EDMOND
DE ROTHSCHILD

Edmond de Rothschild (France)

Half-year financial results

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Half-year activity report

GROUP ACTIVITY AND RESULTS

In an unfavourable market environment, the Net income - Group share of Edmond de Rothschild (France) amounted to €16.9 million at 30 June 2022, vs. €33.2 million at 30 June 2021.

Assets under management totalled €47.5 billion at end-June 2022, down -€6.3 billion year-to-date. This change breaks down into a net inflow effect of -€2.3 billion and a performance effect of -7.2%. Net inflows broke down between +€1.2 billion in private banking and -€3.5 billion in asset management (including -€2.6 billion with virtually zero profitability, and an impact on revenues of less than -€0.2 million over the year).

Net banking income

At €152.8 million, NBI was down compared with 30 June 2021 (-16.6%), due to the poor market conditions (with the CAC 40 having lost -17% over the first half of the year) and the seasonal effect on the performance fees on the management company's funds:

- Fees on assets under management were up slightly by +1.9%, both in private banking and in asset management, with average assets under management up slightly by +€442 million.

- Management generated performance fee income of +€2.4 million, vs. €29.9 million at 30 June 2021.

- The net income of the investment portfolio was down -43% (-€3 million) due to a smaller change in fair value than in the first half of 2021.

- The private banking credit activity and forex activity stayed at high levels.

- Other revenues were down -10.7% (-€2.7 million) mainly in the Corporate Finance business, with fewer mandates signed in the first half of 2022.

- Transactional activity increased sharply by +17.9% in both private banking and asset management.

  The resulting gross margin was 60bp, vs. 73bp in the first half of 2021 (excluding performance fees, the margin rate was 59bp compared to 61bp in 2021).

Management fees

Operating expenses totalled €139.5 million, down from 30 June 2021 (-1.9%).

- Personnel expenses came to €78.6 million, below the level recorded in the first half of 2021 (-10.4%) with a rise in salaries due to an increase in the headcount, but a decrease in the level of provisions for variable remuneration related to the level of income recorded.

- Other expenses increased by +11.7%, mainly on spending related to commercial activity, in a more favourable health environment.

Operating result

Operating income was +€13.3 million, compared to +€41 million at 30 June 2021.

The cost/income ratio deteriorated (86% vs. 73% a year ago).

Net income - Group share

After taking into account the contribution of equity-accounted entities (+€6.8 million), minority interests (+€0.8 million), tax expense (-€4.2 million), net income Group share amounted to +€16.9 million, down €16.3 million compared with 30 June 2021.

ACTIVITY AND RESULTS OF THE BUSINESS LINES

Private Banking

Private banking assets (€20.5 billion) were down by -2% year to date. The good sales momentum saw net inflows of close to €1.2 billion, which unfortunately did not offset the impact of the market decline of -6.8%.

At €61.3 million, NBI was up by +13% compared to June 2021:

- Private banking revenues in France were up by +13% year on year, driven by the increase in commissions on assets under management (+4%) in connection with the growth in average AuM, and the growth of the credit activity, but above all by the very strong transactional activity related to the sharp market movements.

- Private banking revenues in Italy were virtually stable.

The private banking margin increased to 59bp vs. 57bp at end-June 2021.

Operating expenses totalled €46.8 million, up +4% compared to June 2021:

- Private banking expenses in France increased by +3%, mainly due to the recovery in commercial activity, compared to the first half of 2021 affected by the constraints of the health environment.

- Private banking expenses in Italy were up +7% year on year, mainly due to growth projects.

The cost/income ratio (excluding depreciation and amortisation) was 71% vs. 76% at end-June 2021.

Operating expenses totalled +€14.5 million, up +57% compared to 30 June 2021.

Asset management

At €29.7 billion, assets under management were down -19% compared to the end of 2021, with negative net new money of -€3.3 billion and a performance effect of -7.6%.

NBI was €64.3 million, down -28% compared to the first half of 2021. Restated for performance fees, it was up +3% compared to the level recorded at 30 June 2021. It includes:

- An increase in fees on AuM of +2% year on year with a decline in average annual AuM of -4% but with an improvement in margins (and negative net inflows in the first half of 2022 included -€2.6 billion in outflows on a fund with profitability of less than 1bp).

- Performance fees of +€2.4 million versus €29.9 million in the first half of 2021.

- An increase in fees on transactional activity of +14% related to the sharp market movements in early 2021.

The gross margin (excluding performance fees) stood at 38bp, an improvement compared to the level recorded at 30 June 2021 (36bp).

Expenses were down -6% compared to June 2021:

- Personnel expenses were down -17%, mainly due to the level of variable remuneration, consistent with the change in income;

- Other expenses increased by +12%, with higher market data costs.

As a result, operating income amounted to €2.4 million in the first half of 2021, down nearly €22 million compared with 30 June 2021.

Private equity

Private equity assets totalled €1.1 billion at end-June 2022, up €95 million since the end of 2021.

NBI was €2.4 million, up +13% compared to June 2021, but due to the creation of the “Elyan” entity, the comparison is not valid because the income generated by this new company, which is not part of the EdR (France) group, is partly accounted for using the equity method (for 49% of net income).

Expenses decreased by -€0.9 million but, as with the NBI, the comparison is not valid.

Operating income totalled -€0.1 million, and including the equity accounting of Elyan for +€1.2 million, net income before tax was +€1.1 million, compared with -€1.4 million in the first half of 2021.

Other businesses

Corporate consultancy

Revenues from the Corporate consultancy activity in the first half of the year amounted to €16.5 million, vs. €18.7 million for the same period a year earlier.

Operating expenses were down by nearly -8%, in line with the lower level of income recorded in the first half of 2021.

Overall, the contribution of Corporate consultancy to operating income was positive at +€0.7 million, vs. +€1.6 million at 30 June 2021.

Own management

Total revenues from Own management amounted to +€8.4 million, vs. +€18.5 million at 30 June 2021. The change mainly concerns the income recorded on the investment portfolio.

Operating expenses increased by +13% compared to the first half of 2021, part of which is linked to the increase in the contribution to the single resolution fund.

In total, operating income from Own management amounted to -€4.1 million over the period.

RELATED PARTY TRANSACTIONS

During the first half of 2022, relations between Edmond de Rothschild (France) and affiliated companies were similar to those of the 2021 financial year, and no unusual transactions, in nature or amount, took place during this period.

DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTY FOR THE REMAINING SIX MONTHS OF THE FINANCIAL YEAR

In a still uncertain economic and financial environment, 2022 results will depend, in part, on the trend of the financial markets over the last months of the year.

Consolidated financial statements and notes

IFRS consolidated balance sheet (in thousands of euros)

Assets		30.06.2022	31.12.2021
Cash, due from central banks and postal accounts		3.053.441	2.629.937
Financial assets at fair value through profit or loss	3.1	140.927	153.327
Hedging derivatives	3.2	42.339	-
Financial assets at fair value through equity	3.3	1.444	1.384
Securities at amortised cost	3.5	24.415	4.813
Loans and receivables due from credit institutions, at amortised cost	3.6	52.212	63.229
Loans and receivables due from clients, at amortised cost	3.7	1.559.292	1.421.591
Revaluation differences on interest rate risk-hedged portfolios	3.2	-	-
Current tax assets		12.219	397
Deferred tax assets		8.979	13.447
Accruals and other assets	3.8	162.862	134.555
Investments in equity-accounted associates	3.9	67.361	66.132
Property, plant and equipment		37.520	38.145
Right-of-use assets		28.505	33.071
Intangible assets		22.064	21.331
Goodwill	3.10	73.925	73.925
Non-current assets held for sale	3.11	12.284	12.284
Total assets		**5.299.789**	**4.667.568**

Liabilities		30.06.2022	31.12.2021
Financial liabilities at fair value through profit or loss	3.12	1.731.908	1.417.275
Hedging derivatives	3.2	707	-
Due to credit institutions	3.15	43.145	51.278
Due to clients	3.13	2.806.629	2.488.188
Debt securities		-	-
Revaluation differences on interest rate risk-hedged portfolios	3.2	36.719	-
Current tax liabilities		188	1.998
Deferred tax liabilities		-	-
Accruals and other liabilities	3.8	238.996	233.832
Provisions	3.14	16.635	17.882
Subordinated debt		-	-
Shareholders’ equity		424.862	457.115
Shareholders’ equity, Group share		422.515	453.923
. Capital and related reserves		*201.195*	*201.195*
. Consolidated reserves		*194.409*	*186.637*
. Gains and losses recognised directly in equity		*10.059*	*9.529*
. Results of the financial year		*16.852*	*56.562*
Minority interests		2.347	3.192
Total liabilities		**5.299.789**	**4.667.568**

IFRS consolidated income statement (in thousands of euros)

		30.06.2022	30.06.2021
+ Interest and similar income	4.1	15.493	24.798
- Interest and similar expenses	4.2	-18.111	-24.225
+ Commissions (income)	4.3	186.178	206.465
- Commissions (expenses)	4.3	-44.982	-42.788
+/- Net gains or losses on financial instruments at fair value through profit or loss	4.4	17.953	20.432
+/- Net gains or losses on financial assets at fair value through equity	4.5	28	418
+ Income from other activities	4.6	6.591	6.366
- Expenses from other activities	4.6	-10.317	-8.104
Net banking income		152.833	183.362
- General operating expenses	4.7	-126.890	-129.016
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-12.695	-13.295
EBITDA		13.248	41.051
+/- Cost of risk		157	-96
Operating result		13.405	40.955
+/- Share of net income of equity-accounted associates		6.780	5.297
+/- Net gains or losses on other assets	4.8	64	-93
+/- Change in the value of goodwill		-	-388
Pre-tax profit before extraordinaries		20.249	45.771
- Income tax		-4.242	-12.918
Net income		16.007	32.853
- Minority interests		845	326
Net income – Group share		**16.852**	**33.179**
Earnings per share in euros		3.01	5.96
Diluted earnings per share in euros		3.01	5.96

Statement of comprehensive income (in thousands of euros)

	30.06.2022	30.06.2021
Net income	**16.007**	**32.853**
Items relating to changes in currency exchange rates	-519	-1.468
Change in the deferred value of hedging derivatives (*)	-	-
Financial assets at fair value through equity (*)	35	2
Actuarial gains and losses on defined-benefit plans (*)	1.014	1.711
Total gains and losses recognised directly in equity	**530**	**245**
Net income and gains and losses recognised directly in equity	**16.537**	**33.098**
o/w Group share	*17.382*	*33.424*
o/w minority interests	*-845*	*-326*

(*) Amounts net of tax.

