BANQUE EUROPÉENNE
Crédit Mutuel

2015 Annual Report

Executive Board's management report

GLOBAL ECONOMY, GROWING DIVERGENCES

World growth slowed in 2015 and, in developed countries, this slowdown was mainly due to the drop in oil prices related to a structural supply surplus. In fact, the divergences are growing. In developed countries, the desynchronization of growth rates and monetary policies has increased, even though growth in the emerging BRIC countries (Brazil, Russia, India and China), depicted as entities with a homogeneous economic momentum, has also leveled off.

A start of the year impacted by the central banks

At the beginning of the year, the ECB opted for a strong-arm approach by launching a major asset purchase program (quantitative easing) on January 22. This decision aimed to ensure low financing costs and depreciate the single currency in order to boost exports. The euro continued the fall initiated in 2014, reaching a low of 1.05 against the dollar in March, while business indicators confirmed an encouraging trend fueled by demand. In the United States, however, the Fed remained cautious in the first half of the year in light of low salaries that fuel doubts as to the strength of the country's growth.

In May, assets experienced a significant downward correction. Yields on government bonds, which had reached historically low levels and were close to 0% in Germany (10-year maturity), rose sharply, while the first signs of a change in inflation rates put an end to expectations of a deflationary spiral. At the same time, European stock markets, which had made strong gains until April, underwent a downward correction. Growing concerns regarding the robustness of Chinese growth also weighed on confidence. In terms of raw materials, US oil production fell only slightly, against all expectations, thanks to a rapid drop in operating costs. In response, the Persian Gulf countries stepped up their own production which triggered a new drop in oil prices, with the price per barrel reaching $37 in December.

This ongoing decline in oil prices largely explains the increase in economic growth in the euro zone in 2015. This situation benefited France, which recorded growth of more than 1% in 2015, despite a still struggling real estate market in the first half of the year and a gradual improvement in the fall following the adjustments approved by the government in terms of housing construction subsidies. The policy measures aimed at improving competitiveness resulted in an improvement in companies' profitability, but the effort is still insufficient. The modest growth in exports again attested to the low level of French competitiveness.

Disruption caused by turbulence in Greece and China

Greece also contributed to the volatility by increasingly again becoming the focus of discussion in the first half of the year. The country's government, in power since early 2015, ended by locking horns with the country's international creditors. The situation deteriorated, leading to the closure of Greece's banks. Since then, the Greek Parliament has approved a series of austerity measures and the European partners have financed the country; however, the economic situation will remain unstable until the country's sovereign debt is restructured. Elsewhere in Southern Europe, legislative elections in Portugal and Spain in the second half continued to fuel uncertainties.

At the end of August, investors had to contend with mismanagement of the stock market crisis in China, which once again rattled confidence. The sudden, unprecedented burst of the «stock» bubble dragged down the other markets, while adding to fears of a marked slowdown in growth. The authorities have since introduced many measures (budgetary and monetary) to support the economy and issued numerous reassuring statements to correct the situation; however, China's balances have deteriorated and its ability to get back on track is weak. More generally, emerging countries remained under pressure, particularly as expectations of a first hike in key interest rates by the Fed (in addition to the fears surrounding China) weighed on the exchange rates of their currencies against the dollar throughout the year. The most fragile countries paid the highest price, including Brazil, which also experienced intense political upheaval, with no short-term prospects for economic improvement. Russia, for its part, suffered from the sanctions imposed in connection with Ukraine, and from the collapse in oil prices.

Resilient growth at the end of the year

Finally, the fourth quarter saw the attacks in France and elsewhere, which for now have not shattered people's confidence. The resilience of the developed countries' economies, combined with a strong job market in the United States, even allowed the US central bank to finally raise its key interest rates slightly on December 16 from 0-0.25% to 0.25-0.50%, which suggests a gradual rise in interest rates on savings. The Fed will remain very cautious regarding the pace of rate increases in 2016 since the industrial sector continues to be adversely affected by the renewed strength of the dollar. The European Central Bank, for its part, took further action in early December due to low inflation expectations in the euro zone. Its moderate approach led to a correction of the overly bullish stock markets.

