




Pillar 3 Disclosure

As at 31 December 2022



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

This document should be read in conjunction with the Rothschild & Co Annual Report 2022, which has been published on the Group’s website www.rothschildandco.com.

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1. Introduction

1.1 Regulatory framework for disclosures

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

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

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

1.2 Frequency and location

The full set of Pillar 3 disclosures⁽¹⁾ is published annually on the Group’s website www.rothschildandco.com, concurrently with the release of the R&Co Annual Report.

1.3 Regulatory developments

Basel III Reforms and amendments to the Capital Requirements Regulation

In the EU, the implementation of the Basel III Reforms has been taken in two stages. The CRR II represents the first tranche of changes and was implemented on 26 June 2021. The remaining reforms are scheduled for implementation on 1 January 2025, two years later than the BCBS target of 1 January 2023. These include the changes to the RWA rules on credit risk, market risk⁽²⁾, operational risk and credit valuation adjustments.

On 8 November 2022, the European Council formally agreed its negotiating position on the European Commission’s proposal (“Banking Package”), ahead of forthcoming negotiations between EU Member States and the European Parliament. While the Council’s text makes a number of amendments to the Commission’s proposal, however, it kept the most of the Commission’s proposed approach. The Council also re-confirms the intention of EU legislators to implement the Basel 3 framework without further delays to the timeline. This timing would provide a one-year implementation period for the banks provided the revised texts enter EU law before the end of 2023.

Capital buffers

The countercyclical capital buffer (“CCyB”) is a macroprudential banking supervisory tool. It is intended to increase the resilience of banks by building up a capital buffer which generally increases the loss-absorbing capacity of banks. The value for the countercyclical capital buffer in France is defined by the Haut Conseil de stabilité financière (High Council for Financial Stability – HCSF). This usually amounts to between 0% and 2.5% and can be set in 0.25 percentage-point increments. In its press release following its meeting on 15 December, the HCSF announced its decision to raise the countercyclical capital buffer rate for banks to 1.0%. This rate

will come into effect on 2 January 2024 in line with the usual 12-month implementation period. Absent a material change in the outlook for France’s financial stability, the HCSF does not plan on any further increase in the next twelve months.

Banks that have credit risk exposures in other countries must also take the countercyclical capital buffer applicable in those countries into consideration. Among other major financial services jurisdictions, the Financial Policy Committee (“FPC”) in the UK confirmed that it is increasing the countercyclical capital buffer rate from 1% to 2% with binding effect from 5 July 2023.

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

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

1 Introduction

1.4 Key metrics

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

Table KM1: Key metrics

| Ref.* | In millions of euros | Footnotes | 31/12/2022 | 31/12/2021 |
|--------|---|-----------|------------|------------|
| | Available own funds | 1 | | |
| 1 | Common Equity Tier 1 (CET1) capital | | 2,683 | 2,276 |
| 2 | Tier 1 capital | | 2,683 | 2,276 |
| 3 | Total capital | | 2,683 | 2,276 |
| | Risk-weighted exposure amounts | 1 | | |
| 4 | Total risk-weighted exposure amount | 2 | 12,044 | 10,707 |
| | Capital ratios | 1 | | |
| 5 | Common Equity Tier 1 ratio | | 22.3% | 21.3% |
| 6 | Tier 1 ratio | | 22.3% | 21.3% |
| 7 | Total capital ratio | | 22.3% | 21.3% |
| | Additional own funds requirements based on SREP | | | |
| EU 7d | Total SREP own funds requirements | | 8.0% | 8.0% |
| | Combined buffer requirement | | | |
| 8 | Capital conservation buffer | | 2.5% | 2.5% |
| 9 | Institution specific countercyclical capital buffer | | 0.31% | 0.12% |
| 11 | Combined buffer requirement | | 2.8% | 2.6% |
| EU 11a | Overall capital requirements | | 10.8% | 10.6% |
| 12 | CET1 available after meeting the total SREP own funds requirements | | 14.3% | 13.3% |
| | Leverage ratio | | | |
| 13 | Leverage ratio total exposure measure | | 18,337 | 18,392 |
| 14 | Leverage ratio | | 14.6% | 12.4% |
| | Additional own funds requirements to address risks of excessive leverage | | | |
| EU 14d | Total SREP leverage ratio requirements | | 3.0% | 3.0% |
| EU 14f | Overall leverage ratio requirements | | 3.0% | 3.0% |
| | Liquidity Coverage Ratio | 3 | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value – average) | | 5,910 | 5,061 |
| EU 16a | Cash outflows – Total weighted value | | 3,846 | 3,574 |
| EU 16b | Cash inflows – Total weighted value | | 1,244 | 1,518 |
| 16 | Total net cash outflows (adjusted value) | | 2,602 | 2,056 |
| 17 | Liquidity Coverage Ratio | | 228% | 248% |
| | Net Stable Funding Ratio | | | |
| 18 | Total available stable funding | | 11,185 | 11,236 |
| 19 | Total required stable funding | | 7,302 | 6,522 |
| 20 | Net Stable Funding Ratio | | 153% | 172% |

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

(1) Capital figures and ratios are reported using CRR fully loaded basis for capital instruments. The Group has not adopted the IFRS 9 transitional provisions laid down in Article 468 and Article 473a of CRR as the effects from the application are marginal.

(2) Following the press release, a minor adjustment was made to the calculation of operational risk under Advanced Measurement Approach (“AMA”), resulting in a decrease of €7 million to the total RWA.

(3) LCR is calculated as the rolling average of the twelve latest month-end measures rather than using the end of each period.

2. Risk management

2.1 Overview

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

The nature and method of monitoring and reporting vary according to the risk type. Risks are monitored regularly with management information being provided to relevant committees

on a weekly, monthly, or quarterly basis. Where appropriate to the risk type, the level of risk faced by the Group is also assessed through a series of sensitivity and stress tests.

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

2.2 Structure and Risk Governance

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

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

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

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

The GEC proposes strategic orientations to the Manager and assists the Manager in overseeing the implementation of the strategy across the Group and its operational management to ensure the proper and effective functioning of Group governance structures.

It notably reviews matters relevant to Group risk management and internal control, including operating policies and procedures, risk appetite, and the management of risk. The GEC is supported by several subcommittees including:

- the Group Assets and Liabilities Committee ("Group ALCO") reports to the GEC and is responsible for ensuring that the Group has prudent funding and liquidity strategies for the

efficient management and deployment of capital resources within regulatory constraints, and the oversight of the management of the Group's other financial strategies and policies, including some credit decisions;

- the Group Operating Committee is responsible for developing and coordinating to best effect the cross-divisional operations of the various businesses and support functions, by improving the efficiency of the Group's operations and ensuring better coordination and harmonisation of operational matters across the businesses; it is also responsible for the oversight of operational risk policies, including compliance and information security risk policies.

The supervisory board of Rothschild & Co is supported by four committees:

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

2.3 Risk Management Framework

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

This model distinguishes between functions owning and managing risks, functions overseeing risks and functions providing independent assurance. It is in the first instance the responsibility of senior management within each business in the Group to implement risk management systems and controls which comply with the Group Risk Framework.

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

The first line of defence

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

The second line of defence

It comprises specialist Group support functions including risk, compliance, legal, and in some cases, finance and human resources.

These functions provide:

- advice to management at the Group level and operating entity level;
- assistance in the identification, assessment, management, measurement, monitoring, and reporting of financial and non-financial risks;
- independent challenge to the businesses;
- technical guidance;
- review of risk policies approved by Rothschild & Co Gestion; and
- objective oversight and coordination of risk activities in conjunction with other specialist risk-related functions within the operating entities themselves.

The third line of defence

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

2.4 Types of risk

Credit risk

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

Counterparty credit risk

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

Operational risk

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

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. To mitigate the liquidity risk, the Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio have been introduced by the Basel III agreements. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks, while the goal of the NSFR is to reduce the funding risk over a broader time horizon.

Market risk

Market risk arises as a result of our activities in interest rate (including interest rate risk in the banking book), currency, equity, and debt markets and comprises interest rate, foreign exchange, equity, and debt position risk.

Other material risks

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

3. Scope of application

3.1 Structure of the regulatory group

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

All banking entities of the Group are directly regulated by their local banking supervisors on an individual basis or, where applicable, on a sub-consolidated basis. At 31 December 2022, the banking subsidiaries include:

- Rothschild & Co Bank AG incorporated in Switzerland and supervised by the Swiss Financial Market Supervisory Authority;

- Rothschild & Co Bank International Limited incorporated in Guernsey and supervised by the Guernsey Financial Services Commission;
- Rothschild Martin Maurel SCS, incorporated in France and supervised by ACPR; and
- Rothschild & Co Wealth Management Monaco, incorporated in Monaco and supervised by ACPR.

At 31 December 2022, these banking entities comply with their prudential commitments on an individual basis or sub-consolidated basis.

3.2 Regulatory consolidation

At 31 December 2022, the Group’s regulatory scope of consolidation which is used for the prudential reporting and disclosures is identical to the accounting scope of consolidation published in the annual report 2022.

3.3 Measurement of regulatory exposures

The Group’s Pillar 3 Disclosures at 31 December 2022 are prepared in accordance with the prudential rules set in CRR, while the annual report 2022 is prepared under IFRS standards. The purpose of the accounting balance sheet is to provide a point-in-time value of all on-balance sheet assets. The regulatory exposure value includes an estimation of risk and is expressed as the amount expected to be outstanding if and when the counterparty defaults.

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

3 Scope of application

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

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

(1) The amounts shown in the column “Carrying values under the scope of regulatory consolidation” do not equal the sum of the amounts shown in the remaining columns of this table for line items “of which: trading derivatives” as the derivative instruments in this column are subject to regulatory capital charges for more than one type of risk.

(2) Shareholder’s equity items are not reported among the balance sheet liabilities of this table as they are disclosed in table CC2.

| | | Carrying values of items | | | | | | |
|-----------------------------|--|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|
| | | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| 31 December 2021 | | | | | | | | |
| <i>In millions of euros</i> | | | | | | | | |
| 1 | Cash and amounts with central bank | 6,005 | 6,005 | 6,005 | - | - | - | - |
| 2 | Financial assets at fair value through profit or loss | 1,942 | 1,942 | 1,772 | 94 | 15 | 94 | 61 |
| 2a | <i>of which: trading derivatives</i> | 94 | 94 | - | 94 | - | 94 | - |
| 2b | <i>of which: securitisation exposures</i> | 76 | 76 | - | - | 15 | - | 61 |
| 3 | Hedging derivatives | 3 | 3 | - | 3 | - | - | - |
| 4 | Securities at amortised cost | 1,337 | 1,337 | 1,279 | - | 58 | - | - |
| 4a | <i>of which: securitisation exposures</i> | 58 | 58 | - | - | 58 | - | - |
| 5 | Loans and advances to banks | 2,144 | 2,144 | 2,144 | - | - | - | - |
| 5a | <i>of which: reverse repos⁽¹⁾</i> | 849 | 849 | 849 | - | - | - | - |
| 6 | Loans and advances to customers | 4,462 | 4,462 | 4,462 | - | - | - | - |
| 7 | Current income tax assets | 10 | 10 | 10 | - | - | - | - |
| 8 | Deferred income tax assets | 64 | 64 | 64 | - | - | - | - |
| 8a | <i>of which: rely on future profitability</i> | 1 | 1 | - | - | - | - | 1 |
| 9 | Other assets | 802 | 802 | 680 | - | - | - | 122 |
| 9a | <i>of which: pension funds assets</i> | 122 | 122 | - | - | - | - | 122 |
| 10 | Investments in associates and joint ventures | 18 | 18 | 11 | - | - | - | 7 |
| 10a | <i>of which: goodwill included in the valuation</i> | 7 | 7 | - | - | - | - | 7 |
| 11 | Property, plant and equipment | 269 | 269 | 269 | - | - | - | - |
| 12 | Right of use assets | 188 | 188 | 188 | - | - | - | - |
| 13 | Intangible assets | 209 | 209 | - | - | - | - | 209 |
| 14 | Goodwill | 197 | 197 | - | - | - | - | 197 |
| 15 | TOTAL ASSETS 31 DECEMBER 2021 | 17,650 | 17,650 | 16,884 | 97 | 73 | 94 | 596 |
| 16 | Financial liabilities at fair value through profit or loss | 99 | 99 | - | - | - | - | 99 |
| 17 | Hedging derivatives | 3 | 3 | - | - | - | - | 3 |
| 18 | Due to banks and other financial institutions | 512 | 512 | - | - | - | - | 512 |
| 19 | Customer deposits | 11,656 | 11,656 | - | - | - | - | 11,656 |
| 20 | Debt securities in issue | 13 | 13 | - | - | - | - | 13 |
| 21 | Current tax liabilities | 66 | 66 | - | - | - | - | 66 |
| 22 | Deferred tax liabilities | 52 | 52 | - | - | - | - | 52 |
| 23 | Lease liabilities | 212 | 212 | - | - | - | - | 212 |
| 24 | Other liabilities, accruals and deferred income | 1,393 | 1,393 | - | - | - | - | 1,393 |
| 25 | Provisions | 43 | 43 | - | - | - | - | 43 |
| 26 | TOTAL LIABILITIES 31 DECEMBER 2021 | 14,049 | 14,049 | - | - | - | - | 14,049 |

(1) In accordance with article 271 of CRR, the Group determines the exposure value of repurchase transactions by making use of Credit risk mitigation ("CRM") techniques instead of Counterparty credit risk ("CCR"). The comparable amounts in tables L11 and L12 have been adjusted to be presented in a way that is consistent with the current year. These adjustments have no impact whatsoever on the calculation of capital requirements.

