Annual Report

2013/2014

PARIS ORLÉANS

Cover page: New Court, Rothschild's modern London offices, is the business' fourth building on the same site in 200 years, bearing the same name as its three predecessors.
Photo copyright Hufton + Crow

Annual Report 2013 / 2014

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Today's integrated Group offers full-scale financial advisory services across the world

Paris Orléans, parent company of the Rothschild Group

The Rothschild Group is one of the world's largest independent financial advisory groups, employing approximately 2,800 people in 40 countries around the world.

We provide strategic, M&A, wealth management and fundraising advice and services to governments, companies and individuals worldwide.

There are three main arms to our Group – Global Financial Advisory, Wealth and Asset Management and Merchant Banking – as well as Banking & Asset financial businesses.

We are family-controlled and independent and have been at the centre of the world's financial markets for over 200 years. From our historical roots in Europe we have developed a unique global footprint. Today we have full-scale advisory businesses across the world, including locally staffed offices in China, Brazil, India, the United States of America, the Middle East and Asia Pacific.

We provide outstanding client service, with the highest standards of professional integrity to build enduring relationships of trust and confidence. As a family-controlled business, we are not constrained by short-term thinking or goals.

We seek long-term relationships with our clients through deepening our contacts with them and taking a long term view to deliver their interests. We provide high quality ideas, objective, trusted advice and sound judgement, setting high standards for ourselves, striving continually for improvement and executing flawlessly.

We attract, develop and reward exceptional people who work collaboratively, proactively sharing knowledge and expertise and delivering their personal commitment to bring the entire Rothschild network to the client.

Key figures

as at 31 March 2014

2,804
Employees
(2,764 as at 31 March 2013)

€1,108m
of Revenues
(€1,147m as at 31 March 2013)

€129m
of Operating income
(€157m as at 31 March 2013)

€1,269m
of Shareholders' equity – Group share
(€1,225m as at 31 March 2013)

€1,280m
of Market Capitalisation
(€1,262m as at 31 March 2013)

Message to the shareholders

Dear Shareholders,

Financial markets continued to be dominated by monetary policy in the West. Broadly, 2013 was a positive year for investors and corporates as cheap money supported asset prices and major economies returned to growth. So far, 2014 has been less encouraging with slowing growth in China, deflationary pressures in Europe and increased geopolitical instability. Investor confidence appears to be weakening as doubts grow about the ability of asset prices to sustain the withdrawal of artificial monetary stimulus.

Despite this, our operating performance for most of the Group's businesses held up well in 2013/2014, thanks to resilient revenues and ongoing cost management efforts. Our results highlight the value of having a diversified business model, better positioning us for the current uncertain economic environment.

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

Consolidated revenues for the year remained stable at €1,108 million, down 3% from 2012/2013. This included a negative foreign exchange impact on revenues of €26 million.

Operating income for the year, €129 million compared to €157 million in 2012/2013, was impacted by net exceptional charges. Excluding these net exceptional charges operating income was stable at €160 million versus €163 million in the prior year.

Net income – Group share fell to €8 million compared to €42 million in the previous year. After excluding the effect of the above net exceptional charges and other non-operating items, the net income – Group share would have been €51 million compared to €64 million in the previous year.

Global Financial Advisory

For the year to March 2014, Global Financial Advisory revenue was €689 million, 7% down compared to the same period last year. M&A revenue was down year-on-year across most regions, reflecting lower M&A completion activity for the Group in the second half of the year compared to the second half of 2012/2013 (which was our record period for M&A revenue post the financial crisis). Financing Advisory revenue was up strongly year-on-year supported by our leading position in providing independent, strategic capital advice to companies, governments and financial sponsors.

By way of comparison, for the twelve months to March 2014, global M&A deal numbers were down 14% compared to the same period in the prior year. We continue to be positioned among the top financial advisers in the world, ranking 5th globally and 1st in Europe by number of completed M&A transactions. We are one of the leading global independent debt advisers and we undertook more European equity advisory assignments than any other independent advisory firm, a position that allowed us to benefit from the significant upturn in European equity capital markets activity during the year. We advised on more European IPOs than any other independent financial adviser during the year.

Wealth & Asset Management

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

During the year ended 31 March 2014, Wealth and Asset Management generated revenue of €307 million, 9% more than in 2014 (€281 million). Revenue growth was mostly driven by the increase of assets under management and a higher than usual level of performance fees in the Asset Management business, reflecting the fact that several Rothschild funds performed very strongly in the calendar year 2013.

We continue to rebalance our Wealth Management business away from offshore in favour of onshore activities. Growth has been strong in our existing onshore businesses, particularly in the UK, France and Germany, and we have recently opened an office in Milan. Looking ahead, in Wealth Management, the Group expects to successfully convert the current healthy asset pipeline into positive net client inflows over the coming year. However, the continuing pressure on our businesses arising from increased regulation, especially in Switzerland, means that conditions will remain difficult in 2014/2015.

Merchant Banking

Our Merchant Banking business now comprises both our merchant banking funds (including our unlisted debt funds) and our proprietary investments. During the year ended 31 March 2014, Merchant Banking generated revenues of €74 million compared to €69 million the previous year.

During the year ended March 2014, disposal proceeds amounted to €65 million generating net investment gains of €28 million. Moreover, this division invested €47 million, of which €11 million was in proprietary investments and €36 million was in funds managed by Merchant Banking.

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

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

Banking & Asset Finance

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

Balance Sheet

The Group continues to maintain a high level of liquidity. On 31 March 2014, cash placed with central banks and banks accounted for 54% of total assets (56% in March 2013). Our Risk Weighted Asset ratio is a very healthy 18.3% under full application of Basel III, which is significantly above the minimum of 10.5%.

Equity Scheme

During 2013/2014 the Group introduced an equity participation scheme for senior staff to better align the interests of employees and shareholders.

Supervisory Board

We should like to take this opportunity to thank both Christian de Labriffe and Philippe de Nicolay, both of whom have left the Supervisory Board this year, for their time and advice in recent years. Christian de Labriffe was appointed as a Director of the Board of Directors in 1996 until 2004, when he became a member of the Supervisory Board and Chairman of the Audit Committee until the reorganisation in June 2012; he remained as a member of the Supervisory Board and the Audit Committee after the reorganisation until June 2013. Philippe de Nicolay was appointed as member of the Supervisory Board in December 2007 and will now join the Board of Directors of Rothschild Concordia, Paris Orléans' main shareholder.

Dividend

For the year ended 31 March 2014, in consultation with the Supervisory Board, we propose to pay a dividend of €0.50 per share, the same as last year. The Manager will offer to shareholders the right to elect for payment of the dividend, either in cash or in new shares of Paris Orléans.

Outlook

We continue to be focused on investing for long term growth within our core businesses, improving profitability and cost discipline, as well as maximising synergies between our three businesses.

We remain confident in our ability to benefit from an improvement in market conditions. The M&A market is showing positive signs at present with deal flow picking up in recent months in Europe, but still in a highly volatile global environment. If this level of activity persists we will see a positive impact on our business performance, particularly in the M&A market and to deliver sustainable performance.

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

PO Gestion SAS, General Partner and Manager of Paris Orléans

David de Rothschild, Chairman
Nigel Higgins & Olivier Pécoux, co-Chief Executive Officers

David de Rothschild
Chairman

Nigel Higgins
co-Chief Executive Officer

Olivier Pécoux
co-Chief Executive Officer

Overview of businesses

Global Financial Advisory

- M&A and strategic advisory
- Financing advisory
  – Debt advisory and restructuring
  – Equity advisory

Worldwide platform with a presence in 40 countries

Approximately 900 bankers, of which 180 are Managing Directors

Adviser on approximately 450 transactions with a total value of $430 billion

5th globally and 1st in Europe by number of completed M&A transactions[1]

GFA transaction volumes[2]

	2013	2014	% change
Value of M&A (in billions of US$)	237	207	-13%
Value of financing advisory (in billions of US$)	173	223	29%
Total value (in billions of US$)	410	**430**	**5%**
Number of M&A transactions	274	227	-17%
Number of financing advisory transactions	176	226	28%
Total transactions	450	**453**	**1%**

[1] Source: Thomson Reuters, completed transactions. Excludes accountancy firms.
[2] Source: Thomson Reuters, Dealogic, completed transactions. Rothschild analysis.

Wealth & Asset Management

- Wealth Management
- Asset Management

Strong European presence, and targeted extensions in Asia (Hong Kong, Singapore) and New York

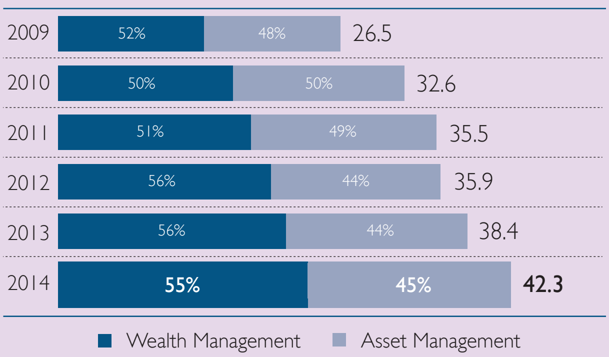
104 Relationship Managers for Wealth Management

52 Investment Managers for Asset Management

€42.3 billion in assets under management, of which 55% relate to Wealth Management and 45% to Asset Management

Assets under management

(in billions of euros, as at 31 March)



Merchant Banking

- Private equity
- Private debt

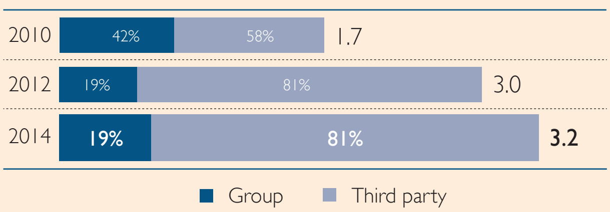
Solid position in France and the United Kingdom. Proprietary investments in emerging countries

46 investment professionals

€3.2 billion of assets under management of which 19% committed by the Group

Assets under management

(in billions of euros, as at 31 March)



Banking & Asset Finance

- Asset finance and fund lending
- Corporate lending

Focus on growth of UK asset finance business. Continued reduction in commercial lending activity

188 employees in Asset finance area

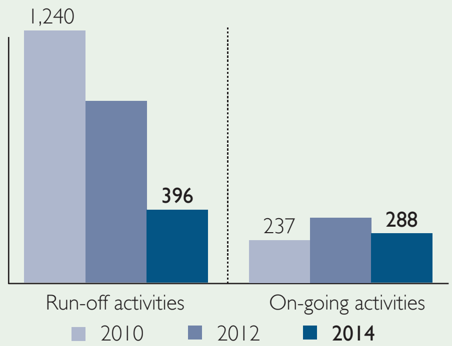
16 banking professionals

€0.3 billion ongoing loan book

€0.4 billion in legacy run-off book

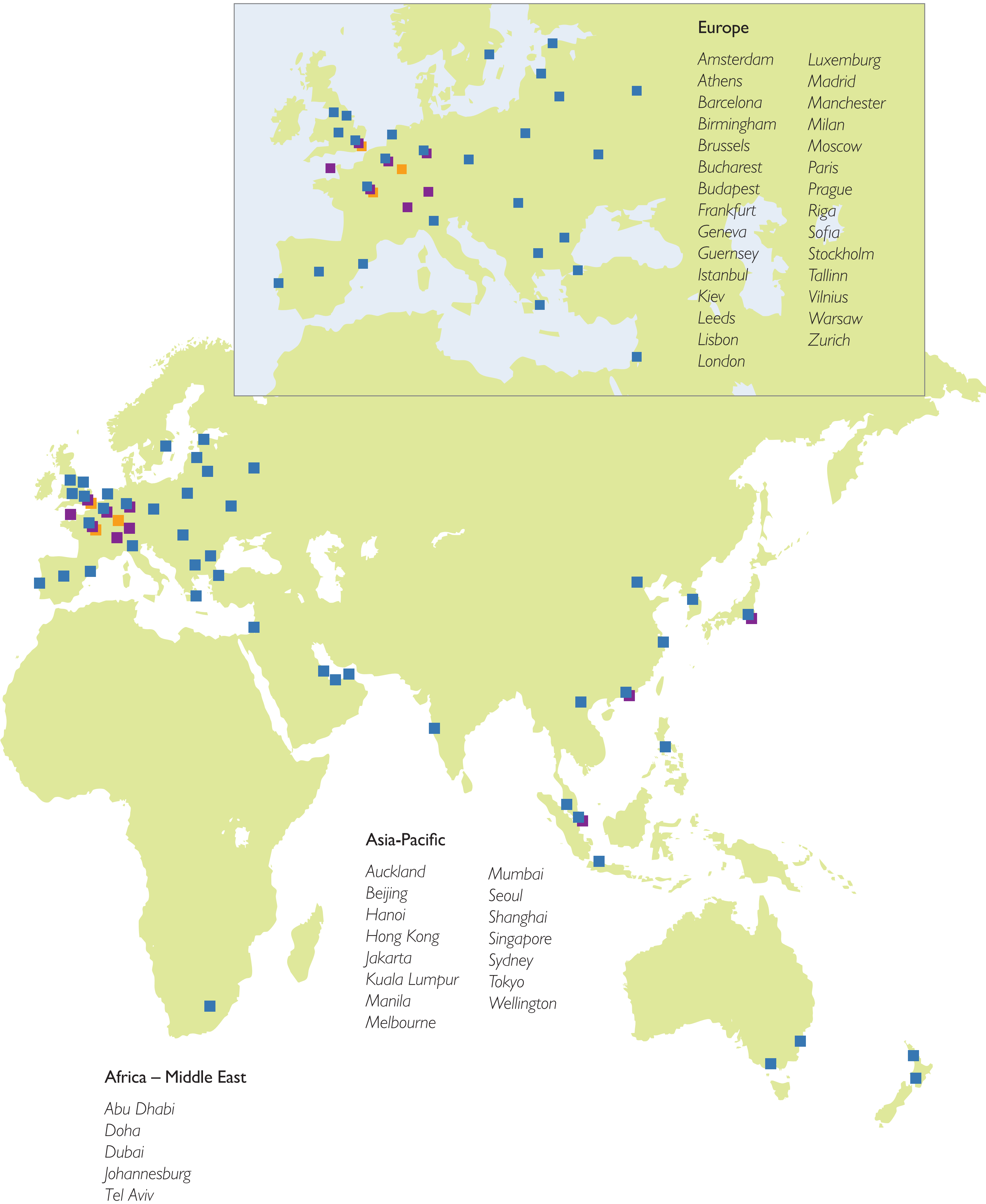
Loan book by nature

(in millions of euros, as at 31 March)



World presence

■ Global Financial Advisory
■ Wealth and Asset Management
■ Merchant Banking


Europe
Amsterdam
Athens
Barcelona
Birmingham
Brussels
Bucharest
Budapest
Frankfurt
Geneva
Guernsey
Istanbul
Kiev
Leeds
Lisbon
London
Luxemburg
Madrid
Manchester
Milan
Moscow
Paris
Prague
Riga
Sofia
Stockholm
Tallinn
Vilnius
Warsaw
Zurich
Asia-Pacific
Auckland
Beijing
Hanoi
Hong Kong
Jakarta
Kuala Lumpur
Manila
Melbourne
Mumbai
Seoul
Shanghai
Singapore
Sydney
Tokyo
Wellington
Africa – Middle East
Abu Dhabi
Doha
Dubai
Johannesburg
Tel Aviv

Corporate governance

The Company's governance structure is based on an executive body, the Manager (PO Gestion SAS), assisted by the Group Management Committee, and a supervisory body, the Supervisory Board.

Management – PO Gestion SAS

PO Gestion SAS has the broadest powers to act in any circumstances in the Company's name and on its behalf, in accordance with the law and with the company's Articles of Association. PO Gestion SAS is managed by its Chairman, David de Rothschild, and by its two Chief Executive Officers, Nigel Higgins and Olivier Pécoux.

David de Rothschild

Baron David de Rothschild was appointed Rothschild Group Chairman in 2003.

David is the great, great, great grandson of Mayer Amschel Rothschild, the founder of the Rothschild dynasty, and descended from the Baron James de Rothschild who established a bank in Paris in 1812.

David has been in the business for 40 years and has worked in different branches of the family firm. In 1981, Banque Rothschild, the company originally founded by James de Rothschild in 1812 under the name De Rothschild Frères, was nationalised by the French government. A regrouping was led by David and his cousin, Baron Éric de Rothschild, and they finally secured the right to operate a new banking business under the family name in 1986.

David sits on the boards of Casino, Edmond de Rothschild SA and Compagnie Financière Martin Maurel SA.

Nigel Higgins

Nigel Higgins was appointed Chief Executive Officer of PO Gestion SAS on 6 June 2012. He has been Chief Executive Officer of Rothschilds Continuation Holdings AG since March 2010.

Nigel joined Rothschild in 1982. Since the late 1990s he has held a number of senior positions within Rothschild, including Head of UK Investment Banking and Co-Head of Global Investment Banking.

Nigel graduated from Oxford University.

Olivier Pécoux

Olivier Pécoux was appointed Chief Executive Officer of PO Gestion SAS on 6 June 2012. He was Chief Executive *(directeur général)* of Paris Orléans from 2010 until the conversion in 2012.

Olivier joined Rothschild in 1991, and has held a number of senior positions within the Group, including Co-Head of Global Investment Banking.

Before joining Rothschild, Olivier worked at Lazard Frères and at Schlumberger in Europe and the United States. Olivier began his career at Peat Marwick Mitchell.

Olivier is on the Board of Essilor.

Group Management Committee

The Group Management Committee comprises 14 members. It forms the senior executive operational and functional committee for the Group, responsible for the proper and effective functioning of its governance structures, operating policies and procedures, and implementation of Group strategy.

In this role, the Group Management Committee assists PO Gestion SAS in the management and administration of the affairs of the Company and its principal subsidiaries, and oversees business management.

Management

Nigel Higgins
Co-Chief Executive Officer

Olivier Pécoux
Co-Chief Executive Officer

Business Heads

Robert Leitão
Head of Global Financial Advisory

Jean-Louis Laurens
Head of Asset Management

Alain Massiera
Head of Wealth Management (Paris)

Richard Martin
Co-Head of Wealth Management & Trust

Veit de Maddalena
Co-Head of Wealth Management & Trust

Marc-Olivier Laurent
Head of Merchant Banking

Alexandre de Rothschild
Head of Proprietary Investments

Support Heads

Paul Barry
Group Human Resources Director

Mark Crump
Group Finance Director

Andrew Didham
Group Risk and Regulation

Gary Powell
Group Head of Strategy

Jonathan Westcott
Group Legal, Compliance and Risk Director

Corporate governance

Supervisory Board

The Supervisory Board exercises permanent oversight of the management of the Company. The Board's terms and references set forth the rights and responsibilities of its members.

As at 31 March 2014, the Supervisory Board consists of 12 members:

Eric de Rothschild
Chairman

André Lévy-Lang[1]
Vice-Chairman

François Henrot
Vice-Chairman

Lucie Maurel-Aubert

Martin Bouygues[1]

Sylvain Héfès

Lord Leach[1]

Jacques Richier[1]

Alexandre de Rothschild

Anthony de Rothschild

Sipko Schat[1]

Peter Smith[1]

Specialised Committees

To fulfill its mission as effectively as possible, the Supervisory Board relies on specialised committees stemming from it: the Audit Committee, the Strategy Committee and the Remuneration and Nomination Committee. Each member of the aforementioned committees is a member of the Supervisory Board. As at 31 March 2014, the composition of each Committee was as follows:

Audit Committee

Peter Smith[1]
Chairman

André Lévy-Lang[1]

Sylvain Héfès

Strategy Committee

André Lévy-Lang[1]

François Henrot

Lucie Maurel-Aubert

Martin Bouygues[1]

Alexandre de Rothschild

Remuneration and Nomination Committee

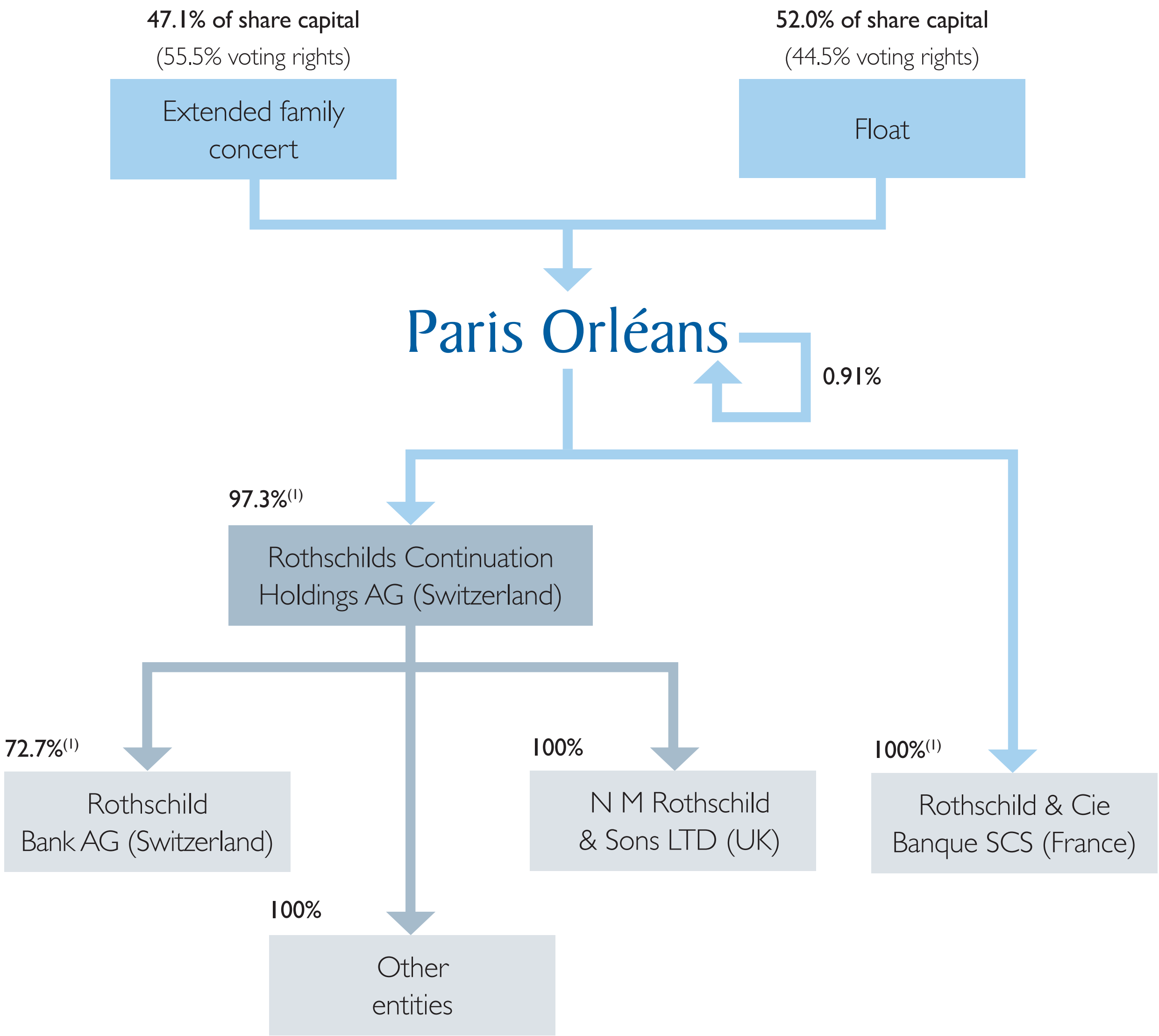
Sylvain Héfès
Chairman

André Lévy-Lang[1]

Peter Smith[1]

[1] *Independent members*

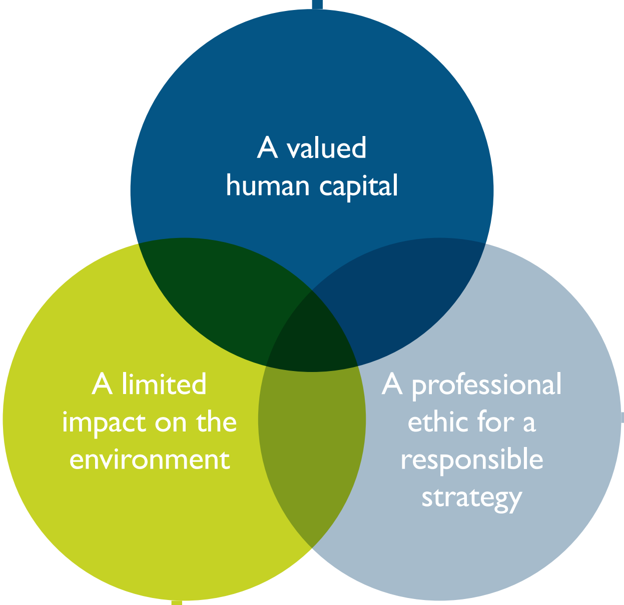
Simplified organisation chart as at 31 March 2014



(1) *Directly and indirectly through holding companies*

Social, environmental and corporate responsibility

The social, environmental and corporate responsibility policy of the Rothschild Group is led by the following values:



- 2,804 people
- 40 countries
- 40% of women
- A staff-training policy

The Group success relies on talented individuals evolving in an environment where an inclusive culture is being developed.

- An economic responsibility involving fair business and practices
- A Group committed in sponsorship and partnership actions
- A significant consideration for stakeholders

Local development represents a major issue for the Group. The numerous partnership and sponsorship actions in which the Group commits reflect a 200 year commitment tradition in philanthropic activities.

- Efforts to reduce energy consumption
- A reduced water consumption: 27 751m^3
- A saving of 100 tonnes of CO_2 thanks to a "Green Flights policy"

The Group strives to limit its negative impact on the environment and optimise its actions in order to reduce its energy invoice and waste production, as well as consequences of business travel.

Paris Orléans Group's commitment on social, environmental and corporate responsibility relies on a pragmatic approach calling on each employee.

Several initiatives within the context of a new policy reflected this commitment during the financial year 2013/2014:

- A strengthened working group comprising more people within the Group
- A more qualitative approach and an improved verification process
- Elaboration of CSR guidelines
- Appointment of an independent certification body

Social, environmental and societal information is presented from page 101 onwards of this report.

Key indicators:

- Headcount (split by location, business, gender, age)
- Number of training sessions
- Number of occupational accidents with days lost
- Water consumption
- Paper consumption
- Energy consumption
- Waste production
- Number of km and CO_2 emissions linked to business travel

Shareholder information

Market data

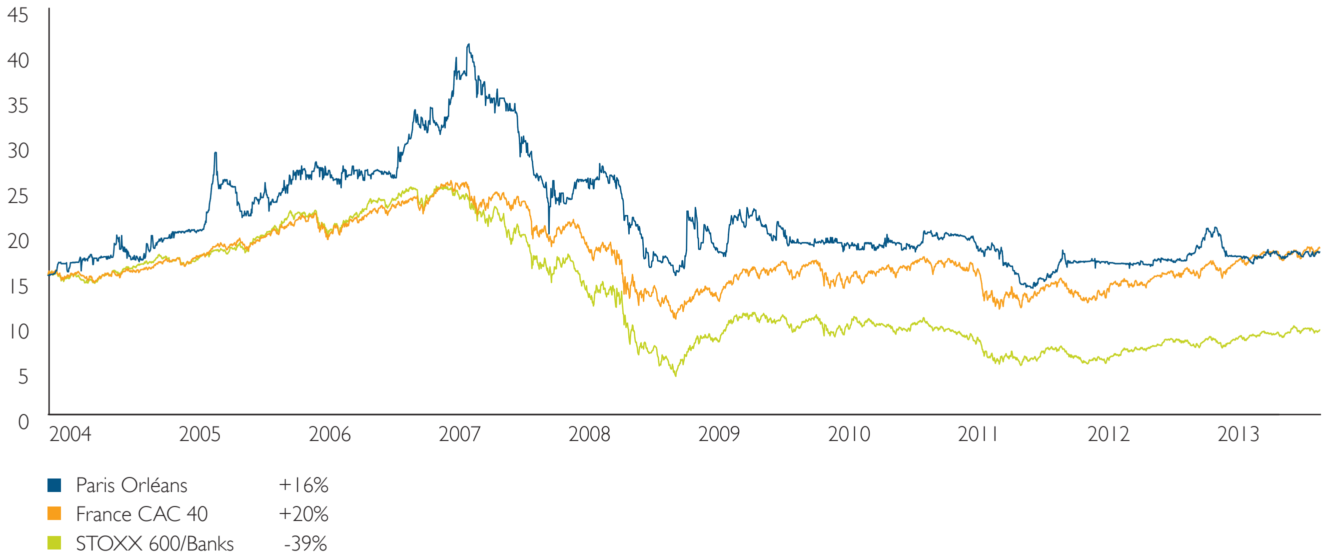
(Fiscal years ended 31 March)

	2010	2011	2012	2013	2014
Share price (in euros)					
At the end of the financial year	18.8	19.6	17.0	17.8	18.0
Maximum	22.9	20.3	20.1	17.9	20.7
Minimum	16.2	18.0	14.0	16.2	16.8
Yearly average	20.1	19.0	17.3	16.9	18.1
Number of shares and investment certificates					
Issued	31,944,553	32,373,515	32,515,587	70,903,029	71,104,108
of which treasury shares	*908,170*	*813,320*	*714,120*	*693,504*	*644,197*
Per share (in euros)					
Net dividend	0.35	0.40	0.50	0.50	0.50[(1)]
Earnings per share	0.88	3.48	1.24	0.68	0.11
Market Data					
Total value traded (in euros)	25,340,788	36,654,240	24,599,627	64,681,721	65,696,798
Trading volume	1,224,646	1,953,209	1,429,983	3,808,255	3,741,749
Average daily traded volume	4,803	7,541	5,543	15,112	14,616
Market capitalisation	**€600.6m**	**€634.5m**	**€552.4m**	**€1,262.1m**	**€1,279.9m**

[(1)] *Dividend proposed at the General Meeting to be held on 25 September 2014*

Paris Orléans' share price evolution over 10 years

(as at 31 March)

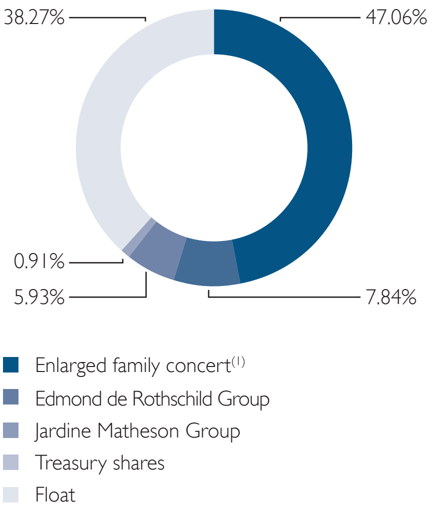


Shareholder information

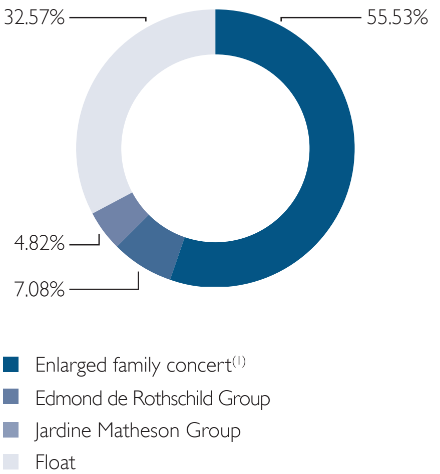
Shareholding structure

(as at 31 March 2014)

Share capital



Exercisable voting rights



(1) Concert comprising, amongst other shareholders, the French and English branches of the Rothschild family, certain members of the management bodies and Compagnie Financière Martin Maurel, disclosed with the French Financial Market Authority on 12 June 2012 (Decision & Information 212C0752 of 13 June 2012 and Decision & Information 212C0783 of 19 June 2012).

Proposed dividend

The payment of a dividend of €0.50 per share to shareholders will be proposed. Shareholders will have the right to elect for payment of the 2013/2014 dividend, for the total amount of the dividend to which they are entitled, either in cash or new ordinary shares.

31 October 2014
Record date

3 November 2014
Ex-dividend date

5 December 2014
Payment date

Liquidity

Since January 2008, Paris Orléans has awarded a liquidity contract to Rothschild & Cie Banque, a subsidiary, in order to improve the share's liquidity, regulate the share price and avoid unjustified differences between market price and fair value. When this contract was in place, 150,000 Paris Orléans shares were made available to the liquidity manager.

As at 31 March 2014, 174,050 shares and €1.3 million cash were booked to the liquidity contract[1].

The company releases half-yearly reports on the liquidity contract.

All reports are posted on the corporate website under the "Investor Relations – Regulated information" section.

(1) See page 96 section entitled "Buyback by the Company of its own shares".

Financial communication

Paris Orléans provides its shareholders with information throughout the year, through releases on the publication in English and in French of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group in accordance with regulations and practices for publication.

Paris Orléans' website allows visitors to browse the latest updates, share prices and its publications. The annual report may be reviewed on and downloaded from the Paris Orléans website: www.paris-orleans.com.

Visitors can also join Paris Orléans' mailing list to receive the latest news about the company. At any time, visitors can also request information from the investor relations department.

All information regarding the Rothschild Group's activities is available at www.rothschild.com.

Paris Orléans confirms being "PEA-PME" eligible. For which the eligibility criteria are specified in Decree No 2014-283 of 4 March 2014 implementing Article 70 of the 2014 Finance Law No 2013-1278 of 29 December 2013, namely having:

- less than 5,000 employees; and
- annual turnover of less than 1,500 million euros or balance-sheet total of less than 2,000 million euros.

Share information

ISIN code	FR0000031684
Identification code	PAOR
Market	NYSE Euronext Compartiment A (France)
Listing place	Paris

Financial calendar

7 August 2014 (after market close)
Financial Information for the first quarter of FY 2014/2015

25 September 2014
Annual Shareholders General Meeting (10.30 am – CET)

25 November 2014 (after market close)
First half-year of FY 2014/2015 results

13 February 2015 (after market close)
Financial information for the third quarter of FY 2014/2015

24 June 2015 (after market close)
Financial year 2014/2015 results

Contact

Paris Orléans

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mlb@paris-orleans.com

Phone: + 33 (0)1 53 77 65 10

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75008 Paris

Websites

www.paris-orleans.com
www.rothschild.com

Our values

1. Client First

We provide outstanding client service, with the highest standards of professional integrity to build enduring relationships of trust and confidence

Global Financial Advisory

Introduction

Our Global Financial Advisory (GFA) business provides impartial, expert advisory services to governments, corporations, institutions and individuals. Our services include advice across strategy, mergers and acquisitions, debt and equity financing and restructuring.

Market overview

The highly competitive financial advisory market is characterised by a mix of traditional bulge bracket firms offering both advisory and underwriting services, and the independent firms providing advisory-only services.

The independent advisory segment of the market, in which Rothschild is a leading player, addresses the increasing demand from a broad range of clients who, given the increasing complexity of the financial markets and growing concerns around conflicts of interest, seek expert and impartial advice on their M&A and financing activities.

Our business

Our GFA business continued to be resilient, notwithstanding a challenging economic environment where volatility and uncertainty have affected activity levels across the industry. Improvements in certain sectors and markets are, however, beginning to be seen and with approximately 900 advisory bankers in 40 countries around the world[1], we have a truly global footprint and are well positioned to capitalise on positive developments in market conditions.

Our long-term, relationship-based approach to business continues to set us apart from our competitors and drives substantial repeat business. Many of our long-standing client relationships span a number of decades.

We remain a leading global adviser, ranking among the top five in many sectors and geographies[2]. During the past financial year we advised on M&A and strategic and financing advisory transactions with a total value of US$430 billion, 5% up on the previous year[3]. By financial advisory revenue we ranked 6th globally amongst our peer group[4].

Our advisory-focused business model continues to hold us in good stead as clients attach ever greater importance to having an expert, impartial adviser. Our broad offering across sectors, countries and services enables us to meet the totality of our clients' needs, as well as diversifying our income over the economic cycle.

(1) Includes alliance partners.
(2) Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms.
(3) Source: Thomson Reuters, Rothschild internal data, completed transactions.
(4) Source: Company filings.

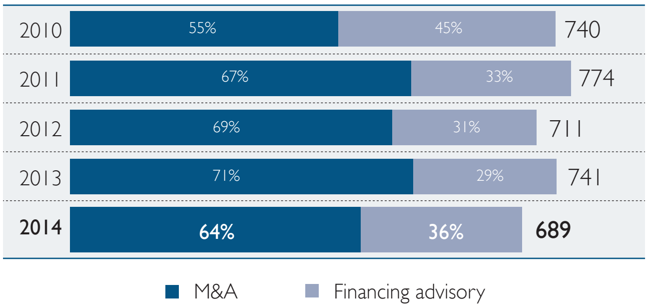
Our differentiators

We are differentiated from our competitors in the following respects:

- **Focused on clients**
  - Nothing gets in the way of our impartial advice for each and every client. We sell nothing but our best advice and execution capabilities.
- **Expert**
  - Senior bankers lead every assignment from start to finish.
  - Rothschild advise on more deals than any other adviser in our core markets, and on many of the most complex or transformational assignments in the world.
  - All Rothschild clients benefit from our collective intellectual capital, specialist sector and product expertise and wealth of experience.
- **Informed**
  - We combine global scale with deep local networks.
  - With approximately 900 advisory bankers on the ground around the world, we are well placed to help clients, wherever their business takes them.
- **Long-term**
  - As a family-controlled business, we are unconstrained by short-term thinking, and we can take a long-term view to deliver each client's interests.
- **Trusted and independent**
  - We know that long-lasting relationships depend on the quality of our advice.
  - The scale of our business means that we are not dependent on the outcome of any one transaction.
  - We care about our clients' success as much as they do. This has been true for more than 200 years.

Rothschild advisory revenue breakdown

(in millions of euros, as at 31 March)



Lower M&A completions activity partially offset by strong growth in Financing advisory revenue.

Our expertise was recognised in several leading industry awards:

M&A and strategic awards

The Banker Deals of the Year
- 2014 Americas M&A Deal of the Year
  - Sprint Nextel's disposal of a 78% stake to Softbank

Real Deals Private Equity Awards
- 2014 UK Small Deal of the Year
  - Bridgepoint's acquisition of Cambridge Education Group
- 2014 France and Benelux Deal of the Year
  - Electra Partners' disposal of Allflex

British Private Equity Awards
- 2013 Corporate Financier of the Year

FT & Mergermarket European M&A Awards
- 2013 Mid-market Financial Adviser of the Year

Euromoney Awards for Excellence
- 2013 Best M&A House in Western Europe
- 2013 Best M&A House in Central and Eastern Europe
- 2013 Best M&A House in France
- 2013 Best M&A House in the United Kingdom

The Banker Investment Banking Awards
- 2013 Most Innovative Investment Bank for Sovereign Advisory

The Asset Triple A Country Awards
- 2013 Japan Deal of the Year
  - Sprint Nextel/Softbank

Financing advisory awards

The Banker Deals of the Year
- 2014 Americas Restructuring of the Year
  - American Airlines' exit from Chapter 11 and merger with US Airways

Real Deals Private Equity Awards
- 2014 Mediterranean Deal of the Year
  - IPO of Moleskine
- 2014 IPO of the Year
  - IPO of Foxtons Group

IFR (International Finance Review)
- 2013 EMEA Equity Issue of the Year
  - IPO of Foxtons Group
- 2013 Emerging EMEA Bond of the Year
  - Israel Electric's dual-tranche bond

PFI Awards (Project Finance International)
- 2013 Global Adviser of the Year
- 2013 Corporate deal of the Year
  - Arqiva's refinancing

Business Review

M&A and strategic advisory

Our M&A teams provide expert advice across all aspects of mergers and acquisitions, as well as strategic advice in such areas as joint ventures, corporate governance and US special committee and fiduciary matters.

In the 2013/2014 financial year we remained among the top advisers, ranking 5th globally by number of completed M&A deals[(1)] and in Europe we continue to be the market leader, advising on more deals than any of our competitors – a position we have held for twelve consecutive years[(1)].

Our global scale and capabilities are demonstrated by our strong performance in cross-border deals, which represented 50% of our total activity.

We held top five positions in many sectors globally and the majority of sectors in Europe, being particularly active in consumer products, healthcare, business services and financial institutions[(1)]. We continued to perform strongly in our chosen deal volume metric of number of transactions.

We recruited talented senior people in Germany, Asia and the United States, and broadened our US presence with the opening of an office in Los Angeles.

“Rothschild continued to rank among the world’s top M&A advisers.”

[(1)] Source: Thomson Reuters, completed transactions, ranked by number of deals. Excludes accountancy firms

M&A league table rankings by region

(as at 31 March)

	By value		By number	
	2013	2014	2013	2014
Global	10	15	3	5
Global cross-border	8	11	3	5
Europe	5	14	1	1
Asia	17	12	14	11
North America	17	19	16	18
Rest of the World	4	15	8	8

Source: Thomson Reuters, completed deals, 1 April-31 March. Excludes accountancy firms.
Note: Global, global cross-border and European league table rankings by value were impacted by Vodafone’s US$130 billion sale of Verizon shares.

Rothschild advised the following clients on a number of significant M&A transactions completed during the year:

Sprint Nextel
- US$21.6bn disposal of a 78% stake to SoftBank
- Third largest wireless operator in the US

BPCE and Natixis
- €12.1bn sale of Natixis' 20% stake in Banques Populaires and the Caisses d'Epargne
- Second largest banking group in France

Severn Trent
- Adviser on unsolicited offer from Long River Partners
- Water provision and treatment company

Almeida Junior
- Acquisition of Westfield's 50% stake in Westfield Almeida Junior, a Brazilian JV, to regain full control
- Largest regional shopping mall operator in Brazil

Government of Kazakhstan
- US$4.7bn take private of Eurasian Natural Resources Corporation (ENRC)
- ENRC is a diversified mining and industrial company

VINCI Concessions
- €3.1bn acquisition of a 95% stake in ANA Aeroportos de Portugal
- Subsidiary of the French listed construction company VINCI Group

The Izmirlian family
- £1.7bn dual-track sale and refinancing of More London which concluded in the sale of the estate to St Martins Property Group
- More London is comprised of 10 prime office buildings on London's South Bank

Salini
- €1.7bn merger with Impreglio
- Italian construction company

Essilor
- US$1.9bn acquisition of a 51% stake in Transitions Optical and of 100% of Intercast from PPG Industries
- Leading ophthalmic optics company

Casino
- €1.2bn acquisition of a 50% stake in Monoprix from Galeries Lafayette
- Leading French food retailer

Supervisory Board of ThyssenKrupp
- US$1.6bn disposal of TK Steel USA to a consortium of ArcelorMittal and Nippon Steel/Sumitomo
- German integrated global materials and technology company

Electra Partners
- US$1.3bn disposal of Allflex to BC Partners
- UK-based independent private equity fund manager

CSM
- US$1.3bn disposal of its global bakery supplies businesses to Rhone Group
- Largest supplier of bakery products worldwide

PAI Partners
- Acquisition of R&R Ice Cream from Oaktree Capital Management
- European private equity firm

Harry Winston Diamond Corporation
- $1.0bn sale of its brand diamond jewellery and timepiece division Harry Winston Inc. to Swatch Group
- Diamond enterprise with assets in mining and retail

Business Review

Financing advisory

Our Financing advisory teams, encompassing Debt and Restructuring and Equity Advisory, provide advice to clients on financing strategy and solutions. On many occasions they work alongside our M&A teams to deliver integrated, comprehensive advice to our clients.

Debt advisory and restructuring

Our debt advisory and restructuring teams provide strategic capital structure advice to deliver the best possible refinancing and restructuring solutions.

Our debt advisory capabilities include advice on capital raisings and refinancing across all markets, and expertise across banks, bonds, ratings, derivatives and hedging. We are one of the leaders in this field, having advised on over 140 transactions globally during the financial year, with a total value of approximately US$125 billion[1].

Our track record in successfully helping clients to optimise both the sources of debt and terms of debt finance continues to drive our debt advisory deal pipeline.

Our restructuring capabilities include lender negotiations, recapitalisations, exchange offers, distressed M&A, in-court and out-of-court transactions and creditor representation. Our independence and the sheer volume of deals we advise on place us in a unique position in terms of market knowledge, and enable us to deliver client-focused advice without the conflicts of interest faced by bulge bracket banks.

Clients continue to engage us on large and highly complex restructuring assignments and during the financial year we maintained our strong market position, advising on a total of US$65 billion transactions, and ranking 5th globally and 2nd in Europe by number deals[2].

“Rothschild remained one of the world’s leading providers of independent financing advice.”

[1] Source: Rothschild internal data, completed transactions.
[2] Source: Thomson Reuters.

Restructuring league table rankings by region

(as at 31 March)	By value		By number	
	2013	**2014**	2013	**2014**
Global	5	**5**	2	**5**
EMEA	3	**3**	1	**2**

[1] Source: Thomson Reuters. Completed transactions.

Equity advisory

Our Equity advisory teams provide independent advice to clients on a wide range of equity capital raising transactions including initial public offerings (IPOs), secondary offerings, block trades, spin-offs and convertible instruments. The teams work in collaboration with our industry sector specialists to deliver integrated advice to our clients, including simultaneous dual-track disposal/IPO advisory.

We have an unparalleled global footprint and deeper resources than any other adviser in this area. We are the only truly global provider of independent equity advice, with specialist teams based in key equity markets around the world including New York, Hong Kong, Sydney, Moscow and throughout Europe.

In the 2013/2014 financial year, our deal flow in Europe continued to be well above that of other equity advisory teams. We advised on approximately 45 European equity capital market transactions with a total value of US$26 billion[1], and more European IPOs than any other independent financial adviser[2].

[1] Source: Rothschild internal data.
[2] Source: company filings, Rothschild internal data, IPOs over US$300m.

Rothschild advised the following clients on a number of significant assignments during the year:

DEBT ADVISORY AND RESTRUCTURING

AMR Corporation
- Adviser on US$34bn Chapter 11 restructuring and merger with US Airways
- Parent of American Airlines

A consortium of Marubeni, POSCO and China Steel
- Adviser on US$7.2bn project financing of the Roy Hill Iron Ore Project
- Consortium of Japanese, Korean and Taiwanese companies

Central Bank of Cyprus
- Adviser on the restructuring and recapitalisation of the country's banking system

Global Container Terminals
- Adviser on US$1bn refinancing including debut private placement and associated hedging advice
- One of North America's leading container terminals operators

Open Grid Europe
- Adviser on €2.7bn refinancing
- Germany's leading natural gas transmission company

Promotora de Informaciones
- Adviser on US$3.3bn combined restructuring of its existing debt and raising of a new money facility
- Listed Spanish media company

Arcapita
- Adviser on US$2.6bn Chapter 11 filing
- Bahrain-based investment banking service provider

The sponsors of CEVA Group
- Adviser on out-of-court €1.3bn exchange offers and €230m recapitalisation
- One of the world's leading non-asset based supply chain management companies

EQUITY ADVISORY

Koninklijke KPN
- Adviser on €3.0bn rights issue
- Netherlands telecoms operator

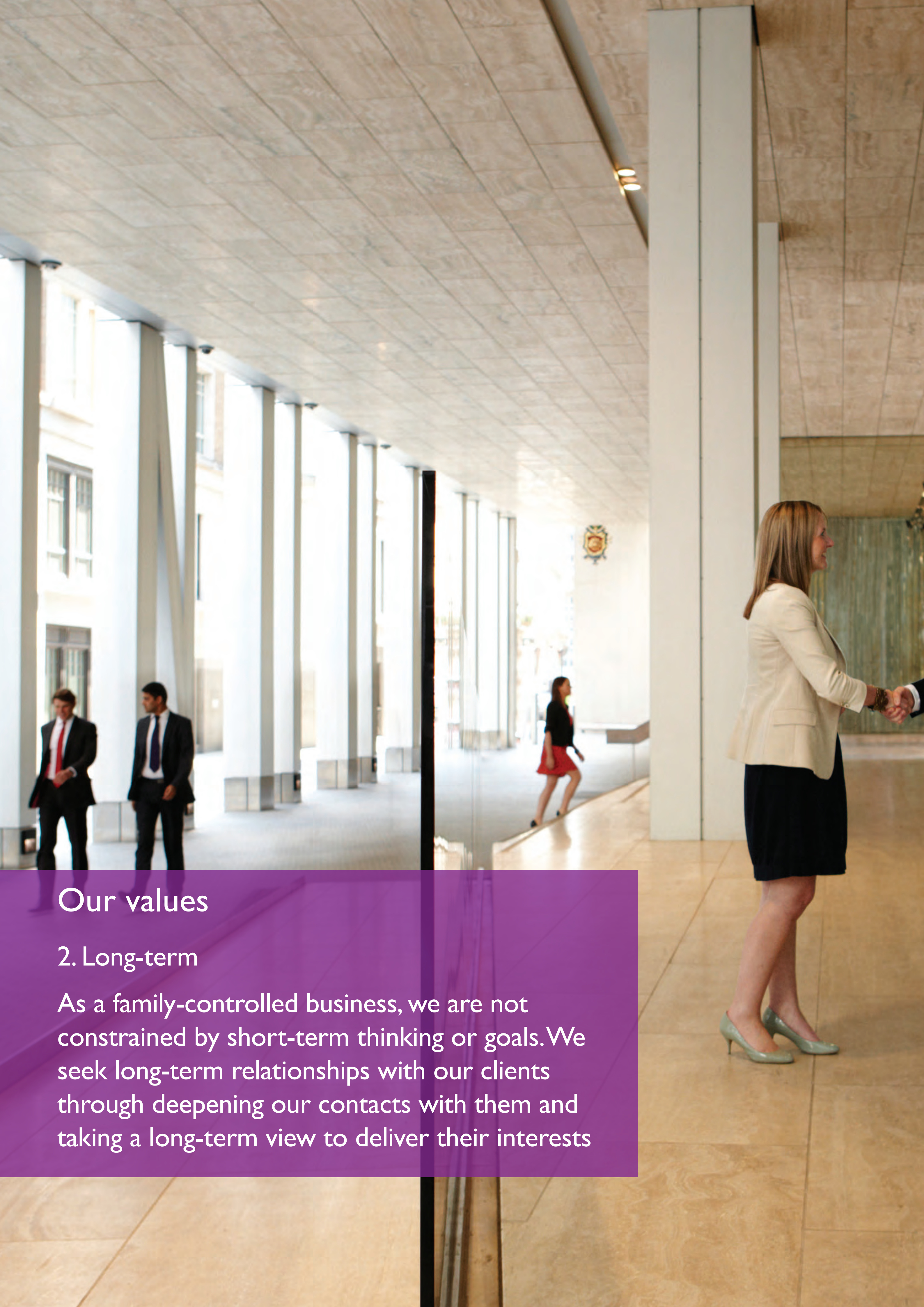
AO.com
- Adviser on £1.2bn flotation on the London Stock Exchange
- UK online retailer

Vestas
- Adviser on €1.3bn capital structure refinancing through new debt facility and equity placing
- Market-leading manufacturer of wind turbines, listed on the Copenhagen Stock Exchange

Volkswagen
- Adviser on €1.3bn issuance of new Mandatory Convertible Notes
- German automobile manufacturer

Lenta
- Advice to the Company and its major shareholders on the US$1.1bn IPO of Lenta on the London and Moscow stock exchanges
- Russia's second largest hypermarket chain

Grupo BFA and Bankia
- Adviser on €979m sell-down of a 12% stake in Mapfre
- Spanish banking group



Our values

2. Long-term

As a family-controlled business, we are not constrained by short-term thinking or goals. We seek long-term relationships with our clients through deepening our contacts with them and taking a long-term view to deliver their interests

Wealth & Asset Management

Introduction

We have a long-term perspective and our objectivity means our interests are aligned with those of our clients. Objective, transparent and state of the art advice to our high net-worth private clients and our global institutional clients underpins our business model, which is demonstrated by our ability to attract clients, win new assets and generate solid investment performance.

We continue to develop our Wealth and Asset Management activities in line with our stated strategy of diversifying our sources of income. Our businesses are focused on the preservation, growth and transmission of our private and institutional clients' wealth and assets. Our Wealth and Asset Management businesses are based in Brussels, Frankfurt, Geneva, Guernsey, Hong Kong, London, Milan, New York, Paris, Singapore and Zurich.

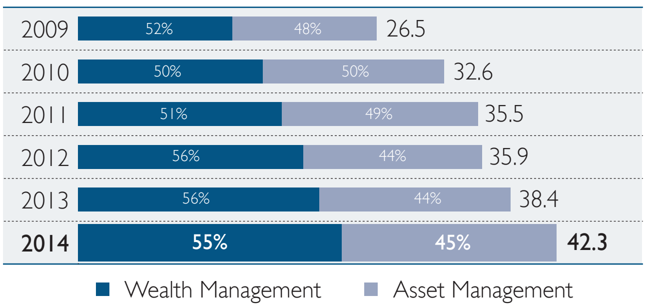
Assets under management

(in billions of euros, as at 31 March)

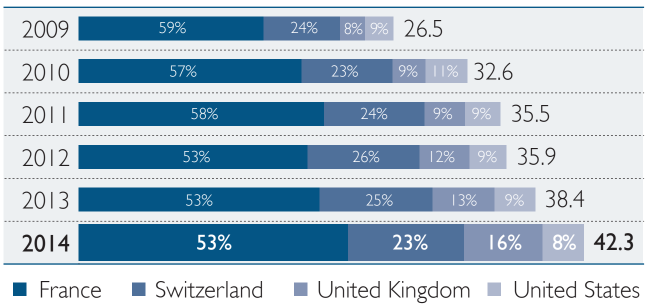
	2013	2014	Nature
France	20.3	22.6	Wealth & Asset Management
Switzerland	9.5	9.6	Wealth Management
United Kingdom	5.2	6.6	Wealth Management
United States	3.4	3.5	Asset Management
Total	**38.4**	**42.3**	

"We work with more than 6,000 clients in 70 countries, and employ around 750 people."

By business



By country



Market overview

Sentiment in the Wealth and Asset management markets remains mixed. In 2013, conditions in financial markets further stabilised, with improved economic growth in many developed markets. Central banks continue to support financial markets with loose monetary policies including low interest rates and quantitative easing. To date, the impact of the threatened slowing, and ultimately withdrawal, of quantitative easing has had a limited effect on markets.

These conditions have favoured equities with several leading indices hitting new highs in the course of the year, and increased inflows into equity products in all our major markets. Conversely, the increased investor appetite for risk punished developed government bonds and gold in 2013.

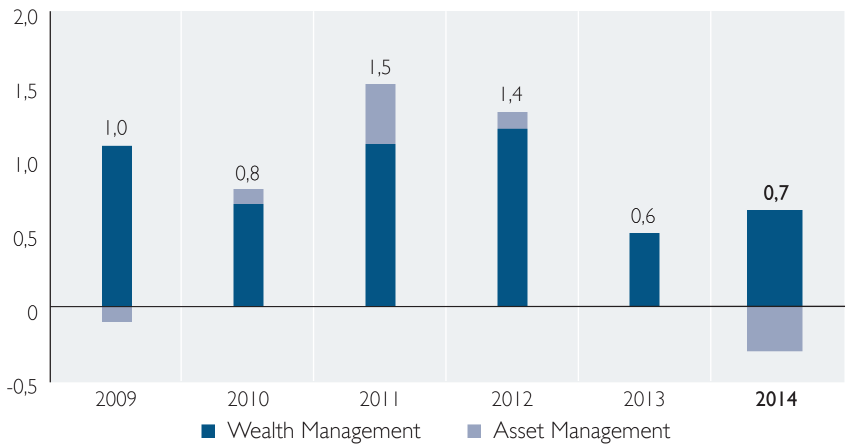
The first quarter of 2014 reminded investors about the risks of complacency, with volatility rising in the face of increased political risks in Ukraine, disappointing economic performance in Japan and a sharp sell-off in emerging market currencies. With many asset classes looking fully valued, and the unwinding of quantitative easing getting closer, we are cautious about the prospects for 2014/2015.

Against this background, our investment team outperformed in many of our flagship funds and recorded a sharp increase in sales with net new assets for the year up €0.7 billion compared to €0.6 billion for the year ended 31 March 2013.

Although the investment outlook in 2013/2014 was largely positive, in other respects the business environment for Wealth and Asset management remained difficult. Despite the return to growth in many of our core markets, wealth creation has been limited. The regulatory pressures on our industry remain high and have a direct impact on the cost of doing business.

Net new assets over 6 years

(in billions of euro)



Business Review

Wealth Management

Our Wealth Management business provides wealth structuring, investment management, banking and trust services to wealthy individuals, families, trusts and charities around the world.

We are world leaders in protecting, structuring and managing assets for our clients. We work with many high net-worth families, entrepreneurs and business leaders, seeking to consolidate their wealth or transmit the fruits of their business success to the next generation.

We believe we have the scale, resources and intellectual capital to deliver investment excellence whilst still being able to provide a personalised service, tailored to the needs of the individual client.

We also provide loans to our clients secured on diversified portfolios of liquid financial assets under our custody (Lombard Loans) or secured on residential property in selected jurisdictions.

As at 31 March 2014, total private client lending balances were €738 million, of which €545 million were Lombard Loans.

Looking ahead we believe our Wealth Management division is well placed to meet the challenges our industry faces. The demand for our advice based, un-conflicted business model, with stable and multi-generational family ownership makes us truly distinctive in a crowded market. We continue to invest in our infrastructure and top quality people who work with clients to become trusted advisers. Over the next few years, we expect to see continued growth with a sustainable improvement in our profitability.