BANQUE EUROPÉENNE DU CRÉDIT MUTUEL

BECM is a network bank that conducts its business nationally and in Germany, where it expanded its coverage in 2015 with a new corporate agency in Munich.

BECM's areas of expertise make it a multi-market bank for:

- large and medium-sized companies;
- financing real estate development and real estate investors in France, mainly in the housing sector;
- real estate companies that manage commercial and business rental properties;
- payments processing for major players in the retail, transportation and services sectors.

BECM operates in the corporate market, in tandem with the CIC regional banks and in a subsidiarity capacity relative to the CM11 Crédit Mutuel regional banking network, with thresholds for intervention adapted to each region.

In Germany, BECM mainly targets the large and medium-sized German companies segment, through French and German parent company-subsidiary relations. It provides its knowledge of the German local markets and makes its know-how available to the group's domestic network.

BECM also distributes the products and services of the group's other subsidiaries and business centers in all areas related to the corporate and real estate markets.

Its network includes 48 branches, of which 36 are dedicated to the corporate market and 12 specialize in financing real estate professionals. It is regularly updated and reorganized based on the group's strategy and the regions' economic realities. Two branch officies belonging to the BECM are also located in Frankfurt and Sint Maarten.

Operational productivity is based on the use of the group's functional services (IT, human resources, accounting, finance - ALM - liquidity - refinancing, legal and fiscal, marketing, periodic control), on shared support services (commitments, technical-commercial functions, permanent control and compliance) and on operating services.

The organization focuses on the quality of customer relations by ensuring the competence of local teams through significant training efforts by ensuring proximity through decentralized powers delegated to the branches and thanks to accessibility to the unified communication system. This strategy is completed by a multichannel, multimedia customer contact strategy.

A YEAR MARKED BY A SLUGGISH ECONOMY AND HISTORICALLY LOW INTEREST RATES.

In Europe and particularly in France, growth, though improving, remained low, the rise in unemployment was not contained, and disinflation continued in most European countries.

This unstable environment placed new pressures on interest margins with market indexes at zero and then slightly negative toward the end of the year. Forecasts of future rates over 12 months suggest that market indexes will remain deeply in negative territory for some time.

Although these favorable credit conditions have certainly benefited companies with investment needs, most companies' activities have increased only slightly and growth prospects remain low. In a context of easy access to credit, approved unused loans increased in 2015 at BECM.

The abundance of liquidity on the financial markets and within companies supported the efforts to attract deposits from French and German companies. The maturities and terms and conditions offered were significantly reduced to reflect market conditions, particularly in Germany where, in the absence of regulated savings, interest rates on savings are defined by the competition and the financial markets.

INNOVATIONS AND NECESSARY DEVELOPMENT SUPPORT MEASURES

In response to an economic and regulatory environment which, for European banks, is marked by an increase in constraints and charges in the form of taxes and duties, BECM has created stronger ties with its customers by offering a large number of increasingly customized financing products. It has also broken new ground by offering its customers, and some companies that are not yet customers selected on the basis of financial soundness criteria, pre-approved loans that allow them to seize growth opportunities rapidly. These determined and proactive measures to boost loan volumes have resulted in an increase in BECM's financial margin.

To boost its development, protect its income and ensure that its activities remain profitable, BECM has focused its efforts on the main orientations of its commercial action plan, with the following objectives:

