



EDMOND  
DE ROTHSCHILD

Edmond de Rothschild (France)  
**Half-year financial results**

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A public company with executive and supervisory boards and capital of €83,075,820

Paris Trade and Companies register No. 572 037 026

NAF 2 business code: 6419 Z

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# Half-year activity report

## GROUP ACTIVITY AND RESULTS

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In a favourable market environment, the Net income - Group share of Edmond de Rothschild (France) amounted to €32.4 million at 30 June 2023, vs. €16.9 million at 30 June 2022. Assets under management totalled €45.1 billion at end-June 2023, down -€4 billion year-to-date and including a -€6 billion impact of the removal of Edmond de Rothschild REIM from the Edmond de Rothschild (France) consolidation scope. Excluding that scope impact, assets under management gained +€2.5 billion with net inflows of +€1.7 billion and a performance effect of +1.9%. Net inflows consisted of +€567 million for Private Banking and +€1,123 million for Asset management.

### Net banking income

At €191.2 million, NBI was higher than at 30 June 2022 (+25%), driven by good market conditions and the positive impact of the increase in refinancing rates. Edmond de Rothschild's deconsolidation of real estate operations (REIM) had a -€4.5 million impact on NBI compared to 30 June 2022. At constant scope, i.e. excluding the data from Edmond de Rothschild REIM, NBI increased by +€42.9 million:

- Management fees excluding REIM were stable compared to the first half of 2022 at €76.9 million.
- Management generated performance fee income of +€2.2 million, vs. €2.4 million at 30 June 2022.
- Investment portfolio income stood at €9.5 million, a +€5.3 million gain on the first six months of 2022 due to a higher change in fair value over the first part of the year.

- On-balance sheet income from Private Banking and Asset Management came to €20.3 million, up +€10.5 million compared to the first half of 2022, with Private Banking's credit business and activity on the forex market remaining steadily high, in addition to the impact of rates turning positive.
- Transactional activity was down compared to the first half of 2022, with a -14% decline in Asset Management partially offset by an +11% increase in Private Banking revenues.
- Other revenues show business volume up by +€27.5 million (to €49.5 million), including +€4.5 million in Corporate Finance and a strong impact from rates that were once again positive on the bank's liquidity management.

The resulting gross margin was 87bp, vs. 60bp in the first half of 2022 and 67bp excluding REIM.

### Management fees

Operating expenses stood at €151.1 million, increase compared to those of 30 June 2022 (+8 and +12% excluding costs of REIM over the first half of 2022 to be at constant scope).

- Personnel expenses came to €89.6 million, a +14% increase over the level recorded in the first half of 2022, and +18% excluding Edmond de Rothschild REIM costs, mainly due provisions for variable remuneration related to good business performance.
- Other expenses increased by +4% and +6% excluding REIM costs for 2022, primarily due to business expenses and IT fees.

## Operating result

Operating income was +€40.1 million, compared to +€13.3 million at 30 June 2022. The cost/income ratio improved (75% vs. 86% a year ago).

## Net income - Group share

After taking into account the contribution of equity-accounted entities (+€1.6 million), minority interests (-€0.5 million), tax expense (-€9.1 million), net income Group share amounted to +€32.4 million, up €15.6 million compared with 30 June 2022. It should be noted that Edmond de Rothschild (Monaco) has not been equity accounted for in the group result since the end of 2022.

## ACTIVITY AND RESULTS OF THE BUSINESS LINES

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### Private Banking

Private Banking assets (€21.8 billion) are up +3% year to date. Strong business momentum brought net inflows of close to €567 million, and thanks to buoyant markets, assets grew +1% based on end-2022 figures.

At €70 million, NBI was up by +14% compared to June 2022:

- Private Banking France income increased by +14% year-on-year, driven by strong transactional activity in connection with market movements and with the impact of cash revenues on deposits connected with the strong increase in short-term rates (up by more than 4% between June 2022 and June 2023).
- Meanwhile, Private Banking revenues in Italy saw gains of +22%, with lower management fees more than offset by the increase in loan revenues.

The Private Banking margin increased to 65bp vs. 59bp at end-June 2022.

Operating expenses totalled €54.3 million, up +16% compared to June 2022:

- Private Banking expenses in France increased by +15%, primarily because of brisk business activity, with an increase in the provision for variable remuneration in line with performance.
- Private Banking expenses in Italy were up +24% year on year, mainly due to provisions for litigation.

The cost/income ratio (excluding depreciation and amortisation) was 73% vs. 71% at end-June 2022.

Operating expenses totalled +€15.7 million, up +8.5% compared to 30 June 2022.

### Asset Management

At €26.2 billion, the Asset Management division's assets under management were down -14% compared to the end of 2022. This decline was due to the -€6.5 billion impact of the deconsolidation of the "real estate" (REIM) business. Excluding this scope effect, assets grew by +9% with net inflows of +€1.3 billion and a performance effect of +4%.

NBI was €62.1 million, down -3% compared to the first half of 2022. Restated for REIM fees NBI was up by +4% with:

- A +3% increase in management fees year on year with an improvement in margins (in the first half of 2022 there were -€2.6 billion in outflows with profitability of less than 1bp).
- Performance fees of +€2.2 million versus +€2.4 million in the first half of 2022.
- A -14% decrease in fees on transactional activity.

The gross margin (excluding performance fees) stood at 48bp, an improvement compared to the level recorded at 30 June 2022 (43bp excluding Edmond de Rothschild REIM's assets and income).

Expenses were -4% lower than in June 2022 and +3% higher excluding data from Edmond de Rothschild REIM, with:

- Personnel expenses were up 13%, mainly due to the level of variable remuneration, consistent with the change in income;
- Other expenses down -7%.

Without taking the scope effect into account, personnel expenses showed an increase of +4% while other expenses fell by -10%

As a result, operating income amounted to +€2.5 million in the first half of 2023, up nearly +7% compared with the first half of 2022 and +17% excluding REIM data for 2022.

## Private Equity

Private equity assets totalled €1.3 billion at end-June 2023, up €42 million since the end of 2022.

NBI was €1.6 million, down -33% from June 2022, mostly because of the additional closings on ERES IV during the first half of 2022 which generated retroactive earnings.

