PARIS ORLÉANS

Press release *Paris, 29 November 2012*

Results for the 1st half of the 2012/2013 financial year

Resilient performance against a background of uncertain economic conditions

- Stronger second quarter following slow start to the year
- Global Financial Advisory business has gained market share in the period and had worked on 4 of the 10 largest European M&A transactions
- Wealth and Asset Management business has increased its AUM by 5% to €39.0 billion with a healthy asset pipeline contributing to a positive outlook for the rest of the year
- Continued development in Merchant Banking, including the final closing of Five Arrows Secondary Opportunities III (€259 million of committed capital)

The Supervisory Board of Paris Orléans SCA ("Paris Orléans"), met on 29 November 2012 to consider the consolidated financial statements for the half-year from 1 April to 30 September 2012; these accounts had been previously approved by PO Gestion SAS ("PO Gestion"), managing partner of Paris Orléans.

The Group announced a reorganisation on 4 April 2012, an important step in its continued development. The aim of this reorganisation was to simplify the Group structure and improve day-to-day management.

The reorganisation involved two phases:

- the first being the acquisition of certain shares previously held by third parties in certain subsidiaries (Rothschild & Cie Banque, Financière Rabelais and Rothschilds Continuation Holdings) of Paris Orléans, in exchange for 38.4 million new ordinary shares in Paris Orléans,
- the second involving the conversion of Paris Orléans into a French partnership limited by shares (*société en commandite par actions*).

This reorganisation was approved at the Extraordinary General Meeting of shareholders on 8 June 2012. PO Gestion, the managing partner of Paris Orléans, is chaired by the Group's long-standing Chairman David de Rothschild, alongside Chief Executive Officers Nigel Higgins and Olivier Pécoux.

Summary profit & loss

In € million	30/09/2012	30/09/2011
Operating revenues	**510.0**	**590.7**
Staff costs	(328.9)	(335.1)
Administrative expenses	(105.9)	(112.3)
Amortisation and depreciation	(17.0)	(11.9)
Impairment charges and loan provisions	(5.2)	(13.1)
Operating profit	**53.0**	**118.3**
Profit before tax	**54.9**	**121.9**
Provision for taxes	(15.8)	(18.8)
Consolidated net income	**39.1**	**103.1**
Net income – attributable to non-controlling interests	3.6	60.7
Net income – attributable to equity holders of the parent company	**35.5**	**42.4**

Operating revenues at 30 September 2012 were €510.0 million, representing a decline of €80.7 million from the same period in 2011/12. The fall is due to the challenging global economic climate, especially in Europe, resulting in a decrease in the number of transactions in the worldwide M&A market and to a slowdown in Merchant Banking business activity with a lower level of asset disposals compared to last year: capital gains decreased by €24.4 million.

Operating profit was €53.0 million, a fall from €118.3 million for the same period in 2011/2012. By contrast, operating profit remains at the same level as at the second half of the 2011/2012 financial year. The decrease in revenues as compared with this second half of the 2011/2012 financial year was offset by a decrease in administrative and staff costs.

Net income attributable to equity holders of the parent company was €35.5 million, compared with €42.4 million for the same period in the prior year.

“The half-year results reflect the difficult environment in which we are operating” said Nigel Higgins and Olivier Pécoux, co-Chief Executive Officers of the Group. *“However, we have improved our market position during this period, and our strong international presence means the Group is well positioned to benefit from improving market conditions in the future. The Group’s stable and long-term shareholding structure, its solid financial position and the quality of its teams should allow us to continue implementing our strategy of developing the business activities.”*

Business trends

In € million	30/09/2012	30/09/2011
Global Financial Advisory and Specialist Finance	329.1	376.0
Wealth Management and Asset Management	141.2	151.6
Merchant Banking	39.7	63.1
Group total	**510.0**	**590.7**

Global Financial Advisory and Specialist Finance

The Global Financial Advisory and Specialist Finance revenues in the second quarter (with revenues of €186 million) improved significantly from the first quarter (with revenues of €143 million), to reach for the first six months revenues of €329.1 million compared to €376.0 million for the comparable period in 2011/2012, a fall of 12%.