- improvement in the loan/deposit ratio to align it with that of the group, through a closely managed and active savings deposit intake policy in all markets, and by strengthening development capabilities in the German market;
- an increase in the resources dedicated to customer development to support new customer acquisition, through regular efforts to canvas, follow up on and send reminders to prospects, prospecting focused on identified topics, particularly during peak periods, and greater cooperation among the various customer segments;
- a dynamic approach in terms of credit distribution, to take advantage of the expected economic recovery, through the expansion of specialized financing and the creation, renewal and organized follow-up of equipment leasing loans. In the real estate market, an action plan has been implemented to diversify loans aimed at professional investors;
- emphasis on the marketing of value-added products and services that generate commission income, to counteract the pressures on profitability resulting from historically low interest rates and the return to fierce competition on margins;
- strengthening of secure flows as a customer acquisition tool, through the security of online banking tools and file processing as a cornerstone of quality. Expansion of the scope of the banking relationship with the help of the cash management and cash pooling offer, the development of SEPAMAIL and K-Sign RGS** services to replace CAB cards, a single point of entry for opening parent company-subsidiary accounts, changes in regulations (debit and credit card interchange fees) and the adaptation of products (CM-CIC Payment, cross-border electronic payment acquisition) have also contributed to the transaction flows development strategy. Efforts to educate customers about the risks of cybercrime and hacking also increased in 2015, and appropriate security measures were implemented;
- development of the insurance market for corporate customers, through group health insurance, collective retirement savings products (PERCO), retirement bonuses, key person insurance, borrowers' insurance and equipment insurance.

A SIGNIFICANT INCREASE IN MANAGED FUNDS AND FURTHER STRENGTHENING OF EQUITY

Loans (average monthly balances)

Despite low demand, utilized credit facilities grew at a higher rate than in 2014, in line with objectives. Outstanding loans rose by 7.5% for an increase of €826 million. In 2014, they increased by €527 million or 5.0%. All markets contributed to this increase in lending, particularly in the second half of the year.

Investment loans to corporates were up 13.6% thanks to the measures taken to activate unused authorized credit lines and pre-approved loans.

The outstanding amounts of external financing increased by 8.5% for equipment leasing, real estate leasing and factoring (products of the group's subsidiaries).

For the first time, total managed loan commitments exceeded €21 billion, a 12-month increase of €1.414 billion or 7.1%.

Deposits (average monthly balances)

Building on the group's financial soundness, BECM maintained a high level of deposit-taking in 2015.

Total deposits rose by 17.6%, compared with a 17.1% increase in 2014. Financial savings decreased by 8.4%, in favour of bank deposits, which was, however, less significant than in 2014 (-12.2%). Deposits grew by 26.9%, i.e. by €2.302 billion, compared with an increase of €2.116 billion in 2014.

Intake in Germany represents 48.5% of the increase in deposits, and the German market now accounts for 27.4% of the bank's deposits, with a total of nearly €3 billion.

Intake in the Corporate market in France also rose significantly by 20.5% (€1.059 billion), which was even greater than the previous year (18.3%, €797 million).

This growth in utilized credit facilities and savings allowed a further reduction of €1.48 billion in the commercial liquidity gap in BECM's individual financial statements, reducing the loan-to-deposit ratio from 129% to 109%.

Results

The interest margin rose by 9.3% to €111.4 million. This favorable increase is the result of a proactive pricing policy of decreasing the average cost of intake for term deposits, on the one hand, and the significant increase in current account credit balances and savings accounts for companies in Germany, on the other hand. It is also the result of the control of the average margin on loans despite a further fall in the average Euribor rate in 2015, and higher lending volumes. Focused mainly on fixed-rate lender swaps, the contribution to net income of interest-rate hedging operations increased as a result of the fall in the Euribor rate during the period under review.

Overall, fee and commission income (excluding overdraft fees) remained stable, but at a high level representing 51.2% of net banking income (NBI). Increased competition among banks as a result of low investments in France, of corporate financing terms in Germany gearing heavily toward Schuldscheindarlehen without flat fees, and renegotiations in 2014 of credit lines extended to real estate companies (extension of the terms with higher flat fees) led to a comparatively smaller contribution of fee and commission income on loans in 2015. However, other fee and commission income offset this decrease, including fees and commissions on real estate development financing, electronic payments and trading desk transactions for foreign currency hedging.

NBI amounted to €235.5 million, an increase of €9.4 million or 4.2%.

General operating expenses rose by 3.1%. This increase was mainly due to the increase in taxes, including the new contribution to the Single Resolution Fund (SRF) and full-year direct operating expenses related to expansion of the network in Germany.