Our activities are managed through two divisions:

- Rothschild Patrimoine: based in France, operating in France and Belgium
- Wealth Management & Trust: based in Switzerland, which covers our international activities and has offices located in Germany, Guernsey, Hong Kong, Italy, Singapore, Switzerland and the United Kingdom

"We invest money as if it were our own, aiming to preserve and grow the real value of our client's wealth."

Rothschild Patrimoine

Rothschild Patrimoine, the private banking department within Rothschild & Cie Gestion, is based in Paris and Brussels.

At the end of March 2014, assets under management in France and Belgium amounted to €7.1 billion, up from €6.7 billion a year earlier, as a result of positive net new assets and a positive market impact.

2013 has been challenging, with merger and acquisition activities still at low levels, limiting wealth creation in France. Despite this tough environment, we succeeded in having good investment performances as well as significantly improving our profits.

2014 should see a better economic environment, with a merger and acquisition activity recovery. After two years focusing on our investment management offering and the optimisation of our organisation, we want to now moderately reinforce our commercial capabilities, both in France and Belgium, to fully benefit from this expected recovery.

Wealth Management & Trust

Our Wealth Management & Trust operations are based in Frankfurt, Geneva, Guernsey, Hong Kong, London, Milan, Singapore and Zurich.

As at the end of March 2014, assets under management amounted to €16.3 billion up from €14.7 billion the previous year and we recorded net new assets of €1.0 billion. Asset and revenue growth have been very strong this year, yet overall profitability has been difficult, primarily due to external one-off tax and regulatory events. The bank opted to participate in the United States Department of Justice Program as a category 2 bank. In the year under review, we have made provisions for all costs anticipated to arise as part of this Program and expect to conclude the matter during the 2014/2015 financial year.

In a year dominated by changing regulations and challenging markets, we continue to strengthen our onshore presence in selected markets through focused hires and clear market positioning. Growth in London has been particularly strong, and we have recently opened a Wealth Management office in Milan, hiring an experienced team who has considerable knowledge of the Italian market.

The significant investment we made in our new global operations platform and IT system two years ago has enabled us to improve our operational efficiency and provide a better service to our clients. We were delighted to win the prestigious 2014 PAM (Private Asset Managers) Award for Client Service Quality, Ultra High Net Worth and the Number one Foreign Banks Award in the annual Private Banking survey in Bilanz.

To keep pace with industry practice, we implemented a project at the end of 2013 to make our pricing more transparent and easier to communicate, which will lead to an uplift in revenue in 2014.

Within our Trust business, our offering has continued to prove appealing to entrepreneurs and wealth-owning families globally, with our focus on helping clients to safeguard their assets and create a legacy. As a centre of knowledge for international wealth management, succession and tax planning, we have been able to help attract, convert and retain clients for the broader Group. In response to strong demand, in 2013 we formed a Trust company in Nevada, and also opened a fiduciary office in Milan to build on the potential we see in both of these markets for wealth structuring.

Awards

PAM (Private Asset Managers) Awards 2014

- Winner, Client Service Quality - Ultra High Net Worth

Bilanz Private Banking Rating 2014

- Number one - Foreign Banks

Wealth Briefing Awards 2013

- Winner, UK Private Bank - UHNW Team

Citywealth International Financial Centre Awards 2013

- Swiss Trust Company of the Year

Business Review

Asset Management

Our Asset Management business provides investment management and advisory services to institutional clients, fund distributors and financial intermediaries worldwide. Our services are provided from Paris, London and New York through specialist subsidiaries.

Rothschild & Cie Gestion (Paris)

Headquartered in Paris, Rothschild & Cie Gestion offers high-conviction strategies, mainly in European assets. We cover a full range of products including equities, fixed-income, convertible bonds and flexible diversified funds. These strategies are offered in mutual funds, dedicated funds or mandates. Our goal is to deliver excellent returns for our clients by over-performing the indices, whatever the market conditions, with a controlled level of risk.

Rothschild & Cie Gestion provides asset management services to French and European institutional clients, external distributors and independent financial advisors. We provide a client-focused service, based on trust and availability, and offer both active management and tailored management services. Maintaining a close relationship with our clients is a constant priority.

Our activities include various client segments:

- French institutional clients (pension funds, prudential institutions, mutual companies and insurers), which account for the bulk of the company's managed assets and to which the Group provides a customised management offer according to each client's specific constraints
- French distributors, consisting of financial professionals (multi-manager funds, private banks, bank and insurance networks, independent wealth management advisors, etc.) who market in house products via their own networks or to their own clients or for whom Rothschild & Cie Gestion has created specific products (white label or own-brand funds)
- International clients, mainly European, expanded more recently with the opening of a branch in Zurich to market funds in Switzerland, a branch in Milan and with the benefit of a dedicated sales team to cover the Benelux countries and Spain.

  International expansion is a major element of the company's development strategy for the coming years, both for institutional investors (in particular through listings as a supplier of management expertise by major international advisors) and for distribution networks.

In 2013, Rothschild & Cie Gestion received special recognition for the quality performances of its mutual fund range. The company has been named Best Asset Manager of the year and Best Equity Fund Manager in France. In addition, in the fixed income strategy, Rothschild & Cie Gestion won several awards throughout Europe for its flagship funds R Euro Crédit, named Best Eurozone Corporate Bonds Fund in France, Switzerland, Austria, Germany, Netherlands and Spain. These rankings illustrate the ability of all our management teams to deliver quality performances in serving our clients (see page 37).

"The Group has been awarded many times for the excellence and expertise of its performance: equity, fixed income, balanced, alternative investments."

Rothschild HDF Investment Solutions (Paris)

Rothschild HDF Investment Solutions was formed in September 2012 when Rothschild & Cie Gestion and HDF Finance announced the merger of their traditional and alternative multi-management activities. The new company brings together the teams of two highly regarded houses with excellent reputation, 20-year-plus award-winning track-records, and exceptional expertise built up over the years. This operation allowed the Rothschild Group to further strengthen its open-architecture activities, in particular in the hedge fund area where the Group did not have a critical size.

Rothschild HDF Investment Solutions offers its clients a full range of innovative and open-architecture investment solutions that cross the traditional boundaries between asset classes. These solutions are adapted to clients' specific needs and regulatory status, and are offered under various formats; including open-ended or dedicated funds, mandates, portfolios of managed accounts, and others.

Rothschild HDF Investment Solutions targets institutional investors in Europe and to some extent in Asia, Middle-East, North America, third-party distributors (banks, IFA's, family offices, etc.) and High Net Worth individuals. The strategy of Rothschild HDF Investment Solutions follows a client-oriented approach placing the emphasis on a customised follow-up and a high quality service.

In 2013/2014, Rothschild HDF Investment Solutions has extended its offer by setting up a dedicated managed account platform in partnership with Innocap. This Alternative Ucits platform is designed to give investors access to a host of different investment strategies. Rothschild HDF Investment Solutions has established a Dublin-domiciled Ucits umbrella to allow investors access to funds. The platform, which is called InRIS, is expected to hold around a dozen managed accounts across a wide range of alternative investment strategies. The first registration on the platform is the R Parus fund, which is a long/short equity fund run by UK-based alternatives specialist Parus. The second initiative was to launch a long-short equity fund invested in different strategies managed by BlackRock.

In January 2014, Rothschild HDF Investment Solutions and Topwater Capital, a division of Leucadia Asset Management LLC, announced that Rothschild and Topwater Capital have entered into an arrangement pursuant to which Rothschild will become the exclusive European partner for Topwater Capital's first loss investment strategy, which they pioneered. Under this arrangement, Rothschild will, on an exclusive basis, create one or more entities eligible for European investors interested in the first-loss investment strategy. The arrangement with Topwater is a demonstration of Rothschild's commitment to deliver innovative investment solutions with the client in mind. Whether homegrown or through value-add partnerships such as the one with Topwater, innovating to better address client needs is at the heart of our mission.

In the first quarter of 2014, Rothschild enhanced its Asset Management capabilities with the launch of a specialist Smart Beta investment advisory capability, providing risk-based portfolios to institutional clients.

Business Review

Risk Based Investment Solutions (London)

In the first quarter of 2014, Rothschild enhanced its Asset Management capabilities with the launch of a specialist Smart Beta investment advisory capability, providing risk-based portfolios to institutional clients.

Headquartered in London, the company, Risk-Based Investment Solutions Ltd (RBIS) constructs a broad range of risk-based weighting schemes without limitation in terms of number of underlying securities, asset classes and combinations of asset classes. This new risk-based approach to portfolio construction offers more efficient alternatives to traditional "cap-weighted" (equity) or "debt-weighted" (bond) portfolios.

The RBIS process incorporates academic research, proprietary technology, case studies and product development capabilities. Investment solutions are tailored to each client portfolio with the objective of achieving one or more of the following: lower volatility; enhanced Sharpe ratio and reduced maximum drawdown.

RBIS seeks firstly to advise clients on their optimal approach to risk-based portfolios and then to construct a bespoke investment solution which meets their specific requirements.

Alongside high-conviction management and open-architecture investment solutions, RBIS will allow Rothschild Group to propose a complementary risk-based offering to its existing investment solutions and to further develop services supplied to major institutional investors around the world.

Rothschild Asset Management Inc. (New York)

The firm is a key component in the Group's business in the United States and registered as an investment adviser with the US Securities and Exchange Commission (SEC) in February 1970. It began managing tax-exempt accounts in 1971. Today, Rothschild Asset Management Inc. is a wholly owned subsidiary of Rothschild North America Inc.

Rothschild Asset Management offers investment management services in the following strategies:

- US Large-Cap Equity – Core and Value
- US Small/Mid-Cap Equity – Core
- US Small-Cap Equity – Core, Value, and Growth
- US Balanced

In April 2014, Rothschild Asset Management Inc. has achieved a significant step in developing alternative investment strategies in the US. Indeed, Rothschild Asset Management Inc. and Larch Lane Advisors LLC announced the establishment of Rothschild Larch Lane Management Company LLC. The joint venture company will act as the investment advisor for a multi-manager liquid alternatives 40 Act fund that will utilize a risk balanced approach to portfolio construction.

Rothschild and Larch Lane will share their decades of experience managing multi-manager alternatives portfolios. The joint venture will bring together two long standing experts in hedge fund investing. Rothschild brings complementary global research of liquid hedge fund managers and distribution. Larch Lane is a pioneer in early stage hedge fund investing, hedge fund seeding, and is a well-known fund of hedge funds investor in the US.

Awards received in Asset Management

Morningstar Awards 2014
- Best Euro Corporate Bond Fund
  – R Euro Crédit C

Morningstar Awards 2014
- Best Euro Flexible Allocation Fund
  – R Valor C

Corbeilles 'Mieux Vivre Votre Argent'
- 2013 Best Asset Management Company
- 2013 Best Equity Fund Manager
- 2013 Best Fund Manager of PEA (equity-savings funds)

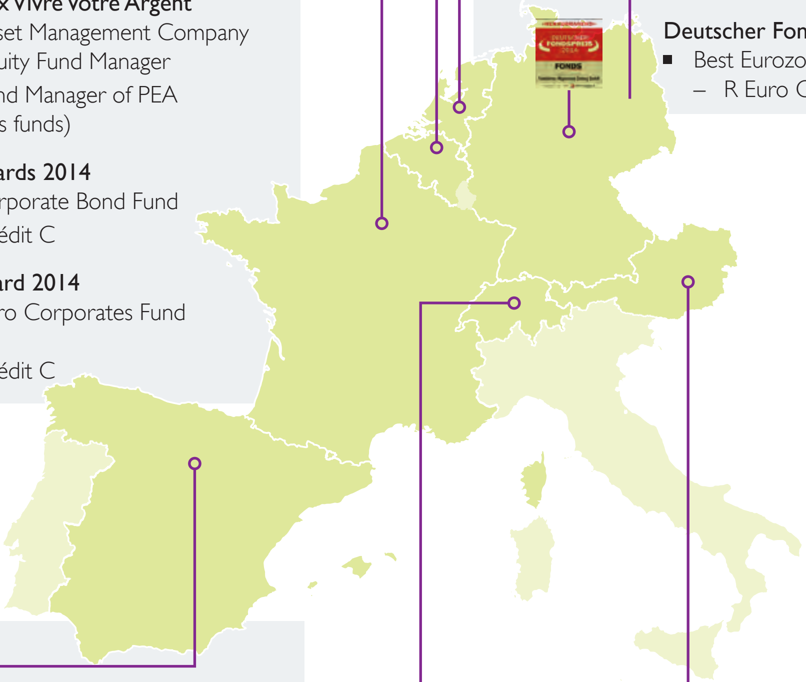
Morningstar Awards 2014
- Best Euro Corporate Bond Fund
  – R Euro Crédit C

Lipper Fund Award 2014
- Best Bond Euro Corporates Fund over 3 years
  – R Euro Crédit C

Lipper Fund Award 2014
- Best Bond Euro Corporates Fund over 3 years
  – R Euro Crédit C

Morningstar Awards 2014
- Best Euro Corporate Bond Fund
  – R Euro Crédit C

Deutscher Fondspreis 2013/2014
- Best Eurozone Bonds Fund
  – R Euro Crédit



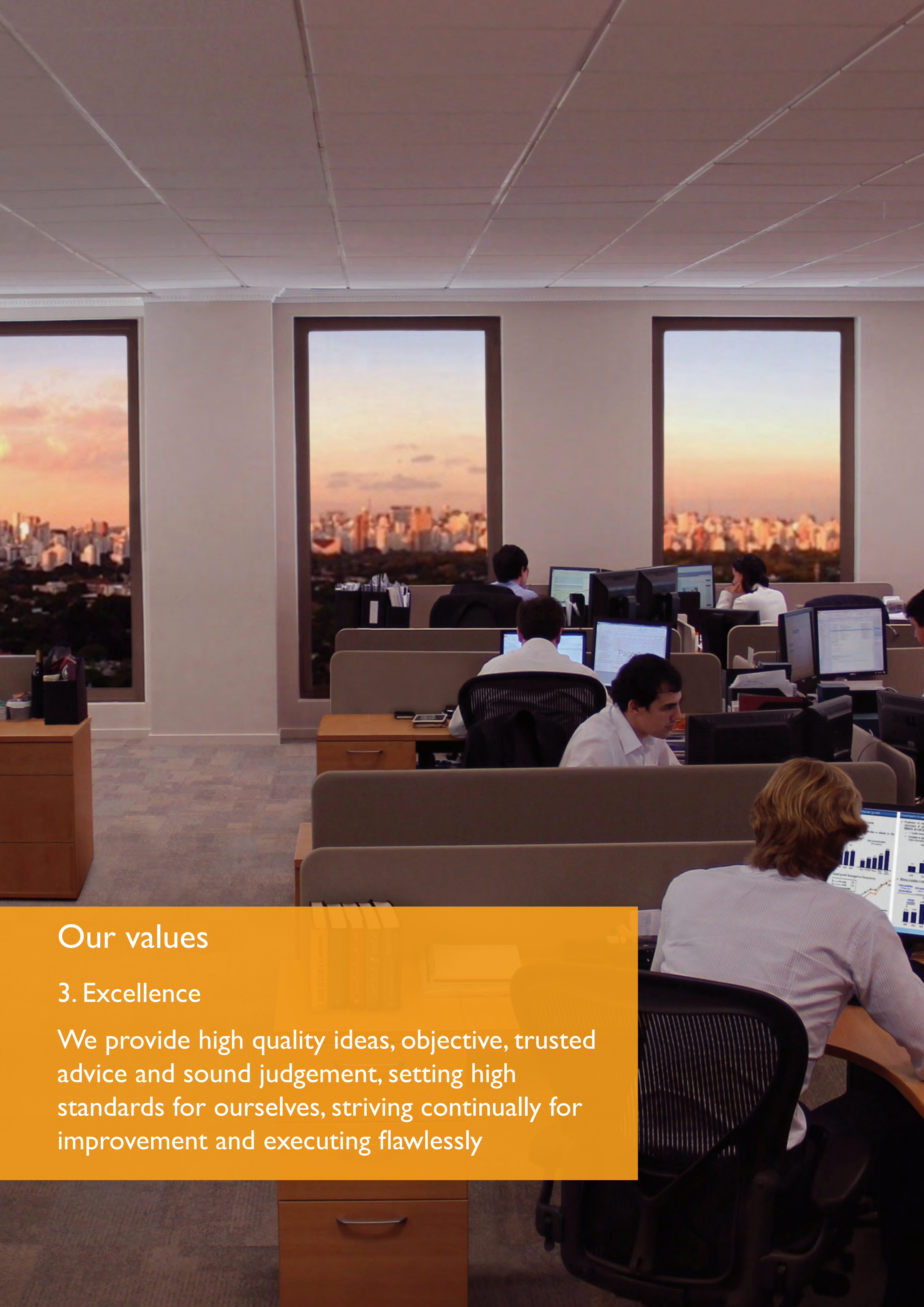
Premios de Fondos Expansion-Allfunds Bank 2013/2014
- Best Eurozone Bonds Fund
  – R Euro Crédit

Lipper Fund Award 2014
- Best Bond Euro Corporates Fund over 3 years
  – R Euro Crédit C

Banko Swiss Hedge Funds Awards 2014
- Best MultiStrategy Aggressive Bias Fund over 5 years
  – Xiphias Class XC EUR

Morningstar Award

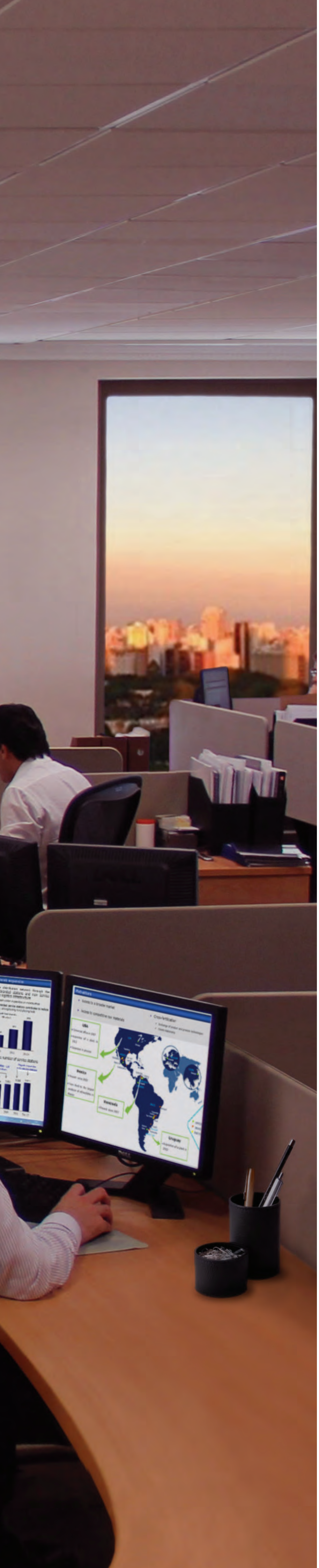
Österreichischer Fondspreis
- 2013/2014 Best Euro Corporate Bond Fund
  – R Euro Crédit



Our values

3. Excellence

We provide high quality ideas, objective, trusted advice and sound judgement, setting high standards for ourselves, striving continually for improvement and executing flawlessly



Merchant Banking

Introduction

In a period of depressed yields, our Merchant Banking division ambitions to offer attractive risk-adjusted returns to a set of institutional and private investors seeking to deploy capital in Europe's private equity and private debt markets. As such, it aims to provide long term capital appreciation and downside protection across economic and credit cycles. As the main investor in our various funds, our Group intends to use its edge on the European midmarket and its network of relationships within the investor community to generate attractive returns on its invested capital.

In 2013/2014 we seized opportunities created by the macroeconomic recovery and the reopening of capital markets to grow our assets under management and generate profitable exits, while continuing to leverage the Group's unique market edge and sourcing capabilities to invest into attractive opportunities.

The key highlights of the period are:

- The successful closings of private debt funds Five Arrows Credit Solutions (FACS)[1], a junior debt fund, and Oberon Credit Investment Fund I (Oberon I), a European senior credit fund, our fourth successful fund placement so far after Five Arrows Principal Investments (our buyout and development capital fund) and FASO (our secondary fund) in 2010 and 2012
- The launch of Rothschild Private Opportunities (RPO), a global co-investment program for wealth management clients offering exposure to the non-European private equity markets
- A sustained deployment of capital within our existing strategies and
- Exits or successful listings on stock market of investments such as Numericable, LDR, Belambra.

[1] *Final closing of FACS occurred in May 2014 for €415 million.*

Merchant Banking today

We now manage, as of 31 March 2014, €3.16 billion of assets globally, of which €1.25 billion are in private equity and €1.91 billion are in private debt strategies, spread across five initiatives.

As of March 2014, the Group held total assets valued at €518 million in the Merchant Banking, private equity and private debt businesses.

Overall, the business employs 46 investment professionals.

Our revenues comprise management fees calculated with reference to assets under management and investment profits (from direct investments, partnership interests in the funds we manage and carried interest).

We are committed to Environmental, Social and Governance (ESG) matters through our management company which is a signatory to the UN PRI (Principles for Responsible Investment).

We plan to continue to grow our assets under management by raising the successor funds to our main strategies and by continuing to broaden our existing business initiatives, notably through the development of managed accounts.

Investments during the year

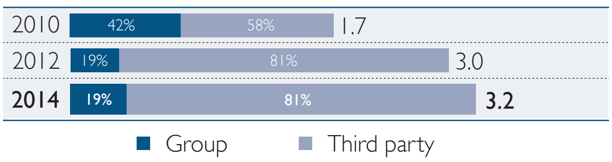
During 2013/2014, the total new investments of our various initiatives amounted to €429 million (of which €152 million in private equity and €277 million in private debt), representing a total cash disbursement for the Group of €47 million. A little under half of the additions during the year are drawdowns by the FAPI and FASO funds (€20 million), €16 million was drawn by private debt initiatives (DFM) and the remainder by Paris Orléans Proprietary Investments (€11 million).

Divestitures during the year

During 2013/2014, the Group's total divestitures amounted to €65 million, generating a net investment gain of €28 million for this year.

Assets under management

(in billions of euros, as at 31 March)



Note: Assets under management comprise committed capital where a managed fund is still in its investment period, and includes net asset value after the investment period has expired.

Assets under management have grown significantly over the last four years as a result of a variety of initiatives:

- The launch of three new fund initiatives of which one in the private equity space (FASO for €259 million) and two in private debt (Oberon and FACS with a total to date of €745 million);
- The acquisition of Elgin Capital, a specialist CLO manager, which currently represents €0.9 billion of assets under management.

Over the last twenty four months, in spite of the spin-off of R Capital Management and realisation of the Group's investments, we have grown our assets under management for a net amount of €166 million.

Rothschild within the asset class: a differentiated investment strategy

Merchant Banking develops the firm's capital, alongside that of investors, in private equity and private debt investment opportunities worldwide with a focus on the European mid-market.

The development of our Merchant Banking business builds on the strengths of the Group in the European mid-market, where our Global Financial Advisory business enjoys a leading position. This leadership generates quality deal flow and market insights for our Merchant Banking investment initiatives, enabling us to position ourselves as a European mid-market specialist and deploy capital in a variety of asset classes (primary with FAPI, secondary with FASO, junior debt with FACS and senior debt with DFM(2)/Oberon).

Similarly, the development of Merchant Banking offers synergies with Rothschild's Wealth and Asset Management activities, as it offers our private and institutional clients privileged access to a series of well-targeted funds initiatives where the Group is itself investing significant amounts of capital.

The specific positioning of Rothschild's Merchant Banking business consists of several key patterns.

- First, we are always an investor alongside investors with a significant amount of our own money at work in the funds we manage. One of our primary objectives is to invest our own capital, and that of our senior executives, in strategies where we see long-term potential, thereby creating a strong alignment of interests with third-party investors.
- Second, we strive to leverage Rothschild's exceptional network of contacts and sourcing opportunities, especially in the European mid-market, and combine this with a conservative and disciplined investment process.
- Finally, our cohesive range of investment propositions covering the entire capital structure from private equity to private debt makes Merchant Banking a comprehensive investment partner for companies in need of financing and for private and institutional investors willing to deploy capital across strategies.

Merchant Banking strategies

	Private equity			Private debt	
Fund	FAPI	FASO	POPI	FACS	DFM(2)
Investment strategy	Growth/buy out /mid-market	Secondary small & mid-cap	Opportunistic /diversified	Junior credit	Senior credit /CLOs
Geography	Europe	Europe	Global	Europe	Europe
Vintage	2010	2012	N/A	2014	N/A
Size (in millions of euros)	583	259	398	415(1)	1,464

(1) Final closing of FACS occurred in May 2014.
(2) DFM: Debt Fund Management.

Business Review

Private equity

In private equity, we manage €1.25 billion with a team of 28 investment professionals. We have developed three different strategies or funds.

Five Arrows Principal Investments (FAPI)

FAPI is a €583 million fund raised in 2010 as a roll-out of Rothschild's successful European mid-market strategy. FAPI concentrates on European expansion, replacement capital and buyout deals in the mid-market segment, with a focus on core Europe (France, the United Kingdom, Germany, Southern Europe and Scandinavia). During 2013, FAPI's portfolio had a robust performance achieving aggregate EBITDA growth in excess of 16% organically. Moreover, as at the end of March 2014, FAPI had invested into 12 companies and drawn 73% of the fund size. The success of the deployment of the fund capital (2 additional transactions have been completed shortly after the report date) combined with a strong current exit pipeline will therefore allow the team to shortly launch its successor fund FAPI II, which is expected to close in excess of the €583 million committed capital secured by its predecessor. As at the end of March 2014, the Group investment in FAPI represents €79 million.

Datix

In July 2013, FAPI acquired Datix alongside management and a group of private co-investors. With Sales and EBITDA of more than £10 million and £5 million respectively, Datix is a leading supplier of patient safety software for healthcare risk management, incident reporting and adverse event reporting, which is used widely within both public and private healthcare organizations around the world. The transaction is the outcome of more than 12 months of tracking as part of FAPI's strategic initiative to focus on healthcare technology service businesses. Due to a strong relationship with the vendor, FAPI had the benefit of privileged access to management for several months and was able to complete the transaction in a proprietary process. This investment translates into an indirect exposure to the company of approximately €5.7 million for the Group.

Autodata

In June 2014, FAPI acquired, in the context of a primary buy-out, UK-based Autodata alongside Bowmark Capital and the management team. Autodata is a company that FAPI had been tracking for over two years as part of its broader technology and data services initiative. The company, founded in the mid 1970s, is the leading European re-publisher of mission-critical technical information to the professional automotive aftermarket. The business converts complex technical information sourced from original equipment car manufacturers into an online database that is delivered to a customer base of over 80,000 garages globally. This proprietary data covers over 18,000 different vehicles from 80 manufacturers, and is available in 19 languages. Autodata is mostly used by independent garages and car servicing chains, employs 190 staff and is expected to generate net revenues of £26.3m for FY 2014.

dominique Dutscher

In December 2013, FAPI acquired a 50% stake in Dominique Dutscher alongside its founder and management team. With revenues of €111 million (2013e), EBITDA of €9.4 million, EBITA of €8.4m and a total of 350 full-time employees, Dominique Dutscher is France's no.1 independent distributor of laboratory supplies and equipment to R&D laboratories, with a specific focus on academic laboratory segment. The company has had a remarkable and consistent growth trajectory (2004 to 2012 organic sales compound annual growth rate of 11%) and has established itself as a leading player in France alongside global distributors. It derives most of its revenues from France but has recently started to expand internationally through small acquisitions in Switzerland, Italy, Germany, the Czech Republic and Slovakia. The transaction is the outcome of a process launched in May 2013. The transaction was closed in December 2013 and represents an indirect exposure to the company of approximately €4.3 million for the Group.

Five Arrows Secondary Opportunities III (FASO)

FASO is a €259 million fund raised in 2012 and managed by a specialist team in European small and mid-cap secondary transactions. FASO purchases assets, whether portfolios of companies or fund shares, from sellers seeking liquidity, affected by regulatory constraints or simply divesting non-core assets.

During 2013, FASO completed three new transactions, bringing its portfolio to seven transactions representing an accumulated commitment of €163 million as of the end of March 2014.

As of March 2014, FASO has developed a diversified portfolio of 100 underlying companies spanning more than 13 different sectors.

The portfolio comprises four secondary direct investments and three fund shares. These assets were mainly purchased from European financial institutions willing to divest for liquidity issues or regulatory constraints.

Finally, in March 2014, FASO had exited 17 companies since the inception of the fund which has allowed to return €2.8 million to the Group. As at the end of March 2014, the Group net investment in FASO represents €14 million.

Ekkio

In 2013, FASO led the purchase from the French insurance company Groupama of its 82% interests in its two sponsored funds Acto and Acto Capital II (newly Ekkio Capital funds), together with a co-investor. Following its partial syndication in June 2013, FASO's exposure to the transaction amounts to €31 million. This investment translates into an indirect exposure amounting to €3.6 million for the Group.

The two Ekkio funds include a portfolio of 12 companies, with a mix of majority and minority ownerships in companies active in sectors such as Healthcare, Leisure and Tourism, Control and Safety and Energy Efficiency. The portfolio companies have strong positions on their market segments, sustainable growth prospects and moderate leverage.

Seafort

In November 2013, FASO completed the acquisition of three German typical Mittelstand companies from a mid-size German private equity manager wishing to divest its tail-end portfolio. FASO, as lead investor, selected a German based replacement manager, Seafort Advisors, and teamed up to work on the analysis and realization of the operation. The total transaction size amounts to €62 million, partly debt financed and partly syndicated to other parties. FASO invested €15 million in this opportunity. This investment translates into an indirect exposure amounting to €1.7 million for the Group.

The portfolio is service oriented in business sectors such as waste management and recycling, sales and marketing, and automotive. The three portfolio companies are niche leaders with solid customer bases, strong historical growth and sustainable margins.

ING Parcom

Just after the report date, FASO has co-led the acquisition of a portfolio of 7 companies from the ING group. The transaction was €300 million in size and FASO invested €20 million alongside other investors as well as the ING group who rolled over part of their proceeds. Concurrently with the transaction, the team (renamed Parquest Capital) spun-off from the ING Group and will remain the manager of the portfolio as an independent team.

The portfolio comprises midcap companies, diversified across sectors such as chemical distribution, healthcare and financial services, with attractive growth prospects and pan-European exposure.

Business Review

Paris Orléans Proprietary Investments

Historically, Paris Orléans Proprietary Investments was the investment arm of the Group and the Rothschild family. Over the years Paris Orléans Proprietary Investments has developed a strong expertise in private equity and private debt investing and, since 2005, has opportunistically deployed over €428 million of capital in private equity and private debt transactions. Currently, Paris Orléans Proprietary Investments' strategy consists of opportunistic co-investing, with a main focus on emerging markets (Asia, Latin America, Africa) and the US.

Rothschild Private Opportunities

Rothschild Private Opportunities ("RPO") is a €100 million club raised in July 2013 from wealthy families and entrepreneurs following a successful joint initiative between Wealth Management & Trust and Merchant Banking. RPO focuses on co-investments in geographies experiencing a strong organic growth and secular tailwinds where Merchant Banking is not present, building active relationships with successful fund managers across the globe. Since the launch of this platform, three co-investment opportunities have been offered to RPO members, two of which being already closed as of 31 March 2014.

With sales of around €120 million, Fan Milk is the leading manufacturer and distributor of frozen dairy products and juices in West Africa. Since its establishment over 50 years ago, Fan Milk has grown rapidly through a unique distribution network and currently operates in the markets of Ghana, Nigeria, Togo, Burkina Faso, Benin and Ivory Coast.

In late 2013, Paris Orleans Proprietary Investments co-invested alongside The Abraaj Group in the acquisition of Fan Milk International. Danone subsequently joined the deal by acquiring a 49% stake in Fan Milk International alongside The Abraaj Group, Paris Orleans Proprietary Investments and other co-investors which retained a 51% stake in the company.

In 2006, Paris Orléans Proprietary Investments had invested €3 million in Belambra, one of the leading operators in the holiday villages sector in France alongside Caisse des Dépôts et Consignations (a French government finance institution). With 54 clubs and c. €170 million sales reported in 2013, the company has established itself as one of the leaders of holiday village sector.

In early 2014, Belambra was sold to a French established private equity fund. Paris Orleans Proprietary Investments's yielded a 3.5x return on its invested capital (of which €6.5 million during the current 2013/2014 financial year).

Spin-Off of R Capital Management (newly Keensight Capital)

The R Capital Management team has been with Rothschild since 2000. Following the creation of the Merchant Banking investment platform, it has been agreed with the R Capital Management team (subsequently renamed Keensight Capital), that they would regain their independence. The Group remains on very good terms with the Keensight Capital team; business relationships and Group investments in Keensight Capital funds are still ongoing.

Private debt

Merchant Banking actively covers the European leveraged credit market through two main initiatives. Altogether, our private debt activities account for over €1.91 billion of funds under management and our team comprises 18 investment professionals.

As with all Merchant Banking initiatives, the affiliation with Rothschild's other business activities provides significant market insight and sector knowledge.

Through our private debt activities, we are able to offer investors access to the European mid-size corporate credit market through specific risk and yield strategies, in an asset class currently generating increased investor demand, as investors look to diversify away from traditional fixed income products where yields have been depressed.

Five Arrows Credit Solutions (FACS)

FACS, the junior debt fund of the Group, has completed its fundraising final closing at €415 million in May 2014, exceeding target.

FACS' strategy is to take advantage of opportunities for private lending to middle-market companies in Europe. The fund intends to benefit from the reduction of credit available to European mid-caps, by offering structured intermediate capital solutions to performing mid-size corporates across Europe and seeks investments from €10 million up to €50 million. The fund has already completed, after the report date, one investment in a French cinema operator and is actively working on several opportunities.

Debt Fund Management (DFM)

DFM manages European leveraged loans across debt funds and managed accounts (Oberon Credit Strategy) and CLOs.

Oberon Credit Strategy

During 2013 we closed Oberon I at €200 million and raised an additional €130 million from bi-lateral investors for deployment under the Oberon Credit Strategy. Institutional investors are increasingly attracted to the European loan market and we have recently launched Oberon II with a target to raise €300 million. This unlevered closed end fund will invest, like Oberon I, into secured, fully performing European LBO loans.

CLO Management business

We continue to actively manage five European CLO funds, all of which exhibited improved performance during the year. Over 2013 we saw increased activity within the European CLO market, with over €7.5 billion of new CLOs issued. Investor appetite for new CLO issuance is currently strong, reflecting the returns delivered to investors over recent years and the stable performance of the underlying loan assets. Encouraged by these developments, we are preparing the launch of Contego II, a €300 million European CLO, which we expect to close later this year.

Portfolio Review

Portfolio valuation

(in millions of euros, as at 31 March)

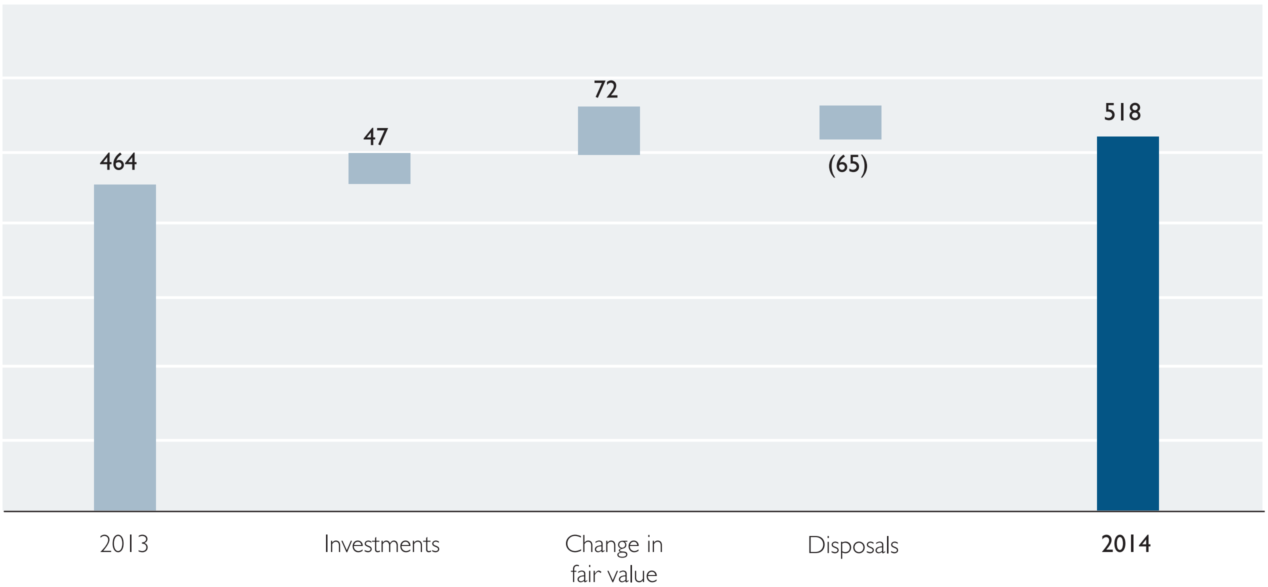
	2013	2014
Managed funds		
FAPI	57	79
FASO	11	14
Predecessor of FAPI (FAI/FAMI)	26	28
Private debt initiatives (DFM)	22	36
Sub-total of managed funds	**116**	**158**
Paris Orléans Proprietary investments (POPI)		
LBO/Equity	78	90
LBO/Mezzanine	42	29
Growth capital	73	88
External private equity funds(1)	66	58
Strategic holdings	47	57
Real estate(2)	27	25
Sub-total of Paris Orléans Proprietary investments	**333**	**347**
Other		
Other	15	13
Sub-total of other	**15**	**13**
Total gross assets	**464**	**518**

(1) *Including Keensight Capital (aka. R Capital Management)*
(2) *Portfolio in run-off*

Gross assets invested have remained stable during the year allowing a recycling of realised capital into our new fund initiatives such as FAPI, FASO and DFM vehicles.

Change in the investment portfolio

(in millions of euros, as at 31 March)



Our values

4. Teamwork

We attract, develop and reward exceptional people who work collaboratively, proactively sharing knowledge and expertise and delivering their personal commitment to bring the entire Rothschild network to the client

Banking & Asset Finance

Banking & Asset Finance

The Group 's focus in Banking and Asset Finance is on its specialist finance businesses, in particular the UK asset finance operations which have a long track record of excellent returns.

Specialist Finance

As at 31 March 2014, the specialist finance businesses, consisting of asset finance (through Five Arrows Leasing Group) and fund lending, had a total loan portfolio of €0.3 billion (same level as last year). In addition it has won a new loan portfolio management mandate in the real estate sector.

Asset Finance (Five Arrows Leasing Group)

The Five Arrows Leasing Group businesses provide a range of asset finance facilities to UK companies and local Government. It has several specialist subsidiaries which provide finance secured against assets such as printing machines, broadcast equipment, commercial vehicles (mainly for UK local Government) and other types of plant and machinery. As well as managing its own books it also provides administration services for leasing books to major corporates and finance providers across Europe.

The in-depth knowledge of these sectors and the conservative approach has resulted in the businesses delivering a consistently strong performance, with good margin income and low levels of impairment. Over the years, Five Arrows Leasing Group has successfully added to its portfolio of businesses and the Group plans to expand this area further through organic growth and also by way of selective acquisitions. During the year the business completed the acquisition of Collet Transport Services (an operator of short term hire commercial vehicles) and shortly after the year end purchased Dash Commercial Finance (construction equipment finance).

Fund Lending

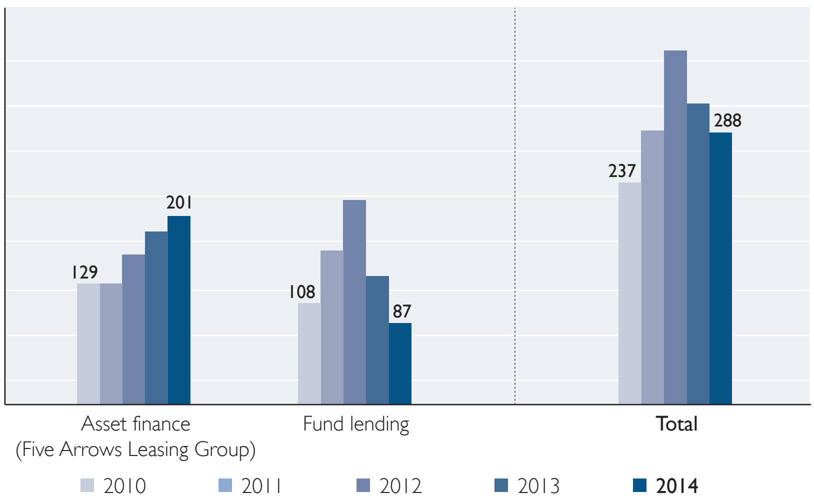
This activity is carried out through the Group's bank in Guernsey. It provides loan facilities secured against the assets of the fund which are well diversified. The conservative "Loan to Value" covenants for these facilities are regularly monitored and the assets can be liquidated within a short timeframe.

Real Estate Loan Portfolio Management

In addition to the lending activities above, the Group is building on its expertise in credit services to manage loan portfolios in the real estate sector on behalf of third parties. A mandate for a quoted UK life assurance company has now been signed for the Group to source and manage a portfolio of up to £150 million of senior property loans for which it will receive a management fee. The Group will seek further credit services mandates over time.

Split by nature of lending over 5 years

(in millions of euros, as at 31 March)



Corporate Lending

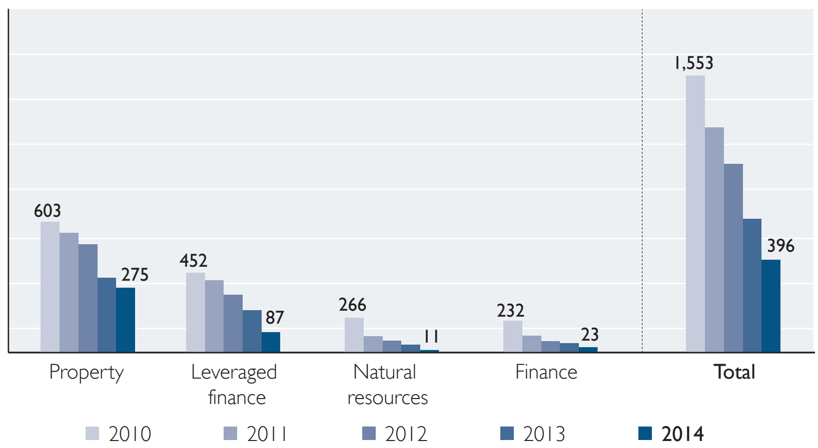
The Group has been gradually withdrawing from corporate lending over the last six years.

As at 31 March 2014, the corporate loan book amounted to €0.4 billion (compared to €0.6 billion in the previous year) and consisted primarily of a property loan portfolio, secured principally on UK commercial property and a leveraged finance loan portfolio which comprises senior and mezzanine debt in the larger European leveraged buy-outs.

As planned, there has been a further reduction in these loan books during the year. The decrease is largely a result of loan repayments and asset disposals. Impairment levels have decreased compared to last year but are kept under regular review.

Corporate loan book over 5 years

(in millions of euros, as at 31 March)



Management report

Results as at 31 March 2014

Consolidated financial statements

Summary presentation of the consolidated financial statements

In millions of euro	2013/2014	2012/2013 as restated
INCOME STATEMENT		
Revenues	1,107.7	1,147.1
Operating income	128.9	156.8
Profit before tax	106.7	122.3
Consolidated net income	64.0	84.0
Net Income – Group Share	**8.4**	**41.7**
BALANCE SHEET		
Total assets	8,049.1	8,695.8
Cash and amounts due from central banks	3,150.4	3,739.7
Loans and advances to customers	1,377.3	1,358.1
Due to customers	4,946.7	5,587.9
Shareholders' equity – Group share	**1,268.8**	**1,224.8**
Non-controlling interests	**473.9**	**481.4**

This is the first full reporting year since the Group reorganisation, approved by shareholders at the Combined General Meeting on 8 June 2012.

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

In the Global Financial Advisory business, revenue was €688.7 million, 7% down compared to last year. M&A revenue was down 15% year on year across most regions (€442.5 million for 2013/2014) reflecting lower M&A completions in the world during the second half of the year compared to H2 2012/2013 (which was our record period for M&A revenue post the financial crisis). Financing Advisory revenue was up 13% year on year (€246.2 million for 2013/2014) supported by our leading position in providing independent, strategic capital advice to companies, governments and financial sponsors.

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

For 2013/2014, the Merchant Banking division, which comprises merchant banking funds and our proprietary investment business, generated revenues of €73.6 million compared to €69.1 million the previous year. Disposal proceeds amounted to €65.3 million generating net investment gains of €27.7 million. Moreover, this division invested €47.0 million, of which €11 million was in proprietary investments and €36 million was in funds managed by Merchant Banking.

In 2008 the Group decided to focus on Banking and Asset Finance to promote its niche lending business. The withdrawal from corporate banking continues, as demonstrated by the declining legacy banking book, where drawings fell to €396 million as at 31 March 2014, down from €570 million as at 31 March 2013.

For the year ended 31 March 2014, staff costs were €699.3 million compared to €708.9 million in the prior year (as restated). The decrease of €9.6 million results from a one-off credit of €10.7 million arising from changes made to the UK and Swiss defined benefit pension schemes that reduce past pension costs. Overall Group headcount increased from 2,764 to 2,804 as at 31 March 2014.

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

Staff costs and administrative expenses for the year ended 31 March 2014 included net exceptional charges of €31 million (€6 million in the year to March 2013), related to reorganisation costs of outsourcing the Group's IT infrastructure (€16 million), several specific legacy legal provisions (€26 million - relating to the US Department of Justice Program, the tax settlement between the UK and Swiss authorities, and various provisions against legal claims and related costs) minus a one-off credit of €11 million arising from changes made to defined benefit schemes.

Impairment charges and loan provisions were a credit of €6.8 million, mainly as a result of recoveries on previously impaired assets, compared to a charge of €31.4 million for 2012/2013.

Operating income was €128.9 million compared to €156.8 million last year, the change explained by the movements above.

Included in Net income / (expense) was a further impairment of €26.6 million relating to the 8.4% shareholding in Edmond de Rothschild (Suisse) (€21.9 million was taken at the half year to September 2013), reflecting a decline in the share price.

The income tax charge was €42.7 million, split between a current tax charge of €25.2 million and deferred tax charge of €17.5 million, giving a reported tax rate of 40%. It should be noted that the effective tax rate would have been 28% without the further impairment of Edmond de Rothschild (Suisse); the impact of reduced UK corporation tax rates (from 23% to 20%) on deferred tax assets; and the effects of prior year tax adjustments.

Non-controlling interests were €55.6 million compared to €42.3 million for 2012/2013. The change is largely due to losses, incurred in the prior year before the June 2012 Group reorganisation, being attributed to former minority interests (€16 million).

Overview of the Group's activities

The review of the Group's activities during the 2013/2014 financial year is presented on page 6 onward of this report.

Paris Orléans' company financial statements

Summary presentation of Paris Orléans' company financial statements

In millions of euro	2013/2014	2012/2013
INCOME STATEMENT		
Current income before tax	4.7	(1.0)
Income from capital transactions	3.2	122.7
Net income	**10.0**	**119.9**
BALANCE SHEET		
Balance sheet total	1,584.6	1,641.8
Non-current financial assets	1,470.6	1,473.7
Current assets	113.2	164.3
Borrowings and other financial liabilities	72.4	86.9
Shareholders' equity	**1,446.7**	**1,469.2**

Paris Orléans posted net income of €10.0 million for the financial year 2013/2014 compared to €119.9 million the previous year, which benefited from the reversal of impairment provisions in respect of the equity interests held in the wholly-owned subsidiary Paris Orléans Holding Bancaire (POHB) SAS, which holds the Group's banking assets.

During financial year 2013/2014, the Company received dividends totalling €18.8 million from its subsidiaries, including €14.2 million from POHB, which therefore contributed significantly to the year's current income before tax.

The income from capital transactions came to €3.2 million, consisting mainly of capital gains on the sale of treasury stock totalling €2.3 million and €1.1 million in capital gains relating to investment funds.

The Company also posted a net tax income of €2 million mainly due to tax income received from the subsidiary POHB within the framework of the tax group totalling €4 million. This amount was partly offset by a tax charge of €1 million and a 3% surtax on dividends amounting to €1 million.

With regard to the balance sheet structure, the current assets decreased during the 2013/2014 financial year mainly in connection with the payment of the dividend and to enable net borrowings to be reduced by around €14.5 million.

Proposed appropriation of income

The parent company's net profit amounts to €9,985,780.81 which, less the amount of €499,289.04 assigned to create the legal reserve and in addition to retained earnings of €146,144,806.68, makes a distributable net profit of €155,631,298.45. In accordance with the provisions of Article 14.1 of the Articles of Association, an amount of €778,156.49, equal to 0.5% of this distributable profit, will be automatically allocated for payment to the two General Partners.

The Management will propose to the General Meeting of shareholders that the income for the 2013/2014 financial year be appropriated as follows:

In euro	
Net profit for the financial year	**9,985,780.81**
Appropriation to the legal reserve	(499,289.04)
Credit retained earnings	146,144,806.68
Distributable profit	**155,631,298.45**
Profit share allocated to the General Partners in accordance with the provisions of Article 14.1 of the Articles of Association[1]	(778,156.49)
Appropriation	
■ To the payment of a dividend of €0.50 per share[1][2] to shareholders	35,552,054.00
■ To retained earnings	119,301,087.96

[1] *The dividend is eligible for the 40% tax relief available to individual shareholders who are liable to income tax in France, pursuant to Article 158.3.2 of the French Tax code.*
[2] *Out of a total of 70,959,068 shares and 145,040 investment certificates eligible for a dividend*

The payment of a dividend of €0.50 per share to shareholders will be proposed, and shareholders will have the right to elect for payment of the 2013/2014 dividend, for the total amount of the dividend which they are entitled to, either in cash or new ordinary shares.

The ex-dividend date shall be 3 November 2014 and the dividend shall be payable as from 5 December 2014.

The option of receiving paymemnt of the dividend in shares must be taken up between 3 November 2014 and 21 November 2014 inclusive via the intermediaries authorised to pay the dividend. If the option has not been taken up by this date, the dividend shall be payable in cash only.

In accordance with applicable statutory provisions, the dividends distributed by the Company to the shareholders in respect of the last three financial years were as follows:

	2012/2013[3]	**2011/2012[2]**	**2010/2011[2]**
Number of shares and investments certificates which could qualify to a dividend payment[1]	70,903,029	31,771,967	31,611,745
Net dividend per share (in euro)	0.50[4]	0.50[4]	0.40[4]
Total amount distributed (in euro)	35,161,483.00[5]	15,885,983.50	12,644,698.00

[1] *Number of shares and investment certificates that could qualify to a dividend, held on the detachment date and excluding treasury shares and investment certificates held by the Company.*
[2] *Before the Reorganisation in June 2012.*
[3] *After the Reorganisation in June 2012.*
[4] *Dividend eligible for the 40% rebate provided for in Article 158 (3) (2°) of the French Tax Code for the shareholders who are individuals and French tax residents.*
[5] *As authorised by the General Meeting of 26 September 2013 in its 2nd resolution, the Manager revised the final amount of the actual distribution as the Company did not receive a dividend in respect of the shares it held on the payment date; the amount of the dividend corresponding to these shares was automatically added to retained earnings.*

Paris Orléans' company results during the past five financial years

In euro	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Share capital at the end of the financial year					
Share capital	142,208,216	141,806,058	65,031,174	64,747,030	63,889,106
Number of shares and investment certificates issued	71,104,108	70,903,029	32,515,587	32,373,515	31,944,553
Number of shares and investment certificates (excluding treasury shares and investment certificates owned by Paris Orléans)	70,459,911	70,209,525	31,801,467	31,560,195	31,036,383
Number of shares and investment certificates with dividend rights at the date of the General Meeting	71,104,108	70,903,029	32,515,587	32,373,515	31,944,553
Maximum number of future shares to be created					
■ Through conversion of bonds	–	–	–	–	–
■ Through the exercise of subscription rights	–	–	–	–	–

Overall result of effective operations					
Revenues exclusive of tax (financial and operating income)	25,238,744	132,789,534	20,636,932	17,039,485	20,128,414
Income before tax, amortisation and provisions	6,478,796	(746,339)	4,643,901	23,366,227	(8,021,864)
Corporate income tax(1)	(2,029,187)	1,829,465	(201,947)	(1,468)	(3,431,230)
Income after tax, amortisation and provisions	9,985,781	119,878,114	(114,297,251)	20,954,549	2,320,372
Distributed income, excluding treasury shares	35,552,054	35,451,514	15,885,984	12,644,698	10,857,075

Operating resuts per share					
Income after tax, but before amortisation and provisions	0.06	(0.04)	0.15	0.72	(0.14)
Income after tax, amortisation and provisions	0.14	1.69	(3.52)	0.65	0.07
Dividend allocated to each share	0.50(2)	0.50	0.50	0.40	0.35

Employees					
Average employee headcount	29	27	26	26	25
Total of the payroll	5,230,484	3,411,558	3,667,596	3,555,524	4,442,566
Total employee benefits (social security, welfare, etc.)	2,887,383	2,012,034	1,889,761	1,724,996	3,910,732

(1) *Negative amounts correspond to tax benefits.*
(2) *Dividend proposed to General Meeting of shareholders on 25 September 2014.*

Corporate governance

Group reorganisation in June 2012

The Combined General Meeting of shareholders of 8 June 2012 approved a reorganisation[1] of the Group that constitutes a major step forward in its ongoing international expansion and in the simplification of its structures. This reorganisation comprised two stages:

- A first stage, which consisted in converting Paris Orléans' form of incorporation into a French partnership limited by shares (société en commandite par actions); this conversion was accompanied by changes in Paris Orléans' governance, described in the following section;
- A second stage consisting in the transfer to Paris Orléans of all the capital not yet owned by the Group of Rothschild & Cie Banque SCS, the holding company for the French activities, of all the capital of Financière Rabelais SAS, one of the main general partners of Rothschild & Cie Banque SCS, and of virtually all the capital owned by third parties of Rothschilds Continuation Holdings AG, the holding company for all the Group's other operating subsidiaries, including NM Rothschild & Sons Ltd in the United Kingdom.

In accordance with applicable regulations, Paris Orléans' conversion into a French partnership limited by shares *(société en commandite par actions)* offered the minority shareholders the possibility of selling their shares in Paris Orléans under a minority buyout offer initiated jointly by Rothschild Concordia SAS, controlling shareholder of Paris Orléans, and PO Gestion SAS, Paris Orléans' Manager and General Partner as from 8 June 2012. The public buyout offer ran from 11 June to 22 June 2012 and the results were published by the AMF on 25 June 2012 (AMF Decision & information No. 212C0826). The buyout offer, made at a price of €17 per share and presented by Natixis (which also guaranteed the offer), resulted in the transfer of 1,931,654 shares which, in accordance with the undertakings given by new investors in the context of the offer, were reclassified at the offer price.

Completion of the contributions to Paris Orléans has been reflected in the transfer to Paris Orléans of the majority of Rothschilds Continuation Holdings AG and Rothschild & Cie Banque SCS's minority interests not yet held by the Group, triggering a significant simplification of the holding chain of the Group's GFA activities with important benefits expected in terms of harmonisation of the management and development opportunities for the Group. In terms of organisation of the Group's activities, these contributions facilitated the harmonisation and rationalisation of support and central functions, such as the financial control and risk management functions.

This reorganisation was mainly designed to:

- Simplify and harmonise the Group's management, with the development of synergies and sharing of best practices between the different businesses (notably the Global Financial Advisory and Wealth and Asset Management businesses) and in geographical regions where the Group is present;
- Facilitate the Group's development by giving greater financial flexibility and increased development opportunities;
- Strengthen Paris Orléans' regulatory capital by reducing significantly the minority interests within the Group, thereby reducing the impact of capital requirements introduced by Basel III;
- Secure the commitment and control of the Rothschild family over the long-term; and
- Maintain the free float.

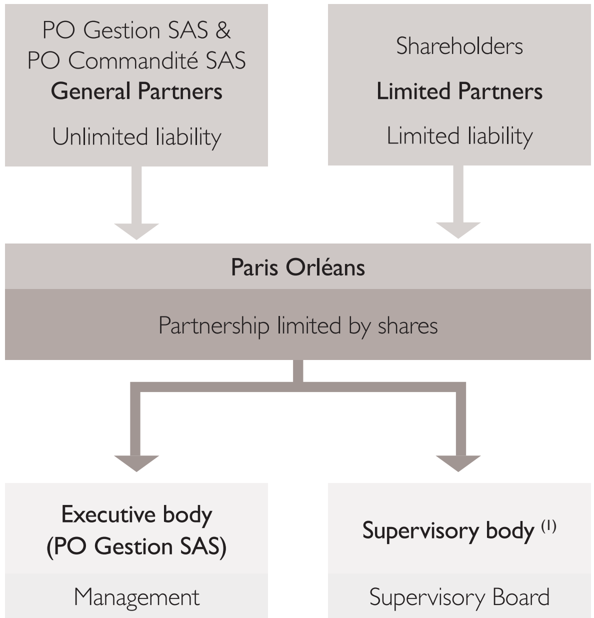
This reorganisation has significantly consolidated the Group share ownership structure by grouping under Paris Orléans almost all the capital of the key holding companies for the Group's banking activities.