3 Scope of application

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

| 31 December 2022 <i>In millions of euros</i> | | Total | Of which: items subject to | | | |
|---|---|---------------|----------------------------|---------------|--------------------------|-----------------------|
| | | | Credit risk framework | CCR framework | Securitisation framework | Market risk framework |
| 1 | Assets carrying value amount under the scope of regulatory consolidation ⁽¹⁾ | 16,563 | 16,150 | 359 | 54 | 353 |
| 3 | TOTAL NET AMOUNT UNDER THE REGULATORY SCOPE OF CONSOLIDATION | 16,563 | 16,150 | 359 | 54 | 353 |
| 4 | Off-balance-sheet amounts and risk add-on for counterparty risk | 2,522 | 2,297 | 225 | - | - |
| 8 | Differences due to the use of credit risk mitigation techniques (CRMs) | (3,386) | (3,386) | - | - | - |
| 9 | Differences due to credit conversion factors | (553) | (553) | - | - | - |
| 11 | Other differences | (74) | (74) | - | - | - |
| 12 | EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES (EAD) AT 31 DECEMBER 2022 | 15,072 | 14,434 | 584 | 54 | 353 |

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

| 31 December 2021 <i>In millions of euros</i> | | Total | Of which: items subject to | | | |
|---|--|---------------|----------------------------|---------------|--------------------------|-----------------------|
| | | | Credit risk framework | CCR framework | Securitisation framework | Market risk framework |
| 1 | Assets carrying value amount under the scope of regulatory consolidation | 17,054 | 16,884 | 97 | 73 | 94 |
| 3 | TOTAL NET AMOUNT UNDER THE REGULATORY SCOPE OF CONSOLIDATION | 17,054 | 16,884 | 97 | 73 | 94 |
| 4 | Off-balance-sheet amounts and risk add-on for counterparty risk | 1,990 | 1,727 | 263 | - | - |
| 8 | Differences due to the use of credit risk mitigation techniques (CRMs) | (2,896) | (2,896) | - | - | - |
| 9 | Differences due to credit conversion factors | (419) | (419) | - | - | - |
| 11 | Other differences | (114) | (114) | - | - | - |
| 12 | EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES (EAD) AT 31 DECEMBER 2021 | 15,615 | 15,182 | 360 | 73 | 94 |

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

Off-balance sheet items and Credit Conversion Factors

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

Differences due to credit risk mitigation

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

Potential Future Exposure ("PFE") for counterparty risk

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

Other differences

Other differences mainly relate to gold bullions held in own vaults which are assigned a 0% risk weight.

4. Capital and RWAs

4.1 Overview

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

The Group aims to maintain a robust capital level consistent with its risk profile, keeping significant regulatory capital headroom.

Our capital management process culminates in the Group capital plan, taking into account minimum regulatory requirements and internal capital buffer.

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

4.2 Regulatory capital

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

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

Common Equity Tier 1 capital ("CET1")

The Common Equity Tier 1 capital instruments of the Group comprise the consolidated equity attributable to shareholders restated for the anticipated distribution of a dividend.

The main regulatory adjustments are as follows:

- adjustments to the value of instruments measured at fair value by applying the simplified approach;
- goodwill and other intangible assets, net of deferred tax liabilities;
- net deferred tax assets that rely on future profitability and arising from tax loss carry-forwards;
- defined benefit pension fund surpluses, net of deferred tax liabilities;
- securitisation tranches for which the Group has opted for the own funds deduction instead of a 1.250% weighting.

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

Additional Tier 1 capital ("AT1") and Tier 2 capital ("T2")

AT1 and T2 capital is mainly composed of subordinated debt instruments with prescribed characteristics under the CRR. At 31 December 2022, the regulatory capital of the Group does not include any AT1 nor T2 capital.

Transitional arrangements relating to regulatory capital

Under CRR, the calculation methods for regulatory capital are implemented gradually until a certain defined date. Since 2019, items still subject to these transitional arrangements are subordinated debt issued before 31 December 2011 and IFRS 9 first-time adoption impact. At 31 December 2022, the Group's regulatory capital is not impacted by any of these transitional measures.

Development of own funds

The Group's CET1 ratio at 31 December 2022 increased to 22.3% from 21.3% at 31 December 2021. CET1 capital increased during the year by €407 million, mainly as a result of:

- capital generation of €503 million relating to the year-end profit, net of anticipated dividend; offset by
- foreign currency translation losses of €25 million;
- a €76 million increase in capital deduction relating to intangible assets mainly arising from business acquisition; and
- other changes in CET1 capital of €11 million.

Table CC1: Own funds disclosure

| Ref. | In millions of euros | 31/12/2022 | 31/12/2021 |
|---|--|---------------|---------------|
| 1 | Capital instruments and the related share premium accounts | 1,276 | 1,301 |
| 2 | Retained earnings | 1,739 | 1,096 |
| 3 | Accumulated other comprehensive income (and any other reserves) | (58) | (30) |
| 5a | Independently reviewed profits net of any foreseeable charge or dividend | 503 | 492 |
| 6 | Common Equity Tier 1 (CET1) capital before regulatory adjustments | 3,460 | 2,859 |
| 7 | Additional value adjustments | (3) | (3) |
| 8 | Intangible assets (net of related tax liability) | (472) | (396) |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability) | (11) | (1) |
| 15 | Defined-benefit pension fund assets (net of related tax liability) | (190) | (117) |
| 16 | Direct and indirect holdings by an institution of own CET1 instruments | (15) | - |
| 20a | Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative ⁽¹⁾ | (86) | (66) |
| 20c | <i>of which: securitisation positions</i> | (86) | (66) |
| 28 | Total regulatory adjustments to Common Equity Tier 1 (CET1) | (777) | (583) |
| 29 | Common Equity Tier 1 (CET1) capital | 2,683 | 2,276 |
| 44 | Additional Tier 1 (AT1) capital | - | - |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 2,683 | 2,276 |
| 58 | Tier 2 (T2) capital | - | - |
| 59 | Total capital (TC = T1 + T2) | 2,683 | 2,276 |
| 60 | Total risk-weighted assets | 12,044 | 10,707 |
| Capital ratios and buffers | | | |
| 61 | Common Equity Tier 1 (as a percentage of total risk exposure amount) | 22.3% | 21.3% |
| 62 | Tier 1 (as a percentage of total risk exposure amount) | 22.3% | 21.3% |
| 63 | Total capital (as a percentage of total risk exposure amount) | 22.3% | 21.3% |
| 64 | Institution specific buffer requirement | 2.8% | 2.6% |
| 65 | <i>of which: capital conservation buffer requirement</i> | 2.5% | 2.5% |
| 66 | <i>of which: countercyclical buffer requirement</i> | 0.31% | 0.12% |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) | 14.3% | 13.3% |
| Amounts below the thresholds for deduction (before risk-weighting) | | | |
| 73 | Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities | 4 | 18 |
| 75 | Deferred tax assets arising from temporary difference | 56 | 83 |

(1) At 31 December 2022, the total amount of securitisation exposures deducted from regulatory capital includes €25 million off-balance sheet commitments (December 2021: €5 million).

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

| <i>In millions of euros</i> | | Ref.* | 31/12/2022 | 31/12/2021 |
|-----------------------------|--|-------|---------------|---------------|
| 1 | Cash and amounts with central bank | | 2,522 | 6,005 |
| 2 | Financial assets at fair value through profit or loss | 7 | 2,177 | 1,942 |
| 2a | <i>of which: securitisation exposures</i> | 20c | 57 | 61 |
| 3 | Hedging derivatives | 7 | 6 | 3 |
| 4 | Securities at amortised cost | | 3,649 | 1,337 |
| 4a | <i>of which: securitisation exposures</i> | 20c | 4 | - |
| 5 | Loans and advances to banks | | 1,928 | 2,144 |
| 6 | Loans and advances to customers | | 4,971 | 4,462 |
| 7 | Current income tax assets | | 33 | 10 |
| 8 | Deferred income tax assets | | 67 | 64 |
| 8a | <i>of which: tax losses carried forward</i> | 10 | 11 | 1 |
| 9 | Other assets | | 1,061 | 802 |
| 9a | <i>of which: pension scheme assets</i> | 15 | 250 | 122 |
| 10 | Investments in associates and joint ventures | 7 | 4 | 18 |
| 10a | <i>of which: goodwill included in the valuation</i> | 8 | - | 7 |
| 11 | Property, plant and equipment | | 253 | 269 |
| 12 | Right of use assets | | 214 | 188 |
| 13 | Intangible assets | 8 | 241 | 209 |
| 14 | Goodwill | 8 | 251 | 197 |
| 15 | TOTAL ASSETS | | 17,377 | 17,650 |
| 17 | Financial liabilities at fair value through profit or loss | 7 | 302 | 99 |
| 18 | Hedging derivatives | 7 | - | 3 |
| 19 | Due to banks and other financial institutions | | 518 | 512 |
| 20 | Customer deposits | | 10,415 | 11,656 |
| 21 | Debt securities in issue | | 42 | 13 |
| 22 | Current tax liabilities | | 70 | 66 |
| 23 | Deferred tax liabilities | | 69 | 52 |
| 23a | <i>of which: deferred tax liabilities arising from pension scheme assets</i> | 15 | 60 | 5 |
| 23b | <i>of which: deferred tax liabilities arising from intangible assets</i> | 8 | 20 | 17 |
| 24 | Lease liabilities | | 241 | 212 |
| 25 | Other liabilities, accruals and deferred income | | 1,668 | 1,393 |
| 26 | Provisions | | 35 | 43 |
| 27 | Total liabilities | | 13,360 | 14,049 |
| 28 | Shareholders' equity | | 4,017 | 3,601 |
| 29 | Shareholders' equity – Group share | | 3,565 | 3,133 |
| 30 | Share capital | 1 | 154 | 155 |
| 31 | Share premium | 1 | 1,122 | 1,146 |
| 32 | Consolidated reserves | 2 | 1,740 | 1,096 |
| 33 | Unrealised or deferred capital gains and losses | 3 | (58) | (30) |
| 34 | Net income – Group share | 5a | 606 | 766 |
| 35 | Non-controlling interests | | 452 | 468 |
| 36 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 17,377 | 17,650 |

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

4.3 Pillar 1 capital requirements and RWAs

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

Credit risk

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

Counterparty credit risk

From June 2021, the revised Basel method known as SA-CCR replaces the mark-to-market approach, known as the “Current exposure method”, to calculate the prudential exposure to the Group’s derivative transactions.

Securitisation

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

Market risk

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

Operational risk

The Group currently uses a combination of the basic indicator approach (“BIA”) and the advanced measurement approach (“AMA”) in determining the operational risk capital requirement.

Total risk-weighted assets were €12.0 billion at 31 December 2022, €1.3 billion above the year-end 2021 level. This is mainly attributable to i) €0.6 billion increase in RWA from credit risk, of which the main drivers were increases in lending and Merchant Banking investments, and ii) €0.9 billion increase in RWA from operational risk which relates to the increase of year-end income, offset by €0.2 billion decrease in RWA from market risk.

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

Table OV1: Overview of RWAs

| In millions of euros | | 31/12/2022 | | 31/12/2021 | |
|----------------------|---|---------------|------------------|---------------|------------------|
| | | RWAs | Capital required | RWAs | Capital required |
| 1 | Credit risk (excluding CCR) | 6,797 | 544 | 6,223 | 498 |
| 2 | <i>Of which the standardised approach</i> | 6,797 | 544 | 6,223 | 498 |
| 6 | Counterparty credit risk – CCR | 314 | 25 | 219 | 18 |
| 7 | <i>Of which the standardised approach</i> | 233 | 19 | 174 | 14 |
| EU 8b | <i>Of which credit valuation adjustment – CVA</i> | 81 | 6 | 45 | 4 |
| 16 | Securitisation exposures in the non-trading book (after the cap) | 47 | 4 | 70 | 6 |
| 18 | <i>Of which SEC-ERBA (including IAA)</i> | 47 | 4 | 70 | 6 |
| 20 | Position, foreign exchange and commodities risks (Market risk) | 180 | 14 | 349 | 28 |
| 21 | <i>Of which the standardised approach</i> | 180 | 14 | 349 | 28 |
| 23 | Operational risk | 4,706 | 376 | 3,846 | 308 |
| EU 23a | <i>Of which basic indicator approach</i> | 4,273 | 342 | 3,016 | 241 |
| EU 23c | <i>Of which advanced measurement approach</i> | 433 | 35 | 830 | 66 |
| 24 | Amounts below the thresholds for deduction | 136 | 11 | 160 | 13 |
| 29 | TOTAL | 12,044 | 963 | 10,707 | 856 |

4.4 Capital buffers and eligible capital requirements

Capital buffers

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

- capital conservation buffer: this buffer aims to absorb losses in a situation of intense economic stress. The Group's capital conservation buffer is equal to 2.5% of the total risk-weighted assets;

- countercyclical capital buffer: This buffer aims to adjust over time to increase the capital requirements in periods when credit growth is accelerating and reduce them in slower periods. The Group's countercyclical capital buffer is 0.31% at 31 December 2022 compared with 0.12% at 31 December 2021.

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

Table CCyB2: Countercyclical capital buffer requirements

| <i>In millions of euros</i> | | 31/12/2022 | 31/12/2021 |
|-----------------------------|--|------------|------------|
| 1 | Total risk exposure amount | 12,044 | 10,707 |
| 2 | Institution specific countercyclical capital buffer rate | 0.31% | 0.12% |
| 3 | INSTITUTION SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER REQUIREMENT | 37 | 13 |

Pillar 2 Requirement ("P2R")

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

At 31 December 2022, the Group is not subject to any Pillar 2 Requirement.

Minimum requirement for own funds and eligible liabilities ("MREL")

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

At 31 December 2022, the Group is not subject to the MREL requirements.

4.5 Leverage

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

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

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

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.0% minimum ratio requirement set in CRR. The leverage ratio was 14.6% at 31 December 2022, up from 12.4% at 31 December 2021 due to an increase in tier 1 capital.

