Paris Orléans

Full year 2014/2015 results presentation

24 June 2015

Contents

1. Highlights of 2014/2015

Highlights of 2014/2015

Business

- Excellent results across the Group
  - Global Financial Advisory revenues up 28%
  - Wealth and Asset Management revenues up 10% driven by AuM growth of 23%
  - Merchant Banking revenues up 97%

Results

- Significant improvement in Operating income at €268m, up €139m
- Net income - Group share of €144m compared to €8m in 2013/2014
- Earnings per share of €2.08 for 2014/2015 versus €0.11 in 2013/2014

Reflects the ongoing strategy to build businesses for growth while maintaining disciplined expense management

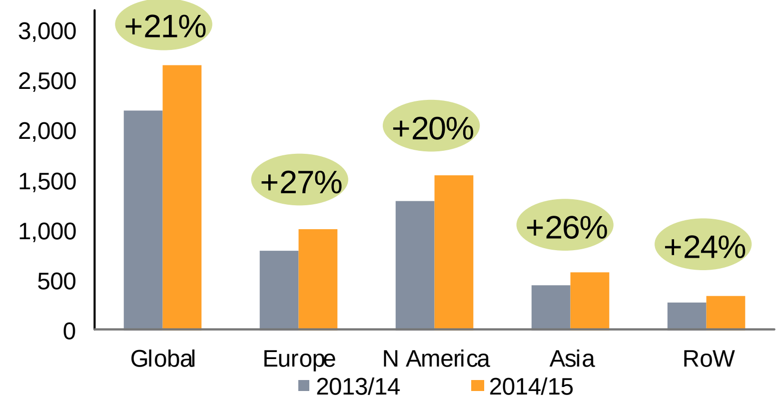
2. Business review

Global Financial Advisory

Profitability of the business

(in €m)	**2013/14**	**2014/15**	***Var %***
Revenue	**689**	**880**	***28%***
M&A	443	588	*33%*
Financing Advisory	246	292	*19%*
Profit before tax margin	**71**	**139**	***95%***
PBT margin in %	*10%*	*16%*	*53%*
Compensation ratio [1]	*67%*	*65%*	*(3)%*
Bankers	*851*	*860*	*9*
of which MDs	*184*	*186*	*2*

Completed M&A deal values by region[1]



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

- Best year since 2008
- Ranked 4th globally and 1st in Europe by number of completed M&A transactions (*Source : Thomson Reuters, Completed M&A transactions involving Financial Advisers in the 12 months to March 2015*)
- GFA revenue up 28% year on year:
  - M&A revenue up 33% driven by mature Europe reflecting higher activity and improved market share
  - Financing Advisory revenue up 19%, with a leading position (advised on 280 transactions of which 29 IPOs)
- Operating income doubled from €71m to €139m
- Compensation ratio down from 67% to 65%

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

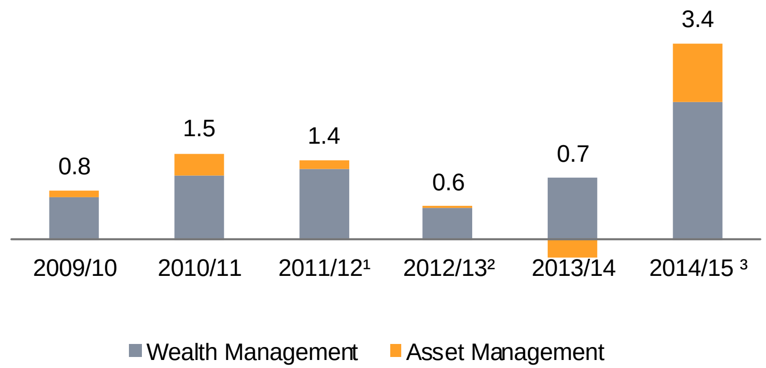
Wealth and Asset Management

Key figures of the business

(in €m)	2013/14	2014/15	*Var %*
Revenue	**307**	**336**	***10%***
Average Bps [1]	*76*	*71*	*(6)%*
AuM (in €bn)	***42.3***	***52.1***	***23%***
NNA	*0.7*	*3.4*	*379%*
Front office for WM	*104*	*111*	*7*
Front office for AM	*52*	*62*	*10*

