



Annual Report 2013



FONDS DE GARANTIE
DES DÉPÔTS ET
DE RÉOLUTION

*French deposit insurance
and resolution fund*

ANNUAL REPORT

Financial Year 2013

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FOREWORD

2013 was a pivotal year for the Fonds de Garantie des Dépôts et de Résolution.

The reader may have noted that the name of our organisation now includes the word “Resolution”. Indeed, the law of 25 July 2013 on the “separation and regulation of banking activities” created a “resolution” scheme for troubled banks which involves our institution in two ways: firstly, its mandates now include financing resolution, hence its new name; secondly, the Chairman of the Board is one of the six members of the new “Resolution College”, which handles the resolution of systemic situations.

The end of the year and the ensuing weeks saw the completion of various key negotiations undertaken at the European level: firstly, on the revision of the directive governing the deposit guarantee scheme; then on the directive relating to banking resolution; and finally, within the framework of the Banking Union, on the creation of a single resolution scheme and a single resolution fund as a result of the single supervision already established for the entire euro zone banking sector. We joined these negotiations as experts and active professionals and will be heavily involved in implementation.

In parallel to this, the “20-day project”, created to ensure that banks and the FGDR are fully capable of paying compensation to depositors within this period, in accordance with prevailing regulations, entered its operational phase. This project entailed expanding our resources and teams, which prompted us to move into new larger, more suitable offices. Our website was redesigned, at both the functional and editorial levels, to ensure that the information provided to the public is accessible, clear and complete. Changing our graphics style and charter was the logical next step; hence, the new logo and, obviously, an annual report that reflects these changes and describes them in detail, as you will see for yourself.

We are in the early stages of a transformation that will continue over the coming years.

We will be focused on the “20-day project” throughout 2014. We will also need to translate the legal and regulatory framework resulting from the new European and national texts into operational terms.

We will continue to do so by working closely with French government agencies and the Autorité de Contrôle Prudentiel et de Résolution (the French prudential supervision and resolution authority - ACPR), with our member banks and investment firms, mainly through their professional associations, and with our European and international counterparts which face similar challenges and with which we maintain a very active relationship.

We are very pleased with these intense and fruitful collaborations, which have proven to be valuable over the past months, and are hopeful they will continue in the same spirit. This will ensure the FGDR’s ability to better serve the public interest, which is the mission entrusted to it by lawmakers and the reason for our existence.

Thierry DISSAUX
Chairman of the Board

François de LACOSTE LAREYMONDIE
Vice-Chairman of the Board

1. LEGISLATIVE AND REGULATORY FRAMEWORK

> 1.1.

Major changes in the legal framework

A) Creation of a national “resolution” scheme

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 Fonds de Garantie des Dépôts is heavily involved. This same law also changed the fund’s name by adding the word “resolution”, making it the Fonds de Garantie des Dépôts et de Résolution (FGDR).

Since its creation, the FGDR has had the power to intervene in a troubled institution on a preventative basis (Article L.312-5 paragraph II of the French Monetary and Financial Code (Code monétaire et financier)), in parallel to the sanctioning and coercion powers of the ACPR (then the “ACP”). It was in this capacity that action was taken in favour of Crédit Martiniquais.

In the wake of international discussions held in recent years on the prevention and handling of bank crises, France adopted a new resolution regime with the aforementioned law. Articles L.613-31-12 to 19 and L.312-5 paragraph III (regarding the FGDR) of the French Monetary and Financial Code create extensive resolution powers, such as the cancellation of shares or the compulsory reduction of the institution’s debt. The aim of this scheme is to resolve the most serious crises - those of a systemic nature - that would affect very large institutions. In this type of situation, the resources of any fund - no matter what it is - would most likely be insufficient for it to compensate depositors directly, which is why the French government often had to provide the necessary bailout in the past.

Resolution powers are entrusted to a “Resolution College” created alongside the current “Supervision College” of the ACPR and chaired by the Governor of the Banque de France. The Chairman of FGDR’s Board is one of its members. The FGDR’s 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. In other words, the investors who assumed the most risk on the failed institution are called upon to assume the losses before external resources - those of the FGDR - can be requested.

The resolution plan is preceded by two other phases in which the FGDR is not directly involved:

- a so-called “prevention” phase, outside of any crisis, in which “preventative recovery plans” are defined by the institutions and “preventative resolution plans” are defined by the ACPR. The purpose of these plans is to outline what the terms of a recovery process should be;
- a preventative plan implementation phase (where applicable, as ordered by the ACPR’s Collège de Supervision) aimed at helping the troubled institutions recover.

The resolution plans are implemented by the ACPR’s Resolution College in cases where the crisis situation could not be contained earlier and requires more severe measures.

In addition, the new law contains several clarifications regarding the operation of the deposit guarantee scheme, which mainly concern FGDR’s access to all the information it needs to organise, prepare and carry out its mission, including information covered by bank secrecy.

B) Change in the status of financial companies and their removal from the scope of the deposit guarantee scheme

The status of financial companies was changed by Order 2013-544 of 27 June 2013 relating to credit institutions and financing companies, effective 1 January 2014.

Credit institutions authorised as financial companies must opt either for a status of “specialised credit institution”, which is similar to banking status, or that of a “financing company”. If no option is expressly indicated, as of 1 January 2014 finance companies are automatically deemed to be authorised as specialised credit institutions. They may, however, opt for a status of financing company until 1 October 2014. Those that become “financing companies” will therefore no longer have any activity other than credit extension; in particular, they will no longer be able to collect from their customers “repayable funds from the public”. Consequently, financing companies will no longer be members of the deposit guarantee scheme.

This change does not pose any particular problem for FGDR since the companies in question - a few dozen in number - were not large contributors and did not bear the main risks with respect to the deposit guarantee scheme. This “removal” from FGDR’s balance sheet will have an impact in 2014.

C) Regulatory changes related to the “20-day project”

During the work on the “20-day project” (see section 3.3 below), various changes to the regulations relating to the deposit guarantee scheme became necessary in order to correct certain complexities and constraints which made it impossible or very costly to automate processing and to comply with the 20- working day timeframe for compensating customers of a failed bank. The FGDR’s role in developing this project, management of the compensation operations and maintenance and operation of the scheme also needed to be clarified.

The FGDR therefore proposed first to the ACPR and then to the French government (Direction générale du Trésor - Treasury Department) various changes to CRBF Regulation 99-05 relating to the deposit guarantee scheme. These changes, which have a limited and technical scope, are nevertheless important in terms of the effectiveness of the deposit guarantee scheme and compliance with the 20-day period imposed on the FGDR:

i) Methods used to determine the balance of the accounts for which compensation is paid: the accounts must reflect the customer’s actual accounting position and therefore include:

- deferred debits related to a payment card not yet posted;
- accrued bank charges;
- interest owed and remuneration contractually due to the depositor, net of tax and social security charges.

ii) Adjustments to the exclusions from the right to compensation:

- there were serious practical problems related to determining the companies of the group to which the failed institution belongs and their senior managers and directors, as well as determining the elected directors of local banks or local companies of mutual banking groups given that the FGDR would intervene at the regional or national bank level. From now on, only shareholders and senior managers of the failed bank will be excluded from the guarantee;
- the list of currencies covered was clarified to avoid any misinterpretation.

iii) Relations between the banks and the FGDR:

- the failed bank’s Single Customer View (SCV) file will be sent to the FGDR under the conditions specified by it and must be signed by a senior manager or, where applicable, by the interim administrator or liquidator appointed by the ACPR;
- the FGDR will be responsible for determining the content of the information sent to it, the conditions under which it is sent and the respective procedures.

iv) Procedure for compensating the customers of the failed bank: the 20-day period made it impossible to maintain the previous arrangement, which provided for exchanges back and forth with customers before compensating them (proposal before sending a cheque, freedom to choose between euros and CFP francs for compensation in certain cases); the FGDR must now formalise its compensation decision and notify the customer of it unilaterally.

v) Notification by the failed bank of its depositors: the failed institution is required to send to all its customers statements of their accounts settled under the same conditions as the SCV sent to the FGDR for the purpose of compensation to ensure the consistency of their information.

Following a review by the banking and financial regulations advisory committee (comité consultatif de la réglementation bancaire et financière) in early 2014, the settlement proposal was submitted to the Minister for signature.

D) Other information

The guarantee mechanism for asset management companies has not yet been implemented since it has not been translated into a regulatory provision.

On 24 July 2013, the Fonds de Garantie des Dépôts et de Résolution entered into a memorandum of understanding with its Taiwanese counterpart, the Central Deposit Insurance Corporation. This bilateral agreement does not contain binding provisions but provides for cooperation and exchanges of information and experience about both parties' respective activities.

> 1.2.

Significant progress in negotiations at the European level

The revised draft European directive relating to “deposit guarantee schemes” (which will replace Directive 94/19/EC of 30 May 1994) culminated in an overall “political” compromise being reached during the December 2013 meeting of the European Council on the following basis:

- although in principle the coverage level of the guarantee remains fixed at €100,000, it may be temporarily exceeded (for 3 to 12 months) for deposits resulting from exceptional events such as the sale of real estate or the collection of large sums related to a “life event” such as marriage, divorce, retirement or unemployment, disability or death, or the collection of compensation for harm sustained;
- all currencies, not only European currencies, will be covered by the guarantee;
- the compensation period will be gradually reduced from 20 to 7 working days by no later than 1 January 2024, and if compensation is not paid within that period, depositors may receive partial payments to cover their day-to-day needs;
- customers of a branch located in a European country other than that of the head office of the failed bank will be compensated through the host deposit guarantee scheme, which will act according to the instructions and on behalf of the home deposit guarantee scheme, on the basis of agreements to be made between the European schemes;
- improvements will be made to customer notification rules and communication with them;
- the resources of the deposit guarantee schemes' funds will be raised to 0.8% of covered deposits by 2025 (or possibly to 0.5% if the national banking system is particularly concentrated) and, for the most part, must be paid to it definitively on an “ex ante” basis;

- the directive establishes prudential rules for management of the resources of the guarantee funds;
- finally, the European Banking Authority was given a role in the operation of the deposit guarantee scheme.

Following the political agreement reached at the end of 2013, the draft directive is subject to the customary legal review and translation procedure. It is expected to be adopted in the spring of 2014, before the end of the term of the European Parliament.

At the December 2013 meeting of the European Council, there were two other significant developments in European legislation with respect to the Banking Union:

- the first concerns the draft bank recovery and resolution directive (BRRD);
- the second concerns the single resolution mechanism (SRM), a follow-up to the single supervision mechanism (SSM).

In both cases, the technical negotiations leading up to completion of the provisions are still under way.

The members of the Board have become actively involved in the negotiations as experts in the French part, and through the European Forum of Deposit Insurers (EFDI) in an effort to rally their counterparts around those measures that could have the most significant operational impacts.

However, no progress was made on the draft directive relating to the “investors compensation scheme” (amending directive 97/9/EC of 3 March 1997).

2. MANAGEMENT BODIES

> 2.1.

Composition and operation of the Board

The composition of the Board remained unchanged:

Position	Name	Effective date of first appointment	Expiration date of current term
Chairman	Thierry DISSAUX	23 August 2010	22 August 2014
Member	François de LACOSTE LAREYMONDIE	1 January 2010	31 December 2017

The mandate of François de Lacoste Lareymondie, which expired on 31 December 2013, was renewed for four years, i.e. until 31 December 2017, by the Supervisory Board at its meeting on 19 December 2013.

