Crédit du Nord Group

Registration document and annual financial report 2015

This document is a free translation into English of the Registration Document (Document de Référence) issued in French. Only the French version of the Registration Document has been submitted to the AMF. It is therefore the only version legally binding.

The original document was filed with the AMF (French Securities Regulator) on April 15, 2016, in accordance with article 212-13 of its General Regulation. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF. This document was produced by the issuer and is binding upon its signatory.

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Corporate Governance as at December 31, 2015

Board of Directors	Date of first appointment (1)	Term of office expires at the Shareholders' Meeting in May
Chairman of the Board of Directors		
Bernardo SANCHEZ INCERA	October 31, 2014	2018
Director		
Didier ALIX	January 7, 2010	2016
Philippe AYMERICH (2)	January 11, 2012	2018
Sophie-Ségolène BENHAMOU	May 28, 2014	2018
Séverin CABANNES	February 21, 2007	2018
Thierry DIGOUTTE (3)	July 26, 2013	2018
Bruno FLICHY	April 28, 1997	2018
Mehdi MADJI (3)	November 13, 2015	2018
Anne MARION-BOUCHACOURT	May 16, 2013	2017
Thierry MULLIEZ	May 6, 2011	2018
Annie PRIGENT (3)	December 4, 2012	2018
Jean-François SAMMARCELLI	November 3, 2009	2017
Bernardo SANCHEZ INCERA	May 28, 2014	2018
Patrick SUET	May 3, 2001	2018

1) *Term of office: 4 years.*
(2) *Chief Executive Officer.*
(3) *Employee representative.*

The Board of Directors met four times in 2015 to discuss changes in the Board; examine the budget, yearly and half-yearly financial statements, and analyse and discuss important strategic decisions concerning commercial, organisational and investment policies.

Six directorships were renewed at the Shareholders' Meeting on May 28, 2015. One director, Christophe BONDUELLE, resigned from office in October 2015.

The Risk Committee, comprised of Didier ALIX, Patrick SUET and Sophie-Ségolène BENHAMOU, met twice in 2015.

The Compensation Committee, consisting of Jean-François SAMMARCELLI and Patrick SUET, met to submit a proposal to the Board of Directors concerning fixed and performance-based compensation, including benefits, for corporate officers.

Executive Committee

Philippe AYMERICH, Chief Executive Officer,
Philippe AMESTOY, Deputy Chief Executive Officer,
Pierre SOUVRAS, Head of the Central Risk Division,
François ORAIN, Head of Business Customers,
Yves BLAVET, Head of Group Resources,
Philippe CALMELS, Head of Human Resources,
Clara LEVY-BAROUCH, Chief Financial Officer,
Stéphane LABAT SAINT VINCENT, Corporate Secretary,
Eric I'HOTE, Head of Communications (attends Executive Committee meetings).

Activity

1

Key figures as at December 31, 2015

Consolidated Group data

Balance sheet

(in EUR millions)	31/12/2015 IAS/IFRS	31/12/2014 IAS/IFRS [1]	% change 2015/2014 IAS/IFRS
Customer deposits	36,871.9	33,226.8	+11.0
Customer loans	38,064.4	36,152.9	+5.3
Shareholders' equity	2,943.0	2,720.3	+8.7
Doubtful loans (gross)	2,739.7	2,672.9	+2.5
Impairments of individually impaired loans	-1,420.2	-1,353.7	+4.9
TOTAL BALANCE SHEET	**59,251.0**	**55,173.2**	**+7.4**
ASSETS UNDER MANAGEMENT (off-balance sheet)	**26,203.7**	**25,550.5**	**+2.6**

Income Statement

(in EUR millions)	31/12/2015 IAS/IFRS	31/12/2014 IAS/IFRS [1]	% change 2015/2014 IAS/IFRS
Net banking income	1,992.7	1,924.2	+3.6
Gross operating income	760.3	694.6	+9.5
Earnings before tax	609.0	534.7	+13.9
Consolidated net income	388.0	339.9	+14.2

(1) 2014 amounts restated for the application of IFRIC 21.

Ratios

	31/12/2015	31/12/2014
Cost of risk/Outstanding loans	0.45%	0.49%
Common Equity Tier 1 Ratio (Basel 3 fully loaded CET 1 Ratio)	9.7%	9.1%
Basel 3 fully loaded solvency ratio	12.2%	12.1%

Ratings

		31/12/2015	31/12/2014
Standard and Poor's	ST	A - 1	A - 1
	LT	A	A
Fitch	ST	F1	F1
	LT	A	A
	Intrinsic*	bbb+	bbb+

* *The intrinsic rating is Crédit du Nord Group's individual rating as determined by the rating agency, i.e. separate from Societe Generale Group.*

2015 highlights

Group events

January

Webfactures: an online commercial solution for customers without a retail website

An extranet allowing customers to issue invoices and accept bank card payments.

February

Launch of "Gestion Initiale", a delegated portfolio management solution available from €30,000

This innovative new service, available with life insurance policies and capitalisation contracts, frees clients from any and all management constraints. The savings entrusted to the financial experts at asset management firm Etoile Gestion benefit from constant attention and more responsive management.

Choice of pin code

Crédit du Nord Group customers can now choose their own pin code with each new subscription for a bank card (individual, business and corporate customers).

March

The Franchise Division celebrates its 10th anniversary

Convinced of the franchise market's strong potential for growth, Crédit du Nord Group created the Franchise Division 10 years ago to help franchises set up and develop their projects.

Nearly 400 work-study contracts offered in 2015

The Group has recruited around 400 students across France who are earning their degree through work-study programmes. The majority of these programmes are in the field of customer relations at bank branches. The Group offers them a chance to earn experience in a local regional bank, backed by the structures and opportunities of a nationwide banking group.

Launch of "Santé Collective", a mutual health insurance policy for professional and business customers

Crédit du Nord has developed a collective health insurance offering for its professional, business and institutional customers, in partnership with Sogecap, the life insurance company of Societe Generale Group. With this offering, a company of any size or business sector can meet its legal obligation to provide its employees with minimal mutual health insurance coverage.

Webaffaires: a web-based bank card payment solution (including Paylib)

Online payment without the need to enter your bank card info is becoming a reality. Customers click Paylib button on the retail website, enter the e-mail address and password registered when they activated the service and validate their payment. It is another opportunity for e-retailers to increase their sales, especially via mobile.

July

Launch of a smartphone app specially designed for business leaders to monitor and manage their company's accounts

In addition to viewing accounts and detailed transactions, this app (available for Apple and Android platforms) allows customers to enter an immediate individual payment or to validate/modify/eliminate an individual or collective payment.

Enhancement of smartphone and tablet apps for individual and professional customers (iPhone and Android platforms)

A range of features as extensive the website's: customers can consult all their savings products (including life insurance) and loans, view upcoming direct debits, manage revolving loans (Etoile Avance and Facilinvest), sign up for savings products completely online, order chequebooks, consult their account balance and most recent transactions with just one click, gain access to Club Norplus offers and more.

August

WiFi has arrived

WiFi is being installed at the Group's Crédit du Nord branches as well as the Paris and regional offices.

September

Partnership agreement signed with SlimPay, a fintech specialising in the management of recurring payments via SEPA direct debit

Through this agreement, a new offering has been developed to streamline the management of customer deposits, in a fully secure setting. Thanks to this partnership, Group banks can offer their business, institutional and professional customers an integrated and secure solution for processing SEPA direct debit payments.

Online account statements for business customers

Crédit du Nord's business and institutional customers can now check their bank statements, notices and/or newsletters online (everything can be consulted and downloaded for a period of four years + the year in progress).

Inaugural deal for La Maison Bleue Group on the Euro PP market

Crédit du Nord, together with Amundi, finalised a financing deal for "La Maison Bleue", a leading private nursery company in France. This deal, carried out via a 6.5-year loan totalling €13 million, demonstrates Crédit du Nord Group's ability to support its customers while remaining true to its history of innovation.

Sale of an EHPAD (retirement home for dependent elderly people) to Korian Group brokered by Crédit du Nord Corporate Finance

The "Résidence Victor Hugo" EHPAD was sold to European retirement home leader Korian Group, thanks to the expertise of CDN Corporate Finance, which skilfully advised its managing shareholders. This acquisition will significantly strengthen Korian Group's positioning on this market.

Enhanced partnership entered into between Bpifrance and Crédit du Nord Group to facilitate access to funding for VSEs and SMEs

A new agreement on delegating authority for decisions on guarantees was signed between Bpifrance and Crédit du Nord Group with the goal of making it easier for professional, VSE and SME customers to obtain credit. With this agreement, Crédit du Nord Group banks will benefit from the Bpifrance guarantee in the best possible conditions. This new partnership is just one of the many efforts undertaken by Crédit du Nord Group banks to finance the local economy, allowing them to be increasingly proactive in supporting their customers at each stage in the life of their business.

New role created: customer advisors for independent professionals

Trained specifically to address the technical aspects and issues specifically faced by this customer segment, particularly in terms of credit, pensions and personal protection insurance, these new customer advisors work closely with wealth management advisors when dealing with wealth management and/or complex financial matters.

October

Launch of the MonéSmart offering

With MonéSmart, professional customers can accept bank card payments using a card reader connected to their smartphone and a special app.

Tablets provided to all Crédit du Nord Group employees (after business customer advisors received tablets in 2014)

Customer advisors and specialists across all markets can bring a tablet along when visiting customers. This means they have all the major information they need to meet the customers' needs (documentation on the Bank, on products and services, contracts, e-mail, calendar, etc.).

December

Partnership with the French Union for Oral and Dental Hygiene

Crédit du Nord Group entered into a partnership with the French Union for Oral and Dental Hygiene to contribute to its information, coordination and event-planning efforts. The aim of this partnership is to encourage children and adults alike to practice good oral and dental hygiene, while also promoting good general health.

Awards

March

Crédit du Nord Group: No. 1 in customer satisfaction in the individual customer market

According to a CSA survey of the customers of the top 11 French banks, Crédit du Nord once again took first place in terms of customer satisfaction. For the past 10 years, Crédit du Nord Group distinguished itself with its excellent performances in terms of overall customer satisfaction.

2015 Silver Trophy awarded by Le Revenu (category: aggressive multi-vehicle, over 50 funds)

No. 3 bank in the first ranking established by Le Monde du Chiffre

Crédit du Nord took third place in this new ranking created by chartered accountants and statutory auditors to assess the products and services offered to them.

2015 Life Insurance Bronze Trophy awarded by Le Particulier (category: best diversified multi-asset insurance)

Governance

Philippe Amestoy, Associate Chief Executive Officer of Crédit du Nord, was appointed Deputy Chief Executive Officer at the Board meeting on October 31, 2014, with effect from January 1, 2015.

Stéphane Labat Saint Vincent, Corporate Secretary of Crédit du Nord, joined the Executive Committee on January 1.

Sponsorship

Cultural sponsorship

In keeping with the tradition of sponsoring a major Paris expo every year, for the second consecutive year Crédit du Nord supported the Musée d'Orsay in organising the Pierre Bonnard exhibit, "Painting Arcadia." Held from March 17 to July 19, 2015, this exhibit welcomed 510,000 visitors, much more than the "Impressionism and Fashion" exhibit (484,954 visitors), which had served as a benchmark for the museum up to that point.

Solidarity sponsorship

For the fourth year in a row, Crédit du Nord partnered with the "Imagine for Margo" association, which raises funds to support European research on specific treatments for childhood cancers.

