Paris Orléans

Full year 2013/2014 results presentation

25 June 2014

Contents

1. Highlights of 2013/2014

Highlights of 2013/2014

- **Business review**
  - Global Financial Advisory revenues down 7%
  - Wealth and Asset Management revenues up 9% thanks to strong performance fees
  - Merchant Banking revenues up 7% with further improvement in management fees

- **Results**
  - Operating income down 17% mainly due to a significant increase in exceptional charges:
    - IT infrastructure outsourcing reorganisation costs of €16m
    - Several specific legacy legal charges of €26m - US Department of Justice, UK withholding tax, provisions against legal claims – (FY 2012/2013 : €6m)
  - And a further impairment of €27m on shareholding in Edmond de Rothschild (Suisse) of which €22m taken in H1 2013/14
  - Without net exceptional charges, operating income remains stable

- Group benefiting from cost cutting initiatives in main businesses and support functions

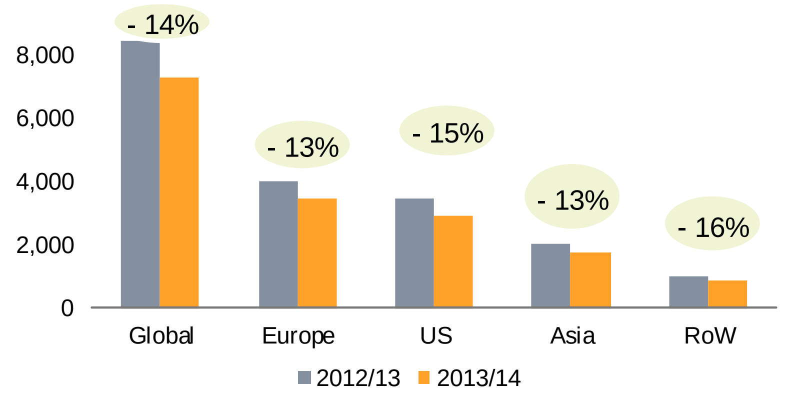
2. Business review

Global Financial Advisory

Profitability of the business

(in €m)	**2012/13**	**2013/14**	***Var***
Revenues	**741**	**689**	***(7)%***
- M&A	523	443	*(15)%*
- Financing Advisory	218	246	*13%*
Operating income	**96**	**71**	***(26)%***
Operating margin in %	*13%*	*10%*	*(3)%*
Adjusted comp ratio [1]	*65%*	*67%*	*2%*
Bankers	*864*	*851*	*(13)*

Completed M&A deal numbers by region[1]



1. Source: Thompson Reuters. Any regional involvement. Completed transactions

- Ranked 5th globally and 1st in Europe by number of completed M&A transactions (*Source : Thomson Reuters, Completed M&A transactions involving Financial Advisers in the 12 months to March 2014*)
- GFA revenue down 7% year on year:
  - M&A revenue down 15% impacting most regions, reflecting lower completions activity in H2 2013/14 compared to H2 2012/13 (our record, post-crisis 6 months) and lower M&A completions in the world (global M&A deal numbers down 14%)
  - Financing Advisory revenue up 13%, as our market leading independent franchise continues to go from strength to strength, alongside strong equity and debt capital markets activity
- Operating income down from €96m to €71m:
  - Lower revenue effect partly offset by reductions in both personnel costs (down 5%) and non-personnel costs (down 3%)
- Continued selective investment in new MDs

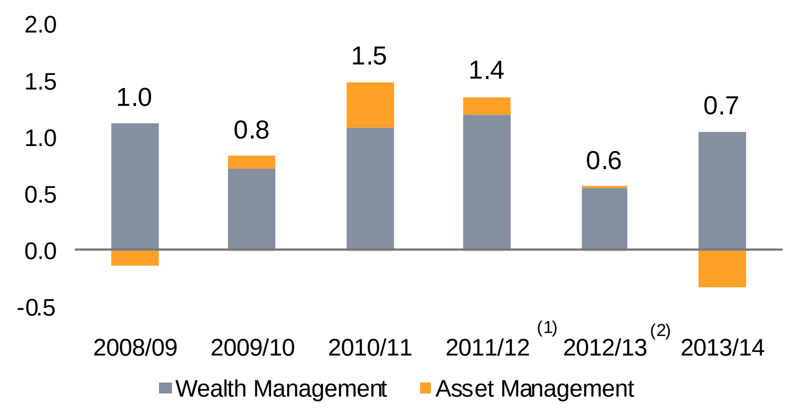
1 For the calculation of the Adjusted compensation ratio, adjustment has been made to include profit share paid to French Partners. It excludes redundancy costs

