



Combined General  
Meeting of shareholders  
26 September 2013



PARIS ORLÉANS

*Cover page:  
New Court,  
our London office.*



# Combined General Meeting of shareholders 26 September 2013

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This English version is a free translation of the original French Document prepared for the General Meeting. It is intended for general information only and, in case of conflict, the French original shall prevail.

# Agenda

## Within the remit of the Ordinary General Meeting

- Management's reports
- Supervisory Board's report
- Report of the Chairman of the Supervisory Board
- Statutory Auditors' report on the parent company financial statements and on the consolidated financial statements for the financial year ended 31 March 2013
- Statutory Auditors' report on the Chairman of the Supervisory Board's report
- Statutory Auditors' special report on the regulated agreements and commitments
- Approval of the parent company's financial statements for the financial year ended 31 March 2013 (**1<sup>st</sup> resolution**)
- Appropriation of income for the financial year ended 31 March 2013 and dividend payment (**2<sup>nd</sup> resolution**)
- Option for payment of the dividend in shares (**3<sup>rd</sup> resolution**)
- Approval of the consolidated financial statements for the financial year ended 31 March 2013 (**4<sup>th</sup> resolution**)
- Approval of a regulated agreement between the Company and Rothschild & Cie SCS (**5<sup>th</sup> resolution**)
- Approval of a regulated agreement between the Company, Natixis and Rothschild Concordia SAS (**6<sup>th</sup> resolution**)
- Approval of tripartite commitments subscribed by the contributors of Rothschild & Cie Banque SCS and Financière Rabelais SAS's shares (**7<sup>th</sup> resolution**)
- Approval of tripartite commitments subscribed by the contributors of Rothschilds Continuation Holdings AG's shares (**8<sup>th</sup> resolution**)
- Approval of a regulated agreement between the Company and Rothschild & Cie Banque SCS (**9<sup>th</sup> resolution**)
- Authorisation granted to the Management for a period of eighteen months to trade in the Company's shares (**10<sup>th</sup> resolution**)
- Consultation of Shareholders in accordance with the provisions of Article L. 511-41-IB of the French Monetary and Financial Code (**11<sup>th</sup> resolution**)

## Within the remit of the Extraordinary General Meeting

- Statutory Auditors' report on the authorisation to grant options for the subscription and purchase of Company's shares
- Statutory Auditors' report on the share capital increase reserved for the benefit of subscribers to a corporate savings plan
- Amendment to article 10.2.3. of the Articles of Association (**12<sup>th</sup> resolution**)
- Authorisation granted to the Management to grant options to subscribe for or purchase Company's shares to employees and executive officers of the Company and companies related to it (**13<sup>th</sup> resolution**)
- Authorisation granted to the Management to issue securities granting immediate or deferred access to the share capital reserved for members of corporate savings plan (**14<sup>th</sup> resolution**)
- Variable to fixed compensation ratio under Directive 2013/36/EU of 26 June 2013 (CRD IV) and its transposition in France and in the other E.U. member states where the Group operates (**15<sup>th</sup> resolution**)
- Powers for the formalities (**16<sup>th</sup> resolution**)

# Management's reports

## Management report of the Managing Partner

The Management Report of the Managing Partner, including the five-year financial summary, is presented in pages 51 onwards of the Company's Annual Report, attached to this Document, and is available on the Paris Orléans' website under the section entitled "Regulated information" at [www.paris-orleans.com](http://www.paris-orleans.com).

## Presentation of the resolutions

### RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY GENERAL MEETING

#### First resolution: Approval of the parent company's financial statements for the financial year ended 31 March 2013

The first resolution concerns the approval of the parent company's financial statements for the year ended 31 March 2013, showing a net profit of €119.9 million compared with a net loss of €114.3 million in 2011/2012.

You will also be required to discharge the Managing Partner from all liability in respect of the management of the Company for the financial year ended 31 March 2013.

#### Second resolution: Appropriation of income for the financial year ended 31 March 2013 and dividend payment

The parent company's net profit amounts to €119,878,113.78 which, less the amount of €5,993,905.69 assigned to create the legal reserve and in addition to retained earnings of €68,162,738.34, makes a distributable net profit of €182,046,946.44.

In accordance with the provisions of the Articles of Association, an amount of €740,656.75, equal to 0.5% of this net profit<sup>(1)</sup>, will be automatically allocated for payment to the two General partners, PO Gestion SAS and PO Commandité SAS.

Under the second resolution, you are required to approve the appropriation of income for the financial year ended 31 March 2013, as follows:

*In euro*

<b>Net profit for the financial year</b>	<b>119,878,113.78</b>
Appropriation to the legal reserve	(5,993,905.69)
Credit retained earnings	68,162,738.34
<b>Distributable profit</b>	<b>182,046,946.44</b>
Profit share allocated to the General Partners in accordance with the provisions of Article 14.1 of the Articles of Association <sup>(1) (2)</sup>	(740,656.75)
<b>Appropriation</b>	
■ to the payment of a dividend of €0.50 per share <sup>(2) (3)</sup> to shareholders	35,451,514.50
■ to retained earnings	145,854,775.19

<sup>(1)</sup> Calculated on a prorata temporis basis (297/365) due to the status of the General Partners as from 8 June 2012.

<sup>(2)</sup> 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.

<sup>(3)</sup> Out of a total of 70,757,989 shares and 145,040 investment certificates eligible to a dividend.

The Company shall not receive a dividend in respect of any shares held on the payment date; the amount of the dividend corresponding to these shares shall be automatically added to retain earnings. To this purpose you will be required to grant powers to the Managing Partner to revise the final amount of the actual distribution and the final amount of retained earnings.

You will be required to approve the payment of a dividend of €0.50 per share to shareholders.

The ex-dividend date shall be 4 November 2013 and the dividend shall be payable as from 6 December 2013.

#### Third resolution: Option for payment of the dividend in shares

The third resolution submitted for your approval gives shareholders the option for payment of their full dividend in cash or in Company's shares.

The price of any new shares issued in payment of the dividend shall be equivalent to the average price of the Paris Orleans share during the twenty stock market trading sessions preceding the day of the General Meeting, less the net amount of the dividend and rounded up to the next euro centime.

The option of receiving payment of the dividend in shares must be taken up between 4 November 2013 and 22 November 2013 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.

If the amount of the dividend payable under this option does not correspond to a whole number of shares, shareholders will receive the next lower whole number of shares plus the balance in cash.

Shares thus issued in payment of dividends shall qualify for dividend as from 1 April 2013.

You are also required to give to the Managing Partner full powers to take the necessary measures to implement this decision.

#### **Fourth resolution: Approval of the consolidated financial statements for the financial year ended 31 March 2013**

The fourth resolution concerns the approval of the consolidated financial statements for the year ended 31 March 2013, showing revenues amounting to €1,147.1 million, a consolidated income of €90.4 million and a net income – Group share of €47.4 million.

#### **Fifth to eighth resolutions: Approval of regulated agreements and commitments**

The fifth to eighth resolutions submitted to you aims at approving the so-called “regulated” agreements and commitments, entered into during the 2012/2013 financial year upon the Supervisory Board's prior authorisation.

These agreements and commitments were executed in the structure of the reorganisation of the Group, approved by the General Meeting of shareholders of 8 June 2012, which comprised two stages:

- the conversion of the Company's form of incorporation into a French partnership by shares (*société en commandite par actions*) and,
- the transfer to Paris Orléans of shares of Rothschild & Cie Banque SCS (RCB), Financière Rabelais SAS (one of the main general partners of RCB), and of Rothschilds Continuation Holdings AG (RCH).

These agreements and commitments are presented within the Statutory Auditors' special report, in pages 24 onwards of this General Meeting Document.

#### **Ninth resolution: Approval of a regulated agreement**

This ninth resolution aims at approving, pursuant to article L.225-42 of the French Commercial Code (*Code de commerce*),

an amendment to the liquidity contract entered into with Rothschild & Cie Banque SCS on 23 January 2008.

The amendment to the liquidity contract, which falls within the category of the regulated agreements, failed to be authorised by the Supervisory Board of the Company, in the ordinary course of business.

This amendment is presented within the Statutory Auditors' special report, in pages 24 onwards of this General Meeting Document.

#### **Tenth resolution: Authorisation granted to the Management for a period of eighteen months to trade in the Company's shares**

Please refer to page 63 of the attached Annual Report for a breakdown of all purchases and sales made during the financial year ended 31 March 2013 pursuant to the current authorisation granted to the Management by the General Meeting of shareholders of 8 June 2012.

Under the tenth resolution submitted for your approval, we are seeking renewal of the authorisation to trade in the Company's shares in accordance with the law.

The number of shares purchased may not exceed 10% of the share capital on the transaction date which, based on the current share capital and taking account of share held directly on that date, would authorise the purchase of 7,090,302 shares, assuming that the Company does not cancel, transfer or sell any of the shares currently held;

The purchase price may not exceed €35 per share, making a total aggregate sum of €248.16 million.

The shares may be purchased, sold or otherwise transferred of the purposes set out in the European regulations and in accordance with the market prices accepted by the AMF, French Financial Market Authority (*Autorité des marchés financiers*), namely to:

- reduce the share capital;
- award shares to employees;
- tender in exchange or as consideration for future external growth transactions;
- promote liquidity in the share under liquidity contracts entered into with independent investments services providers authorising them to purchase a certain number of shares in accordance with the AMF Regulations.

#### **Eleventh resolution: Consultation of Shareholders in accordance with the provisions of Article L.511-41-IB of the French Monetary and Financial Code**

The eleventh resolution concerns your consultation, in accordance with the provisions of Article L.511-41-IB of the French Monetary and Financial Code (*Code monétaire et*

*financier*), as adopted by French Act No. 2013/672 of 26 July 2013, and applicable to the Company as a financial holding company, on the overall envelope of compensation paid to certain senior management and other employees by consolidated entities within the Group whose financial year ended either on 31 December 2012 or on 31 March 2013.

You will be required to formally take note of the overall envelope of compensation paid to three different categories of senior management and individuals. This draft resolution is presented to you on the basis of known provisions and the overall amount of compensation paid for the applicable fiscal years to responsible officers 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 the Group, as referred to in Article L511-41-1B of the French Monetary and Financial Code. It should be noted that, for the future, these matters remain subject to 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 the Capital Requirements Directive 2013/36/EU of 26 June 2013 (CRD IV) and its implementation in France and in other E.U. member states, including the application perimeter of such rules within the Group in terms of entities, businesses and personnel, as to which there remains significant uncertainties at this time.