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 2013, the composition of the Supervisory Board changed as follows:

Mr Philippe Wahl was replaced by Mr Rémy Weber, Chairman of the Management Board of La Banque Postale, as of 22 October 2013.

Therefore, at 31 December 2013 the members of the Supervisory Board were as follows:

Chairman	
Jean CLAMON Managing Director of BNP PARIBAS	
Members	
Marie-Christine CAFFET Chief Executive Officer of FCMAR CONFEDERATION NATIONALE DU CREDIT MUTUEL	Philippe de PORTZAMPARC Chairman of PORTZAMPARC, Sté de Bourse
Gilles DENOYEL Managing Director 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-President	Jean-François SAMMARCELLI Managing Director of SOCIÉTÉ GÉNÉRALE
Bruno de LAAGE Managing Director of GROUPE CRÉDIT AGRICOLE SA	
Lucie MAUREL Member of the Management Board of BANQUE MARTIN MAUREL	Jean-Marc VILON Chief Executive Officer of CREDIT LOGEMENT
Philippe ODDO Managing Partner of ODDO & Cie	Rémy WEBER Chairman of the Management Board 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 2013, 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, the total number and breakdown of votes was as follows:

	Name	Group/ Company	Cash Votes		Securities Votes		Total Votes	
			Number	%	Number	%	Number	%
CI	Bruno de LAAGE	Crédit Agricole SA	602,553,807	28.50	11,135,508	16.95	613,689,315	28.15
CI	Nicolas DUHAMEL	BPCE	469,790,048	22.22	10,866,616	16.54	480,656,664	22.05
CI	Marie-Christine CAFFET	Crédit Mutuel	306,477,237	14.49	4,424,113	6.89	311,001,350	14.27
CI	Rémy WEBER	La Banque Postale	236,746,746	11.20	4,163,149	6.34	240,909,895	11.05
CI	Jean-François SAMMARCELLI	Société Générale	229,277,175	10.84	9,837,070	14.98	239,114,245	10.97
CI	Jean CLAMON	BNP Paribas	198,568,768	9.39	9,099,483	13.85	207,668,251	9.53
CI	Gilles DENOYEL	HSBC France	43,145,253	2.04	1,967,223	2.99	45,112,476	2.07
IF	Philippe ODDO	ODDO & Cie	16,305,563	0.77	12,593,131	19.17	28,898,694	1.33
IF	Lucie MAUREL	Banque Martin Maurel	7,958,629	0.38	274,339	0.42	8,232,968	0.38
CI	Bernard POUY	GROUPAMA Banque	3,436,042	0.16	224,357	0.34	3,660,399	0.17
IF	Philippe de PORTZAMPARC	Portzamparc Sté de Bourse	-	0.00	998,735	1.52	998,735	0.05
CI	Jean-Marc VILON	Crédit-Logement	118,800	0.01	0	0.00	118,800	0.01
Total			2,114,378,068	100.00	65,683,724	100.00	2,180,061,792	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 2013:

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 2013:

- **26 March 2013:** meeting held to review the 2012 financial statements and management report, during which progress on the “20-day project” was presented;
- **25 June 2013:** meeting at which the choice of service provider for development of the Core IT Solution related to the “20-day project” was confirmed and the FGDR’s resulting budget for 2013, along with 2014 and 2015 forecasts, was approved;
- **11 October 2013:** meeting at which FGDR’s preventative intervention in favour of Dubus SA was approved (cf. section 4.4. below) and the financial statements of the Fonds de Garantie des Dépôts et de Résolution at 30 June were discussed, as well as changes in the French and European regulatory frameworks;
- **19 December 2013:** meeting at which the 2014 budget and progress on the “20-day project” were reviewed, particularly with regard to changes in its budgetary impacts. At this meeting, the Supervisory Board also approved the new location of FGDR’s head office.

In addition, at each Supervisory Board meeting, the Board provided a detailed update on:

- the progress of proposed regulations relating to deposit guarantee or investor compensation schemes or to bank crisis resolution, both in France and in Europe (cf. sections 1.1. and 1.2.);
- asset management (cf. section 3.5.).

The Supervisory Board meetings on 26 March and 19 December 2013 were preceded by an Audit Committee meeting.

The Audit Committee also held a special meeting on 18 April 2013 to gather in-depth information about the terms under which the IT service provider was chosen to develop the Core Information System related to the “20-day project” in order to submit a report to the Supervisory Board.

The Appointments and Compensation Committee met twice, once before the Supervisory Board meeting on 26 March and once before the meeting on 19 December 2013.

3. DAY-TO-DAY MANAGEMENT

> 3.1.

Change in the member base

At 31 December 2013, the Fonds de Garantie des Dépôts et de Résolution had 669 members, many of which participate in several schemes. Taken separately, each mechanism had:

- deposit guarantee: 580 members,
- investor compensation: 369 members,
- guarantee of performance bonds: 371 members.

The changes in 2013 were as follows:

- 7 new members, including 1 for the deposit guarantee scheme and 6 for the investor compensation scheme.
- 30 withdrawals concerning 11 multiple members and 19 single members, broken down into:
 - > 5 mergers/takeovers/universal transfers of assets
 - > 25 outright withdrawals.

> 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 guarantees it manages (deposit guarantee, investor compensation and guarantee of performance bonds) are fixed by an order of the Minister for Economic Affairs (Articles L. 312 - 16 and L. 322 - 3 of the French Monetary and Financial Code), where applicable for several years. Given that the above orders relating to annual contributions to be paid to the deposit guarantee scheme and investor compensation scheme no longer have any effect, two orders, valid only for 2013, were signed on 18 November 2013. They provide as follows:

- for the deposit guarantee scheme, a contribution of €500 million, paid as a lump sum and eligible as a guarantee deposit refundable after five years, which is intended to further build up the FGDR's resources in view of the new regulations expected at the European level and national level;
- an ordinary contribution of €7.3 million to the investor compensation scheme, also eligible as a guarantee deposit;

- a special contribution of €6.9 million to the investor compensation scheme, which is payable definitively and intended to further replenish this mechanism's own funds following the intervention in EGP (cf. section 4.3.).

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 contribution. The payment terms for the annual contribution remained unchanged.

With regard to the guarantee of performance bond scheme, a contribution of €3.1 million, fully eligible as a guarantee deposit, was collected based on an order of 15 April 2010, which was effective until the end of 2013.

> 3.3

The "20-day project"

There is no need to review the origins of the "20-day project", which were discussed in section 3.3 of the 2012 annual report. It is simply worth noting that European and national regulations require that:

- 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;
- 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 five days of the date on which the ACPR determines the failure of the institution and therefore the unavailability of the deposits.

The project consists of two major and parallel components:

A) The “Single Customer View” (SCV) project with banks

Banks must, at their own responsibility, identify the customers and their deposits (eligible or ineligible), calculate their positions and send them to the Fonds de Garantie des Dépôts within five days of the failure so that the latter can pay compensation within the limits of their rights, and must also send such information to the bodies responsible for the collective insolvency proceedings to which the failed institution may be subject. This obligation, known as “Single Customer View” (SCV) at the European level, is called “Vue Unique du Client» (VUC) in France.

In early 2013, the SCV specifications were sent to banks and many exchanges took place throughout the year:

- through correspondents appointed by each bank or banking group for monitoring the project and exchanges with the FGDR,
- through the creation of a dedicated document website, which lists all the documents and provides support for implementing the specifications, and a dedicated mailbox which banks’ correspondents can use to ask questions related to implementing their SCV project,

- through the organisation of plenary meetings, in partnership with the French Banking Federation (FBF). Hundreds of bank representatives participated in these meetings, which were intended to note the progress of the successive phases of the project, disseminate best practices and serve as a forum for sharing experiences.

In addition, support was provided to leading publishers of banking software applications to help them develop their “SCV” solutions for banks.

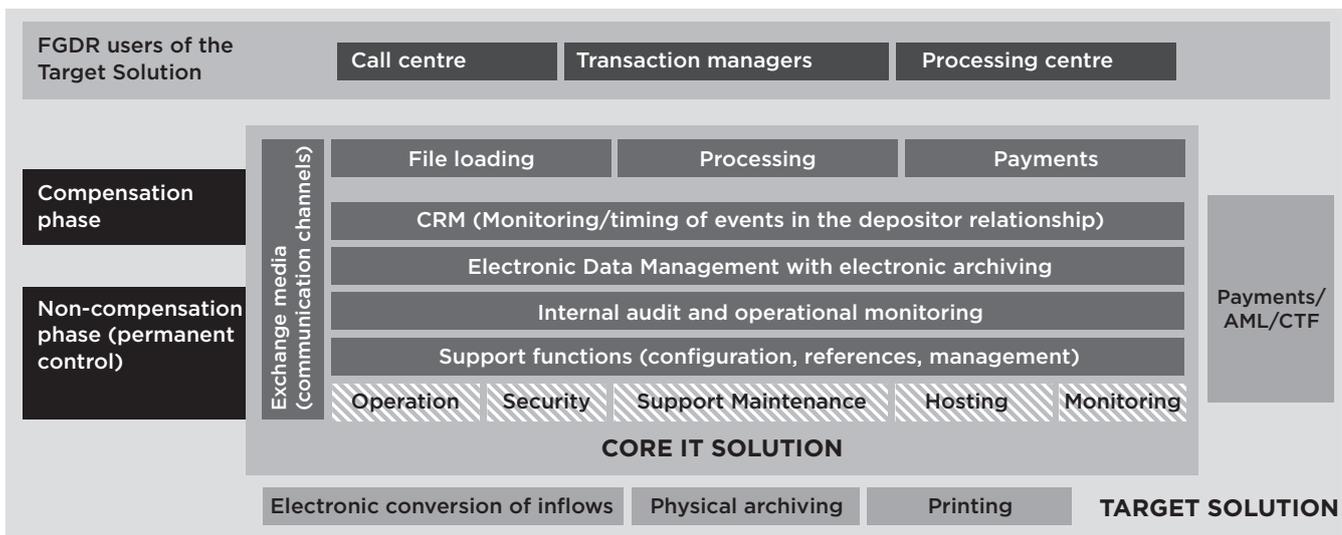
The vast majority of institutions are now fully committed to the project and the first SCV file controls are scheduled to begin in May 2014.

B) The FGDR’s project

The design of the general project architecture began at the end of 2012 and consisted of two phases:

- 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 needed for the proper operation of the target solution (means of payment management, depositor contact centre, printing services, electronic conversion and archiving, processing centre).

This general architecture is summarised in the table below:



Legend:

- Services related to operation of the IS
- Services with a marginal IS dimension and a variable and unpredictable volume
- ▨ Functional areas of the IS
- Services with a significant IS component

From the beginning of the year, the project team endeavoured to scale the future solution so as to ensure that it was proportionate to the two main system statuses, namely:

Outside the compensation phase, the CIS will operate in control mode at a reduced level:

- permanent control, which aims to ensure the format and reliability of the data in the SCV file sent by credit institutions,
- “end-to-end” control, which aims to test the compensation process in its entirety, from integration of the SCV file to simulation of payment order generation, as well as the preparation of the information documents to be sent to depositors.