IFRS cash flow statement (in thousands of euros)

	30.06.2022	30.06.2021
Cash flow from operating activities		
Net income for the financial year	**16.007**	**32.853**
Net income from disposals of long-term assets	-92	-325
Net allocations to amortisation and provisions	5.156	9.429
Share of income from equity-accounted entities	-6.780	-5.297
Reclassification of net income from financial instruments at fair value through profit or loss	-17.953	-20.432
Other income and expenses calculated	1.392	908
Net losses/income from financing activities	-	-
Tax expenses (including deferred taxes)	4.242	12.918
Cash flow before income from financing activities and tax	1.971	30.054
Tax paid	-13.693	2.840
Net increase/decrease related to transactions with credit institutions	214	-481
Net increase/decrease related to customer transactions	180.891	228.135
Net increase/decrease related to transactions affecting other financial assets or liabilities	340.528	-387.237
Net increase/decrease related to transactions affecting other non-financial assets or liabilities	-15.635	3.683
Net cash from operating activities	**494.276**	**-123.007**
Cash flows from investing activities		
Cash payments for acquisitions of property, plant and equipment and intangible assets	-9.003	-5.788
Cash payments for acquisitions of financial fixed assets	-	-
Change in security deposits	-	-
Dividends received from equity-accounted associates	5.550	4.522
Disposals or reductions of fixed assets	-1	383
Net cash from investment activities	**-3.454**	**-883**
Cash flow from financing activities		
Increase/decrease in cash from financing activities	-	-
Increase/decrease in cash flow from transactions with shareholders	-50.234	-6.087
Net cash from financing activities	**-50.234**	**-6.087**
Effect of changes in exchange rates on cash and cash equivalents	54	93
Net change in cash and cash equivalents	**440.643**	**-129.884**
Net balance of cash accounts and central banks	2.629.937	2.053.994
Money market UCITS classified as cash equivalents	15	14
Net balance of sight loans and borrowings with credit institutions	-8.030	26.470
Opening cash and cash equivalents	**2.621.922**	**2.080.478**
Net balance of cash accounts and central banks	3.053.441	1.914.016
Money market UCITS classified as cash equivalents	15	14
Net balance of sight loans and borrowings with credit institutions	9.109	36.564
Cash and cash equivalents at year-end	**3.062.565**	**1.950.594**
Change in the net cash position	**440.643**	**-129.884**

Statement of changes in shareholders' equity (in thousands of euros)

	31.12.2020	Capital increase	Allocation of income	Other changes	31.12.2021
Group share					
– Share capital	83.076	-	-	-	83.076
– Issue premiums	98.244	-	-	-	98.244
– Equity instruments (TSS)	19.875	-	-	-	19.875
– Interest on equity instruments (TSS)	-17.110	-	-	-333	-17.443
– Elimination of treasury shares	-	-	-	-	-
– Other reserves	205.412	-	24.298	-25.630	204.080
– Other comprehensive income	5.277	-	-	4.252	9.529
– 2020 income	24.298	-	-24.298	-	-
Sub-Total	**419.072**	**-**	**-**	**-21.711**	**397.361**
– 2021 income	-	-	-	56.562	56.562
Total Shareholders' equity, Group share	**419.072**	**-**	**-**	**34.851**	**453.923**
Minority interests					
– Reserves	5.028	-	3.113	-2.662	5.479
– 2020 income	3.113	-	-3.113	-	-
– 2021 income	-	-	-	-2.287	-2.287
Total minority interests	**8.141**	**-**	**-**	**-4.949**	**3.192**

	31.12.2021	Capital increase	Allocation of income	Other changes	30.06.2022
Group share					
– Share capital	83.076	-	-	-	83.076
– Issue premiums	98.244	-	-	-	98.244
– Equity instruments (TSS)	19.875	-	-	-	19.875
– Interest on equity instruments (TSS)	-17.443	-	-	-167	-17.610
– Elimination of treasury shares	-	-	-	-	-
– Other reserves	204.080	-	56.562	-48.623	212.019
– Other comprehensive income	9.529	-	-	530	10.059
– 2021 income	56.562	-	-56.562	-	-
Sub-Total	**453.923**	**-**	**-**	**-48.260**	**405.663**
– 2022 income	-	-	-	16.852	16.852
Total Shareholders' equity, Group share	**453.923**	**-**	**-**	**-31.408**	**422.515**
Minority interests					
– Reserves	5.479	-	-2.287	-	3.192
– 2021 income	-2.287	-	2.287	-	-
– 2022 income	-	-	-	-845	-845
Total minority interests	**3.192**	**-**	**-**	**-845**	**2.347**

Notes to the consolidated financial statements

Note 1 – General context for the preparation of the consolidated financial statements

1.1. BACKGROUND

Pursuant to European Regulation No. 1606/2002 of 19 July 2002 on the application of international accounting standards for issuers of debt securities admitted for direct sale to the public, as part of the regular issuance of debt securities admitted for direct sale to the public, Edmond de Rothschild (France) prepared its financial statements according to the IFRS (International Financial Reporting Standards) for the first time in 2007. The financial statements were approved by the Executive Board on 29 July 2022 and reviewed by the Audit Committee and the Supervisory Board, respectively, on 25 and 26 August 2022.

1.2. COMPLIANCE WITH ACCOUNTING STANDARDS

Applicable accounting standards

The Group's condensed half-year consolidated financial statements for the interim financial position as at 30 June 2022 have been prepared and are presented in accordance with IAS 34 "Interim Financial Reporting". The financial statements presented therefore cover the significant items of the half-year period and must be read in conjunction with the annual consolidated financial statements for the financial year ended 31 December 2021, prepared in accordance with IFRS as adopted by the European Union.

New standards published and not yet applicable

The Group did not opt for early application of the new standards, amendments and interpretations adopted by the European Union when their application in 2022 is only optional.

1.3. USE OF ESTIMATES

The preparation of the financial information requires the use of estimates and assumptions relating to future conditions.

In addition to the information available, the preparation of estimates necessarily involves a certain amount of assessment, in particular for:

- the impairment tests performed on intangible assets;
- the impairment tests performed on investments in equity-accounted associates;
- assessing a significant increase in credit risk in the calculation of expected credit losses;
- determining whether a market is active or not to use a valuation technique.

In addition, the Group considers that among the other accounting areas that necessarily involve an element of assessment, the most significant relate to provisions, pension commitments and share-based payments.

1.4. CHANGES IN THE SCOPE OF CONSOLIDATION

The company Immopéra was dissolved on 9 May 2022.

Note 2 – Accounting methods for valuation and explanatory notes

Conversion of foreign currency transactions

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into euros at the indicative exchange rates published by the Banque de France at the balance sheet date. Unrealised or realised exchange differences are recognised in profit or loss. Spot foreign exchange transactions are valued at the spot exchange rate at the end of the period. The resulting revaluation differences are recorded in the income statement. Forex forwards are valued at the forward rate for the remainder of the period, with the impact of changes in fair value through profit or loss.
Non-monetary assets denominated in foreign currencies, and in particular non-consolidated equity investments denominated in foreign currencies, are recorded on the assets side of the balance sheet at their value in foreign currency converted at the exchange rate on the date of acquisition or subscription. Exchange differences relating to these assets are recognised in profit or loss only when they are sold or impaired, or in the case of fair value hedges of foreign exchange risk.

Financial assets and liabilities

On initial recognition, financial assets and liabilities are measured at fair value by including acquisition costs (with the exception of financial instruments recognised at fair value through profit or loss) and are classified in the following categories:

Loans and receivables

- loans granted to customers as part of the commercial banking activity are classified in the balance sheet under
“Loans and receivables due from clients, at amortised cost”. They are initially recognised at fair value and are subsequently measured at amortised cost at the balance sheet date on the basis of the effective interest rate, which takes into account the financial flows arising from all the contractual terms of the instrument. They are subject to impairment of receivables (see section “Impairment of financial assets”). Securities received under repurchase agreements are also classified in this category.

- reverse repurchase agreements for cash are recorded at their amount equivalent to the amount received. Income from these transactions is recognised at amortised cost in the income statement.

- loans and receivables due from credit institutions that were not designated on initial recognition as measured at fair value through profit or loss are subsequently measured at amortised cost on the basis of the effective interest rate. As with repurchase agreements with financial clients, any income from reverse repurchase agreements with credit institutions is recorded at amortised cost.

Financial assets at fair value through profit or loss

This is a very small proportion of assets held for trading that are measured at fair value at the reporting date and for which changes in fair value are recorded in profit or loss under “Net gains or losses on financial instruments at fair value through profit or loss”.

In addition to these held-for-trading financial assets, there are the non-derivative financial assets and liabilities designated by the Group on initial recognition as measured at fair value through profit or loss. The purpose of the Group’s fair value option is:

- firstly, to enable certain hybrid instruments to be measured at fair value so as not to separate embedded derivatives subject to separate recognition.
  Structured EMTNs and BMTNs issued by the Bank are classified in this category,

- secondly, to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities. The Group thus recognises all its forward cash management transactions at fair value through profit or loss. The Bank’s cash management is based on the following elements:

  1. the conclusion of term loans and borrowings with credit institutions or financial customers;
  2. the acquisition or issue of negotiable debt securities on the interbank market;
  3. any hedging of these items using interest rate derivatives.

When an item recognised at amortised cost is backed by a financial asset, which would be classified under financial assets at fair value through equity, and for which its changes in fair value would impact equity, the use of the fair value option allows for the elimination of the distortion resulting from the different types of accounting recognition for financial assets and liabilities that share the same interest rate risk with opposite changes in value that tend to offset each other.
Similarly, when an interbank loan for which the hedging relationship was not initially recognised experiences the same changes in fair value (due to the exposure to interest rate risk), but in the opposite direction, the use of the fair value option mitigates the distortion that would have resulted from the loan being recognised at amortised cost and the derivative as a change in fair value through profit or loss.
Other financial assets at fair value through profit or loss also include:

- debt instruments whose contractual cash flows are not solely payments of principal and interest (non-SPPI instruments),
- equity instruments for which the Group has not chosen the option for classification at fair value through equity.