## RESOLUTIONS WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING

### **Twelfth resolution: Amendment to Article 10.2.3 of the Articles of Association**

The twelfth resolution proposes an amendment to Article 10.2.3 of the Company's current Articles of Association which relates to the definition of corporate transactions requiring the Supervisory Board's advice to the Managing Partner.

As the current definition is unclear, we submit to you a new wording of said transactions while the remainder of the Article remains unchanged.

### **Thirteenth resolution: Authorisation granted to the Management to grant options to subscribe for or purchase Company's shares to employees and executive officers of the Company and companies related to it**

The purpose of the thirteenth resolution is to authorise, for a period of 38 months, the Managing Partner of your Company to grant options for the subscription and purchase of your

Company's shares to employees and executive corporate officers of the Company and Group companies.

In June 2012 you approved a simplification and reorganisation of Paris Orléans and the Rothschild Group's structure. The Group's structure and its governance have been simplified, thus improving the operating efficiency of the Group's core businesses. To complete and consolidate these structural changes, the Managing Partner of your Company considers that the granting of options for the subscription or purchase of shares to Group employees and senior executive corporate officers would:

- reinforce the Rothschild Group's culture and competitive positioning;
- develop a sense of common goals and ownership within the Group;
- improve the alignment of interests, with the family shareholders, to create globally unified Group and culture; and



- allow the Managing Partner of your Company to have, at the recommendation of the Remuneration Committee, a tool to promote and increase the alignment of employee and shareholder interests.

To achieve this, and subject to your approval of the thirteenth resolution, the Managing Partner of your Company intends to grant options initially to certain key Group employees and executive corporate officers, comprising approximately 48 individuals, within the Global Finance Advisory business, one of the Group's core businesses. Further options may be granted in the future to other potential beneficiaries holding key Group functions or key positions within the Group's other businesses.

Within this frame, the total number of share options granted under this thirteenth resolution may not grant the right to subscribe or purchase a number of shares exceeding 10% of the share capital as at the date of the General Meeting. Moreover, the nominal amount of share capital increases resulting from the exercise of options granted under this delegation of authority shall be deducted from the aggregate limit fixed by resolution No. 93 adopted by the General Meeting of shareholders of 8 June 2012 or, where applicable, from the total amount referred to in a similar resolution that may supersede said resolution during the term of validity of the authorisation proposed under this resolution.

This authorisation entails shareholders' express waiver, for the benefit of options beneficiaries, of their preemptive right to subscribe shares that shall be issued as options are exercised.

The Management shall have all powers to determine the share subscription price and the share purchase price on the day the options are granted within the following limits:

- in the case of share subscription options, the price of the shares may not be lower than 80% of the average of the opening trading prices for the twenty trading days prior to the date when the option is granted, and

- for share purchase options, the price shall not be lower than the amount in (i), not than 80% of the average purchase price of the Company's treasury shares, pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code (*Code de commerce*).

#### **Fourteenth resolution: Authorisation granted to the Management to issue securities granting immediate or deferred access to the share capital reserved for members of corporate savings plan**

In the fourteenth resolution, you are requested to authorise the Managing Partner to issue securities granting immediate or deferred access to the share capital, reserved for salaried employees.

This resolution meets the legal requirements laid down by Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and by articles L. 3332-21 and onwards of the Labour Code, in particular due to the share capital increase that may result from the use of the thirteenth resolution.

This resolution automatically entails the waiver by the shareholders, in favour of the salaried employees, of their preferential subscription right in respect of the shares to be issued under this authorisation.

You are required to grant this authorisation for a term of twenty-six months from the date of this General Meeting. This authorisation will substitute and cancel any previous authorisation of the same kind.

### **Fifteenth resolution: Variable to fixed compensation ratio under Directive 2013/36/EU of 26 June 2013 (CRD IV) and its transposition in France and in the other E.U. member states where the Group operates**

The fifteenth resolution is submitted to you, 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 remain with regards to 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 in respect of (i) the timing of the entry into force of the rules and (ii) the rules' application perimeter within the Group in terms of entities and personnel.

You are required to approve, as a matter of principle, the fact that the Company will ensure that variable compensation within the Group will comply with CRD IV and Article L.511-41-I C of the French Monetary and Financial Code, as amended 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 I g) of CRD IV and to be determined in France by an executive order (arrêté) of the French Ministry of Economy (which is not expected to be published until after the General Meeting, will be the highest ratio permissible under applicable rules, i.e., up to 200% according to Article 94 I g) (ii) of CRD IV.

This resolution has been presented to the Supervisory Board and is presented to you, on the basis of known provisions and ongoing discussion on the overall amount of compensation to be paid for the current 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 compensation, whose professional activities is determined to have a material impact on the risk profile of the company or Group.

However, you are required to take note that for the reasons discussed above, 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.

### **Sixteenth resolution: Powers for formalities**

The sixteenth resolution submitted to you enables the bearer of an original counterpart, a copy or an excerpt from the minutes of the General Meeting, to carry out all requisite formalities.

# Supervisory Board's report

Ladies and Gentlemen, Dear Shareholders,

The Company's Managing Partner has decided to convene a Combined General Meeting on 26 September 2013.

As an addition to the Management Report, this present report aims to provide you with the Board's observations on the parent Company and the consolidated accounts, on the proposed appropriation of income and the Company's distribution policy, to report on the Board's activity and to give you recommendations on the resolutions that will be submitted to your vote.

At its meeting of 26 June 2013, dedicated to the review of the parent Company and consolidated accounts in respect of the financial year ended 31 March 2013, the Supervisory Board considered the Management Report on the Group's activities and the Company and the draft resolutions submitted for your approval. The Board considered that the majority of its members had been provided with all the entirety of necessary information in order to consider fully the operations and the accounts in respect of the financial year ended 31 March 2013.

In this respect, we highlight that:

- the Parent Company and consolidated accounts, including a balance sheet, an appendix and income statement, were communicated to the Board, for verification and control, purposes within three months following the end of the financial year;
- the transactions, submitted to the prior authorisation of the Supervisory Board, pursuant to legal and statutory dispositions, were indeed approved by the Board;
- this report only addresses matters on which the Supervisory Board must expressly deliberate, in accordance with the Company's Articles of Association.

## Observation on the parent company and consolidated accounts

The Company's Supervisory Board has no particular observations to make on the activities and parent Company and consolidated accounts for the financial year ended 31 March 2013.

Moreover, we have no comments on the Management's Report which provides you with a true and fair view of the activities and accounts for the year ended 31 March 2013 or on the Statutory Auditors' reports on said accounts.

Therefore, we would ask you to approve the parent company and consolidated accounts, on which we are expressing a favourable opinion.

## Appropriation of income and recommendation to Shareholders concerning the Company's distribution policy

We have examined the Managing Partner's proposal to appropriate income, which is shown in its own report and the draft resolutions submitted to you for approval. Said proposal makes provision for a net ordinary dividend per share of €0.50. The ex-dividend date will be 4 November 2013 and the dividend will be paid as from 6 December 2013.

A proposal will be made for the right to shareholders 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 in new ordinary shares.

The dividend proposed by the Managing Partner is consistent with the Company's dividend distribution policy applied by the Company past years. Accordingly, we recommend the continuance of said policy and are in favour of the Management's proposal to set the amount of the dividend at €0.50 per share.

## Actions taken by the Supervisory Board

The Chairman of the Supervisory Board reported, in its report approved by the Supervisory Board during its meeting held on 26 June 2013, on the way in which the Supervisory Board has performed, with its specialised committees, its mission consisting in the permanent control over the Company's management in respect of the 2012/2013 financial year.

We invite you to refer to the Chairman of the Supervisory Board's report on corporate governance and internal control included in this General Meeting Document.

## Observations on the resolutions put forward at the General Meeting of 26 September 2013

During our meeting held on 26 June 2013, we examined the draft resolutions which are proposed to you. Among the resolutions there are resolutions regarding:

- the approval of the parent company's financial statements and the consolidated financial statements in respect of the financial year ended 31 March 2013,

# Supervisory Board's report

- the appropriation of the parent company's income and the payment of a dividend of €0,50 per share,
- the right of shareholders 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 in new ordinary shares,
- the authorisation to the Management to trade in the Company's shares,
- the consultation of Shareholders on the global amount of compensation awarded on a consolidated basis to the regulated population of the Group in accordance with Article L. 511-41-1B of the French Monetary and Financial Code (*Code monétaire et financier*),
- the amendment of one provision of the Articles of Association,
- the authorisation to the Management to grant options to subscribe for or purchase the Company's shares, and
- the authorisation regarding the variable to fixed compensation ratio under Directive 2013/36/EU of 26 June 2013 (CRD IV) and its transposition in France and in the other EU member states where the Group operates.

Regarding the fifteenth draft resolution, 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 remain with regards to 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 in respect of (i) the timing of the entry into force of the rules and (ii) the rules' application perimeter within the Group in terms of entities, businesses and personnel, the Managing Partner of your Company proposes a resolution intended to approve, as a matter of principle, the fact that

Paris Orléans will ensure that variable compensation within the applicable perimeter of the 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 I g) of CRD IV and to be determined in France by an executive order (arrêté) of the French Ministry of Economy (which is not expected to be published until after Paris Orléans' annual shareholders meeting), will be the highest ratio permissible under applicable rules, i.e., up to 200% according to Article 94 I g) (ii) of CRD IV.

This draft resolution is presented to you on the basis of known provisions and ongoing discussion on the overall amount of compensation to be paid for the current 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, for the reasons discussed above, 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.

We recommend you to adopt the resolution that Management has submitted for your approval and that you vote in favour of all the extraordinary and ordinary resolutions.

**The Supervisory Board**

# Report of the Chairman of the Supervisory Board

To the Shareholders,

Pursuant to paragraphs 7 to 9 of Article L. 225-68 of the French Commercial Code (*Code de commerce*) with reference to Article L. 226-10-1 of that code, this report sets forth the principles of corporate governance and the internal control and risk management procedures implemented by Paris Orléans (the "Company").

