

# Combined Annual General Meeting

27<sup>th</sup> September 2011

# Combined Annual General Meeting

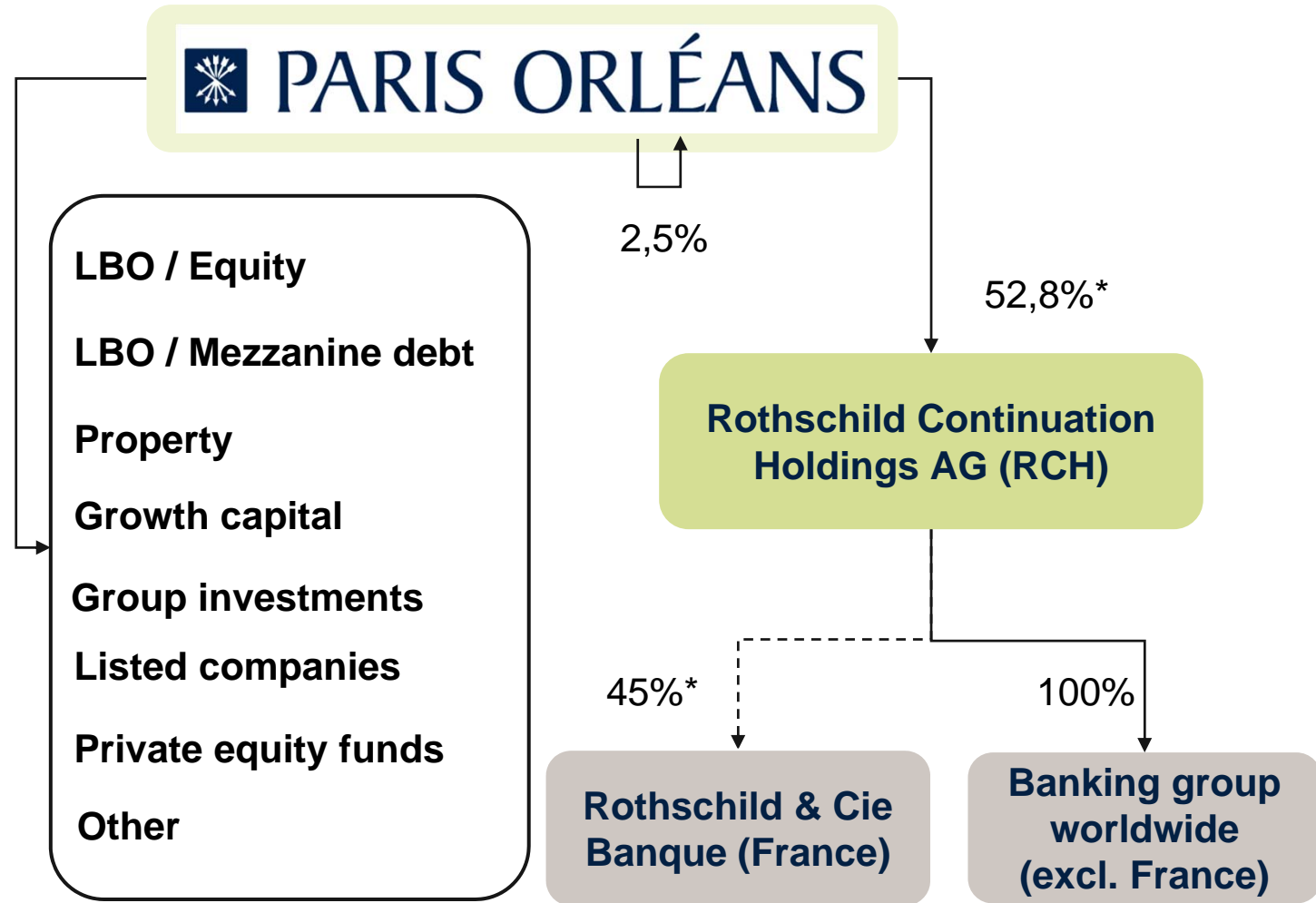
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27<sup>th</sup> September 2011

- 1 Business overview
  - Organisation chart as at 31<sup>st</sup> March 2011
  - Paris Orléans' share price performance
  - Share ownership
  - Consolidated financial statements as at 31<sup>st</sup> March 2011
  - Capital adequacy
  - Private equity
  - Banking activities
  