Wealth and Asset Management

Key figures of the business

(in €m)	2012/13	2013/14	Var
Revenues	**281**	**307**	***9%***
AuM (in €bn)	*38.4*	*42.3*	*10%*
NNA Wealth Management (in €bn)	*0.6*	*1.0*	*74%*
NNA Asset Management (in €bn)	*0.0*	*(0.3)*	*n/a*
Front office for WM	*99*	*104*	*5*
Front office for AM	*51*	*52*	*1*

Net new assets - NNA *(in € bn)*



1 2011/12 excludes the outflow of €1.5bn of assets under management linked to the partial sale of Sélection R in France

2 2012/13 includes the inflow of €0.8bn of assets under management linked to the merger with HDF Finance in France

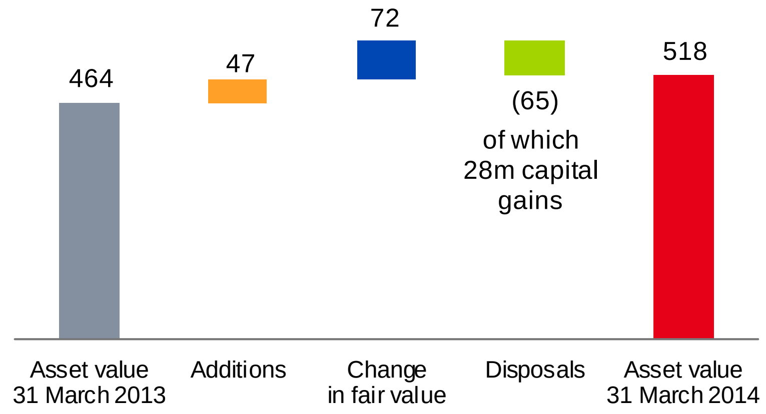
- Good year 2013/2014 due to:
  - a rise of AuM (+€3.9bn), especially in Wealth Management in the UK
  - an increase of performance fees in Asset Management (up €10m)
- Thanks to positive markets (€3.2bn) and a net inflow (€0.7bn), assets under management improved 10% from March 2013 to €42.3bn
- Pressure on business and challenging regulatory environment, especially in Switzerland, has led to exceptional legal costs
- New Wealth Management team in Italy, with promising start
- New products and international development in Asset Management

Merchant Banking

Key figures of the business

(in €m)	**2012/13**	**2013/14**	***Var***
Revenues	**69**	**74**	***7%***
of which net investment gains	37	28	*(26)%*
of which impairments	(19)	(4)	*(79)%*
Net asset value of Group private equity assets	*464*	*518*	*12%*
Investment professionals	*48*	*46*	*(4)%*

Change in the Net asset value (in €m)

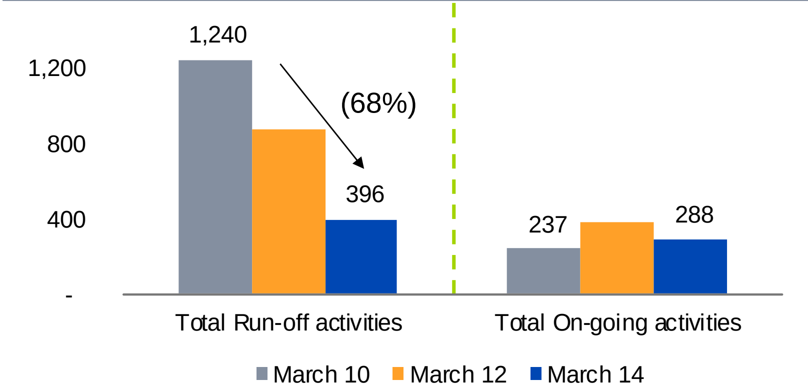


- €3.2bn committed worldwide, of which 19% committed by the Group
- €65m of disposals during the year generating €28m of capital gains (FY 2012/2013 : €37m)
- €47m invested in new investments and follow on
- Continuing the roll out of Merchant Banking offering, with the launch of:
  - a junior leveraged debt fund initiative, FACS, which has closed at €415m, above its target of €400m
  - a senior credit fund, Oberon, which has closed at its target of €200m
- Good pipeline of investment opportunities and disposals

Banking and Asset Finance

Key figures of the business			
(in €m)	**2012/13**	**2013/14**	***Var***
Revenues	**42**	**42**	***(1)%***
Impairment on loans	(13)	(5)	*(63)%*

Lending over 5 years (in €bn)



- Legacy drawings fell to €396m as at 31 March 2014, down from €570m as at 31 March 2013