Whereas, during the same period, the worldwide M&A market fell 21%[1]. The Group improved its market position and has advised on 4 of the 10 largest European M&A transactions completed in the six months to September 2012.

Rothschild advised on a number of large and complex M&A transactions completed in the six months to September 2012; notably on:

- GDF Suez's acquisition of the remaining 30% stake in International Power (€9.5 billion),
- Sberbank's acquisition of DenizBank from Dexia (US$3.5 billion),
- Alibaba Group's privatisation and delisting of Alibaba.com (US$2.5 billion),
- Intel's strategic investment in ASML (US$4.1 billion), and
- Codelco's acquisition of a 24.5% stake in Anglo American Sur (US$2.8 billion).

Financing advisory (debt advisory, restructuring and equity advisory) continues to perform well despite lower global restructuring activity and equity issuance. Notable restructuring transactions completed in the six months to September 2012 include Kloeckner Pentaplast (€1.2 billion) and Seat Pagine Gialle (€2.7 billion).

Our debt advisory team advised on Inmet's debut 8.75% Senior Unsecured Notes issue (US$1.5 billion) and Techem's bond and bank refinancing (€1.3 billion).

Completed equity advisory assignments in the period have included the Portuguese State's injection of capital into BCP, BPI and CGD (€6.6 billion) and KfW's selldown in Deutsche Post (€0.9 billion).

Whilst the uncertain global economic climate is affecting activity levels across the industry, we believe that our approach of providing impartial, creative and long term ideas and advice to clients across a range of products and industry sectors, coupled with our global franchise, positions us well going forward.

Specialist Finance includes the Corporate Banking business in the UK, which reduced its portfolio by a further €84 million in the first six months of the financial year, in line with expectations.

[1] Source: Thomson Reuters – 9 November 2012 (6 months to September 2012 vs. 6 months to September 2011, completed basis).

Wealth and Asset Management

Wealth and Asset Management revenues were €141.2 million for the first six months compared to €151.6 million for the comparable period in 2011/2012, representing a decrease of 7%.

Wealth and Asset Management had a slow start to the financial year. Revenues were impacted by the uncertainty in the financial markets resulting in lower brokerage fees due to clients' risk aversion.

The Group had €39.0 billion of assets under management as at 30 September 2012, compared with €37.1 billion as at 31 March 2012. The increase is a combination of market appreciation, net inflows and the impact of the acquisition of HDF Finance.

Looking ahead, the Group expects to successfully convert the current healthy asset pipeline into positive net client inflows over the course of the year, as it was for the first half year, mainly in the Wealth Management side of the business, although increasing taxes and low investment returns are adversely affecting clients' willingness to invest.

Furthermore, the merger of Rothschild & Cie Gestion and HDF Finance multi-management activities, to form Rothschild HDF Investment Solutions, is expected to benefit the Group's performance in the longer term, although integration costs relating to this acquisition will limit the benefits in the current financial year.

Merchant Banking

Merchant Banking activities generated revenues of €39.7 million in the first six months of 2012/2013, compared to revenues of €63.1 million for the same period in 2011/12 which benefited from a particularly high level of asset disposals, especially with the SIACI refinancing.

Merchant Banking disposals during the first half of the year amounted to €57.1 million generating capital gains of €24.7 million. This was partially offset by provisions against certain portfolio assets of €9.1 million (accounted in "Operating Revenues" and "Impairment charges and loan provisions").

During the period the division invested €7.0 million in new minority stakes, €2.3 million in a follow-on investment and €3.7 million was drawn down by third party funds.

Merchant Banking held a final closing for its Five Arrows Secondary Opportunities III ("FASO III") fund during the first half, with a total committed capital of €259 million, in excess of its initial expectations of €200 million. A first investment was closed for €91 million in which FASO III committed €50 million (the rest being third party co-Investors).

Operating expenses

Staff costs

For the six months ended 30 September 2012, staff costs were €328.9 million compared to €335.1 million for the same period in the prior year. The decrease of €6.2 million principally results from lower headcount levels in the first six months of 2012/2013 as compared to the same period in 2011/2012. The 2012/2013 figure includes €6 million of restructuring costs.

