Annual report 2014

FONDS DE GARANTIE
DES DÉPÔTS ET
DE RÉSOLUTION

ANNUAL REPORT
Financial Year 2014

FOREWORD

This document is a translation from the French original 2014 FGDR annual report. The French version is the legal official version.

FOREWORD

2014 was a year of intense activity for the Fonds de Garantie des Dépôts et de Résolution not because it was again asked to resolve a situation at a troubled institution as it was between 2010 and 2012 and in 2013, but because the role it will play in the future is emerging.

After two years of tireless efforts, the “20-day project” reached an important milestone: the information system that standardises the processing of a failed bank’s customer files is now operational; all the service providers used by the FGDR are in place; and the vast majority of members institutions of the deposit guarantee scheme have successfully taken part in an initial control campaign. And, working closely with the banking industry, all this was accomplished within the specified timeframes and the limits of the approved budget. We commend and thank each and every person involved in this project, all of whom helped to further enhance the stability of our financial system.

In addition, 2014 was a seminal year for the implementation of the Banking Union within the European Union. Three key texts were approved in the spring: the directive on the recovery and resolution of banks, the regulation establishing the framework and governance of the Single Resolution Mechanism and the related Resolution Fund, and the new directive on European deposit guarantee schemes. This latter directive includes significant improvements for depositors: easier protection, with fewer exclusions; faster protection, with a compensation period now set at seven days; and expanded protection, with deposits related to certain extraordinary events (real estate sales, benefit payments, etc.) compensated, in the future, in amounts above the €100,000 coverage level, and the eligibility of deposits in all currencies.

For the FGDR, each of these texts will have profound implications, as this report will demonstrate in greater detail. In addition to the changes made to depositor coverage, which will entail updates to its information systems, processes and communication, the FGDR is actively involved in redefining its regulatory environment. It must also take into account the impact of these changes on its own activity by working closely with the public authorities, the Treasury and the ACPR, and with the entire banking industry.

The international dimension of these projects is growing. To implement the new requirements of the directive on deposit guarantee schemes regarding cross-border compensation in Europe, in the spring of 2014 the FGDR launched a European initiative called “H2C - Home/Host Cooperation” to ensure interoperability among the European Union’s guarantee schemes. More than just wishful thinking, this initiative will give concrete, operational content to the goal of building a European Union that serves our fellow citizens.

We therefore continue to work in this early part of 2015 with enthusiasm and determination to implement and fine-tune the task of protecting depositors entrusted to us by lawmakers.

Thierry DISSAUX
Chairman of the Board

François de LACOSTE LAREYMONDIE
Vice-Chairman of the Board

1. LEGISLATIVE AND REGULATORY FRAMEWORK

> 1.1.
A regulatory adjustment to successfully complete the "20-day project"

To fulfil its obligation to compensate depositors of a failed bank within 20 days under the terms of Directive 94/16/EC of 30 May 1994 as amended in 2009, and by ministerial order of 29 September 2010 amending CRBF Regulation 99-05 which transposes it, the FGDR launched the "20-day project" several years ago. This project is being carried out in consultation with its members in order to coordinate implementation, standardise the content and format of the data that banks will be required to send the FGDR under the name "Single Customer View" (SCV), and regularly test the procedures and systems, both at member sites and at the FGDR.

It became apparent through this work that certain provisions of Regulation 99-05 related to the deposit guarantee scheme needed to be amended in order to spell out each stakeholder's role and obligations and simplify what could be simplified within the framework set out in the directive and in the Monetary and Financial Code. This was the aim of a 13 March 2014 order published in the Official Journal on 20 March.

The order specifies the relations between the banks and the FGDR, both at the time of a failure and beforehand. The failed bank's Single Customer View (SCV) file will be sent to the FGDR based on the procedures defined by it. The FGDR is responsible for developing and testing the necessary tools and for determining the content of the information sent to it, the conditions under which it is sent and the relevant procedures.

The order also specifies how customers' account balances at the time of the failure will be calculated to reflect the actual accounting position. Therefore, balances must include both the deferred debits related to payment cards linked to these accounts and the interest and remuneration contractually due to the depositor, net of tax and social security charges.

The order specifies the content of the FGDR's decision and the procedure for notifying customers, as well as the automatic appeal procedure available to those wishing to dispute the decision.

To notify depositors, the order requires that the failed institution send to all its customers statements of their accounts, as of the date on which unavailability is declared, prepared on the same basis and under the same conditions as the information sent to the FGDR for compensation purposes.

This is the basis on which the FGDR continued its work on the "20-day project" in 2014.

> 1.2.
Major advances in the European regulatory framework

2014 saw the completion of the negotiations undertaken at the European level to redefine the framework for handling bank crises: new directive on deposit guarantee schemes ("DGSD 2"), new directive on the recovery and resolution of banks ("BRRD"), new regulation regarding the single resolution mechanism and related intergovernmental treaty. In addition to the text concerning the introduction of a single supervision mechanism, these texts make the Banking Union project a reality for the entire euro zone. Though very complex, they are to be applied quickly, with transposition and implementation dates set between the beginning of 2015 and early 2016.

Many of the topics covered directly concern the FGDR, which was therefore actively involved in the negotiations, as it is today in the transposition projects. Without going into an in-depth presentation of these texts, we can highlight the main points that are directly related to depositor protection.

Directive 2014/49/EU of 16 April 2014 on deposit guarantee schemes (DGSD 2)

The most visible consequence of DGSD 2 for depositors and the FGDR is the reduction of the compensation period from 20 days currently in effect to 7 working days starting in May 2016. The FGDR has already incorporated this objective into its work programme, which includes modifying the tools, updating the IT solution and amending agreements with external service providers. For credit institutions, this shorter compensation period implies a significant reduction in the amount of time they have to send their customer information to the Fund, which is also factored into the ongoing work.

Depositors will enjoy enhanced protection, during a given period, for extraordinary deposits relating to real estate transactions or certain life events (retirement, dismissal, disability, death, etc.). The precise scope of these events and the extent of the protection have yet to be determined. For ordinary deposits, the scope of coverage will also be simplified and expanded; in particular, any restriction on the currency in which accounts are held will be lifted.

European lawmakers have introduced new obligations regarding the notification of depositors by banks. Banks must provide standardised information to their prospects. They must also provide the same information to all their customers at least once a year. In addition, banks must inform depositors of the eligibility of their deposits directly on their bank account statement.

The level of the Fund's available resources is set to increase, in principle up to a level equal to 0.8% of covered deposits; however, depending on the country and based on the concentration of the various banking markets, the Commission may reduce this target to 0.5%. Therefore, the FGDR's total resources are expected to at least double by 2024. Management of its assets will be governed by new rules.

Lastly, when a European bank operates through a branch located in another European country, the new directive stipulates that the depositors of that branch will be compensated by the host DGS, but according to the instructions and with the resources of the home DGS which, of course, will remain responsible for payment. All European deposit guarantee schemes must therefore develop specific procedures for cross-border compensation and, to a certain extent, harmonise their practices, procedures and schemes across the Union.

Bank Recovery and Resolution Directive (BRRD)

BRRD is not very different from the mechanisms implemented in France by the July 2013 law on the separation and resolution of banking activities. There are a few differences, however, including the following:

- BRRD specifies the conditions under which a bank may be subject to a resolution mechanism based on plans previously developed and approved by the authorities;
- it lays down specific rules for the use of the various resolution tools, including the creation of a bridge bank, separation of the bank's assets and run-off management of certain assets;
- it includes a bail-in tool, in the appropriate form, which allows the reduction and conversion of all eligible liabilities of a troubled institution, whereas the 2013 law merely introduced a tool to reduce and convert banks' Tier 1 and Tier 2 equity;
- BRRD sets a minimum holding requirement for liabilities eligible for a bail-in, without providing an amount (the "MREL");
- it establishes a strict hierarchy of bank creditors, including deposits, to allow application of the bail-in tool based on successive levels;
- it provides for the creation of a resolution fund that will be responsible for a portion of the losses, under specific terms and conditions, such as after resources from the bank's own funds have been exhausted, and sets a pre-funding target of 1% of covered deposits.

For its part, the FGDR will play the role of resolution fund within the meaning of BRRD, a role already entrusted to it by the July 2013 law. Moreover, the deposit guarantee scheme's own resources (i.e. excluding the resolution fund) may be used at the time of the resolution of an institution to compensate for the lack of a bail-in on the guaranteed deposits, as well as to finance other resolution measures (bridge bank, non-performing asset management tools, asset separation tools) in an amount equal to the cost saved by the deposit guarantee scheme for a liquidation and, therefore, depositor compensation.

Single Resolution Mechanism (SRM)

Aside from defining resolution rules and mechanisms common to the entire European Union established by BRRD, the SRM regulation and the related intergovernmental treaty create, at least at the euro zone level, a single resolution authority, the Resolution Board, responsible for resolution decisions, and a Single Resolution Fund, whose role is to contribute to their funding.

The national resolution authorities, including the "Resolution College" (in which the FGDR participates) in France, remain responsible for implementing the resolution decisions. Moreover, since the scope of BRRD and the SRM differ somewhat, a French resolution fund, managed by the FGDR under the direction of the resolution college created within the Autorité de Contrôle Prudentiel et de Résolution (ACPR), remains in place.

The FGDR will also likely be responsible for collecting the contributions made by French banks to the Single Resolution Fund on its behalf.

> 1.3.
Strong international activity

The changes to the European regulatory framework prompted the FGDR to undertake a major initiative in the spring of 2014 within the framework of the European Forum of Deposit Insurers (EFDI).

This initiative, known as "Home/Host Cooperation Initiative" (H2C), represents an important building block of long-term European cooperation designed, according to the provisions of DGSD2, to allow the European deposit guarantee schemes to manage cross-border compensation collaboratively. In fact, such compensation has major implications in terms of communication capability among crisis teams, configuration of the processes, information and data exchanges, financial exchanges, dialogue between computer applications, not to mention issues such as assumption of costs, cross-participation in stress tests and responsibility.

It is therefore appropriate to implement standardised cross-border cooperation procedures in order to quickly compensate depositors, communicate in their language and efficiently handle their requests for information, as well as their complaints. At the same time, we must avoid forcing all the European schemes into a perilous undertaking of harmonising all their IT and technical processes and, in turn, those of the member banks of these schemes, even though the products, language and applicable rights remain local.

All the EU schemes will therefore need to develop and sign, on that basis, multilateral or bilateral cooperation agreements that define in detail the terms of cooperation and their respective responsibilities regarding cross-border compensation.

The H2C initiative currently includes some 50 experts from about 20 different schemes and countries.

At the international level, 2014 was also marked by the completion of the work of the International Association of Deposit Insurers (IADI) related to the drafting of a revised set of Core Principles (fundamental deposit insurance principles). The Core Principles constitute the basic doctrine of all deposit insurers around the world, as well as the standard used by the IMF as the basis for the periodic evaluations of the financial and financial regulation sectors which it conducts in all the Member States. The FGDR participated fully in the development of these new principles.

The new set of Core Principles, which was formalised in the early days of 2015, provides a more solid and more rigorous structure to the previous version, addresses the issues of moral hazard and resolution, and defines increasingly stringent action principles. It includes, in particular, a seven-day target repayment period, the shortest possible compensation initiation times, and rules related to funding and management as well as monitoring and elimination of conflicts of interest.

International cooperation among deposit insurers is becoming increasingly active in a growing number of areas. Issues such as asset management policies and the target level of a deposit guarantee scheme's resources were added to an already long list in 2014.

2. MANAGEMENT BODIES

> 2.1.
Composition and operation of the board

The composition of the board remained unchanged:

Position	Surname	Effective date of appointment	Expiration date of current term
Chairman	**Thierry DISSAUX**	Reappointment 23 August 2014	22 August 2018
Member	**François de LACOSTE LAREYMONDIE**	Reappointment 31 December 2013	31 December 2017

The mandate of Thierry Dissaux, which expired on 23 August 2014, was renewed for four years, i.e. until 22 August 2018, by the supervisory board at its meeting on 1 July 2014. This renewal was approved by the Minister of Finance and public Accounts on 1 August 2014.

The status and compensation of the members of the board were set by the supervisory board at its meeting on 8 December 2010.

> 2.2.
Composition and operation of the supervisory board

In 2014, the composition of the supervisory board changed as follows:
Mr Jean-François Sammarcelli was replaced by Mr Philippe Aymerich, chief executive officer of Crédit du Nord as representative of Société Générale, as of 8 October 2014.

Therefore, at 31 December 2014 the members of the supervisory board were as follows:

Chairman	
Jean CLAMON Deputy Chief Executive Officer of BNP Paribas	
Members	
Marie-Christine CAFFET Chief Executive Officer of FCMAR Confédération Nationale du Crédit Mutuel	**Philippe de PORTZAMPARC** Chairman of Portzamparc, Société de Bourse
Gilles DENOYEL Deputy Chief Executive Officer of HSBC France	**Bernard POUY** Chief Executive Officer of Groupama Banque
Nicolas DUHAMEL Advisor to the Chairman of the Management Board of BPCE in charge of public affairs - **Vice-Chairman**	**Philippe AYMERICH** Chief Executive Officer of Crédit du Nord
Bruno de LAAGE Deputy Chief Executive Officer of Groupe Crédit Agricole SA **Lucie MAUREL** Member of the Management Board of Banque Martin Maurel	**Jean-Marc VILON** Chief Executive Officer of Crédit Logement
Philippe ODDO Managing Partner of Oddo & Cie	**Marc BATAVE** Deputy Chief Executive Officer of La Banque Postale

The members of the supervisory board are elected or appointed for four years. The last reappointment occurred in March 2012. Their term of office therefore runs until March 2016.