For the compensation phase, the solution was centred on a target corresponding to a typical small- or medium-sized bank to ensure a very fast increase in volume to 2 million SCV, but not at the expense of a potentially higher requirement, where applicable. In addition, one of the main requirements for the future service provider entailed its solution’s ability to handle a load increase very quickly in very high proportions without decreasing its robustness or security. This criterion proved decisive for numerous candidates.

1) The “Core IT Solution” (CIS)

Selection of the IT service provider

Selection of the IT service provider involved three phases:

- an initial formal request for information (RFI) phase, which occurred in the fall of 2012 and resulted in:
 - > the issuance of 12 RFI,
 - > the receipt of seven responses, six of which were chosen for the following phase;
- a second formal request for proposals (RFP) phase, which lasted until February 2013 and was intended to result in firm proposals based on detailed specifications:
 - > six RFP were sent,
 - > after two candidates withdrew and two candidates joined forces, three responses were received;
- a third and final competitive dialogue phase, which took place in March/April 2013 with two finalists.

At that time, the FGDR had two operational proposals from leading service providers which met all the requirements but were very different in terms of design and architecture:

- a “software package” solution that would be standalone for most of the functional scope, supported by a facilities management services provider and supplied by a systems integrator;

- a “specific” solution, built partly on proven proprietary software modules in an integrated, coherent architecture and supplied by a single service provider responsible for development and facilities management using its own resources.

After some 15 topic-based workshops with the two competitors to review the proposals in depth and negotiate terms, the FGDR’s Board opted for the second solution, supplied by Atos Worldline, which included a 10-year facilities management contract. Its selection was reviewed by the Audit Committee at a special meeting on 18 April 2013 and confirmed by the Supervisory Board on 25 June, at the same time as the respective budget.

This selection was based on the following criteria:

- Technical criteria:
 - > the use of a specific solution seemed to best fit the requirement, while only a fraction of the pre-existing functionality of a software package would have been applicable and numerous adjustments would have been needed;
 - > although the specification of the solution required a great deal of work, this work also had the advantage of allowing a thorough assessment of all the necessary functionality and ensured the overall coherence of the solution at every stage;
 - > having a single service provider and proprietary production centres also made it easier to increase the load of the system without compromising its security.
- Security criteria:
 - > the proposal had a level of security already used for some of the most critical banking functions, as well as those specific to the project (data integrity among institutions, secure data purge after processing, secure access to the platform);
 - > the volume increase capabilities were relevant, proportionate and proven and are already applied in similar contexts.
- The candidate’s project approach and resources:
 - > the human and partnership resources proposed were solid, effective and responsive, enabling the active involvement of dedicated, consistent teams throughout the project and during the operation phase.
- Contractual architecture:
 - > The solution was supplied by a single partner in a simple, clear contractual architecture. Although the facilities management contract is made for

10 years, it includes a penalty-free exit clause after five years and a productivity profit-sharing clause of at least 5% every two years.

- Financial aspects:
 - > The financial proposal for both development and operation was by far the less expensive.

Progress of the project

A first kick-off agreement was signed with Atos Worldline on 24 April 2013 so that work could begin. The supply and facilities management contracts were signed on 6 June 2013.

The project was divided into four lots or “versions”:

- CIS V1: centred on the SCV acquisition module and ending with the provision of the “SCV Portal” for institutions. This portal has been available since 15 January 2014 to allow them to practise self-checking their SCV files under virtually the same conditions as the future annual checks scheduled to begin in May 2014;
- CIS V2: management of depositor files, from acquisition to payment of compensation by means of manual cheques. Start of production is scheduled for the end of June 2014;
- CIS V3: Compensation process connected to all the related services (cf. below); start of production is scheduled for early December 2014;
- CIS V4: Provision of a secure Web portal for depositors and advanced tracking and analysis functions with start of service scheduled for 2015.

2) Related services

The conditions for selecting partners for the related services were the same as those for the service provider for development of the core solution (CIS). The FGDR therefore made every effort to select service providers without compromising on responsiveness, quality and security, while at the same time seeking a solution at a cost in line with the very specific context of FGDR’s mission.

Services for which contracts were signed in 2013:

Following a selection process based on responses to requests for proposals, presentations and in-depth evaluation workshops, the FGDR finalised:

- the “printing” service with Edokial: issuance of cheques and compensation letters;
- the “depositor call centre” service with Teleperformance: incoming and outgoing phone calls;
- the “digitisation/electronic conversion” service with

TESSI: digitisation of letters sent by customers of the failed bank.

For these three services, the schedules are consistent with the planned dates. The convergence of the work with CIS V3 for integrated approval is scheduled for October 2014.

Calls for services to be launched in early 2014:

- the “payment bank/account keeper” service: issuance of means of payment and maintenance of the FGDR’s current accounts during the compensation phase;
- the “processing centre” service: processing operators that provide backup for FGDR and serve as a sort of FGDR back office tasked with managing special cases. They are used when the volume of compensation exceeds the capacity of its internal departments.

C) Project management and financial data

Provision of the CIS by Atos Worldline (planning and development) is covered by a comprehensive, fixed-price contract for all the services specified in the RFP and the service provider’s response. The development workload (planning, software development, technical tests up to approval and delivery for start of production) was estimated at approximately 5,300 man days. The related services were estimated on a total fixed-price basis at one-third of the development workload. In terms of project management, the workload was eventually estimated at approximately 4,400 man days, which takes into account certain complexities that became apparent through the analysis and specification work and the addition of certain functionality made necessary by the members’ requests or management requirements.

The total investment budget for developing the CIS and implementing the related services is currently estimated at €15.3 million. Slightly less than €10 million of this amount was incurred in 2013, with the remainder to be incurred in 2014. These investments are capitalised during the development phase and amortised one lot at a time as they are put into production. Amortisation will be recorded over the first contractual operating period.

The FGDR has entered into a partnership agreement with two service providers to assist it in its role as project owner: Ernst & Young et Associés for all technical project management assistance services and Ernst & Young Société d’Avocats for all legal matters. These services are provided under a controlled and capped cost-plus contract.

> 3.4

Redesign of the communication tools

Following an invitation to tender in late 2012 and early 2013, the FGDR's institutional website was completely redesigned during the year, with an overhaul of the content, functionality and user interface. The website's natural search engine optimisation was integrated into the project from the technical design phase. This website was launched in September 2013.

A special document website for "20-day project" bank correspondents was created. It is managed and updated by FGDR's operational team as work on the project progresses.

In addition to the communication campaign targeting member institutions, several plenary meetings were organised with the help of the FBF to inform and involve the credit institutions in each key phase of the project.

Finally, after the Fonds de Garantie des Dépôts became the Fonds de Garantie des Dépôts et de Résolution as a result of the law of 26 July 2013 (cf. section 1.1. above), a logo and graphic identity were created following an invitation to tender sent to four design agencies. The website and all other information media present the institution under this new identity.

> 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 the Fonds de Garantie des Dépôts et de Résolution's asset management. It is appointed by the Board and includes the Board's own members. It has at least five members, one of whom is the chairman. They are chosen from among individuals from the member institutions who have recognised experience in cash and fund management.

The committee's composition at 31 December 2013 was as follows:

ASSET MANAGEMENT COMMITTEE	
Chairman	Members
Jean-Pierre RAVISÉ	Bernard DESCREUX : EDF
	Claudio KERNEL : BPCE
	Olivier MEISEL : BNP PARIBAS
	Isabelle REUX-BROWN : NATIXIS MULTIMANAGERS
	Alexandre SEIGNAT : CA-CIB
	Laurent TIGNARD : Compagnie Financière Edmond de Rothschild
	+ the members of the Board

In 2013, the Cash Management Committee was called upon to assess management in 2012, consider various changes to management criteria in order to adapt it to market conditions, and define the outlines and framework of an invitation to tender relating to a possible yield bond management.

Indicator Summary				
End 2013/ year 2013	Net asset value	Performance during the year (*)	Estimated rate of return	Unrealised capital gains/losses (***)
Overall portfolio	€€2.7511 billion	€34.4 million	+1.50% (benchmark**: +1.84%)	+€73.7 million
Equity portfolio	€169.1 million	€29.9 million	+25.53% (benchmark: +22.3%)	+€38.4 million
Bond portfolio	€653.1 million	€2.8 million	+0.50% (benchmark: +2.08%)	+€35.3 million
Money market portfolio	€1.9291 billion	€1.6 million	+0.098% (benchmark: +0.091%)	-

(*) 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: -2.17%.	Maximum stress test scenario all assets: -9.23% (-€254 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, the bond segment remains at the maximum level of 25%, while the equity allocation remains fixed at around 5% in historical value (see table below). At this time, the FGDR has not entered into a yield bond management agreement, as it planned to do during the year.

In light of market conditions, two money market funds were closed during the year to concentrate assets with managers that regularly offer the highest rates of return. At the same time, managers' pricing conditions remained fixed at the level adopted temporarily in the fall of 2012.

In 2013, the FGDR also renegotiated its prices with its depository services and fund valuation provider.

Aside from general market developments, management in 2013 was marked by:

- **the excellent performance of equity funds**, in both absolute terms (+25.5%) and relative to their

specific benchmark (MSCI EMU excluding financial sector, +22.3%), confirming at this time, in any case, the relevance of the selection made by managers in the spring of 2011;

- **the ongoing wait-and-see attitude in the euro zone, at least in the first half of the year**, which caused the restrictions imposed on management in Greece, Ireland, Portugal, Spain and Italy to continue;
- **near-zero money market rates of return throughout the year**, with a slight recovery at the end of the period, but with no prospects of returning to the pre-summer 2012 interest rate levels in the short term.

Overall, **the return on the portfolio was €34.3 million**, equivalent to an increase of 1.50% over the year, with the following characteristics by segment:

- **the equity portfolio generated €29.9 million in additional capital gains** (versus €19.4 million in 2012). At year-end 2013, the amount of unrealised capital gains on this portfolio was €38.4 million;

- **the return on the bond portfolio over the year was €2.8 million** (+0.50%). At the end of the year, the FGDR completed an arbitrage operation among various managers of its bond segment. This operation resulted in the recognition of a €7.5 million capital gain in the profit and loss statement for the year. The unrealised capital gains on the bond portfolio therefore totalled €35.3 million at year-end 2013, compared with €39.9 million at year-end 2012 and €32.1 million at year-end 2011;
- **financial income from money market investments amounted to €1.6 million** (net return of 0.098% for an Eonia at 0.091% during the period (compared with 0.36%/0.23% in 2012 and 0.99%/0.88% in 2011)).

The change during the year in the overall net asset value of investments (from €2.226 billion to €2.751 billion, i.e. +€525 million) resulted mainly from the following, aside from the return of €34.3 million described above:

- the reinvestment in early 2013 of cash assets awaiting investment at the end of 2012 (€100 million),
- the increase in the contribution by members of the deposit guarantee scheme (€500 million in 2013), offset by the repayment to these same members of €90.7 million in guarantee deposits collected in 2008 which expired after five years.