Thus, this category of financial assets and liabilities records positive or negative fair values (without offsetting) of derivatives that have not been classified as hedging instruments.

Financial assets at fair value through equity

Debt instruments

Debt instruments (loans and receivables, bonds and other similar securities) under the hold to collect and sell business model (representing basic SPPI loans) are classified as "Financial assets at fair value through equity".
Changes in value, excluding accrued or earned income, are recognised on a specific equity line entitled "Gains and losses recognised directly in equity" and are reclassified to profit or loss in the event of disposal.
These financial assets are subject to a calculation of expected credit risk losses.

Equity instruments

The Group has opted for the classification at fair value through equity of a portion of its equity securities required for it to carry out certain activities.
This choice, which is irrevocable, must be made line by line of securities.
Changes in the fair value of these instruments are recorded under "Gains and losses recognised directly in equity", without the option of recycling to profit or loss. Assets classified in this category are not subject to impairment. Only dividends are recognised in profit or loss.

Reclassification of financial assets

Reclassification of financial assets provided for by the standard is only required when there is a change in the associated business model.

Impairment of financial assets

Financial assets measured at amortised cost and debt instruments measured at fair value through equity recyclable to profit or loss

Loans and debt instruments classified at amortised cost or at fair value through equity fall within the scope of the impairment model for credit risk. These financial assets are systematically impaired from their trade date (acquired or granted).
The provisioning model is based on monitoring the relative deterioration in credit quality, corresponding to changes in the counterparty's credit risk, without waiting for objective evidence of actual loss.

Step 1: Performing assets that have not significantly deteriorated since initial recognition

These are 12-month expected credit losses, in the absence of any significant deterioration in credit quality since initial recognition.

Step 2: Performing assets that have significantly deteriorated since inception

Within the Group, loans do not have a rating but are monitored in accordance with the Basel approach depending on the type of eligible collateral pledged for the funds granted.
Three indicators qualify as a deterioration in credit quality: payments past due, unauthorised overruns or debits and margin calls.

For loans with eligible financial collateral, the (refutable) presumption of a significant

deterioration in assets with payments past due of more than 30 days is not used (no default observed over the last few years) and the classification in “Stage 2” is made in the case of payments past due or unauthorised overruns or debits of more than 60 days.
Mortgages follow the same rules.
Outstandings without collateral or without eligible collateral are classified as “Stage 2” on the occurrence of payments past due or unauthorised overruns or debits of more than 30 days.
The provision for impairment corresponds to lifetime expected credit losses on financial assets.

Step 3: Defaulted assets

Assets classified as non-performing loans are identified on the basis of the occurrence of one or more past due payments for at least 90 days.
Credit risk will be assessed for lifetime expected credit losses.
The amount of the impairment is recognised under cost of risk in the income statement and the value of the financial asset is reduced by the recognition of an impairment loss. Impairment allowances and reversals due to changes in recovery prospects are recorded under “Cost of risk” while the reversal over time of the effects of discounting constitutes the financial income from impaired loans and is recorded under “Interest and similar income” in the income statement.

Measurement of expected credit losses

Expected credit losses are defined as the discounted probable expected value of the credit loss (principal and interest). The methodology for measuring these losses is based on the following components:

- Probability of default (PD)

The probability of default is an estimate of the probability of a default occurring.
The majority of loans granted to the Group’s clients have a maturity of 1 year and, in the absence of default in recent years, it was decided to retain:

- for exposures classified as “Stage 1”, the average 1-year PD observed on the first quartile of PD of the retail portfolio (home loans) of the large French banks,
- a flat-rate PD of 20% for loans for which the credit risk has deteriorated significantly.

- Loss given default (LGD)

The LGD corresponds to the evaluation of the loss incurred in the event of default by a counterparty. This amount takes into account the loan values applied to the market values of assets and securities hedging loans granted by the Bank (discounts established in accordance with the provisions of the Group’s risk policy).

- Exposure at default (EAD)

The EAD corresponds to the amount due by the counterparty at the time it defaults on a given commitment.

- Forward-looking approach

IFRS 9 requires the introduction of forward-looking data in the calculation of expected credit risk losses.
This means being able to take into account forward-looking information and macroeconomic indicators that could affect the risk profile of counterparties as soon as possible.
The group takes this forward-looking information into account in the context of the loan values used to determine the LGD.

Derecognition of financial assets or liabilities

Derecognition of financial assets

The derecognition (total or partial) of a financial asset on the balance sheet is done on expiry of the contractual rights to the cash flows of the instrument or on transfer to a third party of these flows and of almost all of the risks and rewards of the instrument.

Derecognition of financial liabilities

The Group removes a financial liability from its balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Derivatives and hedging transactions

All derivatives are recognised on the balance sheet at fair value, with changes in value recognised in profit or loss, with the exception of derivatives that are recognised as hedging instruments (see below). Derivatives are recorded on the balance sheet at the trade date. They are classified into two categories:

Derivative instruments held for trading

Derivative instruments are considered by default as trading instruments, unless they can be qualified as hedging instruments. They are recognised in the balance sheet under "Financial assets at fair value through profit or loss" when their fair value is positive, and under "Financial liabilities at fair value through profit or loss" when their fair value is negative. Changes in the fair value of derivatives are recognised in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".
Income or expenses recognised on intermediate settlements of the interest difference or on the settlement of the final maturity provided for in the derivative contract are recorded in the income statement under "Interest and similar income" or "Interest and similar expenses". Gains or losses arising from early unwinding of derivatives before their maturity provided for in the contract are recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Hedging derivatives

Hedge accounting is an exception to the general principles for recognising financial instruments and can only be applied if, and only if, strict criteria are met:

- the exposure must be generated by specific risks eligible for hedge accounting
- the exposure must have a potential impact on income
- the hedge must be formally identified and documented at the outset, including the company's strategy and objectives for using the hedge, the identification of the hedging instrument and the hedged item, the nature of the hedged risk, the probability of occurrence of the future transaction, the methodology for assessing effectiveness and measuring ineffectiveness
- the hedge must be highly effective at the start and during the life of the transaction in order to offset changes in the fair value or cash flows of the hedged risk.

Hedging derivatives are recognised in the balance sheet under "Hedging derivatives".
Depending on the nature of the hedged risk, the Group must designate the hedging derivative as an instrument hedging fair value, cash flow or foreign exchange risk related to a net investment abroad.

The Group does not apply the "hedge accounting" component of IFRS 9 based on the option offered by the standard. All hedging relationships are documented in accordance with the rules of IAS 39, at the latest until the date of application of the macro-hedge rule when it is adopted by the European Union.

Fixed assets

Operating fixed assets are recorded on the assets side of the balance sheet at their acquisition cost. The depreciation or amortisation period for depreciable property, plant and equipment and intangible assets corresponds to the useful life of the asset in the company.

Intangible assets

Intangible assets include IT software and acquired contract portfolios:
Intangible assets that have an indefinite useful life are subject to an annual impairment test carried out in the second half of the year. This can be done at any time during the year insofar as it is executed each year on the same date. An

intangible asset recorded over the current period is tested before the end of the current financial year.

Intangible assets that have a defined useful life are recognised at cost less the accumulated amortisation and impairment, and are amortised over their useful life. The useful life is the shortest between the legal duration and the expected economic life. Acquired computer software is depreciated over a period of 1 to 3 years.

They are tested for impairment if events or new circumstances indicate that the carrying amount may be irrecoverable.

Property, plant and equipment

Equipment, fixtures, fittings and real estate assets are recognised at acquisition cost less depreciation; depreciation is calculated, for the most part, on a straight-line basis, to fully amortise the assets over their useful life, i.e. between 4 and 10 years and 25 years, respectively.
Property, plant and equipment are tested for impairment if events or new circumstances indicate that the carrying amount may not be recoverable.
Capital gains or losses on the disposal of operating fixed assets are recorded under “Net gains or losses on other assets”.
The Group does not have any investment property in its fixed assets.

Financial liabilities at amortised cost

Debts issued by the Group that are not classified as financial liabilities measured at fair value through profit or loss are initially recognised at cost, which corresponds to the fair value of the amounts borrowed net of transaction costs.
These debts are measured at amortised cost at the balance sheet date using the effective interest rate method. Accrued interest on these debts is recorded under accrued interest and related payables and offset in the income statement.

Amounts due to banks and amounts due to customers

Amounts due to credit institutions and customers are broken down according to their initial term or type of debt: demand deposits and term deposits for credit institutions; regulated savings accounts and other deposits for customers. They also cover liabilities on securities sold under demand or term repurchase agreements with credit institutions or customers, which are included in these two headings.
They are recorded for the sale price of the securities. Securities sold under repurchase agreements are kept on the asset side of the balance sheet in their original items and are valued according to the rules specific to the portfolio to which they belong; income from these securities is also recognised as if the securities were still in the portfolio.

Debt securities

Debt securities include in particular certificates of deposit, interbank market securities and debt securities, bonds, excluding subordinated securities classified as subordinated debt. Accrued interest payable on these securities is recorded under accrued interest and related payables and offset in the income statement.

Provisions

Provisions, other than those relating to credit risks or employee benefits, represent liabilities for which the maturity or amount are not precisely set. They are made if a legal or implicit obligation exists for the Group, due to past events with respect to a third party where it is probable or certain that this will result in an outflow of resources to the benefit of this third party, without at least equivalent consideration expected from the latter.
The amount of the expected outflow of resources is then discounted to determine the amount of the provision, if the effect of this discounting is significant.

Allocations to and reversals of these provisions are recorded in profit or loss on the lines corresponding to the type of future expenses thus covered.

Treasury shares

The term “Treasury Shares” refers to the shares of the consolidating company Edmond de Rothschild (France) and its fully consolidated subsidiaries.
Treasury shares held by the Group are deducted from consolidated shareholders’ equity regardless of the purpose of their holding and the related income are eliminated from the consolidated income statement.