Between 1 January and 31 December 2014, the number and breakdown of votes changed as a result of two factors: the increase in the contribution of the deposits scheme, which had a significant impact (cf. section 3.2. below), and the additions/removals of members and changes in group scope. At year-end 2014, the total number and breakdown of votes was as follows:

Resolution College	Surname	Group	Cash Votes		Securities Votes		Total votes	
			Number	%	Number	%	Number	%
CI	**Bruno de LAAGE**	Crédit Agricole SA	725,472,722	28.93	13,140,339	17.51	738,613,061	**28.60**
CI	**Nicolas DUHAMEL**	BPCE	551,531,525	22,00	11,993,601	15.98	563,525,126	**21.82**
CI	**Marie-Christine CAFFET**	Caisse Fédérale de Crédit Mutuel	372,243,985	14.85	5,410,432	7.21	377,654,417	**14.62**
CI	**Marc BATAVE**	La Banque Postale	278,218,306	11.10	4,302,745	5.73	282,521,051	**10.94**
CI	**Philippe AYMERICH**	Société Générale	270,425,097	10.79	10,806,324	CI 14.40	281,231,421	**10.89**
CI	**Jean CLAMON**	BNP Paribas	226,172,823	9.02	10,179,881	13.56	236,352,704	**9.15**
CI	**Gilles DENOYEL**	HSBC France	50,370,295	2.01	2,041,755	2.72	52,412,050	**2.03**
IF	**Philippe ODDO**	Oddo & Cie	18,615,703	0.74	15,502,412	20.65	34,118,115	**1.32**
CI	**Lucie MAUREL**	Banque Martin Maurel	9,462,114	0.38	345,673	0.46	9,807,787	**0.38**
CI	**Bernard POUY**	Groupama Banque	4,737,940	0.19	269,355	0.36	5,007,295	**0.19**
CI	**Jean-Marc VILON**	Crédit-Logement	68,800	0.00	0	0.00	68,800	**0.00**
IF	**Philippe de PORTZAMPARC**	Portzamparc Sté de Bourse	0	0.00	1,066,622	1.42	1,066,622	**0.04**
Total			**2,507,319,310**	**100.00**	**75,059,139**	**100.00**	**2,582,378,449**	**100.00**

CI: Credit Institution
IF: Investment Firm

At its meeting on 29 June 2012, the supervisory board formed two advisory committees whose role is to prepare and guide its proceedings. They consist solely of members of the supervisory board who are assisted by the members of the Board. Their composition did not change in 2014:

APPOINTMENTS AND COMPENSATION COMMITTEE	
Chairman	
Jean CLAMON	
Members	
Gilles DENOYEL	Bernard POUY

AUDIT COMMITTEE	
Chairman	
Nicolas DUHAMEL	
Members	
Marie-Christine CAFFET	Philippe ODDO

The supervisory board held four meetings in 2014:

- **1 April 2014:** meeting held to review the 2013 financial statements and management report, during which progress on the "20-day project" was presented;

- **1 July 2014**: meeting that included the presentation of the work completed by and on behalf of the FGDR to identify and manage risks as part of the implementation of an internal control policy. During this meeting, the supervisory board approved the reappointment of the chairman of the board;

- **7 October 2014:** meeting at which the internal control action plan was approved and the financial statements of the Fonds de Garantie des Dépôts et de Résolution at 30 June were discussed. This meeting was also an opportunity to conduct a specific review of customer account statements in connection with the "20-day project";

- **17 December 2014:** meeting that included a review of the 2015 budget, the 2016-2017 outlook and the budgetary impacts of the development required for the "20-day project" as part of the transposition of Directive 2014/49/EU of 16 April 2014 on deposit guarantee schemes.

In addition, at each supervisory board meeting, the board provided a detailed update on:
- the progress of proposed regulations relating to deposit guarantee schemes or bank crisis resolution, both in France and in Europe (cf. sections 1.1. and 1.2.) ;
- asset management (cf. section 3.5.).

Each of the supervisory board meetings in 2014 was preceded by an audit committee meeting.

The appointments and compensation committee met once before the supervisory board meeting on 1 April 2014.

3. DAY-TO-DAY MANAGEMENT

> 3.1.
Change in the member base

At 31 December 2014, the Fonds de Garantie des Dépôts et de Résolution had 582 members, many of which participate in several schemes. Taken separately, each mechanism had:
- Deposit guarantee: 446 members,
- Investor compensation: 351 members,
- Guarantee of performance bonds: 365 members.

The changes in 2014 were as follows:
- 9 new members, including 3 for the deposit guarantee scheme, 5 for the investor compensation scheme and 1 for all three guarantee schemes.
- 158 withdrawals concerning 9 multiple members and 149 single members, broken down into:
  - > 8 mergers/takeovers/universal transfers of assets
  - > 15 outright withdrawals,
  - > 135 withdrawals from the deposit guarantee scheme concerning the former financial companies that did not opt for the new status of specialised credit institution but rather for the new status of financing company (Article 34 of Order 2013-544 of 27 June 2013 on credit institutions and financing companies).

The high number of withdrawals in 2014 prompted intense efforts by the member services department, which worked continuously with the Autorité de Contrôle Prudentiel et de Résolution to identify as quickly as possible the consequences of these changes for the institutions leaving the FGDR. The fact that many decisions were announced at the end of the year made the procedure much more cumbersome.

Several basic comments should be made regarding this change of status for financial companies.

Most of the former financial companies were members of the deposit guarantee scheme only because of their status, but did not collect deposits and were only engaged in a specialised credit activity; in addition, their change in status to financing company required them to leave the deposit guarantee scheme. However, dozens of them remain members of other guarantee schemes managed by the FGDR as a result of the specialised activities they carry out: 2 are members of the investor compensation scheme and 52 are members of the guarantee of performance bonds scheme.

Up to now, no institution was a member of the guarantee of performance bonds scheme without also being a member of the deposit guarantee scheme since only credit institutions could issue mandatory bank guarantees. That is why the guarantee of performance bonds scheme did not issue certificates of membership and was specifically represented on FGDR's Supervisory Board. Since the reform of 2013, this is no longer the case and a number of financing companies are now authorised to issue performance bonds. They must therefore be direct members only of the corresponding guarantee scheme. Consequently, the FGDR prepared changes to the legislative and regulatory framework of the guarantee of performance bonds scheme to align its organisation and operation with the other two.

> 3.2.
Contributions

The French Monetary and Financial Code stipulates that contributions to the Fonds de Garantie des Dépôts et de Résolution paid by its members for each of the schemes it manages (deposit guarantee, investor compensation and guarantee of performance bonds) are fixed by order of the Minister for Economic Affairs (Articles L. 312-16 and L. 322-3 of the French Monetary and Financial Code). In principle, these orders are annual.

For 2014, the first two orders were signed on 3 November 2014. They provide as follows:
- for the deposit guarantee scheme:
  - > a contribution of €500 million, paid as a lump sum, for which a member may be exempt provided it signs a first demand payment commitment and sets up a guarantee deposit in the same amount in the FGDR's books, pursuant to the regulations in force; this amount was set to further build up the FGDR's resources in view of the entry into force of the new European regulations;

> a special contribution of €10 million, which is payable definitively and intended to fund the FGDR's operating account.
- for the guarantee of performance bonds scheme, a contribution of €3.2 million, paid as a lump sum and eligible for the same payment commitment and guarantee deposit arrangement.

For the investor compensation scheme, the order was signed on 26 November 2014 after consultation with the Autorité des Marchés Financiers (AMF).
It provided for:
- an ordinary investor compensation contribution of €7.3 million, also eligible for the payment commitment and guarantee deposit arrangement;
- a special contribution of €8.6 million, payable definitively and intended to further replenish the mechanism's own funds following the interventions in EGP and Dubus SA.

The special contributions and the annual contributions were levied separately at the end of the year. The other terms related to levies of special contributions (calculation method, payment deadline, application of the €4,000 minimum) were the same as those for the annual contributions.

> 3.3
The "20-day project"

The regulation requires that:
- all credit institutions operating in France which are members of the deposit guarantee scheme, regardless of their size, solvency or activities, at the time of a failure:
  > determine their customers' positions, on the date and at the time at which the ACPR declares the unavailability of their deposits,
  > provide the Fonds de Garantie des Dépôts et de Résolution with all necessary information about their customers and the deposits of said customers within 5 days of the date on which the ACPR determines the failure of the institution and therefore the unavailability of the deposits.
- the FGDR pay compensation, within 20 working days, in an amount up to €100,000 and pursuant to various eligibility and exclusion criteria, for the deposits of eligible customers affected by an institution's failure;
- the FGDR and credit institutions conduct tests at regular intervals, called "permanent controls", organised by the FGDR to verify the proper operation of the scheme. In principle, each bank must participate in these tests once a year based on a mutually agreed schedule set up in advance.

To achieve this, the 20-day project was structured around two major components carried out in parallel which in 2014 were mainly marked by:
- cooperation with credit institutions:
  > a support and communication process aimed at the banking community throughout the project;
  > an initial permanent control campaign with the 300 institutions liable for the contribution;
  > production of the specifications relating to "Depositor Account Statements" prepared jointly with the banking profession.
- Implementation of the processing platform at FGDR:
  > start of production of the manual compensation process;
  > approval of the industrial compensation process.

A) Cooperation with banks

In 2014 as in 2013, the FGDR firmly supported the banking community, providing it with the maximum amount of information and confidence needed to implement the project.
Examples of this support included:
- the appointment of an FGDR contact person for each institution;
- day-to-day management of phone support and an electronic mailbox - 'VUC@garantiedesdepots.fr' - to answer all the institutions' project-related questions;
- publication of project documentation on the dedicated website http://vuc.garantiedesdepots.fr;
- the organisation of three plenary meetings at the offices of the Fédération Bancaire Française (FBF) on the following topics:
  <u>20 January 2014:</u>
  > Organisation of controls in 2014
  > Security of the Core IT Solution (CIS) and "member portal"
  > presentation of the "member portal"
  > presentation of the "20-day project document site"
  <u>3 April 2014:</u>
  > review of the 2014 permanent control schedule
  > presentation of the permanent control process in 2014
  > presentation of the permanent control report in 2014
  <u>04 October 2014:</u>
  > The DGSD2 directive and its impacts on the "20-day project"
  > The first lessons learned from the Phase 2 permanent controls

> Phase 3 of the "20-day project": compensation balances calculation and production of the last bank account statements
> Customer notification in the event of a failure: orientations of the preliminary interbank work.

B) The banking component of the project

Banks must, at their own responsibility, identify the customers and their deposits (eligible or ineligible), calculate their positions at the date and time (D/T) at which the unavailability of deposits is declared by the ACPR and send them to the Fonds de Garantie des Dépôts et de Résolution within 5 days of the unavailability of the deposits.

This obligation is fulfilled through the upload of a standardised "Single Customer View" (SCV) file.

At the time of its launch in April 2013, the project with the banks was built around three phases, two of which took place and were completed in 2014.

Phase 1: "Technically" produce the SCV file

Attainment of this objective was subject to controls by the FGDR from January to May 2014. All institutions validated this first phase.

Phase 2: Functionally feed information into the SCV file based on the SCV specifications published in March 2013

Attainment of this objective was subject to controls by the FGDR from May to December 2014. This first large-scale exercise, which included some 300 banks, was an overall success, as evidenced by the fact that 95% of the institutions were present for the meeting scheduled for their control, and two-thirds of them had satisfactory results. In addition, each of the institutions that failed to successfully complete the control undertook an action plan to correct the anomalies revealed during the control.

This significant step forward for the French banking community took the following form:

- for the banks: the development of computer processing workflows that allow the collection of all customer and account information needed to create the SCV file;
- for FGDR: the delivery in January 2014 of the 'member portal', the first component of the compensation processing system, designed to receive and check the SCV files produced by banks for both compensation and annual control purposes.

Phase 3: "Close customer positions at Day/Time (D/T) of unavailability of deposits and produce the last bank account statements under the conditions required by the regulation"

In parallel to the implementation and control work described above, phase 3 of the project with the banks began in April 2014.

This is a complex and delicate phase to implement because it directly affects their internal account statement processes, which are triggered on a random date (D/T) rather than at a specific scheduled time, as is usually the case. Because of their scope and complexity, the banks asked the FGDR for assistance.

Ten FGDR/banks workshops, held between April and October 2014, resulted in the proposal of a harmonised framework and guidelines based on three premises:

1. Make the account statement as easy to understand as possible for depositors,
2. Minimise the amount of specific development needed to respond to an unavailability of deposits and stay as close as possible to the institutions' normal operation,
3. Anticipate the future requirement to pay compensation within seven days to avoid having to redevelop the applications.

The work of the interbank group resulted in three key principles for meeting the objective:

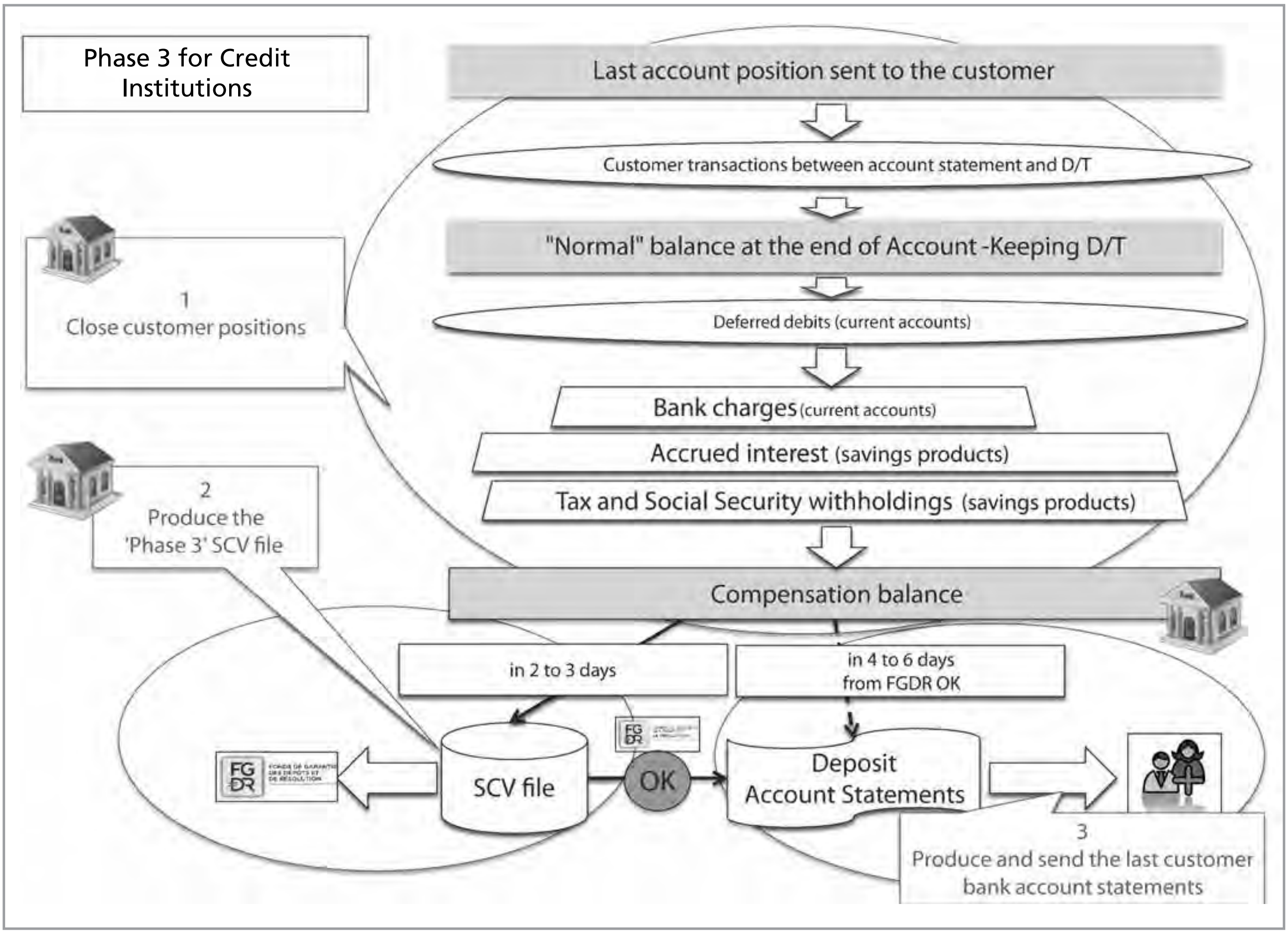
1. The declaration of unavailability of deposits by the ACPR should take effect at the time of finalisation of the day's customer account maintenance operations,
2. The channels through which the failed credit institution's customers complete transactions (branches, Internet, mobile, ATM, merchant authorisation servers, deposit boxes, etc.) should not be closed after the unavailability of deposits is declared by the ACPR (D/T), but simultaneously at the latest.
3. Certain session-based interbank exchange channels should remain open for the failed institution so that it can settle transactions initiated before D/T and recorded during account maintenance on D/T.