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

The following table shows the Leverage Ratio at 31 December 2022 on a fully-loaded basis and the breakdown of the exposure by main categories.

Table LR2: Leverage ratio common disclosure

| <i>In millions of euros</i> | | 31/12/2022 | 31/12/2021 |
|-----------------------------|--|---------------|---------------|
| 1 | On-balance sheet items (excluding derivatives, SFTs, but including collateral) | 16,181 | 16,704 |
| 6 | (Asset amounts deducted in determining Tier 1 capital) | (777) | (583) |
| 7 | Total on-balance sheet exposures (excluding derivatives and SFTs) | 15,404 | 16,121 |
| 8 | Replacement cost associated with SA-CCR derivatives transactions | 283 | 97 |
| 9 | Add-on amounts for potential future exposure | 300 | 263 |
| 13 | Total derivatives exposures | 583 | 360 |
| 14 | Gross SFT assets (with no recognition of netting) | 913 | 849 |
| 19 | Off-balance sheet exposures at gross notional amount ⁽¹⁾ | 2,299 | 1,727 |
| 20 | (Adjustments for conversion to credit equivalent amounts) ⁽¹⁾ | (862) | (665) |
| 22 | Total Off-balance sheet exposures | 1,437 | 1,062 |
| 23 | Tier 1 capital | 2,683 | 2,276 |
| 24 | Leverage ratio total exposure measure | 18,337 | 18,392 |
| 25 | Leverage ratio | 14.6% | 12.4% |

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

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

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

| <i>In millions of euros</i> | | 31/12/2022 | 31/12/2021 |
|-----------------------------|--|---------------|---------------|
| 1 | Total assets as per published financial statements | 17,377 | 17,650 |
| 8 | Adjustments for derivative financial instruments | 300 | 263 |
| 10 | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 1,437 | 1,062 |
| 11 | Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital | (777) | (583) |
| 13 | LEVERAGE RATIO TOTAL EXPOSURE MEASURE | 18,337 | 18,392 |

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

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

| <i>In millions of euros</i> | | 31/12/2022 | 31/12/2021 |
|-----------------------------|--|---------------|---------------|
| EU-1 | Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which: | 16,181 | 16,704 |
| EU-2 | Trading book exposures | - | - |
| EU-3 | Banking book exposures, of which: | 16,181 | 16,704 |
| EU-5 | Exposures treated as sovereigns | 5,157 | 6,366 |
| EU-7 | Institutions | 2,310 | 2,759 |
| EU-8 | Secured by mortgages of immovable properties | 768 | 872 |
| EU-9 | Retail exposures | 240 | 237 |
| EU-10 | Corporate | 4,965 | 4,113 |
| EU-11 | Exposures in default | 8 | 12 |
| EU-12 | Other exposures (e.g. equity, securitisations, and other non-credit obligation assets) | 2,733 | 2,345 |

5. Credit risk

5.1 Overview

Credit risk is the consequence resulting from the likelihood that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The credit risk exposure of the Group primarily arises from its lending activity and private equity business. At 31 December 2022, credit risk represents the largest regulatory capital requirement for the Group.

The Group uses the External Credit Assessments Institution (“ECAI”) which are external rating agencies designated as eligible by the European Central Bank (“ECB”) for the calculation of

regulatory capital in accordance with the standardised approach. The agencies used for the capital calculation as of 31 December 2022 are Fitch, Moody’s, Standard & Poor’s and Banque de France. Under the ECAI method, different risk weights are applied to credit exposures depending on the rating assigned by the credit rating agencies. The assignment of risk weights according to credit ratings is compliant with the regulatory requirements, aligning the alphanumeric scale of each agency used with the credit quality steps, as follows:

Credit quality step by rating for credit risk SA

| Credit quality step | Fitch | Moody’s | S&P | Banque de France |
|---------------------|-------------------|------------|---------------------|------------------|
| 1 | AAA, AA | Aaa, Aa | AAA, AA | 3++ |
| 2 | A | A | A | 3+, 3 |
| 3 | BBB | Baa | BBB | 4+ |
| 4 | BB | Ba | BB | 4, 5+ |
| 5 | B | B | B | 5, 6 |
| 6 | CCC, CC, C, RD, D | Caa, Ca, C | CCC, CC, C, R, SD/D | 7, 8, 9, P |

As of 31 December 2022, ECAI risk assessments are used as the determination of risk weightings for the following classes of exposure:

Risk weights by credit quality step for credit risk SA

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

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

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

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

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

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

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

| 31 December 2021 | | | | | | | | | | | | | | |
|-----------------------------|--|--------------|--------------|--------------|--------------|------------|------------|--------------|--------------|-----------|---------------|--------------|--------------|--|
| <i>In millions of euros</i> | | 0% | 20% | 35% | 50% | 70% | 75% | 100% | 150% | 250% | EAD | RWA | Unrated | |
| 1 | Central governments or central banks | 6,287 | - | - | 5 | - | - | - | - | 64 | 6,356 | 163 | 64 | |
| 3 | Public sector entities | - | - | - | 5 | - | - | - | - | - | 5 | 3 | - | |
| 4 | Multilateral development banks | 5 | - | - | - | - | - | - | - | - | 5 | - | - | |
| 6 | Institutions | 18 | 1,700 | - | 943 | - | - | 41 | - | - | 2,702 | 855 | 7 | |
| 7 | Corporates | - | 336 | 592 | 170 | 407 | - | 1,484 | 20 | - | 3,009 | 2,123 | 1,759 | |
| 8 | Retail exposures | - | - | - | - | - | 153 | - | - | - | 153 | 108 | 132 | |
| 9 | Exposures secured by mortgages on immovable property | - | - | 667 | 117 | 14 | 13 | 11 | - | - | 822 | 316 | 784 | |
| 10 | Exposures in default | - | - | - | - | - | - | 9 | 3 | - | 12 | 13 | 9 | |
| 11 | Exposures associated with particularly high risk | - | - | - | - | - | - | - | 1,315 | - | 1,315 | 1,972 | 1,312 | |
| 13 | Exposures to institutions and corporates with a short-term credit assessment | - | 29 | - | 24 | - | - | - | - | - | 53 | 18 | - | |
| 14 | Units or shares in collective investment undertakings | - | - | - | - | - | - | 141 | - | - | 141 | 142 | 141 | |
| 15 | Equity exposures | - | - | - | - | - | - | 39 | - | - | 39 | 39 | 39 | |
| 16 | Other items | 98 | - | - | - | - | - | 472 | - | - | 570 | 471 | 569 | |
| 17 | TOTAL | 6,408 | 2,065 | 1,259 | 1,264 | 421 | 166 | 2,197 | 1,338 | 64 | 15,182 | 6,223 | 4,816 | |

1 Central governments and central banks: exposures that are risk-weighted at 250% relate to deferred tax assets.

6 Institutions: exposures that are risk-weighted at 0% relate to settlement accounts on securities transactions.

6 Institutions: exposures that are risk-weighted at 100% relate to the supervisory regime of a non-EU country after Brexit.

8 Corporates, retail exposures, exposures secured by mortgages: risk-weighted exposure amount includes adjustment due to SME (Small and medium enterprises) supporting factor.

16 Other items: exposures that are risk-weighted at 0% include amount of guarantee deposits paid and cash in hand.

5.2 Credit risk policy and governance

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

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

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

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

Group Risk is responsible for:

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

5.3 Credit risk mitigation

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

Where credit risk mitigation is available in the form of a guarantee or financial guarantee, the exposure is divided into covered and uncovered portions. Guarantees are applied by reallocating the covered portion of exposures to the corresponding asset categories and risk weightings of the guarantors. When the Group uses the financial collateral as a CRM technique, the valuation of this collateral for the calculation of risk-weighted exposure

amounts follows the Comprehensive method under CRR. The application of zero volatility adjustments is possible where the eligibility conditions are fulfilled, otherwise, the Group applies supervisory volatility haircuts (including currency mismatch adjustments), which are determined by the type of collateral, its credit quality and liquidation period.

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

Table CR3: Credit risk mitigation techniques – overview

| 31 December 2022 | | Unsecured carrying amount | Secured carrying amount | Of which secured by collateral |
|-----------------------------|--|---------------------------|-------------------------|--------------------------------|
| <i>In millions of euros</i> | | | | |
| 1 | Loans and advances | 1,488 | 5,474 | 5,474 |
| 2 | Debt securities | 3,658 | - | - |
| 3 | TOTAL | 5,146 | 5,474 | 5,474 |
| 4 | <i>Of which non-performing exposures</i> | 79 | - | - |
| 5 | <i>Of which defaulted</i> | 79 | - | - |

| 31 December 2021 | | Unsecured carrying amount | Secured carrying amount | Of which secured by collateral |
|-----------------------------|--|---------------------------|-------------------------|--------------------------------|
| <i>In millions of euros</i> | | | | |
| 1 | Loans and advances | 1,822 | 4,842 | 4,842 |
| 2 | Debt securities | 1,373 | - | - |
| 3 | TOTAL | 3,195 | 4,842 | 4,842 |
| 4 | <i>Of which non-performing exposures</i> | 80 | - | 1 |
| 5 | <i>Of which defaulted</i> | 80 | - | 1 |

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

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

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

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

| 31 December 2021 <i>In millions of euros</i> | | Exposures before CCF and before CRM | | Exposures post CCF and post CRM | | RWAs | RWAs density ⁽¹⁾ (%) |
|---|---|--|-----------------------|------------------------------------|-----------------------|--------------|---------------------------------------|
| | | On-balance- sheet | Off-balance- sheet | On-balance- sheet | Off-balance- sheet | | |
| 1 | Central governments or central banks | 6,337 | - | 6,356 | - | 163 | 3% |
| 3 | Public sector entities | 5 | - | 5 | - | 3 | 60% |
| 4 | Multilateral development banks | 5 | - | 5 | - | - | 0% |
| 6 | Institutions | 3,020 | 13 | 2,694 | 8 | 855 | 28% |
| 7 | Corporates | 3,980 | 454 | 2,711 | 298 | 2,123 | 70% |
| 8 | Retail exposures | 420 | 292 | 122 | 31 | 108 | 71% |
| 9 | Exposures secured by mortgages on immovable property | 866 | 10 | 819 | 3 | 316 | 38% |
| 10 | Exposures in default | 19 | 1 | 11 | 1 | 13 | 108% |
| 11 | Exposures associated with particularly high risk | 833 | 885 | 832 | 483 | 1,972 | 150% |
| 13 | Exposures to institutions and corporates with a short-term credit assessment | 590 | - | 53 | - | 18 | 34% |
| 14 | Units or shares in collective investment undertakings | 141 | - | 141 | - | 142 | 101% |
| 15 | Equity exposures | 39 | - | 39 | - | 39 | 100% |
| 16 | Other items | 553 | 31 | 555 | 15 | 471 | 83% |
| 17 | TOTAL | 16,808 | 1,686 | 14,343 | 839 | 6,223 | 40% |

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

5.4 Non-performing and forborne exposures

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

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

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

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

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

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

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

| 31 December 2021 <i>In millions of euros</i> | | Performing exposures | | | Non-performing exposures | | | Performing exposures | | Non-performing exposures | | Collateral and guarantees | |
|---|------------------------------------|----------------------|------------------|------------------|--------------------------|------------------|------------------|----------------------|------------------|--------------------------|------------------|---------------------------|--------------------------|
| | | Total gross amount | Of which stage 1 | Of which stage 2 | Total gross amount | Of which stage 2 | Of which stage 3 | Impairment | Of which stage 1 | Impairment | Of which stage 3 | Performing exposures | Non-performing exposures |
| 1 | Loans and advances | 5,759 | 5,701 | 57 | 80 | - | 80 | (5) | (5) | (46) | (46) | 4,842 | 1 |
| 4 | Credit institutions | 1,267 | 1,267 | - | - | - | - | - | - | - | - | 849 | - |
| 5 | Other financial corporations | 219 | 219 | - | - | - | - | - | - | - | - | - | - |
| 6 | Non-financial corporations | 816 | 810 | 5 | 56 | - | 56 | (1) | (1) | (30) | (30) | 636 | 1 |
| 8 | Households | 3,457 | 3,405 | 52 | 24 | - | 24 | (4) | (4) | (16) | (16) | 3,356 | - |
| 9 | Debt securities | 1,373 | 1,373 | - | - | - | - | - | - | - | - | - | - |
| 11 | General governments | 91 | 91 | - | - | - | - | - | - | - | - | - | - |
| 12 | Credit institutions | 973 | 973 | - | - | - | - | - | - | - | - | - | - |
| 13 | Other financial corporations | 124 | 124 | - | - | - | - | - | - | - | - | - | - |
| 14 | Non-financial corporations | 185 | 185 | - | - | - | - | - | - | - | - | - | - |
| 15 | Off-balance-sheet exposures | 1,728 | 1,728 | - | - | - | - | (1) | (1) | - | - | 676 | - |
| 18 | Credit institutions | 16 | 16 | - | - | - | - | - | - | - | - | - | - |
| 19 | Other financial corporations | 1,019 | 1,019 | - | - | - | - | - | - | - | - | 208 | - |
| 20 | Non-financial corporations | 119 | 119 | - | - | - | - | - | - | - | - | 89 | - |
| 21 | Households | 574 | 574 | - | - | - | - | (1) | (1) | - | - | 379 | - |
| 22 | TOTAL | 8,860 | 8,802 | 57 | 80 | - | 80 | (6) | (6) | (46) | (46) | 5,518 | 1 |

