PARIS ORLÉANS

Press release *Paris, 27 June 2012*

Full year results

2011/2012

The Supervisory Board of Paris Orléans, chaired by Mr Éric de Rothschild, met on 26 June 2012 to examine the consolidated financial statements for the year ended 31 March 2012.

The main items in the consolidated income statement are set out in the table below:

Income statement (in €m)	31/03/2012	31/03/2011
Net interest income and fees	1,032.1	1,125.8
Net gain/(loss) on financial assets	99.5	77.5
Other operating income	8.3	11.3
Net banking income	**1,139.9**	**1,214.6**
Staff costs	(686.4)	(718.9)
Administrative expenses and amortisation	(256.4)	(252.5)
Impairment charges and loan provisions	(26.2)	(13.7)
Operating income	**170.9**	**229.5**
Net income from companies accounted for by the equity method	1.7	15.2
Net income/(expense) from other assets	0.9	70.9
Profit before tax	**173.5**	**315.6**
Income tax expense	(32.0)	(46.4)
Consolidated net income	**141.5**	**269.2**
Non-controlling interests	104.3	166.8
Net income – attributable to equity holders of the parent	**37.2**	**102.4**

Despite the increasingly uncertain economic conditions as the year progressed, net banking income to 31 March 2012 was €1,139.9 million, compared with €1,214.6 million in the previous year, representing a decline of €74.7 million (-6.2%).

The impairment charges and loan provisions increased from €13.7 million to €26.2 million over the period.

Operating income was €170.9 million, representing a decline in relation to €229.5 million the previous year.

Consolidated net income for financial year 2011/2012 came to €141.5 million, down significantly on that of the previous year (€127.7 million).

After non-controlling interests, net income attributable to equity holders of the parent was at €37.2 million, compared with €102.4 million one year earlier. It should be noted that in 2010/2011, this income included a revaluation gain of €31.4 million arising from the first-time full consolidation of the activities of Rothschild & Cie Banque, our Paris based bank, in the accounts of Paris Orléans along with a capital gain of €1.7 million on the sale of part of the French asset management activity, Sélection R.

Contribution of activities to the Group's net banking income

In €m	2011/2012	2010/2011	*Var. (€m)*	*Var. (%)*
Global Financial Advisory and Corporate Banking	768.1	848.2	*(80.1)*	*-9%*
Wealth Management and Asset Management	293.3	309.2	*(15.9)*	*-5%*
Private Equity	78.5	57.2	*21.3*	*37%*
Group total	**1,139.9**	**1,214.6**	***(74.7)***	***-6%***

Net banking income is presented for each of the Group core business activities, which correspond to its operating structure: Global Financial Advisory and Corporate Banking, Wealth Management and Asset Management, and Private Equity.

Global Financial Advisory and Corporate Banking

The Group’s Global Financial Advisory business saw a fall in revenue of 9% attributable to a slowdown in activity (mergers and acquisitions advisory, financial and debt restructuring advisory and capital markets advisory) in all countries in which the Group operates, with the exception of Germany and certain emerging countries.

Merger and acquisition transactions improved during the first half of 2011 but a slowdown in this business from July 2011, due to fears concerning the euro zone and worsening economic conditions, had a negative impact on the total revenues.

The Corporate Banking business in the UK continued to downsize its portfolio. Impairment on the banking portfolio, accounted in “Impairment charges and loan provisions” marginally increased due to weaker economic conditions.

Wealth Management and Asset Management

Due to the partial sale of Sélection R on 31 March 2011, the contribution from this activity is no longer included in the net banking income for 2011/2012 (€9.9 million in 2010/2011).

Despite a volatile financial market environment, revenue from Wealth Management and Asset Management business contracted only slightly in relation to the previous year due to strong net new assets over the period (+€1.4 billion), excluding the impact of the sale of Sélection R in France (€1.5 billion).

At the end of March 2012, the Group has some €37.1 billion assets under management compared with €37.2 billion at the end of March 2011.

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Private equity

Private equity disposals and repayments amounted to €153 million, generating capital gains of €55.5 million. The disposal of SIACI Saint Honoré generated a capital gain of €33 million.

During the 2011/2012 financial year, Paris Orléans acquired minority stakes for a total of €55 million, while a total of €22 million was called on by investment funds (of which €16 million for Group funds).

The net debt of Paris Orléans, the company and its private equity subsidiaries, continued to fall over the year, with total debt reduction of €62 million.

Liquidity – financial structure – regulatory ratios

The Group has maintained high level of liquidity since the onset of the credit crisis in 2007 by reducing the level of commitments on its balance sheet, diversifying its financing sources and lengthening its maturities. On 31 March 2012, Cash at central banks and at other banks accounted for 50% of the assets compared with 43% one year previously.

The shareholders' equity, including non-controlling interests, increased from €1,684.5 million to €1,705.1 million at 31 March 2012.

Group solvency ratio

The Group is regulated by the French Prudential Authority (ACP: *Autorité de Contrôle Prudentiel*) as a Financial Company ("*Compagnie Financière*"),

Its regulatory ratios are communicated to ACP on 30 June and 31 December of each year.

On these dates, the Group's tier 1 capital and global solvency ratios were both well above the minimum Basel II levels.

	30/06/2011	31/12/2011	Basel II minimum
Tier 1 ratio	12.9%	13.7%	4%
Global solvency ratio	22.3%	24.9%	8%

Unaudited financial data, source: Paris Orléans.

Dividend

As announced regarding the Group Reorganisation, a dividend of €0.50 per share is to be proposed by the Supervisory Board at the Paris Orléans Annual General Meeting called to approve the financial statements for the year ended 31 March 2012.

Group Reorganisation

On 4 April 2012, the Group announced a reorganisation, an important step in its continued international development and structural streamlining.

This involved two phases:

- the first being the contribution of certain shares previously held by third parties in certain subsidiaries (Rothschild & Cie Banque, Financière Rabelais and Rothschilds Continuation Holdings) to Paris Orléans, in return for new ordinary shares in Paris Orléans,
- the second involving the conversion of Paris Orléans to a French limited partnership (*société en commandite par action*).

This reorganisation was approved by the Annual General Meeting of 8 June 2012.

The results of the buy-out offer made as a result of this conversion have been announced on 25 June 2012, with only 2.7% of the post contributions share capital accepting the offer, this provides evidence of the shareholders' commitment and trust in Paris Orléans.

The management's aim in this reorganisation is to simplify the Group structure and facilitate day to day management.

PO Gestion is the general managing partner of Paris Orléans, chaired by the Group's long-standing Chairman David de Rothschild, alongside Chief Executive Officers Olivier Pécoux and Nigel Higgins.

Pro forma impact of the contributions

The table below shows shareholders' equity - Group share and net result - Group share as at 31 March 2012 and pro forma.

In €m	March 2012	March 2012 Pro forma of reorganisation
Shareholders' equity – Group share	720.8	1,183.0
Net result – Group share	37.2	53.4

Unaudited financial data, source: Paris Orléans.

Medium-term outlook

Despite macroeconomic uncertainty and an evolving regulatory framework, its stable and long-term shareholding structure and solid financial structure should allow the Group to continue implementing its strategy, which it started several years ago, of globalizing its business activities.

Following the reorganisation, the Group plans to undertake various initiatives to enable it to both expand development through synergies between its three operating businesses, and to reduce gross costs by around €20 million within two to three years, especially regarding support functions.

In addition, various initiatives were launched in the Global Financial Advisory business in the year to 31 March 2012 which are expected to save approximately €25 million gross per annum from the fiscal year that will end on 31 March 2013.

About Paris Orléans, the parent company of the Rothschild group

Paris Orléans operates in three areas:

- *Global Financial Advisory which comprises advisory services for mergers and acquisitions, for debt financing and debt restructuring, and equity capital markets advisory;*
- *Wealth Management and Asset Management which also include institutional asset management;*
- *Merchant banking which comprises third party private equity business and private equity for its own accounts.*

French partnership limited by shares (société en commandite par actions) with a share capital of €141,806,058. Paris Business 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 B.

Main share	*Secondary share*
ISIN Code: FR0000031684 *MNEMO: PAOR*	*ISIN Code: FR0011267830* *MNEMO: PAONV*

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Financial calendar

- 14 August 2012: Financial information for the first quarter of the 2012/20113 financial year
- 27 September 2012: Annual Shareholders General Meeting
- 30 November 2012: Results of the first half-year of the 2012/2013 financial year