- 2 Resolutions of the fiscal year

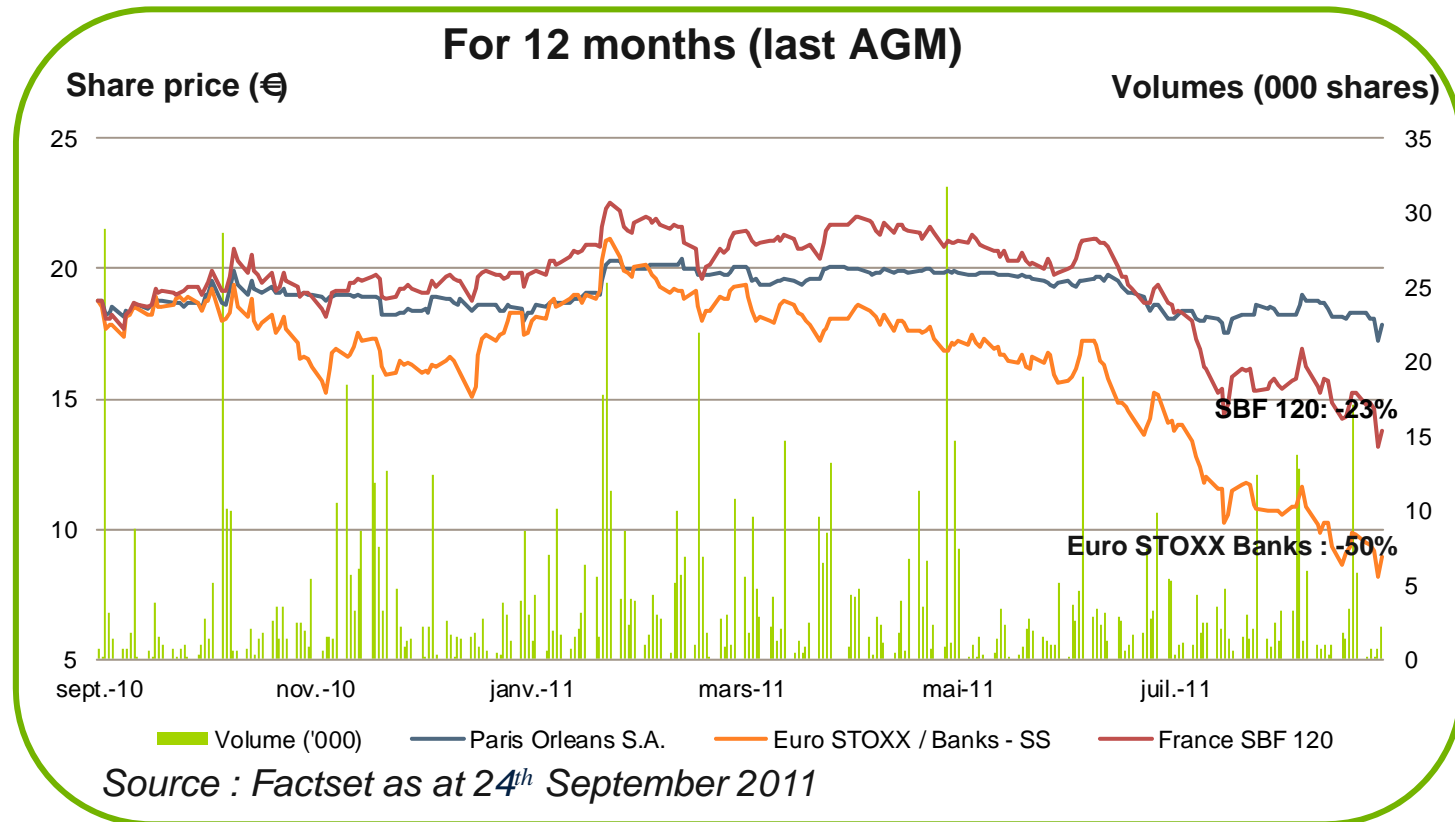
# 1. Business overview

# Organisation chart as at 31<sup>st</sup> March 2011



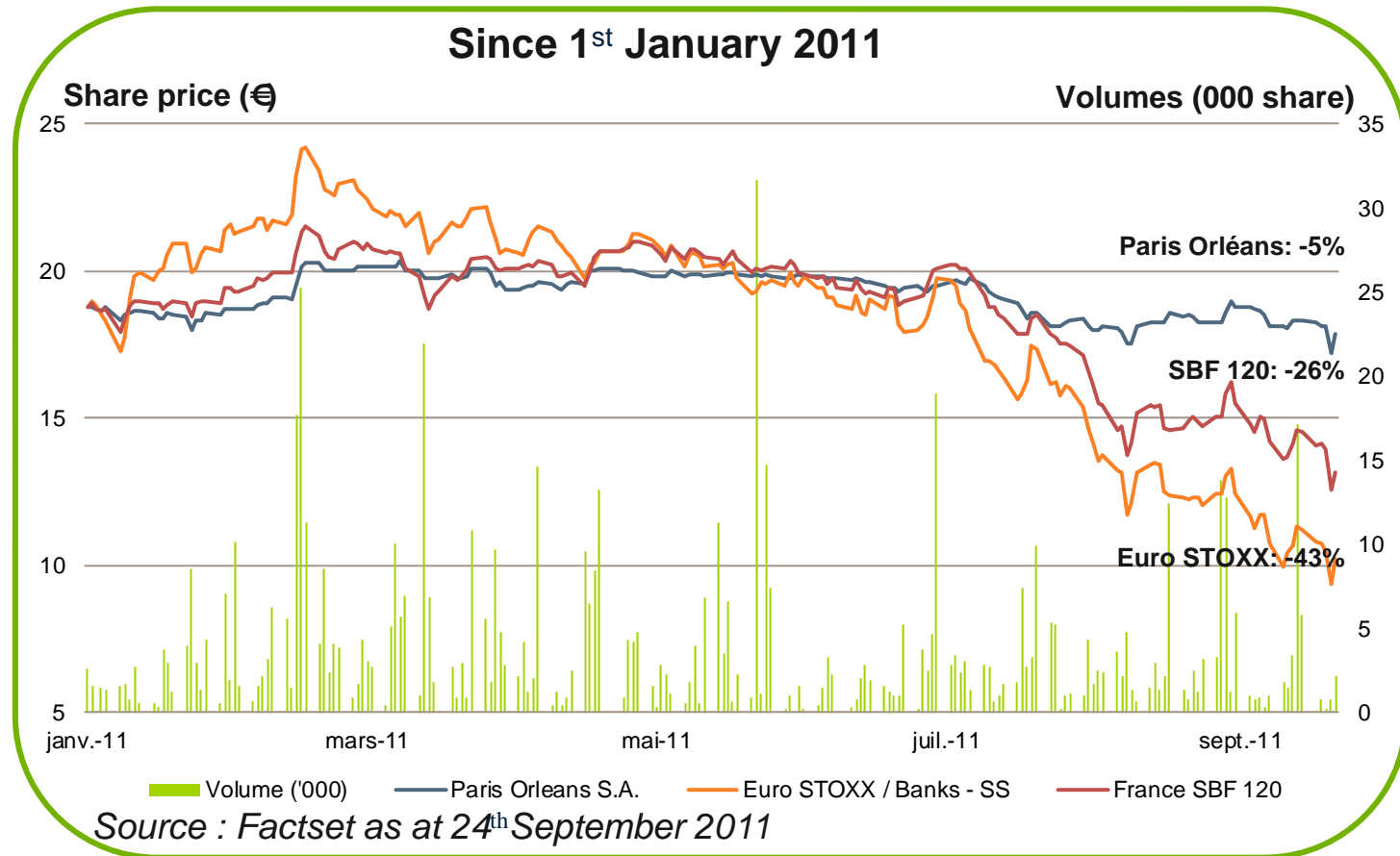
\*Directly and indirectly