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 20 June 2013.

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 26 June 2013.

## Corporate governance

First of all, we remind you that your Company was converted into a French partnership limited by shares (*société en commandite par actions*) by decision of the Combined General Meeting of shareholders on 8 June 2012. From 2004 until 8 June 2012, your Company had a dual governance structure consisting of an Executive Board and a Supervisory Board with the aim of separating management powers from those of control.

A presentation of the Company's management and control bodies is provided in the section on corporate governance on pages 68 onwards of the Management Report in the Company's Annual Report, attached to this General Meeting Document.

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 Articles of Association and the Supervisory Board's internal regulation and the internal regulation of the specialised committees.

### Composition and powers of the Supervisory Board, status 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 2013, the Supervisory Board was composed of fourteen members: Éric de Rothschild (Chairman), François Henrot (Vice-Chairman), André Lévy-Lang (Vice-Chairman), Martin Bouygues, Sylvain Héfès, Christian de Labriffe, Lord Leach, Lucie Maurel-Aubert, Philippe de Nicolay, Jacques Richier, Alexandre de Rothschild, Anthony de Rothschild, Sipko Schat and Peter Smith.



# Report of the Chairman of the Supervisory Board

More detailed information on each Supervisory Board member during the financial year ended, 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 in the tables on pages 70 onwards of the Annual Report. This information is deemed to form an integral part of this report.

The Company's Head of Legal, under the Chairman of the Supervisory Board's supervision, acts as the Supervisory Board's Secretary.

The Supervisory Board members are appointed by the General Meeting, 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 Management, 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), Management 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, Management presents the annual and consolidated financial statements to the Board for verification and control purposes;
- Management 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 (*Code de commerce*) 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 Management, 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 Management 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 shareholders and a reasoned opinion on any resolution submitted to 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 Management 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, 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 Board meetings are confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend Board 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.

Board 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;
- Board 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 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.

At the 8 June 2012 meeting, given the number of subjects that had to be reviewed by the Board following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), the Board took note that a charter setting forth all the Board members' duties would be drawn up for approval by the Board during the course of the year.

# Report of the Chairman of the Supervisory Board

## Organisation and operation of the Supervisory Board

### Meetings

On a proposal by its Chairman, the Supervisory Board prepares a schedule of Board 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, Management 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 Board practices and for organising 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.

Management shall be 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 of the Company, under its new form of incorporation as a French partnership limited by shares (*société en commandite par actions*), met five times during the 2012/2013 financial year, with an average attendance rate of 72.63% for all meetings. Before each Board meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

At its meeting on 8 June 2012, the Supervisory Board in particular:

- approved the new terms of its internal rules of procedure following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*) on that same day;
- examined the situation of André Lévy-Lang, Martin Bouygues, Jacques Richier, Lord Leach and Sipko Schat and considered that they were "independent" members under the various criteria set by the AFEP-MEDEF Corporate Governance Code, which were considered by the Supervisory Board in its analysis;
- created an Audit Committee, approved its composition and its new charter;

- created a Strategy Committee and approved its composition;
- took note of the inclusion of Paris Orléans on the list of financial companies supervised by the ACP and of the legal and regulatory provisions applicable to financial companies.

At its meeting on 26 June 2012, the Supervisory Board in particular:

- reviewed the annual and consolidated financial statements for the 2011/2012 financial year, the overall situation of the Group's activities and prospects, prepared the Ordinary General Meeting of shareholders, approved the report of the Chairman of the Board and approved the terms of its report to shareholders;
- read the Group internal control reports submitted to the French Prudential Supervisory Authority (*Autorité de contrôle prudentiel* or ACP) in respect of 2011 pursuant to Articles 42 (internal control) and 43 (risk measurement and monitoring) of CRBF regulation 97-02 of 21 February 1997.

At its meeting on 27 September 2012, the Supervisory Board in particular:

- appointed Peter Smith as a member of the Audit Committee and considered that he was an "independent" member under the various criteria set by the AFEP-MEDEF Corporate Governance Code, which were considered by the Supervisory Board in its analysis;
- read the report of the Audit Committee that followed up on the meeting of the Audit Committee on 25 September 2012.

At its meeting on 29 November 2012, the Board in particular:

- reviewed the half-yearly financial statements for the 2012/2013 financial year, the overall situation of the Group's activities for the first half of the year, the press release announcing the half-yearly results;
- read the half-yearly report of the Group's risk and compliance functions and the report of the Group Chief Internal Auditor;
- read the Pillar 3 report.

At its meeting on 28 March 2013, the Supervisory Board in particular:

- read the results of the Group over 11 months and reviewed the budget to the end of March 2014 of the Company, the Group and each of the main operational activities;
- appointed Peter Smith as Chairman of the Audit Committee;

- examined issues relating to the regulation of the compensation of persons identified in the Group as being subject to this regulation within the Group, approved the establishment of a Compensation Committee, read a draft policy on compensation within the Group;

- examined the Group internal control reports to be submitted to the ACP in respect of 2012 pursuant to Articles 42 (internal control), 43-I (compensation) and 43 (risk measurement and monitoring) of CRBF regulation 97-02 of 21 February 1997 applicable to financial companies;

- deliberated on the compensation that can be allocated to the executives of PO Gestion SAS, in consultation with its Appointments Committee in accordance with these Articles of Association;

- decided on the methods, amount and allocation of attendance fees to its members in financial year 2012/2013.

## 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.

The findings of this self-assessment will be presented by the Secretary of the Board at the next Board meeting in September 2013.

## Specialised Committees

The Supervisory Board is free to set up specialist committees, including (but not limited to) an audit committee and a strategy committee, and to define the composition of those committees as well as their tasks and practices.

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

# Report of the Chairman of the Supervisory Board

## 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 that Committee.

As of 31 March 2013, the Audit Committee was composed of four members: Peter Smith (Chairman), Sylvain Héfès, Christian de Labriffe and André Lévy-Lang (Chairman of the Audit Committee until 28 March 2013).

### Responsibilities, resources and scope

In accordance with its internal rules of procedure, 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 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 closure of each meeting of the Audit Committee, the Committee members hold discussions with the Group Chief Internal Auditor and Statutory Auditors outside the presence of Group management.

The Chairman of the Committee submits a report on the work of the Committee to the Board members.

### Activity

The Audit Committee met four times during the 2012/2013 financial year, with an average attendance rate of 93.75% 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.

At its meeting on 21 June 2012, the Audit Committee in particular examined:

- the annual and consolidated financial statements for the 2011/2012 financial year;
- the Group's quarterly Risk and Compliance report;
- the activities and results of the internal control system for 2011 through the reports drawn up under articles 42 and 43 of Regulation 97-02, and submitted to the ACP in April 2012;
- the Chairman of the Supervisory Board's draft report.

At its meeting on 25 September 2012, the Audit Committee in particular examined:

- the Group's quarterly Risk and Compliance report;
- the Internal Audit report on the compliance of the overall organisation of the Group's internal audit system compared to the document published by the Basel Committee, which sets the guidelines for banking supervisors for evaluating the internal audit system of banks, the new organisation of the Group's internal audit system, the status of the audit plan at mid-year status, and the results of the internal audit since March 2012.

During this meeting, the Audit Committee also took note of the status of the recommendations by the Statutory Auditors and examined the activity of the audit committees of the Group entities.

At its meeting on 23 November 2012, the Audit Committee in particular examined:

- the half-yearly financial statements;
- the Group's half-yearly Risk and Compliance report;
- the report of the Group Chief Internal Auditor on internal audit activities since the previous meeting of the Audit Committee.

At its meeting on 21 March 2013, the Audit Committee in particular examined:

- the Group's quarterly Risk and Compliance report;
- the Group internal control reports to be submitted to the ACP in respect of 2012 pursuant to Articles 42 (internal



control), 43-I (compensation) and 43 (risk measurement and monitoring) of CRBF regulation 97-02 of 21 February 1997 applicable to financial companies;

- the report of the Group Chief Internal Auditor on internal audit activities since the previous meeting of the Audit Committee and the Group Internal Audit Charter, which it approved.

In addition to these meetings of the Audit Committee, and at the request of the Chairman of the Committee, the Committee met twice in 2012, in June and November, in order to discuss the portfolio of bank credits and the NM Rothschild & Sons Ltd (NMR) subsidiary, with the heads of the specialised Financing division of NMR, the Group Chief Financial Officer and the internal control managers of the Group participating in this meeting. The primary objective of these meetings was to have the managers of this division provide information on the latest developments on the methodology and the adequacy of the level of provisions for the credit portfolio.

### Compensation Committee

On 28 March 2013, the Supervisory Board created a Compensation Committee. The role of the Compensation Committee is to assist the Supervisory Board, in particular regarding the principles governing the compensation policy of the Paris Orléans Group.

#### Composition

The composition of the Compensation Committee is determined by the Supervisory Board. As of 31 March 2013, the 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, resources and scope

The primary tasks of the Committee are to:

- define the principles and parameters of the compensation policy of the Group as a whole and periodically review the appropriateness and effectiveness of this policy, taking into account all factors deemed necessary from time to time, including the Group strategy;
- monitor and review the overall strategic framework, the compensation of members of the Group Management Committee and compensation policy applicable to regulated persons within the Group;

- oversee the compensation paid/granted to employees of the Compliance and Risk departments;

- participate in the selection and appointment of Board members in accordance with the recommendations provided for in the AFEP-MEDEF code;

- examine the nature and extent of the Group's performance incentive programs in both the short and long term in order to ensure that they encourage better performance and reward individuals fairly and responsibly for their contribution to the success of the Group, taking into account the financial situation and prospects for the future.

### Strategy Committee

As of 31 March 2013, the Strategic 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's strategic direction, significant acquisitions or sales of business activities or business divisions.

### Corporate governance code

The Company has decided to refer to the AFEP-MEDEF Corporate Governance Code for Listed Corporations.

Please note that the very principle of partnership 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 the partnership, 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.

With regards to the independence criteria applied by the Board, given the Company's ownership structure, which is controlled by a Group of Rothschild family members 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 shares (*société en commandite par actions*), the Supervisory Board has decided to expressly 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

# Report of the Chairman of the Supervisory Board

Paris Orléans Group's activities and that it should not therefore disqualify them as independent members.