Expenses were +€0.5 million higher.

Operating income totalled -€1.5 million, and including the equity accounting of Elyan for +€1.6 million, net income before tax was +€0.1 million, compared with +€1.1 million in the first half of 2022.

## Other businesses

### Corporate consultancy

Revenues from the Corporate consultancy activity in the first half of the year amounted to €21 million, vs. €16.5 million for the same period a year earlier.

Operating expenses were up by 25%, in line with the higher level of income recorded in the first half of 2022.

Overall, the contribution of Corporate consultancy to operating income was positive at +€1.3 million, vs. +€0.7 million at 30 June 2022.

### Own management

Total revenues from Own management amounted to +€36.5 million, vs. +€8.4 million at 30 June 2022. The change was largely due to the impact of higher rates on the bank's balance sheet liquidity.

Operating expenses increased by +16% compared to the first half of 2022.

In total, operating income from Own management amounted to +€22 million over the period.

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

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Current political issues will likely impact the Group's 2023 performance.

## Related party transactions

During the first half of 2023, relations between Edmond de Rothschild (France) and affiliated companies were similar to those of the 2022 financial year, and no unusual transactions, in nature or amount, took place during this period.

# Consolidated financial statements and notes

IFRS consolidated balance sheet (in thousands of euros)

<b>Assets</b>		<b>30/06/2023</b>	<b>31/12/2022</b>
Cash, due from central banks and postal accounts		2,525,362	3,844,162
Financial assets at fair value through profit or loss	3.1	87,680	87,362
Hedging derivatives	3.2	59,878	61,080
Financial assets at fair value through equity	3.3	1,575	1,503
Securities at amortised cost	3.5	78,931	73,465
Loans and receivables due from credit institutions, at amortised cost	3.6	799,265	539,590
Loans and receivables due from clients, at amortised cost	3.7	1,300,359	1,530,671
Revaluation differences on interest rate risk-hedged portfolios	3.2	-	-
Current tax assets		5,844	5,584
Deferred tax assets		7,597	13,892
Accruals and other assets	3.8	165,324	231,966
Investments in equity-accounted associates	3.9	4,857	3,743
Property, plant and equipment		34,369	37,182
Right-of-use assets		22,257	20,791
Intangible assets		39,704	28,036
Goodwill	3.10	50,125	50,125
Non-current assets held for sale	3.11	12,284	12,284
<b>Total assets</b>		<b>5,195,411</b>	<b>6,541,436</b>

<b>Liabilities</b>		<b>30/06/2023</b>	<b>31/12/2022</b>
Financial liabilities at fair value through profit and loss	3.12	2,516,748	3,131,947
Hedging derivatives	3.2	1,688	1,392
Due to credit institutions	3.15	23,612	49,606
Due to clients	3.13	1,937,281	2,556,637
Debt securities		-	-
Revaluation differences on interest rate risk-hedged portfolios	3.2	49,552	54,443
Current tax liabilities		296	197
Deferred tax liabilities		-	-
Accruals and other liabilities	3.8	231,373	250,847
Provisions	3.14	18,118	16,377
Subordinated debt		-	-
Shareholders' equity		416,743	479,990
Shareholders' equity, Group share		414,581	478,344
. <i>Capital and related reserves</i>		201,195	201,195
. <i>Consolidated reserves</i>		174,547	195,278
. <i>Gains and losses recognised directly in equity</i>		6,416	9,212
. <i>Results of the financial year</i>		32,423	72,659
Minority interests		2,162	1,646
<b>Total liabilities</b>		<b>5,195,411</b>	<b>6,541,436</b>



## Consolidated Income Statement (in thousands of euros)

		30.06.2023	30.06.2022
+ Interest and similar income	4.1	88,487	15,493
- Interest and similar expenses	4.2	-65,980	-18,111
+ Commissions (income)	4.3	189,490	186,178
- Commissions (expenses)	4.3	-48,900	-44,982
+/- Net gains or losses on financial instruments at fair value through profit or loss	4.4	31,082	17,953
+/- Net gains or losses on financial assets at fair value through equity	4.5	45	28
+ Income from other activities	4.6	7,022	6,591
- Expenses from other activities	4.6	-10,049	-10,317
<b>Net banking income</b>		<b>191,197</b>	<b>152,833</b>
- General operating expenses	4.7	-139,700	-126,890
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-11,441	-12,695
<b>EBITDA</b>		<b>40,056</b>	<b>13,248</b>
+/- Cost of risk		-128	157
<b>Operating result</b>		<b>39,928</b>	<b>13,405</b>
+/- Share of net income of equity-accounted associates		1,604	6,780
+/- Net gains or losses on other assets	4.8	472	64
+/- Change in the value of goodwill		-	-
<b>Pre-tax profit before extraordinaries</b>		<b>42,004</b>	<b>20,249</b>
- Income tax		-9,065	-4,242
<b>Net income</b>		<b>32,939</b>	<b>16,007</b>
- Minority interests		-516	845
<b>Net income – Group share</b>		<b>32,423</b>	<b>16,852</b>
Earnings per share in euros		5.78	3.01
Diluted earnings per share in euros		5.78	3.01

Statement of net income and gains and losses recognised directly in equity (in thousands of euros)

	30.06.2023	30.06.2022
<b>Net income</b>	<b>32,939</b>	<b>16,007</b>
Items relating to changes in currency exchange rates	-1,310	-519
Change in the deferred value of hedging derivatives (*)		-
Financial assets at fair value through equity (*)	46	35
Actuarial gains and losses on defined-benefit plans (*)	-1,532	1,014
<b>Total gains and losses recognised directly in equity</b>	<b>-2,796</b>	<b>530</b>
<b>Net income and gains and losses recognised directly in equity</b>	<b>30,143</b>	<b>16,537</b>
<i>o/w Group share</i>	29,627	17,382
<i>o/w minority interests</i>	516	-845

(\*) Amounts net of tax.