1 Exceptionally high performance fees improved bps by 7 bps in 2013/2014

Net new assets - NNA *(in €bn)*



1 2011/12 excludes €1.5bn outflow related to the partial sale of Sélection R in France
2 2012/13 includes €0.8bn inflow related to the merger with HDF Finance in France
3 2014/15 excludes €1.9bn outflow related to the transfer of accounts from Sélection R in France

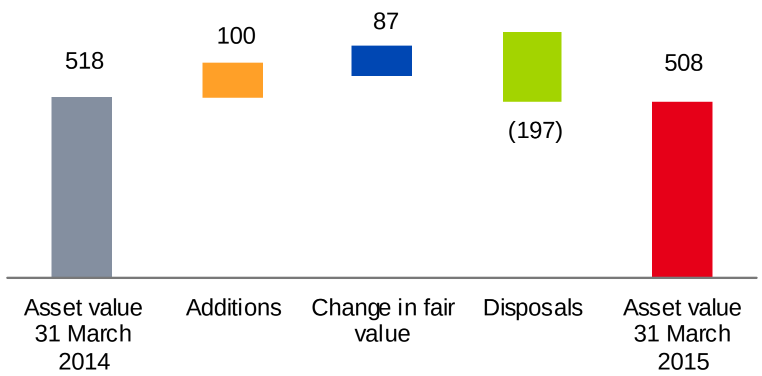
- Very good year versus 2013/2014 due to:
  - net inflows of €3.4bn (€2.3bn in Wealth Management and €1.1bn in Asset Management)
  - strong rise of AuM helped by market and FX effects partially offset by €1.9bn of outflows related to the exit from a French asset management activity
- Strong track record of attracting new business
- Agreement was reached with US DoJ in June 2015
  - Provision made in 2013/2014 fully covered the fine ($11.5m) and related costs

Merchant Banking

Key figures of the business

(in €m)	**2013/14**	**2014/15**	***Var %***
Revenue	**74**	**145**	***97%***
of which net investment profits (incl. Dividends and provisions)	39	115	*194%*
Net asset value of Group private equity assets	*518*	*508*	*(10)*
Investment professionals	*46*	*52*	*6*

Change in the Net asset value *(in €m)*



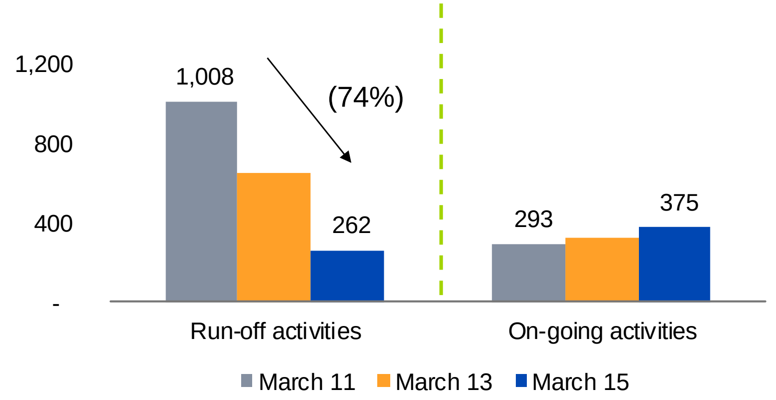
- Very active year with €197m of disposals generating €111m of investment gains (FY 2013/2014 : €28m) and €100m deployed in new investments and follow on
  - Unusually high levels of investment gains in Merchant Banking (average last 3 years around €40m)
- €3.8bn AuM worldwide, of which 19% committed by the Group
- Continuing the roll out of Merchant Banking offering, with the launch of:
  - a first closing of the second equity fund (FAPI II) at €500m, including €150m from the Group
  - a junior leveraged debt fund initiative, FACS, which has closed at €415m, above its target of €400m
  - a senior credit fund, Oberon II, which has closed at its target of €250m
  - a securisation vehicle, Contego 2, which has closed at €360m
- Good pipeline of investment opportunities and disposals