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 Cash 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

This breakdown of uses is based on a structure of FGDR resources that consists of three components. It is currently as follows:

- €544 million (i.e. 20%) in certificates of membership, long-term resources with no maturity, the amount of which is virtually the same from one year to the next,
- €1.12 billion (i.e. 42%) in guarantee deposits refundable after five years if they were not used in case of a claim,
- €1.028 billion (i.e. 38%) 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 2013, total €2.7514 billion, for a net book value of €2.6776 billion, and break down as follows:

	End of 2013	End of 2012	End of 2011	End of 2010	End of 2009
Equity mutual fund investments	€169.1 million (6.1%)	€117.3 million (5.3%)	€82.5 million (4.1%)	€88.1 million (4.6%)	€87.9 million (4.9%)
Bond mutual fund investments	€653.1 million (23.7%)	€568.2 million (25.5%)	€323.2 million (16.2%)	€217.5 million (11.3%)	€215.7 million (11.9%)
Money market mutual fund investments	€1.9291 million (70.1%)	€1.5412 million (69.2%)	€1.5895 million (79.6%)	€1.6127 million (84.1%)	€1.5069 million (83.2%)
Total	€2.7514 billion	€2.2266 billion	€1.9951 billion	€1.9183 billion	€1.8107 billion

D) Overall return on investments

In 2013, the overall return on Fonds de Garantie des Dépôts et de Résolution's investments was up €34.4 million, an annual increase of 1.50%. It had increased by €39.5 million in 2012 (+2.0%), €11.9 million in 2011 (+0.62%), €25.3 million in 2010 (+1.40%) and €35.5 million in 2009 (+1.9%).

E) Return on equity investments

2013 was a strong year for equities (+25.5% or €29.9 million), with performance above the benchmark index, MSCI EMU excluding banking and similar sectors (+22.3%). The returns on the various mutual funds were as follows, with significant differences among the managers:

FCP HALEVY	Manager	Annual rate of return	Δ in bp (*)
A1	Lazard Frères Gestion	+27.45%	+513
A2	Amundi AM	+22.30%	-3
A3	Métropole Gestion	+26.69%	+437

(*) MSCI EMU benchmark excluding banking and similar sectors

F) Return on the bond portfolios

In 2013, bond management posted a modest gain of €2.8 million (compared with gains of €14.4 million in 2012 – including a return of €2.8 million on the former M1 securitised asset fund –, €8.5 million in 2011, €1.8 million in 2010 and €11.1 million in 2009). This management significantly underperforms its benchmark index (-158 bp on average, compared with -124 bp in 2012, -139 in 2011 and -96 bp in 2010) 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	+0.46%	-162
O2	Amundi AM (ex CAAM)	+0.58%	-150
O3	Amundi AM (ex SGAM)	+0.51%	-157
O4	Natixis AM	+0.44%	-164

(*) Merrill Lynch EMU benchmark Broad 1-3

G) Return on money market investments

Since the fall of 2012, following the liquidation of the MA2 volatility arbitrage fund, FGDR has opted for regular money market management, with still very significant liquidity and security constraints (duration, signature and asset dispersion). The M7 and M12 funds were closed during the year to concentrate the portfolios on six broader funds.

Various adjustments were also made at the beginning of 2013 to address changes in the market context. Thus, the managers were given authorisation to:

- invest in non-financial corporate securities with a rating of up to A2/P2, and not only A1/P1, provided that the issuer's long-term rating remains at least equal to BBB+ (investment grade),
- invest in money market UCITS, and not only in short-term money market funds, for investments other than in definitive securities (up to an unchanged limit of 10%).

The overall rate of return in 2013 was +0.098% with, given the low level of the Eonia benchmark index (+0.091%), a fairly significant final distribution among the various funds, from -1.7 to +4.8 bp around this index. The following table shows the rates of return in detail:

regular management money market funds:

FCP HALEVY	Manager	in bp
M2	BNP Paribas AM	+7.4
M3	CCR Gestion	+13.9
M9	Groupama AM	+7.7
M10	Dexia AM	+10.7
M13	Oddo AM	+9.5
M14	La Banque Postale AM	+11.4

H) Breakdown of counterparty risks

The management agreements stipulate that counterparties must have a rating of at least A1 (SP's) or P1 (Moody's) – with an exception for non-financial corporate issuers – for short-term paper, and a rating of at least A (SP's) and A2 (Moody's) for long-term paper. Moreover, in mid-2009, risk dispersion rules were introduced for regular money market management. All assets combined, the 10 most significant risks represent 24.3% of the total exposure (20.9% in 2012 and 23.5% in 2011), which means that risk dispersion remains broad. The highest concentration is in French government bonds (OAT) (6.6%), followed by the social debt redemption fund (CADES) (2.7%) and LVMH (2.3%).

I) Sensitivity of the fixed-income portfolio

At the end of 2013, 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 0.50, in line with the year-end 2012 level (0.49). The increase in 2012 compared to previous years (0.27 at year-end 2011 and 0.30 at year-end 2010) mainly reflected the effect on the bond portfolio of a sharp drop in rates along with a shrinkage in spreads, as well as the impact of increasing the bond allocation in the overall portfolio.

J) Breakdown by rating

At 31 December 2012, this breakdown was as follows:

Rating	%
AAA	7.02
AA	15.73
A	15.02
BBB	8.01
< BBB	0.00
A1+ (CT)*	7.82
A1 (CT)	30.18
A2 (CT)	15.12
A3 (CT)	0.00
Non noté	1.10

(*) 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 Cash 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 2013, the VaR was as follows:

	Time horizon		
	1 week	1 month	1 year
VaR 95%	-0.32%	-0.61%	-1.12%
VaR 99%	-0.47%	-0.92%	-2.17%

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 -2.17% is 99% (-1.98% at end of 2012). The VaR thus determined for the various time horizons is slightly higher than at the end of 2012, but remains roughly the same. However, this level is twice as high as it was at the end of 2011 over the short time horizons. The change is even more pronounced over the one-year time horizon given that the one-year 99% VaR at the end of 2011 was -0.40%. This worsening of VaR since 2011 stems mainly from the increase in the bond allocation.

> 3.6 Expansion of resources and new organisation of FGDR

A) Expansion of the teams and new organisation

At 31 December 2012, the FGDR's team officially consisted of four individuals, the two members of the Board, a person responsible for member relations and an assistant. For all practical purposes, this team reflected only the workforce directly employed by the Fund, which relies on numerous outside consultants for increasingly complex and strategic tasks (accounting, HR functions, IT and office automation, asset management, management consulting, compensation, litigation, legal advice, website, 20-day project, etc.). This outsourcing had its limits:

- it prevents the acquisition of know-how, which remains outside the FGDR, potentially placing it in a state of critical dependence;
- it makes managing and monitoring cases more complex since they have a certain cross-functionality;
- it tends to become permanent, making it all the more costly; and

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

Stress tests have a legislative 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 2.5% to 5.8% and, for the overall scenario, the worst case for all risks taken simultaneously, a loss of 9.2%, i.e. €254 million (versus -6% in 2012 and highs of -8% in 2009 and -12.2% in 2008). Here again, this worsening is a result of the increase in the bond allocation; in 2013, however, it also stems from the opening of money market management to A2/P2 signatures for short-term non-financial corporate securities, which increased the results of the stress tests related to issuer default.

- it cannot function properly as the FGDR's activity grows, both nationally and internationally.

For these reasons, the Board decided to increase the FGDR's permanent staff and structure it accordingly.

An "Operations Department" was set up to perform two key functions:

- create and update the processes that support the FGDR's compensation activities, particularly for the "20-day project", with a view to both compensation and the performance of "permanent controls";
- develop 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).

After the director's appointment in early 2013, the department consisted of four people at year-end and is aiming for six by the end of 2014.

In addition, the following have been or will be set up:

- a communication and training unit whose member began work in 2013 and is 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 systems.
- Several additional support functions:
 - > a legal and administrative department whose member began work in early 2014;
 - > a finance, cash management and financial management department whose member is expected to be hired in 2014, and
 - > an accounting and administrative employee who will be hired in 2014.

The FGDR's permanent workforce therefore increased to nine people at year-end 2013 and will level off to about 15 by the end of 2014.

B) Relocation of the head office

The offices located at 4 rue Halévy in Paris (75009) from which the FGDR operated from the time of its creation had become too small and were no longer appropriate.

The Board made the decision to look for larger, more modern offices that could accommodate not only all of its permanent staff, but also the support and intervention teams.

The new offices are located at 65 rue de la Victoire (Paris - 75009) in a fully renovated complex that had just become available. The commercial lease was signed in July with an effective date of 1 August 2013. The offices were renovated between September and December and the move took place on 10 January 2014.

At its meeting on 19 December 2013, the Supervisory Board, at the recommendation of the Board, decided to relocate the head office to the new premises as of the move-in date.

4. INTERVENTIONS

> 4.1.

Crédit Martiniquais

Following the favourable decision handed down by the Court of Cassation on 30 March 2010, 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.

The preliminary question of constitutionality raised by the defendants was rejected by the Court of Cassation in a decision rendered on 13 April 2012. The FGDR then continued the lawsuit before the Paris Court of Appeals. This lawsuit is still pending.

> 4.2.

Mutua-Équipement

There were no changes in this intervention in 2013.

> 4.3.

Européenne de Gestion Privée (EGP)

EGP was an investment firm authorised in 2006 to provide portfolio management services on behalf of third parties and receive and transmit orders. It officially had about 1,000 clients and, according to its internal reports, managed approximately €260 million in assets. Although its head office was in Bordeaux, 90% of its activity was conducted from its branch based in Rome, Italy. The parent company was a privately owned Luxembourg financial holding company.

Following the problems encountered by this company, the Autorité de Contrôle Prudentiel (ACP) appointed an interim administrator who declared a suspension of payments on 29 November 2010. As a result, the ACP appointed a bank liquidator on 13 December and

implemented the investor compensation scheme of the Fonds de Garantie des Dépôts pursuant to a decision that took effect on 15 December 2010. On 10 January 2011, the Bank of Italy placed EGP's Rome branch in compulsory administrative liquidation and appointed a liquidator. On 12 January 2011, the Commercial Court of Bordeaux declared a suspension of payments, placed EGP in court-ordered liquidation and appointed a liquidator.

The compensation phase for eligible clients ended in 2012. A summary of the operations completed is provided in the 2012 annual report to which reference may be made.

Several complex lawsuits remain pending and, given their high stakes, significant resources are still being deployed by the FGDR.

A) Legal proceedings relating to the Fonds de Garantie des Dépôts et de Résolution's decisions

In accordance with the last paragraph of Article L.312-5 of the French Monetary and Financial Code, "actions in which the court has unlimited jurisdiction brought against the decisions of the guarantee fund made pursuant to this article (which forms the basis of the guarantee scheme) come under the purview of the administrative courts."

The number of appeals filed with the Administrative Court of Paris is 84. Although high, this number represents slightly less than 10% of the compensation or rejection decisions issued by the FGDR, the average rate of litigation. Although their formulation is generally the same, they must be reviewed very carefully given both the requirements of the litigation process and the complexity of the subject matter, and significant resources continue to be deployed.

In 2013, pleadings were exchanged before the Administrative Court. After the end of the investigative phase, a single hearing for all the cases was scheduled for 18 February 2014.

B) Proceedings for liability against the former senior managers of EGP

The actions of EGP's former senior managers were brought before the Italian criminal courts. An initial series of proceedings began in Rome in September 2011 based on three charges: obstruction of statutory audits, mismanagement of financial activities and conspiracy. The first convictions were handed down by the Rome court in March and September 2012 following expedited proceedings or plea agreements. The penalties were severe, ranging from two and a half to eight years in prison. All those convicted appealed the decision.

