**
Impact of exchange rate changes on cash and cash equivalents (D)	**(245,165)**	**594,417**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**(453,789)**	**712,051**
Net cash and cash equivalents at the beginning of the year (note 20)	4,775,769	4,063,718
Net cash and cash equivalents at the end of the year (note 20)	4,321,980	4,775,769
NET INFLOW/(OUTFLOW) OF CASH	**(453,789)**	**712,051**

Notes to the consolidated financial statements

I. Highlights of the financial year

There are two main activities within our Group: Global Advisory, which focuses on providing advice in the areas of M&A, debt, restructuring and equity; and Asset Management in a broad sense which comprises Private Wealth & Asset Management and Merchant Banking. In addition, we have a Banking business which predominantly relates to the legacy banking business.

Rothschild Global Advisory

For the year to 31 March 2016, Rothschild Global Advisory revenue was €1,040 million, 18% higher than last year, representing record revenue.

Within the context of a 17% rise in global completed M&A deal values over the year, M&A advisory revenue rose steeply by 30% to €763 million (2014/2015: €588 million). This out-performance reflects a continuing improvement in market share in our core European markets, as well as in North America.

Financing advisory revenue held up well with revenues reaching €277 million, a fall of 5% compared to €292 million in the prior year, and in the context of lower market activity.

Asset Management

Our Asset Management business, in a broad sense, comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking. Revenue for the year to 31 March 2016 was €486 million, compared to €482 million for the prior year, up 1%, while operating income decreased from €134 million to €82 million due to lower Merchant Banking investment gains, as previously indicated.

Rothschild Private Wealth & Rothschild Asset Management

Private Wealth & Asset Management revenue for the year to 31 March 2016 was €379 million, up 13% compared to the prior year (€336 million), the highest in six years. Assets under management were €50.2 billion as at 31 March 2016 compared to €52.1 billion as at 31 March 2015.

Net new assets continued their positive trend (€2.6 billion) but were offset by market depreciation, negative exchange rate effects and reclassification of assets from managed to custodial that totalled €4.5 billion. Net new assets were driven by inflows of €2.3 billion in Private Wealth in all of our main offices (France, UK and Switzerland) and of €0.3 billion in Asset Management.

Rothschild Merchant Banking

Rothschild Merchant Banking revenue for 2015/2016 was €107 million, compared to €145 million in the prior year. The expected decrease is largely attributable to unusually high investment gains from our proprietary investments portfolio in the previous year. Revenue increased 12% when compared to the average of the previous three years (2012–2015), a more relevant benchmark of performance in the business.

The Group's share of the investments made by the division during the year was €62 million, of which €41 million was the Group's own investments in funds managed by Merchant Banking and €21 million in proprietary investments. Disposals generated proceeds of €144 million, notably from two proprietary investments in SIACI Saint Honoré and Perenco generating cash of €59 million and a profit of €27 million.

Banking

As announced in October 2015, the Group sold its UK asset finance business, FALG, to Paragon Bank. The transaction resulted in an exceptional accounting gain after tax of €98.7 million, accounted for in the second half of 2015/2016 in 'Net income/(expense) from other assets'. FALG's contribution to revenue and profit before tax for the seven months of 2015/2016, prior to disposal, was €23 million and €6 million respectively.

The legacy banking book continues to reduce in line with the previously announced reduction plan. Net of specific provision, legacy drawings fell to €154 million as at 31 March 2016, down from €262 million as at 31 March 2015.

Operating expenses and other items

For the year ended 31 March 2016, staff costs were €954 million compared to €820 million in the prior year, representing an increase of €134 million. This increase was largely due to higher variable staff compensation in connection with record revenues in Global Advisory, as well as the translation impact of exchange rate fluctuations which resulted in an increase in staff costs of €54 million.

Overall Group headcount decreased from 2,853 to 2,829 as at 31 March 2016, largely due to the sale of FALG partially offset by new junior staff recruitment and hires in the US.

For the year ended 31 March 2016, administrative expenses were €267 million compared to €257 million for 2014/2015, representing a net increase of €10 million. This increase was largely due to the translation impact of exchange rate fluctuations which resulted in an increase in administrative expenses of €13 million.

For the year ended 31 March 2016, impairment charges and loan provisions were €12 million compared to €22 million the previous year. Of this amount, €8 million is related to Merchant Banking impairments on specific debt investments; the remainder mainly relates to receivables.

Other income and expense largely comprised the exceptional gain of €98.7 million following the sale of the Group's UK asset finance business, FALG, to Paragon Bank, that occurred early November 2015.

For the year ended 31 March 2016, the income tax charge was €65 million, comprising a current tax charge of €61 million and a deferred tax charge of €4 million, giving a reported tax rate of 15.4% or 20.1% excluding the FALG sale.

For the year ended 31 March 2016, the charge for non-controlling interests was €125 million compared to €110 million in 2014/2015. The increase is due to a higher partners' profit share in France in line with the significant improvement in the profitability of our French operations and an increase of profitability attributed to minority interests in the Swiss Private Wealth business.

Capital and liquidity

The Group continues to maintain a high level of liquidity. At 31 March 2016, cash placed with central banks and banks accounted for 53% of total assets (57% at 31 March 2015).

The Group is regulated by the French Prudential and Resolution Authority (ACPR) as a financial company (Compagnie Financière). The ratios, under full application of the Basel 3 rules (including a capital conservation buffer), are comfortably ahead of the minimum requirement with a Core Tier 1 ratio of 20.6% (minimum 8.5%) and a global solvency ratio of 22.4% (minimum 10.5%).

II. Preparation of the financial statements

A. Information concerning the Company

The consolidated financial statements of Rothschild & Co SCA Group (the Group) for the year ended 31 March 2016 are presented in accordance with the IFRS standards in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002. The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2013-04 of 7 November 2013 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 April 2015 to 31 March 2016.

The consolidated accounts were approved by Rothschild & Co Gestion SAS (R&Co Gestion), the Managing Partner (*gérant*) of R&Co, on 13 June 2016 and considered for verification and control purposes by the R&Co Supervisory Board on 22 June 2016.

At 31 March 2016, the Group's holding company was R&Co, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris (Paris Trade and Companies Registry Number 302 519 228). The Company is listed on the Eurolist market of Euronext Paris (Compartment A).

B. General principles

The notes were drawn up taking into account the understanding, relevance, reliability, comparability and materiality of the information provided.

C. Subsequent events

- During the year, Rothschild & Co announced that its subsidiary, NM Rothschild & Sons Limited (NMR), had sold Five Arrows Leasing Group. As a result of this sale, NMR announced on 13 April 2016 that it no longer requires UK deposit funding and will therefore retire its UK deposit taking licence, subject to regulatory consent.

  This represents a further simplification of the Group following the reorganisation completed in 2012. NMR will continue to be FCA regulated in the UK and focus on its core advisory activities. The Group will continue to undertake deposit-taking activities and hold banking licences in France, Switzerland and Guernsey.

- On 6 June 2016, Rothschild & Co and Compagnie Financière Martin Maurel announced a plan to merge, with a view to combining their French activities in private banking and asset management to create one of France's leading independent private banks.

  The transaction would take the form of a merger between Rothschild & Co and Compagnie Financière Martin Maurel. Shareholders in Compagnie Financière Martin Maurel would be offered either 126 Rothschild & Co shares per existing share or, prior to the completion of the merger, be able to sell their Compagnie Financière Martin Maurel shares in cash. The Maurel family would receive Rothschild & Co shares and, as a result of the merger, would replace Compagnie Financière Martin Maurel in the extended family concert.

  The vote on the transaction by the shareholders of Compagnie Financière Martin Maurel is secured; Compagnie Financière Martin Maurel has already received irrevocable support for the merger from shareholders representing more than the qualified majority required to vote on the merger.

  Compagnie Financière Martin Maurel is valued at €240 million, with the 2015 dividend attached. The transaction would be financed by a mixture of newly issued Rothschild & Co shares, Rothschild & Co's own cash resources and external credit facilities.

  Rothschild & Co's Supervisory Board and Compagnie Financière Martin Maurel's board of directors have both favourably welcomed the principle of the merger. The merger is conditional on the approval of the shareholders of Compagnie Financière Martin Maurel and Rothschild & Co, as well as the usual conditions, in particular competition and regulatory authorities' approvals.

  Following consultation processes with work councils from both groups, the merger proposals should be put before general meetings of Compagnie Financière Martin Maurel and Rothschild & Co in September 2016 so as to complete the transaction by the end of the financial year.

D. Developments in reporting standards and interpretations

The standards and interpretations used in preparation of the financial statements to 31 March 2016 were supplemented by the IFRS as adopted by the European Union at 31 March 2016 whose first-time application is mandatory in the 2015/2016 financial year. These concern:

1 New accounting standards affecting the consolidated financial statements in the year ended 31 March 2016

New amendments and interpretations of accounting standards, which are mandatory for the Group's financial statements for the year ended 31 March 2016, have been reviewed and they are considered to have no material effect on the Group. The Group did not choose to apply any new standards, amendments and interpretations adopted by the European Union, for which the application in the year ended 31 March 2016 was optional.

2 New standards and interpretations

Standards and interpretations that have been published by the IASB, but not yet been adopted by the European Union, are not applied in the Group financial statements at 31 March 2016. The most significant of these are as follows:

IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting. IFRS 9 is effective for periods beginning on or after 1 January 2018, subject to its adoption by the European Union.

In preparation for applying this standard, the Group's finance function is working with the business lines and support functions which will be most affected by the changes. In early 2016, the Group began a project to implement IFRS 9, which began with an assessment of the main challenges set by IFRS 9 as well as an assessment by the businesses of the main impacts. These are expected to relate to two main changes:

Classification and measurement

Financial assets are required to be classified in one of three categories according to the measurement methods applied (amortised cost; fair value through profit or loss; and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity's business model for managing its financial instruments.

By default, financial assets will be classified as measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the contractual cash flows consist solely of payments of principal and interest, and the business model is to collect the contractual cash flows.

Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) only if the contractual cash flows consist solely of payments of principal and interest, and the business model is to collect either the contractual cash flows or to sell the instruments.

Non-trading equity instruments will be measured at fair value through profit or loss, except where an irrevocable election is made at initial recognition to measure them at fair value through other comprehensive income without subsequent reclassification to income.

Accounting for financial liabilities is largely unchanged and is not expected to have an impact on R&Co.

Impairment

IFRS 9 changes the credit risk impairment model, moving from one in which provisions are set aside for incurred credit losses to one in which provisions can be set aside for expected credit losses. The aim of the new approach is to allow credit losses to be recognised at the earliest possible time, removing the need to wait for an objective incurred loss event. A wide range of information can be used to estimate expected credit losses, including historical data on observed losses, cyclical and structural adjustments, and loss projections based on reasonable scenarios.

Work on implementing IFRS 9 will continue in 2016/2017.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers will replace the current standards and interpretations on revenue recognition. It will be applicable retrospectively as of 1 January 2018, subject to adoption by the European Union.

Under IFRS 15, the entity must recognise income arising from ordinary activities at an amount that reflects the consideration that the entity expects to receive in exchange for the transfer of goods and services promised to customers.

R&Co is assessing the impact of the new standard.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. Under the new requirements, lessees would be required to recognise assets and liabilities arising from both operating and finance leases on the balance sheet. The expected effective date is 1 January 2019. The standard has not yet been endorsed by the European Union.

The Group is in the process of considering the financial impacts of this new standard.

III. Accounting policies

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 book value of certain assets and liabilities and items of income and expense.

By their nature, such valuations carry risks and uncertainties as to their realisation in the future. Management has taken care to take into consideration the counterparty's financial situation and outlook as well as multiple-criteria valuations that take observable parameters into account to determine whether there are objective signs of impairment. At each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

A. Consolidation method

1 Financial year end of the consolidated companies and sub-groups

The financial statements of the Group are drawn up to 31 March 2016 and consolidate the financial statements of the Company and its subsidiary undertakings.

R&Co and the majority of its subsidiaries are consolidated on the basis of a financial year end of 31 March 2016. A few entities report on the basis of a 31 December 2015 year end. If a material subsequent event occurs between the closing date of these subsidaries and 31 March 2016, this event is accounted for in the consolidated financial statements of the Group as at 31 March 2016.

2 Subsidiaries

Subsidiaries are all entities which 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 the entity and has the ability to affect those returns through its power over the 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.

Some subsidiaries are limited partnerships (*sociétés en commandité 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, taking into consideration the share attributable to workers' remuneration.

3 Associates and joint arrangements

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

Joint arrangements are where two or more parties, through a contractual arrangement, have joint control over the assets and liabilities of an arrangement. Depending on what those rights and obligations are, the joint arrangement will either be a joint operation (where the parties subject to the arrangement have rights to the assets and obligations for the liabilities of the arrangement) or a joint venture (where the parties subject to the arrangement have rights to the net assets of the arrangement).

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. Positive goodwill arising on the acquisition of an associated undertaking is included in the cost of the investment (net of any accumulated impairment loss).

4 Business combinations and goodwill

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

Contingent cash consideration is normally included in the acquisition cost at its fair value on the acquisition date, even if its payment is not certain. It is recognised as a liability in the balance sheet; any subsequent adjustments to its value are booked in the income statement in accordance with IAS 39. However, sometimes arrangements are made in which contingent payments to acquire a company are made to a vendor who is an employee, and 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.

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 which can be sold separately or which arise from legal rights, regardless of whether those rights are separate. If the fair value exceeds the cost, the difference is immediately recognised in the income statement. All necessary valuations of assets and liabilities must be carried out within 12 months from the date of acquisition, as must any corrections to the value based on new information.

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 is too high. Goodwill is allocated to cash-generating units for the purposes of impairment testing. If the value of each of the cash-generating units is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill are recognised in the income statement and are not reversed.

Income from subsidiaries acquired or sold during the financial year is included in the consolidated income statement respectively from their acquisition date and up to their disposal date.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

5 Non-controlling interests

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

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

On the date of acquisition of an entity, any stake in this entity already held by the Group is revalued at fair value through profit or loss. In such a case, taking control is accounted for as a sale of the shares previously held and the purchase of all shares held after control is obtained.

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

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 unowned interests. 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 NCIs. 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.

B. Accounting principles and valuation methods

1 Accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

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, in principle, the listed price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using measurement techniques.

A description of the valuation techniques used, analysis of assets and liabilities carried at fair value by valuation hierarchy, and a sensitivity analysis of valuations not primarily based on observable market data, is provided in the notes to the financial statements.

Impairment of financial assets

Assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events occurring after initial recognition of the asset (a 'loss event'). If there is such objective evidence, and this has a negative effect on the estimated future cash flows from the asset, then an impairment loss is incurred. Management determines the size of the impairment allowance required using a range of factors such as the realisable value of any collateral, the likely recovery on liquidation or bankruptcy, the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations.

Portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets, but the individually impaired items cannot yet be identified, are collectively assessed for impairment. The collectively assessed impairment allowance is calculated on the basis of future cash flows that are estimated based on historical loss experience.

The accuracy of the allowances made depends on how accurately the Group estimates future cash flows for specific counterparties, in particular the fair value of any collateral, and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgement, the Group believes that its allowances are reasonable and supportable.

Pensions

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and the principal assumptions used are set out in note 19. The assumptions that have the greatest impact on the measurement of the pension fund liability, along with their sensitivities, are also set out in note 19.

Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Further details are provided in note 16.

Goodwill

Goodwill is assessed at each balance sheet date to determine whether it is impaired. The assessment includes management assumptions on future income flows and judgements on appropriate discount rates. Management performs sensitivity analysis of these assumptions as part of this assessment. Further details of management's goodwill assessment are contained in note 10.

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.

2 Foreign currency transactions

The consolidated financial statements are presented in euros, which is the Company's functional currency and the Group's reporting currency. Items included in the financial statements of each of the Group's entities are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for each quarter 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 subsidiaries, associates and joint ventures are taken to shareholders' equity. On disposal of a foreign entity, these translation differences are recognised in the income statement as part of the gain or loss on sale.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Translation differences on equities classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the income statement. In the absence of hedge accounting, translation differences on equities classified as available for sale are included in the available-for-sale reserve in equity.

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 the main exchange rates against the euro that were used to prepare the consolidated accounts.

Currency	Closing rate	Average rate quarter ended	Average rate quarter ended	Average rate quarter ended	Average rate quarter ended	Opening rate
	31/03/16	31/03/16	31/12/15	30/09/15	30/06/15	31/03/15
GBP	0.7916	0.7695	0.7220	0.7177	0.7224	0.7273
CHF	1.0931	1.0955	1.0846	1.0720	1.0413	1.0463
USD	1.1385	1.1026	1.0957	1.1124	1.1060	1.0759

Currency	Closing rate	Average rate quarter ended	Average rate quarter ended	Average rate quarter ended	Average rate quarter ended	Opening rate
	31/03/15	31/03/15	31/12/14	30/09/14	30/06/14	31/03/14
GBP	0.7273	0.7444	0.7889	0.7941	0.8152	0.8264
CHF	1.0463	1.0756	1.2045	1.2116	1.2193	1.2180
USD	1.0759	1.1285	1.2490	1.3268	1.3717	1.3779

3 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.

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

Hedge accounting

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

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

Notes to the consolidated financial statements

Fair value hedge accounting

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

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

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. When the forecast transaction is no longer expected to occur, the cumulative balance in equity is immediately transferred to the income statement.

Net investment hedge in foreign operations

Hedges of net investments in foreign operations are accounted for in a way similar 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.

4 Net gains or losses on financial instruments at fair value through profit or loss

The net gains or losses on financial instruments at fair value through profit or loss result from changes in the fair value of the financial assets held for trading and financial assets designated as being at fair value through profit or loss.

5 Income from fees and commissions

The Group earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories: fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

The Group recognises revenue from providing services when the following criteria are met: there is persuasive evidence of an arrangement with a client; the agreed-upon services have been provided; the amount of fees has been determined; and collection is probable.

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.

Portfolio and other management fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

6 Interest income and expense

Interest receivable and payable represents all interest arising out of banking activities, including lending and deposit-taking business, interest on related hedging transactions and interest on debt securities. Interest on all financial instruments, excluding those classified as held for trading or designated at fair value through profit or loss, is recognised in the income statement using the effective interest rate method.

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

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

7 Financial assets and liabilities

The Group initially recognises loans and advances and deposits on the date on which they are originated. All other financial assets and liabilities are recognised on trade date.

On initial recognition, IAS 39 requires that financial assets be classified into the following categories: at fair value through profit or loss; loans and receivables; held-to-maturity investments or available for sale. The Group does not hold any assets that are classified as held-to-maturity investments.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading (i.e. primarily acquired for the purpose of selling in the short term), assets that are designated as fair value through profit or loss and derivatives that are not designated as hedges.

These financial assets are recognised at fair value, with transaction costs recorded immediately in the income statement; they are subsequently measured at fair value. Gains and losses arising from changes in fair value, or on derecognition, are recognised in the income statement as net gains or losses on financial assets at fair value through profit or loss. Interest and dividend income from financial assets at fair value through profit or loss is recognised in net gains or losses on financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans which are intended to be sold in the short term are classified as held for trading and are recorded at fair value through profit or loss.

Loans and receivables are initially recorded at fair value, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses on loans and receivables that are derecognised are booked as 'other operating income'.