3. Financial review

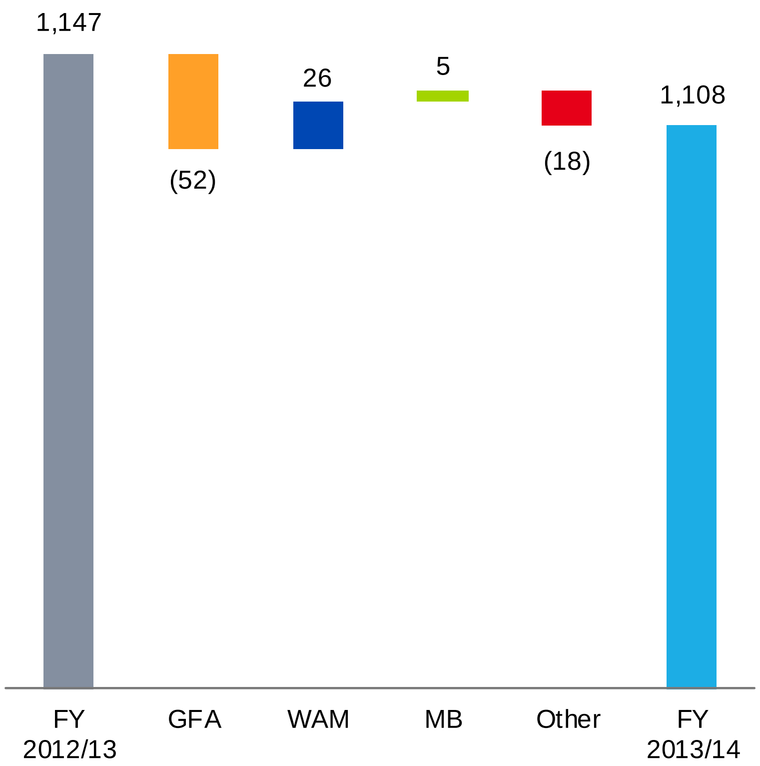
Summary statutory consolidated P&L

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

1 It should be noted that the comparative consolidated income statement has been restated to reflect the introduction of IAS 19 Employee Benefits (revised)

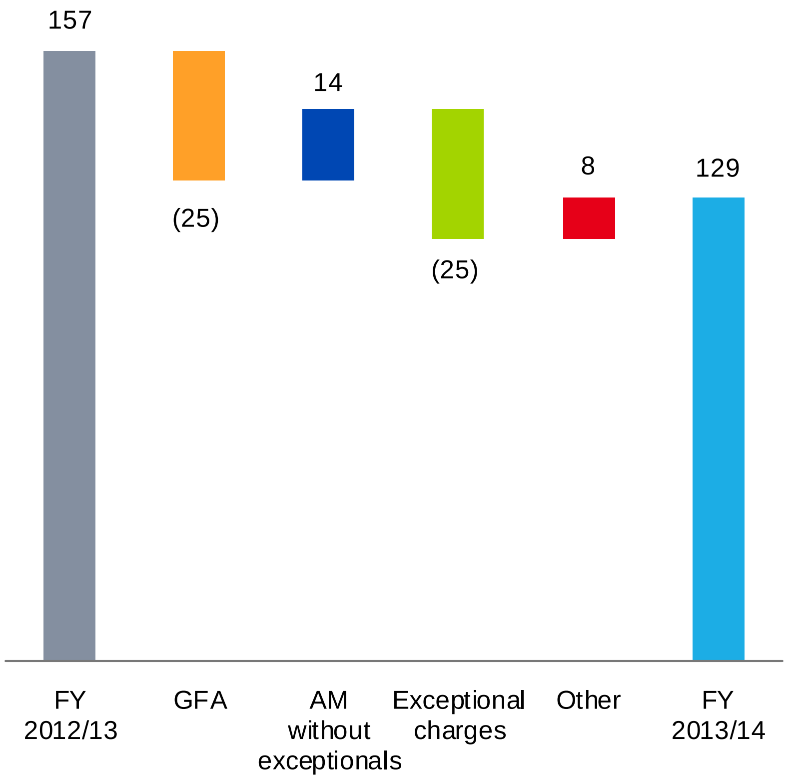
Change in Revenues and Operating income

Revenues (in €m)



- FX effect on revenues is a negative impact of €26m

Operating income (in €m)