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

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

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

| | | Performing exposures | | | Non-performing exposures | | | | | Of which defaulted |
|-----------------------------|------------------------------------|----------------------|------------------------------------|------------------------------|--------------------------|-------------------------------|------------------------------|-----------------------------|------------------------------|--------------------|
| | | Total gross amount | Not past due or past due ≤ 30 days | Past due > 30 days ≤ 90 days | Total gross amount | Past due > 90 days ≤ 180 days | Past due > 180 days ≤ 1 year | Past due > 1 year ≤ 2 years | Past due > 2 years ≤ 5 years | |
| 31 December 2021 | | | | | | | | | | |
| <i>In millions of euros</i> | | | | | | | | | | |
| 1 | Loans and advances | 5,759 | 5,713 | 46 | 80 | 20 | - | - | 60 | 80 |
| 4 | Credit institutions | 1,267 | 1,267 | - | - | - | - | - | - | - |
| 5 | Other financial corporations | 219 | 219 | - | - | - | - | - | - | - |
| 6 | Non-financial corporations | 816 | 815 | 1 | 56 | 16 | - | - | 40 | 56 |
| 8 | Households | 3,457 | 3,412 | 45 | 24 | 4 | - | - | 20 | 24 |
| 9 | Debt securities | 1,373 | 1,373 | - | - | - | - | - | - | - |
| 11 | General governments | 91 | 91 | - | - | - | - | - | - | - |
| 12 | Credit institutions | 973 | 973 | - | - | - | - | - | - | - |
| 13 | Other financial corporations | 124 | 124 | - | - | - | - | - | - | - |
| 14 | Non-financial corporations | 185 | 185 | - | - | - | - | - | - | - |
| 15 | Off-balance-sheet exposures | 1,728 | - | - | - | - | - | - | - | - |
| 18 | Credit institutions | 16 | - | - | - | - | - | - | - | - |
| 19 | Other financial corporations | 1,019 | - | - | - | - | - | - | - | - |
| 20 | Non-financial corporations | 119 | - | - | - | - | - | - | - | - |
| 21 | Households | 574 | - | - | - | - | - | - | - | - |
| 22 | TOTAL | 8,860 | 7,086 | 46 | 80 | 20 | - | - | 60 | 80 |

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

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

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

| <i>In millions of euros</i> | 31/12/2022 | 31/12/2021 |
|---|------------|------------|
| 1 Initial stock of non-performing loans and advances | 80 | 92 |
| 3 Outflows from non-performing portfolios | (1) | (12) |
| 6 FINAL STOCK OF NON-PERFORMING LOANS AND ADVANCES | 79 | 80 |

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

Table CR1-A: Maturity of exposures

| 31 December 2022 | | | | |
|-----------------------------|--------------|-----------------------|------------|--------------|
| <i>In millions of euros</i> | ≤ 1 year | > 1 year ≤ 5 years | > 5 years | Total |
| 1 Loans and advances | 4,509 | 1,441 | 303 | 6,253 |
| 2 Debt securities | 2,662 | 944 | 52 | 3,658 |
| 3 TOTAL | 7,171 | 2,385 | 355 | 9,911 |

| 31 December 2021 | | | | |
|-----------------------------|--------------|-----------------------|------------|--------------|
| <i>In millions of euros</i> | ≤ 1 year | > 1 year ≤ 5 years | > 5 years | Total |
| 1 Loans and advances | 4,033 | 1,430 | 325 | 5,788 |
| 2 Debt securities | 647 | 655 | 71 | 1,373 |
| 3 TOTAL | 4,680 | 2,085 | 396 | 7,161 |

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

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

The following table shows asset quality information for forborne exposures broken down by Supervisory Reporting counterparty classes. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

Table CQ1: Credit quality of forborne exposures

| 31 December 2022 | Gross amount of exposures | | | Impairment |
|------------------------------|---------------------------|--------------------|-------------------|-------------------------|
| | Non-performing forborne | Of which defaulted | Of which impaired | Non-performing forborne |
| <i>In millions of euros</i> | | | | |
| 1 Loans and advances | 9 | 9 | 9 | 3 |
| 6 Non-financial corporations | 9 | 9 | 9 | 3 |
| TOTAL | 9 | 9 | 9 | 3 |

| 31 December 2021 | Gross amount of exposures | | | Impairment |
|------------------------------|---------------------------|--------------------|-------------------|-------------------------|
| | Non-performing forborne | Of which defaulted | Of which impaired | Non-performing forborne |
| <i>In millions of euros</i> | | | | |
| 1 Loans and advances | 8 | 8 | 8 | 4 |
| 6 Non-financial corporations | 8 | 8 | 8 | 4 |
| TOTAL | 8 | 8 | 8 | 4 |

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

6. Counterparty credit risk

6.1 Overview

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

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

The CCR capital requirements of the Group are not material.

6.2 Counterparty credit risk management

Derivative transactions with banking counterparties

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

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

Derivative transactions with non-banking counterparties

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

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

Table CCR1: Analysis of CCR exposure by approach

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

| 31 December 2021 <i>In millions of euros</i> | Replacement cost (RC) | Potential future exposure (PFE) | Alpha used for exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWA |
|---|-----------------------|---------------------------------|-------------------------------|------------------------|-------------------------|----------------|------------|
| 1 SA-CCR (for derivatives) | 66 | 191 | 1.4 | 488 | 360 | 360 | 174 |
| 6 TOTAL | 66 | 191 | | 488 | 360 | 360 | 174 |

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

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

| 31 December 2022 | | | | | | | |
|-----------------------------|--------------|------------|-----------|-----------|------------|----------|------------|
| <i>In millions of euros</i> | | 20% | 50% | 75% | 100% | 150% | Total |
| 6 | Institutions | 414 | 17 | - | - | - | 431 |
| 7 | Corporates | 9 | - | - | 128 | - | 137 |
| 8 | Retail | - | - | 16 | - | - | 16 |
| 11 | TOTAL | 423 | 17 | 16 | 128 | - | 584 |

| 31 December 2021 | | | | | | | |
|-----------------------------|---|------------|-----------|----------|------------|----------|------------|
| <i>In millions of euros</i> | | 20% | 50% | 75% | 100% | 150% | Total |
| 6 | Institutions | 214 | 22 | - | - | - | 236 |
| 7 | Corporates | - | - | - | 109 | - | 109 |
| 8 | Retail | - | - | 8 | - | - | 8 |
| 9 | Institutions and corporates with a short-term credit assessment | 4 | - | - | - | - | 4 |
| 10 | Other items | - | - | - | - | 3 | 3 |
| 11 | TOTAL | 218 | 22 | 8 | 109 | 3 | 360 |

The following table provides a breakdown of all types of collateral posted or received to support or reduce CCR exposures related to derivatives and SFT. For SFT, collateral refers to both legs of the transaction as collateral received and collateral posted.

Table CCR5: Composition of collateral for CCR exposures

| 31 December 2022 | <i>In millions of euros</i> | Collateral used in derivative transactions | |
|-------------------------|-----------------------------|--|-------------------|
| | | Collateral received | Collateral posted |
| | | Un-segregated | Un-segregated |
| 1 | Cash – domestic currency | 207 | 68 |
| 9 | TOTAL | 207 | 68 |

| 31 December 2021 | <i>In millions of euros</i> | Collateral used in derivative transactions | |
|-------------------------|-----------------------------|--|-------------------|
| | | Collateral received | Collateral posted |
| | | Un-segregated | Un-segregated |
| 1 | Cash – domestic currency | 56 | 83 |
| 9 | TOTAL | 56 | 83 |

6.3 Credit valuation adjustment

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

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

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

| 31 December 2022 | Exposure value | | RWA | 31 December 2021 | Exposure value | | RWA |
|-----------------------------|---|------------|-----------|-----------------------------|---|------------|-----------|
| <i>In millions of euros</i> | | | | <i>In millions of euros</i> | | | |
| 4 | Transactions subject to the Standardised method | 514 | 81 | 4 | Transactions subject to the Standardised method | 274 | 45 |
| 5 | TOTAL | 514 | 81 | 5 | TOTAL | 274 | 45 |

7. Securitisation

7.1 Overview

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

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

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

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

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

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

7.2 Risk and regulatory framework

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

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

At 31 December 2022, for the Group’s securitisation exposures, the classification as an STS-securitisation is not intended as the effects from the application are marginal.

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

At 31 December 2022, the Group calculates the securitisation capital requirement under the SEC-ERBA, for which the capital requirements are assigned to securitisation tranches based on their external rating⁽¹⁾. It should be noted that for all securitisations which qualify for a weight of 1.250%, the Group deducts this exposure from CET1 capital.

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

(1) The agencies used for the capital calculation as of 31 December 2022 are Fitch, Moody’s, Standard & Poor’s and Banque de France.

Table SEC1: Securitisation exposures in the non-trading book

| 31 December 2022 | | Institution acts as originator | | Institution acts as sponsor | | Institution acts as investor | |
|-----------------------------|------------------------------|--------------------------------|-----------|-----------------------------|---------|------------------------------|-----------|
| <i>In millions of euros</i> | | STS | Non-STS | STS | Non-STS | STS | Non-STS |
| 1 | TOTAL EXPOSURE AMOUNT | - | 43 | - | - | - | 11 |
| 7 | Wholesale underlying | - | 43 | - | - | - | 11 |
| 8 | Loans to corporates | - | 43 | - | - | - | 11 |

| 31 December 2021 | | Institution acts as originator | | Institution acts as sponsor | | Institution acts as investor | |
|-----------------------------|------------------------------|--------------------------------|-----------|-----------------------------|---------|------------------------------|-----------|
| <i>In millions of euros</i> | | STS | Non-STS | STS | Non-STS | STS | Non-STS |
| 1 | TOTAL EXPOSURE AMOUNT | - | 63 | - | - | - | 10 |
| 7 | Wholesale underlying | - | 63 | - | - | - | 10 |
| 8 | Loans to corporates | - | 63 | - | - | - | 10 |

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

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

| 31 December 2022 | | Exposure values by RW bands | | | | Exposure values under SEC-ERBA | RWA under SEC-ERBA | Capital charge after cap under SEC-ERBA |
|-----------------------------|------------------------------|-----------------------------|----------------|-----------------|-------------------|--------------------------------|--------------------|---|
| <i>In millions of euros</i> | | ≤20% RW | >20% to 50% RW | >50% to 100% RW | >100% to 1250% RW | | | |
| 1 | TOTAL EXPOSURE AMOUNT | 29 | 5 | 3 | 6 | 43 | 25 | 2 |
| 2 | Traditional transactions | 29 | 5 | 3 | 6 | 43 | 25 | 2 |
| 3 | Securitisation | 29 | 5 | 3 | 6 | 43 | 25 | 2 |
| 6 | Wholesale underlying | 29 | 5 | 3 | 6 | 43 | 25 | 2 |

| 31 December 2021 | | Exposure values by RW bands | | | | Exposure values under SEC-ERBA | RWA under SEC-ERBA | Capital charge after cap under SEC-ERBA |
|-----------------------------|------------------------------|-----------------------------|----------------|-----------------|-------------------|--------------------------------|--------------------|---|
| <i>In millions of euros</i> | | ≤20% RW | >20% to 50% RW | >50% to 100% RW | >100% to 1250% RW | | | |
| 1 | TOTAL EXPOSURE AMOUNT | 41 | 8 | 5 | 9 | 63 | 41 | 3 |
| 2 | Traditional transactions | 41 | 8 | 5 | 9 | 63 | 41 | 3 |
| 3 | Securitisation | 41 | 8 | 5 | 9 | 63 | 41 | 3 |
| 6 | Wholesale underlying | 41 | 8 | 5 | 9 | 63 | 41 | 3 |

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

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

| 31 December 2022 <i>In millions of euros</i> | Exposure values by RW bands | | | | Exposure values under SEC-ERBA | RWA under SEC-ERBA | Capital charge after cap under SEC-ERBA |
|---|-----------------------------|----------------|-----------------|-------------------|--------------------------------|--------------------|---|
| | ≤20% RW | >20% to 50% RW | >50% to 100% RW | >100% to 1250% RW | | | |
| 1 TOTAL EXPOSURE AMOUNT | - | - | - | 11 | 11 | 22 | 2 |
| 2 Traditional transactions | - | - | - | 11 | 11 | 22 | 2 |
| 3 Securitisation | - | - | - | 11 | 11 | 22 | 2 |
| 6 Wholesale underlying | - | - | - | 11 | 11 | 22 | 2 |

| 31 December 2021 <i>In millions of euros</i> | Exposure values by RW bands | | | | Exposure values under SEC-ERBA | RWA under SEC-ERBA | Capital charge after cap under SEC-ERBA |
|---|-----------------------------|----------------|-----------------|-------------------|--------------------------------|--------------------|---|
| | ≤20% RW | >20% to 50% RW | >50% to 100% RW | >100% to 1250% RW | | | |
| 1 TOTAL EXPOSURE AMOUNT | - | - | - | 10 | 10 | 28 | 2 |
| 2 Traditional transactions | - | - | - | 10 | 10 | 28 | 2 |
| 3 Securitisation | - | - | - | 10 | 10 | 28 | 2 |
| 6 Wholesale underlying | - | - | - | 10 | 10 | 28 | 2 |

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

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

| 31 December 2022 <i>In millions of euros</i> | Outstanding nominal amount | Of which exposures in default | Specific credit risk adjustments |
|---|----------------------------|-------------------------------|----------------------------------|
| 1 TOTAL EXPOSURE AMOUNT | 43 | - | - |
| 7 Wholesale underlying | 43 | - | - |
| 8 Loans to corporates | 43 | - | - |

| 31 December 2021 <i>In millions of euros</i> | Outstanding nominal amount | Of which exposures in default | Specific credit risk adjustments |
|---|----------------------------|-------------------------------|----------------------------------|
| 1 TOTAL EXPOSURE AMOUNT | 63 | - | - |
| 7 Wholesale underlying | 63 | - | - |
| 8 Loans to corporates | 63 | - | - |

8. Market risk and large exposures

8.1 Overview

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

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

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

Table MR1: Market risk under the standardised approach

| Outright products <i>In millions of euros</i> | RWA | |
|--|------------|------------|
| | 31/12/2022 | 31/12/2021 |
| 1 Interest rate risk (general and specific) | 88 | 83 |
| 2 Equity risk (general and specific) | 4 | 4 |
| 3 Foreign exchange risk | 82 | 255 |
| 4 Commodity risk | 6 | 7 |
| 9 TOTAL | 180 | 349 |

Within the Group, market risk is handled using the standardised approach.