The entire operational analysis was completed and the processes to be implemented were designed based on the assumption that these principles would apply on the day on which the FGDR would need to pay compensation. Therefore:

- the institutions' account maintenance processing would not be changed: an institution's deposits would be declared unavailable only after finalisation of its account maintenance on D/T, or at least after the start of this account maintenance when the transaction files can no longer be modified.

- after completing the standard customer account maintenance processing, the institution would initiate its specific process for the unavailability of deposits, in accordance with the regulation, i.e.:
  > calculate the compensation balances for each of the customer accounts concerned, after:
    > taking into account pending deferred debits, and
    > calculating bank charges and accrued interest not yet due net of tax charges between their last account assignment and the day on which the unavailability of deposits is declared,
- based on these elements calculated for each account, create the SCV file and send it to the FGDR,
- after acceptance of the SCV file by the FGDR, send the last bank account statements to customers.

This process is illustrated by the following diagram:



At the end of 2014, all credit institutions had begun to implement this process. The first controls by the FGDR are scheduled to begin in June 2015.

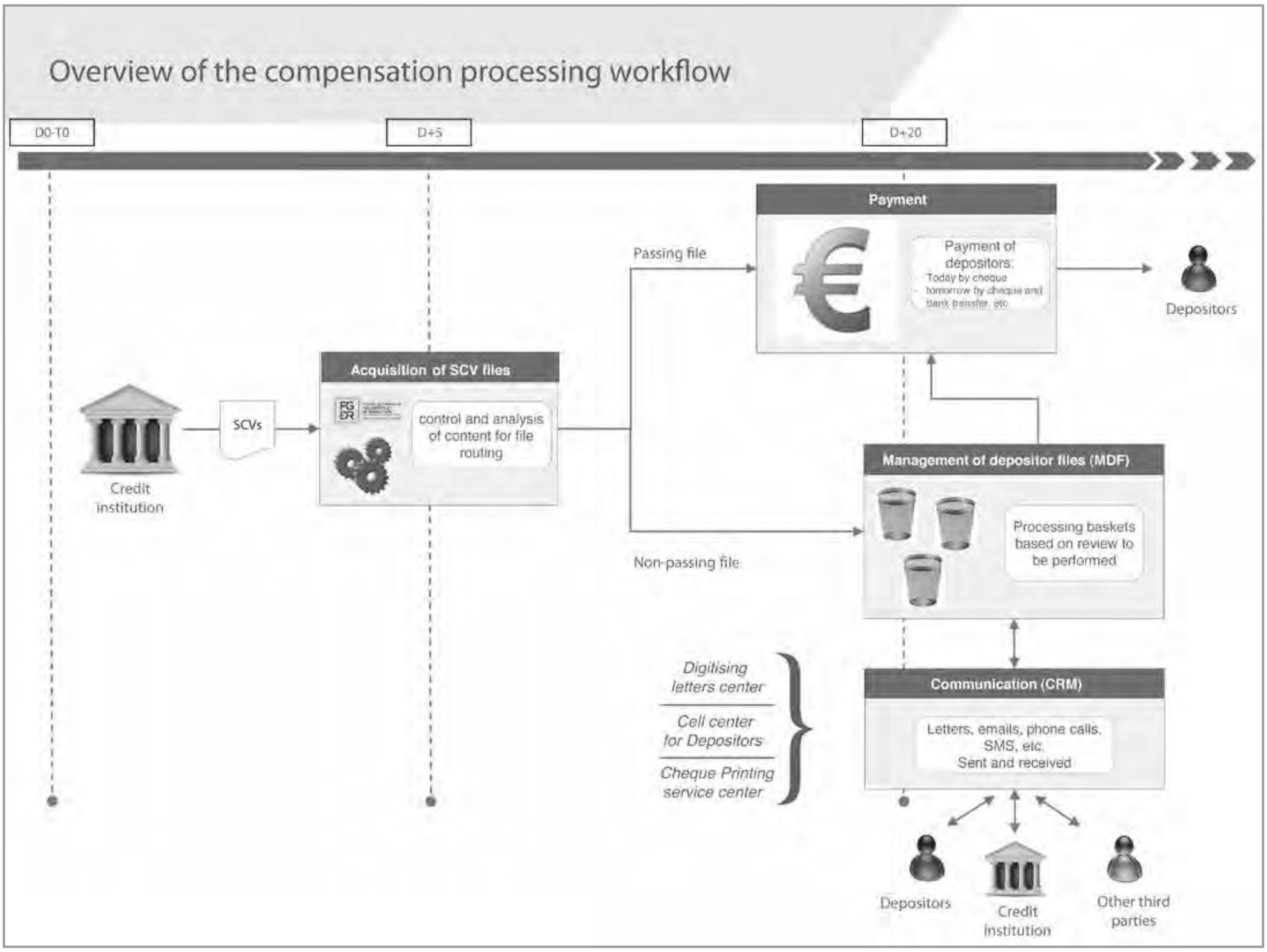
The principles related to the customer account statement and their procedures were presented to the ACPR during the year to allow it to review and integrate them, as necessary, into its own processes, both in terms of the declaration of unavailability and management of the failed institution by the interim administrator (or liquidator) that it may need to appoint. In fact, the development of these processes revealed the pressing need to coordinate the various participants, as far in advance as possible of a potential failure, in order to minimise the negative impacts on the banking industry and customers.

C) Implementation of the processing platform at FGDR

On the FGDR's side, the general architecture of the project is built around two main components:

- the "Core IT Solution" (CIS), made up of the functional areas and the services needed for operation of the solution and for depositor compensation;
- the "related services", which include the additional services that are needed for the proper operation of the CIS and provide the interface with the depositors receiving compensation: means of payment management, depositor call centre, printing services, electronic conversion and archiving, processing centre, correspondent bank.

This general architecture is summarised in the diagram below:



In 2013, all the participants were chosen based on the construction of the FGDR's compensation system:

- the IT platform developer (Atos Worldline),
- the cheque printing service provider (Edokial),
- the service provider responsible for receiving depositor calls (Téléperformance),
- the service provider responsible for digitising letters received from depositors (Tessi).

In 2014, specification work began with all these participants.

By mid-2014, an interim version of the entire system shown above was implemented. A more comprehensive and more powerful version was approved at the end of 2014, for implementation in early 2015.

D) Financial data

The total investment budget for developing the CIS and implementing the related services was estimated at €15.3 million in 2013 (approximately €10 million in 2013 and €5 million in 2014).

Thanks to very strict project management and the value arbitrages made throughout the year, the estimate of the «investment» portion as a whole at the end of 2014 remained the same, even if the allocation among the various expenditure items changed somewhat.

Within this unchanged overall amount, the updated budget differs from the initial budget in two ways:
a) A €347,000 adjustment to the Atos Worldline budget following the signing of four supplementary agreements for additional modules. This resulted from new requirements related to:
- enhanced security for SCV file transfers between the institutions and the FGDR (addition of the SCV file encryption function);
- the implementation of a dedicated environment for archiving the CIS data during compensation to allow subsequent audits or analysis;
- modification of the CIS for multiple currencies (in anticipation of the new DGSD2 EU directive);
- development of the depositor portal using a responsive design approach (ability to access the portal on any type of screen, including tablets and smartphones);
- development of new functionality made necessary by more complex cases than initially anticipated: seizure of bank account management, multiple owners account management, inheritance treatment, bankruptcy proceedings, etc.;

b) Reduction of the estimate for related services: expenses decreased from €400,000 to €115,000.
Since the project is still spread out over about 10 months, the remainder of the "unexpected costs" item has not been adjusted to cover any work currently not anticipated.

E) Project status

As a result of these additions, the full version will be delivered in September/October 2015. The depositor portal will be integrated into the second version of the core IT solution, which is being developed to fully incorporate the requirements of the new DGSD2 directive, including in particular a seven-day compensation period.

> 3.4
Communication and training

The FGDR's new institutional website, which was fully reworked, was placed online on 26 September 2013. In 2014, the following were added to the website:
- two practical tools, one for the deposit guarantee scheme and the other for the investor compensation scheme, complete with interactive personalised questionnaire in six steps that enable users to understand the scope of the guarantees, who is eligible, which accounts and currencies are covered and not covered, and the compensation calculation method;
- a full translation into English;
- development of the website using a responsive design approach, which automatically adapts pages and content to the appropriate screen format (tablet and smartphone).

Between 1 October 2013 and 30 September 2014, i.e. in one year of operation, the institutional website had 56,471 visits and 31,054 unique visitors. Monthly visits ranged from 2,740 during the slowest month (August 2014) to 6,298 during the busiest month (March 2014). Throughout the year, its positioning in search engines improved: the FGDR's website increased from a positioning of 29 keywords on page 1 of search results to 39 keywords on page 1, an increase that is even more significant in terms of notoriety as 54% of visits are from natural results, while 25% are from direct access and the remaining 21% from referral sites.

The document website available to our members as part of the "20-day project", which is managed and updated by the FGDR's operational team, has been consulted at an increasing rate since its creation in July 2013. The number of registered correspondent banks is currently 575.

In 2014, work was also undertaken with the entire banking industry under the guidance of the French Banking Federation (FBF) to develop new ways of providing the general public with information about the guarantees offered by the FGDR. A "depositor information" working group was formed which contributed to the development of two resources:
- text boxes to be placed on institutions' information websites which present the FGDR and its guarantees and include an external link to the FGDR website,
- a printable or downloadable brochure to be placed on websites and distributed through other channels chosen by the institution.

Finally, the first training programme was developed and offered to Téleperformance, the service provider that will implement the call centre in case of an intervention for the purpose of compensation. Sixteen key people have been trained and are now able to receive calls from the public and skilfully answer any general or specific questions regarding the FGDR, its guarantees and its intervention procedures.

> 3.5
Asset management

To help it manage the Fonds de Garantie des Dépôts et de Résolution's assets, and pursuant to Article 2.2 of the internal regulations, the Board is supported by a cash management committee. The role of this committee is to advise the board regarding asset management. It has at least five members, one of whom is the chairman. They are chosen among individuals from the member institutions who have recognised experience in cash and fund management.

The committee's composition at 31 December 2014 was as follows:

ASSET MANAGEMENT COMMITTEE	
Chairman	Members
Jean-Pierre RAVISÉ : ACI	**Laurent COTE :** CA-CIB
	Bernard DESCREUX : EDF
	Vincent GUEGUEN : BNP Paribas
	Claudio KERNEL : BPCE
	Isabelle REUX-BROWN : Natixis Multimanagers
	Laurent TIGNARD : Compagnie Financière Edmond de Rothschild
	+ the members of the board

In 2014, the asset management committee was called upon to assess the results of funds' investments in 2013, review the context resulting from the continued decline in interest rates, consider various changes to investment criteria in order to adapt it to market conditions, and assess the possibility and the advantage for the FGDR to invest in asset classes or products other than those currently used.

Indicator Summary				
End 2014/ year 2014	Net asset value	Performance during the year (*)	Estimated rate of return	Unrealised capital gains/losses (***)
Overall portfolio	€3,051.3 million	€19.9 million	+0.72% (benchmark**: +0.96%)	+€89.7 million
Equity portfolio	€195.7 million	€6.8 million	+4,13% (benchmark: +5.19%)	+€45.5 million
Bond portfolio	€782.0 million	€8.9 million	+1,31% (benchmark: +1.86%)	+€44.1 million
Money market portfolio	€2,073.6 million	€4.2 million	+0.215% (benchmark: +0.093%)	€0.1 million

(*) Performance of mutual funds calculated based on changes in the market values of the securities in the portfolio, including withdrawals and contributions.
(**) Over time assets weighted benchmarks.
(***) Unrealised capital gains or losses are calculated based on the historical cost of the mutual fund shares in the FGDR's books. Provisions are set up for unrealised capital losses; unrealised capital gains are not recognised.

Risks	
99% change over 1 year: -2.60 %	Maximum stress test scenario all assets: -9.78% (-€298 million)

Detailed analysis

A) Main observations

The general asset allocation did not change over the year. The money market segment represents at least 70% of total assets including cash not yet invested at 31 December (€170 million), the bond segment remains at the maximum level of around 25%, while the equity allocation remains fixed at around 5% in historical value (see table below).

Aside from general market developments, fund's portfolio in 2014 was marked by:

- **highly volatile rates of return on equity funds during the year.** Despite erratic performance throughout 2014, the annual rate of return was 4.13% thanks to the recovery in the equities market in December.

- **persistently low money market rates of return** with a sharp drop in performance after the ECB set the interest rate on the deposit facility at -0.20% in September.

Overall, **the return on the portfolio was €19.9 million, equivalent to an increase of 0.72%**, compared with a rate of return of 1.50% in 2013. Unlike last year, the returns on equity funds were not enough to significantly offset the low money market and bond returns. Overall performance can be broken down by segment:

- **the equity portfolio generated €6.8 million in additional capital gains** (versus €29.9 million in 2013). At year-end 2014, the amount of unrealised capital gains on this portfolio was €45.5 million;

- **the return on the bond portfolio over the year was €8.9 million (+1.31%).** The unrealised capital gains on the bond portfolio therefore totalled €44.1 million at year-end 2014, compared with €35.3 million at year-end 2013. The value of the securities in the portfolio benefited from the drop in interest rates, but the decline in the rates of return on reinvestments was significant, which will impact 2015 performance;
- **financial income from money market investments amounted to €4.2 million** (net return of 0.215% for an Eonia at 0.093% during the period (compared with 0.098%/0.091% in 2013 and 0.36%/0.23% in 2012)).

The change during the year in the overall net asset value of investments (from €2.751 billion to €3.051 billion, i.e. +€300 million) resulted mainly from the following, aside from the unrealised bond and equity returns during the year (+€15.7 million):

- on the plus side, the increase in the contribution by FGDR members (€531 million in 2014), offset by the repayment to these same members of €90.1 million in guarantee deposits collected in 2009 which expired after five years;
- on the minus side, €170 million in cash assets awaiting investment as of 31 December 2014, therefore excluded from dedicated funds;
- and disbursements for overhead costs and the FGDR's operating investments.