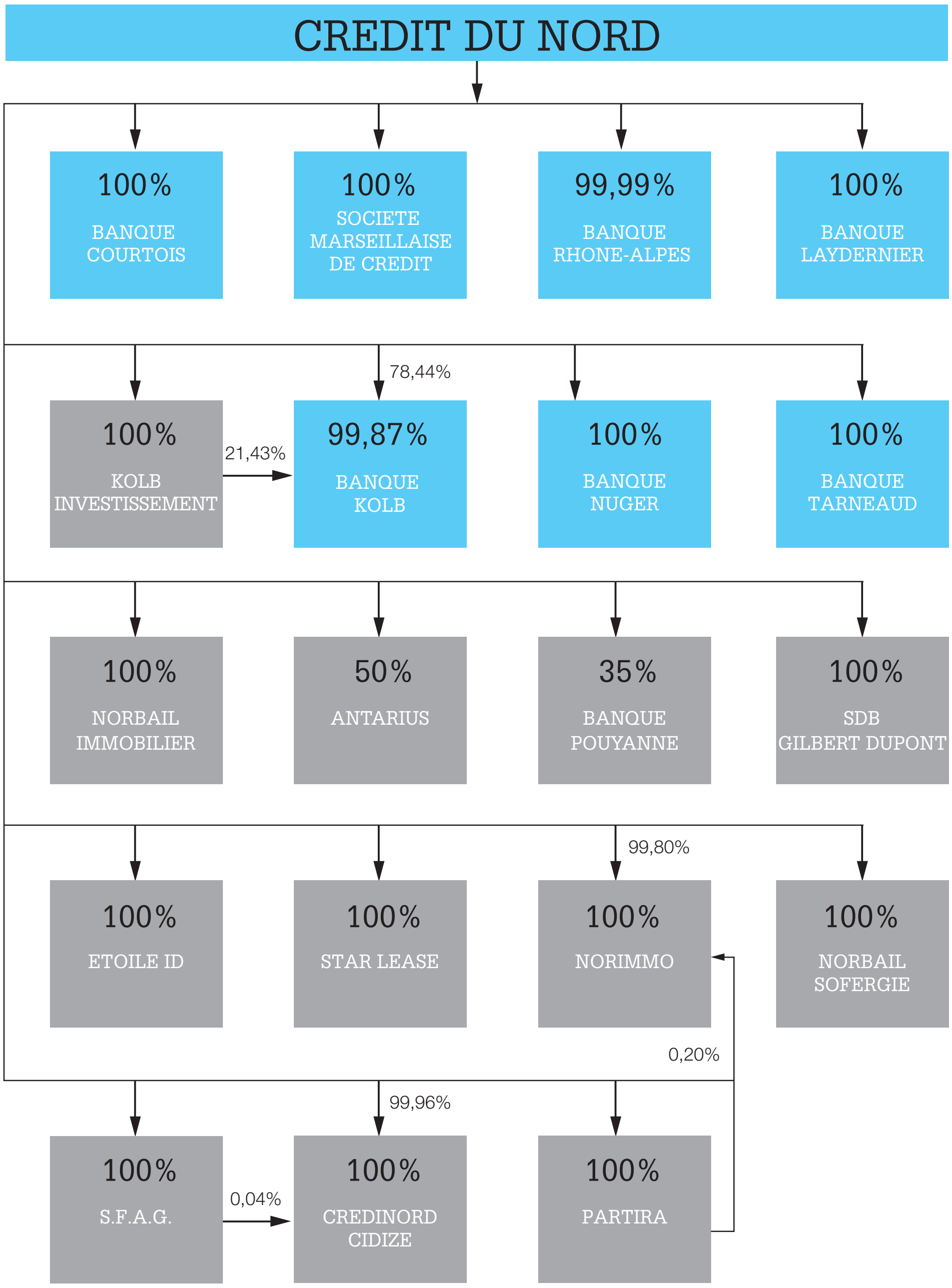
Cross-sponsorship

In 2015, Crédit du Nord set up an unprecedented cross-sponsorship programme between the "Imagine for Margo" association and the Musée d'Orsay. From March to December, the museum offered approximately 20 different fine arts workshops at Hôpital Gustave Roussy on the theme of Pierre Bonnard's work. Children and their families were also introduced to the artist's work at one of four private tours scheduled between March and July at the Painting Arcadia exhibit.

Group structure

The diagram below shows the links between the main Crédit du Nord Group entities. Direct shareholdings are listed as well as the overall percentage of capital directly or indirectly held by the Group. The consolidation scope is presented in its entirety in Note 2.

At its meeting on October 29, 2015, the Board of Directors of Crédit du Nord approved the plan to simplify and streamline the Group's legal organisation chart. Under this plan, on December 15, 2015 Crédit du Nord bought the shares in its subsidiaries that were held by its other subsidiaries, bringing Crédit du Nord SA's stake in each subsidiary to 100%.



Consolidated financial statements

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Management Report

Fiscal Year 2015

French growth still lagging in a context marked by contrasts

Economic conditions remained challenging in 2015, with global growth forecasts at their lowest level since 2009, undermined by weak trade and a substantial slowdown in emerging countries.

Today, growth in emerging countries is surrounded by major uncertainties. Signs of a weaker Chinese economy and the successive devaluations of the yuan have raised concerns and sent financial market volatility soaring. This environment has destabilised all Asian economies, which are highly dependent on Chinese activity. Meanwhile, Brazil has fallen into recession and Russia is struggling to find its way out of the crisis.

On the plus side, the US economy maintained its momentum in 2015, with consumption largely driven by the dollar's appreciation. The US economy posted GDP growth of 2.4% and a record-low unemployment rate (near 5%). Towards the end of 2015, the Fed began re-assessing its key rates, beginning a reversal of the monetary policy conducted over the past several years.

The economic environment improved in the euro zone, which boasted a significant recovery including relatively stabilised and much more favourable conditions in Spain and Italy. The depreciation of the euro paved the way for a rebound in foreign trade, while the ECB's decision to step up its accommodative policy in 2015 further stimulated business and household investment alike. However, growth rates in the euro zone turned out to be a mixed bag, including persistently fragile growth in countries like France. Inflation remained very low and may end up justifying further ECB intervention.

France recorded moderate GDP growth of +1.1% in 2015, on the heels of a lacklustre 2014 (+0.2%). That said, the improvement of the business climate and increase in household purchasing power, driven primarily by the decline in the price of oil (to its lowest level since 2009), contributed to this rebound. The unemployment rate remained high at nearly 11% at end-2015, but is expected to come down slightly in 2016.

Ending the year at 4,637 points, the CAC 40 gained +8.5% after a sluggish 2014 (-0.5%).

Even in a persistently challenging domestic economy, Crédit du Nord Group delivered dynamic sales activity and very strong financial performances

Crédit du Nord Group achieved robust earnings in 2015. Consolidated NBI rose +3.6% to €1,992.7 million at December 31, 2015. Operating expenses picked up slightly by +0.2 % to €1,232.4 million. Cost of risk fell -2.2 % to €179.2 million. Operating income improved by +13.6% to €581.1 million and Group consolidated net income by +14.2% to €388.0 million. This financial performance boosted Group ROE to 14.0% in 2015. The fully loaded Basel 3 Common Equity Tier 1 ratio for the Group was 9.7% at December 31, 2015.

Excluding PEL/CEL loss allowances and non-economic items (fair value measurement of financial liabilities, valuation of derivatives - i.e. Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA)), Group NBI grew by +2.7% and Group net income by +10.7%.

The margin on deposits rose +2.7%, driven by dynamic inflows and a positive customer effect, notably including the drop in the Livret A rate of return to 0.75% as of August 1, 2015. These supportive factors helped offset the negative impacts over the financial year linked to the sharp decline in deposit reinvestment rates in the current market environment.

The margin on loans picked up +3.8% in 2015, thanks in large part to record new home loan activity and robust new personal loan activity, as well as to the very substantial impact of prepayment penalty fees in 2015. Against this backdrop, the Group achieved a very positive balance between loans purchased from competitors and prepayments, resulting in a sharp rise in outstandings. New loans to business customers made a strong comeback, driven primarily by TLTRO funds made available to the Group's customers.

Net fee income gained +4.0%, buoyed by an increase in service fees (+3.9%) and financial fees (+4.3%).

The rise in service fees can be attributed to particularly strong sales momentum over the fiscal year, including an upturn in fees on insurance products and packages and the extension of account administration fees to include the entire Group.

The increase in financial fees was linked to the success of life insurance vehicles and the ongoing development of financial savings.

Crédit du Nord ramps up the development of its growth drivers

Financial savings continued to expand in 2015 (especially in terms of life insurance inflows, up +13%).

The Private Banking business also proved very robust, with more than 5,600 clients at end-December 2015, up +18% year-on-year.

Finally, the Forex and Fixed Income business enjoyed real success in 2015 (Forex and Fixed Income NBI up +37%), underscoring Crédit du Nord's renowned expertise in this market.

Crédit du Nord continues to aim for improved sales efficiency and customer satisfaction, with a special focus on multi-channel distribution

Crédit du Nord continued its efforts to enhance the workstations at its branches by incorporating new working situations and new products and services.

In 2015, Crédit du Nord provided all of its employees with tablets, placing itself on the cutting edge of innovation to intensify its engagement with its customers and strengthen the advisor's pivotal role in the relationship. In keeping with our tradition of close customer relations, all Crédit du Nord business customer advisors can now use their tablets to present the bank's products and services, perform simulations incorporating each customer's needs, and store and retrieve scanned documents. Crédit du Nord Group also entered into a partnership with Morpho (Safran Group), the leader in digital security, allowing it to offer its customers an electronic signature solution that is currently being rolled out on the tablets.

Crédit du Nord Group began developing a Webex solution last year with the same goal: enhancing its sales force's capacity to respond to client needs. All Crédit du Nord Group employees can now arrange video conferences and call on specialists to interact with customers live. This solution was launched in 2013 and is now also available on advisor tablets. Over the course of 2015, more than 4,500 webex meetings were held across the Crédit du Nord Group network.

The Group has also tapped into digital media to modernise its focus on customer relationships with the new features provided by the apps. Crédit du Nord also continued to roll out new marketing approaches with the aim of better targeting customer needs and adapting to their expectations accordingly.

Innovative new solutions were developed (virtual keyboard for enhanced security, an agreement with SlimPay rounding out the online payment offer, and a Monésmart offer allowing retailers to use a smartphone as a POS terminal) or tested (e.g. the "Etoile chèque" paperless cheque deposit slip, with a special tracking app).

Crédit du Nord Group also added new features to its smartphone and tablet app (iPhone/Android). At end-December 2015, the smartphone and tablet apps had been downloaded more than 885,000 times. The Crédit du Nord app will soon be the first banking app available in the Windows Store.

Remote banking services continue to expand in 2015, with the number of online banking contracts (internet and mobile) rising steadily across all markets. Over one million customers had signed up by the end of 2015.

Sales activity

The present analysis of Crédit du Nord Group's sales activity extends across the entire scope of the Group's banks, i.e. Crédit du Nord and its subsidiary banks.

The indicators provided below relate to euro-based businesses, which account for virtually all of the Group's activities. Outstanding loans and growth in customer bases are based upon period-end figures.

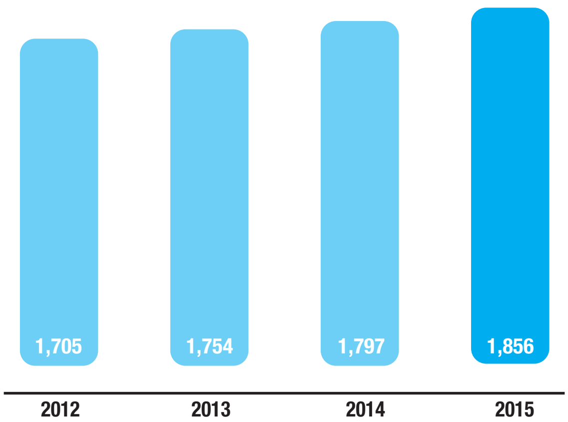
Strong development of the customer base driven by the volume of loans repurchased from competitors

The record number of new individual customers acquired in 2015 (134,000 new customers, up +9%) sent the development of the active **individual customer base into overdrive (+3.3%)**. At December 31, 2016, the customer base consisted of nearly 1.9 million active individual customers.

Individual Customer Base

(at December 31)

Number of customers (thousands)



The expansion of the customer base was strongly driven by the unprecedented volume of loans repurchased from competitors, accompanied by an increase in the wealth of the bank's customers. As such, the rate of transition for new customers into the high end and wealth management segments rose by over 14 points to 55.4%. Over the same period, the sales rate remained high, as illustrated by the number of customers with six or more products, which climbed to 48%.

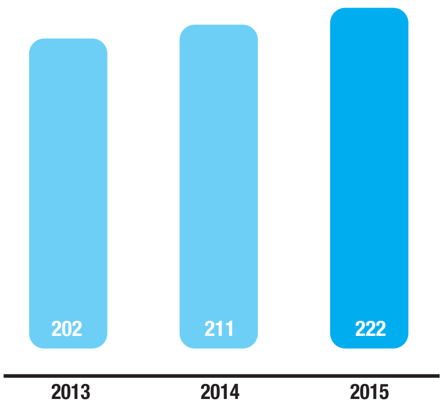
2015 was also a year of robust activity on the part of Crédit du Nord's advisors, who drew on our growth drivers to make a remarkable contribution in Financial Savings. More than 45,000 Antarius Sélection and Antarius Duo life insurance policies and 23,600 personal equity plans were taken out over the period. "Gestion Initiale", an option that provides high-end and wealth management customers with assistance in managing their assets, was very well received.

Crédit du Nord advisors were as committed as ever across all banking and insurance business lines, as demonstrated by the success in sales of personal protection, casualty and bank insurance policies (nearly 118,000 policies sold in 2015). For the second year in a row, sales targets for the Multi-Risk Housing policy were achieved with nearly 23,600 policies sold.

Professional Customer Base

(at December 31)

Number of customers (thousands)



The **Professional Customer** base also enjoyed strong growth. Momentum in terms of new customer relationships (over 21,000 new professional customers acquired, up +3.9% versus 2014) went hand-in-hand with a keen focus on the quality of targeted prospective customers: 49% were companies established for over a year, and 82% of new relationships were entered into with qualified customers (i.e. using selective criteria based on Banque de France ratings and deposit flows). Ultimately, the active professional customer base posted

Note: Growth rates are determined based on precise figures and not on the rounded figures shown in the charts. This comment applies to all charts contained in this report.

highly dynamic growth of +4.1% (excluding private banking relations).