Generally speaking, the Supervisory Board may decide that, although fulfilling all the criteria referred to above, a member should not be qualified as independent in view of his specific situation or for any other reason. Conversely, the Board may decide that a member, although not complying strictly with all the above criteria, can nonetheless be qualified as independent.

The Supervisory Board, at its meeting of 26 June 2013, was informed of the publication on 16 June 2013 of a revised version of the AFEF-MEDEF Code, which, among other things, introduces a procedure for the consultation of shareholders on compensation of corporate officers ("Say on Pay"), strengthens compensation supervision and limits the number of directorships held by directors in listed non-Group companies. The Supervisory Board noted this and decided to deliberate the points raised at the next meeting to be held in September 2013.

## **Equal representation of men and woman on the Supervisory Board**

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

The Supervisory Board has set objectives for changing its composition to meet the deadlines set by the aforementioned law, i.e. representation of at least 20% of each sex following the first General Meeting to be held as from 1 January 2014 and 40% following the first General Meeting to be held as from 1 January 2017.

## **Terms and conditions of shareholders' attendance of General Meetings**

General Meetings are convened by Management 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 Management, 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 since 8 June 2012, 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. Management 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 Management 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, except for decisions on the allocation of income, for which it belongs to the usufructuary.

# Internal control and risk management procedures

Group Management has a clear commitment to maintain and strengthen a system of internal control and effective risk management based on appropriate organisational structures and well-defined responsibilities and competencies.

The internal control system of the Group and its subsidiaries is based on the following basic principles:

- the responsibility of all employees of the Group for the implementation and maintenance of effective internal control;
- information on the risk and control framework and compliance with policies and procedures of the Group as a whole; and
- separation of duties in order to ensure that those who perform tasks are not responsible for the approval or supervision of the performance of it.

## 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 ACP on a consolidated basis.

Following the Company's conversion on 8 June 2012 into a French partnership limited by shares (*société en commandite par actions*), the system implemented by the Company under its previous form of incorporation was continued but adapted to the Company's new form of incorporation.

It was specified at its meeting on 3 May 2012, that the College of the ACP decided to include the Company in the list of financial companies. Financial companies are in particular subject

to the provisions of Article L. 517-5 of the French Monetary and Financial Code (*Code monétaire et financier*) in the conditions set forth in CRBF regulation 2000-03 of 6 September 2000 relating to prudential supervision on a consolidated basis and to additional supervision. It is nonetheless specified that internal control cannot provide an absolute guarantee that the objectives sought will be achieved and the risks totally avoided. The likelihood of achieving these objectives is subject to the limitations inherent in any system of internal control.

The internal control system described in this report covers all the operations carried out by Paris Orléans and the operations of the Group it supervises on a consolidated basis and covers the activity of the Group committees put in place by Paris Orléans.

However, given the specific characteristics and organisation of the Group, internal control at local level continues to be the responsibility of each entity's management under the supervision of their respective regulatory authorities: the Financial Services Authority (separated since that time into two regulatory authorities: the Financial Conduct Authority and the Prudential Regulation Authority), the Swiss Financial Market Supervisory Authority, the ACP and the French Financial Markets Authority (AMF).

## Work providing the basis for this report on internal control

With regard to internal control and risk management procedures, this report is based on work carried out and documentation produced throughout the 2012/2013 financial year by the Executive Board of the Company under its previous form of incorporation, PO Gestion SAS after the entry into force of the reorganisation, the Committees and the internal control functions of the Group (see below), the Audit Committee, and on the reports issued in respect of 2012 financial year pursuant to Articles 42, 43 and 43-I of CRBF regulation 97-02 applicable to financial companies.

The preparation of this report required regular contact with all the various parties involved in risk management, compliance and internal audit so as to obtain a comprehensive view of the system. The report was submitted to the Audit Committee on 20/06/2013 for the matters falling within its scope, and approved by the Supervisory Board at its meeting on 26/06/2013.

## Monitoring the internal control and risk management systems

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

The composition of the Supervisory Board and its specialised committees, the way their work is organised and their contribution to the efficient and transparent conduct of the business of the Group are described above in this report in the section dedicated to corporate governance.

The Audit Committee charter, as approved by the Supervisory Board on 8 June 2012, specifies that the Audit Committee is responsible for monitoring:

- the preparation of financial information;
- the effectiveness of the internal control and risk management system;
- the audit of the company and consolidated financial statements by the Statutory Auditors;
- and the independence of the Statutory Auditors.

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.

## Brief description of internal control systems

The internal control structure is based on Group support functions that are responsible for continuous (legal and compliance risk departments) and periodic (internal audit department) control functions. The Group Risk Committee oversees the Group risk function. The Group Legal and Compliance Officer, the Group Head of Risk and the Group Chief Internal Auditor are involved with and oversee the implementation of and compliance with the rules for which the Group is responsible on a consolidated basis.

### Continuous control

This system is based on the risk, legal and compliance functions of the Group.

The Group Risk Committee consists of senior managers of the Group's business units and business lines and is attended by the senior managers of the Group internal control. This committee meets on a quarterly basis, or more frequently if necessary.

The Group Legal and Compliance Officer is assisted in his duties by the Group Compliance Committee, which is composed of the Group Legal and Compliance Officers.

## Organisation of the Group risk management function

The Group Risk Committee supervises all the risks at Group level. Its main objective is to draw up and implement policies and procedures to identify, measure, monitor and manage risk in keeping with the Group's desired risk profile.

The policy implemented by the Group Risk Committee is based on the Group Risk Framework, which sets forth the general risk management guidelines and policies applicable within the Group. These guidelines, approved by the Group Risk Committee and updated when necessary, are available on the Group intranet.

The Group policies and procedures implemented and approved by the Group Risk Committee meet the overall objectives established in the Group Risk Framework.

The Group Risk Committee's main duties are as follows:

- Assessing the suitability and effectiveness of risk identification, control and measurement procedures, with particular reference to risks relating to:
    - the Group's reputation;
    - capital adequacy;
    - liquidity management;
    - regulatory compliance;
    - risk profile.
  - reviewing the findings of the periodic reports issued by the Group Risk Officer and the Group Compliance Officer;
  - seeking periodic assurance that risks are being managed in accordance with Group policies and procedures;
  - recommending for approval Group risk policies, including the Group Risk Framework; and
  - preparing the half-yearly and annual reports presented to the Executive Board under the Company's previous form of incorporation and to Management since its conversion into a French partnership limited by shares (*société en commandite par actions*).
- The Group has adopted a Group-wide risk governance model which requires all the Group's businesses and functions to establish processes for identifying, evaluating and managing the key risks faced by the Group.
- Depending on the field of application, the Group Risk Framework is supplemented by the risk measurement, management and monitoring systems that are adapted to each entity's business and is organised around the Group's principal business activities:
- Independent financial advisory;
  - Private banking and asset management;
  - Private equity on behalf of third parties; and
  - Corporate banking and specialist finance.

In accordance with the organisation principles described above, managing risks is based on risk limitation systems at local level, which at most of the Group entities comprise:

- global limits, mainly in the form of risk policies, risk spreading rules and commitment limits per risk factor;
- operational limits, established as part of strict procedures, in particular decision procedures based on documented analysis and delegation levels, including the conditions governing the role of specialised committees.

### **Risk measurement and monitoring**

The Group's activities expose it to several types of risk:

- reputation risk predominately in the financial advisory business and wealth management activities and, to a lesser extent, in the banking activities;
- human resources risk and risk linked to the Group's ability to attract and retain qualified staff;
- the risk of litigation inherent in the Group's business;
- pension funding risk in that the Group could be obliged to increase its pension contributions and contribute capital to cover its pension risk;
- the risk linked to trends in international economic conditions and in the financial markets, which affect all the Group's businesses;
- credit risk, which arises on the Group's exposure to possible counterparty default through its customer lending activities, trading portfolio management and securities portfolio transactions;
- financial risk, which includes market risk and liquidity risk;
- risk linked to stricter prudential regulations for the financial sector which would apply to the Group;

In keeping with Basel 2 regulations, the Group's banking subsidiaries have implemented operational risk management systems. Operational risk is measured and supervised based on a series of guidelines and methodologies for calculating capital requirements in respect of these risks.

### **Preparation of Paris Orléans' accounting, financial and regulatory information**

In January 2012, the Group strengthened its Finance Department by creating the position of Group Finance Director, who oversees the finance departments of the Group's main entities: Paris Orléans, Rothschilds Continuation Holdings AG, Rothschild & Cie Banque and Rothschild Bank AG.

Paris Orléans' Finance Department has the necessary human resources to produce the Group's financial, accounting and regulatory information. Under the authority of the Group Chief Financial Officer, the Finance Department consists of three

divisions: company accounting, consolidated accounting and regulatory reporting.

### **Preparation of the consolidated financial statements**

Paris Orléans' consolidation unit manages the schedule 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.

Thanks to the consolidation software rolled out throughout the Group, the majority of the subsidiaries report their individual accounting information using an identical schedule and format of accounts. The remaining subsidiaries report using a sub-Group template. In this framework, the consolidation unit closes the accounts on a quarterly basis. To do so, a mixed information reporting system has been put in place:

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

Once the consolidation data has been input, "blocking" controls defined by the Group are applied in order to check the consistency of the accounting data, the correctness of the flows and the completeness of analyses. As a complement to these controls, the procedure for drawing up the consolidated accounts includes an initial examination of the consolidated accounting data at each sub-level, covering six main areas:

- correct conversion to IFRS of the annual and consolidated financial statements;
- checks on the reconciliation of inter-company transactions and the breakdown of shareholdings in the Group's companies;
- checks on the application of consolidation restatements and justification of deferred taxation;
- review at consolidated level of risk assessment and provisioning policy;
- analysis and justification of the contribution to shareholders' equity by entity and the transition from company to consolidated level; and
- consistency checks by analysing changes in consolidated balances between two financial years.

### **Accounting control**

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



# Report of the Chairman of the Supervisory Board

## Accounting control framework for the Paris Orléans private equity business line

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

- a first level auto-control carried out as part of the accounting process. These controls are carried out daily by the PO accounting service for all subsidiaries based in France and external accounting firms for foreign subsidiaries based in Luxembourg and the United States;
- a second level control performed by the accounting department involving controls on positions in securities and consistency checks to ensure the reliability and comprehensiveness of the accounting and financial information;
- a third level of control involving the Statutory Auditors performed on a half-yearly and annual basis as part of the certification of the company and consolidated financial statements; and
- a final level of control as part of the work of the Audit Committee, which has the task of reviewing the sub-consolidated and consolidated financial statements of Paris Orléans.