Banking and Asset Finance

Key figures of the business

(in €m)	2013/14	2014/15	*Var %*
Revenue	**42**	**43**	***1%***
Impairment on loans	(5)	(15)	*220%*

Lending over 5 years *(in €bn)*



- Legacy drawings fell to €262m as at 31 March 2015, down from €396m as at 31 March 2014

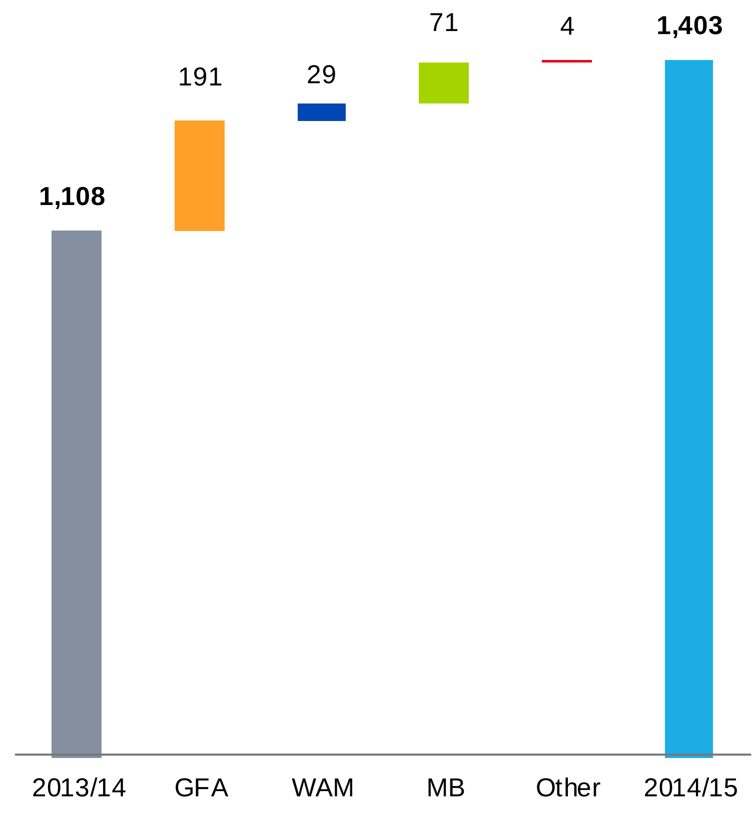
3. Financial review

Summary statutory consolidated P&L

(in €m)	2013/14	2014/15	*Var*	*Var %*
Revenue	**1,108**	**1,403**	***295***	***27%***
Staff costs	(699)	(820)	*121*	*17%*
Administrative expenses	(251)	(257)	*6*	*2%*
Depreciation and amortisation	(36)	(36)	-	-
Impairments	7	(22)	*29*	*414%*
Operating Income	**129**	**268**	***139***	***108%***
Profit before tax	**107**	**317**	***210***	***196%***
Consolidated net income	**64**	**254**	***190***	***297%***
Net income - Group share	**8**	**144**	***136***	***1,700%***
Net income - Group share excl. exceptionals	**51**	**160**	***109***	***213%***
Earnings per share	*0.11 €*	*2.08 €*		
EPS excl. exceptionals	*0.74 €*	*2.31 €*		
ROTE	*1%*	*13%*		
ROTE excl. exceptionals	*5%*	*14%*		

