French public limited company with a Management Board and a Supervisory Board
and share capital of 63 264 160 €
Registered office : 23 bis, avenue de Messine 75008 PARIS
Paris Registry of Companies (RCS) no. 302 519 228

# Interim financial report
# Six months ended 30 September 2008

The Paris Orléans Executive Board met on 1 December 2008 to approve the Group's summary interim consolidated financial statements for the period from 1 April 2008 to 30 September 2008.

## 1. Activity and highlights of the period

Consolidated net income in the first six months of the 2008-2009 financial year amounted to €53.2 million before minority interests, of which the Group share totalled €43.1 million. In the corresponding period last year, net income (group share) amounted to €92.4 million, after inclusion of a significant non-recurring capital gain in respect of the deconsolidation in April 2007 of the Courcelles Participations / SIACI subgroup. It should be noted that the consolidation scope is not comparable between the two periods as the holding company for the Group's banking interests, Concordia BV, was only 50%-owned during the first half of 2007-2008.

Consolidated net banking income in the first six months of the year totalled €321.9 million, giving gross operating income of €42.9 million. After taking into account cost of risk, the share of net income arising from companies accounted for by the equity method and capital gains on the disposal of equity interests, the Group posted income before tax of €76.5 million.

The banking crisis and the associated upheavals in the financial markets worldwide led to a sharp slowdown in mergers and acquisitions activity for all market players during the period. For the Group, this slowdown was at least partially offset by very buoyant conditions for its corporate debt and restructuring advisory services. Despite the decline relative to the corresponding period last year, mandates won by the advisory activities (mergers and acquisitions, debt and restructuring) remain at a satisfactory level given the current state of the market.

The banking group maintained liquidity at a high level throughout the period, with its balance sheet ratios consistently higher than the minimum levels required by the regulatory bodies.

Lending activities were affected by the recent escalation of the financial crisis caused by the failure of Lehman Brothers. With this background, the Group continued the process begun in the previous year of reducing its exposure to the credit market.

In preparing the interim financial statements, the Group has opted to apply the recent amendment to IAS 39 adopted by the European Commission on 15 October 2008. Accordingly, available-for-sale financial assets totalling €437.5 million were reclassified as loans and receivables as of 1 July 2008. On that date, unrealized capital losses amounting to €51.9 million on these financial assets had already been recognized. This reclassification had no impact on the income statement for the period.

The Group's private equity activities benefited from the disposal on 6 May 2008 of the 40% interest in the Manufaktura shopping centre in Lodz, Poland for €57.5 million, where €32 million has been received. The remaining €25.5 million is due in four instalments, the last of which is scheduled on 31 December 2011. This disposal resulted in the recognition by the Paris Orléans Group of a consolidated post-tax capital gain of €54.5 million, the Group's share being €50.3 million.

## 2. Analysis by activity

- Banking

Fee income, which comprises mainly the operating revenues from investment banking and private banking, amounted to €246.5 million for the period. Fees from investment banking, and more particularly those from mergers and acquisitions, declined relative to the record levels achieved in the corresponding period last year. This slowdown, which may continue in the second half of the year, is expected to be partially offset by higher fees from restructuring and debt advisory services.

The interest margin of €50.1 million for the first six months of the year was lower relative to the corresponding period last year, largely due to the higher cost of financing.

For the Concordia BV subgroup as a whole, net banking income totalled €312.6 million for the period and gross operating income totalled €39.6 million.

As a result of the banking turmoil spreading to the financial markets, cost of risk in the corporate and investment banking activities amounted to €38.2 million, including an impairment charge of €28.9 million relating to our exposure to Lehman Brothers.

The Group's banking activities contributed €17.1 million to income before tax after taking into account the share of net income from companies accounted for by the equity method.

The contribution to consolidated net income of this subgroup was a negative €0.9 million for the period.

- Private equity

At 30 September 2008, portfolio change in the private equity activity is shown in new investments of €86.6 million (17 investments) and commitments in respect of two funds totalling €11 million. There were five disposals, totalling €69 million, including €57.5 million from the disposal of the Group's interest in Manufaktura. Calls for funds amounted to €5.4 million during the period, and capital totalling €2 million was returned. Gains on the available-for-sale securities portfolio held by the private equity activity included €5.2 million in dividends received from long-term equity interests.

Net banking income from the private equity subgroup reached €9.3 million for the period. After taking into account the capital gain realized on Manufaktura, income before tax reached €59.4 million.

The Group's private equity activities (excluding the Concordia BV subgroup) contributed €54.1 million to consolidated net income in the first half of 2008-2009.

### 3. Risk management

Detailed comments on the management of risks associated with financial instruments used or held by the Group (particularly credit, market and liquidity risks) are set out in section IV of the notes to the consolidated financial statements.

### 4. Transactions with related parties

Transactions with related parties during the period are detailed in Note 27 of the notes to the interim consolidated financial statements.

# GROUPE PARIS-ORLEANS

## CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

**In thousands of euros**

| Assets | Notes | 30/09/2008 | 31/03/2008 |
|---|---|---|---|
| Cash and amounts due from central banks | | 62 851 | 35 977 |
| Financial assets at fair value through profit or loss | 1 | 57 411 | 46 805 |
| Hedging derivatives | 2 | 12 040 | 10 342 |
| Available-for-sale financial assets | 3 | 2 856 243 | 3 665 980 |
| Loans and receivables to banks | 4 | 2 990 123 | 2 743 768 |
| Loans and receivables to customers | 5 | 2 601 565 | 2 633 106 |
| Current tax assets | | 26 071 | 28 585 |
| Deferred tax assets | 16 | 81 583 | 80 344 |
| Estimated accounts and other assets | 6 | 275 750 | 274 427 |
| Non-current assets held for sale | 15 | 45 997 | 48 882 |
| Investment accounted for by equity method | 7 | 157 323 | 140 674 |
| Investment property | | 47 | 138 |
| Tangible fixed assets | | **137 981** | **118 452** |
| Intangible fixed assets | | ***176 357*** | ***179 426*** |
| Goodwill | | 65 932 | 66 033 |
| **TOTAL ASSETS** | | **9 547 274** | **10 072 939** |

# GROUPE PARIS-ORLEANS

## CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

**In thousands of euros**

| Liabilities and shareholders' equity | Notes | 30/09/2008 | 31/03/2008 |
|---|---|---|---|
| Due to central banks | | - | 73 |
| Financial liabilities at fair value through profit or loss | 1 | 91 562 | 111 142 |
| Hedging derivatives | 2 | 29 074 | 28 042 |
| Due to banks | 8 | 2 446 985 | 2 462 021 |
| Due to customers | 9 | 3 215 351 | 3 375 521 |
| Debts securities in issue | 10 | 1 483 262 | 1 573 898 |
| Current tax liabilities | | 11 709 | 16 651 |
| Deferred tax liabilities | 16 | 53 676 | 57 109 |
| Estimated accounts and other liabilities | 11 | 408 960 | 642 273 |
| Liabilities related to non-current assets held for sale | 15 | 32 870 | 34 434 |
| Provisions | 12 | 74 882 | 61 163 |
| Subordinated debt | 13 | 271 669 | 254 098 |
| **Shareholders' equity** | | **1 427 275** | **1 456 514** |
| ***Shareholders' equity - Group share*** | | ***641 104*** | ***632 655*** |
| Share capital | | 63 264 | 63 264 |
| Share premium | | 491 499 | 491 499 |
| Unrealised or deferred gains or losses | | (36 809) | (26 301) |
| Available-for-sale financial assets' revaluation reserves | | 485 | 11 998 |
| Cash flow hedge reserves | | (2 867) | 267 |
| Translation reserves | | (34 427) | (38 566) |
| Consolidated reserves | | 80 022 | (4 939) |
| Net income - Group share | | 43 128 | 109 132 |
| ***Minority interests*** | | ***786 170*** | ***823 859*** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **9 547 274** | **10 072 939** |

# GROUPE PARIS-ORLEANS

## CONSOLIDATED INCOME STATEMENT AS AT 30 SEPTEMBER 2008

**In thousands of euros**

| CONSOLIDATED INCOME STATEMENT | Notes | 30/09/2008 | 30/09/2007 | 30/09/2007 PROFORMA |
|---|---|---|---|---|
| + Interest income | 17 | 261 000 | 4 272 | 297 203 |
| - Interest expense | 17 | (204 407) | (972) | (226 247) |
| + Fee income | 18 | 247 587 | 13 | 453 277 |
| - Fee expense | 18 | (13 448) | | (26 401) |
| +/- Net gain/(loss) on financial instruments at fair value through profit or loss | 19 | 6 320 | 1 109 | (15 381) |
| +/- Net gain/(loss) on available-for-sale financial assets | 20 | 19 265 | 14 366 | 24 290 |
| + Other operating income | 21 | 9 433 | 2 | 2 626 |
| - Other operating expenses | 21 | (3 872) | | |
| **Net banking income** | | **321 878** | **18 790** | **509 367** |
| - Operating expenses | 22 | (269 221) | (6 076) | (437 546) |
| - Amortisation, depreciation and impairment of tangible and intangible fixed assets | | (9 790) | (49) | (14 244) |
| **Gross operating income** | | **42 867** | **12 665** | **57 577** |
| - Cost of risk | 23 | (40 374) | | (12 063) |
| **Operating income** | | **2 493** | **12 665** | **45 514** |
| +/- Net income from companies accounted for by the equity method | 7 | 18 468 | 22 798 | 24 318 |
| +/- Net income/expense from other assets | 24 | 55 564 | 72 244 | 75 985 |
| - Impact of goodwill | | - | | |
| **Profit before tax** | | **76 525** | **107 707** | **145 817** |
| - Income tax expense | 25 | (23 362) | (15 087) | (21 524) |
| +/- Net income for discontinued activities and assets held for sale | | - | | |
| **Consolidated net income** | | **53 163** | **92 620** | **124 293** |
| MINORITY INTERESTS | | 10 035 | (209) | (30 718) |
| **NET INCOME - GROUP SHARE** | | **43 128** | **92 411** | **93 575** |
| Basic earnings per share - Group share (in Euros) | | 1,49 | 3,67 | 4,38 |
| Diluted earnings per share - Group share (in Euros) | | 1,49 | 3,67 | 4,38 |

## RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands of euros

| | Capital and associated reserves | | | | Unrealized or deferred capital gains or losses (net of tax) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capitalassociated reserves | Treasury shares | Consolidated reserves | Related to translation differences | Linked to re-evaluation | Changes in value of fi nancial instruments | | Net income, Group share | Shareholders' equity, Group share | Shareholders' equity, minority interests | Total consolidated shareholders' equity |
| | Financial assets at fair value through profit or loss | | | | | | Available-for-sale Reserve | Hedging Reserve | | | | |
| **Shareholders' equity at 1 April 2007** | **19 179** | **317 644** | **(2 274)** | **150 779** | **(6 314)** | **-** | **104 535** | **(556)** | **-** | **582 993** | **5 314** | **588 307** |
| Increase in common stock | 44 085 | 173 855 | - | - | - | - | - | - | - | 217 940 | - | 217 940 |
| Elimination of treasury shares | - | - | (7 999) | - | - | - | (17 863) | - | - | (25 862) | (2 894) | (28 756) |
| Share-based payment transactions | - | - | - | (2 050) | - | - | - | - | - | (2 050) | (1 092) | (3 142) |
| 2007 Dividends paid | - | - | - | (12 252) | - | - | - | - | - | (12 252) | - | (12 252) |
| Effect of acquisitions and disposals on minority interests | - | - | - | (158 362) | - | - | - | - | - | (158 362) | - | (158 362) |
| Sub-total of changes linked to relations with shareholders | 44 085 | 173 855 | (7 999) | (172 664) | - | - | (17 863) | - | - | 19 414 | (3 986) | 15 428 |
| **Changes in value of fi nancial instruments and fixed assets having an impact on equity** | **-** | **-** | **-** | **908** | **-** | **-** | **(74 815)** | **633** | **-** | **(73 274)** | **(18 959)** | **(92 233)** |
| Changes in value of financial instruments and fixed assets recognized in income | - | - | - | 27 | - | - | (8 837) | (1) | - | (8 811) | (34 294) | (43 105) |
| Actuarial gains/ (losses) on defi ned benefi t funds | - | - | - | 1 023 | - | - | - | - | - | 1 023 | (6 712) | (5 689) |
| Interest on undated subordinated debt | - | - | - | - | - | - | - | - | - | - | (3 818) | (3 818) |
| Net income for the period | - | - | - | - | - | - | - | - | 109 132 | 109 132 | 16 818 | 125 950 |
| Change in accounting methods | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in consolidation scope | - | - | - | (17 212) | (99) | - | 2 964 | (6) | - | (14 353) | 829 397 | 815 044 |
| Translation differences and other changes | - | - | - | 42 473 | (32 153) | - | 6 014 | 197 | - | 16 531 | 40 099 | 56 630 |
| Shareholders' equity at 31 March 2008 | 63 264 | 491 499 | (10 273) | 5 334 | (38 566) | - | 11 998 | 268 | 109 132 | 632 656 | 823 859 | 1 456 514 |
| **Allocation of profit** | **-** | **-** | **-** | **109 131** | **-** | **-** | **-** | **-** | **(109 132)** | **-** | **-** | **-** |
| Shareholders' equity at 1 April 2008 | 63 264 | 491 499 | (10 273) | 114 465 | (38 566) | - | 11 998 | 268 | - | 632 656 | 823 859 | 1 456 514 |
| **Increase in common stock** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Elimination of treasury shares | - | - | 718 | - | - | - | (891) | - | - | (173) | (859) | (1 032) |
| Share-based payment transactions | - | - | - | (1 286) | - | - | - | - | - | (1 286) | (1 104) | (2 390) |
| 2008 Dividends paid | - | - | - | (15 501) | - | - | - | - | - | (15 501) | (18 000) | (33 501) |
| Effect of acquisitions and disposals on minority interests | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total of changes linked to relations with shareholders | - | - | 718 | (16 787) | - | - | (891) | - | - | (16 960) | (19 963) | (36 923) |
| **Changes in value of financial instruments and fixed assets having an impact on equity** | **-** | **-** | **-** | **219** | **-** | **-** | **(11 052)** | **(3 116)** | **-** | **(13 949)** | **(13 339)** | **(27 288)** |
| Changes in value of financial instruments and fixed assets recognized in reserves | - | - | - | - | 193 | - | 1 027 | - | - | 1 220 | 940 | 2 160 |
| Actuarial gains/ (losses) on defined benefit funds | - | - | - | (9 517) | - | - | - | - | - | (9 517) | (8 575) | (18 092) |
| Interest on undated subordinated debt | - | - | - | - | - | - | - | - | - | - | (5 103) | (5 103) |
| Net income for the period | - | - | - | - | - | - | - | - | 43 128 | 43 128 | 10 035 | 53 163 |
| Change in accounting methods | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in consolidation scope | - | - | - | 1 528 | (150) | - | 28 | (4) | - | 1 402 | (3 989) | (2 587) |
| Share of changes in shareholders' equity of associated companies and joint ventures accounted for using the equity method | - | - | - | - | - | - | - | - | - | - | - | - |
| Translation differences and other changes | - | - | 18 | (351) | 4 097 | - | (626) | (15) | - | 3 125 | 2 304 | 5 429 |
| **Shareholders' equity at 30 september 2008** | **63 264** | **491 499** | **(9 537)** | **89 559** | **(34 427)** | **-** | **485** | **(2 867)** | **43 128** | **641 104** | **786 170** | **1 427 275** |

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
**In thousands of euros**

| | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Actuarial gains/(losses) | (18 092) | - |
| Gain/(losses) from changes in fair value of available-for-sale assets | (21 477) | (2 802) |
| Interest on subordinated debt | (5 103) | - |
| Changes in value of hedging derivatives | (5 809) | 259 |
| **Income and expenses directly recognised as shareholders' equity** | **(50 481)** | **(2 543)** |
| Net income for the period | 53 163 | 92 620 |
| **TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD** | **2 682** | **90 077** |
| *Of which Group share* | 19 817 | 89 868 |
| *Of which minority interests* | (17 135) | 209 |

## CASH FLOW STATEMENT
**In thousands of euros**

| | 30/09/2008 | 30/09/2007 |
|---|---|---|
| **Net income** | **53 163** | **92 620** |
| +/- Net amortisation expense on tangible fixed assets and intangible assets | 11 160 | 49 |
| - Amortisation of consolidated goodwill and other fixed assets | - | - |
| +/- Depreciation and net allocation to provisions | 1 456 | 369 |
| +/- Net income/loss from companies accounted for by the equity method | (18 468) | (22 798) |
| +/- Net loss/(gain) from investing activities | (25 205) | (81 061) |
| +/- Net loss/(gain) from financing activities | 4 731 | 972 |
| +/- Other movements | 1 341 | (960) |
| Deferred tax expense/(benefit) | (3 234) | 11 853 |
| **Total of non-monetary items included in net income and other adjustments** | **24 944** | **1 044** |
| +/- Interbank transactions | (158 260) | - |
| +/- Customers transactions | 260 595 | - |
| +/- Transactions related to other financial assets and liabilities | (223 432) | - |
| +/- Transactions related to other non-financial assets and liabilities | (1 783) | 9 273 |
| **Net decrease/(increase) in cash related to operating assets and liabilities** | **(122 880)** | **9 273** |
| **Net cash infl ow (outfl ow) related to operating activities (A)** | **(97 936)** | **10 317** |
| +/- Inflow (outflow) related to financial assets and long-term investments | 298 677 | 14 818 |
| +/- Inflow (outflow) related to investment property | - | - |
| +/- Inflow (outflow) related to tangible and intangible fixed assets | (26 410) | - |
| **Net cash infl ow (outfl ow) related to investment activities (B)** | **272 267** | **14 818** |
| +/- Cash flows from/(to) shareholders | (34 491) | (12 251) |
| +/- Other net cash flows from financing activities | 9 149 | (1 701) |
| **Net cash inflow (outflow) related to financing activites (C)** | **(25 342)** | **(13 952)** |
| **Impact of exchange rates changes on the cash and cash equivalents (D)** | **74** | **(70)** |
| **Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)** | **149 063** | **11 113** |

| | | |
|---|---|---|
| **Net cash and cash equivalents at the beginning of the period** | **461 723** | **2 079** |
| Cash and amounts due/from central banks | 35 975 | |
| Accounts (assets and liabilities), demand deposit and loans with banks | 425 748 | 2 079 |
| **Net cash and cash equivalents at the end of the period** | **610 786** | **13 192** |
| Cash and amounts due/from central banks | 62 847 | |
| Accounts (assets and liabilities), demand deposit and loans with banks | 547 939 | 13 192 |
| **NET INFLOW (OUTFLOW) IN CASH** | **149 063** | **11 113** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SEMESTER 2008-20

## I. Highlights of the financial semester

The first half of the 2008-2009 financial year, ended on 30 September 2008, shows a mixed picture for the Group's various activities.