Income tax

Income tax for the financial year includes current tax and deferred tax. Income tax is recognised in the income statement, with the exception of the portion relating to items directly recognised in equity.
Current taxes are the provisional taxes payable on taxable profits for the financial year, calculated on the basis of the rates in force at the balance sheet date, and any adjustment to taxes due in respect of previous financial years. Current tax assets and liabilities are offset when Edmond de Rothschild (France) intends to settle on a net basis and is legally authorised to do so.
Deferred taxes are recognised on the basis of temporary differences between the carrying amount of assets and liabilities on the balance sheet and the tax value allocated to these assets and liabilities. As a general rule, all taxable temporary differences give rise to the recognition of a deferred tax liability, while deferred tax assets are recognised to the extent that there is a probability of future taxable profits that these deductible temporary differences can be applied to. Deferred tax assets and liabilities are offset when they relate to the same financial consolidation group, fall under the same financial authority and the entity is legally authorised to offset them. Deferred taxes are not discounted.

Deferred taxes relating to actuarial gains and losses on defined benefit plans are recognised directly in equity. Deferred taxes relating to the revaluation of the fair value of financial assets measured at fair value through equity that can be reclassified to profit or loss and cash flow hedges (which are recognised directly in equity) are also recognised directly in equity and subsequently recognised in the income statement when the fair value gain or loss is recognised in the income statement.

In France, the normal corporate tax rate is 25%. In addition, there is a Social Contribution on profits of 3.3% (after application of an allowance of €0.76 million) introduced in 2000. The additional 3% corporate tax contribution on the amounts distributed by companies, regardless of the beneficiaries, and introduced by the 2nd Amended Finance Act for 2012, was deemed unconstitutional. Long-term capital gains on equity securities are exempt, subject to taxation at the ordinary rate of a share of fees and expenses of 12% of the gross amount of capital gains realised. In addition, under the regime for parent companies and subsidiaries in which the investment is at least 5%, net income from shareholdings is exempt, subject to taxation at the ordinary rate of a share of 1% of fees and expenses in the tax-integrated groups. For companies that have not opted for the tax consolidation regime, the share of fees and expenses is 5%.
For the 2022 financial year, the tax rate used to calculate the stock of deferred taxes of French companies amounts to 25.83% for earnings taxed at the normal rate. For earnings taxed at the reduced rate, the rates used are 4.13% and 15.50%.

Methods for determining the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability discharged, between knowledgeable, consenting parties and acting on an arm's length basis. The Group distinguishes three categories of financial instruments according to the consequences of their characteristics on their valuation method and relies on this classification to present some of the information in the notes to the financial statements:

Level 1: financial instruments listed on an active market;

Level 2: financial instruments measured using valuation techniques based on observable parameters;

Level 3: instruments valued using valuation techniques based fully or partially on unobservable parameters; an unobservable parameter is defined as a parameter for which the value is derived from assumptions or correlations that do not rely on observable transaction prices on the market, the same instrument at the valuation date, or observable market data available at the same date.

A financial instrument is considered to be listed on an active market if prices are readily and regularly available from a stock exchange, broker, trader, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the market under normal competition conditions.

Instruments traded on active markets

When a financial instrument is traded on an active market and listed prices are available, the fair value of the financial instrument is represented by its market price.

Instruments traded on inactive markets

When the market for an instrument is not active, its fair value is determined using observable market data and valuation techniques.
Depending on the financial instrument, they use data from recent transactions and discounted future cash flow models based at the rates in force at the balance sheet date.

Structured debt and indexed derivatives

For the purpose of determining the fair value of structured debt and index-linked derivatives, the valuation parameters are not observable as a whole. The fair value of the financial instrument at the time of the transaction is then deemed to be the transaction price and the commercial margin is recognised in profit or loss over the life of the product.
During its life, as structured debt is not traded on an active market, the valuation parameters established with the counterparties at the set-up of the instruments are not modified. In the event of redemption of negotiable debt securities issued, the transaction price of the redeemed securities constitutes their fair value and the portion of the commercial margin not yet recognised is recognised in profit or loss.

Cash receivables and payables

For fixed-rate liabilities that are generally less than one year, in the absence of an active market, the fair value is assumed to be the present value of future cash flows, at the market rate in force at the balance sheet date. These market rates are determined on the basis of standard internal valuation models using the deposit certificate issue curves.

Similarly, for securities acquired representing fixed-rate debt, the fair value is determined by discounting expected cash flows at market rates.

Client loans

Edmond de Rothschild (France) considers that the fair value of variable-rate loans, due to the multi-year frequency of adjustments, is equivalent to their book value.
For loans with a variable rate adjusted once a year and for fixed-rate loans, the fair value method is calculated as follows: future recoverable capital and interest flows are discounted, over the remaining term at the interest rate on production of the period for loans of the same category and with the same maturities.

Interest rate derivatives

The fair value of interest rate derivatives and the interest rate segment of index-linked derivatives is determined on the basis of internal valuation models incorporating observable market data. Thus, the fair value of interest rate swaps is calculated on the basis of the discounting of future interest flows, at rates derived from zero-coupon swap rate curves.

Forward foreign exchange contracts

Forex forwards are booked as derivative financial instruments recognised on the balance sheet at fair value, with impact of the changes in fair value in the income statement. The fair value of forex forwards is determined by the forward rate remaining at the reporting date.

Cost of risk

The cost of risk includes allocations and reversals related to impairment of fixed-income securities and loans and receivables due from customers and credit institutions, allocations and reversals relating to financing and collateral commitments given, losses on irrecoverable loans and recoveries of loans written off.

Commissions

The Group recognises fee and commission income in the income statement according to the nature of the services to which they relate. Commissions for one-off services are recognised immediately in the income statement. Fees and commissions paid for ongoing services are recognised in income over the duration of the service rendered. Fees and commissions that form an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective yield of the financial instrument.

Social security commitments

The Group recognises four categories of benefits defined in IAS 19:

1. short-term employee benefits, for which payments are recorded directly as an expense: remuneration, incentives, profit-sharing, paid leave.

2. post-employment benefits, measured using an actuarial method and provisioned for defined benefit plans (except for mandatory defined-contribution plans, recognised directly as an expense): pension commitments, supplementary pension plans, career benefits.

Post-employment benefits are classified as a defined contribution plan or a defined benefit plan according to the economic reality of the plan for the company.
In defined **contribution plans**, commitments are covered by contributions paid as and when they are paid to independent pension organisations that then manage the payment of pensions.

The company's obligations are limited to the payment of a contribution, which does not include any commitment by the company to the level of the benefits provided. The contributions paid are expenses for the year.

In **defined benefit plans**, the company is responsible for the actuarial risk and investment risk. They cover several types of commitments, including "additional supplementary" pension plans and retirement benefits. A provision is recorded on the liabilities side of the balance sheet to cover all of these pension commitments. These commitments are valued by an independent actuary, once a year on the annual closing date.
In accordance with IAS 19, the Group uses the projected unit credit method to calculate its employee benefits. Based on actuarial assumptions, this retrospective method, with projection of end-of-career salaries and pro-rata entitlements depending on seniority, takes into account, based on actuarial assumptions, the probability of the length of the employee's future service, the level of future compensation, life expectancy and employee turnover.
Actuarial gains and losses, determined by plan, include, on the one hand, the effects of differences between the actuarial assumptions used previously and the reality observed, and, on the other hand, the effects of changes in actuarial assumptions.

The Group applies the "SORIE" amendment to IAS 19 relating to the method of recognition of actuarial gains and losses on defined-benefit pension plans. These are fully recorded in equity over the period during which they were recognised. When the plan has assets, they are measured at fair value at the reporting date and deducted from recognised commitments. The annual expense recognised as personnel expenses in respect of defined benefit plans includes:

- the additional rights vested by each employee (cost of services rendered);
- the financial cost corresponding to the impact of the unwinding of the discount;
- the expected income from investments in hedge funds;
- amortisation of past service costs;
- the effect of plan reductions or liquidations.

The Group recognises as an expense on a straight-line basis the cost of past services over the remaining average term until the rights are definitively vested by the employees. The past service cost is an increase in the present value of the obligation for services rendered in previous years, resulting from the introduction of a new plan or changes made during the year.

3. other long-term benefits, measured as post-employment benefits and fully provisioned, including long-service awards, time savings accounts and deferred remuneration.

4. compensation for termination of employment, severance pay, voluntary departure offers. These are fully provisioned as soon as the agreement is signed.

Cash flow statement

The balance of cash and similar accounts consists of the net balances of cash, central banks and postal accounts as well as net balances of sight loans and borrowings with credit institutions.
Changes in cash generated by operating activities reflect cash flows generated by the Group's activities, including those relating to held-to-maturity financial assets and negotiable debt securities.
Changes in cash flow related to investment transactions result from cash flows related to

acquisitions and disposals of subsidiaries and associates, as well as those related to acquisitions and disposals of real estate.
Changes in cash flow related to financing transactions include receipts and disbursements from transactions with shareholders, flows related to subordinated and bonds, and debt securities other than TCN debt securities.

Earnings per share

Earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding for the period, with the exception of treasury shares. The diluted earnings per share reflect the impact of the potential dilution of earnings and the number of shares resulting from the implementation of the various plans (allocation of bonus shares, stock options) set up by Edmond de Rothschild (France) and its subsidiaries, in accordance with IAS 33. Plans that do not have a dilutive impact are not taken into account.

Note 3 – Information On Balance Sheet Items

3.1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

in thousands of euros	30.06.2022	31.12.2021
Interest rate instruments - Firm commitments	240	5.529
Foreign exchange instruments - Firm commitments	49.179	17.797
Equity and index instruments - Firm commitments	637	4.135
Related receivables on trading derivatives	298	115
Sub-total Derivatives	**50.354**	**22.576**
Equities and other variable-income securities	-	-
Sub-total Other financial instruments held for trading	**-**	**-**
Sub-total Trading portfolio	**50.354**	**27.576**
Fair value of loans and related receivables	251	7
Sub-total loans and related receivables designated at fair value through profit or loss	**252**	**7**
Treasury bills and similar securities	-	-
Treasury bills and similar securities - related receivables	-	-
Sub-total Financial assets designated at fair value through profit or loss	**-**	**-**
Equity securities	7	7
Other variable-income securities	13.775	9.348
Sub-total	**13.782**	**9.355**
Sub-total Equity instruments	**13.782**	**9.355**
Debt instruments and similar	76.539	116.389
Sub-total Non-SPPI debt instruments	**76.539**	**116.389**
Sub-total Other financial assets at fair value through profit or loss	**90.321**	**125.744**
Total	**140.927**	**153.327**

The total notional amount of trading derivatives was €1,336.7 million at 30 June 2022 compared with €1,257.0 million at 31 December 2021.
The notional amount of derivative instruments is only an indication of the volume of the Group's activity in financial instrument markets and does not reflect the market risks attached to these instruments.