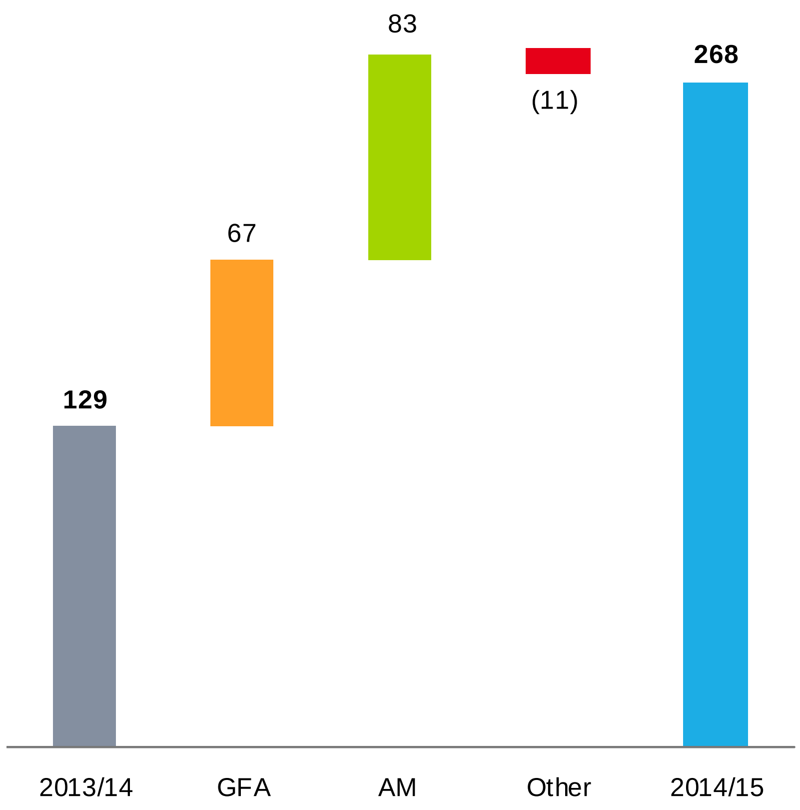
Change in Revenues and Operating income

Revenue (in €m)



- FX effect on revenue is a positive impact of €50m

Operating income (in €m)



- FX effect on operating income is a positive impact of €5m

Focus on performance by business

2014/2015

(in €m)	Global Financial Advisory	Wealth & Asset Management and Merchant Banking	Other [1]	IFRS Reconciliation	2014/2015
Revenues	**880**	**482**	**63**	**(22)**	**1,403**
Operating expenses	(741)	(348)	(99)	75	(1,113)
Impairments	-	-	(15)	(7)	(22)
Operating income	**139**	**134**	**(51)**	**46**	**268**

2013/2014

(in €m)	Global Financial Advisory	Wealth & Asset Management and Merchant Banking	Other [1]	IFRS Reconciliation	2013/2014
Revenues	**689**	**380**	**61**	**(22)**	**1,108**
Operating expenses	(618)	(329)	(81)	42	(986)
Impairments	-	-	(5)	12	7
Operating income	**71**	**51**	**(25)**	**32**	**129**

- This analysis is prepared from non IFRS data used internally for assessing business performance then adjusted to conform to the Group's statutory financial accounting policies
- **IFRS Reconciliation** mainly represents:
  - the treatment of profit share paid to French partners as non-controlling interests,
  - the application of IAS 19 for defined benefit pension schemes
  - the reallocation of impairments
  - the accounting for deferred bonuses over the period earned

1 Other comprises central costs, Legacy businesses and other

Exceptional charges / credits

2014/2015

(in €m)	Operating income: Staff costs	Operating income: Admin expenses	Operating income: D&A	Operating income	Other PBT	Total	Net income - Group share
- Legacy legal costs	-	(17)	-	(17)	-	**(17)**	**(16)**
- Pensions credit	3	-	-	3	-	**3**	**1**
- Long-standing shareholding impairment	-	-	-	-	(3)	**(3)**	**(2)**
- UK deferred tax asset write off	-	-	-	-	-	**-**	**(9)**
- Sale of Swiss property	-	-	-	-	16	**16**	**10**
Total	**3**	**(17)**	**-**	**(14)**	**13**	**(1)**	**(16)**
Net income - Group share excluding exceptionals							***160***