In a 30 May 2012 ruling, the Rome court accepted the FGDR's application to join the proceedings as a civil party and ordered the defendants to repay the damages sustained, but left it to the civil court to determine the amount of damages. Given the appeal filed by the convicted parties, the proceeding was continued before the Rome Court of Appeals.

C) Liquidation proceedings

Two liquidation proceedings were undertaken: one in Italy regarding the branch in Rome, and the other in France, before the Commercial Court of Bordeaux, regarding the company as a whole.

In the Italian proceeding, the liquidator appointed by the Bank of Italy acknowledged, in a letter sent to the FGDR, that a portion of the costs incurred by the FGDR to repay the actual amounts owed to the branch's clients had also contributed to the completion of its own work. As a result, it agreed that the FGDR should benefit from the ("prededuzione") privilege granted to liquidation costs in the amount of €2,164,148.31. Moreover, the statement of claims ("stato passivo") filed by it recognises the FGDR's unsecured claim of €8,608,343.57, which corresponds to the payments made to the Italian clients. However, these sums are not yet definitive insofar as the Italian liquidator's findings are still provisional and some are disputed by the former senior managers. Moreover, their collectibility is very uncertain given the low volume of assets that are in the liquidation or have been seized by the courts.

In parallel to this, the FGDR became party to the proceeding before the Commercial Court of Bordeaux since its own analyses and decisions served as a basis for those of the liquidator. This proceeding concerns the claims accepted or rejected by the liquidator; dozens of clients challenged the decisions

denying their alleged claims. The proceeding was suspended pending the decisions of the Administrative Court.

> 4.4. Dubus SA

Dubus SA was a brokerage firm located in Lille. It was authorised as an investment firm that provided related account-keeping/custodial services. Its main business was that of an online broker specialised in the equities and derivatives markets. It remained independent.

It had just over 2,000 clients, most of whom were private individuals. At 31 August 2013, assets totalled:

- Cash: €34.8 million,
- Securities: €251 million, including €94 million in "undigested" securities with no actual value. The actual amount of client assets under custody was therefore €160 million.

The 2012 year-end regulatory reports revealed that clients' funds were inadequately ring-fenced and that the company had operated at a loss for several years, draining its cash assets. This led to an inspection by the ACPR, which resulted in several injunctions to discontinue certain activities. Despite the implementation of these measures and the initial payment of funds by the shareholders, the ring-fencing fell short to the point that the ACPR decided in July to take coercive measures.

By a decision of the College on 12 July 2013, the ACPR appointed an interim administrator to, with the help of an audit firm, investigate and reconcile all the clients' assets (cash and securities), determine the source of the inadequate ring-fencing and verify the amount thereof. Its preliminary report, issued on 25 September, showed that:

- the company's accounting system did not reveal any formal anomalies and reconciliations had been possible and had provided reliable results;
- all the clients' securities were present and available;
- the company's management withdrew from the ring-fenced accounts as necessary to meet cash requirements and finance recurring expenses;
- the amount of the ring-fence shortfall was €4.6 million.

At the same time, the emergence of other risks and liabilities made it clear that the company's future was irreparably compromised and that it was in, or close to being in, a state of suspension of payments. In addition, on 4 October 2013, the ACPR officially proposed that the FGDR intervene on a preventative basis to immediately safeguard the clients' assets by reducing the ring-fence shortfall.

It immediately became apparent that the main issue at hand was to keep the ring-fence shortfall from increasing and then secure the clients' cash, inasmuch as none of the ring-fenced accounts opened by Dubus SA met the legal requirements relating to the separation and protection of clients' assets. For the FGDR, initiating a preventative intervention that entailed reducing the shortfall was conceivable only if the ring-fenced funds were legally secured so that clients could be repaid in full in the event of an orderly discontinuance of business.

Pursuant to Article L. 322-2 of the French Monetary and Financial Code applicable to the investor compensation scheme, the FGDR can make preventative intervention subject to any measure that appears justified based on the desired objective. On that basis, it was therefore possible to include a requirement that clients' deposits be properly ring-fenced by legally separating them from the funds belonging to the company, as a prior measure to the discontinuance of business, transfer of the portfolio or assumption by a potential operator.

Pursuant to Articles L. 612-33 and R. 612-32 of the French Monetary and Financial Code, the ACPR may take preventative measures to protect the interests of the clients of a company subject to its control, which include depositing the clients' cash at the Banque de France. The Fund therefore made its intervention subject not only to the orderly discontinuance of operations, but also to a decision by the ACPR whereby it would require that cash belonging to clients be deposited in an actual ring-fenced account opened for such purpose at the Banque de France and operated under conditions that would prevent the funds from being used for purposes other than to repay the clients. These conditions were to provide for control by the FGDR of any payment made from this account. The mechanism was to be put in place and the operations carried out such that Dubus SA would discontinue all activity by no later than November 2013. In return, the FGDR would agree to finance the ring-fence shortfall up to the determined amount and pay the corresponding funds to the account opened at the Banque de France.

On that basis, at its meeting on 11 October 2013, the Supervisory Board approved the preventative intervention by the FGDR in favour of Dubus SA.

On 18 October, the ACPR took the required preventative measures and set 30 November as the date on which the company would discontinue operations.

The ring-fenced account was opened at the Banque de France on 23 October and transfer of the clients' funds to the account began on 25 October.

On 23 November, an agreement in principle was signed by Dubus SA and Bourse Direct regarding the transfer of most of Dubus' clients to Bourse Direct. After approval by the FGDR, the ACPR extended the deadline for discontinuance of the company's activity to 13 December so that the migration could be organised under proper technical conditions. The business transfer agreement was signed on 3 December. The migration began on 6 December and was completed on 9 December, the effective date of the transfer.

On 5 December, an agreement was signed by Dubus SA and the FGDR for an advance payment of up to €4.6 million to reduce the ring-fence shortfall, under which Dubus SA acknowledged that it would owe the sums to be paid by the FGDR. On the FGDR's recommendation, the shareholders agreed to pay an additional amount which reduced the ring-fence shortfall by €550,000. On 6 December, the FGDR made an initial payment of €3.5 million into the ring-fenced account opened at the Banque de France, making it possible to settle the transfers of funds to be made to Bourse Direct.

Since not all clients had been transferred to Bourse Direct, repayments are gradually being made to the remaining clients from the ring-fenced account by Dubus SA, which in the meantime became Géomarket, under the control of the ACPR and FGDR. Given various amounts receivable, the final ring-fence shortfall was €3,806,722.75, €306,722.75 of which remained payable by the FGDR at 31 December and is fully covered by a provision in the 2013 financial statements. This balance will be paid very early in 2014.

The FGDR will show the amount of its €3,806,722.75 receivable as a liquidation liability when the liquidation proceedings begin in 2014.

5. 2013 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 €2.2853 billion to €2.7132 billion, mainly as a result of the increase in the transferable securities and guarantee deposits line items.

On the asset side, the increase was mainly due to:

- capitalisation of the expenses related to the “20-day project” for a total of €9.6 million in 2013 (capital expenditure);
- the increase in the transferable securities portfolio (dedicated mutual funds), whose book value increased from €2.178 billion to €2.6776 billion based on two key factors:
 - > the €418.4 million increase in guarantee deposits, net of repayments, thanks to a much higher amount of ordinary contributions levied in 2013 (cf. section 3.2.),

> the collection of a special €6.5 million contribution to the investor compensation scheme (equivalent to one-third of 2011 and 2012 expenses), with only €23.1 million in cash awaiting investment.

On the liabilities side, the increase mainly stems from:

- the increase in the amount of guarantee deposits (€418.4 million) following collection of the 2013 contributions, net of repayments (cf. section 3.2.),
- the €3.2 million increase in the provision for regulatory compliance covering the capital expenditure of the “20-day project”, deducted from the technical provision for intervention risk at the end of the year, bringing it to €15.3 million.
- the €8.1 million increase in the technical provision for intervention risk.

The interest payable to members totalled €1.3 million at 31 December 2013.

The FGDR's **own funds** at 31 December 2013 are shown below:

M€	Deposit guarantee	Investor compensation	Guarantee of performance bonds	Total
Equity:				
> Technical provision for intervention risk	920	73	20	1,013
> Technical provision for regulatory compliance	15	0	0	15
Subordinated debt:				
> certificates of membership	534	10	0	544
> guarantee deposits	1,066	37	17	1,120
Total	2,535	120	37	2,692

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

- Cash: 93.7% (versus 92.8% at year-end 2012),
- Securities: 4.94% (versus 5.63% at year-end 2012),
- Performance bonds: 1.36% (versus 1.58% at year-end 2012).

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

B) Profit and loss statement

a) Income

For the past several years, all contributions are paid in the form of five-year guarantee deposits, with the exception of those paid by new members and special contributions collected to replenish the FGDR’s own funds following an intervention. Their five-year rotation does not result in any change in the balance sheet other than those stemming from withdrawals of members along with transformation of their deposits into definitive contributions, which are recorded as prior-year income in the amount of €523,000.

Moreover, a special €6.9 million contribution was levied in December 2013 to further replenish the own funds of the investor compensation mechanism.

Other income includes the **monetary penalties** imposed by the AMF on FGDR’s members which, as provided by law, are assigned to the investor compensation mechanism; net income collected in 2013 totalled €2 million. Three new penalties were recorded in 2013:

- two penalties, totalling €130,000, were not appealed and were paid in 2013;
- one penalty, totalling €500,000, was appealed before the Council of State and is covered by a provision.

An additional provision was also set up for two old penalties totalling €14,000. Finally, five old penalties were paid after the related appeals were rejected and the provisions previously recorded were reversed for a total of €1.9 million.

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 2013, the gross amount of penalties receivable (claim) shown on the balance sheet for the investor compensation mechanism was €2.07 million, which was fully covered by a provision.

b) Claim-related expenses

In 2013, the Fonds de Garantie des Dépôts et de Résolution intervened on a preventative basis in Dubus S.A., an investment firm whose head office is located in Lille (cf. section 4.4.). The purpose of the intervention was to preserve the availability of clients’ cash assets after a cash shortfall in the accounts used to ring-fence these funds was identified.

The ACPR contacted the FGDR on 4 October; the Supervisory Board gave its approval on 11 October; the preventative measures to which the FGDR’s intervention was subject were taken by the ACPR on 18 October and were to take effect before the end of the year.

The FGDR’s intervention entailed making an advance payment equal to the ring-fence shortfall. An initial payment of €3.5 million (fully covered by a provision) was made on 5 December 2013. In early 2014, an additional payment of €307,000 was made; a provision for the corresponding commitment was set up at 31 December 2013. The costs incurred in 2013 to manage this intervention totalled €324,000 and were recorded as an expense. The investor compensation mechanism is bearing the entire cost of this intervention. No significant expense related to this intervention is anticipated in 2014.

All the costs incurred in 2013 for the EGP claim (€973,000) correspond to case processing expenses and attorneys’ fees (cf. section 4.3.). They were financed by reversing a provision in the same amount. The amount of the overall provision at 31 December 2013 was €13.8 million.

An additional €46,000 in attorneys’ fees were paid for the “Crédit Martiniquais” lawsuit.

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 (cf. section 3.3.). 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 implementation of the first lot was scheduled for January 2014. The expenses related to this project during the year totalled €9.6 million and were fully capitalised (no impact on profit/loss in 2013).

d) Financial income

Financial income totalled €7.9 million.