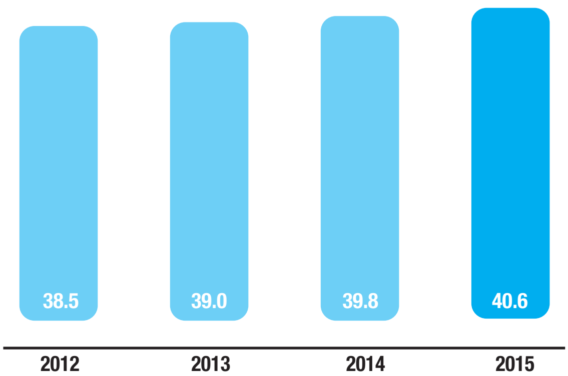
This improvement speaks to the quality of Crédit du Nord Group's local presence, with tailored products and services, as well as dedicated account managers trained to address both the personal and commercial aspects of our customer relationships.

Sales of new products to existing professional customers were robust, driven by the success of the Convention Alliance package deal, held by 75% of the customer base. In addition, nearly 47% of professional customers turn to the Group for both their business and personal banking needs. 42% of Crédit du Nord's professional customers have four or more products.

Business Customer Base

(at December 31)

Number of companies (in thousands)



The active **Business Customer** base grew by +2.1%. More than one out of four new customer relationships (28%) was established with companies generating more than €7.5 million in revenue.

The number of customers whose main banking relationship is with Crédit du Nord picked up significantly this year (+1.9%), highlighting the efforts undertaken across all Business customer activities to build the loyalty of the customer base.

New product launches

New products and services were launched in 2015:

- in the Individual and Wealth Management customer segments, the "Gestion Initiale" offer allows customers holding a life insurance policy of more than €30,000 to receive assistance from Etoile Gestion in managing their assets in line with their investment objectives. Furthermore, the new "Club Norplus", which offers members cash back on their online purchases, has enhanced the appeal of the Norplus agreement;
- in the Professional and Business customer segments, the "Santé Collective" (collective health coverage) product allows employers to meet their obligation of offering supplementary health coverage to all their employees as from January 1, 2016.

Customer satisfaction surveys

The Group's performances are also measured by satisfaction surveys. In 2015, the competition survey conducted by CSA[(1)] ranked Crédit du Nord among the leaders in customer satisfaction: the bank reclaimed first place on the Individual Customer market. The biggest plus for customers lies with the quality of their relationships with their branches and their advisors. This competitive advantage was also recognised on the Professional and Business Customer markets.

(1) Competition surveys measuring customer satisfaction carried out by polling institute CSA on a representative sample of more than 10,500 individual, professional and business customers of the top 11 French banks.

Another sharp rise in on-balance sheet savings

On-balance sheet savings increased +10.2% year-on-year, driven predominantly by the rise in demand deposits.

2015 confirmed the trend seen in 2014, during which a substantial level of demand deposit inflows was recorded. Demand deposits picked up by +12.6% year-on-year on the Individual Customer market. On the Professional and Business Customer markets, there was an equally robust increase of +15.9%.

Overall, €3.5 billion in on-balance sheet deposit inflows were recorded year-on-year, buoyed once again by persistently high customer cash surpluses even in the context of a weak economic recovery.

Regulated savings account deposits were stable compared to end-2014.

Savings book assets (Livret A, LDD, CSL) declined slightly, as they were shifted into life insurance vehicles, which drained household savings.

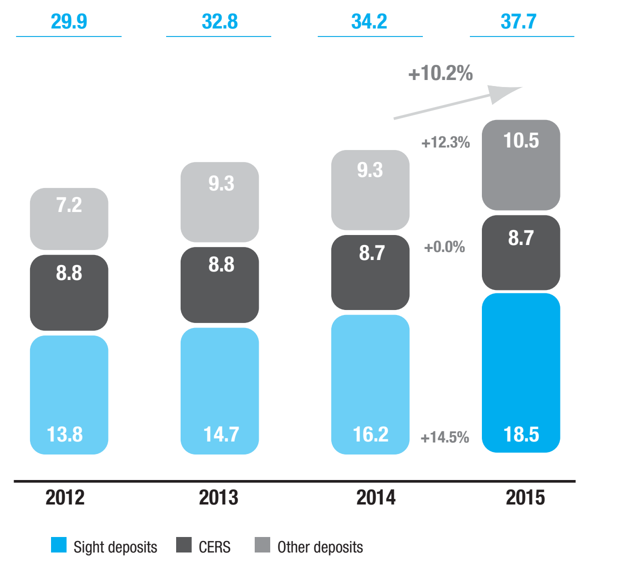
On the plus side, Home Savings inflows remained on track, with deposits up +7.3% year-on-year.

For business customers, the regular savings book reserved for institutional customers (institutional CSL) and the term deposit account did remarkably well, gaining close to +25% compared to end-2014, raising the volume of savings in institutional CSLs and term accounts to €6.9 billion at end-December 2015.

On-Balance Sheet Savings Deposits

(at December 31)

(in €bn)



Faster growth in life insurance AuM (off-balance sheet savings)

In keeping with the robust life insurance sales seen in 2014, AuM in 2015 rose +5.7% year-on-year to €18.6 billion.

Gross life insurance inflows climbed +13% compared with end-2014 to €2.5 billion. Net inflows soared +36% to €1 billion. Unit-linked accounts made up 20.1% of cumulative production at end-December 2015 (+2.8 points vs. 2014).

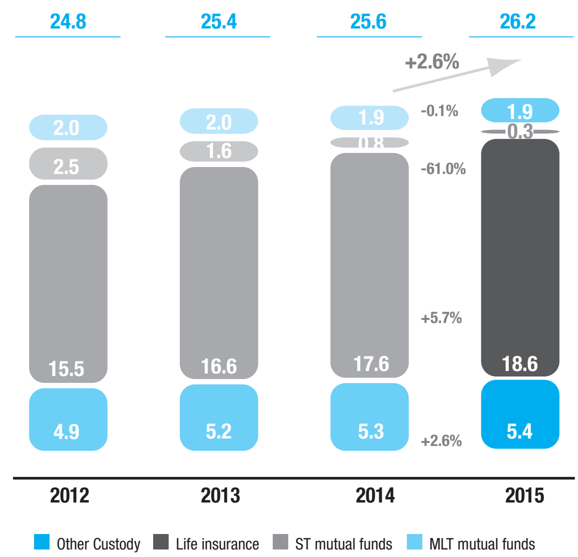
Medium- and long-term mutual fund AuM was stable as compared with end-2014.

Meanwhile, short-term mutual fund AuM fell steeply, by -61% year-on-year, across all customer markets. Returns on money market funds were heavily impacted by low short-term money market rates.

Off-balance sheet savings deposits

(at December 31)

(in €bn)



Overall, savings under management (on- and off-balance sheet) picked up by +6.9%.

A record year for real estate loans

2015 posted a record level of new real estate loans, up by more than 71.5% versus 2014, with new disbursements over the year amounting to €6.5 billion. Though very high, the wave of prepayments was more than offset by the volume of loans repurchased from competitors.

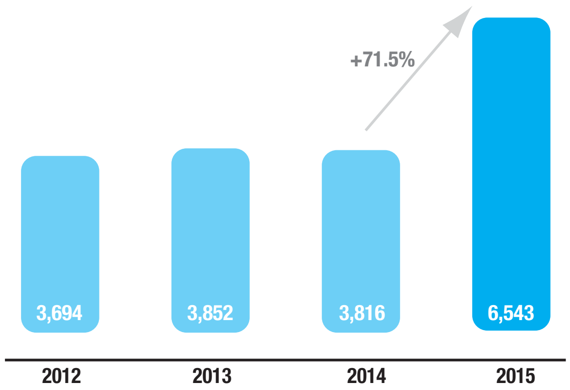
Outstanding real estate loans climbed by +7.2% year-on-year to €20.2 billion.

Crédit du Nord continued to implement a selective risk policy applied to the amounts of customer contributions, debt ratios and sales of fixed- or adjustable-rate loans limited to terms of less than 20 years in the large majority of cases.

New housing loans

(at December 31)

(in €m)



Signs of recovery in personal loans

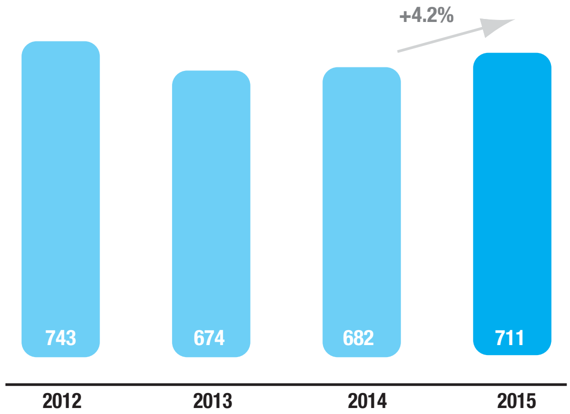
The second quarter of 2015 marked an upward turning point in terms of outstanding personal loans.

This improvement can be attributed to considerable efforts put forward by Crédit du Nord advisors, resulting in a cumulative +4.2% increase in new personal loans.

New personal loans

(at December 31)

(in €m)

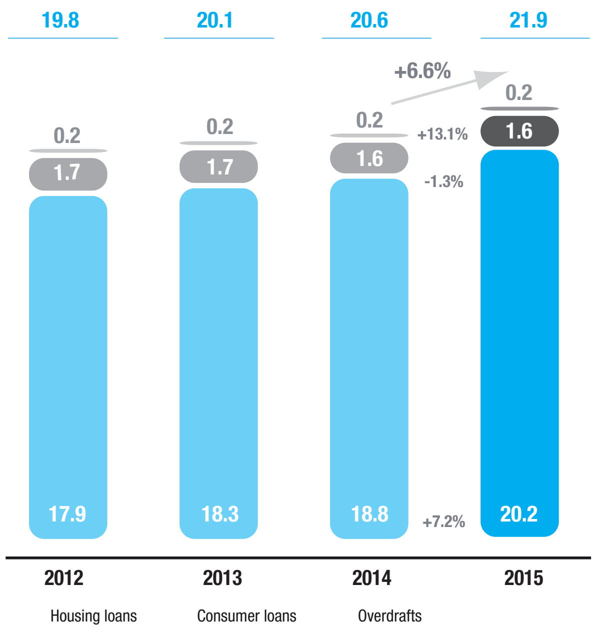


Overall, outstanding loans to Individual Customers totalled €21.9 billion, up +6.6%.

Outstanding loans to Individual customers

(at December 31)

(in €bn)



Crédit du Nord continued to help finance the French economy in 2014

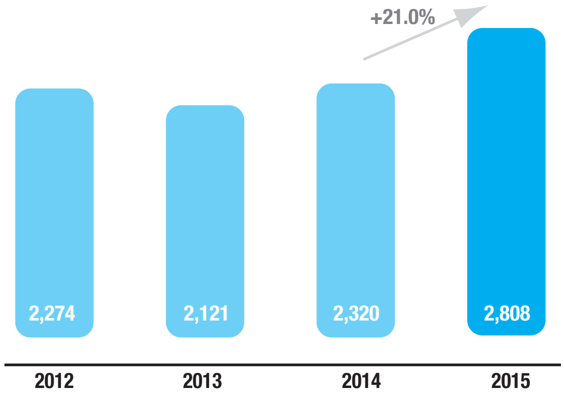
Crédit du Nord contributed actively to the financing of the economy and the development of SMEs in 2015, disbursing over €3.4 billion in equipment loans or leases, up +16% compared to 2014.

New equipment loans climbed by +21%, with a major contribution from the Business Customer market. New equipment loans to Business Customers amounted to €1.6 billion.

New equipment loans

(at December 31)

(in €m)

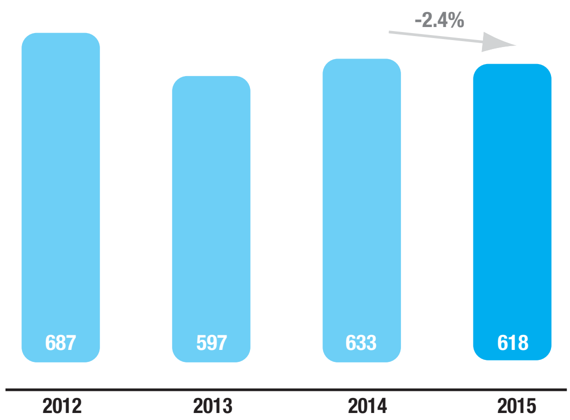


New leases, though less robust than in 2014, rebounded sharply in the second half with a record performance in December. Overall, they were down -2.4% compared to 2014, due to heavy competitive pricing pressure and the challenges plaguing certain business sectors that contribute significantly to new leasing activity.

New equipment leasing activity

(at December 31)

(in €m)

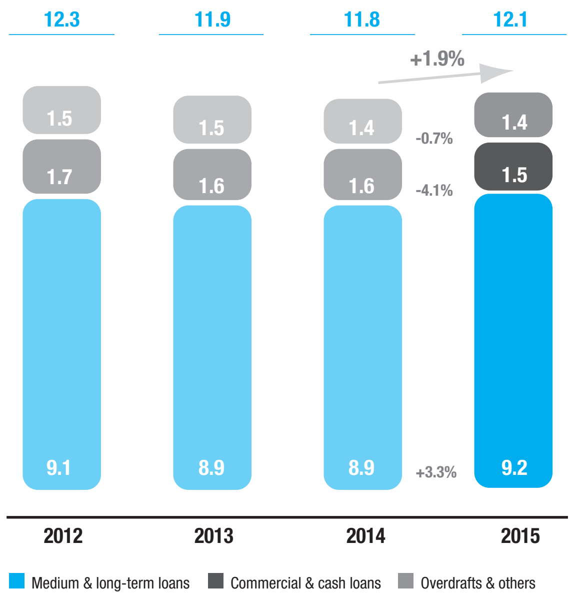


Loans to Business Customers came to €12.1 billion, up +1.9% year-on-year.