[1] Detailed information on the Company's reorganisation is provided in the information memorandum filed with the AMF on 16 May 2012 under registration No. E.12-019 and attached to the Executive Board's report presented to the General Meeting of shareholders on 8 June 2012. These documents are available on Paris Orléans' website (www.paris-orleans.com).

Information pertaining to the General Partners, the Manager and members of the Supervisory Board

General presentation of French partnerships limited by shares

As from 8 June 2012, date of Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*), the Company's governance structure is based on an executive body, the Management, and a supervisory body, the Supervisory Board, with a certain number of specific features linked to the existence of two categories of partners, Limited Partners (also called the shareholders) and General Partners.



Limited Partners

The Limited Partners face the same liabilities as those of a shareholder of a limited company: their liability is limited to the amount of their investment.

General Partners

The General Partners have joint and general liability for all the Company's debts.

Because of the two categories of partners, no decision is valid unless taken at two different levels: by the Limited Partners in General Meetings and by the General Partners, within the restriction of the legal provisions.

Paris Orléans' first two General Partners were designated in the Articles of Association:

- **PO Gestion**

  A French simplified joint-stock company (SAS) with share capital of €60,000 – 3 rue de Messine, 75008 Paris (to which the Articles of Association also confer the role of Manager).

- **PO Commandité**

  A French simplified joint-stock company (SAS) with share capital of €60,000 – 3 rue de Messine, 75008 Paris.

Both companies are owned by members of the three branches of the Rothschild family.

The General Partners have specific powers, including that of appointing the Manager. Except for the appointment of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the distribution of dividends for the year and the approval of agreements and commitments subject to authorisation pursuant to Articles L. 225-38 et seq. of the French Commercial Code, no decision of the General Meeting of shareholders is valid unless unanimously approved (or approved by a majority in the case of the Company's conversion into a *société anonyme* or into a *société à responsabilité limitée*) by the General Partners.
Also, any transaction whose purpose or effect could fundamentally call into question the Group's independence, tradition of excellence, links to the Rothschild family or the role played by the Rothschild family, its use of the Rothschild name or the fact that the Group's main activities are financial activities must be approved by the General Partners, including when such transactions do not require authorisation from the General Meeting of shareholders.

(1) To fulfill its mission as effectively as possible, the Supervisory Board relies on specialised committees stemming from it: the Audit Committee, the Strategy Committee and the Remuneration and Nomination Committee.

Manager

Paris Orléans' first Manager, PO Gestion SAS, was appointed in the Articles of Association in June 2012 for the duration of the Company. Any other statutory Manager will be appointed by the General Partners, with the approval of the General Meeting of shareholders. Any non-statutory Manager will be appointed by the General Partners. The same rule applies to dismissals, solely on fair grounds. If the position of Manager is unoccupied, it shall be filled by the General Partners until a new Manager or new Managers has/have been appointed.

The Manager is responsible for the overall management of the Company's business, convening General Meetings of shareholders and drawing up the agendas for such meetings, and for preparing the financial statements. The Manager has full power to act in all circumstances in the Company's name and on its behalf.

Mr. David de Rothschild, Chairman of PO Gestion SAS, represents the Manager vis-a-vis third parties. Subject to the powers granted to the body of shareholders of PO Gestion SAS by law and its Articles of Association, the Chairman is vested with the broadest powers to act in the Manager's name in any circumstances.

However, before approving certain key decisions concerning the Company in the name and on behalf of the Manager, the Chairman must obtain the prior authorisation of the shareholders of PO Gestion SAS, voting by a three-quarters majority. The said key decisions are:

- The transfer of partnership shares in the Company;
- Any modification of the objects of the Company;
- A change in the legal form of the Company; and
- Any transaction the purpose or effect of which is or may be to substantially call into question:
  - The independence of the Paris Orléans Group or its tradition of excellence,
  - Its connection with the Rothschild family or the role of the family therein,
  - Its use of the Rothschild name, or
  - The fact that the group's main activities are banking and financial activities.

Within the framework of the worldwide operational and functional organisation of the Paris Orléans Group and in accordance with the Articles of Association of PO Gestion SAS, the Manager has between one and three Chief Executive Officers, of whom at least two of them are also members of the Group Management Committee. The Chief Executive Officers appointed by the Manager are Messrs. Nigel Higgins and Olivier Pécoux, also members of the Group Management Committee. The Chief Executive Officers assist the Chairman and participate with him in the supervision, management and control of the Company in the course of meetings of the Management Board (*Conseil de gérance*) of PO Gestion SAS.

As at 31 March 2014, the Manager holds one Paris Orléans share. PO Gestion SAS is also the Manager of RCB Gestion SNC. It holds no other directorship within or outside the Rothschild Group, nor have held any other in the past financial year.

In accordance with the AMF recommendations, detailed information on PO Gestion SAS's Chairman is provided hereafter.

Summary presentation of the Managers' Chairman's profile and list of directorships

David de Rothschild

Chairman of PO Gestion SAS, Manager

French national
Born on 15 December 1942
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: indefinite
Number of shares held as at 31 March 2014: 10

Biography:

Presented on page 12 of this report

Other positions held at Paris Orléans SCA:

None

Directorships as at 31 March 2014:

Chairman of Rothschild Concordia SAS
Chairman of Rothschilds Continuation Holdings AG (Switzerland)
Chairman of N.M. Rothschild & Sons Ltd (United Kingdom)
Chairman of Rothschild Europe B.V. (the Netherlands)
Chairman of SCS Holding SAS
Chairman of Financière de Reux SAS
Chairman of Financière de Tournon SAS
Chairman of PO Commandité SAS
Chairman of RCG Partenaires SAS
Chairman of RCI Partenaires SAS
Chairman of Cavour SAS
Chairman of Verdi SAS
Chairman of Aida SAS
Chairman of Paris Orléans Holding Bancaire (POHB) SAS
Chairman of Financière Rabelais SAS
Manager of Béro SCA
Manager of Rothschild & Cie Banque SCS
Permanent representative of PO Gestion SAS as Manager of RCB Gestion SNC
Managing Partner of Rothschild & Cie SCS
Managing Partner of RCB Partenaires SNC
Managing Partner of Rothschild Ferrières SC
Managing Partner of SCI 2 Square Tour Maubourg SC
Managing Partner of Société Civile du Haras de Reux SC
Vice-Chairman of Rothschild Bank AG (Switzerland)
Vice-Chairman of Rothschild Holding AG (Switzerland)
Sole Director of Five Arrows Messieurs de Rothschild Frères GIE
Sole Director of Sagitas GIE
Director of Casino SA
Director of Compagnie Financière Martin Maurel SA
Director of Edmond de Rothschild SA
Director of Continuation Investments NV (the Netherlands)
Director of Rothschild Asia Holdings Ltd (China)
Director of Rothschild Employee Trustees Ltd (United Kingdom)
Director of Rothschild Concordia AG (Switzerland)
Member of the Supervisory Board of Euris SAS

Offices expired in 2013/2014:

Chairman of RCG Gestion SAS
Chairman of RCB Gestion SNC
Chairman of Rothschild North America Inc. (United States of America)
Chairman of RCBP Gestion SAS
Chairman of RCI Gestion SAS
Chairman of Norma SAS

Supervisory Board

The Supervisory Board is responsible for permanent control of the Company's management, particularly its consolidated and parent company financial statements, and may convene General Meetings of shareholders. It also has the duty of expressing its opinion in a consultative capacity to the Manager and in the form of recommendations to the shareholders on a certain number of issues defined in the Articles of Association.

The Supervisory Board shall be composed of six to eighteen members, shareholders in the Company, who are appointed by the General Meeting of shareholders, without the General Partners being able to participate in the deliberations, for a term of office decided by the General Meeting.

To fullfill its duties as effectively as possible, the Supervisory Board relies on specialised committees. Detailed information on powers and duties of the Supervisory Board and of its specialised committees, and on the preparation and organisation of its work during the financial year 2013/2014, is presented in the report prepared by the Chairman of the Supervisory Board, in page 71 onward of this report.

Summary presentation of the members of the Supervisory Board's profiles and lists of directorships

Eric de Rothschild

Chairman of the Supervisory Board

French national
Born on 3 October 1940
Date of first appointment: 29/10/2004
Date of last renewal: 08/06/2012
End of term of office: AGM to be held in 2014
Number of shares held as at 31 March 2014: 61,985

Other positions held at Paris Orléans SCA:

None

Biography:

He was appointed on 8 June 2012 as Chairman of the Supervisory Board, a position he held from 2004.

He joined Paris Orléans in 1974 as Chairman of the Board of Directors. Along with David de Rothschild, he was the main driving force in bringing together the English and French branches of the Rothschild family, and holds several other duties and positions within the Group and the family's wine-making companies. He is also a member of the Board of Directors and General Manager of Rothschild Concordia SAS. He graduated from the École Polytechnique of Zurich (Switzerland).

Directorships as at 31 March 2014:

Chairman of Rothschild Holding AG (Switzerland)
Chairman of Rothschild Bank AG (Switzerland)
Chairman of Rothschild Asset Management Holdings AG (Switzerland)
Director and General Manager of Rothschild Concordia SAS
General Partner and Manager of Béro SCA
Managing Partner of RCB Partenaires SNC
Permanent representative of Béro SCA as:

- Chairman of Société du Château Rieussec SAS
- Chairman of Ponthieu Rabelais SAS
- Manager of Château Lafite Rothschild SC
- Manager of Château Duhart-Milon SC
- Manager of La Viticole de Participation SCA

Member of the Supervisory Board of Milestone SAS
Member of the Supervisory Board of SIACI Saint-Honoré SA
Chairman and Director of DBR USA Inc. (United States of America)
Director of Continuation Investments NV (The Netherlands)
Director of Baronnes et Barons Associés SAS
Director of Christie's France SA
Director of NM Rothschild & Sons Ltd (United Kingdom)
Director of Rothschilds Continuation Holdings AG (Switzerland)
Director of Rothschild Concordia AG (Switzerland)
Director of Los Vascos SA (Chile)
Director of The Rothschild Archive Ltd (United Kingdom)
Director of Rothschild Employee Trustees Ltd (United Kingdom)

Offices expired in 2013/2014:

None

André Lévy-Lang

Vice-Chairman of the Supervisory Board – Independent member

French national
Born on 26 November 1937
Date of first appointment: 29/10/2004
Date of last renewal: 08/06/2012
End of term of office: AGM to be held in 2014
Number of shares held as at 31 March 2014: 4,068

Other positions held at Paris Orléans SCA:

Member of the Audit Committee
Member of the Remuneration and Nomination Committee
Member of the Strategy Committee

Biography:

He began his career in 1960 at the Atomic Energy Commission (Commissariat à l'Énergie Atomique). After holding various management positions within Schlumberger Group from 1965 to 1974 both in France and abroad, he joined Paribas and became Chairman of the Executive Board from 1990 to 1999 until the merger with BNP, creating BNP Paribas. He graduated from the École Polytechnique and has a Ph.D. From Stanford University.

Directorships as at 31 March 2014:

Chairman of the Supervisory Board of Les Échos SAS
Chairman of La Fondation du Risque (association)
Chairman of Institut Français des Relations Internationales (association)
Chairman of Institut Louis Bachelier (association)
Director of Hôpital Américain de Paris (association)
Director of Institut des Hautes Études Scientifiques (association)
Director of Paris Sciences et Lettres (association)

Offices expired in 2013/2014:

Chairman of the Audit Committee of Paris Orléans SCA
Vice-Chairman of Institut Europlace de Finance (association)
Director of Groupe des Ecoles Nationales d'Economie et Statistique

François Henrot

Vice-Chairman of the Supervisory Board

French national
Born on 3 July 1949
Date of first appointment: 29/03/2012
Date of last renewal: 08/06/2012
End of term of office: AGM to be held in 2014
Number of shares held as at 31 March 2014: 762,460

Other positions held at Paris Orléans SCA:

Member of the Strategy Committee

Biography:

He was formerly a member of the French State Council (Conseil d'État) and he worked at the French Telecommunications Department where he oversaw the design, development and marketing of the Minitel programme. He subsequently moved to the private sector, where he became Chief Executive Officer then Chairman of la Compagnie Bancaire. After holding the position as Chairman of Crédit du Nord and member of the Management Board of Paribas from 1995 to 1997, he joined Rothschild & Cie as a Managing Partner.
He graduated from the École Nationale d'Administration (ÉNA) and from Stanford University.

Directorships as at 31 March 2014:

General Partner and Manager of Rothschild & Cie SCS
Managing Director of Rothschild & Cie Banque SCS
Managing Partner of RCB Partenaires SNC
Chairman of the Board of Directors of Copeba (Belgium)
Director of Yam Invest NV (The Netherlands)
Member of the Supervisory Board of Rexel SA
Non-voting member (censeur) of the Supervisory Board of Vallourec SA
Chief Executive Officer of Paris Orléans Holding Bancaire (POHB) SAS

Offices expired in 2013/2014:

Member of the Supervisory Board of 3 Suisses SA

Martin Bouygues

Independent member

French national
Born on 3 May 1952
Date of first appointment: 07/12/2007
Date of last renewal: 08/06/2012
End of term of office: AGM to be held in 2014
Number of shares held as at 31 March 2014: 35,501

Other positions held at Paris Orléans SCA:

Member of the Strategy Committee

Biography:

He has served as Chairman and Chief Executive Officer of Bouygues since 1989 and Director of TF1 since 1987. He was the founder and Chairman of Maison Bouygues from 1978 to 1986, and Chairman and Chief Executive Officer of Saur from 1986 to 1997.

Directorships as at 31 March 2014:

Chairman and Chief Executive Officer of Bouygues SA
Chairman of SCDM SAS
Director of TF1 SA
Director of Fondation d'entreprise Francis Bouygues
Director of Fondation Skolkovo (Russia)

Permanent representative of SCDM SAS as:
- Chairman of SCDM Invest 3 SAS
- Chairman of SCDM Participations SAS
- Chairman of Actiby SAS

Offices expired in 2013/2014:

None

Jacques Richier

Independent member

French national
Born on 12 February 1955
Date of first appointment: 27/09/2010
Date of last renewal: 08/06/2012
End of term of office: AGM to be held in 2014
Number of shares held as at 31 March 2014: 10

Other positions held at Paris Orléans SCA:

None

Biography:

He is Chairman and Chief Executive Officer of Allianz Vie, one of Paris Orléans' main shareholders. He is also Chairman and Chief Executive Officer of Allianz IARD. He has held several positions in the insurance industry.

He has a French Master's degree in physics of materials, a Master in Business Administration (MBA) from HEC and is an engineer from the INSA of Lyon.

Directorships as at 31 March 2014:

Chairman and Chief Executive Officer of Allianz IARD SA
Chairman and Chief Executive Officer of Allianz Vie SA
Chairman and Chief Executive Officer of Allianz France SA
Chairman of the Board of Directors of Allianz Worldwide Care SA
Chairman of Allianz Worldwide Care Ltd (Ireland)
Chaiman of Allianz Wordwide Partners SAS
Member of the Supervisory Board of Euler Hermès SA

Offices expired in 2013/2014:

Member of the Supervisory Board of Allianz Global Assistance SAS
Member of the Supervisory Board of Allianz Global Corporate & Specialty AG (Germany)

Sylvain Héfès

Board member

French national
Born on 28 March 1952
Date of first appointment: 29/03/2012
Date of last renewal: 08/06/2012
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 10

Other positions held at Paris Orléans SCA:

Chairman of the Remuneration and Nomination Committee
Member of the Audit Committee

Biography:

He began his career in 1974 as a Financial Attaché with the French Embassy in Canada. He was Deputy Chief Executive Officer of Rothschild Bank in Paris from 1976 to 1980, and later he joined NMR in London for two years before returning to the Paris-based bank where he was Deputy Chief Executive Officer from 1982 to 1989.

In 1990, he joined Goldman Sachs in London where he was a General Partner from 1992 to 2004. He held the positions of Head of French Operations, Chief Executive Officer for the European private banking operations, Co-Chairman of the International Advisory Board of Goldman Sachs International and Chairman of the Board of Directors of Goldman Sachs Bank AG.

He graduated from HEC Paris.

Directorships as at 31 March 2014:

Senior Advisor of NM Rothschild & Sons Ltd (United Kingdom)
Member of the Group Risk Committee
Member of the Investment Committee of Five Arrows Principal Investments SASICAR (Luxembourg)
Director of Rothschild Concordia SAS
Non-Executive Director of Rothschilds Continuation Holdings AG (Switzerland)
Director of Five Arrows Capital Ltd (British Virgin Islands)
Director of IntercontinentalExchange Group, Inc (United States of America)
Member of the Advisory Committee of Five Arrows Managers SAS
Chairman of Francarep, Inc. (United States of America)

Offices expired in 2013/2014:

Director of NYSE Euronext Inc. (United States of America)
Member of the Adivsory Committee of General Atlantic LLC (United States of America)
Member of the Audit Committee of Rothschild Bank AG (Switzerland)
Non-Executive Director of Rothschild Bank AG (Switzerland)

Lucie Maurel-Aubert

Independent member

French national
Born on 18 February 1962
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 10

Other positions held at Paris Orléans SCA:

Member of the Strategy Committee

Biography:

She has been a business lawyer at Gide Loyrette Nouel for 15 years, where she practiced notably Community law, Competition, Industrial Property and Corporate law. She was also lecturer at HEC and at the ISA from 1987 to 1992. In 2002, Mrs Lucie Maurel joined the family bank, of which she is a Director since 1999. Appointed Deputy Chief Executive Officer of Compagnie Financière Martin-Maurel in 2007, she is a Member of the Board of Directors of Banque Martin-Maurel. She is equally a Director of the Hôpital Saint-Joseph foundation, the first private non-profit hospital in France.

Directorships as at 31 March 2014:

Member of the Supervisory Board of Foncière INEA SA
Member of the Supervisory Board of Martin Maurel Gestion SA
Member of the Supervisory Board of BBR Rogier SA
Member of the Supervisory Board of Fonds de garantie des depots et de résolution
Chairman of Grignan Participations SAS
Chairman of Hoche Paris SAS
Chairman of Immobilière Saint Albin SAS
Chairman of Groupement Européen de Banques
Member of the Executive Board and CEO of Banque Martin Maurel SA
Chairman of the Supervisory Board of International Capital Gestion SA
Chairman of the Supervisory Board of Hoche Gestion Privée SA
Chairman, Deputy Chief Executive Officer and Director of Compagnie Financière Martin Maurel SA
Director of Fondation Hôpital Saint-Joseph
Managing Director of Mobilim Participations Sàrl (Luxembourg)
Permanent representative of Banque Martin Maurel as member of the Supervisory Board of Optigestion SA

Offices expired in 2013/2014:

Vice-Chairman of the Supervisory Board of Optigestion SA

Alexandre de Rothschild

Board member

French national
Born on 3 December 1980
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 7,510

Other positions held at Paris Orléans SCA:

Member of the Strategy Committee

Biography:

Before joining the Rothschild Group in 2008, he was an Executive Assistant to the Jardine Matheson Group Strategy Director. Before, he worked for Argan Capital, an independent private equity fund based in London, where he was particularly focused on the acquisitions and development of mid-sized European companies. Before joining Argan, he was, for two years, an analyst within the Mergers & Acquisitions department of Bear Sterns Investment Banking in New York.
He currently is a member of the Rothschild Group Management Committee.

Directorships as at 31 March 2014:

General Partner and Manager of Rothschild & Cie Banque SCS
Managing Partner of RCB Partenaires SNC
Partner of Ferrières SC
Manager of Société Civile du Haras de Reux SC
Director of Rothschild Concordia SAS
Director of Treilhard Investissement SA
Member of the Rothschild Group Management Committee

Offices expired in 2013/2014:

Member of the Supervisory Board of Delsey
Member of the Supervisory Board of Enricau SAS
Director of Rothschilds Continuation Holdings AG (Switzerland)
Director of Northcare Plc (United Kingdom)
Member of the Supervisory Board of Vuarchex SAS

Anthony de Rothschild

Board member

British national
Born on 30 January 1977
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 10

Biography:

He is a non-executive Director and Brand Ambassador for the TrueStart consumer and retail innovation incubator. Over the last 15 years, he has focused on developing a broad portfolio of investments, including music, fashion and retail companies. Creative at heart, he has worked with major international consumer companies, including Nike and Belstaff.

Other positions held at Paris Orléans SCA:

None

Directorships as at 31 March 2014:

Director of Rothschild Concordia SAS
Director of Rothschilds Continuation Holdings AG (Switzerland)
Director of Ascott Farms Ltd (United Kingdom)
Director of Southcourt Stud Company Ltd (United Kingdom)
Director of Sculpt the future Company Ltd (United Kingdom)
Director of Ascott Nominees Ltd (United Kingdom)
Director of Ascott Properties Ltd (United Kingdom)
Director of William and Suzue Curley Ltd (United Kingdom)

Offices expired in 2013/2014:

Director of A7 Music Ltd (United Kingdom)

Lord Leach

Independent member

British national
Born on 1 June 1934
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 10

Biography:

Since 1984, he has been a Director of Jardine Matheson, Jardine Strategic, Dairy Farm, HongKong Land and Mandarin Oriental. He is also Vice-president of Jardine Lloyd Thompson. He dedicated his career to banking and merchant banking businesses.

Other positions held at Paris Orléans SCA:

None

Directorships as at 31 March 2014:

Director of Jardine Lloyd Thompson Group plc (United Kingdom)
Director of Dairy Farm International Holdings Ltd (Bermuda)
Director of HongKong Land Holdings Ltd (Bermuda)
Director of Jardine Matheson Holdings Ltd (Bermuda)
Director of Jardine Strategic Holdings Ltd (Bermuda)
Director of Mandarin Oriental International Ltd (Bermuda)
Director of Matheson & Co. Ltd (United Kingdom)

Offices expired in 2013/2014:

None

Sipko Schat

Independent member

Dutch national
Born on 21 March 1960
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 10

Biography:

He worked in the Rabobank Group for over 25 years, where he was a member of the Board of Directors of Rabobank Nederland. He was also responsible for the Wholesale Clients division of Rabobank International and managed the Wholesale Management Team.

Other positions held at Paris Orléans SCA:

None

Directorships as at 31 March 2014:

Non-executive Director of OCI N.V (the Netherlands)

Offices expired in 2013/2014:

Member of the Executive Board of Rabobank Nederland (the Netherlands)
Chairman of the Wholesale Management Team of Rabobank International (the Netherlands)
Director of Bank Sarasin & Cie AG (Switzerland)
Director of Rabo Real Estate (the Netherlands)
Representative of Rabobank as Director of NYSE Euronext
Representative of Rabobank as Director of VNO-NCW (Confederation of Netherlands Industry and Employers)

Peter Smith

Independent member

British national
Born on 5 August 1946
Date of first appointment: 08/06/2012
Date of last renewal: N/A
End of term of office: AGM to be held in 2015
Number of shares held as at 31 March 2014: 10

Biography:

He is Chairman of the Boards of Directors of Savills Plc and Templeton Emerging Markets Investment Trust Plc, and performs non-executive Directors functions in Associated British Foods Plc. He was a Senior Partner at PricewaterhouseCoopers (and previously at Coopers & Lybrand) from 1994 to 2000.

Other positions held at Paris Orléans SCA:

Chairman of the Audit Committee
Member of the Remuneration and Nomination Committee

Directorships as at 31 March 2014:

Chairman of the Board of Directors of Savills Plc (United Kingdom)
Chairman of the Board of Directors of Templeton Emerging Markets Investment Trust Plc (United Kingdom)
Chairman of the Board of Directors of Land Restoration Trust (United Kingdom)
Non-Executive Director of Rothschilds Continuation Holdings AG (Switzerland)
Non-Executive Director of NM Rothschild & Sons Ltd (United Kingdom)
Non-Executive Director of Rothschild Bank AG (Switzerland)
Director of Associated British Foods Plc (United Kingdom)
Member of the Audit Committee of Rothschild Bank AG (Switzerland)

Offices expired in 2013/2014:

Chairman of the Audit Committee of Rothschilds Continuation Holdings AG (Switzerland)
Member of the Remuneration Committee of Rothschilds Continuation Holdings AG (Switzerland)

It is hereby specified that Messrs. Eric de Rothschild, André Lévy-Lang, François Henrot, Jacques Richier and Martin Bouygues' offices will come to an end by the General Meeting of shareholders to be held on 25 September 2014.

Shareholders will be proposed to deliberate on the renewal of said offices. More detailed information will be presented on these proposed renewal in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable regulations.

Transactions involving the Company's securities referred to in Article 223-23 of the General Regulations of the AMF

Pursuant to the provisions of Article 223-26 of the General Regulations of the AMF, the transactions involving the Company's securities during the 2013/2014 financial year, realised by persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code are summarised in the table below. These transactions, disclosed to the AMF and available on its website (www.amf-france.org), are the following:

Name	Nature of the transaction	Date of the transaction	Place of transaction	Unit price *in euro*	Total amount *in euro*	Financial instrument	AMF Decision & Information
CLANS Investissement SC, legal entity related to André Lévy-Lang	Sale	4/10/2013	NYSE Euronext Paris	17.39	68,958.49	Shares	2013DD267241
André Lévy-Lang	Purchase	4/10/2013	NYSE Euronext Paris	17.46	69,217.80	Shares	2013DD267242
Alexandre de Rothschild	Purchase	11/10/2013	By mutual agreement	17.50	131,250.00	Shares	2013DD268888
François Henrot	Purchase	11/10/2013	By mutual agreement	17.50	175,000.00	Shares	2013DD268877
Olivier Pécoux	Purchase	11/10/2013	By mutual agreement	17.50	144,882.50	Shares	2013DD268880
David de Rothschild	Contribution in shares to Financière de Tournon SAS	20/12/2013	N/A	17.00	5,939,052.00	Shares	2014DD305373
Financière de Tournon SAS, legal entity related to David de Rothschild	Shares contributed by David de Rothschild	20/12/2013	N/A	17.00	5,939,052.00	Shares	2014DD305378

Compensation of corporate officers

Compensation policy for the executive corporate officers

PO Gestion SAS

On 8 June 2012, PO Gestion SAS was appointed Manager by Paris Orléans' Articles of Association for the whole duration of the Company. It has since been the only Manager of Paris Orléans.

In application of Paris Orléans' Articles of Association, no compensation is paid to PO Gestion SAS, although the Articles of Association provide that PO Gestion SAS is entitled to reimbursement of its operating expenses. For the financial year ended 31 March 2014, an aggregate amount of €231,371.50 has been paid to PO Gestion SAS as reimbursement of its operating expenses.

Accordingly, the summary tables relating to compensation and other benefits granted to the Manager required in accordance with AMF recommendations are not relevant.

David de Rothschild

Pursuant to the AMF recommendations, the table below presents an overview of compensation due or paid to David de Rothschild, Chairman of PO Gestion SAS, Manager.

In thousands of euros	Financial year 2013/2014	Financial year 2012/2013
Fixed compensation	363.0[(1)]	–
Variable compensation	–	–
Extraordinary compensation	–	–
Attendance fees	–	–
Benefits in kind	3.6[(3)]	0.5[(2)]
TOTAL	**366.7**	**0.5**

(1) Received from controlled companies.
(2) This amount relates to the use of a car for the period from 1 January to 31 December 2012.
(3) This amount relates to the use of a car for the period as from 1 March 2013.

The table below presents information on employment contracts, supplementary pension schemes, compensation or benefits due in the event of termination of office or change in function and non-compensation clauses.

Executive corporate officers	Employment contracts	Supplementary pension scheme	Compensation or benefits due or that could become due in the event of termination of office or change in function	Compensation in respect of competition clause
David de Rothschild	No	No	No	No

Compensation policy for Supervisory Board members

Paris Orléans' Articles of Association provide that the Supervisory Board shall freely distribute all or some of any remuneration that the Ordinary General Meeting of shareholders grants to it between its members.

The General Meeting of 27 September 2012 set at €300,000 the maximum amount of attendance fees available for allocation to members of the Supervisory Board of Paris Orléans, until a new decision. That amount still applies for the 2013/2014 financial year.

During its meeting of 25 June 2014, the Supervisory Board has set the individual allocation of attendance fees for the financial year ended 31 March 2014 as follows:

Fixed ordinary attendance fee	€ 1,000
Variable ordinary attendance fee per meeting[(1)]	€ 1,000
Complementary annual compensation allocated to the Chairman of the Audit Committee	€ 4,000
Fixed supplement for attending Audit Committee meetings	€ 1,000
Variable supplement for attending Audit Committee meetings[(1)]	€ 1,000
Fixed supplement for attending Strategy Committee meetings	€ 1,000
Variable supplement for attending Strategy Committee meetings[(1)]	€ 1,000
Fixed supplement for attending Remuneration and Nomination Committee meetings	€ 1,000
Variable supplement for attending Remuneration and Nomination Committee meetings[(1)]	€ 1,000

(1) In accordance with the AFEP-MEDEF recommendations, payment of attendance fees or of the variable supplements is conditional upon effective attendance at each meeting.

This individual allocation takes into account five Supervisory Board meetings, six Audit Committee meetings, one Strategy Committee meeting and five Remuneration and Nomination Committee meetings held from 1 April 2013 to 31 March 2014.

It is hereby specified that the Supervisory Board, during its meeting of 25 June 2014, decided that members who have functions within the Rothschild Group shall not receive any attendance fees in respect of their positions on the Supervisory Board and its specialised committees. In this respect, Messrs. Eric de Rothschild, François Henrot, Sylvain Héfès, Christian de Labriffe (for the duration of his term of office during the 2013/2014), Philippe de Nicolay and Alexandre de Rothschild will not receive any Paris Orléans attendance fees.

The table below shows the attendance fees and other compensation due to or received by the members of the Supervisory Board in respect of their positions held at Paris Orléans and at any other Group company during the 2013/2014 financial year.

In thousands of euro	2013/2014			2012/2013		
Members of the Supervisory Board	Attendance fees[1]	Other compensation[2]		Attendance fees[1]	Other compensation[2]	
Eric de Rothschild	–	Fixed	–	6.0	Fixed	41.1
		Exceptional	50.0		Exceptional	–
		Benefits in kind	6.4		Benefits in kind	6.4
André Lévy-Lang	29.0[3][5][6]		–	29.0[3][4][5]		–
François Henrot[5]	–		–	5.0		–
Sylvain Héfès	–	Fixed	338.8	6.0[3]	Fixed	402.2
		Variable	–		Variable	234.8
		Exceptional	72.6		Exceptional	–
Christian de Labriffe[3][7]	–		–	4.0		–
Martin Bouygues	7.0[5]		–	16.0[5]		–
Philippe de Nicolay[8]	–		–	6.0		–
Jacques Richier	9.0		–	13.0		–
Alexandre de Rothschild	–	Fixed	120.8	–	Fixed	94.2
		Variable	290.7		Variable	114.7
		Other	15.3		Other	–
Anthony de Rothschild	9.0		–	8.0		–
Lucie Maurel-Aubert	12.0[5]		–	12.0[5]		–
Lord Leach	8.0		–	9.0		–
Sipko Schat	9.0		–	7.0		–
Peter Smith	35.0[3][4][6]	Fixed	144.0	9.0[3]	Other fees	59.1

[1] *Attendance fees due or received from Paris Orléans in respect of the position of member of the Supervisory Board.*
[2] *Received from controlled companies.*
[3] *Includes attendance fees as member of the Audit Committee.*
[4] *Includes complementary annual compensation allocated to the Chairman of the Audit Committee.*
[5] *Includes attendance fees as member of the Strategy Committee.*
[6] *Includes attendance fees as member of the Remuneration and Nomination Committee.*
[7] *Member until 27 June 2013.*
[8] *Member until 27 March 2014.*

Statutory Auditors

Term of office

The General Meeting of shareholders of 27 September 2011:

- Renewed for a term of six financial years the appointments of Cailliau Dedouit et Associés SA, as Statutory Auditor, and of Mr. Didier Cardon, as Alternate Auditor;
- Appointed KPMG Audit FS II SAS, as Statutory Auditor, and KPMG Audit FS I SAS, as Alternate Auditor, as a replacement of KPMG Audit (a division of KPMG SA) and of SCP de Commissaires aux Comptes Jean-Claude André et Autres, whose appointments were not renewed.

Following Paris Orléans' conversion into a French partnership limited by shares approved by the General Meeting of shareholders of 8 June 2012, the Statutory Auditors and Alternate Auditors' appointments were confirmed.

The Statutory Auditors' terms of office will end after the Annual General Meeting to be held in September 2017 to approve the accounts for the financial year ending 31 March 2017.

Fees

The information relating to the fees paid to the statutory auditors in respect of the financial year ended 31 March 2014 is presented in page 177 of this present report.

Report of the Chairman of the Supervisory Board

On corporate governance and on the internal control procedures implemented by the Company

This report, established pursuant to paragraphs 7 to 9 of Article L. 225-68 of the French Commercial Code with reference to Article L. 226-10-1 of that code, sets forth the principles of corporate governance and the internal control and risk management procedures implemented by Paris Orléans.

The other Group companies do not fall within the scope of this report. They are nonetheless under an obligation to apply the procedures defined by the Group, particularly with regard to the Group's internal control policies and procedures.

This report, drawn up under the responsibility of the Chairman of the Company's Supervisory Board, has been prepared with the assistance of the Secretary of the Supervisory Board. The second part of the report relating to internal control and risk management was reviewed by the Audit Committee at its meeting on 19 June 2014.

All of the work that went into the preparation of this report was presented to the Supervisory Board, which approved its terms at its meeting of 25 June 2014.

A - Corporate governance

A presentation of the Company's management and control bodies is provided in the section on corporate governance on pages 58 onwards of the Management Report.

This report describes the Supervisory Board's powers and duties, the duties of its members, and the status, powers and duties of the Supervisory Board's specialised committees. These arise from the provisions of the Company's Articles of Association, the Supervisory Board's Internal rules of Procedure and the specialised committees' terms of reference.

1. Composition and powers of the Supervisory Board and duties of the Supervisory Board members

Composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board is composed of a maximum of 18 members, all of whom are shareholders in the Company; they are appointed and dismissed by the Ordinary General Meeting of shareholders. Shareholders who are also General Partners are not authorised to vote. The number of members of the Supervisory Board over the age of 75 years may not exceed one third of the members in office; if this proportion is exceeded, the members who are required to leave the Supervisory Board in order to restore compliance with this proportion will be considered to have resigned, starting with the oldest.

The term of office of each member of the Supervisory Board is determined by the Ordinary General Meeting.

As of 31 March 2014, the Supervisory Board was composed of twelve members: Eric de Rothschild (Chairman), François Henrot (Vice-Chairman), André Lévy-Lang (Vice-Chairman), Martin Bouygues, Sylvain Héfès, Lord Leach, Lucie Maurel-Aubert, Jacques Richier, Alexandre de Rothschild, Anthony de Rothschild, Sipko Schat and Peter Smith.

Among the twelve members of the Supervisory Board, six members are independent members: Martin Bouygues, André Lévy-Lang (also member of the Audit Committee and Remuneration and Nomination Committee), Lord Leach, Jacques Richier, Sipko Schat and Peter Smith (also Chairman and member of the Audit Committee and member of the Remuneration and Nomination Committee).

More detailed information on each Supervisory Board member during the financial year ended 31 March 2014, in particular each member's nationality, age, positions and functions held within and outside of the Paris Orléans Group, date of first appointment, term of office and the number of Paris Orléans shares held, is provided on pages 62 onwards of the Management Report. This information is deemed to form an integral part of this report.

The Group Company Secretary (and *Directeur Juridique* of the Company) also acts as Secretary to the Supervisory Board under the supervision of the Chairman of the Supervisory Board.

The Supervisory Board members are appointed by the General Meeting of shareholders, which in accordance with the Articles of Association, sets the duration of their term of office.

Powers of the Supervisory Board

The Supervisory Board continually monitors the way in which the Company is managed by the Manager, including in particular the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audits, in accordance with the laws and regulations applicable to the Company.

The Board may call a General Meeting of shareholders.

In order to exercise its authority in the area of permanent control:

- The Supervisory Board conducts the checks and controls it considers appropriate at any time of the year, and may ask to be provided with the documents it considers useful to perform its work;
- Every three months (or more frequently if requested by the Board), the Manager presents a report to the Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Board;
- Within three months of the end of each financial year, the Manager presents the annual and consolidated financial statements to the Board for verification and control purposes;
- The Manager submits its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;
- The Supervisory Board presents a report to shareholders at their annual General Meeting of shareholders in which it reports any discrepancies and/or inaccuracies in the annual and consolidated financial statements and comments on the way in which the Company is managed;
- The Supervisory Board approves the Chairman's report on the composition of the Board and the application of the principle of equal representation of men and women on the Board, the terms and conditions according to which the Board prepares and organises its work, and the internal control and risk management procedures put in place by the Company;
- It decides each year on the Company's policy in terms of professional equality and equal pay;
- The agreements and commitments relating to the combined provisions of Article L. 226-10 and L. 225-38 to L. 225-43 of the French Commercial Code are submitted to the Supervisory Board for prior authorisation;
- It checks the quality of information issued by the Paris Orléans Group to shareholders and the financial markets, through the Company and Group financial statements prepared by Management and the annual report drawn up by the Manager, or at the time of major transactions.

In addition to the powers granted to it by law, using the methods set forth in Article 10.2.3 of the Company's Articles of Association, the Supervisory Board issues:

- An advisory opinion to the Manager in respect of:
  - The strategic policies, annual budget and three-year business plan of the Paris Orléans Group;
  - Any significant acquisition or disposal of a business or part of a business; and
  - Any strategic initiative or major refocusing of the business of the Paris Orléans Group; and
- A recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board presents a report to the Shareholders and a reasoned opinion on any resolution submitted to the Shareholders at their General Meeting and on any matter that is the subject of a report by the Company's Statutory Auditors.

The Supervisory Board may be assisted by experts of its choosing, whose expenses shall be paid by the Company. It has the broadest powers of investigation and may submit written questions to, or seek the opinion of the Manager at any time.

Duties of the Supervisory Board members

Before assuming a seat on the Supervisory Board, each member must be aware of the general and special obligations incumbent on them. In particular, they must familiarise themselves with the laws and regulations governing the duties of Supervisory Board members.

The Company provides new members with its Articles of Association and the Supervisory Board's Internal Rules of Procedure before they take office. By accepting a seat on the Supervisory Board, members agree to abide by its internal rules of procedure.

When taking part in Supervisory Board meetings and casting a vote, Supervisory Board members are representing all of the Company's shareholders and acting in the interests of the Company.

Supervisory Board members must allocate the required time to preparing for Board meetings and meetings of any Committees on which they sit (as the case may be) by carefully reading the documentation provided to them. They may ask the Chairman for any further information they require.

Board members must attend all Supervisory Board meetings and meetings of any Committees of which they are members (as the case may be), as well as General Meetings of shareholders, unless subject to an impediment and provided that they notify the Chairman and/or the Secretary accordingly beforehand.

Documentation for Supervisory Board meetings as well as information collected before or during Supervisory Board meetings are confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend the meetings may not pass on such information to a third person other than within the ordinary scope of their work or occupation, or for any purpose or activity other than those for which the information was provided to them. They take appropriate measures to protect the confidentiality of such information. Such information ceases to be personal and confidential when published externally by the Company, particularly in the form of a press release.

Supervisory Board members are not permitted to use their position and/or duties to procure any kind of benefit, whether financial or otherwise, either for themselves or for a third party.

Members must notify the Supervisory Board of any actual or potential conflict of interest with the Paris Orléans Group. They must abstain from voting on the corresponding decision and from taking part in the discussion held prior to the vote.

The direct or indirect involvement of any Supervisory Board member in an operation or a transaction in which the Group has a direct interest, or of which he is aware as a result of his membership of the Board, must be disclosed to the Board prior to the conclusion of such operation or transaction.

Supervisory Board members are not permitted to assume personal responsibilities in undertakings or affairs that compete directly or indirectly with those of the Paris Orléans Group without notifying the Board in advance.

Supervisory Board members and all other persons who are invited to attend Board meetings must not engage (either in person or via an intermediary) in transactions involving financial instruments of the Company and/or any other issuer for as long as they possess (as a result of their duties or presence at a Board meeting) confidential information that might have a material effect on the price of the said financial instruments or on the price of related financial instruments. This duty applies without the Company being required to stipulate that the relevant information is confidential or privileged. Similarly, Supervisory Board members must refrain from disclosing such information to any other person outside the ordinary scope of their functions or for any purpose other than those for which the information was provided to them. Lastly, members must refrain from advising any other person to purchase or sell the financial instruments to which such information relates.

To this end, the following measures in particular must be taken:

- Shares in the Company held by a Board member personally or by a member's cohabiting spouse, minor child (not of full age) or any other intermediary must be registered, either in a registered account managed by the holder of the Company's register or in the books of a French custodian account keeper whose details shall be provided to the Board's Secretary;
- Members are not permitted to engage in any short or deferred transaction involving derivatives or financial instruments relating to securities issued by the Company (financial futures, warrants, exchangeable bonds, etc.);
- Transactions involving Paris Orléans shares, including hedge transactions effected during the 30 calendar days prior to publication of the annual statutory and consolidated financial statements, half-yearly financial statements and (where applicable) the full quarterly financial statements (such period being reduced to 15 days with regard to the publication of quarterly financial information) and on the publication date may not be effected by Supervisory Board members or any other person who attended the Board meeting at which the results were reviewed. The same rule applies with respect to the announcement of projected annual and half-yearly results.

2. Organisation and operation of the Supervisory Board

Meetings

On a proposal by its Chairman, the Supervisory Board prepares a schedule of meetings each year, for the following year.

The Supervisory Board meets as often as required in the interests of the Company and at least four times a year, further to a notice of meeting issued by any means by the Chairman, at least one half of Supervisory Board members, the Manager or a General Partner, subject to reasonable notice unless circumstances require a meeting to be called within a very short timeframe.

The person(s) who call(s) a Supervisory Board meeting prepares the agenda of the meeting and provides same to Board members in a timely manner and by any appropriate means.

All Board members may consult the Secretary and benefit from the latter's services. The Secretary is responsible for all procedures relating to the Supervisory Board practices and for the organisation of the meetings.

Documents provided to Board members to enable them to express an opinion in full knowledge of the facts on items included on the agenda are provided to Board members at least 48 hours prior to Board meetings, except in an emergency or if there is a requirement to keep such documents strictly confidential.

The Manager and Senior Management are informed of Supervisory Board meetings, and may attend such meetings in an advisory capacity. Any other person outside the Supervisory Board may be invited to attend the whole or part of a Board meeting by the Chairman of the Supervisory Board.

Organisation of meetings

Under any circumstances, at any of its meetings, in the event of an emergency and on a proposal by the Chairman of the meeting, the Supervisory Board may discuss matters referred to its members that are not included on the agenda.

At each Supervisory Board meeting, the Chairman informs Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Board meeting.

Supervisory Board meetings may be held at the registered office or at any other location indicated in the notice of meeting, as well as by videoconferencing or teleconferencing facilities that identify members of the Supervisory Board and guarantee their effective involvement through the use of technical resources that continually and simultaneously transmit discussions. Meetings shall be chaired by the Chairman or, in the latter's absence, by the longest-standing Vice-Chairman present or, in the absence of a Vice-Chairman, by the member appointed for that purpose by the Supervisory Board.

Attendance and majority

Supervisory Board members are entitled to be represented at Board meetings by another member, pursuant to specific authorisation set out in a letter, a fax, an email or any other method of communication deemed reasonable and acceptable by both parties. A member of the Supervisory Board may only represent one other member at any meeting.

Board members who take part in a Board meeting via the technical resource methods referred to above are deemed present, except where the Supervisory Board is meeting to verify and check the annual report and the statutory and consolidated financial statements.

Decisions are taken by an ordinary majority of members who are present or represented and authorised to vote. In the event of a tie, the chairman of the meeting shall have a casting vote.

Review of the Supervisory Board's activity

The Supervisory Board meets at least four times a year in March, June, September and November. The Supervisory Board met five times during the 2013/2014 financial year, with an average attendance rate of 81.43% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

Each meeting of the Supervisory Board is preceded by a meeting of the Audit Committee.

At its meeting on 26 June 2013, the Supervisory Board in particular:

- Reviewed the annual and consolidated financial statements for the 2012/2013 financial year and the draft results announcement, the overall situation of the Group's activities and prospects;
- Considered the reports from the Audit Committee and the Remuneration and Nomination Committee;
- Considered the draft resolutions submitted by the Manager to the Combined General Meeting of shareholders;
- Approved the report of the Chairman of the Board, approved the terms of its report to shareholders, as well as a related party agreement; and
- Considered the implementation of the 2013 Paris Orléans Equity Scheme.

On 26 June 2013, in light of (a) French Act No. 2013/672 of 26 July 2013 (the "26 July 2013 Act") on separation and regulation of banking activities, which sets additional rules controlling remuneration in the banking sector and transposes into French law some (but not all) of the provisions of the Capital Requirements Directive 2013/36/EU of 26 June 2013 (CRD IV) and (b) the significant uncertainties that remained at that time with regards to the detailed rules in respect of the control of remuneration in the banking sector in France and in other E.U. member states under

CRD IV, including in respect of (i) the timing of the entry into force of the rules and (ii) the rules' application perimeter within the Paris Orléans Group in terms of entities, businesses and personnel, the Supervisory Board in particular deliberated on the resolution to be submitted by the Manager to the vote of the Paris Orléans Shareholders at the Annual General Meeting of shareholders convened in September 2013, to approve, as a matter of principle, the fact that PO will ensure that variable compensation within the applicable perimeter of the PO Group in respect of entities, businesses and/or personnel will comply with CRD IV and Article L.511-41-1 C of the French Monetary and Financial Code, as adopted by the 26 July 2013 Act, as soon as the same will become applicable, provided that the ratio of variable to fixed compensation provided for under Article 94 1 g) of CRD IV and to be determined in France by an executive order *(arrêté)* of the French Ministry of Economy (published after PO's annual General Meeting of shareholders convened in September 2013), will be the highest ratio permissible under applicable rules, i.e., up to 200% according to Article 94 1 g) (ii) of CRD IV.

The Supervisory Board approved this resolution on the basis of known provisions and ongoing discussions on the overall amount of compensation to be paid for the fiscal year beginning on 1 April 2013, to all types of responsible officers, as defined in Articles L. 511-13 and L. 532-2 of the French Monetary and Financial Code, and categories of staff, including the risk-takers, people exerting control functions and any employee who, in view of his/her overall compensation is in the same range of compensation, whose professional activities is determined to have a material impact on the risk profile of the company or group. However, the Supervisory Board noted for the reasons above described that these matters will need to be reconsidered when the detailed rules that will become applicable in respect of the control of remuneration in the banking sector in France and in other E.U. member states under CRD IV, including the application perimeter of such rules within the Group, will be known.

At its meeting on 26 September 2013, the Supervisory Board in particular:

- Considered the Paris Orléans Group Performance Review (results for 4 months ended 31 July 2013), a report from the Audit Committee, a report from the Remuneration and Nomination Committee on the implementation of the 2013 Paris Orléans Equity Scheme; and
- Considered the results of the Supervisory Board self-assessment;

At its meeting on 26 November 2013, the Board in particular:

- Considered the Paris Orléans Group Performance review (results to 30 September 2013 and forecast for the year to 31 March 2014);
- Reviewed the half-yearly financial statements for the 2013/2014 financial year and the draft results announcement and
- Considered a report from the Remuneration and Nomination Committee on the implementation of the 2013 Paris Orléans Equity Scheme and the Group Risk & Compliance report as at 30 September 2013.

At its meeting on 27 March 2014 the Supervisory Board in particular:

- Considered the results of the Group over 10 months and reviewed the budget to the end of March 2015 of the Company, the Group and each of the main operational activities;
- Examined the Group internal control reports to be submitted to the ACPR in respect of 2013 pursuant to Articles 42 (internal control), 43-1 (compensation) and 43 (risk measurement and monitoring) of CRBF regulation 97-02 of 21 February 1997 applicable to financial companies.

3. Assessment of the Board's organisation and working methods

The Supervisory Board of the Company decided during its meeting on 26 June 2013 to evaluate the composition, organisation and functioning of the Board and its Committees, in order to assess the preparation and quality of their work. The method used was a self-assessment based on the following objectives:

- Reviewing the operating methods of the Board and of its Committees;
- Checking that important issues are properly prepared and discussed;
- Measuring the effective contribution of each Board member and of its Committees to their work.

During its meeting in September 2013, the Supervisory Board considered and discussed the overall results of this self-assessment, matching the individual comments of Board members with the overall results analysis.

4. Specialised Committees of the Supervisory Board

In accordance with legal and regulatory provisions, the Supervisory Board has established an Audit Committee and a Remuneration and Nomination Committee, and defined the composition of those committees as well as their tasks and practices.

In addition, the Supervisory Board decided to establish a Strategy Committee.

Only members of the Supervisory Board may sit on these committees and only for their term of office on the Supervisory Board.

The Audit Committee

Composition

The composition of the Audit Committee is determined by the Supervisory Board. Only Board members with the necessary competencies and financial expertise may be appointed to this Committee.

As of 31 March 2014, the Audit Committee was composed of three members: Peter Smith (Chairman), Sylvain Héfès and André Lévy-Lang.

Responsibilities

In accordance with its Terms of reference, the tasks of the Audit Committee include:

- Monitoring the preparation of financial information;
- Monitoring the statutory audit of the annual and consolidated accounts by the Statutory Auditors;
- Verifying the independence and objectiveness of the Statutory Auditors of Paris Orléans;
- Checking the clarity of the information provided and assessing the appropriateness of the accounting methods used to prepare the company and consolidated financial statements;
- Monitoring the effectiveness of the internal control and risk management systems;
- Assessing the quality of Group internal control at the level of Paris Orléans, particularly with regard to the consistency and completeness of risk measurement, supervision and management and, when necessary, proposing additional measures to be taken in this respect.

The Audit Committee can draw on the help of Company employees as necessary. It is empowered to obtain any information it considers necessary to fulfil its task from the Company's executive body, its staff and the Company's, or its subsidiaries' Statutory Auditors. Committee members have the opportunity, if necessary, to seek the opinion of the senior executives of the Group as well as that of the Statutory Auditors.

At the end of each meeting, the Audit Committee usually meets with the Group Head of Internal Audit and the Statutory Auditors without the presence of any representative of Senior Management.

After each meeting of the Audit Committee, the Chairman of the Audit Committee submits a report on the work of the Audit Committee to the Supervisory Board members.

Activity

The Audit Committee meets at least four times a year in March, June, September and November. Before each Committee meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda. The Audit Committee met six times during the 2013/2014 financial year, with an average attendance rate of 87.50% for all meetings

The June and November meetings are mainly focused respectively on the review of annual and half-year accounts and the presentation by the Statutory Auditors of their report after review of these accounts. In addition, at the June meeting, the Audit Committee reviews the section of the chairman's report issued in accordance with the provisions of Article L. 225-37 of the French Commercial Code, on risk management procedures implemented by the Company on pages 81 onwards of this report.

The March and September meetings are mainly focused on internal control matters. In March, the Audit Committee receives for consideration, the Group internal control report to be submitted to the Autorité de Contrôle Prudentiel et de Resolution (the "ACPR") in accordance with the Sections 42 (internal control), 43-1 (compensation) and 43 (risk measurement and monitoring) of CRBF Regulation No. 97-02. In advance of each meeting, the committee members receive the Internal Audit status report and the status of Statutory Auditors recommendations. The activities of the Paris Orléans Group subsidiary audit committees are also presented to the Audit Committee during those two meetings.

In addition, the Audit Committee receives, in advance of each meeting, the Group Risk and Compliance quarterly report presented to the Group Risk Committee and executive Senior Management.

The Group Heads of Risk, Legal and Compliance and Internal Audit attend the meetings of the Audit Committee to present their respective reports. The Group Finance Director, the Group External Reporting Director and the Group Company Secretary also attend the meetings. The Co-Chief Executive Officers of the Manager are invited to participate for part of the meeting, if so required by the Audit Committee.

At the end of each meeting of the Audit Committee, the Committee meets with the Group Head of Internal Audit and external auditors without the presence of Executive Senior management.

In addition to the above meetings of the Audit Committee, at the request of the Chairman of the Committee, the Audit Committee met two times in 2013 specifically:

- In June 2013, to review the banking book of NM Rothschild & Sons Limited, with the participation of the Head of the Banking and Asset Finance Division. The main purpose of this meeting was to receive an update on the methodology and the appropriateness of the provisioning level of the property book;
- In November 2013, to review the Merchant Banking book, to look more specifically at the risks of the business for Paris Orléans and the provisioning process and also to receive information with regards to the implications for the Merchant Banking business of the implementation of the AIFM Directive (AIFMD).

Following each meeting, a report from the Audit Committee is presented to the Supervisory Board.

The Remuneration and Nomination Committee

Composition

The composition of the Remuneration and Nomination Committee is determined by the Supervisory Board.

As of 31 March 2014, the Remuneration and Nomination Committee was composed of three members: Sylvain Héfès (Chairman), André Lévy-Lang and Peter Smith. The Chairman of the Supervisory Board has a standing invitation to all meetings of the Committee.

Responsibilities

The role of the Remuneration and Nomination Committee is to assist the Supervisory Board with its remuneration related duties and in particular with the preparation of its decisions aimed at deciding the Group's remuneration policy principles.

Specifically the Remuneration and Nomination Committee is responsible for:

- Setting the principles and parameters of remuneration policy for the Group as a whole and periodically review the policy's adequacy and effectiveness taking into account all factors which it deems necessary including the Group's strategy from time to time;
- Supervising and reviewing the broad policy framework for the remuneration of the Group Management Committee and the principles of the remuneration policy applicable to Regulated Persons;
- Supervising the remuneration paid/awarded to members of the Compliance and Risk divisions and, where appropriate, the employment and remuneration arrangements of the Group Management Committee;
- Identifying Regulated Persons as we define them in each of Paris Orléans, Rothschild & Cie Banque SCS and its subsidiaries, NM Rothschild & Sons Limited and its subsidiaries, Rothschild Wealth Management for the purposes of the ACPR, FCA and PRA as appropriate;
- Participating in the selection and nomination process of members of the Supervisory Board, as provided by the AFEP-MEDEF Corporate Code of Governance;
- Reviewing the nature and scale of the Group's short and long term incentive performance arrangements to ensure that they encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects;

- Discussing and reviewing with the PO Gestion officers the determination and quantum of the total bonus pool; and
- Undertaking any other remuneration related obligation placed upon the Remuneration and Nomination Committee by either the head regulator or a local regulator.

Activity

The Remuneration and Nomination Committee met five times during the 2013/2014 financial year, with an average attendance rate of 73.33% for all meetings. Before each Committee meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The meetings of the Remuneration and Nomination Committee were mainly convened to set the principles and parameters of its remuneration policies and to periodically review their adequacy and effectiveness, review developments in remuneration regulation and ensure that management was in compliance and review the 2013 Paris Orléans Equity Scheme. Information on the Equity Scheme is detailed on page 98.

The Remuneration and Nomination Committee also met to review the proposals submitted by business divisions regarding fixed and variable compensation with absolute discretion to adjust fixed compensation proposals, bonus pools and individual payments and supervise and review the broad policy framework for the remuneration of senior employees, including the Regulated Population across the Paris Orléans Group.

No Group employee was permitted to participate in discussions or decisions relating to his or her remuneration.

Strategy Committee

As of 31 March 2014, the Strategy Committee was composed of five members: Martin Bouygues, François Henrot, André Lévy-Lang, Lucie Maurel-Aubert and Alexandre de Rothschild.

The main role of this committee is to assist the Supervisory Board when it is called upon to give Management an advisory opinion on the Group strategy, significant acquisitions or sales of business activities or business divisions.

Meetings of the Strategy Committee are attended by the Chairman of the Supervisory Board, the Chairman of the Manager and the Group Co-Chief Executive Officers, the Group Heads by business division who are all members of the Group Management Committee, the Group Strategy Officer, senior Group advisors, and the Group Company Secretary, secretary to the meetings.

The Strategy Committee met once during the 2013/2014 financial year, with an attendance rate of 80%. Before each Committee meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

5. Corporate governance code

Since 2010, the Company has decided voluntarily to adhere to the Corporate Governance Code for listed corporations published by the AFEP and the MEDEF, last amended on 16 June 2013 and available at http://www.medef.com/ (the "AFEP-MEDEF Code"). The Supervisory Board, during its meeting of 26 June 2013, took note of this amended version.

The Company is very committed to the principles of good governance and to the respect of the recommendations of the AFEP-MEDEF Code.

Please note, however, that the very principle of partnerships limited by shares, the Company's form of incorporation, provides a clear separation of powers between the Management, PO Gestion SAS, and the Supervisory Board, which only proceeds after a review of the management of the Company, without participating. In this framework, the Board takes into account the specific characteristics of this form of incorporation, and the Board is organised in a way that is adapted to the nature of its functions conferred upon it by law and the Articles of Association as well as by the recommendations of the Code.