Net provision allocations/reversals for loan losses fell significantly by 29.6% to €13.9 million. They represent 0.12% of average annual outstanding loans.

Income from ordinary operations before tax amounted to €142.2 million, an increase of €12.9 million or 10.0%.

Corporation tax rose sharply by 13.3% to €53.6 million due to the increase in income from ordinary operations as well as the non-deductibility of taxes for systemic risks and for the Single Resolution Fund.

Net income therefore totaled €88.1 million, up 7.1%, the highest level ever achieved by the bank.

Corporate market

To ensure the development of its customer base, BECM focused its efforts on customer acquisition by adapting its prospecting targets as necessary according to the location of its branches in regions covered by the local banks of the regional federations affiliated with Caisse Fédérale de Crédit Mutuel.

However, targeting corporates with revenues of more than €10 million, with a core target of over €50 million, remained a priority. In this target segment, new customer relationships concerned 237 companies. The number of meetings aimed at business development increased significantly by 37% in France and by 34% in Germany. The corporate customer portfolio, all segments combined, includes 11,930 customers, up 3.3%.

To increase new lending, pre-approved loans were defined per customers and prospects to finance their projects. The expansion of the product line in 2014 benefited new lending, with a bullet loan designed to strengthen the equity of the portfolio's core customers, called Crédit Premium, the Privilège loan as part of the ECB's TLTRO mechanism, and a variable-rate loan product with a fixed-rate option. Updates to the loan product line continued in 2015 and included, in particular, a loan designed for innovative corporates which includes the BPI counter-guarantee. In addition, new tools aimed at activating undrawn credit lines were made available to customer relationship managers.

New investment loans and finance leases in France totaled €1.94 billion compared with €1.67 billion in 2014, up by 16.6%. In Germany, new loans and finance leases totaled €481 million.

In terms of utilized loans of all types, outstandings rose by 8.7%, with increases of 7.7% in France and 14.2% in Germany, compared with an increase of 4.2% in 2014.

Of the €2.17 billion in deposits collected, 51.3% came from the German market.

The diversification and service activities, which draw on the skills and product and service offering of the group's business centers and specialized subsidiaries, also saw an improvement in performance compared with 2014 in terms of new equipment leases (13%), employee savings plans (17%, with a 68% increase in the number of contracts), and volume of factoring in entrusted funds (35%).

The stable activity of customers in the mass retail sector impacted the growth in merchant electronic payments. New business in real estate leasing was affected by the lack of investments in production plants by companies.

In terms of the security of means of payment and the prevention of fraud risk, strong authentication solutions with K-Sign RGS** certificates and the Safetrans solution were offered to customers and numerous efforts were made to raise awareness.

The highlights at the international level included the prospecting efforts showcasing BECM's network in Germany in order to increase parent company-subsidiary relations. These efforts continued and, for the first time, were broadened to include French parent companies with subsidiaries in Spain, Canada and Morocco and, conversely, French subsidiaries with parent companies in Germany, Spain, Canada and Morocco.

Financing of real estate professionals

BECM heads the business division that finances real estate professionals for the group. As such, it handles relations with listed real estate companies and major investors that manage residential, commercial and business rental properties.

It also manages relations with national and multi-regional real estate developers, and has leading property dealers, land developers and professional real estate investors as customers in France.

With branches located throughout the country, BECM is involved in financing real estate development projects geared mainly towards housing, in collaboration with the group's banking networks and real estate subsidiaries.

Thanks to its knowledge of the markets and operators, it plays a key role in the real estate value chain, helping CM-CIC Agence Immobilière obtain real estate listing contracts, contributing to the development of EPS remote surveillance by bundling it into financed programs and the financing of home loans through the group's retail networks.

Lastly, in the area of real estate, BECM organizes and oversees, on behalf of the group, training, procedures and guidelines, legal watch and management and development of the «business» IT tools for which it is responsible.