The Group's private equity activities benefited from the disposal on 6 May 2008 of the 40% holding in the Manufaktura shopping centre in Lodz, Poland for €57.5 million of which €32 million has been received with the remaining €25.5 million due in four instalments, the last of which is scheduled on 31 December 2011. This disposal resulted in the recognition by the Paris Orléans Group of a consolidated post-tax capital gain of €54.5 million, of which the Group's share is €50.3 million.

The accentuation of the financial crisis from July 2008 onwards had a profound impact on the Group's banking activities, a situation that was exacerbated by the repercussions from the failure of Lehman Brothers in September. As prices collapsed for many financial assets, including equities, LBO debt and securitization products, the functioning of the money markets (particularly the interbank market) and financial markets was severely disrupted. In these circumstances, net banking income from the Group's mergers and acquisitions activity fell sharply from the record level achieved in the corresponding period last year. This unfavourable environment also had an adverse impact on other banking activities in the United Kingdom. In particular, cost of risk in the Group's banking activities rose to €38.1 million for the first half-year, partly explaining their negative contribution of €6.6 million to the Group's share of net income.

In preparing the interim financial statements, the Group has opted to apply the recent amendment to IAS 39 adopted by the European Commission on 15 October 2008. Accordingly, available-for-sale financial assets totalling €437.5 million were reclassified as loans and receivables on 1 July 2008. On that date, unrealized capital losses amounting to €51.9 million on these financial assets had already been recognized. This reclassification had no impact on the income statement for the period.

The Group share of consolidated net income in the first six months of the 2008-2009 financial year totalled €43.1 million. In the corresponding period last year, net income (group share) amounted to €92.4 million, after inclusion of a significant non-recurring capital gain on deconsolidation in April 2007 of the Courcelles Participations / SIACI subgroup. Furthermore, it should be noted that the consolidation scope is not comparable between the two periods as the Group's banking interests were equity accounted during the first half of 2007-2008.

There have been no significant events subsequent to 30 September 2008.

## II. Preparation of the financial statements

The consolidated financial statements of the Paris Orléans Group for the six months ended 30 September 2008 are prepared in accordance with the International Financial Reporting Standards ("IFRS") in force on the closing date, as adopted within the European Union by Commission Regulation (EC) No. 1606/2002 and especially in accordance with the IAS 34 standard relating to intermediate financial information.

They cover the period from 1 April 2008 to the 30 September 2008 and, unless stated otherwise, are in thousands of euros (k€). A pro forma income statement for the first half of the 2007-2008 financial year is presented. It has been prepared on the assumption that control of the Concordia BV subgroup was acquired on 1 April 2007.

The Group applies all the IAS (International Accounting Standards) / IFRS (International Financial and Reporting Standards) as well as their interpretations, as adopted on the closing date for the consolidated financial statements.

IFRS 8, which was adopted in Commission Regulation (EC) No. 1358/2007 of 21 November 2007 and which is applicable to financial years that start as from 1 January 2009, was not adopted early for this financial year.

The financial statements are prepared under the historical cost convention, with the exception of certain categories of assets and liabilities, in accordance with the rules laid down by the IFRS.

These notes to the consolidated financial statements have been prepared taking into account the intelligibility, relevance, reliability, comparability and materiality of the information provided.

The consolidated financial statements were signed by the Executive Board on 1 December 2008.

The Group parent company is Paris Orléans S.A., a French société anonyme with a Executive Board and a Supervisory Board, for which the registered office, at 30 September 2008, was located at the following address: 23 bis, avenue de Messine 75008 Paris (Paris Trade and Companies Registry no. 302 519 228). The company is listed on the Euronext Paris Eurolist market (Compartment B).

## III. Accounting principles and valuation methods

In preparing the financial statements using the group's accounting principles, management has had to make assumptions and estimates that affect the carrying value of certain expenses, income, assets and liabilities. To do this, at each period end the Paris Orléans group draws conclusions based on its past experience and all other factors pertinent to its business.

The main impacts of the estimates affect consolidated goodwill and available-for-sale financial assets.

The accounting principles and methods applied by the Group in preparing its summary interim consolidated financial statements are identical to those used and described in the financial statements for the year ended 31 March 2008. They also apply the provisions of IAS 34 "Interim Financial Reporting" and the new amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15 October 2008.

## IV. Financial risk management

In accordance with IFRS 7 "Financial instruments: Disclosures", the risk relating to financial instruments and the way in which these are managed by the Group are described below:

**Governance**

To facilitate the efficient administration of the affairs of the Company and its principal subsidiaries, the Board of the Company has delegated certain functions and responsibilities to the following principal committees in Rothschilds Continuation Holdings AG ("RCH AG"), an intermediate holding company in the Group.

Group Management Committee

Banking Management Committee

Global Investment Banking Committee

Group Private Banking and Trust Committee

Global Asset and Liability Committee

Group Audit Committee

Group Risk Committee

Group Remuneration and Nominations Committee

The terms of reference and membership of these committees are regularly reviewed.

The Group Risk Director for the RCH subgroup co-ordinates risk policy and promotes the developments and maintenance of effective procedures. The Group Compliance Director monitors compliance with laws and regulations within each of the jurisdictions RCH AG operates in. They are supported by locally based risk and compliance staff in the larger entities.

The risks faced by the Group's principal operating subsidiaries can be categorised as follows:

Credit Risk arises from the potential failure of counterparties and customers to meet their obligations. This risk is managed and mitigated through loan documentation, credit policies including credit approval, and monitoring and review processes which are independent of the relationship managers.

Market Risk arises from changes in the market value of assets and liabilities. Financial instruments, including derivatives, are used to provide clients with solutions to meet their commercial objectives. Financial instruments are also used to manage the Group's exposure to market risk arising from movements in exchange rates, interest rates and volatility levels. Market risk from trading activities is subject to appropriate limits and is measured and monitored independently of traders.

Liquidity Risk is the risk that the operating businesses will be unable to meet their obligations because of a mismatch in maturity of assets and liabilities. Liquidity risk is assessed on a regular basis and controlled by gap limits.

Operational Risk, which is inherent in all business activities, is the risk of loss arising from the failure of internal controls, operational processes or systems, or from external events. Key to the management of operational risk is the maintenance of a strong framework of internal controls. These are subject to regular independent review by the internal audit department of the subgroup RCH, whose findings are reported to the RCH Audit Committee which monitors the implementation of any recommendations. Operational risk encompasses reputational risk, which is particularly relevant to the Group business business. Reputational risk is managed through formal approval processes for new business and operational procedures for the conduct of business. The subgroup RCH maintains insurance policies to mitigate loss in the event of certain operational risk events.

Responsibility for monitoring risks rests with individual businesses supported by separately constituted committees, which approve policies, set limits, monitor exceptions and make recommendations on operational, liquidity, credit and market risk decisions. Liquidity is also monitored at RCH level within prudent limits set at individual company level.

Independent external audits of operating subsidiaries are carried out annually and these are supported by testing of the internal control framework by the internal auditors of RCH who report their fi ndings to the audit committees of the companies concerned and, ultimately, to the Board and Audit Committee of RCH.

**Strategy in using financial instruments**

The use of financial instruments is fundamental to the Group's banking and treasury activities. The Group provides a range of lending products to its clients and funds these activities by means of deposit taking, medium term note issuance and other borrowings. The Group invests in debt securities in order to profit from the interest margin over its cost of funds and to provide a portfolio of liquid assets to assist in the management of liquidity risk and to hedge forecast cashflows. The Group uses derivative financial instruments to meet clients' requirements, for proprietary trading and to manage its exposure to interest rate and currency risk. Further information on derivative contracts and the Group's hedging strategies is set out in notes 1 and 2. The key risks arising from the Group's activities involving financial instruments are as follows:

Credit risk.

Market risk.

Liquidity and funding risk.

**Credit risk**

Credit risk arises from all exposures to clients and counterparties relating to the Group's lending, trading and investment activities. Limits on credit risk are set in NMR, which is the Group's largest subsidiary, by the Group Management Committee and by the Credit Committee. The Credit Committee of NMR reviews concentrations and makes recommendations on credit decisions to the Executive Board. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures is secured on property or other assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. Credit exposure on derivatives is measured as the current replacement value plus an allowance for the potential change in replacement value.

The Credit Committee reviews credit exposures on loans and debt securities on a quarterly basis and for this purpose they are classifi ed as follows:

**Category 1**

Exposures where the payment of interest or principal is not in doubt and which are in compliance with the terms of their loan agreements.

**Category 2**

Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; diffi cult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.

**Category 3**

Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.

**Past due but not impaired financial assets**

A financial asset is considered to be past due when the counterparty has failed to make a payment when contractually due.

Financial assets that are past due but not impaired are exposures in respect of which it is not considered necessary to provide against despite non-payment of the contractual obligations.

**Category 4**

Exposures that are considered to be impaired and which carry a provide against of the loan. Some recovery is expected to be made.

**Category 5**

Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

Exposures to corporate borrowers have been included as Category 2 if a covenant waiver has been requested and/or trading performance is below expectations (although payments are being received on schedule).

Property exposures have been included as Category 2 exposures where there is a perception of a decrease in the property value, although in all cases the exposures continue to be serviced by rental cashflows.

Asset finance exposures are included as Category 2 where there is deterioration in the financial performance of the borrower, although the Group has security over the underlying asset.