Pursuant to the applicable legal provisions, the recommendations of the AFEP-MEDEF Code not applied by the Company are described in the table below, with an explanation for each of them:

AFEP-MEDEF recommendations	Explanations by the Company
Description of Supervisory Board's internal rules (§1.3 of the Code): *"Its organisation and operation are described in the internal rules that it has drawn up, which are published in part or in full on the company's website or in the reference document."*	The Company has drawn up internal rules for the Supervisory Board. They are not published in part or in full on the Company's website or in the Annual Report, but the report of the Chairman of the Supervisory Board on corporate governance and on the internal control procedures presents the organisation and the functioning of the Board. This presentation is made in the light of the rules described in the Supervisory Board's Internal Rules of Procedure.
Review of independence situation of members of the Supervisory Board (§9.3 of the Code): *"Qualification as an independent director should be discussed by the appointments committee and reviewed every year by the Board of Directors prior to publication of the annual report."*	The Supervisory Board is particularly committed to the independence of its members. An examination of the independence of a member is performed for each appointment and renewal. The Remuneration and Nomination Committee advises the Supervisory Board on this matter and the latter eventually decides on the qualification of this member. Furthermore, the Supervisory Board reviews the situation of a member of the Supervisory Board when it deems necessary.
Independence criterion for members of the Supervisory Board related to the length of office (§9.4 of the Code): Criterion providing that in order to be considered as independent a Director must not *"have been a Director for more than twelve years."*	Given the Company's ownership structure, which is controlled by an enlarged Rothschild family concert acting in concert, by companies owned by members of the Rothschild family and by other shareholders with long-standing ties to the Rothschild family, and given the legal and statutory characteristics of a French partnership limited by, the Supervisory Board has expressly decided to waive the criterion relating to the duration of Board members' terms of office. The Board considers that the length of service is a key element for assessing and understanding the Paris Orléans Group's activities and that it should not therefore disqualify them as independent members. This particular criterion was therefore expressly waived in the Supervisory Board's Internal Rules of Procedure as follow: *"The independence criteria that apply are those referred to in Article 9.4 of the AFEP/MEDEF Corporate Governance Code of December 2008, amended in June 2013, excluding the criteria relating to terms of office, which is expressly set aside."*
Status of the Chairman of the Remuneration and Nomination Committee (§18.1 of the Code): *"The committee (in charge of compensation) should not include any executive directors, and should have a majority of independent directors. It should be chaired by an independent director. It is advised that an employee director be a member of this committee."*	Mr Sylvain Héfès, non-independent member of the Supervisory Board, is the Chairman of the Remuneration and Nomination Committee, despite his status of non-independent member of the Supervisory Board. Mr Héfès' experience and expertise in the banking area make him fully aware of the governance practices to be followed in a group such as Paris Orléans, in particular concerning remuneration and nomination matters. Therefore, the Supervisory Board considers his situation as not jeopardising his ability to be the Chairman of the Remuneration and Nomination Committee, in the best interest of the Paris Orléans Group.
"Say on pay" advisory vote (§24.3 of the Code): Listed companies are recommended to consult their shareholders during their Annual General meeting on each individual executive director's compensation due or awarded at the end of the closed financial year.	The Company chose not to apply this recommendation considering the specificities of its situation. The Company's only executive corporate officer is PO Gestion SAS, the Manager. No compensation is paid to PO Gestion SAS except the reimbursement of its operating expenses as presented in the "Compensation of corporate officers" section on page 68 onwards of this report. Therefore, the Company considered that, being not applicable, such an advisory vote was not to be implemented.

6. Equal representation of men and woman on the Supervisory Board

The appointment of Mrs Lucie Maurel-Aubert on 8 June 2012 introduced the presence of a woman on the Supervisory Board, per a total of fourteen members at the time (7.14%). This rate of representation complied at the time with law No. 2011-103 of 27 January 2011, which requires the representation of both sexes on the Supervisory Board as follows:

- At least one woman as from the publication of the aforementioned law;
- At least 20% of women representation as from the Annual General Meeting to be held in 2014;
- At least 40% of women representation as from the Annual General Meeting to be held in 2017.

The Supervisory Board has set objectives for changing its composition to meet the deadlines set by the aforementioned law.

In its meeting of 27 March 2014, the Supervisory Board was informed of five potential candidates to be appointed as Board members at the General Meeting of shareholders to be held on 25 September 2014, including four women. The Remuneration and Nomination Committee reviewed their situation and, during its meeting of 19 May 2014, and made recommendations to the Board on each of the selected candidates, including in consideration of the quota gender.

Bearing in mind that the objective is that each board shall reach and maintain a percentage of at least 20% of women as from the first Annual General Meeting in 2014, the Supervisory Board, in its meeting of 25 June 2014, took note and was satisfied that the appointment of four new members who are women would exceed the objectives required by the legislation and the AFEP-MEDEF recommendations.

As required by legal and regulatory provisions, detailed information on the selected candidates will be presented in the General Meeting Document, grouping all information to be presented to the shareholders, which will be released on the Company's website and will be made available to the shareholders in accordance with the legal provisions.

7. Terms and conditions of shareholders' attendance of General Meetings

General Meetings are convened by the Manager or by the Supervisory Board and decide, in the conditions provided for by law, by simple majority of the votes of shareholders attending or represented at the meeting in the case of Ordinary General Meetings and by a two-thirds majority of the votes of shareholders attending or represented at the meeting in the case of Extraordinary General Meetings.

General Meetings are held at the registered office or any other place indicated in the notice of meeting. General Meetings are chaired by one of the statutory Managers or, with the agreement of the Manager, by the Chairman of the Supervisory Board; failing this, the General Meeting elects its Chairman.

In application of Article 11 of the Company's Articles of Association in force, any shareholder or holder of voting rights certificates is entitled to attend General Meetings in the conditions provided for by law and by the Articles of Association. These persons may send their proxy forms or mail voting forms concerning any general meeting in paper format or electronically in the conditions provided for by law. The Manager has the power to accept any proxy form, voting form or shareholding certificate received or presented up to the date of the General Meeting. By decision of the Manager to use such telecommunication methods, indicated as such in the notice of meeting or invitation to attend, shareholders and holders of voting rights certificates who attend and vote at General Meetings of shareholders by videoconference or any other telecommunication means that enables their identity to be verified are deemed to be present at the meeting for the purposes of quorum and majority.

In case of separation of ownership of shares or voting rights certificates, the voting rights attached to the shares or the voting rights certificates belong to the bare owner *(nus-propriétaires)*, except for decisions on the allocation of income, for which it belongs to the beneficial owners *(usufruitiers)*.

B - Internal control and risk management procedures

The information below concerning the Group's internal control system was provided by Executive Management. This section of the report was prepared using information provided by the following Group functions: Legal, Compliance and Risk, Finance, and Internal Audit and based on the Paris Orléans Sections 42 and 43 reports of CRBF Regulation No. 97-02 applicable to financial holding companies supervised on a consolidated basis by the Autorité de Contrôle Prudentiel et de Résolution and addressed for the attention of the Supervisory Board.

It was submitted to the Audit Committee on 19 June 2014 for the matters falling within its scope, and approved by the Supervisory Board at its meeting on 25 June 2014.

1. Internal control references

Given the fact that Paris Orléans has been designated by the Autorité de Contrôle Prudentiel et de Résolution as the Group consolidating entity for the purposes of prudential oversight, the rules applicable to financial holding companies apply to Paris Orléans. The rules which impact upon the Group arrangements for group risk management systems and controls are set out in the French Monetary and Financial Code ("*Code monétaire et financier*" or "*COMOFI*") and CRBF Regulation No. 97-02, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. The CRBF Regulation No. 97-02 rules lay down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems.

As required by Regulation No. 97-02, Paris Orléans has set up a Group internal control system in which distinct organisations and managers are in charge of permanent controls (including Compliance and Risk Management) and periodic controls.

The internal control system of Paris Orléans must also take into account, as appropriate, the AMF's (French Securities Regulator) General Regulations, local regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework issues of international banks, foremost among which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority, European Securities and Markets Authority).

2. Definition, objectives and scope of internal control

The internal control system refers to Paris Orléans' own internal control system and the Group's internal control system on a consolidated basis The internal control system seeks to provide directors, officers and shareholders with reasonable assurance that the following objectives are achieved:

- The effectiveness and efficiency of the entity's operations;
- The prevention and detection of fraud;
- Compliance with laws and regulations, internal standards and rules;
- The reliability of accounting and financial information; and
- Protection of the entity's assets.

It also fulfills the internal control objectives specific to financial companies supervised by the Autorité de Contrôle Prudentiel et de Résolution on a consolidated basis.

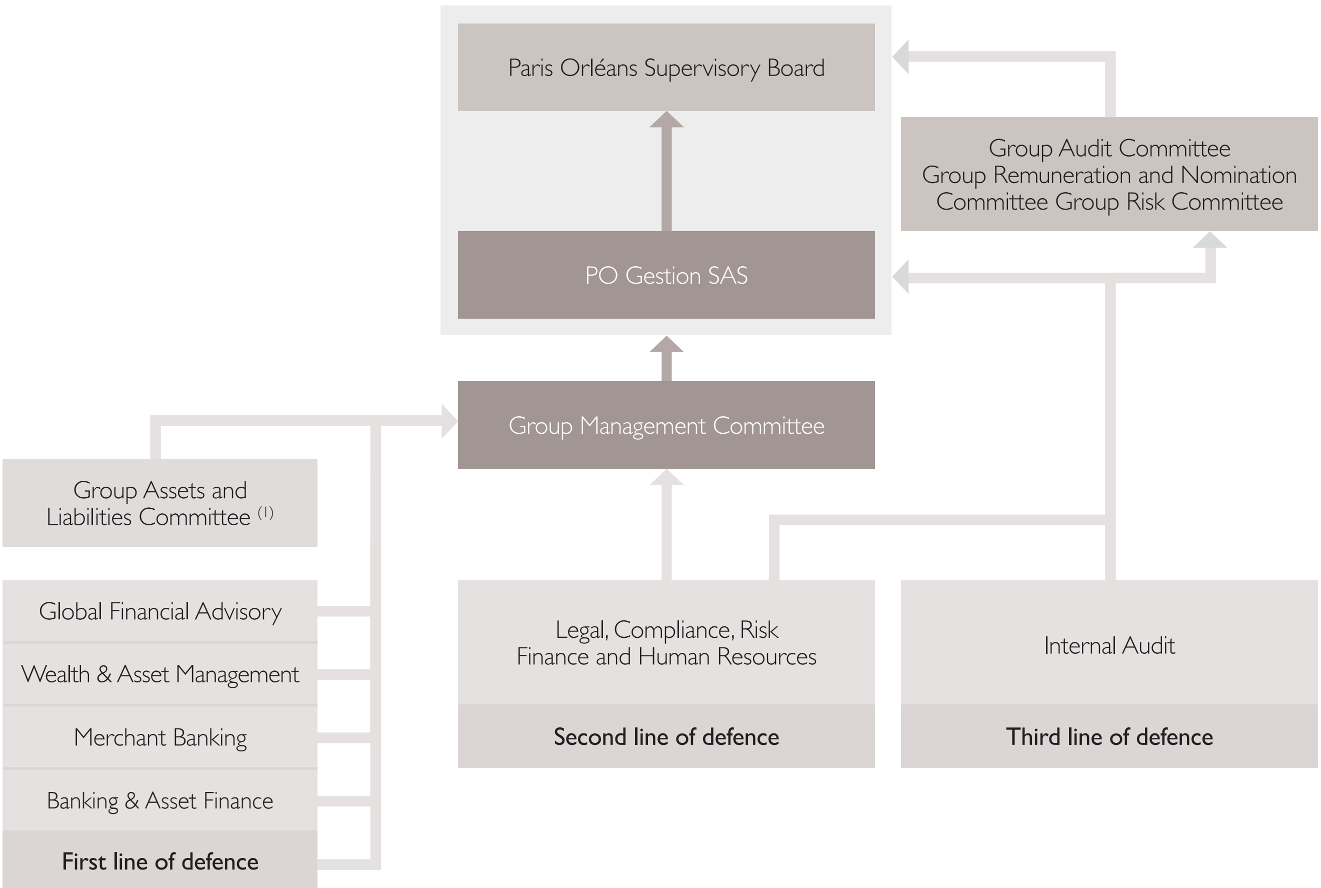
3. Organisation of internal control

Internal control at Paris Orléans consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- Permanent control is the overall process for monitoring the risks to which the Group is exposed as a result of its on-going activities and operations. It is carried out by operational staff, and their line managers, and by independent permanent control functions either within or independent of these operational entities;
- Periodic control is the overall process for ex post verification of the operations of the Group, based on investigations that are conducted by the Group Internal Audit function, which performs periodic checks on an independent basis on the design and the effectiveness of the two first lines of defence.

Paris Orléans' internal control framework is based on the "three lines of defence" model. The first line comprises front-line management of the business itself. The second line includes independent Risk, Compliance and Legal functions and to a lesser extent Finance and Human Resources to monitor on a continuous basis the activity of the front-line management and the third line comprises Internal Audit as well as the Group's external auditors who both exercise periodic surveillance of the Group's activities.

The chart below shows as at 31 March 2014 the internal control governance structure through which Paris Orléans seeks to comply with these obligations.



[(1)] *The Group Assets and Liabilities Committee is responsible for medium-term capital planning, having regard for the Group's business plans and regulatory constraints.*

4. The principal parties involved in internal control and their main duties

Executive Management

PO Gestion SAS exercises management through its Management Board (*Conseil de gérance*) and is assisted by the Group Management Committee in performing its duties (PO Gestion SAS and the Group Management Committee are referred to as "Executive Management"). Executive Management, reporting to the Supervisory Board, is responsible for the Group's overall internal control system.

PO Gestion SAS, assisted by the Group Management Committee defines the general guidelines of the internal control and risk management systems and monitors the actions implemented within the Group that are supervised by the internal audit functions of the Group and the local management committees of each business unit.

Independent permanent control functions ("second–level" controls)

- **Group Legal and Compliance** contributes to permanent control of the risk of non-compliance, so as to ensure that the Group conforms to legal and regulatory provisions, professional standards and codes of conduct, as well as the overall strategy of the Supervisory Board and Executive Management directives. The responsibilities of Group Legal & Compliance mainly include: development and maintenance of Compliance policies and procedures (together with legal policies and procedures), operation of monitoring programmes, or the supervision of monitoring programmes, identification of any failure to follow compliance policies and procedures, monitoring and review of legislation and regulatory developments which might affect the Group's business and reporting results of monitoring programmes to Senior Management and agreeing any remedial action or changes to relevant procedures with Senior Management. This independent internal control function reports to the Group Head of Legal, Compliance and Risk, who is a member of the Group Management Committee. The Group Head of Legal, Compliance and Risk reports to Executive Management and boards around the Group.
- **Group Risk** is responsible for ensuring that suitable risk management processes are in place across the Group and for reporting a consolidated view of risk exposures across the Group. As part of its role, Group Risk assesses the risks run in each business and how they are managed, aims to establish a forward-looking view over emerging risks within the businesses or the external environment and delivers an independent and objective perspective on the risks in the business and whether they are consistent with approved strategy and risk appetite. The Group Chief Risk Officer reports to the Group Risk Committee. Group Risk reports to Executive Management on significant incidents in accordance with the provisions of the Group Operational Risk Policy. This policy sets out the criteria and thresholds for identifying significant operational risk incidents and the process for escalating them and ensuring that any remedial actions are appropriately monitored.
- **Group Finance** is responsible for the preparation of statutory financial reports, in accordance with legal requirements and accounting standards, preparation of Group management accounts reports, maintenance and development of Group reporting system, preparation and submission of regulatory reports, and monitoring of compliance with regulatory capital requirements, co-ordination of business planning and budget process; and planning and implementation of tax planning and Group structuring arrangements. Through the Regulatory Capital Monitoring Division, Group Finance is also responsible for the Group's capital monitoring and the follow-up of large exposures monitoring. Its head, the Group Finance Director, who is a member of the Group Management Committee, reports directly to Executive Management.
- **Other functions** are important and participate in the internal control system in their specific areas of responsibilities such as **Group Human Resources**.

Periodic controls ("third-level" control)

Periodic control is independently exercised by **Group Internal Audit**. The Group Head of Internal Audit meets formally every six months with the Group's two Co-Chief Executive Officers, and whenever necessary, to present the activity of the Internal Audit function and discuss any material findings raised during the period. The Group Head of Internal Audit presents the activity of Internal Audit to the Audit Committee which meets four times a year. In March, the Audit Committee approves the audit plan for the coming year and during its meetings of March and September it reviews in detail the activity of the internal audit function as described below. The Group Head of Internal Audit meets regularly, usually every quarter, with the heads of the main lines of business to discuss the evolution of the activity and the evolution of risks for their respective area of responsibility. This forms part of the regular information of the internal audit function on the evolution of the Group's risk profile.

Each of the Internal Audit Officers is responsible for the audit coverage of some specific lines of business/support function: Global Financial Advisory, Wealth and Asset Management, Merchant Banking, Banking and Asset Finance and Information Technology, in parallel to their local geographical coverage. The other members of the Audit function are not specialised by business and are assigned to the different audits according to the scheduling of the annual audit plan.

The Supervisory Board

The Supervisory Board, in particular through the Audit Committee, ensures the implementation by Executive Management of reliable procedures and processes for monitoring the internal control systems of the Group in order to identify, assess and manage risk.

Every quarter, a Group Risk and Compliance report is presented to the Audit Committee and the Audit Committee reports to the Supervisory Board on any key issues for the Group covered in the Group Risk and Compliance report and highlight any material risks.

The Heads of the Compliance, Risk and Internal Audit functions report on the performance of their duties to Executive Management, and whenever Executive Management or the Supervisory Board considers it necessary, to the Supervisory Board. They also report to the competent Supervisory Board's committee and may be interviewed by the Supervisory Board or the competent Supervisory Board's committee.

Risk management

The Group Risk Committee supervises all the risks at Group level. The Group Risk Committee's main tasks are to:

- Draw up the Group Risk Framework for approval by Executive Management;
- Draw up, for approval by Executive Management, all Group risk identification, measurement, monitoring and control policies and procedures in keeping with the Group's risk profile, particularly with regard to credit risk, market risk, liquidity risk, and operational risk on a consolidated basis;
- Ensure that the Group's risk policies and procedures are updated when circumstances so require or if there are changes to regulations or laws;
- Evaluate the appropriateness and efficiency of procedures for identifying, controlling and measuring risk;
- Ensure that the risk officers' reporting lines do not interfere with their independence;
- Ensure that the Risk Department has the necessary resources to fulfil its role.

The Group Risk Committee advises the Supervisory Board on the Group's overall current and future risk appetite and strategy and assists the Supervisory Board in overseeing the implementation of that strategy by Executive Management.

Risk appetite

The close involvement of the major shareholder in the active oversight of the Group's businesses is a defining characteristic of the culture and environment within which the Group manages its risks. The guiding philosophy is for management to adopt a prudent and conservative approach to the taking and management of risk.

The principal elements which underpin this approach are:

Primacy of reputation

The Rothschild Group is a unique institution with a prestigious reputation which extends beyond normal banking circles and which belies the actual scale of business undertaken. The maintenance of reputation is a fundamental driver of risk management. Business is to be conducted according to the highest ethical standards. The protection of reputation guides the type of clients and businesses the Group will involve itself with.

Family ownership and control

The continuation of family ownership and control shapes the Group's long-term strategy, time horizon for planning, and allocation of capital. Capital allocation is managed within the constraints of raising capital as a family-controlled company.

Management of capital

Business strategy and risk appetite are predicated on the limited access to capital. Capital available to the Group is allocated by the Group Management Committee across the key business lines. Business activities are diversified in terms of the markets within which they operate and the geographical distribution of their activities to reduce the probability of risk concentrations. Responsibility and accountability for the day-to-day management of significant pools of capital is devolved to Group committees and local boards.

Advice and intellect

Advice and intellect are the heart of the Group's business philosophy. The emphasis of the business is towards products which have a high value added intellectual and structured content.

The Group articulates risk appetite through:

- A system of limits (including limits on capital utilisation, credit risk and market risk) and stress tests; and
- A qualitative assessment of the Group's tolerance level for operational risk, including reputational and regulatory compliance risk.

Risk identification

The Group's activities expose it to several types of risk. Risk arises in Group entities in relation to the specific business activities conducted by them. Responsibility for identifying, communicating and managing risk lies with each business and its management.

The principal Group business activities are:

- Global Financial Advisory – independent financial advice.
- Wealth Management and Trust – private banking and wealth management, trust and fiduciary services.
- Asset Management – French and US institutional and corporate client asset and fund management services.
- Merchant Banking – private equity investment and private equity fund management.

In addition, the Banking and Asset Finance business offers services in private client banking, commercial lending and asset finance.

The following table summarises the material risk categories and the significant exposure to each category by group business activity.

	Risk by Business Activity			
Risk Category	Global Financial advisory	Wealth & Asset Management	Merchant Banking	Banking & Asset Finance
Group	✓	✓	✓	✓
Business	✓	✓	✓	✓
Credit planning		✓	✓	✓
Credit		✓	✓	✓
Operational (incl. reputational)	✓	✓	✓	✓
Market		✓	✓	✓
Liquidity		✓	✓	✓

The material risk categories are defined as follows:

Group risk

Group risk is the risk of an occurrence in one part of the Group, such as a failure or a significant reputational event in a line of business, causing damage to another business line in the Group or to the Group as a whole.

Business risk

The Group and each of its business lines are exposed to Business risk. Business risk covers the risk of loss (or opportunity cost) relating to each of the business strategy, economic cycle, competitive business environment, political landscape and strategy execution.

Capital planning risk

This is the risk that the Group and/or entities in Banking & Treasury do not hold sufficient capital to protect against expected and unexpected losses arising from the risks described above. Banking & Treasury activities consider credit risk capital requirements from both a regulatory and economic capital perspective.

This includes identification, management and monitoring of the risks of excessive leverage.

Credit and counterparty risk

Credit risk is the risk of loss that may occur through (primarily) an exposure to customer default or counterparty default. This risk is particularly prevalent in individual, corporate and structured lending, corporate hedging, inter-bank lending and traded credit positions with which Banking & Treasury are involved (although other Group businesses also have limited exposure to credit risk).

Concentration risk is the risk arising from exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region or from the same activity or commodity, and is treated as a subset of credit risk.

Settlement risk is the risk incurred during the period between the time when the payment or delivery order for a financial instrument that has been sold can no longer be unilaterally cancelled and the final receipt of the purchased instrument or corresponding cash, ad is considered as part of credit risk.

The Group considers securitisation risk, that is the risks arising from securitisation transactions in relation to which the credit institutions are investor, originator or sponsor, as part of credit risk.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems as well as external events.

Operational risk arises in all of the Group's business activities. The Basel Committee on Banking Supervision has identified the following broad areas of operational risk:

- Business Disruption and Systems Failures;
- Clients Products and Business Practices;
- Damage to Physical Assets;
- Employment Practices and Workplace Safety;
- Execution, Delivery and Process Management;
- External Fraud;
- Internal Fraud.

The Group takes the view that the failure to control operational risk can in varying degrees give rise to reputational risk (i.e. the potential that negative publicity regarding the business practices of a member of the Group, whether true or not, will cause a decline in the customer base of that entity, costly litigation or revenue reductions) as reputational risk is inherent in most aspects of the business and features as a consideration in all decision-making.

Operational risk also includes regulatory compliance risk, that is the risk that a line of business and/or its employees breach any of the numerous laws, regulations and internal policies and procedures, which apply to the line of business and its employees. It is also the risk that any such breaches are not promptly identified and reported to the relevant Senior Management and regulator(s).

Operational risk includes residual risks which arise due to lack of clarity of the documentation of the product, the actions of the counterparty or changes in legal environment due to legislative changes and court interpretations/proceedings. Legal risk includes risk of non-enforceability of contract or incorrect documentation. Broadly, legal risks may result in (i) claims against institution, (ii) fines, penalties, punitive damages, (iii) unenforceable contracts resulting from defective documentation, and (iv) loss of institutional reputation.

Market risk

Traded market risk is the risk of loss that may occur through a trading exposure to market factors such as interest rates, exchange rates, implied volatilities, spreads and equities. This risk is particularly prevalent in Banking & Treasury through the trading book activities.

Non-traded market risk is the risk of loss due to market factors that may occur through non-trading activities. This risk arises primarily in relation to:

- A liquidity portfolio (traded debt securities);
- Balance sheet re-pricing mismatch (asset and liability position);
- Equity underwritings; and
- Equity investments.

Market risk includes interest rate risk in the banking book, that is risk arising from potential changes in interest rates that affect an institution's non-trading activities

Liquidity risk

Liquidity Risk is the risk that a subsidiary cannot meet its payment obligations as and when they fall due. This risk arises mainly through a mismatch in maturity of balance sheet assets and liabilities relating to a subsidiary's lending activities and treasury funding activities.

5. Preparation of Paris Orléans' accounting, financial and regulatory information

The Group Finance Director oversees the finance departments of the Group's main entities. All the various levels of sub-consolidation (Paris Orléans, Rothschild & Cie Banque and Rothschild Europe BV) are performed by the Group Finance Department for more effective validation of consolidation.

Under the authority of the Group Finance Director, the Group Finance Department consists of three divisions: Company Accounting, Consolidated Accounting and Regulatory Reporting.

The responsibilities of the Group Finance Department include:

- Preparation of statutory financial reports, in accordance with legal requirements and accounting standards;
- Preparation of Group management accounts reports;
- Maintenance and development of Group reporting system;
- Preparation and submission of regulatory reports, and monitoring of compliance with regulatory capital requirements;
- Co-ordination of business planning and budget process; and
- Planning and implementation of tax planning and Group structuring arrangements.

Through the Regulatory Capital Monitoring division, the Group Finance Department is responsible for the Group's capital monitoring and the follow up of large exposures monitoring.

Process for establishing consolidated accounts

The consolidated accounting division manages the chart of accounts and the associated databases, centralises Group consolidation tasks, controls the consistency and completeness of data and draws up the consolidated accounts and related notes.

In the worldwide consolidation tool, most subsidiaries currently report their individual accounting information using a chart of accounts and a format that are common to the whole Group. Some other subsidiaries report using a sub-group template.

The consolidation division carries out a procedure for closing the accounts on a quarterly basis.

A mixed reporting system has been put in place:

- For banking subsidiaries sub-consolidated at the level of Concordia Holding SARL, the parent company of Rothschilds Continuation Holdings AG, accounting data are reported directly under IFRS; and
- For Paris Orléans, the consolidation unit converts data to IFRS using the consolidation tool.

Once data has been input, "blocking" controls defined by the Group are applied in order to validate the consistency of the accounting data, the correctness of the flows and the completeness of the analyses.

In addition to these controls, the procedure for preparing the consolidated accounts includes an initial examination of the validity of the consolidated accounting data:

- The correct conversion of the company accounts and consolidated accounts to IFRS;
- Checks on reconciliation of inter-company transactions and the distribution of shareholdings in the Group's companies;
- Checks on the application of consolidation adjustments and justification of deferred taxation;
- Review at consolidated level of risk assessment and provisioning policy;
- Analysis and justification of shareholders' equity by entity and transition from company to consolidated level; and
- Checks on consistency by analysing changes in consolidated balances between two financial years.

These controls are subsequently repeated at the global Paris Orléans consolidation level.

Accounting control

The accounting control process is based on the addition of control systems implemented at each level of the Group's organisation.

Accounting control mechanisms for the private equity activities business line of Paris Orléans

To the extent that these activities are carried out directly by Paris Orléans, the Group Finance Department is responsible for validating the accounts through three levels of control:

- A first level, of the self-control type, which is carried out in the framework of the accounting process. These controls are operated daily by the accounting department of Paris Orléans for all subsidiaries based in France and by external accounting firms for the foreign subsidiaries based in Luxembourg and in the United States;
- A second level, which is operated by the accounting department, involving controls on securities positions and consistency controls designed to ensure the reliability and completeness of the accounting and financial information; and
- A third level, which involves the statutory auditors in the framework of the certification of the accounts, carried out on an annual and half-yearly basis.

Accounting control mechanisms in the Group

For the banking activities, the Group Finance Department relies on a decentralised system where the control functions are assigned to the persons responsible locally for producing the financial statements.

Accounting data is collected using the consolidation software application. Reporting of local entities' accounting information is automatic. Once data has been input, "blocking" system controls are applied.

Accounting control mechanisms at consolidation level

In addition to the control procedures described above, the consolidation process is accompanied by additional checks on the integrity of the consolidated accounting information. These checks are carried out by:

- The Group Finance Department, specifically the accounting and consolidation unit. In addition to the controls on the integrity of the accounting information, this unit checks the consistency of valuations used for assets and prepares documentation supporting the related balances for the statutory auditors performing third level controls;
- The statutory auditors, in the context of the certification of the accounts. Their work is carried out in accordance with professional standards; and
- A final level of control takes place through the work of the Audit Committee, which is responsible for examining the Paris Orléans consolidated accounts.

Control framework for regulatory reports

The Group Regulatory Reporting Division draws up the relevant Group procedures and ensures the quality and reliability of calculations of the solvency ratio, credit risk, market risk, operational risk and regulatory capital. At Group level, the regulatory reports prepared for the Autorité de Contrôle Prudentiel et de Resolution are those related to:

- The solvency ratio (COREP);
- IFRS reports on a regulatory scope (FINREP);
- Large exposures (SURFI);
- Unrealised gains and losses (SURFI);
- List of subsidiaries (SURFI);
- Commitments abroad (SURFI); and
- Banking deposit guarantee system (SURFI).

Group provisioning policy

The Group Risk Committee regularly reviews the Group Provisioning policy which formalises and sets out the provisioning policy and framework for all entities in the Group.

In some circumstances, there may be a conflict between Group and company level provisioning policies. Where there is divergence between local and Group policy, it should be reported to the Group Finance team who will then determine whether any adjustments are required in the context of group regulatory and financial reporting.

Relating to monitoring and compliance framework, it is a requirement of this policy that the level of all provisions and related provisioning bases are subject to periodic review.

The frequency of review is determined by the materiality of the provision in the context of the financial accounts of the company concerned and is a reflection of prudent financial management. At a minimum, it requires that all provisions have to be reviewed at least quarterly in the preparation of the Group financial and regulatory financial statements. Where changes are known to be significant, provisions are revised monthly. Implementation of this policy is subject to audit annually by the Group's External Auditors.

The Group requires that appropriate provision is made for all known liabilities and impairments.

This is a free translation into English of the statutory auditors' report prepared in accordance with Article L.226-10-1 of the French Commercial Code, on the report of the Chairman of the Supervisory Board issued in French. It is provided solely for the convenience of English-speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' report

Prepared in accordance with Article L.226-10-1 of the French commercial code, on the report of the Chairman of the Supervisory Board

To the Shareholders,

In our capacity as Statutory Auditors of Paris Orléans SCA. and in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your company in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*) for the year ended 31 March 2014.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.226-10-1 particularly in terms of the corporate governance measures.

It is our responsibility:

- To report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- To attest that this report contains the other disclosures required by Article L.226-10-1 of the French Commercial Code (*Code de commerce*), being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- Obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- Determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*).

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.226-10-1 of the French Commercial Code (*Code de commerce*).

Paris La Défense, on the 7 July 2014

KPMG Audit FS II

Pascal Brouard

Partner

Paris, on the 7 July 2014

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

Partner

Share capital and shareholding

Information pertaining to the shareholding

Breakdown of share capital and voting rights

In accordance with statutory requirements, the table below lists the shareholders of Paris Orléans that hold, as at 31 March 2014 and 31 March 2013, a percentage of the share capital or of the voting rights that exceeds the thresholds for disclosure as required under Article L. 233-9 of the French commercial code:

	As at 31 March 2014			As at 31 March 2013		
	Total capital	% of share capital	% of exercisable voting rights	Total capital	% of share capital	% of exercisable voting rights
Rothschild Concordia SAS	15,738,000	22.13%	35.94%	15,738,000	22.20%	36.14%
David de Rothschild Branch[2]	4,128,791	5.81%	4.71%	4,128,791	5.82%	4.74%
Eric and Robert de Rothschild Branch[2]	5,206,680	7.32%	5.94%	5,206,680	7.34%	5.98%
Edouard de Rothschild Branch[2]	3,581,685	5.04%	4.12%	3,360,685	4.74%	4.17%
NM Rothschild & Sons Ltd (controlling shares)[3]	1,774,221	2.50%	-	1,800,000	2.54%	-
Other members of the enlarged family concert[1]	3,030,132	4.26%	4.82%	3,004,353	4.24%	4.81%
Total enlarged family concert[1]	**33,459,509**	**47.06%**	**55.53%**	**33,238,509**	**46.88%**	**55.84%**
Edmond de Rothschild Group	5,573,586	7.84%	7.08%	5,573,586	7.86%	6,40%
Jardine Matheson Group	4,217,310	5.93%	4.82%	4,217,310	5.95%	4.84%
Treasury shares[4]	644,197	0.91%	-	693,504	0.98%	-
Other controlling shares[3]	193,943	0.27%	-	100	<0.01%	-
Float	27,015,563	37.99%	32.57%	27,180,120	38.33%	32.91%
Total	**71,104,108**	**100.00%**	**100.00%**	**70,903,029**	**100.00%**	**100.00%**

(1) For the composition of the enlarged family concert, see details in the following section entitled "Control of the Company".
(2) Directly and indirectly.
(3) Controlling shares are held by shareholders directly or indirectly controlled by Paris Orléans and are by nature deprived of voting rights.
(4) Shares directly held by Paris Orléans (a portion of which is allocated to a liquidity contract) and 145,040 investment certificates held by Paris Orléans. For more details, see section "Shares held by the Company" in page 95 of this report.

Control of the Company

The Company is controlled by an enlarged family concert comprising:

- Since 2008, the David and Eric de Rothschild branches and the English branch of the Rothschild family regrouping in Rothschild Concordia SAS, NM Rothschild & Sons Ltd and the Eranda Foundation (the "initial family concert"); and
- As from 8 June 2012, Rothschild Concordia, SAS the David, Eric and Edouard de Rothschild Branches, certain members of the management bodies and Compagnie Financière Martin Maurel SA (the "enlarged family concert" – composition is detailed on page 92).

The initial family concert and the Rothschild Concordia SAS shareholders' agreement was disclosed to the AMF and details thereon were published by the latter on 25 January 2008 (AMF Decision & Information No. 208C0180). Details on this shareholders' agreement are presented in page 92 of this report.

It is hereby specified that as at 31 March 2014, the share capital and voting rights of Rothschild Concordia SAS were divided as follows: David de Rothschild Branch (25.82%), Eric de Rothschild Branch (38.67%) and the English Branch of the Rothschild family (35.51%). There was no change in shareholding during the financial year 2013/2014.

In the context of the reorganisation, the AMF was informed on 12 June 2012 of the new composition of the family concert extended to new members (the "enlarged family concert"). On this occasion, the AMF was informed of the existence of a new shareholders' agreement which main dispositions were published by the AMF (AMF Decision & Information No. 212C0752 of 13 June 2012 and Decision & Information No. 212C0783 of 19 June 2012) and presented in page 92 of this report.

Thresholds crossings

Crossings of legal thresholds

In accordance with the provisions of Article L. 233-7 of the French Commercial Code, the Company and AMF were informed, by notice received on 30 December 2013, that Holding Financier Jean Goujon SAS had crossed upwards on 26 December 2013 the 5% threshold of the Company's share capital and that it individually held 3,581,685 Paris Orléans shares, representing 3,609,895 voting rights, i.e. 5.04% of the capital and 4.01% of voting rights (AMF Decision & Information No. 214C0017 of 3 January 2014).

There was no other crossing of legal thresholds during the 2013/2014 financial year.

Crossing of statutory threshold

Article 7.3 of Paris Orléans' Articles of Association establishes disclosure obligations for shareholders whose failure to comply could result in restrictions on the exercise of the voting rights attached to all or part of their shares. The terms of this Article are as follows.

"*Without prejudice to the provisions of the law, any individual or legal entity, acting alone or in concert with others, that holds shares or bearer investment certificates and that comes into possession of a number of shares or voting rights equal to or greater than 1% of the total number of Company shares and investment certificates, or of voting rights in the Company, and each time it crosses a multiple of this threshold in terms of share capital or voting rights, must inform the Company within the timeframe provided for by law, by registered letter with acknowledgement of receipt, stating whether the number of shares, investment certificates or voting rights are or are not held on behalf of, under the control of or in concert with other individuals or legal entities.*

This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below the thresholds mentioned in the previous paragraph.

The person or entity required to make the disclosure shall specify the number of securities held giving entitlement to the Company's shares in the future, as well as the voting rights attached thereto.

Fund management companies are required to disclose this information for all the voting rights attached to the Company shares held by the funds they manage.

Without prejudice to the penalties provided for by law, in the event of failure to comply with the disclosure obligation provided for above, pursuant to a request recorded in the minutes of the General Meeting, by one or more shareholders or holders of certificates of voting rights holding at least five per cent (5%) of the Company's voting rights, the securities that exceed the fraction that should have been declared shall be deprived of voting rights at all General Meetings held for a period of two years following the date on which a threshold declaration is sent to the Company's registered office by registered letter with acknowledgement of receipt.

Subject to the specific provisions stated above, this statutory obligation is governed by the same rules that apply to the legal obligation, including in particular the cases of assimilation of securities held provided for by law."

Shareholders' agreements

Shareholders' agreements concluded by members of the family concert

The AMF was informed by notice received on 14 June 2012 of the existence of a new shareholders' agreement between some members of the extended family group acting in concert that controls Paris Orléans (Rothschild Concordia SAS, David de Rothschild, Financière de Tournon SAS, Éric de Rothschild, Béro SCA, Ponthieu Rabelais SAS, Édouard de Rothschild, Holding Financier Jean Goujon SAS, Philippe de Nicolay, Alexandre de Rothschild, Olivier Pécoux, François Henrot and Compagnie Financière Martin Maurel SA). The agreement is governed by French law and has been entered into for an initial term of 10 years, renewable by tacit agreement for successive periods of 10 years.

The AMF has published the main provisions of this agreement (AMF Decision & Information No. 212C0752 dated 13 June 2012 and Decision & Information No. 212C0783 dated 19 June 2012). These are summarised below.

Main provisions of the Shareholders' Agreement

- The shareholders act in concert. They shall make their best endeavours to reach a consensus as to how they shall vote at each General Meeting of shareholders of Paris Orléans. If they fail to reach a consensus, they undertake to vote in accordance with the recommendations made by the Chairman of Rothschild Concordia SAS (David de Rothschild at the date of this report).
- Each of the shareholders concerned undertook to keep at least the following proportions of the Paris Orléans shares issued to them as remuneration for the transfers approved by the General Meeting of shareholders of 8 June 2012:
  - 100% during 12 months as from 8 June 2012; and
  - 50% during the subsequent 24 months.
- In the event of sale or transfer of Paris Orléans shares by a shareholder, Rothschild Concordia SAS has a right of first refusal (together with a right of substitution, in the exercise of this right by Rothschild Concordia SAS, by any person it chooses providing said person acts in concert with it). Rothschild Concordia SAS's right of first refusal applies to all Paris Orléans shares held by any shareholder at 8 June 2012, whether the shares came into the shareholder's possession as a result of the transfers approved by the General Meeting of shareholders of 8 June 2012 or by any other means.

  Rothschild Concordia SAS may exercise its right of first refusal (i.e. the priority right to acquire them) in respect of all or part of the shares concerned, at a price equal to the volume weighted average price of the Paris Orléans share on NYSE Euronext Paris during the 20 trading days preceding the date of notification of Rothschild Concordia SAS by the shareholder concerned. Rothschild Concordia SAS's right of first refusal shall also apply in the case of the sale or transfer by a shareholder of preferential subscription rights, preference rights or share subscription warrants issued or allocated by Paris Orléans in the context of a capital increase.
- The shareholders shall receive the totality of the dividends distributed by Paris Orléans in respect of the share they hold and shall dispose of these amounts freely, it being nonetheless specified that if these dividends are paid in Paris Orléans shares, the shares thus received shall be governed by the agreement in the same way as the shares in respect of which the dividend in shares was received.
- The shareholders are free (in compliance with the legal regulations, particularly those relating to insider trading) to acquire additional shares in Paris Orléans, it being specified that such shares will not be governed by the agreement and that any shareholders planning to increase their shareholdings in Paris Orléans must first:
  - Inform the other shareholders in order to assess the impact of the planned increase on the shareholders' overall shareholdings in Paris Orléans, and
  - If necessary, obtain all derogations to any obligation to make a tender offer for the Paris Orléans shares and/or the relevant authorisations from the supervisory bodies.

The provisions of this new agreement are without prejudice to the provisions of the shareholders' agreement entered into on 22 January 2008 between the initial members of Paris Orléans' family concert, composed of shareholders of Rothschild Concordia SAS. The main provisions of this agreement were notified to the AMF by letter dated 23 January 2008 and duly published by the latter (AMF Decision & Information No. 208C0180 of 25 January 2008). In particular, this shareholders' agreement includes a lock-up clause governing the Company's shares for a period of ten years from the date of signing, subject to certain exceptions.

The provisions of this new agreement coexist with the provisions of the share disposal agreement signed on 22 January 2008 between the Eranda Foundation and Paris Orléans. The main provisions of this agreement were notified to the AMF by letter dated 23 January 2008 and duly published by the AMF (Decision & Information No. 208C0180 of 25 January 2008). This share disposal agreement, which covers the terms and conditions of sale by the Eranda Foundation of its shares in Paris Orléans, provides in particular for a right of first refusal for Paris Orléans, or any person it shall designate, which shall apply, with some exceptions, in the event of transfer of the shares held by the Eranda Foundation.

"Dutreil" agreements (pactes Dutreils)

The following agreements, falling within the scope of the Dutreil Act and concluded or still in force in 2013/2014, were communicated to the Company:

	Governed by	Date of signature	Term of parties' commitment	% of share capital and voting rights covered by agreement [(1)]	Signatories who hold the quality of corporate officer within the meaning of Article 621-18-2 of the Monetary and Financial Code [(1)]
Agreement 2009.1	CGI Art. 787 B (transmission) and CGI Art. 885 I bis (ISF)	28 October 2009	2 years from registration date then renewed until 31 May 2012 (extended by individual agreements with the beneficiaries of the transmission agreement)	48.22% of capital share and 51.78% of voting rights	■ David de Rothschild, member of the Executive Board ■ Eric de Rothschild, Chairman of the Supervisory Board
Agreement 2012.1	CGI Art. 787 B (transmission)	27 June 2012	2 years from registration date (i.e., until) 28 June 2014	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.2	CGI Art. 787 B (transmission)	29 June 2012	2 years from registration date (i.e., until 2 July 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.3	CGI Art. 787 B (transmission)	2 July 2012	2 years from registration date (i.e., until 2 July 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.4	CGI Art. 787 B (transmission)	2 July 2012	2 years from registration date (i.e., until 2 July 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.5	CGI Art. 787 B (transmission)	10 July 2012	2 years from registration date (i.e., until 10 July 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.6	CGI Art. 787 B (transmission)	24 July 2012	2 years from registration date (i.e., until 26 July 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.7	CGI Art. 787 B (transmission)	25 July 2012	2 years from registration date (i.e., until 30 July 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.8	CGI Art. 787 B (transmission)	11 October 2012	2 years from registration date (i.e., until 12 October 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager
Agreement 2012.9	CGI Art. 885 I bis (ISF)	20 December 2012	6 years from registration date (i.e., 27 December 2018)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager ■ David de Rothschild, Chairman of PO Gestion SAS, Manager ■ Alexandre de Rothschild, member of the Supervisory Board
Agreement 2012.10	CGI Art. 787 B (transmission)	21 December 2012	2 years from registration date (i.e., 21 December 2014)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager ■ David de Rothschild, Chairman of PO Gestion SAS, Manager ■ Olivier Pécoux, Chief Executive Officer of PO Gestion SAS, Manager ■ Eric de Rothschild, Chairman of the Supervisory Board ■ Alexandre de Rothschild, member of the Supervisory Board ■ François Henrot, member of the Supervisory Board ■ Christian de Labriffe, member of the Supervisory Board
Agreement 2012.11	CGI Art. 885 I bis (ISF)	27 December 2012	6 years from registration date (i.e., until 28 December 2018)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager ■ David de Rothschild, Chairman of PO Gestion SAS, Manager ■ Olivier Pécoux, Chief Executive Officer of PO Gestion SAS, Manager ■ Eric de Rothschild, Chairman of the Supervisory Board ■ Alexandre de Rothschild, member of the Supervisory Board ■ François Henrot, member of the Supervisory Board ■ Christian de Labriffe, member of the Supervisory Board
Agreement 2013.1	CGI Art. 885 I bis (ISF)	27 December 2013	2 years from registration date (i.e., until 30 December 2015)	Over 20% of share capital and voting rights	■ PO Gestion SAS, Manager

[(1)] *As of the signature date*

Other shareholders' agreements

Within the context of the Group's reorganisation in June 2012, lock-up agreements were concluded. In this context, shareholders agreements were signed with the contributor shareholders, not members of the extended family concert, which contributed their interests in Rothschild & Cie Banque SCS and their shares in Financière Rabelais SAS.

The contributors, not members of the extended family concert, of interests in Rothschild & Cie Banque SCS and shares in Financière Rabelais SAS are under an obligation to hold all the Paris Orléans shares received in exchange for their contributions for lock-up periods ranging from 1 to 18 years and also have an obligation to notify Paris Orléans and Rothschild Concordia SAS before any sale of said shares. Some of these agreements, which concern natural persons occupying functions within the Group, grant Paris Orléans a call option on the shares in the event the shareholder ceases to occupy his/her functions before the end of the applicable lock-up period.

Employee share ownership

As required under Article L. 225-102 of the French Commercial Code, employee share ownership in the share capital of the Company as at 31 March 2014 amounted to 0.08% of the share capital, held by a company mutual fund (*Fonds Commun de Placement d'Entreprise*) within the frame of an employee share ownership scheme (*Plan d'Épargne d'Entreprise*).

Information pertaining to the share capital

Composition of the share capital

As at 31 March 2013, Paris Orléans' share capital was divided into 70,757,989 ordinary shares and 145,040 investment certificates with no voting rights by nature.

As at 31 March 2014, Paris Orléans' share capital was divided into 70,959,068 ordinary shares and 145,040 investment certificates. Moreover, 145,040 voting right certificates, not included in the share capital, were also circulating. A whole share is automatically consolidated by combining an investment certificate with a voting right certificate.

The General Meeting of 26 September 2013 decided to grant the Shareholders the right to elect for payment of the 2012/2013 dividend, for the total amount of the dividend which they are entitled to, either in cash or new ordinary shares. The total dividend reinvested in new shares amounted €3,673,486.50, resulting in the issuance of 201,079 new shares on 6 December 2013.

Double voting rights

Each share and voting right certificate entitle to one voting right in the General Meetings. However, as from the deliberations of the General Meeting of shareholders of 8 June 2012, the holder of any fully paid share, held in the form of registered shares for at least two years in the name of a single holder, will be entitled to two voting rights per share, without any limitation.

In case of capital increase, by incorporation of reserves, benefits or issue premiums, the double voting right is, as from the issuance date, attributed to the registered shares allocated to a shareholder as a consequence of former shares for which he benefits from a double voting right.

In the event of any transfer following inheritance, liquidation of marital property between spouses or donation inter vivos in favour of a spouse or relative entitled to inherit, the right remains acquired and the period hereinabove referred to is not interrupted. The double voting right is cancelled ipso jure of any share transferred for any other cause.

Treasury shares

Shares held by the Company

As at 31 March 2014, Paris Orléans held 644,197 of its own shares and certificates, as follows:

Total number of shares held by Paris Orléans	**499,157**
■ *Allocated to the liquidity contract*	174,050
■ *Treasury shares*	325,107
Number of investment certificates held by Paris Orléans	145,040
Total of shares and investment certificates held by Paris Orléans	**644,197**
% of the share capital	0.91%
Book value	€6,384,270.60

Buyback by the company of its own shares

The General Meeting of shareholders of 26 September 2013 granted to the Management an authorisation to purchase or arrange the purchase of Paris Orléans shares in the form of a share buyback programme.

As required under Article L. 225-211 of the French Commercial Code, the table below summarises the transactions carried out by the Company under these authorisations during the 2013/2014 financial year.

Number of shares purchased	179,252
Number of shares sold	228,559
Number of shares cancelled	–
Average price of purchases and sales(1)	–
• *Purchases*	*€18.18*
• *Sales*	*€18.17*

(1) *Arithmetic mean of the share market prices for transactions initiated from 1 April 2013 and settled until 31 March 2014.*

In accordance with Article L. 225-212 of the French Commercial Code, Paris Orléans provides the AMF with a monthly report on the shares acquired, sold, cancelled or transferred by the Company in application of Article L. 225-209 of said Code. These reports may be consulted on the AMF's website (www.amf-france.org).

Controlling shares

As at 31 March 2014, 1,968,164 Paris Orléans shares were held by entities indirectly controlled by Paris Orléans, representing 2.77% of the share capital. These shares are deprived by nature of voting rights:

	31 March 2014	
Entity controlled by Paris Orléans	**Total of shares**	**% of share capital**
N.M Rothschild & Sons Ltd	1,774,221	2.50%
Rothschild & Cie Banque	100	<0.01%
Controlled entities which hold shares pursuant to the Equity Scheme Regulations(1)	193,843	0.27%

(1) *Controlling shares purchased under the Equity Scheme, described on page 98, as part of the Paris Orléans shares investment by certain senior employees of the Group.*

List of outstanding delegations relating to the share capital

Combined General Meeting of 8 June 2012

Purpose	Resolution number	Limit	Period of validity	Use during 2013/2014 financial year
Authorisation to cancel shares as part of a buyback programme	84	10% of the share capital per 24-month periods	26 months	None
Authorisation to increase the share capital by incorporation of all or part of reserves, income or issue, merger or contribution premiums, by granting bonus shares, by increasing the par value of existing shares or by using such two methods jointly	85	Nominal €50 million	26 months	None
Authorisation to issue transferrable securities with preferential subscription rights maintained, giving access to the Company's share capital	86	Nominal €50 million for shares or nominal €200 million for debt instruments(1)	26 months	None
Authorisation to issue transferrable securities with waiver of preferential subscription rights, giving access to the Company's share capital by public offer	87	Nominal €50 million for shares or nominal €200 million for debt instruments(1)	26 months	None
Authorisation to issue transferrable securities with waiver of preferential subscription rights and free fixing of issue price, giving access to the Company's share capital	88	10% of the share capital per year for shares or nominal €200 million for debt instrument(1)	26 months	None
Authorisation to increase the number of securities to be issued when increasing the share capital with waiver or not of preferential subscription rights	89	To be deducted on the individual limit as stipulated in the resolution in respect thereof the initial issuance is decided(1)	26 months	None
Authorisation to grant bonus shares to employees and corporate officers of the Company and/or associated companies	91	5% of the share capital as of the date of the decision to grant bonus shares	38 months	None

(1) To be deducted from the aggregate limit fixed by resolution No. 93 adopted by the General Meeting of shareholders of 8 June 2012 to €50 million for the share capital securities and to €200 million for the debt instruments.

Combined General Meeting of 26 September 2013

Purpose	Resolution number	Amount	Period	Use during 2013/2014 financial year
Authorisation to grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies	13	10% of the share capital as of the date of the General Meeting of shareholders of 26 September 2013(1)	38 months	Granting of 3,120,000 options by decisions of the Manager of 11 October 2013(2)
Authorisation to issue transferrable securities with waiver of preferential subscription rights and giving access to the Company's share to the benefit of members of one or several employee savings schemes	14	Nominal €1 million(1)	26 months	None

(1) To be deducted from the aggregate limit fixed by resolution No. 93 adopted by the General Meeting of shareholders of 8 June 2012 to €50 million for the share capital securities and to €200 million for the debt instruments.
(2) See details in page 98 of this report.

It will be proposed to the next General Meeting of shareholders to renew the authorisations granted to the Manager by the General Meeting of 8 June 2012, granted under resolutions No. 84, 85, 86, 87, 88, 89 and 91. It will also be proposed to the next General Meeting of shareholders to renew the authorisation granted to the Manager by the General Meeting of 26 September 2013 under resolution No. 14 pursuant to applicable regulations.

These proposed authorisations will be presented in the document relating to the General Meeting, soon to be available on the Company's website, under the section "Shareholders", which will comprise the resolutions proposed to the General Meeting, and the Management' report thereon.

Performance shares and options to subscribe for or purchase the Company's shares

The Group's long-term incentive scheme

During the 2013/2014 financial year, Paris Orléans implemented a long-term incentive scheme (the "**Equity Scheme**") for the senior employees and executive corporate officers of the Company and its subsidiaries, to promote the alignment of interests between the Rothschild family, minority shareholders and the Equity Scheme participants.

The Equity Scheme was implemented on 11 October 2013. The initial Equity Scheme participants are the Global Financial Advisory partners, as well as members of the Group Management Committee, representing 57 persons operating in ten countries around the world.

Under the Equity Scheme rules, the Equity Scheme participants have been required to invest in Paris Orléans shares and for each share owned they are granted four stock-options. Shares invested are subject to a four-year lock-up period and the share-options granted are subject to a vesting period before exercise.

The Equity Scheme participants have invested in a global amount of 780,000 Paris Orléans shares representing 1.10 % of Paris Orléans' share capital as at 11 October 2013:

- By acquiring Paris Orléans shares directly, or
- By requesting and being granted restricted share units, which entitle the holder to receive Paris Orléans shares on a determined vesting date, subject to determined conditions[1], or
- A combination of the two.

In accordance with the authorisation granted to it by the General Meeting on 26 September 2013, on 11 October 2013 the Manager set up a stock-option plan for the benefit of the Equity Scheme participants, resulting in a total of 3,120,000 stock-options granted.

Share subscription or purchase options

The following information is part of the report to be submitted by the Manager to the General Meeting of shareholders to be held on 25 September 2014 in accordance with the provisions of article L.225-184 of the French Commercial code.

In accordance with the authorisation granted to it by the General Meeting on 26 September 2013, the Manager, by decisions dated 11 October 2013, granted 3,120,000 share subscription or purchase options, representing 4.40% of the share capital as at the grant date, at the unit price of €17.50, equal to closing listed price of the Paris Orléans share on the Equity Scheme launch date, ie. 4 October 2013.

The options granted under the Equity Scheme are divided into four distinct categories, Options 2013-1, Options 2013-2, Options 2013-3 and Options 2013-4, respectively vesting on each of the third, fourth, fifth and sixth anniversary of the Equity Scheme and exercisable on the vesting dates at a price of €17.50, €18.00, €19.00 and €20.00 per stock-option.

The Equity Scheme participants may not exercise the stock-options unless the participants have remained senior employees and executive corporate officers within the Group until the date of the exercise of the stock-options subject to certain exceptions provided for in the Equity Scheme rules.

[1] In relation to the restricted share units under the Equity Scheme, a number of Paris Orléans shares were acquired by certain entities of the Paris Orléans Group of which the Equity Scheme participants are employees or Executive Officers. Those shares, to be granted to the restricted share units holder on the vesting date and subject to determined conditions, are currently, and until restricted share units vesting date, controlling shares deprived of voting rights. More information is detailed on page 96.

Options granted during the 2013/2014 financial year

	Options 2013				
	Options 2013-1	Options 2013-2	Options 2013-3	Options 2013-4	Total
Date of authorisation by the General Meeting	26/09/2013	26/09/2013	26/09/2013	26/09/2013	–
Grant date by the Managing Partner	11/10/2013	11/10/2013	11/10/2013	11/10/2013	–
Total of share subscription or purchase options granted	780,000	780,000	780,000	780,000	3,120,000
– including Paris Orléans' corporate officers	–	–	–	–	–
– including top ten senior employees	200,000	200,000	200,000	200,000	800,000
Number of beneficiaries	57	57	57	57	57
Share capital % at the grant date	1.10%	1.10%	1.10%	1.10%	4.40%
Performance requirement achievement rate	None	None	None	None	–
Exercise period start date	11/10/2016	11/10/2017	11/10/2018	11/10/2019	–
Expiration date	11/10/2023	11/10/2023	11/10/2023	11/10/2023	–
Subscription or purchase price *in euro*	17.5	18.0	19.0	20.0	–
Total options exercised as at 31 March 2014	–	–	–	–	–
– including Paris Orléans' corporate officers	–	–	–	–	–
– including top ten senior employees	–	–	–	–	–
Total options cancelled as at 31 March 2014	–	–	–	–	–
Total options remaining as at 31 March 2014	**780,000**	**780,000**	**780,000**	**780,000**	**3,120,000**

Performance shares

During the financial year ended 31 March 2014, no performance shares have been granted.

Elements that can have an impact in the event of a takeover bid

1. Share ownership structure:

The share ownership structure is described on page 95 of this report. Following Paris Orléans' conversion into a French partnership limited by shares this structure has a particularity linked to the existence of two categories of partners: General Partners and Limited Partners.

A change of control therefore implies a change in the composition of these two categories of partners. Subject to the other elements described below that could have an impact in the event of a takeover bid on the Company's shares, a third party could, through takeover bid, acquire control of the capital and the related voting rights. It could not, however, take control of the General Partners. In these conditions, a third party that would acquire the control of Paris Orléans would, in particular, be unable to modify the Articles of Association or dismiss the Manager as such decisions can only be made with the unanimous agreement of the General Partners. Also, General Partners may not transfer the shares they hold without the unanimous agreement of all the General Partners. These provisions are such as to prevent a change of control of Paris Orléans without the unanimous agreement of the General Partners.

2. Statutory restrictions on the exercise of voting rights and share transfers or clauses of agreements declared to the Company pursuant to Article L. 233-11 of the French Commercial Code:

Paris Orléans' Articles of Association do not put any direct restrictions on the exercise of voting rights and share transfers. However, Article 7.3 of Paris Orléans' Articles of Association establishes disclosure obligations for shareholders whose failure to comply could result in restrictions on the exercise of the voting rights attached to all or part of their shares. The terms of this Article are reproduced in page 91 of this report.