## IFRS cash flow statement (in thousands of euros)

	30.06.2023	30.06.2022
<b>Cash flow from operating activities</b>		
<b>Net income for the financial year</b>	<b>32,939</b>	<b>16,007</b>
Net income from disposals of long-term assets	-517	-92
Net allocations to amortisation and provisions	6,801	5,156
Share of income from equity-accounted entities	-1,604	-6,780
Reclassification of net income from financial instruments at fair value through profit or loss	-31,082	-17,953
Other income and expenses calculated	1,981	1,392
Net losses/income from financing activities	-	-
Tax expenses (including deferred taxes)	9,065	4,242
Cash flow before income from financing activities and tax	17,583	1,971
Tax paid	-2,154	-13,693
Net increase/decrease related to transactions with credit institutions	-174,872	214
Net increase/decrease related to customer transactions	-390,949	180,891
Net increase/decrease related to transactions affecting other financial assets or liabilities	-594,055	340,528
Net increase/decrease related to transactions affecting other non-financial assets or liabilities	47,569	-15,635
<b>Net cash from operating activities</b>	<b>-1,096,878</b>	<b>494,276</b>
Cash flows from investing activities		
Cash payments for acquisitions of property, plant and equipment and intangible assets	-17,471	-9,003
Cash payments for acquisitions of financial fixed assets	-	-
Change in security deposits	-	-
Dividends received from equity-accounted associates	490	5,550
Disposals or reductions of fixed assets	-	-1
<b>Net cash from investment activities</b>	<b>-16,981</b>	<b>-3,454</b>
Cash flow from financing activities		
Increase/decrease in cash from financing activities	-	-
Increase/decrease in cash flow from transactions with shareholders	-95,587	-50,234
<b>Net cash from financing activities</b>	<b>-95,587</b>	<b>-50,234</b>
Effect of changes in exchange rates on cash and cash equivalents	-155	54
<b>Net change in cash and cash equivalents</b>	<b>-1,209,601</b>	<b>440,643</b>
Net balance of cash accounts and central banks	3,844,162	2,629,937
Money market UCITS classified as cash equivalents	-	15
Net balance of sight loans and borrowings with credit institutions	-10,716	-8,030
<b>Opening cash and cash equivalents</b>	<b>3,833,446</b>	<b>2,621,922</b>
Net balance of cash accounts and central banks	2,525,120	3,053,441
Money market UCITS classified as cash equivalents	-	15
Net balance of sight loans and borrowings with credit institutions	98,725	9,109
<b>Cash and cash equivalents at year-end</b>	<b>2,623,845</b>	<b>3,062,565</b>
<b>Change in the net cash position</b>	<b>-1,209,601</b>	<b>440,643</b>

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

	31.12.2021	Capital increase	Allocation of income	Other changes	31.12.2022
<b>Group share</b>					
– 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	-	-	-403	-17,846
– Elimination of treasury shares	-	-	-	-	-
– Other reserves	204,080	-	56,562	-47,518	213,124
– Gains and losses recognised directly in other comprehensive income	9,529	-	-	-317	9,212
– 2021 income	56,562	-	-56,562	-	-
<b>Sub-Total</b>	<b>453,923</b>	<b>-</b>	<b>-</b>	<b>-48,238</b>	<b>405,685</b>
– 2022 income	-	-	-	72,659	72,659
<b>Total Shareholders' equity, Group share</b>	<b>453,923</b>	<b>-</b>	<b>-</b>	<b>24,421</b>	<b>478,344</b>
<b>Minority interests</b>					
– Reserves	5,479	-	-2,287	-	3,192
– 2021 income	-2,287	-	2,287	-	-
– 2022 income	-	-	-	-1,546	-1,546
<b>Total minority interests</b>	<b>3,192</b>	<b>-</b>	<b>-</b>	<b>-1,546</b>	<b>1,646</b>

	31.12.2022	Capital increase	Allocation of income	Other changes	30.06.2023
<b>Group share</b>					
– Share capital	83,076	-	-	-	83,076
– Issue premiums	98,244	-	-	-	98,244
– Equity instruments (TSS)	19,875	-	-	-	19,875
– Interest on equity instruments (TSS)	-17,846	-	-	-406	-18,252
– Elimination of treasury shares	-	-	-	-	-
– Other reserves	213,124	-	72,659	-92,984	192,799
– Gains and losses recognised directly in other comprehensive income	9,212	-	-	-2,796	6,416
– 2022 income	72,659	-	-72,659	-	-
<b>Sub-Total</b>	<b>478,344</b>	<b>-</b>	<b>-</b>	<b>-96,186</b>	<b>382,158</b>
– 2023 income	-	-	-	32,423	32,423
<b>Total Shareholders' equity, Group share</b>	<b>478,344</b>	<b>-</b>	<b>-</b>	<b>-63,763</b>	<b>414,581</b>
<b>Minority interests</b>					
– Reserves	3,192	-	-1,546	-	1,646
– 2022 income	-1,546	-	1,546	-	-
– 2023 income	-	-	-	516	516
<b>Total minority interests</b>	<b>1,646</b>	<b>-</b>	<b>-</b>	<b>516</b>	<b>2,162</b>

# Notes to the consolidated financial statements

## Note 1 - General context for the preparation of the consolidated financial statements

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### 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 27 July 2023 and reviewed by the Audit Committee and the Supervisory Board, respectively, on 28 and 29 August 2023.

### 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 2023 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 2022, 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 2023 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 Financière Eurafrique" was dissolved on 23 May 2023.

## Note 2 – Accounting methods for valuation and explanatory notes

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### 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 and 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 principles:

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 recognised in “Gains and losses recognised directly in other comprehensive income”, and cannot be recycled to profit and 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 at 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 2023 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

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Interest rate instruments - Firm commitments	-	12
Foreign exchange instruments - Firm commitments	-	-
Equity and index instruments - Firm commitments	8,107	1,832
Related receivables on trading derivatives	1,842	1,225
<b>Sub-total Derivatives</b>	<b>9,949</b>	<b>3,069</b>
Equities and other variable-income securities	-	-
<b>Sub-total Other financial instruments held for trading</b>	<b>-</b>	<b>-</b>
<b>Sub-total Trading portfolio</b>	<b>9,949</b>	<b>3,069</b>
Fair value of loans and related receivables	-	-
<b>Sub-total loans and related receivables designated at fair value through profit or loss</b>	<b>-</b>	<b>7</b>
Treasury bills and similar securities	-	-
Treasury bills and similar securities - related receivables	-	-
<b>Sub-total Financial assets designated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>
Equity securities	7	7
Other variable-income securities	16,158	13,445
<b>Sub-total</b>	<b>16,165</b>	<b>13,352</b>
<b>Sub-total Equity instruments</b>	<b>16,165</b>	<b>9,355</b>
Debt instruments and similar	61,566	70,941
<b>Sub-total Non-SPPI debt instruments</b>	<b>61,566</b>	<b>70,941</b>
<b>Sub-total Other financial assets at fair value through profit or loss</b>	<b>77,731</b>	<b>84,293</b>
<b>Total</b>	<b>87,680</b>	<b>87,362</b>

The total notional amount of trading derivatives was €2,162.6 million at 30 June 2023 compared with €2,134.0 million at 31 December 2022.