# Paris Orléans' share price performance

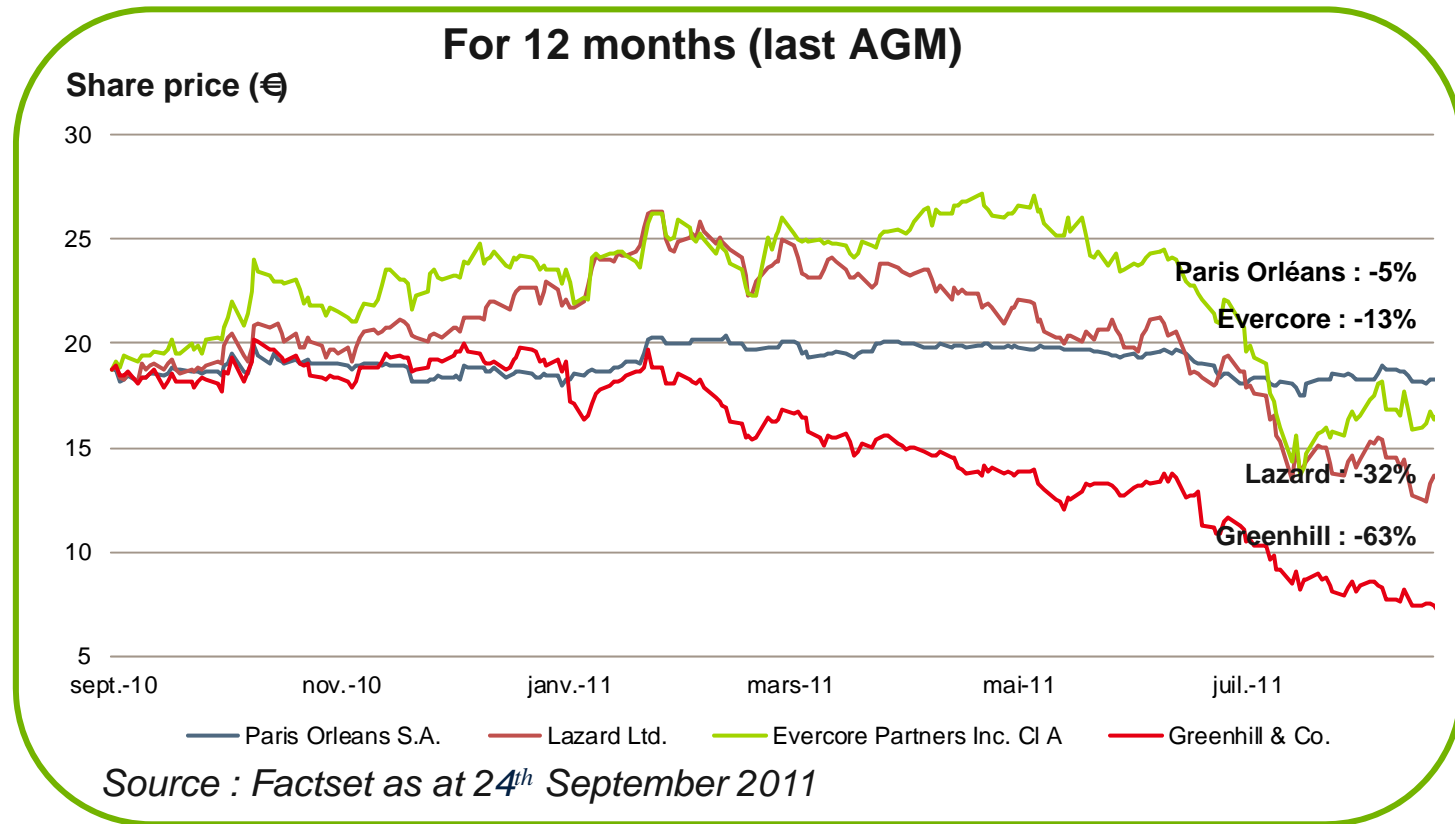


**Paris Orléans' market capitalisation as at 24/09/2011 : €75m**

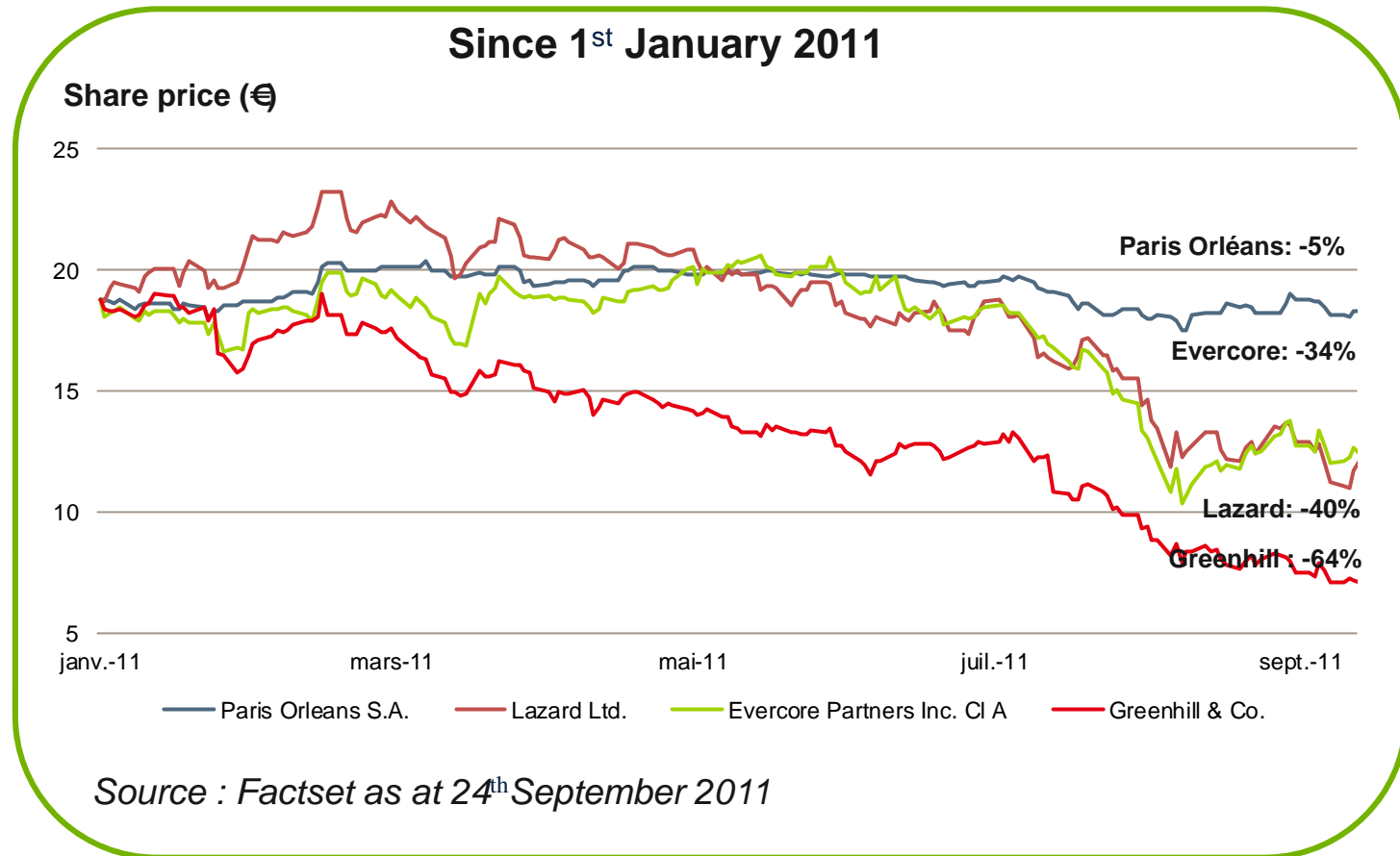
# Paris Orléans' share price performance