B) Asset allocation

Asset allocation, the broad outlines of which were defined in February 2001 by the supervisory board following the board's proposals based on the opinion of the asset management committee, updated slightly at the end of 2010 and modified in September 2012, was as follows:

Equity investments	4 to 8%, managed over the long term
Bond investments	up to 25%, managed over 2 to 3 years
Money market investments	at least 70% managed over 3 months which may be reduced to 1 month if necessary

The structure of FGDR resources is currently as follows:

- €543 million (i.e. 17%) in certificates of membership, long-term resources with no maturity, the amount of which is virtually the same from one year to the next,
- €1,537 million (i.e. 49%) in guarantee deposits refundable after five years if they were not used in case of a claim,
- €1,051 million (i.e. 34%) in equity (technical provisions), to be used first in case of a claim, for amounts and with expiration dates that are not foreseeable.

C) Investment breakdown

Assets under management, measured at their market value at 31 December 2014, total €3.0513 billion, for a net book value of €2,961.5 million, and break down as follows:

	End of 2014 (€ Million)	End of 2013 (€ Million)	End of 2012 (€ Million)	End of 2011 (€ Million)	End of 2010 (€ Million)
Equity mutual fund investments	195.7 (6.4%)	169.1 (6.1%)	117.3 (5.3%)	82.5 (4.1%)	88.1 (4.6%)
Bond mutual fund investments	782.0 (26.6%)	653.1 (23.7%)	568.2 (25.5%)	323.2 (16.2%)	217.5 (11.3 %)
Money market mutual fund investments	2,073.6 (68.0%)	1,929.1 (70.1%)	1,541.2 (69.2%)	1,589.5 (79.6%)	1,612.7 (84.1%)
Total	**3,051.3**	**2,751.4**	**2,226.6**	**1,995.1**	**1,918.3**

Since a portion of the contributions were received very late in the year and based on market conditions, the FGDR chose not to invest €170 million. This cash was invested in existing money market mutual funds at the beginning of January.

D) Overall return on investments

In 2014, the overall return on Fonds de Garantie des Dépôts et de Résolution's investments was €19.9 million, an annual positive return of 0.72%. It had reached €34.4 million in 2013 (+1.50%), €39.5 million in 2012 (+2.0%), €11.9 million in 2011 (+0.62%) and €25.3 million in 2010 (+1.40%).

E) Return on equity investments

2014 was a volatile year for equities; however, at year-end this asset class (+4.13% or +€6.8 million) largely outperformed the others, despite the fact that no manager achieved a performance above the benchmark index, MSCI EMU excluding banking and similar sectors (+5.19%). The returns on the various mutual funds were as follows:

FCP HALEVY	Manager	Annual rate of return	Δ in bp relative to the benchmark (*)
A1	Lazard Frères Gestion	+4.98%	-21
A2	Amundi AM	+2.96%	-223
A3	Métropole Gestion	+4.24%	-95

(*) MSCI EMU benchmark excluding banking and similar sectors.

F) Return on the bond portfolios

In 2014, bond management posted a higher gain than last year (€8.9 million in 2014 compared with gains of €2.8 million in 2013, €8.5 million in 2011, €1.8 million in 2010 and €11.1 million in 2009). This asset class significantly underperforms its benchmark index (-55 bp on average, compared with -158 bp in 2013, -124 bp in 2012 and -139 bp in 2011) as a result of the constraints placed on it in terms of country exposure and issuer quality (lack of exposure to peripheral euro zone sovereigns, minimum long-term and short-term ratings of BBB+ and A1, respectively).

FCP HALEVY	Manager	Annual rate of return	Δ in bp relative to the benchmark (*)
O1	BNPP AM	+1.32%	-54
O2	Amundi AM (ex CAAM)	+1.20%	-66
O3	Amundi AM (ex SGAM)	+1.19%	-67
O4	Natixis AM	+1.72%	-14

(*) Merrill Lynch EMU benchmark Broad 1-3

G) Return on money market investments

Various adjustments were also made at the end of 2014 to address changes in the market context. The desired objective is a slight easing of management constraints on the money market funds to increase investment opportunities as much as possible while at the same time maintaining the risk policy.

- putables can represent up to 5% of the assets (previously 3% max.), and the usual dispersion constraints continue to apply;
- the weight of the corporate sector can represent up to 50% of net assets (compared with 40% previously);
- the specific constraints on sovereign debt of peripheral European countries have been lifted: money market funds can now invest in sovereign debt instruments based on the same criteria applicable to corporate securities.

The overall rate of return in 2014 was +0.215% with, given the low level of the Eonia benchmark index (+0.096%), strong performance of the funds relative to the benchmark. It should be noted that performance at year-end was down, reflecting the overall decline in money market rates.

The following table shows the rates of return in detail:

FCP HALEVY	Manager	in bp
M2	BNP Paribas AM	+18.6
M3	CCR Gestion	+23.6
M9	Groupama AM	+19.5
M10	Dexia AM	+21.9
M13	Oddo AM	+18.5
M14	La Banque Postale AM	+23.7

H) Breakdown of counterparty risks

The investment management agreements stipulate that counterparties must have a rating of at least A1 (S&P) or P1 (Moody's) – with an exception for non-financial corporate issuers – for short-term paper, and a rating of at least A (S&P) and A2 (Moody's) for long-term paper. Moreover, in mid-2009, risk dispersion rules were introduced for money market management. All assets combined, the 10 most significant risks represent 19.7% of the total exposure (24.3% in 2013), which means that risk dispersion remains broad. The highest concentration is in French government bonds (OAT) (3.77%), followed by the EFSF (2.31%) and Iberdrola (1.93%).

I) Sensitivity of the fixed-income portfolio

At the end of 2014, the sensitivity of the portfolio to changes in interest rates, which is used to assess the overall interest-rate risk in FGDR's portfolio, was 0.55, in line with the year-end 2013 level (0.50).

J) Breakdown by rating

At 31 December 2014, this breakdown was as follows:

Note	%
AAA	6.10
AA	16.38
A	27.25
BBB	10.48
< BBB	0.00
A1+ (ST)*	1.77
A1 (ST)	16.39
A2 (ST)	21.63
A3 (ST)	0.00
Not rated	0.00

(*) including CDC cash (Caisse des Dépôts et Consignations)

K) VaR and stress tests

The annual risk assessment was carried out in accordance with the recommendations made by the asset management committee and the supervisory board in 2007.

The VaR of the portfolio is calculated based on the parameter approach with probabilities of 95% and 99% and time horizons of 1 week, 1 month and 1 year.
At 31 December 2014, the VaR was as follows:

	Time horizon		
	1 week	1 month	1 year
VaR 95%	-0.38%	-0.72%	-1.38%
VaR 99%	-0.55%	-1.07%	-2.60%

Over one year, the investment structure of the Fonds de Garantie des Dépôts et de Résolution's portfolio is therefore such that the probability of a rate of return of more than -2.60% is 99% (-2.17% at end of 2013).

The VaR thus determined for the various time horizons is slightly higher than at the end of 2013, but remains roughly the same.

The overall risk associated with the portfolio therefore remains limited, though not insignificant, as the stress tests also confirm.

Stress tests have a normative nature and are not associated with a probability of occurrence. They are used to estimate losses based on significant changes in certain assets or interest rates. The main assumptions used are as follows:

- for equities: 20%, 30% and 40% deterioration of assets,
- for interest rates: 0.5%, 1% and 2% rate increase,
- for monetary assets: 4 and 8 times the historical default for each rating.

For the maximum scenarios related to a single type of risk, this results in losses relative to total outstandings of 1.10% to 6.11% and, for the overall scenario, the worst case for all risks taken simultaneously, a loss of 9.78%, i.e. €298 million (versus -9.2% in 2013 and -6% in 2012).

> 3.6
Expansion of resources and new organisation of FGDR

For several years, the board has endeavoured to increase the FGDR's permanent staff and structure it in a way that allows it to fulfil its missions. The principle underlying this approach is to create a sufficient foundation of skills and resources to ensure full operation. This core staff would be supplemented by external service providers in case of an intervention, based on a programmed and tested system, and would be responsible for management and training. At full operation, it is responsible for operating the information system and performing permanent controls with members to test their ability to fund the system if necessary. Its soundness and credibility imply the addition of financial and legal expertise and in-depth knowledge of training and communication processes.

The operations department is therefore built around two key functions:

- create and update the processes that support the FGDR's compensation activities, with a view to both compensation and the performance of permanent controls;
- develop, operate and update the FGDR's current and future information systems with respect to the CIS itself, its possible extension to the other guarantee mechanisms and the necessary redesign of the member management application (membership tracking, payment and tracking of contributions, position of each member and management of its rights and information).

At the end of 2014, it consisted of five people. A sixth person will join the department in 2015.

In addition, the following have been set up:

- a communication and training department, with one person responsible for designing and preparing:
  > information intended for depositors in connection with the "20-day project",
  > training materials for the compensation operators,
  > permanent information intended for the general public and business professionals, and
  > the crisis management proceedings.
- a legal and administrative department whose member began work in early 2014;
- a finance, cash management and financial management department, whose member began work in the fall of 2014, which includes the member management unit and for which an accounting and administrative employee will be hired in 2015.

Including the assistant and 2 board members, the FGDR's permanent workforce therefore increased to 12 people at year-end 2014 and will level off to about 15 by the end of 2015.

On 10 January 2014, the FGDR moved to its new location at 65 rue de la Victoire (Paris – 75009), which now serves as its head office.

> 3.7
Internal control

In 2014, the FGDR set up an internal control system that is appropriate for its size and for the challenges related to the implementation of the “20-day project”, the change in regulatory framework (DGSD2) and its new internal organisation. The board assigned the implementation of the control system to an internal control officer, who is assisted by an information systems internal control coordinator. In addition to their normal duties, these functions are performed by the FGDR’s legal director and the assistant director of operations, respectively.

The main purpose of the system is to:

- ensure that the procedures implemented comply with the applicable laws and regulations; and
- prevent the risks inherent to the FGDR’s compensation activity.

The system is supported by the FGDR as a whole. Thus, the Supervisory Board, the Audit Committee, the Board and FGDR employees are involved in implementing the system, which contributes to the security of the FGDR.

In 2014, the focus was on developing a risk map and implementing an action plan to correct and control the risks identified based on work carried out by the FGDR with its Intrinsec and EY service providers.

Implementation of the internal control system is built around three areas related to:

1) the integrity and security of data provided by members under the “20-day project”;
2) the availability of information;
3) the FGDR’s organisation.

For the most part, the corrective actions entail improving the FGDR’s office and accounting applications thanks to investments in equipment and resources and formalising internal procedures in the operational, communication, human resources, cash management and legal areas.

The board and the internal control officer have informed the supervisory board and the audit committee of the system and the improvements made to it. The focus in 2015 will be on finalising the action plan, drafting the internal control charter and developing the control plan for 2016.

4. INTERVENTIONS

> 4.1.
Crédit Martiniquais

Following the favourable decision handed down by the Court of Cassation on 30 March 2010 and the rejection of the preliminary question of constitutionality raised by the defendants on 13 April 2012, the Fonds de Garantie des Dépôts et de Résolution continued the lawsuit before the Paris Court of Appeals in order to have the former de jure or de facto senior managers of the former Crédit Martiniquais held accountable for this bank's problems, which justified its preventative intervention. It asked that they be ordered to repay to it the advance given to the bank to help it turn its network around and avoid closing its branches, which would have seriously harmed its depositors.

Numerous procedural questions were again raised by the defendants in 2014, for which a special hearing was held at the end of the year. These questions were later rejected through the order handed down on 17 February 2015. However, although the case has not moved forward on the merits, the above order set a review timetable for 2015.

> 4.2.
Mutua Équipement

The intervention in Mutua Équipement came to a conclusion. Application of the guarantee of performance bonds scheme in favour of this mutual guarantee company's customers, in the early days of the FGDR, gave rise to dozens of home construction project completion applications and numerous lawsuits. All the applications are closed, the lawsuits have ended and the company's liquidator has sent a final liquidating dividend to the FGDR. The intervention is therefore considered definitively closed. The final accounting is as follows:

- amount due from Mutua Équipement (guarantees called), recorded as an expense on the guarantee of performance bonds mechanism: (€6,073,000)
- reversal of the provision shown on the balance sheet at 31 December 2013: €5,744,000
- dividend received from the liquidator: €632,000
- positive balance (recorded as profit on the guarantee of performance bonds mechanism): €332,000

> 4.3.
Européenne de Gestion Privée (EGP)

For a full presentation of the FGDR's intervention in Européenne de Gestion Privée, please refer to section 4.3 of the 2013 annual report.

Through a series of decisions handed down, most on 25 March 2014 and the last on 11 July 2014, the Administrative Court of Paris rejected all 84 appeals filed by former clients of Européenne de Gestion Privée against the decisions taken by the FGDR regarding their personal situations. The Court confirmed the entire procedure followed by the FGDR, both to determine eligibility for compensation and to set the amount of the compensation to which the claimants may have been entitled.

None of the claimants appealed these decisions, which became final.

Since there was no precedent for the case, it was recorded in the letter of the Administrative Court of Paris No. 38 of 2014, starting on page 63.

> 4.4.
Dubus SA

A full description of the FGDR's intervention in favour of Dubus SA was provided in section 4.4 of the 2013 annual report.

As planned, after the ring-fenced account opened at Banque de France to receive the clients' cash was credited for all the amounts that it should have contained from the clients that had not been transferred to Bourse Direct, the FGDR paid the balance of the ring-fence shortfall in early 2014 in the amount of €306,722.75.

The total reduction of the ring-fence shortfall made by the FGDR was €3,806,722.75.

After Dubus SA's name was changed to GEOMARKET SA, following the transfer of its business and most of its clients to Bourse Direct, the interim administrator appointed by the Autorité de Contrôle Prudentiel et de Résolution declared a suspension of the company's payments before the Commercial Court of Lille on 4 February 2014. The court placed the company in court-ordered liquidation on 17 February 2014 and appointed a liquidator while the interim administrator was being appointed as bank liquidator by the ACPR. On 27 March, the FGDR declared the amount of the ring-fence shortfall it paid as the amount owed to it. This amount is fully covered by a provision in the investor compensation scheme accounts.

At year-end 2014, no lawsuits related to the FGDR's intervention and the ring-fence mechanism used to isolate the clients' cash had been brought.

5. 2014 FINANCIAL STATEMENTS

> 5.1.
Presentation of the financial statements

A) Balance Sheet

The Fonds de Garantie des Dépôts et de Résolution's balance sheet total rose from €2.713 billion to €3.147 billion, mainly as a result of the increase in cash assets (dedicated mutual funds and liquid assets) and the increase in guarantee deposits for the deposit mechanism.

On the asset side, the increase was mainly due to:
- capitalisation of the expenses related to the "20-day project" for a total of €1 million in 2014 (capital expenditure net of amortisation for the year); and
- the increase in the equity, bond and money market portfolio, whose book value rose from €2.678 billion to €2.962 billion based on two key factors:
  - > the €417 million increase in guarantee deposits, net of repayments, thanks to the ordinary contributions levied in 2014, and
  - > the collection of a special contribution of €11 million for the deposit guarantee scheme and €9 million for the investor compensation scheme.