## Accounting control framework for the banking business line

For the sub-consolidated banking subsidiaries at the level of Concordia Holding SARL, the Finance Department is organised on a decentralised system under which control functions are assigned to the people responsible for preparing the financial statements at local level.

The accounts are sub-consolidated at Concordia Holding SARL using consolidation software. The accounting information of local entities is reported automatically. Once the consolidation data has been input, system "blocking" controls are applied.

For the consolidation requirements at the Paris Orléans level, each year the main banking subsidiaries of the sub-Group Rothschilds Continuation Holdings AG produce a standardised end-of-year representation letter. This document, which sets out the qualitative conditions for producing the accounts, enables PO Gestion SAS and the Group Chief Financial Officer to sign the representation letter to Paris Orléans' Statutory Auditors.

## Accounting control framework at consolidated level

As well as the control procedures described above, the consolidation process includes further checks on the integrity of consolidated accounting data.

These checks are carried out by:

- the Finance Department, specifically the accounting and consolidation department. In addition to the procedures for monitoring the integrity of accounting information, the

department checks the consistency of asset valuations and prepares documentation supporting the related balances for the Statutory Auditors carrying out the third-level controls;

- the Statutory Auditors, as part of their audit of the accounts. Their work is performed in accordance with professional standards; and
- a final level of control takes place through the work of the Audit Committee, which is responsible for reviewing the financial statements.

## Control framework for regulatory reports

The Group Regulatory Reporting department 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.

Regulatory reporting relates to:

- the solvency ratio (COREP);
- regulatory reporting under IFRS (FINREP);
- standardised financial reporting (SURFI);
- unrealised gains and losses (SURFI);
- the list of subsidiaries (SURFI);
- foreign commitments (SURFI); and
- the bank deposit guarantee system (SURFI).

## Periodic control

Different types of audits are performed, covering all entities and business lines of the Group. The roles and responsibilities of the Internal Audit department of Paris Orléans are described in a charter available on the Group's intranet.

The Group periodic control structure has been unified since the reorganisation carried out in June 2012. It relies on the Group support function of the objective, independent Internal Audit Department, which is led by the Group Head of Internal Audit, who reports to PO Gestion SAS and the Group Audit Committee. The Group Internal Audit function is responsible for providing Management and the Supervisory Board, through the Audit Committee, reasonable assurance as to the degree of control of the risks associated with operations within the Group and the effectiveness of internal control. The Audit Committee is regularly informed of the results of internal audits, the status of implementation of internal audit recommendations, the annual audit plan and related resource requirements.

The effectiveness of periodic inspections is based on annual centralised and standardised internal audit plans and the audit work of the Group's internal audit teams based in Paris, London and Zurich.

With regard to the Group's business activities, periodic audits by the Group's internal audit function are organised into four types of teams to cover: independent financial advisory, private

banking, asset management, private equity on behalf of third parties, corporate banking and specialist finance, and the support functions. Each internal audit manager of the Group entities is responsible for the audit of certain business activities in parallel with the geographic audit.

The Group Chief Internal Auditor is responsible for reporting on the results of activities of internal audit to the Group Management Committee, at the request of the latter.

The actions resulting from internal audit reports are controlled and monitored on a regular basis and the results are sent to management and presented to the Audit Committee. At the end of each quarter, Group internal audit follows up with each division on the resolution of the items audited. When management takes specific measures to reduce the number of outstanding audit items, the results of these measures from Management are reported by internal audit to the Audit Committee.

#### **Other internal control mechanisms implemented by the Group**

##### ***Information systems security and business continuity plan ("BCP")***

Security rules related to information systems are managed and implemented by Global IT. Internal controls are applied locally by each Group entity, including Paris Orléans, such as data management (backup and archiving) and staff authentication and access control, data centres, data networks, IT management (configuration, maintenance, control, versioning and patches), disaster recovery plans and the development and management of business applications.

The Head of Global IT is in charge of globalisation and the standardisation and security of the information systems.

These systems, the configuration and the support processes are examined via an IT audit performed by a team of IT experts within the internal audit department of the Group.

Business continuity plans have been prepared by each major subsidiary to deal with crisis and disruption scenarios at local level.

##### ***Prevention and control of non-compliance risks***

The system for the prevention and control of non-compliance risks is supervised by the Group Compliance function. Its main purpose is to review the efficiency of the Group's compliance policies and monitoring procedures and issue recommendations for approval by the Group Risk Committee. It has specific responsibility for:

- reviewing Group compliance policies on new client relations and conflicts of interest;
- reviewing the implementation of other Group compliance policies, as appropriate;
- providing the Group Risk Committee with input and comments on reports prepared pursuant to Articles 42 and 43 of CRBF regulation 97-02;
- monitoring legal and regulatory developments that could affect the Group's policies and procedures.

At the local level, each entity is responsible for controlling and preventing non-compliance risk with the support of:

- the Group Head of Legal and Compliance, who is responsible for overseeing, supervising and coordinating Group compliance controls in collaboration with local compliance officers, who constitute the first level of control at each operational entity; and
- local compliance officers, who monitor and regularly review – with complete independence – the security and compliance of operations by business line, within their scope of action and responsibility.

All deficiencies identified in the internal compliance procedures are reported to Management and the proposed corrective measures are discussed and agreed with management (if applicable). The corrective actions are monitored and controlled to ensure that they have been carried out.

**The Chairman of the Supervisory Board,  
Éric de Rothschild**

# Statutory Auditors' reports

## Statutory Auditors' report on the parent company financial statements

The Statutory Auditors' report on the parent company financial statements is presented in pages 177 and 178 of the Annual Report, attached to this Document, and is available on Paris Orléans' website under the section entitled "Regulated information" at [www.paris-orleans.com](http://www.paris-orleans.com).

## Statutory Auditors' report on the consolidated financial statements

The Statutory Auditors' report on the consolidated financial statements is presented in pages 160 and 161 of the Annual Report, attached to this Document, and is available on Paris Orléans' website under the section entitled "Regulated information" at [www.paris-orleans.com](http://www.paris-orleans.com).

## Statutory Auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified, or that we discovered while carrying out our engagement. It is not our responsibility to ascertain the existence of such agreements, or to comment on their relevance or substance, or to determine whether other agreements and commitments exist. It is your responsibility, under the terms of Article R. 226-2 of the French Commercial Code (*Code de commerce*), to evaluate the benefits arising from these agreements and commitments prior to their approval.

It is also our responsibility, where applicable, to provide you with the disclosures under Article R.226-2 of the French Commercial Code (*Code de commerce*) pertaining to the performance during the past year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures we deemed necessary in accordance with professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

### **I. Agreements and commitments approved during the year ended 31 March 2013**

In accordance with Article L.225-88 of the French Commercial Code (*Code de commerce*), applicable to the Company prior to its conversion into a partnership limited by shares, and Article L.225-40, applicable to the Company by reference to Article L.226-10 of the French Commercial Code (*Code de commerce*) after its conversion into a partnership limited by shares, we have been informed of the following agreements and commitments previously approved by your Supervisory Board, prior to the conversion of the company into a partnership limited by shares.

#### **Financial advisory agreement entered into with Rothschild & Cie SCS**

■ Nature and purpose: commitment of Rothschild & Cie SCS as financial advisor for the buyout offer launched in order to convert Paris Orléans' legal status into a partnership limited by shares, in the context of the reorganisation of the Group.

- Terms and conditions: during the year ended 31 March 2013, Paris Orléans recorded an expense of €4 million (excluding VAT) pursuant to this agreement, which was previously approved by the Supervisory Board on 2 April 2012.

- Persons concerned: Éric de Rothschild, Rothschild & Compagnie Banque (represented by François Henrot), Christian de Labriffe, David de Rothschild and Olivier Pécoux.

#### **Tripartite agreement made with Natixis and Rothschild Concordia SAS**

- Nature and purpose: underwriting commitment from Natixis for Rothschild Concordia SAS and Paris Orléans in the context of the reorganisation of the Group and of the conversion of Paris Orléans into a partnership limited by shares.

- Terms and conditions: this agreement had no impact on the financial statements for the year ended 31 March 2013. It was previously approved by the Supervisory Board on 2 April 2012.

- Persons concerned: Éric de Rothschild, Sylvain Héfès and David de Rothschild.

#### **Tripartite agreements made with contributors for shares of Rothschild & Cie Banque SCS and Financière Rabelais SAS, in the presence of Paris Orléans**

- Nature and purpose: agreements made with contributors for shares of Rothschild & Cie Banque SCS and for the shares of Financière Rabelais SAS, to ensure the successful completion of the reorganisation of the Group.

- Terms and conditions: this agreement had no impact on the financial statements for the year ended 31 March 2013. It was previously approved by the Supervisory Board on 2 April 2012.

- Persons concerned: Éric de Rothschild, Rothschild & Compagnie Banque (represented by François Henrot), Christian de Labriffe, David de Rothschild and Olivier Pécoux.

#### **Tripartite agreements made with certain minority shareholders of Paris Orléans and minority contributors of RCH, in the presence of Paris Orléans and of Rothschild Concordia SAS**

- Nature and purpose: agreements made with certain minority shareholders of Paris Orléans and minority contributors of RCH, to ensure the successful completion of the reorganisation of the Group.

- Terms and conditions: this agreement had no impact on the financial statements for the year ended 31 March 2013. It was previously approved by the Supervisory Board on 2 April 2012.

- Persons concerned: Éric de Rothschild, Rothschild & Compagnie Banque (represented par François Henrot), Sylvain Héfès, David de Rothschild and Olivier Pécoux.

## **2. Continuing agreements and commitments which were entered into in prior years**

In accordance with Articles R.225-57 of the French Commercial Code (*Code de commerce*), applicable to the Company prior to its conversion into a partnership limited by shares, and R.225-30, applicable to the Company by reference to Article L.226-10 of the French Commercial Code (*Code de commerce*) after its conversion into a partnership limited by shares, we have been informed of the following agreements and commitments, already approved by the Shareholders' Meeting of prior years, which have remained in force during the period, prior to the conversion of the company into a partnership limited by shares.