The tables below disclose the maximum exposure to credit risk at 30 September 2008 for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

| *In thousands of euros* | Category 1 | Category 2 | Category 3 | Past due but not impaired assets | Category 4 and 5 | Impairment allowance | **30/09/2008** |
|---|---|---|---|---|---|---|---|
| Financial assets at fair value through profit and loss | 57 411 | - | - | - | - | - | **57 411** |
| Hedging derivatives | 12 040 | - | - | - | - | - | **12 040** |
| Loans and receivables to banks | 2 990 016 | - | - | 107 | - | - | **2 990 123** |
| Loans and receivables to customers | 2 346 657 | 145 368 | 59 521 | 20 776 | 70 054 | (40 811) | **2 601 565** |
| Available for sale financial assets – fixed income securities | 1 983 049 | 318 199 | 11 188 | - | 47 538 | (38 739) | **2 321 235** |
| Commitments and guarantees | 419 581 | 7 780 | 22 581 | - | 76 | - | **450 018** |
| Other financial assets | 161 392 | - | - | 7 995 | 4 675 | (4 649) | **169 413** |
| **Total** | **7 970 146** | **471 347** | **93 290** | **28 878** | **122 343** | **(84 199)** | **8 601 805** |

| *In thousands of euros* | Category 1 | Category 2 | Category 3 | Past due but not impaired assets | Category 4 and 5 | Impairment allowance | **31/03/2008** |
|---|---|---|---|---|---|---|---|
| Financial assets at fair value through profit and loss | 46 805 | - | - | - | - | - | **46 805** |
| Hedging derivatives | 10 342 | - | - | - | - | - | **10 342** |
| Loans and receivables to banks | 2 743 763 | - | - | 5 | - | - | **2 743 768** |
| Loans and receivables to customers | 2 444 737 | 135 402 | 17 640 | 33 075 | 68 379 | (66 127) | **2 633 106** |
| Available for sale financial assets – fixed income securities | 3 126 671 | 34 230 | | - | 41 963 | (32 791) | **3 170 073** |
| Commitments and guarantees | 466 290 | 33 624 | - | - | - | - | **499 914** |
| Other financial assets | 192 683 | - | - | 2 505 | 8 117 | (7 490) | **195 815** |
| **Total** | **9 031 291** | **203 256** | **17 640** | **35 585** | **118 459** | **(106 408)** | **9 299 823** |

**Credit risk analysis**

The Group monitors concentrations of credit risk by industry sector and geographic location. The tables below show an analysis of credit risk by location and by sector. Location for loans and advances is measured by reference to the location of the borrower. Debt securities are recorded based on the location of the issuer of the security. The sector is based on Global Industry Classification Standard, and includes derivative instruments, loans and advances to banks, loans and advances to customers, debt securities, commitments and guarantees and credit default swaps.

| *In thousands of euros* | Europe | USA & Canada | Latin America | Australia and Asia | Other | **30/09/2008** |
|---|---|---|---|---|---|---|
| Financial assets at fair value through profit and loss | 51 473 | 1 710 | 4 174 | 54 | - | **57 411** |
| Hedging derivatives | 11 873 | 167 | - | - | - | **12 040** |
| Loans and receivables to banks | 2 728 935 | 122 168 | 14 528 | 121 314 | 3 178 | **2 990 123** |
| Loans and receivables to customers | 2 275 333 | 78 597 | 142 021 | 33 812 | 71 802 | **2 601 565** |
| Available for sale financial assets – fixed income securities | 1 866 000 | 357 175 | 9 412 | 88 648 | - | **2 321 235** |
| Commitments and guarantees | 272 414 | 69 455 | 1 116 | 4 159 | 102 874 | **450 018** |
| Other financial assets | 129 526 | 23 790 | 1 235 | 9 750 | 5 112 | **169 413** |
| **Total** | **7 335 554** | **653 062** | **172 486** | **257 737** | **182 966** | **8 601 805** |

| *In thousands of euros* | Europe | Americas | Australia and Asia | Other | **31/03/2008** |
|---|---|---|---|---|---|
| Financial assets at fair value through profit and loss | 42 422 | 3 745 | 637 | 1 | **46 805** |
| Hedging derivatives | 10 042 | 300 | - | - | **10 342** |
| Loans and receivables to banks | 2 533 167 | 185 020 | 23 798 | 1 783 | **2 743 768** |
| Loans and receivables to customers | 2 235 553 | 294 727 | 59 126 | 43 700 | **2 633 106** |
| Available for sale financial assets – fixed income securities | 2 671 557 | 318 657 | 100 865 | 78 994 | **3 170 073** |
| Commitments and guarantees | 367 139 | 99 970 | 25 320 | 7 485 | **499 914** |
| Other financial assets | 169 280 | 7 595 | 11 567 | 7 373 | **195 815** |
| **Total** | **8 029 160** | **910 014** | **221 313** | **139 336** | **9 299 823** |

***Credit risk by sector***

| *In thousands of euros* | **30/09/2008** | **31/03/2008** |
|---|---|---|
| Energy | 157 311 | 167 404 |
| Materials | 353 994 | 429 502 |
| Industrials | 264 431 | 429 799 |
| Consumer discretionary | 271 172 | 386 091 |
| Consumer staples | 130 896 | 188 323 |
| Healthcare | 55 740 | 50 131 |
| Financial | 5 127 969 | 5 710 032 |
| Real estate | 979 632 | 827 519 |
| IT and telecoms | 132 587 | 139 253 |
| Utilities | 75 147 | 64 041 |
| Government | 46 297 | 61 654 |
| Private persons | 785 783 | 647 799 |
| Other | 220 847 | 198 275 |
| **Total** | **8 601 805** | **9 299 823** |

Financial and real estate sector exposures may be analysed as follows :

| | **30/09/2008** |
|---|---|
| **Financial sector** | |
| Short term interbank exposures | 3 108 346 |
| Treasury marketable securities - investment grade | 1 661 865 |
| Other marketable securities | 45 326 |
| Cash/ investment backed lending | 31 764 |
| Finance companies | 61 211 |
| Insurance | - |
| Other | 219 457 |
| **Total** | **5 127 969** |

Short term interbank lending and marketable securities are held for liquidity management purposes.

Tangible fixed

| | **30/09/2008** |
|---|---|
| **Real estate sector** | |
| Senior loans | 885 543 |
| Subordinated/ mezzanine | 74 519 |
| Other | 19 570 |
| **Total** | **979 632** |

**Market risk**

Market risk arises as a result of the Group’s activities in interest rate, currency and equity markets and comprises interest rate, foreign exchange and equity position risk.

Limits on market risk exposure in N M Rothschild and Sons Limited, which is the Group's largest subsidiary, are set by its Executive Committee. Monitoring of market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Risk limits are complemented by other measures and controls, including stress testing to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity. The main figures relating to the calculation of value at risk are provided below.

**Treasury**

Value at risk measures the potential losses that could be incurred on positions at risk from changes in interest rates and market prices over a given period of time and with a given confidence interval. The table below shows value at risk arising on exposure to interest rates inherent to the banking and cash management activities carried out by NMR, the Group’s main banking subsidiary, and overall exchange rate risk at Group level.

| *In thousands of euros* | **6 months to 30 September 2008** | | | **12 months to 31 March 2008** | | |
|---|---|---|---|---|---|---|
| | Average | High | Low | Average | High | Low |
| Interest rate risk | 2 225 | 3 750 | 1 150 | 1 429 | 765 | 2 409 |
| Foreign exchange risk | 5 | 200 | - | 5 | - | 14 |
| **Total Value at Risk** | **2 230** | **3 950** | **1 150** | **1 434** | **765** | **2 423** |

Value at risk is monitored daily using a sensitivity-based value at risk approach, which determines the effect of changes in market price factors, including currency prices, interest rates and volatilities, on positions. Shifts in market price factors and correlations are calculated weekly, or more frequently in turbulent markets, using the industry standard of 99% probability over a ten day holding period for all risks except currency position risk, which is measured using a 99% probability over a one day holding period.

The main assumption used in the calculation is that price factors are normally distributed. This is a common assumption in value at risk calculations but is known to be tenuous, particularly for interest rates and volatilities, and is one of the reasons for the use of a high probability over a long holding period. And if Value at risk is the principal risk approach, evaluation and control evaluations are used to complete this calculation.

**Price risk related to equity investments (Paris Orleans excluding Concordia BV sub-group)**

The Group has exposure to equity price risk through holdings of equity investments, underwriting positions and warrants on equity investments. Each of these positions is individually approved by senior management and is monitored on an individual basis.

If the price of these equities were to fall by 5%, then there would be a post-tax charge to the income statement of €0.2 million and a charge to equity of €23.6 million.

The Group has potential exposure to equity investments as a result of its underwriting activities. At 30 September 2008 the net contractual commitment is €32 million.

The Group, moreover, is exposed through its investments to the risks affecting the companies in which it invests.

## Liquidity risk

Management of liquidity risk is of fundamental importance to the operating entities of the Group, to ensure that they can meet their liabilities as they fall due.

In NMR, liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management, and is subject to oversight by RCH Committees. The Executive Board sets cash flow limits for each period. The Group is also subject to liquidity guidelines imposed by the Financial Services Authority.

Liquidity is assessed by grouping future cashflows into maturity bands, using a series of prudent assumptions and calculating the positive or negative balance for each maturity band.