On the liabilities side, the increase mainly stems from:
- the increase in the amount of guarantee deposits (€417 million) following collection of the 2014 contributions, net of repayments; and
- the €25 million increase in the technical provision for intervention risk.

The interest payable to members totalled €3.5 million at 31 December 2014.

The FGDR's **own funds** at 31 December 2014 are shown below:

€ thousands	Deposit guarantee scheme	Investor compensation scheme	Guarantee of performance bonds scheme	Total
Equity	**942,940**	**88,295**	**20,380**	**1,051,615**
> Technical provision for intervention risk	929,737	88,295	20,380	**1,038,412**
> Technical provision for regulatory compliance	13,203	0	0	**13,203**
Subordinated debt	**2,015,213**	**47,182**	**17,416**	**2,079,811**
> Certificates of membership	532,742	**9,996**	**0**	**542,738**
> Guarantee deposits	1,482,471	37,186	17,416	1,537,072
Total Equity	**2,958,153**	**135,477**	**37,797**	**3,131,426**

The breakdown of the balance sheet by mechanism was somewhat distorted as a result of the contribution paid to the deposit mechanism (cf. § 5-1 of the notes below):

- deposit scheme: 94.49% (versus 93.7% at year-end 2013);
- investment scheme: 4.30% (versus 4.94% at year-end 2013);
- performance bonds scheme:1.21% (versus 1.36% at year-end 2013),

These percentages serve as a basis of allocation of financial income and committed costs.

B) Profit and loss statement

a) Income

Members may choose to make ordinary contributions either in the form of a definitive payment or they may sign a commitment to pay at the FGDR's first request which is backed by a guarantee deposit in the same amount delivered to the FGDR and refundable after five years. In practice, nearly all members choose the second option, which means that calculation of the contributions to be raised must include the expired guarantee deposits and allow at least their five-year rotation so as not to reduce the FGDR's cash funds. Additional contributions paid by new members and special contributions collected to replenish the FGDR's own funds following an intervention are non-refundable.

In 2014, ordinary contributions were fully eligible for payment commitments backed by guarantee deposits. Given the minimum collection amounts, they were as follows:

- for the deposit guarantee scheme: €500,165,000, well above the approximately €80,000,000 needed to stabilise resources, in order to continue their build-up that began several years ago;
- for the investor compensation scheme: €7,306,000;
- for the guarantee of performance bonds scheme: €3,593,000.

Guarantee deposits are automatically converted into contributions in case of a licence revocation. There was a large number of revocations in 2014 as a result of the decision by many financing companies to relinquish the status of credit institution. This resulted in FGDR increase income from licence revocations of €3,851,000, mostly for the deposit guarantee mechanism. Added to this was €230,000 in additional contributions to the deposit guarantee scheme.

Moreover, two special contributions were levied in December 2014:

- the first was for €10,517,000 to fund the deposit guarantee scheme;
- the second was for €8,605,000 to continue to replenish the own funds of the investor compensation scheme.

Other income includes the monetary penalties imposed by the AMF on FGDR's members (in the amount of €1,080,000 net of changes in provisions) which, as provided by law, are assigned to the investor compensation mechanism. Three new penalties were recorded in 2014:

- two penalties, totalling €30,000, were not appealed and were paid in 2014;
- one penalty, totalling €50,000, was appealed before the Council of State and is covered by a provision.

In addition, three provisions related to old monetary penalties were reversed for a total of €1,050,000 following the rejection of the corresponding appeals; one of them for €50,000 was collected, and collection of the other two is pending.

The following internal procedure is used to record monetary penalties:

- automatic recording of the penalty as soon as the decision is made by the AMF, subject to the expiration of the appeal period;
- automatic provision in the same amount, unless:
  - > there is no appeal before the Council of State (or the appeal is rejected); and
  - > the debtor's solvency is certain (assessed differently depending on whether the debtor is an individual or a legal entity and, in the latter case, based on its situation);
- reversal of the provision as payments are received.

In 2014, the gross amount of penalties receivable (claim) shown on the balance sheet for the investor compensation mechanism was €2,070,000, €1,070,000 of which was covered by a provision.

b) Claim-related expense

The costs incurred by the FGDR were as follows:

Mechanism	Claim	Expenses	Balance / Claim collection	Change in provision	Cost of claims
Cash	Crédit Martiniquais	-82	0	0	-82
Investor compensation	EGP (B)	-720	0	4,675	3,955
Investor compensation	Dubus SA	-22	0	0	-22
Performance bonds	Mutua Équipement (A)	-5	-5,442	5,774	327
Total		**-829**	**-5,442**	**10,449**	**4,178**

All the costs incurred in 2014 for the EGP claim (€720,000) correspond to case processing expenses and attorneys' fees. They were financed by reversing a provision in the same amount. Following the rejection of all the appeals made to the Administrative Court of Paris, which became final when the Court's decision was not appealed, a provision of €3,955,000 was reversed. The amount of the overall provision at 31 December 2014 was €9,152,000.

The Mutua Équipement claim was settled in 2014. The liquidator distributed the income from the liquidation to the creditors from the funds collected. The FGDR received a dividend of €632,000. The closing of the case resulted in the balance of the claim (€6,073,000) being recorded as a loss and the reversal of the existing provision (€5,774,000). Given €5,000 in expenses, the positive impact on profit for 2014 was €327,000.

An additional €82,000 in attorneys' fees were paid for the Crédit Martiniquais lawsuit and €22,000 for the Dubus SA claim.

c) "20-day project" expenses

In 2012, the Fonds de Garantie des Dépôts et de Résolution launched the "20-day project" to comply with EU Directive 2009/14/EC of 11 March 2009, transposed into French law by the order of 29 September 2010, in order to be able to compensate the depositors of a failed bank within 20 days. The operator of the "Core IT Solution" (CIS), Atos Worldline (AWL), was chosen in April 2013. The project then entered the specification phase followed by the development phase, and the first lot was implemented at the beginning of 2014. The second lot was implemented in the summer of 2014.

The capital expenditure in 2014 was €3,538,000, bringing the total investment to €13,149,000. The share of these investments placed in service was amortised over five years, generating an addition of €2,113,000 during the year. This addition is financed by an equivalent reversal of the provision for regulatory compliance.

The amount of the project expenditure recorded as an expense was €788,000 and corresponds to operation and maintenance expenses.

d) Financial income

Net financial income was €555,000.

Financial income of €4,083,000 corresponded to realised capital gains on the money market portfolio.

The accounting rate of return of the money market funds was 0.21%. Based on previous practices, this rate is used in principle to determine the interest to be paid on certificates of membership and guarantee deposits. Based on this method, for 2014 a provision of €3,528,000 was set up for the expense related to remuneration of the certificates of membership and guarantee deposits of the various mechanisms. It will be paid to the members after the supervisory board approves the financial statements.

e) Committed costs

As a result of the changes at the FGDR, committed costs increased significantly in terms of both personnel expenses and other costs, including in particular IT costs, and excluding the "20-day project" itself.

Personnel expenses:

For 2014, personnel expenses totalled €2,920,000, a 40% increase over 2013. According to the roadmap approved by the supervisory board, the FGDR's workforce increased from 9 people at the beginning of the year to 12 people at year-end as a result of 3 new hires. One individual hired during the year was not retained beyond the trial period.

Administrative expenses:

As announced, the FGDR moved to its new offices at 65 rue de la Victoire (Paris – 75009) in January 2014. It returned its former offices on rue Halévy in October after subleasing them to a start-up company for eight months. Office-related expenses therefore increased by €183,000 (62%), mainly as a result of the rent on the new offices after expiration of the nine-month exemption period.

IT expenses:

The redesign of the institutional website was completed, including its translation into English and the addition of several instructional tutorials. Once it was implemented, efforts were made to improve its visibility and perception in order to counterbalance the sites which, up to now, have dominated the Web in the FGDR's areas of activity and are not always relevant. As a result, IT expenses increased by 53% from €151,000 in 2013 to €231,000 in 2014.

The FGDR's senior managers pursued their commitment to the international bodies, at the level of both the European association (EFDI) and the international association (IADI), by taking on a more active role in the work of the European Community and exerting influence to ensure that the European dimension and specific national characteristics are fully taken into account.

Lastly, an internal control system that is appropriate for the FGDR's missions, size and tools was implemented during the year.

€ thousands (Income +; Expenses -)	Actual 31/12/2013	Actual 31/12/2014	Change 2014/2013
Personnel expenses	**2,092**	**2,920**	**40%**
Gross salaries	1,188	1,716	45%
Employee's contributions	762	1,048	38%
Other (including director's fees)	143	156	9%
Administrative expenses	**741**	**1,044**	**41%**
Offices	296	479	62%
IT	151	231	53%
Supplies, documentation and telecom	46	65	41%
Assignments, travel and public relations	117	149	26%
Other (general taxes, third-party liability insurance	130	121	-7%
Professional fees and external service providers	**465**	**537**	**15%**
Audit, accounting and internal control	200	311	56%
Asset management	106	62	-41%
Other	159	164	3%
Prior-year expenses	**-78**	**-14**	
Total	**3,220**	**4,487**	**39%**

f) Profit/loss

Profit before the technical provision for intervention risk was €25,204,000. It breaks down as follows:

- €9,889,000 for the cash mechanism;
- €14,926,000 for the investor mechanism, including the reversal of a provision related to the assessment of risk on the EGP claim in the amount of €3,955,000;
- €389,000 for the performance bonds mechanism.

In accordance with the tax rule established for the Fonds de Garantie des Dépôts et de Résolution, this entire amount of €25,204,000 will be transferred to the technical provision for intervention in order to set accounting net result to zero.

The Fonds de Garantie des Dépôts et de Résolution's 2014 financial statements were approved by the supervisory board at its meeting on 17 March 2015.

> 5.2.
Balance sheet, profit and loss statement and notes at 31 December 2014

A) Profit and loss statement

- Overall profit and loss statement:

€ thousands (Income +; Expenses -)	31/12/2013 12 months	31/12/2014 12 months	Change 2014/2013
Income	**1,942**	**25,749**	
Contributions	8,364	20,583	146%
Income on licence revocations	523	3,851	636%
Other income (1)	2,054	1,315	-36%
Cost of claims (2)	**-4,177**	**4,178**	
Risk management expenses	-1,343	-829	-38%
Provisions for claims	-2,834	5,007	-
Financial income/expense	**7,915**	**555**	
Financial income (equities and bonds)	7,532	0	-100%
Financial income (money market mutual funds)	1,784	4,083	129%
Provisions for depreciation	0	0	-
Provisions for interest payable to members	-1,401	-3,528	152%
Overhead costs	**-3,324**	**-5,278**	
Committed costs	-3,220	-4,487	39%
Directly assignable expenses	-103	-4	-96%
20-day project operating expenses	0	-788	-
Technical provision for intervention risk	**-11,356**	**-25,204**	
Profit/loss	**0**	**0**	

- Profit and loss statement by mechanism:

€ thousands (Income +; Expenses -) 31/12/2014 - 12 months	Deposit Guarantee Scheme	Investor Compensation Scheme	Guarantee of Performance Bonds Scheme	Total
Income	**14,532**	**11,115**	**102**	**25,749**
Contributions	10,587	9 964	32	20 583
Income on licence revocations	3,713	69	69	3 851
Other income (1)	232	1,083	1	1 315
Cost of claims (2)	**-82**	**3,933**	**327**	**4,178**
Risk management expenses	-82	-743	-5	-829
Provisions for claims	0	4,675	332	5,007
Financial income/expense	**466**	**75**	**14**	**555**
Financial income (equities and bonds)	0	0	0	0
Financial income (money market mutual funds)	3,858	176	49	4,083
Provisions for depreciation	0	0	0	0
Provisions for interest payable to members	-3,392	-101	-36	-3,528
Overhead costs	**-5,027**	**-197**	**-54**	**-5,278**
Committed costs	-4,240	-193	-54	-4,487
Directly assignable expenses	0	-4	0	-4
20-day project operating expenses	-788	0	0	-788
Profit/loss before technical provision	**9,889**	**14,926**	**389**	**25,204**

B) Balance sheet

- Overall balance sheet:

Assets (€ thousands)	31/12/2013	31/12/2014
Non-current assets	**10,378**	**11,773**
Net tangible and intangible assets	767	736
Gross amount	*1,272*	*1,223*
Depreciation, amortisation and provisions	*-505*	*-487*
Net 20-day project assets	9,611	11,036
Gross amount	*9,611*	*13,149*
Depreciation, amortisation and provisions	*0*	*-2,113*
Short-term receivables	**1,672**	**2,001**
Amounts due from members	1,645	988
Other receivables (advances made and credit notes received)	27	12
Members - penalties receivable	0	0
Net monetary penalties and court costs receivable	0	1,000
Gross amount	*2,371*	*2,371*
Depreciation, amortisation and provisions	*-2,371*	*-1,371*
Claim-related receivables	**300**	**0**
Net receivables	300	0
Gross amount	*209,578*	*204,532*
Depreciation, amortisation and provisions	*-209,278*	*-204,532*
Transferable securities and cash assets	**2,700,721**	**3,132,393**
Equities	130,717	150,168
Bonds	617,856	737,918
Money market instruments	1,929,056	2,073,437
Cash assets	23,092	170,870
Accruals	**96**	**370**
Pre-paid expenses	96	370
Total assets	**2,713,167**	**3,146,536**

• Overall balance sheet:

Liabilities (€ thousands)	31/12/2013	31/12/2014
Profit/loss and technical provisions	**1,028,524**	**1,051,615**
Profit/loss	0	0
Provision for intervention risk	1,013,208	1,038,412
Provision for compliance	15,316	13,203
Subordinated debt	**1,663,949**	**2,079,811**
Certificates of membership	543,896	542,738
Guarantee deposits	1,120,054	1,537,072
Total equity	2,692,473	3,131,426
Provisions for claims	14,134	9,152
Provisions for risks and charges	**505**	**731**
Provision for risks	62	41
Provisions for charges	443	690
Current liabilities	**3,385**	**1,712**
Trade payables	2,778	908
Tax and social security liabilities	606	804
Advances received on monetary penalties	0	0
Liabilities to members	**2,670**	**3,515**
Members: pending amounts	0	0
Members - adjustments	1,347	0
Members - interest payable	1,323	3,515
Accruals	**0**	**0**
Unearned income	0	0
Total liabilities	2,713,167	3,146,536

• Deposit mechanism balance sheet:

Assets (€ thousands)	31/12/2013	31/12/2014
Non-current assets	**9,611**	**11,036**
Net 20-day project assets	9,611	11,036
Gross amount	*9,611*	*13,149*
Depreciation, amortisation and provisions	*0*	*-2,113*
Short-term receivables	**1,541**	**742**
Amounts due from members	1,528	742
Other receivables (advances made and credit notes received)	13	0
Members - penalties receivable	0	0
Net monetary penalties and court costs receivable	0	0
Gross amount	*300*	*300*
Depreciation, amortisation and provisions	*-300*	*-300*
Claim-related receivables	**0**	**0**
Net amount due from Crédit Martiniquais	0	0
Gross amount	*178,540*	*178,540*
Depreciation, amortisation and provisions	*-178,540*	*-178,540*
Transferable securities and cash assets	**2,529,495**	**2,951,473**
Transferable securities and cash assets	2,529,495	2,951,473
Accruals	**0**	**228**
Pre-paid expenses	0	228
Total assets	**2,540,647**	**2,963,480**

