600068/20

2016 ANNUAL REPORT

Report of the Supervisory Board
to the Ordinary Shareholders' Meeting
of May 9, 2017

SUPERVISORY BOARD

SUPERVISORY BOARD AS AT MAY 9, 2017

Chairman of the Supervisory Board
René Dangel
Vice-Chairman of the Supervisory Board
Jean Huet

Board members
Michel Lucas, Chairman of CIC
ADEPI, represented by Patricia Moulin Lemoine
CIC Associés, represented by Philippe Salle
CIC Participations, represented by Pascal Cagni
Cicor, represented by Didier Domange
Cicoval, represented by Philippe Faure
Efsa, represented by Olivier Goudet
Gesteurop, represented by Philippe Laudren
Impex Finance, represented by Claude Muller
Marsovalor, represented by Victoire de Margerie
Sofinaction, represented by Jean-Paul Giraud
Ugepar Services, represented by Gérard Pelisson

Supervisory Board members elected by employees
Fabrice Chavigny
Sylvain Tesnière

Management Board
Bruno Julien-Laferrière, Chairman
Hubert Veltz, member

Representative of the Works Council on the Supervisory Board
Jeanne Provini

STATUTORY AUDITORS

Principal statutory auditors
PRICEWATERHOUSECOOPERS AUDIT SA
63 Rue de Villiers – 92200 Neuilly-sur-Seine
Mr. Jacques Levi
First appointment effective: May 20, 2003
Appointment expires:
At the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2018.

ERNST & YOUNG & AUTRES
1-2, Place des Saisons – 92400 Courbevoie Paris-La-Défense 1
Mr. Olivier Durand
First appointment effective: May 21, 2002
Appointment expires:
At the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2019.

Alternate statutory auditors
MS. ANIK CHAUMARTIN
63 Rue de Villiers – 92200 Neuilly-sur-Seine

PICARLE & ASSOCIÉS
41 Rue Ybry – 92200 Neuilly-sur-Seine

MANAGEMENT REPORT 2016

BUSINESS ACTIVITY

CIC Banque Transatlantique Paris

Banque Transatlantique continued to perform well in 2016 with an increase of €1.4 billion in assets under management (up 7%) and a 2% increase in net banking income. Expenses rose by 9% while income before non-recurring items stood at €47.3 million. The bank has developed an offer in pound sterling and a local booking service within its London branch.

Banque Transatlantique Belgium

The Belgian subsidiary ended its eleventh fiscal year with net banking income of €12.4 million and net income of €3.85 million. The ongoing development of a private banking customer base enabled it to increase assets under management to €2.2 billion compared with €1.9 billion at the end of 2015.

Banque Transatlantique Luxembourg

In 2016, Banque Transatlantique Luxembourg stepped up the pace of expansion defined by the 2015-2020 medium-term plan, with an increase in capital (total customers' assets of €1,661 million), 11.4% growth in net banking income to €8,274 million and improved profitability, with a 52.7% increase in operating income before provisions. Banque Transatlantique Luxembourg also strengthened its capital ties with the Banque Transatlantique group by taking a 5.02% stake in Transatlantique Gestion.

Transatlantique Gestion

Net revenue totaled €30.3 million in 2016 versus €32.5 million in 2015, corresponding to a fall of 7%. Net income amounted to €7.7 million compared with €9.7 million the previous year due to difficult market conditions in 2016.

Dubly Douilhet Gestion

Despite a turbulent stock-market environment in 2016, Dubly Douilhet Gestion performed well with a 14% increase in net banking income to €11.1 million and a 29% increase in net income, to €4.2 million.

BANQUE TRANSATLANTIQUE GROUP RESULTS

For fiscal year 2016, the group had net banking income of €137.1 million (down 3%), operating income before provisions of €50.2 million (down 16%) and net income of €34.1 million (down 13%). General operating expenses were up by 5%. At the end of the year, assets under management stood at a record level of €29.5 billion.

HUMAN RESOURCES

Banque Transatlantique Paris had 259 employees as at December 31, 2016, including 257 employed under permanent contracts and two under fixed-term contracts (excluding work/study schemes), up slightly compared with the previous year (253 employees). This increase reflected mainly the growth in business activity.
Training expenditure was focused mainly on:

- developing skills
- wealth tax regime
- insurance
- real estate loans
- work efficiency.

OUTLOOK FOR 2017

Banque Transatlantique is approaching 2017 with caution given the forecasts of a further fall in net interest income and the uncertainties in the financial markets.

MEMBERS OF EXECUTIVE MANAGEMENT

Mr. Bruno Julien-Laferrière is Chairman of Banque Transatlantique's Management Board.
Mr. Hubert Veltz is a member of Banque Transatlantique's Management Board.

MANAGEMENT REPORT ON THE COMPANY FINANCIAL STATEMENTS

There were no significant events between the balance sheet date and the date this management report was prepared.

BALANCE SHEET

Balance sheet assets totaled €3,256 million at December 31, 2016, up by 10% over the previous year.

- **Assets**

Interbank loans and advances amounted to €984.7 million, up by €34.5 million, or 4%, in 2016 while receivables due from customers increased by €267.0 million, or 14%.

- **Deposits**

Amounts due to credit institutions dropped by €6.2 million in 2016 (down 2%) while amounts due to customers rose by 12% to €2,764.2 million.

RESULTS

- **Net banking income**

Net interest income was €42.2 million in 2016 compared with €44.6 million in 2015 (down 2.4%). Dividends from subsidiaries of Banque Transatlantique increased by 11% to €18.9 million. Net commission income was up by 7%, due in particular to non-recurring income of €4.05 million linked to the transactional compensation received from BFCM in the context of the sale of the Visa Europe securities to Visa Inc.

Given these factors, net banking income totaled €103.0 million, up by 2% compared with €100.8 million the previous year.

- **General operating expenses and operating income before provisions**

General operating expenses increased by €4.9 million to €58.0 million. Payroll costs were up by €2.7 million. Given these factors, operating income before provisions for 2016 dropped by 5.6% to €45.0 million compared with €47.6 million in 2015.

Pursuant to Articles L.441-6-1 and D.441-4 of the French Commercial Code, the breakdown by due date of trade payables at the end of the year, which totaled €609,649.12, was as follows:

	< 30 days	30-45 days	45-60 days	> 60 days
Fiscal year 2016	78.8%	7.5%	0.9%	12.8%
Fiscal year 2015	60.0%	23.1%	0.0%	16.9%

The cost/income ratio for 2016 was 56%, as against 53% in 2015.

Reported in accordance with legal disclosure requirements, the remuneration of the Chairman and Chief Executive Officer, Bruno Julien-Laferrière, for the 2016 fiscal year amounted to €686,811, including €4,534 in benefits in kind (company car).

- **Risk provisions**

Provisions for loan losses in respect of 2016 consisted of a write-back of provisions for €2.3 million.

- **Net income**

Income before non-recurring items amounted to €47.3 million compared with €47.4 million in 2015. Net income for the year was €35.8 million compared with €35.4 million in 2015, i.e. an increase of 1%. No allocation was made to the general banking risks reserve.

The activities of the bank's subsidiaries are detailed in the consolidated management report.

- **Approval of the annual financial statements**

The annual financial statements for the fiscal year ended December 31, 2016 presented for your approval have been prepared in accordance with the rules of presentation and valuation methods set by the regulations in force, which are the same as those of the previous year.

2016 net income of	€35,757,632.23
plus retained earnings of	€7,388.32
resulting in distributable income of	€35,765,020.55

We propose to appropriate it as follows:

- dividend for shareholders in respect of fiscal year 2016: €35, 520,151.68
- allocation to the ordinary reserves: €230,000.00
- remaining balance to be allocated to retained earnings: €14,868.87

The dividend will be paid on May 29, 2017.

The entire distribution is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French General Tax Code.

The notes to this report include the five-year table of results provided for in Article 148 of the Decree of March 23, 1967 as well as the balance sheet and income statement.

- **Change in dividends over the past three years**

The following table shows the changes in the dividends recognized in the company's net banking income over the past three fiscal years:

In € millions	2015	2014	2013
Dividends	17.1	13.7	11.1

- **Information regarding payment times**

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide for specific reporting on the due dates of trade payables.

At the time of the year-end closing, trade payables for purchases of goods, services and fixed assets totaled €282,000 broken down by due date as follows:

Amount in € thousands	Total	< 30 days
At December 31, 2015	000	000
At December 31, 2016		

CONSULTATION OF THE SHAREHOLDERS' MEETING ON THE OVERALL REMUNERATION PACKAGE AS REQUIRED BY ARTICLE L.511-73 OF THE FRENCH MONETARY AND FINANCIAL CODE

European Directive 2013/36/EU of June 26, 2013, known as CRD IV, and its transposition into French law in Articles L.511-71 to L.511-73 of the French Monetary and Financial Code (*code monétaire et financier*) via Order No. 2014-158 of 2014, as supplemented by Commission Delegated Regulation 2014/604/EU, laid down rules regarding the remuneration policy for directors and risk takers at credit institutions.
According to these regulations, the remuneration policy must be consistent with and promote sound and effective risk management. Moreover, it must be in line with the business strategy, objectives, values and long-term interests of the institution, and incorporate measures to avoid conflicts of interest. This regulatory framework was supplemented by the Decree of November 3, 2014 relating to the internal control of banking institutions, payment services and investment services, requiring remuneration to be compatible with the entity's risk appetite.
The competent authorities, the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR, the French Prudential Supervision and Resolution Authority) and the European Central Bank (ECB), ensure the application of these provisions at group, parent company and subsidiary levels. These provisions apply to all the group's subsidiaries and branches including those located outside the European Union.
The above-mentioned regulations established the European Banking Authority's (EBA) technical standards for appropriate qualitative and quantitative criteria for identifying categories of staff whose professional activities have a material impact on the institution's risk profile, at group, parent company and subsidiary levels, including institutions established in offshore financial centers.
The CM11 group has therefore defined a single remuneration policy for the relevant institutions in accordance with the regulatory principles.
Moreover, the group's governance aims to ensure a thorough and independent review of the remuneration policy by both outside supervisory authorities and internal audit. In this context, it has set up a remuneration committee made up of independent and competent members with responsibility for analyzing the remuneration policy and practices. This committee met twice in 2016.

Article L.511-73 of the French Monetary and Financial Code provides for consultation of the Shareholders' Meeting on the overall remuneration of any kind paid during the previous year to the effective managers, within the meaning of Article L.511-13 of said code, and to the categories of staff, including risk takers, staff engaged in control functions and any employee whose total remuneration is in the same remuneration bracket, whose professional activities have a material impact on the risk profile of the company or the group. In this context, the scope of the remuneration reviewed by the Shareholders' Meeting corresponds to the remuneration of people on the list of risk takers as defined in Regulation 604/2014 (see above).

The Shareholders' Meeting of May 9, 2017 will therefore be asked to give an opinion, through the fifth resolution, on the total remuneration amount, which was €39,598,000 euro at the scope of the Crédit Mutuel CM11 group in respect of 2016 and which comprises the fixed and variable remuneration paid, the latter of which includes amounts deferred from prior years and amounts subject to retention clauses.

CONSULTATION OF THE SHAREHOLDERS' MEETING ON THE CAPITAL INCREASE RESERVED TO EMPLOYEES AS PROVIDED FOR IN ARTICLE L.225-129-6 OF THE FRENCH COMMERCIAL CODE

Pursuant to Article L 225-102 of the French Commercial Code (*code de commerce*), it is our duty to report on the number of shares of the company's capital held by employees at the last day of the fiscal year and calculate the proportion of the share capital represented by shares held by company employees and employees of companies associated with it for the purposes of Article L. 225-180 under a company savings scheme as provided for by Articles L. 3332-1 to L.3332-28 of the French Labor Code (*code du travail*) and by employees and former employees in connection with collective company investment funds governed by Articles L.214-39 et seq. of the French Monetary and Financial Code.

In accordance with the terms of Article L.225-102 of the French Commercial Code, we inform you that, at December 31, 2016, no empl[illegible] had any shareholding in the company as defined in said article.

Therefore, as the last consultation of the Shareholders' Meeting with regard to a capital increase reserved to employees took place on May 28, 2013, and pursuant to Article L.225-129-6, point 2 of the French Commercial Code requiring periodic consultation of the shareholders every three years, we propose that you vote on a capital increase reserved to employees that are members of a company savings scheme.

We propose that you delegate to the Management Board the authority of the Shareholders' Meeting to carry out, within 26 months from the date of this meeting, a capital increase in a maximum amount of €200,000 with automatic waiver of shareholders' preferential subscription rights in favor of the employees in respect of this capital increase.

MEMBERS OF THE SUPERVISORY BOARD OF BANQUE TRANSATLANTIQUE, 2016

Name Position	Event	Method	Date	In office at year-end
René Dangel Chairman	Appointed	OSM	05/10/2016	Yes
Jean Huet Vice-Chairman	Appointed	OSM	05/10/2016	Yes
Pascal Cagni Permanent representative of CIC Participations, member	Appointed	OSM	05/10/2016	Yes
Didier Domange Permanent representative of Cicor, member	Appointed	OSM	05/10/2016	Yes
Philippe Faure Permanent representative of Cicoval, member	Appointed	OSM	05/10/2016	Yes
Jean-Paul Giraud Permanent representative of Sofinaction, member	Appointed	OSM	05/10/2016	Yes
Olivier Goudet Permanent representative of Efsa, member	Appointed	OSM	05/10/2016	Yes
Philippe Laudren Permanent representative of Gesteurop, member	Appointed	OSM	05/10/2016	Yes
Michel Lucas Permanent representative of CIC, member	Appointed	OSM	05/10/2016	Yes
Victoire de Margerie Permanent representative of Marsovalor, member	Appointed	OSM	05/10/2016	Yes
Patricia Moulin Lemoine Permanent representative of ADEPI, member	Appointed	OSM	05/10/2016	Yes
Claude Muller Permanent representative of Impex Finance, member	Appointed	OSM	05/10/2016	Yes
Gérard Pelisson Permanent representative of Ugepar Services, member	Appointed	OSM	05/10/2016	Yes
Philippe Salle Permanent representative of CIC Associés, member	Appointed	OSM	05/10/2016	Yes
Fabrice Chavigny Member representing the employees		Elections	06/24/2016	Yes
Sylvain Tesnière Member representing the employees		Elections	06/24/2016	Yes

Mr. René Dangel
Chairman of the supervisory board

• **Chairman and CEO**	Banque Européenne du Crédit Mutuel Monaco
• **Chairman of the supervisory board**	Factofrance SAS CM-CIC Leasing Solutions SAS
• **Chairman of the board of directors**	CM-CIC Bail
• **Chairman of the management board**	Banque Européenne du Crédit Mutuel
• **Vice-Chairman**	CM-CIC Investissement
• **Member of the supervisory board**	CM-CIC Immobilier SAS CM-CIC Lease, permanent representative of VTP1 Investissements
• **Director**	CM-CIC Gestion, permanent representative of Crédit Industriel et Commercial
•	CM-CIC Factor, permanent representative of Crédit Industriel et Commercial CM-CIC Epargne Salariale, permanent representative of BECM
• **Member of the executive committee**	Euro-Information, permanent representative of Crédit Industriel et Commercial

Mr. Jean Huet
Vice-Chairman of the supervisory board

• **Chairman**	Fondation Saint-Matthieu pour l'école catholique
• **Director and Treasurer**	Fondation A2i de l'UIMM

Mr. Pascal Cagni
Permanent representative of CIC Participations, member of the supervisory board

• **Founding managing partner**	IDiPC LLP (C4 Ventures)
• **Director**	Style.com
• **Member of the supervisory board**	Vivendi SA
• **Independent director**	Kingfischer PLC

Mr. Didier Domange
Permanent representative of Cicor, member of the supervisory board

• **Chairman of the supervisory board**	Zodiac Aerospace
• **Director**	Zodiac Seats France

Mr. Philippe Faure, French Ambassador
Permanent representative of Cicoval, member of the supervisory board

• **Chairman of the board of directors**	Atout France (GIE)
• **Chairman**	PHF Conseil SAS
• **Director**	Pierre Fabre SA Groupe ADDOHA (Morocco and Africa) Positive Planet (NGO)

Mr. Jean-Paul Giraud
Permanent representative of Sofinaction, member of the supervisory board

• **Chairman**	SALBIAe
• **Director**	Arlettie Banque Transatlantique Belgium Furet du Nord

Mr. Olivier Goudet
Permanent representative of Efsa, member of the supervisory board

	Executive positions	
•	**Partner and Chief Executive Officer**	JAB Holding Company LLC (United States)
	Non-executive positions	
•	**Director**	Acorn Holdings BV (Netherlands) Jacobs Douwe Egberts BV (Netherlands) Keurig Green Mountain, Inc (United States) Espresso House Holding AB (Sweden) Krispy Kreme Doughnuts, Inc (United States) Positive Planet Jimmy Choo, PLC (United Kingdom) Coty, Inc (United States) Anheuser Busch InBev, SA/NV (Belgium)
•	**Chairman of the board of directors**	Caribou Coffee Company (United States) Peet's Coffee & Tea Inc (United States)
•	**Member of the management board**	Platin Investments, Sarl (Luxembourg) Platin Capital, Sarl (Luxembourg)

Mr. Philippe Laudren
Permanent representative of Marsovalor, member of the supervisory board

•	**Chairman**	ADEPI, CIC Associés, CIC Participations, Cicor, Cicoval, Efsa, Gesteurop, Impex Finance, Marsovalor, Placinvest, Ufigestion 2, Ugépar Services, Valimar 3, VTP5 Investissements Chairman of various limited companies (SAS) and manager of various limited partnerships (SNC) dedicated to asset financing.
•	**Director**	Banque CIC Nord-Ouest, permanent representative of CIC,
•	**Member of the supervisory board**	CM-CIC Investissement, permanent representative of CIC Associés CM-CIC Lease, permanent representative of CIC Participations

Mr. Michel Lucas
Permanent representative of CIC, member of the supervisory board

•	**Chairman of the board of directors**	Républicain Lorrain, Société du Journal l'Est Républicain, Société d'Edition du journal la Liberté de l'Est, Dernières nouvelles d'Alsace, Banque de Tunisie, Le Progrès
•	**Chairman**	Crédit Mutuel Cartes de Paiements –CMCP, Sté de publications l'Alsace, SIM (formerly Ebra), International Information Developments (Tunisia), Direct Phone Service (Tunisia)
	Non-voting member	Confédération Nationale du Crédit Mutuel
•	**Vice-Chairman of the supervisory board**	CIC Iberbanco
•	**Vice-Chairman of the board of directors**	Banque de Luxembourg (Luxembourg)
•	**Director**	Banque Fédérative du Crédit Mutuel, Crédit Industriel et Commercial, Caisse Fédérale du Crédit Mutuel, Astree (Tunisia), Banque Marocaine du Commerce Extérieur (Morocco), Banque Transatlantique Belgium (Brussels), Caisse de Crédit Mutuel Grand Cronenbourg, Dauphiné Libéré, Est Bourgogne Média Lyonnaise de Banque, permanent representative of Crédit Industriel et Commercial
•	**Member of the supervisory board**	Manufacture d'impression sur étoffes de Beauvillé, CM-CIC Services, CM-CIC Investissement Groupe des Assurances du Crédit Mutuel, permanent representative of Fédération du Crédit Mutuel Centre Est Europe

	Banque Transatlantique, permanent representative of
	Crédit Industriel et Commercial
• **Member of the executive committee**	Euro Information Développements, permanent representative of Euro Information Euro Information, permanent representative of Fédération du Crédit Mutuel Centre Est Europe

Ms Victoire de Margerie

Permanent representative of Marsovalor, member of the supervisory board

• **Chairman**	Rondol SAS
• **Director**	Babcock International (Footsie 100), Arkéma, Eurazéo, Italcementi (Italy)
• **Vice-Chairman**	World Materials Forum (www.worldmaterialsforum.com) Morgan Advanced Materials

Ms Patricia Moulin Lemoine

Permanent representative of ADEPI, member of the supervisory board

• **Chairman**	Société des Grands Magasins Galeries Lafayette
• **CEO**	Motier
• **Director**	Carrefour, SA Théâtre La Bruyère
• **Director and executive committee member**	French American Foundation France
• **Vice-Chairman of the supervisory board**	SAS BHV
• **Member of the supervisory board**	SA Galeries Lafayette, SAS S2F, FLEXICO

Mr. Claude Muller

Permanent representative of Impex Finance, member of the supervisory board

• **Chairman and CEO**	SA VTP 1 Investissements
• **Chairman**	Ellebore
• **CEO**	Fund Market Courtage Imofinance
• **Director**	Cofinova 9 Cofinova 10 Cofinova 11 Banque CIC Est, permanent representative of Cicor Banque CIC Sud-Ouest, permanent representative of CIC Placinvest, permanent representative of VTP 1 Investissement
• **Member of the supervisory board**	Banque Transatlantique, permanent representative of Impex Finance CM-CIC Investissement, permanent representative of Sofinaction
• **Liquidator**	SCI Kellermann, permanent representative of Imofinance

Mr. Gérard Pelisson

Permanent representative of Ugépar Services Finance, member of the supervisory board

• **Chairman**	UFE – Union des Français de l'Etranger, Institut Paul Bocuse (association)
• **Director**	Société d'investissements fonciers Provence, Société du Golf du Médoc - Pian SIEHA, permanent representative of CGRS

Mr. Philippe Salle

Permanent representative of CIC Associés, member of the supervisory board

• **Chairman and CEO**	ELIOR Groupe ELIOR Restauration et Services AREAS Worldwide
• **Chairman**	SAS Finellas
• **Director**	GTT (Gaztransport et Technigaz), Groupe BOURBON

CIC - SUBSIDIARIES AND ASSOCIATES

ADEPI

Director of Assurances du Credit Mutuel Vie SA
Director of Assurances du Credit Mutuel IARD SA
Director of Banque CIC Nord-Ouest
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC LEASE
Member of the supervisory board of Groupe des Assurances du Credit Mutuel

Crédit Industriel et Commercial

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of CM-CIC Epargne Salariale
Director of CM-CIC Gestion
Director of Dubly Douilhet Gestion
Director of CM-CIC Factor
Director of Lyonnaise de Banque
Director of Cofinova 8
Director of Cofinova 9
Director of Cofinova 10
Director of Cofinova 11
Director of Cofinova 12
Director of Cofinova 13
Director of IFCIC – Institut de Financement du Cinéma et des Industries Culturelles
Director of VTP-1 Investissements
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Capital Privé
Member of the board of directors of Euro Information
Member of the board of directors of Euro TVS
Member of the management committee of CM-CIC Aidexport
Vice-chairman of Union pour la Valorisation du Patrimoine

CIC Associés

Director of Banque CIC Nord Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of Dubly Douilhet Gestion
Director of CM-CIC Factor
Director of VTP-1 Investissements
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Lease

- **CIC Participations**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the management committee of CM-CIC Aidexport

- **Cicor**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of Dubly Douilhet Gestion
Director of CM-CIC Epargne Salariale
Director of CM-CIC Gestion
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Lease

- **Cicoval**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Banque Transatlantique
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of Dubly Douilhet Gestion
Director of CM-CIC Gestion
Director of CM-CIC Securities
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Lease

- **Efsa**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of Dubly Douilhet Gestion
Director of CM-CIC Epargne Salariale
Director of CM-CIC Gestion
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement

Member of the supervisory board of CM-CIC Lease

- **Gesteurop**

Director of Banque CIC Nord Ouest
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of CM-CIC Factor
Member of the supervisory board of Banque Transatlantique

- **Impex Finance**

Director of Lyonnaise de Banque
Director of Banque CIC Sud Ouest
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of CM-CIC Gestion
Director of Transatlantique Gestion
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Lease

- **Marsovalor**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail
Director of CM-CIC Gestion
Director of Cofinova Développement Puissance 6
Director of Cofinova Développement 7
Director of Cofinova Développement
Director of Cofinova Développement 2
Director of Cofinova Développement 3
Director of Cofinova Développement 13
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Lease
Non-voting member of the board of Cofinova 8
Non-voting member of the board of Cofinova 9
Non-voting member of the board of Cofinova 10
Non-voting member of the board of Cofinova 11
Non-voting member of the board of Cofinova 12
Non-voting member of the board of Cofinova 13

- **Placinvest**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Asset Management
Director of CM-CIC Bail

Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Lease

- **Sofinaction**

Director of Banque CIC Est
Director of Banque CIC Nord Ouest
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Administrateur CM-CIC Asset Management
Director of CM-CIC Bail
Director of CM-CIC Epargne Salariale
Director of CM-CIC Gestion
Director of Placinvest
Director of Transatlantique Gestion
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the supervisory board of CM-CIC Lease

- **Ugepar Services**

Director of Banque CIC Est
Director of Banque CIC Ouest
Director of Banque CIC Sud Ouest
Director of Lyonnaise de Banque
Director of CM-CIC Bail
Director of CM-CIC Epargne Salariale
Director of Dubly Douilhet Gestion
Director of Placinvest
Member of the supervisory board of Banque Transatlantique
Member of the supervisory board of CM-CIC Investissement
Member of the management committee of Solyphar

COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

- *BALANCE SHEET*
- *INCOME STATEMENT*
- *NOTES TO THE FINANCIAL STATEMENTS*

BALANCE SHEET

ASSETS in € millions	Notes	2016	2015	2014
Cash, central banks and postal checking accounts		0.5	**0.6**	0.6
Government securities				
Interbank loans and advances	2	984.7	**950.2**	1,060.8
Customer transactions	3	2,130.2	**1,863.2**	1,408.3
Bonds and other fixed-income securities				
Equities and other variable-income securities		0.1		
Shares in subsidiaries and other long-term investments	4	1.0	**0.8**	0.5
Investments in associates	5	104.2	**103.5**	103.5
Lease financing				
Intangible assets	6	2.3	**2.7**	3.0
Property and equipment	7	1.8	**2.3**	2.2
Unpaid subscribed capital				
Own shares				
Other financial assets	8	18.6	**20.8**	15.4
Accrual accounts	9	12.7	**24.5**	32.4
Total assets		3,256.1	2,968.6	2,626.7
Off-balance sheet items				
Commitments received				
Financing commitments				
Commitments received from banks				
Guarantees				
Commitments received from banks		424.2	**415.5**	355.5
Securities commitments				
Optional repurchase agreements				
Other commitments received		0.5	**0.6**	0.7

LIABILITIES in € millions	Notes	2016	2015	2014
Due to central banks				
Due to credit institutions	10	275.0	281.1	217.8
Customer transactions	11	2,764.2	2,479.1	2,205.7
Debt securities	12	8.4	8.1	7.9
Other liabilities	8	9.5	9.8	11.2
Accrual accounts	9	35.0	29.8	29.8
Provisions	13	13.9	14.9	13.4
Subordinated debt	14	3.7		
General banking risks reserve	15	9.2	9.2	9.2
Shareholders' equity	15	137.2	136.6	131.7
- Capital stock		29.4	29.4	29.4
- Additional paid-in capital		38.2	38.2	38.2
- Reserves		33.8	33.6	33.3
- Revaluation reserve				
- Untaxed provisions				
- Retained earnings		0.0		
- Net income for the year		35.8	35.4	30.8
Total liabilities and shareholders' equity		3,256.1	2,968.6	2,626.7
Off-balance sheet items				
Commitments and guarantees given				
Financing commitments				
Commitments given to banks				
Commitments given to customers		211.8	177.2	198.4
Guarantees				
Guarantees given to credit institutions		8.2	10.2	5.7
Guarantees given to customers		71.5	70.0	61.3
Securities commitments				
Optional resale agreements				
Other commitments given		0.7	0.6	0.7

INCOME STATEMENT in € millions	Notes	Fiscal year 2016	Fiscal year 2015	Fiscal year 2014
Interest income	21	57.7	64.3	63.5
Interest expense	21	(15.5)	(19.7)	(23.4)
Income from variable-income securities	22	18 .9	17.1	13.7
Commission income	23	53.8	55.8	48.7
Commission expense	23	(17.1)	(18.4)	(16.8)
Net gains on trading account securities	24	1.5	1.7	1.1
Net gains on securities held for sale		(0.0)		
Other banking income	25	4.4	0.5	0.1
Other banking expense	25	(0.7)	(0.5)	(0.9)
Net banking income		103.0	**100.8**	**86.0**
Payroll costs	26	(36.0)	(33.3)	(32.4)
Other general operating expenses		(21.2)	(19.0)	(15.0)
Depreciation, amortization and impairment		(0.8)	(0.9)	(0.9)
General operating expenses		(58.0)	**(53.2)**	**(48.3)**
Operating income before provisions		45.0	**47.6**	**37.7**
Net additions to/reversals from provisions for loan losses	27	2.3	(0.3)	2.0
Operating income after provisions		47.3	**47.3**	**39.7**
Net gains on disposals of non-current assets		0.0	0.1	
Income before non-recurring items		47.3	**47.4**	**39.7**
Net non-recurring income/(expense)				
Corporate income tax	28	(11.5)	(12.0)	(9.3)
Net allocation to general banking risks reserve				
Net allocation to untaxed provisions		0.0		0.4
Net income		35.8	35.4	30.8

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements are presented in millions of euro.

Note 1: Accounting policies, valuation methods and presentation

The company financial statements are prepared in accordance with ANC Regulation 2014-07 relating to the financial statements of banking companies and ANC Regulation 2014-03 relating to the General Chart of Accounts.

With effect from January 1, 2016, ANC Regulation 2014-03 relating to the General Chart of Accounts was amended by ANC Regulation 2015-06. First application of this Regulation had no impact on the company's opening equity.

Banque Transatlantique's financial statements are fully consolidated into the consolidated financial statements of the Banque Transatlantique group, the CIC group, the CM11 group and the Crédit Mutuel group.

Use of estimates in the preparation of the financial statements

Preparation of the financial statements may require assumptions and estimates to be made that have an impact on the income and expenses and assets and liabilities and on the notes to the financial statements. In this regard, the managers, based on their judgment and experience, use the information available on the date of preparation of the financial statements to make the necessary estimates. This is particularly the case for:

- impairment of debt instruments and equity instruments;
- impairment tests conducted on intangible assets;
- determining the amount of provisions, including those for retirement obligations and other future employee benefits;
- the valuation of financial instruments not listed on an organized market.

Reclassification of financial assets

Reclassifications from the "trading securities" category into the "investment securities" and "held-for-sale" categories can now be made in the following two cases:

a) in exceptional market conditions that require a change of strategy;

b) when, subsequent to their acquisition, fixed-income securities can no longer be traded on an active market and if the institution has the intention and capacity to hold them for the foreseeable future or until maturity.

Treatment of changes in accounting methods

Changes in accounting methods are applied retrospectively, as if the new methods had always been applied. The impact of first-time application is taken to equity at January 1 and therefore adjusts the opening balance sheet.

For fiscal years starting on or after January 1, 2016, technical losses on mergers are no longer recorded on a global basis under "business goodwill" and not amortized. They are recorded in the balance sheet by asset category under other non-current assets, property and equipment and long-term financial assets. This allocation enables the impairment rules applicable to the underlying assets to be applied to the technical losses (the loss allocated in full or in part to an amortizable asset is now amortized in full or in part). In contrast, the portion of the loss allocated to business goodwill continues to benefit from a presumption of non-amortization.

Loans and receivables

Loans and receivables due from credit institutions and customers are stated in the balance sheet at their nominal value plus accrued interest not yet due.

Commissions received on the granting of a loan and those paid to referral agents are recognized in the income statement over time in accordance with a method which involves treating them as if they were interest. This actuarial amortization is recognized in the income statement within net interest income/ (expense). In the balance sheet, commissions received and the incremental transaction costs which are amortized are included within the balance of the loan concerned.

Accrued interest receivable or payable is included within the balance sheet asset or liability heading to which it relates.

With regards to credit risk, a distinction is drawn between performing loans, non-performing loans and impaired non-performing loans for accounting purposes.

Loans and receivables are monitored using the Crédit Mutuel group's internal credit risk rating system. This system assesses the probability of the counterparty's default via an internal rating and a loss ratio according to the type of exposure. The internal rating scale comprises twelve levels, with nine levels for performing loans and three levels for doubtful and non-performing loans.

Reclassification of loans as non-performing

Loans are reclassified as non-performing when they are associated with a known risk, i.e. when one or more payments are more than three months overdue (more than six months overdue for real estate loans and more than nine months overdue for loans to local authorities) or when the borrower is unlikely to be able to repay the full amount due, when a default event has occurred or when the borrower is subject to court-ordered liquidation proceedings.

The bank may also classify as non-performing loans any amounts on which it considers a risk of non-collection has arisen based on an analysis of the borrower's financial, economic or legal situation or on any other information that calls the borrower's solvency into question.

When a loan is reclassified as non-performing, all other loans granted to that same borrower or to the group to which the borrower belongs must also be reclassified, along with any loans granted to co-holders or co-borrowers at all the entities of the Crédit Mutuel group to which the lender belongs.

Loans are classified as impaired non-performing when the probability of collection is remote and whenever a loan loss is recognized. For accounting purposes, impaired non-performing loans are separated from non-performing loans and unpaid interest is no longer accrued.

Non-performing loans whose contractual terms and conditions are once again complied with and for which there is no longer a known risk are reclassified as performing loans. This is also the case when the non-performing loan has been restructured, with, however, a probational period of twelve months.

Loan impairment
Impairment is recognized when there is objective evidence resulting from an event occurring after inception of a loan or group of loans which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.
The impairment loss on the principal is recognized in the form of a provision. Any movements in the provision are included in "Net additions to/reversals of provisions for loan losses", except those relating to the time effect of discounting, which are recognized in net banking income under interest income. The impairment loss relating to interest on non-performing loans is included in interest income.
Provisions for impairment of loans are deducted from assets, while impairment losses on financing and guarantee commitments are included in liabilities under provisions.

Restructured loans
A discount is immediately recognized as a charge in the income statement against any non-performing loans restructured at below-market interest rates which are reclassified as performing. The discount is written back to interest income over the life of the loan.

Loan segmentation
The presentation of outstanding loans in the notes to the financial statements is based on geographic segments, which represent the areas in which Banque Transatlantique's permanent offices are based.

Debt securities and equity securities

Government securities, bonds and other fixed-income securities (interbank securities, negotiable debt securities and other short-term securities) are classified as trading, held-for-sale or investment securities. Equities and other variable-income securities are classified as trading securities, held-for-sale securities, portfolio securities, shares in subsidiaries, investments in associates and other long-term investments. Acquisition or disposal costs are recorded as an expense in the year incurred.

Trading securities
Trading securities are (i) securities that are acquired (sold) with the intention of selling (re-acquiring) them in the near term; or (ii) securities held by the institution in connection with its market making activities. At the acquisition date, they are recognized at purchase price excluding related fees but including any accrued interest. At each balance sheet date, trading securities are marked to market based on the most recently available price. The aggregate balance resulting from price differences is credited to or charged against income.

Held-for-sale securities
These are securities which are not classified as trading, investment or portfolio securities, or as other long-term investments, shares in subsidiaries or investments in associates. They are carried at purchase price excluding any related fees. Any premiums or discounts are recognized over their residual life.
At the year end, the value of each line of securities is separately assessed. Bonds are divided into groups of securities with similar characteristics. When the carrying amount is higher than the realizable value, the securities are written down by the amount of the unrealized capital loss. Impairment is calculated on a case-by-case basis or by group of similar instruments. Unrealized capital gains are not recognized and may not be offset against unrealized capital losses. Realizable value is equal to the average price in the last month of the year for equities listed on the Paris stock market, and to the latest quoted price in the last month of the year for equities listed on international stock markets or bonds.

Investment securities
Investment securities are securities that the bank expressly intends to hold until maturity. They are recognized at purchase price, excluding any related fees. The difference between the purchase price and the redemption value is recognized over the residual life of the security. Investment securities are match-funded or hedged against interest rate risk.
An impairment loss is recognized when a decline in the issuer's financial position is likely to jeopardize the redemption of these securities on maturity.

Portfolio securities
Portfolio securities result from investments made on a regular basis with the sole aim of realizing a profit in the medium term without investing over the long term in the issuer's business or actively participating in its operational management. These investments are made through special purpose vehicles on a material and long-term basis, with the corresponding return arising primarily from capital gains.
Portfolio securities are recognized at purchase price. At year-end, each line is individually remeasured. When the carrying amount is higher than the value-in-use value, the securities are written down by the amount of the unrealized capital loss. Unrealized capital gains are not recognized. Value-in-use takes into account the issuer's general business outlook and the planned holding period. For listed securities, the average stock-market price determined over an appropriately long period may be used as the value-in-use.

Other long-term investments, shares in subsidiaries and investments in associates
Other long-term investments are investments made with the intention of developing long-term business relations with the issuer, without exerting influence over the management of the business. Shares in subsidiaries are investments intended to be held on a long-term basis that are considered relevant to the group's business, namely because they enable the group to exercise influence or control over the issuer.
Shares in subsidiaries are recorded at purchase price and may be revalued pursuant to the legal framework defined in 1976 or in the context of mergers and similar transactions. At year-end, each line is individually remeasured. When the carrying amount is higher than the value-in-use, the securities are written down by the amount of the unrealized capital loss. Unrealized capital gains are not recognized. Fair value represents the amount the company would be prepared to pay to acquire these shares with the same holding strategy. It may be determined using a variety of criteria, including net asset value (adjusted if appropriate), actual and estimated rates of return, and average stock-market prices for the shares over recent months.

Repurchase agreements
Securities sold under repurchase agreements continue to be recorded in assets, while the amount payable to the acquirer is included in liabilities. Revenues from these securities are measured and recognized using the methods applicable to the category to which they belong.

Reclassification criteria and rules
If the holding intention or ability to hold securities changes, securities may be reclassified provided that they satisfy the eligibility conditions and transfer rules. In the event of a transfer, the securities are remeasured on the transfer date based on their original classification.

Derivatives: Interest rate and currency forward instruments

As part of its strategy for managing interest rate and foreign exchange risks arising on assets and liabilities, the group enters on its own account into interest rate and currency forward instruments and options on a number of organized markets or over-the-counter.

Instruments contracted on organized markets
Futures and options traded on organized markets are measured in accordance with the rules set down by the French banking regulatory committee. At the end of each year, the instruments are marked to market and the resulting gain or loss is recognized in income.

Instruments contracted on over-the-counter markets
These concern in particular interest rate and/or currency swaps, forward rate agreements (FRA) and options such as caps and floors. These transactions are allocated to the appropriate portfolio at inception (open positions, specific hedges, ALM or specialized portfolio management).
Instruments classified as open positions are measured at the lower of cost and market value.
Income and expenses arising on instruments classified as specific hedges are recognized in the income statement symmetrically with the gain or loss on the hedged item.
Income and expenses on instruments contracted to manage overall interest rate risk (ALM) are taken to income on an accruals basis.
Instruments classified as part of a specialized portfolio management strategy are carried at market value. Any changes in value are included in net banking income after adjusting for counterparty risk and future management fees.
Any close-out netting fees on hedging instruments are recognized over the residual term of the hedged items.

Valuation of unlisted financial forwards
Unlisted financial forwards are valued using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and offer prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

Property and equipment and intangible assets

These are recognized at their acquisition cost, adjusted if necessary in accordance with the 1977 and 1978 Finance Acts and taking into account any directly attributable expenses necessary for their commission with a view to their use.
Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

The depreciable amount is cost less residual value, net of costs to sell. As their useful life is generally the same as their expected economic life, no residual value is recognized.
Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, based on the rate at which the economic benefits embodied in the assets are expected to be consumed by the entity. Non-current assets that have an indefinite useful life are not amortized. Depreciation and amortization on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.

Where a non-current asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a method appropriate to that component.

The bank has adopted the components approach for property used in operations and investment property.

Buildings are depreciated over the following useful lives:

- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Intangible assets:
- leasehold rights paid are not amortized but are tested for impairment;
- new occupancy fees paid to the owner are amortized over the life of the lease as additional rent;
- other items of business goodwill (e.g., acquired customer contract portfolios) are amortized over a period of ten years;

Depreciable and amortizable assets are tested for impairment when there is evidence at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets are tested for impairment at least annually.
If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. The impairment loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment.
Impairment losses are recognized in the income statement in "Depreciation, amortization and impairment of non-current assets".
Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in "Net gain/(loss) on disposals of other assets".
Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

Accrual accounts

Issuance fees for loans originated up to December 31, 1999 are amortized in the year in which the loans were issued, while issuance fees for loans originated after that date are recognized over the life of the loan.
Bond redemption premiums are amortized on a straight-line basis over the life of the bonds.

Impairment provisions

Movements in provisions are classified according to the type of expense to which they relate.
Provisions represent the best estimate of the outflow of resources required to settle the obligation. The best estimate is based on the most likely assumption.

General provisions for credit risks

Since 2000, the bank has set aside general provisions for credit risks to cover risks that have arisen but cannot yet be identified on performing loans and commitments granted to customers. They are calculated based on an average cost of risk estimated over a long-term period, i.e. 0.5% of performing customer loans.
General provisions for credit risks may be reversed if the events that they are intended to cover actually take place.
Since 2003, these provisions can include a general provision for the major risks to which the group is exposed.

Regulated savings accounts

Home savings accounts (*comptes d'épargne logement* – "CEL") and home savings plans (*plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). Home savings products generate two types of obligation for the bank:

- a future obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest accruing on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- an obligation to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

When these obligations indicate a potentially unfavorable situation for the group, provisions are recognized in accordance with Standard CRC 2007-01. These provisions cover obligations arising on contracts existing at the date the provisions are calculated, and do not include estimates of regulated savings plans and accounts that will be contracted at future dates.
Future outstandings related to regulated savings accounts and plans are estimated using a historical analysis of customer behavior in a given interest rate environment. PEL home savings plans contracted as part of a global package of related products that do not meet the above-mentioned behavioral criteria are excluded from projections. A provision is set aside for at-risk outstandings, which represent:

- for PEL deposits, the difference between probable outstandings and minimum expected outstandings. Minimum expected outstandings are estimated using a confidence interval of 99.5% and several thousand interest rate scenarios;
- for CEL loans, future volumes, as determined by probable loan outstandings and actual loan outstandings.

Future losses are assessed on the basis of interest rates on unregulated term deposits for the savings phase and of interest rates on ordinary home loans for the borrowing phase. The same approach is applied for each generation of PEL and CEL products, and there is no offsetting between different generations. Estimated losses arising on regulated savings products are discounted at rates adjusted to reflect the average yield over the last twelve months on zero-coupon bonds against three-month Euribor. The amount of the provisions corresponds to the average losses in several thousand interest rate scenarios produced using stochastic models. The impacts on income are included in interest paid to customers.

Translation of assets and liabilities denominated in foreign currency

Assets and liabilities denominated in a currency other than the local currency are translated at the official year-end exchange rate. The resulting unrealized foreign currency gains and losses are recognized in income together with the foreign currency gains and losses realized on transactions carried out in the period.
However, in accordance with Standard CRB 90-01 and Instruction 94-07 issued by the French banking authority (*Commission bancaire*), translation gains and losses on investment securities and shares in subsidiaries denominated in foreign currencies and financed in euro are not recognized in income. A provision is set aside for any unrealized exchange losses if the securities are sold or redeemed.

General banking risks reserve

Pursuant to Article 3 of Standard CRB 90-02, the bank has set aside a reserve to cover as-yet unidentified general risks inherent to its banking activities. The bank's management decides on additions to and reversals from this reserve, which are reported in the income statement.

Interest and commission income and expense

Interest income and expense is taken to income on an accruals basis. Commission income and expense is recognized on a cash basis, except for commissions on financial transactions, which are recognized at the billing date or the date on which the corresponding issue closes.
Interest on impaired non-performing loans is not included in income.
Commission income includes banking income on services provided to third parties, with the exception of commission regarded as interest income, i.e. calculated based on the term and amount of the underlying loan or commitment given.

Retirement and other employee benefit obligations

Pursuant to ANC Recommendation 2013.02, a provision is set aside for retirement and other employee benefit obligations, with any changes in this provision taken to income for the year. The following assumptions are used to calculate retirement and other employee benefit obligations:

- A discount rate determined by reference to the market yield at the balance sheet date on corporate bonds issued by top-rated companies;
- The expected salary inflation rate measured based on a long-term estimation of inflation and rises in salaries.

Post-employment benefits covered by defined benefit plans
Obligations under defined benefit plans are calculated using the projected unit credit method, which determines the present value of the obligation and service cost based on various assumptions. The effect of changes in these assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and actual outcomes) gives rise to actuarial gains and losses.

Plan assets are measured at fair value and the expected return on these assets is recognized in the income statement. The difference between expected return on plan assets and the actual return gives rise to an actuarial gain or loss.
Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in the income statement when the curtailment or settlement occurs.

Supplementary pensions covered by pension funds
Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The three CIC group pension funds that paid the various benefits stipulated in the transitional agreement were merged on January 1, 2008 in order to pool their reserves. After the merger, the merged entity's reserves covered all the obligations, which had been fully reassessed during 2008. To bring the merged entity into compliance with the provisions of the Fillon Act of August 23, 2003, and the Social Security Financing Act 2008-1330 of December 17, 2008, during 2009 it was converted into a French supplementary pension management institution (*institution de gestion de retraite supplémentaire*) and its reserves and obligations were transferred to an insurance company.

Other post-employment benefits covered by defined benefit plans
As regards future retirement bonuses and supplementary pensions (including special retirement regimes), either these are covered by insurance contracts or provisions are set aside in respect of the portion not covered by such contracts.
Premiums for retirement bonuses paid annually take into account vested benefit entitlements at December 31 of each year, weighted by staff turnover and life expectancy coefficients.
The amounts of these obligations are calculated using the projected unit credit method in accordance with IFRS. The calculation takes into account life expectancy rates, staff turnover rates, the salary inflation rate, the rate of social security charges in the specified cases and the discount rate.
In the case of retirement bonuses that matured and were paid to employees during the year, the insurer reimburses the amount covered by insurance policies taken out with it.
Retirement bonus obligations are determined based on the contractually agreed amount due on retirement at the employee's initiative, when he or she has reached the age of 62.

Defined contribution post-employment benefits
In 1994, a company-wide agreement was signed creating a supplementary pension scheme for employees of the group and particularly of the former CIC Paris. This scheme was extended to employees of the former Union Européenne de CIC when these two entities merged in 1999.

Other long-term benefits
Employees are granted long-service awards after 20, 30, 35 and 40 years of service. This obligation is measured using the principles applied to the measurement of retirement bonuses. A provision is recognized in the financial statements for the full amount of the obligation.