Available-for-sale financial assets

Available-for-sale investments comprise non-derivative financial assets that are either designated as available for sale on initial recognition or are not classified into the categories described above. Available-for-sale investments include some loans and debt securities that do not meet the criteria for classification as loans and receivables as they are quoted in an active market. They are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity until the financial asset is sold or impaired, at which time the cumulative gain or loss is transferred to the income statement. Interest (determined using the effective interest rate method), impairment losses and translation differences on monetary items are recognised in the income statement as they arise. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

Financial liabilities

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

8 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.

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

9 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. Such interests are primarily recorded as available-for-sale assets.

10 Impairment of financial assets

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

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

Impairment of loans and receivables

The Group first assesses whether objective evidence of impairment exists; individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment losses are calculated on a collective basis for any losses on loans that are subject to individual assessment for impairment, where those losses have been incurred but not yet identified. Collective assessment is also used for homogeneous groups of loans that are not considered individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it is included in a collective assessment for impairment with other assets with similar risk characteristics.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account. The amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a financial asset reflects the cash flows that may result from scheduled interest payments, principal repayments or other payments due, including liquidation of collateral where available. In estimating these cash flows, management make judgements about a counterparty's financial situation and the value of any underlying collateral or guarantees in the Group's favour. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are reviewed by the relevant Credit Committee on a regular basis. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Collectively assessed credit risk allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets but the individual impaired items cannot yet be identified. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows are estimated on the basis of historical loss experience. These estimates are subject to regular review and adjusted to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate which was used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an objective event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance for loan impairment. The amount of the reversal is recognised in the income statement.

When a loan is deemed uncollectable, it is written off against the related allowance for loan impairment. Recoveries received in respect of loans previously written off are recorded as a decrease in the impairment losses on loans and advances recorded in the income statement in the year in which the recovery was made. Loans whose terms have been renegotiated and which would have been past due or impaired had they not been renegotiated, are reviewed to determine whether they are impaired or past due.

Impairment of available-for-sale financial assets

Available-for-sale assets are assessed at each balance sheet date to determine whether there is objective evidence that these are impaired.

For equity instruments, a significant or prolonged fall in their price below their acquisition cost is an objective indication of value impairment. The Group considers that this is the case, in particular, for equity instruments which at the reporting date show unrealised losses exceeding 40% of their acquisition cost and for those in a situation of an unrealised loss during a continuous five-year period. Even if the criteria mentioned above were not met, management may decide to examine the results for other criteria (financial position of the issuer, outlook for the issuer, multiple-criteria valuations, etc.) in order to determine whether the fall in value is of a permanent nature. Where there is an objective indication of value impairment, the cumulative loss is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value on an impaired AFS equity increases, the impairment loss is not reversed through the income statement. However, any further decline in the fair value will be recognised as a further impairment charge.

Impairment of available-for-sale debt securities is based on the same criteria as for all other financial assets. If in a subsequent period the fair value of a debt instrument classified as available for sale increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

The loss recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

11 Classification of debts 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 subsidiaries in 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.

12 Intangible assets

Intangible assets include acquired brands, software, intellectual property rights, and client relationships. These are carried at historical cost less amortisation, if any, and less any accumulated impairment losses. These intangible assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If such evidence exists, an impairment test is performed.

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 asset. The deemed cost refers to the situation in which, on transition to IFRS, the Group elected, as IFRS 1 First-time adoption of IFRS permits, to consider the fair value of a tangible asset at that time 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 amount. These gains and losses are recognised in the income statement, in Net income/(expense) from other assets.

14 Impairment of tangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible assets are assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. 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 a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

15 Finance leases and operating leases

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Where the Group is the lessor

Finance leases

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

Operating leases

Assets acquired for use by customers under operating lease agreements, including initial direct costs incurred by the lessor in negotiating an operating lease, are capitalised in the relevant category of fixed assets. Depreciation is charged on a straight-line basis to write down the value of the asset to the expected residual value over a period consistent with other assets of a similar type.

Operating lease income and the initial direct costs are then recognised in other operating income on a straight-line basis over the period of the lease.

Where the Group is the lessee

The Group has entered into operating leases. The total payments made under those operating leases are charged to the income statement as operating expenses. Commitments arising from operating leases are separately disclosed.

16 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, on the assumption that the remaining assets in the fund were realised at the balance sheet date at fair value. Fair value is determined using the valuation methodology applied by the Group in its role as manager to its funds and is measured 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 which 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 which 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 which 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 at the balance sheet date using the same method as the valuation of the Group's interests, as described above.

17 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, the deferred amount is recognised in the income statement over the period up to the date of vesting.

Share-based payments

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

18 Pensions

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

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

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

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

19 Taxation

Tax payable on profits and deferred tax are recognised in the income statement, except to the extent that they relate to items that are recognised in equity.

Deferred tax is provided in full, 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 tax assets, including 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, unless the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

20 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders at the Annual General Meeting or, in the case of interim dividends, when they are paid by the Company after decisions of the Managing Partner, R&Co Gestion.

21 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. These assets and the income arising therefrom are excluded from these financial statements, as they are not assets or income of the Group.

22 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 are 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, or 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.

IV. Governance and financial risk management

The risks relating to financial instruments, and the way in which these are managed by the Group, are described below, along with a general description of the Group's governance environment.

A. Governance

Within the framework of the worldwide operational and functional organisation of the Group, the oversight management of the Group, without prejudice to the responsibilities of legal entities, is carried out by the Company. The Company's governance structure is based on an executive body, the Managing Partner and a supervisory body, the Supervisory Board, which relies on four specialised committees stemming from it.

The Supervisory Board and its committees

The Supervisory Board is the supervising body of the Company and the Group on a consolidated basis overseeing the management of R&Co by R&Co Gestion. The Supervisory Board submits to the Annual General Meeting of shareholders a report on the results of its supervision. In addition, pursuant to the provisions of Article L. 225-68 of the French Commercial Code, the Chairman of the Supervisory Board submits to the Annual General Meeting of shareholders a report on corporate governance and on the internal control and risk management procedures implemented by the Company.

The Supervisory Board has appointed four specialised committees to address particular matters: the Audit Committee, the Remuneration and Nomination Committee, the Risk Committee and the Strategy Committee. Each committee reports to the Supervisory Board after each meeting. Members and chairpersons of the Supervisory Board's committees are appointed by the Supervisory Board from its own members. The terms of reference of these committees are approved by the Supervisory Board.

The Audit Committee is responsible for reviewing the effectiveness of the Group's internal control systems, in addition to its responsibility for reviewing the process for drawing up the consolidated and parent company financial information.

The Risk Committee is mainly responsible for advising the Supervisory Board on the overall current and future risk appetite and strategy of the Group and reviewing on a consolidated basis the material risks of the Group.

At least once a year, the Chairmen of the Audit Committee and Risk Committee consult each other on various subjects, including, but not limited to, subjects of common interest and/or topics falling within the parameters assigned to them and related to internal control and risk management systems.

The Remuneration and Nomination Committee assists the Supervisory Board with its remuneration-related duties and in particular with the preparation of its decisions aimed at implementing the Group's remuneration policy principles.

The Strategy Committee gives guidance to the Supervisory Board with respect to the long-term development strategies, significant investments and significant technical proposals or initiatives of the Managing Partner affecting R&Co and the Group strategy on a consolidated basis.

More detailed information on the Supervisory Board, its committees and the internal control and risk management procedures implemented by the Company is available in the aforesaid report the Chairman of the Supervisory Board is required to establish for each financial year pursuant to the provisions of Article L. 225-68 of the French Commercial Code.

R&Co Gestion

R&Co Gestion is the legal representative of the Company in charge of the management of the Company with full power to act in all circumstances in the Company's name and on its behalf under the oversight of the Supervisory Board, in order to, among other things:

- ensure the effective determination of the direction of the business of the Company and the entities within the Group on a consolidated basis;
- supervise the accounting and financial information and direct the internal control of the Company and the entities within the Group on a consolidated basis;
- determine the regulatory capital of the Company and the entities within the Group on a consolidated basis; and
- approve the consolidated annual and half-yearly accounts of the Company.

The Group Management Committee

The Company relies on the Group Management Committee (GMC) for the management of the Group and the oversight of the other business management and internal control executive Group committees. The GMC is the Group senior executive committee assisting the two Co-Chief Executive Officers of the Managing Partner R&Co Gestion.

Other Group key committees

At the date of this report, the Group's key committees involved in risk monitoring and internal control and supporting R&Co Gestion and the GMC are:

- the Group Assets and Liabilities Committee (Group ALCO) which is responsible for monitoring and managing all balance sheet risks within the Group, excluding those risks subject to the Group Credit Risk Policy, and to oversee all treasury operations within the Group;
- the GA Global Risk Committee, which is responsible for taking decisions on complex, difficult, or high-risk matters affecting the business.

The terms of reference and membership of these committees are regularly reviewed.

B. Credit risk

Credit risk arises from the potential failure of counterparties and customers to meet their obligations.

The Group's ongoing credit activities are in:

- lending to private clients through its banks NMR, RBZ, RBI, RBCI and RCB;
- the residual Treasury exposures held for liquidity purposes; and
- mezzanine debt through the residual activities of R&Co's on-balance sheet investment, now managed by Merchant Banking.

The Group also has credit risk exposure from its legacy Banking activities undertaken in NMR (comprising commercial loans to corporates).

The Group has a Credit Risk Policy which has been implemented by R&Co Gestion and reviewed by the Risk Committee. The policy sets out the credit risk appetite of the Group, and the limits that have been established at Group level and establishes reporting protocols. It also requires each subsidiary that conducts banking activities to have a credit risk policy which is consistent with the Group Credit Risk Policy and with the requirements of local regulators.

All exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures is secured on property or assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest.

Reflecting the Group's focus on Private Client Lending, a Group Private Client Credit Committee (PCCC) approves and periodically reviews the Private Client Lending exposures and credit policies consistent with the Private Client Lending strategy approved by R&Co Gestion.

The Private Client Lending policies and associated delegated authorities are confirmed by the relevant Board (or Board committee as appropriate) of each of the banking entities on an annual basis. Any material changes to the Private Client Lending policies will be approved by R&Co Gestion.

Interbank exposures are subject to a limit structure that is monitored by the Group ALCO. Those limits are monitored within the Group on a weekly basis. The Group also has a Large Exposures policy for interbank loans, which is reviewed annually by R&Co Gestion.

The Group reviews credit exposures on loans and debt securities on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures which are considered to be fully performing.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client. Examples include: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
Past due but not impaired financial assets	*A financial asset is considered to be past due when the counterparty has failed to make a payment when contractually due (unless this is caused by short-term administrative delays). Financial assets that are past due but not impaired are exposures for which a provision is not considered necessary despite non-payment of the contractual obligations.*
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan (unless collateral exists which exceeds the exposure's carrying value). At least some recovery is expected to be made.
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

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 at 31 March 2016 and at 31 March 2015 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/16
Financial assets at fair value through profit or loss(1)	172.7	–	–	–	–	–	–	172.7
Hedging derivatives	2.8	–	–	–	–	–	–	2.8
Loans and advances to banks	1,242.9	–	–	–	–	–	–	1,242.9
Loans and advances to customers	1,345.7	5.1	102.9	1.6	85.6	22.1	(74.6)	1,488.4
Available-for-sale debt securities	797.8	–	5.6	–	15.8	10.5	(18.2)	811.5
Other financial assets	333.0	–	–	35.0	4.6	11.4	(14.3)	369.7
Sub-total assets	**3,894.9**	**5.1**	**108.5**	**36.6**	**106.0**	**44.0**	**(107.1)**	**4,088.0**
Commitments and guarantees	181.3	–	0.2	–	0.1	–	–	181.6
TOTAL	**4,076.2**	**5.1**	**108.7**	**36.6**	**106.1**	**44.0**	**(107.1)**	**4,269.6**

(1) Excluding equity.

In millions of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/15
Financial assets at fair value through profit or loss(1)	152.1	–	–	–	–	–	–	152.1
Hedging derivatives	20.0	–	–	–	–	–	–	20.0
Loans and advances to banks	1,530.9	–	–	–	–	–	–	1,530.9
Loans and advances to customers	1,347.4	19.8	149.5	9.8	141.2	35.2	(101.3)	1,601.6
Available-for-sale debt securities	268.1	–	10.4	–	11.7	12.8	(23.3)	279.7
Other financial assets	263.8	0.0	0.1	37.7	3.6	13.6	(16.9)	301.9
Sub-total assets	**3,582.3**	**19.8**	**160.0**	**47.5**	**156.5**	**61.6**	**(141.5)**	**3,886.2**
Commitments and guarantees	192.8	1.9	0.0	–	–	–	–	194.7
TOTAL	**3,775.1**	**21.7**	**160.0**	**47.5**	**156.5**	**61.6**	**(141.5)**	**4,080.9**

(1) Excluding equity.

Notes to the consolidated financial statements

1 Past due but not impaired assets

The table below analyses amounts considered by the business as past due but not impaired by how far they are past their due date:

In millions of euro	31/03/16			31/03/15		
	Loans and advances to customers	Other financial assets	TOTAL	Loans and advances to customers	Other financial assets	TOTAL
Less than 90 days	–	0.3	0.3	6.2	4.6	10.8
Between 90 and 180 days	–	22.9	22.9	1.5	20.9	22.4
Between 180 days and 1 year	–	6.1	6.1	0.7	8.3	9.0
More than 1 year	1.6	5.7	7.3	1.4	3.9	5.3
TOTAL	**1.6**	**35.0**	**36.6**	**9.8**	**37.7**	**47.5**

Where refinancing and sale options are difficult, it is generally in the lender's and borrower's interest to extend certain facilities at maturity and not to foreclose on the security. This assumes there are no underlying issues regarding the borrower's ability to continue to service the loan and the level of collateral is expected to be of sufficient quality to secure the principal.

Unimpaired loans extended in this manner are not categorised as either past due or as renegotiated. As at 31 March 2016 the cumulative value of all loans within this category was €42.7 million (March 2015: €103.5 million). All of these loans were property loans. There are a small number of loans which are overdue, but not impaired, pending an extension of maturity. As at 31 March 2016, these amounted to €13.0 million (31 March 2015: €6.0 million).

Some loans were renegotiated on substantially different terms than before. Typically these loans will include revised covenants and higher margins to reflect higher credit risk as well as having extended maturities. But for these renegotiations the loans would have been deemed to have been impaired. As at 31 March 2016, the carrying value of all loans renegotiated was €29.6 million (31 March 2015: €31.9 million).

2 Collateral

The Group holds collateral against loans to customers. Substantially all third-party commercial lending is secured. Collateral is split by type as either specific or general.

Specific collateral is a readily identifiable asset. The majority of specific collateral is in the form of charges over property assets, or over marketable securities (Lombard lending). There is a realistic possibility, if necessary, of both taking possession of, and realising, the collateral. General collateral will be more difficult to both identify and realise. It will usually be a charge over the assets of a business, and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. For category 1, 2 and 3 loans the level of collateral at expected exit is expected to be sufficient to cover the balance sheet exposure. Where a loan is deemed to be impaired (categories 4 and 5), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, though it is also influenced by the ability of the borrower to service the debt.

Collateral is valued independently at the time the loan is made and periodically thereafter on a rolling basis. Management are able to roll forward a valuation for reporting purposes via a combination of specific knowledge of the collateral and the application of general indices.

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are individually impaired and past due but not impaired.

In millions of euro	31/03/16		31/03/15	
	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets collateral	1.6	50.7	10.8	90.8
Financial assets collateral	–	6.7	–	6.7
TOTAL	**1.6**	**57.4**	**10.8**	**97.5**
Gross value of loans	1.6	107.7	9.8	176.4
Impairment	–	(48.9)	–	(75.1)
Net value of loans	**1.6**	**58.8**	**9.8**	**101.3**

3 Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 31 March 2016 and 31 March 2015.

a) 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.

In millions of euro	UK and Channel Islands	France	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/16
Financial assets at fair value through profit or loss(1)	71.0	33.7	35.2	16.2	12.6	3.8	0.2	172.7
Hedging derivatives	2.8	–	–	–	–	–	–	2.8
Loans and advances to banks	234.1	573.9	30.7	145.5	182.6	48.5	27.6	1,242.9
Loans and advances to customers	705.0	279.4	116.9	215.0	72.0	91.0	9.1	1,488.4
Available-for-sale debt securities	526.8	219.7	33.9	20.2	10.3	0.6	–	811.5
Other financial assets	69.7	107.9	17.9	79.1	53.9	33.0	8.2	369.7
Sub-total assets	**1,609.4**	**1,214.6**	**234.6**	**476.0**	**331.4**	**176.9**	**45.1**	**4,088.0**
Commitments and guarantees	27.5	70.9	24.9	44.9	6.4	2.0	5.0	181.6
TOTAL	**1,636.9**	**1,285.5**	**259.5**	**520.9**	**337.8**	**178.9**	**50.1**	**4,269.6**

(1) Excluding equity.

In millions of euro	UK and Channel Islands	France	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/15
Financial assets at fair value through profit or loss(1)	59.6	57.1	8.6	18.5	2.0	2.8	3.5	152.1
Hedging derivatives	18.2	0.8	–	1.0	–	–	–	20.0
Loans and advances to banks	403.7	672.5	71.8	198.6	108.8	49.3	26.2	1,530.9
Loans and advances to customers	999.0	163.8	132.3	179.4	47.2	42.7	37.2	1,601.6
Available-for-sale debt securities	163.5	28.6	0.1	62.7	19.0	4.8	1.0	279.7
Other financial assets	56.2	80.9	24.9	63.9	42.1	18.4	15.5	301.9
Sub-total assets	**1,700.2**	**1,003.7**	**237.7**	**524.1**	**219.1**	**118.0**	**83.4**	**3,886.2**
Commitments and guarantees	47.1	75.9	10.8	52.3	5.5	2.7	0.4	194.7
TOTAL	**1,747.3**	**1,079.6**	**248.5**	**576.4**	**224.6**	**120.7**	**83.8**	**4,080.9**

(1) Excluding equity.

b) Credit risk by sector

The sector is based on Global Industry Classification Standards (GICS).

In millions of euro	31/03/16	%	31/03/15	%
Financial	1,895.7	44%	2,037.9	50%
Private clients	1,190.2	28%	967.1	24%
Real estate	226.1	5%	307.6	8%
Industrials	192.6	5%	188.7	5%
Government	516.6	12%	181.1	4%
Consumer discretionary	40.7	1%	134.4	3%
Consumer staples	23.2	1%	53.2	1%
Healthcare	42.8	1%	51.2	1%
Utilities	20.7	0%	44.3	1%
Materials	21.2	1%	31.8	1%
IT and telecoms	27.3	1%	30.0	1%
Energy	17.5	0%	5.3	0%
Other	55.0	1%	48.3	1%
TOTAL	**4,269.6**	**100%**	**4,080.9**	**100%**

The ‘Government’ exposure above predominantly consists of high-quality government securities.

The balances above do not include 'cash and amounts due from central banks', which are not considered to have a significant credit risk. These amounted to €3,500 million at 31 March 2016 (31 March 2015: €3,644 million).

Financial and real estate sector exposures may be further analysed as follows:

In millions of euro	31/03/16	%	31/03/15	%
Short-term interbank exposures	1,323.6	69%	1,558.6	77%
Treasury marketable securities – investment grade	223.4	12%	17.5	1%
Cash/investment-backed lending	108.7	6%	225.0	11%
Finance companies	14.5	1%	28.6	1%
Other	225.5	12%	208.2	10%
TOTAL FINANCIAL SECTOR	**1,895.7**	**100%**	**2,037.9**	**100%**

Short-term interbank lending and marketable securities are held for liquidity management purposes.