3.2. HEDGING DERIVATIVES

In thousands of euros	30.06.2022 Positive market value	30.06.2022 Negative market value
Fair value hedges	**42.339**	**707**
– Foreign exchange derivatives	-	-
– Interest rate derivatives	42.339	707
Cash flow hedges	**-**	**-**
– Foreign exchange derivatives	-	-
– Interest rate derivatives	-	-
Hedging derivatives	**42.339**	**707**

Fair value macro hedges: breakdown of hedged items and hedging instruments

	30.06.2022		
	Book value	Cumulative change in fair value of the hedged risk	Change in fair value recorded over the period
Interest rate risk hedging (macro-hedge)			
Hedged assets			
Customer loans at amortised cost	565,693	-36.437	-36.437
TOTAL	**565,693**	**-36.437**	**-36.437**

	30.06.2022				
		Fair value			
	Notional amounts	Assets	Liabilities	Change in fair value recorded over the period	Ineffectiveness recognised in profit or loss for the period
Interest rate risk hedging (macro-hedge)					
Firm commitments Interest rate swaps	348.143	42.339	707	36.437	-
TOTAL	**348.143**	**42.339**	**707**	**36.437**	**-**

The Group has decided to apply a fair value hedge for a portfolio of interest rate items (macro fair value hedge) in accordance with the provisions defined by IAS 39 (European Union carve-out).
More specifically, a macro-hedging model on a portfolio of fixed-rate financial assets using fixed/variable swaps has been implemented.
Changes in fair value attributable to the hedged risk, reflected on the balance sheet by revaluation differences of the portfolios hedged against interest rate risk, offset each other in a symmetrical manner to the changes in the fair value of derivatives with the minimum ineffectiveness.

3.3. FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

in thousands of euros	30.06.2022	31.12.2021
Treasury bills and similar securities	-	-
Bonds and other fixed income securities	-	-
Sub-total Debt instruments measured at fair value through equity that may be recycled to profit or loss	**-**	**-**
Equity securities	1.444	1.384
Equities and other variable-income securities	-	-
Sub-total Equity instruments measured at fair value through equity that will not be recycled to profit or loss	**1.444**	**1.384**
Total	**1.444**	**1.384**

3.4. BREAKDOWN OF FINANCIAL INSTRUMENTS BY TYPE OF MARKET PRICE OR MODEL USED FOR THEIR VALUATION

	30.06.2022				31.12.2021			
in thousands of euros	Market price	Model with observable parameters	Model with unobservable parameters	TOTAL	Market price	Model with observable parameters	Model with unobservabl e parameters	TOTAL
Financial instruments at fair value through profit or loss held for trading	-	50.354	-	50.354	-	27.576	-	27.576
Hedging derivatives		42.339		42.339			-	
Non-SPPI debt instruments		76.539	-	76.539		116.389	-	116.389
Other financial instruments at fair value through profit and loss		14.034	-	14.034	4	9.358	-	9.362
Total financial assets at fair value through profit and loss	**-**	**183.266**	**-**	**183.266**	**4**	**153.323**	**-**	**153.327**
Debt instruments at fair value through equity				-				-
Equity securities at fair value through equity		899	545	1.444		868	516	1.384
Total financial assets at fair value through equity	**-**	**899**	**545**	**1.444**	**-**	**868**	**516**	**1.384**
Financial instruments at fair value through profit or loss held for trading	-	31.352	-	31.352	-	4.200	-	4.200
Hedging derivatives		707		707				
Financial instruments at fair value through profit or loss by option	-	1.244.431	456.125	1.700.556	-	1.012.227	400.848	1.413.075
Total financial liabilities at fair value through profit and loss	**-**	**1.276.490**	**456.125**	**1.732.615**	**-**	**1.016.427**	**400.848**	**1.417.275**

3.5. SECURITIES AT AMORTISED COST

in thousands of euros	30.06.2022	31.12.2021
Treasury bills and similar securities	-	-
Bonds and other fixed income securities	24.415	4.813
Total	**24.415**	**4.813**

3.6. LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, AT AMORTISED COST

in thousands of euros	30.06.2022	31.12.2021
Receivables from credit institutions		
- Demand	52.211	43.226
- Term	-	20.011
Sub-total	**52.211**	**63.237**
Related receivables	1	2
Gross total	**52.212**	**63.239**
Impairment	-	-10
Net total	**52.212**	**63.229**

3.7. LOANS AND RECEIVABLES DUE FROM CLIENTS, AT AMORTISED COST

in thousands of euros	30.06.2022	31.12.2021
Current accounts with overdrafts	991.776	880.733
Other customer loans		
- Credit	567.689	541.133
- Securities received under repurchase agreements	-	-
- Trade receivables	-	-
Gross total	**1.559.465**	**1.421.866**
- O/w related receivables	1.500	1.459
Impairment	-173	-275
Net total	**1.559.292**	**1.421.591**
Fair value of customer loans and receivables	**1.559.292**	**1.421.898**

Impairment of customer loans and receivables at amortised cost

in thousands of euros	31.12.2021	Allocations	Reversals	Transfers	30.06.2022
Impairment on performing loans (Stage 1)	-24	-84	7	82	-19
Impairment on loans with deteriorated credit risk (Stage 2)	-46	-8	46	-34	-42
Impairment on non-performing loans (Stage 3)	-205	-16	157	-48	-112
Total	**-275**	**-108**	**210**	**-**	**-173**

3.8. ACCRUALS AND OTHER LIABILITIES

in thousands of euros	30.06.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
Securities received on payment	162	-	3	-
Security deposits paid (*)	31.680	-	15.229	-
Prepaid expenses	14.531	-	9.949	-
Accrued income	68.554	-	77.104	-
Deferred revenue	-	495	-	118
Accrued expenses	-	85.585	-	74.926
Other assets and liabilities (**)	47.935	152.916	32.270	158.788
Total	**162.862**	**238.996**	**134.555**	**233.832**

(*) of which €18,445 thousand related to collateral at 30 June 2022 versus €2,930 thousand at 31 December 2021 in security deposits paid.
(**) of which €63,911 thousand related to collateral at 30 June 2022 versus €25,552 thousand at 31 December 2021 in other liabilities

3.9. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

in thousands of euros	30.06.2022	31.12.2021
Edmond de Rothschild (Monaco)	65.403	65.391
Elyan Partners SAS	1.958	740
Investments in equity-accounted associates	**67.361**	**66.132**

Summary financial information as at 30 June 2022

Edmond de Rothschild (Monaco)

in thousands of euros	**30.06.2022**
Current assets	4.083.849
Non-current assets	69.502
Current liabilities	3.894.413
Non-current liabilities	258.938
Net banking income	46.539
Share of net income	5.562

3.10. GOODWILL

in thousands of euros	30.06.2022	31.12.2021
Net book value at beginning of period	**73.925**	**74.313**
Acquisitions and other increases	-	-
Disposals and other reductions	-	-
Impairment		-388
Net book value at end of period	**73.925**	**73.925**

	Net book value	
in thousands of euros	30.06.2022	31.12.2021
Edmond de Rothschild Asset Management (France)	39.891	39.891
Cleaveland	23.800	23.800
Edmond de Rothschild Assurances et Conseils (France)	5.753	5.753
Edmond de Rothschild Corporate Finance, Paris	4.481	4.481
CFSH Luxembourg S. à r.l.	-	-
Other	-	-
Total	**73.925**	**73.925**

3.11. NON-CURRENT ASSETS HELD FOR SALE

At 30 June 2022, Edmond de Rothschild (France) maintained its intention to sell Zhonghai and considered this asset to be classified under "Non-current assets held for sale".

The definitive sale of Zhonghai has not yet taken place. The group has taken all necessary steps to obtain the authorisations required for the disposal of this asset and is still pending approval by the competent Chinese authorities.

3.12. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

in thousands of euros	30.06.2022	31.12.2021
Interest rate instruments - Firm commitments	1.707	476
Interest rate instruments - Options	-	-
Foreign exchange instruments - Firm commitments	-	-
Foreign exchange instruments - Options	-	-
Equity and index instruments - Firm commitments	29.034	3.400
Equity and index instruments - Options	-	-
Sub-total	**30.741**	**3.876**
Related payables on trading derivatives	611	324
Sub-total of the trading portfolio	**31.352**	**4.200**
Due to credit institutions	1.221.074	988.391
Customer deposits	21.067	22.743
Sub-total	**1.242.141**	**1.011.134**
Accrued interest and related payables	2.279	1.082
Sub-total liabilities at fair value through profit or loss by option	**1.244.420**	**1.012.216**
Negotiable debt securities (TCN)	455.906	400.753
Bonds	-	-
Other debt securities	-	-
Sub-total	**455.906**	**400.753**
Accrued interest and related payables	230	106
Sub-total of debt securities at fair value through profit or loss	**456.136**	**400.859**
Sub-total of financial liabilities at fair value through profit or loss by option	**1.700.556**	**1.413.075**
Total financial liabilities at fair value through profit and loss	**1.731.908**	**1.417.275**

	30.06.2022		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and repayable amount at maturity
Financial liabilities at fair value through profit and loss by option	1.700.556	1.699.922	634

	31.12.2021		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and repayable amount at maturity
Financial liabilities at fair value through profit and loss by option	1.413.075	1.413.063	12

3.13. DUE TO CLIENTS

in thousands of euros	30.06.2022 Demand	30.06.2022 Term	30.06.2022 Total	31.12.2021 Demand	31.12.2021 Term	31.12.2021 Total
Special savings accounts						
- Regulated savings accounts	-	100.940	100.940	-	103.158	103.158
- Accrued interest and related payables	-	-	-	-	-	-
Sub-total	**-**	**100.940**	**100.940**	**-**	**103.158**	**103.158**
Other debts						
- Client current accounts	2.603.407	-	2.603.407	2.296.837	-	2.296.837
- Client term deposit accounts	-	67.657	67.657	-	54.188	54.188
- Securities delivered under repurchase agreements	-	-	-	-	-	-
- Other sundry debts	613	34.000	34.613	-	34.000	34.000
- Accrued interest and related payables	-	12	12	-	5	5
Sub-total	**2.604.020**	**101.669**	**2.705.689**	**2.296.837**	**88.193**	**2.385.030**
Total	**2.604.020**	**202.609**	**2.806.629**	**2.296.837**	**191.351**	**2.488.188**
Fair value of amounts due to customers			**2.806.629**			**2.488.188**

3.14. PROVISIONS

in thousands of euros	Legal and tax risks	Post-employment benefit obligations	Loan and collateral commitments	Loss-making contracts	Other provisions	Total book value
Balance at 31.12.2021	**-**	**6.344**	**-**	**-**	**11.538**	**17.882**
Allocations	-	199	-	-	2.576	2.775
Amounts used	-	-	-	-	-2.210	-2.210
Unused amounts reversed during the period	-	-	-	-	-449	-449
Other changes	-	-1.367	-	-	4	-1.363
Balance at 30.06.2022	**-**	**5.176**	**-**	**-**	**11.459**	**16.635**

Other provisions notably include provisions relating to “additional supplementary” pension plans (detailed in Note 6.1.A.), and the AIFM Directive at Edmond de Rothschild Asset Management (France).