The agreements declared to the Company pursuant to Article L. 233-11 of the French Commercial Code are presented on page 92 of this report.

3. Direct or indirect interests in the Company of which it has been informed pursuant to article L. 233-7 and L. 233-12 of the French Commercial Code:

This information is presented on page 90 of this report.

4. Holders of securities granting special rights of control:

As at the date of this report, there were no securities granting special rights of control. However, Paris Orléans' General Partners, PO Gestion SAS and PO Commandité SAS, have some rights that could be assimilated to special rights of control. This information is presented on page 59 of this report.

5. Control mechanisms provided for in an employee share ownership scheme, when the rights of control are not exercised by the employees:

None.

6. Shareholders' agreements of which the Company is aware and that may restrict the transfer of shares and the exercise of voting rights:

The shareholders agreements are presented on pages 92 onwards of this report.

7. Rules applicable to the appointment and replacement of the Management and the members of the Supervisory Board:

Pursuant to the Articles of Association, the Managers are appointed by unanimous decision of Paris Orléans' General Partners, with approval from the Extraordinary General Meeting of Limited Partners acting by a qualified majority of two thirds when the Manager is statutory (as is the case at the date of this report). The same rule applies to dismissals, solely on fair grounds. Managers are free to resign subject to giving nine months' notice.

If the position of Manager is unoccupied, it shall be filled by the General Partners until a new Manager has been appointed.

The impact of these rules in the case of a takeover bid for the Company's shares is described on page 99 of this report, together with the impact of the ownership structure in the case of a takeover bid for the Company's shares.

The rules that apply to the appointment and replacement of members of the Supervisory Board are set forth in the Articles of Association. Supervisory Board members are appointed and dismissed by the Ordinary General Meeting of Limited Partners based on deliberations in which the General Partners may not take part. It is nonetheless specified that Rothschild Concordia SAS, following on from the contribution of shares in Rothschilds Continuation Holdings AG made by Jardine Strategic Investment Holdings Sàrl and Rabobank International Holding BV and approved by the General Meeting of shareholders of 8 June 2012, has given an undertaking:

- To vote in favour of the appointment to the Supervisory Board of a representative of Jardine Matheson for as long as Jardine Matheson holds at least 5% of the share capital of Paris Orléans, and
- To vote in favour of the appointment to the Supervisory Board of a representative of Rabobank for as long as Rabobank holds at least 4% of the share capital of Paris Orléans.

This resulted in the appointment on 8 June 2012 of representatives of Rabobank and Jardine to the Supervisory Board of the Company under its new form of partnership limited by shares.

8. Management's powers, particularly with regard to the issue or purchase of shares:

The Management's powers with regard to the issue or purchase of shares are described in page 96 of this report.

9. Agreements entered into by the Company that change or cease in the event of a change of control of the company:

Some of the loan agreements entered into by the Group with third parties contain early call clauses in the event of a change of control, which are normal clauses in this type of loan agreement. They could be triggered by a takeover bid for the Company's shares.

10. Agreements providing for indemnification of the Management or Supervisory Board members:

None.

Social, environmental and societal information

Group Corporate Social Responsibility policy

Over the years, the Group has been gradually developing and implementing policies designed to take environmental and social issues into greater account in its businesses, and circulating these among its employees. Given the Group's structure, the initiatives are usually taken locally. However, they are part of a common culture, built on values the Group considers as essential and on which its internal operations, relations with stakeholders and investment decisions are based.

The social and environmental factors have become an integral part of the qualitative analysis conducted by the Group's activities.

The Group's governance has been adapted to implement an effective corporate social responsibility policy. Several committees participate in the review of social, environmental and societal issues.

As the parent company of the Rothschild Group, Paris Orléans monitors on a consolidated basis the compliance by its entities of the policies put in place.

The Group's willingness to take into account the impact of its activities on society and environment is strong. However, as a Group carrying out banking and financial activities, the disclosure of some of the information listed in Article R. 225-105-1 of the French Commercial code is not relevant. Therefore, some of this information is not disclosed in this report. An explanation is provided for each of these exclusions.

In accordance with the provisions of Article L. 225-102-1 of the French Commercial code which provides that Corporate Social Responsibility information disclosed in this report must be certified by an independent third-party, the Manager has appointed KPMG as the Group's independent certifier. The report by KPMG on this report is presented on page 114.

Methodology

Reporting procedure

Over the last financial year, a working group consisting of members of the Human Resources, Environment, External Reporting and Company Secretary Departments within the Rothschild Group (the "**CSR Working Group**"), has coordinated the overall CSR reporting procedure for this report.

The CSR Working Group has met on a periodic basis to set the scope of the reporting, to organise the collection of the relevant information for the 2013/2014 period and consolidate the indicators included in the reporting campaign.

In the absence of recognised reporting standards on Corporate Social Responsibility that are relevant to its activities, Paris Orléans, as the Group's parent company has defined during the 2013/2014 financial year its own reporting procedures based on best practice and on information required by the legal provisions, consolidated in the Rothschild CSR Reporting Guidelines.

This document sets out a formal framework by covering the human resources, environmental and social components and provides guidelines on methodology for all those involved in preparing the CSR information to be included in this report. These guidelines have been written and updated by the CSR Working Group and will be reviewed and validated annually by Paris Orléans to incorporate changes affecting the Group or the performance indicators.

Reporting scope

For the 2012/2013 financial year, for several reasons resulting from recent events during the year (the disclosure in the Journal Officiel of the Grenelle 2 law implementation decree on 26 April 2012 and the Group's reorganisation in June 2012) and given the Group's organisation, the scope of the reporting did not include all of its entities. Therefore, it had been decided to take into account, regarding most of the disclosed information, Paris Orléans and its four main entities:

- Rothschild & Cie Banque SCS in Paris;
- Rothschild Bank AG in Zurich;
- NM Rothschild & Sons Ltd in London;
- Rothschild North America Inc in New York.

For the financial year under review, it has been decided to maintain that scope, with the overall objective of a better qualitative approach and an improved verification process based on the following:

- **Completeness:** the Group strives to provide the most comprehensive information possible, notably by including indicators covering the most significant consolidated entities;
- **Materiality:** the published information is significant and representative of the Group's business. The Group's performance data is presented within the social, economic and environmental context, taking into account the challenges facing the Group.

The information collected covers the period from 1 April 2013 to 31 March 2014. Data is also provided for the 2012/2013 financial year in order to allow a comparison between those two financial years. For some indicators, the scope or period of reporting can be different from the Group rules. In such cases, the scope or period considered will be specified in the related paragraph.

Human resources information

Our People

By geography	31 March 2014	31 March 2013	31 March 2012
United Kingdom	1,009	978	1,029
France	627	625	619
Switzerland	341	321	360
Other Europe	333	331	297
North America	220	232	246
Rest of the World	275	277	285
Total Group	**2,804**	**2,764**	**2,836**

By business	31 March 2014	31 March 2013	31 March 2012
Global Financial Advisory	1,105	1,129	1,176
Wealth & Asset Management	755	704	673
Merchant Banking	63	62	38
Banking & Asset Finance	247	215	245
Central & Support	634	655	704
Total Group	**2,804**	**2,764**	**2,836**

Employee age profile	31 March 2014
<30 years	22.3%
30 to 39 years	34.2%
40 to 49 years	26.6%
>50 years	16.9%
Total Group	**100.0%**

A global team of talented individuals from a diverse range of backgrounds and cultures

Rothschild attracts, develops and retains the industry's brightest minds. We strive to create an inclusive culture that encourages the highest standards of quality, professionalism and ethics.

Rothschild has over 2,800 employees across the world, of which 40% are female. The teams are truly global; we draw on local talent from each of the 40 countries in which we are based and beyond, hiring and developing the best each region has to offer. We also own the Five Arrows Leasing Group (FALG), included in the Banking and Asset Finance business figure, which provides a range of specialist asset finance facilities to UK companies. FALG has 188 employees and, of these 39% are female.

Rothschild offers structured Graduate and Internship programmes in our Global Financial Advisory and Wealth Management & Trust businesses, for both students in their final year of university and those who have already graduated.

74 students were hired and placed onto the Global Graduate Training Programme. A large number of the graduates had completed an internship with Rothschild prior to joining the full time programme and the remaining class was hired via our online and campus recruitment campaigns. We have a keen focus on diversity for all our Internship and Graduate programmes.

Rothschild also recruits experienced professionals to help grow our business and in order to fill critical gaps in our succession planning. However, our key focus is always to offer growth potential and progression to our employees internally, and as such we keenly promote internal mobility as a first priority. When Human Resources do recruit externally, candidates are sourced in partnership with our Business Unit Heads and Departmental Managers. Human Resources also work with specialised services providers to identify candidates, again considering the broader diversity of the candidates we select.

Remuneration

Rothschild's remuneration policies, procedures and practices are in line with our business strategy, objectives, values and long-term interests and are designed to promote sound and effective risk management. Our Remuneration Committee is responsible for overseeing remuneration related matters.

We reward our people at a total compensation level, paying fixed and variable compensation. We ensure that fixed and variable components of total compensation are balanced appropriately.

Fixed compensation is driven by the local market for the job taking into account responsibilities, skills and experience and annual variable compensation is awarded on a discretionary basis, driven by a combination of the results of the Group as a whole and the financial performance of the business division in which an individual works as well as local market competitiveness and is then truly differentiated based on individual performance against financial and non-financial metrics.

In some cases we operate deferral arrangements to defer a proportion of variable compensation over three years. For our regulated population, part of this deferral is awarded in non-cash instruments.

Work Organisation

Working hours vary from country to country depending on national legislation and are therefore managed and monitored by local Management and Human Resources teams.

Likewise absenteeism is monitored within each office. Departmental Managers and Human Resources work closely together to monitor and manage individual cases, when necessary.

Labour relations

Communication and feedback to employees forms a key aspect of our values. In particular, two of these values (long-term focus and teamwork) underpin our commitment to our workforce. Attracting, developing and rewarding people is at the heart of what we do. Therefore providing regular and thorough feedback is critical to this. This is done most formally through our appraisal system, where employees receive an end of year review. Managers are encouraged to meet with their direct reports on a regular basis to ensure dialogue on progress and two-way feedback is promoted. More generally Group and division wide communication is regularly promoted through email updates, and the various businesses have their own form of face-to-face divisional gatherings. Regarding our four largest offices, we only have collective agreements in France.

Health and Safety

We recognise health and safety as an important issue and we are committed to operating in accordance with all applicable legal requirements to which we subscribe.

It is our intention to minimise the risk of injury and ill health by providing and maintaining, so far as reasonably practicable, a safe and healthy working environment for all employees, clients, visitors and contractors, and to enlist the support of employees towards achieving these ends.

As an example, in the UK we have a Health and Safety Manager who enables direct communication and consulting with employees on health and safety matters. Health and safety management includes, but is not limited to:

- Risk assessments – including workstation, home working, maternity, work experience and manual handling assessments;
- Contractor management and access procedures;
- Accident reporting;
- Proactive monitoring.

The Health and Safety Manager uses risk assessment, inspection and audit to proactively measure and monitor health and safety performance in the business.

In France, we have a Health and Safety Committee, where we pay great attention to health, hygiene, safety and the working conditions of our employees. We evaluate and anticipate risks, offer information and implement training on these subjects and we regularly review our procedures and systems in these matters at least once a year through the "Document d'évaluation des Risques" (report identifying the risks on health, safety and working conditions") and the "Document de prevention des risques" (report which identifies the action plan implemented to control the risks). These two documents are regularly reviewed with the social representatives.

There are no collective agreements in place with regard to health and safety matters in the UK, Switzerland and the US. In France, our Collective Agreements also cover Health and Safety.

In 2013/2014, London reported one workplace accident resulting in lost working days and Paris reported two workplace accidents resulting in lost working days.

Training and Development

Rothschild offers training and development opportunities, enabling employees to improve their professional competencies.
There are local and international training programmes, face to face, or virtually.

The Learning and Development team is dedicated to assisting Rothschild's aim to build and provide solutions to satisfy all aspects of an employee's development through services in training, mentoring, coaching and team development.

Some examples of our key programmes:

- Bankers' Development Programme: the Bankers' Development Programme is a comprehensive technical training curriculum comprised of mandatory, recommended and available courses for bankers at all levels in Global Financial Advisory. Organised by grade, the courses are designed to further develop employees' skills as they progress through the Group. As well as offering face to face instructor led training, WEBEX training is also offered for global offices.
- Personal brand: a series of programmes were offered to employees within the UK around personal brand, gravitas and how to express your personal brand. There were a total of 12 sessions attended by 121 employees.
- eLearning: Rothschild eLearn is available to all employees to assist them in developing their own personal development skills. Over 40 personal development programmes are available. In addition, Rothschild eLearn is the portal for Anti-Money Laundering training and support during the annual performance review process.
- Sales Boot Camp (Zurich): Sales Boot Camp is a programme run for all Senior Client Advisors in Wealth Management & Trust. The programme is part of a series of interventions designed to strengthen the sales and marketing momentum in that division.
- Each area of Wealth Management & Trust has its own bespoke Career Development Framework and Curriculum which provides guidance to employees on the learning available to them and their specific roles.
- Global Graduate Training Programme: the Graduate Training Programme is run on an annual basis for Global Financial Advisory and Wealth Management Graduates consisting of four weeks of intensive technical training followed by business specific training for Global Financial Advisory and Wealth Management. The programme is held in the UK for Global Graduates and the US for Americas Analysts. In addition to the technical training, the programme includes a Corporate Induction (presentations from the business) as well as a two day residential programme.
- Compliance Training: training is provided through eLearning and face to face training workshops to all staff depending on their role and local regulatory requirements.
- Performance Review: line managers are offered training prior to the Performance Review Process each year to enhance their skills in managing performance and giving feedback, In Wealth Management ten workshops were held in London and Zurich and a number of individual coaching sessions for line managers were organised. In Global Financial Advisory, seven workshops were held in London, New York and via WEBEX for overseas employees.
- Finance Training Curriculum: the Finance Training Curriculum was launched in July 2013 to all Global Finance staff. Training includes technical and personal development training, face to face or via WEBEX.

In the UK 138 training events took place with 1,170 employees attending. In France, we spend more than the legal obligation on our training budget and we provided 277 training sessions.

In addition to these global training programmes each country has its own training policy and programmes and, for instance, in France we exceed the legal training requirements.

Equal Opportunities

We hire the most talented individuals, from a diverse range of backgrounds, cultures and experiences. Rothschild is committed to providing equal opportunities in employment and aims to ensure that it will not unlawfully discriminate in employment because of race, colour, religion or belief, gender, national or ethnic origin, disability, age, nationality, marriage or civil partnership, pregnancy or maternity, sexual orientation or gender-reassignment. It is therefore Rothschild's policy to make every effort to provide a working environment free from harassment, intimidation and discrimination which the Group considers unacceptable behaviour.

The policy applies to all areas of employment including recruitment, the terms and conditions of employment, training, career development, replacement, promotion, transfer, redundancy, rehiring, benefits, compensation, retirement and termination.

As an equal opportunity employer, the Group seeks to recruit based on experience and ability ensuring that the best candidate for the position is recruited. Only those qualifications and skills which are important to the job will be the criteria of selection for recruitment and promotion.

Respect for diversity and an inclusive culture are both central to our success. As such, we support various personal development initiatives including mentoring and membership of networking organisations and forums to connect our professionals and promote inclusivity across the firm.

We have been participating in the "Charte de la Diversité" since 2005. In this regard, we aim at having objective criteria in our recruitment, appraisal and compensation processes and we inform and train our managers on this important subject.

The network for Knowledge (NFK) Committee is a City-wide, cross-firm organisation in London for women founded by Goldman Sachs International in 2007. The Committee is comprised of senior women from law firms and banks including representation from Rothschild.

It aims to connect female professionals from across these fields and to address the issues that affect their career development. The NFK organises regular networking events, training sessions and seminars including an annual flagship event. There is a cross-firm mentoring programme in which a number of professionals from Rothschild participate.

David de Rothschild is one of the 54 Chairmen of the 30% Club which aims to increase female representation on UK corporate boards from the current industry average of 12% to 30%.

This initiative was launched to support and encourage women's career development and to garner support from chairmen and companies to recognise and cultivate talented women up to board level. We now have women on our major board, with a view to further enhance this and bring yet greater diversity to this group.

In the UK, we have formed a Diversity Committee which is chaired by a senior investment banker in cooperation with a number of senior representatives from each major area of the bank. Alongside this, our female professionals have formed a Rothschild Women's Network to further assist in the attraction and retention of women in our various businesses.

Moreover, in France, we have put in place measures to promote gender equality in three key areas: recruitment, compensation and work life balance. Action plans are presented and reviewed every year with our social representatives. We also have a plan in favour of more seasoned employees and measures to enhance their professional development.

Measures implemented to promote employment and integration of disabled people

Rothschild ensures that no discriminatory criteria is applied for recruitment, career development and compensation decisions. Where an employee has a disability, we work closely with them and our Occupational Health advisers to provide the appropriate adjustments and support to ensure they can be successful and fulfilled in the workplace. We also collaborate with specific organisations and charities, for example Blind in Business, to ensure that we are providing the best possible care and support to our employees.

In France, we also contribute to the employment of disabled persons by financing specialised companies or by choosing suppliers who employ disabled people.

Promotion and observation of the International Labour Organisation's Convention

The policies implemented by the Group adhere and are in line with the main provisions of the ILO Convention, for example the elimination of all forms of forced labour, abolition of child labour, elimination of all forms of discrimination in respect of employment and occupation examples of which we have detailed above under Equal Opportunities.

Environmental information

In the case of London, Zurich and New York the reporting period is the financial year April 2013 to March 2014. In the case of Paris, the reporting year is January 2013 to December 2013.

Where assumptions or estimations have been made, this is explained in the notes following each section.

A value of 0.00 indicates that the relevant activity did not take place during the reporting year. A value of N/R indicates that no information was provided in respect of the indicator concerned.

Each data set includes the previous year's data, where it was provided, for the purpose of comparison and in order to indicate the extent to which progress has been made in the scope and quality of data collected.

Greenhouse Gas Emissions have been calculated using Defra's 2013 emissions factors. In most cases the factor for CO_2 equivalent (CO_{2e}) has been used. It is stated in the relevant section(s) where this is not the case. A copy of the emissions factors used is available on request.

General Environment Policy

Company policy addressing environmental issues and steps taken to evaluate performance or obtain environmental certification

Despite being an office-based business with limited scope for reducing environmental impacts, the Group is committed to managing its operations efficiently, and to encouraging its people to take responsibility for minimising their own environmental footprints while at work. This commitment is best exemplified in the UK, where a formally-constituted Environment Committee develops environmental policy, which is then enacted by the Property Services Department and the Community and Environment Manager. The UK Environment Policy covers London and the smaller UK offices in Birmingham, Leeds, Manchester and Guernsey. Detailed information is provided on the Rothschild website (http://www.rothschild.com/about_rothschild/community_and_environment/environment/).

The other offices pursue locally-appropriate solutions to environmental management. For example, the Zurich office pursues a policy on separating waste and is committed to reducing its energy use by 2% per annum, in accordance with local regulations. The New York office follows the environmental policies of its building manager, including encouraging the use of mass transit, biking and car-pooling to work.

In London, energy use is monitored on a monthly and an annual comparison basis and is scrutinised by the Environment Committee. Rothschild is compliant with the CRC Energy Efficiency Scheme, through which energy use and associated greenhouse gas emissions are reported annually to the UK government.

In New York, all utilities-useage is monitored monthly by an independent consultant, and the manager of the building is working towards achievement of Energy Star certification: a voluntary energy-efficiency programme backed by the US Environmental Protection Agency. The London office achieved Gold in the Clean City Awards 2013 in recognition of its responsible approach to waste management.

Employee training and awareness on environmental protection

In London a network of volunteer Green Champions is responsible for raising awareness of green issues amongst colleagues through, for example, an annual Green Awareness Week. Employees are encouraged to volunteer during work time with the London Wildlife Trust, in order to learn about and contribute to the conservation of wildlife habitats in London. All new employees are briefed on Community and Environment initiatives during their induction briefing, and information about environmental initiatives is communicated frequently by email, posters, and in person by the Green Champions.

In New York, the building manager operates a Green Office initiative, through which employees are encouraged to behave in an environmentally-friendly way.

Amount of provisions and guarantees for environmental risks

Owing to the nature of the Group's activities, there are no particular provisions or guarantees for environmental risks.

Pollution and Waste Management

Measures for preventing, reducing or offsetting discharges into the air, water and soil, with a severe impact on the environment

The Group operates a Green Flights policy, whereby staff flying long-haul for business may choose a lower cabin class, in return for which 50% of the cost saving is donated to the charity of their choice. In 2013/2014, a total of 115,288 passenger km was travelled in Economy or Premium Economy which would otherwise have been flown in Business Class. This equates to a saving of 100 tonnes CO_{2e}.

As an office-based business, Paris Orléans Group does not consider discharges into water and soil to be material environmental risks.

Waste prevention, recycling and disposal measures

The Group pursues a range of measures designed to reduce the amount of waste sent to landfill.

In all offices waste is separated into different streams. In London facilities are provided for the recycling of a wide range of materials including paper, cardboard, glass, plastic, cans, batteries and computer hardware. All kitchen waste is composted, and residual waste is sent for incineration with energy capture. Through the Green Champions network, staff are encouraged to use fewer consumables (for example they are encouraged to use reusable coffee cups), and are regularly reminded to recycle as much and as accurately as possible.

Waste Disposal Data

2013/2014 (in tonnes)	London	Zurich	New York	Paris	Total
Recycling	102.00	1.20	17.70	0.60	**121.50**
Composting	10.30	1.80	0.00	0.00	**12.10**
Incineration	65.90	3.50	0.00	161.97	**231.37**
Landfill	0.00	0.00	5.80	0.00	**5.80**
Total	**178.20**	**6.50**	**23.50**	**162.57**	**370.77**

The figures for Zurich are estimated on the basis of the number of containers of waste materials sent from the premises.
The figures for New York are 2012 calendar year figures, since the 2013 figures were unavailable at the time of writing. They represent 1.6% of the building's total waste disposal figures, in line with the proportion of the building's floor space occupied by Rothschild.

2012/2013 (in tonnes)	London	Zurich	New York	Paris	Total
Recycling	46.20	N/R	N/R	N/R	**46.20**
Composting	N/R	N/R	N/R	N/R	**–**
Incineration	147.70	N/R	N/R	N/R	**147.70**
Landfill	N/R	N/R	N/R	N/R	**–**
Total	**193.90**	**N/R**	**N/R**	**N/R**	**193.90**

Sound pollution and any other form of business-specific pollution

As an office-based business, the Group does not consider sound pollution to be a material environmental risk. The Group does not contribute to any other business-specific forms of pollution.

Sustainable Use of Resources

Water consumption and water supply based on local constraints

There is no particular risk to the local water supply in any of the four locations covered in this report.

Water Consumption Data

In m^3	London	Zurich	New York	Paris	Total
2013/2014	14,892.00	4,250.00	2,598.00	6,011.00	**27,751.00**
2012/2013	17,000.00	3,600.00	N/R	7,300.00	**27,900.00**

Consumption of raw materials and measures to improve efficiency in their use

For the purposes of this report, raw materials are interpreted to mean paper.

In London and New York a number of measures are in place to reduce the amount of paper used. These include double-sided printing as default and, in London, a trial of 'pull-printing' which reduces the printing of unwanted documents and if adopted fully should result in paper savings of at least 10% per annum. The London and Zurich offices both use recycled paper (75% recycled content).

Paper Consumption Data

In tonnes	London	Zurich	New York	Paris	Total
2013/2014	57.86	10.00	25.70	77.00	**170.56**
2012/2013	59.00	7.50	19.50	76.50	**162.50**

Energy consumption and measures to improve energy efficiency

The London office is a new building which incorporates highly efficient heating, cooling and lighting systems. Nevertheless this year a number of adjustments to building controls have been made in an effort to further reduce energy use. These include installing occupancy buttons so that air-conditioning can be switched off in the evening as a default, meaning that anybody still working is obliged to switch it back on manually if they feel the need; changing the time profiles on some floors and fine-tuning them to reflect known occupancy patterns; and reducing the speed of circulation pumps.

In New York, a move to a new building has provided the opportunity for a number of improvements to be made this year, including the installation of motion-sensored lights and energy-efficient light bulbs.

Energy Consumption Data

2013/2014 *(in MWh)*	London	Zurich	New York	Paris	Total
Natural Gas Combustion	2,548.00	407.00	0.00	0.00	**2,955.00**
Gasoil/Diesel Combustion	5.02	19.11	0.00	5.02	**29.14**
Electricity Consumption	5,459.66	1,450.00	725.62	6,029.44	**13,664.72**
Heat Consumption	0.00	0.00	8.14	0.00	**8.14**
Total	**8,012.68**	**1,876.11**	**733.75**	**6,034.46**	**16,657.00**

The figures for the New York office are based on 1.6% of the building's total energy consumption, in line with the proportion of the building's floor space occupied by Rothschild.

2012/2013 *(in MWh)*	London	Zurich	New York	Paris	Total
Natural Gas Combustion	3,144.07	75.00	N/R	0.00	**3,219.07**
Gasoil/Diesel Combustion	12.04	N/R	N/R	15.06	**27.10**
Electricity Consumption	5,421.93	1,600.00	N/R	3,317.00	**10,338.93**
Heat Consumption	0.00	0.00	N/R	0.00	**0.00**
Total	**8,578.05**	**1,694.11**	**N/R**	**3,332.06**	**13,585.10**

New York was unable to provide any energy data last year.

Land use

The Group does not consider land use to be a material environmental risk since its sites are for office-use only and are located in major cities. No sites are located in or adjacent to areas of high biodiversity value.

Climate Change

Greenhouse Gas Emissions

The scope of emissions reporting has been increased since last year to include Scope 1 and Scope 2 emissions, and additional Scope 3 emissions in respect of water supply and wastewater treatment, materials, waste disposal, and electricity transmission and distribution losses.

Greenhouse Gas Emissions Data

2013/2014 *(in tCO_{2e})*			London	Zurich	New York	Paris	Total
Direct (Scope 1)	Natural Gas Combustion		468.93	74.90	0.00	0.00	**543.84**
	Gasoil		1.47	5.48	0.00	1.47	**8.42**
	Diesel Combustion						
	Owned vehicles	*Distance*	18.86	0.66	0.00	0.00	**19.52**
		Petrol	0.00	0.00	0.00	12.65	**12.65**
		Diesel	0.00	0.00	0.00	51.85	**51.85**
Indirect (Scope 2)	Electricity Consumption		2,432.17	39.60	378.95	476.87	**3,327.59**
	Heat Consumption		0.00	0.00	1.76	0.00	**1.76**
Total emissions - buildings			**2,921.43**	**120.65**	**380.71**	**542.84**	3,965.63
Other Indirect (Scope 3)	Business Travel - Flights	*Domestic Average passenger*	69.04	2.06	0.00	33.52	**104.62**
		Short-haul Economy class	277.62	150.76	292.49	112.93	**833.80**
		Short-haul Business class	922.14	70.15	128.92	381.13	**1,502.35**
		Short-haul First	0.00	0.00	503.79	0.00	**503.79**
		Long-haul Economy class	77.50	13.73	172.17	33.94	**297.34**
		Long-haul Premium economy class	70.39	0.00	2.96	27.15	**100.50**
		Long-haul Business class	2,917.61	226.84	2,385.16	1,156.58	**6,686.18**
		Long-haul First class	490.19	31.09	410.34	203.65	**1,135.26**
Total emissions – flights			**4,824.49**	**494.62**	**3,895.83**	**1,948.91**	11,163.85
	Business Travel - Rail	*National*	14.99	0.49	0.00	24.86	**40.34**
		International	4.06	0.00	0.00	6.78	**10.84**
	Business Travel - Taxis		37.79	N/R	0.00	61.91	**99.70**
Total emissions – other travel			**56.85**	**0.49**	**0.00**	**93.55**	150.89
	Water	*Water Supply*	5.12	1.46	0.89	2.07	**9.55**
		Wastewater Treatment	10.55	3.01	1.84	4.26	**19.66**
	Materials	*Paper*	39.34	6.80	24.53	73.50	**144.17**
		Recycling	2.14	0.03	0.37	0.01	**2.55**
		Composting	0.06	0.01	0.00	0.00	**0.07**
		Incineration	1.38	0.07	0.00	3.40	**4.86**
		Landfill	0.00	0.00	1.68	0.00	**1.68**
	Electricity T&D losses		207.96	2.90	24.45	36.24	**271.55**
Total emissions - other			**266.57**	**14.28**	**53.77**	**119.48**	454.10
TOTAL EMISSIONS			**8,068.33**	**630.04**	**4,330.31**	**2,699.28**	15,734.46

Defra electricity factors for Zurich, Paris and New York are available only for CO_2, rather than CO_{2e}. The total electricity figure is reported as CO_{2e}.

Data in respect of flights from Paris was provided as a single consolidated figure. This report shows an estimated breakdown by distance (long-haul/short-haul/domestic) and cabin class, based on the data provided by London. For example in London, long-haul business class flights represented 48% of the total km flown, and the same percentage has been applied to the Paris data.

Data in respect of rail travel from Paris was provided as a single consolidated figure. This report shows an estimated breakdown by national/international rail, based on the data provided by London.

2012/2013

GHG emissions for 2012/2013 were reported in respect of scope 3: business travel only. Emissions were reported as per capita figures, which here have been converted back to totals for ease of comparison with 2013/2014 numbers.

(in tCO_{2e})	London	Zurich	New York	Paris	Total
Total emissions – flights	4,822.67	617.81	3,286.71	1,059.39	9,786.58
Total emissions – other travel	58.40	0.49	N/R	63.36	122.25

Adaptation to the consequences of climate change

The Group does not consider climate change to be a significant risk to the business, and the approach is therefore largely one of reaction.

Biodiversity

Measures taken to preserve or develop biodiversity

The London office is a member of the London Wildlife Trust and has made environmental volunteering a key part of its employee volunteering programme. In 2013/2014, 162 volunteers spent 762 hours working to protect wildlife habitats in nature reserves in London, working across 40 hectares of land. The impact of their work has been to protect endangered species and conserve protected land, to the benefit of thousands of London residents.

Corporate social information

Territorial, economic and social impact of the Company's activities regarding regional employment and development, and on the local populations

As a leading financial services business, the Group carries out financial advisory, specialist finance and investment activities. As a consequence, it participates actively in the financing of the economy of the countries where it operates.

The Group is also strongly involved in charity support and community partnerships all over the world, which have become an integral part of the Rothschild in the Community programme. The Group encourages its employees to contribute in these actions. Its initiatives mainly focus on two key areas: education and community development. Details are provided under section "Actions of partnership and sponsorship" on page 112.

Relations with stakeholders, including associations of integration, educational institutes, association for the protection of the Environment, consumer's organisation and local populations

Conditions of the dialogue with stakeholders

In accordance with the definition provided by the GRI Guidelines, the Group's stakeholders are all entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, products, and/or services, and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

The Group has identified, as its key stakeholders, its shareholders, potential investors in the securities issued by its entities and financial analysts.

The Group seeks to maintain a dialogue with those stakeholders to be in the position to take their interests into account and to promote its own values, essentially through the Investor Relations Department.

During the 2013/2014 financial year, several meetings have been organised between the Group's Head of Investor Relations and those stakeholders. Members of Paris Orléans' Management and people holding strategic positions within the Group have also attended these meetings. In addition, the Head of Investor Relations participated in conferences dedicated to facilitate relations between listed companies and investors.

The Group also attaches great importance to comply with the rules regarding transparency. It discloses, as soon as possible, in French and in English, the information that is necessary to investors and shareholders to assess its situation and outlook. This financial and extra-financial information is available on Paris Orléans' internet website (www.paris-orleans.com) in a section entitled "Investor Relations". Information is also disclosed in a section named "Shareholders", including all information relating to General Meetings and the exercise of the voting rights, or explanations about the different ways to hold securities issued by Paris Orléans.

Actions of partnership and sponsorship

Since the establishment in 2008 of its Rothschild in the Community (RiC) programme in London, the Group has been actively involved in actions of partnership and sponsorship. Through its community partnerships, the Group aims to make real and measurable change to peoples' lives by creating long term and meaningful relationships with organisation within the Group's local communities around the world, with an emphasis on education and helping charities that work with disadvantaged individuals. These two cornerstone objectives of RiC remain those of the business' philanthropic activity over the last 200 years.

In the 2013/2014, RiC has continued to develop. Initiatives already existed in South Africa, Guernsey and Australia in addition to the London office. The concept has been expanded internationally with programmes being implemented or developed in Paris, New York, Frankfurt and Milan. Moscow also launched its first RiC programme in February 2014.

The number of participations has grown from 38 employees in 2006/2007 to over 300 in 2013. RiC encourages staff to volunteer during work time for projects that have the potential to change people's lives. For example, RiC in London gives all employees two days a year volunteer leave.

Regarding professional support, the Group launched during the financial year a community partnership in Paris, supporting through volunteerism and pro bono work Ashoka, an association that provides start-up financing, professional support services, and connections to a global network across the business and social sectors.

In the field of education the Group is involved in partnerships with many schools located in economically deprived areas to support students, teachers and governors. Our current initiatives include careers mentoring schemes and work experience, support for children in transition from primary to secondary school, and a strong involvement in the Young Enterprise programme in the United Kingdom which aim at broadening the children and students' horizons and raising their awareness of the world and business-related issues. It is hereby specified that the RiC's education programme in London had been recognised one of the best in the country and had been awarded a Business in the Community "Big Tick". During the 2013/2014 financial year, some new education-related programmes were launched:

- In Guernsey a new partnership has been entered into with Les Beaucamps School. Following a successful first year the Year 11 Mentoring Scheme continues to contribute to a raised educational attainment at GCSE Level, helping pupils make more informed choices about further education and their futures, and supporting the development of students as self-confident, well-rounded and outward-looking young people. The Rothschild volunteers have made a positive impact on the future prospects of 15 gifted young people, who are chosen for their academic talent but who lack confidence and awareness of the world beyond school and home.
- In Moscow, a RiC programme was launched in February 2014 involving donations to support the educational process for orphanage graduates and a partnership with the Big Change Charity Foundation.

Concerning our support to underprivileged communities, the Group's initiatives aim particularly to promote the professional integration. Particularly and among others in the Group, three programmes are implemented in Australia, South Africa and the United Kingdom.

- In Australia, the Group supports the Young Endeavour Youth Scheme programme, by sponsoring for the past four years one trip per year on the Young Endeavour Tall Ship for a young Australian who helped care for a family member with a chronic illness, disability, mental illness, drug or alcohol problem.
- In South Africa, the Group supports the Amazing Grace Children's Home, an orphanage located in Eikenhof, Johannesburg, which provides a permanent and safe home for more than 80 children who are victims of abandonment, abuse or human trafficking. Many of the children are HIV positive. The Group's involvement has included free legal advice for the organization, purchasing a minibus or funding upgrades to building and supplying new furniture for the children.
- In the United Kingdom, the Group has been for several years involved in a partnership with the Bow School of Maths and Computing, a boys' secondary school based in an economically deprived part of the East London. Through its Gifted and Talented Mentoring Programme, the Group gives its support to 50 students by encouraging them to continue their studies.

Eventually, graduates are encouraged to contribute to community and environmental initiatives from the beginning of their careers.

Graduates based in the United Kingdom spend time at local schools or community organisations during their training period, giving them an early sense of involvement in our community partnerships. We aim to inspire our graduates to continue volunteering throughout their careers at Rothschild.

The Group is also historically highly involved in charity support. In the United Kingdom, a committee specifically dedicated to charity actions, the Rothschild Charities Committee, meets quarterly to consider application and to decide what support measures might be taken. A large portion of the funds allocated to these actions concern charities working in the fields of social welfare, young people and healthcare. Approaches from small, local charities are particularly welcome. Of the money donated each year, around 50% is in response to requests from Rothschild employees who have a connection with a particular charity.

The Group sponsored, among others, the following organisations: Action Aid, Adoption UK, Alzheimer's Research UK, the Amber Trust, Marie Curie Hospice Hampstead, Sightsavers international and Kids Company, but also the Big Change Charity Foundation (Moscow). More details can be found on the Group's website (www.rothschild.com).

Subcontractor and suppliers

Integration of social and environmental issues into the company procurement policy

As a financial company holding securities issued by companies conducting banking and financial activities, the implementation of such policies by Paris Orléans is not relevant.

However, as stated in the section regarding environmental information, the Group tends to limit the impact of its activities on the Environment. As a result, we encourage the Company's employees, partners or board members to prefer the less pollutant means of transport when they have to travel for business purposes. Some of our offices are also designed with energy conservation in mind.

Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility

As noted above, given Paris Orléans' activities, the implementation of such policies is not relevant.

Fair business and practices

Economic responsibility

The Group conducts its activities with a high level of professional ethics. This involves the respect of the clients' interests, which will be the subject of the next section, and by the prevention of economic crimes that can happen within the framework of the Group's activities. This is done by implementing a rigorous internal control system and risk control adapted to the Group's size and covered activities. More details on the Group's internal control and risk control structure are presented in the report of the Chairman of the internal control on page 81 of this report.

As the parent company, Paris Orléans is the consolidating entity of the Rothschild Group, in charge of the consolidated prudential supervision of the Group and of the implementation and the monitoring of the efficiency of the internal control system at the Group's scale. This involves the elaboration of procedures and policies implemented homogeneously.

Within the new Group's internal organisation, Legal, Compliance and Risk functions were introduced and centralised to enable a better-coordinated global approach.

Policies were implemented through different recent initiatives sharing and harmonizing best practices. Approximately ten different policies are currently implemented in the Group throughout all five main regions of the world. Employees' awareness regarding those matters is ensured by dedicated training sessions and the disclosures of guides on the Group's intranet.

Regarding the fight against corruption, the Group requires its employees to act with honesty and integrity and has a zero-tolerance approach. Involvement in any form of corruption has serious consequences, including dismissal or termination of employment. A Group Policy on Anti-Corruption has been established, in order to comply with the applicable regulations such as the UK Bribery Act which aims at preventing such crimes.

It deals for instance with the acceptation or the offering of gifts and entertainment by employees within the framework of their jobs since this can lead to suspicious or reprehensible situation. In order to avoid such situation, each entity must determine proportionate limits for the acceptance or the offering of gifts that do not require approval. Any gift or entertainment that exceeds these limits must be approved by the relevant head and the local Compliance function. In addition to this, persons to whom this policy applies must not accept gifts such as cash or any other gift convertible into cash such as shares, share options or bonds.

Measures implemented to promote consumers health and safety

Given the Group's activities, there is no specific need to implement measures to ensure clients health and safety.

Other actions implemented to promote human rights

The Group does not carry out other activities to promote human rights, than those mentioned in the previous sections of this report.

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

Report of one of the Statutory Auditors

As designated independent third-party body, on the consolidated labour, environmental and social information presented in the Management report of Paris Orléans

Year ended 31 March 2014

To the Shareholders,

In our capacity as Statutory Auditor of Paris Orléans SCA and designated independent third-party body whose application for accreditation has been deemed admissible by COFRAC, we hereby present to you our report on the consolidated labour, environmental and social information (the "CSR Information") in the Management report for the year ended 31 March 2014. This report is prepared in accordance with the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Manager is responsible for preparing the company's Management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and with the guidelines used by the company (hereinafter the "Guidelines"), summarised in the Management report and available upon request at its Head Office.

Independence and quality control

Our independence is defined by regulations, the French code of ethics for our profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system that includes policies and documented procedures to ensure the compliance with the rules of ethics, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

On the basis of our work, our responsibility is to:

- Attest that the required CSR Information is presented in the Management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with paragraph 3 of Article R.225-105 of the French Commercial Code (Attestation of completeness of CSR Information);
- Express a limited assurance on the fact that the CSR Information, is presented fairly, in all material respects, in accordance with the Guidelines (Opinion on the fair presentation of the CSR Information).

Our work was performed by a team of four people between March and June 2014. To assist us in conducting our work, we referred to the corporate responsibility experts of our Firm.

We performed the procedures below in accordance with professional standards applicable in France, with the order dated 13 May 2013 establishing the manner in which independent third-party bodies must carry out their work and, regarding the Opinion on the fair presentation and the Reasonable assurance report, with ISAE 3000[1].

1. Attestation of completeness of CSR Information

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company's sustainable development strategy with respect to the social and environmental impact of its activities and its social commitments and, where applicable, any initiatives or programmes it has implemented as a result.

We compared the CSR Information presented in the Management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

[1] ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

We verified that the CSR Information covers the consolidation scope, i.e. the company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code, within the limitations set out in the methodological information presented in the chapter "Methodology" of the Management report.

Based on these procedures and taking into account the limitations mentioned above, we attest that the Management report includes the required CSR Information.

2. Opinion on the fair presentation of the CSR Information

Nature and scope of our procedures

We conducted interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

- Assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;
- Verify that a data collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impact of its activities, its sustainable development strategy and best practice.

With regard to the CSR Information that we considered to be the most important[(2)]:

- At parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organiation, policy, action), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the Management report;
- At the entity level for a representative sample of entities selected[(3)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that the procedures were followed correctly and to identify any undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 37% of headcount and between 61% and 94% of the quantitative environmental indicators.

For the rest of the consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information has been presented fairly, in all material respects, in accordance with the Guidelines.

Paris La Défense, 25 June 2014

KPMG Audit FS II

Pascal Brouard	Philippe Arnaud
Partner	*Partner*
	Climate Change & Sustainability Services

(2) Quantitative social indicators: Total headcount (breakdown of employees by gender, age and geographical area), number of training sessions, number of occupational accidents. Quantitative environmental indicators: Water consumption, Energy consumption (electricity, gas, heat and fuel), Paper consumption, Waste produced, Number of kilometres and CO_2 emissions related to business travels.
Qualitative information: Partnerships, Business conduct.
(3) Paris Orléans head office in Paris and London office (New Court).

Other information

Acquisitions of holdings and controlling interests

The table below lists the companies and groupings in which Paris Orléans acquired shareholdings or of which it took control of, as defined in Article L. 233-6 paragraph 1 of the French Commercial code, a certain number of shareholdings and taking the control of several companies whose registered offices are located in France, during the 2013/2014 financial year:

Name of the Company	Registered office	Form of incorporation[1]	% of control/indirect shareholding as at the date of this report
Hofidec[2]	3, boulevard Voltaire 75011 Paris	SAS	0%
Somanfi	3, rue de Messine 75008 Paris	SAS	100%

[1] SAS: French simplified joint-stock company (société par actions simplifiée)
[2] Acquisition of a stake of 67,46% during the financial year ended 31 March 2014, but at this date Paris Orléans didn't have any more indirect share in this company

Regulated agreements and undertakings

In accordance with applicable legal and regulatory provisions, the Statutory Auditors have been informed of all the regulated agreements and undertakings entered into during the 2013/2014 financial year, and of agreements and undertakings entered into during the previous financial years but still into effect during the 2013/2014 financial year.

Accounts payable policy

The Company's settlement periods for its accounts payable comply with Article L. 441-6 of the French Commercial Code. Accounts payable are settled within 30 days if receiving the invoice, unless otherwise arranged as part of a sales agreement or pursuant to a dispute.

	As at 31 March 2014					As at 31 March 2013				
	Gross	Amounts due	Amounts not yet due			Gross	Amounts due	Amounts not yet due		
In thousands of euro			*Due within 30 days*	*Due in 31 to 60 days*	*Due in more than 60 days*			*Due within 30 days*	*Due in 31 to 60 days*	*Due in more than 60 days*
Accounts payable	11.0	–	11.0	–	–	293.0	–	293.0	–	–
Accounts payable – invoices not yet received	807.0	–	–	–	–	482.0	–	–	–	–
Total Accounts payable	**818.0**	**–**	**11.0**	**–**	**–**	**775.0**	**–**	**293.0**	**–**	**–**

Issuer risks

The definition and description of the risks to which Paris Orléans and the companies within the Group may be exposed are presented in the appendices to the consolidated financial statements for the financial year under review in pages 141 onwards of this report and in the report of the Chairman of the Supervisory Board on internal control on page 81.

Outlook for the Group

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

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

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

Financial statements

Consolidated balance sheet as at 31 March 2014

Assets

In thousands of euro	Notes	31/03/2014	31/03/2013 as restated
Cash and amounts due from central banks		3,150,360	3,739,675
Financial assets at fair value through profit or loss	1	285,126	260,116
Hedging derivatives	2	14,346	26,849
Available-for-sale financial assets	3	748,042	764,530
Loans and advances to banks	4	1,175,858	1,144,124
Loans and advances to customers	5	1,377,304	1,358,056
Current tax assets		10,261	10,264
Deferred tax assets	17	89,627	123,021
Other assets	6	488,417	557,972
Investments accounted for by the equity method	7	69,412	63,889
Tangible fixed assets	8	355,061	356,104
Intangible fixed assets	9	176,347	183,122
Goodwill	10	108,936	108,075
TOTAL ASSETS		**8,049,097**	**8,695,797**

Liabilities and shareholders' equity

In thousands of euro	Notes	31/03/2014	31/03/2013 as restated
Due to central banks		73	78
Financial liabilities at fair value through profit or loss	1	50,117	51,531
Hedging derivatives	2	13,880	23,763
Due to banks	11	334,762	326,100
Customer deposits	12	4,946,668	5,587,864
Current tax liabilities		9,449	18,880
Deferred tax liabilities	17	58,970	56,837
Other liabilities, accruals and deferred income	13	683,564	701,442
Provisions	14	180,549	192,724
Subordinated debt	15	28,338	30,461
Shareholders' equity		**1,742,727**	**1,706,117**
Shareholders' equity - Group share		**1,268,794**	**1,224,781**
Share capital		142,208	141,806
Share premium		981,191	978,255
Unrealised or deferred capital gains and losses		70,529	4,264
Available-for-sale reserves		*98,514*	*36,493*
Cash flow hedge reserves		*(9,274)*	*(15,087)*
Translation reserves		*(18,711)*	*(17,142)*
Consolidated reserves		66,513	58,710
Net income - Group share		8,353	41,746
Non-controlling interests	19	**473,933**	**481,336**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,049,097**	**8,695,797**

Consolidated income statement for the year ended 31 March 2014

In thousands of euro	Notes	31/03/2014	31/03/2013 as restated
+ Interest income	22	90,093	122,963
- Interest expense	22	(47,192)	(74,320)
+ Fee income	23	1,043,907	1,058,183
- Fee expense	23	(44,664)	(39,539)
+/- Net gains / (losses) on financial instruments at fair value through profit or loss	24	41,695	35,150
+/- Net gains / (losses) on available-for-sale financial assets	25	17,881	34,717
+ Other operating income	26	12,389	15,257
- Other operating expenses	26	(6,440)	(5,328)
Net banking income		1,107,669	1,147,083
- Staff costs	27	(699,282)	(708,872)
- Administrative expenses	27	(251,005)	(214,337)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	28	(35,273)	(35,608)
Gross operating income		122,109	188,266
+/- Cost of risk	29	6,765	(31,427)
Operating income		128,874	156,839
+/- Net income from companies accounted for by the equity method	7	1,968	6,154
+/- Net income / (expense) from other assets	30	(24,165)	(40,708)
Profit before tax		106,677	122,285
- Income tax expense	31	(42,712)	(38,279)
CONSOLIDATED NET INCOME		63,965	84,006
Non-controlling interests		55,612	42,260
NET INCOME - GROUP SHARE		8,353	41,746

Earnings per share - Group share (basic and diluted)	35	0.11	0.68
Earnings per share - continuing operations (basic and diluted)	35	0.11	0.68

Statement of comprehensive income for the year ended 31 March 2014

In thousands of euro	31/03/2014	31/03/2013 as restated
CONSOLIDATED NET INCOME	**63,965**	**84,006**
Elements recyclable in profit or loss		
Translation differences	36	(4,656)
Revaluation of available-for-sale financial assets	75,688	57,394
of which (gains) / losses transferred to income	*(1,007)*	*15,127*
Cash flow hedge derivatives revaluation	8,535	(2,229)
Gains and losses recognised directly in equity for companies accounted for by the equity method	(101)	1,224
Taxes	(13,721)	(9,993)
Total elements recyclable in profit or loss	**70,437**	**41,740**
Elements not recyclable in profit or loss		
Actuarial gains / (losses) on defined benefit pension funds	15,094	(13,088)
Gains / losses recognised directly in equity for companies accounted for by the equity method	–	354
Taxes	(10,304)	(313)
Other	–	(429)
Total elements not recyclable in profit or loss	**4,790**	**(13,476)**
Total unrealised or deferred capital gains or losses	**75,227**	**28,264**
TOTAL COMPREHENSIVE INCOME	**139,192**	**112,270**
attributable to equity shareholders	*75,286*	*65,210*
attributable to non-controlling interests	*63,906*	*47,060*

Consolidated statement of changes in equity for the year ended 31 March 2014

In thousands of euro	Capital and associated reserves				Unrealised or deferred capital gains and losses (net of tax)						
	Share capital	Share premium	Treasury shares	Consolidated reserves	Related to translation differences	Available-for-sale reserves	Hedging reserves	Net income, Group share	Shareholders' equity - Group share	Shareholders' equity, non-controlling interests	Total shareholders equity
SHAREHOLDERS' EQUITY AT 31 MARCH 2012	65,032	505,082	(9,840)	140,023	(29,750)	20,058	(7,003)	37,172	720,774	984,311	1,705,085
Allocation of profit	–	–	–	37,172	–	–	–	(37,172)	–	–	–
Change of accounting policies (IAS 19) [2]	–	–	–	(3,819)	–	–	–	–	(3,819)	(1,481)	(5,300)
SHAREHOLDERS' EQUITY AT 1 APRIL 2012	65,032	505,082	(9,840)	173,376	(29,750)	20,058	(7,003)	–	716,955	982,830	1,699,785
Increase in share capital	76,774	484,835	–	–	–	–	–	–	561,609	–	561,609
Elimination of treasury shares	–	–	411	–	–	–	–	–	411	–	411
Dividends paid	–	–	–	(14,990)	–	–	–	–	(14,990)	(66,876)	(81,866)
Sub-total of changes linked to transactions with shareholders	**76,774**	**484,835**	**411**	**(14,990)**	**–**	**–**	**–**	**–**	**547,030**	**(66,876)**	**480,154**
Net gains / (losses) from changes in fair value	–	–	–	–	–	39,844	(2,127)	–	37,717	(4,604)	33,113
Net (gains) / losses transferred to income on disposal	–	–	–	–	–	(30,522)	214	–	(30,308)	(252)	(30,560)
Net (gains) / losses transferred to income on impairment	–	–	–	–	–	30,936	–	–	30,936	12,030	42,966
Actuarial gains / (losses) on defined benefit funds[2]	–	–	–	(13,459)	19	–	–	–	(13,440)	(348)	(13,788)
Interest on undated subordinated debt	–	–	–	–	–	–	–	–	–	(14,819)	(14,819)
2012/2013 Net income for the year[2]	–	–	–	–	–	–	–	41,746	41,746	42,260	84,006
Effect of acquisitions and disposals on non-controlling interests	–	–	–	(73,122)	23,733	(32,812)	(6,584)	–	(88,785)	(469,757)	(558,542)
Translation differences and other changes	–	(11,662)	–	(3,666)	(11,144)	8,989	413	–	(17,070)	872	(16,198)
SHAREHOLDERS' EQUITY AT 31 MARCH 2013	141,806	978,255	(9,429)	68,139	(17,142)	36,493	(15,087)	41,746	1,224,781	481,336	1,706,117
Allocation of profit	–	–	–	41,746	–	–	–	(41,746)	–	–	–
SHAREHOLDERS' EQUITY AT 1 APRIL 2013	141,806	978,255	(9,429)	109,885	(17,142)	36,493	(15,087)	–	1,224,781	481,336	1,706,117
Increase in share capital	402	2,936	–	–	–	–	–	–	3,338	–	3,338
Elimination of treasury shares	–	–	(3,413)	–	–	–	–	–	(3,413)	–	(3,413)
Dividends paid	–	–	–	(34,959)	–	–	–	–	(34,959)	(56,360)	(91,319)
Charge related to share-based payments	–	–	–	488	–	–	–	–	488	10	498
Sub-total of changes linked to transactions with shareholders	**402**	**2,936**	**(3,413)**	**(34,471)**	**–**	**–**	**–**	**–**	**(34,546)**	**(56,350)**	**(90,896)**
Net gains / (losses) from changes in fair value	–	–	–	–	–	64,844	6,026	–	70,870	2,668	73,538
Net (gains) / losses transferred to income on disposal	–	–	–	–	–	(5,771)	–	–	(5,771)	46	(5,725)
Net (gains) / losses transferred to income on impairment	–	–	–	–	–	3,421	–	–	3,421	96	3,517
Actuarial gains / (losses) on defined benefit funds	–	–	–	603	–	–	–	–	603	4,187	4,790
Interest on undated subordinated debt	–	–	–	–	–	–	–	–	–	(13,921)	(13,921)
2013/2014 Net income for the year	–	–	–	–	–	–	–	8,353	8,353	55,612	63,965
Effect of acquisitions and disposals on non-controlling interests	–	–	–	1,151	9	–	–	–	1,160	(1,972)	(812)
Translation differences and other changes	–	–	–	2,187	(1,578)	(473)	(213)	–	(77)	2,231	2,154
SHAREHOLDERS' EQUITY AT 31 MARCH 2014	142,208	981,191	(12,842)	79,356	(18,711)	98,514	(9,274)	8,353	1,268,794	473,933	1,742,727

[1] This allocation includes €34.3 million of dividends to PO shareholders and a total of €0.7 million of dividends to PO Gestion SAS and PO Commandités SAS.

[2] Due to a change in accounting for pension cost, the net income for 2012/2013 year and actuarial gains/(losses) on defined benefit schemes for 2012/2013 year have been restated along with the opening reserves balances. Further information concerning the adjustment is set out in the notes to the consolidated financial statements in Section II Preparation of the Financial Statements.

Cash flow statement for the year ended 31 March 2014

In thousands of euro	31/03/2014	31/03/2013 as restated
CONSOLIDATED NET INCOME (I)	**63,965**	**84,006**
+/- Depreciation and amortisation expense on tangible fixed assets and intangible assets	37,213	37,490
+/- Net charge for impairments and provisions	52,247	97,185
+/- Net (income) / loss from companies accounted for by the equity method	(1,968)	(6,154)
+/- Deferred tax (benefit) / expense	17,471	(6,175)
+/- Fair value (gains) / losses	(13,834)	(6,416)
+/- (Profit) / loss on disposal of AFS securities	(12,313)	(37,261)
+/- (Profit) / loss on acquisition and disposal of non-financial assets	1,377	35
Total non-monetary items included in consolidated net income (II)	**80,193**	**78,704**
+/- Net (increase) / decrease in operating assets	(84,375)	807,532
+/- Net increase / (decrease) in operating liabilities	(718,287)	(83,022)
+/- Reserves movements relating to operating items	4,282	(34,536)
Net increase / (decrease) in cash related to operating assets and liabilities (III)	**(798,380)**	**689,974**
Net cash inflow / (outflow) related to operating activities (A) = (I) + (II) + (III)	**(654,222)**	**852,684**
+/- Inflow / (outflow) related to associates and subsidiaries	3,429	8,401
+/- Inflow / (outflow) related to AFS assets	53,093	336,447
+/- Inflow / (outflow) related to tangible and intangible fixed assets	(24,918)	(16,450)
- Cash spent on Cavour acquisition, written off to reserves	-	(14,161)
Net cash inflow / (outflow) related to investment activities (B)	**31,604**	**314,237**
+/- Issuance / (repayment) of debt securities in issue	-	(168,053)
- Dividends paid to shareholders and minority interests	(91,319)	(81,866)
- Interest on perpetual subordinated debt	(13,921)	(14,819)
Net cash inflow / (outflow) related to financing activities (C)	**(105,240)**	**(264,738)**
NET INFLOW / (OUTFLOW) OF CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**(727,858)**	**902,183**
Cash and amounts due from and to central banks	3,739,597	2,812,698
Net demand deposits and amounts due to and from banks	534,979	559,695
Net cash and cash equivalents at 1 April 2013	**4,274,576**	**3,372,393**
Cash and amounts due from and to central banks	3,150,287	3,739,597
Net demand deposits and amounts due to and from banks	396,431	534,979
Net cash and cash equivalents at 31 March 2014	**3,546,718**	**4,274,576**
NET INFLOW / (OUTFLOW) OF CASH	**(727,858)**	**902,183**

Notes to the consolidated financial statements

1. Highlights of the financial year

This is the first full reporting year since the Group reorganisation, approved by shareholders at the Extraordinary General Meeting on 8 June 2012.

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

In the Global Financial Advisory business, revenue was €688.7 million, 7% down compared to last year. M&A revenue was down 15% year on year across most regions (€442.5 million for 2013/2014) reflecting lower M&A completions for the Group during the second half of the year compared to H2 2012/2013 (which was our record period for M&A revenue post the financial crisis). Financing Advisory revenue was up 13% year on year (€246.2 million for 2013/2014) supported by our leading position in providing independent, strategic capital advice to companies, governments and financial sponsors.

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

For 2013/2014, the Merchant Banking division, which comprises merchant banking funds and our proprietary investment business, generated revenues of €73.6 million compared to €69.1 million the previous year. Disposal proceeds amounted to €65.3 million generating net investment gains of €27.7 million. Moreover, this division invested €47.0 million, of which €11 million was in proprietary investments and €36 million was in funds managed by Merchant Banking.