### N M Rothschild and Sons Limited (“NMR”)

NMR, which is the Group's largest subsidiary, liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management, and is subject to oversight by the Group Assets and Liabilities Committee and the Executive Committee. The Executive Committee sets cash flow deficit limits for various periods. NMR is also subject to liquidity guidelines set by the Financial Services Authority.

NMR uses cash flow-based ratios to measure liquidity. The ratio represents the theoretical cash position that would arise on the assumption that all liabilities mature on their adjusted maturity dates and are not replaced, and that assets are repaid only at their contractual maturity date.

In practice, liabilities are extended and new liabilities are taken on as part of the Group’s day to day funding activities. The Group manages the maturity profile of assets and liabilities in accordance with its liquidity policy and with regulatory and internal limits.

For regulatory purposes, NMR has measured its liquidity as 29.0% (31 March 2008: 25.3%). This figure is the cumulative cash surplus at the 1-month horizon (after certain allowable behavioral adjustments) as a percentage of total deposits. The limit set by the FSA is -5%. The ratio is calculated in accordance with FSA guidelines for Liquidity Mismatch reporting.

### Rothschild Bank International Limited (“RBI”)

RBI monitors expected cashflows for the entire maturity spectrum. The policy throughout the year is to ensure liquidity by maintaining at all times sufficient high quality liquid assets to cover expected net cash outflows.

Liquidity is monitored daily independently of the front office, and is subject to oversight by the Treasury Committee, which recommends policies and procedures for the management of liquidity risk and has set deficit limits for each period.

Liquidity exposures in the 8 day to 1 month period, as measured for regulatory purposes, were 164% greater than the limit required by the local regulatory.

### Rothschild Bank Zurich (“RBZ”)

RBZ maintains liquidity facilities in the form of overdraft lines at correspondent banks and secured finance facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their payment obligations punctually. Compliance with the liquidity rules as set out in the Banking Ordinance is constantly monitored.

RBZ is well capitalised and not dependent on long term funding from external banks. Excess cash is mainly placed short term (up to 30 days). Therefore, external bank borrowings are only used to cover short term peaks. Liquid assets were 356% of liquid liabilities, as measured for regulatory purposes (31 March 08: 161%). The regulatory limit is 100%.

**Fair value of financial instruments**

The methods adopted to determine the fair value of each type of financial asset or liability are summarised below:

. Cash and balances at central banks, loans and advances to banks and deposits by banks. Fair value of these instruments is considered to be the same as their carrying value due to the short term nature of the financial asset or liability.

. Within debt securities, a portfolio of a small number of asset backed securities has been difficult to price due to a lack of liquidity in the market. The fair value of these securities is based on external estimates together with values ascribed to them in repo transactions. As a result of the global credit crunch, there are few underlying transactions against which to calibrate these valuations and quoted prices are significantly below par value although the assets are not considered to be impaired. Nonetheless, where there is a quoted market price, it has been used to determine fair value at the balance sheet date.

. Loans and advances to customers have been reviewed and their terms and pricing compared to recent similar transactions. Where a material difference in terms and/or pricing has been observed, or where there is any other indication that the fair value of the asset differs materially from its carrying value, the disclosed fair value has been adjusted accordingly.

. Repurchase agreements and amounts due to customers. The fair value of these instruments is determined by discounting the future cashflows at market interest rates adjusted for the appropriate credit spread.

. Debt securities in issue and subordinated liabilities. Fair value is determined using quoted market prices where available, or by discounting the future cashflows at market interest rates adjusted for the appropriate credit spread.

. Other financial assets and liabilities. Fair value is considered to be the same as carrying value for these assets.

| *In thousands of euros* | **30/09/2008** Available-for-sale financial assets | **30/09/2008** Fair value | **31/03/2008** Carrying value | **31/03/2008** Fair value |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Loans and receivables to banks | 2 990 123 | 2 990 024 | 2 743 768 | 2 743 646 |
| Loans and receivables to customers | 2 601 565 | 2 611 144 | 2 633 106 | 2 621 788 |
| **Total** | **5 591 688** | **5 601 168** | **5 376 874** | **5 365 434** |
| **Financial liabilities** | | | | |
| Due to banks | 2 446 985 | 2 439 448 | 2 462 021 | 2 457 146 |
| Due to customers | 3 215 351 | 3 210 887 | 3 375 521 | 3 370 106 |
| Debt securities in issue | 1 483 262 | 1 456 493 | 1 573 898 | 1 550 783 |
| Subordinated debt | 271 669 | 124 001 | 254 098 | 195 379 |
| **Total** | **7 417 267** | **7 230 829** | **7 665 538** | **7 573 414** |

# V. Notes to the Balance Sheet

**Note 1**

**Financial assets and liabilities at fair value through profit or loss**
*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Trading instruments | 3 590 | 2 227 |
| Financial assets designated at fair value through profit and loss | 1 708 | 1 725 |
| Derivative financial instruments | 52 113 | 42 853 |
| **AT THE END OF THE PERIOD** | **57 411** | **46 805** |

| | | |
|---|---|---|
| *Of which:* | | |
| *Financial assets at fair value through profit or loss - Listed* | *4 076* | *2 616* |
| *Financial assets at fair value through profit or loss – Unlisted* | *53 335* | *44 189* |

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| **Trading portfolio** | | |
| Public bills & assimilated securities | - | - |
| Bonds and other debt instruments | 102 | 27 |
| Shares and other equity instruments | 3 488 | 2 200 |
| Other financial instruments | - | - |
| **AT THE END OF THE PERIOD** | **3 590** | **2 227** |

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| **Financial assets designated at fair value through profit and loss** | | |
| Public bills & assimilated securities | - | - |
| Bonds and other debt instruments | - | - |
| A Shares and other equity instruments | 1 708 | 1 725 |
| Other financial instruments | - | - |
| **AT THE END OF THE PERIOD** | **1 708** | **1 725** |

**Derivative financial instruments**
*In thousands of euros*

| | Notional principal | | Positive fair value | | Negative fair value | |
|---|---|---|---|---|---|---|
| | 30/09/2008 | 31/03/2008 | 30/09/2008 | 31/03/2008 | 30/09/2008 | 31/03/2008 |
| Interest rate contracts | | | | | | |
| - Firm | 390 739 | 416 304 | 3 251 | 2 994 | (8 065) | (18 648) |
| - Conditional | 273 998 | 641 824 | 1 462 | 1 583 | (810) | (1 515) |
| Foreign exchange contracts | | | | | | |
| - Firm | 2 062 688 | 1 587 043 | 46 894 | 34 576 | (39 735) | (45 649) |
| - Conditional | 82 742 | 323 495 | 231 | 2 895 | (235) | (2 895) |
| Equity and index instruments | | | | | | |
| - Firm | - | - | - | - | - | - |
| - Conditional | 755 | 646 | - | - | (755) | (646) |
| Commodity instruments | | | | | | |
| - Firm | - | - | - | - | - | - |
| - Conditional | - | - | - | - | - | - |
| Credit derivatives | | | | | | |
| - Firm | 166 190 | 142 379 | 144 | 738 | (41 831) | (41 722) |
| - Conditional | - | - | - | - | - | - |
| Other forward financial instruments | - | 150 | 131 | 67 | (131) | (67) |
| **AT THE END OF THE PERIOD** | **2 977 112** | **3 111 841** | **52 113** | **42 853** | **(91 562)** | **(111 142)** |

**Note 2**

**Hedging derivatives**
*In thousands of euros*

| | Notional principal | | Positive fair value | | Negative fair value | |
|---|---|---|---|---|---|---|
| | 30/09/2008 | 31/03/2008 | 30/09/2008 | 31/03/2008 | 30/09/2008 | 31/03/2008 |
| Interest rate contracts | | | | | | |
| - Firm | - | - | - | - | - | - |
| - Conditional | - | - | - | - | - | - |
| Foreign exchange contracts | | | | | | |
| - Firm | 1 416 929 | 1 478 078 | 12 040 | 10 342 | (29 074) | (28 042) |
| - Conditional | - | - | - | - | - | - |
| Equity and index instruments | | | | | | |
| - Firm | - | - | - | - | - | - |
| - Conditional | - | - | - | - | - | - |
| Commodity instruments | | | | | | |
| - Firm | - | - | - | - | - | - |
| - Conditional | - | - | - | - | - | - |
| Other forward financial instruments | - | - | - | - | - | - |
| **AT THE END OF THE PERIOD** | **1 416 929** | **1 478 078** | **12 040** | **10 342** | **(29 074)** | **(28 042)** |

## Note 3

**Available-for-sale financial assets**
*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| **AFS securities – fixed income** | | |
| Public bills & assimilated securities | - | - |
| Bonds & assimilated securities | 415 158 | 396 908 |
| Negotiable debt instruments and assimilated securities | 1 915 668 | 2 766 667 |
| **Sub total** | **2 330 826** | **3 163 575** |
| *Of which:* | | |
| *Listed securities* | *1 991 231* | *2 257 464* |
| *Unlisted securities* | *339 595* | *906 111* |
| Accrued interest | 29 149 | 39 290 |
| **Sub total** | **2 359 975** | **3 202 865** |
| Impairment | (38 740) | (32 792) |
| **TOTAL OF FIXED INCOME SECURITIES** | **2 321 235** | **3 170 073** |
| | | |
| **Variable income securities** | | |
| Affiliates and long term securities | 306 181 | 265 131 |
| Other equities and variable income securities | 261 254 | 259 875 |
| **Equities and other variable income securities** | **567 435** | **525 006** |
| *Of which:* | | |
| *Listed securities* | *191 918* | *208 000* |
| *Unlisted securities* | *375 517* | *317 006* |
| Impairment | (32 427) | (29 099) |
| **TOTAL OF VARIABLE INCOME SECURITIES** | **535 008** | **495 907** |
| | | |
| **TOTAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS** | **2 856 243** | **3 665 980** |

**Movement in available-for-sale financial assets**
*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| **AT THE BEGINNING OF THE PERIOD** | **3 665 980** | **328 848** |
| Additions | 234 349 | 888 576 |
| Change of scope | - | 4 361 586 |
| Disposals (sale and redemption) | (559 183) | (1 567 511) |
| Reclassifications and changes in consolidation scope (1) | (454 314) | (46 766) |
| Gains/(losses) from changes in fair value | (29 863) | (157 914) |
| Impairment | (34 949) | (46 599) |
| Exchange differences | 34 222 | (94 240) |
| **AT THE END OF THE PERIOD** | **2 856 243** | **3 665 980** |

*(1) Of which 437 496 k€ loans and receivables reclasified for the application of IAS 39's new amendement.*

In application of the new amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15 October 2008, on 1 July 2008 the Paris Orléans Group transferred from available-for-sale financial assets to loans and receivables those financial assets to which the definition of loans and receivables would apply on the reclassification date. This reclassification had no impact on the income statement for the period.