In the area of new residential properties, sales began to pick up in the middle of 2015, thanks in particular to the Pinel Act on sales to investors. However, in terms of building permits, new listings and new housing starts, volumes changed very little. In fact, after 2014, when sales volumes were very low, real estate professionals reduced their production. The inertia related to the launch of new operations therefore explains this gap between new listings and sales.

2015 was marked by a decrease in housing production, a very low level of hard inventories and shorter sale times.

Despite this stabilization of volumes of new business, BECM saw new lending increase by 9% compared with 2014, thanks in particular to its diversification policy aimed at property investors.

For 2016, despite the economic environment, real estate professionals expect an increase in sales volumes as a result of the new housing support measures and current interest rate levels.

Financing offered by BECM to real estate developers is governed by strict prudential rules adapted to the particular characteristics of each deal.

Because of its strict operator and transaction selection policy, BECM stands out with a risk level that is at an all-time low. Its decentralized organization close to the markets in which it operates, its highly specialized teams, its dedicated analysis and management tool and the financing guidelines framework ensure tight risk management.

In the real estate companies and major investors segment, the year was marked by the very strong performance of the French corporate real estate investment market, which was comparable to 2014, a year driven by exceptionally large transactions.

Very strong interest on the part of investors, including foreign investors, the influx of liquidity and historically low interest rates again boosted investment in 2015. Transactions between €100 million and €200 million, which represent the traditional core market, attest to the market's renewed strength.

The year also saw a growing number of investments in pan-European portfolios and, against this backdrop, a new BECM branch will open in Frankfurt in early 2016 to provide financing to real estate investors.

In this market, BECM formed customer relationships that ensure new business in line with its targets and took the initiative to rework the existing credit lines of a number of real estate companies to obtain longer maturities, thereby generating high arrangement fees. This new business led to an increase in outstandings, despite competition from a still active bond market.

Overall, 2015 was one of the best years for BECM in the real estate market, with an extremely low risk level that contributed significantly to the income for the year.

Human resources

BECM's average number of employees was 386.

Training at BECM is a focal point of all business activities. It is an important way to help BECM employees meet the technological, competitive, economic and regulatory challenges they face on a day-to-day basis. Training allows all employees to fully master their area of responsibility in reasonably sized units.

BECM's training plan is built around seven strategic areas (customer acquisition and retention, payments processing, international financing, the impact of digital computing on sales methods, adaptation to changes in corporate financing arrangements, group health initiatives and changes in the real estate sector), two courses to help customer relationship managers and branch managers assume responsibility, one course in specialized businesses, nine skills improvement modules and one advanced training course for the back office teams.

In 2015, training courses specific to capital structuring and investment activities were offered, with technical support provided by teams from the group's subsidiaries that specialize in private equity and private banking.

Composition of the governing bodies

The Shareholders' Meeting of May 13, 2015 renewed the terms of office as members of the Supervisory Board of Messrs. Gérard Bontoux, Hervé Brochard, Hervé Chatanay, Gérard Diacquenod, Bernard Flouriot, Pierre Hussherr, Robert Laval and Daniel Schoepf and confirmed the co-option, approved by the Supervisory Board on November 14, 2014, of Mr. Nicolas Théry for the remainder of the term of office of Mr. Michel Lucas.

It renewed the term of office as Principal Statutory Auditor of KPMG SA for a period of six years and appointed Mrs. Isabelle Goalec as Alternate Statutory Auditor for a period of six years.

In application of Article L. 225-102-1 of the French Commercial Code, the list of offices held and functions exercised by each corporate officer during the year is provided in the appendices.

Equity interests

At December 31, 2015, shareholdings in subsidiaries and other equity interests stood at €11,007,146.82, of which €9,999,900 related to the Monaco BECM subsidiary. For 2015, Banque Européenne du Crédit Mutuel Monaco posted net income of €1,493,789.82.

Subsidiary SNC Foncière du Crédit Mutuel acts as a property dealer in managing security related to cases in dispute or litigation. After depreciating one of its assets, the company posted a loss of €688,675.21 for the year.