In millions of euro	31/03/16	%	31/03/15	%
Senior loans	194.8	86%	258.2	84%
Mezzanine	12.7	6%	36.2	12%
Other	18.6	8%	13.2	4%
TOTAL REAL ESTATE SECTOR	**226.1**	**100%**	**307.6**	**100%**

Real estate exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types, and are located predominantly within the UK.

C. Market risk

Market risk arises from changes in the market value of assets and liabilities. It arises as a result of the Group's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange, equity and debt position risk.

Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes.

Exposure to market risk also arises from the Group's proprietary investments in funds and other portfolios. These risks are further explained in the section on 'Equity investments' below.

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

Merchant Banking, which holds largely unquoted private equity investments, and NMR, RBZ and RBCI are the principal entities that are exposed to market risk within the Group. For NMR, RBZ and RBCI, monitoring of trading market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Risk limits are complemented by other measures and controls, including stress testing, to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity.

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

1 Equity investments

As described above, the Group has exposure to equity price risk through holdings of equity investments. Each of these positions is individually approved by management and is monitored on an individual basis.

If the price of these equities were to fall by 5%, then there would be a post-tax charge to the income statement of €12.3 million (31 March 2015: €10.4 million) and a charge to equity of €12.3 million (31 March 2015: €16.9 million).

Moreover, the Group is exposed through its investments to the risks affecting the companies in which it invests.

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

In millions of euro	31/03/16	%	31/03/15	%
France	126.8	22%	224.5	38%
Switzerland	114.0	20%	103.4	17%
Americas	78.4	14%	90.4	15%
United Kingdom and Channel Islands	103.0	18%	72.5	12%
Rest of Europe	88.0	16%	49.1	8%
Australia and Asia	31.1	6%	30.0	5%
Other	23.6	4%	30.8	5%
TOTAL	**564.9**	**100%**	**600.7**	**100%**

2 Currency risk

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

In thousands of euro	31/03/16 Long/(short)
USD	10,993
EUR	(2,860)
GBP	(1,733)
CHF	1,443
Other	9,553

If the euro strengthened against these currencies by 5%, then the effect on the Group would be a profit to the income statement of €0.1 million.

3 Interest rate risk

Because of the nature of its business, only a few entities in the Group are exposed to significant interest rate risk, and these entities manage it primarily through the use of derivatives. Each December, the Group reports its combined interest rate risk to its regulator in the form of a table which collates the impact at an entity level on the fair value of interest-bearing assets and liabilities and of interest rate derivatives of a uniform 200 basis point rise over one year. The combined impact of such a shock at 31 December 2015 would have been a fall in fair values of €2.6 million (31 December 2014: €3.1 million).

D. Liquidity risk

Liquidity risk arises from the mis-match between the legal maturity of assets and liabilities.

The Group adopts a conservative approach to liquidity risk and its management and it has designed its management of liquidity risk in the overall context of the Banking and Private Wealth strategy. Each banking entity must have in place a liquidity risk policy approved by the Group ALCO and which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled. In summary, each entity is required:

- to hold a level of liquidity resources necessary to meet its short-term obligations as defined by its liquidity policy statement; the Group ALCO may from time to time impose stricter guidance according to market conditions or other Group considerations.
- to maintain an appropriate structural liquidity profile through a funding base of appropriate duration and diversity relative to its asset profile, business plans, market capacity and access.
- to maintain in so far as is possible local market and counterparty access to available liquidity resources including, for example, foreign exchange swap markets, repo and applicable central bank facilities.
- to comply with all applicable regulatory liquidity requirements.

The Group's four main banking groups each manage their own liquidity independently of each other. An illustration of how they manage their short-term liquidity is summarised below.

N M Rothschild & Sons Limited

NMR measures its liquidity risk quantitatively against an LCR limit. This is in line with the requirements of the regulator's liquidity regime. The LCR considers NMR's eligible 'buffer' assets against the cumulative net cash flows payable under its most severe stress test. Only those assets of the highest quality can be treated as eligible for inclusion in the LCR.

NMR's liquidity policy requires it to keep an LCR in excess of 100% at the one-month time horizon. At 31 March 2016, the ratio was 807% (31 March 2015: 168%).

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Rothschild Bank International Limited

RBI complies with the liquidity regime of the GFSC which prescribes cumulative cash flow deficit limits for periods up to the one-month time horizon using standard behavioural adjustments (i.e. not institution specific).

At 31 March 2016, the RBI regulatory liquidity ratio for the eight-day to one-month period as a percentage of total deposits was 18% (31 March 2015: 16%), well in excess of the limit set by the GFSC of -5%.

Rothschild Bank AG Zurich

RBZ's liquidity policy includes a behavioural adjustment applied across different client types, which allows for approximately one-third of client deposits to be withdrawn over 30 days. Although the regulatory framework would permit significant mismatches within the 30-day time bucket, RBZ maintains a more conservative approach to liquidity.

Internal limits provide for RBZ to be cumulatively cash positive in all periods (after behavioural adjustments). The behavioural adjustments are complemented by an additional requirement that 20% of all client call deposits are held in cash and assets realisable within 48 hours. RBZ's liquid assets at 31 March 2016 were 446% of liquid liabilities, as measured for regulatory purposes (31 March 2015: 451%). The regulatory limit is 100%.

Rothschild & Cie Banque

RCB's liquidity management process involves the maintenance of a high-quality buffer of liquid assets: typically cash, money held with the central bank or reverse bond repos against its client deposit balances. Its treasury committee, which meets monthly, authorises the counterparties for these liquidity investments within overall bank counterparty group limits set by Group ALCO.

RCB's regulatory liquidity ratio corresponds to the ratio of cash assets and short-term loans to short-term liabilities. It is calculated on a monthly basis, with the minimum threshold set at 100%.

At 31 March 2016, RCB's one-month liquidity ratio set by the French regulator was 345% (31 March 2015: 705%). This will shortly be replaced by a Europe-wide LCR.

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 euro	Demand – 1m	1m – 3m	3m – 1yr	1yr – 2yr	2yr – 5yr	>5 yr	No contractual maturity	31/03/16
Cash and balances at central banks	3,500.1	–	–	–	–	–	–	3,500.1
Financial assets at FVTPL	41.5	22.4	9.3	0.3	249.9	17.1	112.4	452.9
Hedging derivatives	–	2.8	–	–	–	–	–	2.8
AFS financial assets	331.6	218.1	173.6	28.5	13.9	45.8	284.5	1,096.0
Loans and advances to banks	1,058.9	180.7	3.3	–	–	–	–	1,242.9
Loans and advances to customers	389.9	340.4	414.3	51.0	261.9	30.9	–	1,488.4
Other financial assets	337.8	26.2	5.2	0.4	0.1	–	–	369.7
TOTAL	**5,659.8**	**790.6**	**605.7**	**80.2**	**525.8**	**93.8**	**396.9**	**8,152.8**
Financial liabilities at FVTPL	37.3	31.8	7.2	0.1	0.3	–	–	76.7
Due to banks and other financial institutions	70.6	1.3	12.3	9.2	11.7	178.0	–	283.1
Due to customers	4,871.3	346.6	89.7	105.9	54.9	–	–	5,468.4
Debt securities in issue	24.4	5.4	94.4	–	–	–	–	124.2
Other financial liabilities	85.7	19.3	1.2	1.3	3.2	–	–	110.7
TOTAL	**5,089.3**	**404.4**	**204.8**	**116.5**	**70.1**	**178.0**	**–**	**6,063.1**

E. Fair value of financial instruments

For financial reporting purposes, IFRS 13 requires fair value measurements 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 includes listed securities and derivatives traded on organised markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of funds where the value is determined and reported on a daily basis.

Level 2: instruments measured based on recognised valuation models using observable inputs other than quoted prices

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

Derivatives

Derivatives are classified in Level 2 in the following circumstances:

- fair value 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 is derived from other standard techniques such as discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments. The most frequently used of the techniques and measurement models is the discounted cash flow technique (DCF). 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.

Debt securities

Level 2 debt securities are less liquid than Level 1 securities. They are predominantly government bonds, corporate debt securities, mortgage-backed securities, and certificates of deposit. They can be classified in Level 2 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 with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers). Where prices are not directly observable on the markets, 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.

Other equity securities

In the absence of a price available on an active market, fair value of Level 2 equity securities is determined using parameters derived from market conditions, based on data from comparable companies at the closing date.

The measurement techniques are:

Transaction multiples

The preferred measurement technique is based on transaction multiples. This technique uses recent transactions in the sector under consideration. Multiples are established based on the enterprise value of comparable transactions and accounting measures such as EBITDA, EBIT or profit, which are applied to the asset to be measured.

Earnings multiples

This 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, which are in the peer group of the company to be valued. The earnings multiples used are the price/earnings ratio (PER), enterprise value/earnings before interest and tax (EV/EBIT) and enterprise value/earnings before interest, tax, depreciation and amortisation (EV/EBITDA). These are historical multiples of the company to be valued and of the peer-group companies. They are restated to exclude all non-recurring and exceptional amounts, as well as the amortisation of goodwill.

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

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

Stock exchange multiples are calculated excluding any control premium. The valuation is made from the point of view of a non-controlling shareholder. However, if the investment to be valued is not listed, any control premium may be partially or wholly offset by the lack of liquidity relative to listed companies in the peer group.

If the company is not listed, a ‘tradability’ discount is applied to reflect market practices. It is determined from the viewpoint of market operators, not from that of the existing investor.

Measurement of share subscription warrants

Securities providing access to the capital, which generally take the form of share subscription warrants, are regularly assessed to determine the probability of exercise and the possible impact thereof on the value of the investment. At each closing date, the probability of exercise of the warrants is determined by comparing the cost of exercise with the expected benefit derived from exercise.

Historical cost

When the Group has recently made an investment in an unquoted instrument, the transaction price (i.e. an entry price) is often considered as a reasonable starting point for measuring the fair value of this unquoted equity instrument at the measurement date.

Net asset value

The net asset value is, for a company, the amount a shareholder would receive if the company sold all its assets at their current market value, paid off any outstanding debts with the proceeds, and then distributed the remainder to the stockholders. For funds, the net asset value is based on the value of securities and working capital held in a fund’s portfolio.

Level 3: instruments measured using models that are not commonly used and/or that draw on non-observable inputs

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

- unquoted shares whose fair value could not be determined using observable inputs and for which the net asset value is the best approximation of fair value at the closing date;
- shares of Private Equity funds for which the manager and third-party assessor has published a net asset value at the valuation date, using a valuation technique incorporating parameters that are not directly observable, or using observable inputs with a significant adjustment which is not observed;
- more generally, all unquoted equity investments for which the Group uses a valuation technique (comparable valuation multiple, transaction multiple), as described above, but which incorporates parameters that are not directly observable. Such parameters might include cash flow forecasts for a DCF, a discount rate which incorporates a risk premium, or a liquidity discount; for all of these, the parameters may not be directly observable in the market.

The fair value of financial instruments is determined at the reporting date in accordance with the accounting principles and methods described in this report.

Carried at amortised cost:

	31/03/16				
In millions of euro	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Loans and advances to banks	1,242.9	1,242.9	–	1,242.9	–
Loans and advances to customers	1,488.4	1,505.9	–	1,459.1	46.8
TOTAL	**2,731.3**	**2,748.8**	**–**	**2,702.0**	**46.8**
Financial liabilities					
Due to banks and other financial institutions	283.1	285.4	–	285.4	–
Due to customers	5,468.4	5,469.4	–	5,469.4	–
Debt securities in issue	124.2	124.2	–	124.2	–
TOTAL	**5,875.7**	**5,879.0**	**–**	**5,879.0**	**–**

	31/03/15				
In millions of euro	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Loans and advances to banks	1,530.9	1,530.9	–	1,530.9	–
Loans and advances to customers	1,601.6	1,560.4	–	1,180.5	379.9
TOTAL	**3,132.5**	**3,091.3**	**–**	**2,711.4**	**379.9**
Financial liabilities					
Due to banks and other financial institutions	293.8	293.8	–	293.8	–
Due to customers	5,686.9	5,690.2	–	5,690.2	–
Debt securities in issue	13.5	13.5	–	13.5	–
TOTAL	**5,994.2**	**5,997.5**	**–**	**5,997.5**	**–**

- Loans to customers and their associated interest rates: these are compared, by maturity, with similar recent transactions. In the event of a material 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 is adjusted accordingly. To determine the assets' fair value, the Group estimates counterparties' default risk and calculates the sum of future cash flows, taking into account the debtors' financial standing.
- Delivered repurchase agreements, repurchase agreements and amounts due to customers: the fair value of these instruments is determined using a DCF technique, the discount rate of which is adjusted for the appropriate credit margin.
- Debt securities in issue: the fair value of these instruments is determined using external prices which can be regularly observed from a reasonable number of market makers. However, these prices do not represent a directly tradable price.

Carried at fair value:

In millions of euro	31/03/16 TOTAL	Measured using Level 1	Level 2	Level 3
Financial assets				
Trading securities – short term	7.3	7.3	–	–
Financial assets designated at FVTPL – long term	374.8	32.1	342.7	–
Derivative financial instruments	73.6	–	73.6	–
AFS public bills and similar securities	505.9	505.9	–	–
AFS bonds and other fixed income securities	305.1	248.7	53.8	2.6
AFS accrued interest	0.5	0.1	0.3	0.1
AFS equity securities	284.5	155.1	50.6	78.8
TOTAL FINANCIAL ASSETS	**1,551.7**	**949.2**	**521.0**	**81.5**
Financial liabilities				
Derivative financial instruments	76.7	–	76.7	–
TOTAL FINANCIAL LIABILITIES	**76.7**	**–**	**76.7**	**–**

In millions of euro	31/03/15 TOTAL	Measured using Level 1	Level 2	Level 3
Financial assets				
Trading securities – short term	26.4	26.4	–	–
Financial assets designated at FVTPL – long term	290.1	2.0	288.1	–
Derivative financial instruments	66.7	–	66.7	–
AFS public bills and similar securities	147.8	147.8	–	–
AFS bonds and other fixed income securities	124.2	41.8	72.5	9.9
AFS accrued interest	7.8	0.4	5.5	1.9
AFS equity securities	389.7	153.3	72.7	163.7
TOTAL FINANCIAL ASSETS	**1,052.7**	**371.7**	**505.5**	**175.5**
Financial liabilities				
Derivative financial instruments	75.2	–	75.2	–
TOTAL FINANCIAL LIABILITIES	**75.2**	**–**	**75.2**	**–**

Valuation technique by class of financial assets measured based on Level 3 input at 31 March 2016:

Description	Fair value at 31 March 2016 (in millions of euro)	Valuation technique	Unobservable input	Range (weighted average)
Mezzanine debt securities	2.6	Carrying value is based on original investment plus accrued interest less any impairment provisions	Expected repayment cash flow taking into account shareholders' equity of the borrower	n/a
Other	0.1	n/a	n/a	n/a
AFS debt	2.7			
Private equity fund investments	38.2	External valuation based on net asset value	n/a	n/a
Other equities	39.1	External valuation based on net asset value	n/a	n/a
	0.8	Valued at cost	n/a	n/a
	0.7	Earnings multiples adjusted	Non-observable valuation discounts; for example, non-controlling interests, lack of liquidity and adjustments to the multiple to reflect a specific sector or activity	4–20 for EBITDA multiple 20%–40% discount for lack of liquidity/non-controlling interest discount
AFS equity	78.8			

Sensitivity of fair value for Level 3 instruments

Out of €78.8 million of AFS equity securities classified in Level 3 as at 31 March 2016, €77.3 million were subject to a third party valuation. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact in net income and in equity in the event of a fall of 5% of the net asset value. In such an event, there would be a post-tax charge to the income statement of €0.1 million and a charge to equity of €3.4 million.

Assets measured at fair value based on Level 3 as at 31 March 2016

The following table presents the movement in assets valued using Level 3 valuation methods in the period:

In millions of euro		Bonds and other fixed income securities	Funds	Other equities	TOTAL
As at 1 April 2015		**11.8**	**53.5**	**110.2**	**175.5**
Transfer into/(out of) Level 3		(1.0)	(0.2)	(12.3)	(13.5)
Total gains or losses for the period	Included in income statement	(6.6)	0.6	(2.4)	(8.4)
	Gains/(losses) through equity	–	5.5	(1.6)	3.9
Purchases, issues, sales and settlements	Additions	0.4	2.3	0.5	3.2
	Disposals	(1.7)	(23.1)	(53.5)	(78.3)
Exchange		(0.1)	(0.5)	(0.2)	(0.8)
Other		(0.1)	0.1	(0.1)	(0.1)
AS AT 31 MARCH 2016		**2.7**	**38.2**	**40.6**	**81.5**

Selected controls in the valuation process

Merchant Banking

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.

These committees review, twice a year, the valuation of the investments made by Merchant Banking.

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

- the origin of the external source;
- the consistency of the various sources;
- the events that took place during the period which could affect the value; and
- the frequency with which the data are updated.

Merchant Banking funds are valued by their management companies in accordance with the international private equity and venture capital valuation (IPEV) guidelines developed by the Association Française des Investisseurs en Capital (AFIC), the British Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA). An Advisory Committee exists to approve half-yearly investment valuations, which are sent to investors in the Group's merchant banking funds. As such, this committee acts as the valuation committee under the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Valuation of derivatives

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

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

V. Notes to the balance sheet

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

1 Financial assets

In thousands of euro	31/03/16	31/03/15
Public bills and similar securities	3,003	20,950
Equities	4,323	5,422
Trading instruments	**7,326**	**26,372**
Equities	275,825	205,615
Other financial instruments	98,925	84,509
Financial assets designated at fair value through profit or loss	**374,750**	**290,124**
Trading derivative assets (see note 2)	**70,791**	**46,674**
TOTAL	**452,867**	**363,170**
of which financial assets at fair value through profit or loss – listed	*39,382*	*28,310*
of which financial assets at fair value through profit or loss – unlisted	*413,485*	*334,860*

2 Financial liabilities

In thousands of euro	31/03/16	31/03/15
Trading derivative liabilities (see note 2)	**76,733**	**67,012**
TOTAL	**76,733**	**67,012**

Note 2 – Derivatives

A derivative is a financial instrument, the value of which is derived from another financial instrument, an index or some other variable (the 'underlying'). Typically, the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivatives require little or no net investment or a lower investment than a non-derivative financial instrument to obtain the same sensitivity to changes in the underlying.

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative fair values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Positive and negative fair values on different transactions are only netted if there is legal right of set-off, the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in fair values of derivative instruments are recognised in trading income unless they qualify as hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. Trading involves taking positions with the intention of profiting from changes in market variables such as interest rates. The Group also enters into derivative transactions for the purpose of hedging exposures in the non-trading book. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Derivative transactions that qualify as hedges for accounting purposes are either fair value or cash flow hedges.