On the reclassification date and on 30 September 2008, Paris Orléans had the financial capacity to keep the loans concerned to their maturity date or for the foreseeable future.

**The reclassified financial assets are shown in the following table:**

| | |
|---|---|
| **Fair value at 31 March 2008 of the available-for-sale financial assets reclassified as loans and receivables at amortized cost** | **417 147** |
| Changes in fair value of reclassified financial assets between 1 April 2008 and 1 July 2008 | 15 250 |
| Translation differences and other movements | 5 099 |
| **Fair value at 1 July 2008 of financial assets reclassified as loans and receivables at amortized cost** | **437 496** |
| Impairment | (3 147) |
| Translation differences and other movements | (2 945) |
| **Amortized cost at 30 September 2008 of reclassified loans and receivables** | **431 404** |
| Changes in fair value of reclassified financial assets between 1 July 2008 and 30 September 2008 | (25 464) |
| Other movements | (102) |
| **Fair value at 30 September 2008 of financial assets reclassified as loans and receivables** | **405 838** |

Changes in fair value of reclassified financial assets between 1 April 2008 and 1 July 2008, net of tax, increased shareholders' equity by €10,980 thousand.

By way of comparison, changes in fair value of reclassified financial assets between 1 April 2007 and 30 September 2007, net of tax, decreased shareholders' equity by €3,665 thousand.

Changes in fair value of reclassified financial assets between 1 July 2008 and 30 September 2008, net of tax, would have decreased shareholders' equity by €18,334 thousand if the assets concerned had not been reclassified.

On 1 July, the reclassification date, the average net effective interest rate after taking into account associated funding costs of the reclassified financial assets was 2.97%. The expected future cash flows from these financial assets was €481,187 thousand.

## Note 4

### Loans and receivables to banks

*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Interbank demand deposits & overnight loans | 693 931 | 504 242 |
| Interbank term deposits & loans | 2 292 843 | 2 237 042 |
| Reverse repos and loans secured by bills | - | - |
| Subordinated loans - banks | - | - |
| **Total** | **2 986 774** | **2 741 284** |
| Accrued interest | 3 349 | 2 484 |
| **Loans and receivables to banks – Gross amount** | **2 990 123** | **2 743 768** |
| Allowance for credit losses on loans and receivables to banks | - | - |
| **AT THE END OF THE PERIOD** | **2 990 123** | **2 743 768** |

## Note 5

### Loans and receivables to customers

*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Overdrafts on current accounts - customers | 3 365 | 551 |
| Loans – Customers - retail | 299 018 | 373 311 |
| Corporate loans | 2 315 957 | 2 301 008 |
| Reverse repos and loans secured for bills | - | - |
| Subordinated loans - customers | - | - |
| **Total** | **2 618 340** | **2 674 870** |
| Accrued interest | 23 401 | 24 362 |
| **Loans and receivables to customers – Gross amount** | **2 641 741** | **2 699 232** |
| Allowance for credit losses on loans and receivables to customers | (40 176) | (66 126) |
| **AT THE END OF THE PERIOD** | **2 601 565** | **2 633 106** |

### Allowance for credit losses on loans and receivables

*In thousands of euros*

| | Specific provision 30/09/2008 | Collective provision 30/09/2008 | TOTAL 30/09/2008 | Specific provision 31/03/2008 | Collective provision 31/03/2008 | TOTAL 31/03/2008 |
|---|---|---|---|---|---|---|
| Allowance for credit losses on loans and receivables to customers | (32 504) | (7 672) | **(40 176)** | (56 053) | (10 073) | **(66 126)** |

## Note 6

### Other assets & estimated accounts

*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Guarantee deposits paid | 503 | 503 |
| Settlement accounts on securities transactions | - | 2 839 |
| Other receivable | 239 497 | 82 260 |
| **Other assets** | **240 000** | **85 602** |
| Dividends to allocate | - | 679 |
| Prepaid expenses | 11 781 | 11 551 |
| Accrued income | 23 969 | 176 595 |
| **Estimated accounts** | **35 750** | **188 825** |
| **AT THE END OF THE PERIOD** | **275 750** | **274 427** |

Note 7

**Investments in associates**

*In thousands of euros*

| | Concordia BV | D.B.R. | CINV | Centrum Luxem-bourg | Rivoli Partici pation | Come par | Fran-invest | Partnerships between CBV and Rothschild and Compagnie Banque | Rothschild and Compagnie Banque | Rothschild Europe BV | Other | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 31/03/2007** | ***276 623*** | **14 953** | **4 649** | **-** | **1 294** | **-** | **4 006** | | | | | **301 525** |
| ***Of which goodwill*** | ***17 101*** | ***1 267*** | | | | ***915*** | | | | | | ***19 283*** |
| ***Of which allowance for impairment*** | | | | | | ***(915)*** | | | | | | ***(915)*** |
| Profit for the period 2007 - 2008 | 13 225 | 2 836 | 610 | 3 156 | 351 | 1 639 | 10 050 | 5 827 | 6 641 | 13 389 | 49 | 57 773 |
| Change in percentage ownership | (266 718) | (2 248) | | | | | (14 056) | 6 082 | 76 710 | 31 524 | 16 132 | (152 574) |
| Exchange differences on translation | (9 754) | (193) | (328) | (32) | | | | (57) | 1 036 | 112 | (2 068) | (11 284) |
| Shareholders'dividends | (11 738) | (473) | (1 935) | | | | | (5 310) | (15 747) | (11 330) | (880) | (47 413) |
| Gains (losses) from changes in fair value | (7 866) | | 265 | | | | | | 905 | | (129) | (6 825) |
| Effect of acquisitions and disposals on minority interests | | (4 244) | | | | | | | | | | (4 244) |
| Other | 6 228 | (250) | (805) | | 3 | | | (606) | 1 525 | 1 146 | 1 086 | 8 327 |
| Provisions | | | | (2 972) | | (1 639) | | | | | | (4 611) |
| **At 31/03/2008** | **-** | **10 381** | **2 456** | **152** | **1 648** | **-** | **-** | **5 936** | **71 070** | **34 841** | **14 190** | **140 674** |
| ***Of which goodwill*** | ***-*** | ***1 267*** | ***-*** | ***-*** | ***-*** | ***915*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***2 182*** |
| ***Of which allowance for impairment*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(915)*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(915)*** |
| Profit for the period 2008 - 2009 | - | 2 369 | 467 | | 158 | - | - | 3 064 | 6 632 | 4 644 | 1 134 | 18 468 |
| Change in percentage ownership | - | - | - | (152) | - | - | - | - | - | - | 6 095 | 5 943 |
| Exchange differences on translation | - | (313) | 296 | - | - | - | - | 16 | (174) | 40 | 84 | (756) |
| Shareholders'dividends | - | (529) | - | - | - | - | - | (4 713) | (977) | (434) | (283) | (6 936) |
| Gains (losses) from changes in fair value | - | - | (409) | - | - | - | - | - | - | 124 | (509) | (89) |
| Effect of acquisitions and disposals on minority interests | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | 21 | (4) | - | 3 | - | - | (3) | (15) | (19) | 36 | 19 |
| Provisions | - | | | | | | | | | | | - |
| **At 30/09/2008** | **-** | **11 929** | **2 806** | **-** | **1 809** | **-** | **-** | **4 300** | **76 536** | **39 196** | **20 747** | **157 323** |
| ***Of which goodwill*** | ***-*** | ***1 267*** | ***-*** | ***-*** | ***-*** | ***915*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***2 182*** |
| ***Of which allowance for impairment*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(915)*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(915)*** |

## Note 8

**Due to banks**
*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Interbank demand deposits & overnight | 145 993 | 78 494 |
| Interbank term deposits & borrowings | 665 550 | 781 440 |
| Borrowings secured by repurchase agreement | 1 594 144 | 1 580 067 |
| **Due to banks – Sub total** | **2 405 687** | **2 440 001** |
| Accrued interest | 41 298 | 22 020 |
| **AT THE END OF THE PERIOD** | **2 446 985** | **2 462 021** |

## Note 9

**Due to customers**
*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Customer demand | 614 346 | 1 086 060 |
| Term deposits - customers | 2 593 642 | 2 276 582 |
| Borrowings secured by bills (customers) | - | - |
| **Customer deposits – Sub total** | **3 207 988** | **3 362 642** |
| Accrued interest | 7 363 | 12 879 |
| **AT THE END OF THE PERIOD** | **3 215 351** | **3 375 521** |