#### **Liquidity agreement made with Rothschild & Compagnie Banque S.C.S.**

- Nature and purpose: liquidity agreement signed with Rothschild & Compagnie Banque, renewed automatically every 18 months.

- Terms and conditions: during the year ended 31 March 2013, Paris Orléans recorded an expense of €31,250 (including VAT) pursuant to this agreement. The renewal was previously approved by the Supervisory Board on 29 November 2011.

#### **Sublease agreement made with the company Rothschild & Cie S.C.S.**

- Nature and purpose: sublease agreement with the company Rothschild & Cie regarding the premises located at 23 bis, avenue de Messine, Paris 75008, last modified in January 2011.

- Terms and conditions: during the year ended 31 March 2013, Paris Orléans recorded a rental expense of €760,328.10 (including VAT and maintenance service charges) pursuant to this agreement.

## Service agreement made with the company Béro S.C.A.

- Nature and purpose: service agreement between Béro (service provider) and Paris Orléans (beneficiary), last modified in January 2010.
- Terms and conditions: this agreement stipulates an annual fee of €24,000 (excluding VAT), payable quarterly. During the year ended 31 March 2013, Paris Orléans recorded an expense of €28,704 (including VAT).

## Incentive scheme allowing members of the investment team to share the possible gains made by Paris Orléans on its capital investment activity

- Nature and purpose: this incentive scheme is based on the issuance of preference shares as and when investments are made by Paris Orléans until expiration (or early closure) of the programs whose amount and duration are limited. Each program opened involves a new class of preferred shares. The company Messine Managers Investissements SAS is the co-investment vehicle dedicated to the profit-sharing program. The program, opened on 1 April 2011 for a period of 3 years and capped at €50 million of investments from Paris Orléans, has €41.83 million invested at year end.
- Terms and conditions: this agreement had no impact on the financial statements for the year ended 31 March 2013.

## 3. Agreements not authorised previously

In accordance with Articles L.226-10 and L.823-12 of the French Commercial Code (*Code de commerce*), we hereby inform you that the following agreement was not previously authorised by your Supervisory Board.

It is our responsibility to report on the reason for which the authorisation procedure was not followed.

### Amendment to the liquidity contract made with Rothschild & Cie Banque SCS

- Nature and purpose: elimination of the opening of positions against the under Article 4 of the liquidity contract.
- Persons concerned: Éric de Rothschild, François Henrot, Christian de Labriffe, David de Rothschild and Olivier Pécoux.
- Terms and conditions: this agreement had no impact on the financial statements for the year ended 31 March 2013. It was signed on 20 March 2013.

Because of time constraints, this amendment was not previously approved by the Supervisory Board..

Paris La Défense, 26 June 2013  
KPMG Audit FS II  
Pascal Brouard  
Partner

Paris, 26 June 2013  
Cailliau Dedouit et Associés  
Jean-Jacques Dedouit  
Partner

## 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 S.C.A. 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 2013.

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-I of the French Commercial Code (*Code de commerce*), it 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-I 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-I of the French Commercial Code (*Code de commerce*).

Paris La Défense, 26 June 2013  
KPMG Audit FS II  
Pascal Brouard  
Partner

Paris, 26 June 2013  
Cailliau Dedouit et Associés  
Jean-Jacques Dedouit  
Partner

## **Statutory Auditors' report on the authorisation to grant options for the subscription and purchase of the Company's shares**

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby present our report on the authorisation to grant options to subscribe for or purchase Company's shares to employees and executive corporate officers of the Company and affiliates entities. You are being asked to vote on this proposal.

On the basis of its report, your Management (*votre Gérance*) requests the authority, for a period of 38 months, to grant options to subscribe for or purchase Company's shares.

The Management is responsible for preparing a report on the reasons for issuing the options and on the terms to determine the subscription or purchase price. Our role is to express an opinion on the terms to determine the subscription or purchase price of the shares.

We have performed those procedures which we considered necessary with regard to the professional standards of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms to determine the subscription or purchase price are included in the Management's report, and are in accordance with French laws and regulations.

We have no matters to report as to the terms for the determination of the subscription or purchase price.

Paris La Défense, 5 September 2013  
KPMG Audit FS II  
Pascal Brouard  
Partner

Paris, 5 September 2013  
Cailliau Dedouit et Associés  
Jean-Jacques Dedouit  
Partner

## Statutory Auditors' report on the share capital increase reserved for the benefit of subscribers to corporate savings plan

To the Shareholders,

In our capacity as Statutory Auditors of your company and in accordance with articles L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to the Management to carry out an increase in share capital by issuing ordinary shares or other securities granting access to the Company's share capital, with the waiver of shareholders' preferential subscription rights, reserved for employees who are members of a savings scheme of your Company. You are being asked to vote on this proposal.

This share capital increase is submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 et seq. of the French Labour Code (*Code du Travail*).

On the basis of its report, your Management ( *votre Gérance*) requests the authority, for a period of 26 months, to increase the share capital, with the waiver of shareholders' preferential subscription rights. The Management will, where appropriate, define the terms and conditions of this transaction.

The Management is responsible for preparing a report on the proposed transaction in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code (*Code de commerce*). Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, the proposed waiver of shareholders' preferential subscription rights, and other information regarding the transaction provided in this report.

We have performed those procedures which we considered necessary with regard to the professional standards of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this transaction. These procedures consisted in reviewing the content of the Management's report on this transaction and the methods used to determine the issue price of the shares or other securities granting access to the share capital.

Subject to a subsequent review of the terms and conditions of the proposed share capital increase, we have no comment to make on the method used to determine the issue price of the ordinary shares or other securities granting access to the capital to be issued, as set forth in the Management's report.

Since the final terms and conditions of the share capital increase have not been set, we do not express an opinion on them, nor on the proposed waiver of the preferential subscription rights submitted for your approval.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report if and when your Management makes use of this authority.

Paris La Défense, 5 September 2013  
KPMG Audit FS II  
Pascal Brouard  
Partner

Paris, 5 September 2013  
Cailliau Dedouit et Associés  
Jean-Jacques Dedouit  
Partner

# Draft resolutions

## Within the remit of the Ordinary General Meeting

### First resolution: Approval of the parent company's financial statements for the financial year ended 31 March 2013

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' report on the parent company's financial statements for the financial year ended 31 March 2013,

approves the said financial statements as presented to it, which show a profit of €119,878,113.78,

consequently discharges the Managing Partner from all liability in respect of the management of the Company for the financial year ended 31 March 2013,

and takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

### Second resolution: Appropriation of income for the financial year ended 31 March 2013 and dividend payment

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' report on the parent company's financial statements for the financial year ended 31 March 2013,

takes note that the parent company's net profit for the financial year ended 31 March 2013 amounts to €119,878,113.78 which, less the amount of €5,993,905.69 assigned to create the legal reserve and in addition to retained earnings brought forward of €68,162,738.34, makes total distributable profit of €182,046,946.44,

resolves, in accordance with the provisions of the Article 14.1 of the Company's Articles of Association, that an amount of €740,656.75 equal to 0.5% of this total distributable profit will be automatically allocated for payment to the General partners, PO Gestion SAS and PO Commandité SAS, and decides to appropriate the income for the said financial year, as follows:

#### *In euro*

<b>Net profit for the financial year</b>	<b>119,878,113.78</b>
Appropriation to the legal reserve	(5,993,905.69)
Credit retained earnings	68,162,738.34
<b>Distributable profit</b>	<b>182,046,946.44</b>
Profit share allocated to the General Partners in accordance with the provisions of Article 14.1 of the Articles of Association <sup>(1) (2)</sup>	(740,656.75)
<b>Appropriation</b>	
■ to the payment of a dividend of €0.50 per share <sup>(2) (3)</sup> to shareholders	35,451,514.50
■ to retained earnings	145,854,775.19

(1) Calculated on a prorata temporis basis (297/365) due to the status of the General Partners as from 8 June 2012.

(2) 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.

(3) Out of a total of 70,757,989 shares and 145,040 investment certificates eligible to a dividend.

The Company shall not receive a dividend in respect of any shares held on the payment date; the amount of the dividend corresponding to these shares shall be automatically added to retained earnings. To this purpose, the General Meeting grants powers to the Executive Board to revise the final amount of the actual distribution and the final amount of retained earnings.

The ex-dividend date shall be 4 November 2013 and the dividend shall be payable as from 6 December 2013,

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:

	2011/2012	2010/2011	2009/2010
Number of shares and investment certificates which could qualify to a dividend payment <sup>(1)</sup>	31,771,967	31,611,745	31,020,213
Net dividend per share (in euro)	0.50 <sup>(2)</sup>	0.40 <sup>(2)</sup>	0.35 <sup>(2)</sup>
Total amount distributed (in euro)	15,885,983.50	12,644,698.00	10,857,074.55

(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) Dividend eligible for the 40% rebate provided for in Article 158 (3) (2) of the French Tax Code (Code général des impôts) for the shareholders who are individuals and French tax residents.

## Third resolution: Option for payment of dividend in shares

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and noting that the capital has been paid up in full,

resolves, in accordance with the Article L. 232-18 of the French Commercial Code (*Code de commerce*) and the Company's Articles of Association, to offer to each shareholder the option to elect for payment of his dividend, for the total amount of the dividend to which he is entitled, in cash or in new shares, under the following conditions:

- the price of any new shares issued in payment of the dividend shall be equivalent to the average price of the Company's share during the twenty stock market trading sessions preceding the day of the General Meeting, less the net amount of the dividend and rounded up to the next euro centime;
- the option of receiving payment of the dividend in shares must be taken up between 4 November 2013 and 22 November 2013 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;
- if the amount of the dividend payable under this option does not correspond to a whole number of shares, shareholder will receive the number of shares immediately below plus a balancing cash adjustment;
- shares thus issued in payment of the dividend will qualify to a dividend as from 1 April 2013.

The General Meeting grants all powers to the Management, with the right to delegate in accordance with legal provisions, to take the necessary measures to implement this decision, to carry out any necessary transactions linked or relating to the exercise of the option of receiving payment of the dividend in shares, record the number of shares issued and the resulting increase in the share capital, amend the bylaws to reflect the changes in the number of shares and the amount of the share capital, and generally do whatever may be useful or necessary.