2013/2014

(in €m)	Operating income: Staff costs	Operating income: Admin expenses	Operating income: D&A	Operating income	Other PBT	Total	Net income - Group share
- IT outsourcing	(3)	(12)	(1)	(16)	-	**(16)**	**(11)**
- Legacy legal costs	-	(26)	-	(26)	-	**(26)**	**(16)**
- Pensions credit	11	-	-	11	-	**11**	**8**
- Long-standing shareholding impairment	-	-	-	-	(27)	**(27)**	**(18)**
- UK deferred tax asset write off	-	-	-	-	-	**-**	**(6)**
Total	**8**	**(38)**	**(1)**	**(31)**	**(27)**	**(58)**	**(43)**
Net income - Group share excluding exceptionals							***51***

- Unusually high levels of investment gains in Merchant Banking
- DoJ settled within provision made as at 31 March 2014

Group Compensation ratio

(in €m)	2013/2014	2014/2015	*Var*
Revenue	**1,108**	**1,403**	***27%***
Total adjusted staff costs[1]	(734)	(887)	*21%*
Adjusted Group Compensation ratio	***66.3%***	***63.2%***	

- Strong discipline on the management of compensation ratio as revenues grow
- Reduction of 310 bps in compensation ratio
  - Excluding special pension credits, the ratio declined by 370 bps year on year (from 67.2% to 63.5%)

- Group compensation ratio includes the effects of deferred bonus accounting

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

Income taxes

(in €m)	2013/2014	2014/2015
Statutory Profit before tax - as reported (A)	107	317
Impairment of long-standing shareholding	27	3
Profit before tax - as restated (B)	**134**	**320**
Income taxes - as reported (C)	43	63
Deferred tax credit on impairment of long-standing shareholding	2	0
Income taxes - as restated	**45**	**63**
Adjustments		
UK Deferred tax asset write off due to change in corporation tax rates	(6)	(9)
Prior year effects	(1)	-
Income taxes - as restated & after adjustments (D)	***38***	***54***
Effective tax rate (D)/(B)	*28.4%*	*17.0%*
Reported tax rate (C)/(A)	*40.0%*	*19.8%*

- Effective tax rate would have been 17.0% (28.4% for March 2014) when restated for the further impairment of long-standing shareholding and adjusted for €8.7m write off of UK deferred tax assets

Non-controlling interests

P&L

(in €m)	2013/2014	2014/2015
Interest on perpetual subordinated debt	14	14
Preferred shares [1]	50	86
Impairment of long-standing shareholding	(7)	(1)
Other Non-controlling interests	(1)	11
TOTAL	**56**	**110**

1 Mainly relate to the profit share distributed to French partners

Balance sheet

(in €m)	31/03/2014	31/03/2015
Perpetual subordinated debt	297	346
Preferred shares	21	40
Other Non-controlling interests	156	170
TOTAL	**474**	**556**

- Increase in P&L charge largely due to higher French partners' profit share in line with the significant improvement in the profitability of our French operations and an improved level of profits in our Wealth Management business

Summary Balance sheet

	(in €bn)	31/03/2014	31/03/2015	Var
2	Cash and amounts due from central banks	3.2	3.6	*0.4*
	Cash placed with banks	1.2	1.5	*0.3*
	Loans and advances to customers	1.4	1.6	*0.2*
3	*of which Private client lending*	*0.7*	*0.9*	*0.2*
4	*of which Legacy lending book*	*0.4*	*0.3*	*(0.1)*
	Debt and equity securities	1.0	1.0	*0.0*
	Other assets	1.2	1.4	*0.2*
	Total assets	**8.0**	**9.1**	***1.1***
1	Due to customers	4.9	5.7	*0.8*
	Other liabilities	1.3	1.4	*0.1*
	Shareholders' equity - Group share	1.3	1.4	*0.1*
	Non-controlling interests	0.5	0.6	*0.1*
	Total capital and liabilities	**8.0**	**9.1**	***1.1***