At 31 December 2022, market risk-weighted assets are lower due to hedging of foreign exchange risk.

8.2 Market risk management

System for measuring market risk

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

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

System for monitoring market risk

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

Stress testing of market risk

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

9. Operational risk

9.1 Overview

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks,

risks related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risk. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

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

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

| 31 December 2021 <i>In millions of euros</i> | | Relevant indicator | | | Own funds requirements | Risk weighted exposure amount |
|---|---|--------------------|--------|-----------|------------------------|-------------------------------|
| | | Year-3 | Year-2 | Last year | | |
| 1 | Banking activities subject to basic indicator approach (BIA) | 1,338 | 1,261 | 2,227 | 241 | 3,016 |
| 5 | Banking activities subject to advanced measurement approaches AMA | 534 | 538 | 698 | 66 | 830 |

At 31 December 2022, operational risk-weighted assets increase due to the higher revenues of the year and the change in approach from AMA to BIA for certain subsidiaries.

9.2 Approach adopted

The capital requirement for operational risk is calculated using the Basic Indicator Approach for the Group except for RMM and its subsidiaries that has been authorised by ACPR to use the Advanced Measurement Approach. The Group Operational Risk Policy defines roles, responsibilities and accountabilities across the Group for the identification, measurement, monitoring and reporting of operational risks. Risk maps are developed by each business and support unit.

- Basic Indicator Approach: the capital requirement is calculated as the average over the past three years of a financial aggregate based on net banking income (the exposure indicator) multiplied by a unique alpha parameter set by the regulator (15% weighting);

- Advanced Measurement Approach: the AMA capital requirements are calculated as Value at Risk, or the maximum potential loss over one year, at a 99.9% confidence level to calculate regulatory capital requirements. Capital requirements are calculated at an aggregate level using risk data from all RMM entities in the AMA perimeter, then allocated to business lines and individual legal entities.

9.3 Operational risk management objectives and policies

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

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

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

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

9.4 Advanced measurement approach

RMM is authorised by the ACPR to use the Advanced Measurement Approach since 2007.

The RMM framework is composed of both qualitative and quantitative elements. The qualitative elements follow the requirements for the Group as set out in the Group Operational Risk Policy.

The quantitative elements comprise an internal model that quantifies material operational risks. The RMM internal model inputs are internal data, external data, scenario analysis and Key Risk Indicators that reflect the business and internal control environment. Internal losses are collected without threshold at RMM. Scenario analyses are defined with business experts for material risks.

The RMM model is composed of eleven risk classes based on the combination of Basel business lines and the following Basel risk categories:

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

9.5 Use of insurance for risk mitigation

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

10. Liquidity risk

10.1 Overview

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

10.2 Governance

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

Within this framework, the Group ALCO:

- establishes and maintains a structure for the management of liquidity risk including allocations of authority and responsibility to senior managers and ensures that all reasonable steps are taken to measure, monitor and control liquidity risk and identify material changes to the liquidity profile;

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

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

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

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

10.3 Liquidity risk management

Measurement

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

The Group has a low appetite for liquidity risk and when investing its liquidity, each banking subsidiary is required to comply with

the Treasury Liquidity Investment policy. The policy sets parameters on the type and quantum of liquidity investments that can be made and investments can only be made subject to these parameters and in compliance with all internal and external liquidity limits and regulatory requirements.

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

Monitoring

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

Each of these banking subsidiaries manages liquidity risk on a stand-alone basis in accordance with its defined individual risk appetite and according to policies and limits approved by the Rothschild & Co Group ALCO and the Rothschild & Co Supervisory Board in addition to any applicable local regulatory liquidity

guidance and limits. Liquidity risk is therefore primarily monitored through a range of liquidity measures applicable to each banking subsidiary. Liquidity risk is also monitored on an aggregated basis for the Group to ensure compliance with regulatory and internal limits and to ensure Group liquidity risk is in line with the risk appetite.

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

10.4 Liquidity Coverage Ratio

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

Table LIQ1: Liquidity coverage ratio

| High-quality liquid assets <i>In millions of euros</i> | December 2022 | | September 2022 | | June 2022 | | March 2022 | | December 2021 | |
|---|---------------|--------------|----------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | Gross amount | LCR amount | Gross amount | LCR amount | Gross amount | LCR amount | Gross amount | LCR amount | Gross amount | LCR amount |
| 1 TOTAL HIGH-QUALITY LIQUID ASSETS (HQLA) | 5,977 | 5,910 | 6,070 | 6,012 | 5,923 | 5,870 | 5,555 | 5,505 | 5,112 | 5,061 |
| Cash-outflows | | | | | | | | | | |
| 2 Retail deposits and deposits from small business customers | 5,564 | 902 | 5,642 | 916 | 5,599 | 907 | 5,486 | 885 | 5,343 | 857 |
| 3 Stable deposits | 411 | 21 | 414 | 21 | 414 | 21 | 417 | 21 | 420 | 21 |
| 4 Less stable deposits | 5,152 | 881 | 5,228 | 895 | 5,185 | 887 | 5,070 | 864 | 4,923 | 836 |
| 5 Unsecured wholesale funding | 5,953 | 2,767 | 6,020 | 2,765 | 5,886 | 2,677 | 5,658 | 2,582 | 5,357 | 2,520 |
| 6 Operational deposits and deposits in networks of cooperative banks | 1,090 | 270 | 1,123 | 278 | 1,070 | 264 | 1,026 | 253 | 891 | 238 |
| 7 Non-operational deposits | 4,864 | 2,497 | 4,898 | 2,487 | 4,817 | 2,412 | 4,632 | 2,329 | 4,467 | 2,282 |
| 9 Secured wholesale funding | 45 | 45 | 60 | 60 | 78 | 78 | 90 | 90 | 103 | 103 |
| 10 Additional requirements | 1,127 | 122 | 1,032 | 108 | 949 | 94 | 890 | 89 | 805 | 88 |
| 11 Outflows related to derivative exposures and other collateral requirements | 13 | 13 | 12 | 12 | 11 | 11 | 13 | 13 | 14 | 14 |
| 13 Credit and liquidity facilities | 1,114 | 110 | 1,020 | 96 | 937 | 83 | 877 | 77 | 791 | 74 |
| 14 Other contractual funding obligations | 94 | 10 | 79 | 10 | 62 | 9 | 42 | 7 | 35 | 5 |
| 16 TOTAL CASH OUTFLOWS | 12,791 | 3,846 | 12,834 | 3,859 | 12,573 | 3,764 | 12,166 | 3,653 | 11,643 | 3,574 |
| Cash-inflows | | | | | | | | | | |
| 17 Secured lending (e.g. reverse repos) | 331 | 55 | 301 | 89 | 321 | 190 | 371 | 296 | 419 | 404 |
| 18 Inflows from fully performing exposures | 1,635 | 1,129 | 1,628 | 1,140 | 1,549 | 1,065 | 1,558 | 1,059 | 1,550 | 1,062 |
| 19 Other cash inflows | 60 | 60 | 56 | 56 | 60 | 60 | 62 | 62 | 52 | 52 |
| 20 TOTAL CASH INFLOWS | 2,025 | 1,244 | 1,986 | 1,286 | 1,930 | 1,314 | 1,990 | 1,417 | 2,021 | 1,518 |
| 21 Liquidity buffer | | 5,910 | | 6,012 | | 5,870 | | 5,505 | | 5,061 |
| 22 Total net cash outflows | | 2,602 | | 2,573 | | 2,451 | | 2,237 | | 2,056 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | 228% | | 234% | | 241% | | 247% | | 248% |

10.5 Net Stable Funding Ratio

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

Table LIQ2: Net Stable Funding Ratio

| In millions of euros | Unweighted value | | | | Weighted value 31/12/2022 | Unweighted value | | | | Weighted value 31/12/2021 | |
|---|---|--------------|----------------------|--------------|------------------------------|------------------|--------------|----------------------|--------------|------------------------------|---------------|
| | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | | |
| Available stable funding (ASF) Items | | | | | | | | | | | |
| 1 | Capital items and instruments | 105 | - | - | 3,460 | 3,460 | 605 | - | - | 2,527 | 2,527 |
| 2 | Own funds | - | - | - | 3,460 | 3,460 | - | - | - | 2,527 | 2,527 |
| 3 | Other capital items | 105 | - | - | - | - | 605 | - | - | - | - |
| 4 | Retail deposits | - | 4,935 | - | - | 4,462 | - | 7,125 | - | - | 6,432 |
| 5 | Stable deposits | - | 399 | - | - | 379 | - | 408 | - | - | 387 |
| 6 | Less stable deposits | - | 4,536 | - | - | 4,083 | - | 6,717 | - | - | 6,045 |
| 7 | Wholesale funding | - | 5,872 | 50 | 111 | 2,776 | - | 4,731 | - | 325 | 2,277 |
| 8 | Operational deposits | - | 1,257 | - | - | 399 | - | 1,786 | - | - | 665 |
| 9 | Other wholesale funding | - | 4,615 | 50 | 111 | 2,377 | - | 2,945 | - | 325 | 1,612 |
| 11 | Other liabilities | - | 2,508 | - | - | 487 | 102 | 2,235 | - | - | - |
| 12 | NSFR derivative liabilities | - | 180 | - | - | - | 102 | - | - | - | - |
| 13 | All other liabilities and capital instruments not included in the above categories | - | 2,328 | - | - | 487 | - | 2,235 | - | - | - |
| 14 | TOTAL AVAILABLE STABLE FUNDING (ASF) | 105 | 13,315 | 50 | 3,571 | 11,185 | 707 | 14,091 | - | 2,852 | 11,236 |
| Required stable funding (RSF) Items | | | | | | | | | | | |
| 15 | High-quality liquid assets (HQLA) | 5,300 | - | - | - | 84 | 6,144 | - | - | - | 46 |
| 16 | Deposits held at other financial institutions for operational purposes | - | 5 | - | - | 3 | - | 12 | - | - | 6 |
| 17 | Performing loans and securities⁽¹⁾ | - | 5,018 | 1,004 | 3,634 | 5,405 | - | 5,021 | 1,047 | 3,572 | 4,959 |
| 18 | Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut | - | 913 | - | - | 26 | - | 374 | - | - | - |
| 19 | Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions | - | 1,147 | 18 | 4 | 128 | - | 2,383 | 43 | 19 | 255 |
| 20 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs ⁽¹⁾ | - | 2,312 | 842 | 1,714 | 2,995 | - | 1,173 | 773 | 1,887 | 2,481 |
| 22 | Performing residential mortgages | - | - | - | - | - | - | 97 | 53 | 649 | - |
| 23 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | - | - | - | - | - | 97 | 53 | 214 | 215 |
| 24 | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | - | 646 | 144 | 1,916 | 2,256 | - | 1,091 | 231 | 1,666 | 2,223 |
| 26 | Other assets | - | 939 | - | 1,441 | 1,696 | - | 633 | - | 1,226 | 1,425 |
| 27 | Physical traded commodities | - | - | - | 71 | 61 | - | - | - | 93 | 79 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | - | 325 | - | - | 37 | - | 97 | - | - | 5 |
| 31 | All other assets not included in the above categories | - | 614 | - | 1,370 | 1,598 | - | 536 | - | 1,133 | 1,341 |
| 32 | Off-balance sheet items | - | 178 | 249 | 1,862 | 114 | - | 153 | 222 | 1,352 | 86 |
| 33 | TOTAL RSF | 5,300 | 6,140 | 1,253 | 6,937 | 7,302 | 6,144 | 5,819 | 1,269 | 6,150 | 6,522 |
| 34 | NET STABLE FUNDING RATIO (%) | | | | | 153% | | | | | 172% |

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

11. Other risks

11.1 Large exposures

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

From June 2021, the large exposure framework is amended such that a stricter definition of eligible capital is introduced. Eligible capital is limited to Tier 1 capital, while previously it included Tier 2 capital capped at one-third of Tier 1 capital. This effectively reduces the general large exposure limit of 25% of eligible capital.

At 31 December 2022, the Group does not have capital requirements arising from large exposures that exceed the limits in accordance with CRR.

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

The Group measures and monitors this risk within the framework of Interest Rate Risk of the Banking book ("IRRBB") that establishes consistent methodologies and models and limits or thresholds to focus on, with regards to the sensitivity of our economic value. Interest rate risk has an impact on positions resulting from banking intermediation activities and treasury management.

The Group calculates Interest Rate Risk in the Banking Book in line with the EBA requirements. The following table shows the results of the EVE (Economic Value of Equity) stress tests for each prescribed stress scenario, as a percentage of tier 1 capital.

IRRBB is a new disclosure adopted in this Pillar 3 report, thus, in the report at 31 December 2022, the Group does not provide comparative information for the prior period.

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

31 December 2022

In millions of euros

| | Changes of the economic value of equity |
|--------------------|--|
| 1 Parallel up | (1.4%) |
| 2 Parallel down | 1.0% |
| 3 Steepener | (0.4%) |
| 4 Flattener | (0.1%) |
| 5 Short rates up | (0.4%) |
| 6 Short rates down | 0.3% |

12. Remuneration

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

12.1 Remuneration policy, principles, practices and procedures

The R&Co Group's remuneration policies, practices and procedures are documented in a Remuneration Policy document. In certain businesses or jurisdictions separate remuneration policies are required for specific regulatory reasons but they are, at a minimum, compliant with, and in line with, the R&Co Group policies.