## Note 10

**Debt securities in issue**
*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Securities with a short term maturity | 569 726 | 658 326 |
| Securities with a medium term maturity | 904 060 | 904 528 |
| Securities with a long term maturity and bonds | - | - |
| **Debt securities in issue – Sub total** | **1 473 786** | **1 562 854** |
| Accrued interest | 9 476 | 11 044 |
| **AT THE END OF THE PERIOD** | **1 483 262** | **1 573 898** |

Note 11

**Estimated accounts & other liabilities**

*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Settlement accounts on securities transactions | - | 2 839 |
| Accounts payable | 30 204 | 36 862 |
| Sundry creditors | 60 980 | 90 302 |
| **Other liabilities** | **91 184** | **130 003** |
| Accrued expenses and deferred income | 317 776 | 512 270 |
| **AT THE END OF THE PERIOD** | **408 960** | **642 273** |

Note 12

**Provisions**

*In thousands of euros*

| | Balance at 01/04/2008 | Change of scope | Charge | Reversal | Dis-counting | Change in consolidation percentage | Exchange rate movement | Other movements | Balance at 30/09/2008 |
|---|---|---|---|---|---|---|---|---|---|
| Allowance for counterparty risk | - | - | - | - | - | - | - | - | - |
| Provision for claims or litigation | 173 | - | (97) | - | - | - | (5) | - | 71 |
| Reinstatement provisions | 11 893 | - | - | - | 310 | - | 73 | - | 12 276 |
| Vacant property provisions | 8 928 | - | - | - | 239 | - | 55 | - | 9 222 |
| Allowance for counterparty risk | - | - | - | - | - | - | - | - | - |
| Retirement benefit provisions | 40 169 | - | - | (765) | - | - | - | 13 909 | 53 313 |
| Share of net liabilities of companies accounted for by the equity method | - | - | - | - | - | - | - | - | - |
| Other provisions | - | - | - | - | - | - | - | - | - |
| **TOTAL OF PROVISIONS** | **61 163** | **-** | **(97)** | **(765)** | **549** | **-** | **123** | **13 909** | **74 882** |

## Note 13

### Subordinated debts

*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| £100,000 Cumulative redeemable preference share | 127 | 127 |
| €500 Cumulative redeemable preference share | 1 | 1 |
| Floating Rate Subordinated | 31 956 | 28 479 |
| Perpetual Floating Rate Subordinated Notes (€150 million) | 128 557 | 128 557 |
| Perpetual Floating Rate Subordinated Notes (US$200 million) | 106 523 | 94 927 |
| **Subordinated debt** | **267 164** | **252 091** |
| Accrued interest | 4 505 | 2 007 |
| **AT THE END OF THE PERIOD** | **271 669** | **254 098** |

## Note 14

### Impairment allowances

*In thousands of euros*

Changes in impairment of assets can be analysed as follows:

| | At 01/04/08 | Change of scope | Charge | Reversal | Exchange rate movement and other movements | At 30/09/2008 |
|---|---|---|---|---|---|---|
| Loans and receivables to banks | - | - | - | - | - | - |
| Loans and receivables to customers | (66 127) | - | (9 545) | 4 168 | 1 356 | (70 148) |
| Available-for-sale financial assets | (61 890) | - | (61 412) | 53 021 | (886) | (71 167) |
| Other assets | (9 709) | - | (2 740) | 3 138 | (1 878) | (11 189) |
| **Total** | **(137 726)** | **-** | **(73 697)** | **60 327** | **(1 408)** | **(152 504)** |

## Note 15

### Non current assets held for sale and debts related to non current assets held for sale

*In thousands of euros*

| | 30/09/2008 | 31/03/2008 |
|---|---|---|
| Loans and receivables to banks | 7 545 | 8 916 |
| Loans and receivables to customers | 1 169 | 1 338 |
| Deferred tax assets | 897 | 1 196 |
| Estimated accounts and other assets | 36 386 | 37 432 |
| **Non current assets held for sale at the end of the period** | **45 997** | **48 882** |
| Due to banks | 31 621 | 32 546 |
| Estimated accounts and other liabilities | 1 249 | 1 888 |
| **Liabilities related to non current assets held for sale at the end of the period** | **32 870** | **34 434** |

## Note 16

**Deferred taxes**

*In thousands of euros*

Deferred taxes are calculated on all temporary differences under the liability method.

The movement on the deferred tax account is as follows:

| *In thousands of euros* | **30/09/2008** | **31/03/2008** |
|---|---|---|
| **Deferred tax assets at the beginning of the period** | **80 344** | **119** |
| **Deferred tax liabilities at the beginning of the period** | **57 109** | **18 158** |
| **Net amount (at the beginning of the period)** | **23 235** | **(18 039)** |
| Change of scope | - | 31 842 |
| **Recognised in income statement** | | |
| Income statement credit | (11 148) | 3 970 |
| **Recognised in equity** | | |
| Defined benefit pension arrangements | 6 763 | 4 202 |
| Available for sale financial assets | 6 819 | 30 371 |
| Cash flow hedges | 1 441 | (375) |
| Impact of scope changes | (32) | (21 438) |
| Derecognition of partnerships | - | - |
| Payments/(refunds) | - | 1 199 |
| Exchange differences | 601 | (8 552) |
| Other | 228 | 55 |
| **Net amount (at the end of the period)** | **27 907** | **23 235** |
| **Deferred tax assets at the end of the period** | **81 583** | **80 344** |
| **Deferred tax liabilities at the end of the period** | **53 676** | **57 109** |

Deferred tax net assets and liabilities are attributable to the following items:

| *In thousands of euros* | **30/09/2008** | **31/03/2008** |
|---|---|---|
| Accelerated tax depreciation | 9 125 | 8 727 |
| Deferred profit share arrangements | 28 260 | 36 751 |
| Defined benefit pension liabilities | 6 163 | 5 553 |
| Available-for-sale financial assets | 14 422 | 14 669 |
| Cash flow hedges | 1 725 | 279 |
| Provisions | 2 739 | 2 189 |
| Other temporary differences | 19 149 | 12 176 |
| **DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD** | **81 583** | **80 344** |

| *In thousands of euros* | **30/09/2008** | **31/03/2008** |
|---|---|---|
| Defined benefit pension liabilities | (716) | (840) |
| Available-for-sale financial assets | 27 541 | 30 071 |
| Other temporary differences | 26 851 | 27 878 |
| **DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD** | **53 676** | **57 109** |

The deferred tax charge/(credit) in the income statement comprises the following temporary differences:

| *In thousands of euros* | **30/09/2008** | **31/03/2008** |
|---|---|---|
| Accelerated tax depreciation | (614) | 1 668 |
| Defined benefit pension liabilities | 3 883 | (135) |
| Allowances for loan losses | (466) | 307 |
| Tax losses carried forward | - | 2 795 |
| Deferred profit share arrangements | 9 240 | (3 888) |
| Available-for-sale financial assets | 4 273 | 976 |
| Other temporary differences | (5 168) | (4 032) |
| | **11 148** | **(2 309)** |

## V. Notes to the Income statement

### Note 17

**Net interest income**
*In thousands of euros*

| Interest income | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Interest income - loans to banks | 51 323 | 21 |
| Interest income - loans to customers | 99 848 | - |
| Interest income - instruments available for sale | 71 239 | 3 878 |
| Interest income - derivatives | 37 478 | 373 |
| Interest income - other financials assets | 1 112 | - |
| **TOTAL** | **261 000** | **4 272** |

| Interest expense | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Interest expense - loans to banks | (70 691) | (972) |
| Interest expense - loans to customers | (55 587) | - |
| Interest expense - debt securities in issue | (38 726) | - |
| Interest expense - subordinated borrowings | (6 000) | - |
| Interest expense - derivatives | (31 865) | - |
| Interest expense - other financials assets | (1 538) | - |
| **TOTAL** | **(204 407)** | **(972)** |

### Note 18

**Net fee and commission income**
*In thousands of euros*

| Fee and commission income | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Fees for advisory work and other services | 166 933 | - |
| Portfolio and other management fees | 57 153 | - |
| Banking and credit-related fees and commissions | 5 280 | - |
| Other fees | 18 221 | 13 |
| **TOTAL** | **247 587** | **13** |

| Fee and commission expense | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Fees for advisory work and other services | (3 648) | **-** |
| Portfolio and other management fees | (5 736) | - |
| Banking and credit-related fees and commissions | (133) | - |
| Other fees | (3 931) | - |
| **TOTAL** | **(13 448)** | **-** |

## Note 19

**Net gain/(loss) on financial instruments at fair value through profit and loss**

*In thousands of euros*

| | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Net income – debt securities and related derivatives – Trading | (187) | - |
| Net income – equities securities and related derivatives – Trading | (585) | 653 |
| Net income – forex operations | 7 608 | 456 |
| Net income – other trading operations | (549) | - |
| Net income – financial instruments designated at fair value through profit and loss | 29 | - |
| Net income – hedging derivatives | 4 | - |
| **TOTAL** | **6 320** | **1 109** |

## Note 20

**Net gain/(loss) on available-for-sale financial assets**

*In thousands of euros*

| | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Gains or losses on sales of long term securities | 294 | - |
| Impairment losses on long term securities | - | - |
| Gains or losses on sales of other available-for-sale financial assets | 3 037 | 8 697 |
| Impairment losses on other available-for-sale financial assets | (3 039) | (322) |
| Available-for-sale dividend income | 18 973 | 5 991 |
| **TOTAL** | **19 265** | **14 366** |