3.15. DUE TO CREDIT INSTITUTIONS

in thousands of euros	30.06.2022	31.12.2021
- Demand	43.145	51.278
- Term	-	-
Sub-total	**43.145**	**51.278**
Accrued interest and related payables	-	-
Total due to credit institutions	**43.145**	**51.278**

3.16. EQUITY INSTRUMENTS: DEEPLY-SUBORDINATED NOTE (TSS)

In June 2007, the Bank issued a €50 million deeply subordinated note (“Titre super subordonné” - TSS). Following contacts with one of the holders, a partial buyback offer at a nominal value of €29 million was made by the Bank at a discount of 7.5%. After obtaining authorisation from the ACPR on 12 July 2013, the €29 million buyback, followed by destruction, was carried out in August 2013.

In the event of liquidation of the issuing company, this perpetual subordinated note shall only be repayable after the other creditors, with the exception of holders of participating loans or participating securities.

The TSS contains financial covenants:

- non-payment of interest in the event of insufficient capital due to non-compliance with the prudential capital adequacy ratio or the deterioration in the Bank’s financial position;

- reduction of accrued interest payable and then the nominal amount of the issue if the issuer has not, within a specified period, remedied the capital shortfall observed.

Given the discretionary nature of the decision to pay the remuneration for this deeply subordinated security, which is linked to the payment of a dividend, it was classified under equity instruments and related reserves.

The main financial characteristics of this TSS are as follows:

Issue date	Maturity date	Early redemption date (call option)	Interest rate	Interest rate step up from the redemption option date
June 2007	June 2017	June 2012 then quarterly	3-month Euribor + 0.67%	+ 50 basis points

(1) Rate set by reference to the 10-year euro swap rate raised on 4 June 2007: 4.71% + 1.65%.

Note 4 – Information on income statement items

4.1. INTEREST AND SIMILAR INCOME

in thousands of euros	30.06.2022	30.06.2021
Interest and income on loans and receivables due from credit institutions, at amortised cost	**360**	**225**
- Demand accounts and interbank loans	360	225
- Income from guarantee or financing commitments	-	-
- Repurchase agreements	-	-
Interest and income on loans and receivables due from customers	**8.130**	**6.282**
- Demand accounts and customer loans	8.130	6.282
- Repurchase agreements	-	-
Interest on financial instruments	**7.003**	**18.291**
- Debt instruments at amortised cost	23	21
- Financial assets at fair value through equity	-	-
- Financial assets at fair value through profit or loss	12	35
- Interest on derivatives	6.968	18.235
Total interest and similar income	**15.493**	**24.798**

4.2. INTEREST AND SIMILAR EXPENSES

in thousands of euros	30.06.2022	30.06.2021
Interest and expenses on loans and debts due to credit institutions, at amortised cost	**-10.743**	**-5.693**
- Demand accounts and interbank borrowings	-10.555	-5.693
- Expenses on guarantee or financing commitments	-188	-
- Repurchase agreements	-	-
Interest and expenses on amounts due to customers, at amortised cost	**-129**	**-104**
- Customer demand accounts and borrowings	-129	-104
- Expenses on guarantee or financing commitments	-	-
- Repurchase agreements	-	-
Interest on financial instruments	**-7.124**	**-18.277**
- Debt securities	-6.738	-8.337
- Interest on derivatives	-386	-9.940
Interest and charges on lease obligations	**-115**	**-151**
Total interest and similar expenses	**-18.111**	**-24.225**

4.3. COMMISSIONS

	30.06.2022		30.06.2021	
in thousands of euros	Products	Expenses	Products	Expenses
Cash and interbank transactions	-	-1	10	-10
Client transactions	201	-	287	-
Securities transactions	-	-	-	-
Foreign exchange transactions	15	-	38	-
Off-balance sheet transactions	-	-	-	-
- Commitments on securities	*1.135*	-	*417*	-
- Derivatives	*1.269*	*-689*	*1.035*	*-606*
Financial services	183.558	-44.292	204.678	-42.172
Allocations/Reversals related to provisions	-	-	-	-
Total fees and commissions	**186.178**	**-44.982**	**206.465**	**-42.788**

4.4. NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

in thousands of euros	30.06.2022	30.06.2021
Net gains or losses on financial assets held for trading	7.076	3.140
Net gains or losses on financial liabilities at fair value through profit or loss	28.691	-11.290
Net gains or losses on derivatives	-29.203	14.699
Net income on hedging transactions	-282	-
Gains and losses on foreign exchange transactions	8.326	6.052
Net gains or losses on equity instruments at fair value through profit or loss	21	219
Net gains or losses on non-SPPI debt instruments	3.324	7.612
Total net gains or losses on financial instruments at fair value through profit or loss	**17.953**	**20.432**

4.5. NET GAINS OR LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

in thousands of euros	30.06.2022	30.06.2021
Dividends received on equity instruments at fair value through equity	28	418
Net gains or losses on financial assets at fair value through equity	-	-
Total net gains or losses on financial assets at fair value through equity	**28**	**418**

4.6. INCOME AND EXPENSES FROM OTHER ACTIVITIES

in thousands of euros	30.06.2022	30.06.2021
Refilling of expenses	76	868
Other ancillary income	697	743
Miscellaneous	5.818	4.755
Income from other activities	**6.591**	**6.366**
Retro cession of products	-9.855	-7.820
Miscellaneous	-462	-284
Expenses on other activities	**-10.317**	**-8.104**

4.7. GENERAL OPERATING EXPENSES

in thousands of euros	30.06.2022	30.06.2021
Wages and salaries	-50.985	-52.443
Pension expenses	-4.930	-4.606
Social security contributions	-16.537	-20.854
Employee incentives	-284	-707
Employee profit-sharing	-406	-3.748
Taxes and similar payments on remuneration	-5.417	-5.154
Allocations to provisions for personnel expenses	-2.488	-3.263
Reversals of provisions for personnel expenses	2.442	3.036
Sub-total personnel expenses	**-78.605**	**-87.739**
Taxes and duties	-2.109	-2.244
Leases	-2.094	-1.838
Third-party services	-43.372	-36.935
Transport and travel	-695	-260
Other operating expenses	-	-
Allocations to provisions for administrative expenses	-52	-
Reversals of provisions for administrative expenses	37	-
Sub-total administrative expenses	**-48.285**	**-41.277**
Total operating expenses	**-126.890**	**-129.016**

4.8. GAINS OR LOSSES ON OTHER ASSETS

in thousands of euros	30.06.2022	30.06.2021
Losses on disposals of intangible assets and property, plant and equipment	-1	-
Gains on disposals of intangible assets and property, plant and equipment	-	-
Income from transactions related to investments in consolidated associates	65	-93
Total net gains or losses on other assets	**64**	**-93**

Note 5 – Note on commitments

in thousands of euros	30.06.2022	31.12.2021
Commitments given		
Financing commitments		
Commitments to credit institutions	-	-
Commitments to customers	427.343	414.331
Guarantee commitments		
Commitments to credit institutions	15.443	15.443
Commitments to customers	79.212	66.646
Commitments received		
Financing commitments		
- Commitments received from credit institutions	-	-
Commitments received from customers	-	-
Guarantee commitments		
Commitments received from credit institutions	147.732	121.559
Commitments received from customers	-	-

Note 6 – Employee benefits and share-based payments

6.1.A. PENSION EXPENSES – DEFINED-BENEFIT PLAN

At 30 June 2022, commitments amounted to €21.802 million before tax, the fair value of the assets was €20.421 million. The residual net income from past services was nil, i.e. a provision of €1.381 million.

In thousands of euros	30.06.2022	31.12.2021
Current value of the bond	21.802	25.232
- Value of plan assets	-20.421	-23.822
Financial position of the plan	**1.381**	**1.410**
- Unrecognised past service cost	-	-
Provision	**1.381**	**1.410**

6.1.B. RETIREMENT BENEFITS

The gross amount of commitments stood at €3.795 million at 30 June 2022 and €4.934 million at 31 December 2021.
The cost of services in the first half of 2022 was €216 thousand, the cost of discounting was €20 thousand, the benefits actually paid amounted to €44 thousand and the actuarial loss recorded for the first half of 2022 was €1,331 thousand.