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	30.06.2023	
	Positive market value	Negative market value
<b>Fair value hedges</b>	<b>59,878</b>	<b>1,688</b>
– Foreign exchange derivatives	-	-
– Interest rate derivatives	59,878	1,688
<b>Cash flow hedges</b>	<b>-</b>	<b>-</b>
– Foreign exchange derivatives	-	-
– Interest rate derivatives	-	-
<b>Hedging derivatives</b>	<b>59,878</b>	<b>1,688</b>

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

	30.06.2023		
	Book value	Cumulative change in fair value of the hedged risk	Change in fair value recorded over the period
<b>Interest rate risk hedging (macro-hedge)</b>			
<b>Hedged assets</b>			
Customer loans at amortised cost	309,830	-48,694	5,178
<b>TOTAL</b>	<b>309,830</b>	<b>-48,694</b>	<b>5,178</b>

	30.06.2023				
	Notional amounts	Fair value		Change in fair value recorded over the period	Ineffectiveness recognised in profit or loss for the period
		Assets	Liabilities		
<b>Interest rate risk hedging (macro-Firm commitment)</b>					
Interest rate swaps	351,597	59,878	1,688	5,178	-
<b>TOTAL</b>	<b>351,597</b>	<b>59,878</b>	<b>1,688</b>	<b>5,178</b>	<b>-</b>

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

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Treasury bills and similar securities	-	-
Bonds and other fixed income securities	-	-
<b>Sub-total Debt instruments measured at fair value through equity that may be recycled to profit or loss</b>	<b>-</b>	<b>-</b>
Equity securities	1,575	1,503
Equities and other variable-income securities	-	-
<b>Sub-total Equity instruments measured at fair value through equity that will not be recycled to profit or loss</b>	<b>1,575</b>	<b>1,503</b>
<b>Total</b>	<b>1,575</b>	<b>1,503</b>

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

<i>in thousands of euros</i>	30.06.2023				31.12.2022			
	Market price	Model with observable parameters	Model with unobservable parameters	TOTAL	Market price	Model with observable parameters	Model with unobservable parameters	TOTAL
Financial instruments at fair value through profit or loss held for trading	-	9,949	-	9,949	-	3,069	-	3,069
Hedging derivatives	-	59,878	-	59,878	-	61,080	-	61,080
Non-SPPI debt instruments		61,566		61,566		70,941		70,941
Other financial instruments at fair value through profit and loss		16,165		16,165		13,352		13,352
<b>Total financial assets at fair value through profit and loss</b>	<b>-</b>	<b>147,558</b>	<b>-</b>	<b>147,558</b>	<b>-</b>	<b>148,442</b>	<b>-</b>	<b>148,442</b>
Debt instruments at fair value through equity				-				-
Equity securities at fair value through equity	-	981	593	1,575	-	936	567	1,503
<b>Total financial assets at fair value through equity</b>	<b>-</b>	<b>981</b>	<b>593</b>	<b>1,575</b>	<b>-</b>	<b>936</b>	<b>567</b>	<b>1,503</b>
Financial instruments at fair value through profit or loss held for trading	4,145	18,970	-	23,115	39,322	36,948	-	76,270
Hedging derivatives	-	1,688	-	1,688	-	1,392	-	1,392
Financial instruments at fair value through profit or loss by option	-	1,676,619	817,014	2,493,633	-	2,443,365	612,312	3,055,677
<b>Total financial liabilities at fair value through profit and loss</b>	<b>4,145</b>	<b>1,697,277</b>	<b>817,014</b>	<b>2,518,436</b>	<b>39,322</b>	<b>2,481,705</b>	<b>612,312</b>	<b>3,133,339</b>

### 3.5. SECURITIES AT AMORTISED COST

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Treasury bills and similar securities	-	-
Bonds and other fixed income securities	78,931	73,465
<b>Total</b>	<b>78,931</b>	<b>73,465</b>

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

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Receivables from credit institutions		
- Demand	122,327	38,895
- Term	676,054	500,189
<b>Sub-total</b>	<b>798,381</b>	<b>539,084</b>
Related receivables	884	506
<b>Gross total</b>	<b>799,265</b>	<b>539,590</b>
Impairment	-	-
<b>Net total</b>	<b>799,265</b>	<b>539,590</b>

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

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Current accounts with overdrafts	777,546	968,316
Other customer loans		
- Credit	522,923	562,496
- Securities received under repurchase agreements	-	-
- Trade receivables	-	-
<b>Gross total</b>	<b>1,300,469</b>	<b>1,530,812</b>
- O/w related receivables	3,037	1,778
Impairment	-110	-141
<b>Net total</b>	<b>1,300,359</b>	<b>1,530,671</b>
<b>Fair value of customer loans and receivables</b>	<b>1,300,359</b>	<b>1,530,978</b>

### Impairment of customer loans and receivables at amortised cost

<i>in thousands of euros</i>	31.12.2022	Allocations	Reversals	Transfers	30.06.2023
Impairment on performing loans (Stage 1)	-26	-38	7	33	-24
Impairment on loans with deteriorated credit risk (Stage 2)	-25	-15	23	8	-9
Impairment on non-performing loans (Stage 3)	-90	-13	67	-41	-77
<b>Total</b>	<b>-141</b>	<b>-66</b>	<b>97</b>	<b>-</b>	<b>-110</b>

### 3.8. ACCRUALS AND OTHER LIABILITIES

<i>in thousands of euros</i>	30.06.2023		31.12.2022	
	Assets	Liabilities	Assets	Liabilities
Securities received on payment	98	-	164	-
Security deposits paid (*)	28,728	-	74,974	-
Prepaid expenses	14,529	-	12,686	-
Accrued income	94,313	-	93,774	-
Deferred revenue	-	155	-	147
Accrued expenses	-	85,969	-	81,094
Other assets and liabilities (**)	27,656	145,249	50,368	169,606
<b>Total</b>	<b>165,324</b>	<b>231,373</b>	<b>231,966</b>	<b>250,847</b>

(\*) of which €16,060 thousand related to collateral at 30 June 2023 versus €60,750 thousand at 31 December 2022 in security deposits paid.