• Deposit mechanism balance sheet:

Liabilities (€ thousands)	31/12/2013	31/12/2014
Profit/loss and technical provisions	**935,163**	**942,940**
Profit/loss	0	0
Provision for intervention risk	919,847	929,737
Provision for compliance	15,316	13,203
Subordinated debt	**1,599,521**	**2,015,213**
Certificates of membership	533,893	532,742
Guarantee deposits	1,065,628	1,482,471
Total equity	2,534,684	2,958,152
Current liabilities	**2,068**	**310**
Trade payables	2,068	310
Tax and social security liabilities	0	0
Liabilities to members	**2,651**	**3,379**
Members: pending amounts	0	0
Members - adjustments	1,347	0
Members - interest payable	1,304	3,379
Breakdown of balance sheet – committed costs	**1,243**	**1,639**
Liabilities related to committed costs	1,243	1,639
Total liabilities	2,540,647	2,963,480

• Investor mechanism balance sheet:

Assets (€ thousands)	31/12/2013	31/12/2014
Short-term receivables	**112**	**1,177**
Net amounts due from members	99	170
Gross amount	*99*	*170*
Depreciation, amortisation and provisions	*0*	*0*
Other receivables (advances made and credit notes received)	13	6
Members - penalties receivable	0	0
Net monetary penalties and court costs receivable	0	1,000
Gross amount	*2,070*	*2,070*
Depreciation, amortisation and provisions	*-2,070*	*-1,070*
Claim-related receivables	**0**	**0**
Net amounts due from EGP	0	0
Gross amount	*21,465*	*22,186*
Depreciation, amortisation and provisions	*-21,465*	*-22,186*
Net amounts due from Dubus SA	0	0
Gross amount	*3,500*	*3,807*
Depreciation, amortisation and provisions	*-3,500*	*-3,807*
Transferable securities and cash assets	**134,483**	**143,153**
Transferable securities and cash assets	134,483	143,153
Breakdown of balance sheet – committed costs	**648**	**589**
Receivables related to committed costs	648	589
Total assets	**135,243**	**144,919**

• Investor mechanism balance sheet:

Liabilities (€ thousands)	31/12/2013	31/12/2014
Profit/loss and technical provisions	**73,369**	**88,295**
Profit/loss	0	0
Provision for intervention risk	73,369	88,295
Subordinated debt	**47,369**	**47,182**
Certificates of membership	10,002	9,996
Guarantee deposits	37,367	37,186
Total equity	120,738	135,477
Provisions for claims	**14,134**	**9,152**
Provision for EGP claim	13,827	9,152
Provision for Dubus SA claim	307	0
Current liabilities	**371**	**190**
Advances received on monetary penalties	0	0
Trade payables	371	190
Tax and social security liabilities	0	0
Claim-related liabilities	**0**	**0**
Liabilities to EGP clients	0	0
Liabilities to members	**0**	**100**
Members: pending amounts	0	0
Members - interest payable	0	100
Total liabilities	135,243	144,919

- Performance bonds mechanism balance sheet:

Assets (€ thousands)	31/12/2013	31/12/2014
Short-term receivables	**18**	**76**
Net amounts due from members	18	76
Gross amount	*18*	*76*
Depreciation, amortisation and provisions	*0*	*0*
Members - penalties receivable	0	0
Monetary penalties and court costs receivable	0	0
Claim-related receivables	**300**	**0**
Net amounts due from Mutua Équipement	300	0
Gross amount	*6,073*	*0*
Depreciation, amortisation and provisions	*-5,774*	*0*
Transferable securities and cash assets	**36,744**	**37,766**
Transferable securities and cash assets	36,744	37,766
Breakdown of balance sheet – committed costs	**8**	**0**
Receivables related to committed costs	8	0
Total assets	**37,070**	**37,842**

• Performance bonds mechanism balance sheet:

Liabilities (€ thousands)	31/12/2013	31/12/2014
Profit/loss and technical provisions	**19,992**	**20,380**
Profit/loss	0	0
Provision for intervention risk	19,992	20,380
Subordinated debt	**17,059**	**17,416**
Certificates of membership	0	0
Guarantee deposits	17,059	17,416
Total equity	**37,051**	**37,796**
Current liabilities	**0**	**5**
Trade payables	0	5
Liabilities to members	**19**	**36**
Liabilities to members (licence revocations)	0	0
Members: pending amounts	0	0
Members - interest payable	19	36
Breakdown of balance sheet – committed costs	**0**	**5**
Liabilities related to committed costs	0	5
Total liabilities	**37,070**	**37,842**

C) Notes

These notes form an integral part of the year-end financial statements.

1) Significant events of the year

1.1) The "20-day project"

In accordance with the order of 29 September 2010 amending Regulation 99-05 of 9 July 1999 and transposing EU Directive 2009/14/EC, customers of a failed bank have a right to be compensated, under certain conditions of eligibility, within 20 working days of the date on which the Autorité de Contrôle Prudentiel et de Résolution declares the unavailability of their deposits. In practice, this obligation requires that:

- the FGDR pay compensation, within 20 working days, for deposits of up to €100,000, pursuant to various eligibility and exclusion criteria, of eligible customers affected by an institution's failure;
- all credit institutions operating in France which are members of the deposit guarantee scheme, regardless of their size, solvency or activities,
  > provide the Fonds de Garantie des Dépôts et de Résolution with all the information about their customers and the deposits of said customers which it needs to fulfil its mission;
  > be able to do so within 5 days of the date on which the ACPR determines the failure of the institution and therefore the unavailability of the deposits.

The project undertaken to fulfil this obligation consists of two components: the first component mainly entails ensuring that FGDR member banks are able to provide the Fonds de Garantie des Dépôts et de Résolution with information about their customers' assets based on a standardised format ("Single Customer View" or SCV); the second entails ensuring that the Fonds de Garantie des Dépôts et de Résolution itself is equipped with an information system capable of receiving and processing these SCV and paying the compensation owed to eligible depositors.

Following a competitive selection procedure launched in mid-2012, Atos Worldline was selected in April 2013 as the service provider for development and operation of the "Core IT Solution" (CIS). The project then entered the specification phase followed by the development phase. The project is divided into four lots. The first lot was implemented in January 2014 and the second lot was implemented in the summer of 2014. In 2014, the capital expenditure relating to this project was €3,538,000 and is capitalised.

In 2013, the total cost of the investment had been set at €15,316,000. This cost was covered by a provision "for regulatory compliance" which was deducted from equity and reversed as amortisation was recorded (€2,113,000 in 2014). This project impacted profit and loss in terms of operating expenses in the amount of €788,000 in 2014. Based on the work completed to date, the budget remains the same.

1.2) Intervention by the Fonds de Garantie des Dépôts et de Résolution in favour of the clients of "Européenne de Gestion Privée"

After a suspension of payments of the "Européenne de Gestion Privée S.A". (EGP) investment firm was declared, the Autorité de Contrôle Prudentiel (ACP), by a decision on 13 December 2010 which became effective on 15 December 2010, asked the Fund (FGD) to intervene under the investor compensation scheme.

At 31 December 2013, a provision for risks totalling €13,827,000 had been recorded.

The EGP claim continued to impact operations in 2014, but to a lesser degree than in previous years. The only costs involved managing litigation before the Administrative Court of Paris (proceeding that ended in 2014 with the rejection of the appeals and no appeal against the Court's decision), the Commercial Court of Bordeaux and the Italian courts.

The Italian liquidator recorded a «super-preferential» claim of €2,618,000 in favour of the FGDR in EGP's liquidation balance sheet for the expenses incurred on its behalf. It also recognised an unsecured claim of €8,616,000 in favour of the FGDR for the compensation paid. These sums are not final given the pending litigation. Moreover, the prospects of collecting from the assets in the liquidation and from the property of the former senior managers are very uncertain. It therefore seemed premature to reflect these claims in the accounts.

The costs related to this claim from the outset total €22,186,000 (including €8,616,000 in compensation and €13,569,000 in administrative expenses). As a reminder, this amount should be compared with the initial compensation risk that had been estimated at €60 million, if the FGDR had not sought to demonstrate the inaccurate depiction of the customers' assets at the time of the failure. The extent of the fraud also explains the scope of the pending litigation. The administrative expense for 2014 was €720,000 and was financed by reversing a provision in the same amount.

At the end of 2014, after a reversal of €3,955,000 justified by the rejection of the appeals made to the Administrative Court of Paris, the provision covering the residual risks was €9,152,000. It covers the administrative expenses of lawsuits in future years, primarily in Italy where the FGDR joined several criminal proceedings against the former senior managers as a civil party. In fact, because of the local history of the case, the former senior managers are not being tried as a group in a single proceeding based on the same charges, but in different proceedings based on a variety of offences that require individual monitoring. However, given the notoriety and high profile of the case in the Roman banking sector, the FGDR's position as an institution that serves the public interest requires it to take legal remedies to the fullest extent possible.

In addition, replenishment of the own funds of the investor compensation mechanism continued. The process entails levying a special contribution each year equal to one-third of the expense recognised the previous year and the prior two years. In 2014, a definitive contribution of €8,627,000 was therefore collected.

1.3) Intervention by the Fonds de Garantie des Dépôts et de Résolution in favour of Dubus SA

In 2013, the Fonds de Garantie des Dépôts et de Résolution intervened on a preventative basis in Dubus SA, an investment firm whose head office is located in Lille. The FGDR's intervention entailed making an advance payment equal to this inadequate ring-fencing of clients' cash assets. An initial payment of €3.5 million was made on 5 December 2013. In early 2014, an additional payment of €307,000 was made; the corresponding commitment was fully covered by a provision at 31 December 2014. The costs incurred in 2014 to manage this intervention totalled €22,000 and were recorded as an expense. The investor compensation mechanism is bearing the entire cost of this intervention. The FGDR does not anticipate any expense in 2015 or any potential collection or reversal related to this case. However, the mechanism used to secure the ring-fenced funds functioned properly and no lawsuits involving the FGDR have been brought to date.

1.4) Balance of the amount due from Mutua Équipement

In early 2014, the liquidator of Mutua Équipement made a distribution to the unsecured creditors from the funds collected. The Fonds de Garantie des Dépôts et de Résolution received €632,000 under this one-time distribution. It was then decided to close the case by recording the claim as an expense (€6,073,000) and reversing the provision (€5,774,000).

1.5) The increase in contributions

The annual contributions levied for 2014 were established by ministerial orders of 3 November 2014 (deposit guarantee and guarantee of performance bonds) and 26 November 2014 (investor compensation), which provided as follows:
- for the deposit guarantee scheme, an annual contribution of €500 million, paid as a lump sum and eligible as a guarantee deposit refundable after five years; this amount is intended to further build up the FGDR's resources in view of the entry into force of the new European directive;
- a special contribution of €10.5 million to the deposit guarantee scheme, payable definitively;
- an ordinary contribution of €7.3 million to the investor compensation scheme, eligible as a guarantee deposit;
- a special contribution of €8.6 million to the investor compensation scheme, which is payable definitively and intended to begin to replenish this mechanism's own funds;
- an ordinary contribution of €3.2 million to the guarantee of performance bonds scheme, also eligible as a guarantee deposit.

The special contributions and the annual contributions were levied separately. The other terms related to levies of special contributions (calculation method, payment deadline, application of the €4,000 minimum) are the same as those for the annual contribution.

2) Accounting rules and methods

2.1) General principles

The Fonds de Garantie des Dépôts et de Résolution (FGDR) is a legal entity governed by private law created by Law 99-532 of 25 June 1999 relating to savings and financial security. It manages three guarantee mechanisms:

- **the deposit guarantee scheme** established by Article L. 312-4 et seq. of the French Monetary and Financial Code, the purpose of which is to compensate customers of credit institutions in the event of the unavailability of their deposits or other repayable funds;
- **the investor compensation scheme** established by Article L. 322-1 et seq. of the French Monetary and Financial Code, the purpose of which is to compensate investors who are clients of an investment services provider (with the exception of portfolio management companies) in the event of the unavailability of their financial instruments and of cash deposits related to an investment service;
- **the guarantee of performance bonds scheme** established by Article L. 313-50 et seq. of the French Monetary and Financial Code, the purpose of which is to honour, in case of a credit institution's failure, guarantee commitments required by a law or regulation made by said institution to natural persons or legal entities governed by private law.

Membership in the FGDR is mandatory and results automatically from the authorisation received by the institution to carry out its respective activity. Enforcement of the guarantee is initiated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) when it determines that an institution is no longer able to return, immediately or in the near future, the deposits or financial instruments entrusted to it or is no longer able to honour the performance bonds issued by it.

The FGDR may also intervene on a preventative basis at the recommendation of the ACPR under each of the three mechanisms.

Moreover, Title IV of Law 2013-672 of 26 July 2013 on the "separation and regulation of banking activities" provides for the establishment of the banking resolution scheme in which the FGDR is heavily involved since it is now also a «resolution fund». Its resources may be used to finance the resolution, provided that all debt ranked lower than unsecured or senior debt (i.e. equity securities, additional Tier 1 and Tier 2 capital and subordinated debt) was previously cancelled. The regulations implementing this law will specify the resources that will be allocated to the FGDR to finance its interventions and the terms under which they are carried out.

In the meantime, the FGDR's resources are used for the compensation and preventative interventions already specified by the French Monetary and Financial Code and are specific to each mechanism. They consist of:

- non-negotiable certificates of membership issued to the member institution in its own name at the time of membership (except for the guarantee of performance bonds scheme), which may accrue interest and are refundable if the authorisation is revoked;
- non-refundable contributions, the annual amount of which is established by a ministerial order, divided among the members by the ACPR in proportion to the risks borne by each member;
- guarantee deposits paid by members in place of the contributions under certain conditions. In fact, since 2003 a member may, by decision of the public authorities, be exempt from paying the contributions levied each year for the various mechanisms, provided that it agrees to make such payment upon request and provides a guarantee deposit in the same amount to the FGDR. Guarantee deposits are returned after five years if they have not been used to finance an intervention; they are then partially or fully converted into contributions. This arrangement is not applicable to new members so long as they have not paid their share of own funds to the FGDR, in proportion to their share of risk, through definitive contributions. These guarantee deposits may accrue interest except in case of a claim or an insufficient return on the portfolios which could compromise the equilibrium of a mechanism.

In case of insufficient resources, the FGDR may borrow from its members.

The accounting rules are those contained in the chart of accounts applicable to trading companies. The financial statements were prepared in accordance with Regulation 2014-03 of 5 June 2014 of the Autorité des Normes comptables (ANC - French accounting standards authority) relating to the Chart of Accounts, subject to adaptations justified by the FGDR's specific characteristics which are approved by the supervisory board at the recommendation of the board.