Tax credit for competitiveness and employment – CICE
The tax credit for competitiveness and employment, which is non-taxable, is credited to an account within payroll costs

Presence in states or territories that do not cooperate in combating fraud and tax evasion

The bank does not have a direct or indirect presence in any of the states or territories covered by Article L. 511-45 of the French Monetary and Financial Code and included in the list drawn up in the Decree of February 12, 2010.

The notes to the financial statements are presented in millions of euro.

Note 2 – Interbank loans and advances

	2016		2015	
	Demand	Term	Demand	Term
Current accounts	840.9		**344.7**	
Loans, hold-in-custody repos		141.2		**595.0**
Repurchase agreements				
Accrued interest		2.6		**10.5**
Non-performing loans and advances				
Provisions for impairment				
Total	840.9	143.8	344.7	605.5
Interbank loans and advances		984.7		950.2
Including non-voting loan stock		*2.0*		***2.0***
Including subordinated loans				

Note 3– Customer transactions

	2016	2015
Commercial loans		
Accrued interest		
Other		
- Loans and advances	1,908.0	**1,634.2**
- Repurchase agreements		
- Accrued interest	2.7	**2.9**
Current accounts in debit	216.0	**216.1**
Accrued interest		
Non-performing loans and advances	7.0	**16.9**
Provisions for impairment	(3.5)	**(6.9)**
Total	2,130.2	1,863.2
Including loans classified as eligible by the European Central Bank	*23 .2*	***24.3***
Including non-voting loan stock		
Including subordinated loans		

Non-performing loans include €5.8 million in impaired non-performing loans, for which an impairment provision of €2.8 million was booked.
Performing loans do not include any loans restructured at below-market rates.

Note 3a – Geographic analysis of customer transactions

	France	U.K.	International	Total
Total gross loans and advances at Dec. 31, 2016(*)	1,775.0	50.7	305.3	2,131.0
Including non-performing loans and advances	*0.5*		*0.7*	*1.2*
Including impaired non-performing loans and advances	*5.2*		*0.6*	*5.8*
Impairment provisions:				
Total at Dec. 31, 2015	(6.9)	(0.0)	(0.0)	(6.9)
Additions	(0.3)	(0.0)	(0.0)	(0.3)
Reversals	3.7	0.0	0.0	3.7
Exchange rate movements				
Total at Dec. 31, 2016	(3.5)	(0.0)	(0.0)	(3.5)

(*) Excluding accrued interest

Note 3b – Impairment of non-performing loans and advances

	Dec. 31, 2015	Additions	Reversals	Other changes	Dec 31, 2016
Assets					
Provisions for interbank loans and advances					
Provisions for customer transactions	6.9	0.3	(3.7)		3.5
Provisions for finance and operating leases					
Provisions for bonds and other fixed-income securities					
Total	6.9	0.3	(3.7)		3.5

Total non-performing customer loans amounted to €7 million compared with €16.9 million at December 31, 2015 and are covered by impairment provisions amounting to €3.5 million, i.e. 49.6% compared with 40.5% previously.
Impairment provisions for credit risk covered 0.6% of gross customer outstandings compared with 0.8% in 2015.
Non-performing items are covered by impairment provisions, while the risk arising on performing loans is covered by general provisions for credit risk.

Note 4 – Shares in subsidiaries and other long-term investments

	Dec. 31,2015	Acquisitions Additions	Disposals Reversals	Transfers	Other changes	Dec. 31,2016
Other long-term investments						
- listed		0.1			0.0	0.1
- unlisted	0.9	0.1			0.0	1.0
Shares in subsidiaries						
- listed						
- unlisted						
Sub-total	**0.9**	**0.2**			**0.0**	1.1
Translation adjustments						
Securities lent						
Accrued interest						
Calls for funds and current account advances to non-trading real estate companies (SCIs)						
Gross	**0.9**	**0.2**			**0.0**	1.1
Impairment						
- listed securities						
- unlisted securities	(0.1)		0.0		0.0	(0.1)
Sub-total	**(0.1)**		**0.0**		**0.0**	(0.1)
Net	0.8	0.2	0.0		0.0	1.0

Note 5 - Investments in associates

	Dec. 31,2015	Acquisitions Additions	Disposals Reversals	Transfers	Other changes	Dec. 31,2016
Gross	103.5	7.1	(6.4)		(0.0)	104.2
Translation adjustments						
Securities lent						
Accrued interest						
Calls for funds and current account advances to non-trading companies (SCIs)						
Impairment						
Net	103.5	7.1	(6.4)		(0.0)	104.2
Gross carrying amount of investments in unlisted credit institutions	68.9					68.9
Gross carrying amount of investments in listed associates						
Gross carrying amount of investments in unlisted associates	103.5					104.2

Banque Transatlantique increased the capital of its subsidiary Transatlantique Private Wealth (LLC) by USD 0.6 million and increased its allowance to its London branch by €6.5 million.

Transactions with associates

	Dec. 31, 2016 Associates		Dec. 31, 2015 Associates	
	Total	o/w subordinated	Total	o/w subordinated
Assets				
Interbank loans and advances	934.3		892.8	
Customer transactions				
Bonds and other fixed-income securities				
Liabilities				
Due to credit institutions	266.1		273.0	
Customer transactions	32.3		26.8	
Debt securities	3.7	3.7		
Off-balance sheet items				
Commitments and guarantees given				
Banks	7.7		8.4	
Customers	12.9		8.1	

All related party transactions were carried out on normal market terms, i.e. those normally used for transactions with third parties, such that the beneficiary of the agreement does not enjoy more advantageous terms than those normally applied to transactions with third parties by companies in the same sector.

Note 6 - Intangible assets

	Dec. 31, 2015	Acquisitions Additions	Disposals Reversals	Other changes	Dec. 31, 2016
Gross					
. Business goodwill	17.0				17.0
. Start-up costs					
. Research and development expenses					
. Other intangible assets	0.1	0.0		(0.0)	0.1
Gross	**17.1**	**0.0**		**0.0**	17.1
Amortization					
. Business goodwill	(14.3)	(0.4)			(14.7)
. Start-up costs					
. Research and development expenses					
. Other intangible assets	(0.1)	(0.0)		(0.0)	(0.1)
Amortization	**(14.4)**	**(0.4)**		**(0.0)**	(14 .8)
Net	2.7				2.3

Note 7 - Property and equipment

	Dec. 31, 2015	Acquisitions Additions	Disposals Reversals	Other changes	Dec. 31, 2016
Gross					
. Land used in operations					
. Land not used in operations					
. Buildings used in operations	3.5	0.0		0 .0	3.6
. Buildings not used in operations					
. Other property and equipment	10.5	0.0	(0.2)	0.0	10.3
Gross	14.0	0.1	(0.2)	0.0	13.9
Depreciation					
. Land used in operations					
. Land not used in operations					
. Buildings used in operations	(2.0)	(0.3)	0.0	0.0	(2.3)
. Buildings not used in operations					
. Other property and equipment	(9.7)	(0.2)	0.1	(0.0)	(9.8)
Depreciation	**(11.7)**	**(0.5)**	**0.1**	**(0.0)**	(12.1)
Net	2.3				1.8

Note 8 - Other assets and liabilities

	Dec. 31, 2016		Dec. 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Option premiums	0.0		0.0	
Securities settlement accounts				
Debts in respect of borrowed securities				
Deferred taxes				
Miscellaneous debtors and creditors	18.6	9.5	20.8	9.8
Accrued interest		0.0		0.0
Provisions for impairment				
Total	18.6	9.5	20.8	9.8

Note 9- Accrual accounts

	Dec. 31, 2015		Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Collection accounts	0.2		0.1	
Off-balance sheet and currency adjustment accounts	0.0	0.1	0.0	0.0
Other accrual accounts	12.5	34.9	24.4	29.8
Total	12.7	35.0	24.5	29.8

Accrual accounts comprise mainly the sweep accounts of interbank payment systems.

Note 10 - Due to credit institutions

	Dec. 31,2016		Dec. 31, 2015	
	Demand	Term	Demand	Term
Current accounts	125.5		134.5	
Term accounts		149.3		146.4
Hold-in-custody repos				
Repurchase agreements				
Accrued interest		0.2		0.2
Total	125.5	149.5	134.5	146.6
Total due to credit institutions		275.0		281.1

Note 11 – Customer transactions

	Dec. 31,2016		Dec. 31, 2015	
	Demand	Term	Demand	Term
Regulated savings accounts	644.1	191,8	604,6	165,5
Accrued interest				
Total - Regulated savings accounts	644,1	191,8	604,6	165,5
Other liabilities	1,662.9	249,2	1,260.2	425,8
Repurchase agreements				
Accrued interest		16,2		23,0
Total - Other liabilities	1,662.9	265,4	1,260.2	448,8
Total customer transactions (demand + term)		2,764.2		2,479.1

Note 12 – Debt securities

	Dec. 31,2016	Dec. 31, 2015
Retail certificates of deposit	7.2	6.9
Interbank instruments and negotiable debt securities	1.0	1.0
Bonds		
Other debt securities		
Accrued interest	0.2	0.2
Total	8.4	8.1

Note 13 – Provisions

	Dec. 31, 2015	Additions	Reversals	Other changes	Dec. 31, 2016
Provisions for counterparty risks					
- on signature commitments		0.0			0.0
- on off-balance sheet commitments					
- on country risks					
- general provisions for credit risks	6.0	1.0			7.0
- other provisions for counterparty risks	3.8		(1.3)	0.0	2.5
Provisions for losses on financial forwards					
Provisions on investments in subsidiaries					
Other provisions (excluding counterparty risks)					
- provisions for retirement costs	2.6	0.1	(0.0)	0.0	2.7
- provisions for home savings accounts and plans	0.3	0.0	(0.0)	(0.0)	0.3
- other provisions	2.2	0.7	(1.5)		1.4
Total	14.9	1.8	(2.8)	0.0	13.9

Note 13a - Provisions for risks arising from commitments on home savings accounts and plans

	Dec. 31, 2016		Dec. 31, 2015	
	Outstanding balances	Provisions	Outstanding balances	Provisions
Home savings plans	61.8	0.3	58.4	0.3
Home savings accounts	3.6	0.0	3.5	0.0
Home savings loans	0.3	0.0	0.5	0.0

Note 13b – Provision for retirement bonuses

Retirement bonuses	Jan. 1, 2016	Impact of discounting	Financial income	Cost of services rendered	Other changes	Change in actuarial gains/losses	Payments to beneficiaries	Insurance contributions	Dec. 31, 2016
Commitments	3.2	0.1		0.2	(0.0)	(0.0)	(0.2)		3.3
Insurance policy	1.8		0.1		0.0	0 .1	(0.1)	0.1	2.0
Provisions	1.4	0.1	(0.1)	0.2	(0.0)	(0.1)	(0.1)	(0.1)	1.3

Note 14 – Subordinated debt

	2015	Issues	Repayment	Other changes	2016
. Subordinated debt		3.7			3.7
. Related debt					
Total		**3.7**			3.7

Main subordinated debt:

Issuer	Issue date	Amount issued	Currency	Rate	Expiry date
TRS	03.24.2016	€3.7m	EUR	a	03.24.2026

a: 3-month Euribor + 205 basis points – subscribed by BFCM

Note 15 - Shareholders' equity and general banking risks reserve

	Capital stock	Additional paid-in capital	Reserves (*)	Revaluation reserve	Untaxed provisions	Retained earnings	Net income for the year	Total	General banking risks reserve
Equity at Jan. 1, 2015	**29.4**	**38.2**	**33.3**		**0.0**	**0.0**	**30.8**	131.7	**9.2**
Net income for the year							35.4	35.4	
Appropriation of prior-year earnings			0.3			30.5	(30.8)	0.0	
Dividends paid						(30.5)		(30.5)	
Capital increase									
Other movements									
Equity at Dec. 31, 2015	29.4	38.2	33.6		0.0	0.0	35.4	136.6	9.2
Equity at Jan. 1, 2016	**29.4**	**38.2**	**33.6**		**0.0**	**0.0**	**35.4**	136.6	**9.2**
Net income for the year							35.8	35.8	
Appropriation of prior-year earnings			0.2			35.2	(35.4)		
Dividends paid						(35.2)		(35.2)	
Capital increase									
Other movements									
Equity at Dec. 31, 2016	29.4	38.2	33.8		0.0	0.0	35.8	137.2	9.2

(*) At December 31, 2016, reserves comprised the legal reserve of €2.9 million (including €1.8 million allocated to the special long-term gains reserve) and other reserves of €30.9 million.

At December 31, 2016, Banque Transatlantique's capital comprised 1,958,112 shares with a par value of €15 each.

The bank's net income for 2016 was €35,757,632.23.

At the Shareholders' Meeting, shareholders are asked to appropriate the sum of €35.48 million out of 2016 net income as follows:

35.5	Dividends in respect of 2016
0.2	Allocation to other reserves
0.0	Appropriation to retained earnings
35.8	**Total distributable income**

Note 16 - Breakdown of certain assets and liabilities by residual maturity

	Demand and less than 3 months	3 months to 1 year.	1 to 5 years	More than 5 years	No fixed maturity	Accrued interest	Total
Assets							
Interbank loans and advances*	861.3	7.7	74.3	38.8		2.6	984.7
Customer transactions**	287.8	144.2	716.9	977.5		2.7	2,129.1
Bonds and other fixed-income securities***							
Liabilities							
Due to credit institutions	167.8	1.3	99.0	6.7		0.2	275.0
Customer transactions	2,396.2	76.8	262.9	12.1		16.2	2,764.2
Debt securities							
- Retail certificates of deposit	0.6	6.6				0.2	7.4
- Interbank instruments and negotiable debt securities							
- Bonds			1.0			0.0	1.0
- Other							

* Excluding non-performing items and provisions for impairment.

** Excluding unallocated securities, non-performing items and provisions for impairment.

*** Held-for-sale and investment securities only (excluding non-performing items).

Note 17 – Equivalent value in euro of foreign currency assets and liabilities

At December 31, 2016, the equivalent values in euro of foreign currency assets and liabilities were €281.7 million and €288.6 million respectively.

Note 18 – Commitments on financial forward instruments

Financial forward instruments and options are used as specific or general hedges and for position or specialized portfolio management purposes.

	Dec. 31, 2016			Dec. 31, 2015		
	Hedging	Management	Total	Hedging	Management	Total
Forwards						
On organized exchanges						
Interest rate contracts						
Foreign exchange contracts						
Other futures						
Over-the-counter						
Forward rate agreements (FRAs)						
Interest rate swaps	47.9		47.9	55.9		55.9
Financial swaps						
Other forwards						
Other swaps						
Options						
On organized exchanges						
Interest rate options						
Purchased						
Sold						
Currency options						
Purchased						
Sold						
Equity and other options						
Purchased						
Sold						
Over-the-counter						
Interest rate caps and floors						
Purchased		0.4	0.4	0.6		0.6
Sold						
Interest rate, currency, equity and other options						
Purchased						
Sold						
Total	47.9	0.4	48.3	56.5		56.5

Breakdown of OTC interest rate derivatives by type of portfolio

	Dec. 31, 2016	Open positions	Specific hedging	Overall interest rate risk	Specialized portfolio management	Total
Forwards						
Purchased						
Sold						
Swaps				47.9		47.9
Options						
Purchased		0.4				0.4
Sold						
	Dec. 31, 2015					
Forwards						
Purchased						
Sold						
Swaps				55 .9		55.9
Options						
Purchased			0.6			0.6
Sold						

There were no transfers from the specific hedging portfolio in the fiscal year.

Note 19 - Breakdown of forward instruments by residual maturity

Dec. 31, 2016	1 year or less	1 to 5 years	More than 5 years	Total
Interest rate derivatives				
On organized exchanges				
Purchased				
Sold				
Over-the-counter				
Purchased				
Sold				
Interest rate swaps	2.2	8.7	37.0	47.9
Foreign currency derivatives				
On organized exchanges				
Purchased				
Sold				
Over-the-counter				
Purchased				
Sold				
Financial swaps				
Other financial futures and forwards				
On organized exchanges				
Purchased				
Sold				
Over-the-counter				
Purchased				
Sold				
Swaps				
Total	2.2	8.7	37.0	47.9

Note 20 – Financial forwards – counterparty risk

	Dec. 31, 2016		Dec. 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial forwards		8.4		5.1

Note 21 - Interest income and expense

	2016		2015	
	Income	Expense	Income	Expense
Interbank items	10.1	(0.8)	20.2	(0.8)
Customer items	47.6	(14.4)	44.1	(18.6)
Finance and operating leases				
Bonds and other fixed-income securities		(0.3)		(0.3)
Other				
Total *Including interest expense on subordinated debt*	57.7	(15.5)	64.3	(19.7)

Note 22 – Income from variable-income securities

	2016	2015
Held-for-sale securities		
Portfolio securities		
Shares in subsidiaries and other long-term investments	0.0	0.0
Investments in associates	18.9	17.1
Income from investments in non-trading real estate companies (SCIs)		
Total	18.9	17.1

Note 23 – Commission income and expense

	2016		2015	
	Income	Expense	Income	Expense
Interbank and money market transactions				
Customer transactions	2.4		2.7	
Securities transactions	1.0	(1.2)	1.0	(1,8)
Foreign exchange transactions	0.1	(0.1)	0.1	(0,1)
Off-balance sheet transactions				
. Securities commitments				
. Commitments on financial forwards				
. Financing and guarantee commitments				
Financial services provided	52.2	(13.4)	53.8	(14.2)
Payment processing services		(2.3)		(2.2)
Other (including income-sharing arrangements)	(1.9)	(0.1)	**(1.8)**	**(0.1)**
Total	53.8	(17.1)	55.8	(18.4)

Note 24 – Net gains on trading account securities

	2016	2015
- Trading securities		
- Foreign currency transactions	1.5	1.7
- Forward financial instruments		
* Interest rate derivatives		
* Foreign currency derivatives		
* Other derivatives including equities		0.3
Sub-total	1.5	**1.7**
- Additions to provisions for impairment of financial instruments		
- Reversals of provisions for impairment of financial instruments		
Total	1.5	1.7

Note 25 – Other banking income and expense

	2016		2015	
	Income	Expense	Income	Expense
Incidental income	0.1		0.1	
Expenses transferred				
Net additions to provisions for contingencies and charges		0.0		0.0
Other banking income and expense	4.3	(0.7)	0.4	(0.5)
Total	4.4	(0.7)	0.5	(0.5)

Note 26 – Payroll costs

	2016	2015
Wages and salaries	(21.2)	(19.6)
Social security costs	(9.6)	(9.1)
Retirement and other employee benefit costs	(0.1)	0.4
Employee profit-sharing and incentive bonuses	(2.2)	**(2.2)**
Payroll-based taxes	(3.0)	(3.1)
Net additions to provisions for retirement and other employee benefit obligations		
Other net additions to provisions for contingencies and charges	0.1	0.3
Total	(36.0)	(33.3)

The tax credit for competitiveness and employment (*Crédit d'impôt pour la compétitivité et l'emploi* - CICE), which amounted to €0.2 million in respect of fiscal year 2016, was credited to payroll costs.
The CICE enabled, in particular, the maintenance of or even an increase in financing for employee training at a level well above the regulatory requirements, and enhancement of the group's overall competitiveness, particularly through:
- investment in new technologies such as digital applications (tablets) and videoconferencing systems;
- IT development of a virtual assistant, based on cognitive technologies, designed to provide even better customer service,
- developments concerning new telephone-based means of payment and related services;
- research into new services for our merchant customers;
- rolling out remote electronic signature of contracts

Note 27 - Net additions to/reversals from provisions for loan losses

	2016	2015
Additions to provisions for non-performing loans and advances	(0.3)	(1.5)
Reversals of provisions for non-performing loans and advances	3.6	3.4
Losses on irrecoverable loans and advances covered by provisions	(1.3)	(0.1)
Losses on irrecoverable loans and advances not covered by provisions	(0.1)	
Recoveries on loans and advances previously written off	0.1	0.0
Sub-total	2.0	**1.8**
Additions to provisions for contingencies and charges	(1.0)	(2.4)
Reversals of provisions for contingencies and charges	1.3	0.3
Sub-total	0.3	**(2.1)**
Total	2.3	(0.3)

Note 28 – Corporate income tax

	2016	2015
Current taxes – excluding the impact of tax consolidation	(11.5)	(12.0)
Current taxes – impact of tax consolidation		
Total	(11.5)	(12 .0)
On recurring items	(11.5)	(12.0)
On non-recurring items		
Total	(11.5)	(12.0)

Note 29 – Average number of employees

	2016	2015
Banking staff	84	80
Managerial staff	181	171
Total	265	251

Note 30 - Directors' remuneration

The combined Ordinary and Extraordinary Shareholders' Meeting of May 10, 2016 changed Banque Transatlantique's governance and management structure from that of a traditional French limited company (*société anonyme*) to that of a limited company governed by a management board and a supervisory board.

	2016	2015
Total remuneration paid	(1.0)	(0.9)
Total attendance fees		

No remuneration is paid to the Supervisory Board members. In 2015, the main directors were the members of the executive management.

Note 31 – Assets deposited with Caisse des dépôts et consignations and inactive accounts

	Number of accounts	Amount in euro
Accounts as referred to in point II of Article L. 312-19 of the French Monetary and Financial Code	21,174	28,201,656.51
Deposited accounts as referred to in Article L.312-20 of the French Monetary and Financial Code	144	1,831,306.24

In accordance with Law no. 2014-617 of June 13, 2014 relating to inactive bank accounts and unclaimed life insurance contracts.

FIVE YEAR
FINANCIAL SUMMARY

	2016	2015	2014	2013	2012
1-Financial position at year-end					
Capital stock in euro	29,371,680	29,371,680	29,371,680	29,371,680	29,371,680
Number of ordinary shares	1,958,112	1,958,112	1,958,112	1,958,112	1,958,112
2-Results of operations (in € thousands)					
Total banking revenues excluding taxes	136,228	139,309	127,836	110,771	110,771
Income before tax, employee profit-sharing, depreciation, amortization and provisions	47,420	49,931	42,901	31,534	20,160
Corporate income tax	(11,571)	(12,007)	(9,317)	(6,586)	(3,223)
Employee profit-sharing and incentive bonuses for the year	2,247	2,190	1,637	1,589	1,519
Net income	35,758	35,368	30,779	21,760	13,942
Dividends paid	35,520	35,148	30,449	21,755	13,942
3-Earnings per share (in €)					
Income after tax and employee profit-sharing, but before depreciation, amortization and provisions	17.16	18.25	16.32	11.82	7.47
Net income	18.26	18.06	15.72	11,11	7,12
Dividend paid per ordinary share	18.14	17.95	15.55	11.11	7.12
4-Personnel (mainland France in € thousands)					
Number of employees (average full-time equivalents)	258	251	243	226	217
Total payroll (in € thousands)	19,609	17,878	18,073	16,367	15,687
Total benefits paid (social security, etc.) in € thousands	10,112	9,215	8,513	8,185	7,902

SUBSIDIARIES AND ASSOCIATES

Company and address	Capital	Shareholders' equity minus capital, excluding 2016 net income	Proportion of capital held (%)	Carrying amount of securities held		Advances granted by CIC	Guarantees and sureties granted by CIC	Net revenue, last fiscal year	Net income, las year	Dividends received by BT in 2016
				Gross	Net					
Detailed information concerning holdings in French and foreign companies where the carrying amount exceeds 1% of the capital of Banque Transatlantique										
SUBSIDIARIES (more than 50% of the capital held by Banque Transatlantique)										
A.1 French subsidiaries										
Transatlantique Gestion 26, avenue F.D. Roosevelt 75008 Paris Siren 31422207600049	14,450,000	10,033,570	89.97	13,839,657	13,839,657			30,251,023	7,696,058	9,749,550
Dubly Douilhet Gestion 50, bld de la Liberté 59800 Lille	5,468,400	2,554,036	100	19,926,712	19,926,712			11,161,172	4,215,537	3,243,416
A.2 Foreign subsidiaries										
Banque Transatlantique Luxembourg Côte d'Eich, 17 – 2018 Luxembourg	14,181,000	5,743,397	100	18,788,750	18,788,750			8,273,833	1,072,413	1,199,920
Banque Transatlantique Belgium rue de Crayer,14 1000 Brussels Belgium	50,000,000	3,446,859	100	50,152,752	50,152,752			12,617,000	3,849,198	4,699,906
Overall information concerning other subsidiaries and associates										
Subsidiaries										
French subsidiaries										
Foreign subsidiaries				1,063,140	1,063,140	1,155,534				
Associates										
French companies										
Foreign companies										

MANAGEMENT REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

There have been no significant events between the reporting date and the date this management report was prepared.