(\*\*) of which €2,730 thousand related to collateral at 30 June 2023 versus €1,930 thousand at 31 December 2022 in other liabilities

### 3.9. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Elyan Partners SAS	4,857	3,742
<b>Investments in equity-accounted associates</b>	<b>4,857</b>	<b>3,743</b>

### 3.10. GOODWILL

<i>in thousands of euros</i>	30.06.2023	31.12.2022
<b>Net book value at beginning of period</b>	<b>50,125</b>	<b>73,925</b>
Acquisitions and other increases	-	-
Disposals and other reductions	-	-23,800
Impairment	-	-
<b>Net book value at end of period</b>	<b>50,125</b>	<b>50,125</b>

<i>in thousands of euros</i>	Net book value	
	30.06.2023	31.12.2022
Edmond de Rothschild Asset Management (France)	39,891	39,891
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	-	-
<b>Total</b>	<b>50,125</b>	<b>50,125</b>

### 3.11. NON-CURRENT ASSETS HELD FOR SALE

At 30 June 2023, 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

<i>in thousands of euros</i>	30.06.2023	31.12.2022
Interest rate instruments - Firm commitments	4,322	6,284
Interest rate instruments - Options	-	-
Foreign exchange instruments - Firm commitments	4,145	39,322
Foreign exchange instruments - Options	-	-
Equity and index instruments - Firm commitments	11,520	29,250
Equity and index instruments - Options	-	-
<b>Sub-total</b>	<b>19,987</b>	<b>74,856</b>
Related payables on trading derivatives	3,128	1,414
<b>Sub-total of the trading portfolio</b>	<b>23,115</b>	<b>76,270</b>
Due to credit institutions	1,626,845	2,398,764
Customer deposits	37,128	33,942
<b>Sub-total</b>	<b>1,663,973</b>	<b>2,432,706</b>
Accrued interest and related payables	12,646	10,659
<b>Sub-total liabilities at fair value through profit or loss by option</b>	<b>1,676,619</b>	<b>2,443,365</b>
Negotiable debt securities (TCN)	811,816	611,378
Bonds	-	-
Other debt securities	-	-
<b>Sub-total</b>	<b>811,816</b>	<b>611,378</b>
Accrued interest and related payables	5,198	934
<b>Sub-total of debt securities at fair value through profit or loss</b>	<b>817,014</b>	<b>612,312</b>
<b>Sub-total of financial liabilities at fair value through profit or loss by option</b>	<b>2,493,633</b>	<b>3,055,677</b>
<b>Total financial liabilities at fair value through profit and loss</b>	<b>2,516,748</b>	<b>3,131,947</b>

30.06.2023			
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	2,493,633	2,492,699	934

31.12.2022			
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	3,055,677	3,036,988	18,689

### 3.13. DUE TO CLIENTS

in thousands of euros	30.06.2023			31.12.2022		
	Demand	Term	Total	Demand	Term	Total
Special savings accounts						
- Regulated savings accounts	-	49,166	49,166	-	78,373	78,373
- Accrued interest and related payables	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>49,166</b>	<b>49,166</b>	<b>-</b>	<b>78,373</b>	<b>78,373</b>
Other debts						
- Client current accounts	1,306,998	-	1,306,998	2,009,687	-	2,009,687
- Client term deposit accounts	-	503,258	503,258	-	438,072	438,072
- Securities delivered under repurchase agreements	-	-	-	-	-	-
- Other sundry debts	-	74,310	74,310	582	28,769	29,351
- Accrued interest and related payables	18	3,531	3,549	9	1,145	1,154
<b>Sub-total</b>	<b>1,307,016</b>	<b>581,099</b>	<b>1,888,115</b>	<b>2,010,278</b>	<b>467,986</b>	<b>2,478,264</b>
<b>Total</b>	<b>1,307,016</b>	<b>630,265</b>	<b>1,937,281</b>	<b>2,010,278</b>	<b>546,359</b>	<b>2,556,637</b>
<b>Fair value of amounts due to customers</b>			<b>1,937,281</b>			<b>2,556,637</b>

### 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
<b>Balance at 31.12.2022</b>	-	4,990	-	-	11,387	16,377
Allocations	-	163	-	-	2,557	2,720
Amounts used	-	-	-	-	-2,757	-2,757
Unused amounts reversed during the period	-	-	-	-	-285	-285
Other changes	-	2,064	-	-	-1	2,063
<b>Balance at 30.06.2023</b>	<b>-</b>	<b>7,217</b>	<b>-</b>	<b>-</b>	<b>10,901</b>	<b>18,118</b>

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).

The main financial characteristics of this TSS are as follows:

### 3.15. DUE TO CREDIT INSTITUTIONS

<i>in thousands of euros</i>	30.06.2023	31.12.2022
- Demand	23,607	49,606
- Term	-	-
<b>Sub-total</b>	<b>23,607</b>	<b>49,606</b>
Accrued interest and related payables	5	-
<b>Total due to credit institutions</b>	<b>23,612</b>	<b>49,606</b>

Issue date	Maturity date	Optional early redemption date (call option)	Interest rate	Interest step-up from the optional early redemption 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%.