The General Meeting takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

## Fourth resolution: Approval of the consolidated financial statements for the financial year ended 31 March 2013

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report on the activity of the Group, the Supervisory Board's report and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 31 March 2013, approves said financial statements as presented to it, as well as the transactions evidenced in these

statements and summarised in these reports, which show a consolidated net banking income of €1,147,083 thousands, a consolidated net income of €90,359 thousands and a consolidated net income attributable to equity holders of the parent of €47,423 thousands,

and takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

## Fifth resolution: Approval of a regulated agreement between the Company and Rothschild & Cie SCS

The General Meeting, ruling under the quorum and the majority conditions provided for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report on the regulated agreements and commitments, in accordance with the provisions of Articles L. 226-10 and from L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*),

approves the financial advisory agreement initially entered into on 2 April 2012 between the Company and Rothschild & Cie SCS, authorised in advance by the Supervisory Board of Paris Orléans under its former form of limited company with a Supervisory Board and an Executive Board (*société anonyme à Directoire et Conseil de surveillance*).

The quorum and majority are calculated in accordance with the provisions of Article L. 225-40 section 4 of the French Commercial Code (*Code de commerce*) and the Company's General partners do not have the right to vote on this resolution.

## Sixth resolution: Approval of a regulated agreement between the Company, Natixis and Rothschild Concordia SAS

The General Meeting, ruling under the quorum and the majority conditions provided for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report on the regulated agreements and commitments, in accordance with the provisions of Articles L. 226-10 and from L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*),

approves the agreement initially entered into in the framework of the 2012 reorganisation, between the Company, Natixis and Rothschild Concordia SAS, authorised in advance by the Supervisory Board of Paris Orléans under its former form of limited company with a Supervisory Board and an Executive Board (*société anonyme à Directoire et Conseil de surveillance*).

The quorum and majority are calculated in accordance with the provisions of Article L. 225-40 section 4 of the French Commercial Code (*Code de commerce*) and the Company's General partners do not have the right to vote on this resolution.

### **Seventh resolution: Approval of the tripartite commitments subscribed by the contributors of Rothschild & Cie Banque SCS and Financière Rabelais SAS's shares**

The General Meeting, ruling under the quorum and the majority conditions provided for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report on the regulated agreements and commitments, in accordance with the provisions of Articles L. 226-10 and from L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*),

approves the agreement initially entered into in the framework of the 2012 reorganisation, between the Company and contributors of Rothschild & Cie Banque SCS and Financière Rabelais SAS' shares, authorised in advance by the Supervisory Board of Paris Orléans under its former form of limited company with a Supervisory Board and an Executive Board (*société anonyme à Directoire et Conseil de surveillance*).

The quorum and majority are calculated in accordance with the provisions of Article L. 225-40 section 4 of the French Commercial Code (*Code de commerce*) and the Company's General partners do not have the right to vote on this resolution.

### **Eighth resolution: Approval of the tripartite commitments subscribed by contributors of Rothschilds Continuation Holdings AG's shares**

The General Meeting, ruling under the quorum and the majority conditions provided for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report on the regulated agreements and commitments, in accordance with the provisions of Articles L. 226-10 and from L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*), approves the agreement initially entered into in the framework of the 2012 reorganisation, between the Company and contributors of Rothschilds Continuation Holdings AG's shares, authorised in advance by the Supervisory Board of Paris Orléans under its former form of limited company with a Supervisory Board and an Executive Board (*société anonyme à Directoire et Conseil de surveillance*).

The quorum and majority are calculated in accordance with the provisions of Article L. 225-40 section 4 of the French Commercial Code (*Code de commerce*) and the Company's General partners do not have the right to vote on this resolution.

### **Ninth resolution: Approval of a regulated agreement between the Company and Rothschild & Cie Banque SCS**

The General Meeting, ruling under the quorum and the majority conditions provided for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report on the regulated agreements and commitments, in accordance with the provisions of Articles L. 226-10 and from L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*), approves the amendment introduced on 28 March 2013 on the liquidity contract initially entered into on 23 January 2008 with Rothschild & Cie Banque SCS.

The quorum and majority are calculated in accordance with the provisions of Article L. 225-40 section 4 of the French Commercial Code (*Code de commerce*) and the Company's General partners do not have the right to vote on this resolution.

### **Tenth resolution: Authorisation granted to the Management for a period of eighteen months to trade in the Company's shares**

The General Meeting, after consulting the Management's report and the Supervisory Board's report, in accordance with the provisions of Articles L. 225-209 onwards of the French Commercial Code (*Code de commerce*) by reference to Article L. 226-1 of said Code:

- cancels, with immediate effect, the unused portion of the authorisation given to the Management by the Combined General Meeting of 8 June 2012 by a vote of the resolution N°. 110 to repurchase the Company's shares;
- authorises the Management to purchase or to have shares purchased in the name of the Company up to a maximum number of shares representing 10% of the share capital at the date on which the purchases are made, however that the total number of the Company's own shares held, directly or indirectly, by it following such purchases shall not exceed 10% of those outstanding.

For purposes of this resolution, the maximum purchase price per share is set at €35, this maximum price shall only apply to acquisitions decided on from the date of the present meeting and not to any future transactions concluded under the authority granted by a previous General Meeting and providing for the acquisition of shares subsequent to the date of this Meeting. The maximum amount that may be allocated by the Company to purchase shares authorised under this resolution can't exceed €248,160,601.50. In the event of modification of the nominal value of the shares, share capital increase by capitalisation of reserves, free share allocation, share split or reverse split, distribution of reserves or of any other assets, redemption of capital or any other transaction affecting shareholders' equity, the price indicated above will be adjusted accordingly.

The purchase, sale or transfer of such shares may be carried out by any means, in one or more transactions, on the market or by

private contract, including through block trades, tender offers, the use of derivatives or of warrants or other securities giving access to the share capital or by introducing strategies as permitted in accordance with regulations and law.

The Company will use this authorisation in accordance of the viewpoint of market operators and the regulated terms and conditions of the French Financial Markets Authority (*Autorité des marchés financiers*) for the following purposes:

- market making for the Company's shares under a liquidity contract signed with an independent investment service provider in the conditions defined by the General Regulations of the French Financial Markets Authority (*Autorité des Marchés Financiers*), the number of shares taken into consideration to calculate the 10% limit specified in Article L. 225-209 of the French Commercial Code (*Code de commerce*) will correspond to the number of shares purchased, after deduction of the number of shares resold during the term of this authorisation;
- cancellation of some or all of the shares purchased;
- granting of shares to employees and officers of the Company and/or companies related to it in accordance with the provisions of Articles L. 225-197 section I onwards of the French Commercial Code (*Code de commerce*);
- deliver shares upon the exercise, by the beneficiaries, of options to purchase for shares of the Company, in accordance with the provisions of Articles L. 225-177 onwards of the French Commercial Code (*Code de commerce*);
- selling of shares to employees of the Company or its subsidiaries, directly or through a company mutual fund or implementation of any company or Group savings plan (or similar plan), in accordance with the provisions of Articles L. 3332-1 onwards of the French Labor Code (*Code du travail*);
- deliver shares upon the exercise of rights attaching to securities giving immediate or deferred access to the share capital;
- preservation or subsequent tendering by way of payment or exchange in accordance with the provisions of Articles L. 225-209 paragraph 6 of the French Commercial Code (*Code de commerce*) and, more generally, as part of external growth transactions in accordance to the terms of accepted market practices by the French Financial Markets Authority (*Autorité des marchés financiers*), it being recalled that the said Article L. 225-209 paragraph 6 provides that the number of shares acquired in view of conserving them to their subsequent delivery in connection with a merger, spin-off or asset-for-share transfer may not exceed 5% of the Company's share capital; and
- more generally, any other practice admitted or recognised – or will become admitted or recognised – by law or the French Financial Markets Authority (*Autorité des Marchés Financiers*), or any other purpose consistent – or will become constituent – with applicable laws and regulations.

This authorisation is given for duration of eighteen (18) months, starting from this General Meeting.

The Management shall be authorised to purchase, sell or transfer shares at any time subject to applicable laws and regulations, including during periods of tender offers by the Company or for the shares of the Company or other securities issued by the Company.

In accordance to applicable laws and regulations, the Management shall inform the General Meeting of operations carried out during the financial year and the Company shall inform the French Financial Markets Authority (*Autorité des Marchés Financiers*) of purchases, sells or transfers carried out and, more generally, to carry out the necessary declarations and formalities.

The General Meeting grants all powers to the Management, with the right to delegate in accordance with legal provisions, to implement this authorisation and to set the terms and conditions, to allocate or reallocate the shares acquired to the various objectives pursued, in compliance with the legal and regulatory provisions applicable, to set the terms and conditions which will insure, where appropriate, the preservation of the rights of holders of securities or options, in accordance with legal, regulatory or contractual provisions, to make all declarations with respect to the French Financial Markets Authority (*Autorité des marchés financiers*) and any other authority, and perform all formalities and, in general, to take all requisite action.

The General Meeting takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

### **Eleventh resolution: Consultation of Shareholders in accordance with the provisions of Article L. 511-41-1B of the French Monetary and Financial Code**

In accordance with the provisions of Article L.511-41-1B of the French Monetary and Financial Code, as adopted by French Act No. 2013/672 of 26 July 2013, the General Meeting is informed of the overall envelope of compensation paid to three categories of senior management and employees referred to in such Article by consolidated entities within the Group whose financial year ended either on 31 December 2012 or on 31 March 2013.

The General Meeting takes note that the overall envelope of compensation paid to the three different categories of senior management and employees for the applicable financial years amounted to:

- Senior Management within the meaning of Articles L. 511-13 et L.532-2 of the French Monetary and Financial Code: €9,37 million.
- Control Divisions / Functions: €2.56 million.
- Material Risk Takers: €36.05 million.

The General Meeting, thus consulted, has no observation.