Outstanding business loans

(at December 31)

(in €bn)



Financial developments

The financial information presented in this section was taken from the consolidated financial data for Crédit du Nord Group, prepared in compliance with IFRS (International Financial Reporting Standards).

(in EUR millions) *(including change in PEL/CEL loss allowance)*	31/12/2015	31/12/2014	% change 2015/2014
Net interest and similar income	1,176.8	1,139.9	+3.2
Net fee income	815.9	784.3	+4.0
NBI	**1,992.7**	**1,924.2**	**+3.6**

In order to present an economic approach to financial performance, the following data are restated in the analyses of Group results:

- future commitments associated with home loan savings products (-€17.5 million in 2015 before tax);
- fair value measurement of financial liabilities (+€24.0 million in 2015 before tax);
- valuation of derivatives - Credit Value Adjustment (CVA) - and Debit Value Adjustment (DVA) (-€15.0 million in 2015 before tax).

Crédit du Nord Group's consolidated book NBI rose +3.6% in 2015, versus +2.7% for restated NBI.

This increase can be attributed to sales momentum, strong deposit inflows, solid fee income, and the substantial rise in prepayment penalty fees.

The sales margin improved by +3.1%, i.e. +€32.7 million.

The margin on deposits rose +2.7%, i.e. +€18.7 million. The very sharp increase in demand and term deposit volumes (+€2.4 billion and +€1.1 billion, respectively, compared to end-December 2014), combined with the decline in the Livret A savings book rate of return to 0.75% in August 2015, helped offset the negative effect of the drop in deposit reinvestment rates.

The margin on loans rose +3.8%, i.e. +€13.9 million, thanks to record new home loan activity and robust new personal and business customer loan activity. It was also boosted by the sizeable upturn in prepayment penalty fees recorded in fiscal year 2015, amid highly competitive conditions (+€29.7 million vs. 2014).

Restated net interest and similar income gained +1.9%.

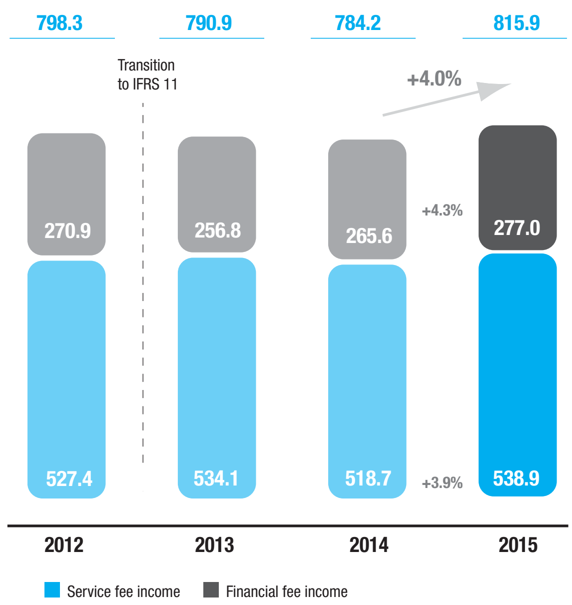
Consolidated net fee income improved by +4.0%. Service fees increased by +3.9%, helped by the expansion of the customer base in addition to the invoicing of account administration fees, which was extended Group-wide as from April 1, 2015.

Financial fees also rose by +4.3%, buoyed by financial savings momentum and solid performances by growth drivers (Private Banking, foreign exchange and fixed income activity).

Net fee income

(at December 31)

Consolidated Group scope (in €m)



Operating expenses

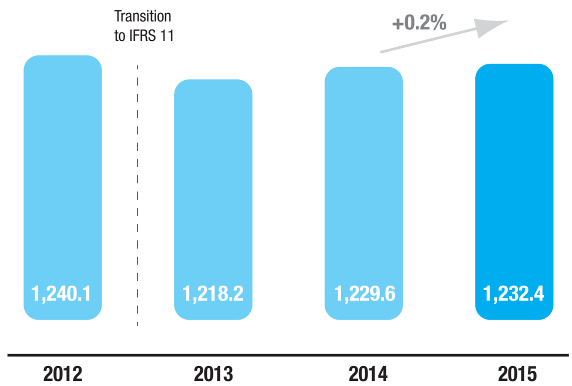
(in EUR millions)	31/12/2015	31/12/2014	% change 2015/2014
Personnel expenses	-711.7	-712.5	-0.1
Taxes	-47.5	-43.0	+10.2
Other operating expenses	-397.3	-396.5	+0.2
Depreciation and amortisation	-76.0	-77.6	-2.0
TOTAL OPERATING EXPENSES	**-1,232.4**	**-1,229.6**	**+0.2**

Operating expenses were stable (+0.2%) in 2015. Personnel expenses came down slightly (-0.1%). Taxes were up +10.2%, due in large part to the recognition of the €4.3 million contribution to the European Single Resolution Fund (SRF). Other operating expenses picked up slightly (+0.2 %). Depreciation and amortisation fell by -2.0%.

Operating expenses

(at December 31)

Consolidated Group scope (in €m)



At end-2015, the Group had 7,784 active staff, down slightly by -0.5% year-on-year.

	31/12/2015	31/12/2014	% change 2015/2014
Pro-rata active staff count - Group	7,784	7,824	-0.5

Gross operating income

(in EUR millions)	31/12/2015	31/12/2014	% change 2015/2014
NBI	1,992.7	1,924.2	+3.6
Operating expenses	-1,232.4	-1,229.6	+0.2
GOI	**760.3**	**694.6**	**+9.5**

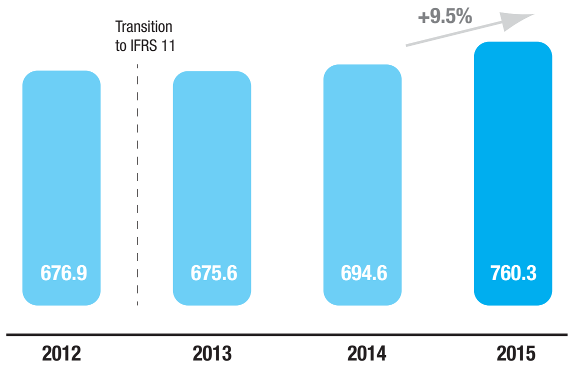
Book GOI rose by +9.5% versus 2014 to €760.3 million. Restated GOI was up +7.0%.

The book cost-to-income ratio was 61.8%. Post-restatement, it was 61.6% versus 63.1% in 2014, down by 1.5 point.

Gross operating income (GOI)

(at December 31)

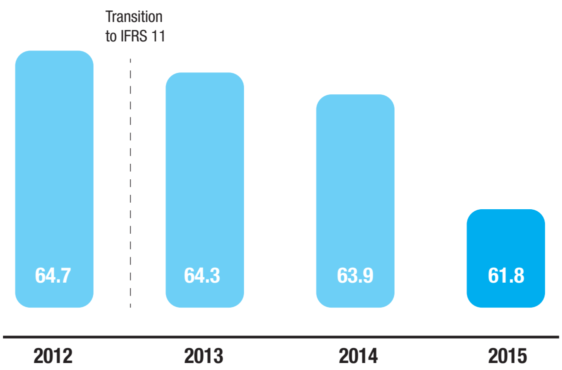
Consolidated Group scope (in €m)



Cost-to-income ratio

(at December 31)

Consolidated Group scope (%)



Cost of risk

(in EUR millions)	31/12/2015	31/12/2014	% change 2015/2014
Cost of risk	-179.2	-183.2	-2.2
Gross outstanding loans	39,592.3	37,645.5	5.2
Cost of risk/outstanding loans	0.45%	0.49%	-0.04pt

Crédit du Nord Group's consolidated cost of risk [1] totalled €179.2 million at December 31, 2015 versus €183.2 million at December 31, 2014, recording a decline of 2.2% over the period.

Divided by the total loans issued by the Group, cost of risk stood at 0.45%, down 4 basis points compared to 2014.

Even in 2015's persistently challenging economic and financial environment, the Group continued to keep cost of risk under control across a diversified customer base that consists almost entirely of French residents.

On the individual and professional customer markets, 2015 was significantly impacted by changes in methodologies applied to the inputs used for determining statistical loss allowances since 2013. Restated for this item, net cost of risk declined on these markets.

On the business customer market, cost of risk fell substantially compared to 2014, which was notably affected by two significant loans.

The loss allowance ratio for doubtful and disputed loans (net of guarantees received) was 75.5%.

Collective loss allowances declined between 2014 and 2015, particularly the loss allowance based on "performing loans under watch" on the business and professional customer markets (due to a decrease in the calculation base).

(in EUR millions)	31/12/2015	31/12/2014	% change 2015/2014
Doubtful and disputed loans (gross)	2,739.7	2,672.9	+2.5
Impairments of individually impaired loans	-1,420.2	-1,353.7	+4.9
Gross doubtful and disputed loans/gross outstanding loans	6.9%	7.1%	-0.18pt
Net doubtful and disputed loans/net outstanding loans	3.5%	3.6%	-0.18pt
Loss allowance ratio for doubtful and disputed loans net of guarantees received on doubtful and disputed outstandings	75.5%	76.0%	-0.50pt

(1) *Net cost of risk represents the net loss allowance recorded on banking activities (allocations to loss allowances less write-backs), plus losses on irrecoverable loans not covered by loss allowances, less amounts recovered on amortised loans.*

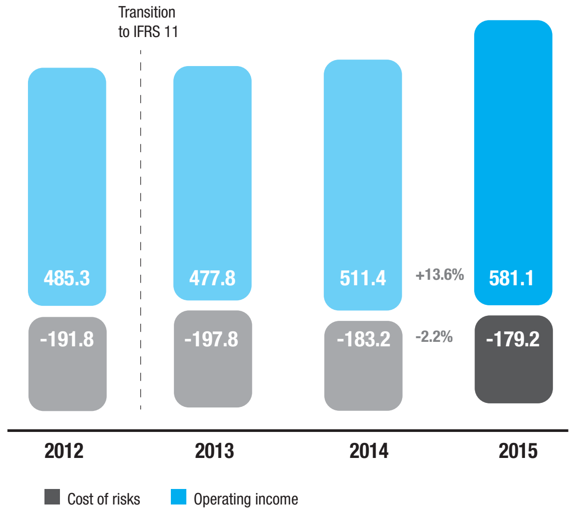
Operating income

Taking cost of risk into account, Crédit du Nord Group generated operating income of €581.1 million in 2015, up +13.6% in relation to 2014. Restated operating income rose +10.2%.

Operating income

(at December 31)

Consolidated Group scope (in €m)



Operating income before corporation tax

(in EUR millions)	31/12/2015	31/12/2014	% change 2015/2014
GOI	**760.3**	**694.6**	**+9.5**
Cost of risk	-179.2	-183.2	-2.2
OPERATING INCOME	**581.1**	**511.4**	**+13.6**
Net income from companies accounted for by the equity method	27.7	25.4	+9.1
Gains or losses on fixed assets	0.2	-2.1	nm
OPERATING INCOME BEFORE CORPORATION TAX	**609.0**	**534.7**	**+13.9**

Operating income before corporation tax rose +13.9% to €609.0 million.

Net income

(in EUR millions)	31/12/2015	31/12/2014	% change 2015/2014
OPERATING INCOME BEFORE CORPORATION TAX	**609.0**	**534.7**	**+13.9**
Corporation tax	-221.0	-192.8	+14.6
Non-controlling interests	0.0	-2.0	nm
CONSOLIDATED NET INCOME	**388.0**	**339.9**	**+14.2**

Restated consolidated net income rose +10.7%.

Consolidated net income amounted to €388.0 million at December 31, 2015, up +14.2% versus 2014.

Outlook

In today's continuously uncertain and volatile environment – albeit one that is showing signs of more promising economic prospects – euro zone growth is expected to improve in fiscal year 2016. The depreciation of the euro is supportive for exports, and the decline in oil prices should drive up purchasing power and thus consumption.

Growth in France is also expected to gather pace in 2016 on the back of household consumption and business investment. One major point of concern, however, is the high level of unemployment.

In today's constantly changing environment, Crédit du Nord has taken steps to extensively adapt its business model, in line with the fundamentals that have forged its success. The various resulting initiatives draw substantially on the successful actions undertaken in recent years, with a focus on furthering and ramping up these efforts to meet new challenges (the necessary consolidation of expertise, distribution of new technologies throughout the Group and to customers, and enhancement of operational efficiency).

Crédit du Nord Group has reaffirmed its high ambitions through four commitments:

- continuing to **lead the way in customer satisfaction** by capitalising on the efforts made in 2015 that allowed it to reclaim first place in the customer satisfaction ranking;
- stepping up **efforts aimed at developing its customer base and revenues**, drawing on the sales momentum built up over the past two years and on the successful activation of its growth drivers (distribution of personal protection insurance products, Private Banking);
- maintaining **attractive profit margins** in order to be able to finance its investments and preserve shareholder trust;
- conducting the **Group transformation process** with a series of objectives, primarily focused on enhancing its customer relationship model (better differentiation in its approach to the different customer segments, adaptation of its operational infrastructure).