In 2008, the Group decided to focus on Banking & Asset Finance to promote its niche lending business. The withdrawal from corporate banking continues, as demonstrated by the declining legacy banking book, where drawings fell to €396 million as at 31 March 2014, down from €570 million as at 31 March 2013.

For the year ended 31 March 2014, staff costs were €699.3 million compared to €708.9 million in the prior year (as restated). The decrease of €9.6 million results from a one-off credit of €10.7 million arising from changes made to the UK and Swiss defined benefit pension schemes that reduce past pension costs. Overall Group headcount increased from 2,764 to 2,804 as at March 2014.

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

Staff costs and administrative expenses for the year ended 31 March 2014 included net exceptional charges of €31 million (€6 million in the year to March 2013), related to reorganisation costs of outsourcing the Group's IT infrastructure (€16 million), several specific legacy legal provisions (€26 million relating to the US Department of Justice Program, the tax settlement between the UK and Swiss authorities, and various provisions against legal claims and related costs) minus a one-off credit of €11 million arising from changes made to defined benefit pension schemes.

Impairment charges and loan provisions were a credit of €6.8 million, mainly as a result of recoveries on previously impaired assets, compared to a charge of €31.4 million for 2012/2013.

Operating income was €128.9 million compared to €156.8 million last year, the change explained by the movements above.

Included in Net income / (expense) was a further impairment of €26.6 million relating to the 8.4% shareholding in Edmond de Rothschild (Suisse) (€21.9 million was taken at the half year to September 2013), reflecting a decline in the share price.

The income tax charge was €42.7 million, split between a current tax charge of €25.2 million and deferred tax charge of €17.5 million, giving a reported tax rate of 40%. It should be noted that the effective tax rate would have been 28% without the further impairment of Edmond de Rothschild (Suisse); the impact of reduced UK corporation tax rates (from 23% to 20%) on deferred tax assets; and the effects of prior year tax adjustments.

Non-controlling interests were €55.6 million compared to €42.3 million for 2012/2013. The change is largely due to losses, incurred in the prior year before the June 2012 Group reorganisation, being attributed to former minority interests (€16 million).

II. Preparation of the financial statements

A. Information concerning the company

The consolidated financial statements of Paris Orléans Group for the financial year 2013/2014 are presented in accordance with the IFRS standards in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002. The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2013-04 of 7 November 2013 of the French Accounting Standards Authority *(Autorité des normes comptables)*. The statements cover the period from 1 April 2012 to 31 March 2014 and, unless otherwise indicated, are disclosed in thousands of euro (€k).

The consolidated accounts were approved by PO Gestion SAS., the manager and general partner of Paris Orléans Group, on 16 June 2014.

At 31 March 2014, the Group's holding company was Paris Orléans SCA., French partnership limited by shares *(société en commandite par actions)*, headquartered at 23 bis, avenue de Messine, 75008 Paris (Paris Trade and Companies Registry Number 302 519 228). The company is listed on the Eurolist market of Euronext Paris (Compartment A).

B. General principles

The notes were drawn up taking into account the understanding, relevance, reliability, comparability and materiality of the information provided.

C. New standards applied by the Group

The standards and interpretations used in preparation of the financial statements to 31 March 2013 were supplemented by the IFRS as adopted by the European Union at 31 March 2014 whose first-time application is mandatory in the 2013/2014 financial year. These concern:

1. New accounting standards affecting the consolidated financial statements in the year ended 31 March 2014

- IAS 19 Employee Benefits (revised) requires changes in the recognition and measurement of defined benefits expenses.

The most significant impact for the Group is to increase the net pension expense in the Income Statement by the difference between the current expected return on plan assets and the return calculated by applying the discount rate calculated in accordance with IAS 19.

The change in accounting policy is to be applied retrospectively and, as a result, the income statement for the year ended 31 March 2013 has been restated and the prior year charge for defined benefit pensions is now €8.1 million greater. The tax charge for the prior year is €1.8 million lower, and, therefore, restated Consolidated net income is €6.3 million lower. Of this, the Net income - Group share for the prior year has been reduced by €5.7 million.

Finally, the adoption of IAS 19 (Revised) by the Group's Swiss actuaries has caused one additional change in the balance sheet; this is that the mortality assumptions in Switzerland have now become more prudent. The effect has been to increase the Swiss defined benefit fund obligation by around 4% or €7.0 million. The balance sheet comparatives have been revised to reflect this change, with last year's shareholders' funds reducing by €4.0 million.

- Amendments to IAS 1 Presentation of Financial Statements Presentation of Items of Other Comprehensive Income has required the Group to present separately items in other comprehensive income on the basis of whether or not they could be reclassified to profit or loss in future.
- IFRS 13 Fair Value Measurement has been implemented during the year and creates a single financial standard for the measurement and disclosure of fair values.

2. New accounting standards not affecting the consolidated financial statements in the year ended 31 March 2014

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

- Government loans (Amendments to IFRS1),
- Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).

3. New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods ending after 31 March 2014 and, therefore, have not been applied in preparing these consolidated financial statements. The Group is currently reviewing these new standards to determine their effects on the Group's financial reporting. Those that may have a significant effect on the consolidated financial statements of the Group are:

Accounting standards first effective in the consolidated financial statements after 1 April 2014

- IFRS 10 Consolidated Financial Statements replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. The new standard introduces a single model of assessing control. Control exists where an investor has the power to direct the activities of another entity in order to influence the returns to the investor
- IFRS 11 Joint Arrangements replaces IAS 31 Interests in Joint Ventures. The new standard requires all joint ventures to be equity accounted, a change which should not affect the Group
- IFRS 12 Disclosure of Interests in Other Entities sets out new disclosure requirements in respect of interests in subsidiaries, joint arrangements and associates. It also introduces new requirements for unconsolidated structured entities
- Amendments to IAS 32, which specify the terms of presentation offset in the balance sheet of financial instruments.

Accounting standards first effective in the consolidated financial statements after 1 April 2018 or later

- IFRS 9 Financial Instruments replaces certain elements of IAS 39 Financial Instruments: Recognition and Measurement in respect of the classification and measurement of financial assets and liabilities and introduces additional requirements for liabilities and hedge accounting. The most significant impact for the Group is to replace the current categorisation of financial assets (fair value through profit or loss, available-for-sale and loans and receivables) such that financial assets would only be measured at amortised cost or fair value depending on the assets' contractual terms.

D. Standards not adopted early

The Group has not applied any new standards, adopted by the European Union or IASB, where the application in 2013/2014 is optional.

III. Accounting principles and valuation methods

To prepare the financial statements in accordance with the Group's accounting methods, management has made assumptions and estimates that could have an impact on the book value of certain assets and liabilities and items of income and expense.

By their nature, such valuations carry risks and uncertainties as to their realisation in the future. In conditions of market crisis, marked by frequent impairment of financial assets, management has taken care to take into consideration the counterparty's financial situation and outlook as well as multiple-criteria valuations that take observable parameters into account to determine whether there are objective signs of impairment.

Estimates and assumptions are used mainly with regard to goodwill, available-for-sale financial assets, loans and receivables, and impairment and provisions.

At each closing, the Group draws conclusions from past experience and all relevant factors relating to its business.

A. Consolidation methods

1. Financial year end of the consolidated companies and sub-groups

Paris Orléans and its subsidiaries are consolidated on the basis of a financial year end at 31 March 2014, except for Francarep Inc, Continuation Investments NV (CINV), Fircosoft Group, Rivoli Participation SAS, St Julian's Property, Rothschild (Mexico) SA de CV, Rothschild Mexico (Guernsey) Ltd and Nextpool, which are included in the consolidation on the basis of a 31 December 2013 year end.

If a subsequent event occurs between the closing date of the subsidiary and 31 March 2014 that would have a material impact on the consolidated financial statements, this event is accounted for in the consolidated financial statements of the Paris Orléans Group as at 31 March 2014.

2. Consolidation principles

The financial statements of the Group are made up to 31 March 2014 and consolidate the audited financial statements of the Company and its subsidiary undertakings.

Subsidiaries

Subsidiaries are all the entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally as a result of a shareholding of more than one half of the voting rights, so as to obtain benefits from the activities of the entity.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which the Group acquires control, and cease to be consolidated from the date that control ceases.

The Group uses the purchase method of accounting for the acquisition of subsidiary undertakings. The cost of an acquisition is measured as the fair value of the assets given as consideration, shares issued or liabilities undertaken at the date of acquisition, plus any costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net identifiable assets and fair value of contingent liabilities of the subsidiary undertaking acquired is recorded as goodwill. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated on consolidation. The accounting policies used by subsidiary undertakings in their consolidation returns are consistent with the policies adopted by the Group.

Some subsidiaries are limited partnerships (*Sociétés en Commandité Simple*). The percentage interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership, taking into consideration the share attributable to work.

The financial statements of the Group's subsidiary undertakings are made up either to the balance sheet date of the Company, or to a date not earlier than three months before the balance sheet date. They are adjusted, where necessary, to conform with the accounting policies of the Group and for any material transactions or events that occur between the two dates.

Associates

Associates are companies over whose financial and operational decisions the Group exercises significant influence but not control (this is generally demonstrated when the percentage of voting rights is equal to or greater than 20% but less than or equal to 50%).

The Group's investments in associated undertakings are initially recorded at cost. Subsequently they are increased or decreased by the Group's share of the post-acquisition profit or loss, or by other movements reflected directly in the equity of the associated undertaking. When the Group's share of losses in an associated undertaking equals or exceeds its interest in the associated undertakings, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated undertaking. Goodwill arising on the acquisition of an associated undertaking is included in the cost of the investment (net of any accumulated impairment loss).

The Group's share of the post-tax results of associated undertakings is based on financial statements made up to a date not earlier than three months before the balance sheet date.

Joint ventures

Joint ventures, in which the Group has a contractual arrangement with one or more parties to undertake activities jointly, may take the form of a jointly controlled entity or a jointly controlled operation.

A jointly controlled entity is a joint venture that involves the establishment of an entity in which each venturer has an interest. Jointly controlled entities are consolidated using the equity method.

Jointly controlled operations are those joint ventures involving the use of the assets and other resources of the venturers themselves, rather than the establishment of an entity. They are consolidated using the equity method.

Non-controlling interests

Non-controlling interests represent the share of fully consolidated subsidiaries that are not directly or indirectly attributable to the Group. These comprise the equity instruments issued by these subsidiaries and which are not held by the Group. They include also the perpetual subordinated debt securities issued by the Group and containing discretionary clauses relating to payment of interest.

3. Business combinations and goodwill

Business combinations are accounted for using the purchase method stipulated by IFRS 3 "Business Combinations". Thus, upon initial consolidation of a newly acquired company, the identifiable assets, assumed liabilities and any contingent liabilities of the acquired entity are measured at fair value in accordance with the provisions of IFRS. The costs directly attributable to business combinations are recognised in the income statement for the period.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is not certain. It is recognised as equity or debt in the balance sheet depending on the settlement alternatives; any subsequent adjustments to debt are booked in the income statement in accordance with IAS 39 for financial liabilities and within the scope of the appropriate standards for other liabilities.

Any excess of the price paid over the assessed fair value of the share of net assets acquired is booked in the consolidated balance sheet under Goodwill. Any deficit is immediately recognised in the income statement. All necessary valuations of assets and liabilities must be carried out within twelve months from the date of acquisition, as must any corrections to the value based on new information. Goodwill is not amortised and is tested for impairment at least once per year in accordance with the IAS 36, as described in the paragraph on impairment of financial assets below.

For all business combinations, the Group assesses non-controlling interests as either:

- Based on its share of the fair value of the identifiable assets and liabilities at the date of the acquisition, without recognising the goodwill for non-controlling interests (partial goodwill method); or
- At fair value at the date of acquisition. Consequently the recognition of the goodwill is allocated to Group share and to non-controlling interests (full goodwill method).

On the date of acquisition of an entity, any stake in this entity already held by the Group is revalued at fair value through profit or loss. In such a case, taking control is accounted for as a sale of the shares previously held and the purchase of all shares held after control is obtained.

In the event of an increase in the Group's stake in entities over which it already exercises control, the difference between the price paid for the additional stake and the fair value of the share of net assets acquired at this date is booked in the Group's reserves. In the same way, any reduction in the Group's stake in an entity which it continues to control is accounted for as an equity transaction between shareholders. At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through the income statement.

Income from subsidiaries acquired or sold during the financial year is included in the consolidated income statement respectively from their acquisition date and up to their disposal date. In respect of disposal groups, the application of IFRS 5 means the share of profit or loss of the entity held for sale is not recognised between the date of IFRS 5 application and the date of sale, with accounting by the equity method being stopped at the date of reclassification into the category of "assets held for sale".

4. Commitment to buy out the minority shareholders of fully consolidated companies

The Group may give the minority shareholders of a subsidiary undertaking a commitment to buy their shareholding. For the Group this corresponds to an option commitment (sale of put options).

In accordance with IAS 32, the Group would record a financial liability in respect of the put option sold to the minority shareholders. This liability would be recognised under 'other liabilities' at the put option's estimated strike price.

The obligation to record a liability even though the put option has not been exercised requires, for the sake of consistency, the same accounting treatment as that applied to non-controlling interests. Accordingly, the counter entry to this liability is recorded as a deduction from non-controlling interests underlying the put option with the balance deducted from consolidated reserves, Group share.

If the option is exercised, the liability will be settled by the disbursement of cash linked to the purchase of non-controlling interests in the subsidiary in question. If, however, the option is not exercised on expiry of the commitment, the liability will be eliminated, with the counter entry going to non-controlling interests and shareholders' equity, Group share.

As long as these options are not exercised, the results relating to the non-controlling interests to which the put has been granted are recorded in the consolidated income statement under Net income – Group share.

B. Accounting principles and valuation methods

1. Exchange rate transactions

The consolidated financial statements are presented in Euros, which is the Company's functional currency and the Group's reporting currency. Items included in the financial statements of each of the Group's entities are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Their balance sheets are translated at the exchange rate at the end of the period. Exchange differences arising from the translation of the net investment in foreign subsidiaries, associates and joint ventures are taken to shareholders' equity. On disposal of a foreign entity, these translation differences are recognised in the income statement as part of the gain or loss on sale.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates when the fair value was determined.

Translation differences on equities classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the income statement. Translation differences on equities classified as available for sale are included in the available-for-sale reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2. Derivative instruments and hedge accounting

Derivatives

Derivatives may be transacted for trading or hedging purposes.

Derivatives used for hedging are recognised as hedging instruments when classified as such under IAS 39.

Derivatives are initially recognised at fair value and are subsequently measured at fair value with changes in fair value recognised in the income statement. If there is a designated hedging relationship between a hedging instrument and a hedged item, the recognition of the profit or loss on the hedging instrument and the hedged instrument must comply with the conditions of IAS 39, depending on the hedging relationship.

Embedded derivatives

Some hybrid contracts contain both a derivative and a non-derivative component.

In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract, and where the hybrid contract itself is not carried at fair value through profit or loss, the embedded derivative is separated and reported at fair value with gains and losses being recognised in the income statement.

The Group's investments in collateralised debt obligations ("CDOs") which take credit exposure in the form of credit derivatives are treated as containing embedded derivatives that are not closely related to the host CDO contract. The change in fair value of these "synthetic" CDO contracts attributable to the credit derivatives is recognised in the income statement under Net gains or losses on financial instruments at fair value through profit or loss.

Hedge accounting

The Group may apply either fair value or cash flow hedge accounting when transactions meet the criteria for hedge accounting treatment set out in IAS 39. At the inception of the hedge, the Group assesses whether the hedging derivatives meet the effectiveness criteria of IAS 39 in offsetting changes in the fair value or cash flows of the hedged items. The Group then documents the relationship between the hedging instrument and the hedged item. It also records its risk management objectives, its strategy for undertaking the hedge transaction and the methods used to assess the effectiveness of the hedging relationship.

After inception, effectiveness is tested on an on-going basis. Hedge accounting is discontinued when it is determined that a derivative has ceased to be highly effective, or when the derivative or the hedged item is derecognised, or when the forecast transaction is no longer expected to occur.

Fair value hedge accounting

Changes in value of fair value hedge derivatives are recorded in the income statement, together with fair value changes to the underlying hedged item in respect of the risk being hedged.

If the hedge no longer meets the criteria for hedge accounting, the difference between the carrying value of the hedged item on termination of the hedging relationship and the value at which it would have been carried had the hedge never existed is amortised to the income statement over the residual period to maturity based on a recalculated effective interest rate. Where the hedged item is an available-for-sale equity security, the adjustment remains in equity until the disposal of the equity security.

Cash flow hedge accounting

Changes in the fair value of the effective portion of derivatives designated as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement.

Amounts accumulated in equity are recycled to the income statement when the item being hedged impacts profit or loss.

When hedge accounting is discontinued, any cumulative gain or loss in equity remains in equity and is only recognised in the income statement when the forecast transaction is recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative balance in equity is immediately transferred to the income statement.

Net investment hedge in foreign operations

Hedges of net investments in foreign operations are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

3. Net gains or losses on financial instruments at fair value through profit or loss

The net gains or losses on financial instruments at fair value through profit or loss result from changes in the fair value of the financial assets held for trading and financial assets designated as being at fair value through the statement of comprehensive income.

4. Income from fees and commissions

The Group earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories; fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

Portfolio and other management fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

5. Interest income and expenses

Interest receivable and payable represents all interest arising out of banking activities, including lending and deposit-taking business, interest on related hedging transactions and interest on debt securities. Interest on all financial instruments, excluding those classified as held for trading or designated at fair value through profit or loss, is recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash flows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Group considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the loan.

6. Financial assets and liabilities

Financial assets and liabilities are recognised on trade date and derecognised on either trade date, if applicable, or on maturity or repayment.

On initial recognition, IAS 39 requires that financial assets be classified into the following categories; at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale. The Group does not hold any assets that are classified as held-to-maturity investments.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, (i.e. primarily acquired for the purpose of selling in the short term), derivatives that are not designated as cash flow or net investment hedges, and any financial assets that are designated as fair value through profit or loss at inception.

These financial assets are recognised at fair value, with transaction costs recorded immediately in the income statement; they are subsequently measured at fair value. Gains and losses arising from changes in fair value, or on derecognition, are recognised in the income statement as net gains or losses on financial assets at fair value through profit or loss. Interest and dividend income from financial assets at fair value through profit or loss is recognised in net gains or losses on financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans which are intended to be sold in the short term are classified as held for trading and are recorded at fair value through profit or loss.

Loans and receivables are initially recorded at fair value, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses on loans and receivables that are derecognised are booked as Income from other activities.

Available-for-sale financial assets

Available-for-sale investments comprise non-derivative financial assets that are either designated as available for sale on initial recognition or are not classified into the categories described above. Available-for-sale investments include some loans and debt securities that do not meet the criteria for classification as loans and receivables as they are quoted in an active market. They are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity until the financial asset is sold or impaired, at which time the cumulative gain or loss is transferred to the income statement. Interest (determined using the effective interest rate method), impairment losses and translation differences on monetary items are recognised in the income statement as they arise. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

7. Reclassification of financial assets

When a financial asset with fixed or determinable revenues initially recorded under available-for-sale assets can no longer be traded on an active market and the Group has the intention or the capacity to hold the assets for the foreseeable future or until maturity, the asset can then be reclassified under loans and advances subject to compliance with the criteria for classification as such. The financial assets concerned are transferred to their new category at their fair value on the reclassification date and subsequently valued using the valuation methods applicable to their new category.

If there is objective evidence of impairment resulting from an event that took place after reclassification of the financial assets concerned, and this event has a negative impact on the initially-expected future cash flows, an impairment charge is recorded in the income statement under impairment charges and loan provisions.

8. Determination of fair value

Fair value is the amount for which an asset could be exchanged or a liability extinguished between knowledgeable, willing parties in an arm's length transaction. The fair value used to measure a financial instrument is, in principle, the listed price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using measurement techniques.

A financial instrument is considered to be listed on an active market if prices are readily and regularly available from a stock exchange, a broker or a trader and such prices represent actual transactions and appear regularly on the market in arm's length conditions. Assessment of the inactive nature of a market is based on indicators such as a significant fall in transaction volumes, the high dispersion of prices available over time or the age of the last transactions observed on the market in arm's length conditions. If a market is deemed illiquid, the transaction price at the close is not considered to be the fair value at the end of the period. The quotation price is adjusted if compensation value does not correspond to transaction price.

9. Financial liabilities

Except for derivatives, which are classified at fair value through profit or loss on initial recognition, all financial liabilities are carried at amortised cost.

10. Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at fair value, and the initial fair value is amortised over the life of the guarantee. The guarantee liabilities are subsequently carried at the higher of the amortised amount and the expected present value of any expected payment (when a payment under the guarantee has become probable).

11. Derecognition

The Group derecognises a financial asset when:

- The contractual rights to cash flows arising from the financial assets have expired; or
- It transfers the financial asset including substantially all of the risks and rewards of the ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of the asset, but no longer retains control of the asset.

When a sale is followed by an immediate buyback, the Group considers that it has substantially retained the risks and rewards of ownership and, therefore, would not derecognise the asset.

12. Securitisation operations

The Group has issued debt securities or has entered into funding arrangements with lenders in order to finance specific financial assets.

In general, both the assets and the related liabilities from these transactions are held on the Group's balance sheet. However, to the extent that the risks and returns associated with the financial instruments have been transferred to a third party, the assets and liabilities are derecognised in whole or in part.

Interests in securitised financial assets may be retained or taken in the form of senior or subordinated tranches of debt securities, or other residual interests. Such retained interests are primarily recorded as available-for-sale assets.

13. Impairment of financial assets

Assets carried at amortised cost are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

Impairment losses are incurred if two conditions are met.

Firstly, there must be objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset (a "loss event").

Secondly, that loss event must have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- Significant financial difficulty of the issuer;
- Granting to the borrower, for economic or legal reasons relating to its financial difficulty, a concession that the lender would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Impairment of loans and receivables

The Group first assesses whether objective evidence of impairment exists: individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment losses are calculated on a collective basis for any losses on loans that are subject to individual assessment for impairment, where those losses have been incurred but not yet identified. Collective assessment is also used for homogeneous groups of loans that are not considered individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it is included in a collective assessment for impairment with other assets with similar risk characteristics.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account. The amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a financial asset reflects the cash flows that may result from scheduled interest payments, principal repayments or other payments due, including liquidation of collateral where available. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the value of any underlying collateral or guarantees in the Group's favour. Each impaired asset is assessed on its merits, and the relevant Credit Committee reviews the workout strategy and estimate of cash flows considered recoverable on a regular basis. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Collectively assessed credit risk allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets but the individual impaired items cannot yet be identified. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows are estimated on the basis of historical loss experience. These estimates are subject to regular review and adjusted to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The accuracy of the allowances made depends on how accurately the Group estimates future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate which was used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an objective event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance for loan impairment. The amount of the reversal is recognised in the income statement.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. Recoveries received in respect of loans previously written off are recorded as a decrease in the impairment losses on loans and advances recorded in the income statement in the year in which the recovery was made.

Loans that are to be tested for impairment, for which the repayment terms have been renegotiated and that have been classified as unpaid or impaired (if they were not renegotiated), are reviewed in order to determine if they should be classified as impaired or unpaid.

Impairment of available-for-sale financial assets

Available-for-sale assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

For equity instruments, a significant or prolonged fall in their price below their acquisition cost is an objective indication of value impairment.

Paris Orléans Group considers that this is the case, in particular, for equity instruments which at the reporting date show unrealised losses exceeding 40% of their acquisition cost and for those in a situation of an unrealised loss during a continuous five-year period. Even if the criteria mentioned above were not met, the management may decide to examine the results for other criteria (financial position of the issuer, outlook for the issuer, multiple-criteria valuations, etc.) in order to determine whether the fall in value is of a permanent nature. Where there is an objective indication of value impairment, the cumulative loss is removed from equity and recognised in the income statement. Subsequent improvements in fair value are recognised in equity.

Impairment of available-for-sale debt securities is based on the same criteria as for all other financial assets. If in a subsequent period the fair value of a debt instrument classified as available for sale increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

The loss recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

14. Classification of debts and shareholders' equity

Under IFRS, the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Group to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Group will classify the financial instrument as equity; otherwise it will be classified as a liability and carried at amortised cost. The terms of the perpetual debt instruments issued by subsidiaries in the Group permit interest payments to be waived unless discretionary dividends have been paid in the previous six months. These instruments are, therefore, considered to be equity.

Perpetual subordinated debt securities

Given their characteristics, perpetual subordinated debt securities issued by the Group and bearing clauses requiring the payment of interest qualify as debt instruments and are classified as subordinated debt. The related interest expense is recognised in the income statement.

By contrast, perpetual subordinated securities issued by the Group and bearing discretionary clauses relating to the payment of interest are classified as equity instruments and the related interest is recognised in the income statement under non-controlling interests.

When an event occurs that removes the Group's obligation to pay interest on a subordinated debt, the debt is reclassified to equity at its fair value. At the time of the reclassification, the Group recognises any difference between the instrument's carrying amount and its fair value in the income statement.

15. Consolidated goodwill and intangible assets

Goodwill in an associate, partnership interest or subsidiary represents the excess, at the date of acquisition, of an acquisition's cost over the fair value of the Group's share of net identifiable assets acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights, regardless of whether those rights are separate.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount is too high. Goodwill is allocated to cash-generating units for the purposes of impairment testing. If the net present value of each of the cash-generating unit's forecast cash flows is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill are recognised in the income statement and are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets include acquired brands, intellectual property rights, and client relationships. These are carried at historical cost less amortisation, if any, and less any accumulated impairment losses. These intangible assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If such evidence exists, an impairment test is performed.

16. Investment property

Investment property corresponds to real estate assets that are leased out. It is recognised at its fair value, which corresponds to the re-assessed value under the move to IAS/IFRS for the other real estate assets; this value constitutes the deemed cost for these assets.

17. Tangible assets

Tangible assets are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The deemed cost refers to the situation in which, on transition to IFRS, the Group elected, as IFRS1 First-time adoption of IFRS permits, to consider the fair value of a tangible asset at that time to be its deemed cost.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Computer equipment	3-10 years
Software development	3-5 years
Cars	3-5 years
Fixtures and fittings	3-10 years
Leasehold improvements	4-24 years
Buildings	10-60 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are recognised in the income statement.

18. Impairment of tangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

19. Finance leases and operating leases

Where the Group is the lessor

Finance leases

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised in interest receivable over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Operating leases

Assets acquired for use by customers under operating lease agreements, including initial direct costs incurred by the lessor in negotiating an operating lease, are capitalised in the relevant category of fixed assets. Depreciation is charged on a straight-line basis to write down the value of the asset to the expected residual value over a period consistent with other assets of a similar type.

Operating lease income and the initial direct costs are then recognised in other operating income on a straight-line basis over the period of the lease.

Where the Group is the lessee

The Group has entered into operating leases. The total payments made under those operating leases are charged to the income statement as operating expenses.

20. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months, including cash and non-restricted balances with central banks, certificates of deposit and loans and advances to banks. Also included are short-term cash investments (recommended investment period of less than three months), the characteristics of which are a high level of liquidity (liquidation possible at least weekly) and low risk of a change in value (regularity of performance and volatility index of below 0.5). At closing, these cash equivalents are measured at fair value through profit or loss.

21. Long term incentive schemes

Long term profit share schemes

The Group operates long term profit share schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of payment.

Share-based payments

Share-based payment transactions are payments based on the value of shares issued by the Group, either in the form of equity or cash. IFRS 2 requires that share-based payments are recognised as an expense. The amount recognised is the value of the share-based payment granted to the employee.

In the absence of any market for stock options, models are used to value the share-based payments. The total expense of a plan is determined by multiplying the number of options, or shares awarded by their unit value. This total expense is then recognised in the income statement over the period between the date of award and the date of vesting, after taking into account the conditions regarding the continued employment of the beneficiary.

The value of share-based payments is recorded in staff costs, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant.

The only assumptions revised after initial measurement, and hence resulting in a revaluation of the expense, are those relating to the probability that employees will leave the Group.

22. Pensions

The Group operates a number of pension and other post retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types.

For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

Actuarial gains and losses for defined benefit schemes are recognised outside the income statement and are presented in the statement of comprehensive income.

The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date, and the fair value of the plan's assets, if any. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The obligations' present value are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

23. Taxation

Tax payable on profits and deferred tax are recognised in the income statement, except to the extent that they relate to items that are recognised in equity.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when a deferred tax asset is realised, or the deferred tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, deferred profit share arrangements, revaluation of certain financial instruments including derivative contracts, provisions for post-retirement benefits and tax losses carried forward.

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not provided on temporary differences arising from investments in subsidiaries and associates, unless the timing of the reversal of the temporary difference is controlled by a third party or it is probable that the difference will reverse in the foreseeable future.

24. Dividends

Dividends are recognised in equity in the period in which they are declared by the Company's shareholders at the Annual General Meeting or, in the case of interim dividends, when they are paid.

25. Fiduciary activities

The Group acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. These assets and the income arising therefrom are excluded from these financial statements, as they are not assets or income of the Group.

26. Provisions and contingent liabilities

From time to time, the Group is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated.

The Group recognises provisions in respect of onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

27. Non-current assets destined for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition and management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of the classification, and the disposal group is actively marketed for sale at a price that is reasonable in relation to its fair value.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities is measured in accordance with the applicable standard. On classification as held for sale, the asset or disposal group is measured at the lower of the carrying amount and fair value less costs to sell.

An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset or disposal group to fair value less costs to sell. Any gain for a subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

28. Segmental reporting

The Group discloses the following reporting segments:

- Primary segmentation: distinguishing between activities carried out within the Group. The segments are Global Financial Advisory, Asset Management, and Other. Asset Management comprises Wealth & Asset Management and Merchant Banking businesses. Other comprises Central cost, Legacy businesses and other;
- Secondary segmentation: geographic breakdown. In terms of geographic breakdown the segmentation is as follows: France, United Kingdom and Channel Islands, Switzerland, North America, Asia and Australia and other European countries.

The breakdown by geographic segment is based on the geographic location of the entity that records the income or which holds the asset.

IV. Financial risk management

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

A. Governance

The deliberative body of the Group is the Supervisory Board of PO which oversees PO and carries out the permanent supervision of the management and submits to the annual general meeting of shareholders a report on the results of its supervision. The Supervisory Board has appointed two specialised committees to address particular concerns: the Audit Committee and the Remuneration and Nominations Committee. The Audit Committee reports to the Supervisory Board on the effectiveness and quality of internal control and risk management, particularly with regard to the consistency of risk measurement, supervision and management systems. The Remuneration and Nominations Committee assists the Supervisory Board with its remuneration related duties and in particular with the preparation of its decisions aimed at deciding the Group's remuneration policy principles.

PO Gestion is the manager and general partner of PO and, as such, acts as the legal representative of PO. PO Gestion and its officers are supported and assisted in the management of the PO Group by the Group Management Committee ("GMC") which forms the senior executive operational and functional committee for the PO Group, responsible for the proper and effective functioning of Group governance structures, operating policies and procedures, and implementation of Group strategy. The GMC assists PO Gestion and its officers in the administration of the affairs of the PO Group and oversees the other business management and internal control Group committees.

The Group's key executive bodies involved in internal control are:

- The Group Risk Committee (which will become a sub-committee of the PO Supervisory Board); and
- The Group Assets and Liabilities Committee ("Group ALCO") responsible for medium-term capital planning, having regard for the Group's business plans and regulatory constraints.

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

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 and other borrowings. The Group uses derivative financial instruments to meet clients' requirements and to manage its exposure to interest rate and currency risk arising from its banking activities. The Group also invests in debt securities in order to provide a portfolio of liquid assets to assist in the management of liquidity risk. Further information on derivative contracts is set out in notes 1 and 2 of section V.

Risk management of these instruments is coordinated at Paris Orléans level, through the Group Chief Risk Officer and the Risk function throughout the Group. The key risks arising from the Group's activities involving financial instruments are risks relating to credit, market and liquidity.

Credit risk arises from the potential failure of counterparties and customers to meet their obligations.

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 arises from the mis-match between the legal maturity of the assets and the liabilities. Liquidity is measured by classifying assets, liabilities and other cashflows into future time bands using a series of prudent assumptions and calculating the resultant surplus or deficit in each period.

Responsibility for managing specific risks rests with individual businesses which are required to establish processes for identifying, evaluating and managing the key risks they face. In addition, the businesses are required, where appropriate, to establish separately constituted committees, to approve policies, set limits, monitor exceptions and make recommendations on operational, liquidity, market and credit risk decisions.

The Group's approach to these risks and a summary of the Group's exposure to them is set out in the following sections.

B. Credit risk

The Group has a Credit Risk Policy which is reviewed annually by the Group Risk Committee. The policy sets out the credit risk appetite of the Group and the limits that have been established at Group level, and establishes reporting protocols. It also requires each subsidiary that conducts banking activities to have a credit risk policy which is consistent with the Group Credit Risk Policy and with the requirements of local regulators. All 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 are secured on property or 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. Reflecting the Group's focus on Private Client Lending, a Group Private Client Credit Committee ("PCCC") approves and periodically reviews the Private Client Lending exposures and credit policies consistent with the Private Client Lending strategy approved by the GMC. The Private Client Lending exposures assumed and the credit policies followed within the Group are subject to the oversight of the Group Risk Committee. The purpose of the Group PCCC is to ensure that the level of risk assumed is consistent with the risk appetite of the Group and in accordance with the Group Credit Risk Policy.

The Private Client Lending policies and associated delegated authorities will be confirmed by the relevant Board (or Board Committee as appropriate) of each of the banking entities on an annual basis. Any material changes to the Private Client Lending policies will be approved by the GMC and the Group Risk Committee.

Credit exposures on loans and debt securities are reviewed on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures where the payment of interest or principal is not in doubt and which are not part of categories 2 to 5.
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; difficult 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 for which a provision is not considered necessary despite non-payment of the contractual obligations.*
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan (unless collateral exists which exceeds the exposure's carrying value). At least 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.

All Group companies map their own credit monitoring to these categories for the purposes of Group reporting.

The tables below disclose the maximum exposure to credit risk at 31 March 2014 and at 31 March 2013 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

Available-for-sale debt securities include valuations of synthetic CDOs (Collateralised Debt Obligations), which are accounted for in Financial liabilities at fair value through profit or loss. At 31 March 2014, the amount was €0.2 million (March 2013: €1.5 million).

In thousands of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/2014
Financial assets at fair value through profit or loss[(1)]	155,519	–	–	–	–	–	–	155,519
Hedging derivatives	14,346	–	–	–	–	–	–	14,346
Loans and advances to banks	1,175,858	–	–	–	–	–	–	1,175,858
Loans and advances to customers	1,060,017	65,773	162,498	5,685	147,437	15,885	(79,991)	1,377,304
Available-for-sale financial assets - debt securities	239,328	5,954	9,214	-	28,018	18,510	(31,456)	269,568
Other financial assets	270,581	19	16	8,558	6,463	12,503	(14,043)	284,097
Sub-total Assets	**2,915,649**	**71,746**	**171,728**	**14,243**	**181,918**	**46,898**	**(125,490)**	**3,276,692**
Commitments and guarantees	148,824	2,078	513	–	–	–	–	151,415
TOTAL	**3,064,473**	**73,824**	**172,241**	**14,243**	**181,918**	**46,898**	**(125,490)**	**3,428,107**

(1) Excluding equity.

In thousands of euro	Category 1	Category 2	Category 3	Past due but not impaired	Category 4	Category 5	Impairment allowance	31/03/2013
Financial assets at fair value through profit or loss[1]	152,354	–	–	–	–	–	–	152,354
Hedging derivatives	26,849	–	–	–	–	–	–	26,849
Loans and advances to banks	1,144,124	–	–	–	–	–	–	1,144,124
Loans and advances to customers	972,298	101,990	154,130	33,079	170,530	32,641	(106,612)	1,358,056
Available-for-sale financial assets - debt securities	290,432	9,504	13,768	–	52,898	37,833	(61,527)	342,908
Other financial assets	262,169	2,999	–	16,393	16,084	11,974	(20,199)	289,420
Sub-total Assets	**2,848,226**	**114,493**	**167,898**	**49,472**	**239,512**	**82,448**	**(188,338)**	**3,313,711**
Commitments and guarantees	137,159	3,609	3,151	–	682	–	–	144,601
TOTAL	**2,985,385**	**118,102**	**171,049**	**49,472**	**240,194**	**82,448**	**(188,338)**	**3,458,312**

[1] *Excluding equity.*

1. Past due but not impaired assets

The table below analyses amounts past due but not impaired by how far they are past their due date:

	31/03/2014			31/03/2013		
In thousands of euro	Loans and advances to customers	Other financial assets	TOTAL	Loans and advances to customers	Other financial assets	TOTAL
Less than 90 days	3,478	987	4,465	5,179	1,072	6,251
Between 90 and 180 days	289	3,013	3,302	3,521	7,219	10,740
Between 180 days and 1 year	568	3,969	4,537	21,658	6,608	28,266
More than 1 year	1,350	589	1,939	2,721	1,494	4,215
TOTAL	**5,685**	**8,558**	**14,243**	**33,079**	**16,393**	**49,472**

As refinancing and sale options are currently limited, it is generally in the lender's and borrower's interest to extend certain facilities at maturity and not to foreclose on the security. This assumes there are no underlying issues regarding the borrower's ability to continue to service the loan and the level of collateral is expected to be of sufficient quality to secure the principal.

Unimpaired loans extended in this manner are not categorised as either past due or as re-negotiated. As at 31 March 2014, the cumulative value of all loans within this category was €114.7 million (March 2013: €153.0 million). All of these loans were property loans.

There are a small number of loans which are overdue, but not impaired, pending an extension of maturity. As at 31 March 2014, these amounted to €4.4 million (March 2013: €25.0 million).

Some loans were renegotiated on substantially different terms than before. Typically these loans will include revised covenants and higher margins to reflect higher credit risk as well as having extended maturities. But for these renegotiations the loans would have been deemed to have been impaired. As at 31 March 2014, the carrying value of all loans renegotiated was €66.1 million (March 2013: €92.0 million).

2. Collateral

The Group holds collateral against loans to customers. Substantially all third party commercial lending is secured. Collateral is split by type as either specific or general.

Specific collateral is a readily identifiable asset. The majority of specific collateral is in the form of charges over property assets, or over marketable securities (Lombard lending). There is a realistic possibility, if necessary, of both taking possession of, and realising, the collateral. General collateral will be more difficult to both identify and realise. It will usually be a charge over the assets of a business, and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. For category 1, 2 and 3 loans the level of collateral at expected exit is expected to be sufficient to cover the balance sheet exposure. Where a loan is deemed to be impaired (categories 4 and 5 assets), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, though it is also influenced by the ability of the borrower to service the debt.

Collateral is valued independently at the time the loan is made and periodically thereafter on a rolling basis. For physical assets such as property, management are able to roll forward a valuation for reporting purposes via a combination of specific knowledge of the property and the application of general property indices.

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are individually impaired and past due but not impaired.

	31/03/2014		31/03/2013	
In thousand of euro	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets collateral	5,976	89,985	33,595	106,132
Financial assets collateral	–	10,145	–	17,210
TOTAL	**5,976**	**100,130**	**33,595**	**123,342**
Gross value of loans	5,685	163,322	33,079	203,171
Impairment	–	(53,366)	–	(71,493)
NET VALUE OF LOANS	**5,685**	**109,956**	**33,079**	**131,678**

3. Credit risk analysis

The Group monitors concentrations of credit risk by geographic location and industry sector. The tables below show an analysis of credit risk by location and by sector as of 31 March 2014 and 31 March 2013.

a) Credit risk by location

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.

In thousands of euro	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2014
Financial assets at fair value through profit or loss[(1)]	84,540	15,016	42,245	10,527	23	236	2,932	155,519
Hedging derivatives	1,007	12,431	–	908	–	–	–	14,346
Loans and advances to banks	607,866	270,515	38,623	128,913	81,956	32,291	15,694	1,175,858
Loans and advances to customers	181,892	707,572	166,345	167,721	86,438	55,082	12,254	1,377,304
Available-for-sale financial assets - debt securities	41,230	87,162	3,274	121,322	11,588	4,992	–	269,568
Other financial assets	65,261	62,321	32,569	61,200	35,382	19,941	7,423	284,097
Sub-total Assets	**981,796**	**1,155,017**	**283,056**	**490,591**	**215,387**	**112,542**	**38,303**	**3,276,692**
Commitments and guarantees	41,803	26,406	48,444	33,855	905	2	–	151,415
TOTAL	**1,023,599**	**1,181,423**	**331,500**	**524,446**	**216,292**	**112,544**	**38,303**	**3,428,107**

(1) *Excluding equity.*

In thousands of euro	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2013
Financial assets at fair value through profit or loss[(1)]	69,349	16,357	59,706	5,765	795	175	207	152,354
Hedging derivatives	1,911	23,789	–	1,149	–	–	–	26,849
Loans and advances to banks	459,589	294,816	53,049	108,020	184,580	35,910	8,160	1,144,124
Loans and advances to customers	95,857	734,272	125,743	218,587	133,311	42,054	8,232	1,358,056
Available-for-sale financial assets - debt securities	77,987	93,656	3,749	125,102	33,243	9,171	–	342,908
Other financial assets	69,494	83,107	15,569	61,962	29,929	22,044	7,315	289,420
Sub-total Assets	**774,187**	**1,245,997**	**257,816**	**520,585**	**381,858**	**109,354**	**23,914**	**3,313,711**
Commitments and guarantees	37,699	23,894	54,396	27,478	208	896	30	144,601
TOTAL	**811,886**	**1,269,891**	**312,212**	**548,063**	**382,066**	**110,250**	**23,944**	**3,458,312**

[(1)] *Excluding equity.*

b) Credit risk by sector

The sector is based on Global Industry Classification Standards ("GICS").

In thousands of euro	31/03/2014	31/03/2013
Financial	1,749,823	1,587,976
Private clients	690,830	622,062
Real estate	381,297	407,599
Industrials	131,102	220,888
Consumer discretionary	128,424	163,451
Government	92,399	83,290
Consumer staples	53,939	59,748
Materials	48,316	78,063
Utilities	35,226	66,835
IT and telecoms	32,627	43,032
Healthcare	21,222	36,278
Energy	6,306	12,190
Other	56,596	76,900
TOTAL	**3,428,107**	**3,458,312**

The "Government" exposure above predominantly consists of high quality government securities.

The balances above do not include Cash and amounts due from Central Banks, which are not considered to have a significant credit risk. These amounted to €3,150 million at 31 March 2014 (March 2013 : €3,740 million).

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

In thousands of euro	31/03/2014	31/03/2013
Short term interbank exposures	1,262,804	1,132,188
Treasury marketable securities - investment grade	136,904	91,936
Cash/investment backed lending	166,755	115,334
Finance companies	40,032	25,221
Other	143,328	223,297
TOTAL FINANCIAL SECTOR	**1,749,823**	**1,587,976**

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

In thousands of euro	31/03/2014	31/03/2013
Senior loans	294,251	315,356
Mezzanine	66,308	78,334
Other	20,738	13,909
TOTAL REAL ESTATE SECTOR	**381,297**	**407,599**

Real estate exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types, and are located predominantly within the UK.

C. Market risk

Market risk arises as a result of the Group's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange, equity and debt position risk. Exposure to market risk is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes. Trading activities in the Group are confined to 'vanilla' products – the Group does not trade in complex derivatives or other exotic instruments.

There has been no material change to the Group's market risk profile since the last report.

Limits on market risk exposure in NMR, which is the Group's largest subsidiary, are set by the Group ALCO. Position limits are set for interest rate risk using an interest rate gap method. Position limits are set for FX risk using an Overnight Open Position Limit as well as an Intraday Open Position Limit. 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. Market risks associated with treasury, leveraged finance loan trading and equity positions are described below with a description of risk management and the levels of risk.

1. Equity investments

The Group has exposure to equity price risk through holdings of equity investments 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 and of the equities on which derivative instruments are dependent were to fall by 5%, then there would be a post-tax charge to the income statement of €11.8 million (March 2013: €11.6 million) and a charge to equity of €14.3 million (March 2013: €12.5 million).

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

The table below shows the Group's equity price risk in relation to these instruments, by locations.

In thousands of euro	31/03/2014	31/03/2013
France	209,862	196,524
Rest of Europe	130,604	97,190
Americas	105,804	45,186
Switzerland	103,671	128,305
Asia and Australia	28,549	27,771
United Kingdom and Channel Islands	13,456	17,654
Other	15,971	15,231
TOTAL	**607,917**	**527,861**

2. Currency risk

The group takes on exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk as at 31 March 2014. The net positions in the table show the aggregated positions of the main entities in the Group which are particularly affected by currency risk. The positions show the net monetary assets or liabilities in an entity which are denominated in a currency other than the functional currency, after taking into account the nominal value of currency derivatives.

(A monetary asset or liability is one to be settled with a fixed and determinable amount of units of currency). The sensitivity analysis for March 2014 shows the effect on the income statement of the Euro strengthening by 5% against the positions in which we have a significant net exposure and is prepared using the net long and short positions of the Group, based on the aggregation above.

If the Euro strengthened against these currencies by 5%, then the effect on the Group would be a gain to the income statement of €0.2 million (gain of €0.0 million for 2013).

In thousands of euro	31/03/2014	31/03/2013
USD	699	5,385
GBP	(2,238)	(3,896)
NZD	(1,258)	(679)
CZK	(898)	6
JPY	(519)	(419)
Other	711	(154)

	31/03/2014	31/03/2013
€ / USD	1.378	1.283
€ / GBP	0.826	0.845
€ / NZD	1.304	1.534
€ / CZK	27.451	25.788
€ / JPY	141.843	120.615

3. Interest rate risk

The following table summarises exposure to interest rate risk in the UK, Swiss and Guernsey banks by showing the impact on the fair value of interest-bearing assets and liabilities, and of interest rate derivatives, if base interest rates in each currency shown moved up by 100 basis points.

At 31 March 2014, the businesses in France held loans of €100.1 million, of which €25.1 million were at fixed interest rates, and available-for-sale debt securities of €48.4 million, of which €6.2 million were at fixed interest rates.

In thousands of euro	31/03/2014	31/03/2013
USD	524	(707)
EUR	(270)	(405)
GBP	243	923
CHF	1,537	912
Other	(2)	(122)
TOTAL	**2,032**	**601**

D. 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.

The PO Group adopts a conservative approach to liquidity risk and its management and has designed its approach in the overall context of the Banking and Wealth Management strategy. Each banking entity must have in place a liquidity risk policy approved by the Group ALCO and which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled. In summary each entity is required:

- To hold a level of liquidity resources necessary to meet its short-term obligations as defined by its liquidity policy statement; the Group ALCO may from time to time impose stricter guidance according to market conditions or other Group considerations.
- To maintain an appropriate structural liquidity profile through a funding base of appropriate duration and diversity relative to its asset profile, business plans, market capacity and access.
- To maintain in so far as possible local market and counterparty access to available liquidity resources including for example foreign exchange swap markets, Repo and applicable central bank facilities.
- To comply with all applicable regulatory liquidity requirements.

Liquidity is monitored daily, independently of the front office Treasury staff responsible for day-to-day liquidity management. The banking entities are also subject to liquidity guidelines set by their regulator.

At the Group's banking entities, liquidity is measured based on behavioural adjustments and stress tests. The behaviour of assets and liabilities may, in certain scenarios, be less favourable than foreseen by their contractual maturity. For instance, there is the possibility that customer loans will not be repaid at their contractual term.

The liquidity of the Group's four main banking groups is managed independently of each other. This is summarised on next page.

N M Rothschild and Sons Limited ("NMR")

NMR measures its liquidity risk quantitatively against a Liquidity Coverage Ratio ("LCR") limit. This is in line with the requirements of the regulator's liquidity regime. The LCR considers NMR's eligible "Buffer" assets against the cumulative net cash flows payable under its most severe stress test. Only those assets of the highest quality can be treated as eligible for inclusion in the LCR.

NMR's liquidity policy requires it to keep an LCR in excess of 100% at the one-month time horizon. At 31 March 2014, the ratio measured was 181% (31 March 2013: 169%).

Rothschild Bank International Limited ("RBI")

RBI complies with the liquidity regime of the Guernsey Financial Services Commission ("GFSC") which prescribes cumulative cash flow deficit limits for periods up to the one-month time horizon using standard behavioural adjustments (i.e. not institution specific).

At 31 March 2014, the RBI regulatory liquidity ratio for the 8 day to one month period as a percentage of total deposits was 22% (31 March 2013: 15%), well in excess of the limit set by the GFSC of -5%.

Rothschild Bank Zurich ("RBZ")

RBZ's liquidity policy includes a behavioural adjustment applied across different client types, which allows for approximately one third of client deposits to be withdrawn over 30 days. Although the regulatory framework would permit significant mismatches within the 30-day time bucket, RBZ maintains a more conservative approach to liquidity.

Internal limits provide for RBZ to be cumulatively cash positive in all periods (after behavioural adjustment). The behavioural adjustment is complemented by an additional requirement that 20% of all client call deposits are held in cash and assets realisable within 48 hours.

RBZ's liquid assets at 31 March 2014 were 423% of liquid liabilities, as measured for regulatory purposes (31 March 2013: 476%). The regulatory limit is 100%.

Rothschild & Cie Banque ("RCB")

RCB's liquidity assets are composed of clients' accounts, UCITS and outstanding income that is invested daily on money markets. The Treasury Committee and its intermediaries, which meet monthly, authorise the counterparties for these investments.

RCB's liquidity ratio corresponds to the ratio of cash assets and short-term loans to short-term liabilities. It is calculated on a monthly basis, with the minimum threshold set at 100%.

At 31 March 2014, RCB's one month liquidity ratio was 309% compared with 416% at 31 March 2013.

1. Contractual Maturity

The following table shows the Group's financial assets and liabilities, analysed by remaining contractual maturity at the balance sheet date.

In thousands of euro	Demand - 1m	1m - 3m	3m - 1yr	1yr - 2yr	2yr - 5yr	>5yr	No contractual maturity	31/03/2014
Cash and balances at central banks	3,150,360	–	–	–	–	–	–	3,150,360
Financial assets at FVTPL	84,268	11,012	1,173	166	3,069	159,155	26,283	285,126
Hedging derivatives	451	–	5,976	7,821	98	–	–	14,346
AFS financial assets	382	6,635	47,147	37,484	66,875	111,210	478,309	748,042
Loans and advances to banks	1,129,717	5,231	36,818	4,037	55	–	–	1,175,858
Loans and advances to customers	431,388	197,526	227,617	199,389	295,445	25,939	–	1,377,304
Other financial assets	223,282	44,606	15,528	584	97	–	–	284,097
TOTAL ASSETS	**5,019,848**	**265,010**	**334,259**	**249,481**	**365,639**	**296,304**	**504,592**	**7,035,133**
Financial liabilities at FVTPL	33,497	10,637	2,860	888	2,028	207	–	50,117
Hedging derivatives	–	116	403	297	13,064	–	–	13,880
Deposits by banks and central banks	130,733	–	22,526	17,933	163,643	–	–	334,835
Due to customers	4,023,432	68,245	433,642	257,963	141,959	21,427	–	4,946,668
Subordinated debt	–	–	28,338	–	–	–	–	28,338
Other financial liabilities	87,338	19,834	4,278	195	–	3,985	–	115,630
TOTAL LIABILITIES	**4,275,000**	**98,832**	**492,047**	**277,276**	**320,694**	**25,619**	**–**	**5,489,468**

2. Undiscounted cashflows of liabilities and commitments

The following table shows contractual undiscounted cash flows payable by the Group (i.e. including future interest payments) on its financial liabilities and commitments, analysed by remaining contractual maturity at the balance sheet date. This table does not reflect the liquidity position of the Group.

Loan commitments are analysed at the earliest date they can be drawn down.

In thousands of euro	Demand - 1m	1m - 3m	3m - 1yr	1yr - 2yr	2yr - 5yr	>5 yr	No contractual maturity	31/03/2014
Hedging derivatives	–	116	403	297	13,064	–	–	13,880
Deposits by banks and central banks	130,809	–	24,457	21,169	164,731	–	–	341,166
Due to customers	4,024,970	69,795	456,594	277,459	148,141	25,412	–	5,002,371
Subordinated debt	–	-	28,551	–	–	–	–	28,551
Other financial liabilities	89,689	18,778	2,887	195	–	3,985	–	115,534
Gross loan commitments	35,857	3,849	16,327	–	15,272	–	–	71,305
TOTAL LIABILITIES including commitments	**4,281,325**	**92,538**	**529,219**	**299,120**	**341,208**	**29,397**	**–**	**5,572,807**

E. Fair value of financial instruments

For financial reporting purposes, the new standard IFRS 13 requires fair value measurements applied to financial instruments to be allocated to one of three Levels, reflecting the extent to which the valuation is based on observable data.

Level 1: instruments quoted on an active market

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets. This mainly includes listed securities and derivatives traded on organised markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of funds where the value is determined and reported on a daily basis.

Level 2: instruments measured based on recognised valuation models using observable inputs other than quoted prices

Level 2 comprises instruments not directly quoted on an active market, measured using a valuation technique incorporating parameters that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Derivatives

They are classified in Level 2 in the following circumstances:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market extrapolation or interpolation or through corroboration by real transactions;
- Fair value is derived from other standard techniques such as discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments. The most frequently used of the techniques and measurement models is the discounted cashflow technique ("DCF"). The values derived from these models are materially affected by the measurement assumptions used, such as the amounts and settlement dates of future cash flows, the discount rates and solvency. When those parameters are determined on the basis of directly observable inputs, the derivatives are classified in Level 2.

Debt securities

Level 2 debt securities are less liquid than Level 1 securities. They are predominantly government bonds, corporate debt securities, mortgage backed securities, and certificates of deposit. They can be classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices (when supplied, for example, by consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers). Where prices are not directly observable on the markets, a DCF valuation is used. The discount rate used is adjusted for the applicable credit margin determined by similar instruments listed on an active market for comparable counterparties.

Funds

Investments in treasury funds or private equity are classified in Level 2 if the value is not determined and published on a daily basis, but they are nevertheless subject to regular reporting or offer observable data.

Other Equity securities

In the absence of a price available on an active market, fair value is determined using discounting or other measurement techniques using parameters derived from market conditions, based on data from comparable companies at the closing date.

The measurement techniques are:

- Transaction multiples

The preferred measurement technique is based on transaction multiples. This technique uses recent transactions in the sector under consideration. Multiples are established based on the enterprise value of comparable transactions and accounting measures such as EBITDA, EBIT or profit, which are applied to the asset to be measured.

- Earnings multiples

This consists of applying a multiple to the earnings of the company to be valued. It is based on multiples of a sample of listed companies, which are in the peer group of the company to be valued. The earnings multiples used are the price/earnings ratio (PER), enterprise value/earnings before interest and tax (EV/EBIT) and enterprise value/earnings before interest, tax, depreciation and amortisation (EV/EBITDA). These are historical multiples of the company to be valued and of the peer group companies. They are restated to exclude all non-recurring and exceptional amounts, as well as the amortisation of goodwill.

Companies in the selected peer group must operate in a similar sector or even identical sector to that of the target company. They are of a relatively comparable size and have similar growth prospects. Specific factors may also be taken into account in the selection: country, regulatory aspects specific to each market, and the presence or not of related business activities.

The value of the peer group companies is obtained by adding together the market capitalisation, net financial debt and non-controlling interests, based on the most recently available financial data.

Stock exchange multiples are calculated excluding any control premium. The valuation is made from the point of view of a non-controlling shareholder. However, if the investment to be valued is not listed, any control premium may be partially or wholly offset by the lack of liquidity relative to listed companies in the peer group.

If the company is not listed, a "tradability" discount is applied to reflect market practices. It is determined from the viewpoint of market operators, not from that of the existing investor.

- Measurement of share subscription warrants

Securities providing access to the capital, which generally take the form of share subscription warrants, are regularly assessed to determine the probability of exercise and the possible impact thereof on the value of the investment. At each closing date, the probability of exercise of the warrants is determined by comparing the cost of exercise with the expected benefit derived from exercise.

- Historical cost

When the Group has recently made an investment in an unquoted instrument, the transaction price (i.e. an entry price) might be a reasonable starting point for measuring the fair value of this unquoted equity instrument at the measurement date.

- Net assets

The Net Asset Value is, for a company, the amount a shareholder would receive if the company sold all its assets at their current market value, paid off any outstanding debts with the proceeds, and then distributed the remainder to the stockholders. For the external funds, the Net Asset Value is based on the value of securities held in a fund's portfolio.

Level 3: instruments measured using models that are not commonly used and/or that draw on non-observable inputs

Level 3 comprises instruments which are measured at least in part on the basis of non-observable market data which is liable to materially impact the valuation. Level 3 instruments mainly consist of:

- Unquoted shares whose fair value could not be determined using observable inputs and for which the net asset value is the best approximation of fair value at the closing date
- Shares of Private Equity funds for which the manager and third-party assessor has published a net asset value at the valuation date, using a valuation technique incorporating parameters that are not directly observable, or using observable inputs with a significant adjustment which is not observed
- More generally, all unquoted equity investments for which the Group uses a valuation technique (comparable valuation multiple, transaction multiple), as described above, but which incorporates parameters that are not directly observable. Such parameters might include cashflow forecast for a DCF, a discount rate which incorporates a risk premium, or a liquidity discount; for all of these, the parameters may not be directly observable in the market.

The fair value of financial instruments is determined at the end of the financial year in accordance with the accounting principles and methods described in this report.