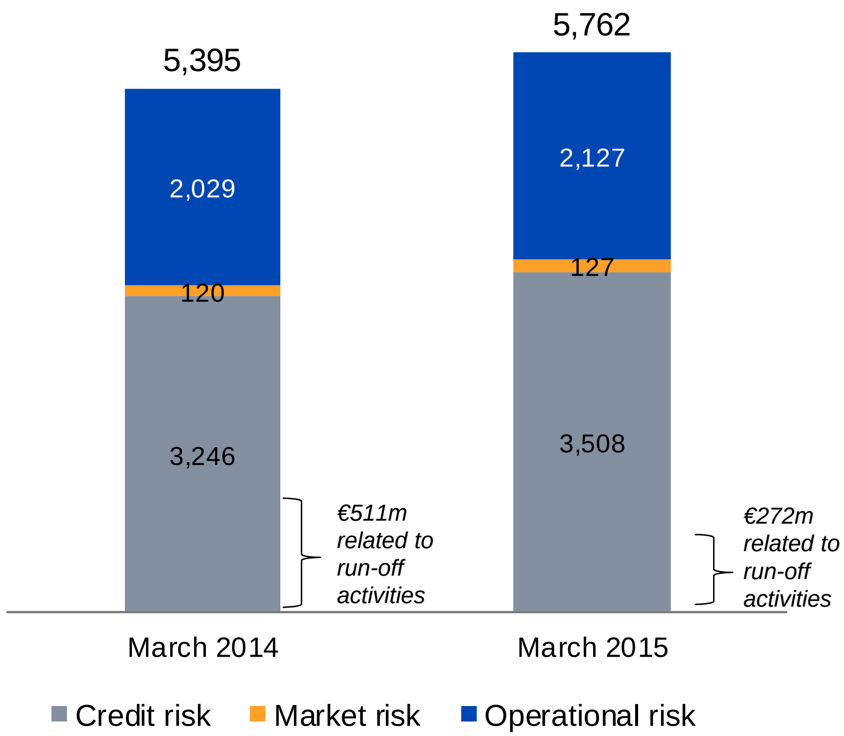
1. Increase driven by higher customer deposits from clients in Switzerland and UK (€0.1bn exc. FX effects)
2. Surplus cash is placed in central banks and banks
3. Private client lending (Lombard and mortgages) is developing in line with our Wealth Management strategy
4. Corporate legacy lending book continues its managed decline

FX impact increased the balance sheet size by approximately €0.9bn

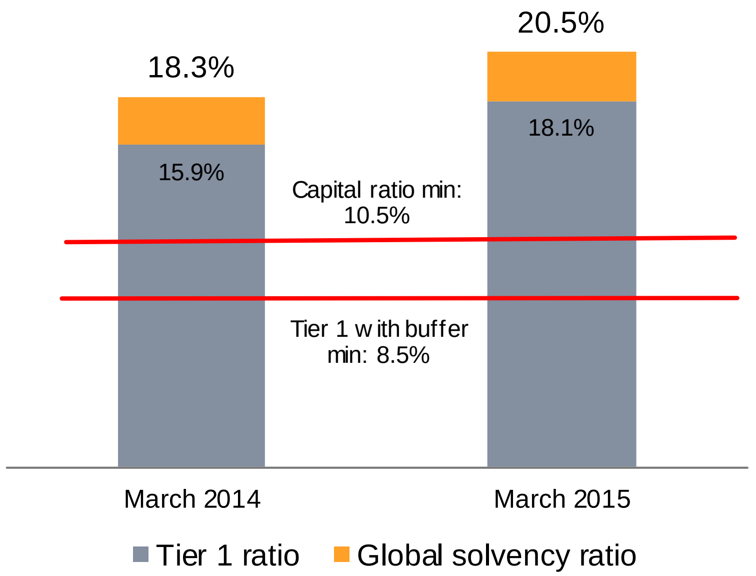
Solvency ratios

Risk weighted assets and ratios under full application of Basel 3 rules

Risk weighted assets (in €m)