Recent developments and outlook

Despite a growth outlook in France currently estimated at 1.7% for 2016, global growth remains fragile. The slowdown in Chinese growth and activity in the US manufacturing industry is a concern for the financial markets. Stock markets worldwide have had one of the worst starts of the year in a very long time.

That said, BECM is ready to face new challenges. Several projects have already been launched to introduce new high-quality products and services tailored to customers' needs.

Developing IT tools is one of BECM's top priorities and includes expanding Web-based applications and their content and functionality and making employees aware of a digital approach to their work methods both internally and externally with customers.

As part of its rapid development effort, BECM is getting ready to extend the 2014-2016 medium-term plan by making changes designed to offset the erosion in margins and prices through productivity gains and by preserving its identity via the 2018 Customer Service priority which includes digital developments.

It will enhance the added value provided to customers (accessibility, responsiveness, simplicity, flexibility) by offering online tools that incorporate voice, data and images with a new Web-based application – video chat – and by training employees in a capital structuring approach (specialized financing, private management, private equity, market financing).

It will improve the operational efficiency of the branches that serve customers through paperless contracts, online application management and loan underwriting and electronic signature.

Lastly, it will benefit customers by improving transaction security and fraud prevention through proxy management, authentication tools, transaction profile analysis and knowledge of customers.

FINANCIAL INFORMATION

Management of financial risks

The CM11 Group's ALM technical committee manages the interest rate, exchange rate and liquidity risks of the group, including those of BECM. As part of overall asset-liability management, the length and type of refinancing is decided based on asset-liability management rules, particularly in terms of transformation and interest rate risk and regulatory ratios.

As cash centralizer, BFCM ensures that the group's entities have sufficient liquidity, with the result that BECM does not bear any liquidity risk on its own account.

Balance sheet

Total assets at December 31, 2015 amounted to €16.1 billion, compared with €14.1 billion at year-end 2014, an increase of 14.6%.

Liabilities

Interbank transactions amounted to €3.5 billion and consisted almost exclusively of refinancing activities with BFCM.

Customer deposits, up by 27.8% at €10.8 billion (including accrued interest), consist mainly of term deposits (€5.5 billion), customers' current account credit balances (€3.3 billion) and savings accounts (€2.0 billion).

The fund for general banking risks (FGBR) amounted to €160 million.

Total shareholders' equity and reserves (including FGBR and income), was €1.003 billion compared with €939 million in 2014, following the appropriation of 2014 retained earnings.

Subordinated debt totaled €371 million (excluding accrued interest), including €50 million in the form of super-subordinated securities subscribed by BFCM to enable BECM to bolster its long-term funding resources and meet prudential ratio requirements.

Articles L. 441-6-1 and D. 441-4 of the French Commercial Code provide for specific disclosures regarding the due dates of trade payables; the amounts involved are not material for BECM.

Assets

Interbank transactions mainly reflect cash surpluses placed with BFCM.

At the end of the reporting period, customer loans (including accrued interest) were up by 7.4%, at €11.7 billion, from €10.9 billion in 2014.

Cash facilities (€1.9 billion), capital asset financing (€5.8 billion), loans to developers (€0.9 billion), other loans (€1.7 billion) and customers' current account overdrafts (€1.0 billion) accounted for most of the facilities granted.

Non-performing loans to customers (gross outstandings of €203 million) were 52% covered by provisions.

BECM pursues a prudent loan classification and provisioning policy.

Income statement

Interest and similar income totaled €270.8 million in 2015, consisting mainly of interest received on lending transactions with customers (€220.2 million).

Interest and similar expenses (€100.0 million) essentially consist of interest paid to BFCM in respect of refinancing, and interest paid on customers' term deposits.

Net banking income amounted to €235.5 million, compared with €226.1 million in 2014.

General operating expenses totaled €82.4 million, of which €3.2 million was incurred on behalf of other CM11 Group entities and subsequently recovered. Net operating expenses for BECM therefore totaled €79.2 million.

Net provision allocations/reversals for loan losses came to €13.9 million.