- Post-employment benefits, defined-benefit plans (additional supplementary pension and retirement benefits)

Breakdown of the expense recognised

In thousands of euros	30.06.2022	30.06.2021
Cost of services rendered during the year	-173	-373
Financial cost	-127	-76
Expected return on plan assets	101	51
Net expense recognised	**-199**	**-398**

Key actuarial assumptions (retirement benefits)	30.06.2022	31.12.2021
Discount rate	3.35%	0.87%
Long-term expected inflation rate	1.75%	1.75%
Rate of increase in wages		
- Employees	2.00%	2.00%
- Executives	2.50%	2.50%
- Senior managers	3.00%	3.00%
Rate of employer social security and tax contributions	59.44%	59.44%
Mortality table	THTF 14 16	THTF 14 16

Change in the provision

In thousands of euros	30.06.2022	31.12.2021
Provision/Assets at the beginning of the period	**6.344**	**12.068**
- Expenses recognised in the income statement	*243*	*304*
- Benefits paid directly by the employer (not financed)	*-44*	*-63*
- Changes in scope (acquisitions, disposals)	*-*	*-*
- Actuarial loss or gain	*-1.367*	*-5.206*
- Other changes	*-*	*-759*
Provision/Assets at the end of the period	**5.176**	**6.344**

Statement of recognition of commitments

In thousands of euros	30.06.2022	31.12.2021
Change in the value of commitments		
Present value of the bond at the beginning of the period	30.166	33.696
- Cost of services rendered	*216*	245
- Cost of discounting	*127*	209
- Actuarial gains or losses	*-4.337*	-2.096
- Benefits paid by the employer and/or the fund	*-576*	-1.129
- Change in scope (acquisitions, disposals)	*-*	-
- Other changes	*-*	*-759*
Total present value of the commitment at the end of the period (A)	**25.597**	**30.166**
Change in hedging assets and reimbursement rights		
Fair value of plan assets at the beginning of the period	23.822	21.628
- Financial income on plan assets	*101*	*150*
- Actuarial gains or losses	*-2.970*	*3.110*
- Benefits paid by the fund	*-532*	*-1.066*
Fair value of plan assets at the end of the period (B)	**20.421**	**23.822**
Financial coverage		
Financial position (A) - (B)	5.176	6.344
Provision/Assets	**5.176**	**6.344**

6.1.C. DEFERRED REMUNERATION

The updated Remuneration Policy for 2021, published on the Group's Intranet (France section), was validated by the Supervisory Board after a favourable opinion from the Remuneration Committee and the Executive Board.

The Group applies the above-mentioned professional standards taking into account the individual performance of employees, competition in its markets, its strategy, long-term objectives and the interests of shareholders.

Regulatory context

BANKING SECTOR

The French government order of 3 November 2009 and the professional standards of the French Banking Federation require financial institutions to regulate variable remuneration payment practices for financial market professionals and executives, to ensure that financial institutions have a level of equity that would not expose them to risk.

The French government order of 13 December 2010 extends the FBF standards issued on 5 November 2009 – which were reserved for financial market executives and professionals (defined as employees whose performance and remuneration are linked to market instruments) – to “risk-taker” employees and all employees within an equivalent remuneration bracket and whose professional activities are likely to have an impact on the firm’s risk profile. That order also adopted the FBF criteria regarding payment of variable remuneration to the employees concerned.

Since 2015, regulations relating to remuneration have been based on CRD IV (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, replacing CRD III in force since 2011), which was transposed into French law by the order of 3 November 2014, amended by Directive (EU) 2019/878 - CRD V and its transposition via Decree No. 2020-1637 of 22 December 2020 and Order No. 2020-1635 of 21 December 2020.

ASSET MANAGEMENT INDUSTRY

On 23 November 2010, the AFG, AFIC and ASPIM issued common provisions on the remuneration policies of asset management companies.

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (AIFMD), transposed into French law by government order 2013-676 of 27 July 2013, took effect in 2015 (variable remuneration paid in March 2016).

Directive 2014/91/EU, known as UCITS V (where UCITS stands for Undertakings for Collective Investment in Transferable Securities), transposed into French law by government order 2016-312 of 17 March 2016, came into force in 2017 (variable remuneration paid in March 2018). Its provisions are very similar to those of the AIMFD.

Governance and formalisation of existing practices

In application of the texts cited above, an annual report on the variable remuneration of the employees concerned is sent to France’s prudential supervisory authority (Autorité de Contrôle Prudentiel et de Résolution). The process for determining remuneration and the resulting budgets must be reviewed each year by the Bank’s Remuneration Committee and submitted for approval by the Supervisory Board.

The Bank’s system

1 – Employees who are “risk takers” or “Identified” staff selected in accordance with CRD IV

The employees concerned are:

- Members of the Executive Committee, the Executive Board (or Board of Directors as the case may be) and Senior Management
- Heads of Control Functions (Audit, Risk Management, Compliance) and those with managerial responsibilities that report to them
- Heads of Business Units and those with managerial responsibilities that report to them
- Heads of certain Support Functions (including Finance, HR, IT, Legal etc.)
- Heads of Risk Management and Permanent Members of Risk Committees
- Heads of New Products and Permanent Members of New Products Committees
- Managers of Risk-Takers
- Staff members whose total remuneration is €500,000 or more and/or employees in the top 0.3% in terms of remuneration
- Staff members whose total remuneration is at least equal to that of the Senior Management member with the lowest remuneration.

The variable remuneration of employees who are “risk takers” is determined according to the following principles:

Bonuses are partially deferred, on a straight-line basis over at least three years when reach a certain level of variable remuneration.

With regard to variable remuneration for 2022 having reached a certain threshold, a fraction representing 40% to 60% will be paid in cash and/or in instruments, and staggered over three financial years.

In this context, the Bank has put in place an instrument deferred over three years in equal thirds in cash indexed to the share price of Edmond de Rothschild Holding S.A. (Swiss unlisted holding company of the Edmond de Rothschild Group), called the Group Performance Plan.

2 – Fund managers, sales representatives of asset management companies

In accordance with the AIFM and UCITS V Directives, Edmond de Rothschild Asset Management (France) has changed its remuneration policy, and in particular its practices in terms of deferred variable remuneration, for fund managers as well as the other categories of employees covered by the Directives (employees referred to as Material Risk Takers).

The main features of the arrangement are as follows:

- application of a three-year deferral of between 40% and 60% of the variable awarded to the beneficiary,
- indexation at least 50% of the variable remuneration (both deferred and immediate) to a basket of securities representing the Group's various management expertise,
- payment of the deferred portion subject to the condition of presence and the different conditions provided for in the AIFM and UCITS V Directives (no excessive risk-taking, financial situation of the company, etc.) that could reduce the amount between their initial award and their vesting.

In order to protect the company against a very sharp increase in the value of the basket, a hedging mechanism was also put in place.

A remuneration expense is recognised spread over time to reflect the vesting based on the presence of the beneficiaries.

In the event that the fund's performance increases, the variable remuneration debt will not be revalued for the hedged portion. The hedging asset will be retained at historical cost. A provision must be made for the unhedged portion.

In the opposite case, the hedging asset will be subject to impairment (in the amount of its market value); in exchange, the variable remuneration debt will be adjusted downwards.

Employee Share Plan

The Edmond de Rothschild Group has put in place a bonus share plan for Edmond de Rothschild Holding S.A. (Swiss unlisted holding company of the Edmond de Rothschild Group) for the benefit of certain Group employees (the "Beneficiaries").

The objectives for implementing this plan are to improve the retention of key employees and promote alignment of interests between employees and shareholders.

The main features of the plan are as follows:

- the Beneficiaries are allocated rights to receive EdRH shares according to a 3-year vesting schedule (1/3 per year, i.e. three tranches vesting respectively in March Y+2, March Y+3 and March Y+4),
- the Beneficiaries become shareholders on the vesting date (they acquire economic rights only, no corporate rights (voting rights)). These are
- "participation certificates" of the scheme under Swiss law,
- the shares received may only be resold once the lock-in period has elapsed,
- the resale period is limited over time as each vintage has a lifetime of seven years. The shares may only be sold back to Edmond de Rothschild Holding S.A.

In addition, the participation certificates will be delivered to the beneficiaries of Edmond de Rothschild (France) by Edmond de Rothschild Holding S.A.

Pursuant to the agreement entered into between Edmond de Rothschild Holding S.A. and Edmond de Rothschild (France), Edmond de Rothschild Holding S.A. reinvoices to Edmond de Rothschild (France) the cost of acquiring its own securities, intended for delivery to the French beneficiaries.

An expense is recorded in respect of services rendered by employees. In the absence of a commitment to pay a cash sum to employees, the plan is qualified as equity-settled (IFRS 2.43B), with the following accounting consequences:

- an expense is determined at the award date and without subsequent revaluation, except to take account of changes in service and/or performance conditions (IFRS 2.B57),

- this expense is spread over the period during which the services are rendered, in exchange for an equity item representing the parent company's contribution (IFRS 2.B53),
- the deferral period is that during which the beneficiaries provide services to the Group on the basis of the conditions of presence necessary to the vesting of the rights. In this case, the charge for the 2022 plan is spread between 1 January 2022 and the vesting dates, i.e. over 2.25, 3.25 and 4.25 years for the tranches that will vest in March 2024, March 2025 and March 2026, respectively.

At 30 June 2022, the net expense relating to the Group's bonus share plan was €1,387 thousand versus a net expense of €870 thousand at 30 June 2021.

Note 7 – Additional information

	% interest		% control	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
7.1. Scope of consolidation				
Consolidating entity				
Bank				
• Edmond de Rothschild (France)				
Full consolidation method				
Portfolio Companies				
• Financière Boréale	100.00	100.00	100.00	100.00
• EdR Real Estate (Eastern Europe) Cie SàRL *	62.73	62.73	62.73	62.73
• CFSH Luxembourg SàRL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Invest II SàRL *	58.33	58.33	58.33	58.33
• Bridge Management SàRL *	99.99	99.99	100.00	100.00
Asset management companies				
• Edmond de Rothschild Asset Management (France)	99.99	99.99	99.99	99.99
• Edmond de Rothschild Private Equity (France)	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Management SàRL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Management II SàRL *	72.36	72.36	72.36	72.36
• EdR Real Estate (Eastern Europe) Management SàRL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Asset Management (Hong-Kong) Limited *	99.99	99.99	100.00	100.00
• Edmond de Rothschild Investment Partners China SàRL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Reim (France)	100.00	100.00	100.00	100.00
• EDR Immo Magnum	100.00	100.00	100.00	100.00
• ERES IV GP	100.00	100.00	100.00	100.00
Consulting firm				
• Edmond de Rothschild Corporate Finance	100.00	100.00	100.00	100.00
Insurance Company				
• Edmond de Rothschild Assurances et Conseils (France)	100.00	100.00	100.00	100.00
Bank				
• Financière Eurafrique	100.00	100.00	100.00	100.00
Miscellaneous				
• Edmond de Rothschild Boulevard Buildings Ltd *	100.00	100.00	100.00	100.00
• Groupement Immobilière Financière	100.00	100.00	100.00	100.00
• Immopéra	-	99.92	-	99.92
Equity-accounted associates				
Bank				
• Edmond de Rothschild (Monaco) *	36.93	36.93	36.93	36.93
Asset management company				
• Elyan Partners SAS	49.00	49.00	49.00	49.00
• ERAAM	34.00	34.00	34.00	34.00

* Foreign company.