This income is a result of €7.5 million in realised capital gains on the bond portfolio and €1.8 million in accounting capital gains on the money market funds, which includes €1.5 million in capital gains corresponding to the return earned in 2013 and €0.26 million in capital gains that were unrealised at 31 December 2012 and realised in 2013.

The accounting rate of return of the money market funds was 0.11%. Based on previous practices, this rate is used in principle to determine the interest to be paid on certificates of membership and guarantee deposits. With regard to the certificates of membership and guarantee deposits assigned to the deposit guarantee scheme and the guarantee of performance bonds scheme, applying this rate results in an amount of €1.3 million, for which a provision for charges is set up at the end of the year.

However, no interest will be paid on certificates of membership and guarantee deposits assigned to the investor compensation scheme, pursuant to Articles 2 and 6 of CRBF Regulation 99-15 of 23 September 1999; in fact, the total expenses related to the interventions in EGP and Dubus SA exceeded the amounts of the contributions collected by this scheme, on the one hand, and the income derived from the resources assigned to it, on the other hand.

e) Overhead costs

As a result of the changes at the FGDR, overhead costs increased significantly in terms of both personnel expenses and other costs, including in particular IT costs, and excluding the “20-day project” itself (cf. section 3.6.).

Personnel expenses:

For 2013, personnel expenses totalled €2.3 million, a 52% increase over 2012. This resulted primarily from the increase in the number of permanent employees, which rose from four at 1 January to nine at the end of the year (cf. section 3.6.).

IT expenses:

IT expenses increased by 105% from €67,000 in 2012 to €137,000 in 2013. This increase is related to the expenses incurred to support the “20-day project” and for the relocation..

Professional fees and other services:

The amount of €100,000 allocated to training institutes and taken from the monetary penalties received by the Fonds de Garantie des Dépôts et de Résolution was charged directly to the investor compensation mechanism since those liable for payment are members of this scheme.

f) Profit/loss

Profit before the technical provision for intervention risk was €11.4 million. It breaks down as follows:

- €5.0 million for the cash mechanism,
- €6.1 million for the investor mechanism, after a provision for the full amount of the €3.8 million advance granted or guaranteed to Dubus SA,
- €0.2 million 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 €11.4 million will be transferred to the technical provision for intervention in order to set accounting income to zero.

The Fonds de Garantie des Dépôts et de Résolution’s 2013 financial statements were approved by the Supervisory Board at its meeting on 1 April 2014.

> 5.2.

**Balance sheet, profit and loss statement
and notes at 31 December 2013**

A) Profit and loss statement

2013 profit and loss statement		
(€ thousands)	Expenses	Income
Contributions	0	8,364
Other net income	0	2,054
Income	0	10,418
Prior-year income and expenses	0	523
Prior-year income and expenses	0	523
Claim-related expenses	1,343	0
> <i>Of which Mutua-Équipement</i>	0	0
> <i>Of which Crédit Martiniquais</i>	46	0
> <i>Of which Européenne de Gestion Privée</i>	973	0
> <i>Of which Dubus SA</i>	324	0
Provisions for claims	3	-2,831
> <i>Of which Mutua-Équipement</i>	0	0
> <i>Of which Crédit Martiniquais</i>	3	3
> <i>Of which Européenne de Gestion Privée</i>	0	973
> <i>Of which Dubus SA</i>	0	-3,807
Cost of claims	4,177	0
Expenses related to "20-day compensation project"	0	0
Financial income	0	9,316
Provisions for impairment net of reversals	0	0
Interest payable to members	1,401	0
Financial income/expense	0	7,915
Overhead costs	3,220	0
Directly assignable expenses	103	0
Total expenses/income	7,501	18,857
Technical provision for intervention risk	11,356	0
Profit/loss	0	0

2012/2013 comparative profit and loss statement

(€ thousands)	2012	2013
Contributions	6,259	8,364
Other income	1,340	2,054
Income	7,599	10,418
Prior-year income/expense	413	523
Claim-related expenses	-6,810	-1,343
> <i>Of which Mutua-Équipement</i>	0	0
> <i>Of which Crédit Martiniquais</i>	-35	-46
> <i>Of which Européenne de Gestion Privée</i>	-6,775	-973
> <i>Of which Dubus SA</i>	0	-324
Provisions for claims	14,900	-2,834
> <i>Of which Mutua-Équipement</i>	0	0
> <i>Of which Crédit Martiniquais</i>	-300	0
> <i>Of which Européenne de Gestion Privée</i>	15,200	973
> <i>Of which Dubus SA</i>	0	-3,807
Cost of claims	8,089	-4,177
Expenses related to "20-day compensation project"	-5,045	0
Financial income	12,101	9,316
Adjustment of interest paid	0	0
Provisions for impairment	11,021	0
Interest payable to members	-3,411	-1,401
Financial income/expense	19,712	7,915
Overhead costs	-2,496	-3,220
Directly assignable expenses	-110	-103
Technical provision for intervention risk	-28,162	-11,356
Profit/loss	0	0

2012/2013 comparative breakdown of overhead costs

(€ thousands)	2012	2013
Personnel expenses	1,526	2,317
> Salaries and other compensation	767	1,121
> Social contributions	511	829
> Other	248	368
Administrative expenses	510	633
> Offices	293	296
> IT	67	137
> Supplies and documentation	22	23
> Post and telecommunications	19	23
> Assignments/Travel	19	69
> Public relations	44	49
> General taxes	45	37
Professional fees and external services	389	348
> Back office fees	186	200
> Outsourced operating expenses	203	148
Subtotal	2,425	3,298
Prior-year expenses	71	-78
Total	2,496	3,220

2013 profit and loss statement by mechanism

(€ thousands)		Cash		Securities		Performance bonds	Total
Contributions		359		7,974		32	8,364
Other income		17		2,035		1	2,054
Income		376		10,009		33	10,418
Prior-year income/expense		340		69		114	523
Claim-related expenses		-46		-1,297		-	-1,343
> <i>Of which Mutua-Équipement</i>		-		-		-	-
> <i>Of which Crédit Martiniquais</i>		-46		-		-	-46
> <i>Of which Européenne de Gestion Privée</i>		-		-973		-	-973
> <i>Of which Dubus SA</i>		-		-324		-	-324
Provisions for claims		-		-2,834		-	-2,834
> <i>Of which Mutua-Équipement</i>		-		-		-	-
> <i>Of which Crédit Martiniquais</i>		-		-		-	-
> <i>Of which Européenne de Gestion Privée</i>		-		973		-	973
> <i>Of which Dubus SA</i>		-		-3,807		-	-3,807
Cost of claims		-46		-4,131		-	-4,177
Expenses related to "20-day compensation project"		-		-		-	-
Financial income	93.7%	8,729	4.94%	460	1.36%	127	9,316
Provisions for impairment	93.7%	-	4.94%	-	1.36%	-	-
Interest payable to members		-1,381		-1		-19	-1,401
Financial income/expense		7,348		460		107	7,915
Overhead costs	93.7%	-3,017	4.94%	-159	1.36%	-44	-3,220
Directly assignable expenses		-		-103		-	-103
Profit/loss before tech. provision		5,001		6,144		211	11,356

B) Balance sheet

Balance sheet at 31 December 2013 (€ thousands)				
Assets	Gross	Depr. amort. & prov.	Net at 31/12/2013	Net at 31/12/2012
Tangible and intangible assets	1,272	505	767	61
20-day project assets	9,611	0	9,611	0
Total non-current asset	10,883	505	10,378	61
Amounts due from members	1,645	0	1,645	2,662
Other receivables	27	0	27	0
Members: penalties receivable	0	0	0	0
Revenue accruals	2,371	2,371	0	170
Amount due from Mutua Équipement	6,073	5,774	300	300
Amount due from Crédit Martiniquais	178,540	178,540	0	0
Amount due Européenne de Gestion Privée	21,465	21,465	0	0
Amount due Dubus SA	3,500	3,500	0	0
Total receivables	213,621	211,650	1,972	3,132
Transferable securities	2,677,629	0	2,677,629	2,178,005
Cash and cash equivalents	23,092	0	23,092	103,961
Total cash on hand	2,700,721	0	2,700,721	2,281,966
Pre-paid expenses	96	0	96	110
Total assets	2,925,321	212,154	2,713,167	2,285,268
Liabilities			31/12/2013	31/12/2012
Profit/loss			0	0
Technical provision for intervention risk			1,013,208	1,005,72
Technical provision for regulatory compliance			15,316	12,096
Total equity			1,028,524	1,017,168
Provisions for claims			14,134	14,800
Certificates of membership			543,896	543,976
Guarantee deposits			1,120,054	701,639
Total subordinated debt			1,663,949	1,245,615
Provisions for charges			443	343
Provisions for risks			62	62
Total provisions			505	405
Trade payables			2,778	3,060
Social security liabilities			561	375
Tax liabilities			46	39
Liabilities to EGP clients			0	0
Advances on monetary penalties			0	400
Members: pending amounts			1,347	0
Interest payable to members			1,323	3,405
Total liabilities			2,713,167	2,285,268

Balance sheet of the CASH mechanism at 31 December 2013 (€ thousands)

Assets	Gross	Depr. amort. & prov.	Net at 31/12/2013	Net at 31/12/2012
Receivables on overall expenses mechanism	0	0	0	0
20-day project assets	9,611	0	9,611	0
Amounts due from members	1,528	0	1,528	2,586
Other receivables	13	0	13	0
Members: penalties receivable	0	0	0	0
Revenue accruals	300	300	0	0
Amount due from Crédit Martiniquais	178,540	178,540	0	0
Total receivables	189,992	178,840	11,152	2,586
Cash & cash equivalents/ transferable securities	2,540,148	0	2,540,148	2,120,554
Total assets	2,730,140	178,840	2,551,300	2,123,140

Liabilities	31/12/2013	31/12/2012
Profit/loss	0	0
Technical provision for intervention risk	919,847	918,066
Technical provision for regulatory compliance	15,316	12,096
Total equity	935,163	930,162
Certificates of membership	533,893	533,962
Guarantee deposits	1,065,628	647,303
Total subordinated debt	1,599,521	1,181,266
Liabilities related to overall expenses mechanism	11,897	6,532
Trade payables	2,068	1,833
Social security liabilities	0	0
Members : adjustments	1,347	0
Interest payable to members	1,304	3,347
Total other debt	16,616	11,712
Total liabilities	2,551,300	2,123,140

Balance sheet of the investor compensation mechanism at 31 December 2013 (€ thousands)

Assets	Gross	Depr. amort. & prov.	Net at 31/12/2013	Net at 31/12/2012
Receivables on overall expenses mechanism	86	0	86	0
Amounts due from members	99	0	99	55
Other receivables	13	0	13	0
Members: penalties receivable	0	0	0	0
Revenue accruals	2,070	2,070	0	170
Amounts due from Européenne de Gestion Privée	21,465	21,465	0	0
Amount due from Dubus SA	3,500	3,500	0	0
Total receivables	27,234	27,036	198	225
Cash & cash equivalents/ transferable securities	135,044	0	135,044	131,165
Total assets	162,278	27,036	135,243	131,390

Liabilities	31/12/2013	31/12/2012
Profit/loss	0	0
Technical provision for intervention risk	73,369	67,225
Total	73,369	67,225
Provisions for claims	14,134	14,800
Certificates of membership	10,002	10,014
Guarantee deposits	37,367	37,483
Total subordinated debt	47,369	47,497
Liabilities related to overall expenses mechanism	0	409
Advances on monetary penalties	0	400
Trade payables	371	1,059
Social security liabilities	0	0
Liabilities to EGP clients	0	0
Members: pending amounts	0	0
Interest payable to members	0	0
Total debt	371	1,868
Total liabilities	135,243	131,390

Balance sheet of the performance bonds mechanism at 31 December 2013 (€ thousands)

Assets	Gross	Depr. amort. & prov.	Net at 31/12/2013	Net at 31/12/2012
Receivables on overall expenses mechanism	0	0	0	0
Amounts due from members	18	0	18	20
Members: penalties receivable	0	0	0	0
Revenue accruals	0	0	0	0
Amount due from Mutua-Équipement	6,073	5,774	300	300
Total receivables	6,091	5,774	318	320
Cash & cash equivalents/ transferable securities	36,898	0	36,898	36,474
Total assets	42,990	5,774	37,216	36,794

Liabilities	31/12/2013	31/12/2012
Profit/loss	0	0
Technical provision for intervention risk	19,992	19,781
Total equity	19,992	19,781
Certificates of membership	0	0
Guarantee deposits	17,059	16,853
Total subordinated debt	17,059	16,853
Liabilities related to overall expenses mechanism	146	103
Liabilities to members	0	0
Members: pending amounts	0	0
Interest payable to members	19	58
Total other debt	165	161
Total liabilities	37,216	36,794

C) Notes

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

1) 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 five 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 (cf. section 3.3.).