Chairman's report on the preparation and organisation of the Board's activities and on internal control and risk management

This report pertains to 2015 and has been prepared in accordance with Article L. 225-37 of the French Commercial code.

Preparation and organisation of the Board's activities

The Board of Directors meets at least once per quarter.

A list of the directors is provided on page 4 of the registration document.

The Board of Directors comprised 13 members at December 31, 2015, including two independent directors selected for their expertise and commitment to the company. Prior to the resignation of Christophe BONDUELLE in October 2015, there were three independent directors. The appointment of a new independent director will be proposed at the Shareholders' Meeting on May 19, 2016.

Crédit du Nord will comply with the law of January 27, 2011 governing the principle of balanced representation of women and men on the Board. At December 31, there were three women on Crédit du Nord's Board of Directors. The agenda of all Board meetings is set by the Chairman of the Board after consultation with the Chief Executive Officer.

For the purposes of setting the agenda, the following are reviewed:

- items that must be examined by the Board pursuant to the law;
- business allowing the Board to ascertain that the company is being efficiently run and that its strategic choices are being implemented (sales strategy, organisation, investments, etc.).

The Directors are convened no less than 15 days before the meeting. Their notification includes:

- the agenda of the meeting;
- the draft minutes of the preceding Board meeting;
- an information pack pertaining to the key items on the agenda.

When the Board meets to approve the annual financial statements, the following information must also be provided:

- to each Director: a list of all other company offices held by the Director. It is the responsibility of each Director to verify and amend the list as necessary;
- to the Chairman and Statutory Auditors, by virtue of current regulations: a list of all significant agreements entered into between Crédit du Nord and its senior managers and/or those companies with which Crédit du Nord shares senior managers or shareholders.

In addition to the Directors, the following individuals also participate in Board meetings:

- members of the Executive Committee and other company managers, depending on the matters being discussed;
- the Statutory Auditors;
- the Secretary of the Board;
- the Secretary of the Central Works Council.

Board meetings last approximately three hours.

The agenda items are presented by the Chairman, the Chief Executive Officer or the person responsible for the items in question (Chief Financial Officer, Head of the Central Risk Division, etc.). A deliberation process ensues during which views and opinions are expressed. At the end of deliberations, the Board is asked to vote, where necessary.

The draft minutes of the meeting are prepared by the Secretary of the Board, who submits them to the Chairman, the Chief Executive Officer and the various participants (for the items concerning them). The draft minutes are then submitted for the approval of the Board at the start of the following meeting.

Crédit du Nord applies some of the recommendations presented in the AFEP/MEDEF corporate governance code, in particular those related to the remuneration of Chief Executive Officers. The company has a Compensation Committee consisting of two Directors. The compensation granted to the Chief Executive Officer and the Deputy Chief Executive Officer is set by the Board. It includes a fixed portion and a variable portion, based on criteria recommended by the Compensation Committee in accordance with the regulatory provisions governing credit institutions. Detailed information is provided in Chapter 3, "Information on the Corporate Officers", in the registration document.

The Risk Committee consists of three directors and is responsible for examining matters related to risk, compliance and internal control. It met in March and September 2015. It reports to the Board on its work twice a year.

At its meeting on February 19, 2015, the Board of Directors decided to delegate the duties provided for by Law to the Appointment Committee of its sole shareholder.

A Board regulation specifies the conditions under which directors can participate in meetings through video conferencing or other telecommunication methods. This regulation can be consulted on the bank's website under "Vie de l'Entreprise".

Information on holding several corporate offices and on the independence of directors is provided in Chapter 3 of the Registration Document, "Information on the Corporate Officers."

General Shareholders' Meetings are convened in accordance with all currently applicable laws and regulations. All shareholders and the Statutory Auditors receive a meeting notice.

Limits to the powers of the Chief Executive Officer

The duties of Chairman of the Board and Chief Executive Officer were split on January 1, 2010.

The term of office of the Chief Executive Officer is determined by the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act under all circumstances on behalf of the company. The Chief Executive Officer exercises his powers within the limits set out by the corporate purpose, excluding those powers expressly attributed by law to the Shareholders' Meetings and the Board of Directors.

The Chief Executive Officer's powers in the area of credit risk are specified in the rules adopted at the Shareholders' Meeting of October 25, 2012.

Internal control and risk management

This report discusses the internal control procedures that apply to all entities within Crédit du Nord Group. The various units involved in internal control played a role in preparing the report.

The activities of Crédit du Nord Group take place within a secure framework guaranteed by banking regulations and the control system put in place by its shareholder (I).

As a network bank with strong regional roots and a customer base essentially comprised of individuals and SMEs, Crédit du Nord and its subsidiaries are exposed to risks, the most significant of which is counterparty risk (II).

Due to its chosen business mix, Crédit du Nord Group has limited exposure to risks related to international and real estate activities.

Internal Control at Crédit du Nord Group is based on a system that draws a distinction between Permanent Control and Periodic Control (III).

As regards accounting and financial management, a pooled information system is shared by virtually all the companies in the Group, and in particular the banking subsidiaries. This system provides the means to enforce Crédit du Nord's rules and procedures while allowing the bank to centralise all the data needed to monitor the results and activities of Group companies in real time (IV).

I. A secure framework

1- Regulatory reporting

The annual report on internal control and on risk measurement and oversight, prepared in accordance with Articles 258 to 266 of the Ministerial Decree of November 3, 2014, was sent to the Risk Committee in March 2015 and was the subject of a report to the decision-making body.

The ACPR (French Prudential Supervisory and Resolution Authority) receives the individual annual reports from each Crédit du Nord subsidiary and the consolidated annual report for Crédit du Nord Group.

In addition to reports addressing specific topics that it might request, each year the Group's RSCIs (Investment Services Compliance Officers) provide the AMF (French securities regulator) with the completed questionnaire on compliance with investment service provider requirements. These reports are also submitted to each entity's decision-making body.

2- Controls performed by the shareholder

As a member of Societe Generale Group since 1997, Crédit du Nord also benefits from the control system established by its shareholder.

This system focuses primarily on risk exposure, the accuracy of financial and management accounting data and the quality of information systems.

Systematic controls are performed by the majority shareholder as part of a programme of regular inspections of Group entities aimed at ensuring that procedures are being applied.

As the shareholder also conducts retail banking activities, comparisons between the two networks make it easier to control risk.

II. Main banking risks

1- Counterparty risk

The credit policy of Crédit du Nord Group is based on a set of rules and procedures governing lending, the delegation of responsibilities, monitoring, counterparty rating, risk classification and the identification of impaired risk.

Identifying counterparty risk impairment is the responsibility of all individuals in charge of managing, monitoring and controlling risks, i.e. the sales function, risk monitoring function, risk management department and periodic control department.

Risk Management is organised on two levels:

- **The Central Risk Division (DCR)**, which reports directly to Crédit du Nord's Chief Executive Officer and reports functionally to Societe Generale's Risk Division, defines lending policies, oversees the implementation of these policies and participates in the credit approval process. Responsible for identifying and classifying risks, DCR participates in the risk control system, the determination of the appropriate level of loss allowances and collection of doubtful loans. The loss allowance for retail exposure is determined on a statistical basis, while the loss allowance for corporate exposure is based on expert opinion.
- **The Regional and Subsidiary Risk Departments**, which report directly to the Regional Manager or the Subsidiary Chairman and functionally to Crédit du Nord's Central Risk Division, are responsible for implementing the Group's credit policy and managing risks within their remit.
- Specifically, they play a role in the credit approval process, the monitoring and classification of risks and the collection of doubtful and disputed loans.

Specialised committees and systems

In order to monitor and manage risk, the following have been instituted at the Group and the regional/ subsidiary level:

- a Risk Committee, chaired by the Chief Executive Officer, which meets once a month. A member of the shareholder's Risk Division also sits on this committee;
- a Regional Risk Strategy Committee that meets once a year in each region and at each subsidiary. This committee is chaired by the Chief Executive Officer of Crédit du Nord;
- a review of impaired risks is conducted every six months by DCR's Commitments Department.

In the Group's main customer markets, risk monitoring and control structures have been strengthened using risk modelling systems developed to determine the Basel II capital adequacy ratio.

These structures regularly contribute to the definition and implementation of risk policy, the review of significant risks, the monitoring of impaired risks, recognition of loss allowances for such risks and overall risk analysis.

Crédit du Nord also prepares a quarterly report on major regulatory risks for its shareholder, which is then consolidated and submitted to the French Prudential Supervisory and Resolution Authority. Every quarter, it also reports the main risk events to the Societe Generale Risk Division using a pre-defined format.

2 - Overall interest rate, foreign exchange and liquidity risks (excluding market activities)

With regard to overall risk management, Crédit du Nord Group draws a distinction between structural balance sheet risks (Asset and Liability Management or ALM) and risks related to trading activities.

2-1 Asset and liability management (ALM)

Reporting directly to the Finance Division of Crédit du Nord (DGF), the ALM unit comes under the authority of Crédit du Nord's Chief Financial Officer.

The ALM unit is responsible for monitoring and analysing Crédit du Nord Group's exposure to mismatched interest rate and liquidity positions.

An ALM Committee, chaired by the Chief Executive Officer, meets once a month to make decisions on managing mismatched interest rate and liquidity positions arising from the Group's business activities. A member of the majority shareholder's Finance Division also sits on this committee.

Liquidity risk

Short-term liquidity management is delegated to each subsidiary as part of its cash management activities and is subject to certain limits requiring the subsidiary to remain sufficiently liquid.

Changes in the structure of the balance sheet and its run-off are managed by the ALM unit and monitored by the ALM Committee, which in turn determines the refinancing requirements of the Group's entities. A monthly report on liquidity risk is submitted to the shareholder.

Since the end of 2011, Crédit du Nord Group has been creating dedicated tools for establishing Basel 3/CRD4 liquidity ratios. The ALM unit is currently responsible for producing and analysing the CRD4 liquidity ratios (LCR and NSFR) of Crédit du Nord Group and the liquidity sub-group* by the regulatory deadlines using an automated process. It submits the LCR monthly and the NSFR quarterly to the ACPR. The ALM unit is also in charge of oversight and projections of the short-term LCR. Oversight of Crédit du Nord Group's LCR is shared with the Treasury and Foreign Exchange Department (which reports to the Chief Financial Officer) for the purpose of implementing the necessary actions. These items are discussed by the ALM Committee.

Interest rate risk

All assets and liabilities of Group banks, excluding those related to trading activities, are subject to an identical set of rules governing interest rate risk management.

The ALM Committee delegates the management of short-term interest rate risk to the Weekly Cash Flow Committee. This risk is managed using the following two indicators:

- the daily short term interest rate position, which is subject to limits;
- sensitivity to short-term interest rate risk arising from all balance sheet transactions, which is also subject to limits.

The Weekly Cash Flow Committee makes sure these limits are observed.

The blanket interest rate risk of Crédit du Nord Group is subject to limits on risk exposure sensitivity in euros and in foreign currencies. Observation of these limits is verified within the framework of a report submitted to the majority shareholder.

Crédit du Nord Group enforces a consistent hedging policy against ALM risks by instituting the appropriate hedges to reduce the exposure of Group entities to interest rate fluctuations.

The hedging activities of the ALM unit cover all Crédit du Nord Group entities.

Each Group entity is monitored individually and hedged on an individual basis.

The Group uses an ALM application known as Almonde. This application is used to generate the Weekly Cash Flow Committee's reports, the ALM Committee indicators and the quarterly report to the majority shareholder. Hedge effectiveness testing required under

* *In accordance with regulatory provisions, regulatory liquidity ratios are not determined for each legal entity, but rather for a broader scope including Crédit du Nord parent company, its banking subsidiaries and brokerage firm Gilbert Dupont. This scope is referred to as the "liquidity sub-group" and is subject to general oversight.*

IFRS is carried out using market valuations calculated by Evolan (an application used by the Treasury and Foreign Exchange department), which provides an accurate representation of all positions, given that all asset-liability mismatches are identified and calculated based on outstandings at period-end compared against book outstandings.

2-2 Trading activity

Barring exceptions, transactions in derivatives linked to customer transactions are hedged by Crédit du Nord's shareholder, given that Crédit du Nord maintains only limited proprietary positions in such products.

Controls of limits assigned to these trading activities by General Management are monitored by the Treasury and Foreign Exchange Department in accordance with the standards adopted by the majority shareholder.

The results of these activities are checked by the appropriate control teams (see paragraph on "Market risks" below).

3- Market risks linked to customer-driven transactions

Crédit du Nord consistently matches customer orders, mainly through its shareholder, thus significantly reducing its exposure to market risks.

A specialised unit of the Treasury and Foreign Exchange Department monitors market and counterparty risks on market transactions.

These risks are calculated on a daily basis and compared with the limits. Any breaches are examined by the heads of the Treasury and Foreign Exchange Department.