Business activity and results of the group

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the fiscal year have been drawn up in accordance with IFRS as adopted for use by the European Union at the reporting date. These standards include IAS 1 to 41, IFRS 1 to 7 and any SIC and IFRIC interpretations adopted at that date. The financial statements are presented in accordance with CNC Recommendation 2004-R.03.
The accounting policies and methods of valuation and presentation under international standards are set out in Note 1 to the consolidated financial statements.
The information relating to risk management required by IFRS 7 is provided in the group's annual report.

Changes in consolidation scope
The change in the status of our subsidiary BT Singapore to representative office on September 30, 2016 resulted in consolidation of its operations solely over the first three quarters in the consolidated financial statements. Note that it is due to go into liquidation in 2017.

Consolidated statement of financial position
In 2016, the consolidated statement of financial position increased by 12.5% (up €438.7 million) over the previous year to €3,959.0 million.
Amounts due from credit institutions increased by 10.7% and amounts due to credit institutions declined by 1.3%.
Receivables due from customers grew by €261.4 million (11.1%).
Customer deposits were up by €433.7 million (16.2%).
Shareholders' equity remained stable at €184.1 million.

Consolidated income statement
Net banking income was down by €4.8 million (3.4%) to €137.1 million.
At the same time, general operating expenses increased by 4.1% during 2016.
As a result, Banque Transatlantique posted net income of €34.1 million.

Net banking income
Consolidated net banking fell by €4.8 million to €137.1 million, down by 3.4% compared with 2015. Net interest income dropped by €2.2 million, or 4.3% while net commission income was down by 5.8%, i.e. €5.1 million less than in 2015.
Banque Transatlantique Paris's contribution to net banking income decreased slightly, down by €0.7 million or 0.9%, that of Transatlantique Gestion dropped by €3.1 million (-12.6%), that of Dubly Douilhet Gestion increased by 14.5% (€1.4 million), whereas that of Banque Transatlantique's international subsidiaries and branches dropped by 9.6% (€2.3 million).

General operating expenses
At €54.0 million, consolidated payroll costs were up by €3.3 million (6.5%).
At €32.9 million in 2016, other general operating expenses and depreciation, amortization and impairment were up by €1.2 million (3.7%).
These factors resulted in overall consolidated general operating expenses of €86.9 million compared with €82.5 million the previous year, representing an increase of 5.4%. .

Net additions to/reversals from provisions for loan losses
Consolidated "cost of risk" (net changes to risk provisions) for 2016 shows a net reversal from provisions of €3.7 million.

Consolidated net income
Consolidated operating income after provisions amounted to €53.9 million compared with €60.7 million in 2015. After a corporate income tax charge of €19.8 million, consolidated net income for 2016 came to €34.1 million compared with €39.3 million in 2015, down by 13.2%.

KEY FIGURES OF SUBSIDIARIES AND MAIN ASSOCIATES

The companies listed below represent, together with Banque Transatlantique, the entire scope of consolidation at December 31, 2016

TRANSATLANTIQUE GESTION (our holding: 100%)	2016 €000s	**2015 €000s**	**2014 €000s**
Balance sheet totals	37,690	**32,914**	32,014
Capital and reserves before appropriation	32,179	**26,113**	25,606
Net banking income	21,519	**24,635**	23,479
Net income	7,612	**9,691**	9,596

Transatlantique Gestion was incorporated in 2010. It comprises the activities of the former entities BLC Gestion and GPK Finance. The business of Transatlantique Gestion is geared to:

- discretionary portfolio management for private customers, organized either in the form of accounts managed as profiled UCITS mutual funds based on different classes of risk, or under direct mandate.
- investment advisory services.

It also offers large investors a new investment approach in the form of dedicated FCP mutual funds. This entity generated net banking income of €21.519 million and net income of €7.612 million.

DUBLY DOUILHET GESTION (our holding: 100%)	2016 €000s	2015 €000s	2014 €000s
Balance sheet totals	14,858	13,738	13,110
Capital and reserves before appropriation	12,237	11,266	9,800
Net banking income	11,135	9,721	7,794
Net income	4,148	3,296	1,827

Dubly Douilhet Gestion has been fully consolidated in the consolidated financial statements since 2014.

BANQUE TRANSATLANTIQUE LUXEMBOURG (our holding: 100%)	2016 €000s	2015 €000s	2014 €000s
Balance sheet totals	433,922	**260,140**	239,653
Capital and reserves before appropriation	27,700	**27,588**	28,125
Customer deposits	311,516	**167,703**	112,679
Customer loans	157,541	**135,088**	112,429
Net banking income	8,148	**7,040**	12,103
Net income	1,312	**963**	4,583

Banque Transatlantique Luxembourg is a Luxembourg credit institution specializing in private asset management. Its net banking income totaled €8.148 million in 2016 with net income of €1.312 million.

BANQUE TRANSATLANTIQUE BELGIUM (our holding: 100%)	2016 €000s	2015 €000s	2014 €000s
Balance sheet totals	417,972	441,967	357,772
Capital and reserves before appropriation	57,296	58,147	57,351
Customer deposits	75,491	64,307	43,708
Customer loans	320,091	348,539	313,223
Net banking income	12,268	14,559	12,828
Net income	3,849	5,246	4,962

Banque Transatlantique Belgium is a Belgian credit institution specializing in private asset management.

BANQUE TRANSATLANTIQUE LONDON (our holding: 100%)	2016 €000s	2015 €000s	2014 €000s
Balance sheet totals	5,900	1,529	871
Capital and reserves before appropriation	2,328	(789)	805
Net banking income	802	730	724
Net income (loss)	(3,606)	(1,661)	(634)

BANQUE TRANSATLANTIQUE SINGAPORE (our holding: 100%)	2016 SGD 000s	2015 SGD 000s	2014 SGD 000s
Balance sheet totals	0	824	572
Capital and reserves before appropriation	0	815	499
Net banking income	601	1,793	813
Net income	(5)	365	68

RISK MANAGEMENT

This section contains in particular the information required by IFRS 7 on risks relating to financial instruments.

CREDIT RISKS

Procedure

General organization of the credit risk function within the group
In accordance with current regulations, the general organization of risk management distinguishes between the credit approval system on the one hand and, on the other hand, the arrangements for monitoring and controlling risks.
Risk management is based on a common framework which establishes the rules applied throughout the group, credit approval procedures, levels of delegated authority and procedures for monitoring commitments.
The organization of the group's risk function is based on knowing the customer, assessing the risk, taking the decision to commit, monitoring commitments and, where necessary, collecting and recovering receivables.

Knowing the customer
Knowledge of the customer and targeting prospects both rely on the close ties formed between the regional structures of the Crédit Mutuel-CM11 group and their regional economic environments. Customer segmentation, which is further broken down into a number of risk categories, guides sales prospecting to the target customers.
Knowing the customer is greatly facilitated by an information system that is particularly extensive in both external information (access to databases) and internal information (analysis of financial statements, account operation and counterparty risks).
Knowing the customer extends to knowing the customer's environment, thanks to high-quality sector analyses and regularly updated sector documentation.

Credit approval procedures and delegated authority
Risk assessment is based on analyses carried out in accordance with documented processes that take into account clearly defined parameters; in compliance with the regulations, a second opinion is given above a certain threshold of commitment.
The decision to commit is differentiated in line with markets and ratings so as to suit customer requirements while at the same time keeping a firm control on risk incurred. It is based in particular on:

- real-time knowledge of the consolidated risks of the counterparty and the group to which it belongs, throughout the entire Crédit Mutuel-CM11 organization.
- weighting of revenues for the nature of the credit risk and the guarantee.
- customer rating.
- expert sector or business line knowledge.
- clearly identified and automated levels of delegated authority.
- the dual signatory principle.
- upper limits on approvals, based on shareholders' equity.
- pricing appropriate to the risk profile and capital consumption, through a matrix of conditions that are correlated with the rating.

Customer rating
The in-house customer rating system, common to all CM-CIC group entities, has been in place since the beginning of 2003. Ratings are determined either from automatic algorithms (network), or from manual rating matrices (corporate and investment banking).
Customer rating is based on the following general principles:

- commonality: the method of determining the rating is identical for all banks in the group at national level.
- exhaustiveness: the rating is calculated for each of the third parties identified in the information system.
- automation: the rating is determined automatically by the information system for the network.
- rating by market: third party customers are rated using an algorithm that is specific to their market (private individuals, professionals, businesses, etc.) in accordance with the classification defined in the information system: for professionals and businesses, the algorithms take into account the counterparty's sector of activity; for private individuals, the algorithm breaks down customers into ten distinct segments.
- calculation of a rating for groups of third parties: the calculation of a "group" rating enables the individual rating of each group member to be weighted for the overall risk pertaining to the group.
- uniform output: twelve ratings common to all markets have been defined: nine grades for non-delinquent customers and three for customers in default.
- downgrading: the rating is recalculated every month (initial rating) and corrected daily to take into account risk events as and when they occur (final rating).

Credit approval limits are delegated to all those involved in granting credit, from the account executive through to the highest decision-making bodies. These delegated powers are linked to the rating of the customer or the group to which the customer belongs, the markets in which the customer operates, the nature of the facilities and the security that the customer provides. Decisions exceeding delegated branch limits are taken by ad hoc committees, the most important decisions being taken by the joint Crédit Mutuel-CM11 group committee. In accordance with regulations, adherence to regulatory limits is systematically verified at every committee meeting, in addition to which decisions are subject to internal limits relating to the group's equity and to the rating of the counterparty or the group to which it belongs.

Monitoring of commitments

Oversight of commitments
Monitoring of commitments is performed by the national and regional structures using advanced risk detection systems, based on both external and internal criteria linked to the operation of the account. These criteria are designed to enable potential risks to be identified and controlled in an automated, systematic and exhaustive manner, before any non-payment occurs.
The system of oversight for major risks is organized at group level and covers consolidated commitments on counterparties and groups of counterparties across the entire Crédit Mutuel-CM11 organization.

Risk steering
Risk steering aims to provide all risk participants, from the executive and decision-making bodies to account executives, with a quantitative and qualitative overview of their risks: it focuses particularly on the breakdown of the portfolio by type of facility, nature of customer, rating, production and spread of risk by sector and counterparty, and on the regular examination of sensitive files and files downgraded to impaired, whether covered by a provision or not.

Management of impaired receivables
The mechanism for downgrading receivables to an impaired category is automated, based on regulatory criteria. Impairment provisions are examined regularly and systematically in order to ensure they are maintained at appropriate levels.

Collection and recovery
Collection and recovery of receivables is organized based on specific alerts at the various stages of the life of an account and on automated functions which, depending on the level of alert, route the receivables concerned to amicable or legal recovery.
Recovery procedures are clearly divided into three phases: regularization by sales teams, amicable recovery and, where necessary, recovery by legal means.

KEY FIGURES

2016 featured an increase in lending to customers and a decline in provisions for loan losses compared with 2015.

Accounting data
Total gross exposures amounted to €3.779 billion in 2016, i.e. 10.9% more than the year before. Loans and advances to customers amounted to €2.611 billion, up by 11% versus 2015.

Loans and receivables

In € millions (principal at month-end)	2016	2015
Loans and credits		
Credit institutions	1,167.5	1,054.6
Customers	2,611.4	2,353.2
Gross exposure	3,778.9	3,407.8
Provisions for impairment		
Credit institutions		
Customers	(3.9)	(8.0)
Net outstandings	3,775.0	3,399.8

Medium- and long-term outstandings increased by 14.2% and short-term outstandings by 7.4%.

Lending to customers

In € millions (principal at month-end)	2016	2015
Short-term lending	941	876
- Ordinary accounts in overdraft	434	428
- Commercial lending		
- Treasury loans	507	449
- Export finance		
Medium- and long-term lending	1,660	1,454
- Equipment finance	494	337
- Housing loans	1,166	1,021
- Finance leases		
- Other lending	0	96
Total gross lending to customers	2,601	2,330
- Non-performing loans	7	20
- Accrued interest	3	3
Total lending to customers	2,611	2,353

Commitments and guarantees given

In € millions (principal at month-end)	2016	2015
Financing commitments given		
Credit institutions		
Customers	227	206
Guarantee commitments given		
Credit institutions	8	10
Customers	84	84
Provision for risk on commitments given	0	0

Housing loans
Housing loans increased by 14.1% and accounted for 44.8% of total gross customer receivables. These loans are backed by real property sureties or first-class guarantees.

In € millions (principal at month-end)	2016	2015
Housing loans	1,166	1,021
Guaranteed by Crédit Logement	*402*	*390*
Backed by mortgage or similar first-class guarantee	*403*	*352*
Backed by other guarantees (1)	*361*	*280*

1) Mortgages other than first-class, other collateral, liens, etc.

Quality of the portfolio
The customer loan portfolio is of high quality. On the nine-level internal rating scale (excluding defaults), customers in the top eight categories account for 98.8% of loans and receivables due from customers.

Breakdown of performing loans by internal rating

Performing loans by internal rating	Dec. 31, 2016 in%	Dec. 31, 2015 in%
A+ and A-	40.9	40.0
B+ and B-	30.4	29.0
C+ and C-	20.6	19.0
D+ and D-	6.9	10.5
E+	1.2	1.5

Breakdown of loans by type of customer
Loans are granted to a wealth management customer base made up of individuals.

Value at risk and net additions to/reversals from provisions for loan losses
Non-performing loans and loans in litigation totaled €7 million at December 31, 2016 compared with €20 million at December 31, 2015, down by 64.8%.
As a percentage of total outstanding loans to customers, however, they were down to 0.27% at the end of 2016 compared with 0.85% at the end of 2015.
At December 31, 2016, actual net provisioning for known risks consisted of a reversal of €3.4 million compared with a reversal of €1.6 million in 2015.

Quality of customer risks

In € millions (principal at month-end)	2016	2015
Individually impaired receivables	7.0	20.0
Individual provisions for impairment		(7.3)
Collective provision for loan losses		(0.7)
Overall rate of cover	56.0%	40.2%
Rate of cover (individual provisions only)	51.2%	36.6%

Unpaid installments on outstanding customer loans not reclassified as non-performing

in € millions	2016				
	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	Total
Debt instruments (1)					
Loans and receivables	**129.2**		**0.8**		**130.0**
Central government agencies					
Credit institutions					
Other financial companies	6.2				6.2
Non-financial companies	25.8		0.8		26.6
Retail customers	97.2				97.2
Other financial assets					
Total	129.2				130.0

(1) Available-for-sale or held-to-maturity debt securities

in € millions	2015				
	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	Total
Debt instruments (1)					
Loans and receivables	8.5				8.5
Central government agencies					
Credit institutions					
Other financial companies	1.5				1.5
Non-financial companies	1.5				1.5
Retail customers	5.5				5.5
Other financial assets					
Total	8.5				8.5

(1) Available-for-sale or held-to-maturity debt securities

ASSET/LIABILITY MANAGEMENT RISKS

Function and organization of the activity

The handling of asset/liability management risks, which was previously decentralized, has now been centralized at CM-CIC group level. Group agreements regarding risk management and limits are contained in a common "frame of reference for group asset/liability management" for the Crédit Mutuel-CIC group. Banque Transatlantique's asset/liability management unit is actively involved in defining the sales and marketing policy with respect to customer terms and conditions, internal transfer price rules and the design of new products aimed at customers, and provides a permanent link with the network's sales forces. For each of the regional banks and for CIC, the role and operating principles of the asset/liability management function are clearly defined:

1 Asset/liability management is identified as a function distinct from the trading room, with its own resources;
2 Its prime objective is to immunize trading margins against fluctuations in interest and exchange rates and to stabilize results;
3 Asset/liability management also aims to ensure a level of instant and dynamic liquidity enabling the bank to meet its obligations and protect itself against any possible crises;
4 Asset/liability management is not a profit center but a function serving the bank's profitability and development strategy.

Interest rate risk

Interest rate risk is generated by the group's commercial activity. It arises from differences in rates and benchmarks between applications and sources of funds. Interest rate risk analysis also takes into account the volatility of outstandings on products with no contractual maturity and embedded options (options for early repayment or extension of loans, or to exercise rights to loans, etc.).

Interest rate risk for all transactions arising from the network's activities is analyzed and hedged globally for the residual position in the statement of financial position, using macro-hedging techniques. Particularly large transactions or those having special structures may be hedged specifically. Risk limits are established by reference to the forecast annual net banking income of each bank and of the group.

Liquidity risk

The CIC group attaches great importance to the management of liquidity risk in coordination with its shareholder, BFCM, which provides the group's long-term refinancing. To this end, Banque Transatlantique monitors the various regulatory liquidity indicators:
- The one-month liquidity ratio is representative of its short-term liquidity position. It is calculated by weighting the liquidity ratios of each bank by their balance sheet totals.
- The equity and permanent capital ratio is representative of the group's medium-long term liquidity position. It is calculated by weighting the liquidity ratios of each bank by their net medium- and long-term assets.

The group borrows regularly from entities that are structural lenders, such as the Caisse de Refinancement de l'Habitat. The other resources needed for its development are raised on the financial markets through CIC and BFCM, the group's refinancing center.

Liquidity risk management
Breakdown of residual maturities for liquidity risk

CONTRACTUAL RESIDUAL MATURITIES: DEC. 31, 2016								
in € millions	(a) ≤ 1 month	> 1 months ≤ 3 months	> 3 months ≤ 1 yr	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	(b) Perpetual	Total
Assets								
Financial assets held for trading								
Financial assets at fair value through profit or loss								
Financial assets available for sale								
Loans and receivables	3.1						5.7	8.8
Investments held to maturity	452.8	59.1	363.4	271.7	596.5	1,099.5		2,843.0
Liabilities								
Deposits by central banks								
Financial liabilities held for trading								
Financial liabilities at fair value through profit or loss								
Derivatives used for hedging						8.4		8.4
Financial liabilities measured at amortized cost	2,761.8	316.8	129.0	54.2	309.6	122.7		3,694.1
Of which debt securities, including bonds		*0.8*	*6.6*		*1.0*			*8.4*
Of which, subordinated debt						*3.7*		*3.7*

CONTRACTUAL RESIDUAL MATURITIES: DEC. 31, 2015								
in € millions	(a) ≤ 1 month	> 1 months ≤ 3 months	> 3 months ≤ 1 yr	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	(b) Perpetual	Total
Assets								
Financial assets held for trading								
Financial assets at fair value through profit or loss								
Financial assets available for sale	3.0						4.2	7.2
Loans and receivables	323.1	102.3	822.2	222.9	559.4	960.5	36.9	3,027.3
Investments held to maturity								
Liabilities								
Deposits by central banks								
Financial liabilities held for trading								
Financial liabilities at fair value through profit or loss								
Derivatives used for hedging								
Financial liabilities measured at amortized cost	2,256.2	273.5	240.9	174.3	283.6	35.6		3,264.1
Of which debt securities, including bonds		*0.2*		*6.9*	*0.1*	*1.0*		*8.2*
Of which, subordinated debt								

(a) Comprises accrued interest and securities lent and borrowed under repurchase agreements.
(b) Comprises perpetual debt securities, equities, non-performing loans and loans in litigation, and impairment write-downs; for marked-to-market financial instruments, it also includes the difference between fair value and redemption value.

EXCHANGE RATE RISK

Customer transactions denominated in foreign currencies are hedged by the CM-CIC group, to which all foreign exchange positions are systematically transferred.

MARKET RISK

Banque Transatlantique's trading room does not carry out proprietary treasury transactions. Its activity in 2016 focused on trading customers' orders, and notably on selling CIC's trading room products. Transactions carried out with customers are immediately executed by CIC and recorded directly in its books, in the framework of a *del credere* commission agreement between the two institutions specifying that customer counterparty risk remains with Banque Transatlantique, CIC being responsible for monitoring and hedging the interest rate and exchange risks. Only issues of negotiable debt securities are recorded in the bank's books. The bank's short-term liquidity management is provided by CIC, through which all settlements now pass. BFCM is the sole interbank counterparty.

REGULATORY RATIOS

Banque Transatlantique meets its regulatory obligations as regards prudential ratios.

OPERATIONAL RISK

Banque Transatlantique is in the process of putting in place arrangements for managing operational risks in the framework of the new prudential regulations.

OTHER RISKS

Legal
The group is not exposed to any significant legal risks.