Sources and uses, on the one hand, and income and expenses, on the other hand, are broken down by guarantee mechanism and by nature.

Each intervention by the FGDR is managed and accounted for separately.

The administration has adopted a specific tax scheme with the following characteristics:

- contributions are exempt from VAT (letter of 18 April 2000 from the French tax administration (Direction de la législation fiscale);
- excess income may result in the creation of a provision for intervention risk, which is fully deductible from the taxable corporate income tax, not distributable to members and may be reversed in the event of a shortfall (letter of 30 October 2000 from the French tax administration);
- business tax, replaced by the regional economic contribution (contribution économique territoriale) since 2010, is due according to the ordinary rules of law adapted to the FGDR's activity (letter of 3 April 2002 from the French tax administration);

The financial statements were prepared in accordance with Regulation 2014-03 of 5 June 2014 of the Autorité des Normes Comptables (French accounting standards authority) relating to the Chart of Accounts.

General accounting conventions were applied in accordance with the Chart of Accounts based on the principle of conservatism and the following basic assumptions:

- going concern principle;
- consistency principle;
- time period principle.

The adaptations resulting from the FGDR's specific characteristics are described below.

2.2) Presentation of the financial statements

2.2.1) Profit and loss statement

To best present the fund investment activity, intervention operations and remuneration of certificates of membership and guarantee deposits provided by members, the following exceptional interim balances and groupings have been used:

a) Income for the year includes the definitive contributions and the monetary penalties imposed by the Autorité des Marchés Financiers (French Financial Markets Authority-AMF) on members of the investor compensation scheme as well as penalties paid by members (other income).

b) Cost of claims: the following income and expenses specific to each intervention are recorded in separate accounts and assigned directly to the intervention:

- the cost of compensation paid to the beneficiaries of the guarantees;
- the cost of preventative interventions;
- claim-related administrative expenses;
- provisions set up to manage risks or expenses related to a specific claim before their final account assignment;
- deductions from resources intended for the final financing of a claim.

c) Financial income: this includes income and expenses resulting from asset management, financial provisions and provisions for interest to be paid on certificates of membership and guarantee deposits.

In 2014, the total expenses related to interventions were less than the amounts of the contributions collected, on the one hand, and the income derived from the assigned resources, on the other hand. Interest will therefore be paid on certificates of membership and guarantee deposits assigned to the investor compensation scheme.

Interest of 0.21% was calculated and a provision was set up in order for it to be paid on certificates of membership and guarantee deposits assigned to the deposit guarantee scheme, the investor compensation scheme and the guarantee of performance bonds scheme.

d) Overhead costs: these include personnel expenses, external charges that are not directly assignable to a claim, depreciation and amortisation, and taxes.

e) Technical provision for intervention risk: excess income is automatically and fully assigned to the technical provision for intervention risk. A reversal is possible in case of a shortfall.

f) Provision for regulatory compliance: Given the regulatory nature of the requirement that resulted in the "20-day project", in order to cover its future investment and support costs, and given that the decision to begin this project was taken irrevocably in 2012, the decision was made to create a «provision for regulatory compliance» which represents the investment costs needed for the specification and development of the «Core IT» system. The amount of this provision was €15.3 million at 31 December 2013 and was not revalued in 2014. The provision is funded by a deduction from the technical provision for intervention risk. It is reversed as amortisation is recorded for the line items for which it was created and totalled €13.2 million at the end of 2014. Given its purpose, it is assigned directly and fully to the deposit mechanism.

2.2.2) Balance sheet.

a) Own funds include:
- under equity, the technical provision for intervention risk,
- under subordinated debt:
  > the certificates of membership issued to members,
  > the guarantee deposits provided by members.

b) Provisions for risks:
When the FGDR intervenes in the event of a claim, the final cost of its intervention is estimated on the basis of available information and a provision for risk is set up. The amount of this provision is revised based on subsequent developments and the knowledge acquired. It is used as expenses are recorded and compensation is paid. The provision is calculated based on the amounts that may be collected by the FGDR as a result of subrogation to the rights of the compensated individuals.

The commitments undertaken with respect to severance pay are measured based on the acquired rights of all active employees and salaries at 31 December of each year. No discount or employee turnover factors are applied.

2.3) Measurement rules

The method used to measure the items in the financial statements is the historical cost method.

2.3.1) Tangible and intangible assets

Assets are valued at their acquisition cost (purchase price and incidental costs, excluding asset acquisition costs).

Depreciation of office and computer equipment is calculated using the diminishing balance method. Depreciation of other assets is calculated using the straight-line method based on the probable useful life:

Software	1 year
Member database	5 years
General facilities	8 to 10 years
Office and computer equipment	3 years
Furniture	5 to 10 years
Website	5 years
20-day project	5 years

The rules resulting from the application of ANC Regulation 2014-03 have no impact on the financial statements for the year ended 31 December 2014 and do not affect their comparability with prior-year financial statements.

Since 1 January 2005, an impairment test has been performed when there is an indication of a possible significant loss in value of a tangible or intangible asset. The assets held are not suited to a breakdown by component given their lack of complexity, nor to impairment tests given their nature.

2.3.2) Equity interests, other long-term investments, transferable securities

The gross value includes the acquisition cost excluding incidental costs. When the inventory value is less than the gross value, a provision for impairment is set up to cover the difference.

The FGDR's resources are managed globally in dedicated mutual funds. Their management is delegated to specialised operators selected via tender procedures that are re-opened at regular intervals. The management objectives are, first and foremost, the security of the principal amount and fund liquidity, followed by performance. The mutual funds are divided into three categories, each of which complies with specific and uniform management rules:
- funds invested in equities (Halévy A1 to A3);
- bond management funds (Halévy O1 to O4);
- funds invested in money market products (Halévy M2 to M14).

The inventory value is the net asset value at 31 December. The results of the money market funds alone are generally determined at least once a year at the end of the year. Provisions are set up for any unrealised capital losses on "equity" and «bond» funds. Financial income (€4,083,000 in 2014) results from purchases and sales of units of mutual funds.

At 31 December 2014, unrealised capital gains and losses were as follows (€ thousands):

Name	Number of units	Total cost price (€ thousands)	Total net asset value (€ thousands)	Unrealised capital gain or loss (€ thousands)
Total equity funds		**150,168**	**195,696**	**45,528**
HALEVY A1	53,194	60,180	79,775	19,594
HALEVY A2	41,531	44,856	58,708	13,852
HALEVY A3	41,672	45,132	57,214	12,082
Total bond funds		**737,918**	**782,014**	**44,096**
HALEVY O1	102,839	119,324	130,971	11,648
HALEVY O2	194,780	229,596	246,276	16,680
HALEVY O3	175,429	206,966	216,537	9,571
HALEVY O4	149,583	182,032	188,229	6,198
Total money market funds		**2,073,437**	**2,073,573**	**136**
HALEVY M2	158,551	207,315	207,317	2
HALEVY M3	395,053	502,077	502,081	4
HALEVY M9	210,399	245,855	245,858	2
HALEVY M10	433,164	498,593	498,637	43
HALEVY M13	253,581	296,416	296,456	41
HALEVY M14	316,372	323,180	323,225	44
Total mutual funds		**2,961,522**	**3,051,282**	**89,760**

2.3.3) Receivables

Receivables are measured at their face value. A provision for impairment is recorded when the inventory value is less than the face value due to a risk of total or partial non-recovery.

The amount due from Crédit Martiniquais (deposit guarantee scheme) constitutes the balance of disbursements and receipts since the beginning of the preventative intervention carried out by the FGDR in 1999. It is fully covered by a provision, without prejudice to the outcome of the legal proceedings initiated by the FGDR against the de jure and de facto senior managers of the former bank to obtain repayment of the balance.

With regard to Mutua Équipement (guarantee of performance bonds scheme), on 21 May 2014 the Fonds de Garantie des Dépôts et de Résolution was notified by the trustee of the payment of €632,000 for the claim held against this company. The claim after repayment of this amount was settled through the recognition of an extraordinary expense (€5,442,000). The full amount of the provision set up as the claim increased was reversed (€5,774,000). The overall impact on 2014 profit/loss was €332,000.

The FGDR has a total claim of €22,186,000 against EGP (investor compensation scheme). This represents the costs incurred to handle the case and the compensation paid. A portion of this amount also corresponds to expenses incurred on behalf of or in favour of the liquidators. The FGDR notified each of EGP's liquidators of this claim. This total claim breaks down as follows:

- preferential claims:
  - on the Italian liquidation (eligible "prededuzione" expenses): €2,618,000;
  - on the French liquidation (bank liquidator's expenses): €317,000;
- unsecured claim resulting from subrogation to the rights of the customers for the compensation paid: €8,616,000;
- other expenses: €10,634,000.

There is reason to fully provision the FGDR's total claim given that the lists of claims filed by both liquidators are being disputed before various courts and are therefore not final, and that the likelihood of collecting from the company's assets is very low.

The FGDR has a claim of €3,807,000 against Dubus SA, which consists of the advance paid at the end of 2013 in the amount of €3,500,000 and the additional €307,000 paid in January 2014 to the ring-fenced account to cover the shortfall in the clients' cash assets. This claim is fully covered by a provision given the unlikelihood of collecting from the company's assets.

3) Additional information

3.1) Non-current assets

(€ thousands)	31/12/2013	Acquisitions	Disposals	31/12/2014
Tangible, intagible and financial assets	**1,272**	**556**	**605**	**1,223**
Intangible assets	**478**	**19**	**10**	**487**
Software	*48*	*0*	*10*	*39*
Software (PHD)	*262*	*0*	*0*	*262*
Website	*168*	*19*	*0*	*187*
Tangible assets	**679**	**537**	**594**	**622**
General facilities and fixtures	*32*	*329*	*32*	*329*
Office and computer equipment	*64*	*12*	*1*	*75*
Furniture	*105*	*195*	*82*	*217*
Facilities, fixtures and furniture - Construction work in progress	*479*	*0*	*479*	*0*
Financial assets	**115**	**0**	**1**	**114**
Miscellaneous	*7*	*0*	*1*	*6*
Guarantee deposits paid	*108*	*0*	*0*	*109*
20-day compensation project	**9,611**	**13,872**	**10,334**	**13,149**
20-day project - Operating assets	*0*	*11,853*	*0*	*11,853*
20-day project - Construction work in progress	*9,611*	*2,019*	*10,334*	*1,296*
Total non-current assets	**10,883**	**14,428**	**10,938**	**14,373**

Intangible assets in progress at 31 December 2014 include the cost of investments in the CIS, which will be amortised from 1 January 2015.

3.2) Depreciation and amortisation

(€ thousands)	31/12/2013	Additions	Reversals	31/12/2014
Tangible, intagible and financial assets	**505**	**107**	**125**	**487**
Intangible assets	**318**	**38**	**10**	**346**
Software	*48*	*1*	*10*	*39*
Software (PHD)	*262*	*0*	*0*	*262*
Website	*9*	*37*	*0*	*46*
Tangible assets	**187**	**69**	**115**	**141**
General facilities and fixtures	*32*	*37*	*32*	*37*
Office and computer equipment	*52*	*10*	*1*	*61*
Furniture	*103*	*22*	*82*	*43*
20-day compensation project	**0**	**2,113**	**0**	**2,113**
20-day project - Operating assets	*0*	*2,113*	*0*	*2 113*
20-day project - Construction work in progress	*0*	*0*	*0*	*0*
Total depreciation and amortisation	**505**	**2,220**	**125**	**2,600**

3.3) Receivables and debt

3.3.1) Receivables

Gross amount (€ thousands)	31/12/2013	31/12/2014
Receivables due in less than one year	4,043	3,371
Receivables due in one year or more	209,578	204,532
Total receivables	**213,621**	**207,903**

Receivables due in one year or more decreased by €5,046,000 as a result of the Mutua Équipement payment and the recording of the balance as a loss for a total of €6,073,000.

In contrast:
- the claim against EGP related to the costs incurred by the Fonds de Garantie des Dépôts et de Résolution increased by €720,000 in 2014;
- the claim against Dubus SA for the ring-fence payment increased by €307,000.

Receivables due in less than one year consist of annual contributions in the process of collection (€988,000), monetary penalties receivable (€2,070,000), court costs receivable (€300,000) and advances to suppliers and credit notes receivable (€12,000) (cf. section 3.4. below).

The €178.5 million claim against Financière du Forum (formerly Crédit Martiniquais) did not change. The costs related to pending litigation are recorded directly as an expense on the deposit guarantee scheme.

3.3.2) Debt

(€ thousands)	31/12/2013	31/12/2014
Debt due in less than 1 year	96,658	95,699
Debt due in 1 to 5 years	1,029,450	1,446,601
Debt due in more than 5 years	543,896	542,738
Total debt	**1,670,004**	**2,085,038**

Debt due in less than one year mainly includes the guarantee deposits provided in 2010 that will be refunded at the end of 2015. Debt due in 1 to 5 years includes the guarantee deposits paid between 2011 and 2014.

Since 2003, a member may, by decision of the public authorities, be exempt from paying the contributions levied each year for the various schemes, provided that it agrees to make such payment upon request and pays a guarantee deposit in the same amount to the FGDR. Guarantee deposits are returned after five years if they have not been used to finance an intervention. This arrangement is not applicable to new members so long as they have not paid their share of own funds to the FGDR, in proportion to their share of risk, through definitive contributions.

Debt due in more than 5 years includes the certificates of membership issued to members of the deposit guarantee and investor compensation schemes.

The annual breakdown of guarantee deposits is as follows:

(€ thousands)	Deposit Guarantee Scheme	Investor Compensation Scheme	Guarantee of Performance Bonds Scheme	Total
Year 2010	79,589	7,405	3,477	90,472
Year 2011	105,889	7,904	3,483	117,276
Year 2012	299,384	7,346	3,435	310,165
Year 2013	497,863	7,255	3,459	508,577
Year 2014	499,745	7,276	3,561	510,583
Total	**1,482,471**	**37,186**	**17,416**	**1,537,072**

3.4) Revenue accruals

Gross amount (€ thousands)	31/12/13	31/12/14
Members: penalties receivable	0	0
Monetary penalties (AMF)	2,070	2,070
Interest receivable from banks	NS	NS
Repayment of court costs receivable	301	301
Total	**2,371**	**2,372**

All monetary penalties are automatically recorded as soon as the decision is made by the AMF (Autorité des Marchés Financiers), subject to the expiration of the appeal period. They are fully covered by a provision unless:
• the decision is not appealed before the Council of State or the appeal is rejected; and
• the debtor's solvency is certain (assessed differently depending on whether the debtor is an individual or a legal entity and, in the latter case, based on its situation).
The provision is reversed as payments are received.

Monetary penalties:

	(€ thousands)
Amount at 31/12/2013	**2,070**
Penalties imposed in 2014	80
Payments received in 2014	80
Amount at 31/12/2014	**2,070**

Provisions for monetary penalties:

	(€ thousands)
Provision at 31/12/2013	**2,070**
Additions	50
Reversals	1,050
Provision at 31/12/2014	**1,070**

After applying this method and given the movements during the year, the impact of monetary penalties on profit/loss in 2014 was €1,080,000. The amount of penalties receivable at 31 December 2014 was €2,070,000, €1,070,000 of which was covered by a provision.