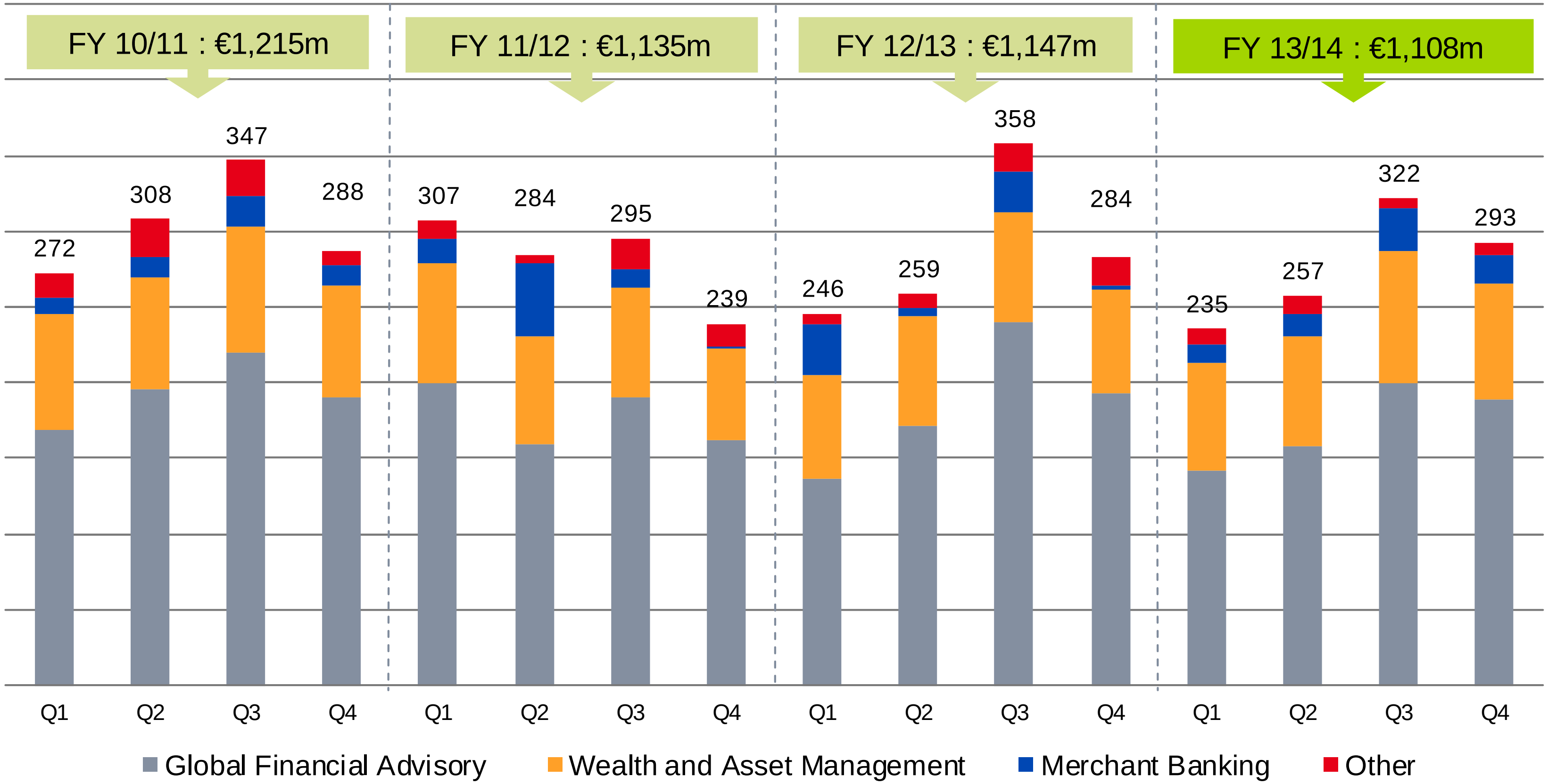
- FX effect on operating income is a negative impact of €2m

Exceptional charges / credits in Net income –Group share

2013/2014						
(in €m)	Operating income			Other PBT	Total	Net income - Group share
	Staff costs	Admin expenses	Depreciation			
- IT outsourcing	(3)	(12)	(1)		**(16)**	(11)
- Legacy legal costs		(26)			**(26)**	(16)
- Pensions credit	11				**11**	8
- EDR (Suisse) impairment				(27)	**(27)**	(18)
- UK deferred tax asset write off					**0**	(6)
Total	**8**	**(38)**	**(1)**	**(27)**	**(58)**	**(43)**
	(31)					
Net income - Group share excluding exceptionals						***51***

2012/2013						
(in €m)	Operating income			Other PBT	Total	Net income - Group share
	Staff costs	Admin expenses	Depreciation			
- Legacy legal costs		(6)			**(6)**	(5)
- EDR (Suisse) impairment				(46)	**(46)**	(31)
- UK deferred tax asset write off					**0**	(2)
- Losses attributable to minority shareholders prior to June 2012					**0**	16
Total	**0**	**(6)**	**0**	**(46)**	**(52)**	**(22)**
	(6)					
Net income - Group share excluding exceptionals						***64***