Fair values of instruments carried at amortised cost:

In thousands of euro	31/03/2014 Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Loans and advances to banks	1,175,858	1,175,858	–	1,175,858	–
Loans and advances to customers	1,377,304	1,342,838	–	1,044,837	298,001
TOTAL	**2,553,162**	**2,518,696**	**–**	**2,220,695**	**298,001**
Financial liabilities					
Due to banks and central banks	334,835	334,835	–	334,835	–
Due to customers	4,946,668	4,958,761	–	4,958,761	–
Subordinated debt	28,338	27,057	27,057	–	–
TOTAL	**5,309,841**	**5,320,653**	**27,057**	**5,293,596**	**–**

- Loans to customers and their associated interest rates are compared, by maturity, with similar recent transactions. In the event of a material difference in interest rates or any other factor indicating that an asset's fair value is materially different from the net carrying amount, the fair value is adjusted accordingly. To determine the assets' fair value, the Group estimates counterparties' default risk and calculates the sum of future cash flows, taking into account the debtors' financial standing.
- Delivered repurchase agreements, repurchase agreements and amounts due to customers: the fair value of these instruments is determined using a DCF technique, the discount rate of which is adjusted for the appropriate credit margin.
- Subordinated debt: the fair value of these instruments is determined using prices observed on the markets.

Fair value of instruments carried at fair value:

	31/03/2014			
		Measured using		
In thousands of euro	TOTAL	Level 1	Level 2	Level 3
Financial assets				
Trading securities – short term	**54,946**	**7,445**	**47,501**	**–**
Financial assets designated at FVTPL – Long term	**180,191**	**5,554**	**174,637**	**–**
Derivative financial instruments	**64,335**	**–**	**64,335**	**–**
Public bills and similar securities	64,234	64,234	–	–
Bonds and similar securities	126,394	1,337	113,981	11,076
Notes and other securities	68,313	51,621	12,934	3,758
Accrued interest	10,791	368	7,431	2,992
Total AFS Debt securities	**269,732**	**117,560**	**134,346**	**17,826**
Affiliates and long term securities	206,490	136,814	7,349	62,327
Other equities	271,820	51,911	100,972	118,937
Total AFS Equity securities	**478,310**	**188,725**	**108,321**	**181,264**
Available-for-sale financial assets	**748,042**	**306,285**	**242,667**	**199,090**
TOTAL FINANCIAL ASSETS	**1,047,514**	**319,284**	**529,140**	**199,090**
Financial liabilities				
Derivative financial instruments	**63,997**	**–**	**63,997**	**–**
TOTAL FINANCIAL LIABILITIES	**63,997**	**–**	**63,997**	**–**

Valuation technique by class for financial assets measured at fair value based on Level 3 input as of 31 March 2014:

Description	Fair value at March 2014	Valuation technique	Unobservable input	Range (weighted average)
Securities portfolios (CDOs, CLOs, etc.)	6,890	Discounted cash flow, based on expected cash flows of securitised assets and expectation of how these will be distributed to different noteholders	Default and recovery data according to the various asset classes	n/a
Mezzanine Debt securities	7,612	Mezzanine debt is valued based on the enterprise value of the investee, which is calculated using the Earnings multiple method and the Net asset value, after which higher ranking debt is subtracted	Shareholder's funds of the company. Non-observable valuation discounts; for example, non-controlling interests, lack of liquidity and adjustments to the multiple to reflect a specific sector or activity	4-20 for EBITDA Multiple 20%-40% discount for Lack of liquidity/Non-controlling interest discount
	3,324	Carrying value is based on original investment plus accrued interest less any impairment provisions	Expected repayment cashflow taking into account shareholder's equity of the borrower	n/a
AFS debt	**17,826**			
Private equity fund investments	72,999	External valuation based on net asset value	n/a	n/a
Affiliates and long term securities	19,845	External valuation based on net asset value	n/a	n/a
	7,881	Valued at cost	n/a	n/a
	34,601	Net asset value	Shareholder's funds of the company	n/a
Other equities	740	Earnings multiples adjusted	Non-observable valuation discounts; for example, non-controlling interest, lack of liquidity and adjustments to the multiple to reflect a specific sector or activity	4-20 for EBITDA Multiple 20%-40% discount for Lack of liquidity/Non-controlling interest discount
	9,326	Transaction multiples adjusted	Non-observable valuation discounts; for example, non-controlling interest, lack of liquidity and adjustments to the multiple to reflect a specific sector or activity	4-20 for EBITDA Multiple 20%-40% discount for Lack of liquidity/Non-controlling interest discount
	34,509	External valuation based on net asset value	n/a	n/a
	553	Valued at cost	n/a	n/a
	810	Net asset value	Shareholder's funds of the company	n/a
AFS equity	**181,264**			

Sensitivity of fair value for Level 3 instruments

Out of €181.3 million of AFS equity securities classified in Level 3 as of 31 March 2014, €127.3 million were funds subject to a valuation by a third party. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact in net income and in equity in the event of a fall of 5% of the net asset value. In such an event, there would be a post-tax charge to the income statement of €0.2 million and a charge to equity of €5.6 million.

Assets measured at fair value based on Level 3 as of 31 March 2014

The following table presents the movement in assets valued using Level 3 valuation methods in the period:

In thousands of euro			Bonds and similar securities	Notes and other securities	Affiliates and long term securities	Funds	Other equities	Total
Fair value measurements using significant unobservable input (Level 3)	01/04/2013		15,071	4,578	21,614	–	4,923	46,186
	Transfer into/ (out) Level 3		–	1,000	44,435	75,944	36,535	157,914
	Total gains or losses for the period	Included in P&L	(2,826)	1,018	(718)	(715)	(3,079)	(6,320)
		Gain/ (losses) through equity	–	72	5,293	5,295	7,546	18,206
	Purchases, issues, sales and settlements	Purchases	5,318	–	500	6,251	2,283	14,352
		Sales	(1,963)	–	(5,677)	(3,843)	(1,796)	(13,279)
		Repayments	(1,500)	(2,517)	(1,722)	(9,169)	–	(14,908)
	Exchange		(95)	(330)	(1,509)	(888)	(909)	(3,731)
	Other		–	–	111	124	435	670
	31/03/2014		**14,005**	**3,821**	**62,327**	**72,999**	**45,938**	**199,090**

There were no significant transfers between assets valued at Level 1 and at Level 2 in the period.

In view of the implementation of IFRS 13, the Group has performed an analysis based in particular on confirmations provided by third parties in charge of external valuations. That analysis has led the Group to reclassify from Level 2 to Level 3 an amount of €133 million of equities for which the net asset value is assessed externally.

Selected controls in the valuation process

Merchant Banking

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function. Fair values determined by reference to external quoted prices or market parameters are validated by the Valuation Monitoring Committee.

This committee reviews, twice a year, the valuation of the investments made by Merchant Banking.

The parameters of valuation that are reviewed in committee include the following:

- The origin of the external source;
- The consistency of the various sources;
- The events that took place during the period which could affect the value; and
- The frequency with which the data are updated.

Merchant banking funds are valued by their management companies in accordance with the international private equity and venture capital valuation ("IPEV") guidelines developed by the Association Française des Investisseurs en Capital ("AFIC"), the British Venture Capital Association ("BVCA") and the European Private Equity and Venture Capital Association ("EVCA"). An Advisory Committee exists to approve half-yearly investment valuations, which are sent to investors in PO Group's merchant banking funds. As such, this committee acts as the valuation committee under the Alternative Investment Fund Managers Directive ("AIFMD") requirements.

Valuation of derivatives

The Group's OTC (i.e. non-exchange traded) derivatives are valued using external valuation models. These models calculate the present value of expected future cash flows. The Group's derivative products are of a vanilla nature, such as interest rate swaps and cross currency swaps; for these, the modelling techniques used are standard across the industry. Inputs to the valuation models are determined from observable market data, including prices available from exchanges, dealers, brokers or providers of consensus pricing.

Exchange traded derivatives are valued by the exchange on which they are traded, who ask for margin calls depending on the value.

V. Notes to the Balance Sheet

Note 1 - Financial instruments at fair value through profit or loss

1. Financial assets

In thousands of euro	31/03/2014	31/03/2013
Public bills and similar securities	3,000	4,000
Bonds	43,517	31,262
Equities	4,559	23,482
Loans	3,870	-
Trading instruments	**54,946**	**58,744**
Equities	125,048	84,280
Other financial instruments	55,143	47,277
Financial assets designated at fair value through profit or loss	**180,191**	**131,557**
Trading derivative assets	**49,989**	**69,815**
TOTAL	**285,126**	**260,116**
of which financial assets at fair value through profit or loss – listed	*10,078*	*29,997*
of which financial assets at fair value through profit or loss – unlisted	*275,048*	*230,119*

2. Financial liabilities

In thousands of euro	31/03/2014	31/03/2013
Trading derivative liabilities	**50,117**	**51,531**
TOTAL	**50,117**	**51,531**

A derivative is a financial instrument, the value of which is derived from another financial instrument, an index or some other variable (the "underlying"). Typically the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivatives require little or no net investment or a lower investment than a non-derivative financial instrument to obtain the same sensitivity to changes in the underlying.

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive replacement values (assets) and negative replacement values (liabilities). Positive replacement values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative replacement values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Positive and negative replacement values on different transactions are only netted if there is legal right of set-off, the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in replacement values of derivative instruments are recognised in trading income unless they qualify as hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. Trading involves taking positions with the intention of profiting from changes in market variables such as interest rates. The Group also enters into derivative transactions for the purpose of hedging exposures in the non-trading book. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Derivative transactions that qualify as hedges for accounting purposes are either fair value or cash flow hedges. Further information relating to hedging derivatives is provided in note 2.

Trading derivative financial instruments

	31/03/2014			31/03/2013		
	Notional principal	Of which: Asset	Of which: Liability	Notional principal	Of which: Asset	Of which: Liability
Firm interest rate contracts	99,213	117	4,132	158,911	2,027	2,607
Conditional interest rate contracts	–	–	–	14,000	–	–
Firm foreign exchange contracts	5,851,942	49,025	44,934	5,659,322	65,835	45,429
Conditional foreign exchange contracts	247,046	847	844	373,314	1,953	1,937
Conditional equity instruments	42	–	42	35	–	35
Firm credit derivatives	10,303	–	165	18,043	–	1,523
TOTAL	**6,208,546**	**49,989**	**50,117**	**6,223,625**	**69,815**	**51,531**

Note 2 - Hedging derivatives

	31/03/2014			31/03/2013		
In thousands of euro	Notional principal	Of which: Asset	Of which: Liability	Notional principal	Of which: Asset	Of which: Liability
Firm interest rate contracts	633,676	12,430	13,477	970,485	26,699	22,292
Firm foreign exchange contracts	106,466	1,916	403	133,636	150	1,471
TOTAL	**740,142**	**14,346**	**13,880**	**1,104,121**	**26,849**	**23,763**

The schedule of cash flows hedged is as follows:

In thousands of euro	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years < 10 years	> 10 years
Cash inflows (assets)	231	90	–	–	–
Cash outflows (liabilities)	(2,432)	(4,118)	–	–	–
TOTAL	**(2,201)**	**(4,028)**	**–**	**–**	**–**

Fair value hedges

The Group's fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed rate lending, fixed rate debt securities and of fixed rate borrowing.

For the year ended 31 March 2014, the Group recognised a net loss of €1 thousand (net profit of €87 thousand for 31 March 2013) representing the change in fair value of the ineffective portions of fair value hedges.

The fair value of derivatives designated as fair value hedges was €11,927 thousand at 31 March 2014 and €25,379 thousand at 31 March 2013.

Cash flow hedges

The Group is exposed to variability in future interest cash flows on non-trading assets and issued debt securities that receive or pay interest at variable rates. Gains and losses on the effective portion of interest rate swaps designated as cash flow hedges are recorded in shareholders' equity. Gains or losses on any ineffective portion of these swaps are recognised immediately in the income statement.

For the year ended 31 March 2014, the Group recognised a gain of €142 thousand in the income statement in respect of the ineffective portion of cash flow hedges. As at 31 March 2013, the Group recognised a gain of €20 thousand in the income statement.

The fair value of derivatives designated as cash flow hedges at 31 March 2014 was €(11,461) thousand and €(22,293) thousand at 31 March 2013.

Note 3 - Available-for-sale financial assets (“AFS”)

In thousands of euro	31/03/2014	31/03/2013
AFS Debt securities		
Public bills and similar securities	64,234	67,783
Bonds and similar securities	126,394	152,896
Notes and other securities	68,313	97,662
Sub total	**258,941**	**318,341**
of which impairment losses	*(27,497)*	*(61,527)*
Accrued interest	10,791	26,090
Total AFS Debt securities	**269,732**	**344,431**
AFS Equity securities		
Affiliates and long term securities	206,490	221,713
Other equities	271,820	198,386
Total AFS Equity securities	**478,310**	**420,099**
of which impairment losses	*(155,965)*	*(128,937)*
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**748,042**	**764,530**

Changes in available-for-sale financial assets

In thousands of euro	2014	2013
As at 1 April	**764,530**	**1,056,408**
Additions	118,907	47,823
Consolidation of new associate	(8,701)	8,652
Disposals (sale and redemption)	(172,000)	(384,270)
Reclassifications and other movements	421	8,039
Gains / (losses) from changes in fair value, recognised directly in equity	74,430	44,353
Impairment losses transferred from AFS reserve to income statement	4,131	46,208
Impairment losses recognised in income statement	(26,913)	(66,793)
Exchange differences	(6,763)	4,110
AS AT 31 MARCH	**748,042**	**764,530**

The high level of impairments relating to equity securities for the period is explained in note 30.

In application of the amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15 October 2008, on 1 July 2008 the 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.

On the reclassification date and on 31 March 2014, Paris Orléans had the financial capacity to keep these loans to their maturity date or for the foreseeable future.

The reclassified financial assets are shown in the following table:

In thousands of euro	2014	2013
Amortised cost of loans and receivables as at 1 April	**108,447**	**186,935**
Impairment	(417)	(3,499)
Disposals (sale and redemption)	(76,922)	(82,701)
Translation differences and other movements	3,369	7,712
AMORTISED COST OF RECLASSIFIED LOANS AND RECEIVABLES AS AT 31 MARCH	**34,477**	**108,447**
Fair value of financial assets reclassified as at 1 April	**103,205**	**177,673**
Disposals (sale and redemption)	(76,922)	(82,701)
Changes in fair value of reclassified financial assets	6,408	8,792
Other movements	967	(559)
FAIR VALUE OF FINANCIAL ASSETS RECLASSIFIED AS AT 31 MARCH	**33,658**	**103,205**

After the transfer to loans and receivables, those financial assets contributed the following amounts, after associated funding costs, to profit before tax.

In thousands of euro	31/03/2014	31/03/2013
Interest income	1,947	2,571
Impairment	(417)	(3,499)
Other gains and losses	(2,912)	(1,965)
TOTAL	**(1,382)**	**(2,893)**

Note 4 - Loans and advances to banks

In thousands of euro	31/03/2014	31/03/2013
Interbank demand deposits and overnight loans	474,813	592,009
Interbank term deposits and loans	48,681	176,525
Reverse repos and loans secured by bills	650,112	374,628
Sub total	**1,173,606**	**1,143,162**
Accrued interest	2,252	962
Loans and advances to banks - Gross amount	**1,175,858**	**1,144,124**
Allowance for credit losses	–	–
TOTAL	**1,175,858**	**1,144,124**

Note 5 - Loans and advances to customers

In thousands of euro	31/03/2014	31/03/2013
Overdrafts on current accounts	57,869	36,396
Retail	672,159	446,910
Corporate	715,996	969,812
Sub total	**1,446,024**	**1,453,118**
Accrued interest	11,271	11,550
Loans and advances to customers – Gross amount	**1,457,295**	**1,464,668**
Specific provisions	(53,366)	(71,493)
Collective provisions	(26,625)	(35,119)
Allowance for credit losses	**(79,991)**	**(106,612)**
TOTAL	**1,377,304**	**1,358,056**

At 31 March 2014, loans and advances to customers include finance lease receivables:

In thousands of euro	Total future receipts	Less unrecognised interest income	Present value of net finance lease assets
Up to 1 year	86,917	(14,316)	72,601
Between 1 and 5 years	129,040	(20,191)	108,849
Over 5 years	3,693	(282)	3,411
TOTAL	**219,650**	**(34,789)**	**184,861**

Note 6 - Other assets

In thousands of euro	31/03/2014	31/03/2013
Guarantee deposits paid	8,183	10,482
Settlement accounts on securities transactions	44,370	53,912
Defined benefit pension scheme assets	10,380	–
Other sundry assets	171,153	248,681
Sundry assets	**234,086**	**313,075**
Prepaid expenses	25,729	22,212
Accounts receivable and accrued income	228,602	222,685
Estimated accounts	**254,331**	**244,897**
TOTAL	**488,417**	**557,972**

Note 7 - Investments accounted for by the equity method

In thousands of euro	31/03/2014 Equity accounted value	Share of profit after tax	Gross assets	Net banking income or net operating income	Net Income
Continuation Investments NV[1]	1,109	(50)	4,190	11	(112)
Rivoli Participation (consolidated subgroup)[1]	947	452	13,732	14,238	1,390
JRAC Proprietary Investments LP Incorporated	16,488	291	33,226	899	582
Fircosoft Group (consolidated subgroup)[1]	2,141	(56)	41,804	8,751	(287)
Quintus fund	12,913	329	30,920	7,233	658
Nextpool	9,140	440	78,143	30,936	2,552
Merchant Banking investments	**42,738**	**1,406**			
Sélection 1818 (Ex Sélection R)[1]	18,244	218	26,103	924	640
St Julian's Properties Limited[1]	7,901	473	16,516	1,722	2,275
Other	529	(129)			
Other investments	**26,674**	**562**			
TOTAL	**69,412**	**1,968**			

[1] *Financial year ended 31 December 2013.*

In thousands of euro	31/03/2013 Equity accounted value	Share of profit after tax	Gross assets	Net banking income or net operating income	Net Income
Continuation Investments NV[1]	1,238	177	3,153	755	458
Rivoli Participation (consolidated subgroup)[1]	495	432	14,904	14,104	1,415
JRAC Proprietary Investments LP Incorporated	17,442	2,880	36,855	6,067	5,760
Fircosoft Group (consolidated subgroup)[1]	2,130	137	40,745	9,465	521
Quintus fund	16,166	2,174	77,271	4,599	4,348
Merchant Banking investments	**37,471**	**5,800**			
Sélection 1818 (Ex Sélection R)[1]	18,291	324	47,643	12,618	953
St Julian's Properties Limited[1]	6,901	(2)	14,244	1	794
Other	1,226	32			
Other investments	**26,418**	**354**			
TOTAL	**63,889**	**6,154**			

[1] *Financial year ended 31 December 2012.*

Note 8 - Tangible fixed assets

In thousands of euro	01/04/2013	Consolidation of new subsidiaries	Additions	Disposals	Write offs	Depreciation charge	Exchange rate movement	Other movements	31/03/2014
Operating land and buildings	331,968	–	8,887	(698)	(2,919)	–	4,955	1	342,194
Assets used to generate lease income	13,829	–	3,138	(2,934)	–	–	286	–	14,319
Other tangible fixed assets	147,764	89	11,810	(7,709)	(11,634)	–	(1,239)	38	139,119
Total tangible fixed assets – Gross amount	**493,561**	**89**	**23,835**	**(11,341)**	**(14,553)**	**–**	**4,002**	**39**	**495,632**
Depreciation and allowances – operating land and buildings	(47,956)	–	–	649	2,917	(11,508)	(877)	4	(56,771)
Depreciation and allowances – assets used to generate lease income	(6,783)	–	–	2,563	–	(1,940)	(115)	(2)	(6,277)
Depreciation and allowances – other tangible fixed assets	(82,718)	1	–	6,816	11,598	(13,818)	574	24	(77,523)
Total depreciation and allowances	**(137,457)**	**1**	**–**	**10,028**	**14,515**	**(27,266)**	**(418)**	**26**	**(140,571)**
TOTAL TANGIBLE FIXED ASSETS - NET AMOUNT	**356,104**	**90**	**23,835**	**(1,313)**	**(38)**	**(27,266)**	**3,584**	**65**	**355,061**

Following a review of the fully written down assets in the Group, the gross cost and accumulated depreciation balances as at 1 April 2013 have been restated to remove those items which have been retired from the Group in prior years. The gross cost and accumulated depreciation of the retired assets were both €54.6 million.

Note 9 - Intangible fixed assets

In thousands of euro	01/04/2013	Consolidation of new subsidiaries	Additions	Disposals	Write offs	Depreciation charge	Exchange rate movement	Other movements	31/03/2014
Intangible fixed assets - Gross amount	228,668	–	2,350	(2)	–	–	354	(115)	231,255
Depreciation and allowances - Intangible fixed assets	(45,546)	–	–	–	–	(9,947)	(116)	701	(54,908)
TOTAL INTANGIBLE FIXED ASSETS - NET AMOUNT	**183,122**	**–**	**2,350**	**(2)**	**–**	**(9,947)**	**238**	**586**	**176,347**

Note 10 - Goodwill

In thousands of euro	Rothschild & Cie Banque ("RCB")	Concordia Holding	Total
As at 1 April 2013	**47,607**	**60,468**	**108,075**
Additions	682	542	1,224
Disposals and other decreases	–	(331)	(331)
Translation difference	–	(32)	(32)
AS AT 31 MARCH 2014	**48,289**	**60,647**	**108,936**

As at 31 March 2014, the Group performed an annual impairment test for each of the cash generating units ("CGU") to which goodwill has been allocated.

The recoverable amount of CGU was calculated based on multiple criteria. For Concordia Holding, peer-group stockmarket multiples, deal multiples and discounted future cash flows have been used. For RCB, trading multiples have been applied to the normalised profit after tax. Additionally, a sum-of-the-parts valuation has been performed, in which each RCB business has been valued separately with consistent valuation methods and in line with market standards.

For Rothschild & Cie Banque CGU, sensitivity tests showed that a 10% fall in the value of each of its underlying businesses would not result in the impairment of the goodwill allocated to this CGU.

At 31 March 2014, the recoverable amount of each CGU was higher than their carrying amount. The Group did not, therefore, record any goodwill impairment in the year.

Note 11 - Due to banks

In thousands of euro	31/03/2014	31/03/2013
Interbank demand deposits and overnight	124,899	92,292
Interbank term deposits and borrowings	207,199	231,157
Due to banks	**332,098**	**323,449**
Accrued interest	2,664	2,651
TOTAL	**334,762**	**326,100**

Note 12 - Customer deposits

In thousands of euro	31/03/2014	31/03/2013
Demand	3,419,028	3,597,791
Term deposits	1,309,978	1,698,172
Borrowings secured by bills	193,973	249,502
Customer deposits	**4,922,979**	**5,545,465**
Accrued interest	23,689	42,399
TOTAL	**4,946,668**	**5,587,864**

Note 13 - Other liabilities, accruals and deferred income

In thousands of euro	31/03/2014	31/03/2013
Settlement accounts on securities transactions	63,946	57,833
Accounts payable	51,123	59,066
Sundry creditors	90,041	92,163
Other liabilities	**205,110**	**209,062**
Expenses payable to employees	356,264	398,117
Other accrued expenses and deferred income	122,190	94,263
Estimated accounts	**478,454**	**492,380**
TOTAL	**683,564**	**701,442**

Note 14 - Provisions

In thousands of euro	01/04/2013	Charge	Utilised	Exchange movement	Reclass-ification	Other movements	31/03/2014
Provision for counterparty risk	3,400	7	(2,076)	(7)	(1,243)	13	94
Provision for claims and litigation	7,117	24,615	(3,980)	128	1,243	448	29,571
Provisions for restructuring	–	2,100	–	–	–	–	2,100
Provisions for property	1,486	–	(15)	(76)	–	15	1,410
Other provisions	3,501	(15)	(313)	(16)	(1,141)	12	2,028
Sub-total	**15,504**	**26,707**	**(6,384)**	**29**	**(1,141)**	**488**	**35,203**
Retirement benefit liabilities	177,220	–	–	–	1,141	(33,015)	145,346
TOTAL	**192,724**	**26,707**	**(6,384)**	**29**	**–**	**(32,527)**	**180,549**

In December 2013 Paris Orléans announced that its Swiss private banking business, Rothschild Bank AG, was to participate as a Category 2 institution in the US Program. The Program allows qualifying Swiss banks to reach agreement with the US Department of Justice on a resolution of their status in connection with any potential liability for the US tax related or monetary transactions offences arising out of the past servicing of US clients with undeclared Swiss accounts.

For the Group accounts to 30 September 2013, we reported that we were considering whether or not to participate in the Program and, if so, in which Category we would participate. As a result, it was not possible at the time of reporting in November 2013 to assess the amount of any financial liability which might be imposed upon our Swiss private banking business.

Now that our Swiss private banking business has decided to participate in the Program, in accordance with its accounting policies the Group has to make a provision as at 31 March 2014 for the consequences of that participation, provided that the amount can be reliably estimated. Even though the amount of any financial liability has yet to be agreed, we have made provision to cover the estimated professional and other costs of participating in the Program along with our estimate of the amount of the financial liability.

The provision for participating in the Program is included within Provision for claims and litigation, together with amounts set aside to cover estimated costs of other legal proceedings and claims arising from both the conduct of business and the cost to our Swiss private banking business relating to the regularisation of the tax status of UK customers in line with the agreement between the UK and Swiss governments.

The directors believe that the level of provisions made in these financial statements is sufficient for any potential or actual proceedings or claims which are likely to have an impact on the Group's financial statements based on information available at the reporting date.

Information on retirement benefit provisions is set out in note 18.

Note 15 - Subordinated debt

In thousands of euro	31/03/2014	31/03/2013
Perpetual Floating Rate Subordinated Notes - 2015 (US$39 million)	28,305	30,407
Subordinated debt	**28,305**	**30,407**
Accrued interest	33	54
TOTAL	**28,338**	**30,461**

Note 16 - Impairments

In thousands of euros	01/04/2013	Income statement Charge	Income statement Reversal	Disposals	Written off	Exchange rate and other movements	31/03/2014
Loans and advances to customers	(106,612)	(10,147)	12,179	–	26,276	(1,687)	(79,991)
Available-for-sale financial assets	(190,464)	(37,042)	10,131	8,747	17,329	3,878	(187,421)
Other assets	(22,677)	(6,877)	6,516	–	7,579	998	(14,461)
TOTAL	**(319,753)**	**(54,066)**	**28,826**	**8,747**	**51,184**	**3,189**	**(281,873)**

Note 17 - Deferred tax

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

The movement on the deferred tax account is as follows:

In thousands of euro	2014	2013
Net asset as at 1 April	**66,184**	**69,118**
Of which deferred tax assets	*123,021*	*125,660*
Of which deferred tax liabilities	*(56,837)*	*(56,542)*
Recognised in income statement		
Income statement (charge) / credit	(17,471)	6,175
Recognised in equity		
Defined benefit pension arrangements	(10,304)	2,977
Available-for-sale financial assets	(5,187)	970
Cash flow hedges	(2,373)	449
Reclassification	1,856	(10,678)
Payments / (refunds)	(2,231)	2
Exchange differences	266	(904)
Other	(83)	(1,925)
NET ASSET AS AT 31 MARCH	**30,657**	**66,184**
Of which deferred tax assets	*89,627*	*123,021*
Of which deferred tax liabilities	*(58,970)*	*(56,837)*

Deferred tax net assets are attributable to the following items:

In thousands of euro	31/03/2014	31/03/2013
Accelerated tax depreciation	12,333	13,768
Defined benefit pension liabilities	23,065	31,212
Provisions	1,237	1,522
Deferred profit share arrangements	26,625	38,421
Cash flow hedges	1	4,743
Losses carried forward	25,421	32,041
Available-for-sale financial assets	(280)	(1,037)
Other temporary differences	1,225	2,351
TOTAL	**89,627**	**123,021**

As at 31 March 2013, the Group's main banking subsidiary, NMR, recognised deferred tax assets corresponding to losses carried forward.

At the end of the financial year, the Group assessed the recovery of these losses as probable. Estimated profit projections were updated for this subsidiary at 31 March 2014, based on the most recent revenue projections; these showed that NMR's operations should generate sufficient taxable profits to absorb its carried forward losses over a period of around five years.

In the United States, Canada and Asia, deductible temporary differences have not given rise to the recognition of deferred tax assets.

Deferred tax net liabilities are attributable to the following items:

In thousands of euro	31/03/2014	31/03/2013
Accelerated tax depreciation	1,363	–
Defined benefit pension liabilities	2,422	(19)
Cash flow hedges	(2,479)	–
Available-for-sale financial assets	26,361	28,267
Other temporary differences	31,303	28,589
TOTAL	**58,970**	**56,837**

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set-off and the balance relates to income tax levied by the same tax authority on the same taxable entity. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

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

In thousands of euro	31/03/2014	31/03/2013
Accelerated tax depreciation	2,990	(1,374)
Defined benefit pension liabilities	762	1,337
Allowances for loan losses	295	(653)
Tax losses carried forward	8,051	(912)
Deferred profit share arrangements	9,365	(2,196)
Available-for-sale financial assets	(3,823)	(2,124)
Other temporary differences	(169)	(253)
TOTAL	**17,471**	**(6,175)**

Note 18 - Retirement benefit obligations

The Group supports various pension schemes for the employees of operating subsidiaries. Where material, these are described below.

The NMR Pension Fund ("NMRP") is operated by NM Rothschild & Sons Limited ("NMR") for the benefit of employees of certain Rothschild Group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution section, established with effect from April 2003.

During the year, NMR and certain subsidiaries of the NMR Group entered into a trust agreement for the benefit of NMRP. The trust arrangement gives the pension fund security over certain NMR Group assets which would provide up to £50 million of value to NMRP in the event that specific financial triggers are breached. The financial triggers relate to the NMR Group's ongoing viability and any breach is therefore considered extremely unlikely. The NMR Group retains control of the assets and there will be no change of treatment in the financial statements with any income continuing to be recognised in the Group's results. The trust agreement expires on 30 September 2016.

The NMR Overseas Pension Fund ("NMROP") is operated for the benefit of employees of certain Rothschild Group companies outside the United Kingdom. The defined benefit section also closed to new entrants and a defined contribution section was opened in April 2003.

The latest formal actuarial valuations of the NMRP and the NMROP were carried out as at 31 March 2013. The value of the defined benefit obligation has been updated to 31 March 2014 by qualified independent actuaries in a manner intended to be consistent with the movement in the asset values. As required by IAS 19, the value of the defined benefit obligation and current service cost have been measured using the projected unit credit method.

Rothschild North America Inc maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements for certain employees ("RNAP"). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees. The last time that new benefits were accrued was January 2001.

Rothschild Bank AG, Zurich ("RBZ"), operates a funded pension scheme for the benefit of employees of certain Rothschild Group employees in Switzerland ("RBZP"). This scheme has been set up on the basis of the Swiss method of defined contributions but does not fulfil all the criteria of a defined contribution pension plan according to IAS 19. Current employees and pensioners (former employees or their survivors) receive benefits upon retiring as well as in the event of death or invalidity.

These benefits are financed through employer and employee contributions.

Additionally, certain companies in the Group have smaller unfunded obligations in respect of pensions and other post-employment benefits.

The defined benefit obligations expose the Group to longevity, inflation, interest rate and investment performance risks. These risks are mitigated where possible by applying an investment strategy for the funds which aims to minimise the long term costs of the funds by maximising the return on assets. The investment strategy is to select assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions, the cost of current and future benefits payable by the fund as well as meeting applicable regulatory requirements.

The principal actuarial assumptions used as at the balance sheet date were as follows:

	31/03/2014			31/03/2013		
	NMRP & NMROP	RBZP	RNAP	NMRP & NMROP	RBZP	RNAP
Discount rate	4.5%	2.4%	2.5%	4.5%	1.7%	1.9%
Retail price inflation	3.3%	n/a	n/a	3.4%	n/a	n/a
Consumer price inflation	2.3%	n/a	n/a	2.4%	n/a	n/a
Expected rate of salary increases	2.0%	1.0%	n/a	4.4%	1.0%	n/a
Expected rate of increase of pensions in payment	n/a	0.0%	n/a	n/a	0.0%	n/a
Capped at 5.0%	3.2%	n/a	n/a	3.3%	n/a	n/a
Capped at 2.5%	2.2%	n/a	n/a	2.2%	n/a	n/a
Life expectancy of a:						
– Male pensioner aged 60	28.5	25.9	24.0	27.9	23.9	23.5
– Female pensioner aged 60	29.4	28.6	26.0	28.5	26.5	25.7
– Male pensioner aged 60 in 20 years time	30.5	27.8	n/a	29.5	26.2	n/a
– Female pensioner aged 60 in 20 years time	30.6	30.4	n/a	29.3	28.6	n/a

The defined benefit plan net liability calculation is sensitive to the actuarial assumptions used above. Those that have the most significant impact on the measurement of the liability are as follows:

	31/03/2014 Increase / (decrease) in balance sheet liability	
In thousands of euro	NMRP & NMROP	RBZP
0.5% increase in discount rate	(72,000)	(10,000)
0.5% increase in inflation	67,000	1,000
1 year increase in life expectancy	23,000	n/a

Amounts recognised in the balance sheet at 31 March 2014

In thousands of euro	NMRP & NMROP	RBZP	RNAP	Other	31/03/2014
Present value of funded obligations	840,120	180,187	–	–	1,020,307
Fair value of plan assets	(736,896)	(192,311)	–	–	(929,207)
Sub-total	**103,224**	**(12,124)**	**–**	**–**	**91,100**
Present value of unfunded obligations	–	–	30,219	10,640	40,859
Total (recognised)	**103,224**	**(12,124)**	**30,219**	**10,640**	**131,959**
Unrecognised plan assets	–	3,008	-	–	3,008
Total (recognised and unrecognised)	**103,224**	**(9,116)**	**30,219**	**10,640**	**134,967**
LIABILITY	**104,488**	**–**	**30,219**	**10,640**	**145,347**
ASSET	**(1,264)**	**(9,116)**	**–**	**–**	**(10,380)**

Amounts recognised in the balance sheet at 31 March 2013

In thousands of euro	NMRP & NMROP	RBZP	RNAP	Other	31/03/2013
Present value of funded obligations	819,960	189,263	–	–	1,009,223
Fair value of plan assets	(703,285)	(181,517)	–	–	(884,802)
Sub-total	**116,675**	**7,746**	**–**	**–**	**124,421**
Present value of unfunded obligations	–	–	36,758	9,955	46,713
Total (recognised)	**116,675**	**7,746**	**36,758**	**9,955**	**171,134**
Unrecognised plan assets	–	6,086	–	–	6,086
Total (recognised and unrecognised)	**116,675**	**13,832**	**36,758**	**9,955**	**177,220**
LIABILITY	**116,675**	**13,832**	**36,758**	**9,955**	**177,220**
ASSET	**–**	**–**	**–**	**–**	**–**

Changes in the value of unrecognised plan assets are recognised through retained earnings.

Movement in net defined benefit obligation

In thousands of euro	Plan assets	Defined benefit obligations	Net defined benefit (liability)
As at 1 April 2013	**884,802**	**1,055,936**	**(171,134)**
Current service cost (net of contributions paid by other plan participants)	–	13,307	(13,307)
Past service costs	–	(10,724)	10,724
Interest income/(cost)	34,633	40,414	(5,781)
Remeasurements due to:			
– actual return less interest on plan assets	(4,198)	–	(4,198)
– changes in financial assumptions	–	(20,112)	20,112
– changes in demographic assumptions	–	9,410	(9,410)
– experience (gains)/losses	–	(5,608)	5,608
Benefits paid	(40,700)	(40,700)	–
Contributions by the Group	37,574	–	37,574
Contributions by the employees	2,299	–	2,299
Administration expenses	(1,365)	–	(1,365)
Exchange and other differences	16,363	19,444	(3,081)
AS AT 31 MARCH 2014	**929,408**	**1,061,367**	**(131,959)**

In thousands of euro	Plan assets	Defined benefit obligations	Net defined benefit (liability)
As at 31 March 2012	**806,523**	**972,392**	**(165,869)**
Change of accounting policies	–	7,221	(7,221)
As at 1 April 2012	**806,523**	**979,613**	**(173,090)**
Current service cost (net of contributions paid by other plan participants)	–	13,912	(13,912)
Past service costs	–	(1,850)	1,850
Interest income/(cost)	41,943	49,717	(7,774)
Remeasurements due to:			–
– actual return less interest on plan assets	51,047	–	51,047
– changes in financial assumptions	–	64,609	(64,609)
– changes in demographic assumptions	–	–	–
– experience (gains)/losses	–	(1,308)	1,308
Benefits paid	(41,326)	(41,326)	–
Contributions by the Group	37,759	–	37,759
Administration expenses	(1,510)	–	(1,510)
Exchange and other differences	(9,634)	(7,431)	(2,203)
AS AT 31 MARCH 2013	**884,802**	**1,055,936**	**(171,134)**

At 31 March 2014, the major categories of plan assets as a percentage of total plan assets are as follows:

	31/03/2014			31/03/2013		
	NMRP	NMROP	RBZP	NMRP	NMROP	RBZP
Equities	35%	42%	27%	36%	43%	23%
Bonds	19%	18%	44%	15%	15%	47%
Cash	9%	22%	10%	19%	21%	4%
Hedge funds and private equity	21%	13%	11%	26%	17%	22%
Property and others	16%	5%	8%	4%	4%	4%
	100%	100%	100%	100%	100%	100%

Equities includes €0.8 million (2013: €0.8 million) of shares in companies that are related parties of the Group.

Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euro	31/03/2014	31/03/2013
Current service cost (net of contributions paid by other plan participants)	13,307	13,912
Net interest cost	5,781	7,774
Negative past service cost	(10,724)	(1,850)
Administration costs	1,365	1,510
Other pension income	110	(3)
TOTAL (included in staff costs)	**9,839**	**21,343**

As a result of changes implemented during the year to the NMRP, the NMROP and the RBZP, the 2014 income statement includes a credit of €10.7 million (2013: €1.8 million) in respect of past service costs.

Amounts recognised in statement of comprehensive income

In thousands of euro	31/03/2014	31/03/2013
Actuarial gains / (losses) recognised in the year	12,112	(12,254)
Cumulative actuarial losses recognised in the statement of comprehensive income	(174,544)	(186,656)

Following the March 2013 triennial actuarial valuation of the NMRP, the trustees of the defined benefit pension fund have agreed a contribution plan with the Group to reduce the deficit in accordance with pensions regulation. The aim is to eliminate the pension deficit over 10 years with €16.8 million of additional contributions per year (increasing by 3.6% per annum). In addition, participating employers in the scheme have agreed to pay 33.5% of in-service members' pensionable salaries. The arrangement will be reviewed in 2016, at the next triennial actuarial valuation of the Fund.

It is estimated that total contributions of €40.2 million will be paid to the defined benefit pension schemes in the year ending 31 March 2015. The actual contributions to be paid are subject to the outcome of the formal valuation of the fund which is currently being undertaken.

The weighted average projected maturity of the Fund's liabilities is projected to be 20 years for the NMRP and 12 years for the RBZP.

Note 19 - Non-controlling interests

In thousands of euro	31/03/2014	31/03/2013
Perpetual Fixed Rate Subordinated Notes 9 per cent (£125 million)	178,965	174,930
Perpetual Floating Rate Subordinated Notes (€150 million)	62,593	61,182
Perpetual Floating Rate Subordinated Notes (US$200 million)	55,884	60,034
Other non-controlling interests	176,491	185,190
TOTAL	**473,933**	**481,336**

Note 20 - Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, the "cash and cash equivalents" items are analysed as follows:

In thousands of euro	31/03/2014	31/03/2013
Cash and accounts with central banks (assets)	3,150,360	3,739,675
Accounts (assets) and call loans/borrowings with banks	474,813	592,009
Other cash equivalents (assets)	46,517	35,262
Cash and accounts with central banks, loans/borrowings with banks (liabilities)	(124,972)	(92,370)
TOTAL	**3,546,718**	**4,274,576**

Note 21 - Commitments given and received

Commitments given

In thousands of euro	31/03/2014	31/03/2013
Given to customers	71,305	53,063
Loan commitments	**71,305**	**53,063**
Given to banks	17,093	13,444
Given to customers	63,017	78,095
Guarantee commitments	**80,110**	**91,539**
Investment commitments*	109,362	94,390
Pledged assets	191,476	145,836
Other commitments	**300,838**	**240,226**

* *Commitments related to Merchant Banking funds and investments.*

Commitments received

In thousands of euro	31/03/2014	31/03/2013
Received from banks	44,308	11
Loan commitments	**44,308**	**11**
Received from customers	26,681	37,231
Guarantee commitments	**26,681**	**37,231**
Other commitments received	7,400	7,400
Other commitments	**7,400**	**7,400**

Operating lease commitments

	31/03/2014		31/03/2013	
In thousands of euro	Land and buildings	Other	Land and buildings	Other
Up to 1 year	35,376	1,338	34,532	349
Between 1 and 5 years	77,414	7,405	94,685	533
Over 5 years	64,853	925	77,657	-
TOTAL	**177,643**	**9,668**	**206,874**	**882**

VI. Notes to the Income statement

Note 22 - Net interest income

Interest income

In thousands of euro	31/03/2014	31/03/2013
Interest income - loans to banks	7,816	12,609
Interest income - loans to customers	56,538	64,162
Interest income - available-for-sale instruments	8,094	14,676
Interest income - derivatives	16,991	30,085
Interest income - other financial assets	654	1,431
TOTAL	**90,093**	**122,963**

As at 31 March 2014, interest income inclued €6.1 million in respect of interest income accrued on impaired financial assets (€8.3 million at 31 March 2013).

Interest expense

In thousands of euro	31/03/2014	31/03/2013
Interest expense - due to banks	(4,234)	(5,988)
Interest expense - due to customers	(30,602)	(47,410)
Interest expense - subordinated debt	(212)	(320)
Interest expense - derivatives	(11,046)	(17,733)
Interest expense - other financial liabilities	(1,098)	(2,869)
TOTAL	**(47,192)**	**(74,320)**

Note 23 - Net fee and commission income

Fee and commission income

In thousands of euro	31/03/2014	31/03/2013
Fees for advisory work and other services	705,750	756,158
Portfolio and other management fees	320,543	280,093
Banking and credit-related fees and commissions	4,502	4,280
Other fees	13,112	17,652
TOTAL	**1,043,907**	**1,058,183**

Fee and commission expense

In thousands of euro	31/03/2014	31/03/2013
Fees for advisory work and other services	(7,630)	(8,437)
Portfolio and other management fees	(31,403)	(26,425)
Banking and credit-related fees and commissions	(511)	(53)
Other fees	(5,120)	(4,624)
TOTAL	**(44,664)**	**(39,539)**

Note 24 - Net gains / (losses) on financial instruments at fair value through profit or loss

In thousands of euro	31/03/2014	31/03/2013
Net income - debt securities and related derivatives held for trading	805	1,109
Net income - equity securities and related derivatives held for trading	1,697	493
Net income - foreign exchange operations	24,452	24,527
Net income - other trading operations	1,504	1,826
Net income - financial instruments designated at fair value through profit or loss	13,237	7,106
Net income - hedging derivatives	–	89
TOTAL	**41,695**	**35,150**

During the year ended 31 March 2014, the net income on other trading operations comprises a gain of €1.3 million (gain of €1.7 million at 31 March 2013) relating to changes in the fair value of credit derivatives embedded in synthetic CDOs (Collateralised Debt Obligations) held in the portfolio of available-for-sale assets. Synthetic CDOs are hybrid fixed-income instruments composed of a host contract in the debt portion of the instrument, and an embedded derivative in the form of a credit derivative, changes in the fair value of which are recognised in the income statement.

As well as the gains and losses on embedded derivatives, net gains and losses on financial instruments at fair value through profit or loss include the changes in fair value (excluding accrued interest) of financial instruments held in the trading portfolio and classified as financial instruments designated at fair value through profit or loss by option. These also include gains and losses on hedging transactions, foreign exchange gains and losses and gains or losses arising from the ineffectiveness of hedging instruments.

In thousands of euro	31/03/2014	31/03/2013
Increase / (decrease) in the fair value of hedging instruments	(6,707)	2,243
Increase / (decrease) in fair value of hedged instruments	6,706	(2,157)

Note 25 - Net gains / (losses) on available-for-sale financial assets

In thousands of euro	31/03/2014	31/03/2013
Gains or losses	5,989	1,910
Impairment losses	(718)	(1,471)
Dividend income	1,879	1,229
Long term securities	**7,150**	**1,668**
Gains or losses	6,324	35,351
Impairment losses	(4,932)	(11,880)
Dividend income	9,339	9,578
Other securities	**10,731**	**33,049**
TOTAL	**17,881**	**34,717**

Available-for-sale dividend income from, and impairment of, Edmond de Rothschild (Suisse) SA (formerly Banque Privée Edmond de Rothschild SA) is included in Net income / (expense) from other assets (note 30).

Note 26 - Net income from other activities

In thousands of euro	31/03/2014	31/03/2013
Income from leasing	12,825	11,249
Other income	(436)	4,008
TOTAL OTHER OPERATING INCOME	**12,389**	**15,257**
Expenses relating to assets used to generate lease income	(5,877)	(5,145)
Other expenses	(563)	(183)
TOTAL OTHER OPERATING EXPENSES	**(6,440)**	**(5,328)**

Note 27 - Operating expenses

In thousands of euro	Note	31/03/2014	31/03/2013
Compensation and other staff costs		(672,863)	(671,859)
Defined benefit pension expenses	18	(9,839)	(21,343)
Defined contribution pension expenses		(16,580)	(15,670)
Staff costs		**(699,282)**	**(708,872)**
Administrative expenses		(251,005)	(214,337)
TOTAL		**(950,287)**	**(923,209)**

As a result of changes implemented during the year to certain of the Group's pension funds, the charge for defined benefit pension expenses has benefited from an unrealised gain, in the form of a negative past service cost, in the year of €10.7 million (2013: €1.9 million).

As part of its variable pay strategy, the Group operates long term incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

The cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Group. For certain members of staff, the awards will be settled in the form of Paris Orléans shares rather than cash.

A commitment to employees exists in connection with this deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €60.6 million (€55.4 million as at 31 March 2013).

The objective of the deferred share-based payment awards is to link the reward of certain key staff with the performance of the Group. In addition to the requirement to remain employed by the Group, these awards may also be cancelled if:

- There is reasonable evidence of employee misbehaviour or material error; or
- The company, or the relevant business unit, suffers a material downturn in financial performance; or
- The company, or the relevant business unit, suffers a material failure of risk management; or
- Reasonable evidence comes to light which calls into question the basis on which the original award was made.

Administrative expenses

Administrative expenses have increased as a result of a number of exceptional charges. These relate primarily to the reorganisation costs of outsourcing the Group's IT infrastructure service provision; estimated costs in our Swiss private banking business of participating in the Program with the US Department of Justice; the regularisation of the tax status of UK customers in line with the agreement between the UK and Swiss governments; and, lastly, costs relating to other legal proceedings and claims.

Administrative expenses for the year ended 31 March 2013 have been reduced by €4.6 million, and Compensation and other staff costs have been increased by the same amount compared to the figures disclosed last year. This arises because amounts paid to certain advisors are now treated as staff costs rather than other operating expenses.

Share-based payments

At the Combined General Meeting of shareholders on 26 September 2013, the Managing Partner announced that Paris Orléans would implement an Equity Scheme for the senior employees and executive corporate officers of the company and its subsidiaries, to promote the alignment of interests between the Rothschild family, minority shareholders and the Equity Scheme participants.

The Equity Scheme was implemented on 11 October 2013. The initial Equity Scheme participants are the Global Financial Advisory partners, as well as members of the Group Management Committee, representing 57 persons operating in 10 countries around the world.

Under the Equity Scheme rules, the Equity Scheme participants have been required to invest in Paris Orléans shares and for each share invested they are granted four share-options. Shares invested are subject to a four-year lock-up period and the share-options granted are subject to a vesting period before exercise. The Equity Scheme participants have invested in a total amount of 780,000 Paris Orléans shares representing 1.10% of Paris Orléans' share capital at the date of this announcement. The shares in which the participants invested were existing Paris Orléans shares, of which some were purchased from outside the Group and some were already held within the Group.

The total number of Paris Orléans shares that may be acquired following exercise of the number of share-options granted amounts to 3,120,000 shares representing, subject to the adjustment provisions set forth in the share-option plan, 4.10% of Paris Orléans' share capital at the date of the announcement. A quarter of the share-options vest on each of the third, fourth, fifth and sixth anniversaries of the Equity Scheme and the share-options are exercisable on the vesting dates at a price of €17.50, €18.00, €19.00 and €20.00 per share.

Movements in the number of share-options outstanding are as follows:

	2014		2013	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
As at 1 April	–	–	–	–
Issued	3,120,000	18.6	–	–
Forfeited	–	–	–	–
Expired	–	–	–	–
Exercised	–	–	–	–
AS AT 31 MARCH	**3,120,000**	**18.6**	**–**	**–**
Exercisable at the end of the year	–	–	–	–

Share-options outstanding at 31 March were as follows:

	31/03/2014		31/03/2013	
Exercise price range *In euro*	Number of Options Outstanding	Weighted average contractual life (years)	Number of Options Outstanding	Weighted average contractual life (years)
17.50	780,000	9.5	–	–
18.00	780,000	9.5	–	–
19.00	780,000	9.5	–	–
20.00	780,000	9.5	–	–
	3,120,000	**9.5**	**–**	**–**

The options were valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model were the price of the underlying PO shares, the expected volatility of the share price (for which the historic volatility has been the primary consideration), and the estimated exercise date of the options (which is the mid-point between the dates of vesting and expiry). The valuation was based on the assumption that all recipients will remain with the Group.

The fair value of the share-based payment made in the year was €4.2 million. This amount is charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the options change in value.

The charge arising in the year that relates to share-based payments is included in the line "Compensation and other staff costs", and amounts to €0.5 million (2013: nil).

Note 28 - Amortisation, depreciation and impairment of tangible and intangible fixed assets

In thousands of euro	31/03/2014	31/03/2013
Amortisation of intangible assets	(9,947)	(9,409)
Depreciation of tangible assets	(24,490)	(26,199)
Depreciation and amortisation	**(34,437)**	**(35,608)**
Impairment allowance on intangible assets	–	–
Impairment allowance on tangible assets	(836)	–
Impairment	**(836)**	**–**
TOTAL	**(35,273)**	**(35,608)**

Note 29 - Cost of risk

In thousands of euro	Impairment	Impairment reversal	Recovered loans	31/03/2014	31/03/2013
Loans and receivables	(10,147)	11,796	383	2,032	(10,756)
Debt securities	(4,746)	9,840	–	5,094	(6,457)
Other assets	(6,877)	6,516	–	(361)	(14,214)
TOTAL	**(21,770)**	**28,152**	**383**	**6,765**	**(31,427)**

Included in debt securities is a recovery of €5.8 million relating to an asset which was previously written off.

Note 30 - Net income / (expense) from other assets

In thousands of euro	31/03/2014	31/03/2013
Impairment of long-standing shareholding	(26,647)	(46,208)
Long-standing shareholding dividend	3,859	5,535
Gains / (losses) on sales of tangible or intangible assets	47	(84)
Gains / (losses) on acquisition or disposal of subsidiaries and associates	(1,424)	49
TOTAL	**(24,165)**	**(40,708)**

Net income / (expense) from other assets include impairment losses of €26.6 million (year to 31 March 2013: €46.2 million) relating to the Group's 8.4% equity investment in Edmond de Rothschild (Suisse) SA (formerly Banque Privée Edmond de Rothschild SA). This investment, which is accounted for as an available-for-sale financial asset, has been consistently fair valued since 2007 in accordance with IFRS using the listed price.

Note 31 - Income tax expense

In thousands of euro	31/03/2014	31/03/2013
Current tax	(25,241)	(44,454)
Deferred tax	(17,471)	6,175
TOTAL	**(42,712)**	**(38,279)**

The net tax charge can be analysed between current tax charge and deferred tax charge:

Current tax

In thousands of euro	31/03/2014	31/03/2013
Tax charges for the current period	(21,258)	(39,557)
Prior year adjustments	(984)	(60)
Irrecoverable dividend withholding tax	(2,371)	(3,772)
Other	(628)	(1,065)
TOTAL	**(25,241)**	**(44,454)**

Deferred tax

In thousands of euro	31/03/2014	31/03/2013
Temporary differences	(11,530)	5,001
Changes in tax rates	(5,692)	(1,982)
Prior year adjustments	(332)	3,015
Other	83	141
TOTAL	**(17,471)**	**6,175**

Reconciliation of the tax charge between the standard tax rate and the effective rate

In thousands of euro		Current year
Profit before tax		**106,677**
Expected tax charge at standard French rate	33.3%	35,555
Main reconciling items		
Impairment of Edmond de Rothschild (Suisse) SA in a lower tax area	+6.4%	6,803
Deferred tax rate change	+5.3%	5,692
Losses where no deferred tax recognised	+5.3%	5,665
Local permanent differences	+4.0%	4,276
Irrecoverable dividend withholding tax	+2.2%	2,371
Tax impacts relating to prior year	+1.2%	1,316
Other profits and losses in lower tax areas	-3.4%	(3,645)
Partnership tax recognised outside the Group	-16.0%	(17,146)
Other	+1.7%	1,825
ACTUAL TAX CHARGE	**40.0%**	**42,712**
EFFECTIVE TAX RATE		**40.0%**

After excluding the effects of the impairments of Edmond de Rothschild (Suisse) SA (formerly Banque Privée Edmond de Rothschild SA) (impact before tax of €26.6 million), the Group's effective tax rate would be 34% for the year to 31 March 2014 against 25% for the year to 31 March 2013. The main reasons for the increase in the current year are: the change of UK corporation tax rates from 23% to 20% (with the effect of reducing deferred tax assets by €3.9 million more than the prior year); the effect of prior year adjustments to the tax charge in the year (€4.3 million increase in tax charged); and because the mix of profits and losses in the Group did not occur in such advantageous tax jurisdictions.

Other profits and losses in lower tax areas (excluding the impairment of Edmond de Rothschild (Suisse) SA) cause the effective tax rate to fall by 3.4%, reflecting gains in lower tax jurisdictions (mainly Luxembourg, certain Swiss entities and UK and the Channel Islands), partially offset by losses in lower tax rate jurisdictions (including other Swiss entities).

Note 32 - Related parties

The term "Executive Directors", in the context of this note, refers to corporate officers (*mandataire sociaux*) of PO Gestion, the manager and general partner of Paris Orléans. The following remuneration was received by the corporate officers in 2013/2014:

In thousands of euro	31/03/2014
Fixed remuneration	363
Variable remuneration	–
Directors' fees	–
Payments in kind	4
TOTAL	**367**

Corporate officers did not benefit from payments in shares in respect of 2013/2014 and no severance benefits were provided for termination of work contracts. No other long-term benefits were granted.

The transactions during the year and balances at the end of the year between Group companies which are fully consolidated are eliminated on consolidation. Transactions and balances with companies accounted for by the equity method are shown separately in the table below.

Other related parties are the members of the supervisory board of Paris Orléans, people with active control of the Group, people with active control in the parent company of Paris Orléans as Rothschild Concordia SAS. directors, companies that are controlled by the principal officers or any person directly or indirectly responsible for management or control of the activities of Paris Orléans. They also include close members of the family of any person who controls, exercises joint control or significant influence on Paris Orléans and persons related to Executive Directors and members of the supervisory board of Paris Orléans or its parent company.

	31/03/2014			31/03/2013		
In thousands of euro	Companies accounted for by the equity method	Executive Directors	Other related parties	Companies accounted for by the equity method	Executive Directors	Other related parties
Assets						
Loans and advances to customers	2	957	4,472	89	119	18,452
Other assets	–	–	6,030	244	–	7,412
TOTAL	**2**	**957**	**10,502**	**333**	**119**	**25,864**
Liabilities						
Due to customers	5,501	7,459	132,508	5,123	4,692	180,954
Other liabilities	–	–	109	646	-	135
TOTAL	**5,501**	**7,459**	**132,617**	**5,769**	**4,692**	**181,089**
Loan and guarantee commitments						
Loan commitments given	–	2,673	2,947	–	2,908	2,981
Guarantee commitments given	–	–	–	–	–	–
Loan commitments received	–	–	–	–	–	–
Guarantee commitments received	–	–	–	–	–	–
TOTAL	**–**	**2,673**	**2,947**	**–**	**2,908**	**2,981**
Realised operating income from transactions with related parties						
Interest received	–	7	388	–	–	189
Interest paid	–	(5)	(1,370)	–	(8)	(3,242)
Commissions received	967	–	–	622	–	–
Commissions paid	(3,854)	–	(40)	(3,349)	–	(162)
Other income	608	–	837	225	–	629
TOTAL	**(2,279)**	**2**	**(185)**	**(2,502)**	**(8)**	**(2,586)**
Other expenses	(747)	–	(458)	(703)	–	(210)
TOTAL	**(747)**	**–**	**(458)**	**(703)**	**–**	**(210)**

Note 33 - Fees to statutory auditors

	Cailliau Dedouit et Associés				KPMG Audit			
	2013/2014		2012/2013		2013/2014		2012/2013	
	In thousands of euro	%	In thousands of euro	%	In thousands of euro	%	In thousands of euro	%
Audit								
Fees related to statutory audit, certification, examination of:								
Paris Orléans (parent company)	167	44%	167	42%	167	5%	167	5%
Subsidiaries fully consolidated	188	50%	217	55%	2,401	74%	2,522	75%
Sub-total	**355**	**94%**	**384**	**97%**	**2,568**	**79%**	**2,689**	**80%**
Fees related to audit services and related assignments:								
Paris Orléans (parent company)	–	–	–	–	16	0%	61	2%
Subsidiaries fully consolidated	21	6%	13	3%	14	0%	12	–
Sub-total	**21**	**6%**	**13**	**3%**	**30**	**1%**	**73**	**2%**
Other benefits from the network of consolidated subsidiaries								
Law, tax, social	–	–	–	–	385	12%	460	14%
Other	–	–	–	–	276	8%	139	4%
Sub-total	**–**	**–**	**–**	**–**	**661**	**20%**	**599**	**18%**
TOTAL	**376**	**100%**	**397**	**100%**	**3,259**	**100%**	**3,361**	**100%**

Note 34 - Segmental information

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

The adjustments, described as "statutory adjustments", mainly relate to the treatment of profit share paid to French partners as non-controlling interests, accounting for deferred bonuses over the period earned, the application of IAS 19 for defined benefit pension schemes and reallocation of impairments.