The Policy outlines, among other things, the governance framework for remuneration matters, the way in which Material Risk Takers ("MRTs") are identified and remunerated, the definition of fixed and

variable remuneration and the appropriate ratios between the two, the performance measures used in determining variable remuneration including adjustments for current and potential risks and the Group's approach to guaranteed bonuses, retention awards and severance pay.

There were no material updates to the Policy during the course of 2022 in relation to the remuneration requirements of Directive 2013/36/EU of the European Parliament and of the Council ("CRD V").

12.2 Decision-making process for remuneration policy

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

- reviewing the principles and parameters of remuneration policy for the Group as a whole taking into account all factors which it deems necessary including the Group's strategy from time to time;
- reviewing the broad policy framework for the remuneration of Rothschild & Co Gestion, the GEC and more generally the principles of the remuneration policy applicable to MRTs. This notably includes reviewing the approach to the identification of MRTs across the Group;
- reviewing the nature and scale of the Group's short and long term incentive performance arrangements with consideration for (i) the objective to encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects, (ii) risk-adjusted returns, current business circumstances and business strategy;
- reviewing the total remuneration awarded across the Group, with consideration for the current and future risks of the business. In doing so, the Group will rely upon the support of input from independent control functions;
- directly overseeing and reviewing the remuneration awarded to members of the Compliance, Internal Audit and Risk divisions and, where appropriate, the employment and remuneration arrangements of Rothschild & Co Gestion, the GEC and, more generally, MRTs;

- reviewing any significant disclosures on remuneration (due to regulation or otherwise) to be made available to external stakeholders, including shareholders, regulators and the public;
- undertaking any other remuneration related obligation placed upon the Remuneration and Nomination Committee by either the head regulator or a local regulator in entities subject to CRR or other regulations. This includes regularly reviewing applicable regulations (through trainings as appropriate) with a view to carrying its missions as set out above;
- conducting an annual review of the remuneration, indemnities and benefits of any kind granted to Rothschild & Co Gestion and its Chairman; and
- reviewing the remuneration policy applicable to members of the Supervisory Board, including its Chair, including the overall cap on annual fees payable to Supervisory Board members.

As at 31 December 2022, the Committee was composed of four members including three independent members: Sylvain Héfès (Chairman), Carole Piwnica (independent), Sir Peter Estlin (independent) and Véronique Weill (independent).

The Committee met four times during 2022 to discharge these responsibilities.

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

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

External consultants

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

Role of the relevant stakeholders

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

Material risk takers criteria

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

12.3 The link between pay and performance

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

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

Performance measurement

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

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

- financial performance measures are after the deduction of the full impairment of financial instruments and other assets where under the business unit's control;
- management accounts include full provision for all remuneration costs whether deferred or current;
- any significant contingencies are drawn to the attention of the Committee;
- with respect to receivable advisory fees, the collectability of the fee is highlighted if the fees were material in the determination of the variable remuneration pool;

- where necessary, the Group's Chief Finance Officer, Group Chief Risk Officer, and Head of Legal and Compliance highlight any risk positions which the Committee should take into account when setting variable remuneration pools; and
- fees are included in a financial period's results when they have been earned.

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

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

There is strong central oversight of variable remuneration pools and individual awards. Overall annual remuneration expense is reviewed every year by the Committee. There is clear individual differentiation to ensure that the best performers are rewarded and in the financial year ended 31 December 2022 a number of staff received no variable remuneration awards.

12.4 Design and structure of remuneration for Material Risk Takers

Fixed compensation

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

Variable compensation

Eligibility criteria

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

Deferral and non-cash awards

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

- application of the variable remuneration capping requirements (a ratio of variable remuneration not exceeding 200% (or in the case of control functions 100%) of the fixed remuneration having been agreed in accordance with the Article 94(1)(g) of CRD V);
- deferring at least 40% of a MRT's variable remuneration (above the de-minimis threshold) over a period of at least four years, plus a holding period, post vesting, of six months;

Other payments

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

- delivering at least 50% of a MRTs variable remuneration, for those above the de-minimis threshold, in shares or share linked instruments;
- ensuring MRTs have their variable remuneration subject to malus and clawback adjustment as appropriate in accordance with the R&Co Group's Malus and Clawback Policy.

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

Long Term Incentives

A number of our MRTs also participate in an incentive scheme which is designed to align the interests of the participants with the long-term sustainable performance of the business.

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

12.5 Control functions

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

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

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

12.6 Remuneration expenditure for Material Risk Takers for the year ended 31 December 2022

Total remuneration awarded to MRTs identified on a consolidated basis for the period ended 31 December 2022 was €87.2 million.

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

Appendix I – Countercyclical capital buffer

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

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

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

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

| 31 December 2021 <i>In millions of euros</i> | Relevant credit exposures | | | Own fund requirements | | | Risk-weighted exposure amounts | Own fund requirements weights | Countercyclical buffer rate |
|---|---------------------------|----------------------|--------------|--------------------------|------------------------|------------|--------------------------------|-------------------------------|-----------------------------|
| | Credit risk under SA | Market risk under SA | Total | General credit exposures | Trading book exposures | Total | | | |
| 1 France | 2,679 | | 2,679 | 112 | | 112 | 1,675 | 31% | 0.00% |
| 2 Luxembourg | 2,015 | | 2,015 | 115 | | 115 | 1,138 | 21% | 0.50% |
| 3 United Kingdom | 1,529 | | 1,529 | 86 | | 86 | 1,075 | 20% | 0.00% |
| 4 United States | 319 | | 319 | 28 | | 28 | 350 | 7% | 0.00% |
| 5 Switzerland | 345 | | 345 | 12 | | 12 | 150 | 3% | 0.00% |
| 6 Germany | 111 | | 111 | 8 | | 8 | 100 | 2% | 0.00% |
| 7 Jersey | 258 | | 258 | 7 | | 7 | 88 | 2% | 0.00% |
| 8 Netherlands | 100 | | 100 | 9 | | 9 | 113 | 2% | 0.00% |
| 9 Italy | 89 | | 89 | 7 | | 7 | 88 | 2% | 0.00% |
| 10 Spain | 104 | | 104 | 5 | | 5 | 63 | 1% | 0.00% |
| 11 Rest of the world | 1,111 | | 1,111 | 41 | | 41 | 538 | 10% | |
| 12 TOTAL | 8,660 | | 8,660 | 430 | | 430 | 5,375 | 100% | 0.12% |

Appendix II – Asset encumbrance

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

The following tables set out a breakdown of on- and off-balance sheet items, broken down between encumbered and unencumbered. Any securities borrowed or purchased under

resale agreements are shown based on the fair value of collateral received. Following the European Commission’s disclosure guidance for asset encumbrance, the Group has introduced the asset quality indicator concept “high-quality liquid assets” (“HQLA”) as defined under the Delegated Act on Liquidity Coverage Ratio.

At 31 December 2022, €353 million of the Group’s on-balance sheet assets were encumbered. These assets primarily relate to repo operations and cash collateral for derivative margin requirements.

Table AE1: Encumbered and unencumbered assets

| | Carrying amount of encumbered assets | | Fair value of encumbered assets | | Carrying amount of unencumbered assets | | Fair value of unencumbered assets | |
|--|--------------------------------------|--------------------------|---------------------------------|--------------------------|--|--------------------------|-----------------------------------|--------------------------|
| | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA |
| | | | | | | | | |
| 31 December 2022 | <i>In millions of euros</i> | | | | | | | |
| 1 TOTAL ASSETS | 353 | - | | | 17,023 | 4,861 | | |
| 2 Loans on demand | 68 | - | | | 2,454 | - | | |
| 3 Equity instruments | 76 | - | 76 | - | 1,752 | - | 1,752 | - |
| 4 Debt securities | 209 | - | 209 | - | 3,449 | 2,339 | 3,449 | 2,339 |
| 7 of which: general governments | - | - | - | - | 2,339 | 2,339 | 2,339 | 2,339 |
| 8 of which: financial corporations | 155 | - | 155 | - | 823 | - | 823 | - |
| 9 of which: non-financial corporations | 54 | - | 54 | - | 287 | - | 287 | - |
| 10 Other assets | - | - | - | - | 9,368 | 2,522 | - | - |
| | | | | | | | | |
| | Carrying amount of encumbered assets | | Fair value of encumbered assets | | Carrying amount of unencumbered assets | | Fair value of unencumbered assets | |
| | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA |
| | | | | | | | | |
| 31 December 2021 | <i>In millions of euros</i> | | | | | | | |
| 1 TOTAL ASSETS | 627 | - | | | 17,023 | 6,097 | | |
| 2 Loans on demand | 83 | - | | | 5,922 | - | | |
| 3 Equity instruments | 107 | - | 107 | - | 1,647 | - | 1,647 | - |
| 4 Debt securities | 437 | - | 437 | - | 936 | 92 | 936 | 92 |
| 7 of which: general governments | 29 | - | 29 | - | 62 | - | 62 | - |
| 8 of which: financial corporations | 349 | - | 349 | - | 747 | - | 747 | - |
| 9 of which: non-financial corporations | 59 | - | 59 | - | 126 | 92 | 126 | 92 |
| 10 Other assets | - | - | - | - | 8,518 | 6,005 | - | - |

Table AE2: Collateral received and own debt securities issued

| | Fair value of encumbered collateral received | | Fair value of collateral received available for encumbrance | |
|--|--|--------------------------|---|--------------------------|
| | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA |
| 31 December 2022 | | | | |
| <i>In millions of euros</i> | | | | |
| 1 Collateral received | 175 | - | 739 | 402 |
| 3 Equity instruments | 175 | - | 287 | - |
| 4 Debt securities | - | - | 452 | 402 |
| 7 <i>of which: issued by general governments</i> | - | - | 402 | 402 |
| 13 TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED | 175 | - | 17,762 | 402 |

| | Fair value of encumbered collateral received | | Fair value of collateral received available for encumbrance | |
|--|--|--------------------------|---|--------------------------|
| | Total | of which: EHQLA and HQLA | Total | of which: EHQLA and HQLA |
| 31 December 2021 | | | | |
| <i>In millions of euros</i> | | | | |
| 1 Collateral received | - | - | 849 | - |
| 3 Equity instruments | - | - | 139 | - |
| 4 Debt securities | - | - | 710 | - |
| 7 <i>of which: issued by general governments</i> | - | - | 356 | - |
| 9 <i>of which: issued by non-financial corporations</i> | - | - | 354 | - |
| 13 TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED | - | - | 17,872 | - |

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

Table AE3: Sources of encumbrance

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

| 31 December 2021 | | Matching liabilities | Assets and collateral received |
|-----------------------------|---|----------------------|--------------------------------|
| <i>In millions of euros</i> | | | |
| 1 | Carrying amount of selected financial liabilities | 627 | 627 |

Appendix III – Additional tables

The following table shows the main features of the Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments issued by Rothschild & Co SCA as of 31 December 2022.

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

| Capital instrument | | |
|-----------------------------|---|---|
| 1 | Issuer | ROTHSCHILD & CO SCA |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | ISIN Code: FR0000031684 |
| 3 | Governing law(s) of the instrument | French law |
| Regulatory treatment | | |
| 4 | Transitional CRR rules | Core Equity Tier 1 |
| 5 | Post-transitional CRR rules | Core Equity Tier 1 |
| 6 | Eligible at solo/(sub-)consolidated/solo & (sub) consolidated | Consolidated |
| 7 | Instrument type (types to be specified by each jurisdiction) | Core Equity Tier 1 |
| 8 | Amount recognised in regulatory capital | €154 million |
| 9 | Nominal amount of instrument | €154 million |
| 9a | Issue price | 100 per cent of Nominal amount |
| 9b | Redemption price | 100 per cent of Nominal amount |
| 10 | Accounting classification | Share Capital |
| 11 | Original date of issuance | N/A |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | No maturity |
| 14 | Issuer call subject to prior supervisory approval | N/A |
| 15 | Optional call date, contingent call dates, and redemption amount | N/A |
| 16 | Subsequent call dates, if applicable | N/A |
| Coupons/dividends | | |
| 17 | Fixed or floating dividend/coupon | Floating |
| 18 | Coupon rate and any related index | N/A |
| 19 | Existence of a dividend stopper | N/A |
| 20a | Fully discretionary, partially discretionary or mandatory | Fully discretionary |
| 20b | Fully discretionary, partially discretionary or mandatory | Fully discretionary |
| 21 | Existence of step up or other incentive to redeem | N/A |
| 22 | Non-cumulative or cumulative | N/A |
| 23 | Convertible or non-convertible | N/A |
| 30 | Write-down features | N/A |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated to deeply subordinated notes |
| 36 | Non-compliant transitioned features | No |

The following tables provide information on the fixed and variable remuneration awarded during the financial year 2022, details of any special payments made, and information on a bank's total outstanding deferred and retained remuneration.