Focus on quarterly revenues generation



Volatility in GFA and Merchant Banking, less in Wealth Management

Focus on performance by business

(in €m)	Global Financial Advisory	Asset Management [1]	Other [2]	Statutory adjustments	2013/2014
Revenues	**689**	**380**	**61**	**(22)**	**1,108**
Operating expenses	(618)	(308)	(77)	48	(955)
Exceptional charges		(21)	(4)	(6)	(31)
Impairments			(5)	12	7
Operating income	**71**	**51**	**(25)**	**32**	**129**
Operating income without exceptional charges	**71**	**72**	**(21)**	**38**	**160**

(in €m)	Global Financial Advisory	Asset Management [1]	Other [2]	Statutory adjustments	2012/2013 as restated
Revenues	**741**	**350**	**62**	**(6)**	**1,147**
Operating expenses	(645)	(292)	(82)	66	(953)
Exceptional charges		(3)		(3)	(6)
Impairments			(12)	(19)	(31)
Operating income	**96**	**55**	**(32)**	**38**	**157**
Operating income without exceptional charges	**96**	**58**	**(32)**	**41**	**163**

- **Statutory adjustments** mainly represent :
  - the treatment of profit share paid to French partners as non-controlling interests,
  - the application of IAS 19 for defined benefit pension schemes
  - the reallocation of impairments
  - the accounting for deferred bonuses over the period earned
- **Exceptional charges** mainly represent :
  - the IT infrastructure outsourcing reorganisation costs
  - several specific legacy legal provisions (US Department of Justice, UK withholding tax, provisions against legal claims)
  - the credit on Pensions

This analysis is prepared from non IFRS data used internally for assessing business performance then adjusted to conform to the Group's statutory financial accounting policies

1 Asset Management comprises Wealth & Asset Management and Merchant Banking businesses
2 Other comprises Central cost, Legacy businesses and other

Support Cost savings

€20m savings - Support costs in three years

- Support costs cover all support functions such as finance, IT and HR plus legacy costs not allocated to any business.
- 60% of support costs are payroll related
- Adjusting for exchange rates and inflation, these costs reduced by €14m on annualised basis compared to our “base year” of 2011/2012
- Significant initiatives underway that will start having an impact in 2015/2016
  - IT outsourcing is expected to save €10m per annum starting 2015/2016 versus 2011/2012

Compensation ratio

Group Compensation ratio		
(in €m)	**2012/2013 as restated**	**2013/2014**
Revenues	1,147	1,108
Total adjusted staff costs [1]	(747)	(734)
Adjusted Group Compensation ratio (%)	*65.1%*	*66.3%*

GFA Compensation ratio		
(in €m)	**2012/2013 as restated**	**2013/2014**
Revenues	741	689
Total adjusted staff costs [1]	(482)	(462)
Adjusted Group Compensation ratio (%)	*65.1%*	*67.1%*

1 For the calculation of the adjusted compensation ratio, adjustment has been made to include profit share paid to French Partners. It excludes redundancy costs

Edmond de Rothschild (Suisse) [1]

Impairment

Explanations about impairment

- Share price as at :
  - 21 November 2007: 36,995 CHF
  - 31 March 2012: 23,530 CHF
  - 31 March 2013: 20,100 CHF
  - 31 March 2014: 15,855 CHF

giving a book value at 31 March 2014 of €99m (€126m as at 31 March 2013)

- €26.6m charge against Profit before tax (FY 2012/2013 : €46.2m)
- €2.1m deferred tax credit (FY 2012/2013 : €3.6m)
- Impact of €24.5m on consolidated income (FY 2012/2013 : €42.6m)
  - Of which €17.7m in Net income – Group share (FY 2012/2013 : €30.6m)
  - Of which €6.8m in Non-controlling interests (FY 2012/2013 : €12m)

- No impact on cash flow

1 Formely known as Banque Privée Edmond de Rothschild

Income taxes

Income taxes		
(in €m)	**2012/2013**	**2013/2014**
Statutory Profit before tax - as reported	122.3	106.7
Impairment of Edmond de Rothschild (Suisse)	46.2	26.6
Profit before tax - as restated	**168.5**	**133.3**
Income taxes - as reported	38.3	42.7
Deferred tax credit on impairment of Edmond de Rothschild (Suisse)	3.6	2.1
Income taxes - as restated	**41.9**	**44.8**
Adjustments		
UK Deferred tax asset write off due to change in corporation tax rates	(2.0)	(5.7)
Prior year effects	3.0	(1.3)
Income taxes - as restated & after adjustments	**42.9**	**37.8**
Effective tax rate	*25.4%*	*28.4%*

- Effective tax rate would have been 28.4% (25.4% for March 2013) when restated for the further impairment on Edmond de Rothschild (Suisse) and adjusted for:
  - €5.7m, relating to the reduced carrying value of UK deferred tax assets as a result of the change in UK corporation tax rates from 23% to 20%
  - amounts relating to prior years