A breach control report is submitted to the majority shareholder once every day. The Chief Financial Officer receives a weekly status report on results and limits and a monthly report on changes in limits from the Treasury and Foreign Exchange Department. The Chief Executive Officer also receives a quarterly report on changes in limits from the Treasury and Foreign Exchange Department.

4- Operational risks

The businesses of the various Group entities are exposed to a series of risks (administrative, accounting, legal, IT, etc.) combined under the heading "Operational risks".

In accordance with the recommendations of the Basel Committee, and in consultation with the majority shareholder, operational risks are categorised. Above a threshold of EUR 10,000 set by Crédit du Nord Group, losses are systematically logged.

The main projects are monitored at Steering Committee meetings. The CEO participates in meetings on the most important projects.

Within the Central Risk Division, the Operational Risk Management Department steers and coordinates the different procedures rolled out Group-wide in respect of Operational Risks, Business Continuity and Crisis Management Plans and management of IT authorisations.

The division uses a network of Operational Risk Officers working at the head office as well as the various regional entities and subsidiaries.

Monitoring and oversight of Crédit du Nord Group's operational risks fall within the remit of the **Internal Coordination and Control Committee** (CCCI, see Chap. III). This Committee reviews the operating losses, main flaws, operational risk mapping, and the Business Continuity and Crisis Management Plans.

An **Operational Risk Review** is conducted on significant projects. This meeting is attended by the Head of Permanent Control, the Head of Compliance, the Head of Information System Security and the Head of Operational Risks. It is held before each IT application is delivered or before major upgrades to existing applications are made, in order to verify the associated risks in terms of availability, integrity, confidentiality, evidence and controls.

With the transfer of the IT security function to an entity shared with Societe Generale's French Retail Banking activity, Crédit du Nord's IT Security function is now overseen by the head of this entity's IT Security. An **IT Security Committee**, chaired by the Head of IT System Security (RSSI), deals with all aspects of IT system security.

Under the **Crisis Plan** it is possible to assemble a crisis unit at any time at one or more designated locations. This unit combines a core of essential functions, which are automatically mobilised irrespective of the type of crisis, under the supervision of a crisis manager who oversees progression of the crisis and reports to General Management. This unit can request the presence of any executives, managers and experts directly concerned by the event.

The strategic Head Office entities, for which it is crucial to ensure service continuity, have prepared a Business Continuity Plan that supplements the procedures designed to ensure uninterrupted services across the network.

5- Non-compliance risk

In accordance with the rules applicable to credit institutions, special procedures were developed to address non-compliance risk, defined by the consequences (penalties, financial losses, reputational damage) likely to result from failure to comply with regulations governing banking and financial activities.

At Crédit du Nord and in each corporate entity of the Group governed by banking and financial regulations, there is a Head of Compliance whose name is transmitted to the French Prudential Supervisory and Resolution Authority. An Investment Services Compliance Officer (RCSI), who holds the professional card issued by the AMF, is responsible for compliance with regulations pertaining to investment services at Crédit du Nord and at each of its banking subsidiaries.

Crédit du Nord's Head of Compliance reports to the executive body, and particularly to the Internal Control Coordination Committee and the Risk Committee, whenever necessary and serves as liaison to the Compliance Committee of Societe Generale Group, on which he sits.

Crédit du Nord's Head of Compliance is assigned the following duties:

- ensuring the effectiveness and consistency of the organisation and procedures relating to compliance;
- identifying new risks related to non-compliance and ensuring that the necessary measures are taken to control them;
- monitoring the deficiencies identified via the Group's incident reporting system and assessing the effectiveness of corrective measures.

Crédit du Nord Group's Management Committee, on which the heads of the main subsidiaries sit, periodically reviews compliance issues.

Before being launched, all new products and key product transformations are subject to an examination by the Products Committee, in which the Head of Compliance, the RCSI, the Head of Marketing, the Corporate Secretary and the Head of the Central Risk Division participate. The Committee's validation is reviewed beforehand by the Head of Compliance, who also examines and validates internal instructions and sales documents related to new products.

Management and the internal control teams are responsible for controlling compliance.

Compliance Officers ensure that all employees receive the necessary directives on complying with regulations. They also see to it that appropriate compliance training programmes are in place.

Finally, internal guidelines set forth the rules applicable to outsourced banking and financial services. Qualified essential services are subject to special monitoring, under the joint supervision of the Compliance and Operational Risk departments.

III. Organisation of internal control

Crédit du Nord's Inspector General reports directly to the Chief Executive Officer, who guarantees the independence of this office, and functionally to Societe Generale's Periodic Control Department (DCPE).

As a member of the Executive Committee, the Corporate Secretary supervises the Permanent Control, Compliance, Investment Services Compliance (RCSI), Financial Security, Corporate Office, Legal Affairs and Disputes divisions.

An Internal Control Coordination Committee (CCCI) is chaired by the Chief Executive Officer, and comprises the members of the Executive Committee and the Heads of Periodic Control, Permanent Control, Compliance, Operational Risks, Information System Security, Financial Security and the RCSI. This committee met five times in2015.

Finally, the instructions stemming from incident alerts comply with the regulation stating that the Board of Directors and the French Prudential Supervisory and Resolution Authority must be informed of key incidents.

1 - Periodic Control System

Crédit du Nord Group's Periodic Control system covers all Crédit du Nord Group activities. Its role is to assess the compliance of transactions carried out, the level of risk incurred, observation of procedures and the efficiency and suitability of the permanent control system. It also performs any special analyses requested by Crédit du Nord's General Management. Periodic Control is staffed by recent university graduates and experienced managers with a background in the banking or audit field. An inspector specialising in IT conducts special audits on payment instruments and provides support on assignments involving aspects related to information systems.

This unit is an integral part of Societe Generale's Periodic Control Department. The shareholder's audit teams or combined teams also regularly conduct periodic controls of Crédit du Nord Group.

The annual audit plan is prepared based on the regular and methodical identification of the risk areas to which the Bank and its Subsidiaries are exposed while taking into account the key areas of focus of the Group's Management, Internal Control Coordination Committee, Risk Committee and regulators. The plan is approved by Crédit du Nord's General Management based on the recommendation of Crédit du Nord's Inspector General, in conjunction with the Societe Generale's Periodic Control department.

Periodic Control assignments include an evaluation phase, aimed at identifying the risk areas calling for investigation in the scope of audit, plus an on-site audit and a reporting phase. The Crédit du Nord Inspector General submits the resulting report directly to General Management at the end of the assignment. Periodic Control directly monitors the application of the recommendations contained in the report.

A review of the work performed and observations made by Periodic Control, and the application of its recommendations, are monitored by Crédit du Nord Group's Periodic Control Committee and Internal Control Coordination Committee.

Furthermore, the Inspector General reports on his work to the Crédit du Nord Board of Directors' Risk Committee, which meets in the presence of a representative of Societe Generale's Periodic Control Department.

2 - Permanent Control

The head of each entity must perform a **Level One control** on transactions and operations conducted within his remit. Branch and Business Centre managers must adhere to a predefined plan (detailing frequency and risks to be controlled) and must record and report on certain controls performed; specialised supervisory staff also assist the branches with the day-to-day monitoring of accounts.

A **Level Two control** is conducted by dedicated personnel, who report directly to the head of local control (Region, Subsidiary or Operating Division), who in turn reports directly to the Regional or Subsidiary Director and functionally to Crédit du Nord's Head of Permanent Control.

On an exceptional basis, the Controllers in charge of covering compliance of Crédit du Nord investment services, Corporate Finance, the Treasury and Foreign Exchange Department (DTC), the Wealth and Asset Management Division (DPGA) and brokerage firm Gilbert Dupont report directly to the RCSI.

The scheduling and details of these controls are determined for each of these entities.

The Head of Permanent Control reports on his activities to the General Management of Crédit du Nord.

2-1 Regional and Subsidiary Level One and Two administrative and accounting controls

The Line Management Control Manual sets out both the requirement for vigilance (day-to-day security: reception, opening of mail, filing, etc.) and a limited number of controls to be formally established by the hierarchy (recognition of value at branches, sensitive procedures such as anti-money laundering, compliance with MiFID, etc.). These controls may be delegated on the condition that each delegation of authority is subject to supervisory control.

Level Two controls are performed by dedicated personnel using control forms prepared together with the Head of Permanent Control and a predefined plan that specifies the frequency of controls based on the degree of risk that the process or transaction represents.

Whenever an on-site control of a procedure is performed, the procedure is rated for its degree of compliance with applicable rules using a GPS (Global Permanent Supervision, SG Group) software tool. This allows the Head of Permanent Control to map procedural compliance at both the local and national level.

At the conclusion of its assignments, the Periodic Control department writes up an assessment of the Permanent Control conducted for each area being audited.

2-2 Level One and Two risk controls of Regions and Banking Subsidiaries

Level One control at a regional and subsidiary level is carried out by sales management and by the Risk Department of the region or subsidiary.

The Line Management Control Manual assigns responsibility to the **Branch or Business Centre Manager** for ensuring that delegated tasks are carried out and that the lending decisions taken by subordinate staff (customer advisors, etc.) who report to them are suitable. They are also responsible for any credit limit breaches by the entity they supervise. These controls are performed monthly, are formally documented and may not be delegated.

As line manager, the **Group Director** receives a copy of on-site audit reports on Level Two controls. He assists the branches in preparing a response to these reports and supervises the implementation of the Controllers' recommendations.

Regional or Subsidiary Risk Divisions are responsible for supervising limit breaches. They also supervise the appropriate classification of risks. They may decide to classify loans as "performing loans under watch" or to downgrade them to "doubtful" when renewal of such loans is sought or amendments requested or when monitoring breaches.

Level Two Risk Controls are performed by Regional or Subsidiary Risk Controllers reporting to the Regional or Subsidiary Head of Control.

Regional or Subsidiary Risk Controllers carry out checks to ensure that "performing" loans merit this status. They examine and monitor "performing loans under watch" and "doubtful loans" for the purpose of downgrading or reclassifying them if necessary. They oversee the proper application of rules relating to ratings.

The majority of the Risk Controller's work is carried out with the help of computer tools and the monthly delegated limit reports. These tasks can be performed on site or remotely.

During on-site controls, Risk Controllers are required to use sampling techniques to assess the quality of risk management by operational staff, with special attention given to standing procedures and compliance with Level One control obligations.

2-3 Special controls conducted at Head Office level on the network entities

2-3-1 Central Risk Division

Risk monitoring and control is carried out by the Central Risk Division, whose entities fulfil the following duties:

- the Credit Policy Department conducts on-site audits to monitor the application of Crédit du Nord Group's procedures by the Regional and Subsidiary Risk Divisions and their correct application of the Group's credit policy, which is defined in the Credit Manual;
- the Commitments Department performs permanent and remote risk monitoring through centralised control of the most significant breaches at Group level and of shortfalls in SRD (deferred settlement service);

- it also performs the quarterly analysis of downgraded loans, in particular "performing loans under watch" and "doubtful" loans and interim reviews of "doubtful" loans considered "special affairs".

2-3-2 Compliance Division

This division conducts annual on-site audits on the application of standard practices and procedures by discretionary portfolio managers and on private banking activities at the Regional Entities and Subsidiaries.

2-3-3 Housing Loans Division

The Housing Loans Division holds a management meeting every quarter at each of the Group's regional mortgage lending centres to review existing loans and oversee compliance with the Group's policies in this area.

2-3-4 Legal Affairs and Disputes Division

The Legal Affairs and Disputes Division conducts an on-site audit every two years of disputes at Regional and Subsidiary level.

2-3-5 Human Resources Division

The Human Resources Division has conducted on-site audits of the HR departments of the Banking Subsidiaries since 2013. These audits are performed once every two years.

2-4 Level One and Two controls of functional divisions and specialised subsidiaries

The heads of Level Two permanent control for the Head Office divisions and some specialised subsidiaries report directly either to the Head of Permanent Control (Banking Operations Division, central control in charge of other functional departments) or to the Investment Services Compliance Officer (DPGA, DTC, DAF and Société de Bourse Gilbert Dupont).

A specialist accounting controller position was created in 2015 under the Finance Division.

Due to the smaller size of some specialised subsidiaries, sometimes their senior manager carries out these controls (e.g. Norbail Immobilier and Norbail Sofergie).

In other cases, Internal Control is partly outsourced: to Franfinance for Starlease and to Aviva for Antarius.

3- Compliance Division

Under the authority of Corporate Secretary, this Division ensures that all regulations and rules of good conduct governing relations between the Bank, its employees and its customers are well defined, understood and observed.

Banking and finance ethics guidelines, which all staff must observe, are outlined in an appendix to the company's internal rules, which are distributed to all staff. Added to these principles are a number of specific measures relating to certain activities (e.g. discretionary portfolio managers).

Oversight of regulatory compliance is based on a regulatory watch conducted by the Legal Affairs Division, which also works in synergy with the Compliance Division for the validation of internal Crédit du Nord procedures. The RCSI is more specifically responsible for overseeing compliance with AMF regulations, especially the organisational principles and rules of good conduct set forth in the AMF General Regulations.

4- Financial Security Division

This entity, which is also under the supervision of the Corporate Secretary, oversees the prevention of money laundering and terrorism financing. It also implements and monitors financial sanctions and embargoes.