Table REM1: Remuneration awarded for the financial year

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

| 31 December 2021 | | MB Supervisory function | MB Management function & Other senior management | Other identified staff |
|------------------------------|--|-------------------------------|--|---------------------------|
| <i>In millions of euros</i> | | | | |
| Fixed remuneration | | | | |
| 1 | Number of identified staff | 16 | 16 | 99 |
| 2 | Total fixed remuneration | 1.7 | 20.1 | 14.6 |
| 3 | <i>Of which: cash-based</i> | 1.7 | 20.1 | 14.6 |
| Variable remuneration | | | | |
| 9 | Number of identified staff | 16 | 16 | 99 |
| 10 | Total variable remuneration | 0.6 | 32.2 | 13.9 |
| 11 | <i>Of which: cash-based</i> | 0.3 | 16.2 | 7.2 |
| 12 | <i>Of which: deferred</i> | 0.1 | 9.1 | 2.7 |
| EU-13a | <i>Of which: shares or equivalent ownership interests</i> | 0.1 | 9.1 | 2.7 |
| EU-14a | <i>Of which: deferred</i> | 0.1 | 9.1 | 2.7 |
| EU-13b | <i>Of which: share-linked instruments or equivalent non-cash instruments</i> | 0.2 | 6.9 | 4.0 |
| 17 | TOTAL | 2.3 | 52.3 | 28.5 |

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

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

| 31 December 2021 | | MB Supervisory function | MB Management function & Other senior management | Other identified staff |
|-----------------------------|--|--|---|-----------------------------------|
| <i>In millions of euros</i> | | | | |
| 6 | Severance payments awarded during the financial year – Number of identified staff | - | - | 3 |
| 7 | Severance payments awarded during the financial year – Total amount | - | - | 1.3 |
| 8 | <i>Of which paid during the financial year</i> | - | - | 1.3 |
| 11 | <i>Of which highest payment that has been awarded to a single person</i> | - | - | 0.6 |

Table REM3: Deferred remuneration

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

| 31 December 2021 | | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year |
|-----------------------------|---|--|--|--|---|
| <i>In millions of euros</i> | | | | | |
| 1 | MB Supervisory function | 0.4 | 0.1 | 0.3 | 0.1 |
| 2 | Cash-based | 0.2 | - | 0.1 | - |
| 3 | Shares or equivalent ownership interests | 0.2 | 0.1 | 0.2 | 0.1 |
| 7 | MB Management function & Other senior management | 33.1 | 9.7 | 23.3 | 9.7 |
| 8 | Cash-based | 8.5 | 3.2 | 5.3 | 3.2 |
| 9 | Shares or equivalent ownership interests | 24.6 | 6.5 | 18.0 | 6.5 |
| 13 | Other identified staff | 12.7 | 3.5 | 9.3 | 3.5 |
| 14 | Cash-based | 4.8 | 1.4 | 3.5 | 1.4 |
| 15 | Shares or equivalent ownership interests | 7.9 | 2.1 | 5.8 | 2.1 |
| 19 | TOTAL | 46.2 | 13.3 | 32.9 | 13.3 |

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

| <i>In euros</i> | | Identified staff that are high earners as set out in Article 450(i) CRR |
|-----------------|------------------------------|---|
| | | 31/12/2022 |
| 1 | 1,000,000 to below 3,000,000 | 7 |
| 2 | 3,000,000 to below 5,000,000 | 2 |
| 3 | 5,000,000 and above | 4 |

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

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

| 31 December 2021 | | MB | Investment | Asset | Corporate | Independent | All other | Total |
|-----------------------------|--|--------------------|-------------------|-------------------|------------------|--------------------|------------------|--------------|
| <i>In millions of euros</i> | | Supervisory | banking | management | functions | internal | | |
| | | function | | | | control | | |
| | | | | | | functions | | |
| 1 | Total number of identified staff | | | | | | | 131 |
| 2 | <i>Of which: members of the MB Supervisory function</i> | 16 | | | | | | 16 |
| 3 | <i>Of which: members of the MB Management function & Other senior management</i> | | 4 | 7 | 3 | 1 | 1 | 16 |
| 4 | <i>Of which: other identified staff</i> | | 47 | 26 | 11 | 8 | 7 | 99 |
| 5 | TOTAL | 2.3 | 41.3 | 25.4 | 8.6 | 4.1 | 1.3 | 83.1 |
| 6 | <i>Of which: variable remuneration</i> | 0.6 | 26.0 | 13.4 | 4.6 | 1.7 | 0.3 | 46.7 |
| 7 | <i>Of which: fixed remuneration</i> | 1.7 | 15.3 | 12.0 | 4.0 | 2.4 | 1.0 | 36.4 |

Appendix IV – Attestation statement

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

Paris, 27 March 2023

Managing Partner – Rothschild & Co Gestion

François Pérol

Appendix V – Index of disclosure requirements

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

| Article | Description of disclosure requirements | Pillar 3 location | Table | Annual report location |
|--------------|--|--------------------|---------------------|------------------------|
| 436 | Scope of application of the requirements | | | |
| 436.a | Institution to which the requirements of this Regulation applies | Section 1.1 | | |
| 436.b | Difference of consolidation for accounting and prudential purposes | Section 3.2 | | Section 7 Note 38 |
| 436.c | Balance sheet of the consolidated financial statements | Section 3.2 | LI1 | |
| 436.d | Main sources of differences between the carrying value in the financial statements and the exposure amount used for regulatory purposes | Section 3.2 | LI2 | |
| 436.e | Disclosure of exposures if adjusted by prudent value adjustments | N/A | | |
| 436.f | Impediments to transfer of own funds between parent and subsidiaries | Section 4.2 | | |
| 436.g | Capital shortfalls in any subsidiaries outside the scope of consolidation | Section 3.1 | | |
| 436.h | The circumstance of making use of articles on derogations from: a) Prudential requirements b) Liquidity requirements for individual subsidiaries | Section 3.1 | | |
| 437 | Own funds | | | |
| 437.a | A full reconciliation of own funds items and the balance sheet in the audited financial statements | Section 4.2 | CC1, CC2 | |
| 437.b | Description of the main features of own funds instruments | Appendix III | CCA | |
| 437.c | Full terms and conditions of all own funds instruments | Appendix III | CCA | |
| 437.d | Disclosure of the nature and amounts of the following: | | | |
| 437.d.i | Prudential filters applied on own funds | Section 4.2 | CC1 | |
| 437.d.ii | Items deducted from own funds | Section 4.2 | CC1 | |
| 437.d.iii | Items not deducted from own funds | Section 4.2 | CC1 | |
| 437.e | Description of all restrictions applied to the calculation of own funds | Section 4.2 | | |
| 437.f | Explanation if certain elements of own funds determined on a basis other than this Regulation | N/A | | |
| 437a | Disclosure of own funds and eligible liabilities | Section 4.4 | | |
| 438 | Capital requirements | | | |
| 438.a | Summary of the approach to assessing adequacy of capital levels | Section 4.3 | | |
| 438.b | Additional own funds requirements based on the SREP | Section 4.4 | KM1 | |
| 438.c | Result of ICAAP on demand from authorities | N/A | | |
| 438.d | Capital requirements for each risk category | Section 4.4 | OV1 | |
| 438.e | Disclosure specialised lending exposures | N/A | | |
| 438.f | Own funds instruments held in insurance undertakings | N/A | | |
| 438.g | Supplementary own funds requirement of the financial conglomerate | N/A | | |
| 438.h | Variations in the RWAs that result from the use of internal models | N/A | | |
| 439 | Exposure to counterparty credit risk | | | |
| 439.a | Process to assign internal capital and credit limits to CCR exposures | Section 6.2 | | |
| 439.b | Policies for securing collateral and establishing credit reserves | Section 6.2 | | |
| 439.c | Management of wrong-way risk exposures | N/A | | |
| 439.d | Collateral to be provided in the event of ratings downgrade | Section 6.2 | | |
| 439.e | Collateral received and posted per type of collateral | Section 6.2 | | |
| 439.f | Exposure values for derivatives by method | Section 6.2 | CCR1 | |
| 439.g | Exposure values for SFTs by method | N/A | CCR1 | |
| 439.h | Credit valuation adjustment capital charge by method | Section 6.2 | CCR2 | |
| 439.i | Central counterparties by types of exposures | N/A | | |
| 439.j | Credit derivative transactions by product type | N/A | | |
| 439.k | Estimate of alpha | N/A | CCR1 | |
| 439.l | Exposures by credit quality step | Section 6.2 | CCR3 | |
| 439.m | Use of OEM or Simplified SA-CCR | N/A | | |

Appendix V – Index of disclosure requirements

| Article | Description of disclosure requirements | Pillar 3 location | Table | Annual report location |
|------------|--|-------------------|---------------|------------------------|
| 440 | Capital buffers | | | |
| 440.a | Geographical distribution of credit exposures relevant for the calculation of countercyclical capital buffer | Appendix I | CCyB1 | |
| 440.b | Amount of the specific countercyclical capital | Section 4.4 | CCyB2 | |
| 441 | Indicators of global systemic importance | | | |
| 441 | Disclosure of the indicators of global systemic importance | N/A | | |
| 442 | Credit risk adjustments | | | |
| 442.a | Definitions for accounting purposes of past due and impaired assets | | | Section 7.3.2.4 |
| 442.b | Description of the approaches adopted for calculating specific and general credit risk adjustments | Section 5.4 | | |
| 442.c | Disclosure of NPE and FBE pre-CRM EAD by exposure class | Section 5.4 | CR1, CQ1 | |
| 442.d | Disclosure of past due exposure pre-CRM EAD by residual maturity | Section 5.4 | CQ3 | |
| 442.e | Disclosure of pre-CRM EAD by industry and exposure class | N/A | | |
| 442.f | Disclosure of changes in the gross amount of defaulted exposures | Section 5.4 | CR1, CR2 | |
| 442.g | Breakdown of loans and debt securities by residual maturity | Section 5.4 | CR1A | |
| 443 | Unencumbered assets | | | |
| 443 | Disclosures of unencumbered assets | Appendix III | AE1, AE2, AE3 | |
| 444 | Use of ECAs | | | |
| 444.a | ECAs used in the calculation of RWAs and reasons for any changes | Section 5.1 | | |
| 444.b | Exposure classes associated with each ECAI | Section 5.1 | | |
| 444.c | Process to transfer credit assessments to non-trading book items | Section 5.1 | | |
| 444.d | Mapping of external rating to credit quality steps (CQS) | Section 5.1 | | |
| 444.e | Exposure value pre and post-credit risk mitigation by CQS | Section 5.1 | CR5, CCR3 | |
| 445 | Exposure to market risk | | | |
| 445 | Disclosure of market risk, and, if any, large exposures exceeding limits | Section 8, 11 | MR1 | |
| 446 | Operational risk | | | |
| 446 | Scope of approaches used to calculate operational risk | Section 9 | OR1 | |
| 447 | Disclosure of key metrics | | | |
| 447.a | Composition of own funds and own funds requirements | Section 1.4 | KM1 | |
| 447.b | Total RWAS | Section 1.4 | KM1 | |
| 447.c | Composition of additional own funds | Section 1.4 | KM1 | |
| 447.d | Combined buffer requirement | Section 1.4 | KM1 | |
| 447.e | Leverage ratio and the total exposure measure | Section 1.4 | KM1 | |
| 447.f.i | Average of liquidity coverage ratio over the preceding 12 months | Section 1.4 | KM1 | |
| 447.f.ii | Average of liquid assets after haircuts over the preceding 12 months | Section 1.4 | KM1 | |
| 447.f.iii | Average of liquidity outflows and inflows over the preceding 12 months | Section 1.4 | KM1 | |
| 447.g.i | Net stable funding ratio | Section 1.4 | KM1 | |
| 447.g.ii | Available stable funding | Section 1.4 | KM1 | |
| 447.g.iii | Required stable funding | Section 1.4 | KM1 | |
| 447.h | Components of own funds and eligible liabilities ratios | Section 4.4 | | |

| Article | Description of disclosure requirements | Pillar 3 location | Table | Annual report location |
|-------------|---|-------------------|--------|------------------------|
| 448 | Exposure to interest rate risk on positions not included in the trading book (IRRBB) | | | |
| 448.a | Changes in value of equity under the six supervisory scenarios | Section 11 | IRRBB1 | |
| 448.b | Changes in net interest income under the two supervisory scenarios | N/A | | |
| 448.c | Description of key modelling and parametric assumptions | | | Section 7.4.3.3 |
| 448.d | Explanation of the significance of the risk measures | | | Section 7.4.3.3 |
| 448.e.i | Description of the specific risk measures used to evaluate IRRBB | | | Section 7.4.3.3 |
| 448.e.ii | Description of the key modelling and parametric assumptions | | | Section 7.4.3.3 |
| 448.e.iii | Description of the interest rate shock scenarios | N/A | | |
| 448.e.iv | Recognition of the effect of hedges | N/A | | |
| 448.e.v | Outline of the frequency of evaluation | N/A | | |
| 449 | Exposure to securitisation positions | | | |
| 449.a | Objectives in relation to securitisation activity | Section 7 | | |
| 449.b | Nature of other risks in securitised assets, including liquidity | Section 7 | | |
| 449.c | Risks in re-securitisation activity | N/A | | |
| 449.d | Roles played by the institution in the securitisation process | Section 7 | | |
| 449.e | List of outside entities involved in each of the securitisation roles | N/A | | |
| 449.f | List of affiliated entities involved in each of the securitisation roles | N/A | | |
| 449.g | Accounting policies for securitisation activities | | | Section 7.3.2.7 |
| 449.h | ECAs used for securitisations | Section 7 | | |
| 449.i | Description of the Internal Assessment Approach, if applicable | N/A | | |
| 449.j | Carrying amount of securitisation exposures | Section 7 | SEC1 | |
| 449.k.i | securitisation positions where institutions act as originator or sponsor | Section 7 | SEC3 | |
| 449.k.ii | securitisation positions where institutions act as investor | Section 7 | SEC4 | |
| 449.i | Exposures securitised in default | Section 7 | SEC5 | |
| 449a | Disclosure of environmental, social and governance risks | | | |
| 449a | Disclose information on ESG risks by large institutions | N/A | | |
| 450 | Remuneration policy | | | |
| 450.1.a | Decision-making process used for determining the remuneration policy | Section 12 | | |
| 450.1.b | Link between pay of the staff and their performance | Section 12 | | |
| 450.1.c | Most important design characteristics of the remuneration system | Section 12 | | |
| 450.1.d | Ratios between fixed and variable remuneration | Section 12 | | |
| 450.1.e | Performance criteria on which the variable remuneration is based | Section 12 | | |
| 450.1.f | Main parameters and rationale for variable component scheme | Section 12 | | |
| 450.1.g | Quantitative information on remuneration by business area | Section 12 | REM5 | |
| 450.1.h.i | Remuneration awarded by fixed and variable remuneration | Section 12 | REM1 | |
| 450.1.h.ii | Amounts and forms of awarded variable remuneration | Section 12 | REM1 | |
| 450.1.h.iii | Deferred remuneration awarded for previous performance periods | Section 12 | REM3 | |
| 450.1.h.iv | Deferred remuneration due to vest | Section 12 | REM3 | |
| 450.1.h.v | Guaranteed variable remuneration | Section 12 | REM2 | |
| 450.1.h.vi | Severance payments awarded in previous periods paid out during the financial year | Section 12 | REM2 | |
| 450.1.h.vii | Severance payments awarded during the financial year | Section 12 | REM2 | |
| 450.1.i | Number of individuals remunerated €1 million or more | Section 12 | REM4 | |
| 450.1.j | Remuneration for each member of the management body upon request by competent authority | N/A | | |
| 450.1.k | Derogation laid down in Article 94(3) of Directive 2013/36/EU | N/A | | |
| 450,2 | For large institutions, remuneration for collective management body | N/A | | |