Non-controlling interests

P&L		
(in €m)	**2012/2013**	**2013/2014**
Interest on subordinated debt	15	14
Non-controlling interests	39	49
Impairment of Edmond de Rothschild (Suisse)	(12)	(7)
TOTAL	**42**	**56**

Balance sheet		
(in €m)	**2012/2013**	**2013/2014**
Perpetual subordinated debt	296	297
Non-controlling interests	185	177
TOTAL	**481**	**474**

- The remaining Non-controlling interests mainly relate to the Swiss based Wealth management business and the profit share distributed to French partners
- The increase in the charge is largely due to the elimination of losses attributable to minority shareholders in the first two months of 2012/2013 (€16 million), prior to the June 2012 Group reorganisation

Summary Balance sheet

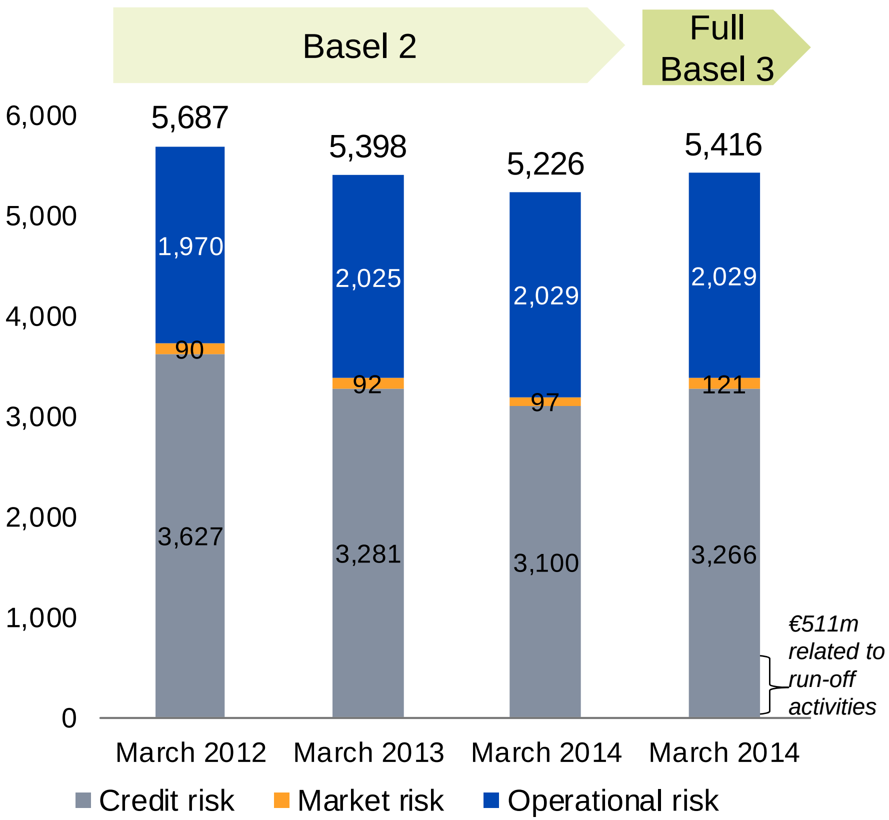
(in € bn)	**31/03/2013**	**31/03/2014**	***Var***
Cash and amounts due from central banks	3.7	3.2	*(0.5)*
Cash placed with banks	1.1	1.2	*0.1*
Loans and advances to customers	1.4	1.4	*0.0*
Debt and equity securities	1.0	1.0	*0.0*
Other assets	1.5	1.2	*(0.3)*
Total assets	**8.7**	**8.0**	***(0.7)***
Due to customers	5.6	4.9	*(0.7)*
Other liabilities	1.4	1.3	*(0.1)*
Shareholders' equity - Group share	1.2	1.3	*0.1*
Non-controlling interests	0.5	0.5	-
Total capital & liabilities	**8.7**	**8.0**	***(0.7)***

- Reduction of total Balance sheet was driven by the fall of customer deposits with the maturity of term deposits in the UK
- Surplus cash, mainly arising from customer deposits, is placed with Central banks
- Corporate legacy lending book continues its managed decline, whereas Private client lending (Lombard and mortgage loans) is developing in line with expectations