## Note 21

**Income from other activities**

*In thousands of euros*

| **Produits des autres activités** | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Investment property | - | - |
| Income from leasing | 7 828 | - |
| Other income | 1 605 | 2 |
| **TOTAL** | **9 433** | **2** |

| **Expense on other activities** | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Investment property | (2) | **-** |
| Expenses from assets used to generate lease income | (3 863) | - |
| Other expenses | (7) | - |
| **TOTAL** | **(3 872)** | **-** |

## Note 22

### Operating expenses

*In thousands of euros*

| | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Staff costs | (208 086) | (2 349) |
| Administratives expenses | (61 135) | (3 727) |
| **TOTAL** | **(269 221)** | **(6 076)** |

## Note 23

### Cost of risk

*In thousands of euros*

| | Impairment | Impairment written back | Irrecoverable loans | Reco - vered loans | 30/09/2008 | 30/09/2007 |
|---|---|---|---|---|---|---|
| Loans and receivables | (12 564) | 7 186 | (3 421) | 4 096 | (4 703) | - |
| Fixed debt securities | (34 412) | 24 871 | (24 650) | - | (34 191) | - |
| Other | (2 073) | 2 471 | (1 880) | 2 | (1 480) | - |
| **TOTAL** | **(49 049)** | **34 528** | **(29 951)** | **4 098** | **(40 374)** | **-** |

## Note 24

### Net income/expense from other assets

*In thousands of euros*

| | 30/09/2008 | 30/09/2007 |
|---|---|---|
| Gains or losses on sales of tangible or intangible assets | 134 | 8 |
| Gain or loss on sale of subsidiaries | 55 430 | 72 236 |
| **TOTAL** | **55 564** | **72 244** |

Note 25

**Taxation**

*In thousands of euros*

The net tax charge can be broken down into current tax charges and deferred tax charges:

| **Current tax** | **2008/2009** | **2007/2008** |
|---|---|---|
| Tax charges for the current period | 10 549 | (28 167) |
| Prior year adjustments | 1 146 | 664 |
| Overseas tax | - | 3 002 |
| Relief for double taxation | - | (292) |
| Prior year losses utilised | - | 179 |
| Unrecoverable dividend withholding tax | 676 | (63) |
| Other | (157) | 169 |
| **Total** | **12 214** | **(24 508)** |

| **Deferred tax** | **2008/2009** | **2007/2008** |
|---|---|---|
| Temporary differences | 2 955 | 2 100 |
| Prior year losses utilised | 9 694 | (1 441) |
| Changes in tax rates | 23 | (25) |
| Prior year adjustment | (1 524) | 52 |
| Other | - | 3 284 |
| **Total** | **11 148** | **3 970** |

| **Rationalisation of the tax charge** | **Base** | **Tax at 34,43 %** |
|---|---|---|
| **Net income** | **53 163** | |
| **Restatements** | | |
| Income (loss) of companies accounted for by the equity method | (18 468) | |
| Corporate income tax | 23 362 | |
| **Income of consolidated companies before tax** | **58 057** | **19 989** |
| Consolidation adjustments (deferred tax, fair value adjustments, provisions and reversals of provisions for impairment, other) | | 4 660 |
| Losses to be carried forward | | 13 543 |
| Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, US tax) | | (8 336) |
| Activities discontinued or sold | | |
| Permanent differences | | (1 509) |
| Temporary differences and other | | (4 985) |
| **Tax on consolidated companies** | | **23 362** |
| **Effective tax rate** | | |
| Net income - Group share | 43 128 | |
| Minority interests | 10 035 | |
| Corporate income tax | 23 362 | |
| **GROSS INCOME** | **76 525** | |
| ***EFFECTIVE TAX RATE*** | ***30,53%*** | |

In 2007/2008, the effective tax rate was 14,02%.

## Note 26
## Commitments given and received

### Commitments given

| *In thousands of euros* | **30/09/2008** |
|---|---|
| **Loan commitments** | **253 231** |
| Given to banks | - |
| Given to customers | 253 231 |
| **Guarantee commitments** | **1 730 901** |
| Given to banks | 1 645 334 |
| Given to customers | 85 567 |
| **Other commitments** | **86 709** |
| Underwriting commitments | 31 974 |
| Other commitments given | 54 735 |

### Commitments received

| *In thousands of euros* | **30/09/2008** |
|---|---|
| **Loan commitments** | **4 977** |
| Received from banks | 4 977 |
| Received from customers | - |
| **Guarantee commitments** | **263 431** |
| Received from banks | 93 303 |
| Received from customers | 170 128 |
| **Other commitments** | **10 596** |
| Other commitments received | 10 596 |

During 2007-2008, a system of deferred remuneration was instituted at several entities. Other commitments given comprise €37 million in respect of amounts payable to employees in connection with deferred remuneration that will be paid to them on condition that they are still effectively employed by the Group on each anniversary date.

## Note 27

**Related parties**

| In thousands of euros | **2008/2009** Companies accounted for by the equity method |
|---|---|
| **Assets** | |
| Loans and advances to banks | - |
| Loans and advances to customers | 409 |
| Other assets | 40 062 |
| **Total** | **40 471** |
| **Liabilities** | |
| Due to banks | - |
| Due to customers | - |
| Debt securities in issue | - |
| Other liabilities | 3 754 |
| **Total** | **3 754** |
| Loan and guarantee commitments | |
| Loan commitments given | - |
| Guarantee commitments given | - |
| Loan commitments received | - |
| Guarantee commitments received | - |
| **Realised operating income from transactions with related parties** | |
| Interest received | 282 |
| Interest paid | (206) |
| Commissions received | - |
| Commissions paid | (8) |
| Other income | 1 310 |
| **Total** | **1 378** |
| Other expenses | (2 968) |
| **Total** | **(2 968)** |

Note 28

## Segmented information

### *Segmental split by business*

| *In thousands of euros* | Investment & Commercial Banking | Asset management | Private Banking & Trust | Private equity | Intersegment eliminations | Total |
|---|---|---|---|---|---|---|
| **Income** | | | | | | |
| External sales | 226 366 | 10 744 | 73 644 | 9 796 | - | 320 550 |
| Inter-segment revenues | 15 530 | - | 1 892 | (2 091) | (14 003) | 1 328 |
| **Net banking income** | **241 896** | **10 744** | **75 536** | **7 705** | **(14 003)** | **321 878** |
| Operating income by segment before non analysed expenses | 73 779 | 5 397 | 30 189 | (2 464) | (14 014) | 92 887 |
| Expenses not analysed | - | - | - | - | - | (90 394) |
| **Operating income** | | | | | | **2 493** |
| Results of companies accounted for by the equity method before non analysed expenses | 12 803 | 2 671 | - | 2 994 | - | 18 468 |
| Net income/expense from other assets | 223 | - | - | 55 341 | - | 55 564 |
| Results of companies accounted for by the equity method | - | - | - | - | - | - |
| Net gains or losses on other assets | - | - | - | - | - | - |
| Taxes | - | - | - | - | - | (23 362) |
| **Consolidated net income** | | | | | | **53 163** |
| Other segment information | - | - | - | - | - | |
| Segment assets | 7 268 639 | 15 300 | 1 678 777 | 711 272 | (284 037) | 9 389 951 |
| Equity method securities | 125 419 | 15 331 | 29 | 16 544 | - | 157 323 |
| **TOTAL CONSOLIDATED ASSETS** | | | | | | **9 547 274** |
| Segment liabilities | 6 758 353 | 21 057 | 1 152 958 | 380 006 | (192 374) | 8 120 000 |
| **TOTAL CONSOLIDATED LIABILITIES** | | | | | | **8 120 000** |

### *Segmental split by geography*

| *In thousands of euros* | France | United Kingdom and Channel Islands | Switzer-land | North America | Asia and Australia | Other | Total |
|---|---|---|---|---|---|---|---|
| Net banking income | 7 876 | 156 287 | 74 097 | 54 462 | 17 144 | 12 012 | 321 878 |
| Segment assets | 635 668 | 6 726 510 | 1 659 816 | 179 663 | 78 306 | 267 310 | 9 547 274 |

## Note 29
### Consolidation scope

There were no material changes in the Group's consolidation scope between 31 March 2008 and 30 September 2008.

*This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.*

**Paris Orléans S.A.**

**Statutory Auditors' Review Report on the half-yearly consolidated financial statements**

For the six-month period ended September 30th, 2008

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting and in accordance with article L.232-7 of the French Commercial Law ("Code de commerce") and article L.451-1-2 III of the French Monetary and Financial Law ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Paris Orléans S.A. for the six-month period ended September 30th, 2008,
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Executive Committee. Our role is to express a conclusion on these financial statements based on our review.

**I. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than can be obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to Interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to note 3 bis which sets out that Paris Orléans S.A. applied the amendments to IAS 39 and IFRS 7 related to the reclassification of financial assets adopted by the European Union on October 15th, 2008 and its consequences on the condensed half-yearly consolidated financial statements.

**II. Specific verification**

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The Statutory Auditors

| | |
|---|---|
| Paris La Défense, December 1st, 2008 | Paris, December 1st, 2008 |
| KPMG Audit<br>*Département de KPMG S.A.* | Cailliau Dedouit et Associés |
| Fabrice Odent<br>*Partner* | Jean-Jacques Dedouit |