Following the rejection of two appeals by the Council of State, the process of collecting two monetary penalties, each in the amount of €500,000, began. Since the debtors' solvency is certain, the provisions related to these penalties became irrelevant and were therefore reversed in full.

Court costs receivable represent the sums paid to the attorneys of the opposing parties in the Crédit Martiniquais case following the adverse decision handed down by the Paris Court of Appeals in 2008. Since this decision was overturned by the Court of Cassation in 2010, these costs must be returned. However, given that the lawsuit has not yet been adjudicated on the merits and that recovery of the costs from the opposing parties has been hindered and made more uncertain by its extension, this amount has been fully covered by a provision since 2012.

3.5) Accrued expenses

(€ thousands)	31/12/13	31/12/14
Trade and similar payables	1,567	806
Tax and social security liabilities	381	428
Liabilities to members (interest payable)	1,323	3,515
Total	**3,271**	**4,749**

3.6) Pre-paid expenses

At 31 December 2014, pre-paid expenses were as follows:

	(€ thousands)
Rent and rental expenses	101
20-day project (operating expenses)	228
Insurance	14
Upkeep and maintenance	19
Supply agreement	5
Dues	2
Trips and travel expenses	1
Total	**370**

3.7) Provisions for risks and charges

(€ thousands)	31/12/2013	Augmentations	Diminutions	31/12/2014
Retirement payments	443	247	0	690
Provision for claims	14,134	0	4,982	9,152
Miscellaneous provisions	62	0	21	42
Total	**14,639**	**247**	**5,003**	**9,884**

The provision for claims is related to the EGP claim. The €4,982,000 decrease is a result of the deduction to finance the EGP claim-related administrative expenses incurred in 2014 (€720,000) and the reversal of the provision related to the assessment of residual risk (€3,955,000). The €307,000 difference corresponds to the reversal of the provision for the ring-fence advance made to Dubus SA in January 2014.

3.8) Average workforce

	2013	2014
Management staff	6	10
Non-management staff	1	1
Total	**7**	**11**

3.9) Retirement payments

At the end of 2014, a provision for retirement payments in the amount of €690,000 was set up. It covers all FGDR employees.

3.10) Composition of the own funds of the Fonds de Garantie des Dépôts et de Résolution

The own funds are divided into two categories which changed as follows in 2014:

> **Under equity,** the technical provisions:

(€ thousands)	31/12/2013	Additions	Reversals	31/12/2014
Technical provision for intervention risk	1,013,208	25,204	0	1,038,412
Technical provision for regulatory compliance	15,316	0	2,113	13,203
Total	**1,028,524**	**25,204**	**2,113**	**1,051,615**

> **Under subordinated debt,** certificates of membership and guarantee deposits of members:

(€ thousands)	31/12/2013	Calls	Repayments	31/12/2014
Guarantee deposits	1,120,055	510,583	93,565	1,537,072
Certificates of membership	543,896	94	1,252	542,738
Total	**1,663,951**	**510,676**	**94,817**	**2,079,811**

4) Off-balance sheet commitments

None.

5) Other information

5.1) Breakdown by guarantee mechanism

All of the FGDR's expenses, income and balance sheet items are distributed among the guarantee mechanisms as follows:

- contributions are levied by mechanism and assigned accordingly;
- monetary penalties (other income) are assigned to the "Investor" mechanism;
- the cost of each claim, including directly assignable administrative expenses, is assigned, per claim, to the respective mechanism.

All other income and expenses, including financial income, provisions for impairment, overhead costs and other balance sheet items, are assigned to the various mechanisms in proportion to their respective net resources at year-end.

Therefore, at 31 December 2014, the assignment was based on the following proportions:

- 94.49% for the deposit guarantee mechanism;
- 4.30% for the investor compensation mechanism;
- 1.21% for the guarantee of performance bonds mechanism.

5.2) Late payment penalties

Default interest charged to members for late payment of contributions totalled €420. Pursuant to the FGDR's internal regulations, this interest is equal to 1.5 times the EONIA rate plus a fixed sum of €50.

However, when the amount of penalties owed by a member, less any interest accruing to it, is less than €10, it is not collected.

Similarly, when the amount of interest accruing to a member, less any late payment penalties, is less than €10, it is not paid.

> 5.3.
Statutory auditors' reports

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex

MAZARS
61, Rue Henri Régnault
92075 Paris La Défense Cedex

Rapport des commissaires aux comptes sur les comptes annuels

Exercice clos le 31 décembre 2014

FONDS DE GARANTIE DES DEPOTS ET DE RESOLUTION
65, Rue de la Victoire
75009 PARIS

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par votre organe Conseil de Surveillance, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2014, sur :

- le contrôle des comptes annuels de la société Fonds de Garantie des Dépôts et de Résolution, tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- les vérifications et informations spécifiques prévues par la loi.

Les comptes annuels ont été arrêtés par le Directoire. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

I - Opinion sur les comptes annuels

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes annuels. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes annuels sont, au regard des principes comptables et des règles de présentation arrêtés par le Conseil de Surveillance, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine du Fonds de Garantie des Dépôts et de Résolution à la fin de cet exercice.

II - Justification de nos appréciations

En application des dispositions de l'article L. 823-9 du code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

- Règles et principes comptables

Le paragraphe 2 de l'annexe expose les règles comptables et de présentation des comptes qui sont spécifiques au Fonds de Garantie des Dépôts et de Résolution. Ces règles ont été approuvées par le Conseil de Surveillance en application de l'article 2.4 du Règlement Intérieur approuvé par la décision n° 2000-01 du Comité de Réglementation Bancaire et Financière et homologué par arrêté du Ministère chargé de l'Economie en date du 6 septembre 2000.

Le paragraphe 2-2-1 f) décrit le traitement comptable retenu pour la constitution de la provision au titre du chantier « indemnisation en 20 jours » au 31 décembre 2014.

Dans le cadre de notre appréciation des principes comptables, nous avons examiné la régularité des règles comptables et de présentation suivies par le Fonds de Garantie des Dépôts et de Résolution avec celles arrêtées par le Conseil de Surveillance et décrites dans l'annexe aux comptes.

- Estimations comptables

Le provisionnement des risques relatifs aux sinistres et pour mise en conformité réglementaire constitue un domaine d'estimation comptable significative. Le Fonds de Garantie des Dépôts et de Résolution constitue des provisions pour couvrir ces risques fondées sur des estimations de coût. Les paragraphes 1-2, 1-3, 2-2-1 b), 2-2-1 f), 2-2-2 b), 2-3-3, 3-3-1 et 3-7 précisent les incertitudes inhérentes aux estimations et hypothèses retenues pour la détermination de ces provisions.

Dans le cadre de notre appréciation de ces estimations, nous avons examiné les éléments d'information disponibles sur la base desquels ces estimations se sont fondées et avons procédé à l'appréciation de leur caractère raisonnable.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes annuels, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

III - Vérifications et informations spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par la loi.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du Directoire.

Fait à Neuilly-sur-Seine et à Courbevoie, le 11 mai 2015

Les commissaires aux comptes

PricewaterhouseCoopers Audit

Jacques Levi

MAZARS

Guillaume Potel

Unofficial translation of the auditors' report on the French year-end financial statements drawn up by Pricewaterhouse-Coopers audit and Mazars

Year ended 31 December 2014

PricewaterhouseCoopers Audit	Mazars
63, rue de Villiers	61, rue Henri Régnault
92208 Neuilly-sur-Seine Cedex	92075 PARIS La Défense Cedex

Ladies and Gentlemen,

As execution of the mission entrusted to us by your Supervisory Board, we present you with our report on the financial period ended 31 December 2014, on:

- verifications of the annual financial statements of Fonds de Garantie des Dépôts et de Résolution, as attached to this report;
- justification for our assessments;
- the specific verifications and information required by law.

The annual financial statements were approved by the Executive Board. Our role is to express an opinion on these annual accounts, based on our audit.

I - Opinion on the annual financial statements

Our audit has been executed in accordance with the accepted professional standards in France; these standards require applying the highest level of diligence in order to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or through other selection methods, evidence supporting the amounts and disclosures included in the annual financial statements. It also consists in appreciating the accounting principles used and the significant estimates retained for the closing of the accounts and appreciating their overall presentation. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

We certify that the annual financial statements provide, in light of the accounting principles and of the presentation of the accounts set by the Supervisory Board, a true and fair view of the operations of the past financial year as well as the financial situation and assets of Fonds de Garantie des Dépôts et de Résolution at the end of this period.

II - Justification for our assessments

In application of the provisions of Article 1.823-9 of the commercial code relating to the justification of our assessments, we hereby bring to your attention the following information:

Accounting rules and methods

Paragraph 2 of the notes discloses the accounting principles and of the presentation of the accounts which are specific to the Fonds de Garantie des Dépôts et de Résolution. These rules were approved by the Supervisory Board in application of Article 2-4 of the Internal Regulations approved by decision 2000-01 of the Comité de Réglementation Bancaire et Financière and approved by order of the Ministry of the Economy on 6 September 2000.

Paragraph 2-2-1 f) describes the accounting treatment retained for constituting the provision in terms of the "compensation in 20 days" project as at 31 December 2014.

Within the scope of our assessment of the accounting principles, we have examined the regularity of the accounting rules and for the presentation followed by the Fonds de Garantie des Dépôts et de Résolution with those approved by the Supervisory Board and described in the notes to the financial statements.

Accounting estimates

The provision for risks concerning claims and for regulatory compliance constitutes a field of significant accounting estimation. The Fonds de Garantie des Dépôts et de Résolution provisions for covering these risks based on cost estimates. Paragraphs 1-2, 1-3, 2-2-1 b), 2-2-1 f), 2-2-2 b), 2-3-3, 3-3-1 and 3-7 specify the uncertainties inherent to the estimates and hypotheses retained for determining these provisions.

In our appreciation of these estimates, we examined the items available that led to the determination of these estimates and have assessed their reasonable nature.

The appreciations thus given are based on our audit of the annual accounts, taken as a whole, and thus contributed to shaping the opinion expressed in the first part of this report.

III- Specific verifications and information

We also carried out, in accordance with the rules and principles of accounting generally accepted in France, the special verifications prescribed by law.

We have no comment to make as to the fair presentation and consistency with the annual accounts of the information given in the management report of the Executive Board.

Done in Neuilly-sur-Seine and in Courbevoie, 11 May 2015

The Auditors

PricewaterhouseCoopers Audit	Mazars
Jacques Lévi	Guillaume Potel

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex

MAZARS
61, Rue Henri Régnault
92075 Paris La Défense Cedex

Rapport spécial des commissaires aux comptes sur les conventions réglementées

Exercice clos le 31 décembre 2014

FONDS DE GARANTIE DES DEPOTS ET DE RESOLUTION
65, Rue de la Victoire
75009 PARIS

Mesdames, Messieurs,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions réglementées.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques et les modalités essentielles des conventions dont nous avons été avisés ou que nous aurions découvertes à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions. Il vous appartient, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions en vue de leur approbation.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission. Ces diligences ont consisté à vérifier la concordance des informations qui nous ont été données avec les documents de base dont elles sont issues.

CONVENTIONS SOUMISES A L'APPROBATION DU CONSEIL DE SURVEILLANCE AU COURS DE L'EXERCICE

Conventions autorisées au cours de l'exercice écoulé

Nous vous informons qu'il ne nous a été donné avis d'aucune convention autorisée au cours de l'exercice écoulé à soumettre à l'approbation du Conseil de Sureveillance.

CONVENTIONS DEJA APPROUVEES PAR LE CONSEIL DE SURVEILLANCE

Conventions approuvées au cours d'exercices antérieurs sans exécution au cours de l'exercice écoulé

Nous avons été informés de la poursuite de la convention suivante, déjà approuvée par le Conseil de Surveillance au cours d'exercices antérieurs, qui n'a pas donné lieu à exécution au cours de l'exercice écoulé.

FONDS DE GARANTIE DES DEPOTS ET DE RESOLUTION
Rapport spécial des commissaires aux comptes sur les conventions réglementées
Exercice clos le 31 décembre 2014 - Page 2

Le Conseil de Surveillance du 8 décembre 2010 a approuvé le projet de convention entre le Fonds de Garantie des Dépôts et de Résolution et le CIC. Par cette convention, le CIC s'engage à prendre partiellement à sa charge les indemnités de licenciement de Monsieur François de Lacoste Lareymondie dans l'hypothèse où le Fonds de Garantie des Dépôts et de Résolution serait amené à le licencier. Cette convention a été conclue le 3 janvier 2011.

Fait à Neuilly-sur-Seine et à Courbevoie, le 11 mai 2015

Les commissaires aux comptes

PricewaterhouseCoopers Audit

Jacques Levi

MAZARS

Guillaume Potel

Unofficial translation of the French statuary auditors' special report on regulated agreements

Year ended 31 December 2014

PricewaterhouseCoopers Audit	Mazars
63, rue de Villiers	61, rue Henri Régnault
92208 Neuilly-sur-Seine Cedex	92075 PARIS La Défense Cedex

In our capacity as the statutory auditors of your company, we present you with our report on regulated agreements.

We are required to inform you, on the basis of the information provided to us, of the characteristics and the essential procedures of the ones of which we were informed or of those that we may have discovered during our mission, without having to express an opinion on their usefulness or appropriateness or to look for the possible existence of other agreements. It is your duty to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We performed all of the procedures that we considered necessary in accordance with the professional standards issued by the Compagnie nationale des commissaires aux comptes relating to this mission. The verifications consisted of checking that the information given to us was consistent with the basic documents from which it derives.

Agreements submitted for the approval of the Supervisory Board during the exercise

Agreements authorised over the last financial year

We would like to inform you that no notice was given of any agreements authorised during the last financial year to be submitted to the Supervisory Board for approval.

Agreements previously approved by the Supervisory Board

Agreements approved during prior periods without execution during the last financial year

We were informed that the following agreement, already approved by the Supervisory Board in prior periods, remained in force, and did not give rise to execution during the last financial year.

The Supervisory Board on 8 December 2010 approved the draft agreement between the Fonds de Garantie des Dépôts et de Résolution and the CIC. Through this convention, the CIC agrees to partially cover the termination indemnities of François de Lacoste Lareymondie in the hypothesis wherein the Fonds de Garantie des Dépôts et de Résolution would terminate him employment. This agreement was signed on 3 January 2011.

Done in Neuilly-sur-Seine and in Courbevoie, 11 May 2015

The Auditors

PricewaterhouseCoopers Audit	Mazars
Jacques Lévi	Guillaume Potel

FONDS DE GARANTIE DES DÉPÔTS ET DE RÉSOLUTION
65, rue de la Victoire – 75 009 PARIS – France / T + 33 (01) 58 18 38 05 / F +33 (0)1 58 18 38 00

contact@garantiedesdepots.fr / www.garantiedesdepots.fr