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 others will be phased in over 2014. In 2013, the capital expenditure relating to this project was €9.6 million and is capitalised until the start of production.

The total cost of the investment was revised at the end of 2013 based on the approved specifications and additional development that was found to be necessary: it is now estimated at €15.3 million. As a result, the provision for regulatory compliance, estimated at €12.1 million at year-end 2012, was increased by €3.2 million at the end of 2013 by deducting this amount from the technical provision for intervention risk. This project had no impact on the FGDR’s profit or loss in 2013. The effects related to operational expenses and amortisation will be felt starting in 2014.

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” (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 to intervene under the investor compensation scheme.

At 31 December 2012, a provision for risks totalling €14.8 million had been recorded.

The EGP claim continued to impact operations in 2013, but to a lesser degree than in previous years. The only costs involved managing litigation before the Administrative Court of Paris, the Commercial Court of Bordeaux and the Italian courts (cf. section 4.3.).

The Italian liquidator recorded a “super-preferential” claim of €2.2 million 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 €8.6 million 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 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 €21.5 million (including €8.6 million in compensation and €13 million in administrative expenses). The expense for 2013 was €1 million and was financed by reversing a provision in the same amount.

At year-end 2013, the residual risk is estimated at €13.8 million. As a precaution and given the uncertainty surrounding the outcome of the lawsuits and the possibility of recovering assets in connection with the liquidation of the Italian branch, as well as the legal action taken against the former senior managers, a provision has been set up for the full amount of this risk as follows:

(€M)	2014	2015	2016	Post-2016	Total
Compensation risk related to the 84 appeals filed with the administrative court	-	-	-	6.8	6.8
Expenses related to current proceedings - Administrative court: expenses related to a possible appeal, appeal to the French Supreme Court, etc. - Bordeaux commercial court: 30 cases, - Italian criminal and civil proceeding to be provided for - Work with the liquidators on debtor tracking	2.1	1.5	1.5	1.9	7.0

In addition, replenishment of the own funds of the investor compensation mechanism began. 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 2013, a definitive contribution of €6.9 million 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 (cf. section 4.4.). The purpose of the intervention was to preserve the availability of clients' cash assets after a cash shortfall in the accounts used to ring-fence these funds was identified.

The ACPR contacted the FGDR on 4 October 2013; the Supervisory Board gave its approval on 11 October; the preventative measures to which the FGDR's intervention was subject were taken by the ACPR on 18 October and were to take effect before the end of 2013.

The FGDR's intervention entailed making an advance payment equal to the ring-fence shortfall. An initial payment of €3.5 million (fully covered by a provision) was made on 5 December 2013. In early 2014, an additional payment of €307,000 was made; a provision for the corresponding commitment was set up at 31 December 2013. The costs incurred in 2013 to manage this intervention totalled €324,000 and were recorded as an expense. The investor compensation mechanism is bearing the entire cost of this intervention. The FGDR does not anticipate any significant expense in 2014.

1.4) The increase in contributions

The annual contributions levied for 2013 were established by ministerial orders of 15 April 2010 (guarantee of performance bonds) and 18 November 2013 (deposit guarantee and investor compensation), which provided as follows (cf. section 3.2. above):

- 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, which was much higher than in previous years, is intended to gradually increase the FGDR's resources to the level required by the new European directive;
- an ordinary contribution of €7.3 million to the investor compensation scheme, also eligible as a guarantee deposit;
- a special contribution of €6.9 million to the investor compensation scheme, which is payable definitively and intended to begin to replenish this mechanism's own funds (cf. section 4.3. and 4.4.);
- an ordinary contribution of €3.1 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.

On 13 January 2014, the ACPR gave notice of reductions in contributions applicable to two members for 2013. The amount of these reductions was €1.3 million and had not been paid by the members in question as of 31 December 2013. This correction was made in the financial statements for the year ended 31 December 2013.

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, 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 approved in accordance with the principle of conservatism as well as the:

- 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) on members of the investor compensation scheme (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 2013, in accordance with Articles 2 and 6 of CRBF Regulation 99-15 of 23 September 1999, no interest will be paid on certificates of membership and guarantee deposits assigned to the investor compensation scheme; in fact, the total expenses related to the interventions exceeded the amounts of the contributions collected by this scheme, on the one hand, and the income derived from the resources assigned to it, on the other hand.

Interest of 0.11% was calculated and a provision was set up so that it could be paid on certificates of membership and guarantee deposits assigned to the deposit guarantee 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" (cf. section 3.3.), 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 €12.1 million at 31 December 2012. This cost estimate was revised to €15.3 million at the end of 2013. The provision is funded by a deduction from the technical provision for intervention risk. It will be reversed as amortisation is recorded for the line items for which it was created. Given its purpose, it is assigned directly and fully to the "cash" mechanism.

2.2.2) Balance sheet.

a) The permanent resources 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

The rules resulting from the application of CRC Regulation 2002-10 of 12 December 2002 and CRC Regulation 2004-06 of 23 November 2004 have no impact on the financial statements for the year ended 31 December 2013 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 (€9.3 million in 2013) results from purchases and sales of units of mutual funds. At 31 December 2013, unrealised capital gains and losses were as follows (€ thousands):

Name	No. of units	Total cost price (€ thousands)	Total net asset value (€ thousands)	Unrealised capital gain or loss (€ thousands)
HALEVY A1	46,639	50,414	66,629	16,216
HALEVY A2	38,096	40,019	52,304	12,285
HALEVY A3	38,111	40,285	50,197	9,913
Total equity funds		130,717	169,130	38,413
HALEVY O1	63,357	69,305	79,636	10,331
HALEVY O2	194,780	229,596	243,344	13,748
HALEVY O3	175,429	206,966	213,997	7,031
HALEVY O4	93,888	111,988	116,144	4,156
Total bond funds		617,856	653,122	35,266
HALEVY M2	159,551	208,235	208,236	2
HALEVY M3	395,053	500,884	500,896	12
HALEVY M9	212,899	248,291	248,293	2
HALEVY M10	416,785	478,728	478,732	4
HALEVY M13	215,303	251,220	251,241	22
HALEVY M14	237,150	241,699	241,713	14
Total money market funds		1,929,056	1,929,111	56
Total		2,677,629	2,751,363	73,735

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), the amount due shown on the balance sheet represents the sums paid to the real estate developers. A provision was set up based on the outcome of Mutua-Équipement’s liquidation proceedings with an estimated dividend of 5%. In 2013, the FGDR did not receive any payment relating to this claim.

The FGDR has a total claim of €21,465,000 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 (cf. section 4.3.) :

- preferential claims:
 - > on the Italian liquidation (eligible “prededuzione” expenses): €2,164,000,
 - > on the French liquidation (bank liquidator’s expenses): €316,000,
- unsecured claim resulting from subrogation for compensation paid: €8,616,000,
- other expenses: €10,369,000.

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 €3.5 million against Dubus SA, which consists of the advance paid at the end of 2013. This claim is fully covered by a provision given the very low likelihood of collecting from the company’s assets. Neither the additional payment scheduled for early 2014 nor the costs incurred to handle this case were included in this claim as of 31 December 2013.

3) Additional information

3.1) Non-current assets

(€ thousands)	31/12/2012	Increase	Decrease	31/12/2013
Software	309	1	0	310
Website	0	168	0	168
General facilities	32	0	0	32
Office and computer equipment	55	9	0	64
Furniture	103	1	0	104
Deposits and performance bonds	42	67	0	109
Intangible assets in progress - 20-day project	0	9,611	0	9,611
Construction work in progress - Renovation of offices	0	479	0	479
Total	541	10,336	0	10,877

Intangible assets in progress at 31 December 2013 are as follows:

- €9,611,000, which represents the cost of investments in the CIS, which will be amortised by lot as each lot is put into production; lot 1 (V1) went into production in January 2014 (cf. section 3.3.);
- €479,000, which represents the cost of investments made in the new offices (renovation and furniture), which will be amortised as of the FGDR's move-in date, i.e. 10 January 2014 (cf. section 3.6.).

3.2) Depreciation and amortisation.

(€ thousands)	31/12/2012	Increase	Decrease	31/12/2013
Software	308	1	0	309
Website	0	9	0	9
General facilities	32	0	0	32
Office and computer equipment	44	8	0	52
Furniture	103	0	0	103
Total	487	18	0	505

3.3) Receivables and debt.

3.3.1) Receivables.

(gross amount in € thousands)	31/12/2013	31/12/2012
Receivables due in less than one year	4,043	6,593
Receivables due in one year or more	209,578	205,103
Total	213,621	211,696

Receivables due in one year or more increased by €4.5 million as a result of:

- the recognition of a €3.5 million claim against Dubus SA related to reducing the shortfall in the ring-fence that protects client funds paid by the FGDR in 2013.
- the €973,000 increase in the claim against EGP related to the costs incurred by the Fonds de Garantie des Dépôts et de Résolution in 2013.

Other receivables due in one year or more include the disbursements net of repayments related to the Crédit Martiniquais claim, which did not change significantly in 2013.

Receivables due in less than one year consist of annual contributions in the process of collection (€1,645,000), monetary penalties receivable (€2,070,000) and court costs receivable (€300,000) (cf. section 3.4. below).

3.3.2) Debt.

(€ thousands)	31/12/2013	31/12/2012
Debt due in less than 1 year	96,658	97,996
Debt due in 1 to 5 years	1,029,450	610,923
Debt due in more than 5 years	543,896	543,976
Total	1,670,004	1,252,895

Debt due in less than one year mainly includes the guarantee deposits provided in 2009 which will be refunded in November 2014. Debt due in 1 to 5 years includes the guarantee deposits paid between 2010 and 2013.

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.