Group solvency ratio



- Net increase in RWA due to:
  - New Group's commitment in Merchant Banking fund FAPI II (+€0.2bn)
  - FX effect of €0.4bn
  - Increase of revenue impacting Operational risk
  - less reduction in "run off" activities

- Ratios are comfortably above minimum requirements imposed by Basel 3
- Management considers Merchant Banking requires additional capital beyond Basel 3
- Impact of FX on Global solvency ratio is 0.6%

Dividend

	2012/13	2013/14	2014/15
Earnings per share	€0.68	€0.11	€2.08
Dividend per share	€0.50	€0.50	€0.60 [1] *+20%*
Payout ratio	74%	455%	29%

1 Dividend proposed at the General Meeting to be held on 24 September 2015

- 20% increase in dividend reflecting strong growth in profitability
- Average payout % over the last 3 years of 56%
- No dividend in shares
- Dividend not increased in line with EPS growth due to:
  - recent dividends have been out of reserves
  - high levels of exceptional profits from both Merchant Banking realisations and the Swiss property sale not being recurring in nature
- We are targeting a sensibly progressive dividend policy over time in order to avoid the negative effect of potential results volatility.

Financial targets

	Medium-term objectives	Actual 2014/2015
Adjusted compensation ratio	Low 60%'s through the cycle	63%
Return on tangible equity	Between 10% to 15% through the cycle	13%
GFA : Profit before tax margin	Low to mid-teens through the cycle	16%

Conclusion

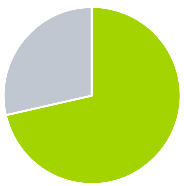
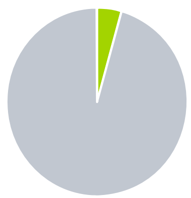
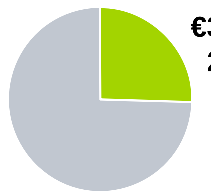
- Excellent results, with strong momentum in all 3 businesses