Anti-money laundering and counter-terrorist financing is essentially based on knowledge of the Bank's customers and vigilance when processing transactions (via a customer/transaction/country risk approach), as well as monitoring of certain payment instruments (cheques, electronic payments, international transfers) and flagging and analysis of customer transactions.

Internal instructions are adapted to the requirements of the Third European Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing as well as the relevant ACPR Guidelines. Staff exposed to "Financial Security" risk received extensive awareness-raising training courses in 2015.

Each of the Group's legal entities has a TRACFIN officer in charge of preparing draft suspicious activity reports for the entity in question, and an Investment Services Compliance Officer, who moreover usually tends to be the Head of Permanent Control.

Since 2014, draft reports on suspicious activities are prepared by the Subsidiaries, then reviewed and transmitted to TRACFIN by Crédit du Nord parent company's declaring parties, in the interest of harmonising the Group's reporting policy.

IV. Production and control of financial and accounting data

The Chief Financial Officer, who reports to the Chief Executive Officer, is responsible for the production and control of financial and accounting data.

As such, he oversees the proper application of applicable accounting rules and guidelines, and monitors recommendations issued by the Statutory Auditors.

Applicable accounting standards are French standards for the preparation of parent company financial statements and the standards formulated by Societe Generale Group's Finance Division for the preparation of the consolidated financial statements, which are based on IFRS accounting standards as adopted by the European Union.

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, Crédit du Nord Group is required to prepare its consolidated financial statements in compliance with IFRS.

In addition, Crédit du Nord Group is also required to publish the regulatory reports (SURFI, COREP, FINREP, etc.) submitted to the national supervisory authorities (ACPR and Banque de France).

1- Production of accounting data

1-1 Role of the Accounting and Summary Information Department (DCIS)

This department, under the authority of the CFO, carries out two major tasks:

- **organisation and accounting procedures**: definition of a set of accounting rules for the entire Group that comply with current accounting regulations (definition of accounting frameworks and procedures, management of the internal chart of accounts, definition of reporting requirements, etc.);
- **production and analysis of accounting and financial statements**: preparation of the individual and consolidated financial statements of Crédit du Nord Group and of other statements required by the regulatory authorities.

1-2 Accounting information system

Crédit du Nord's information system is a multi-bank network, i.e. all Group banks are managed on the same information network. As such, they share the same processing systems for banking transactions and the same summary reporting systems.

For accounting purposes, the summary accounting system comprises the reference summary database, "Base de Synthèse de Référence" (BSR), into which the accounting entries of the different operating systems are entered on a daily basis. This database incorporates extra-accounting details to form the enriched reference summary database, "Base de Synthèse de Référence Enrichie" (BSRE).

At the hub of Crédit du Nord Group's summary system, the BSRE is used to:

- provide data for all accounting and tax-related reports;
- prepare the different regulatory reports (SURFI, COREP, FINREP, etc.);
- provide data on risk drivers in the Basel 2 ratio determination process, thus ensuring "native" accounting consistency.

This unified information system is instrumental in ensuring accounting consistency and regularity among the banks of the Group, with DCIS overseeing the definition and validity of accounting rules and procedures, as well as the flow of accounting information from input to output:

- the accounting treatment of Group-wide transactions is based on automated procedures. Regardless of whether the accounting frameworks are defined at the accounting user level (over two-thirds of book entries) or defined automatically by operating system software, all accounting procedures have been defined, tested and approved by DCIS;
- manual entries, which are on the decline, are subject to Group control procedures;
- accounting databases are interfaced to automatically input data into the consolidation packages and reports intended for the French Prudential Supervisory and Resolution Authority (ACPR) and the Banque de France.

1-3 Production of accounting data

Preparation of individual financial statements and individual consolidation packages

The figures presented in regulatory reports and individual consolidation packages are pre-estimated using parameters managed centrally by DCIS.

Each entity, using the same accounting information system, then records all non-automated items at the balance sheet date (representing a very low volume of entries).

Finally, each entity controls, analyses and records, where applicable, the adjustment accounting entries for all financial reports.

Once approved, the entities transmit the regulatory reports to the supervisory authorities and the individual financial statements are published.

In addition, all other entities, having their own accounting information systems, transmit, above and beyond the regulatory reports forwarded to the supervisory authorities, a separate consolidation package generated by their internal accounting application, compliant with Group regulations and procedures.

The consistent application of accounting principles and methods is ensured via meetings organised by DCIS with the accounting managers of the Group's companies.

Account consolidation process

This phase culminates with the production of the consolidated financial statements used in managing the Group, legal and regulatory publications as well as reports to the shareholders.

During this phase, individual consolidation packages from Group companies are verified and approved, and consolidation and intercompany entries are booked. The consolidated financial statements are then analysed and validated before being published internally and externally. The majority of these operations are performed on a monthly basis, which increases the reliability of the process. Group tax consolidation and reporting are also carried out during this phase.

2- Internal accounting control

2-1 At the network branch level

Day-to-day monitoring of accounts is carried out within the Finance function by accounting staff who report to Crédit du Nord's Regional Steering Divisions and to the Accounting Division at the subsidiaries.

They use a day-to-day account monitoring application developed and maintained by DCIS, which identifies accounts requiring further examination (balance or directional anomaly, failure to comply with regulatory thresholds, manual entries).

The documented and reported Level One control to ensure that this monitoring is properly performed is formally established and carried out by the Line Manager of the staff in charge of monitoring the accounts.

The Level Two control is conducted quarterly by the Regional and Subsidiary Permanent Control departments.

2-2 At the Head Office division level

The monitoring of the accounts of the Functional Divisions is centralised and performed daily by specialised staff who also use the day-to-day account monitoring application. A documented Level One control is also performed by line management.

Level Two controls are performed annually by the Head Office Permanent Control departments.

2-3 Control of the preparation of individual and consolidated financial statements

The process of consolidating accounting data and preparing consolidated financial statements is subject to several types of control:

Data controls

The software used to generate the consolidated reports includes configurable data consistency tests.

As long as the reporting company has not satisfied control requirements, it may not transmit accounting information to DCIS.

Once received, the consolidated reporting packages sent in by each consolidated company are analysed, corrected as necessary, and approved, notably via controls checking consistency with previous monthly consolidated reporting packages, available budgets and unusual events for the month.

Entries specific to consolidation are then recorded. Finally, DCIS performs controls of consolidated data output and analyses variations, particularly those relating to changes in shareholders' equity.

Controls on consolidation tools

A Group chart of accounts specific to consolidation is managed by DCIS and aids in breaking down information to improve analysis.

The configuration of the Group consolidation system is monitored and the various automated consolidation processes are verified and approved.

Lastly, the automation of the monthly consolidated reporting process in itself helps to control changes in data over time by detecting any problems as they arise.

All of these controls help guarantee the quality of accounting documents.

Accounting controls

The purpose is to ensure the quality of accounting document preparation by setting up a certification process.

Crédit du Nord Group participated in the quarterly certification of Societe Generale Group based on key controls, indicators, real accounting control data.

This certification provides Societe Generale Group with a consolidated view of accounting controls in order to:

- strengthen the accounting control system;
- ensure the quality of the financial statement preparation process and of the accounting and financial information published (certification process);
- meet requests from the Group's Audit Committee.

2-4 Structure established to guarantee the quality and reliability of the audit trail

Each Crédit du Nord Group bank has an end-to-end audit trail of the information chain. Given the complexity of the different banking systems and data production channels, this trail consists of various tools interconnected by references that represent search keys.

It is defined by procedures established at each phase of the data production process.

The audit trail is organised to be able to optimally respond to different types of queries.

In fact, different tools are used depending on whether the user wishes to locate a specific event or to recreate a regulatory filing comprising a large number of accounting entries and requiring the tracking of reference tables.

The tools used by Crédit du Nord Group include:

- a query tool ranging from Event Reports (CREs) to accounting entries, with an audit trail at the accounting user level;
- accounting database query tools (accounting flows and balances);
- query tools that work within data output applications (regulatory reporting software packages, consolidation software packages, etc.).

Furthermore, the accounting documents used to monitor and control accounting operations are retained for the lengths of time specified by laws and agreements.

2-5 Isolation and monitoring of assets held for third parties

As an investment service provider, Crédit du Nord is required to:

- protect the rights of its customers to the financial instruments belonging to them;
- prevent the use of said financial instruments for proprietary purposes, except with the customer's consent.

Assets held for third parties are segregated from assets held for proprietary activities and are managed by separate departments and accounts.

IT authorisations for the applications used for both activities are restricted and separate, thus facilitating their separate management.

The Statutory Auditors issue an annual report on the measures taken by the Group to ensure the protection of customer assets.

3- Preparation and control of financial and management accounting data

3-1 Production of financial and management accounting data

Crédit du Nord Group bases its financial management upon financial accounting data.

Analytical accounting data needed for the financial management of Crédit du Nord Group are generated by the accounting information system and operating systems, which are able to break down data by item and by entity. This information is stored in a **unified management database** that covers the scope of Crédit du Nord and its banking subsidiaries.

The Financial Management Division (DGF), under the authority of the CFO, manages the allocation of general accounting data to the various cost accounting line items. On the basis of the rules defined by the Group ALM unit regarding the match-funding of assets and liabilities, the analytical accounting system allows users to switch from an interest paid/received accounting view to an analytical approach in terms of margins on notional match-funding.

Information from the management database is available from the branch level up to the Group level and is identical from one level to the next. As a result, the data can be used by all Crédit du Nord Group control teams: subsidiaries, regional divisions, functional divisions and the Financial Management Division, which use this information in particular to prepare the half-yearly management report.

3-2 Verification of financial and management information

This information is checked during the monthly data entry process by verifying the cost accounting category to which the collected data is assigned, the income statement, the balance sheet and operating procedures, and by systematic analysis of variations in totals and significant changes. A monthly reconciliation is also performed by comparing the financial accounting figures with the management reporting figures for the main intermediate balances.

Budget monitoring is carried out twice a year in the presence of General Management: in the first half of the year at the Regional and Subsidiary Meetings and in the second half at the annual budget meeting. During these meetings, changes in NBI, operating expenses, investments and key risk indicators are systematically reviewed.

A **Cost Control Committee**, which includes the Chief Executive Officer, meets four times a year. It reviews changes in network operating expenses and in operating expenses at all of the Head Office divisions.

The Chairman of the Board of Directors Bernardo
Bernardo SANCHEZ INCERA

Statutory auditors' report on the report prepared by the chairman of the board of directors of Crédit du Nord

Year ended December 31, 2015

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code (*Code de Commerce*), on the report prepared by the chairman of the board of directors of Crédit du Nord

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of Crédit du Nord and in accordance with article L. 225-235 of the French commercial code (*Code de Commerce*), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (*Code de Commerce*) for the year ended December 31, 2015.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (*Code de Commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (*Code de Commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code (*Code de Commerce*).

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code (*Code de Commerce*).

Neuilly-sur-Seine and Paris-La Défense, April 11, 2016

The statutory auditors

French original signed by

DELOITTE & ASSOCIES
José-Luis GARCIA

ERNST & YOUNG et Autres
Vincent ROTY

Consolidated financial statements

Consolidated balance sheet

Assets

(in EUR millions)	Note	31/12/2015	31/12/2014
Cash, due from central banks	5	1,047.6	370.8
Financial assets at fair value through profit or loss	6	121.4	171.3
Hedging derivatives	7	1,565.5	1,862.8
Available-for-sale financial assets	8	7,651.3	9,472.4
Due from banks	9	9,219.4	5,549.3
Customer loans	10	35,491.8	33,524.6
Lease financing and similar agreements	11	2,096.2	2,096.0
Revaluation differences on portfolios hedged against interest rate risk (1)		476.4	532.3
Held-to-maturity financial assets	12	0.2	1.1
Tax assets	13	68.0	93.3
Other assets	14	192.5	198.1
Non-current assets held for sale	15	0.3	1.0
Investments in subsidiaries and affiliates accounted for by the equity method		278.7	250.8
Tangible and intangible fixed assets	16	533.7	543.0
Goodwill	17	508.0	508.0
TOTAL		**59,251.0**	**55,174.8**

(1) The financial statements as at December 31, 2014 were subject to an adjustment of -€23.2 million in revaluation differences on portfolios hedged against interest rate risk, in order to take into consideration the impacts of the correction of an anomaly in the accounting treatment of macro-hedges affecting previous fiscal years.

Liabilities

(in EUR millions)	Note	31/12/2015	31/12/2014
Due to central banks		-	-
Financial liabilities at fair value through profit or loss	6	2,635.8	2,984.4
Hedging derivatives	7	662.2	755.0
Due to banks	18	7,156.9	2,749.2
Customer deposits	19	35,475.4	31,562.7
Debt securities	20	6,841.1	10,452.3
Revaluation differences on portfolios hedged against interest rate risk		1,396.5	1,664.1
Tax liabilities (1) (2)	13	485.4	457.1
Other liabilities (1)	14	848.4	949.7
Underwriting reserves of insurance companies		-	-
Loss allowances	21	223.6	201.2
Subordinated debt	24	582.6	691.0
TOTAL DEBT		**56,307.9**	**52,466.7**
Common stock and associated reserves		1,068.5	1,062.0
Consolidated reserves (1) (2)		1,346.2	1,242.7
Net income (1)		388.0	339.9
Sub-total		**2,802.7**	**2,644.6**
Gains or losses booked directly to equity		140.2	63.4
Sub-total, equity, Group share		**2,942.9**	**2,708.0**
Non-controlling interests		**0.1**	**0.1**
TOTAL SHAREHOLDERS' EQUITY		**2,943.0**	**2,708.1**
TOTAL		**59,251.0**	**55,174.8**

(1) *Amounts previously reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21 with retrospective application (see Note 1). The financial statements as at December 31, 2014 were subject to an adjustment:*
- of €1.6 million in "Tax liabilities";
- of -€4.6 million in "Other liabilities";
- of €3.3 million in "Consolidated reserves";
- of -€0.3 million in "Net income."