Trading derivatives

	31/03/16			31/03/15		
In thousands of euro	*Notional principal*	**Of which: asset**	**Of which: liability**	*Notional principal*	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*61,721*	2,671	349	*78,742*	2,177	–
Firm foreign exchange contracts	*9,743,925*	63,482	75,670	*7,094,701*	38,312	62,039
Conditional foreign exchange contracts	*205,128*	693	487	*325,929*	4,448	4,431
OTC commodity options	*65,120*	3,717	200	*23,450*	1,510	500
Other derivatives	*272*	228	27	*270*	227	42
TOTAL	*10,076,166*	**70,791**	**76,733**	*7,523,092*	**46,674**	**67,012**

Hedging derivatives

	31/03/16			31/03/15		
In thousands of euro	*Notional principal*	**Of which: asset**	**Of which: liability**	*Notional principal*	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*190,434*	2,798	–	*558,408*	8,950	8,195
Firm foreign exchange contracts	–	–	–	*86,003*	11,073	–
TOTAL	*190,434*	**2,798**	**–**	*644,411*	**20,023**	**8,195**

Fair value hedges

The Group's fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed rate lending, fixed rate debt securities and fixed rate borrowing.

For the year ended 31 March 2016, the Group recognised a net loss of €4 thousand (net gain of €4 thousand for 31 March 2015) representing the change in fair value of the ineffective portions of fair value hedges.

The fair value of derivatives designated as fair value hedges was €2,798 thousand at 31 March 2016 and €8,910 thousand at 31 March 2015.

Cash flow hedges

The Group is exposed to variability in future interest cash flows on non-trading assets and issued debt securities that receive or pay interest at variable rates. Gains and losses on the effective portion of interest rate swaps designated as cash flow hedges are recorded in shareholders' equity. Gains or losses on any ineffective portion of these swaps are recognised immediately in the income statement.

For the year ended 31 March 2016, the Group recognised a gain of €3 thousand in the income statement in respect of the ineffective portion of cash flow hedges. As at 31 March 2015, the Group recognised a gain of €106 thousand in the income statement.

The fair value of derivatives designated as cash flow hedges at 31 March 2016 was €nil thousand and €2,919 thousand at 31 March 2015.

Note 3 – Available-for-sale financial assets

In thousands of euro	31/03/16	31/03/15
Public bills and similar securities	505,921	147,787
Other fixed income securities	305,087	124,165
Accrued interest	540	7,777
Total AFS debt securities	**811,548**	**279,729**
of which impairment losses	*(20,013)*	*(24,357)*
Total AFS equity securities	**284,461**	**389,708**
of which impairment losses	*(133,424)*	*(143,066)*
TOTAL	**1,096,009**	**669,437**

Changes in available-for-sale financial assets

In thousands of euro	31/03/16	31/03/15
As at 1 April	**669,437**	**748,042**
Additions	1,355,346	291,828
Disposals (sale and redemption)	(895,012)	(468,829)
Gains/(losses) from changes in fair value, recognised directly in equity	(1,041)	67,501
Impairment losses recognised in income statement	(3,938)	(13,147)
Exchange differences	(30,035)	49,419
Reclassifications and other movements	1,252	(5,377)
AT THE END OF THE PERIOD	**1,096,009**	**669,437**

Note 4 – Loans and advances to banks

In thousands of euro	31/03/16	31/03/15
Demand deposits and overnight loans	779,584	783,974
Term deposits and loans	74,197	70,756
Reverse repos and loans secured by bills	388,965	674,989
Accrued interest	201	1,195
Loans and advances to banks – gross amount	**1,242,947**	**1,530,914**
Allowance for credit losses	–	–
TOTAL	**1,242,947**	**1,530,914**

Note 5 – Loans and advances to customers

In thousands of euro	31/03/16	31/03/15
Debit balances on current accounts	25,438	73,105
Other loans to customers	1,530,196	1,621,710
Accrued interest	7,299	8,045
Loans and advances to customers – gross amount	**1,562,933**	**1,702,860**
Specific provisions	(48,876)	(75,099)
Collective provisions	(25,685)	(26,156)
Allowance for credit losses	**(74,561)**	**(101,255)**
TOTAL	**1,488,372**	**1,601,605**

At 31 March 2015, loans and advances to customers included €321 million of finance lease receivables. Following the sale of FALG on 3 November 2015, as described in note 22, there are no finance lease receivables in the Group as at 31 March 2016.

Notes to the consolidated financial statements

Note 6 – Other assets

In thousands of euro	31/03/16	31/03/15
Accounts receivable	218,506	171,243
Guarantee deposits paid	11,838	5,806
Settlement accounts on securities transactions	54,257	43,348
Defined benefit pension scheme assets	11,701	977
Other sundry assets	129,163	135,581
Other assets	**425,465**	**356,955**
Prepaid expenses	23,594	20,078
Accrued income	79,692	78,383
Prepayments and accruals	**103,286**	**98,461**
TOTAL	**528,751**	**455,416**

Note 7 – Investments accounted for by the equity method

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

In thousands of euro	31/03/16		31/03/15	
	Equity accounted value	Share of profit after tax	Equity accounted value	Share of profit after tax
JRAC Proprietary Investments LP Incorporated	20,244	27	16,506	8
Quintus fund	–	(178)	6,633	1,111
Financière Nextpool	–	–	–	1,462
Merchant Banking investments	**20,244**	**(151)**	**23,139**	**2,581**
Sélection 1818(1)	12,160	99	13,247	254
St Julian's Properties Limited(1)	8,318	276	8,983	343
Other	1,720	43	2,319	420
Other investments	**22,198**	**418**	**24,549**	**1,017**
TOTAL	**42,442**	**267**	**47,688**	**3,598**

(1) Financial year ended 31 December 2015.

Information about the underlying accounts of the associates is as follows:

In thousands of euro	31/03/16			
	JRAC Proprietary Investments LP Incorporated	Quintus fund	Sélection 1818(1)	St Julian's Properties Limited(1)
Loans and receivables with bank, net	487	–	–	129
Available-for-sale financial assets	40,201	–	–	–
Other assets	2	–	24,636	16,753
Total assets	**40,690**	**–**	**24,636**	**16,882**
Total creditors	**203**	**–**	**–**	**245**
Net banking revenue	179	(82)	536	–
Profit before tax	76	(355)	536	725
Net income	**54**	**(355)**	**397**	**552**
Other comprehensive income	7,422	(867)	–	(1,468)
Total comprehensive income	**7,476**	**(1,222)**	**397**	**(916)**
Dividends received	**–**	**929**	**298**	**207**

(1) Financial year ended 31 December 2015.

All associates are accounted for using the equity method. Information about business activities, Group voting rights and ownership interest is disclosed in note 37 – Consolidation scope.

Note 8 – Tangible fixed assets

In thousands of euro	01/04/15	Additions	Disposals/ write-offs	Sale of a subsidiary (note 22)	Depreciation charge	Exchange rate movement	Other movements	31/03/16
Gross tangible fixed assets:								
Operating land and buildings	346,325	2,952	(1,882)	–		(24,904)	1,297	323,788
Assets used to generate lease income	18,488	2,056	(1,520)	(19,258)		337	(103)	–
Other tangible fixed assets	151,262	10,007	(22,354)	(12,418)		(6,478)	(1,774)	118,245
Total gross tangible fixed assets	**516,075**	**15,015**	**(25,756)**	**(31,676)**		**(31,045)**	**(580)**	**442,033**
Depreciation and allowances:								
Operating land and buildings	(62,442)		1,881	–	(12,852)	4,451	(1,527)	(70,489)
Assets used to generate lease income	(7,600)		1,319	7,975	(1,602)	(132)	40	–
Other tangible fixed assets	(85,548)		22,010	6,232	(14,223)	3,754	3,299	(64,476)
Total depreciation and allowances	**(155,590)**		**25,210**	**14,207**	**(28,677)**	**8,073**	**1,812**	**(134,965)**
TOTAL	**360,485**	**15,015**	**(546)**	**(17,469)**	**(28,677)**	**(22,972)**	**1,232**	**307,068**

Note 9 – Intangible fixed assets

In thousands of euro	01/04/15	Additions	Disposals/ write-offs	Disposal of subsidiaries	Amortisation charge	Exchange rate movement	Other movements	31/03/16
Intangible fixed assets – gross amount	231,649	10,563	(42,833)	(2,560)		(819)	(313)	195,687
Amortisation and allowances – intangible fixed assets	(63,490)		42,833	2,560	(9,694)	516	(15)	(27,290)
TOTAL	**168,159**	**10,563**	**–**	**–**	**(9,694)**	**(303)**	**(328)**	**168,397**

Note 10 – Goodwill

In thousands of euro	RCB	Concordia Holding	Other	TOTAL
As at 1 April 2015	**47,718**	**59,346**	**3,469**	**110,533**
Additions	–	–	4,343	4,343
Disposals and other decreases	–	–	(2,896)	(2,896)
Translation difference	–	–	(127)	(127)
AS AT 31 MARCH 2016	**47,718**	**59,346**	**4,789**	**111,853**

On 14 September 2015 the Group announced that its Merchant Banking business had acquired West Gate Horizons Advisors, LLC, a Los Angeles-based credit manager specialising in leveraged loans and related assets with approximately $1.5 billion (€1.35 billion) assets under management across five collateralised loan obligation (CLO) structures. As a consequence of the acquisition, the Group has recorded goodwill of €4.3 million, and intangibles of €3.5 million, the latter to be amortised over their estimated useful lives.

As at 31 March 2016, the Group performed an annual impairment test for each of the cash-generating units (CGU) to which goodwill has been allocated.

The recoverable amount of the CGU was calculated using the most appropriate method. For Concordia Holding, the value-in-use calculation has been calculated on a multi-criteria approach based on peer-group stockmarket valuations, deal multiples and discounted future cash flows. For RCB, which represents Global Advisory and Asset Management activity in France, trading multiples have been applied to the normalised profit after tax. Additionally, a sum-of-the-parts valuation has been performed, in which each RCB business has been valued separately with consistent valuation methods and in line with market standards.

The following assumptions were used:

- Cash flows are determined on the basis of business plans for each CGU, which are derived from medium-term plans drawn up through the Group's budget process and then extended in perpetuity to a terminal value, using a long-term growth rate.
- Perpetual growth rate: 2%
- Discount rate: 8.75%

Results of sensitivity tests on the Concordia Holding DCF show that a 50 bp increase in the discount rate combined with a 50 bp reduction in the perpetual growth rate would reduce the value in use of the CGU by 11% (€143 million) and would not result in an impairment.

Notes to the consolidated financial statements

Similarly, a 10% decrease in the normalised cash flow in the future business plan cash flows would reduce the value in use of the CGU by:

- €125 million for Concordia Holding;
- €40 million for RCB.

Such a decrease would not result in an impairment recorded for those CGUs.

At 31 March 2016, the recoverable amount of each CGU was higher than its carrying amount. The Group did not, therefore, record any goodwill impairment in the year.

Note 11 – Due to banks

In thousands of euro	31/03/16	31/03/15
Interbank demand deposits and overnight	59,579	71,859
Interbank term deposits and borrowings	220,559	217,559
Accrued interest	1,814	3,166
TOTAL	**281,952**	**292,584**

Note 12 – Customer deposits

In thousands of euro	31/03/16	31/03/15
Demand deposits	4,494,422	4,278,497
Term deposits	865,996	1,366,715
Borrowings secured by bills	99,915	20,726
Accrued interest	8,055	20,925
TOTAL	**5,468,388**	**5,686,863**

Note 13 – Other liabilities, accruals and deferred income

In thousands of euro	31/03/16	31/03/15
Due to employees	454,096	445,882
Other accrued expenses and deferred income	134,938	119,728
Accrued expenses	**589,034**	**565,610**
Settlement accounts on securities transactions	76,870	52,800
Accounts payable	32,510	41,025
Sundry creditors	89,748	71,420
Other liabilities	**199,128**	**165,245**
TOTAL	**788,162**	**730,855**

Note 14 – Provisions

In thousands of euro	01/04/15	Charge/(release)	Utilised	Exchange movement	Other movements	31/03/16
Provision for counterparty risk	142	–	–	–	(110)	32
Provision for claims and litigation	37,570	(546)	(18,512)	318	150	18,980
Provisions for restructuring	2,100	(1,458)	–	–	–	642
Provisions for property	1,011	443	(162)	(45)	(220)	1,027
Other provisions	–	2,599	(2,640)	(9)	202	152
Sub-total	**40,823**	**1,038**	**(21,314)**	**264**	**22**	**20,833**
Retirement benefit liabilities (note 19)	173,677				(39,125)	134,552
TOTAL	**214,500**	**1,038**	**(21,314)**	**264**	**(39,103)**	**155,385**

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.

Included within provisions for claims and litigation at 1 April 2015 were amounts to cover the estimated financial liability and professional and other costs relating to the Group's Swiss private banking business participation in the U.S. Program in connection with undeclared U.S. related accounts. On 3 June 2015, a non-prosecution agreement was finalised with the U.S. Department of Justice and the settlement of US$11.5 million was within the amounts provided.

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

Note 15 – Impairments

In thousands of euro	01/04/15	Income statement charge	Income statement reversal	Written off	Exchange rate and other movements	31/03/16
Loans and advances to customers	(101,255)	(11,077)	6,172	26,053	5,546	(74,561)
Available-for-sale financial assets	(167,423)	(11,264)	5,702	19,747	(199)	(153,437)
Other assets	(17,435)	(7,284)	2,717	6,662	610	(14,730)
TOTAL	**(286,113)**	**(29,625)**	**14,591**	**52,462**	**5,957**	**(242,728)**

Note 16 – Deferred tax

Deferred taxes are calculated on all temporary differences using the liability method.

The movement on the deferred tax account is as follows:

In thousands of euro	31/03/16	31/03/15
Net asset as at beginning of period	**37,707**	**30,657**
of which deferred tax assets	*92,760*	*89,627*
of which deferred tax liabilities	*(55,053)*	*(58,970)*
Recognised in income statement		
Income statement/(charge)	(4,030)	(13,274)
Recognised in equity		
Defined benefit pension arrangements	(5,451)	9,398
Available-for-sale financial assets	7,880	4,058
Tax losses carried forward	119	–
Cash flow hedges	(1,611)	(1,217)
Reclassification to current tax	5,214	(2,533)
Payments/(refunds)	121	(175)
Exchange differences	(4,866)	9,447
Sale of a subsidiary (see note 22)	(5,733)	–
Other	(441)	1,346
NET ASSET AS AT END OF PERIOD	**28,909**	**37,707**
of which deferred tax assets	*72,278*	*92,760*
of which deferred tax liabilities	*(43,369)*	*(55,053)*

Deferred tax net assets are attributable to the following items:

In thousands of euro	31/03/16	31/03/15
Accelerated tax depreciation	6,015	14,348
Defined benefit pension liabilities	22,893	29,428
Provisions	1,516	239
Deferred profit share arrangements	26,606	29,240
Losses carried forward	12,982	17,574
Available-for-sale financial assets	347	208
Other temporary differences	1,919	1,723
TOTAL	**72,278**	**92,760**

Notes to the consolidated financial statements

NMR, a subsidiary in the UK, recognises deferred tax assets corresponding to losses carried forward. As part of its assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, NMR considers the period over which sufficient taxable profits would arise to utilise the deferred tax assets. During the year ended 31 March 2015, the UK government announced restrictions on the ability of banks to utilise historic tax losses. This affects the period over which the deferred tax assets will be utilised and, accordingly, NMR decided to derecognise €8.7 million of deferred tax assets in the year ended 31 March 2015. For these financial statements to 31 March 2016, NMR considers that there will be sufficient profits within a reasonable timeframe to utilise deferred tax assets that remain recognised on the balance sheet.

In the United States, Canada and Asia, deductible temporary differences have not given rise to the recognition of deferred tax assets.

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	31/03/16	31/03/15
Accelerated tax depreciation	1,549	2,032
Defined benefit pensions	1,829	–
Cash flow hedges	–	(1,602)
Available-for-sale financial assets	13,070	23,061
Intangible assets recognised on acquisition of subsidiaries	11,838	11,838
Other temporary differences	15,083	19,724
TOTAL	**43,369**	**55,053**

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

The deferred tax expense/(income) in the income statement comprises the following temporary differences:

In thousands of euro	31/03/16	31/03/15
Accelerated tax depreciation	2,025	(80)
Defined benefit pension liabilities	1,345	4,177
Allowances for loan losses	(1,359)	1,046
Tax losses carried forward	3,337	8,934
Deferred profit share arrangements	2,504	1,149
Available-for-sale financial assets	(522)	422
Other temporary differences	(3,300)	(2,374)
TOTAL	**4,030**	**13,274**

Note 17 – Structured entities

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

In most cases it is clear under IFRS 10 that the Group need not consolidate its investments in structured entities. However, some structured entities are managed by the Group in the form of funds in which the Group's own money is also invested. In these situations, a judgement must be made 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 this is measured is the level at which performance fees begin to accrue.

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

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

The Group's judgement is guided by both IFRS 10 and its understanding of market practice.

Interest in unconsolidated structured entities

The following table shows the Group's interest in unconsolidated structured entities which it manages.

In thousands of euro	31/03/16 Equity funds	31/03/16 Debt funds	31/03/16 Total
Total assets within the underlying vehicles	**1,107,302**	**2,549,853**	**3,657,155**
Assets under management including third party commitments	**1,861,449**	**2,882,315**	**4,743,764**
Interest held in the Group's balance sheet:			
Financial assets designated at fair value	234,621	76,454	311,075
Financial investment available for sale	–	16,769	16,769
Loans and receivables	4,589	10,321	14,910
Total assets in the Group's balance sheet	**239,210**	**103,544**	**342,754**
Off-balance sheet commitments made by the Group	150,868	28,174	179,042
Group's maximum exposure	**390,078**	**131,718**	**521,796**

In addition, the Group has established and manages investment funds to provide customers with investment opportunities, as a sponsor. The Group, as fund manager, may be entitled to receive a management fee and a performance fee based on the assets under management. The Group made no investment in these funds, and the assets under management amounted to €50.2 billion as at 31 March 2016 with revenue earned of €379.3 million.

Note 18 – Non-controlling interests

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

	31/03/16			31/03/15		
In thousands of euro	Net income	Amounts in the balance sheet	Distributions	Net income	Amounts in the balance sheet	Distributions
Preferred shares	100,881	30,783	96,993	85,839	39,823	72,175
Perpetual subordinated debt	14,775	319,813	14,775	14,267	346,030	14,267
Rothschild Holding AG group	7,022	153,641	2,407	7,289	157,273	2,149
Other	2,627	11,613	181	2,908	12,908	975
TOTAL	**125,305**	**515,850**	**114,356**	**110,303**	**556,034**	**89,566**

Preferred shares

Preferred shares within NCI mainly consist of amounts calculated in accordance with legal clauses applicable to French limited partnerships owned by Rothschild & Compagnie Banque SCS, the French holding company of our Private Wealth and Global Advisory businesses located in France. The preferred amounts are based on the partnerships' individual local earnings, and take into account the share that relates to workers' remuneration.

Perpetual subordinated debt

The Group has issued perpetual subordinated debt instruments which have discretionary clauses related to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of NCI. The interest payable on these instruments is shown as a charge to NCI.

In thousands of euro	31/03/16	31/03/15
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	186,835	203,343
Perpetual floating rate subordinated notes (€150 million)	65,346	71,119
Perpetual floating rate subordinated notes (US$200 million)	67,632	71,568
TOTAL	**319,813**	**346,030**

Rothschild Holding AG group

The Group holds a 72.87% economic interest in the equity of Rothschild Holding AG (RHAG), the Swiss holding company of part of our Private Wealth business. The non-controlling interest in its income statement and balance sheet is calculated based on this economic interest.