Solvency ratios

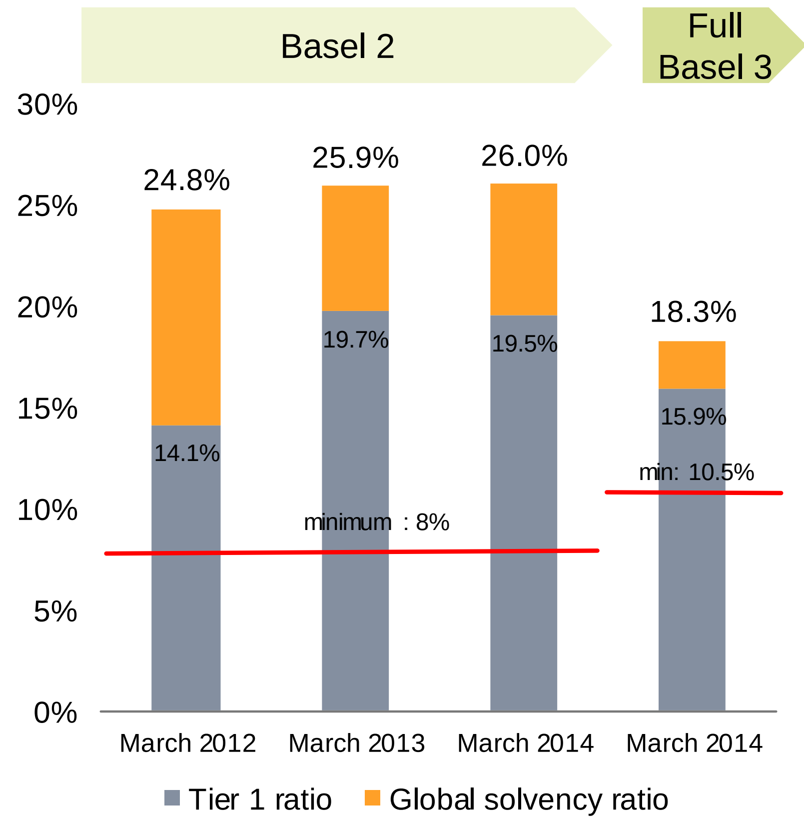
Risk weighted assets and ratios

Risk weighted assets (in €m)



- Small increase in RWA due to rules' changes following Basel 3 application :
  - new weights for some assets
  - new charge on Credit Value Adjustments
- On a Basel 2 basis, RWA would have decreased slightly due to disposal of assets

Group solvency ratio



- Tier 1 and Global solvency ratios decreased in relation to new Basel 3 Minority Interest treatment.
- Ratios are comfortably above minimum requirements imposed by Basel 3

Financial targets

	Medium-Term Targets
Adjusted compensation cost	■ FY 2013/2014 : 66% ■ Low 60%'s through the cycle
Return on tangible equity	■ FY 2013/2014 : 5%[1] ■ At least 13% in the medium term
Dividends	■ €0.50 dividend per share proposed to the AGM, same level as last year ■ Right to elect for cash or new shares

1 Excluding exceptional items (as described slide 12)

Appendices

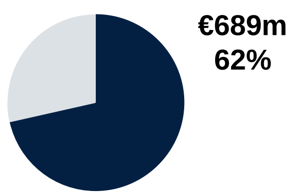
A strategy focused on 3 core activities

Global Financial Advisory (GFA)

Portfolio of solutions

- **M&A and strategic advisory**
- **Financing advisory**
  - Debt advisory
  - Restructuring
  - Equity advisory

Contributions to year ending March 14 consolidated revenues



Geographical footprint

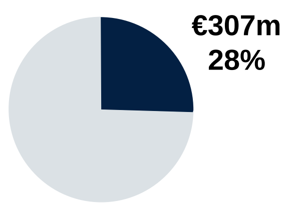
- **Worldwide platform with 50 offices in 40 countries**

Wealth & Asset Management

Portfolio of solutions

- **Wealth Management**
- **Asset Management**
- **Trust services**

Contributions to year ending March 14 consolidated revenues



Geographical footprint

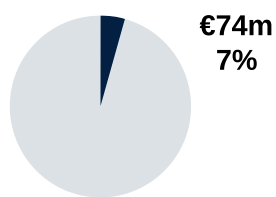
- **European stronghold with targeted extensions (e.g. US, Hong Kong, Singapore)**

Merchant Banking

Portfolio of solutions

- **Private equity**
  - FAPI
  - FASO
  - PO Proprietary Investments
- **Private debt**