An amount of €30,628 corresponding to non-tax-deductible rental and depreciation of company cars was added back to taxable income.

After an income tax charge of €53.6 million, net income for the year came to €88.1 million, compared with €82.7 million in 2014.

Appropriation of prior year earnings and net income proposed to the Shareholders' Meeting

The appropriation of net income and retained earnings submitted to the Shareholders' Meeting is as follows:

Net income for 2015	€88,065,182.42
Retained earnings (previous credit balance)	€593,478.06
Total available for appropriation	€88,658,660.48

The Executive Board proposes to:

- distribute to each of the 5,440,086 shares entitled to the full year's dividend a dividend of €4.85, i.e. a total of €26,384,417.10.

Shareholders will be offered a choice between the payment of the dividend in cash or in shares, subject to approval by the Shareholders' Meeting;

- allocate an amount of €62,000,000 to the revenue reserve;
- carry the remaining €274,243.38 forward as retained earnings.

This dividend is eligible for the tax allowance provided for in Article 158 of the French Tax Code.

In accordance with applicable laws, the Executive Board reminds you that the following dividends per share were paid in respect of recent fiscal years:

Year	2012	2013	2014
Amounts in euros	3.64(1)	4.04(1)	4.53
	1.91(2)	2.12(3)	
Dividend eligible for the tax allowance provided for in Article 158 of the French Tax Code	yes	yes	yes

(1) For shares entitled to the full year's dividend.
(2) For new shares entitled from June 23, 2012.
(3) For new shares entitled from June 23, 2013.

Strasbourg, February 26, 2016
The Executive Board

Balance sheet of Banque Européenne du Crédit Mutuel

(All amounts are expressed in thousands of euros)

Assets	2015	2014
Cash and due from banks	3 867 436	2 630 730
Investment securities	5 013	6 880
Investment in unconsolidated affiliates	10 000	10 000
Loans and advances to customers	11 673 996	10 866 134
Customer liabilities under acceptances	0	0
Bank premises and equipment	922	877
Goodwill and other intangible assets	1 017	1 030
Deferred tax assets	0	0
Other assets	564 107	556 680
Total assets	**16 122 491**	**14 072 331**
Liabilities and stockholder's equity		
Liabilities		
Financial liabilities held for trading	–	–
Customer deposits	10 851 281	8 503 840
Due to other banks	3 460 571	3 898 528
Acceptances outstanding	–	–
Profit tax payable	5 699	2 306
Deferred tax liabilities	–	–
Provisions	13 929	19 859
Subordinated debentures	371 147	415 189
Other liabilities	417 223	293 375
Funds borrowed	–	–
Funds for general banking risks	160 000	160 000
Stockholders' equity	**754 576**	**696 486**
Issued capital	108 802	108 802
Share premium	163 198	163 198
General reserves	–	–
Other reserves	481 983	423 998
Retained earnings	593	488
Net result	**88 065**	**82 748**
Total liabilities and stockholders' equity	**16 122 491**	**14 072 331**

Income statement of Banque Européenne du Crédit Mutuel

(All amounts are expressed in thousands of euros)

	2015	2014
Interest income	270 790	289 757
Interest expense	(100 015)	(129 402)
Net interest income	**170 775**	**160 355**
Fee and commission income	401 793	253 186
Fee and commission expense	(337 505)	(188 145)
Net fee and commission income	**64 288**	**65 041**
Dividend income	11	4
Net trading income	1 356	948
Gains less losses from investments securities	2	99
Other operating income	(1 486)	(171)
Operating income	**234 946**	**226 276**
Salaries and other employee expenses	(40 858)	(40 198)
Occupancy expenses	(38 311)	(36 619)
Net impairment losses on loan and advances	(13 911)	(19 738)
Other operating expenses	(234)	(231)
Operating expenses	*(93 314)*	*(96 786)*
Net result from operations	**141 632**	**129 490**
Income from associates	–	–
Allocation to the funds for general banking risks	16	541
Net result before tax	**141 648**	**130 031**
Profit tax expense	(53 583)	(47 283)
Net result after tax	**88 065**	**82 748**

Explanatory notes to the summary financial statements

A - Accounting policies

Basis of preparation

French and European regulations do not require BECM to prepare and publish consolidated financial statements. It should be noted that BECM has no significant subsidiaries which would justify consolidated financial statements.