Industrial and environmental
Not applicable to the group.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

- *STATEMENT OF FINANCIAL POSITION*
- *INCOME STATEMENT*
- *NOTES TO THE FINANCIAL STATEMENTS*

STATEMENT OF FINANCIAL POSITION

ASSETS in € millions	Notes	Dec. 31, 2016	Dec. 31, 2015
Cash, central banks and postal checking accounts	4	92.9	21.5
Financial assets at fair value through profit or loss		0.0	0.0
Derivatives used for hedging purposes	6	0.0	0.0
Available-for-sale financial assets	7	8.8	7.3
Loans and receivables due from credit institutions	4	1,167.5	1,054.6
Loans and receivables due from customers	8	2,607.5	2,346.1
Remeasurement adjustment on portfolios hedged for interest rate risk	9	8.4	5.1
Held-to-maturity financial assets		0.0	0.0
Current tax assets		6.2	5.5
Deferred tax assets		2.6	2.7
Accruals and other assets	13	35.9	46.8
Non-current assets held for sale		0.0	0.0
Investments in associates		0.0	0.0
Investment property		0.0	0.0
Property and equipment and finance leases (lessee accounting)	14	2.4	3.0
Intangible assets	15	7.4	8.2
Goodwill	16	19.4	19.4
Total		3,959.0	3,520.2

LIABILITIES AND SHAREHOLDERS' EQUITY in € millions	Notes	Dec. 31, 2016	Dec. 31, 2015
Due to central banks	17	0.0	0.0
Financial liabilities at fair value through profit or loss		0.0	**0.0**
Derivatives used for hedging purposes	6	8.4	5.1
Due to credit institutions	17	562.9	570.4
Due to customers		3.119.1	2,685.4
Debt securities	19	8.5	8.2
Remeasurement adjustment on portfolios hedged for interest rate risk		0.0	0.0
Current tax liabilities	11	6.8	7.9
Deferred tax liabilities	12	2.6	2.9
Accruals and other liabilities	20	55.1	46.7
Liabilities associated with non-current assets held for sale		0.0	0.0
Provisions	21	7.8	8.8
Subordinated debt	22	3.7	
Shareholders' equity		184.1	184.8
. Shareholders' equity – attributable to equity holders of the parent company		184.1	184.8
- Capital stock		*29.4*	*29.4*
- Additional paid-in capital		*38.2*	*38.2*
- Consolidated reserves		*83.2*	*79.0*
- Unrealized gains and losses recognized directly in equity	*23a*		*(1.1)*
- Net income for the year		*34.1*	*39.3*
. Shareholders' equity – attributable to non-controlling interests		0.0	0.0
Total		3,959.0	3.520.2

INCOME STATEMENT in € millions	Notes	2016	2015
Interest income	25	65.4	71.3
Interest expense	25		(20.5)
Commission income	26	100.0	104.0
Commission expense	26	(16.7)	(15.6)
Net gain/(loss) on financial instruments at fair value through profit or loss	27	1.2	2.7
Net gain/(loss) on available-for-sale financial assets	28	0.0	0.1
Income from other activities	29	4.8	1.0
Expenses on other activities	29		(1.1)
Net banking income		137.1	**141.9**
Payroll costs	30a		(50.8)
Other general operating expenses	30c		(30.1)
Depreciation, amortization and impairment	31		(1.6)
Operating income before provisions		50.2	**59.4**
Net additions to/reversals from provisions for loan losses	32	3.7	1.3
Operating income after provisions		53.9	**60.7**
Share of income/(loss) of associates		0.0	0.0
Net gain/(loss) on disposals of other assets		0.0	**0,0**
Income before tax		53.9	**60.7**
Corporate income tax	33		(21.4)
Net income		34.1	**39.3**
Net income – attributable to non-controlling interests		0.0	**0,0**
Net income – attributable to equity holders of the parent company		34.1	39.3
Earnings per share in euro	34	17.42	20.07
Diluted earnings per share in euro	34	17.42	20.07

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (in € millions)

	2016	**2015**
Net income	34.1	**39.3**
Translation adjustments	0.2	0.1
Revaluation of available-for-sale financial assets	0.0	0.0
Revaluation of derivatives used for hedging purposes	0.0	0.0
Share of unrealized or deferred gains or losses of associates	0.0	**0.0**
Total gains and losses recognized directly in equity that may be recycled to profit or loss	0.2	**0.1**
Revaluation of non-current assets	0.0	0,0
Actuarial gains and losses on defined benefit retirement plans	0.2	0.0
Total gains and losses recognized directly in equity that may not be recycled to profit or loss	0.2	**0.0**
Net income and gains and losses recognized directly in equity	34.5	**39.4**
Of which attributable to equity holders of the parent company	*34,5*	*39.4*
Of which attributable to non-controlling interests	*0.0*	***0,0***

Amounts shown against the headings relating to gains and losses recognized directly in equity are stated net of tax.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT AND DETAI[illegible]F OFF-STATEMENT OF FINANCIAL POSITION ITEMS

In € millions	BANQUE TRANSATLANTIQUE GROUP AT DECEMBER 31, 2015										
			Shareholders' equity – attributable to equity holders of the parent company								
					Gains and losses recognized directly in equity						
	Capital stock	Additional paid-in capital	Reserves (1)	Translation adjustments	AFS financial assets (2)/ Hedging instruments		Actuarial gains and losses	Net income for the year	Total	Non-controlling interests	Total consolidated shareholders' equity
Equity at Jan. 1, 2015	**29.4**	**38.2**	**70.5**	**(0.0)**	**0.0**	**0.0**	**(1.2)**	**39.0**	**175.9**	**0.0**	**175.9**
Appropriation of prior-year earnings			39.0					(39.0)	0.0		0.0
Dividends paid			(30.4)						(30.4)		(30.4)
Sub-total of changes linked to relations with shareholders	**0.0**	**0.0**	**8.6**	**0.0**	**0.0**	**0.0**	**0.0**	**(39.0)**	**(30.4)**	**0.0**	**(30.4)**
Consolidated income for the year								39.3	39.3		39.3
Changes in fair value of AFS financial assets (2)									0.0		0.0
Changes in actuarial gains and losses							0.0		0.0		0.0
Sub-total	**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**39.3**	**39.3**	**0.0**	**39.3**
Changes in translation adjustments reserve				0.1					0.1		0.1
Other changes			(0.1)	0.0					(0.1)		(0.1)
Equity at Dec. 31, 2015	**29.4**	**38.2**	**79.0**	**0.0**	**0.0**	**0.0**		**39.3**	**184.8**	**0.0**	**184.8**
Equity at Jan. 1, 2016	**29.4**	**38.2**	**79.0**	**0.0**	**0.0**	**0.0**	**(1.2)**				
Appropriation of prior-year earnings			39.3					(39.3)	0.0		0.0
Dividends paid			(35.2)						(35.2)		(35.2)
Change in investments in subsidiaries not resulting in loss of control			(0 .0)						(0.0)	(0.0)	(0.0)
Sub-total of changes linked to relations with shareholders	**0.0**	**0.0**	**4.1**	**0.0**	**0.0**	**0.0**	**0.0**	**(39.3)**	**(35.2)**	**(0.0)**	**(35.2)**
Consolidated income for the year								34.1	34.1		34.1
Translation adjustments				0.2					0.2		0.2
Changes in fair value of AFS financial assets (2)									0.0		0.0
Changes in actuarial gains and losses							0.2		0.2		0.2
Sub-total	**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**0.0**	**0.2**	**34.1**	**34.5**	**0.0**	**34.5**
Other changes			0.0	(0,0)					(0.0)		(0.0)
Equity at Dec. 31, 2016	**29.4**	**38.2**	**83.2**	**0.2**	**0.0**	**0.0**		**34.1**	**184.1**	**0.0**	**184.1**

(1) Reserves comprised the legal reserve for €2 9 million, including €1.8 million allocated to the special long-term capital gains reserve, Banque Transatlantique's reserves for €30 9 million, and consolidated reserves for €49.4 million
(2) AFS. available for sale.
At December 31, 2016, Banque Transatlantique's capital stock comprised 1,958,112 shares with a par value of €15 each.

STATEMENT OF CASH FLOWS In € millions	2016	**2015**
Net income	34.1	39.3
Corporate income tax	19.8	21.4
Income before tax	53.9	60.7
Net depreciation/amortization expense on property and equipment and intangible assets	1.5	1.6
Impairment of goodwill and other non-current assets		
Net additions to provisions		(1.8)
Share of income/loss of associates		
Net loss/gain from investing activities		
(Income)/expense from financing activities		
Other movements	2.7	6.2
Non-monetary items included in income before tax and other adjustments		6.0
Cash flows relating to interbank transactions	399.6	51.6
Cash flows relating to customer transactions	182.5	(170.1)
Cash flows relating to other transactions affecting financial assets or liabilities	1.0	(0.1)
Cash flows relating to other transactions affecting non-financial assets or liabilities	16.9	3.6
Taxes paid	(21.9)	(26.3)
Net decrease/(increase) in assets and liabilities from operating activities	578.1	(141.3)
Cash flows from (used in) operating activities (a)	631.2	
Cash flows relating to financial assets and investments		
Cash flows relating to investment property		
Cash flows relating to property and equipment and intangible assets		(0.7)
Cash flows from (used in) investing activities (b)		
Cash flows relating to transactions with shareholders (1)		(30.4)
Other net cash flows relating to financing activities	3.7	
Cash flows from (used in) financing activities (c)		
Impact of movements in exchange rates on cash and cash equivalents (d)	0.0	0.0
Net increase/(decrease) in cash and cash equivalents (a+b+c+d)	599.1	(105.7)
Net cash flows from (used in) operating activities (a)	631.2	(74.6)
Net cash flows from (used in) investing activities (b)		(0.7)
Net cash flows from (used in) financing activities (c)	(31.5)	(30.4)
Impact of movements in exchange rates on cash and cash equivalents (d)	0.0	
Cash and cash equivalents at beginning of year	350.2	**455.9**
Cash and accounts with central banks	21.6	2.0
Demand loans and deposits – credit institutions	328.6	453.9
Cash and cash equivalents at end of year	949.3	350.2
Cash and accounts with central banks	92.9	21.6
Demand loans and deposits – credit institutions	856.4	328.6
CHANGE IN CASH AND CASH EQUIVALENTS	599.1	

(1) Cash flows related to transactions with shareholders include dividends totaling €35.2 million paid by Banque Transatlantique to its shareholders in respect of 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes are presented in millions of euros.

Note 1: Accounting policies, methods of valuation and presentation

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2015. This IFRS framework includes IAS 1 to 41, IFRS 1 to 8 and 10 to 13 and any SIC and IFRIC interpretations adopted at that date. The entire framework is available on the European Commission's website at: http ://ec.europa.eu/internal_market/accounting/ias/index_fr.htm..

The financial statements are presented in accordance with the format specified in Recommendation no. 2013-04 of the French Accounting Standards Board (*Autorité des normes comptables*– ANC) on IFRS financial statements. They comply with the international accounting standards as adopted by the European Union.

Information on risk management required by IFRS 7 is provided in a specific section of the board of directors' report.

Standards and interpretations applied as from January 1, 2016

The amendments adopted by the European Union do not have a material impact on the financial statements. They relate mainly to:

- ✓ IAS 1 – Presentation of the financial statements: highlighting the relative importance, presentated on two lines of the statement of profit and loss and other comprehensive income, of the share of income of associates accounted for by the equity method (distinguishing between the portion that will subsequently be reclassified to profit or loss and that which will not be reclassified),
- ✓ IFRS 2 – Share-based payment: the amendment relates to vesting conditions, which are now defined as either a 'performance condition' or a 'service condition.
- ✓ IFRS 3 – Business combinations: the contingent consideration of a business combination as a liability or an equity instrument results from application of IAS 32. A contingent consideration that is not an equity instrument must be measured at fair value at each closing date and any changes in the fair value must be recognized in the income statement,
- ✓ IFRS 7 – Financial instruments: disclosure required when a servicing contract constitutes continuing involvement in a transferred asset, These changes are retrospective (as the company must examine past derecognition to determine whether disclosures are required for an asset or liability) but companies are not obliged to apply the amendment to financial periods opened before the first fiscal year in respect of which these amendments have been applied.
- ✓ IFRS 8 – Operating segments: disclosure relating to aggregation of operating segments,
- ✓ IAS 24 – Related party disclosures: extension of the definition of related party (provision of key management personnel) and additional information as an appendix

Standards and interpretations adopted by the European Union and not yet applied

➢ IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments, published by the IASB to replace IAS 39 Financial Instruments: Recognition and Measurement, defines new rules for:

- classifying and measuring financial instruments;
- making impairment provisions for credit losses on financial assets, and
- hedge accounting, excluding macro-hedging.

Its application will become mandatory for accounting periods beginning on or after January 1, 2018. The classification and measurement and the new IFRS 9 impairment model will be applicable retrospectively by adjusting the opening statement of financial position at the date of first application, without any obligation to restate the fiscal years presented for comparison. The group will therefore present its 2018 financial statements without a 2017 comparative in IFRS 9 format and the explanation of the differences between the portfolios between the two standards and the impacts on equity will be included in the notes to the financial statements.
In the second quarter of 2015, the group launched an initiative, currently at the project stage, bringing together the various departments concerned (finance, risk, IT, etc.) and structured around the "national consolidation" steering committee overseen by the Financial Management Department of Confédération Nationale du Crédit Mutuel (CNCM). The project is organized into working groups, according to phases and instruments, with the work relating to impairment models being overseen by CNCM's Risk Department. In parallel, the necessary IT development and adaptation work began in 2016 and will continue in 2017.

This project covers all the relevant activities within the group, including insurance. The amendment to IFRS 4, published in September 2016, permits these entities to defer or adapt first adoption of IFRS 9. But, for the moment, the possibility of deferring application does not apply to bank-insurers. Discussions on this subject are continuing at the European and international levels.

With regard to the prudential impact, discussions on the treatment of IFRS 9-related impacts on equity are underway within the Basel Committee and at European level.

The information by phase is provided below.

- Phase 1 - Classification and measurement of financial assets and financial liabilities

Under IFRS 9, the classification and measurement of financial assets will depend on their management model and contractual characteristics, which could result in a classification and measurement for some financial assets that is different from that under IAS 39.

Loans, receivables and debt instruments will be measured:

- at amortized cost, if held within a business model whose objective is to collect the related contractual cash flows and whose cash flows are solely payments of principal and interest on the principal amount outstanding.
- at fair value through other comprehensive income if held within a business model whose objective is achieved both by collecting contractual cash flows and selling the related financial assets and if the cash flows are solely payments of principal and interest on the principal amount outstanding. On sale of these instruments, the unrealized gains and losses previously taken to equity will be recognized in profit and loss, as is the case currently under IAS 39,
- at fair value through profit or loss if they do not qualify for either of the two previous categories or if the group has chosen the fair value option to avoid accounting inconsistencies.

Note that discussions are still under way at international level concerning the possibility of classifying some financial instruments at amortized cost, particularly where there are symmetrical early or at-fair-value repayment options. IFRIC is not in favor of recognizing these instruments, in respect of which the lender may end up paying an amount to the borrower instead of receiving compensation, at amortized cost. It has nonetheless referred the matter to the IASB for decision.

Acquired equity instruments will be classified:
- at fair value through profit or loss, or
- by option, at fair value through other comprehensive income. In the event of sale of these instruments, the unrealized gains or losses previously taken to equity will not be reclassified profit or loss, contrary to the present practice. Only the dividends will be recognized in profit or loss.

Note that:
- it will no longer be possible to recognize derivatives embedded in financial assets separately from their host contracts,
- the provisions of IAS 39 relating to derecognition of financial assets and liabilities have been integrated into IFRS 9 without any changes,
- likewise for those relating to financial liabilities, except for the recognition of changes in fair value resulting from the own credit risk of debt recognized at fair value through profit or loss by option. These changes will be recorded in equity under unrealized or deferred gains or losses and no longer taken to profit or loss. The group is marginally concerned by the issue of own credit risk.

The operational work carried out by the group in 2016 focused on:
- completing the risk mapping of instruments, both with regard to interest rates and to the various contractual clauses,
- defining and starting solely payment of principal and interest (SPPI) tests for interest rate instruments identified as risky (averaged, decorrelated),
- starting work on documenting all the various instruments, both with regard to their characteristics and their business model.

At this stage, reclassification at fair value through profit or loss concerns mainly UCITS and UCI and some convertible or structured bonds; the impact of these reclassifications is moderate. Work is at the final stages on certain credits and securitization tranches.

- Phase 2 – Impairment

The section of IFRS 9 relating to credit risk impairment responds to the criticisms leveled at the incurred loss model used under IAS 39, i.e. that it causes losses to be recognized too late and in insufficient amounts.
IFRS 9 allows provisioning for incurred credit losses to be replaced by provisioning for expected credit losses. Impairment provisions will be recognized, in respect of financial assets for which there are no objective indications of losses on an individual basis, based not only on past losses observed but also on reasonable and justifiable estimates of future cash flows.
This more forward-looking approach to credit risk is already partly taken into account when collective provisions are currently recognized on portfolios of financial assets with similar characteristics, pursuant to IAS 39.

The new impairment model under IFRS 9 will apply to all debt instruments measured at amortized cost or at fair value through other comprehensive income, which will be divided into three categories as follows:
- twelve-month expected credit losses (resulting from the risk of default over the next twelve months) on instruments issued or acquired, as from their initial recognition in the statement of financial position ("bucket 1") and when no material deterioration in credit risk has been observed since initial recognition,
- lifetime expected credit losses (resulting from the risk of default over the instrument's entire residual lifetime) must be booked if there has been a significant increase in credit risk since initial recognition ("bucket 2"), and
- impaired financial assets, for which there is objective evidence of loss of value linked to an event that occurred after the loan was put in place ("bucket 3", which is equivalent to the outstandings currently impaired on an individual basis under IAS 39).

The assessment of whether there has been a significant increase in credit risk will:
- take into consideration all reasonable and justifiable information, and
- compare the financial instrument's default risk at the closing date with that at the initial recognition date.

At group level, this means measuring risk at the issuer level but assessing the changes in risk at the level of each contract.

The group's operational work on this subject in 2016 was aimed mainly at defining the border between buckets 1 and 2:
- the group will draw on the models developed for prudential purposes and on the assessment of twelve-month default risk (represented by a score or a default rate), as authorized under the standard.
- this quantitative data will be combined with qualitative data such as non-payments/late payments lasting more than 30 days, the concept of restructured loans, etc.
- Less complex methods will be used for entities or small portfolios classified prudentially under the standard approach and which do not have internal rating systems.

The group is currently considering how to integrate forward-looking information into the parameters.

At this stage, the group considers that the quantitative impacts cannot be reasonably measured but it estimates that the level of impairment under IFRS 9 of buckets 1 and 2 will be substantially higher than the collective provisions currently booked under IAS 39.

- Phase 3 – Hedge accounting

IFRS 9 allows entities to choose, on first adoption, whether to apply the new hedge accounting provisions or whether to continue to apply those of IAS 39.
The group has chosen to continue to apply the existing provisions. However, additional information on risk management and the impacts of hedge accounting on the financial statements will be included in the notes to the financial statements, in accordance with IFRS 7 revised.

Note also that the IAS 39 provisions relating to interest rate hedging of a portfolio of financial assets or liabilities, as adopted by the European Union, will continue to apply.

➢ IFRS 15 – Revenue from contracts with customers

This standard will supersede a number of standards and interpretations relating to accounting for revenue (particularly IAS 18 – Revenue and IAS 11 – Construction contracts). However, it will not affect revenue from leasing contracts, insurance contracts and financial instruments.

Revenue recognition must reflect the transfer of goods or services to customers in an amount consistent with the consideration to which the entity expects to be entitled in return. To this end, the standard introduces a five-step approach for determining when and in what amount revenue from contracts with customers should be recognized:
- identification of the contract with the customer,
- identification of the performance obligations in the contract,
- determining the contract's transaction price,
- allocation of the transaction price to the various performance obligations, and
- recognition of the revenue when or as the entity satisfies a performance obligation.

Application of this standard will be mandatory for fiscal years starting on or after January 1, 2018.

A dedicated working group carried out an analysis of the standard and an initial identification of the potential impacts in 2016.

The main business lines/products analyzed were packaged banking offers; asset management (performance fees), telephone services and IT activities.

At this stage, the impact is expected to be limited.

Standards and interpretations not yet adopted by the European Union

The main ones are:
- IFRS 16 – Leases, which will be effective for reporting periods starting on or after January 1, 2019 subject to its adoption by the European Union,
- amendments to IFRS 4 applying IFRS 9 (scheduled effective date: January 1, 2018)

➢ IFRS 16 – Leases

This will supersede IAS 17 and the interpretations relating to accounting for lease contracts.

Under IFRS 16, the definition of a lease contract involves identification of an asset and of the lessee's control of the right of use of the said asset..

From the lessor's stand point, the impact is expected to be limited, as the provisions are substantially the same as those under the existing standard IAS 17.

For the lessee, for each lease, the following must be recognized:
- in non-current assets: an asset representing the right of use of the leased goods,
- in liabilities, a debt representing the obligation to pay rent throughout the duration of the lease, and
- in the income statement, the lease payments as an expense on a straight-line basis over the life of the lease, separately from the actuarial interest expense on the financial debt.

Note that under IAS 17 currently in force, no amount is recognized in the statement of financial position and the cost of lease contracts is recorded under operating expenses.

The group has begun work to analyze the impact of this standard and in particular has started to list all its lease contracts, for both real estate and other goods (IT, car fleet, etc.).

Use of estimates in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that may have an impact on the measurement of income and expense and assets and liabilities and on the notes to the financial statements.
In this regard, the managers, based on their judgment and experience, use the information available on the date of preparation of the financial statements to make the necessary estimates. This is particularly the case for:
- the impairment of debt and equity instruments,
- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss",
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets", for which this information must be provided in the notes to the financial statements,
- impairment tests performed on intangible assets,
- the measurement of provisions, including pension obligations and other future employee benefits.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market and which are not intende the time of their acquisition or grant to be sold. They include loans granted directly by the group or its share in syndicated loans, purchased loans a debt securities that are not listed on an active market. On initial recognition in the statement of financial position, loans and receivables are measured a fair value, which is usually the net amount disbursed at inception.
The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.
Except for loans and receivables carried at fair value by option, these loans are subsequently carried at amortized cost using the effective interest rate method.
Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and shown under interest items in the income statement.
Commissions received in connection with the commercial renegotiation of loans are recognized over more than one period. The renegotiation involves the amendment or derecognition of the former loan.
The restructuring of a loan due to a borrower's financial problems requires amendment or novation of the contract. Following the definition of this concept by the European Banking Authority, the group has integrated it into its information systems to ensure consistency between the accounting and prudential definitions. The relevant financial information is included in the management report.

The fair value of loans and receivables is disclosed in the notes to the financial statements at each balance sheet date and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

Impairment of loans and receivables and provisions for financing and guarantee commitments given

Individual impairment and provisions
Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.
Loans on which one or more installments are more than three months past due and current accounts overdrawn for more than three months are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.
Additions to provisions for impairment of loans are recognized in the income statement in "Net additions to/reversals from provisions for loan losses". Reversals of provisions for impairment of loans are recognized in the income statement in "Net additions to/reversals from provisions for loan losses" as regards the portion relating to the change in the risk, and in the interest margin as regards the portion relating to the passage of time. In the case of loans and receivables, the impairment provision is deducted from the amount at which such assets are stated in the statement of financial position, whereas in the case of financing and guarantee commitments, the impairment provision is included under the "provisions" heading on the liabilities side of the statement of financial position.
Irrecoverable receivables are written off and the corresponding provisions reversed.

Portfolio-based impairment of loans
Customer loans that are not individually impaired are risk-assessed on the basis of loans with similar characteristics. This assessment draws upon downgrades in internal and external rating systems, the estimated probability of default, the estimated loss rate, and the amount of loans outstanding. Portfolio-based impairment is deducted from the carrying amount of the assets concerned, and any movements in impairment are included in "Net additions to/reversals from provisions for loan losses" in the income statement.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset. Title may or may not ultimately be transferred.
An operating lease is a lease other than a finance lease.

Finance leases – lessor accounting
In accordance with IAS 17, finance lease transactions with non-group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.
In the lessor's financial statements, the analysis of the economic substance of the transactions results in:
- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of lease payments between principal repayments and interest, known as financial amortization;
- the recognition of an unrealized reserve, equal to the difference between:
  - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the fiscal year;
  - the net carrying amount of the leased non-current assets;
  - the deferred tax provision.

Finance leases – lessee accounting
In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an obligation in the same amount is recorded as a liability. Lease payments are broken down between principal repayments and interest.

Financial guarantees (sureties, guarantees and other undertakings) and financing commitments given

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.
In accordance with IFRS 4, these financial guarantees given are still measured using French GAAP, pending an addition to the standards to fine-tune the current provisions. Consequently, a provision is recognized on the liabilities side of the statement of financial position in the event of a probable outflow of resources.
By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a non-financial variable, provided that in this event this variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.

Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown on the statement of financial pos
However, a corresponding provision is made in accordance with IAS 37.

Purchased securities

Securities held by the group are classified in the categories defined in IAS 39: financial instruments at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans.