The following table shows a summarised income statement and balance sheet of the RHAG group of companies.

	RHAG group	
In thousands of euro	31/03/16	31/03/15
Income statement information		
Net banking revenue	216,253	189,136
Net income	30,686	21,710
Total other comprehensive income for the period, after tax(1)	(19,472)	58,161
Total comprehensive income for the period	**11,214**	**79,871**
Balance sheet information		
Cash and amounts due from central banks	2,749,608	2,753,309
Loans and receivables to banks	138,230	135,461
Loans and receivables to customers	1,102,499	845,525
Other assets	467,256	488,470
Total assets	**4,457,593**	**4,222,765**
Due to customers	3,581,066	3,401,037
Other liabilities	265,937	213,176
Total liabilities	**3,847,003**	**3,614,213**
Shareholder equity	610,590	608,552

(1) Other comprehensive income in RHAG comprises gains and losses from translation, actuarial movements and revaluation of long-standing shareholdings.

Note 19 – Retirement benefit obligations

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

The NMR Pension Fund (NMRP) is operated by NMR for the benefit of employees of certain Rothschild Group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in 2003, and a defined contribution section, established with effect from the same date.

The NMR Overseas Pension Fund (NMROP) is operated for the benefit of employees of certain Rothschild Group companies outside the United Kingdom. The defined benefit section also closed to new entrants and a defined contribution section was opened in 2003.

Rothschild North America Inc maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements for certain employees (RNAP). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees. The last time that new benefits were accrued was 2001.

RBZ also operates a funded pension scheme (RBZP). This scheme has been set up on the basis of the Swiss method of defined contributions but has 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 post-employment benefits.

The latest formal actuarial valuations of the NMRP and the NMROP were carried out as at 31 March 2013. The value of the defined benefit obligation has been updated to 31 March 2016 by qualified independent actuaries. Valuations of RBZP are performed each September and March, 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 which 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. Overall, the objective is to select assets which will generate income and capital growth to meet, together with new contributions, the cost of current and future benefits payable by the funds.

Amounts recognised in the balance sheet

In thousands of euro	NMRP and NMROP	RBZP	RNAP	Other	31/03/16
Present value of funded obligations	981,362	245,123	–	–	1,226,485
Fair value of plan assets	(911,854)	(226,018)	–	–	(1,137,872)
Sub-total	**69,508**	**19,105**	**–**	**–**	**88,613**
Present value of unfunded obligations	–	–	23,737	10,501	34,238
TOTAL	**69,508**	**19,105**	**23,737**	**10,501**	**122,851**
of which schemes with net liabilities	*75,946*	*24,368*	*23,737*	*10,501*	*134,552*
of which schemes with net (assets)	*(6,438)*	*(5,263)*	–	–	*(11,701)*

In thousands of euro	NMRP and NMROP	RBZP	RNAP	Other	31/03/15
Present value of funded obligations	1,128,294	249,108	–	–	1,377,402
Fair value of plan assets	(1,001,232)	(244,685)	–	–	(1,245,917)
Sub-total	**127,062**	**4,423**	**–**	**–**	**131,485**
Present value of unfunded obligations	–	–	29,190	12,025	41,215
TOTAL	**127,062**	**4,423**	**29,190**	**12,025**	**172,700**
of which schemes with net liabilities	*128,039*	*4,423*	*29,190*	*12,025*	*173,677*
of which schemes with net (assets)	*(977)*	–	–	–	*(977)*

Movement in net defined benefit obligation:

In thousands of euro	Plan (assets)	Defined benefit obligations	Net defined benefit liability
As at 1 April 2015	**(1,246,118)**	**1,418,818**	**172,700**
Current service cost (net of contributions paid by other plan participants)	–	16,917	16,917
Contributions by the employees	(3,088)	3,088	–
Past service costs	–	(10,433)	(10,433)
Interest (income)/cost	(35,103)	39,682	4,579
Remeasurements due to:			
– actual return less interest on plan assets	54,668	–	54,668
– changes in financial assumptions	–	(45,921)	(45,921)
– changes in demographic assumptions	–	4,644	4,644
– experience (gains)/losses	–	(19,773)	(19,773)
Benefits paid	49,592	(49,592)	–
(Contributions) by the Group	(47,599)	–	(47,599)
Administration expenses	1,978	–	1,978
Exchange and other differences	87,798	(96,707)	(8,909)
AS AT 31 MARCH 2016	**(1,137,872)**	**1,260,723**	**122,851**

Following the March 2013 triennial actuarial valuation of the NMRP, the trustees of the defined benefit pension fund agreed a contribution plan with the Group to reduce the deficit in accordance with pensions regulation. The aim was to eliminate the pension deficit over ten years with £13.8 million of additional contributions per year (increasing by 3.6% per annum). In addition, participating employers in the scheme have agreed to pay 33.5% of in-service members' pensionable salaries. The arrangement will be reviewed in 2016, at the next triennial actuarial valuation of the fund.

It is estimated that total contributions of €44 million will be paid to the defined benefit pension schemes in the year ending 31 March 2017.

The weighted average maturity of the fund's liabilities is projected to be 19 years for the NMRP and 17 years for the RBZP.

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

In thousands of euro	31/03/16	31/03/15
Current service cost (net of contributions paid by other plan participants)	16,917	12,611
Net interest cost	4,579	5,056
Negative past service cost	(10,433)	(2,500)
Administration costs	1,978	1,912
Other pension income	106	296
TOTAL (included in staff costs)	**13,147**	**17,375**

As a result of changes implemented during the year to the RBZP, the 2016 income statement includes a credit of €10.4 million in respect of past service costs. During the prior year, changes to the RBZP generated a credit of €2.5 million in respect of past service costs.

Amounts recognised in statement of comprehensive income

In thousands of euro	31/03/16	31/03/15
Remeasurement gains/(losses) recognised in the year	6,382	(48,646)
Cumulative remeasurement losses recognised in the statement of comprehensive income	(216,808)	(223,190)

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

	31/03/16			31/03/15		
	NMRP and NMROP	RBZP	RNAP	NMRP and NMROP	RBZP	RNAP
Discount rate	3.6%	0.4%	2.5%	3.4%	0.8%	2.3%
Retail price inflation	2.9%	n/a	n/a	3.0%	n/a	n/a
Consumer price inflation	1.9%	0.5%	n/a	2.0%	n/a	n/a
Expected rate of salary increases	2.0%	0.5%	n/a	2.0%	0.5%	n/a
Expected rate of increase of pensions in payment:						
Uncapped increases	n/a	0.0%	n/a	n/a	0.0%	n/a
Capped at 5.0%	2.8%	n/a	n/a	2.9%	n/a	n/a
Capped at 2.5%	2.0%	n/a	n/a	2.0%	n/a	n/a
Life expectancy of a:						
– male pensioner aged 60	28.7	26.4	26.1	28.6	26.3	26.1
– female pensioner aged 60	29.5	29.0	28.6	29.5	28.9	28.6
– male pensioner aged 60 in 20 years' time	30.7	28.1	n/a	30.6	28.1	n/a
– female pensioner aged 60 in 20 years' time	30.7	30.7	n/a	30.7	30.6	n/a

The defined benefit plan net liability calculation is sensitive to the actuarial assumptions used above. Those that have the most significant impact on the measurement of the liability are as follows:

	31/03/16	
	Approximate increase/(decrease) in balance sheet liability	
In thousands of euro	NMRP and NMROP	RBZP
0.5% increase in discount rate	(85,000)	(19,000)
0.5% increase in inflation	70,000	1,000
1 year increase in life expectancy	29,000	n/a

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

Composition of plan assets

	31/03/16			31/03/15		
	NMRP	NMROP	RBZP	NMRP	NMROP	RBZP
Equities – quoted	35%	43%	26%	33%	43%	27%
Bonds – quoted	18%	18%	46%	18%	17%	45%
Cash and gilts	9%	8%	8%	7%	23%	8%
Hedge funds and private equity	20%	13%	12%	21%	13%	13%
Liability hedges	17%	16%	2%	18%	–	2%
Property and others	1%	2%	6%	3%	4%	5%
TOTAL	100%	100%	100%	100%	100%	100%

Equities includes €0.9 million (2015: €0.9 million) of shares in companies that are related parties of the sponsoring company.

NMR and certain subsidiaries of the NMR group have entered into a trust agreement for the benefit of NMRP. The trust arrangement gives the pension fund security over certain NMR group assets which would provide up to £50 million of value to NMRP in the event that specific financial triggers are breached. The financial triggers relate to the NMR group's ongoing viability and any breach is therefore considered extremely unlikely. The NMR group retains control of the assets, and income relating to them continues to be recognised in the Group's results.

Note 20 – Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, the 'cash and cash equivalents' items are analysed as follows:

In thousands of euro	31/03/16	31/03/15
Cash and accounts with central banks	3,500,132	3,643,942
Interbank demand deposits and overnight loans (assets)	779,584	783,974
Other cash equivalents	103,001	420,952
Interbank demand deposits and overnight loans (liabilities) and due to central banks	(60,737)	(73,099)
TOTAL	**4,321,980**	**4,775,769**

Other cash equivalents comprise overnight interbank reverse repos and public bills and securities which are held for trading.

Note 21 – Commitments given and received

Commitments given

In thousands of euro	31/03/16	31/03/15
Given to customers	83,588	117,554
Loan commitments	**83,588**	**117,554**
Given to banks	21,384	20,672
Given to customers	76,657	56,442
Guarantee commitments	**98,041**	**77,114**
Investment commitments	183,754	234,839
Pledged assets and other commitments given	106,244	140,977
Total other commitments given	**289,998**	**375,816**

Investment commitments relate to Merchant Banking funds and investments.

The commitment to employees in respect of deferred remuneration is set out in note 28.

Commitments received

In thousands of euro	31/03/16	31/03/15
Received from banks	135,000	61,000
Loan commitments	**135,000**	**61,000**
Received from customers	9,900	15,365
Guarantee commitments	**9,900**	**15,365**

Operating lease commitments payable

In thousands of euro	31/03/16		31/03/15	
	Land and buildings	Other	Land and buildings	Other
Up to 1 year	32,708	2,332	34,006	2,099
Between 1 and 5 years	111,904	4,284	110,763	6,126
Over 5 years	132,015	–	141,796	118
TOTAL	**276,627**	**6,616**	**286,565**	**8,343**

Note 22 – Sale of a subsidiary

On 2 October 2015, the Group announced that it had entered into an agreement to sell its UK asset finance business, Five Arrows Leasing Group Limited, to Paragon Bank PLC.

The transaction completed on 3 November 2015. Consideration for the sale amounted to €164 million. The transaction generated an exceptional accounting gain of €98.7 million, with the proceeds to be used for general corporate purposes and for investing in the growth of our three core businesses. On completion, in addition to the sale proceeds, the funding of €267 million provided by the Group to FALG was repaid to the Group.

The major categories of assets and liabilities in FALG at the date of disposal are set out below:

In thousands of euro	03/11/15
Loans and advances to banks	4,760
Loans and advances to customers	312,859
Other assets	12,950
Tangible fixed assets	17,304
Goodwill	3,459
Deferred tax assets	5,477
Total assets	**356,809**
Due to banks	716
Intercompany borrowing	267,126
Other liabilities, accruals and deferred income	22,244
Current tax liabilities	1,184
Total liabilities	**291,270**

VI. Notes to the income statement

Note 23 – Net interest income

Interest income

In thousands of euro	31/03/16	31/03/15
Interest income – loans to banks	8,118	9,920
Interest income – loans to customers	47,283	55,145
Interest income – available-for-sale instruments	5,716	6,556
Interest income – derivatives	34,174	20,353
Interest income – other financial assets	1,977	1,915
TOTAL	**97,268**	**93,889**

Interest expense

In thousands of euro	31/03/16	31/03/15
Interest expense – due to banks and other financial institutions	(10,208)	(4,701)
Negative interest income from loans to banks	(19,536)	(3,533)
Interest expense – due to customers	(15,765)	(26,355)
Interest expense – debt securities in issue	(216)	–
Interest expense – subordinated debt	–	(211)
Interest expense – derivatives	(1,882)	(11,628)
Interest expense – other financial liabilities	(537)	(1,306)
TOTAL	**(48,144)**	**(47,734)**

Note 24 – Net fee and commission income

Fee and commission income

In thousands of euro	31/03/16	31/03/15
Fees for advisory work and other services	1,060,420	891,709
Portfolio and other management fees	400,434	338,981
Banking and credit-related fees and commissions	2,264	5,362
Other fees	11,707	15,148
TOTAL	**1,474,825**	**1,251,200**

Fee and commission expense

In thousands of euro	31/03/16	31/03/15
Fees for advisory work and other services	(8,699)	(7,062)
Portfolio and other management fees	(37,531)	(30,138)
Banking and credit-related fees and commissions	(75)	(564)
Other fees	(6,434)	(7,451)
TOTAL	**(52,739)**	**(45,215)**

Note 25 – Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euro	31/03/16	31/03/15
Net income – equity securities and related derivatives held for trading	1,023	943
Net income – foreign exchange operations	28,015	31,206
Net income – other trading operations	(7,807)	165
Net income – financial instruments designated at fair value through profit or loss	37,084	28,345
TOTAL	**58,315**	**60,659**

Net gains and losses on financial instruments at fair value through profit or loss include the changes in fair value (excluding accrued interest) of financial instruments held in the trading portfolio and classified as financial instruments designated at fair value through profit or loss by option. These also include gains and losses on hedging transactions, foreign exchange gains and losses, and gains or losses arising from the ineffectiveness of hedging instruments.

In April 2015, the Group repaid a floating rate loan which had a swap attached to it to fix the interest rate. This swap, which was accounted for as a cash flow hedge, had a negative mark-to-market value of €7.9 million at the time of closure, which has been recycled in the line ‘Net income – other trading operations’. The loan, which was refinanced on more favourable terms, relates to our London office property.

Note 26 – Net gains/(losses) on available-for-sale financial assets

In thousands of euro	31/03/16	31/03/15
Gains or losses on disposal	49,798	74,203
Impairment losses	(3,095)	(5,647)
Dividend income	4,377	10,271
TOTAL	**51,080**	**78,827**

Dividend income from the Group's interest in EdRS is included as dividend income within 'net income/(expense) from other assets' (note 31). The impairment charged in the year to 31 March 2015 is also included in note 31.

Note 27 – Other operating income and expenses

In thousands of euro	31/03/16	31/03/15
Income from leasing	9,821	14,784
Other income	3,285	3,732
TOTAL OTHER OPERATING INCOME	**13,106**	**18,516**
Expenses relating to assets used to generate lease income	(4,522)	(6,677)
Other expenses	(276)	(266)
TOTAL OTHER OPERATING EXPENSES	**(4,798)**	**(6,943)**

Other operating income and expenses include leasing income from FALG. As detailed in note 22, FALG was sold on 3 November 2015.

Note 28 – Operating expenses

In thousands of euro	31/03/16	31/03/15
Compensation and other staff costs	(928,321)	(792,520)
Defined benefit pension expenses (see note 19)	(13,147)	(17,375)
Defined contribution pension expenses	(12,041)	(10,262)
Staff costs	**(953,509)**	**(820,157)**
Administrative expenses	(267,297)	(257,064)
TOTAL	**(1,220,806)**	**(1,077,221)**

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, and, for certain key staff, deferred shares in R&Co are awarded in place of cash.

The 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. For certain significant employees, a portion of the awards will be settled in the form of R&Co shares rather than cash, in response to the Capital Requirements Directive 4 (CRD4). The R&Co shares are released to the employees six months following the vesting date of the award.

A commitment to employees exists in connection with this deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €85.7 million (€78.1 million as at 31 March 2015).

The objective of the deferred share-based payment awards 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 under specific circumstances.

R&Co Equity Scheme

R&Co also operates an Equity Scheme for some of its senior staff. Equity Scheme participants are required to invest in R&Co shares and for each share owned they are granted four share options. Shares invested are subject to a four-year lock-up period and the share options granted are subject to a vesting period before exercise.

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

	31/03/16		31/03/15	
	Number	Weighted average exercise price, €	Number	Weighted average exercise price, €
As at 1 April	3,120,000	18.6	3,120,000	18.6
Issued	460,000	24.7	–	–
AS AT 31 MARCH	**3,580,000**	**19.4**	**3,120,000**	**18.6**
Exercisable at the end of the year	–	–	–	–

Share options outstanding at 31 March were as follows:

	31/03/16		31/03/15	
Exercise price €	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
€17.50–€18.00	1,560,000	7.5	1,560,000	8.5
€18.01–€20.00	1,560,000	7.5	1,560,000	8.5
€20.01–€22.00	–	–	–	–
€22.01–€24.00	115,000	9.5	–	–
Over €24.00	345,000	9.5	–	–
	3,580,000	**7.8**	**3,120,000**	**8.5**

The fair value of the share options awarded in the year was €0.9 million. This amount is charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the options change in value.

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

The charge arising in the year that relates to share-based payments is included in the line 'Compensation and other staff costs', and amounts to €1.0 million (2015: €1.0 million).

Note 29 – Amortisation, depreciation and impairment of tangible and intangible fixed assets

In thousands of euro	31/03/16	31/03/15
Amortisation of intangible assets	(9,694)	(9,843)
Depreciation of tangible assets	(27,075)	(25,754)
TOTAL	**(36,769)**	**(35,597)**

No tangible or intangible fixed assets were impaired in the year (2015: nil).

Note 30 – Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	31/03/16	31/03/15
Loans and receivables	(11,077)	3,222	2,950	(4,905)	(11,011)
Debt securities	(8,169)	5,702	–	(2,467)	(6,337)
Other assets	(7,284)	2,717	–	(4,567)	(5,010)
TOTAL	**(26,530)**	**11,641**	**2,950**	**(11,939)**	**(22,358)**

Note 31 – Net income/(expense) from other assets

In thousands of euro	31/03/16	31/03/15
Impairment of long-standing shareholding	–	(3,212)
Long-standing shareholding dividend	4,562	3,896
Gains/(losses) on sales of tangible or intangible assets	45	17,304
Gains/(losses) on acquisition, disposal or impairment of subsidiaries and associates	98,031	27,084
TOTAL	**102,638**	**45,072**

Gains on disposal of subsidiaries include a profit of €98.7 million from the sale of FALG. More information is given in note 22. Included in the prior period is the profit on the sale of Fircosoft, an associate, which realised a gain of €21.3 million.

'Net income/(expense) from other assets' includes an impairment loss of €nil (€3.2 million for the year ended 31 March 2015) relating to the Group's 8.4% equity investment in EdRS. Since the impairment was booked, the value of the Group's investment has increased by €15.7 million. In accordance with IFRS, the increase over the previously impaired value is taken to the available-for-sale reserve after adjusting for consequential tax and non-controlling interest impacts. This investment, which is accounted for as an available-for-sale financial asset, has been consistently fair valued since 2007 in accordance with IFRS using the listed price.