The summary financial statements are derived from the audited statutory financial statements of BECM and have been prepared according to French accounting principles (French Gaap) applied to credit institutions. The summary financial statement of financial position, the summary income statement and the summary explanatory notes are presented using the format defined in Appendices 1 through 3 of the *Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions* issued by the Centrale Bank van Curaçao en Sint Maarten

Investment securities

Securities recognized as assets are recorded in portfolios as laid down by regulations (trading, available for sale, held to maturity, portfolio, other long-term securities) according to management intention on acquisition. They are valued according to their classification. All portfolios are recognized at historical or amortized cost, with the exception of the 'trading portfolio' valued at the market value. Impairment charges are immediately recognized in the income statement, excepted for the unrealized temporarily losses on held to maturity portfolio.

Loans and advances to customers

Loans and advances to customers are initially measured at historical cost and subsequently at amortized cost and may be subject to impairment, if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans.

B. – Specification of accounts of Banque Européenne du Crédit Mutuel

(All amounts are expressed in thousands of euros)

Assets	2015	2014
Investment securities		
Available for sale	15 014	16 882
Held to maturity	0	0
Trading portofolio	0	0
Total investments	**15 014**	**16 882**
Less allowance for losses	(1)	(2)
Net investments	**15 013**	**16 880**
Loans and advances to customers		
Retail customers	22 112	22 843
Corporate customers	11 675 357	10 894 242
Public sector	64 068	34 192
Other	19 146	21 516
Total loans and advances to customers	**11 780 683**	**10 972 793**
Less allowance for loan losses	(106 687)	(106 659)
Net loans and advances	**11 673 996**	**10 866 134**
Liabilities		
Customer deposits		
Retail customers	24 754	20 209
Corporate customers	10 826 527	8 483 631
Other	–	–
Total customer deposits	**10 851 281**	**8 503 840**

Statutory auditors' report on the Summary Financial Statements

To the Board of Directors of Banque Européenne du Crédit Mutuel,

The accompanying Summary Financial Statements, which comprise the summary statement of financial position as at December 31, 2015, the summary income statement for the year then ended, and related notes, are derived from the audited financial statements of Banque Européenne du Crédit Mutuel (" the Company") for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated April 22, 2016. The Summary Financial Statements do not contain all the disclosures required by French accounting principles applied to credit institutions in France. Reading the Summary Financial Statements, therefore, is not a substitute for reading the audited financial statements of Banque Européenne du Crédit Mutuel.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited Financial Statements on the basis described in Note A.

Auditors' Responsibility

Our responsibility is to express an opinion on these Summary Financial Statements based on our procedures, which were conducted in accordance with International Standards on Auditing 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the Summary Financial Statements derived from the audited financial statements of Banque Européeenne du Crédit Mutuel for the year ended December 31, 2015 are consistent, in all material respects, with those financial statements, on the basis of preparation described in Note A.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim, dispute or difference resulting from the engagement letter or the present report or any related matters. Each party irrevocably waives its right to oppose any action being brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Paris-La Défense, April 22, 2016

The statutory auditors

KPMG Audit
Département de KPMG S.A.
Arnaud Bourdeille

ERNST & YOUNG et Autres
Olivier Durand

For the BECM, deviations between French Gaap and IFRS Gaap are:

	EQUITY (EXCLUDING NET INCOME)	NET INCOME
French Gaap	**754 576**	**88 065**
General provisions under French Gaap (funds for general banking risks)	160 000	0
IFRS Collective Impairment provisions	(18 510)	(3 976)
Deferred taxes under IFRS Gaap	14 307	(123)
Other differences between IFRS/French Gaap	(3 385)	(150)
IFRS Gaap	**906 988**	**83 816**

All figures of the present report are expressed in thousands of euros.

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