Financial instruments at fair value through profit or loss - Securities

Classification
Financial instruments at fair value through profit or loss comprise:
a) Financial instruments held for trading purposes, consisting mainly of instruments that:
- were acquired principally for the purpose of selling or repurchasing them in the near term, or
- are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- represent derivatives not classified as hedges;

b) Financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39. The fair value option is designed to help entities produce more relevant information, by enabling:
- certain hybrid financial instruments to be measured at fair value without separating out embedded derivatives, provided the embedded derivative has a material impact on the value of the instrument;
- a significant reduction in accounting mismatches regarding certain assets and/or liabilities: this is particularly the case where a hedging relationship (interest rate or credit) cannot be established;
- a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis. This category mainly includes all securities held in the private equity portfolio.

Basis for recognition and measurement of related income and expenses
Financial instruments included in this category are recognized in the statement of financial position at fair value up to the date of their disposal. Changes in fair value are taken to the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss". Income earned on fixed-income securities in this category is included in the income statement under "Interest income". Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and the settlement date are taken to income. Fair value also incorporates an assessment of counterparty risk on these instruments.

Fair value
Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability as part of a normal transaction between market participants on the measurement date.
The fair value of an instrument upon initial recognition is generally its transaction price. If the instrument is traded on an active market, the best estimate of fair value is the quoted price.
The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.
When the bank has offsetting positions in assets and liabilities, only the net position is valued - at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or a net liability held.
A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.
Data observable in a market should be used provided it reflects the reality of a transaction under normal conditions on the measurement date and there is no need to adjust this value significantly. In other cases, the group uses non-observable mark-to-model data.
Derivatives are remeasured based on available observable market data such as yield curves, to which the bid/ask price is then applied. When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, of liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.
As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting. When a derivative constitutes a debt, its valuation takes into account the risk of default by the owner group entity.
A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

Held-to-maturity financial assets

Classification
Held-to-maturity financial assets are non-derivative financial assets listed on an active market, with fixed or determinable payments that the group has the positive intention and ability to hold to maturity, other than those that the group has designated as at fair value through profit or loss or as available for sale. The positive intention and ability to hold to maturity are assessed at each reporting date.

Basis for recognition and measurement of related income and expenses
Held-to-maturity investments are recognized upon acquisition at their fair value including transaction costs, which are deferred as they are included in the calculation of the effective interest rate. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in actuarial amortization of premiums and discounts (corresponding to the difference between the purchase price and redemption value of the asset).
Income earned from this category of investments is included in "Interest income" in the income statement.
Should a material credit risk arise, impairment on held-to-maturity financial assets is recognized, being calculated in the same way as for loans and receivables.

Available-for-sale financial assets

Classification

Available-for-sale financial assets comprise financial assets that have not been classified as loans and receivables, held-to-maturity financial asse[illegible] financial assets at fair value through profit or loss.

Basis for recognition and measurement of related income and expenses
Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. On disposal or recognition of an impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement. Purchases and sales are recognized at the settlement date.
Income derived from fixed-income available-for-sale securities is recognized in the income statement under "Interest income", using the effective interest method. Dividend income relating to variable-income available-for-sale securities is taken to income under "Net gain/ (loss) on available-for-sale financial assets".

Impairment of available-for-sale debt instruments
Impairment losses are calculated based on fair values. They are recognized in "Net additions to/reversals from provisions for loan losses" and may be reversed. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

Impairment of available-for-sale equity instruments
An equity instrument is impaired when there exists objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost, or b) the existence of information on significant changes that have a negative impact and which have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and indicate that the cost of the investment may not be recovered.
In the case of equity instruments, the group considers that a decline in value to less than 50% of the acquisition cost or over a period of more than 36 consecutive months should result in the recognition of an impairment provision. Instruments are analyzed on an individual basis. The exercise of judgment is also required in the case of securities that do not meet the above criteria, but where the view is taken that recovery of the amount invested may not reasonably be expected in the near future.
The loss is recognized in the income statement within "Net gain/ (loss) on available-for-sale financial assets". Any subsequent impairment is also recognized in the income statement.
Permanent impairment of shares or other equity instruments that has been recognized in the income statement is irreversible so long as the instrument is carried in the statement of financial position. In the event of a subsequent appreciation in value, this will be recognized in equity within "Unrealized or deferred gains and losses".

Fair value hierarchy of financial instruments

There are three levels of fair value of financial instruments, as defined in IFRS 13:

- Level 1: prices quoted on active markets for identical assets or liabilities: in particular, this concerns debt securities with prices quoted by at least three contributors and derivative instruments quoted on a regulated market;
- Level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices); included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;
- Level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies, whether or not held via venture capital entities, and, in the capital markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified within the same hierarchy level as the input of the lowest level that is significant for the fair value taken as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to the change in the parameters would be immaterial.

Financial instruments at fair value through profit or loss - derivatives

A derivative is a financial instrument:

a) whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the "underlying";
b) which requires little or no initial net investment or an initial net investment that is smaller than would be required for other types of contracts presenting the same sensitivity to changes in the underlying;
c) which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.
Derivatives are recorded at their fair value on the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in "Net gain/ (loss) on financial instruments at fair value through profit or loss".
Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as fair value hedges or cash flow hedges, as appropriate. All other derivatives are classified as trading items, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives
An embedded derivative is a component of a hybrid instrument that meets the definition of a derivative when separated from its host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.
Embedded derivatives are separated from the host contract and accounted for as derivatives at fair value through profit or loss provided that they meet the following conditions:

- they meet the definition of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics and associated risks of the embedded derivative are not deemed to be closely related to those of the host contract;
- the separate valuation of the embedded derivative to be separated is sufficiently reliable to provide relevant information.

Reclassification of debt instruments
Fixed-income securities or debt instruments classified as at fair value through profit or loss may be reclassified in other categories as follows:

a) "held-to-maturity", only in rare cases, in the event of a change in the management intention, and provided that they satisfy the eligibility conditions for this category;
b) "loans and receivables", in the event of a change in the management intention, and provided that the capacity exists to hold the security for the foreseeable future or until maturity and that the instruments satisfy the eligibility criteria for this category;
c) "available-for-sale", only in rare cases.

Fixed-income securities or debt instruments classified as available-for-sale may be reclassified in other categories as follows:

a) "held-to-maturity", in the event of a change in the management intention or the capacity to hold the security, and provided that they satisfy eligibility conditions for this category;
b) "loans and receivables", in the event of the intention and capacity to hold the security for the foreseeable future or until maturity and provided that they satisfy the eligibility criteria for this category.

In the event of a transfer, the fair value of the financial asset on its reclassification date becomes its new cost or amortized cost. No gains or losses recognized prior to the transfer date can be reversed.
In the event of a transfer from the "available-for-sale" category into either the "held-to-maturity" or "loans and receivables" category of debt instruments with a fixed maturity date, unrealized gains and losses previously deferred into equity are amortized over the asset's residual life.

Hedge accounting

IAS 39 describes three types of hedging relationship, which are designated on the basis of the type of risk being hedged.

- A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets or liabilities and on demand deposits, as permitted by the European Union.
- A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular to hedge interest rate risk on revisable-rate assets and liabilities, including rollovers, and foreign exchange risk on highly probable foreign currency revenues. At the inception of the hedge, the group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the hedging strategy and management objectives, as well as the type of risk covered, the underlying strategy, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship. Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at each reporting date. The ineffective portion of the hedge is recognized in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss". The only risk for which fair value hedging is used is interest rate risk.
- Hedging of net investments in foreign currencies is treated as cash flow hedging and is not used by the group.

Fair value hedges
In a fair value hedge, changes in the fair value of the derivative instrument attributable to the time effect of discounting are taken to income under "Interest income/expense – derivatives used for hedging purposes" symmetrically with the change in interest income/expense of the hedged item.
In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. This rule also applies when the hedged item is recognized at amortized cost or is classified as an available-for-sale financial asset. If the hedging relationship is fully effective, any changes in the fair value of the hedging instrument will offset changes in the fair value of the item hedged.
Hedges must be deemed to be highly effective to qualify for hedge accounting. Changes in the fair value or cash flows of the hedging instrument must offset changes in the fair value or cash flows of the item hedged within a range of 80%–125%.
If the hedging relationship is discontinued or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. The related derivatives are transferred to the trading book and accounted for using the treatment applied to this asset category. The carrying amount of the hedged item in the statement of financial position is no longer adjusted to reflect changes in fair value and the cumulative adjustment recorded in respect of the hedging transaction is amortized over the remaining life of the item hedged. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is taken immediately to income.

Fair value hedge accounting for a portfolio hedge of interest rate risk
In October 2004, the European Union amended IAS 39 to allow customer demand deposits to be included in portfolios of liabilities contracted at fixed rates. This method is applied by the group. It concerns the vast majority of the interest rate hedges implemented in connection with the group's asset/liability management strategy.
At each reporting date, the bank verifies that the hedging contracted for each portfolio of assets or liabilities is not excessive.
The maturity of the liability portfolio is modeled by Asset/Liability Management.
Changes in fair value of a portfolio hedge of interest rate risk are recognized on a specific line of the statement of financial position, under "Remeasurement adjustment on portfolios hedged for interest rate risk", with the offsetting entry in income.

Cash flow hedges
In the case of cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity under "Unrealized or deferred gains and losses on cash flow hedges", while the ineffective portion is taken to income in "Net gain/(loss) on financial instruments at fair value through profit or loss".
The amounts recognized in equity are reclassified into profit and loss under "Interest income/expense" at the rate at which the cash flows attributable to the hedged item affect profit or loss. The hedged items continue to be accounted for using the treatment applicable to the asset category to which they belong.
If the hedging relationship is discontinued or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recognized in equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts income, or until the transaction is no longer expected to occur, at which point they are transferred to the income statement.

Regulated savings accounts

Home savings accounts (*comptes d'épargne logement* – "CEL") and home savings plans (*plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation:

- to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest accruing on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as variable-rate);
- to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be unfavorable to the bank, i.e., where the bank offers different interest rates to those on similar, non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impacts on income are included in interest paid to customers.

Debt securities

Debt securities are initially recognized at fair value (including transaction costs), which is generally the net amount received, and subsequently measured at amortized cost using the effective interest method.

Certain "structured" debt instruments may contain embedded derivatives, which are isolated from the host contract when they meet the criteria for separate recognition.
The host contract is subsequently measured at amortized cost. Fair value is based on quoted market prices or valuation models.

Property and equipment and intangible assets

Property and equipment and intangible assets shown in the statement of financial position comprise non-current assets used in operations and investment property. Non-current assets used in operations are those used in the provision of services or for administrative purposes. They include assets other than property leased under operating leases. Investment property comprises real estate held to generate rent, for capital appreciation or both. Investment property is accounted for at cost, in the same way as property used in operations.
Non-current assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the place and condition necessary for it to be capable of operating in the manner intended by management.
Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.
The depreciable amount of a non-current asset is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their expected economic lives.
Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, based on the rate at which the economic benefits embodied in the assets are expected to be consumed by the entity.
Intangible assets that have an indefinite useful life are not amortized.
Depreciation and amortization on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.
Where a non-current asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a method appropriate to that component. The bank has adopted the components approach for property used in operations and investment property. These items are depreciated over the following useful lives:

- 40-80 years for the shell,
- 15-30 years for structural components,
- 10-25 years for equipment,
- 10 years for fixtures and fittings.

As regards intangible assets, leasehold rights paid are not amortized but are tested for impairment, while new occupancy fees paid to the owner are amortized over the life of the lease as additional rent. Other intangible items (e.g. acquired customer contract portfolios) are amortized over a period of nine or ten years.

Depreciable and amortizable assets are tested for impairment when evidence exists at the balance sheet date that the items may be impaired. Non-depreciable and non-amortizable assets are tested for impairment annually.
If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment is recognized under "Depreciation, amortization and impairment" in the income statement.
Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in "Net gains on disposals of non-current assets".
Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expenses on other activities".

Corporate income tax

This item includes all current or deferred income taxes.
Current income tax is calculated based on applicable tax regulations.
The group records the French business tax (CET), which comprises the corporate property tax (CFE) and the corporate value added contribution (CVAE) as an operating expense and does not therefore recognize deferred taxes in the consolidated financial statements.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill and fair value adjustments on intangible assets that cannot be sold separately from the acquired business.
Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to subsequent fiscal periods.
Net deferred tax assets are recognized only in cases where their recovery is considered highly probable.
Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses, which are taken directly to equity.
Non-recoverable taxes payable on probable or certain dividend payments by consolidated companies are taken into account.
Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.

Provisions

A provision is recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of its amount. The amount of such obligation is discounted in order to determine the amount of the provision.
Movements in provisions are classified by nature under the corresponding income/expense caption. The cumulative provision is recognized as a liability on the statement of financial position.

Employee benefits

Where appropriate, a provision is set aside for such benefits, recognized within "Provisions". Any movements in the provision are taken to income within "Payroll costs", with the exception of the portion resulting from actuarial gains and losses, which is recognized directly in equity as unrealized or deferred gains and losses.

Post-employment benefits covered by defined benefit plans

These relate to retirement, early retirement and supplementary retirement plans for which the group has a legal or constructive obligation to provide certain benefits to its employees.
These obligations are calculated using the projected unit credit method, which consists in assigning benefit rights to periods of service in line with the plan's contractual benefit formula, before discounting them based on demographic and financial assumptions. The group uses the following assumptions to calculate its retirement and equivalent obligations:

- the discount rate determined by reference to the market yield on long-term corporate bonds consistent with the term of the obligations;
- the salary increase rate, measured based on age bands and regional characteristics;
- estimated inflation rates;
- employee turnover, calculated for each age band;
- retirement age: the estimate is calculated separately for each individual based on the actual or estimated date on which employment first commenced and on assumptions related to the law on pension reform, with a maximum age of 67 at retirement;
- the INSEE TH/TF 00-02 life expectancy table.

Changes in these assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and actual outcomes) give rise to actuarial gains and losses.
Plan assets are measured at fair value and the amount recognized in the income statement is their implicit return (corresponding to the fair value of the plan assets multiplied by the discount rate used to determine the scheme liabilities). Any difference between the implicit return on plan assets and the actual return gives rise to an actuarial gain or loss.
Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in the income statement when the curtailment or settlement occurs.

At least 60% of the obligations of the group's French banks relating to retirement bonuses are covered by insurance taken out with ACM Vie, a Crédit Mutuel group insurance company which is consolidated by the group under the equity method.

Supplementary pensions covered by pension funds

Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The four pension funds to which group banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional annual contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from the mergers was converted into an IGRS, a French supplementary pension management institution, in 2009. It does not have an asset shortfall.

Defined contribution post-employment benefits

Group entities pay into a number of retirement schemes managed by third parties. Under these schemes, group entities have no legal or constructive obligation to pay additional contributions, in particular where plan assets are inadequate to fund future obligations.
As these schemes do not represent an obligation for the group, no provision is recorded and the related expenses are recognized in the income statement in the period in which the contribution is due.

Other long-term benefits

Other long-term benefits are employee benefits (other than post-employment benefits and termination benefits) which are expected to be paid more than twelve months after the end of the period in which the employees render the related services, such as long-service awards.
The group's obligation in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains or losses are taken to the income statement as and when they arise.
Employees are granted long-service awards after 20, 30, 35 and 40 years of service. A provision is set aside for these awards.

Termination benefits

These benefits are granted by the group following the decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The related provisions are discounted when payment falls due more than twelve months after the reporting date.

Short-term employment benefits

Short-term employee benefits are employee benefits (other than termination benefits) which are expected to be settled wholly within twelve months of the reporting date, such as wages and salaries, social security contributions and certain bonuses.
An expense is recognized in respect of these benefits in the period in which the services giving rise to the benefits were provided to the entity.

Debt-equity distinction

Financial instruments issued by the group are classified as debt instruments when the group has a contractual obligation to deliver cash to holders of the instruments and when the remuneration of these instruments is not discretionary. This is the case, in particular, with subordinated debt issued by the group.

Translation of assets and liabilities denominated in foreign currency

Assets and liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.
Monetary financial assets and liabilities: foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss".
Non-monetary financial assets and liabilities: foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under "Net gain/(loss) on financial instruments at fair value through profit or loss", or under "Unrealized or deferred gains and losses" in other comprehensive income if they are classified as available-for-sale.

When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerne covered by a cash flow hedge.
Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustment". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, the corresponding portion of this cumulative translation adjustment is recognized through the income statement.

Insurance company contracts

The accounting policies and measurement methods specific to assets and liabilities arising on insurance contracts have been drawn up in accordance with IFRS 4, which applies also to reinsurance contracts issued or subscribed, and to financial contracts with a discretionary profit-participation feature. Other assets held and liabilities issued by insurance companies are accounted for in accordance with the rules applicable to the group's other assets and liabilities.

Assets
Financial assets, investment property and property and equipment and intangible assets comply with the accounting methods described elsewhere. However, financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss".

Liabilities
Insurance liabilities, which represent commitments to subscribers and beneficiaries, are included under the heading "Insurance companies' technical provisions". They continue to be measured, recorded and consolidated in accordance with French GAAP.
The technical provisions in respect of life insurance contracts consist mainly of mathematical provisions corresponding generally to the contracts' surrender values. The risks covered are mainly death, disability and incapacity for work (for credit insurance).
The technical provisions related to unit-linked business are measured, at the end of the reporting period, on the basis of the realizable value of the assets underlying these contracts.
The provisions related to non-life insurance contracts correspond to unearned premiums (portion of the premiums issued relating to subsequent periods) and to outstanding claims.
Insurance contracts with a discretionary profit-participation feature are subject to "shadow accounting". The resulting provision represents the policyholders' share of the capital gains and losses arising on the assets. These deferred profit-participation reserves are recognized on the liabilities or assets side of the statement of financial position, by legal entity, and there is no offsetting between group entities. On the assets side, they are presented under a specific heading. At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance contracts. If the test reveals that the technical provisions are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

Income statement
The income and expenses recognized in respect of the insurance contracts issued by the group are included within "Income from other activities" and "Expenses on other activities". The income and expenses in respect of the insurance entities' proprietary activities are recognized under the headings relating to them.

Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within twelve months of the reporting date.
The related assets and liabilities are shown separately in the statement of financial position, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/amortized.
When assets held for sale or the associated liabilities become impaired, an impairment loss is recognized in the income statement.
Discontinued operations include operations that are held for sale or which have already been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/ (loss) on discontinued operations and assets held for sale".

Consolidation methods and scope

Fair value adjustments
At the date of acquisition of a new entity, the related assets, liabilities and contingent liabilities used in operations are measured at fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

Goodwill
In accordance with IFRS 3R, when a controlling interest in a new entity is acquired, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at the lower of fair value net of selling costs and their carrying amount. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".
If the group's stake in an entity it already controls, and which it continues to control, increases/decreases, the difference between the acquisition cost/selling price of the shares and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.
Goodwill is presented on a separate line of the statement of financial position when it relates to fully consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies.
Goodwill does not include direct expenses associated with acquisitions, which are expensed.
Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a sustained decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an

impairment loss is recognized for the amount of the difference. These impairment losses on goodwill – which are recognized through the in statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

Intercompany transactions and balances
Intercompany transactions and balances and the impacts of transfers between the group's entities are eliminated when they have a material impact on the consolidated financial statements.

Foreign currency translation
The statements of financial position of foreign subsidiaries are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustment". The income statements are translated into euros at the average exchange rate for the year, and the resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.
As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

Non-controlling interests
Non-controlling interests correspond to interests that do not confer control as defined in IAS 27 and include partnership interests that entitle their holders to a share in the net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

Full consolidation method
This method entails substituting the value of the shares with each subsidiary's assets and liabilities and recognizing the interests of non-controlling shareholders in shareholders' equity and profit or loss. It is applicable to all entities under exclusive control, including those with different accounting structures, whether or not their business is in line with that of the consolidating entity.

Consolidation using the equity method
This method entails substituting the value of the shares with the group's portion of the shareholders' equity and income of the entities concerned. It applies to all entities under joint control, which are designated as joint ventures, and all entities over which the group exercises significant influence.

Principles regarding inclusion in the scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R. The consolidation scope includes:

- entities under exclusive control: exclusive control is presumed when the group holds power over the entity, is exposed or has a right to variable returns as a result of its ties with the entity, and is able to exercise its power over the entity in order to influence the returns it obtains. The financial statements of entities under exclusive control are fully consolidated.

- entities under joint control: joint control is the contractually agreed sharing of control over an entity, which exists only in cases where decisions regarding key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a joint operation or a joint venture:
  - A joint operation is a partnership in which the parties that exercise joint control have rights to the assets and obligations for the liabilities related to the entity. The assets, liabilities, income and expenses related to the interest held in the entity are accounted for.
  - A joint venture is a partnership in which the parties that exercise joint control have rights to the entity's net assets. Joint ventures are equity-accounted. All entities over which the group exercises joint control are joint ventures within the meaning of IFRS11.

- entities over which the group exercises significant influence: these are entities that are not controlled by the consolidating entity, but in which the group has the power to participate in financial and operating policies. The shares of entities over which the group exercises significant influence are accounted for using the equity method. Companies that are 20%–50% owned by the group's private equity businesses and over which the group has joint control or exercises significant influence are excluded from the scope of consolidation and accounted for under the fair value through profit or loss option.

Entities controlled exclusively by the group are included in the consolidation scope when their full consolidation individually affects by at least 1% the main consolidated statement of financial position and income statement items. Subsidiaries that are not consolidated must account for on aggregate less than 5% of the main consolidated statement of financial position and income statement items. However, smaller entities may be included in the consolidated group if (i) the group considers they represent a strategic investment; (ii) their core business is the same as one of those of the group; or (iii) they hold shares in consolidated companies.

Note 2 - Consolidation scope

Company	Currency	2016			2015		
		Percentage		Method	Percentage		Method
		Voting rights	Interest		Voting rights	Interest	
Consolidating company: Banque Transatlantique							
A. Private banks							
Banque Transatlantique Belgium		100	100	FC	100	100	
Banque Transatlantique Luxembourg		100	100	FC	100	100	
Banque Transatlantique Singapore Private Ltd	SGD	-	-	NC	100	100	
Dubly Douilhet Gestion (1)		100	100	FC	100	100	

Transatlantique Gestion (1)		100	100	FC	100	100	
B. Other companies							
Transatlantique Private Wealth Genève SA Suisse	CHF	100	100	NC	100	100	NC
Transatlantique Private Wealth LLC, USA	USD	100	100	NC	100	100	NC

Method: FC = full consolidation; NC = not consolidated
** On the basis of consolidated financial statements.
(1) Member of the tax consolidation group set up by CIC.
In connection with its wealth management business line, Banque Transatlantique owns special purpose entities involved in financial advisory services. Consolidation of these entities was deemed not to have a material impact on the financial statements.
Information on the group's sites and activities in the non-cooperative countries or territories (NCCTs) included in the list established by the Order of January 17, 2014: the group has no sites that meet the criteria defined in the Order of October 6, 2009.

Information on sites included in the consolidation scope

Article 7 of Law 2013-672 of July 26, 2013 of the French Monetary and Financial Code, amending Article L. 511-45, requires credit institutions to publish information about their sites and activities in each country or territory.
The country in which each site is located is mentioned in the scope of consolidation (see table above).