Note 32 – Income tax expense

In thousands of euro	31/03/16	31/03/15
Current tax	(61,049)	(49,565)
Deferred tax	(4,030)	(13,274)
TOTAL	**(65,079)**	**(62,839)**

The net tax charge can be analysed between a current tax charge and a deferred tax charge as follows:

Current tax

In thousands of euro	31/03/16	31/03/15
Tax charge for the period	(52,471)	(46,073)
Adjustments related to prior years	(974)	(269)
Irrecoverable dividend withholding tax	(7,133)	(2,447)
Other	(471)	(776)
TOTAL	**(61,049)**	**(49,565)**

Deferred tax

In thousands of euro	31/03/16	31/03/15
Temporary differences	(5,926)	(13,465)
Changes in tax rates	(154)	9
Adjustments related to prior years	2,050	182
TOTAL	**(4,030)**	**(13,274)**

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

In thousands of euro	31/03/16		31/03/15	
Profit before tax		**422,304**		**316,693**
Expected tax charge at standard French rate	**34.4%**	**145,399**	**34.4%**	**109,037**
Main reconciling items				
Irrecoverable dividend withholding tax	+1.7%	7,133	+0.8%	2,447
Adjustments related to prior years	(0.3%)	(1,076)	+0.0%	87
Impairment of EdRS in lower tax area	–	–	+0.3%	820
Deferred tax rate changes	+0.1%	556	+2.8%	8,732
(Gains)/losses where no deferred tax recognised	+0.0%	166	(1.6%)	(5,165)
Profits and losses in lower tax areas	(5.6%)	(23,604)	(9.9%)	(31,250)
Partnership tax recognised outside the Group	(7.2%)	(30,536)	(8.1%)	(25,316)
Sale of FALG with nil tax charge	(8.0%)	(33,999)	–	–
Other	+0.3%	1,040	+1.1%	3,447
Actual tax charge	**15.4%**	**65,079**	**19.8%**	**62,839**
EFFECTIVE TAX RATE		15.4%		19.8%

Note 33 – Related parties

The term 'Executive Directors', in the context of this note and the Group governance arrangements surrounding the decision-making process at R&Co Gestion level, refers to corporate officers (*mandataires sociaux*) of R&Co Gestion, the Managing Partner of R&Co. The following remuneration was received by the corporate officers in 2015/2016:

In thousands of euro	31/03/16
Fixed remuneration	500
Payments in kind	–
TOTAL	**500**

Corporate officers did not benefit from payments in shares in respect of 2015/2016 and no severance benefits were provided for termination of work contracts. No other long-term benefits were granted.

The transactions during the year and balances at the end of the year between Group companies, which are fully consolidated, are eliminated on consolidation. Transactions and balances with companies accounted for by the equity method are shown separately in the table below.

Other related parties are the members of the supervisory board of R&Co; people with active control of the Group; people with active control in the parent company of R&Co as Rothschild Concordia SAS directors; companies that are controlled by the principal officers; and any person directly or indirectly responsible for management or control of the activities of R&Co. They also include close members of the family of any person who controls, exercises joint control or significant influence on R&Co, and persons related to Executive Directors and members of the Supervisory Board of R&Co or its parent company.

Notes to the consolidated financial statements

In thousands of euro	31/03/16 Companies accounted for by the equity method	31/03/16 Executive Directors	31/03/16 Other related parties	31/03/15 Companies accounted for by the equity method	31/03/15 Executive Directors	31/03/15 Other related parties
Assets						
Loans and advances to customers	–	877	7,796	85	931	4,519
Equity instruments	–	–	2,999	–	–	11,304
Other assets	–	–	3	469	–	4
TOTAL ASSETS	**–**	**877**	**10,798**	**554**	**931**	**15,827**
Liabilities						
Due to customers	75	5,817	91,476	479	989	120,937
Other liabilities	–	–	489	–	–	–
TOTAL LIABILITIES	**75**	**5,817**	**91,965**	**479**	**989**	**120,937**
Loan and guarantee commitments						
Guarantees and commitments given	–	1,545	73	–	1,987	73
TOTAL COMMITMENTS	**–**	**1,545**	**73**	**–**	**1,987**	**73**
Realised operating income from transactions with related parties						
Interest received	–	–	10	–	20	40
Interest paid	–	–	(332)	–	–	(273)
Commissions received	164	–	–	333	–	–
Commissions paid	–	–	–	–	–	(29)
Other income	1,827	–	3,531	668	–	781
TOTAL INCOME	**1,991**	**–**	**3,209**	**1,001**	**20**	**519**
Other expenses	(911)	–	(3,000)	(849)	(386)	(1,550)
TOTAL EXPENSES	**(911)**	**–**	**(3,000)**	**(849)**	**(386)**	**(1,550)**

Note 34 – Fees to statutory auditors

	Cailliau Dedouit et Associés				KPMG Audit			
	31/03/16		31/03/15		31/03/16		31/03/15	
In thousands of euro		%		%		%		%
Audit								
Fees related to statutory audit, certification, examination of individual and consolidated accounts:								
R&Co (parent company)	174	45%	170	48%	174	5%	170	5%
Subsidiaries fully consolidated	174	45%	176	49%	2,474	69%	2,641	77%
Sub-total	**348**	**89%**	**346**	**97%**	**2,648**	**74%**	**2,811**	**82%**
Fees related to audit services and related assignments:								
R&Co (parent company)	13	3%	–	–	22	1%	18	1%
Subsidiaries fully consolidated	30	8%	11	3%	612	17%	244	7%
Sub-total	**43**	**11%**	**11**	**3%**	**634**	**18%**	**262**	**8%**
Other services from the network of consolidated subsidiaries:								
Law, tax and social	–	–	–	–	289	8%	312	9%
Other	–	–	–	–	23	1%	54	2%
Sub-total	**–**	**–**	**–**	**–**	**312**	**9%**	**366**	**11%**
TOTAL	**391**	**100%**	**357**	**100%**	**3,594**	**100%**	**3,439**	**100%**

The 2014/2015 audit fee analysis has been restated to be consistent with the 2015/2016 analysis. Total audit fees for 2014/2015 remain unchanged.

Note 35 – Segmental information

The table below presents a segmental analysis by business line, prepared from non-IFRS data, and its reconciliation with IFRS data. The 'IFRS reconciliation' column includes items that mainly relate to the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 (R) for defined benefit pension schemes; and reallocation of impairments and certain operating expenses.

Segmental information split by business

In thousands of euro	Rothschild Global Advisory	Asset Management(1)	Other(2)	Total before IFRS reconciliation	IFRS reconciliation	31/03/16
Net banking income	**1,040,383**	**486,431**	**56,019**	**1,582,833**	**6,080**	**1,588,913**
Operating expenses	(873,031)	(404,250)	(101,379)	(1,378,660)	121,085	(1,257,575)
Impairments	–	(588)	(1,463)	(2,051)	(9,888)	(11,939)
Operating income	**167,352**	**81,593**	**(46,823)**	**202,122**	**117,277**	**319,399**
Share of profits of associated entities						267
Net income/(expense) from other assets						102,638
Profit before tax						**422,304**

(1) Asset Management comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking.
(2) Other comprises central costs, legacy businesses, including Banking & Asset Finance, and other.

As explained in note 25, the closure of an interest rate swap resulted in a negative mark-to-market cost of €7.9 million. This cost is shown in the 'other' business line segment as an expense, and then reclassified as an IFRS reconciling item to net banking income.

In thousands of euro	Rothschild Global Advisory	Asset Management(1)	Other(2)	Total before IFRS reconciliation	IFRS reconciliation	31/03/15
Net banking income	**879,639**	**481,619**	**63,514**	**1,424,772**	**(21,573)**	**1,403,199**
Operating expenses	(740,741)	(348,215)	(99,225)	(1,188,181)	75,363	(1,112,818)
Impairments	(38)	502	(14,961)	(14,497)	(7,861)	(22,358)
Operating income	**138,860**	**133,906**	**(50,672)**	**222,094**	**45,929**	**268,023**
Share of profits of associated entities						3,598
Net income/(expense) from other assets						45,072
Profit before tax						**316,693**

(1) Asset Management comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking.
(2) Other comprises central costs, legacy businesses, including Banking & Asset Finance, and other.

Net banking income split by geographical segments

In thousands of euro	31/03/16	%	31/03/15	%
United Kingdom and Channel Islands	560,082	35%	475,724	34%
France	414,677	26%	355,788	25%
Americas	236,577	15%	157,791	11%
Rest of Europe	180,725	11%	217,664	16%
Switzerland	117,057	7%	108,160	8%
Australia and Asia	57,324	4%	74,758	5%
Other	22,471	2%	13,314	1%
TOTAL	**1,588,913**	**100%**	**1,403,199**	**100%**

The breakdown by geographic segment is based on the geographic location of the entity that records the income or which holds the asset. Further information about geographical results is shown in note 38.

Note 36 – Earnings per share

In millions of euro	31/03/16	31/03/15
Net income – Group share	231.9	143.6
preferred dividends adjustment	*(0.7)*	*(0.8)*
Net income – Group share after preferred dividends adjustment	**231.2**	**142.8**
Basic average number of shares in issue – 000s	68,586	68,545
Earnings per share – basic (euro)	**3.37**	**2.08**
Diluted average number of shares in issue – 000s	69,646	68,545
Earnings per share – diluted (euro)	**3.32**	**2.08**

Basic earnings per share are calculated by dividing 'net income – Group share' (after removing accrued preferred dividends, which are not part of the profit earned by ordinary shareholders) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated using the treasury share method, after taking into account the effects of all dilutive potential ordinary shares.

As there were no gains or losses on discontinued activities, the earnings per share on continuing activities are the same as earnings per share.

Note 37 – Consolidation scope

Article 7 of Law No. 2013-672 of the French Monetary and Financial Code of 26 July, 2013, amending Article L.511-45, requires credit institutions to publish information on their locations and activities in each country or territory.

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

The activities shown below are defined in note 35.

		31/03/16		31/03/15		Consolidation method[1]	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/16	31/03/15
Australia							
Arrow Capital Pty Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Australia Limited	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Belgium							
Rothschild Belgique – branch	Asset Management	100.00	99.30	100.00	99.24	FC	FC
Transaction R Belgique – branch	Global Advisory	99.73	99.00	99.73	98.95	FC	FC
Bermuda							
Rothschild Trust (Bermuda) Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Brazil							
N M Rothschild & Sons (Brasil) Limitada	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
British Virgin Islands							
Five Arrows Capital Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Master Nominees Inc.	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Canada							
Rothschild (Canada) Holdings Inc.	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild (Canada) Inc.	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Rothschild (Canada) Securities Inc.	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Rothschild Trust Canada Inc.	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Trust Protectors Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Cayman Islands							
JRE Asia Capital Management Ltd	Other	50.00	49.61	50.00	49.58	EM	EM
Rothschild Trust Cayman Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC

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

Company name	Activity	31/03/16 % Group voting interest	31/03/16 % Group ownership interest	31/03/15 % Group voting interest	31/03/15 % Group ownership interest	Consolidation method[1] 31/03/16	Consolidation method[1] 31/03/15
Channel Islands							
Blackpoint Management Limited	Asset Management	100.00	95.28	100.00	95.25	FC	FC
FAC Carry LP	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Capital GP Limited	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Mezzanine Holder LP	Asset Management	88.00	86.71	88.00	86.59	FC	FC
Five Arrows Partners LP	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Proprietary Feeder LP	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Staff Co-investment LP	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Guernsey Global Trust Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Jofran Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Lanebridge (Arena Plaza) Jersey GP Limited	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Maison (CI) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Quintus European Mezzanine (GP) Limited	Asset Management	–	–	100.00	98.40	–	FC
Quintus European Mezzanine Fund Limited partnership	Asset Management	50.00	49.27	50.00	49.20	EM	EM
Rothschild Asset Management Holdings (CI) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Bank (CI) Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Bank International Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Mexico (Guernsey) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Switzerland (CI) Trustees Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Trust Financial Services Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Trust Guernsey Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschilds Continuation Finance (CI) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
S y C (International) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Shield Holdings (Guernsey) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Shield Securities Limited	Other	100.00	98.53	100.00	98.40	FC	FC
St. Julian's Properties Limited	Other	50.00	49.27	50.00	49.20	EM	EM
TM New Court Plan Trust	Other	100.00	98.53	100.00	98.40	FC	FC
China							
Rothschild & Sons Financial Advisory Services (Beijing) Co. Ltd	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Rothschild Financial Advisory Services (Tianjin) Co. Ltd.	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Curaçao							
N M Rothschild & Sons (Asia) NV	Other	100.00	98.53	100.00	98.40	FC	FC
NMR Consultants NV	Other	–	–	100.00	98.40	–	FC
NMR International NV	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Latin America NV	Other	100.00	98.53	100.00	98.40	FC	FC
France							
Aix-Rabelais	Other	100.00	99.30	100.00	99.24	FC	FC
Concordia Holding SARL	Other	100.00	99.95	100.00	99.95	FC	FC
Financière Rabelais SAS	Other	100.00	99.95	100.00	99.95	FC	FC
Five Arrows Managers SAS	Asset Management	100.00	99.92	100.00	99.01	FC	FC
GIE Rothschild & Cie	Other	100.00	99.30	100.00	99.24	FC	FC

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

Notes to the consolidated financial statements

Company name	Activity	31/03/16 % Group voting interest	31/03/16 % Group ownership interest	31/03/15 % Group voting interest	31/03/15 % Group ownership interest	Consolidation method[1] 31/03/16	Consolidation method[1] 31/03/15
K Développement SAS	Asset Management	100.00	99.95	100.00	99.95	FC	FC
Messine Manager Investissement SAS	Other	100.00	99.95	100.00	99.80	FC	FC
Messine Participations SAS	Other	100.00	99.22	100.00	99.15	FC	FC
Monceau Rabelais SAS (ex Rothschild Investments Solutions)	Other	100.00	99.29	100.00	99.23	FC	FC
Montaigne Rabelais SAS	Other	100.00	99.30	100.00	99.24	FC	FC
Paris Orléans Holding Bancaire SAS	Other	100.00	99.95	100.00	99.95	FC	FC
PO Capinvest 1 SAS	Asset Management	100.00	99.95	100.00	99.95	FC	FC
PO Développement SAS	Asset Management	–	–	100.00	99.95	–	FC
PO Fonds SAS	Asset Management	100.00	99.95	100.00	99.95	FC	FC
PO Mezzanine SAS	Asset Management	100.00	99.95	100.00	99.95	FC	FC
Rothschild & Cie SCS[2]	Global Advisory	99.98	99.28	99.98	99.22	FC	FC
Rothschild & Co SCA (previously Paris Orléans SCA)	Asset Management	100.00	99.95	100.00	99.95	Parent company	Parent company
Rothschild & Compagnie Banque SCS[2]	Asset Management and Other	99.99	99.30	99.99	99.24	FC	FC
Rothschild & Compagnie Gestion SCS[2]	Asset Management	99.99	99.29	99.99	99.23	FC	FC
Rothschild Assurance & Courtage SCS	Asset Management	99.83	99.12	99.83	99.05	FC	FC
Rothschild Europe SNC (French partnership)	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Rothschild HDF Investment Solutions SAS	Asset Management	100.00	95.28	100.00	95.25	FC	FC
SCS Holding SAS	Other	100.00	98.53	100.00	98.40	FC	FC
Sélection 1818 SA	Asset Management	25.00	24.80	25.00	24.79	EM	EM
Transaction R SCS[2]	Global Advisory	99.81	99.01	99.83	98.95	FC	FC
TRR Partenaires	Global Advisory	50.00	49.64	–	–	EM	–
Verseau SAS	Asset Management	95.00	94.95	95.00	94.95	FC	FC
Germany							
Rothschild & Cie Gestion – Frankfurt branch	Asset Management	–	–	99.99	99.23	–	FC
Rothschild GmbH	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Rothschild Vermögensverwaltungs-GmbH	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Hong Kong							
JRE Asia Capital (Hong Kong) Ltd	Asset Management	100.00	49.61	100.00	49.58	EM	EM
RAIL Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild (Hong Kong) Limited	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Rothschild Wealth Management (Hong Kong) Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
India							
JRE Asia Capital Advisory Services (India) Private Limited	Asset Management	100.00	49.61	100.00	49.58	EM	EM
Rothschild (India) Private Limited	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Indonesia							
PT Rothschild Indonesia	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Israel							
RCF (Israel) BV – Israel branch	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Italy							
Rothschild & Cie Gestion – Milan branch	Asset Management	99.99	99.29	99.99	99.23	FC	FC
Rothschild SpA	Global Advisory	100.00	98.91	100.00	98.82	FC	FC

(1) FC: full consolidation.
EM: equity method.
(2) % ownership interest is stated before profit share.

Company name	Activity	31/03/16		31/03/15		Consolidation method[1]	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/16	31/03/15
Rothschild Trust Italy Srl	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Wealth Management (UK) Limited – Milan branch	Asset Management	100.00	80.57	100.00	80.46	FC	FC
Luxembourg							
Centrum Jonquille Sàrl	Asset Management	100.00	99.95	100.00	99.95	FC	FC
Centrum Narcisse Sàrl	Asset Management	100.00	99.95	100.00	99.95	FC	FC
Centrum Orchidée	Asset Management	–	–	100.00	99.95	–	FC
Fin PO SA	Asset Management	100.00	99.92	100.00	99.92	FC	FC
Five Arrows Co-Investments Feeder V SCA SICAR	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Credit Solutions General Partner	Asset Management	100.00	99.92	100.00	99.01	FC	FC
Five Arrows Credit Solutions C General Partner	Asset Management	100.00	99.92	100.00	99.01	FC	FC
Five Arrows Investments SCA SICAR	Asset Management	–	–	100.00	99.16	–	FC
Five Arrows Managers SA	Asset Management	100.00	99.92	100.00	99.01	FC	FC
Five Arrows Mezzanine Investments Sàrl	Asset Management	100.00	99.23	100.00	99.16	FC	FC
Five Arrows Mircan Invest SCS	Asset Management	100.00	99.40	–	–	FC	–
Five Arrows Principal Investments II B SCSp	Asset Management	100.00	99.92	–	–	FC	–
Five Arrows Principal Investments International Feeder SCA SICAR	Asset Management	100.00	99.23	100.00	99.16	FC	FC
Five Arrows Secondary Opportunities III FCPR	Asset Management	100.00	99.48	100.00	99.42	FC	FC
Jardine Rothschild Asia Capital (Luxembourg) Sàrl	Other	50.00	49.61	50.00	49.58	EM	EM
Messine Investissement SA	Asset Management	100.00	99.22	100.00	99.15	FC	FC
Oberon GP Sàrl	Asset Management	100.00	99.92	100.00	99.01	FC	FC
Oberon II GP Sàrl	Asset Management	100.00	99.92	100.00	99.01	FC	FC
PO Invest 2 SA SOPARFI	Asset Management	93.85	93.80	93.78	93.71	FC	FC
PO Participations Sàrl	Asset Management	99.98	99.92	99.98	99.92	FC	FC
R Commodity Finance Fund General Partner	Asset Management	100.00	95.28	63.00	95.25	FC	FC
RPO Invest 1 SCSp	Asset Management	99.48	99.40	99.50	99.40	FC	FC
Malaysia							
Rothschild Malaysia Sendirian Berhad	Global Advisory	70.00	98.53	70.00	98.40	FC	FC
Mauritius							
JRE Asia Capital (Mauritius) Ltd	Other	–	–	33.34	49.58	–	EM
Mexico							
Rothschild (Mexico) SA de CV	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Netherlands							
Continuation Investments NV	Asset Management	39.33	37.31	39.33	37.30	EM	EM
RCF (Israel) BV	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
RCF (Russia) BV	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Rothschild Europe BV	Other	100.00	98.91	100.00	98.82	FC	FC
Rothschilds Continuation Finance BV	Other	69.00	68.22	69.00	68.15	FC	FC
New Zealand							
Rothschild Trust New Zealand Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Poland							
Rothschild Polska Sp. z o.o.	Global Advisory	100.00	98.91	100.00	98.82	FC	FC