# Paris Orléans' share price performance



# Paris Orléans' share price performance



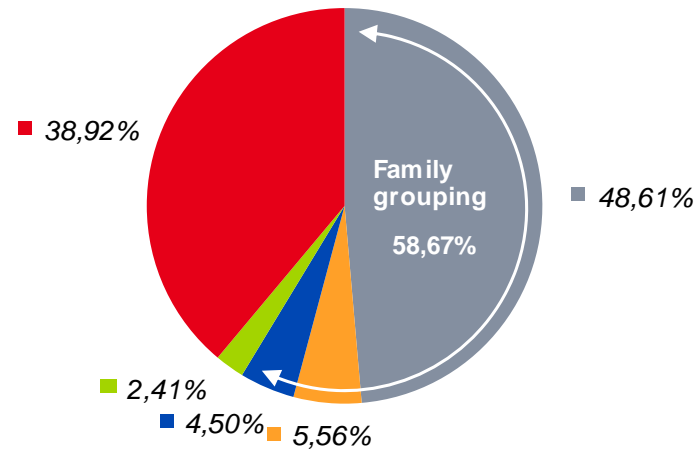


# Communication action from the Group

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- Liquidity contract
- Since June 2011, financial analyst coverage from Alpha Value, financial analysis is available on the website [www.paris-orleans.com](http://www.paris-orleans.com)
- More frequent press releases via the website and a mailing list

# Paris Orléans' share ownership



## Family grouping :

■ Rothschild Concordia SAS	48,61%	(52,56 % voting rights)
■ NM Rothschild & Sons Limited	5,56%	(0 % ddv – Treasury shares)
■ Other members of the Rothschild family	4,50%	(4,86 % vr)
■ Paris Orléans	2,41%	(0 % ddv – Treasury shares)
■ Public :		
■ Asset Value Investors	6,06%	(6,56 % vr)
■ Allianz	5,08%	(5,50 % vr)
■ Free float	27,78%	(30,51 % vr)

## Consolidated financial statements as at 31<sup>st</sup> March 2011

### Income statement key figures

<i>(in €m)</i>	2010/2011	2009/2010	Variance
<b>Net banking income</b>	<b>1 215</b>	<b>872</b>	<b>343</b>
Operating expenses	(971)	(691)	(280)
<b>Gross operating income</b>	<b>243</b>	<b>180</b>	<b>63</b>
Impairment charges and loan provisions	(14)	(104)	91
Income from companies accounted for by the equity method	15	16	(0)
Gain from asset sale	71	(2)	73
Income tax expense	(46)	1	(48)
<b>Consolidated net income</b>	<b>269</b>	<b>91</b>	<b>178</b>
Non controlling interest	167	65	102
<b>Net income - Group share</b>	<b>102</b>	<b>26</b>	<b>77</b>

NB. Excluding RCB's consolidation, Net banking income would be of €896m, Gross operating income of €141m and Net income – Group share of €72m

# Consolidated financial statements as at 31st March 2011

## Balance sheet key figures

In €m	31/03/2011	31/03/2010	Variance
<b>Balance sheet total</b>	<b>8 616</b>	<b>7 718</b>	<b>897</b>
Cash and balances at central banks	968	1 148	(179)
Available-for-sale financial assets	1 676	2 117	(441)
Loans and advances to banks	2 696	1 575	1 121
Loans and advances to customers	1 720	1 787	(67)
Other	1 556	1 092	463
<b>Shareholders' equity</b>	<b>1 685</b>	<b>1 404</b>	<b>280</b>
<b>Shareholders' equity - Group Share</b>	<b>732</b>	<b>538</b>	<b>193</b>
Non controlling interests	953	866	87

# Capital adequacy

As at 30 June 2011

	Ratios as at 30/6/2012	Minimum required
<b><u>Regulatory Capital</u></b>		
Core Tier 1 et Tier 1	786	
Tier 2	577	
<b>Total regulatory capital</b>	<b>1 364</b>	
Risk weighted assets	6 106	
<b>Core Tier 1 &amp; Tier 1 ratio</b>	<b>12,9%</b>	<b>4,0%</b>
<b>Global ratio</b>	<b>22,3%</b>	<b>8,0%</b>

# Private equity

# Private equity

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- Strong resilience of the portfolio
- Disposals allowed to generate significant capital gains and to reduce leverage
  - €121m realised disposals
  - €50m net capital gains
  - €64m decrease in leverage
- Increased selectivity on new investment opportunities
  - €14m invested in new investments
  - €28m add-on investments in existing portfolio companies
- High watchfulness maintained on existing portfolio companies
- Positive events in the first semester 2011-2012, but the economic environment has become much tougher over the past few weeks; we remain extremely cautious for the second semester and expect to realise lower capital gains

# Private equity

Portfolio valuation (excluding Banking activities) as at 31<sup>st</sup> March 2011