Contributions to year ending March 14 consolidated revenues



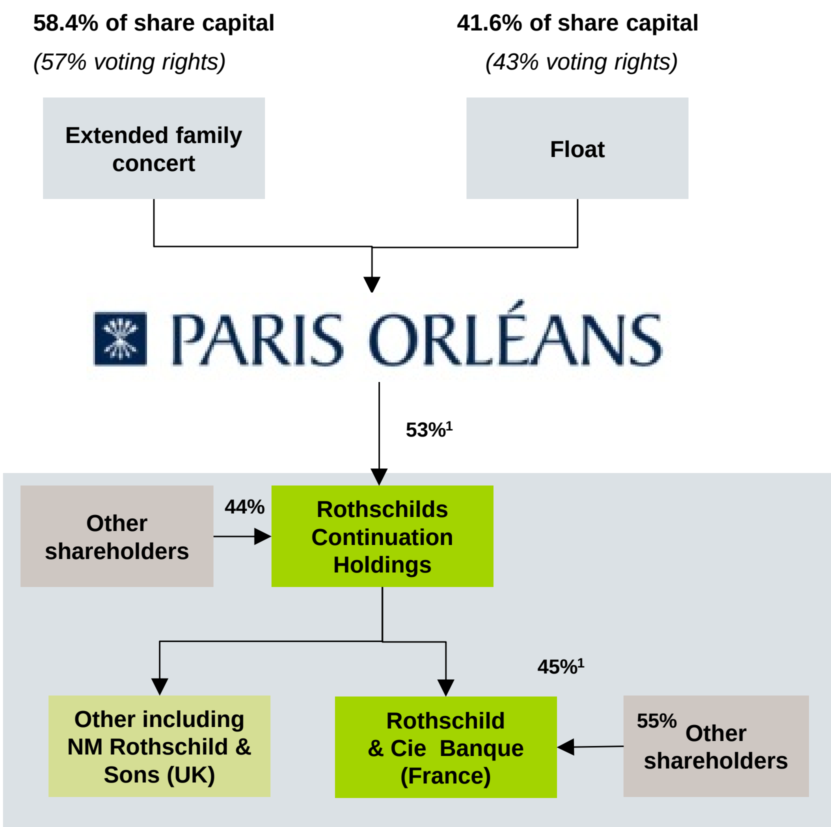
Geographical footprint

- **France / UK hubs**
- **Proprietary investment in emerging countries**
- **Third-party investments in Europe**

- ***Other activities*** *include Specialist Finance, Corporate lending legacy book and other activities, altogether accounting for €38m / c.3% of FY 2013/2014 statutory accounts revenues*

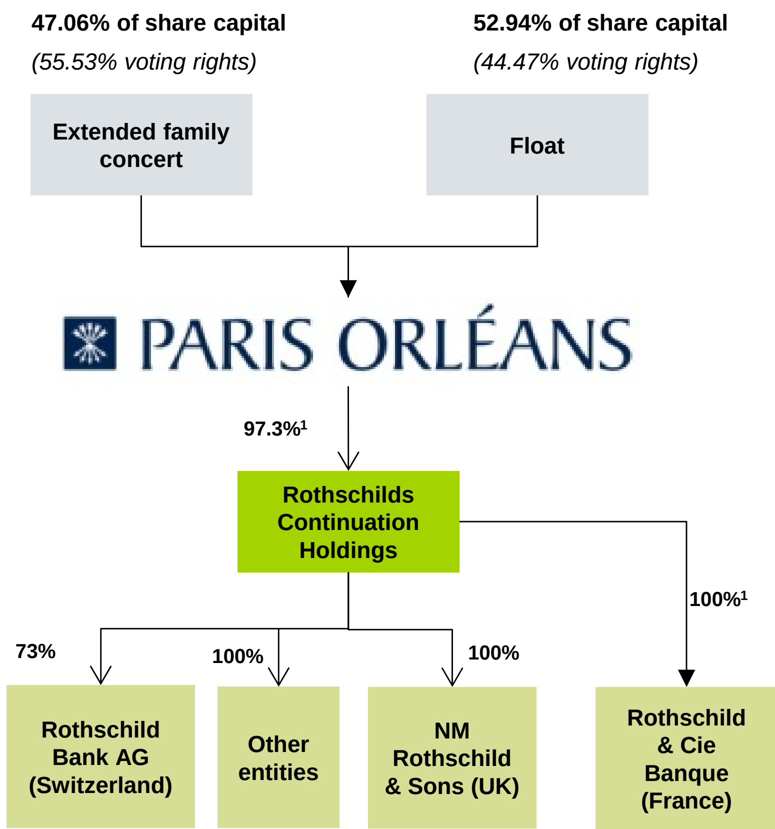
Organisation chart

Before June 2012



- Complexity of entities
- Holding company structure and valuation
- Unaligned management interests
- €1.0bn of minority interests out of €1.7bn of consolidated equity

As at 31 March 2014



Three complementary core businesses

Global Financial Advisory	Wealth & Asset Management	Merchant Banking

1 Directly and indirectly through holding companies

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The Group's consolidated accounts 2013/2014 were approved by Paris Orléans' managing partner (PO Gestion) at a meeting convened on June 16th 2014, and by its Audit Committee and Supervisory Board at meetings respectively convened on 19th June 2014 and on 25th June 2014.

For more information on Paris Orléans: www.paris-orleans.com