The annual breakdown of guarantee deposits is as follows:

Year	Deposit guarantee scheme (€ thousands)	Investor compensation scheme (€ thousands)	Guarantee of performance bonds scheme (€ thousands)	Total (€ thousands)
2009	80,072	7,392	3,139	90,603
2010	80,177	7,425	3,494	91,096
2011	106,473	7,910	3,506	117,889
2012	300,129	7,365	3,447	310,941
2013	498,779	7,276	3,471	509,526
Total	1,065,630	37,368	17,057	1,120,055

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

3.4) Revenue accruals.

Balance sheet items (€ thousands)	31/12/2013	31/12/2012
Members: penalties receivable	0	0
Monetary penalties (AMF)	2,070	3,631
Interest receivable from banks	NS	NS
Repayment of court costs receivable	301	301
Total	2,371	3,932

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 31/12/2012	3,632
Penalties imposed in 2013	644
Penalties cancelled in 2013	5
Payments received in 2013	2,200
Amount at 31/12/2013	2,070

Provisions for monetary penalties:

	(€ thousands)
Provision at 31/12/2012	3,461
Additions	514
Reversals	1,905
Provision at 31/12/2013	2,070

After applying this method and given the movements during the year, the impact of monetary penalties on profit/loss in 2013 was €2,034,600. The amount of penalties receivable at 31 December 2013 was €2,070,300, which was fully covered by a provision.

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.

3.7) Provisions for risks and charges.

(€ thousands)	2012	Increase	Decrease	2013
Retirement payments	343	100	0	443
Provision for claims	14,800	307	973	14,134
Total	15,143	407	973	14,577

The provision for claims is related to the FGDR's interventions. The €973,000 decrease is a result of the deduction to finance the EGP claim-related administrative expenses incurred in 2013 (cf. section 4.3.); the €307,000 increase is linked to the commitment to pay the balance of the ring-fence shortfall at Dubus SA (cf. section 4.4.).

Since this decision was overturned by the Supreme Court 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.

Balance sheet items (€ thousands)	31/12/ 2013	31/12/ 2012
Trade & similar payables:		
> Invoices receivable	1,567	1,188.3
> Interest payable to members	1,323	3,405.5
Tax and social security liabilities:		
> Provisions for paid leave	116	44
> Provisions for bonuses	229	225
> Provisions for salary-based taxes	14	9
> Provision for Allianz supplemental retirement plan	31	0
> Provision for the company value-added contribution (CVAE)	-9	25
Total	3,271	4,897

3.6) Pre-paid expenses.

At 31 December 2013, pre-paid expenses were as follows:

	(€ thousands)
Rent and rental expenses	65
Insurance	8
Upkeep and maintenance	14
Supply agreement	5
Dues	3
Total	95

3.8) Average workforce.

	2013	2012
Management staff	8	3
Non-management staff	1	1
Total	9	4

3.9) Retirement payments.

At the end of 2013, a provision for retirement payments in the amount of €443,000 was set up. It covers all FGDR employees.

3.10) Composition of the permanent resources of the Fonds de Garantie des Dépôts et de Résolution.

The permanent resources are divided into two categories which changed as follows in 2013:

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

(€ thousands)	31/12/2012	Additions during the year	Reversals	31/12/2013
Technical provision for intervention risk	1,005,072	8,136	0	1,013,208
Technical provision for regulatory compliance	12,096	3,220	0	15,316
Total	1,017,168	11,356	0	1,028,524

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

(€ thousands)	31/12/2012	Call	Repayment	31/12/2012
Guarantee deposits	701,639	509,525	91,110	1,120,055
Certificates of membership	543,976	0	80	543,896
Total	1,245,615	509,525	91,190	1,663,951

4) 4. Off-balance sheet commitments

None

5) 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 2013, the assignment was based on the following proportions:

- 93.70% for the deposit guarantee mechanism,
- 4.94% for the investor compensation mechanism,
- 1.36% for the guarantee of performance bonds mechanism.

5.2) Late payment penalties.

Default interest charged to members for late payment of contributions totalled €180. 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 2013

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 Conseil de Surveillance nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2013, sur :

- le contrôle des comptes annuels du 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 attention 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 2013.

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 constitue un domaine d'estimation comptable significative. Le Fonds de Garantie des Dépôts et de Résolution constitue des provisions pour couvrir les risques relatifs aux sinistres fondés sur des estimations de coût et de récupération. Les paragraphes 1-2, 2-2-1 b), 2-2-2 b) et 2-3-3 précisent les incertitudes inhérentes aux estimations et hypothèses retenues pour la détermination des provisions relatives aux sinistres.

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.

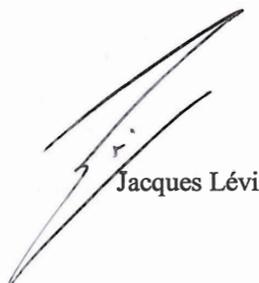
III- Vérifications et informations spécifiques

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

Fait à Neuilly-sur-Seine et à Courbevoie, le 4 Avril 2014

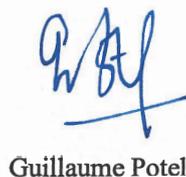
Les commissaires aux comptes

PricewaterhouseCoopers Audit



Jacques Lévi

Mazars



Guillaume Potel

> 5.3.

Statutory auditors' reports

Unofficial translation of the statutory auditors' report on the year-end financial statements drawn up by PricewaterhouseCoopers audit and Mazars

Year ended 31 December 2013

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars

61, rue Henri Régnault
92075 PARIS La Defense Cedex

Ladies and gentlemen,

Pursuant to the mission entrusted to us by your Supervisory Board, we present to you our report for the year ended 31 December 2013 on:

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

The year-end financial statements were approved by the Management Board. It is our task, on the basis of our audit, to express an opinion on these financial statements.

I - Opinion on the year-end financial statements

We have conducted our audit in accordance with the accounting standards applicable in France. These standards require the use of due diligence to provide reasonable assurance that the year-end financial statements do not contain any significant misstatements. An audit entails verifying, on a test basis or through other selection methods, evidence supporting the amounts and information contained in the year-end financial statements. It also entails assessing the accounting principles applied, the significant estimates used and the overall presentation of the financial statements. We believe that the information we have collected is sufficient and appropriate to provide a basis for our opinion.

We certify that the year-end financial statements, based on the accounting principles and presentation rules approved by the Supervisory Board, are true and in good order and fairly present the net profit/loss from operations of the Fonds de Garantie des Dépôts et de Résolution during the previous year, as well as its financial position and assets at the end of said year.

II - Basis for our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code (Code de commerce) related to the basis for our assessments, we wish to bring the following points to your attention:

Accounting rules and principles

Paragraph 2 of the notes describes the accounting rules and rules for presentation of the financial statements which are specific to the Fonds de Garantie des Dépôts et de Résolution. These rules were approved by the Supervisory Board pursuant to Article 2.4 of the Internal Regulations approved by Decision No. 2000-01 of the Comité de Réglementation Bancaire et Financière (French banking and financial regulations committee) and ratified by order of the French Ministry of the Economy on 6 September 2000.

Paragraph 2-2-1 f) describes the accounting treatment used to create the provision related to the "20-day compensation" project at 31 December 2013.

As part of our assessment of the accounting principles, we reviewed the consistency of the accounting and presentation rules applied 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 provisioning of risks related to claims represents a significant accounting estimate. The Fonds de Garantie des Dépôts et de Résolution sets up provisions to cover claims-related risks based on cost and recovery estimates. Paragraphs 1-2, 2-2-1 b), 2-2-2 b) and 2-3-3 describe the uncertainties inherent to estimates used and assumptions made to determine claims-related provisions.

As part of our assessment of these estimates, we reviewed the available information on which these estimates were based and assessed their reasonableness.

The assessments thus made are an integral part of our audit of the year-end financial statements as a whole, and therefore helped us form our opinion, as expressed in the first part of this report.

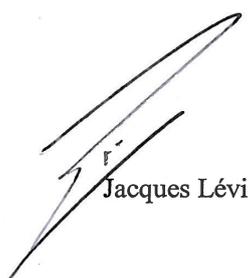
III- Specific verifications and information

In accordance with the accounting standards applicable in France, we also conducted the specific verifications required by law.

Executed in Neuilly-sur-Seine and Courbevoie, 4 April 2014

The Statutory Auditors

PricewaterhouseCoopers Audit



Jacques Lévi

Mazars



Guillaume Potel

PricewaterhouseCoopers Audit
63, Rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, Rue Henri Régnauld
92075 Paris La Défense Cedex

**RAPPORT SPECIAL DES COMMISSAIRES AUX COMPTES
SUR LES CONVENTIONS REGLEMENTEES**

Exercice clos le 31 décembre 2013

FONDS DE GARANTIE DES DEPOTS ET DE RESOLUTION

65, rue de la Victoire
75009 PARIS

Mesdames, Messieurs,

En notre qualité de commissaires aux comptes du Fonds de Garantie des Dépôts et de Résolution, 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.

Conventions soumises à l'approbation du Conseil de Surveillance au cours de l'exercice

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 Surveillance.

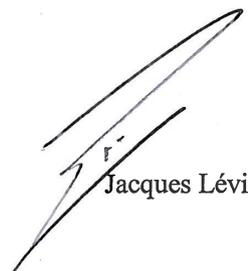
Conventions déjà approuvées par le Conseil de Surveillance

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 et n'a pas eu d'effet au cours de l'exercice 2013.

Fait à Neuilly-sur-Seine et à Courbevoie, le 4 Avril 2014

PricewaterhouseCoopers Audit



Jacques Lévi

Mazars



Guillaume Potel

Statutory auditors' special report on regulated agreements

Year ended 31 December 2013

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars

61, rue Henri Régnault
92075 PARIS La Defense Cedex

Ladies and gentlemen,

In our capacity as statutory auditors of the Fonds de Garantie des Dépôts et de Résolution, we present to you our report on regulated agreements.

It is our responsibility to inform you, based on the information provided to us, of the characteristics and essential terms and conditions of the agreements brought to our attention or about which we may have learned during the course of our audit, without our being required to comment on their usefulness and relevance or to determine the existence of other agreements. It is your responsibility to assess the advantage of entering into these agreements with a view to their approval.

We have conducted the work that we deemed necessary in accordance with the accounting standards of the Compagnie nationale des Commissaires aux Comptes that apply to this audit.

Agreements subject to the approval of the Supervisory Board during the year

We inform you that we have not been advised of any agreement authorised during the previous year which is subject to the approval of the Supervisory Board.

Agreements already approved by the Supervisory Board

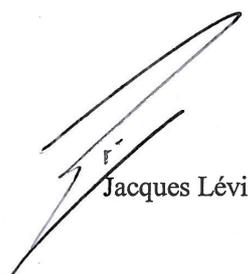
On 8 December 2010, the Supervisory Board approved the draft agreement between the Fonds de Garantie des Dépôts et de Résolution and CIC. Under this agreement, CIC agreed to assume a portion of the dismissal compensation of Mr François de Lacoste Lareymondie in the event that the Fonds de Garantie des Dépôts et de Résolution were to terminate him.

This agreement was signed on 3 January 2011 and had no effect during the course of 2013.

Executed in Neuilly-sur-Seine and Courbevoie, 4 April 2014

The Statutory Auditors

PricewaterhouseCoopers Audit



Jacques Lévi

Mazars



Guillaume Potel

FONDS DE GARANTIE DES DÉPÔTS ET DE RÉOLUTION
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