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

Company name	Activity	31/03/16		31/03/15		Consolidation method(1)	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/03/16	31/03/15
Portugal							
Rothschild Portugal Limitada	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Qatar							
Rothschild (Qatar) LLC	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Russia							
RCF (Russia) BV – Moscow branch	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Singapore							
Rothschild (Singapore) Limited	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Rothschild Trust (Singapore) Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Wealth Management (Singapore) Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
South Africa							
Rothschild (South Africa) Foundation	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild (South Africa) Proprietary Limited	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Southern Arrows Proprietary Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Spain							
Rothschild SA	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Sweden							
Rothschild Nordic AB	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Switzerland							
Creafin AG	Other	100.00	72.87	100.00	72.77	FC	FC
Equitas SA	Asset Management	90.00	65.59	90.00	65.50	FC	FC
ESOP Services AG	Asset Management	100.00	97.52	100.00	97.52	FC	FC
Five Arrows Capital AG	Asset Management	100.00	98.53	100.00	98.40	FC	FC
RBZ Fiduciary Ltd.	Asset Management	100.00	72.87	100.00	72.77	FC	FC
RCH Employees Share Trust	Other	–	–	100.00	98.40	–	FC
Rothschild & Cie Gestion – Zurich branch	Asset Management	99.99	99.29	99.99	99.23	FC	FC
Rothschild Asset Management Holdings AG	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Bank AG	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild China Holding AG	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Concordia AG	Other	100.00	97.52	100.00	97.52	FC	FC
Rothschild Holding AG	Other	73.94	72.87	73.96	72.77	FC	FC
Rothschild India Holding AG	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Private Trust Holdings AG	Other	100.00	72.87	100.00	72.77	FC	FC
Rothschild Trust (Switzerland) Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschilds Continuation Holdings AG	Other	99.87	98.53	99.77	98.40	FC	FC
RTB Administrators AG	Asset Management	100.00	72.87	–	–	FC	–
RTS Geneva SA	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Turkey							
Rothschild – Kurumsal Finansman Hizetleri Limited Sirketi	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
United Arab Emirates							
Rothschild Europe BV Abu Dhabi Rep. Office	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
Rothschild (Middle East) Limited	Global Advisory	100.00	98.91	100.00	98.82	FC	FC

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

Company name	Activity	31/03/16 % Group voting interest	31/03/16 % Group ownership interest	31/03/15 % Group voting interest	31/03/15 % Group ownership interest	Consolidation method[1] 31/03/16	Consolidation method[1] 31/03/15
United Kingdom							
City Business Finance Limited	Other	–	–	100.00	98.40	–	FC
Continuation Computers Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Dash Commercial Finance Limited	Asset Management	–	–	100.00	78.72	–	FC
Elgin Capital Services Limited	Other	100.00	98.53	100.00	98.40	FC	FC
F.A. International Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Managers LLP (formerly Elgin Capital LLP)	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows (Scotland) General Partner Limited	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Business Finance plc (ex State Securities plc)	Asset Management	–	–	100.00	98.40	–	FC
Five Arrows Finance Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Leasing Group Limited	Other	–	–	100.00	98.40	–	FC
Five Arrows Leasing Holdings Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Five Arrows Media Finance Limited	Other	–	–	100.00	98.40	–	FC
International Property Finance (Spain) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Investor Perceptions Limited	Other	100.00	98.53	50.00	49.20	FC	EM
Lanebridge Holdings Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Lanebridge Investment Management Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Marplace (No 480) Limited	Other	100.00	98.53	100.00	98.40	FC	FC
N M Rothschild & Sons Limited	Global Advisory, Asset Management and Other	100.00	98.53	100.00	98.40	FC	FC
N M Rothschild Holdings Limited	Other	100.00	98.53	100.00	98.40	FC	FC
New Court Property Services	Other	100.00	98.53	100.00	98.40	FC	FC
New Court Securities Limited	Other	100.00	98.53	100.00	98.40	FC	FC
NMR Europe (UK partnership)	Global Advisory	100.00	98.91	100.00	98.82	FC	FC
O C Investments Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Risk Based Investment Solutions Ltd	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Australia Holdings Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Credit Management Limited	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Rothschild Gold Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild HDF Investment Adviser Limited	Asset Management	100.00	95.28	100.00	95.25	FC	FC
Rothschild Holdings Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Investments Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Private Fund Management Limited	Asset Management	–	–	100.00	80.46	–	FC
Rothschild Trust Corporation Limited	Asset Management	100.00	72.87	100.00	72.77	FC	FC
Rothschild Wealth Management (UK) Limited	Asset Management	100.00	80.57	100.00	80.46	FC	FC
Rothschilds Continuation Finance Holdings Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschilds Continuation Finance PLC	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschilds Continuation Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Second Continuation Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Shield MBCA Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Shield Trust Limited	Other	100.00	98.53	100.00	98.40	FC	FC

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

Company name	Activity	31/03/16 % Group voting interest	31/03/16 % Group ownership interest	31/03/15 % Group voting interest	31/03/15 % Group ownership interest	Consolidation method(1) 31/03/16	Consolidation method(1) 31/03/15
Specialist Fleet Services Limited	Other	–	–	100.00	98.40	–	FC
State Securities Holdings Limited	Other	–	–	100.00	98.40	–	FC
Third New Court Limited	Other	100.00	98.53	100.00	98.40	FC	FC
Walbrook Assets Limited	Other	100.00	98.53	100.00	98.40	FC	FC
United States of America							
Five Arrows Friends & Family Feeder LP	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Francarep Inc	Asset Management	100.00	99.95	100.00	99.95	FC	FC
PO Black LLC	Asset Management	100.00	82.87	100.00	82.87	FC	FC
Rothschild Asset Management Inc.	Asset Management	100.00	98.53	100.00	98.40	FC	FC
Rothschild Inc.	Global Advisory	100.00	98.53	100.00	98.40	FC	FC
Rothschild Larch Lane Managment Company LLC	Asset Management	50.00	49.27	50.00	49.20	EM	EM
Rothschild North America Holdings Inc.	Other	100.00	98.53	–	–	FC	–
Rothschild North America Inc.	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Realty Group Inc.	Other	100.00	98.53	100.00	98.40	FC	FC
Rothschild Trust North America LLC	Asset Management	100.00	72.87	100.00	72.77	FC	FC
West Gate Horizon Advisors LLC	Asset Management	100.00	98.53	–	–	FC	–

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

Note 38 – Results, tax and headcount by territory

Pursuant to Article L511-45 II to V of the French Monetary and Financial Code, referred to in note 37 ‘Consolidation scope’, the table below specifically provides information linked to net banking income, pre-tax profit, income tax and headcount as at 31 March 2016.

Country/region of operation	Net banking income (in millions of euro)	Profit before tax (in millions of euro)	Current tax (in millions of euro)	Deferred tax (in millions of euro)	Headcount (full-time equivalent)
United Kingdom	531.7	172.2	(8.8)	(8.3)	849
France	414.7	137.1	(22.3)	4.6	684
Other Europe	155.1	38.5	(10.4)	(0.8)	296
North America	202.8	17.3	(7.6)	0.2	267
Switzerland	117.4	13.6	(2.8)	(1.8)	359
Asia-Pacific and Latin America	91.3	(2.0)	(6.9)	2.0	242
Luxembourg	30.5	26.9	(0.1)	–	11
Channel Islands	28.5	13.7	(0.9)	–	75
British Virgin Islands	0.3	0.1	–	–	–
Curaçao	(0.4)	(0.4)	(0.1)	–	–
Cayman Islands	(0.1)	(0.1)	–	–	–
Bermuda	–	(0.0)	–	–	–
Other	22.5	5.4	(1.1)	0.1	46
Total before intercompany elimination	**1,594.3**	**422.3**	**(61.0)**	**(4.0)**	**2,829**
Intercompany elimination	(5.4)	–	–	–	–
TOTAL	**1,588.9**	**422.3**	**(61.0)**	**(4.0)**	**2,829**

Revenues and profits are measured before the elimination of intercompany fees and interest income and expense.

The Group has not received any public subsidies in the year.

For France, profit before tax includes amounts deducted as non-controlling interests, being profit share paid as preferred amounts to French partners who individually account for tax (see also note 32). In the UK, the profit on the sale of FALG of €98.7 million is not taxable.

Statutory auditors' report on the consolidated financial statements Year ended 31 March 2016

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2016, on:

- the audit of the accompanying consolidated financial statements of Rothschild & Co S.C.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ('Code de commerce') relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

- Your Group accounts for impairments in order to cover for credit risks inherent in its activities.

  Our work consisted in assessing the appropriateness of the processes used by the management, in reviewing the control procedures implemented to identify and measure such exposures and their valuation, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements, in particular in note 30.

- Your Group performs accounting estimates related to the assessment of the fair value of available-for-sale financial assets, intangible assets and goodwill.

  Our work consisted in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements, in particular in notes 3, 9, 10 and 26.

- Your Group records some provisions to cover the risks and litigation generated by its activities (note 22 of Part III and note 14 of Part V).

  We reviewed the methodology of determining these provisions as well as the main assumptions used.

- Your Group recognised deferred tax assets, some of which are relating to losses carried forward (note 19 of Part III and note 16 of Part V).

  We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

We also assessed whether these estimates were reasonable.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realised outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information related to the Group presented in the Management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, 22 June 2016	Paris, 22 June 2016
KPMG Audit FS II	**Cailliau Dedouit et Associés**
Pascal Brouard *Partner*	Jean-Jacques Dedouit *Partner*

Parent company balance sheet as at 31 March 2016

Assets

In thousands of euro	Notes	31/03/16 Gross value	31/03/16 Depreciation, amortisation and provisions	31/03/16 Net carrying amount	31/03/15 Net carrying amount
Non-current assets					
Intangible assets					
Concessions, patents, brand and software		226	216	10	–
Total intangible assets		**226**	**216**	**10**	**–**
Property, plant and equipment					
Land		–	–	–	–
Buildings		15	15	–	–
Other property, plant and equipment		495	354	141	102
Total property, plant and equipment		**510**	**369**	**141**	**102**
Non-current financial assets					
Investments in Group and other companies	1	1,461,895	783	1,461,112	1,454,813
Portfolio holdings	2	25,834	7,635	18,199	16,258
Receivables related to portfolio holdings		–	–	–	334
Loans		1	–	1	–
Other non-current financial assets		6	–	6	6
Total non-current financial assets		**1,487,736**	**8,418**	**1,479,318**	**1,471,411**
Total non-current assets		**1,488,472**	**9,003**	**1,479,469**	**1,471,513**
Current assets					
Accounts receivable	3	**16,910**	**–**	**16,910**	**33,553**
Marketable securities	4				
Treasury stock		1,127	–	1,127	10
Other securities		3,272	–	3,272	4,426
Cash		**67,394**	**–**	**67,394**	**60,206**
Prepaid expenses		**215**	**–**	**215**	**157**
Total current assets		**88,918**	**–**	**88,918**	**98,352**
Unrealised translation losses	5	**3,574**	**–**	**3,574**	**5,314**
TOTAL ASSETS		**1,580,964**	**9,003**	**1,571,961**	**1,575,179**

Liabilities and shareholders' equity

In thousands of euro	Notes	31/03/16	31/03/15
Shareholders' equity	6		
Share capital		142,274	142,274
Share premium		983,062	983,062
Reserves			
Legal reserves		13,556	12,968
Regulated reserves		–	–
Other reserves		153,044	153,044
Retained earnings		**87,718**	**119,620**
Net income for the year		**61,499**	**11,764**
Regulated provisions		303	303
Total shareholders' equity		**1,441,456**	**1,423,035**
Provisions for contingencies and charges			
Provisions for contingencies	7	3,466	3,650
Total provisions for contingencies and charges		**3,466**	**3,650**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities – banks	8	29,084	60,879
Borrowings and other financial liabilities – others		–	–
Operating liabilities	9	12,255	2,564
Other liabilities	10	85,592	83,387
Total liabilities		**126,931**	**146,830**
Unrealised translation gains		**108**	**1,664**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,571,961**	**1,575,179**

Company income statement for the year ended 31 March 2016

In thousands of euro	Notes	31/03/16	31/03/15
Income transactions			
Operating income transactions			
Operating income	11	745	2,616
Operating expenses	12	(20,275)	(13,302)
Net operating income		**(19,530)**	**(10,686)**
Other income transactions			
Income from investments in Group and other companies and portfolio holdings	13	62,434	19,474
Other financial income	14	915	1,758
Capital gains/(losses) on disposals of marketable securities	15	(46)	649
Charge/(recovery) of provisions on transactions affecting the income	16	205	(3,605)
Financial expenses	17	(1,693)	(1,546)
Income from other income transactions		**61,815**	**16,730**
Income from joint ventures			
Share of profit/(loss)		–	–
Current income before tax		**42,285**	**6,044**
Income from capital transactions	18	**21,795**	**1,888**
Income tax charge/(credit)	19	(2,581)	3,832
NET INCOME		**61,499**	**11,764**

Notes to the Company financial statements

I. Highlights of the financial year

The last ordinary and extraordinary General Meeting, on 24 September 2015, decided to change the legal name 'Paris Orléans' to adopt the legal name 'Rothschild & Co'. Rothschild & Co SCA ended financial year 2015/2016 with net income of €61.5 million, compared with €11.8 million the previous year. Thus, Rothschild & Co's net income grew more than five times between both financial years.

During financial year 2015/2016, the Company received dividends of €59.2 million from its subsidiary Paris Orléans Holding Bancaire SAS (POHB), which therefore contributed significantly to the year's earnings. The Company also realised a pre-tax capital gain of €17.2 million with the disposal of the historical 4.2% stake held in Perenco Rio Del Rey, an oil company in Cameroon.

II. Subsequent events

On 6 June 2016, Rothschild & Co and Compagnie Financière Martin Maurel announced a plan to merge, with a view to combining their French activities in private banking and asset management to create one of France's leading independent private banks.

The transaction would take the form of a merger between Rothschild & Co and Compagnie Financière Martin Maurel. Shareholders in Compagnie Financière Martin Maurel would be offered either 126 Rothschild & Co shares per existing share or, prior to the completion of the merger, be able to sell their Compagnie Financière Martin Maurel shares in cash. The Maurel family would receive Rothschild & Co shares and, as a result of the merger, would replace Compagnie Financière Martin Maurel in the extended family concert.

The vote on the transaction by the shareholders of Compagnie Financière Martin Maurel is secured; Compagnie Financière Martin Maurel has already received irrevocable support for the merger from shareholders representing more than the qualified majority required to vote on the merger.

Compagnie Financière Martin Maurel is valued at €240 million, with the 2015 dividend attached. The transaction would be financed by a mixture of newly issued Rothschild & Co shares, Rothschild & Co's own cash resources and external credit facilities.

Rothschild & Co's Supervisory Board and Compagnie Financière Martin Maurel's board of directors have both favourably welcomed the principle of the merger. The merger is conditional on the approval of the shareholders of Compagnie Financière Martin Maurel and Rothschild & Co, as well as the usual conditions, in particular competition and regulatory authorities' approvals.

Following consultation processes with work councils from both groups, the merger proposals should be put before general meetings of Compagnie Financière Martin Maurel and Rothschild & Co in September 2016 so as to complete the transaction by the end of the financial year.

III. Accounting principles and valuation methods

To ensure operating continuity and consistency of methods and to adhere to the principles of prudence and reliability, the financial statements are prepared in accordance with the provisions of French law (1999 General Chart of Accounts) and with the accounting principles generally accepted in France.

The financial statements have been approved in accordance with Financial Regulations 2014-03 from the French Accounting Standards Authority (*Autorité des normes comptables*) approved by ministerial decree of 8 September 2014 relating to the general chart of accounts.

To provide relevant reporting on the Company's business, the income statement is presented in accordance with the so-called 'TIAP' model as recommended by the French Accounting Standards Authority for financial companies.

Income transactions are split in two: firstly, operating income transactions, followed by other income transactions (primarily financial transactions).

Current income corresponds to 'income from ordinary activities', i.e. all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an add-on basis or as an extension of its ordinary activities.

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the Company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting policies applied are as follows:

Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Estimated useful life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 years	straight-line
Plant and general improvements	8 to 10 years	straight-line
Vehicles	5 years	straight-line
Office equipment	3 years	reducing-balance
Office furniture	10 years	straight-line

Notes to the Company financial statements

Non-current financial assets are valued at their acquisition cost. The values of holdings denominated in foreign currencies are translated into euro at the exchange rate on the transaction date. All loans and receivables denominated in foreign currencies classified among non-current financial assets are translated at the closing rate for the financial year.

Investments in Group and other companies and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when fair value is below acquisition cost.

The fair values of investments in Group and other companies and portfolio holdings are calculated in the following manner:

- unlisted securities: market value. This is obtained using either the Company's share of book net assets or re-appraised net assets of the holding or the price used for a recent transaction in the security;
- treasury stock: average price in the final month of the financial year;
- listed securities: last quoted price of the financial year; and
- funds: an impairment is recognised when the acquisition cost or total investments in the fund exceed the Company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

The value of the portfolio at 31 March 2016 was measured using the same methodology as applied in the preceding financial year.

Dividends are recorded in the month in which it is decided to distribute them.

Regarding FCPR-type venture capital funds, in accordance with market practice, only amounts actually called up are recorded, and the unfunded capital commitment is recorded as an off-balance sheet item.

Sales of shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in, first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate for the financial year.

Marketable securities are recognised at their acquisition cost. When their overall inventory value is lower than their acquisition cost, an impairment loss is recognised. The book value is equal to the closing price for the financial year.

Transactions denominated in foreign currencies are recognised at the rate on the transaction date. At the end of the financial year, all assets and liabilities are converted at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown. A provision is recognised to take account of unrealised losses; where an exchange rate hedge has been set in place, only the uncovered portions of transactions are subject to provisions.

IV. Notes to the Company balance sheet

Note 1 – Investments in Group and other companies

In thousands of euro	01/04/15	Acquisitions	(Disposals)	31/03/16
Gross value	1,455,906	6,883	(894)	1,461,895
		(Increases)	Decreases	
Impairment	(1,093)	(10)	320	(783)
TOTAL	**1,454,813**	**6,873**	**(574)**	**1,461,112**

The purchases/increases in equity interests during the financial year related mainly to minority preferred shares of the French subsidiary Messine Managers Investissements SAS, the share capital of which is henceforth fully owned by Rothschild & Co. The decrease of the gross and impaired values relates to the US subsidiary Francarep Inc, the share capital of which was reduced by US$1.0 million in June 2015.

Note 2 – Portfolio holdings

This heading includes all non-current strategic portfolio investments that cannot be classified as 'Investment in Group and other companies'.

In thousands of euro	01/04/15	Acquisitions	(Disposals)	31/03/16
Gross value	23,665	5,103	(2,934)	25,834
		(Increases)	Decreases	
Impairment	(7,407)	(324)	96	(7,635)
TOTAL	**16,258**	**4,779**	**(2,838)**	**18,199**

The increases in the financial year related exclusively to Rothschild & Co treasury shares.