Country	Net banking income	Net income before tax	Corporate income tax	Other taxes	Government subsidies received	Employees FTE
Belgium	12.3	5.5	(1.7)	(0.8)		34
France	115.3	50.3	(17.7)	(19.0)		315
Luxembourg	8.1	1.8	(0.4)	(0.8)		30
United Kingdom	0.8	(3.6)		(0.5)		8
Singapore	0.6	(0.1)	(0.0)	(0.0)		
Total	137.1	53.9	(19.8)	(21.1)		387

Note 3 – Analysis of statement of financial position and income statement items by business segment and geographic area

Principles used to analyze the bank's activities:

Banque Transatlantique and its subsidiaries specialize in the provision of private banking services in France and abroad.
Each consolidated company is allocated in its entirety to a given business segment, corresponding to its core business in terms of its contribution to the consolidated financial statements.

BREAKDOWN OF ASSETS AND LIABILITIES BY GEOGRAPHIC AREA

ASSETS	2016				2015			
	France	Europe excl. France	Other countries (1)	Total	France	Europe excl. France	Other countries (1)	Total
Cash and amounts due from central banks	0.5	92.4		92.9	0.6	20.9		21.5
Derivatives used for hedging purposes	0.0			0.0	0.0			0.0
Available-for-sale financial assets	5.7	3.1		8.8	4.1	3.2		7.3
Loans and receivables due from credit institutions	979.5	188.0		1,167.5	949.4	104.6	0.6	1,054.6
Loans and receivables due from customers	2,129.9	477.6		2,607.5	1,862.5	483.6		2,346.1
LIABILITIES	France	Europe excl. France	Other countries (1)	Total	France	Europe excl. France	Other countries (1)	Total
Derivatives used for hedging purposes	8.4			8.4	5.1			5.1
Due to credit institutions	273.7	289.2		562.9	280.0	290.4		570.4
Due to customers	2,731.6	387.5		3,119.1	2,453.4	232.0		2,685.4

Debt securities	8.4			8.4	8.2			8.2

(1) USA and Singapore

BREAKDOWN OF INCOME BY GEOGRAPHIC AREA

	2016				2015			
	France	Europe excl. France	Other countries (1)	Total	France	Europe excl. France	Other countries (1)	Total
Net banking income	115.3	21.2	0.6	137.1	117.7	22.4	1.8	141.9
General operating expenses					(65.6)	(15.5)	(1.4)	(82.5)
Operating income before provisions	46.6	3.7		50.2	52.1	6.9	0.4	59.4
Net additions to/reversals from provisions for loan losses	3.7			3.7	0.8	0.5		1.3
Income before tax	50.3	3.7		53.9	52.9	7.4	0.4	60.7
Corporate income tax					(18.6)	(2.7)	(0.1)	(21.4)
Net income	32.6	1.6		34.1	34.3	4.7	0.3	39.3

(1) USA and Singapore

NOTES TO THE STATEMENT OF FINANCIAL POSITION - ASSETS

Note 4 - Cash, amounts due from central banks, and loans and receivables due from credit institutions

	Dec. 31, 2016	Dec. 31, 2015
Cash and central banks		
Central banks	92.3	**20.8**
of which, mandatory reserves	2.7	**1.8**
Cash	0.6	**0.7**
Total	92.9	21.5
Loans and receivables due from credit institutions		
Current accounts	897.6	**413.5**
Loans	265.0	**591.6**
Other receivables	2.0	**38.9**
Securities not quoted on an active market		
Resale agreements		
Individually-impaired receivables		
Accrued interest	2.9	**10.6**
Provisions		
Total	1,167.5	1,054.6
Including non-voting loan stock	*2.0*	***2.0***
Including subordinated loans		

Note 5 - Analysis of derivatives

	Dec. 31, 2016			Dec. 31, 2015		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Swaps						
Futures and forward contracts	6.8			9.9		
Options	0.4					
Foreign currency derivatives						
Swaps						
Futures and forward contracts						
Options						
Other derivatives						
Swaps						
Futures and forward contracts						
Options						
Sub-total	7.2			9.9		
Derivatives used for hedging purposes						
Derivatives designated as fair value hedges						
Swaps	47.9	0.0	8.4	55.9	0.0	5.1
Futures and forward contracts						
Options				0.6	0.0	
Derivatives designated as cash flow hedges						
Swaps						
Futures and forward contracts						
Options						
Sub-total	47.9	0.0	8.4	**56.5**	**0.0**	**5.1**
Total	55.1	0.0	8.4	66.3	0.0	5.1

5a - Fair value hierarchy

	Dec. 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale (AFS)				
- Government securities and similar instruments				
- Bonds and other fixed-income securities				
- Equities, portfolio securities and other variable-income securities	2.8			2.8
- Other long-term investments and shares in subsidiaries			4.2	4.2
- Investments in associates			1.8	1.8
Trading/Fair value by option				
- Government securities and similar instruments – Trading				
- Government securities and similar instruments – Fair value by option				
- Bonds and other fixed-income securities – Trading				
- Bonds and other fixed-income securities – Fair value by option				
- Equities and other variable-income securities – Trading				
- Equities and other variable-income securities – Fair value by option				
- Loans and receivables due from credit institutions – Fair value by option				
- Loans and receivables due from customers – Fair value by option				
- Derivatives and other financial assets – Trading				
Derivatives used for hedging purposes		0.0		
Total	2.8	0.0	6.0	8.8
Financial liabilities				
Trading/Fair value by option				
- Due to credit institutions – Fair value by option				
- Due to customers – Fair value by option				
- Debt securities – Fair value by option				
- Subordinated debt – Fair value by option				
- Derivatives and other financial liabilities – Trading				
Derivatives used for hedging purposes		8.4		8.4
Total		8.4		8.4

Most of the instruments in the trading portfolio categorized in levels 2 or 3 consist of illiquid securities and derivatives. There are uncertainties surrounding the measurement of all these instruments, which result in value adjustments reflecting the risk premium that a market participant would incorporate when establishing the price.
These valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, liquidity risks associated with the instrument or parameter concerned, specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions, and counterparty risk present in the fair value of over-the-counter derivatives. The methods used are subject to change. This latter risk includes counterparty risk present in the fair value of over-the-counter derivatives.
When determining value adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of different kinds is taken into account. A portfolio-based approach is generally used for a given risk factor.

Note 6 - Derivatives used for hedging purposes

	Dec. 31, 2016		Dec. 31, 2015	
	Assets	Liabilities	**Assets**	**Liabilities**
. Cash flow hedges				
- *of which, changes in value recognized in equity*				
- *of which, changes in value recognized in profit or loss*				
. Derivatives designated as fair value hedges	0.0	8.4	0.0	5.1
Total	0.0	8.4	0.0	5.1

A fair value hedge is a hedge of the exposure to changes in the fair value of a financial instrument attributable to a specific risk. Changes in the fair value of the hedging instrument and of the hedged item attributable to the risk being hedged are taken to profit or loss.

Note 7 - Available-for-sale financial assets

	Dec. 31, 2016	Dec. 31, 2015
Government securities		
Bonds and other fixed-income securities		
- Quoted		
- Not quoted		
Equities and other variable-income securities		
- Quoted	0.0	0.0
- Not quoted	2.8	2.8
Long-term investments		
- Shares in subsidiaries		
Quoted		
Not quoted	3.2	3.2
- Other long-term investments		
Quoted		
Not quoted	1.0	0.8
- Investments in associates		
Quoted		
Not quoted	1.8	0.5
- Translation adjustments		
- Securities lent		
Accrued interest		
Total	8.8	7.3
Of which, unrealized gains and losses (net of tax) on bonds and other fixed-income securities and on government securities recognized directly in equity		
Of which, unrealized gains and losses (net of tax) on equities and other variable-income securities and on long-term investments recognized directly in equity	*0.0*	***0.0***
Of which, impairment of bonds and other fixed-income securities		
Of which, impairment of equities and other variable-income securities and of long-term investments	*(0.1)*	***(0.1)***

Impairment of equities
Equity holdings were reviewed in order to identify any impairment losses. Impairment provisions are raised for listed equities in the event of a significant (decrease of at least 50% in its value compared with its acquisition cost) or prolonged (36-month) decline of the stock price to below its cost.

Note 8 - Loans and receivables due from customers

	Dec. 31, 2016	Dec. 31, 2015
Performing loans		
. - Commercial lending		
of which, factoring accounts		
. - Other loans and receivables		
- Housing loans	1,165.9	1,021.4
- Other loans and miscellaneous receivables	1,435.5	1,309.6
- Resale agreements		
Accrued interest	2.9	3.1
Securities not quoted on an active market		
Individually-impaired receivables	7.0	20.0
Individual impairment	(3.5)	(7.3)
Collective impairment	(0.3)	(0.7)
Sub-total	2,607.5	2,346.1
Finance leases (net investment)		
. Equipment		
. Real estate		
Individually-impaired receivables		
Individual impairment		
Sub-total		
Total	2,607.5	2,346.1
Including non-voting loan stock		
Including subordinated loans		

Note 9 - Revaluation reserves for portfolios hedged for interest rate risk

	2016		2015		Change in fair value
	Assets	Liabilities	Assets	Liabilities	
Fair value of portfolio interest rate risk	8.4		5.1		3.3

Note 10 - Change in provisions for impairment

	Jan. 1, 2016	Additions	Reversals	Other	Dec. 31, 2016
Loans and receivables due from credit institutions					
Loans and receivables due from customers	(8,0)	(0,3)	4,5	(0,0)	(3,8)
Available-for-sale securities	(0,1)				(0,1)
Held-to-maturity securities					
Total	(8,1)	(0,3)	4,5	(0,0)	(3,9)

Note 11 - Current taxes

	2016	2015
Assets	6.2	5.5
Liabilities	6.8	7.9

Current income tax expense is calculated based on the tax rules and tax rates applicable in each country where the group has operations for the period in which the related revenue was earned.

Note 12 - Deferred taxes

	Dec. 31, 2016	Dec. 31, 2015
Deferred tax assets dealt with through profit or loss	2.0	2.1
Deferred tax assets dealt with through equity	0.6	0.6
Deferred tax liabilities dealt with through profit or loss	2.6	2.9
Deferred tax liabilities dealt with through equity		

Analysis of deferred taxes (profit or loss) by major category

	Dec. 31, 2016		Dec. 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Temporary differences on				
- Provisions	3.2	(3.4)	3.2	(2.9)
- Finance leasing reserve				
- Income from flow-through entities	0.0		0.0	
- Revaluation of financial instruments				
- Accrued expenses and accrued income	1.1		0.8	
- Other temporary differences	3.1	(4.6)	1.8	(3.7)
Netting	(5.4)	5.4	(3.7)	3.7
Total	2.0	(2.6)	2.1	(2.9)

Note 13 - Accruals and other assets

	Dec. 31, 2016	Dec. 31, 2015
Accruals		
Collection accounts	0.1	0.0
Currency adjustment accounts		0.3
Accrued income	4.5	5.9
Other accruals	13.1	20.4
Sub-total	17.7	26.6
Other financial assets		
Securities settlement accounts		0.0
Security deposits paid	8.0	5.9
Miscellaneous receivables	10.2	14.3
Inventories and similar		
Other		
Sub-total	18.2	20.2
Total	35.9	46.8

Accruals and miscellaneous receivables consist mainly of suspense accounts relating to interbank payment systems. Accrued expenses and accrued income consist of payroll costs and general operating expenses, and do not include loans and borrowings on which interest due but not yet payable is recognized as accrued interest.

Note 14 - Property and equipment

	Jan. 1, 2016	Increases	Decreases	Other movements	Dec. 31, 2016
Historical cost					
Land used in operations	0.0				0.0
Buildings used in operations	4.9	0.0		0.0	4.9
Other property and equipment	12.9	0.1	(0.3)	(0.0)	12.7
Total	17.8	0.1	(0.3)	0.0	17.6
Depreciation and impairment					
Land used in operations					
Buildings used in operations	(3.1)	(0.4)	0.0	(0.0)	(3.5)
Other property and equipment	(11.7)	(0.2)	0.2	(0.0)	(11.7)
Total	(14.8)	(0.6)	0.2	(0.0)	(15.2)
Net	3.0	(0.5)	(0.1)	(0.0)	2.4

Note 15 - Intangible assets

	Jan. 1, 2016	Increases	Decreases	Other movements	Dec. 31, 2016
Historical cost					
. Internally-developed intangible assets					
. Purchased intangible assets	31.8	0.0		0.0	31.8
- software	0.4				0.4
- other	31.4	0.0		0.0	31.4
Total	31.8	0.0		0.0	31.8
Amortization and impairment					
. Internally-developed intangible assets					
. Purchased intangible assets	(23.6)	(0.8)		0.0	(24.4)
- software	(0.4)	(0.0)		(0.0)	(0.4)
- other	(23.2)	(0.8)		0.0	(24.0)
Total	(23.6)	(0.8)		0.0	(24.4)
Net	8.2	(0.8)		0.0	7.4

Note 16 - Goodwill

	Jan. 1, 2016	Increases	Decreases	Other movements	Dec. 31, 2016
Gross value	19.4				19.4
Impairment					
Carrying amount	**19.4**				19.4

Goodwill is tested for impairment annually.

	Jan. 1, 2015	Increases	Decreases	Other movements	Dec. 31, 2015
Transatlantique Gestion (formerly GPK Finance)	5.5				5.5
Dubly Douilhet Gestion	13.9				13.9
Total	19.4				19.4

NOTES TO THE STATEMENT OF FINANCIAL POSITION – LIABILITIES AND SHAREHOLDERS' EQUITY

Note 17 - Due to central banks – Due to credit institutions

	Dec. 31, 2016	Dec. 31, 2015
Due to central banks		
Due to credit institutions		
Current accounts	72.3	80.3
Other borrowings (1)	490.4	488.4
Repurchase agreements		1.5
Accrued interest	0.2	0.2
Total	562.9	570.4

(1) Of which €350.5 million due to CIC at December 31, 2016 and €380.4 million at December 31, 2015

Note 18 - Due to customers

	Dec. 31, 2016	Dec. 31, 2015
Regulated savings accounts		
- demand	644.1	604.6
- term	191.8	165.5
Accrued interest		
Sub-total	835.9	770.1
Demand accounts	1,955.1	1,452.6
Term deposits and borrowings	311.8	439.6
Repurchase agreements		
Accrued interest	16.3	23.1
Sub-total	2,283.2	1,915.3
Total	3,119.1	2,685.4

Note 19 - Debt securities

	Dec. 31, 2016	Dec. 31, 2015
Retail certificates of deposit	7.2	7.0
Interbank instruments and negotiable debt securities	1.0	1.0
Bonds		
Accrued interest	0.3	0.2
Total	8.5	8.2

Note 20 - Accruals and other liabilities

	Dec. 31, 2016	Dec. 31, 2015
Accruals		
Accounts unavailable due to recovery procedures		
Currency adjustment accounts	0.5	
Accrued expenses	18.7	18.5
Deferred income	0.2	0.3
Other accruals	21.8	13.5
Sub-total	41.2	32.3
Other liabilities		
Securities settlement accounts		
Outstanding amounts payable on securities		
Miscellaneous creditors	13.9	14.4
Sub-total	13.9	14.4
Total	55.1	46.7

Further details of accruals and other liabilities are provided in Note 13.

Note 21 - Provisions

	Jan. 1, 2016	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other movements	Dec. 31, 2016
Provisions for counterparty risks						
On signature commitments		0.0				0.0
Provisions for risks on miscellaneous receivables	3.8	0.1		(1.4)		2.5
On financing and guarantee commitments						
Other provisions for counterparty risks						
Other provisions	0.0	0.0		0.0		0.0
Provisions for post-employment benefits						
Provisions for claims and litigation	3.5	0.0		(0.1)		3.4
Provision for home savings accounts and plans		0.2				0.2
Provisions for taxes	0.3	0.0		(0.0)	0.0	0.3
Provisions for misc. contingencies	0.3	0.7		(0.3)		0.7
Other provisions	0.9	0.3	(0.4)	(0.1)		0.7
Provisions for counterparty risks					(0.0)	
Total	8.8	1.3	(0.4)	(1.9)	0.0	7.8

Note 21a - Retirement and other employee benefit obligations

	Jan. 1, 2016	Additions	Reversals	Other movements	Dec. 31, 2016
Defined benefit retirement plan commitments not covered by pension funds					
Retirement bonuses	1.8		(0.1)		1.7
Top-up payments	1.0	0.0		0.0	1.0
Obligations for long-service awards (other long-term benefits)	0.7	0.0	(0.0)	(0.0)	0.7
Total	3.5	0.0	(0.1)	0.0	3.4

Assumptions used	2016	2015
Discount rate (1)	1.2%	2.0%
Salary inflation rate (2)	Minimum 0.5%	Minimum 0.8%

(1) The discount rate used is the yield on long-term bonds issued by top-tier companies, based on the IBOXX index.
(2) The annual increase in salaries is calculated by adding estimated future inflation to actual salary increases and is also based on the employee's age.

Movement in the Banque Transatlantique group's provision for retirement bonuses

Retirement bonuses	Jan. 1, 2016	Impact of discounting	Financial income	Cost of services rendered	Other including past service cost	Changes in actuarial gains and losses	Payment to beneficiaries	Insurance contributions	Dec. 31, 2016
Commitments	4.3	0.1		0.2	0.0	(0.2)	(0.2)		4.3
Insurance policy	2.5		0.1		0.0	0.1	(0.1)	0.1	2.7
Sub-total: banks insured with ACM	**1.8**	**0.1**	**(0.1)**	**0.2**	**0.0**	**(0.2)**	**(0.1)**	**(0.1)**	1.6
Other French entities									
Foreign entities									
Total	1.8								1.6

Defined contribution retirement commitments

Accumulation contract subscribed with ACM

A supplementary defined contribution retirement plan has been put in place with ACM for the French entities that are members of the group employee benefits agreement.

Note 21b - Provisions for risks arising from commitments on home savings accounts and plans

Home savings plans	Dec. 31, 2016	Dec. 31, 2015
Contracted between 0 and 4 years ago	22.2	16.9
Contracted between 4 and 10 years ago	10.7	11.4
Contracted more than 10 years ago	28.9	30.1
Total	61.8	
Amounts outstanding under home savings accounts	3.6	3.5
Total home savings accounts and home savings plans	65.4	61.9

Home savings loans	Dec. 31, 2016	Dec. 31, 2015
Home savings loan outstandings giving rise to provisions for risks reported in assets	0.3	0.5

Provisions	Jan. 1, 2016	Net additions	Other movements	Dec. 31, 2016
For home savings accounts				
For home savings plans	0.3			0.3
For home savings loans				
Total	0.3			0.3
Maturity analysis (home savings plans)				
Contracted between 0 and 4 years ago		0.1		0.1
Contracted between 4 and 10 years ago	0.1			0.1
Contracted more than 10 years ago	0.2	(0.1)		0.1
Total	0.3			0.3

Home savings accounts (*comptes d'épargne logement* – "CEL") and home savings plans (*plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation
- a future obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest accruing on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- an obligation to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).
The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.
A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be unfavorable to the bank, i.e., where the bank offers different interest rates to those on similar, non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impacts on income are included in interest paid to customers

Note 22 – Subordinated debt

	2016	2015
Subordinated debt	3.7	
Accrued interest	0.0	
Total	**3.7**	

Subordinated debts representing more than 10% of total subordinated debt at December 31, 2016

Issuer	Issue date	Amount	Currency	Rate	Expiry	Early repayment option	Early repayment terms and conditions
TSR	03.24.2016	€3.7 million	EUR	a	03.24.2026		

a 3-month Euribor + 205 basis points – subscribed by BFCM

Note 23a - Unrealized or deferred gains and losses

	Dec. 31, 2016	Dec. 31, 2015
Unrealized or deferred gains and losses* related to:		
Translation adjustments	0.2	0.0
Available-for-sale financial assets		
- Equities	0.0	0.0
- Bonds		
Actuarial gains or losses on defined benefit plans	(1.0)	(1.1)
Derivatives designated as cash flow hedges		
Real estate assets (IAS 16)		
Share of unrealized or deferred gains and losses of associates		
Total	(0.8)	(1.1)
Unrealized or deferred gains and losses		
Attributable to equity holders of the parent company	(0.8)	(1.1)
Attributable to non-controlling interests	0.0	(0.0)
Total	(0.8)	(1.1)

* Amounts net of tax

Note 23b - Additional information on movements in unrealized or deferred gains and losses

Movement in gains and losses recognized directly in equity

	Dec. 31, 2016	Dec. 31, 2015
Translation adjustment		
Reclassification to income		
Other movements	0.2	0.1
Sub-total	0.2	0.1
Remeasurement of available-for-sale financial assets		
Reclassification to income		
Other movements	0.0	0.0
Sub-total	0.0	0.0
Remeasurement of hedging derivatives		
Reclassification to income		
Other movements		
Sub-total		
Remeasurement of non-current assets		
Actuarial gains or losses on defined benefit plans	0.2	0.0
Share of unrealized or deferred gains or losses of associates		
Total	0.4	0.1

Movement in gains and losses recognized directly in equity

	Dec. 31, 2016			Dec. 31, 2015		
	Gross	Tax	Net	Gross	Tax	Net
Translation adjustments	0.2		0.2	0.1		0.1
Remeasurement of available-for-sale financial assets	0.0	(0.0)		0.0	(0.0)	0.0
Remeasurement of hedging derivatives						
Remeasurement of non-current assets						
Actuarial gains or losses on defined benefit plans	0.2	(0.0)	0.2	0.0	(0.0)	0.0
Share of unrealized or deferred gains or losses of associates						
Total movements in gains and losses recognized directly in equity	0.4	(0.1)	0.4	0.1	(0.0)	0.1

Note 24 - Commitments given and received

	Dec. 31, 2016	Dec. 31, 2015
Commitments given		
Financing commitments		
To credit institutions		
To customers	227.2	**206.1**
Guarantee commitments		
To credit institutions	8.2	**10.2**
To customers	84.4	**83.7**
Commitments received		
Financing commitments		
From credit institutions		
Guarantee commitments		
From credit institutions	1,027.0	**1,029.5**

NOTES TO THE INCOME STATEMENT

Note 25 - Interest income and expense

	2016		2015	
	Income	Expense	Income	Expense
Credit institutions and central banks	11.9	(1.7)	20.8	(1.3)
Customers	53.4	(14.1)	50.5	(18.9)
- of which, finance leases				
Financial assets/liabilities accounted for under the fair value option				
Derivatives used for hedging purposes	0.1	(0.7)	0.0	(0.0)
Available-for-sale financial assets			0.0	
Held-to-maturity financial assets				
Debt securities		(0.3)		(0.3)
Subordinated debt				
Total	65.4	(16.8)	71.3	(20.5)

* in the event of negative interest rates, interest remains under its initial heading

Note 26 – Commission income and expense

	2016		2015	
	Income	Expense	Income	Expense
Credit institutions	0.0	(0.0)	0.0	(0.0)
Customers	2.8	(0.1)	4.0	(0.0)
Securities transactions	77.0	(6.7)	81.0	(4.8)
Derivative instruments				
Currency transactions	0.6	(0.1)	0.6	(0.1)
Financing and guarantee commitments	0.1	(0.1)	0.1	(0.1)
Services provided	19.5	(9.7)	18.3	(10.6)
Total	100.0	(16.7)	104.0	(15.6)

	2016	2015
Commissions on financial assets and liabilities not carried at fair value through profit or loss (including demand accounts)	(2.0)	1.1
Commissions for management services provided to third parties	73.8	76.9

Note 27 – Net gain/(loss) on financial instruments at fair value through profit or loss

	2016	2015
Instruments held for trading	(0.1)	0.0
Instruments accounted for under the fair value option		
Ineffective portion of hedges	(0.7)	0.3
Foreign exchange gains (losses)	2.0	2.4
Total changes in fair value	1.2	2.7

Note 27a – Ineffective portion of hedges

	2016	2015
Change in fair value of hedged items	3.3	0.7
Change in fair value of hedging instruments	(4.0)	(0.4)
Total ineffective portion of hedges	0.7	0.3

Note 28 – Net gain/(loss) on available-for-sale financial assets

	2016				2015			
	Dividends	Realized capital gains and losses	Impairment	Total	Dividends	Realized capital gains and losses	Impairment	Total
Government securities, bonds and other fixed-income securities								
Equities and other variable-income securities								
Long-term investments	0.0			0.0	0.1	0.0		0.1
Other								
Total	0.0			0.0	0.1	0.0		0.1

Note 29 - Income from/expenses on other activities

	2016	2015
Income from other activities		
Investment property		
Rebilled expenses	0.0	0.1
Other income	4.8	0.9
Sub-total	4.8	1.0
Expenses on other activities		
Investment property		
Other expenses	(0.8)	(1.1)
Sub-total	(0.8)	(1.1)
Total	4.0	(0.1)

Note 30 - General operating expenses

	2016	2015
Payroll costs	(54.0)	(50.8)
Other expenses	(31.4)	(30.1)
Total	(85.4)	(80.9)

Note 30a - Payroll costs

	2016	2015
Wages and salaries	(33.6)	(31.5)
Social security costs (1)	(13.6)	(12.6)
Employee profit-sharing and incentive bonuses	(2.9)	(2.8)
Payroll-based taxes	(3.9)	(3.9)
Other	0.0	0.0
Total	(54.0)	(50.8)

(1)) of which income of €0.2 million for the tax credit for competitiveness and employment (*Crédit d'impôt pour la compétitivité et l'emploi* – CICE). This amount corresponds to 6% of the salaries eligible for this measure at December 31, 2016.
The CICE has enabled the group to maintain, and even to increase, its financing of employee training at a level well in excess of the regulatory requirements and to improve the group's overall competitiveness, particularly through investment in new technologies such as digital tools (tablet computers) and videoconferencing systems, IT development of a virtual assistant, based on cognitive technologies, designed to provide even better customer service, developments concerning new telephone-based means of payment and related services, research into new services for our merchant customers and rolling out remote electronic signature of contracts..