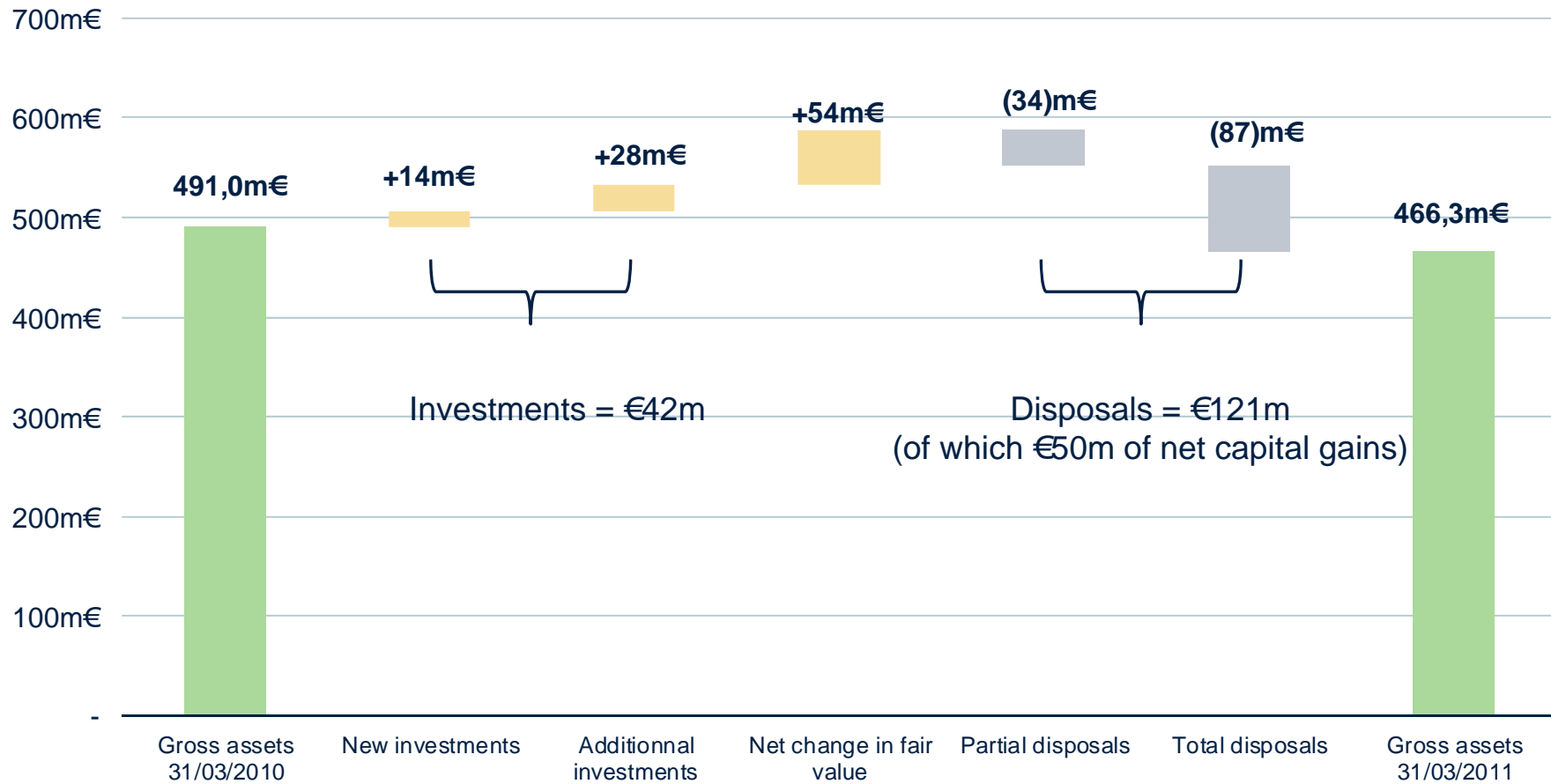
Nature	31/03/2011	31/03/2010	Change	% of total
LBO/ equity	97,4	101,5	(4,1)	21%
LBO/ Mezzanine debt	75,4	95,9	(20,5)	16%
Property	32,4	37,6	(5,2)	7%
Growth capital	38,8	41,3	(2,5)	8%
Listed companies	59,8	44,6	15,2	13%
Group funds (Merchant banking)	77,0	93,3	(16,3)	17%
Funds excluding Group	52,2	48,0	4,2	11%
Other	33,3	28,8	4,5	7%
<b>Total gross assets</b>	<b>466,3</b>	<b>491,0</b>	<b>(24,7)</b>	<b>100%</b>

Debt net of cash and cash equivalents amounted to €127,6m as at 31<sup>st</sup> March 2011 compared with €191,4m as at 31<sup>st</sup> March 2010, a €64m decrease over the period



# Private equity

## Changes in the investment portfolio



# Private equity

2010/2011 financial year

Investments	
Nature	Amount (€m)
LBO/ equity	3,6
LBO/ Mezzanine debt	1,7
Property	0,9
Growth capital	6,6
Listed companies	6,1
Group funds (Merchant banking)	16,7
Funds excluding Group	6,8
Other	-
<b>Total</b>	<b>42,4</b>

# Private equity

2010/2011 financial year

## Disposals

Nature	Amount (€m)	Capital gains (€m)
LBO/ equity	50,4	28,4
LBO/ Mezzanine debt	25,4	5,9
Property	1,5	-
Growth capital	11,6	8,7
Listed companies	6,7	3,2
Group funds (Merchant banking)	12,9	3,7
Funds excluding Group	7,3	-
Other	5,3	-
<b>Total</b>	<b>121,1</b>	<b>49,9</b>

# Private equity

2010/2011 financial year

## Net changes in fair value

<b>Nature</b>	<b>Net change (€m)</b>
LBO/ equity	16,0
LBO/ Mezzanine debt	3,3
Property	0,1
Growth capital	13,3
Listed companies	7,3
Group funds (Merchant banking)	9,5
Funds excluding Group	4,7
Other	(0,3)
<b>Total</b>	<b>54,0</b>

# Private equity

From 1st April 2011 until today (FY 2011/2012)

## Investments

Nature	Amount (€m)
LBO/ equity	35,9
LBO/ Mezzanine debt	8,0
Property	5,2
Growth capital	3,5
<b>Total</b>	<b>52,6</b>

# Private equity

From 1st April 2011 until today (FY 2011/2012)

Disposals		
Nature	Amount (€m)	Capital gains (€m)
LBO/ equity	67,4	36,1
LBO/ Mezzanine debt	10,4	1,6
Property	7,6	-
Growth capital	16,6	12,0
Listed companies	5,4	-
<b>Total</b>	<b>107,4</b>	<b>49,7</b>

Few or no capital gains are expected in the second half of the Financial year

# Private equity

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## Merchant banking

- Third party private equity business, with professionals based in Paris, London, Mumbai and Hong-Kong
- Investment strategy consists of investing in growth capital situation and buy out (equity and / or mezzanine debt)
- €120m invested on behalf of the Group between 2007 and 2008
- Launch of first public fund in 2010, with €582m committed, of which 35% called as of today and invested in 6 companies
- Development with the forthcoming launch of new funds dedicated to secondary opportunities (objective to raise : €200m)

# Banking activities



# Banking activities

## Worldwide Group

---- Joint Venture

---- Representation office

### Europe

- Amsterdam
- Athens
- Barcelona
- Birmingham
- Brussels
- Bucharest
- Budapest
- Frankfurt
- Geneva
- Guernsey
- Istanbul
- Kiev
- Leeds
- Lisbon
- London
- Luxembourg
- Madrid
- Manchester
- Milan
- Moscow
- Paris
- Prague
- Rome
- Sofia
- Stockholm
- Warsaw
- Zurich

### Middle - East

- Abu Dhabi
- Doha
- Dubai
- Tel Aviv

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### North America

- Calgary
- Mexico city
- Montréal
- New York
- Toronto
- Washington
- British Virgin Islands