# Within the remit of the Extraordinary General Meeting

## Twelfth resolution: Amendment to Article 10.2.3 of the Articles of Association

The General Meeting, ruling under the quorum and the majority conditions required for extraordinary resolutions, after consulting the Management's report and the Supervisory Board's report,

resolves to amend Article 10.2 section 3 of the Articles of Association, second indent of the second paragraph, which will be now written as follows:

*“The Supervisory Board shall oversee the management of the Company at all times (in particular its individual and consolidated accounts), and it may convene the General Meeting of Shareholders. In addition to its statutory powers, the Supervisory Board shall take decisions:*

- *by means of an advisory opinion to Management on:*

- the strategic policies, the annual budget and the three-year business plan for the Company's entire Group;*

- any investment in any organisation or company, any acquisition, sale or exchange of shares, property, debts or assets of the Company or an entity controlled by the Company, outside the ordinary course of business, of an amount exceeding €50 million, and*

- any strategic initiative or major change of direction in the Company's Group's business; and*

- *by means of a recommendation to shareholders concerning the Company's dividend policy.”*

resolves that the remainder of this article remains unchanged,

resolves that this amendment apply with immediate effect,

grants, as far as it is necessary, all powers to the Management in order to implement the amendment of the Articles of Association hereinabove referred to and carry out any formality that would be useful or required,

and takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

## Thirteenth resolution: Authorisation granted to the Management to grant options to subscribe for or purchase Company's shares to employees and executive officers of the Company and companies related to it

The General Meeting, ruling under the quorum and the majority conditions provided for extraordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report, in accordance with the provisions of Articles L. 225-177 onwards of the French Commercial Code (*Code de commerce*), by reference to Article L. 226-1 of said Code:

- authorises the Management to grant, on one or more occasions, for the benefit of the employees and executive officers, or to some of them, of the Company and companies related to it as defined in Article L. 225-180 of the French Commercial Code (*Code de commerce*), options that grant the right to subscribe to new shares or to purchase existing Company shares;

- resolves that the total number of share options granted under this resolution may not grant the right to subscribe or purchase a number of shares exceeding 10% of the share capital as at the date of this General Meeting and that the nominal amount of share capital increases resulting from the exercise of options granted under this delegation of authority shall be deducted from the aggregate limit fixed by resolution No. 93 adopted by the General Meeting of shareholders of 8 June 2012 or, where applicable, from the total amount referred to in a similar resolution that may supersede said resolution during the term of validity of this delegation,

- resolves that this authorisation shall be granted for a period of thirty-eight months, during which the Management may use said authorisation at any reasonable time;

- acknowledges and resolves that this authorisation entails shareholders' express waiver, for the benefit of options beneficiaries, of their preemptive right to subscribe shares that shall be issued as options are exercised; the share capital

increase resulting from the exercise of share options will be completed by mere declaration that the option is exercised accompanied by the subscription form and full payment, which may be made in cash or by offset of debts of the Company;

- acknowledges that this delegation will cause any prior delegation with the same subject-matter, that is to grant options to subscribe or purchase Company's shares to employees and executive officers of the Company and companies related to it, to lapse as of today, within the limit, where necessary, of the unused portion thereof;

- resolves that the term of the options shall be a maximum of ten years following the date they are granted ;

- resolves that the exercise price of the options shall be fixed on the day the options are granted, and that (i) in the case of share subscription options, the price of the shares may not be lower than 80% of the average of the opening trading prices for the twenty trading days prior to the date when the option is granted, and (ii) for share purchase options, the price shall not be lower than the amount in (i), not than 80% of the average purchase price of the Company's treasury shares, pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code (*Code de commerce*). If the Company were to carry out one of the transactions provided for in Article L. 225-181 or Article R. 225-138 of the French Commercial Code (*Code de commerce*), the Company would take any necessary measures, under the conditions provided for in the regulations, to protect the interests of the beneficiaries, including, where applicable, an adjustment to the number and the price of the shares covered by the options granted, in order to take into account the impact of the transaction;

The General Meeting grants all powers to the Management, with the option to delegate or sub-delegate such powers in accordance with the terms and conditions provided by law, for the purpose of carrying out this authorisation, and specifically to:

- determine whether the options granted shall be share subscription options or share purchase options, and, where applicable, change choice before the opening of the period during which the options may be exercised ;

- determine all terms and procedures for the options, particularly the conditions under which the options shall be granted, designate the beneficiaries and determine the number of options allotted to each of them;

- determine the share subscription price and the share purchase price within the limits aforementioned;

- set the option exercise period(s) for the options granted; the Management may (i) bring forward the exercise dates or periods, (ii) extend the exercisability of the options, or (iii) amend the dates or periods within which the shares obtained by exercise of the options may not be transferred or held in bearer form;

- include, where applicable and or some or all of the beneficiaries, lock-up clauses covering all or part of the shares, although the lock-up period may not exceed three years from the date the options were exercised, or decide that the options may not be exercised prior to the beneficiaries' termination of office, or fix the amount of shares they shall keep under registered form until termination of office;

- determine the possibility to limit, suspend, restrict or prohibit the exercise of options, the sale or transfer to bearer form of shares obtained by exercise of options, during certain periods or following certain events, and this decision may cover some or all of the options or shares or concern some or all of the beneficiaries;

- determine, retroactively if necessary, the date as from which each new share resulting from the exercise of options shall qualify for dividend;

- note, if necessary, at its first meeting after the end of each financial year, the number and the amount of all shares issued during said financial year, resulting from the exercise of options;

- carry out all acts and formalities for the purpose of determining the increase or increases of the share capital resulting from this authorisation, and consequently amend the Articles of Association and generally take all useful or necessary action.

The Management will inform the General Meeting on an annual basis on all transactions realised pursuant to this authorisation.

This authorisation renders ineffective for the remainder and up to its unused amount and replaces the N°. 92 resolution of the Combined General Meeting of 8 June 2012.

The General Meeting takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

#### **Fourteenth resolution: Authorisation granted to the Management to issue securities granting immediate or deferred access to the share capital reserved for members of corporate savings plan**

The General Meeting, ruling under the quorum and the majority conditions provided for extraordinary resolutions, after consulting the Management's report and the Statutory Auditors' special report, in accordance with the provisions of Articles L. 225-129 section 6 and L. 225-138 section 1 of the French Commercial Code (*Code de commerce*), by reference to Article L. 226-1 of said Code and with the provisions of Articles L. 3332-18 onwards of the French Labour Code (*Code du travail*), in particular Article L. 3332-21 of said Code, concerning share capital increases resulting from the precedent resolution:

- delegates to the Management authority and powers in order to increase the share capital up to the maximum nominal amount of one million euros, on one or more occasions, of its own will, by issuing shares or other securities, giving access to the capital of the Company, reserved for members of one or more corporate savings plan in place within the Company, in the proportion and at the time it deems fit subject to the above-mentioned limits; the nominal amount of share capital increase provided under this delegation of authority shall be deducted from the aggregate limit fixed by resolution No. 93 adopted by the Combined General Meeting of 8 June 2012 or, where applicable, from the total amount referred to in a similar resolution that may supersede the said resolution during the term of validity of this delegation;
- resolves to cancel the preferential subscription rights of shareholders in favour of members of the above-indicated corporate savings plan;
- resolves that the Management may, within the framework of the share capital increase, allocate free shares or other securities giving access to the share capital of the Company, provided that the total benefit resulting from this allocation and, where applicable, the discount on the subscription price may not exceed the legal and regulatory limits;
- resolves that the subscription price of the shares issued pursuant to this authorisation shall be determined by the Management in accordance with provisions of the Article L. 3332-19 of the French Labour Code (*Code du travail*);

- resolves that the characteristics of other securities giving access to the share capital of the Company shall be determined by the Management as provided by law;

- resolves that all powers will be granted to the Management to implement this authorisation, in particular, for the purposes of:

- grant deadlines to pay up the shares and, where applicable, other securities giving access to the share capital of the Company, which shall not exceed three years;

- determine the terms and conditions of the issues to be made under this authorisation;

- determine the opening and closing of subscription periods, the dates of entitlement to dividends, the terms to pay up the shares and other securities giving access to the share capital of the Company, request permission for the created securities to be traded on the stock market where needed;

- resolves all powers will be granted to the Management with the ability to sub-delegate in accordance with legal terms, its jurisdiction and the necessary powers to increase the share capital, on one or more occasions, to take note the share capital increases up to the amount of shares that will be effectively subscribed, to perform the necessary amendments on the Articles of Association of the Company, to carry out, directly or through an authorised representative, the necessary declarations and formalities related to the share capital increases and, at its sole discretion and, if deemed appropriate, to allocate the costs of the share capital increase to the amount of premiums relating to these transactions and deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital after each increase and to carry out all formalities and make all declarations with all organisations and do all that is necessary.

This authorisation is granted for a period of twenty-six months from the date of this General Meeting.

This authorisation cancels, for the remaining period and the unused portion and replaces the authorisation granted by the Combined General Meeting of 8 June 2012, in its ninetieth resolution.

The General Meeting takes note of the approval, by a separate deed, of this resolution by the Company's General partners.

### **Fifteenth resolution: Variable to fixed compensation ratio under Directive 2013/36/EU of 26 June 2013 (CRD IV) and its transposition in France and in the other E.U. member states where the Group operates**

The General Meeting, ruling under the quorum and the majority conditions required, and after consulting the Management's report and the Supervisory Board's report, resolves that, as a matter of principle and within the applicable perimeter of the Group in respect of entities, businesses and/or personnel, the ratio of variable to fixed compensation provided for under Article 94 I g) of CRD IV and to be determined in France, in accordance with Article L511-41-I C of the French Monetary and Financial Code as adopted by French Act No. 2013/672 of 26 July 2013, by an executive order (*arrêté*) of the French Ministry of Economy that has not been published as of the time of the General Meeting, will be the highest ratio permissible under applicable rules, i.e., up to 200% according to Article 94 I g) (ii) of CRD IV, and grants all powers to the Managing Partner to

ensure that such principle will be implemented in due course and to the extent appropriate within the Group, including in light of (i) the timing of the entry into force of the rules provided for under CRD IV and implementing rules in France and in other E.U. member states and (ii) such rules' application perimeter within the Group in terms of entities, businesses, and personnel.

The General Meeting takes note of the approval, by a separate deed, of this resolution by the Company's General Partners.

### **Sixteenth resolution: Powers for the formalities**

The General Meeting:

- grants all powers to the bearer of an original counterpart or an excerpt from these minutes, to carry out all requisite filings and formalities, and
- takes note of the approval, by a separate deed, of this resolution by the Company's General partners.