- Investor relations efforts in recent months

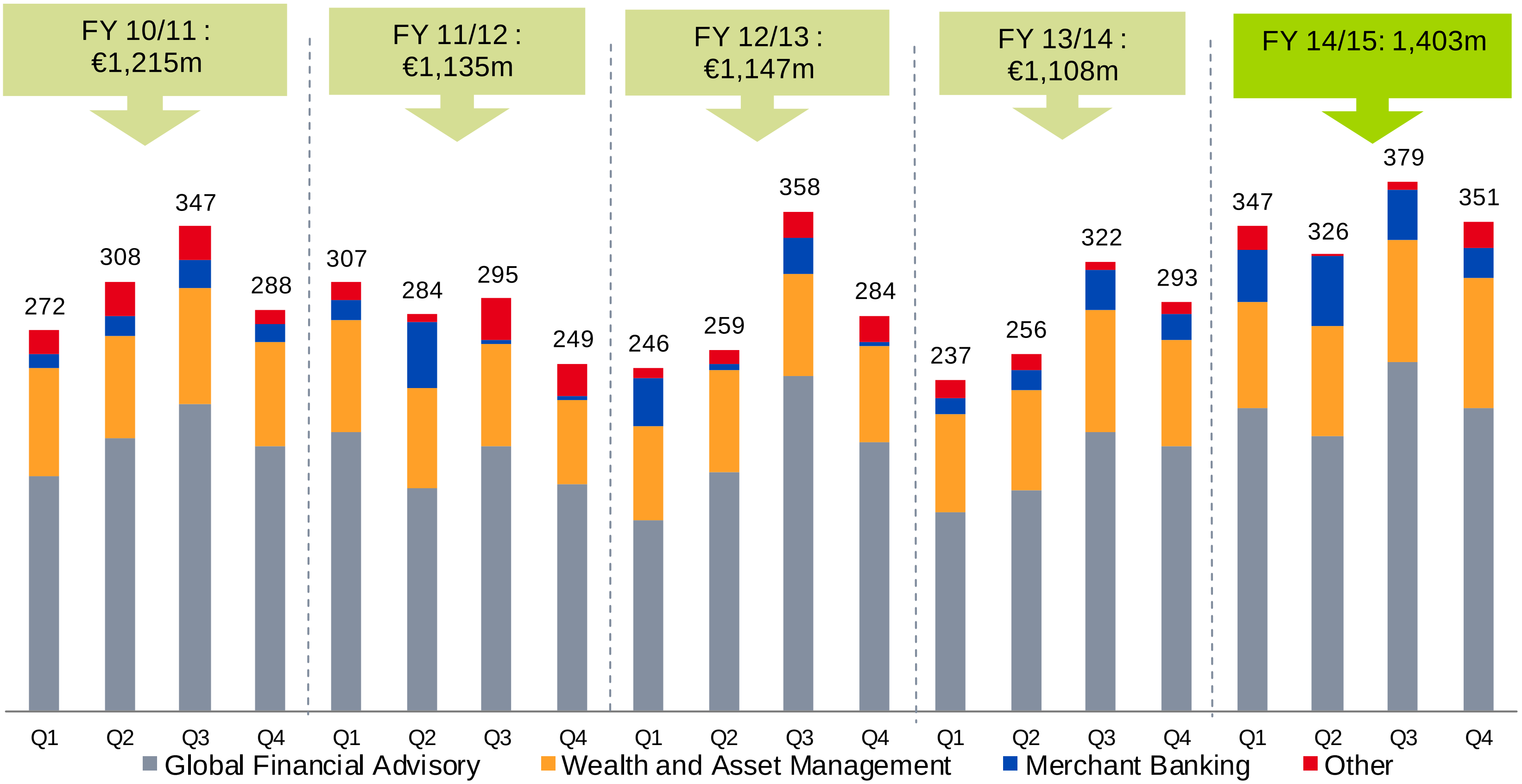
- Name change

Appendices

A strategy focused on 3 core activities

	Global Financial Advisory	Merchant Banking	Wealth & Asset Management
Portfolio of solutions	Lead independent advisory firm ■ M&A and strategic advisory ■ Debt and restructuring advisory ■ Equity advisory	■ Private equity ■ Private debt ■ Proprietary portfolio	■ Wealth Management ■ Asset Management ■ Trust services
Position	■ Highly recognised franchise benefiting from critical mass ■ Very well poised to benefit from ongoing recovery in global M&A	■ Fast growing business ■ Already €3.8bn assets under management	■ European stronghold ■ Foothold in other promising markets
Average 3 years revenue per annum	 **€770m 63%**	 **€96m 8%**	 **€308m 25%**

Quarterly revenues generation



Major FX rates

Balance sheet (spot)

Rates	At March 14	At March 15	*Var*
€ / GBP	0.8264	0.7273	*(12)%*
€ / CHF	1.2180	1.0463	*(14)%*
€ / USD	1.3779	1.0759	*(22)%*

P&L (average)

Rates	2013/14	2014/15	*Var*
€ / GBP	0.8401	0.7740	*(8)%*
€ / CHF	1.2271	1.1515	*(6)%*
€ / USD	1.3479	1.2304	*(9)%*

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The Group's consolidated accounts 2014/2015 were approved by Paris Orléans' managing partner (PO Gestion) at a meeting convened on 15 June 2015, and by its Audit Committee and Supervisory Board at meetings respectively convened on 17 June 2015 and on 24 June 2015.

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