### South America

- Santiago
- São Paulo

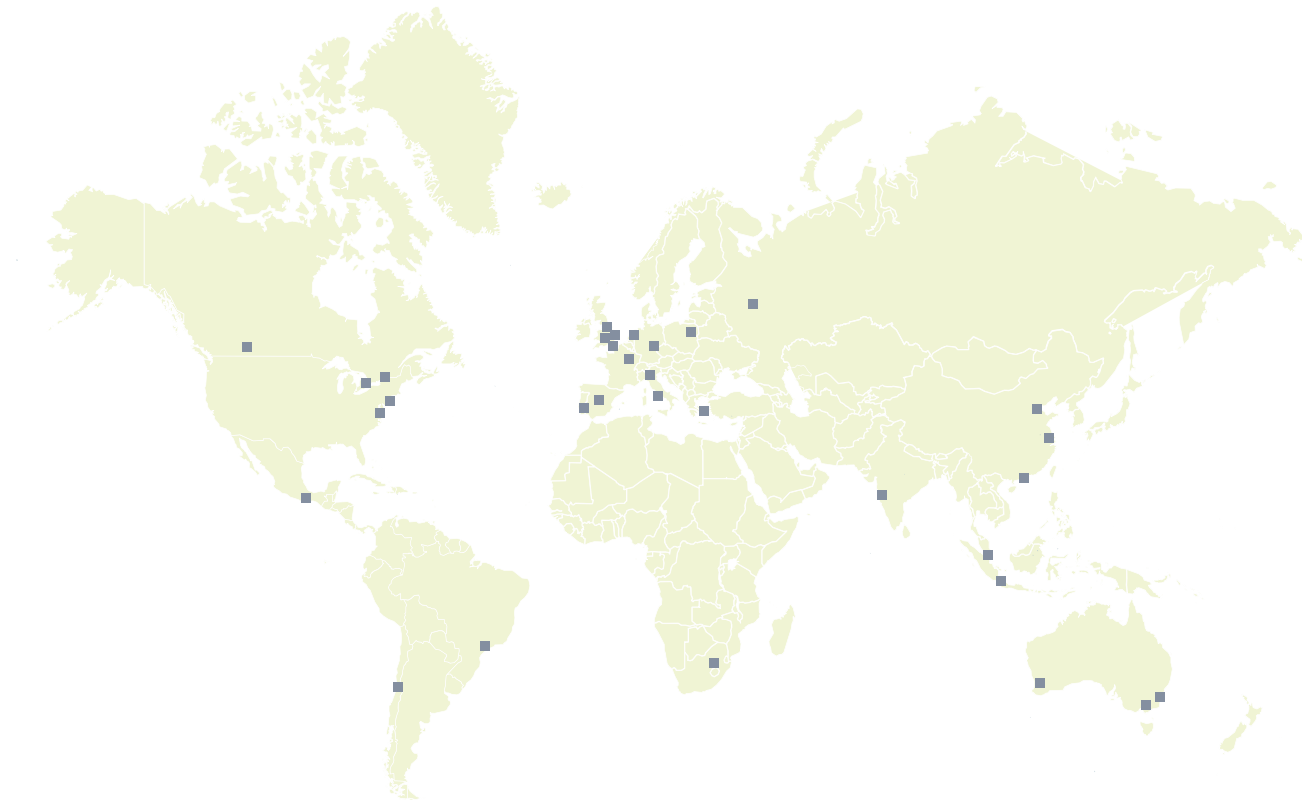
### Asia Pacific

- Auckland
- Hanoi
- Hong Kong
- Jakarta
- Kuala Lumpur
- Manila
- Melbourne
- Mumbai
- New Delhi
- Beijing
- Seoul
- Shanghai