Segmental information split by business

In thousands of euro	Global Financial Advisory	Asset Management[1]	Other[2]	Total before statutory adjustments	Statutory adjustments	31/03/2014
Net banking income	**688,668**	**380,631**	**60,987**	**1,130,286**	**(22,617)**	**1,107,669**
Operating expenses	(617,046)	(329,287)	(81,663)	(1,027,996)	42,436	(985,560)
Impairments	(331)	(69)	(4,727)	(5,127)	11,892	6,765
Operating income	**71,291**	**51,275**	**(25,403)**	**97,163**	**31,711**	**128,874**
Share of profits of associated entities						1,968
Net income/expense from other assets						(24,165)
PROFIT BEFORE TAX						**106,677**

[1] Asset Management comprises Wealth & Asset Management and Merchant Banking businesses.
[2] Other comprises Central cost, Legacy businesses, including Banking & Asset Finance, and other.

In thousands of euro	Global Financial Advisory	Asset Management[(1)]	Other[(2)]	Total before statutory adjustments	Statutory adjustments	31/03/2013
Net banking income	**740,680**	**350,256**	**62,168**	**1,153,104**	**(6,021)**	**1,147,083**
Operating expenses	(644,865)	(294,701)	(81,897)	(1,021,463)	62,646	(958,817)
Impairments	–	21	(12,288)	(12,267)	(19,160)	(31,427)
Operating income	**95,815**	**55,576**	**(32,017)**	**119,374**	**37,465**	**156,839**
Share of profits of associated entities						6,154
Net income / expense from other assets						(40,708)
PROFIT BEFORE TAX						122,285

(1) Asset Management comprises Wealth & Asset Management and Merchant Banking businesses.
(2) Other comprises Central cost, Legacy businesses, including Banking & Asset Finance, and other.

Segmental analysis of net banking income split by geography

In thousands of euro	31/03/2014	31/03/2013
United Kingdom and Channel Islands	362,758	394,112
France	282,932	260,795
Americas	165,293	167,793
Rest of Europe	140,582	149,038
Switzerland	99,912	101,966
Asia and Australia	43,734	62,191
Other	12,458	11,188
TOTAL	**1,107,669**	**1,147,083**

Note 35 - Earnings per share

In millions of euro	31/03/2014	31/03/2013
Net income - Group share	8.4	41.7
preferred dividends adjustment	*(0.7)*	–
Non-controlling interests	55.5	42.3
Consolidated net income after preferred dividends adjustment	**63.9**	**84.0**

Average number of shares in issue - 000s	68,448	61,108
Earnings per share (euro)	**0.11**	**0.68**

Earnings per share are calculated by dividing Net income - Group share (after removing an accrued preference dividend, which is not part of the profit earned by ordinary shareholders) by the weighted average number of ordinary shares in issue during the year. As described in note 27, the Group issued share-options during the year, which could in the future dilute the capital. However, the value of these options is not currently at a level which is deemed to affect the calculation of earnings per share. Therefore, diluted earnings per share are the same as basic earnings per share.

As there were no gains or losses on activities discontinued or held for sale, the earnings per share on continuing activities are the same as earnings per share.

Note 36 - Consolidation scope

Article 7 of Law No. 2013-672 of the French Monetary and Financial Code of July 26, 2013, amending Article L.511-45 requires credit institutions to publish information on their locations and activities in each country or territory.

The following table shows the material subsidiaries and associates which are included in the PO Group consolidated accounts, and the country in which they are domiciled. The list below does not include dormant or nominee companies, on account of their immateriality.

The activities shown below are defined in note 34.

Company name	Activity	31/03/2014 % Group voting interest	31/03/2014 % Group ownership interest	31/03/2013 % Group voting interest	31/03/2013 % Group ownership interest	Consolidation method[1] 2014	Consolidation method[1] 2013
Australia							
Arrow Capital Pty Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Australia Limited	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Belgium							
Rothschild Belgique	Asset Management and Other	100.00	98,73	100.00	98.73	FC	FC
Brazil							
N M Rothschild & Sons (Brasil) Limitada	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
British Virgin Islands							
Five Arrows Capital Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Master Nominees Inc.	Other	100.00	71.95	100.00	71.95	FC	FC
Canada							
Rothschild (Canada) Holdings Inc.	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild (Canada) Inc.	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Rothschild (Canada) Securities Inc.	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Rothschild Trust Canada Inc.	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild Trust Protectors Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Cayman Islands							
JRE Asia Capital Limited	Other	–	–	50.00	49.30	–	EM
JRE Asia Capital Management Ltd	Other	50.00	49.29	100.00	49.30	EM	EM
Rothschild Trust Cayman Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Channel Islands							
Blackpoint Management Limited	Asset Management	100.00	94.76	100.00	94.76	FC	FC
FAC Carry LP	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Capital GP Limited	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Mezzanine Holder LP	Asset Management	88.00	85.61	88.00	85.61	FC	FC
Five Arrows Partners LP	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Proprietary Feeder LP	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Staff Co-investment LP	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Guernsey Global Trust Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Guernsey Loan Asset Securitisation Scheme Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Jofran NV	Other	100.00	97.28	100.00	97.28	FC	FC
JRAC (GP) Ltd	Asset Management	–	–	100.00	49.30	–	EM
JRAC Carry LP Incorporated	Asset Management	–	–	45.44	44.80	–	EM
JRAC Proprietary Investments LP Incorporated	Asset Management	–	–	50.00	49.30	–	EM
Maison (CI) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Quintus European Mezzanine (GP) Limited	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Quintus European Mezzanine Fund Limited partnership	Asset Management	50.00	48.64	50.00	48.64	EM	EM

(1) FC: full consolidation, EM: equity method.

Company name	Activity	31/03/2014		31/03/2013		Consolidation method[1]	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	2014	2013
RCH Finance (CI) Ltd	Other	–	–	100.00	97.28	–	FC
Rothschild Asset Management Holdings (CI) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Bank (CI) Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild Bank International Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Mexico (Guernsey) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Switzerland (CI) Trustees Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild Trust Financial Services Limited	Other	100.00	71.95	100.00	71.95	FC	FC
Rothschild Trust Guernsey Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschilds Continuation Finance (CI) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
RCH Finance (CI) Limited	Other	–	–	100.00	97.28	–	FC
S y C (International) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Shield Holdings (Guernsey) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Shield Securities Limited	Other	100.00	97.28	100.00	97.28	FC	FC
St. Julian's Properties Limited	Other	50.00	48.64	50.00	48.64	EM	EM
China							
JRE Equity Investment Fund Management (Shanghai) Co. Ltd	Asset Management	100.00	49.29	100.00	49.30	EM	EM
Rothschild & Sons Financial Advisory Services (Beijing) Co. Ltd	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Rothschild Financial Advisory Services (Tianjin) Co. Ltd.	Global Financial Advisory	100.00	97.28	–	–	FC	–
Dubai							
Rothschild (Middle East) Limited (consolidated sub-group)	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
France							
Chaptal Investissements SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC
Concordia Holding Sàrl	Other	100.00	99.93	100.00	99.93	FC	FC
Financière Nextpool	Other	39.98	39.41	–	–	EM	–
Financière Rabelais SAS	Other	100.00	99.93	100.00	99.93	FC	FC
Fircosoft SAS	Other	26.33	26.32	26.33	26.32	EM	EM
Five Arrows Managers SAS	Asset Management	100.00	98.32	100.00	98.34	FC	FC
GIE Rothschild & Cie	Other	100.00	98.73	100.00	98.73	FC	FC
K Développement SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC
Messine Manager Investissement SAS	Other	100.00	99.93	100.00	99.93	FC	FC
Messine Participations SAS	Other	100.00	98.64	100.00	98.64	FC	FC
Monceau Rabelais SAS (ex Rothschild Investments Solutions)	Other	100.00	98.71	100.00	98.71	FC	FC
Montaigne Rabelais SAS	Other	100.00	98.73	100.00	98.73	FC	FC
Paris Orléans Holding Bancaire SAS	Other	100.00	99.93	100.00	99.93	FC	FC
Paris Orléans SCA	Asset Management	100.00	99.93	100.00	99.93	Parent company	Parent company
PO Capinvest 1 SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC
PO Capinvest 2 SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC
PO Développement SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC

[1] *FC: full consolidation, EM: equity method.*

Company name	Activity	31/03/2014		31/03/2013		Consolidation method[1]	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	2014	2013
PO Fonds SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC
PO Mezzanine SAS	Asset Management	100.00	99.93	100.00	99.93	FC	FC
Keensight Capital SAS (ex R Capital Management SAS)	Asset Management	–	–	95.00	94,19[2]	–	FC
R Immobilier SAS	Other	–	–	100.00	98.71	–	FC
Rivoli Participations SAS (consolidated sub-group)	Other	30.56	30.55	30.56	30.55	EM	EM
Rothschild & Cie SCS	Global Financial Advisory	99.98	98,71[2]	99.98	98,71[2]	FC	FC
Rothschild & Compagnie Banque SCS	Asset Management and Other	99.99	98,73[2]	99.99	98,73[2]	FC	FC
Rothschild & Compagnie Gestion SCS	Asset Management	99.99	98,71[2]	99.99	98,71[2]	FC	FC
Rothschild Assurance & Courtage SCS	Asset Management	99.83	98.54	99.83	98.54	FC	FC
Rothschild Europe SNC (French partnership)	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Rothschild HDF Investment Solutions SAS	Asset Management	63.00	94.76	63.00	94.76	FC	FC
SCS Holding SAS	Other	100.00	97.28	100.00	97.28	FC	FC
Sélection 1818 SA	Asset Management	34.00	33.54	34.00	33.54	EM	EM
Somanfi SAS	Asset Management	100.00	98.54	–	–	FC	–
SPCA Deux SAS	Asset Management	–	–	100.00	99.93	–	FC
Transaction R SCS	Global Financial Advisory	99.73	98,73[2]	99.73	98,73[2]	FC	FC
Verseau SAS	Asset Management	95.00	94.95	95.00	94.95	FC	FC
Germany							
Rothschild GmbH	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Rothschild Vermögensverwaltungs-GmbH	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Hong Kong							
JRE Asia Capital (Hong Kong) Ltd	Asset Management	100.00	49.29	100.00	49.30	EM	EM
JRE Asia Capital Investments Limited (HK SPV)	Other	–	–	100.00	49.30	–	EM
RAIL Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild (Hong Kong) Limited	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Rothschild Wealth Management (Hong Kong) Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
India							
JRE Asia Capital Advisory Services (India) Private Limited	Asset Management	100.00	49.29	100.00	49.30	EM	EM
Rothschild (India) Private Limited	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Indonesia							
PT Rothschild Indonesia	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Israel							
RCF (Israel) BV - Israel branch	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Italy							
Rothschild S.p.A.	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Rothschild Trust Italy Srl	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Luxemburg							
Centrum Jonquille	Asset Management	100.00	99.93	100.00	99.93	FC	FC
Centrum Narcisse	Asset Management	100.00	99.93	100.00	99.93	FC	FC
Centrum Orchidée	Asset Management	100.00	99.93	100.00	99.93	FC	FC
Fin PO SA	Asset Management	100.00	99.88	100.00	99.93	FC	FC

[1] FC: full consolidation, EM: equity method.
[2] Before profit share.

Company name	Activity	31/03/2014 % Group voting interest	31/03/2014 % Group ownership interest	31/03/2013 % Group voting interest	31/03/2013 % Group ownership interest	Consolidation method[(1)] 2014	Consolidation method[(1)] 2013
Five Arrows Co-Investments Feeder V SCA. SICAR	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Credit Solutions General Partner	Asset Management	100.00	98.32	–	–	FC	–
Five Arrows Investments SCA. SICAR	Asset Management	100.00	98.58	100.00	98.61	FC	FC
Five Arrows Managers S.A.	Asset Management	100.00	98.32	100.00	98.34	FC	FC
Five Arrows Mezzanine Debt Holder S.A.	Asset Management	–	–	100.00	85.61	–	FC
Five Arrows Mezzanine Investments Sàrl	Asset Management	100.00	98.58	100.00	98.61	FC	FC
Five Arrows Principal Investments International Feeder SCA. SICAR	Asset Management	100.00	98.58	100.00	98.61	FC	FC
Five Arrows Secondary Opportunities III FCPR	Asset Management	100.00	8.36	100.00	8.36	FC	FC
Jardine Rothschild Asia Capital (Luxembourg) Sàrl	Other	50.00	49.29	100.00	49.30	EM	EM
Oberon GP Sàrl	Asset Management	100.00	98.32	100.00	98.34	FC	FC
PO Invest 1 SA	Asset Management	62.86	62.78	62.86	62.81	FC	FC
PO Invest 2 SA	Asset Management	93.78	93.71	93.78	93.71	FC	FC
PO Participations Sàrl	Asset Management	99.98	99.88	100.00	99.93	FC	FC
PO Titrisation Sàrl	Asset Management	–	–	60.00	59.97	–	FC
Malaysia							
Rothschild Malaysia Sendirian Berhad	Global Financial Advisory	70.00	68.10	70.00	68.10	FC	FC
Mauritius							
JRE Asia Capital (Mauritius) Ltd	Other	33.34	32.87	33.34	32.87	EM	EM
Mexico							
Rothschild (Mexico) SA de CV	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Netherlands							
Continuation Investments NV	Asset Management	39.33	37.23	39.33	37.23	EM	EM
RCF (Israel) BV	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
RCF (Russia) BV	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Rothschild Europe BV	Other	100.00	98.01	100.00	98.01	FC	FC
Rothschilds Continuation Finance BV	Other	69.00	67.56	69.00	67.56	FC	FC
Netherlands Antilles							
N M Rothschild & Sons (Asia) NV	Other	100.00	97.28	100.00	97.28	FC	FC
NMR Consultants NV	Other	100.00	97.28	100.00	97.28	FC	FC
NMR International NV	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Latin America NV	Other	100.00	97.28	100.00	97.28	FC	FC
New Zealand							
Rothschild Trust New Zealand Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Poland							
Rothschild Polska Sp. z o.o.	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Portugal							
Rothschild Portugal Limitada	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Russia							
RCF (Russia) BV - Moscow branch	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC

[(1)] *FC: full consolidation, EM: equity method.*

Company name	Activity	31/03/2014 % Group voting interest	31/03/2014 % Group ownership interest	31/03/2013 % Group voting interest	31/03/2013 % Group ownership interest	Consolidation method[(1)] 2014	Consolidation method[(1)] 2013
Singapore							
Jardine Rothschild Asia Capital (Singapore) Pte Limited	Asset Management	100.00	49.29	100.00	49.30	EM	EM
Rothschild (Singapore) Limited	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Rothschild Trust (Singapore) Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild Wealth Management (Singapore) Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
South Africa							
Rothschild (South Africa) Foundation	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild (South Africa) Proprietary Limited	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Southern Arrows Proprietary Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Spain							
Rothschild S.A.	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Sweden							
Rothschild Nordic AB	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
Switzerland							
Anterana Holdings AG Glarus	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Creafin AG	Other	100.00	71.95	100.00	71.95	FC	FC
Equitas S.A.	Asset Management	90.00	64.76	90.00	64.76	FC	FC
ESOP Services AG	Asset Management	100.00	97.43	100.00	97.43	FC	FC
Five Arrows Capital AG	Other	100.00	97.28	100.00	97.28	FC	FC
RBZ Fiduciary Ltd.	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild Asset Management Holdings AG	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Bank AG	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild China Holding AG	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Concordia AG	Other	100.00	97.43	100.00	97.43	FC	FC
Rothschild Holding AG	Other	73.96	71.95	73.96	71.95	FC	FC
Rothschild India Holding AG	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Private Trust Holdings AG	Other	100.00	71.95	100.00	71.95	FC	FC
Rothschild Trust (Switzerland) Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschilds Continuation Holdings AG	Other	98.74	97.28	98.74	97.28	FC	FC
RTS Geneva SA	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Turkey							
Rothschild - Kurumsal Finansman Hizetleri Limited Sirketi	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
United Kingdom							
City Business Finance Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Continuation Computers Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Elgin Capital LLP	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Elgin Capital Services Limited	Other	100.00	97.28	100.00	97.28	FC	FC
F.A. International Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Five Arrows (Scotland) General Partner Limited	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Business Finance plc (ex State Securities plc)	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Finance Limited	Other	100.00	97.28	100.00	97.28	FC	FC

(1) FC: full consolidation, EM: equity method.

Company name	Activity	31/03/2014		31/03/2013		Consolidation method[1]	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	2014	2013
Five Arrows Leasing Group Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Leasing Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Five Arrows Leasing Limited	Other	100.00	97.28	100.00	97.28	FC	FC
International Property Finance (Spain) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Investor Perceptions Limited	Other	50.00	48.64	–	–	EM	–
Lanebridge Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Lanebridge Investment Advisory Limited	Other	–	–	100.00	97.28	–	FC
Lanebridge Investment Management Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Marplace (No 480) Limited	Other	100.00	97.28	100.00	97.28	FC	FC
N M Rothschild & Sons Limited	Global Financial Advisory, Asset Management and Other	100.00	97.28	100.00	97.28	FC	FC
N M Rothschild Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
NCPS Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
New Court Property Services	Other	100.00	97.28	100.00	97.28	FC	FC
New Court Securities Limited	Other	100.00	97.28	100.00	97.28	FC	FC
NMR Europe (UK partnership)	Global Financial Advisory	100.00	98.01	100.00	98.01	FC	FC
O C Investments Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Risk Based Investment Solutions Ltd	Asset Management	100.00	98,71	–	–	FC	–
Rothschild Australia Holding Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Credit Management Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Gold Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild HDF Investment Adviser Limited	Asset Management	100.00	94.76	100.00	94.76	FC	FC
Rothschild Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Investments Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Private Fund Management Limited	Asset Management	100.00	79.55	100.00	79.55	FC	FC
Rothschild Trust Corporation Limited	Asset Management	100.00	71.95	100.00	71.95	FC	FC
Rothschild Wealth Management (UK) Limited	Asset Management	100.00	79.55	100.00	79.55	FC	FC
Rothschilds Continuation Finance Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschilds Continuation Finance PLC	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschilds Continuation Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Second Continuation Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Shield MBCA Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Shield Trust Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Specialist Fleet Services Limited	Other	100.00	97.28	100.00	97.28	FC	FC
State Securities Holdings Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Third New Court Limited	Other	100.00	97.28	100.00	97.28	FC	FC
Walbrook Assets Limited	Other	100.00	97.28	100.00	97.28	FC	FC

[1] *FC: full consolidation, EM: equity method.*

Company name	Activity	31/03/2014 % Group voting interest	31/03/2014 % Group ownership interest	31/03/2013 % Group voting interest	31/03/2013 % Group ownership interest	Consolidation method[1] 2014	Consolidation method[1] 2013
United States of America							
Five Arrows Friends & Family Feeder LP	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Francarep Inc	Asset Management	100.00	99.93	100.00	99.93	FC	FC
PO Black LLC	Asset Management	100.00	82.84	–	–	FC	–
Rothschild Asset Management Inc.	Asset Management	100.00	97.28	100.00	97.28	FC	FC
Rothschild Inc.	Global Financial Advisory	100.00	97.28	100.00	97.28	FC	FC
Rothschild North America Inc.	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Realty Group Inc.	Other	100.00	97.28	100.00	97.28	FC	FC
Rothschild Trust North America LLC	Asset Management	100.00	71.95	–	–	FC	–
Zimbabwe							
MBCA Holdings Limited	Other	3.30	3.21	3.30	3.21	EM	EM
MBCA Limited	Other	100.00	3.21	100.00	3.21	EM	EM

[1] FC: full consolidation, EM: equity method.

Note 37 - Net revenues and headcount by country

The table below shows the net banking revenue and headcount by country as at 31 March 2014.

Country of operation	Net banking income (in millions of euro)	Headcount (Full-time equivalent)
United Kingdom	328.9	939
Channel Islands	33.9	85
United Kingdom and Channel Islands	**362.8**	**1,024**
France	**282.9**	**656**
United States of America	129.1	211
Brazil	25.7	22
Mexico	6.7	12
Canada	2.3	9
Netherlands Antilles	0.8	–
British Virgin Islands	0.4	1
Cayman Islands	0.3	–
Americas	**165.3**	**255**
Germany	53.5	108
Italy	25.5	58
Spain	23.1	30
Luxembourg	21.4	8
Sweden	4.9	5
Russia	4.4	20
Poland	4.2	16
Belgium	2.9	12
Turkey	0.9	3
Portugal	–	4
Netherlands	(0.2)	–
Rest of Europe	**140.6**	**264**
Switzerland	**99.9**	**367**
Australia	19.8	50
China & Hong Kong	12.7	69
Singapore	5.9	38
India	4.5	25
Malaysia	0.8	6
Indonesia	0.1	9
New Zealand	(0.1)	–
Asia and Australia	**43.7**	**197**
South Africa	5.5	21
Dubai	4.6	14
Israel	2.4	6
Other	**12.5**	**41**
TOTAL	**1,107.7**	**2,804**

Note 38 - Pro forma information

Following an Extraordinary General Meeting on 8 June 2012, Paris Orléans increased its ownership in its main subsidiaries. Since then, Paris Orléans has controlled 98.74% of Rothschilds Continuation Holdings AG and 99.99% of Rothschild & Cie Banque. Prior to this change, and at the start of the year ended 31 March 2013, the interests of Paris Orléans were respectively 56.32% and 44.99%. The division of income between the Group share and Non-controlling interests at 31 March 2013 has been recalculated as if the Group reorganisation had taken place on 1 April 2012. Had this been the case, the Group share of net income on this pro forma basis would have been €25.5 million for 2012/2013 compared to €41.7 million as reported in the consolidated income statement. It should be noted that the change in the shareholdings following the reorganisation has, for accounting purposes, only affected the division of income between Group share and Non-controlling interests; the other elements of the income statement, such as net banking revenue, gross operating income and operating income would have been the same.

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the consolidated financial statements

Year ended 31 March 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2014, on:

- the audit of the accompanying consolidated financial statements of Paris Orléans SCA.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the accounting policies changes, as well as the related impacts shown in part II "Preparation of the financial statements" regarding the application of IAS 19 revised, Employee Benefits, and IFRS 13 "Fair value measurement".

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

- Your Group accounts for impairments in order to cover for credit risks inherent in its activities.

  Our work consisted in assessing the appropriateness of the processes used by the management, in reviewing the control procedures implemented to identify and measure such exposures and their valuation, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements, in particular in note 29.
- Your Group performs accounting estimates related to the assessment of the fair value of available-for-sale financial assets, intangible assets and goodwill.

  Our work consisted in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements, in particular in notes 3, 9, 10 and 25.

We also assessed whether these estimates were reasonable.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information related to the Group presented in the Management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, on the 7 July 2014

KPMG Audit FS II

Pascal Brouard
Partner

Paris, on the 7 July 2014

Cailliau Dedouit et Associés

Jean-Jacques Dedouit
Partner

Parent company balance sheet as at 31 March 2014

Assets

In thousands of euro	Notes	31/03/2014 Gross value	31/03/2014 Depreciation, amortisation and provisions	31/03/2014 Net carrying amount	31/03/2013 Net carrying amount
Non-current assets					
Intangible assets	**1**				
Concessions, patents, brand and software		211	201	10	29
Total intangible assets		**211**	**201**	**10**	**29**
Property, plant and equipment	**2**				
Land		–	–	–	–
Buildings		15	15	–	–
Other property, plant and equipment		585	414	171	198
Total property, plant and equipment		**600**	**429**	**171**	**198**
Non-current financial assets					
Investments in group and other companies	**3**	1,455,068	1,531	1,453,537	1,455,629
Portfolio holdings	**4**	25,494	8,470	17,024	16,504
Receivables related to portfolio holdings		8	–	8	–
Loans		–	–	–	1,607
Other non-current financial assets		6	–	6	6
Total non-current financial assets		**1,480,576**	**10,001**	**1,470,575**	**1,473,746**
Total non-current assets		**1,481,387**	**10,631**	**1,470,756**	**1,473,973**
Current assets					
Accounts receivable	**5**	**50,688**	**119**	**50,569**	**84,037**
Marketable securities	**6**				
Treasury stock		3,159	67	3,092	460
Other securities		5,280	–	5,280	22,119
Cash	**7**	**54,268**	**–**	**54,268**	**57,405**
Prepaid expenses		**18**	**–**	**18**	**310**
Total current assets		**113,413**	**186**	**113,227**	**164,331**
Unrealised translation losses	**8**	**615**	**–**	**615**	**3,473**
TOTAL ASSETS		**1,595,415**	**10,817**	**1,584,598**	**1,641,777**

Liabilities and shareholders' equity

In thousands of euro	Notes	31/03/2014	31/03/2013
Shareholders' equity	9		
Share capital		142,208	141,806
Share premium		982,561	979,624
Reserves			
Legal reserves		12,469	6,475
Regulated reserves		–	–
Other reserves		153,044	153,044
Retained earnings		**146,145**	**68,163**
Net income for the year		**9,986**	**119,878**
Regulated provisions		273	217
Total shareholders' equity		**1,446,686**	**1,469,207**
Provisions for contingencies and charges			
Provisions for contingencies	10	1,500	2,201
Total provisions for contingencies and charges		**1,500**	**2,201**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities - Banks	11	72,403	86,944
Borrowings and other financial liabilities - Others		–	–
Operating liabilities	12		
Accounts payable		818	776
Tax and social liabilities		4,212	2,206
Other liabilities			
Miscellaneous liabilities	13	58,259	79,171
Deferred income		–	–
Total liabilities		**135,692**	**169,097**
Unrealised translation gains		720	1,272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,584,598**	**1641,777**

Income statement for the year ended 31 March 2014

In thousands of euro	Notes	2013/2014	2012/2013
Income transactions			
Operating income transactions			
Operating income	14	1776	2,513
Operating expenses	15	(15,978)	(9,371)
Net operating income		**(14,202)**	**(6,858)**
Other income transactions			
Income from investments in Group and other companies and portfolio holdings	16	18,764	6,381
Other financial income	17	2,023	1,538
Capital gains / (losses) on disposals of marketable securities	18	49	52
Recoveries of provisions on other income transactions	19	2,617	588
Financial expenses	20	(4,438)	(1,903)
Charges to provisions on other income transactions	19	(66)	(836)
Income from other income transactions		**18,949**	**5,820**
Income from joint ventures			
Share of profit (loss)		–	–
Current income before tax		**4,747**	**(1,038)**
Capital transactions			
Capital gains on disposals of investments in Group and other companies and portfolio holdings	21	3,360	1,150
Reversal of impairment of investments in Group and other companies and portfolio holdings	22	53	121,769
Capital losses on disposals of investments in Group and other companies and portfolio holdings	23	(56)	–
Charges for impairment of investments in Group and other companies and portfolio holdings	24	(147)	(174)
Income from capital transactions		**3,210**	**122,745**
Income tax (charge) / credit	25	2,029	(1,829)
NET INCOME		**9,986**	**119,878**

Notes to the financial statements

I. Highlights of the financial year

Paris Orléans SCA ended financial year 2013/2014 with net income of €10 million compared with €119.9 million the previous year, which benefited from the reversal of impairment provisions in respect of the equity interests held in the wholly-owned subsidiary Paris Orléans Holding Bancaire (POHB) SAS, which holds the Group's banking assets.

During financial year 2013/2014, the Company received dividends totalling €18.8 million from its subsidiaries, including €14.2 million from POHB, which therefore contributed significantly to the year's earnings.

II. Subsequent events

No significant adjusting events have occurred after the 31 March 2014 closing date.

III. Accounting principles and valuation methods

To ensure operating continuity and consistency of methods and to adhere to the principles of prudence and reliability, the financial statements are prepared in accordance with the provisions of French law (1999 General Chart of Accounts) and with the accounting principles generally accepted in France.

To provide relevant reporting on the Company's business, the income statement is presented in accordance with the so-called "TIAP" model for other non-current holdings in the passive investment portfolio ("portfolio holdings") recommended by the French Accounting Standards Authority *(Autorité des normes comptables)* for financial companies.

Income transactions are split in two: operating income transactions (at the top of the income statement) and other income transactions (primarily financial transactions).

Current income corresponds to "income from ordinary activities", i.e. "all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an accessory basis or as an extension of its ordinary activities".

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting policies applied are as follows:

- Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Estimated useful life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 years	straight-line
Plant and general improvements	8 to 10 years	straight-line
Vehicles	5 years	straight-line
Office equipment	3 years	declining-balance
Office furniture	10 years	straight-line

- Current financial assets are valued at their historical acquisition cost. The values of holdings denominated in foreign currencies are translated into euro at the exchange rate in effect on the transaction date. All loans and receivables denominated in foreign currencies classified among non-current financial assets are translated at the closing rate of the financial year.

Investments in group and other companies and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when fair value is below acquisition cost.

The fair values of investments in group and other companies and portfolio holdings are recognised in the following manner:

- Unlisted securities: market value. This is obtained using either the company's share of the book or re-appraised net assets of the holding or the price used for a recent transaction on the security;
- Treasury stock: average price in the final month of the financial year;
- Listed securities: last quoted price of the financial year.
- Funds: impairment is recognised when the acquisition cost or cumulated investments in the fund exceed the company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

The value of the portfolio at 31 March 2014 was measured using the same method as applied in the preceding financial year.

Dividends are recorded in the month in which it is decided to distribute them.

Regarding FCPR-type venture capital funds, in accordance with market practice, only amounts actually called up since the 2002 financial year are now booked, and the unfunded capital commitment is recorded as an off-balance sheet item.

Sales of shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate of the financial year.

Marketable securities are recognised at their acquisition cost. When their overall inventory value is lower than their acquisition cost, an impairment loss is recognised. The book value is equal to the closing price for the financial year.

Transactions denominated in foreign currencies are recognised at the rate on the transaction date. At the end of the financial year, all assets and liabilities are converted at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown. Depreciation is recognised to take account into unrealised losses; only the uncovered portions of transactions for which an exchange rate hedge has been set in place are subject to depreciation.

Paris Orléans SCA uses foreign currency-denominated loans to hedge certain of its acquisitions of securities and other assets denominated in US dollars. The exchange difference between the historical rate and the weighted average rate on the loans is recognised as the loan principal is repaid. This accounting treatment resulted in a €2,229 thousand net loss for the year.

IV. Notes to the parent company balance sheet

Note 1. Intangible assets

There were no concessions, patents, brand and software acquisitions or disposals during the financial year.

The changes in intangible assets during the year were as follows:

In thousands of euro	01/04/2013	Acquisitions	Disposals	31/03/2014
Non-current assets				
Concessions, patents, brand and software	211	–	–	211
Total gross values	**211**	**–**	**–**	**211**
Amortisation		**Increases**	**Decreases**	
Concessions, patents, brand and software	182	19	–	201
Total amortisation	**182**	**19**	**–**	**201**
TOTAL NET VALUES	**29**	**(19)**	**–**	**10**

Note 2. Property, plant and equipment

Changes in property, plant and equipment during the financial year were as follows:

In thousands of euro	01/04/2013	Acquisitions	Disposals	31/03/2013
Property, plant and equipment				
I – Land	–	–	–	–
II – Other				
– buildings	15	–	–	15
– plant and improvements	10	–	–	10
– vehicles	282	23	–	305
– office equipment	78	–	–	78
– office furniture	176	16	–	192
Total gross values	**561**	**39**	**–**	**600**
Depreciation		**Increases**	**Decreases**	
II – Other				
– buildings	15	–	–	15
– plant and improvements	6	1	–	7
– vehicles	168	46	–	214
– office equipment	78	–	–	78
– office furniture	96	19	–	115
Total depreciation	**363**	**66**	**–**	**429**
TOTAL NET VALUES	**198**	**(27)**	**–**	**171**

Note 3. Investments in group and other companies

At 31 March 2014, the gross values of the company's investments in group and other companies could be analysed in the following manner:

In thousands of euro	31/03/2014
Paris Orléans Holding Bancaire (POHB) SAS	1,335,455
K Développement SAS	94,698
Finatis SA	12,287
Other investments in group and other companies with a value less than €10m	12,628
TOTAL INVESTMENTS IN GROUP AND OTHER COMPANIES	**1,455,068**

The movements for the 2013/2014 financial year are summarised in the table below:

In thousands of euro	01/04/2013	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2014
Gross value	1,457,099	–	2,031	1,455,068
Total gross value	**1,457,099**	**–**	**2,031**	**1,455,068**
		Increases	Decreases	
Impairment	1,470	62	1	1,531
Total Impairment	**1,470**	**62**	**1**	**1,531**
TOTAL NET VALUES	**1,455,629**	**(62)**	**(2,030)**	**1,453,537**

The disposals of/decreases in equity interests during the financial year related almost exclusively to the US subsidiary Francarep Inc, which had its capital reduced by €2,031 thousand. In light of this capital reduction in particular, a further impairment loss on equity interests in this subsidiary had to be booked in an amount of €62 thousand in financial year 2013/2014.

Note 4. Portfolio holdings

This heading includes all non-current strategic portfolio investments that cannot be classified as "investment in group and other companies". The changes during financial year 2013/2014 may be analysed in the following manner:

In thousands of euro	01/04/2013	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2014
Gross value	24,940	3,064	2,510	25,494
Total gross value	**24,940**	**3,064**	**2,510**	**25,494**
		Increases	Decreases	
Impairment	8,436	86	52	8,470
Total Impairment	**8,436**	**86**	**52**	**8,470**
TOTAL NET VALUES	**16,504**	**2,978**	**2,458**	**17,024**

The main acquisitions / increases in the financial year related to Compagnie Financière Martin Maurel shares (representing 2.27% of the share capital as at 31 December 2013) and Rhino Resources shares for a total of €2,999 thousand and €53 thousand respectively, while the disposals / decreases mainly concerned, on the one hand, Paris Orléans SCA treasury shares for a total of €1,143 thousand, and, on the other hand, investment funds (including €850 thousand for the Doughty Hanson 4 fund and €351 thousand for the Terra Firma Capital Partners 2 fund) and Rhino Resources shares for a total of €104 thousand.

At 31 March 2014, the estimated value of the portfolio of participating interests and investments came to €43,064 thousand, of which €5,778 thousand was in treasury shares and €2,191 thousand was in investment certificates.

Note 5. Accounts receivable

The €50,688 thousand total consisted almost entirely of:

- Group and associated companies' advances and current accounts (€46,708 thousand), primarily in connection with the cash pooling programme, and current accounts related to the tax consolidation group (€3,955 thousand);
- Miscellaneous trade receivables and miscellaneous debit balances of €25 thousand.

All of these receivables are due.

The impairment provision of €119 thousand related to advances made to investment subsidiaries that encountered financial difficulties.

Note 6. Marketable securities

Marketable securities consist of:

- 174,050 treasury shares (held in accordance with a liquidity contract) of €3,159 thousand. At 31 March 2014, the estimated value of the marketable securities was €3,093 thousand, with an unrealised loss of €66 thousand for which a provision was made.
- The other securities (€5,280 thousand) consist solely of mutual funds and short-term liquid investments. As at 31 March 2014, the fair value of these securities amounted to €5,857 thousand, giving an unrealised gain of €578 thousand.

Note 7. Cash

This line amounting to €54,268 thousand did not change significantly compared to the previous year end.

During the 2013/2014 financial year, Paris Orléans SCA benefited in particular from cash received from its investment subsidiaries following disposals made by these subsidiaries.

Note 8. Unrealised translation losses

Unrealised foreign exchange losses corresponding to the difference between the equivalent value in euro at the closing price for portfolio investments and other long-term investments denominated in US dollars, on the one hand, and their historical value on the other hand, were €615 thousand as at 31 March 2014.

Note 9. Shareholders' equity

Changes in shareholders' equity during financial year 2013/2014 may be analysed in the following manner:

In thousands of euro	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the year	Total shareholders' equity
Shareholders' equity as at 1 April 2013	**141,806**	**979,624**	**6,475**	**153,044**	**68,163**	**217**	**119 ,878**	**1,469,207**
Capital increase	402	2,937	–	–	–	–	–	3 339
Appropriation of net income for FY 2012/2013	–	–	5,994	–	113,884	–	(119,878)	–
Distribution of dividends[(1)]	–	–	–	–	(35,902)	–	–	(35,902)
Net income for FY 2013/2014	–	–	–	–	–	–	9,986	9,986
Change in investment provision	–	–	–	–	–	56	–	56
SHAREHOLDERS' EQUITY AS AT 31 MARCH 2014	**142,208**	**982,561**	**12,469**	**153,044**	**146,145**	**273**	**9,986**	**1,446,686**

(1) The dividends distributed during financial year 2013/2014 in respect of the previous year were €290 thousand lower than the amount approved in the second resolution proposed to the Combined General Meeting of 26 September 2013, as no dividends were paid on treasury stock (investment certificates).

At 31 March 2014, the Company's capital was composed of 70,959,068 shares and 145,040 of its investment certificates with a nominal value of €2 each. The 201,079 new shares issued during the year correspond to the capital increase totalling €402 thousand undertaken in connection with the payment in shares of the dividend in respect of the previous year.

Treasury shares:

As at 31 March 2014, Paris Orléans SCA holds 145,040 of its own investment certificates (i.e. all the securities issued in this category) and 499,157 of its own shares, including 174,050 shares held as part of the liquidity contract.

Note 10. Provisions for contingencies and charges

Provisions may be analysed in the following manner:

In thousands of euro	01/04/2013	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision unused)	31/03/2014
Provisions for contingencies	2,201	1,500	2,201	–	1,500
– Insufficient hedging of foreign currency risk	–	–	–	–	–
– Legal dispute	–	1,500	–	–	1,500
– Translation charges on USD funds	2,201	–	2,201	–	–
– Provisions for charges	–	–	–	–	–
TOTAL PROVISION FOR CONTINGENCIES AND CHARGES	**2,201**	**1,500**	**2,201**	**–**	**1,500**

The Company booked a provision for risks in connection with a legal dispute. Non-application of the preferential method: the non-application of the preferential method of accounting for retirement commitments, as recommended by French General Chart of Accounts, did not have a material impact on the total assets or current income of the Company.

Note 11. Borrowings and financial liabilities – banks

Borrowings and financial liabilities to banks may be analysed as follows:

		Maturity		
In thousands of euro	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	51,105	15,912	35,193	–
US-dollar denominated loan	16,273	16,273	–	–
GBP denominated loan	4,718	4,718	–	–
Bank overdrafts	–	–	–	–
Accrued interest	307	307	–	–
TOTAL BORROWING AND FINANCIAL LIABILITIES	**72,403**	**37,210**	**35,193**	**–**

These loans have variable rates of interest.

Loan principal amortised or repaid over the financial year amounted to €44,743 thousand and US$11,830 thousand respectively, whereas new loans taken out in the financial year amounted to €37,100 thousand and US$26,053 thousand.

Note 12. Operating liabilities

These include accounts payable of €818 thousand and tax and social liabilities of €4,212 thousand for 2013/2014. All amounts are due in less than one year.

Note 13. Other liabilities

The €58,259 thousand recorded under this heading consists of group advances and current accounts plus accrued interest granted by the subsidiaries as part of cash pooling arrangements in an amount of €58,134 thousand and of sundry liabilities for the remaining €125 thousand.

All of these liabilities are due.

V. Notes to the parent company income statement

Paris Orléans SCA ended financial year 2013/2014 with net income of €10 million compared with €119.9 million the previous year. The latter was mainly due to the reversal of an impairment charge on the equity interests held in the subsidiary POHB which totalled €121.4 million. Net income in financial year 2013/2014 was boosted by a dividend of €14.2 million received from the subsidiary POHB.

The Company recorded current income before tax of €4.7 million for financial year 2013/2014 compared with a current loss before tax of €1 million in the previous financial year. This was mainly due to the amount of the dividend received from POHB in 2013/2014, as previously mentioned, whereas the Company did not receive anything in that respect in the previous financial year.

The income from capital transactions came to €3.2 million, consisting mainly of capital gains on the sale of treasury stock totalling €2.3 million and €1.1 million in capital gains relating to investment funds.

The net tax income of €2 million was primarily due to tax income received from the subsidiary POHB within the framework of the tax group totalling €4 million. This amount was partly offset by a tax charge of €1 million and a 3% surtax on dividends amounting to €1 million.

Note 14. Operating income

Expenses re-billed to related companies amounted to €1,114 thousand and accounted for around half the company's operating income. Consequently, amounts of €50 thousand and €25 thousand respectively were charged in Rothschild Concordia SAS, parent company of Paris Orléans SCA, and in Rivoli Participation SAS. The majority of the remaining operating income came from the reversal of a €662 thousand impairment charge on a current account advance granted to an investment subsidiary whose results improved.

Note 15. Operating expenses

In thousands of euro	31/03/2014	31/03/2013
Purchases and external charges	4,194	2,694
Taxes other than those on income	1,133	965
Salaries and payroll taxes	8,114	5,424
Depreciation and amortisation	85	87
Legal dispute	1,500	–
Other expenses	952	201
TOTAL OPERATING EXPENSES	**15,978**	**9,371**

This expenses mainly consist of:

- Actual operating expenses, excluding any expenses passed on to the subsidiaries, amounted to €14,808 thousand (1.02% of shareholders' equity).
- The auditors' fees amount to €560 thousand in 2013/2014 (this amount is given all tax due).

The amount of auditors' fees breaks down as follows:

- Fees for the statutory audit of the financial statements for the 2013/2014 financial year: €399 thousand, all charges included (€334 thousand without value added tax);
- Fees for due diligence work directly linked to the statutory audit of the accounts: €45 thousand, all charges included (€38 thousand without value added tax).

As mentioned in note 10, Paris Orléans booked an exceptional charge (€1,500 thousand) for a legal dispute.

Note 16. Income from investments in Group and other companies and portfolio holdings

Details regarding income from investments in Group and other companies and portfolio holdings during financial year 2013/2014 are provided in the table below:

In thousands of euro	31/03/2014	31/03/2013
– Dividends from investments in Group and other companies		
– Paris Orléans Holding Bancaire (POHB)	14,228	–
– Finatis SA	566	566
Total dividends from investments in Group and other companies	**14,794**	**566**
– Dividends from portfolio holdings		
– Perenco Rio Del Rey	3,325	4,714
– Rallye SA	551	979
– Norsea Pipeline	65	44
– Other Dividends from portfolio holdings < €20 thousand	4	8
Total dividends from portfolio holdings	**3,945**	**5,745**
– Loan interest from investments in Group and other companies		
– K développement SAS	25	70
Total loan interest from investments in Group and other companies	**25**	**70**
TOTAL INCOME FROM INVESTMENTS IN GROUP AND OTHER COMPANIES AND PORTFOLIO HOLDINGS	18,764	6,381

Note 17. Other financial income

Other financial income totalled €2,023 thousand and comprised:

- €864 thousand of interest on advances granted to Group companies, in particular PO Fonds SAS, K Développement SAS (advances in euro and in US dollars), PO Développement SAS and PO Cap Invest 2 SAS in amounts of respectively €322 thousand, €273 thousand, €92 thousand and €92 thousand,
- Interest income on forward contracts and certificates of deposit in an amount of €711 thousand,
- Foreign exchange gains, which amounted to €448 thousand in 2013/2014.

Note 18. Capital gains (losses) on disposals of marketable securities

This item was positive by €50 thousand due to capital gains of €51 thousand on sales of marketable securities which included €44 thousand on the sale of treasury shares under the liquidity contract. This amount was however offset by capital losses on disposals of marketable securities amounting to €1 thousand.

Note 19. Charges to / recoveries of provisions on other income transactions

Reversal of provisions and impairment on other income transactions amounted to €2,617 thousand and concerned, on the one hand, exchange rate risk in an amount of €2,201 thousand, and, on the other hand, impairment related to one specific transferable security which benefited from rises in European equity indexes, in an amount of €416 thousand.

Charges to provisions and impairment on other income transactions related to Paris Orléans treasury stock held in accordance with the liquidity contract in an amount of €66 thousand.

Note 20. Financial expenses

In thousands of euro	31/03/2014	31/03/2013
Medium-term borrowings	1,114	1.634
Other financial expense	–	2
Other interest expense	647	234
Translation charges	2,677	33
TOTAL OF FINANCIAL EXPENSES	**4,438**	**1,903**

Interest expense on medium term bank borrowings decreased primarily as a result of the reduction in debt compared to the previous year. The other interest expense comprised €509 thousand in interest on bank current account overdrafts. The increase in the foreign exchange loss in financial year 2013/2014 compared to the previous year was a result of the closure of a bank account in US dollars.

Note 21. Capital gains on disposals of investments in group and other companies and portfolio holdings

In respect of financial year 2013/2014, the €3,360 thousand recorded under this heading concerned solely the portfolio holdings, including Paris Orléans SCA treasury shares (197,155 shares sold) in an amount of €2,308 thousand. The capital gains realised on investment funds increased slightly compared to the previous year, to a total of €1,053 thousand, including €270 thousand for FCPR-type venture capital funds.

Note 22. Recoveries of impairment of investments in group and other companies and portfolio holdings

This line amounting to €53 thousand mainly relates to one specific investment in shares and a US investment fund. The amount fell sharply compared to the previous year, when the reversal of impairment provisions in respect of the equity interests in the subsidiary POHB was booked.

Note 23. Capital loss on disposals of investments in group and other companies and portfolio holdings

Capital losses on disposals of investments in group and other companies and portfolio holdings came to €56 thousand. They related to the sale of one specific investment in listed shares for €52 thousand and a transfer of all the assets and liabilities of a group company for €4 thousand.

Note 24. Charges for impairment of investments in group and other companies and portfolio holdings

This line totalling €147 thousand relates to the subsidiary Francarep Inc in an amount of €62 thousand, plus various investment funds and US shares in amounts of €54 thousand and €31 thousand respectively.

Note 25. Income tax

Net tax income for financial year 2013/2014 consisted of €3,998 thousand in tax income received from the subsidiary POHB, which is consolidated for tax purposes, reduced by the 3% tax on dividends paid during the year which amounted to €977 thousand, and a tax charge for the tax group headed by Paris Orléans SCA totalling €992 thousand (of which €783 thousand was in respect of the year and €209 thousand was in respect of an adjustment for the previous year).

VI. Other information

A. Employees

The average headcount of 29 people in financial year 2013/2014 included 26 executives and 3 other employees compared to 27 people the previous year.

B. Compensation of management bodies

In respect of their functions as corporate officers of Paris Orléans SCA for 2013/2014, members of the Supervisory Board received €118 thousand in attendance fees and €6.4 thousand in benefits in kind.

C. Tax consolidation

Paris Orléans SCA is the head of a tax group that includes the following companies:

- Paris Orléans Holding Bancaire SAS (POHB);
- Concordia Holding SARL.

This tax group, whose option for application of the Group tax regime expired on 31 March 2014. This option was renewed for a period of five years expiring on 31 March 2019.

As part of the tax consolidation process, each subsidiary in the tax consolidation group calculates its income tax as if it were taxed on a standalone basis.

The tax loss carry-forward at the standard income tax rate for the tax consolidation group headed by Paris Orléans SCA amounted to €6,433 thousand as at 31 March 2014.

D. Consolidation

Paris Orléans SCA, the parent company of the Paris Orléans group, drew up consolidated financial statements as of 31 March 2014. Its own financial statements are consolidated into the Rothschild Concordia SAS group, which is registered at 23 bis avenue de Messine 75008 Paris.

E. Forward financial instruments

Paris Orléans SCA put in place two interest rate hedging transactions in July 2009 and in January 2010:

- A fixed interest rate swap at 2.51% against 3-month Euribor, for a nominal amount of €5.7 million at 31 March 2014 and maturing on 22 January 2015;
- A fixed interest rate swap at 2.22% against 3-month Euribor for a nominal amount of €8 million at 31 March 2014 and expiring on 28 January 2015.

Their valuation is established in accordance with banks' internal calculation methods based on available sources of information, including, in particular, the information customarily used by the market, it being specified that their reliability and accuracy are not guaranteed by these banking institutions.

At 31 March 2014, the first swap has a negative fair value of €127.7 thousand and the second swap has a negative fair value of €78.2 thousand.

F. Off-balance sheet commitments

The off-balance sheet commitments at 31 March 2014 are presented in the table below:

In thousands of euro	Total	Executive managers	Subsidiaries	Investments	Other related companies	Other
Commitments given						
Retirement benefits[1]	–	–	–	–	–	–
Commitments given to Norsea Pipeline Limited	289	–	–	–	–	289
Investment commitments in various funds	26	–	–	–	–	26
TOTAL COMMITMENTS GIVEN	**315**	**–**	**–**	**–**	**–**	**315**
Retirement commitments	**–**	**–**	**–**	**–**	**–**	**–**
Commitments received	**99,308**	**–**	**–**	**–**	**–**	**99,308**
TOTAL COMMITMENTS RECEIVED	**99,308**	**–**	**–**	**–**	**–**	**99,308**
Reciprocal commitments	–	–	–	–	–	–

[1] *This commitment is outsourced to an insurance company.*

The main changes in off balance sheet commitments compared with the previous year related to new commitments received during the year in connection with credit lines but non-utilised during the year.

Change in financial commitments in 2013/2014:

Commitments given	**31/03/2014**	**31/03/2013**
– Guarantees given and other commitments	289	289
– Investment commitments in various funds	26	3
TOTAL COMMITMENTS GIVEN	**315**	**292**

Commitments received	**31/03/2014**	**31/03/2013**
– Undrawn lines of credit	99,308	–
TOTAL COMMITMENTS RECEIVED	**99,308**	**–**

Off-balance sheet commitments relative to the stock option plan

The Combined General Meeting of Shareholders of 26 September 2013 delegated the power to management to allocate options to subscribe for or purchase the Company's shares to some senior executive employees and executive directors of the Paris Orléans Group, to promote the alignment of interests between the shareholders and the recipients of these options.

On 4 October 2013, as a follow-up to this delegation of power, management approved the terms and conditions of a global stock option plan. A component and condition of this plan was the implementation of an Equity Scheme, the terms and conditions of which stipulated that each beneficiary is required to first invest in Paris Orléans SCA shares. Under the terms and conditions of the Equity Scheme, each Paris Orléans SCA share invested in entitles the buyer to four stock options. All shares invested in are subject to a four-year lock-up period.

On 11 October 2013, having noted the number of Paris Orléans SCA shares invested in at the close of the period of subscription offered to the beneficiaries of the Equity Scheme, management:

- Approved the rules of the 2013 stock option plan which consists of four classes of options (2013-1, 2013-2, 2013-3 and 2013-4), with each one accounting for a quarter of the total number of options granted;
- Decided on the list of beneficiaries and granted a total of 3,120,000 options, and
- Decided on the exercise period and the exercise price for each class of options.

Under the terms and conditions of the 2013 plan, the only condition governing the exercise of options by beneficiaries is a condition of presence in the Company, i.e. they must be an employee or an executive director at the Paris Orleans SCA Group when the options are exercised. In addition, the global plan does not include any performance conditions, it being specified that no options were granted to any executive directors of PO Gestion SAS.

The options of the 2013 plan are subject to a vesting period of three years (for class 2013-1), four years (for class 2013-2), five years (for class 2013-3) and six years (for class 2013-4, the last one), starting on 11 October 2013, i.e., the date they were granted.

As at 31 March 2014, Paris Orleans SCA had not yet decided on the delivery methods for the shares resulting from the exercise of the options; these share allocations could therefore result from either the issuing of new shares after a capital increase, or the delivery of existing available shares or shares acquired as part of the Paris Orléans SCA share buyback plan, which gives rise to a contingent liability.

The number of shares to be allocated to the beneficiaries of the 2013 plan at the end of the vesting period, if the options are exercised, and on condition that there are no cancellations and subject to the adjustment clauses laid down in the option plan in accordance with the legal conditions, would represent 4.10% of Paris Orléans SCA's share capital as at 26 September 2013, the date of the Combined General Meeting of Shareholders.

The following table summarises the information on the 2013 stock option plan applicable as at 31 March 2014:

Class of stock option	Allocated	Not exercised	Cancelled	Exercise period	Exercise price in euro
2013-1	780,000	780,000	–	October 2013 to October 2016	17.50
2013-2	780,000	780,000	–	October 2013 to October 2017	18.00
2013-3	780,000	780,000	–	October 2013 to October 2018	19.00
2013-4	780,000	780,000	–	October 2013 to October 2019	20.00

As at 31 March 2014, 3,120,000 options were in circulation and exercisable in accordance with the terms and conditions of the 2013 plan.

Since the 2013 plan, no new Paris Orléans SCA stock option plan has been decided on by management.

The average value of the option used as a basis for the social security contribution of 30% paid by French companies which were covered by the plan in 2013 was €1.33.

Paris Orléans SCA confirms that it has not omitted any significant current off-balance sheet commitment as defined by the accounting standards in effect.

G. Analysis of subsidiaries and participating interests

Companies or groups of Companies *In millions of euro*	**Share Capital**	**APIC, reserves and retained earnings excluding net income for the year**	**Share of capital held**	**Carrying value of the shares**		**Outstanding loans and advances from the company**	**Guarantees given by the company**	**Gross revenues (excluding VAT) for the last financial year**	**Net income for the last financial year**	**Dividends received by the company during the financial year**
				Gross	**Net**					
Detailed information:										
A. Subsidiaries (company holds at least 50% of capital)										
Paris Orléans Holding Bancaire (POHB) SAS (Paris)	729.6	478.1	100%	1,335.5	1,335.5	–	–	–	12.2	–
K Développement SAS (Paris)	99.0	145.8	94.72%(4)	94.7	94.7	–	–	–	1.0	–
Francarep Inc. (USA)(2)	–	1.9	100%	3.5	2.0	–	–	–	0.1	–
Messine Manager Investissement SAS (Paris)	5.0	5.5	99.83%	9.1	9.1	–	–	–	–	–
B. Participating interests (company holds 5 to 50% of capital)										
Finatis SA (Paris)(1)(2)(3)	85.0	210.0	5%	12.3	12.3	–	–	49,311.0	79.0	0.6

(1) *Consolidated figures.*
(2) *Financial year ended 31 December 2013 (used rate 1€ = 1.37785 USD).*
(3) *Reserves and net income (Group share).*
(4) *Paris Orléans SCA holds 100% of the economic rights.*

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the financial statements

Year ended 31 March 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2014, on:

- The audit of the accompanying financial statements of Paris Orléans SCA.;
- The justification of our assessments;
- The specific verifications and information required by law.

These financial statements have been approved by the Management. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 March 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

As stated in paragraph III " Accounting principles and valuation methods" of the notes to the financial statements, your company accounts for impairments, when necessary, in order to cover for the risk of a decrease in fair value of participating interests and portfolio holdings.

In assessing the significant accounting estimates applied by your company for the year ended 31 March 2014, we have examined the methods used by management and described in the notes to the financial statements on the basis of the information available and we have performed tests of detail, on a sample, in order to verify the accurate application of these methods.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to its fair presentation and its consistency with the financial statements of the information given in the Management report, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management report.

Paris La Défense, on the 7 July 2014

KPMG Audit FS II

Pascal Brouard
Partner

Paris, on the 7 July 2014

Cailliau Dedouit et Associés

Jean-Jacques Dedouit
Partner

General information

Persons responsible for the annual Financial Report

PO Gestion SAS
Manager

Mark Crump
Group Finance Director

Statement by the persons responsible for the annual financial report

We hereby certify, that to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the management report presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated group of companies, as well as a description of the principal risks and uncertainties to which they are exposed.

Paris, 25 June 2014

PO Gestion SAS
Manager
Represented by David de Rothschild, Chairman

Mark Crump
Group Finance Director

Persons responsible for the audit of the financial statements

Statutory Auditors

Cailliau Dedouit et Associés SA

Represented by Jean-Jacques Dedouit

19, rue Clément Marot

75008 Paris, France

Start date of first term: 24 June 2003
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS II SAS

Represented by Pascal Brouard

Immeuble Le Palatin – 3, cours du Triangle

92939 Paris La Défense Cedex, France

Start date of first term: 27 September 2011
Date of last renewal: n/a
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

Alternate Auditors

Didier Cardon

19, rue Clément Marot

75008 Paris, France

Start date of first term: 29 September 2009
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS I SAS

Immeuble Le Palatin – 3, cours du Triangle

92939 Paris La Défense Cedex, France

Start date of first term: 27 September 2011
Date of last renewal: n/a
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

French partnership limited by shares with a share capital of €142,208,216. Paris trade and companies registry 302 519 228.
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Paris Orléans is listed on NYSE Euronext in Paris,
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PARIS ORLÉANS