Administrative expenses

For the first six months of 2012/2013, administrative expenses were €105.9 million compared to €112.3 million for the same period in 2011/2012, representing a decrease of €6.4 million, attributable to cost reduction initiatives.

Impairment charges and loan provisions

For the first six months of 2012/2013, impairment charges and loan provisions were €5.2 million compared to €13.1 million for the same period in 2011/2012, representing a decrease of €7.9 million following the continuing reduction of the Corporate banking book exposures and a more stable, albeit weak, economic environment.

Provision for income taxes

For the six months ended 30 September 2012, the provision for taxes was €15.8 million, which reflects an effective tax rate of 28.8%. This compares to a provision for taxes for the six months ended 30 September 2011 of €18.8 million, an effective tax rate of 15.4% for the period.

The increase in the effective tax rate is primarily due to the new French dividend tax, the change in UK corporate tax rates impacting the level of deferred tax assets, as well as a higher level of asset disposal gains last half year compared to the first half of 2012/2013.

Balance sheet

The summary balance sheet demonstrates the Group's strong liquidity, the continuing reduction in the Corporate Banking book exposures and the positive effect on capital of the Group's reorganisation, as described above.

In € million	30/09/2012	3103/2012
Cash and advances to banks and central banks	4,891.6	4,473.5
Loans to customers	1,492.3	1,685.7
Available for sale assets	783.8	1,056.4
Others	1,686.8	1,707.9
Total Assets	**8,854.5**	**8,923.5**
Due to banks	434.3	344.1
Due to customers	5,772.1	5,619.1
Others	965.8	1,255.2
Shareholders' equity – Group share	1,175.4	720.8
Non-controlling interests	506.9	984.3
Total Liabilities	**8,854.5**	**8,923.5**

Liquidity – financial structure

The Group has maintained a high level of liquidity since the onset of the credit crisis in 2007 by reducing the level of commitments on its balance sheet and lengthening its maturities. On 30 September 2012, cash and advances to banks and central banks accounted for 55% of the assets compared with 50% six months ago.

Shareholders' equity – Group share increased from €720.8 million to €1,175.4 million at 30 September 2012 following the reorganisation of the Group.

Group solvency ratio

	30/06/2011	31/12/2011	30/06/2012	Basel II minimum
Tier 1 ratio	12.9%	13.7%	18.1%	4%
Global solvency ratio	22.3%	24.9%	24.3%	8%

Source: Paris Orléans, unaudited financial data.

The Group is regulated by the French Prudential Supervisory Authority (ACP: *Autorité de Contrôle Prudentiel*) as a Financial Company ("*Compagnie Financière*"). Its regulatory ratios are communicated to the ACP on 30 June and 31 December of each year.

At these dates, the Group's tier 1 capital and global solvency ratios were both well above the minimum Basel II levels. The increase of the Tier 1 ratio is linked to the reorganisation of the Group, and the reduction of non-controlling interests in the Regulatory capital.

Medium-term outlook

Despite macroeconomic uncertainty and an evolving regulatory framework, the Group's stable and long-term shareholding structure, its solid financial position and the quality of its teams allow it to continue implementing its strategy of developing its business activities.

Following the reorganisation and as previously announced, the Group has undertaken various initiatives to enable it to both expand development through synergies between its three main operating businesses, and to reduce gross operating costs by around €20 million within two to three years, especially regarding support functions. In addition, various initiatives were launched in 2011/2012 and 2012/2013 in Global Financial Advisory, which are expected to save approximately €25 million gross per annum in the year ending 31 March 2013.

About Paris Orléans, the parent company of the Rothschild group

Paris Orléans operates in three main areas:

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

Paris Orléans SCA is a French partnership limited by shares (société en commandite par actions) with a share capital of €141,806,058. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Paris Orléans is listed on NYSE Euronext in Paris, Compartment B - ISIN Code: FR0000031684

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Financial calendar

- 15 February 2013 Financial information for the third quarter of the 2012/2013 financial year
- 27 June 2013 Financial year 2012/2013 results