- Singapore
- Sydney
- Tokyo
- Wellington

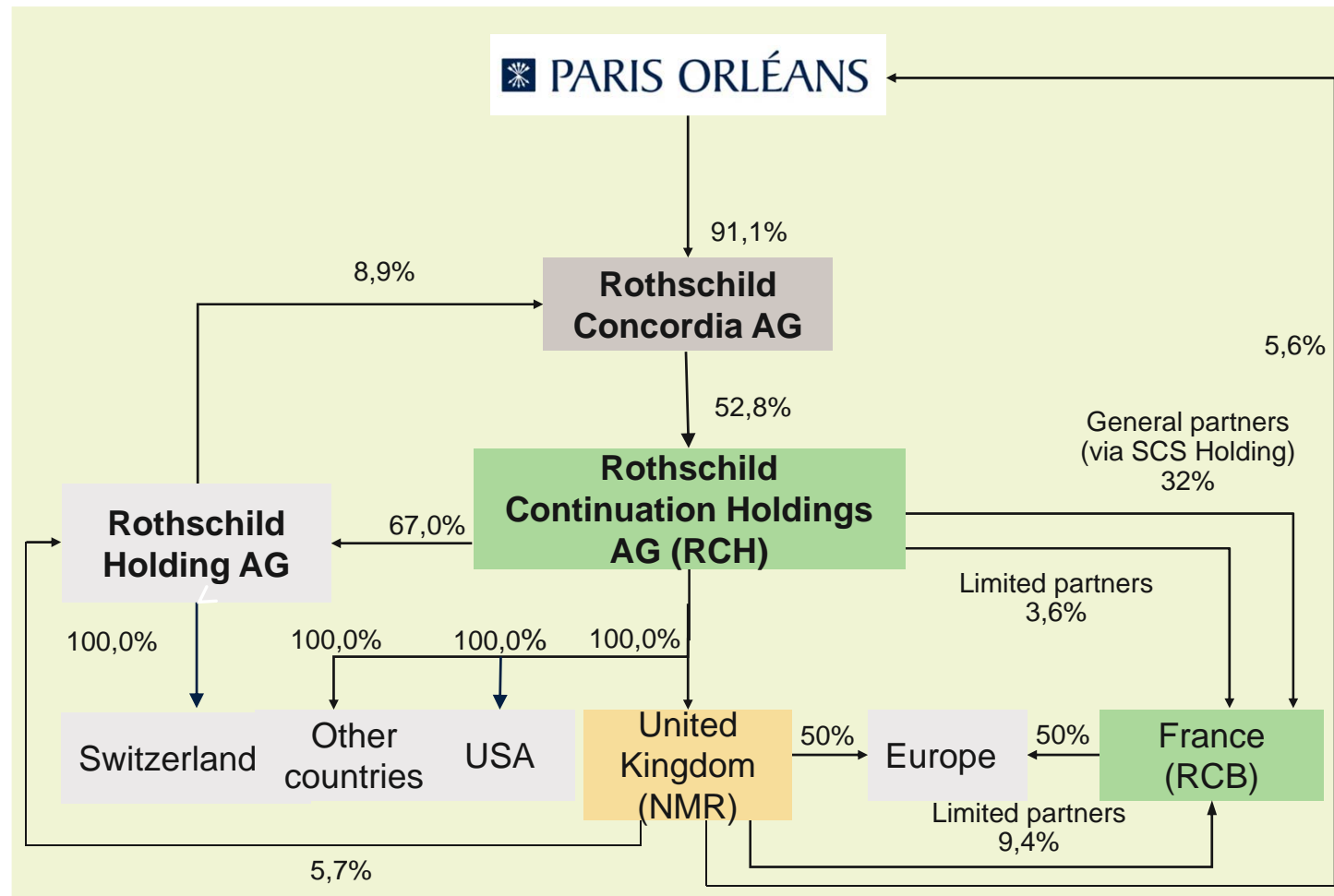
### Africa

- Harare
- Johannesburg



# Banking activities

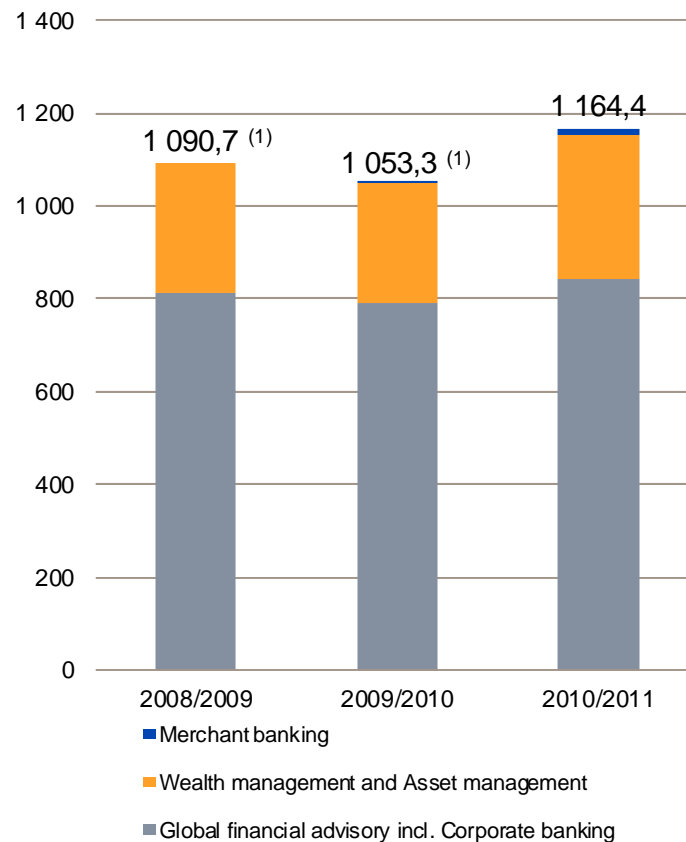
Organisation chart as at 31<sup>st</sup> March 2011



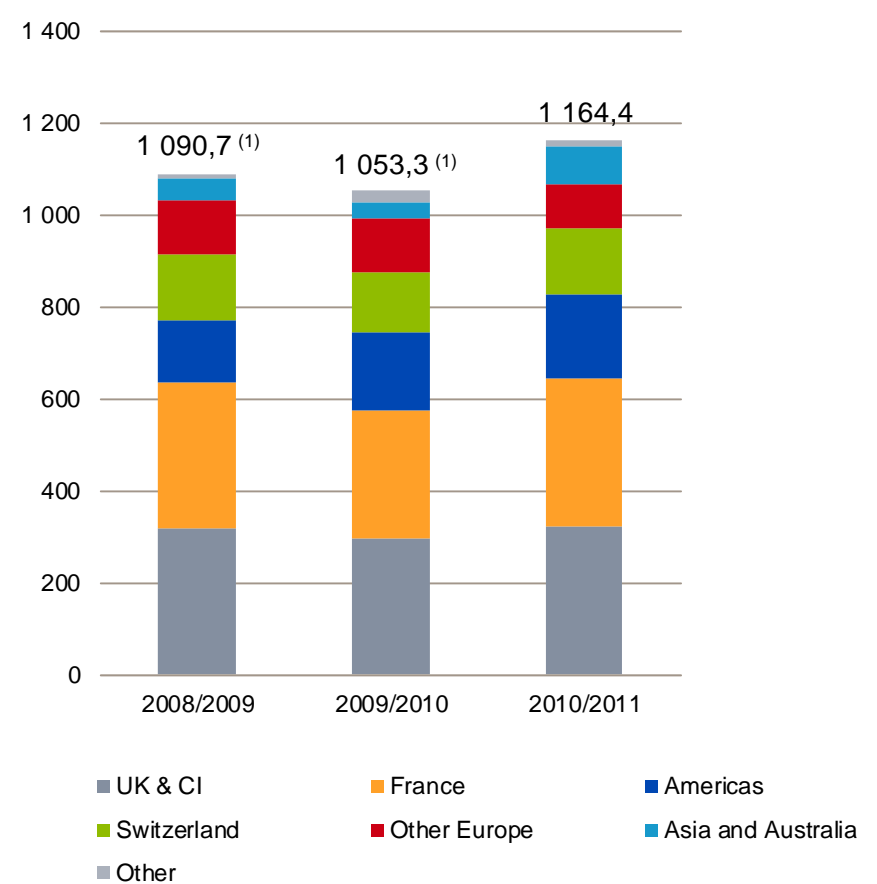
# Banking activities

## Net banking income pro forma distribution

By activity (in €m)



By location (in €m)



<sup>(1)</sup> Including Rothschild & Cie Banque and excluding exceptional profit related to perpetual debt reclassification

# Banking activities

## Business analysis (1/3)

### ■ Global Financial Advisory

- Services for mergers and acquisitions, for financing and debts restructuring, equity advisory
- Nearly 1000 advisors based in 40 countries around the world, of which 400 advisors outside of Europe
- Recovery during 2010 following a significant decline in 2008 and 2009

Region	Rank by number	Rank by value
Worldwide	6	11
Europe	1	9
Central & eastern Europe	3	5
Latin America	10	7
Asia	17	24
Middle east & Africa	5	12

Source : Thomson Reuters / Dealogic

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Country	Rank by number	Rank by value
United Kingdom	1	12
France	1	1
Germany	5	9
Italy	7	6
Spain	9	9
Australia	4	7
United States	13	17

Source : Thomson Reuters / Dealogic

# Banking activities

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## Business analysis (2/3)

- Wealth management and Asset management :
  - Wealth structuring, portfolio management , private banking, trusts services based in Paris, Zurich, London, Brussels, Frankfurt, Guernsey and New York
  - Asset under management as at March 2011 : €37.2 billion, of which €18.9 billion for Private banking and €18.3 billion for Asset management
  - Activity has stood up during the period along with significant structure investments

# Banking activities

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## Business analysis (3/3)