### 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.

## Note 4 – Information on income statement items

### 4.1. INTEREST AND SIMILAR INCOME

<i>in thousands of euros</i>	30.06.2023	30.06.2022
<b>Interest and income on loans and receivables due from credit institutions, at amortised cost</b>	<b>51,481</b>	<b>360</b>
- Demand accounts and interbank loans	51,481	360
- Income from guarantee or financing commitments	-	-
- Repurchase agreements	-	-
<b>Interest and income on loans and receivables due from customers</b>	<b>22,944</b>	<b>8,130</b>
- Demand accounts and customer loans	22,944	8,130
- Repurchase agreements	-	-
<b>Interest on financial instruments</b>	<b>14,062</b>	<b>7,003</b>
- Debt instruments at amortised cost	25	23
- Financial assets at fair value through equity	-	-
- Financial assets at fair value through profit or loss	682	12
- Interest on derivatives	13,355	6,968
<b>Total interest and similar income</b>	<b>88,487</b>	<b>15,493</b>

### 4.2. INTEREST AND SIMILAR EXPENSES

<i>in thousands of euros</i>	30.06.2023	30.06.2022
<b>Interest and expenses on loans and debts due to credit institutions, at amortised cost</b>	<b>-35,810</b>	<b>-10,743</b>
- Demand accounts and interbank borrowings	-35,609	-10,555
- Expenses on guarantee or financing commitments	-201	-188
- Repurchase agreements	-	-
<b>Interest and expenses on amounts due to customers, at amortised cost</b>	<b>-6,055</b>	<b>-129</b>
- Customer demand accounts and borrowings	-6,055	-129
- Expenses on guarantee or financing commitments	-	-
- Repurchase agreements	-	-
<b>Interest on financial instruments</b>	<b>-23,920</b>	<b>-7,124</b>
- Debt securities	-13,853	-6,738
- Interest on derivatives	-10,067	-386
<b>Interest and charges on lease obligations</b>	<b>-195</b>	<b>-115</b>
<b>Total interest and similar expenses</b>	<b>-65,980</b>	<b>-18,111</b>

### 4.3. COMMISSIONS

<i>in thousands of euros</i>	30.06.2023		30.06.2022	
	Income	Expenses	Income	Expenses
Cash and interbank transactions	5	-2	-	-1
Client transactions	171	-	201	-
Securities transactions	-	-	-	-
Foreign exchange transactions	9	-	15	-
Off-balance sheet transactions	-	-	-	-
- <i>Commitments on securities</i>	1,101	-	1,135	-
- <i>Derivatives</i>	839	-440	1,269	-689
Financial services	187,365	-48,458	183,558	-44,292
Allocations/Reversals related to provisions	-	-	-	-
<b>Total fees and commissions</b>	<b>189,490</b>	<b>-48,900</b>	<b>186,178</b>	<b>-44,982</b>

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

<i>in thousands of euros</i>	30.06.2023	30.06.2022
Net gains or losses on financial assets held for	702	7,076
Net gains or losses on financial liabilities at fair value through profit or loss	-25,094	28,691
Net gains or losses on derivatives	27,838	-29,203
Net income on hedging transactions	-246	-282
Gains and losses on foreign exchange transactions	18,486	8,326
Net gains or losses on equity instruments at fair value through profit or loss	79	21
Net gains or losses on non-SPPI debt instruments	9,317	3,324
<b>Total net gains or losses on financial instruments at fair</b>	<b>31,082</b>	<b>17,953</b>

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

<i>in thousands of euros</i>	30.06.2023	30.06.2022
Dividends received on equity instruments at fair value through equity	45	28
Net gains or losses on financial assets at fair value through equity	-	-
<b>Total net gains or losses on financial assets at fair value through equity</b>	<b>45</b>	<b>28</b>

#### 4.6. INCOME AND EXPENSES FROM OTHER ACTIVITIES

<i>in thousands of euros</i>	30.06.2023	30.06.2022
Rebilling of expenses	164	76
Other ancillary income	920	697
Miscellaneous	5,938	5,818
<b>Income from other activities</b>	<b>7,022</b>	<b>6,591</b>
Retro cession of products	-9,710	-9,855
Miscellaneous	-339	-462
<b>Expenses on other activities</b>	<b>-10,049</b>	<b>-10,317</b>

#### 4.7. GENERAL OPERATING EXPENSES

<i>in thousands of euros</i>	30.06.2023	30.06.2022
Wages and salaries	-58,048	-50,985
Pension expenses	-5,308	-4,930
Social security contributions	-21,352	-16,537
Employee incentives	-434	-284
Employee profit-sharing	-324	-406
Taxes and similar payments on remuneration	-4,615	-5,417
Allocations to provisions for personnel expenses	-2,533	-2,488
Reversals of provisions for personnel expenses	3,013	2,442
<b>Sub-total personnel expenses</b>	<b>-89,601</b>	<b>-78,605</b>
Taxes and duties	-1,840	-2,109
Leases	-2,237	-2,094
Third-party services	-45,059	-43,372
Transport and travel	-963	-695
Other operating expenses	-	-
Allocations to provisions for administrative expenses	-	-52
Reversals of provisions for administrative expenses	-	37
<b>Sub-total administrative expenses</b>	<b>-50,099</b>	<b>-48,285</b>
<b>Total operating expenses</b>	<b>-139,700</b>	<b>-126,890</b>

#### 4.8. GAINS OR LOSSES ON OTHER ASSETS

<i>in thousands of euros</i>	30.06.2023	30.06.2022
Losses on disposals of intangible assets and property, plant and equipment	-1	-1
Gains on disposals of intangible assets and property, plant and equipment	-	-
Income from transactions related to investments in consolidated associates	473	65
<b>Total net gains or losses on other assets</b>	<b>472</b>	<b>64</b>



## Note 5 – Note on commitments

<i>in thousands of euros</i>	30.06.2023	31.12.2022
<b>Commitments given</b>		
Financing commitments		
Commitments to credit institutions	-	-
Commitments to customers	469,187	440,603
Guarantee commitments		
Commitments to credit institutions	47,186	47,186
Commitments to customers	76,608	84,175
<b>Commitments received</b>		
Financing commitments		
- Commitments received from credit institutions	-	-
Commitments received from customers	-	-
Guarantee commitments		
Commitments received from credit institutions	112,018	155,965
Commitments received from customers	-	-

## Note 6 – Employee benefits and share-based payments

### 6.1.A. PENSION EXPENSES – DEFINED-BENEFIT PLAN

At 30 June 2023, commitments amounted to €22.273 million before tax, the fair value of the assets was €18.948 million. The residual net income from past services was nil, i.e. a provision of €3.325 million.

In thousands of euros	30.06.2023	31.12.2022
Current value of the bond	22,273	20,641
- Value of plan assets	-18,948	-19,280
<b>Financial position of the plan</b>	<b>3,325</b>	<b>1,361</b>
- Unrecognised past service cost	-	-
<b>Provision</b>	<b>3,325</b>	<b>1,361</b>

### 6.1.B. RETIREMENT BENEFITS

The gross amount of commitments stood at €3.892 million at 30 June 2023 and €3.629 million at 31 December 2022.

The cost of services in the first half of 2023 was €152 thousand, the cost of discounting was €66 thousand, the benefits actually paid amounted to €81 thousand and the actuarial loss recorded for the first half of 2023 was €126 thousand.

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

##### Breakdown of the expense recognised

In thousands of euros	30.06.2023	30.06.2022
Cost of services rendered during the year	-71	-173
Financial cost	-445	-127
Expected return on plan assets	353	101
<b>Net expense recognised</b>	<b>-163</b>	<b>-199</b>

Key actuarial assumptions (retirement benefits)	30.06.2023	31.12.2022
Discount rate	3.61%	3.77%
Long-term expected inflation rate	2.20%	2.20%
Rate of increase in wages		
- Employees	2.20%	2.20%
- Executives	2.70%	2.70%
- Senior managers	3.20%	3.20%
Rate of employer social security and tax contributions	56.13%	56.13%
Mortality table	THTF 16 18	THTF 16 18

##### Change in the provision

In thousands of euros	30.06.2023	31.12.2022
<b>Provision/Assets at the beginning of the period</b>	<b>4,990</b>	<b>6,344</b>
- Expenses recognised in the income statement	244	480
- Benefits paid directly by the employer (not financed)	-81	-700
- Changes in scope (acquisitions, disposals)	-	-34
- Actuarial loss or gain	2,064	-1,099
- Other changes	-	-
<b>Provision/Assets at the end of the period</b>	<b>7,217</b>	<b>4,990</b>

##### Statement of recognition of commitments

In thousands of euros	30.06.2023	31.12.2022
<b>Change in the value of commitments</b>		
Present value of the bond at the beginning of the period	24,270	30,166
- Cost of services rendered	152	370
- Cost of discounting	445	544
- Actuarial gains or losses	1,927	-4,994
- Benefits paid by the employer and/or the fund	-629	-1,781
- Change in scope (acquisitions, disposals)	-	-34
- Other changes	-	-
<b>Total present value of the commitment at the end of the period (A)</b>	<b>26,165</b>	<b>24,270</b>
<b>Change in hedging assets and reimbursement rights</b>		
Fair value of plan assets at the beginning of the period	19,280	23,822
- Financial income on plan assets	353	434
- Actuarial gains or losses	-137	-3,895
- Benefits paid by the fund	-548	-1,081
<b>Fair value of plan assets at the end of the period (B)</b>	<b>18,948</b>	<b>19,280</b>
<b>Financial coverage</b>		
Financial position (A) - (B)	7,217	4,990
<b>Provision/Assets</b>	<b>7,217</b>	<b>4,990</b>

### 6.1.C. DEFERRED REMUNERATION

The updated Remuneration Policy for 2023, 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 AIFMD.

## *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 employees reach a certain level of variable remuneration.

With regard to variable remuneration for 2023 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.

The Bank has put in place an instrument to pay cash compensation, deferred over three years in three equal instalments, linked to the share price

of Edmond de Rothschild Holding S.A. (unlisted Swiss holding company of the Edmond de Rothschild Group), known as 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 set up a plan to award free shares in Edmond de Rothschild Holding S.A. (an unlisted Swiss holding company

of the Edmond de Rothschild Group) for the benefit of certain employees of the Group (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 2023 plan is spread between 1 January 2023 and the vesting dates, i.e. over 2.25, 3.25 and 4.25 years for the tranches that will vest in March 2025, March 2026 and March 2027, respectively.

At 30 June 2023, the net expense relating to the Group's bonus share plan was €2,276 thousand versus a net expense of €1,387 thousand at 30 June 2022.

## Note 7 – Additional information

	% interest		% control	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
<b>7.1. Scope of consolidation</b>				
<b>Consolidating entity</b>				
<b>Bank</b>				
• Edmond de Rothschild (France)				
<b>Full consolidation method</b>				
<b>Portfolio Companies</b>				
• 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 Euroopportunities Invest II SàRL *	58.33	58.33	58.33	58.33
• Bridge Management SàRL *	99.99	99.99	100.00	100.00
<b>Asset management companies</b>				
• 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 Euroopportunities Management SàRL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Euroopportunities 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
• EDR Immo Magnum	100.00	100.00	100.00	100.00
• ERES IV GP	100.00	100.00	100.00	100.00
<b>Consulting firm</b>				
• Edmond de Rothschild Corporate Finance	100.00	100.00	100.00	100.00
<b>Insurance Company</b>				
• Edmond de Rothschild Assurances et Conseils (France)	100.00	100.00	100.00	100.00
<b>Bank</b>				
• Financière Eurafrique	-	100.00	-	100.00
<b>Miscellaneous</b>				
• 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
<b>Equity-accounted associates</b>				
<b>Bank</b>				
<b>Asset management company</b>				
• Elyan Partners SAS	49.00	49.00	49.00	49.00
• ERAAM	34.00	34.00	34.00	34.00

\* Foreign company.

**7.2 Average headcount**

Average headcount of the French companies	735	726
- <i>Technical staff</i>	72	69
- <i>Executives</i>	663	657
Average headcount of the foreign companies	57	59
<b>Overall average headcount</b>	<b>792</b>	<b>785</b>

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 2023, 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

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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 covers a range of services including:

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

Asset Management covers the following four types of management:

- long only management including equity, corporate debt, asset allocation and sovereign bonds,
- clean investment solutions,
- the private equity fund management division carried out by Edmond de Rothschild Private Equity (France).
- Until the end of 2022, Asset management also covered real estate management carried out by the Edmond de Rothschild REIM entity. This activity has not been part of Edmond de Rothschild (France) since 1 January 2023.