		30.06.2022	31.12.2021
7.2	**Average headcount**		
	Average headcount of the French companies	743	732
	- Technical staff	*66*	*68*
	- Executives	*677*	*664*
	Average headcount of the foreign companies	64	59
	Overall average headcount	**807**	**791**

In accordance with the requirements of the French Commercial Code, the breakdown by category of the average headcount, salaried and available to the Group during the financial year is communicated. The headcount employed on a part-time basis or for a period of less than the financial year is accounted for in proportion to the actual working time, by reference to the contractual or legal duration of the work.

7.3. Events after the balance sheet date

There are no post-closing events.

7.4 Information related to the capital

Pursuant to regulation no. 2000-03 of the French Banking and Finance Regulatory Committee, compliance with the solvency ratio is assessed at the level of Edmond de Rothschild (France), which complies with capital requirements.

At 30 June 2022, the share capital of Edmond de Rothschild (France) amounted to €83,075,820 consisting of 5,538,388 shares with a par value of €15.

Note 8 – Operating segments

The Group's activities are structured around two core business divisions (private banking and asset management), plus another division (Other activities and Own management).

Private banking includes a range of services including:

- portfolio and wealth management, wealth planning and family offices.

The asset management division covers the following management lines:

- long only management including equity, corporate debt, asset allocation and sovereign bonds,
- clean investment solutions,
- real estate management carried out by the Edmond de Rothschild REIM entity,
- the private equity fund management division carried out by Edmond de Rothschild Private Equity (France).

The "Other activities and Own management" division comprises:

- in Other activities, on the one hand, advice to companies housed within the dedicated Edmond de Rothschild Corporate Finance subsidiary, whose areas of expertise include advice on disposals and acquisitions, company valuations and financial engineering, and the Capital Markets Department for its own activity,
- in Own management, the Group's wealth management activities (in particular the securities portfolio), the central function of the Bank for its various business lines, the costs associated with the activities of this division and its oversight role over the Group and income and expenses,
- not directly related to the activity of the other business divisions,

Comments regarding methodology

The management accounts of each business division were prepared with the following objectives:

- to determine the results of each of these divisions as if they were independent entities;
- to provide a fair view of their results and profitability during the financial year.

The accounting principles used to prepare these financial statements are as follows:

- the net banking income of each of the divisions corresponds to the income generated by its activity, net of retrocessions of fees paid to business providers,
- the operating expenses of the business divisions include their direct costs, their portion of the charges for the logistics and operational support provided by the Bank and a share of the Group's overheads,
- provisions are allocated to the various divisions in order to reflect the cost of the risk inherent in its business for each of them. Provisions that cannot be allocated to a core business are charged to Own management.

The detailed breakdown of the results of each of these divisions and their contribution to the Group's profitability is presented below.

	Private Banking		Asset management and Private equity		Other activities and Own management		Group	
In thousands of euros	2022	2021	2022	2021	2022	2021	2022	2021
Net banking income	**61.278**	**54.274**	**66.675**	**91.922**	**24.880**	**37.166**	**152.833**	**183.362**
Management fees	-46.824	-45.089	-64.457	-69.147	-28.257	-28.075	-139.538	-142.311
Personnel expenses	-29.160	-29.309	-33.757	-41.474	-15.688	-16.955	-78.605	-87.738
- direct	*-20.929*	*-21.303*	*-25.317*	*-31.452*	*-12.740*	*-13.930*	*-58.986*	*-66.685*
- indirect	*-8.231*	*-8.006*	*-8.440*	*-10.022*	*-2.948*	*-3.025*	*-19.619*	*-21.053*
Other operating expenses	-14.171	-12.161	-27.078	-23.515	-6.989	-5.602	-48.238	-41.278
Depreciation expenses	-3.493	-3.619	-3.622	-4.158	-5.580	-5.518	-12.695	-13.295
EBITDA	**14.454**	**9.185**	**2.218**	**22.775**	**-3.377**	**9.091**	**13.295**	**41.051**
Cost of risk	-	-	-	-	109	-96	109	-96
Operating profit*	**14.454**	**9.185**	**2.218**	**22.775**	**-3.268**	**8.995**	**13.404**	**40.955**
Share of net income of equity-accounted associates	5.562	5.297	1.218	-	-	-	6.780	5.297
Net gains or losses on other assets	-	-	-	-93	64	-	64	-93
Change in the value of goodwill	-	-	-	-	-	-388	-	-388
Pre-tax profit before extraordinaries	**20.017**	**14.482**	**3.435**	**22.682**	**-3.203**	**8.607**	**20.248**	**45.771**
Income tax	-3.733	-2.610	-614	-6.493	105	-3.815	-4.242	-12.918
Net income	**16.283**	**11.872**	**2.821**	**16.189**	**-3.097**	**4.792**	**16.006**	**32.853**

Note 9 – Related party transactions

During the first half of 2022, relations between Edmond de Rothschild (France) and affiliated companies were similar to those of the 2021 financial year, and no unusual transactions, in nature or amount, took place during this period.

Parent company financial statements

Parent company balance sheet and off-balance sheet items (in thousands of euros)

Assets	30.06.2022	31.12.2021
Cash, due from central banks and postal accounts	3.053.440	2.629.936
Treasury bills and similar securities	19.590	-
Receivables from credit institutions	36.329	45.115
Client transactions	1.565.593	1.427.557
Bonds and other fixed income securities	3.979	3.930
Equities and other variable-income securities	33.784	62.037
Equity interests and other long-term investments	18.563	18.534
Shares in affiliated companies	192.740	196.316
Intangible assets	22.460	21.283
Property, plant and equipment	16.220	15.537
Treasury shares	-	-
Other assets	73.009	85.466
Adjustment accounts	129.998	95.130
Total assets	**5.165.705**	**4.600.841**

Liabilities	30.06.2022	31.12.2021
Due to credit institutions	1.269.856	1.038.782
Client transactions	2.888.492	2.619.667
Debt securities	554.259	469.810
Other liabilities	94.008	89.176
Adjustment accounts	74.131	58.678
Provisions	7.430	5.958
Subordinated debt	21.022	21.020
Shareholders' equity (excluding funds for general banking risks)	256.507	297.750
. Share capital	*83.076*	*83.076*
. Issue premiums	*98.244*	*98.244*
. Reserves	*32.278*	*32.278*
. Retained earnings (+/-)	*34.141*	*32.171*
. Income for the financial year (+/-)	*8.768*	*51.982*
Total liabilities	**5.165.705**	**4.600.841**

Off-balance sheet	30.06.2022	31.12.2021
Commitments given		
Financing commitments	424.692	394.819
Guarantee commitments	79.298	66.732
Commitments on securities	8.030	13.286
Commitments received		
Guarantee commitments	147.732	122.819
Commitments on securities	-	-

Parent company's income statement

In thousands of euros	30.06.2022	30.06.2021
+ Interest and similar income	36.221	27.122
- Interest and similar expenses	-38.137	-25.501
+ Income from variable-income securities	14.927	38.065
+ Commissions (income)	51.466	46.375
- Commissions (expenses)	-13.049	-11.694
+/- Gains or losses on trading portfolio transactions	11.419	6.808
+/- Gains or losses on investment portfolio transactions and similar	9.715	432
+/- Other income from banking operations	20.024	19.391
-Other expenses from banking operations	-1.472	-1.905
Net banking income	**91.114**	**99.093**
-General operating expenses	-75.310	-74.251
-Depreciation, amortisation and impairment of intangible assets and property, plant and	-5.909	-6.354
EBITDA	**9.895**	**18.488**
+/- Cost of risk	51	-49
Operating result	**9.946**	**18.439**
+/- Gains or losses on fixed assets	-3.548	-1.447
Pre-tax profit before extraordinaries	**6.398**	**16.992**
+/- Exceptional profit/loss	-	-
- Income tax	2.370	4.475
Net income	**8.768**	**21.467**

Auditors' report

Period from 1 January 2022 to 30 June 2022

Statutory auditors' report on the interim financial information

To the Shareholders
EDMOND DE ROTHSCHILD (FRANCE)
47, rue du Faubourg St Honoré
75008 PARIS cedex 08,

As part of the assignment entrusted to us by your General Shareholders' Meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- the limited review of the condensed half-year consolidated financial statements of EDMOND DE ROTHSCHILD (FRANCE), for the period from 1 January to 30 June 2022, as appended to this report;
- the verification of the information provided in the half-year activity report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Management Board. It is our responsibility, on the basis of our limited review, to express an opinion on these financial statements.

I – OPINION

We conducted our limited review in accordance with the professional standards applicable in France.
A limited review essentially consists of meeting with senior management members in charge of the accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with professional standards applicable in France. As a result, the assurance that the financial statements, taken as a whole, do not contain material misstatements, obtained as part of a limited review, is a moderate assurance, lower than that obtained in an audit.

Based on our limited review, we did not identify any material misstatements likely to call into question the compliance of the condensed interim consolidated financial statements with IAS 34 - IFRS as adopted by the European Union for interim financial reporting.

II – SPECIFIC VERIFICATION

We also verified the information provided in the interim management report commenting on the condensed interim consolidated financial statements on which our review was conducted.

We have no comments to make as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine, 19 September 2022

The Auditors

PricewaterhouseCoopers Audit	**Grant Thornton Audit**
Philippe Chevalier	**Solange Aïache**

Statement of the half-year financial report

Statement by the person responsible for the half-year financial report

I certify, to the best of my knowledge, that the condensed financial statements for the half-year period ended were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and income of the company and of all the companies included in the consolidation, and that the attached half-year management report presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Signed in Paris, on 19 September 2022
Chair of the Executive Board

Renzo Evangelista