The disposals/decreases in the fiscal year concerned mainly, on one hand, Rothschild & Co treasury shares, and on the other hand, the portfolio line Perenco Rio Del Rey (respectively €1,271 thousand and €1,552 thousand). The remaining €110 thousand corresponds to distributions from investment funds.

At 31 March 2016, the estimated value of the portfolio of participating interests and investments amounted to €23,614 thousand, of which €7,608 thousand were in treasury shares and €2,662 thousand were in investment certificates Rothschild & Co.

Note 3 – Accounts receivable

In thousands of euro	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Group and associated companies' advances and current accounts (cash pooling)	9,595	9,595	–	–
Current accounts related to the tax consolidation group	7,258	7,258	–	–
Amounts receivable from the tax authorities	–	–	–	–
Other accounts receivable	57	57	–	–
TOTAL	**16,910**	**16,910**	**–**	**–**

Note 4 – Marketable securities

Marketable securities consist of:

- 54,000 treasury shares (held in accordance with a liquidity contract) of €1,127 thousand. At 31 March 2016, the estimated value of the marketable securities was €1,166 thousand, with an unrealised loss of €39 thousand for which a provision was made.
- The other securities (€3,272 thousand) consist mainly of mutual funds and short-term liquid investments. As at 31 March 2016, the fair value of these securities amounted to €3,272 thousand.

Note 5 – Unrealised translation losses

Unrealised foreign exchange losses which corresponded to the difference between the equivalent value in euro at the closing price for portfolio investments and other long-term investments denominated in US dollars, and their historical value, were €3,574 thousand as at 31 March 2016.

Note 6 – Shareholders' equity

In thousands of euro	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the year	Total shareholders' equity
Shareholders' equity as at 1 April 2015	**142,274**	**983,062**	**12,968**	**153,044**	**119,620**	**303**	**11,764**	**1,423,035**
Capital increase	–	–	–	–	–	–	–	–
Appropriation of net income for 2014/2015 FY	–	–	588	–	11,176	–	(11,764)	–
Distribution of dividends(1)	–	–	–	–	(43,078)	–	–	(43,078)
Net income for 2015/2016 FY	–	–	–	–	–	–	61,499	61,499
Change in investment provision	–	–	–	–	–	–	–	–
SHAREHOLDERS' EQUITY AS AT 31 MARCH 2016	**142,274**	**983,062**	**13,556**	**153,044**	**87,718**	**303**	**61,499**	**1,441,456**

(1) The dividends distributed during 2014/2015 financial year in respect of the previous year were €258 thousand lower than the amount approved in the second resolution proposed to the Combined General Meeting on 24 September 2015, as no dividends were paid on treasury stock and investment certificates.

At 31 March 2016, the Company's capital comprised 70,991,996 shares and 145,040 of its investment certificates, both with a nominal value of €2 each.

Treasury shares:

As at 31 March 2016, Rothschild & Co SCA holds 145,040 of its own investment certificates (i.e. all the securities issued in this category) and 406,394 of its own shares, including 54,000 shares held as part of the liquidity contract.

Note 7 – Provisions for contingencies and charges

In thousands of euro	01/04/15	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision unused)	31/03/16
Provisions for contingencies	**3,650**	**3,466**	**–**	**(3,650)**	**3,466**
– Insufficient hedging of foreign currency risk	3,650	3,466	–	(3,650)	3,466
– Legal dispute	–	–	–	–	–
Provisions for charges	**–**	**–**	**–**	**–**	**–**
TOTAL	**3,650**	**3,466**	**–**	**(3,650)**	**3,466**

The accounting method for retirement commitments, recommended by French General Chart of Accounts, was not applied in these accounts and would not have had a material impact on the total assets or current income of the Company.

Note 8 – Borrowings and financial liabilities – banks

In thousands of euro	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	19,583	9,167	10,416	–
US-dollar denominated loan	9,353	9,353	–	–
Bank overdrafts	4	4	–	–
Accrued interest	144	144	–	–
TOTAL	**29,084**	**18,668**	**10,416**	**–**

These loans have variable rates of interest.

Loan principal amortised or repaid over the financial year amounted to €19,910 thousand and US$37,354 thousand respectively, whereas new loans taken out in the financial year amounted to US$27,049 thousand.

Note 9 – Operating liabilities

In thousands of euro	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Accounts payable	1,309	1,309	–	–
Tax and social liabilities	10,946	10,946	–	–
TOTAL	**12,255**	**12,555**	**–**	**–**

Note 10 – Other liabilities

In thousands of euro	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Group advances and current accounts	85,476	85,476	–	–
Sundry liabilities	116	116	–	–
TOTAL	**85,592**	**85,592**	**–**	**–**

V. Notes to the Company income statement

Rothschild & Co ended 2015/2016 financial year with net income of €61.5 million compared with €11.8 million the previous year. Net income in 2015/2016 financial year benefited from dividends received from the subsidiary POHB (€59.2 million) and the capital gain related to the disposal of the stake held in Perenco Rio Del Rey (€17.2 million), the latter being the main contributor to the income from capital transactions of €21.8 million.

The Company recorded current income before tax of €42.3 million for 2015/2016 financial year compared with an amount of €6.0 million in the previous financial year. This was mainly due to the strong increase of €45.0 million in the income from other income transactions (mainly the dividends received from POHB), whereas the net operating loss increased by €8.8 million between both financial years due to increased external services costs.

In addition to the impact of the disposal of the shares of Perenco Rio Del Rey, the income from capital transactions comprises €3.4 million of capital gains on Rothschild & Co treasury shares, as well as capital gains relating to distributions from investment funds.

Note 11 – Operating income

In thousands of euro	31/03/16	31/03/15
Expenses re-billed to related companies	732	1,003
Reversal on provisions for contingencies and charges	–	1,500
Other operating income	13	113
TOTAL	**745**	**2,616**

Note 12 – Operating expenses

In thousands of euro	31/03/16	31/03/15
General and administration costs	12,311	6,341
Taxes other than those on income	2,495	1,573
Salaries and payroll taxes	4,981	5,047
Depreciation and amortisation	45	62
Other expenses	443	279
TOTAL	**20,275**	**13,302**

Note 13 – Income from investments in Group and other companies and portfolio holdings

In thousands of euro	31/03/16	31/03/15
Dividends from investments in Group and other companies	59,238	12,231
Dividends from portfolio holdings	3,196	7,243
Loan interest from investments in Group and other companies	–	–
TOTAL	**62,434**	**19,474**

Note 14 – Other financial income

In thousands of euro	31/03/16	31/03/15
Interest income on forward contracts and certificates of deposit	359	1,018
Interest income from advances granted to Group companies	321	738
Other	235	2
TOTAL	**915**	**1,758**

Note 15 – Capital gains/(losses) on disposals of marketable securities

In thousands of euro	31/03/16	31/03/15
Capital gains on sales of marketable securities	72	732
Capital losses on sales of marketable securities	(118)	(83)
TOTAL	**(46)**	**649**

Note 16 – Charge/recovery of provisions on other income transactions

In thousands of euro	31/03/16	31/03/15
Provisions on exchange rate risk	(3,466)	(3,650)
Other provisions on income transactions	–	(21)
Recoveries of provisions on other income transactions	3,671	66
TOTAL	**205**	**(3,605)**

Notes to the Company financial statements

Note 17 – Financial expenses

In thousands of euro	31/03/16	31/03/15
Interest on medium-term borrowings	482	816
Other interest expense	178	688
Exchange losses	1,033	42
TOTAL	**1,693**	**1,546**

Note 18 – Income from capital transactions

In thousands of euro	31/03/16	31/03/15
Capital gains on disposals of investments in Group and other companies and portfolio holdings	21,810	1,935
Recoveries of impairment of investments in Group and other companies and portfolio holdings	415	1,961
Capital losses on disposals of investments in Group and other companies and portfolio holdings	(96)	(1,548)
Charges for impairment of investments in Group and other companies and portfolio holdings	(334)	(460)
TOTAL	**21,795**	**1,888**

In respect of 2015/2016 financial year, €21,795 thousand related to portfolio holdings, including €3,423 thousand of Rothschild & Co SCA treasury shares. The most significant capital gain realised during this financial year relates to the sale of shares held in Perenco Rio Del Rey for a gain of €17,193 thousand.

Note 19 – Income tax

The net tax charge for 2015/2016 consisted of a tax charge of €10,620 thousand for the tax group headed by Rothschild & Co, and the 3% tax of €1,292 thousand on dividends paid during the year. These amounts are reduced by €9,332 thousand of tax income received from the subsidiaries POHB SAS, Concordia Holding SARL and Financière Rabelais SAS, which are consolidated for tax purposes.

VI. Other information

A. Employees

The average headcount of 23 people in 2015/2016 included 20 executives and 3 other employees compared to 25 people the previous year.

B. Compensation of management bodies

In respect of their functions as corporate officers of Rothschild & Co for 2015/2016, members of the Supervisory Board entitled to compensation under the terms fixed by Supervisory Board, received compensation of €370 thousand. In addition, the Supervisory Board members received €6.4 thousand in benefits in kind.

C. Tax consolidation

Rothschild & Co is the head of a tax group that includes the following companies:

- Paris Orléans Holding Bancaire SAS;
- Concordia Holding SARL;
- Financière Rabelais SAS.

This tax grouping lasts for five years and expires on 31 March 2019.

As part of the tax consolidation process, each subsidiary in the tax consolidation group calculates its income tax as if it were taxed on a stand-alone basis.

As at 31 March 2016, the tax consolidation group headed by Rothschild & Co had no tax loss carry-forward at the standard income tax rate.

D. Consolidation

Rothschild & Co, the parent company of the Rothschild & Co Group, prepares consolidated financial statements as at 31 March 2016, which are in turn consolidated into the Rothschild Concordia SAS group, registered at 23 bis, avenue de Messine, 75008 Paris.

E. Forward financial instruments

As at 31 March 2016, Rothschild & Co has no hedging transactions.

F. Off-balance sheet commitments

In thousands of euro	31/03/16	31/03/15
Commitments given		
Guarantees given and other commitments	289	289
Investment commitments in various funds	26	26
Earn-out amounts to be paid for shares purchased	6,981	–
TOTAL	**7,296**	**315**
Commitments received		
Undrawn lines of credit	85,000	111,000
TOTAL	**85,000**	**111,000**

Off-balance sheet commitments relating to the purchase of preferred shares in Messine Managers Investissements SAS

In July 2015 and February 2016, Rothschild & Co purchased, in two steps, all the remaining preferred shares of classes b1, b2, b3 and b4 in Messine Managers Investissements SAS (MMI) from minority shareholders, which it did not previously own. Rothschild & Co committed to pay earn-out amounts to the minority shareholders, which are estimated at €6,981 thousand at 31 March 2016.

Off-balance sheet commitments relating to the stock option plans

The Combined General Meeting of Shareholders on 26 September 2013 delegated the power to management to allocate to certain senior executive employees and executive directors of the Rothschild & Co Group the option to subscribe for or purchase the Company's shares. The objective was to promote the alignment of interests between the shareholders and the recipients of these options.

On 4 October 2013, as a follow-up to this delegation of power, management approved the terms and conditions of a global stock option plan. A component and condition of this plan was the implementation of an Equity Scheme, the terms and conditions of which stipulated that each beneficiary is required to first invest in Rothschild & Co shares. Under the terms and conditions of the Equity Scheme, each Rothschild & Co share invested in entitles the buyer to four stock options. All shares invested in are subject to a four-year lock-up period.

On 11 October 2013, having noted the number of Rothschild & Co shares invested in at the close of the period of subscription offered to the beneficiaries of the Equity Scheme, management:

- approved the rules of the 2013 stock option plan which consists of four classes of options (2013-1, 2013-2, 2013-3 and 2013-4), with each one accounting for a quarter of the total number of options granted;
- decided on the list of beneficiaries and granted a total of 3,120,000 options; and
- decided on the exercise period and the exercise price for each class of options.

Under the terms and conditions of the 2013 plan, the only condition governing the exercise of options by beneficiaries is a condition of employment in the Group, i.e. they must be an employee or an Executive Director at the Rothschild & Co Group when the options are exercised. In addition, the global plan does not include any performance conditions, it being specified that no options were granted to any Executive Directors of the Company.

The options of the 2013 plan are subject to a vesting period of three years (for class 2013-1), four years (for class 2013-2), five years (for class 2013-3) and six years (for class 2013-4, the last one), starting on 11 October 2013, i.e. the date they were granted.

The number of shares to be allocated to the beneficiaries of the 2013 plan at the end of the vesting period, if the options are exercised, and on condition that there are no cancellations and subject to the adjustment clauses laid down in the option plan in accordance with the legal conditions, would represent 4.39% of Rothschild & Co's share capital as at the time of this report.

As a continuation of the 2013 Equity Scheme, Rothschild & Co implemented on 10 December 2015 a second incentive scheme (the '2015 Equity Scheme'), with the same characteristics as the 2013 Equity Scheme: a first stage consisting of an investment by the participants in Rothschild & Co SCA shares and for each share invested they are granted, in a second stage, four stock options.

The 2015 Equity Scheme participants have invested in a total of 115,000 Rothschild & Co shares and the Managing Partner then set up a stock option plan for the benefit of the Equity Scheme participants, resulting in a total of 460,000 stock options granted, divided into four distinct categories (2015-1, 2015-2, 2015-3 and 2015-4), respectively vesting after a period of three years (2015-1), four years (2015-02), five years (2015-03) and six years (2015-04), as from the grant date, i.e. 10 December 2015.

The 2015 Equity Scheme participants may not exercise the share options unless the participants have remained senior employees and executive officers within the Group until the date of the exercise of the stock options pursuant to the 2015 Equity Scheme rules and regulations.

The number of shares to be allocated to the beneficiaries of the 2015 plan at the end of the vesting period, if the options are exercised, and on condition that there are no cancellations and subject to the adjustment clauses laid down in the option plan in accordance with the legal conditions, would represent 0.65% of Rothschild & Co's share capital as at the time of this report.

Notes to the Company financial statements

As at 31 March 2016, Rothschild & Co had not yet decided on the delivery methods for the shares resulting from the exercise of the options of the 2013 and 2015 plans; these share allocations could therefore result in either issuing new shares after a capital increase, or the delivery of existing available shares or shares acquired as part of the Rothschild & Co share buyback plan, which gives rise to a contingent liability.

The following table summarises the information on the 2013 stock option plan applicable as at 31 March 2016:

Class of stock option	Allocated	Not exercised	Cancelled	Vesting date	Exercise price in euro
2013-1	780,000	780,000	–	October 2016	17.50
2013-2	780,000	780,000	–	October 2017	18.00
2013-3	780,000	780,000	–	October 2018	19.00
2013-4	780,000	780,000	–	October 2019	20.00
2015-1	115,000	115,000	–	December 2018	23.62
2015-2	115,000	115,000	–	December 2019	24.12
2015-3	115,000	115,000	–	December 2020	25.12
2015-4	115,000	115,000	–	December 2021	26.12

As at 31 March 2016, 3,580,000 options were in circulation. None were exercisable in accordance with the terms and conditions of the 2013 and 2015 plans.

The average value of the option used as a basis for the social security contribution of 30% paid by French companies covered by the plan in 2013 was €1.33.

Rothschild & Co SCA confirms that it has not omitted any significant current off-balance sheet commitment as defined by the accounting standards in effect.

G. Analysis of subsidiaries and participating interests

Companies or groups of companies In millions of euro	Share capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held	Carrying value of shares held		Outstanding loans and advances from the company	Gross revenues (excluding VAT) for the last financial year	Net income for the last financial year	Dividends received by the Company during the financial year
				Gross	Net				
A. Subsidiaries (Company holds at least 50% of capital)									
Paris Orléans Holding Bancaire SAS (Paris)(5)	729.6	479.2	100%	1,335.5	1,335.5	8.1	–	65.5	59.2
K Développement SAS (Paris)(5)	99.0	156.0	94.87%(4)	94.7	94.7	2.2	–	42.5	–
Francarep Inc. (USA)(2) (5)	–	1.8	100%	2.6	2.0	–	–	–	–
Messine Managers Investissements SAS (Paris)(5)	5.0	5.1	100%	16.4	16.4	–	–	–	–
B. Participating interests (Company holds 5 to 50% of capital)									
Finatis SA (Paris)(1) (2) (3) (5)	85.0	(43.0)	5%	12.3	12.3	–	46,841	(71.0)	0.6

(1) Consolidated figures.
(2) Financial year ended 31 December 2015 (used rate €1 = US$1,13851).
(3) Reserves and net income (Group share).
(4) Rothschild & Co SCA holds 100% of the economic rights.
(5) No guarantees were given by the Company to the above companies or groups of companies.

Statutory auditors' report on the financial statements Year ended 31 March 2016

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2016, on:

- the audit of the accompanying financial statements of Rothschild & Co S.C.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Management. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ('Code de commerce') relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

As stated in paragraph III 'Accounting principles and valuation methods' of the notes to the financial statements, your Company accounts for impairments, when necessary, in order to cover for the risk of a decrease in fair value of participating interests and portfolio holdings.

In assessing the significant accounting estimates applied by your Company for the year ended 31 March 2016, we have examined the methods used by management and described in the notes to the financial statements on the basis of the information available and we have performed tests of detail, on a sample, in order to verify the accurate application of these methods.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realised outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to its fair presentation and its consistency with the financial statements of the information given in the Management report, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ('Code de commerce') relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Paris La Défense, 22 June 2016	Paris, 22 June 2016
KPMG Audit FS II	**Cailliau Dedouit et Associés**
Pascal Brouard	Jean-Jacques Dedouit
Partner	*Partner*

General information

Persons responsible for the annual financial report

Rothschild & Co Gestion SAS	Mark Crump
Managing Partner	Group Chief Financial Officer

Statement by the persons responsible for the annual financial report

We hereby certify that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the management report presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated group of companies, as well as a description of the principal risks and uncertainties to which they are exposed.

Paris, 22 June 2016

Rothschild & Co Gestion SAS	Mark Crump
Managing Partner, Represented by David de Rothschild, Chairman	Group Chief Financial Officer

Persons responsible for the audit of the financial statements

Statutory Auditors

Cailliau Dedouit et Associés SA
Represented by Mr Jean-Jacques Dedouit
19 rue Clément-Marot
75008 Paris, France
Start date of first term: 24 June 2003
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS II SAS
Represented by Mr Pascal Brouard
Tour Eqho 2 avenue Gambetta
92066 Paris la Défense Cedex
Start date of first term: 27 September 2011
Date of last renewal: N/A
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

Alternate Auditors

Didier Cardon
19 rue Clément-Marot
75008 Paris, France
Start date of first term: 29 September 2009
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS I SAS
Tour Eqho 2 avenue Gambetta
92066 Paris la Défense Cedex
Start date of first term: 27 September 2011
Date of last renewal: N/A
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

About Rothschild & Co

With a team of c.2,800 talented employees on the ground in 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, Private Wealth, 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*) with a share capital of €142,274,072. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Rothschild & Co is listed on Euronext in Paris, Compartment A – ISIN Code: FR0000031684.

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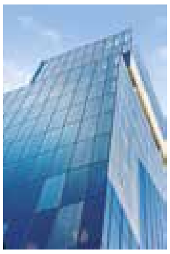

Foreground: our New Court offices in London.

Background: Detail from a £1,000 bond for the 6% sterling bonds for the Compagnie de Chemins de Fer de Paris à Orléans, issued by the Rothschild family's UK banking business in 1922.

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