The "Other activities and Own management" division comprises:

- under Other Activities, corporate advisory services provided by the dedicated subsidiary Edmond de Rothschild Corporate Finance, including M&A advisory, business valuations and financial engineering, and the proprietary activities of the Capital Markets Department;
- under 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.



In thousands of euros	Private Banking		Asset management and Private equity		Other activities and Own management		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Net banking income</b>	<b>69,980</b>	<b>61,278</b>	<b>63,702</b>	<b>66,675</b>	<b>57,515</b>	<b>24,880</b>	<b>191,197</b>	<b>152,833</b>
Management fees	-54,294	-46,824	-62,627	-64,458	-34,220	-28,256	-151,141	-139,538
Personnel expenses	-34,472	-29,160	-35,296	-33,757	-19,833	-15,688	-89,601	-78,605
- direct	-25,269	-20,929	-27,327	-25,318	-16,258	-12,739	-68,854	-58,986
- indirect	-9,203	-8,231	-7,969	-8,440	-3,575	-2,948	-20,747	-19,619
Other operating expenses	-16,527	-14,171	-24,809	-27,078	-8,763	-6,989	-50,099	-48,238
Depreciation expenses	-3,295	-3,493	-2,523	-3,622	-5,623	-5,580	-11,441	-12,695
<b>EBITDA</b>	<b>15,686</b>	<b>14,454</b>	<b>1,075</b>	<b>2,218</b>	<b>23,295</b>	<b>-3,377</b>	<b>40,056</b>	<b>13,295</b>
Cost of risk	-	-	-	-	-128	109	-128	109
<b>Operating profit*</b>	<b>15,686</b>	<b>14,454</b>	<b>1,075</b>	<b>2,218</b>	<b>23,167</b>	<b>-3,268</b>	<b>39,928</b>	<b>13,404</b>
Share of net income of equity-accounted associates	-	5,562	1,604	1,218	-	-	1,604	6,780
Net gains or losses on other assets	-	-	-	-	472	64	472	64
Change in the value of goodwill	-	-	-	-	-	-	-	-
<b>Pre-tax profit before extraordinary</b>	<b>15,686</b>	<b>20,017</b>	<b>2,679</b>	<b>3,435</b>	<b>23,639</b>	<b>-3,203</b>	<b>42,004</b>	<b>20,248</b>
Income tax	-4,052	-3,733	-325	-613	-4,688	104	-9,065	-4,242
<b>Net income</b>	<b>11,634</b>	<b>16,283</b>	<b>2,354</b>	<b>2,822</b>	<b>18,951</b>	<b>-3,098</b>	<b>32,939</b>	<b>16,006</b>

## Note 9 – Related party transactions

During the first half of 2023, relations between Edmond de Rothschild (France) and affiliated companies were similar to those of the 2022 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)

30/06/2023

31/12/2022

## Assets

Cash, due from central banks and postal accounts	40,119	44,161
Treasury bills and similar securities	78,598	73,128
Receivables from credit institutions	3,271,382	4,325,854
Client transactions	1,335,447	1,538,121
Bonds and other fixed income securities	-	1,889
Equities and other variable-income securities	14,969	31,189
Equity interests and other long-term investments	13,799	13,754
Shares in affiliated companies	169,542	166,157
Intangible assets	39,750	28,378
Property, plant and equipment	16,240	17,093
Treasury shares	-	-
Other assets	74,168	121,263
Adjustment accounts	89,986	123,771
<b>Total assets</b>	<b>5,144,000</b>	<b>6,484,757</b>

## Liabilities

Due to credit institutions	1,665,120	2,462,845
Client transactions	2,091,832	2,663,808
Debt securities	901,053	709,980
Other liabilities	85,921	113,751
Adjustment accounts	78,006	132,192
Provisions	5,126	6,782
Subordinated debt	21,058	21,047
Shareholders' equity (excluding funds for general banking risks)	295,884	374,352
. <i>Share capital</i>	83,076	83,076
. <i>Issue premiums</i>	98,244	98,244
. <i>Reserves</i>	32,278	32,278
. <i>Retained earnings (+/-)</i>	65,716	34,141
. <i>Income for the financial year (+/-)</i>	16,570	126,613
<b>Total liabilities</b>	<b>5,144,000</b>	<b>6,484,757</b>

## Off-balance sheet

<b>Commitments given</b>		
Financing commitments	474,750	422,427
Guarantee commitments	76,775	84,261
Commitments on securities	5,847	7,644
<b>Commitments received</b>		
Guarantee commitments	95,524	155,965
Commitments on securities	-	-

## Parent company's income statement

In thousands of euros	30.06.2023	30.06.2022
+ Interest and similar income	101,422	36,221
- Interest and similar expenses	-78,840	-38,137
+ Income from variable-income securities	2,259	14,927
+ Commissions (income)	52,205	51,466
- Commissions (expenses)	-12,822	-13,049
+/- Gains or losses on trading portfolio transactions	20,679	11,419
+/- Gains or losses on investment portfolio transactions and similar	-252	9,715
+/- Other income from banking operations	20,230	20,024
-Other expenses from banking operations	-1,839	-1,472
<b>Net banking income</b>	<b>103,042</b>	<b>91,114</b>
-General operating expenses	-85,193	-75,310
-Depreciation, amortisation and impairment of intangible assets and property, plant and	-5,552	-5,909
<b>EBITDA</b>	<b>12,297</b>	<b>9,895</b>
+/- Cost of risk	-1	51
<b>Operating result</b>	<b>12,296</b>	<b>9,946</b>
+/- Gains or losses on fixed assets	3,431	-3,548
<b>Pre-tax profit before extraordinaries</b>	<b>15,727</b>	<b>6,398</b>
+/- Exceptional profit/loss	-2	-
- Income tax	845	2,370
<b>Net income</b>	<b>16,570</b>	<b>8,768</b>

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# Auditors' report

Period from 1 January 2023 to 30 June 2023

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 2023, 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, 22 September 2023

The Auditors

**PricewaterhouseCoopers Audit**

**Philippe Chevalier**

**Grant Thornton Audit**

**Solange Aiache**

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# 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 22 September 2023  
Chair of the Executive Board

**Renzo Evangelista**