Note 30b - Average number of employees (as full-time equivalent)

	2016	2015
Banking staff	122	115
Managerial staff	265	254
Total	387	369
Analysis by country		
France	315	308
Outside France	72	61
Total	387	369

Note 30c - Other general operating expenses

	2016	2015
Other taxes and duties	(3.4)	(2.8)
External services	(27.1)	(26.2)
Rebilled expenses	0.1	
Other miscellaneous expenses	(1.0)	(1.1)
Total	(31.4)	(30.1)

Note 30d – Fees paid to the statutory auditors

In € millions – amounts excluding VAT	*PriceWaterhouseCoopers Audit*				*Ernst & Young Audit*			
	Amount		%		Amount		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
- Statutory audit, certification, review of the accounts	0.2	0.2	100%	100%	0.1	0.1	100%	100%
- Other work and services directly related to the role of statutory auditor (1)								
Sub-total	**0.2**	**0.2**	**100%**	**100%**	**0.1**	**0.1**	**100%**	**100%**
Other services performed by the networks for fully consolidated subsidiaries								
- Legal, tax and corporate advisory services								
- Other								
Sub-total								
Total	0.2	0.2	100%	100%	0.1	0.1	100%	100%

(1) Other assignments directly related to the statutory audit comprise mainly assignments carried out at the request of the supervisory authorities, the aim of which was to ensure that the group's organization and procedures comply with regulatory requirements. The above amounts correspond to the amounts recognized as charges during the fiscal year.

Note 31 - Net allocation to depreciation, amortization and impairment

	2016	2015
Depreciation and amortization:		
- property and equipment	(0.6)	(0.7)
- intangible assets	(0.9)	(0.9)
Impairment		
- property and equipment		
- intangible assets	0.0	0.0
Total	(1.5)	(1.6)

Note 32 - Net additions to/reversals from provisions for loan losses

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total 2016	Total 2015
Credit institutions							
Customers							
- Finance leases							
- Other customer items	(0.3)	4.4	(1.7)	(0.1)	0.1	2.4	1.7
Sub-total	**(0.3)**	**4.4**	**(1.7)**	**(0.1)**	**0.1**	2.4	1.7
Held-to-maturity financial assets							
Available-for-sale financial assets							
Other, including financing and guarantee commitments	(0.1)	1.4				1.3	(0.4)
Total	0.4	5.8	(1.7)	(0.1)	0.1	3.7	1.3

Note 33 - Corporate income tax

	2016	2015
Current taxes	(19.9)	**(21.6)**
Deferred tax income and expense	0.2	**0.2**
Adjustment in respect of prior years	(0.1)	**(0.0)**
Total	(19.8)	(21.4)

Including a charge of €17.7 million for companies located in France and a charge of €2.1 million for companies located elsewhere.

Reconciliation between the corporate income tax charge recognized and the theoretical tax charge

	2016	2015
Theoretical tax rate	34.4%	34.4%
Impact of permanent differences	1.0%	0.9%
Impact of adjustments in respect of prior years	-0.1%	-0.3%
Impact of tax reassessments	0.3%	0.4%
Impact of different tax rates paid by foreign subsidiaries	-0.2%	0.1%
Impact of tax credits and tax consolidation	-0.6%	-0.7%
Impact of tax losses	2.3%	-
Other	-0.3%	0.4%
Effective tax rate	36.8%	35.2%
Taxable income (1)	53.9	60.7
Tax charge	(19.8)	(21.4)

(1) Sum of pre-tax income of fully consolidated companies.
Banque Transatlantique and CIC have set up a tax group with the main subsidiaries (more than 95%-owned) and the regional banks. The entities included in this group are indicated in the list of consolidated companies with an (i) following their name (see Note 2).

Note 34 - Earnings per share

	2016	2015
Net income attributable to equity holders of the parent company	34.1	39.3
Number of shares at beginning of year	1,958,112	1,958,112
Number of shares at end of year	1,958,112	1,958,112
Weighted average number of shares	1,958,112	1,958,112
Basic earnings per share (in euros)	17.42	**20.07**
Additional weighted average number of shares assuming full dilution		
Diluted earnings per share (in euros)	17.42	**20.07**

Banque Transatlantique's capital stock amounts to €29,371,680 and is made up of 1,958,112 shares with a par value of €15 each.

Note 35 - Fair value of financial instruments carried at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2016 and are obtained by computing estimated discounted future cash flows using a risk-free yield curve. For asset items, the yield curve factors in a credit spread calculated for the CM11-CIC group as a whole, which is revised on a yearly basis.
The financial instruments discussed in this note relate to loans and borrowings. They do not include non-monetary items (e.g. equities), trade accounts payable, other asset accounts, or other liability and accrual accounts.
Non-financial instruments are not discussed in this section.
The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by the customer, i.e. the carrying amount.
Certain group entities may also apply assumptions whereby fair value is deemed to equal the carrying amount for those contracts indexed to a floating rate, or whose residual life is one year or less.
The reader's attention is drawn to the fact that, excluding held-to-maturity financial assets, financial instruments carried at amortized cost are not sellable or in practice are not sold prior to maturity. Accordingly, capital gains and losses are not recognized.
However, if financial instruments carried at amortized cost were to be sold, their sale price could differ significantly from the fair value calculated at December 31, 2016.

Dec. 31, 2016	Fair value	Carrying amount	Unrealized capital gains or losses	Hierarchy level 1	Hierarchy level 2	Hierarchy level 3
Assets						
Loans and receivables due from credit institutions	1,174.7	1,167.5	7.2		1,174.7	
- Debt instruments – Credit institutions						
- Loans and advances – Credit institutions	1,174.7	1,167.5	7.2		1,174.7	
Loans and receivables due from customers	2,684.8	2,607.5	77.3		434.1	2,250.7
- Debt instruments – Customers						
- Loans and advances - Customers	2,684.8	2,607.5	77.3		434.1	2,250.7
Held-to-maturity financial assets						
Liabilities						
Due to credit institutions	563.5	562.9	0.6		563.5	0.0
Due to customers	3,140.6	3,119.1	21.5		1,955.1	1,185.5
Debt securities	10.4	8.5	1.9		10.4	
Subordinated debt	4.1	3.7	0.4		4.1	

Dec. 31, 2015	Fair value	Carrying amount	Unrealized capital gains or losses	Hierarchy level 1	Hierarchy level 2	Hierarchy level 3
Assets						
Loans and receivables due from credit institutions	1,074.7	1,054.6	20.1		1,074.0	0.7
- Debt instruments – Credit institutions						
- Loans and advances – Credit institutions	1,074.7	1,054.6	20.1		1,074.0	0.7
Loans and receivables due from customers	2,425.8	2,346.1	79.7		520.0	1,905.8
- Debt instruments – Customers						
- Loans and advances - Customers	2,425.8	2,346.1	79.7		520.0	1,905.8
Held-to-maturity financial assets						
Liabilities						
Due to credit institutions	570.7	570.4	0.3		570.7	(0.0)
Due to customers	2,697.9	2,685.4	12.5		2,697.9	
Debt securities	9.9	8.2	1.7		9.9	
Subordinated debt						

Note 36 - Related party transactions

	Dec. 31, 2016		Dec. 31, 2015	
	Associates (accounted for using the equity method)	Parent company	Associates (accounted for usin the equity metho	Parent company
Assets				
Loans, advances and securities				
- loans and receivables due from credit institutions		113.1		559.7
- loans and receivables due from customers				
- securities transactions				
Other assets				
Total		113.1		559.7
Liabilities				
Deposits				
- due to credit institutions		125.7		100 .9
- due to customers				
Debt securities				
Subordinated debt		3.7		
Other liabilities				
Total		129.4		100.9
Financing and guarantee commitments				
Financing commitments given				
Guarantee commitments given				
Financing commitments received				
Guarantee commitments received		94.2		17.5

Income statement items related to transactions carried out with related parties

	2016		2015	
	ıssociates (accounte for using the equit method)	Parent company	Associates (accounted for usin the equity method	Parent company
st income		9.9		18.5
: expense		(0.4)		(0.4)
sion income	17.8	4.1	19.2	4.7
on expense		(1.3)		(1.2)
ne and expenses	0.0	4.1	0.0	
ating expenses	(1.2)	(4.1)	(1.1)	(3.7)
	16.7	12.2	18.1	17.9

y consists of CIC and BFCM, majority shareholder of CIC and Caisse Fédérale de Crédit Mutuel (CFCM), the entity controlling BFCM and all their ·tions carried out with the parent company mainly comprise loans and borrowings taken out for the purposes of treasury management, as BFCM is the ehicle, as well as IT services billed with the Euro-Information entities. The companies accounted for using the equity method are CM-CIC Asset ssurances du Crédit Mutuel group.

group's key executives

ıid to the group's key executives

	Fixed remuneration	Variable remuneration	Benefits-in-kind	Sundry adjustments	Total 2016	Total 2015
	0.8	0.2	0.0		1.0	0.95

period and other information

·cember 31, 2016 and the date on which the financial statements were published that would have had a material impact

Intere
Interes
Commis
Commiss
Other incor
General ope
Total

The parent compa
subsidiaries. Transa
group's refinancing v
Management and the

Relations with the

Total remuneration p

(in € thousands)
Key executives

Events after the reporting

No events occurred between D
on the financial statements.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended December 31, 2016

To the Shareholders,

Pursuant to our appointment as statutory auditors by your Shareholders' Meetings, we hereby submit our report for the year ended December 31, 2016, on:

- the audit of the annual financial statements of Banque Transatlantique, as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance as to whether the annual financial statements are free from material misstatement. An audit includes examining, on a test basis or using other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating their overall presentation. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of Banque Transatlantique at December 31, 2016, and of the results of its operations for the year then ended in accordance with French accounting principles and rules.

II - Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As indicated in Notes 1, 3, 13 and 26 to the financial statements, the bank records impairment losses and provisions to cover credit risks, the assessment of the risk of non-recovery and the coverage of said risks, as regards assets by specific impairment losses and as regards liabilities by general provisions to cover credit risk.
-
- The bank makes other estimates in the usual context of preparing its financial statements, in particular as regards the valuation of shares in subsidiaries and other long-term investments, the assessment of retirement benefit obligations recognized and provisions for legal risks. We reviewed the assumptions made and verified that these accounting estimates are based on documented methods in accordance with the principles described in Note 1 to the financial statements.

We also assessed the reasonableness of these estimates.

These assessments were made in the context of our audit of the annual financial statements taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III- Specific verifications and information

We also carried out the specific verifications provided for by law, in accordance with French professional standards.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the board of director's management report and in the documents sent to shareholders on the company's financial position and the annual financial statements.

Pursuant to the law, we have verified that all the requisite information relating to the acquisition of equity interests and controlling interests has been disclosed in the management report.

Neuilly-sur-Seine and Paris la Défense, April 25, 2017

<u>The statutory auditors</u>

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Jacques Lévi	Olivier Durand
63, rue de Villiers	1-2, place des Saisons
92208 Neuilly-sur-Seine Cedex	92400 Courbevoie Paris-La Défense 1

DECLARATION BY THE STATUTORY AUDITORS

on the information provided in accordance with Article L. 225-115, paragraph 4, of the French Commercial Code (*code de commerce*) regarding the overall amount of remuneration paid to the individuals receiving the highest remuneration in respect of the year ended December 31, 2016.

Shareholders' meeting called to approve the financial statements for the year ended December 31, 2016.

To the Shareholders,

In our capacity as statutory auditors of your company and in accordance with Article L. 225-115, paragraph 4, of the French Commercial Code, we have prepared this declaration on the information regarding the overall amount of remuneration paid to the individuals receiving the highest remuneration in respect of the year ended December 31, 2016, which is provided in the attached document.

This information was prepared under the responsibility of your board of directors. Our role is to certify said information.

As part of our duties as statutory auditors, we audited your company's annual financial statements for the year ended December 31, 2016. The aim of our audit, which was carried out in accordance with professional standards applicable in France, was to express an opinion on the annual financial statements as a whole, and not on specific items within said financial statements used to calculate the overall amount of remuneration paid to the individuals receiving the highest remuneration. Consequently, we did not carry out our audit tests and other investigations with this aim and we do not express an opinion on such items taken in isolation.

We performed the procedures we considered necessary in accordance with the professional standards of the French institute of statutory auditors (Compagnie nationale des commissaires aux comptes) with regard to this assignment. These procedures, which constitute neither an audit nor a limited review, consisted of carrying out the necessary reconciliations between the overall amount of remuneration paid to the individuals receiving the highest remuneration and the accounting records from which it was extracted, and of verifying that it was consistent with the information used to prepare the financial statements for the year ended December 31, 2016.

On the basis of our work, we have no matters to report regarding the consistency of the overall amount of remuneration paid to the individuals receiving the highest remuneration, as stated in the attached document and totaling €2,928,465.48, with the accounting records used to prepare the annual financial statements for the year ended December 31, 2016.

This declaration constitutes certification of the accuracy of the overall amount of remuneration paid to the individuals receiving the highest remuneration within the meaning of Article L. 225-115, paragraph 4, of the French Commercial Code.

It has been prepared for your attention for the purpose stated in the first paragraph and must not be used, circulated or cited for any other purpose.

Neuilly-sur-Seine and Paris la Défense, April 25, 2017

The statutory auditors

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

Ernst & Young et Autres
Olivier Durand
1-2, place des Saisons
92400 Courbevoie Paris-La Défense 1

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

To the Shareholders,

Pursuant to our appointment as statutory auditors by your Shareholders' Meetings, we hereby submit our report for the year ended December 31, 2016, on:

- the audit of the consolidated financial statements of Banque Transatlantique, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or using other methods of selection, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating their overall presentation. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group formed by the entities included in the consolidation scope at December 31, 2016, and of the results of its operations for the year then ended, in accordance with IFRS as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The group carried out impairment tests on goodwill and equity interests held, which resulted, where relevant, in the recognition of impairment provisions in respect of this fiscal year (Notes 1 and 16 to the consolidated financial statements). We reviewed the methods used to implement these tests, the main assumptions and parameters used and the related estimates which resulted, where relevant, in the recognition of provisions to cover said impairment losses.

- The group recognizes impairment provisions to cover the credit and counterparty risks inherent in its business (Notes 1, 8, 9, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of impairment losses by individual and collective provisions.

- The group records provisions for employee benefit obligations (Notes 1 and 21a to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III – Specific verification

As required by law, and in accordance with accounting standards applicable in France, we also verified the information given in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris la Défense, April 25, 2017

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Jacques Lévi	Olivier Durand
63, rue de Villiers	1-2, place des Saisons
92208 Neuilly-sur-Seine Cedex	92400Courbevoie Paris-La Défense 1

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as statutory auditors of Banque Transatlantique, we hereby report to you on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, about the main features and terms and conditions of agreements and commitments that have been disclosed to us or that we identified during the audit, without commenting on their relevance or substance or seeking to identify any other agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Furthermore, it is our responsibility, if applicable, to submit to you the information provided for in Article R. 225-31 of the French Commercial Code relating to the performance, during the year under review, of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures we considered necessary in accordance with the professional standards of the French institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) with regard to this assignment.

Agreements submitted to the Shareholders' Meeting for approval

We have not been advised of any agreement authorized during the year under review to be submitted to the Shareholders' Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

We hereby inform you that we have not been advised of any agreements already approved by the Shareholders' Meeting that remained in force during the year under review.

Neuilly-sur-Seine and Paris La Défense, April 25, 2017

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

Ernst & Young et Autres
Olivier Durand
1-2, place des Saisons
92400 Courbevoie Paris-La Défense 1

RESOLUTIONS

SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 9, 2017

First resolution - ***Approval of the financial statements***

After reviewing the Management Board's report and the Supervisory Board's report on the bank's activities during the year ended December 31, 2016 and the statutory auditors' report on the annual financial statements, the Shareholders' Meeting approves the transactions shown in these financial statements or summarized in these reports.

In accordance with Article 223 *quater* of the French General Tax Code, the Shareholders' Meeting also approves the total amount of expenses and charges covered by Article 39-4 of the French General Tax Code, which was €80,176 during the year under review, and notes that the tax incurred as a result of said expenses and charges was €27,605.

It approves, as presented to it and without reservations, the 2016 financial statements, which show net income of €35,757,632.23.

Second resolution - ***Appropriation of income***

The Shareholders' Meeting notes that:

– the net income for the year amounts to:	€35,757,632.23
– retained earnings amount to:	€7,388.32
– and, as a result, distributable income comes to:	€35,765,020.55

and decides to appropriate this amount as follows:

– dividend to the shareholders for 2016:	€35,520,151.68
– allocation to the ordinary reserves:	€230,000.00
– remaining balance to be allocated to retained earnings:	€14,868.87

As a result, the Shareholders' Meeting sets the dividend to be paid on each of the 1,958,112 shares making up the capital at €18.14. However, the dividend that would be allocated to shares that are not eligible for dividends under French law will be allocated to retained earnings.

The dividend will be paid on May 29, 2017.

In accordance with the provisions of French law, the Shareholders' Meeting is reminded that the following dividends were paid during the previous three fiscal years:

Fiscal year	**2013**	**2014**	**2015**
Dividend per share	10.96	15.55	17.95
Tax already paid to the French Treasury	Eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French General Tax Code (*code général des impôts*)		
Actual income	In accordance with the provisions of the French General Tax Code that apply to the specific situation of each of the beneficiaries.		

Third resolution

After hearing the reports of the Management Board and of the Supervisory Board and the statutory auditors' reports, the Shareholders' Meeting approves the consolidated financial statements for fiscal year 2016 as presented to it.

Fourth resolution

After hearing the statutory auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code, and deliberating on the basis of this report, the Shareholders' Meeting approves the transactions referred to therein.

Fifth resolution

After reviewing the Supervisory Board's report to the Meeting, the Shareholders' Meeting gives a favorable opinion on the overall remuneration of any kind paid during the year under review to the effective managers, within the meaning of Article L. 511-13 of the French Monetary and Financial Code, and to the categories of staff, including risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket, whose professional activities have a material impact on the risk profile of the company or the group.

Sixth resolution

After hearing the Supervisory Board's report to the Meeting, the Shareholders' Meeting sets the total amount of attendance fees to be allocated to members of the Supervisory Board for the fiscal year under review and future fiscal years at €300,000, until decided otherwise by the Shareholders' Meeting.

To the Extraordinary Shareholders' Meeting

Seventh resolution

After reviewing the Supervisory Board's report to the Meeting, and in application of Article L. 225-129-6 of the French Commercial Code, the Shareholders' Meeting authorizes the Supervisory Board to increase the capital stock in a maximum amount of €200,000.00 and grants it all powers to carry out this capital increase, in full or in part, to set its terms and conditions, to record its completion and to make the necessary amendments to the Bylaws.

This capital increase will be carried out by issuing new shares of the same category as the existing shares and whose subscription will be reserved company employees under the terms and conditions provided for by law, in cash.

The Supervisory Board shall have full powers to:
- set the terms and conditions for subscription to the new shares in cash and set the vesting conditions;
- reserve the issue to company employees, in the conditions provided for in Article 443-5 of the French Labor Code;
- decide on the allocation and use of all share premiums;
- determine the distribution of shares not subscribed by right, ensure subscription of any balances, and allocate any fractions of shares;
- decide, if necessary, to limit, as provided for by law, the capital increase to the amount of the subscriptions received;
- carry out all the necessary formalities and more generally do anything that is necessary or useful for completion of any transactions carried out in compliance with the legal requirements and those of the Bylaws in connection with the authorization granted above.

And, to these various ends, grant any delegation of powers.

The above authorization shall expire if it is not used within the deadline set by the applicable legislation.

By the simple fact of use by the Supervisory Board of the powers granted to it above, the wording of Article 6 of the Bylaws shall be automatically modified with regard to the amount of the capital stock and the number of shares.

The Supervisory Board shall have full powers to record these amendments and those resulting from exhaustion or expiry of this authorization.

Eighth resolution

The Shareholders' Meeting grants full powers to the bearer of a copy hereof or an excerpt here from for the purpose of carrying out all the publication formalities required by law.

In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is** I
You cannot use this
an alteration of mar
with accounting rec

ie

<

Part 1 Corporate company name

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

Corporate name of overseas company ❶: BANQUE TRANSATLANTIQUE SA

UK establishment number: B R 0 0 9 9 5 9

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ❷: FRENCH COMMERCIAL CODE

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts: Have the accounts been prepared in accordance with a set of generally accepted accounting principles?
Please tick the appropriate box.

- ☐ **No.** Go to **Section A3.**
- ☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸: IFRS

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts: Have the accounts been audited? Please tick the appropriate box.

- ☐ **No.** Go to **Section A5.**
- ☑ **Yes.** Go to **Section A4.**

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? *Please tick the appropriate box.* ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Compagnie Nationale des Commissaires aux Comptes (ISA)	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. ☐ **No.** ☐ **Yes.**

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature	Signature X [signature] X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Ana Oliveira
Company name	Banque Transatlantique SA
Address	Finsbury Circus House
	15 Finsbury Circus
Post town	London
County/Region	
Postcode	E C 2 M 7 E B
Country	United Kingdom
DX	
Telephone	+44(0)2036189770

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk
or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk