PARIS ORLÉANS

Release | *Paris, 25 June 2014*

Annual results

2013/2014

STABLE RECURRING OPERATING INCOME

- Overall revenue in 2013/2014 was €1,108 million compared to €1,147 million in 2012/2013
  - Global Financial Advisory revenues were down 7% compared to the prior year. Financing Advisory revenue up 13% and M&A revenue down 15% in line with the market
  - Wealth and Asset Management revenues increased by 9% mainly due to an increase in performance fees in Asset Management. Thanks to positive markets and a net inflow, assets under management rose by 10% to €42.3 billion
  - Merchant Banking revenues increased by 7%. The business is currently expanding its offer with two new debt funds (Five Arrows Credit Solutions and Oberon). Assets under management increased to €3.2 billion
- Operating income fell to €129 million compared to €157 million in 2012/2013 mainly due to significant net exceptional charges (€31 million). Excluding these net exceptional charges, operating income was stable at €160 million versus €163 million in the prior year
- Net income – Group share for 2013/2014 was €8 million compared to €42 million in 2012/2013. Without the net exceptional charges, net income – Group share for 2013/2014 was €51 million compared to €64 million in 2012/2013 (see Appendix 2)

“Despite challenging conditions, our operating performance held up in most of the Group’s businesses in 2013/2014, thanks to resilient revenues and ongoing cost-saving initiatives. However profits have been impacted by exceptional charges. We remain confident in our ability to benefit from an improvement in market conditions, particularly in the M&A market, and to deliver sustainable performance.” stated Nigel Higgins and Olivier Pécoux, co-Chief Executive Officers of the Group.

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Summary Income Statement

(in €m)	Page	2012/2013 as restated [1]	2013/2014	*Var*	*Var %*
Revenues	**2 - 6**	**1,147**	**1,108**	***(39)***	***(3)%***
Staff costs	7	(709)	(699)	*10*	*1%*
Administrative expenses	7	(214)	(251)	*(37)*	*(17)%*
Depreciation and amortisation		(36)	(36)	-	-
Impairments	7	(31)	7	*38*	*121%*
Operating Income		**157**	**129**	***(28)***	***(17)%***
Other income / expense (net)		11	5	*(6)*	*(55)%*
Impairment of Edmond de Rothschild (Suisse)	7	(46)	(27)	*19*	*(41)%*
Profit before tax		**122**	**107**	***(15)***	***(12)%***
Income tax	7	(38)	(43)	*(5)*	*(13)%*
Consolidated net income		**84**	**64**	***(20)***	***(22)%***
Non-controlling interests	7	(42)	(56)	*(14)*	*(33)%*
Net income - Group share		**42**	**8**	***(34)***	***(73)%***
Earnings per share		*0.68 €*	*0.11€*		

[1] The comparative consolidated income statement has been restated to reflect the introduction of IAS 19 Employee Benefits (revised). More details are provided in Appendix 3 on page 11.

The Supervisory Board of Paris Orléans SCA met on 25 June 2014 to review the consolidated financial statements for the year to 31 March 2014; these accounts had been previously approved by PO Gestion SAS, Managing Partner of Paris Orléans.

Business Trends

We have two main activities within our Group: Global Financial Advisory, which focuses on providing advice in the areas of M&A, debt, restructuring and equity; and Asset Management in a broad sense which comprises Wealth & Asset Management and Merchant Banking. In addition, we have a Specialist Finance business which predominantly relates to the legacy banking business.

Global Financial Advisory

For the year to March 2014, Global Financial Advisory revenue was €688.7 million, 7% down compared to last year.

M&A revenue was down 15% year on year across most regions (€442.5 million for 2013/2014), reflecting lower M&A completions for the Group during the second half of the year compared to the second half of 2012/2013 (which was our record period for M&A revenue post the financial crisis). By way of comparison, for the year to March 2014, the number of completed M&A transactions globally was down 14%[1] compared to the prior year.

Financing Advisory revenue was up 13% year on year (€246.2 million for 2013/2014), supported by our leading position in providing independent, strategic capital advice to companies, governments and financial sponsors.

We continue to be positioned among the top financial advisers in the world, ranking 5th globally and 1st in Europe by number of completed M&A transactions[1]; 5th globally and 2nd in Europe by number of restructuring transactions[2]. We are one of the leading global independent debt advisers and we undertake more European equity advisory assignments than any other independent advisory firm[3], a position that allowed us to benefit from the significant upturn in European equity capital markets activity during the year.

Among the largest publicly announced M&A and Financing Advisory transactions completed during the financial year on which Rothschild advised, were the following:

- *AMR corporation, parent of American Airlines, on its Chapter 11 restructuring and merger with US Airways (US$34.0 billion)*
- *Sprint Nextel, the 3rd largest wireless operator in the U.S, on its disposal of a 78% stake to SoftBank (US$21.6 billion)*
- *BPCE and Natixis, respectively the 2nd largest banking group in France and its corporate, investment and financial services arm, on the sale of Natixis' 20% stake in Banque Populaire and the Caisses d'Epargne (€12.1 billion)*
- *A consortium of Marubeni, POSCO and China Steel on the project financing of the Roy Hill Iron Ore Project (US$7.2 billion)*
- *Severn Trent, the FTSE 100 company which provides and treats water and waste water in the UK and internationally, in relation to the unsolicited offer from the Long River Partners consortium*
- *Almeida Junior, the largest regional shopping mall operator in Brazil, on the acquisition of Westfield's 50% stake in Westfield Almeida Junior*
- *Central Bank of Cyprus on the restructuring and recapitalisation of the country's banking system*
- *Government of Kazakhstan on the take private of Eurasian Natural Resources Corporation PLC (US$4.7 billion)*
- *VINCI Concessions, a subsidiary of the French listed construction company VINCI Group, on its acquisition of a 95% stake in ANA Aeroportos de Portugal (€3.1 billion)*
- *Koninklijke KPN, the incumbent telecoms operator in The Netherlands, on its rights issue (€3.0 billion)*
- *Open Grid Europe, Germany's leading natural gas transmission company, on its refinancing (€2.7 billion)*
- *Promotora de Informaciones SA, the listed Spanish media company, on the restructuring of its existing debt and raising of a new money facility (€3.3 billion combined)*

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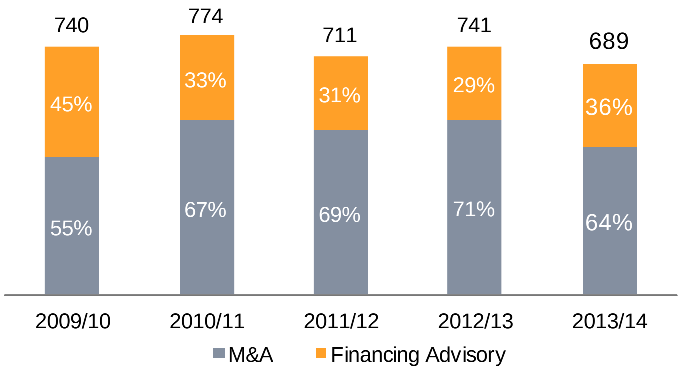
[1] *Source: Thomson Reuters. Completed transactions.*
[2] *Source: Thomson Reuters. Completed transactions in the year to March 2014*
[3] *Source: Dealogic. Completed transactions >$50m in the year to March 2014*

- *Arcapita, the investment banking service provider to individuals and institutions in Bahrain and internationally, on its Chapter 11 filing (US$2.7 billion)*
- *The Izmirlian family on the dual-track sale and refinancing of More London, comprised of 10 prime office buildings on London's South Bank, which concluded in the sale of the estate to St Martins Property Group (£1.7 billion)*
- *Salini, the Italian construction company, in relation to its merger with Impreglio (€1.7 billion)*
- *AO.com, the UK online retailer, on its flotation on the London Stock Exchange (£1.2 billion)*
- *Vestas Wind Systems, the Copenhagen-listed, market-leading manufacturer of wind turbines, on its capital structure refinancing through a new debt facility and equity placing (€1.3 billion)*
- *Electra Partners, the UK based independent private equity fund manager, on the disposal of Allflex to BC Partners (US$1.3 billion)*

Revenues by product over 5 years (in € million)



We continue to advise on more European M&A transactions than any of our competitors, as well as working on some of the largest and most complex transactions announced globally. For example, Rothschild is currently acting as financial advisor to:

- *Lafarge in its merger with Holcim to create LafargeHolcim, a global leader in building materials (€60 billion)*
- *Westfield, owner of one of the world's largest shopping centre portfolios, on the separation of its international business (US$18 billion) and simultaneous merger of its Australian/NZ business with Westfield Retail Trust (A$29 billion)*
- *Alstom, a global leader in power generation, power transmission and rail infrastructure, listed in Paris, on the acquisition of its Energy activities by General Electric (€12.4 billion) and its investment to create an Energy and Transport Alliance with General Electric (€3.1 billion)*
- *Nestlé, the world leader in nutrition, health and well-being, on the disposal to L'Oréal of an 8.0% stake in L'Oréal in exchange for 50% stake of Galderma and €3.4 billion in cash (€6 billion)*
- *PSA Peugeot Citroën, the global car manufacturer, on its capital increase and renewal of its revolving credit facility (€5.7 billion), as well as the strengthening of its industrial and commercial partnership with Dongfeng Motor Corporation, China's second largest carmaker*
- *Rumo Logística, the Brazilian logistics services company, on its merger with America Latina Logística (US$4.7 billion)*
- *The Independent Directors of Olam, the Singapore listed agri-business, on the cash offer for securities from Temasek (US$4.2 billion)*
- *Rolls-Royce, the world-leading provider of power systems and services for use on land, at sea and in the air, on the acquisition of the 50 per cent it did not already own in RRPS (previously Tognum), a joint venture with Daimler (€2.4 billion)*

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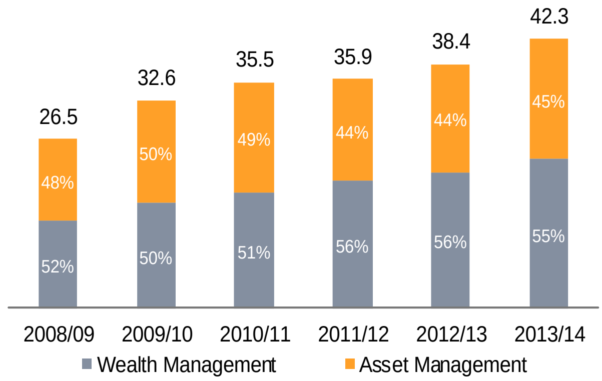
Wealth & Asset Management

Assets under management have increased by 10% to €42.3 billion as at 31 March 2014 (€38.4 billion as at 31 March 2013) due to market appreciation of €3.2 billion and net inflows of €0.7 billion. The net new assets were driven by inflows in Wealth Management (€1.0 billion), partially offset by outflows in Asset Management (€0.3 billion), mainly in the US.

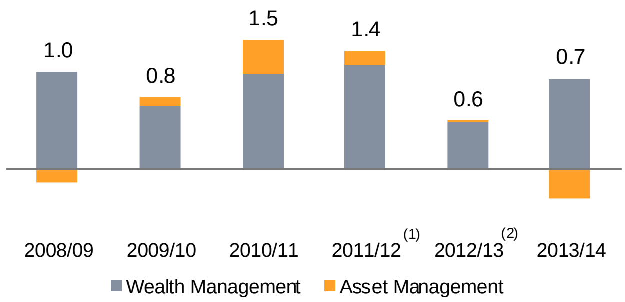
During the year ended 31 March 2014, Wealth and Asset Management generated revenue of €307.0 million, 9% better than the last year (€281.1 million). Revenue growth was mostly driven by the increase in assets under management and an excellent level of performance fees in the Asset Management business, reflecting the fact that Rothschild funds have out-performed their benchmark in the calendar year 2013.

Our European onshore Wealth Management businesses are growing in terms of assets under management and revenues, especially in Brussels, Frankfurt, Geneva, London and Paris. Strategic investments have been made with the hire of an onshore Italian team, a Swiss International team and within the Trust business, with senior appointments for our Singapore and Hong Kong subsidiaries. Looking ahead, in Wealth Management, the Group expects to successfully convert the current healthy asset pipeline into positive net client inflows over the coming year. However, the continuing pressure on our businesses arising from increased regulation, especially in Switzerland, means that conditions will remain difficult in 2014/2015. The US Department of Justice Program has required significant effort from our staff in the last year, and we expect to conclude this in 2014.

Assets under Management (in € billion)



Net new assets (in € billion)



(1) *2011/12: net new assets exclude the outflow of €1.5 billion of assets under management linked to the partial sale of Sélection R in France.*

(2) *2012/13: net new assets include the inflow of €0.8 billion of assets under management linked to the merger with HDF Finance in France*

Merchant Banking

During the year ended 31 March 2014, Merchant Banking generated revenues of €73.6 million compared to €69.1 million the previous year. These revenues include:

- €36.2 million of management fees (€31.1 million for the year ended March 2013),
- €27.7 million of net investment gains (€37.3 million for the year ended March 2013),
- €13.7 million of other investment income, including interest and dividends (€19.7 million for the year ended March 2013);
- less €4.0 million of provisions (€19.0 million for the year ended March 2013).

During the year ended March 2014, disposal proceeds amounted to €65.3 million, generating net investment gains of €27.7 million. Moreover, this division invested €47.0 million, of which €11 million was in proprietary investments and €36 million was in funds managed by Merchant Banking.

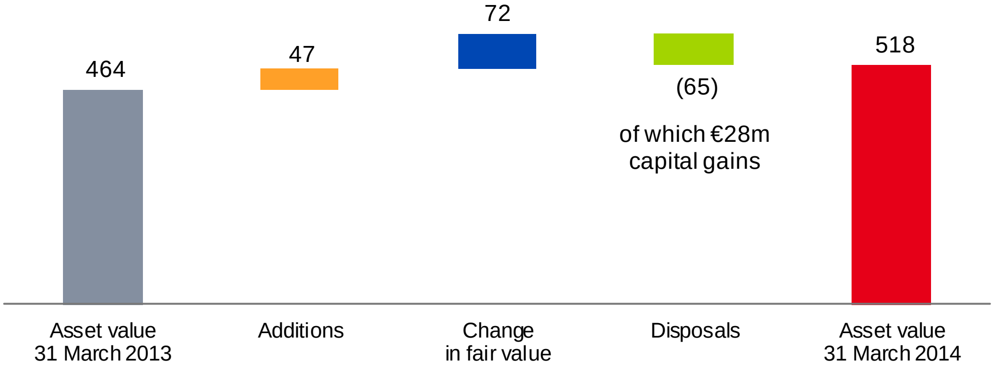
The Group expanded its product offering with the launch of a new fund initiative, Five Arrows Credit Solutions ("FACS"), a fund targeted at capturing opportunities in the European high yielding junior credit market (on both primary and secondary opportunities). Shortly after the year end FACS held its final closing at €415 million. As at March 2014, the European senior credit fund (Oberon I) had closed at €200 million.

Assets under management at 31 March 2014 were €3.2 billion compared to €2.9 billion at March 2013. The majority of this increase was due to the launch of FACS, partially offset by the sale, in November 2013, of the R Capital Management team.

Merchant Banking asset value of Group's private equity assets

in €m	31/03/2012	31/03/2013	31/03/2014
Managed private funds	123	116	158
Paris Orléans Proprietary investments	350	333	347
Other	17	15	13
Total gross assets	**490**	**464**	**518**

Changes in the asset value (in €m)



Banking and Asset Finance

The legacy banking book continues to reduce in line with our plans to exit the corporate lending business. Legacy drawings fell to €396 million as at 31 March 2014, down from €570 million as at 31 March 2013.

Operating expenses

For the year ended 31 March 2014, staff costs were €699.3 million compared to €708.9 million[1] in the prior year. The decrease of €9.6 million results from a one-off credit of €10.7 million arising from changes made to the UK and Swiss defined benefit pension schemes that reduce past pension costs.

Overall Group headcount increased from 2,764 to 2,804 as at March 2014.

For the year ended 31 March 2014, administrative expenses were €251.0 million compared to €214.3 million for 2012/2013, representing an increase of €36.7 million.

Staff costs & administrative expenses for the year ended 31 March 2014 included net exceptional charges of €31m (€6 million in the year to March 2013), related to:

- IT infrastructure outsourcing reorganisation costs of €16 million
- Several specific legacy legal provisions of €26 million (relating to the US Department of Justice Program, the tax settlement between the UK and Swiss authorities, various provisions against legal claims and related costs)
- Less a one-off credit of €10.7 million arising from changes made to defined benefit pension schemes

More details on net exceptional charges are provided in Appendix 2 on page 10.

Impairment charges and loan provisions

For the year ended 31 March 2014, impairment charges and loan provisions were a credit of €6.8 million, mainly as a result of recoveries on previously impaired assets, compared to a charge of €31.4 million for 2012/2013.

Edmond de Rothschild (Suisse) SA

A further impairment of €26.6 million relating to the 8.4% shareholding in Edmond de Rothschild (Suisse) SA has been taken for the year ended 31 March 2014 (€21.9 million was taken at the half year to September 2013), reflecting a decline in the share price.

Income tax

For the year ended 31 March 2014, the income tax charge was €42.7 million, split between a current tax charge of €25.2 million and deferred tax charge of €17.5 million, giving a reported tax rate of 40%.

It should be noted that the effective tax rate would have been 28% without:

- the further impairment of Edmond de Rothschild (Suisse) SA,
- the impact of reduced UK corporation tax rates (from 23% to 20%) on deferred tax assets
- the effects of prior year tax adjustments

Non-controlling interests

For the year ended 31 March 2014, the charge for Non-controlling interests was €55.6 million compared to €42.3 million for 2012/2013. The change is largely due to losses, incurred in the prior year before the June 2012 Group reorganisation, being attributed to former minority interests.

[1] Flat-rate fees paid to Senior Advisors (external advisors) are now treated as staff costs rather than administrative expenses.

Liquidity – Capital

The Group continues to maintain a high level of liquidity. On 31 March 2014, cash placed with central banks and banks accounted for 54% of total assets (56% at March 2013).

Shareholders' equity, excluding non-controlling interests, increased from €1,225 million as at 31 March 2013 to €1,269 million as at 31 March 2014, due to a combination of profit for the year (€8.4 million), net AFS fair value gains (€64.8 million) less dividends paid (€35 million).

Group solvency ratio

The Group is regulated by the French Prudential and Resolution Authority (*ACPR: Autorité de Contrôle Prudentiel et de Résolution*) as a financial company ("*Compagnie Financière*"). Its regulatory ratios are communicated to the ACPR on 30 June and 31 December of each year. The most recent ratios are set out below:

	Basel 3 rules 31/03/2014	Full Basel 3 minimum with the CCB [1]
Core Tier 1 = Tier 1 ratio	15.9%	7.0%
Global solvency ratio	18.3%	10.5%

1 : CCB = Capital Conservation Buffer

Source: PO - unaudited figures

Dividend

A dividend of €0.50 per share, the same as last year, will be proposed by the Managing Partner, PO Gestion SAS, at the Paris Orléans Annual General Meeting on 25 September 2014, called to approve the financial statements for the year ended 31 March 2014. The Managing Partner will propose to shareholders the right to elect for payment of the dividend, for the total amount of the dividend which they are entitled to, either in cash or new shares of Paris Orléans.

Medium-term outlook

Our priorities remain focused on improving profitability, cost discipline and capturing the synergies between our three core businesses.

The M&A market is showing positive signs at present with deal flow picking up in recent months in Europe, but still in a highly volatile global environment. If this level of activity persists we will see a positive impact in our business performance.

The Group's stable, long-term shareholding structure, its solid financial position and the quality of its people will allow it to continue the development of its activities. Because of this, the Group remains confident in its ability to deliver stronger returns to shareholders in the longer term.

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Appendix 1: Quarterly progression of revenues

In €m		2012/2013	2013/2014
Global Financial Advisory	1st quarter	136.9	141.6
	2nd quarter	171.6	158.0
	3rd quarter	239.5	200.0
	4th quarter	192.7	189.1
	FY	**740.7**	**688.7**
Asset Management [1]	1st quarter	101.5	82.9
	2nd quarter	77.1	86.8
	3rd quarter	99.9	115.4
	4th quarter	71.8	95.5
	FY	**350.3**	**380.6**
Other [2]	1st quarter	13.2	13.3
	2nd quarter	13.8	12.7
	3rd quarter	16.1	15.2
	4th quarter	19.0	19.8
	FY	**62.1**	**61.0**
Statutory adjustments	1st quarter	(5.8)	(2.3)
	2nd quarter	(3.9)	-
	3rd quarter	2.5	(8.8)
	4th quarter	1.2	(11.5)
	FY	**(6.0)**	**(22.6)**
Total Group Revenues	**1st quarter**	**245.8**	**235.5**
	2nd quarter	**258.6**	**257.5**
	3rd quarter	**358.0**	**321.8**
	4th quarter	**284.7**	**292.9**
	FY	**1,147.1**	**1,107.7**

[1] Asset Management comprises the Wealth & Asset Management and the Merchant Banking businesses

[2] Other comprises Central cost, legacy businesses, including Specialist Finance, and other

Appendix 2 - Net exceptional charges in Net income – Group share

- **Financial year 2013/2014 (see page 7)**

(in €m)	Operating income			Other PBT	Total	Net income - Group share
	Staff costs	Admin expenses	Depreciation			
- IT outsourcing	(3)	(12)	(1)		**(16)**	(11)
- Legacy legal costs		(26)			**(26)**	(16)
- Pensions credit	11				**11**	8
- EDR (Suisse) impairment				(27)	**(27)**	(18)
- UK deferred tax asset write off					**0**	(6)
Total	**8**	**(38)**	**(1)**	**(27)**	**(58)**	**(43)**
	(31)					
Net income - Group share excluding exceptionals						***51***

- **Financial year 2012/2013**

(in €m)	Operating income			Other PBT	Total	Net income - Group share
	Staff costs	Admin expenses	Depreciation			
- Legacy legal costs		(6)			**(6)**	(5)
- EDR (Suisse) impairment				(46)	**(46)**	(31)
- UK deferred tax asset write off					**0**	(2)
- Losses attributable to minority shareholders prior to June 2012					**0**	16
Total	**0**	**(6)**	**0**	**(46)**	**(52)**	**(22)**
	(6)					
Net income - Group share excluding exceptionals						***64***

Appendix 3: Change in accounting standards since 1 April 2013

IAS 19 Employee Benefits (revised) requires changes in the recognition and measurement of defined benefits expenses. The most significant impact for the Group is to increase the net pension expense in the Income Statement by the difference between the current expected return on plan assets and the return calculated by applying the discount rate calculated in accordance with IAS 19. As a result of these changes, the income statement for the year ended 31 March 2013 has been restated:

- the charge for defined benefit pensions is now €8.1 million greater
- the Net income - Group share has been reduced by €5.7 million.

Finally, the adoption of IAS 19 Employee Benefits (Revised) by the Group's Swiss actuaries has caused one additional change in the Balance Sheet; the mortality assumptions in Switzerland have now become more prudent. The effect has been to increase the Swiss defined benefit fund obligation by around 4% or €7 million. The balance sheet comparatives have been revised to reflect this change, with last year's shareholders' funds reducing by €4 million.

Appendix 4: Notes to financial information for 2013/2014

1. Statutory adjustments for revenues mainly represent reallocation of impairments, offset by various other IFRS adjustments. The segmental analysis is prepared from non-IFRS data used internally.

2. Revenues exclude dividend income relating to Edmond de Rothschild (Suisse) SA, in line with the treatment adopted in the annual 2012/2013 Paris Orléans' consolidated accounts.

Financial calendar

▪ 7 August 2014 after market close	Financial information for the first quarter of FY 2014/2015
▪ 25 September 2014 – 9.30 am - CET	Annual Shareholders General Meeting
▪ 25 November 2014 after market close	Results of the first half-year of the 2014/2015 financial year
▪ 13 February 2015 after market close	Financial information for the third quarter of FY 2014/2015
▪ 24 June 2015 after market close	Financial year 2014/2015 results

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About Paris Orléans, the parent company of the Rothschild Group

Paris Orléans operates in the following areas:

- *Global Financial Advisory provides advisory services for mergers and acquisitions, debt financing and restructuring, and equity capital markets;*
- *Wealth & Asset Management, and*
- *Merchant Banking which comprises third party private equity and private debt business and proprietary investments.*

Paris Orléans SCA is a French partnership limited by shares (société en commandite par actions) with a share capital of €142,208,216. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Paris Orléans is listed on NYSE Euronext in Paris, Compartment A - ISIN Code: FR0000031684.

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