Appendix V – Index of disclosure requirements

| Article | Description of disclosure requirements | Pillar 3 location | Table | Annual report location |
|-------------|--|-----------------------|----------|------------------------|
| 451 | Leverage | | | |
| 451.1.a | Description of leverage ratio | Section 4.5 | LR2 | |
| 451.1.b | Reconciliation between exposure measures and financial statements | Section 4.5 | LR1, LR3 | |
| 451.1.c | Amount of the derecognized fiduciary items, if applicable | Section 4.5 | | |
| 451.1.d | Processes used to manage risk of excessive leverage | Section 4.5 | | |
| 451.1.e | Description of the factors that had an impact on the leverage ratio | Section 4.5 | | |
| 451a | Disclosure of liquidity requirements | | | |
| 451a.1 | Disclosure of liquidity coverage ratio, net stable funding ratio and liquidity risk management | Section 10.1 and 10.2 | | |
| 451a.2.a | Average of liquidity coverage ratio over the preceding 12 months | Section 10.4 | LIQ1 | |
| 451a.2.b | Average of liquid assets after haircuts over the preceding 12 months | Section 10.4 | LIQ1 | |
| 451a.2.c | Average of liquidity outflows and inflows over the preceding 12 months | Section 10.4 | LIQ1 | |
| 451a.3.a | Net stable funding ratio | Section 10.5 | LIQ2 | |
| 451a.3.b | Available stable funding | Section 10.5 | LIQ2 | |
| 451a.3.c | Required stable funding | Section 10.5 | LIQ2 | |
| 451a.4 | Arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk | Section 10.3 | | |
| 452 | Use of the IRB Approach to credit risk | | | |
| 452 | Use of the IRB Approach to credit risk | | N/A | |
| 453 | Use of credit risk mitigation techniques | | | |
| 453.a | Use of on and off-balance sheet netting | Section 5.3 | | |
| 453.b | Description of how collateral valuation is managed | Section 5.3 | | |
| 453.c | Description of types of collateral | Section 5.3 | | |
| 453.d | Main types of guarantor and credit derivative counterparty | Section 5.3 | | |
| 453.e | Market or credit risk concentrations within risk mitigation exposures | Section 5.3 | | |
| 453.f | Exposure covered by eligible collateral under standardised approach | Section 5.3 | CR3 | |
| 453.g | Exposures covered by guarantees or credit derivatives | Section 5.3 | CR4 | |
| 453.h | Exposure by exposure class pre/post CCF for standardised approach | Section 5.3 | CR4 | |
| 453.i | RWA by exposure class pre/post CCF for standardised approach | Section 5.3 | CR4 | |
| 453.j | RWA by exposure class pre/post CRM for standardised approach | Section 5.3 | | |
| 454 | Use of the Advanced Measurement Approaches to operational risk | | | |
| 454 | Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk | Section 9.4 | OR1 | |
| 455 | Use of Internal Market Risk Models | | | |
| 455 | Use of Internal Market Risk Models | | N/A | |

Appendix VI – Glossary

| Term | Definition |
|---|---|
| B | |
| Bank Recovery and Resolution Directive (“BRRD”) | A European legislative package issued by the European Commission and adopted by EU member states. This directive introduced a common EU framework for how authorities should intervene to address banks that are failing or are likely to fail. The framework includes early intervention and measures designed to prevent failure and in the event of bank failure for authorities to ensure an orderly resolution. |
| Basel III | In December 2010, the Basel Committee issued “Basel III rules: a global regulatory framework for more resilient banks and banking systems” and “International framework for liquidity risk measurement, standards and monitoring”. Together, these documents present the Basel Committee’s reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. In June 2011, the Basel Committee issued a revision to the former document setting out the finalised capital treatment for counterparty credit risk in bilateral trades. In December 2017, the Basel III reforms package was finalised. |
| C | |
| Capital conservation buffer (“CCB”) | A capital buffer implemented in the EU through CRD IV and designed to ensure banks build up capital buffers outside periods of stress that can be drawn down as losses are incurred. Should a bank’s capital levels fall within the capital conservation buffer range, capital distributions will be constrained by the regulators. |
| Capital Requirements Directive (“CRD IV”) | A capital adequacy legislative package adopted by EU member states. The CRD IV package comprises a recast Capital Requirements Directive and a new Capital Requirements Regulation. The package implements the Basel III capital proposals together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014. |
| CET1 ratio | A measure of CET1 capital expressed as a percentage of total risk exposure amount. |
| Common equity tier 1 capital (“CET1”) | The highest quality form of regulatory capital under CRR II that comprises common shares issued and related share premium, retained earnings and other reserves, less specified regulatory adjustments. |
| Countercyclical capital buffer (“CCyB”) | A capital buffer implemented in the EU through CRD IV, which aims to ensure that capital requirements take account of the macro-financial environment in which banks operate. This will provide the banking sector with additional capital to protect it against potential future losses, when excess credit growth in the financial system as a whole is associated with an increase in system-wide risk. |
| Counterparty credit risk (“CCR”) | Counterparty credit risk, in both the trading and non-trading books, is the risk that the counterparty to a transaction may default before completing the satisfactory settlement of the transaction. |
| Credit Conversion Factor (CCF) | The ratio between the currently undrawn amount of a commitment that could be drawn and that would therefore be exposed to default and the currently undrawn amount of the commitment, the extent of the commitment being determined by the authorised limit, unless the unauthorised limit is higher. |
| Credit risk | The risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from other products such as guarantees, credit derivatives and from holding assets in the form of debt securities. |
| Credit risk mitigation | A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants, such as collateral, guarantee and credit derivatives. |
| Credit valuation adjustment (“CVA”) | An adjustment to the valuation of OTC derivative contracts to reflect the creditworthiness of OTC derivative counterparties. |
| E | |
| Exposure | A claim, contingent claim or position which carries a risk of financial loss. |
| Exposure at default (“EAD”) | Under the standardised approach, the amount expected to be outstanding after any credit risk mitigation, if and when the counterparty defaults. Under IRB, the amount outstanding if and when the counterparty defaults. EAD reflects drawn balances as well as allowances for undrawn amounts of commitments and contingent exposures. |
| F | |
| Financial guarantee | An undertaking by a party to pay a creditor should a debtor fail to do so. |
| Funded exposure | A situation where the notional amount of a contract is or has been exchanged. |
| G | |
| Gross exposure | Exposure before the impact of provisions, adjustments and risk mitigation techniques. |

Appendix VI – Glossary

| Term | Definition |
|---|--|
| H | |
| Haircut | A discount applied by management when determining the amount at which an asset can be realised. The discount takes into account the method of realisation, including the extent to which an active market for the asset exists. With respect to credit risk mitigation, a downward adjustment to collateral value to reflect any currency or maturity mismatches between the credit risk mitigant and the underlying exposure to which it is being applied. Also, a valuation adjustment to reflect any fall in value between the date the collateral was called and the date of liquidation or enforcement. |
| I | |
| Internal Capital Adequacy Assessment Process (“ICAAP”) | The Group’s own assessment of the levels of capital that it needs to hold through an examination of its risk profile from regulatory and economic capital viewpoints. |
| ISDA Master agreement | Standardised contract developed by ISDA used as an umbrella contract under which bilateral derivatives contracts are entered into. |
| L | |
| Leverage ratio | A measure that is the ratio of tier 1 capital to total exposures. Total exposures include on-balance sheet items, off-balance sheet items and derivatives, and should generally follow the accounting measure of exposure. This supplementary measure to the risk-based capital requirements is intended to constrain the build-up of excess leverage in the banking sector. |
| Liquidity coverage ratio (“LCR”) | The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible. |
| Loan-to-value ratio (“LTV”) | A mathematical calculation that expresses the amount of the loan as a percentage of the value of security. A high LTV indicates that there is less cushion to protect the lender against house price falls or increases in the loan if repayments are not made and interest is added to the outstanding loan balance. |
| M | |
| Market risk | The risk that movements in market risk factors, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce income or portfolio values. |
| Material risk taker (“MRT”) | Individuals identified as MRTs in accordance with the qualitative and quantitative criteria set out in the Regulatory Technical Standard EU 604/2014 and other criteria applied by HSBC. This also includes individuals, identified in accordance with any local or sectorial regulatory requirements, to whom certain prescribed remuneration rules apply under the relevant local/sectorial regulations. |
| Minimum requirement for own funds and eligible liabilities (“MREL”) | Requirements set out in the Bank Recovery and Resolution Directive in the EU for global systemically important banks to have a sufficient amount of eligible liabilities that can be used to absorb losses and recapitalise a bank in resolution. These requirements are intended to facilitate an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions and avoids exposing taxpayers to loss. |
| N | |
| Net exposure | Initial exposure, net of specific and general provisions in advanced approach and net of specific provisions in the Standardised method. |
| Net stable funding ratio (“NSFR”) | The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. Available stable funding would include items such as equity capital, preferred stock with a maturity of over one year and liabilities with an assessed maturity of over one year. The Basel III rules require this ratio to be over 100% with effect from 2018. The NSFR is still subject to an observation period and review to address any unintended consequences. |
| P | |
| Pillar 1 | Pillar 1 sets minimum requirements for capital. It aims to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk and operational risk. |
| Pillar 2 | Pillar 2 Provides for the supervisory review of institutions’ internal assessments of their overall risks and capital adequacy. |
| Potential future exposure (PFE) | Potential future credit exposure on derivative contracts calculated according to the mark-to-market approach. |

| Term | Definition |
|--|---|
| R | |
| Revised Capital Requirements Regulation (“CRR II”) | The amending Regulation to the CRD IV package transpose elements of the Basel III Reforms into EU legislation. These changes follow a phased implementation from June 2019. |
| Risk-weighted assets (“RWAs”) | Calculated by assigning a degree of risk expressed as a percentage (risk weight) to an exposure value. |
| RWA density | RWA density is the ratio of RWAs to exposure value arising from any given exposure, or group of exposures. It is expressed as a percentage. |
| S | |
| Standardised approach (“STD”) | In relation to credit risk, a method for calculating credit risk capital requirements using ratings agencies and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines. |
| Securities financing transactions (“SFT”) | SFTs are generally collateralised transactions, whereby cash, securities or commodities are transferred from one counterparty (transferor) to the other counterparty (transferee), and the transferee provides collateral in the form of cash or securities to the transferor so that, if the transferee were to default to return the cash, securities or commodities received, the transferor may liquidate or keep appropriation of the collateral to reduce the resulting loss. |
| SME supporting factor (“SME SF”) | Exposures (including exposures in default) to small-and-medium enterprises (SMEs) that are classified as retail, corporate or secured by mortgages on immovable property (excluding residential property) classes receive favourable regulatory capital treatment known as SME supporting factor. An entity is considered as eligible for SME support factor if its annual turnover does not exceed € 50 million. |
| Simple, Transparent, and Standardised (STS) securitisation | Securitisations (traditional and synthetic) that comply with the “Simple, Transparent, and Standardised” (STS) criteria set out in Regulation (EU) 2017/2402, as amended by Regulation (EU) 2021/557, receive favourable regulatory capital treatment. |
| T | |
| Total loss absorbing capacity (“TLAC”) | Requirements set out by the FSB for global systemically important banks to have a sufficient amount of specific types of liabilities that can be used to absorb losses and recapitalise a bank in resolution. These requirements are intended to facilitate an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions and avoids exposing taxpayers to loss. TLAC is implemented in the EU through the Bank Recovery and Resolution Directive as MREL. |
| Tier 1 capital | A component of regulatory capital, as defined in CRDIV, comprising common equity tier 1 and additional tier 1. Additional tier 1 capital includes eligible non-common equity capital securities and any related share premium. |
| Tier 2 capital | A component of regulatory capital, as defined in CRDIV, comprising eligible capital securities and any related share premium. |
| U | |
| Unencumbered assets | Assets on our balance sheet that have not been pledged as collateral against an existing liability. |

About Rothschild & Co

Rothschild & Co is family-controlled and independent group and has been at the centre of the world's financial markets for over 200 years. With a team of c. 4,200 talented financial services specialists on the ground in over 40 countries, Rothschild & Co's integrated global network of trusted professionals provides in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth and Asset Management, and Merchant Banking.

Rothschild & Co is a French partnership limited by shares (*société en commandite par actions*) listed on Euronext in Paris, Compartment A with a share capital of €154,059,554. Paris trade and companies registry number: 302 519 228. Registered office: 23 *bis*, avenue de Messine, 75008 Paris, France.

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