- Corporate Banking :
  - Covering direct lending activities and financing arrangements in 3 specific areas: property, natural resources and leveraged buyouts (LBO)
  - The portfolio has performed well in difficult market conditions and impairment levels have reduced throughout the year
  - Decrease of balance sheet exposure in line with the run off strategy (€1.8 billion as at 31<sup>st</sup> March 2011 versus €1.9 billion the previous year)

# Banking activities

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## The Group's position to the financial crisis

- The Group's banking activities consist mainly of advisory services (to companies, governments and individuals) with little direct exposure to the turmoil in the financial and credit markets
  - Withdrawal from all trading activities some years ago
- High level of cash
  - Cash amounting to €2.8 billion at year end for banking activities, corresponding to around 42% of banking activities total assets
  - Continued success of the “Rothschild Reserve”, a series of fixed term deposit account, first launched in 2009
- Reducing exposure at the commercial banking activity (bank financing, etc.)
  - Balance sheet exposure reduced by €3.2 billion during the last 4 years since the start of the downturn
  - Maintenance of prudent level of provisions in the balance sheet

## **2. Resolutions for the financial year**



# Resolutions for the financial year

## First resolution (ordinary)

- **Approval of the company financial statements for the financial year ended 31<sup>st</sup> March 2011**

<i>(in millions of euros)</i>	<b>2010/2011</b>	<b>2009/2010</b>
Income before tax	(0,4)	1,0
Revenue from capital transactions	21,4	(2,1)
Net income	21,0	2,3

# Resolutions for the financial year

## Second resolution (ordinary)

### ■ Appropriation of income for the financial year

	<i>(in €m)</i>
Net income of the financial year	21,0
Plus retained earnings of	190,1
To the legal reserve for	0,1
<b>Corresponding to a total distributable income of</b>	<b>211,0</b>
<b>Appropriated as follows:</b>	
<i>to the payment of a dividend of €0,40 per share for</i>	<i>12,9</i>
<i>to retained earnings for</i>	<i>198,0</i>

# Resolutions for the financial year

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## Third resolution (ordinary)

- **Option to choose payment of the dividend in the form of shares**
  - Issuing price : 90% of the average price of the share during the 20 stock market trading sessions preceding the day of the General Meeting, minus the amount of the dividend and rounded up to the next euro cent, **ie 16.07€**
  - New shares qualify for dividend as from 1<sup>st</sup> April 2011
  - Balance in cash if the amount of the dividend payable under this option does not correspond to a whole number of shares
  - Decision to be taken between 4<sup>th</sup> October and 21<sup>st</sup> October 2011 included; after this date, payment will be made in cash
  - Dividend shall be payable as from 2<sup>nd</sup> November 2011

# Resolutions for the financial year

## Fourth resolution (ordinary)

- **Approval of consolidated financial statements for the financial year ended 31<sup>st</sup> March 2011**

<i>(in millions of euros)</i>	<b>2010/2011</b>	<b>2009/2010</b>	<b>2008/2009</b>
Net banking income	1 214,6	871,7	752,8
Gross operating income	243,2	180,4	158,4
<b>Consolidated net profit</b>	<b>269,3</b>	<b>90,9</b>	<b>76,0</b>
<i>of which attributable to equity holders of the parent</i>	102,4	25,7	46,8
<i>of which non-controlling interests</i>	166,8	65,2	29,2

# Resolutions for the financial year

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## Fifth resolution (ordinary)

- **Approval of an agreement referred to in Article L. 225-86 of the French Commercial Code**
  - Divestment of Paris Orléans' 23,5% holding in Les Domaines Barons de Rothschild (Lafite)
  - Gain of €16,3m in the company financial statement for the financial year

# Resolutions for the financial year

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## Sixth resolution (ordinary)

- **Approval of agreements referred to in Article L. 225-86 of the French Commercial Code**
  - Amendments to the sub-lease agreement of the premises entered into with Rothschild & Cie
  - Adaptation of the agreement to the surface area occupied, to the indexed annual rent amount and the invoicing of the provisions of the services rendered

# Resolutions for the financial year

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## Seventh resolution (ordinary)

- **Approval of an agreement referred to in Article L. 225-86 of the French Commercial Code**
  - Opening of a fourth profit-sharing program ruled on the same basis as the previous one within the frame of the incentive scheme of the investment team members
  - Program capped at €50m of underlying investments of Paris Orléans
  - Takes effect as from 1<sup>st</sup> April 2011 for 3 years

# Resolutions for the financial year

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## Eighth resolution (ordinary)

- **Ratification of agreements referred to in Article L. 225-86 of the French Commercial Code**
  - Automatic renewals of the liquidity agreement entered into with Rothschild & Cie Banque
  - Automatic renewals without prior autorisation of the Supervisory Board, which has nevertheless been kept informed about the continuation of the liquidity agreement, and has authorised these automatic renewals *a posteriori* during its meeting held on 28<sup>th</sup> June 2011



# Resolutions for the financial year

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## Ninth resolution (ordinary)

- **Renewal of the appointment of Mr Michel Cicurel as *Censeur* (non-voting member)**
  - Renewal of the appointment for a 3 year term, expiring at the end of the General Meeting that will be called to approve the financial statements for the 2013/2014 financial year

# Resolutions for the financial year

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## Tenth and Eleventh resolutions (ordinary)

### ■ Reappointment of the Statutory and Alternate Auditors

- Reappointment for 6 financial years of Cailliau Dedouit et Associés and their Alternate Auditor Mr Didier Cardon
- Reappointment for 6 financial years of the KPMG network entities, in the form of the appointment:
  - of KPMG Audit FS II as Statutory Auditor
  - of KPMG Audit FS I as Alternate Auditor

# Resolutions for the financial year

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## Twelfth resolution (ordinary)

### ■ **Autorisation of a company's shares buyback program**

- Renewal for 18 months of the shares buyback program authorised in 2010
- Details:
  - Up to 10% of the share capital at the date of the transaction, maximum buyback price set at €35
  - Main purposes: implementation of the liquidity agreement, cancellation, incentive schemes of employees and corporate officers, allocation upon exercise of rights attached to securities granting immediate or deferred access to share capital, payments made within the frame of external growth transactions

# Resolutions for the financial year

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## Thirteenth resolution (extraordinary)

- **Amendment to the articles of association to make them compliant with new provisions of Article L. 225-106 of the French Commercial Code**
  - Amendment to Article 24 of the articles of association in order to enable shareholders to give proxy to any natural person or legal entity, and not only to their spouse or another shareholder

# Resolutions for the financial year

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## Fifteenth resolution (extraordinary)

- **Granting powers for formalities**

# Combined Annual General Meeting

27<sup>th</sup> September 2011