(2) *The financial statements as at December 31, 2014 were subject to an adjustment of -€15.2 million in "Consolidated reserves" and -€8.0 million in "Tax liabilities", in order to take into consideration the impacts of the correction of an anomaly in the accounting treatment of macro-hedges affecting previous fiscal years.*

Consolidated income statement

(in EUR millions)	Note	2015	2014
Interest and similar income	30	1,620.3	1,674.2
Interest and similar expenses	30	-484.5	-529.8
Dividends on equity securities		3.2	4.3
Fee income	31	896.7	867.6
Fee expenses	31	-80.8	-83.3
Net income from financial transactions		41.6	-12.6
o/w net gains and losses on financial instruments at fair value through profit or loss	*32*	*21.7*	*-17.2*
o/w net gains or losses on available-for-sale financial assets	*32*	*19.9*	*4.6*
Income from other activities	34	17.6	26.4
Expenses due to other activities	34	-21.4	-22.6
Net banking income		**1,992.7**	**1,924.2**
Personnel expenses	35	-711.7	-712.5
Other administrative costs [1] [2]		-444.7	-439.5
Amortisation and depreciation expense on intangible and tangible fixed assets		-76.0	-77.6
Total operating expenses [1]		**-1,232.4**	**-1,229.6**
Gross operating income [1]		**760.3**	**694.6**
Cost of risk	37	-179.2	-183.2
Operating income [1]		**581.1**	**511.4**
Share of net income of companies accounted for by the equity method		27.7	25.4
Net gains or losses on other assets		0.2	-2.1
Goodwill impairment		-	-
Earnings before tax [1]		**609.0**	**534.7**
Income tax [1]	38	-221.0	-192.8
Consolidated net income [1]		**388.0**	**341.9**
Non-controlling interests		-	2.0
CONSOLIDATED NET INCOME AFTER TAXES [1]		**388.0**	**339.9**
Earnings per ordinary share (in euros) [1]		**3.49**	**3.05**
Diluted earnings per ordinary share (in euros) [1]		**3.49**	**3.05**
Number of shares comprising the share capital [1]		**111,282,906**	**111,282,906**

(1) Amounts previously reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21 with retrospective application (see Note 1).
- "Other administrative costs" amounted to €439.5 million versus €439.0 million in 2014;
- "Income tax" amounted to €192.8 million versus €193.0 million in 2014.
The impact on "Earnings before tax" was -€0.5 million in 2014.
The impact on "Consolidated net income" was -€0.3 million in 2014.

(2) o/w -€4.3 million in 2015 for the 2015 contribution to the Single Resolution Fund (SRF).

Statement of net income and gains and losses booked directly to equity

(in EUR millions)	2015	2014 [1]
Net income [1]	**388.0**	**341.9**
Translation gain (loss)	-	-
Available-for-sale financial assets	75.2	54.2
Revaluation difference for the period	*32.5*	*201.1*
Reclassified in the income statement	*42.7*	*-146.9*
Hedging derivatives	-	-
Revaluation difference for the period	-	-
Reclassified in the income statement	-	-
Share of gains and losses booked directly to equity from companies accounted for by the equity method that will be subsequently reclassified in the income statement	0.5	4.0
Taxes on items that will not be subsequently reclassified in the income statement	1.2	-18.8
Gains and losses booked directly to equity that will be subsequently reclassified in the income statement	**76.9**	**39.4**
Actuarial gains or losses on post-employment benefits	16.8	-10.3
Share of gains and losses booked directly to equity from companies accounted for by the equity method that will not be subsequently reclassified in the income statement	-	-
Taxes on items that will not be subsequently reclassified in the income statement	-5.8	3.5
Gains and losses booked directly to equity that will not be subsequently reclassified in the income statement	**11.0**	**-6.8**
Total gains and losses booked directly to equity	**87.9**	**32.6**
NET INCOME AND GAINS AND LOSSES BOOKED DIRECTLY TO EQUITY	**475.9**	**374.5**
o/w Group share	*475.9*	*372.5*
o/w share attributable to non-controlling interests	-	*2.0*

(1) *Amounts previously reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21 with retrospective application (see Note 1).*

Change in shareholders' equity

(in EUR millions)	Capital and associated reserves: Common stock	Capital and associated reserves: Equity instruments and associated reserves	Capital and associated reserves: Elimination of treasury stock	Total
SHAREHOLDERS' EQUITY AT JANUARY 1, 2014 [(2)]	**890.3**	**170.8**	**-**	**1,061.1**
Capital increase	-	-	-	-
Elimination of treasury stock	-	-	-	-
Issuance of equity instruments	-	-	-	-
Equity component of share-based payment plans	-	0.8	-	0.8
2014 dividends paid	-	-	-	-
Impact of acquisitions and disposals of non-controlling interests	-	-	-	-
Sub-total of changes linked to relations with shareholders	**-**	**0.8**	**-**	**0.8**
Gains and losses booked directly to equity [(1)]	-	-	-	-
Other changes [(2)]	-	0.1	-	0.1
Impact of IFRIC 21 application [(3)]	-	-	-	
2014 net income	-	-	-	-
Sub-total	**-**	**0.1**	**-**	**0.1**
Change in equity of associates and joint ventures accounted for using the equity method	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2014	**890.3**	**171.7**	**-**	**1,062.0**
Distribution of earnings	-	-	-	-
SHAREHOLDERS' EQUITY AT JANUARY 1, 2015	**890.3**	**171.7**	**-**	**1,062.0**
Capital increase	-	-	-	-
Elimination of treasury stock	-	-	-	-
Issuance of equity instruments	-	-	-	-
Equity component of share-based payment plans	-	3.8	-	3.8
2015 dividends paid	-	-	-	-
Impact of acquisitions and disposals of non-controlling interests	-	-	-	-
Sub-total of changes linked to relations with shareholders	**-**	**3.8**	**-**	**3.8**
Gains and losses booked directly to equity [(1)]	-	-	-	-
Other changes	-	2.7	-	2.7
2015 net income	-	-	-	-
Sub-total	**-**	**2.7**	**-**	**2.7**
Change in equity of associates and joint ventures accounted for using the equity method	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2015	**890.3**	**178.2**	**-**	**1,068.5**

(1) Actuarial gains or losses on post-employment defined-benefit plans, net of tax, are transferred directly to "Consolidated reserves" at year-end.

(2) Shareholders' equity as at December 31, 2014 was subject to an adjustment of -€15.2 million (o/w -€10.0 million at January 1, 2014 and -€5.2 million in 2014), in order to take into consideration the impacts of the correction of an anomaly in the accounting treatment of macro-hedges affecting previous fiscal years.

(3) Amounts reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21, with retrospective application.

At December 31, 2015, Crédit du Nord SA's fully paid-up share capital amounted to €890,263,248 and consisted of 111,282,906 shares each with a par value of €8.

		Gains and losses booked directly to equity (net of tax)				Non-controlling interests			
		that will be subsequently reclassified in the income statement							
Consolidated reserves	Consolidated net income	Change in fair value of available-for-sale assets	Change in fair value of hedging derivatives	**Total**	Shareholders' equity, Group share	Share capital and reserves	Gains and losses booked directly to equity	**Total**	**Total consolidated shareholders' equity**
1,667.9	**-**	**23.9**	**0.1**	**24.0**	**2,753.0**	**24.6**	**-1.1**	**23.5**	**2,776.5**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.8	-	-	-	0.8
-411.7	-	-	-	-	-411.7	-1.8	-	-1.8	-413.5
-4.7	-	-	-	-	-4.7	-23.6	-	-23.6	-28.3
-416.4	-	-	-	-	-415.6	-25.4	-	-25.4	-441.0
-6.8	-	36.8	-	36.8	30.0	-	-	-	30.0
-5.3	-	-	-	-	-5.2	-	-	-	-5.2
3.3	-	-	-	-	3.3	-	-	-	3.3
-	339.9	-	-	-	339.9	2.0	-	2.0	341.9
-8.8	339.9	36.8	-	36.8	368.0	2.0	-	2.0	370.0
-	-	2.6	-	2.6	2.6	-	-	-	2.6
-	-	2.6	-	2.6	2.6	-	-	-	2.6
1,242.7	**339.9**	**63.3**	**0.1**	**63.4**	**2,708.0**	**1.2**	**-1.1**	**0.1**	**2,708.1**
339.9	-339.9	-	-	-	-	-	-	-	-
1,582.6	**-**	**63.3**	**0.1**	**63.4**	**2,708.0**	**1.2**	**-1.1**	**0.1**	**2,708.1**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3.8	-	-	-	3.8
-244.8	-	-	-	-	-244.8	-	-	-	-244.8
-	-	-	-	-	-	-	-	-	-
-244.8	-	-	-	-	-241.0	-	-	-	-241.0
11.0	-	76.5	-	76.5	87.5	-	-	-	87.5
-2.6	-	-	-	-	0.1	-	-	-	0.1
-	388.0	-	-	-	388.0	-	-	-	388.0
8.4	388.0	76.5	-	76.5	475.6	-	-	-	475.6
-	-	0.3	-	0.3	0.3	-	-	-	0.3
-	-	0.3	-	0.3	0.3	-	-	-	0.3
1,346.2	**388.0**	**140.1**	**0.1**	**140.2**	**2,942.9**	**1.2**	**-1.1**	**0.1**	**2,943.0**

Statement of cash flows

(in EUR millions)	31/12/2015	31/12/2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (I) [2]	**388.0**	**341.9**
Amortisation and depreciation expense on tangible and intangible fixed assets	76.8	76.2
Impairment of goodwill and other fixed assets	-	-
Net allocation to loss allowances and write-downs (including underwriting reserves of insurance companies)	78.7	116.2
Net income (loss) from companies accounted for by the equity method	-27.7	-25.4
Change in deferred taxes	3.2	-8.8
Net income from the sale of long-term available-for-sale assets and consolidated subsidiaries	-6.7	-5.8
Change in deferred income	-4.6	-7.4
Change in prepaid expenses	-0.1	0.5
Change in accrued income	22.4	-19.9
Change in accrued expenses [2]	-52.6	16.4
Other changes	314.1	313.2
Non-monetary items included in net income and other adjustments (not including income on financial instruments measured at fair value through profit or loss) (II) [2]	**403.5**	**455.2**
Net income on financial instruments measured at fair value through profit or loss [1]	**-21.7**	**17.2**
Interbank transactions	722.3	491.5
Transactions with customers	1,845.8	564.5
Transactions related to other financial assets and liabilities	-2,060.3	-1,580.1
Transactions related to other non-financial assets and liabilities [2]	-208.7	-155.0
Net increase/decrease in cash related to operating assets and liabilities (III) [2]	**277.4**	**-661.9**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)=(I)+(II)+(III)	**1,068.9**	**135.2**
NET CASH FLOW FROM INVESTING ACTIVITIES		
Cash flows from the acquisition and disposal of financial assets and long-term investments	1.5	1.8
Cash flows from the acquisition and disposal of tangible and intangible fixed assets	-64.0	-47.4
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-62.5**	**-45.6**
NET CASH FLOW FROM FINANCING ACTIVITIES		
Cash flow from/to shareholders	-244.8	-438.5
Other net cash flows from financing activities	-100.0	31.1
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-344.8**	**-407.4**
IMPACT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (D)	**-**	**-**
NET FLOW OF CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	**661.6**	**-317.8**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the start of the year		
Net balance of cash accounts and accounts with central banks (excluding related receivables)	369.8	737.0
Net balance of accounts, demand deposits and loans with banks	192.2	142.8
Cash and cash equivalents at the close of the year		
Net balance of cash accounts and accounts with central banks (excluding related receivables)	1,047.9	369.8
Net balance of accounts, demand deposits and loans with banks	175.7	192.2
NET FLOWS OF CASH AND CASH EQUIVALENTS	**661.6**	**-317.8**

(1) Net income on financial instruments measured at fair value through profit or loss includes realised and unrealised income.

(2) Amounts reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21, with retrospective application.

Notes to the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors on February 18, 2016.

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NOTE 1 Main valuation and presentation rules for the consolidated financial statements

Introduction

In accordance with European Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, Crédit du Nord Group (the "Group") has published its consolidated financial statements for the period ended December 31, 2015 in compliance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable at said date. These standards are available on the European Commission website at the following address: http://ec.europa.eu/finance/company-reporting/index_en.htm.

The Group is fully subject to these standards, as it regularly issues redeemable subordinated notes which are admitted to trading on the primary market.

The Group also continued to use the provisions of IAS 39, as adopted by the European Union, relating to macro fair value hedge accounting (IAS 39: "carve out").

The consolidated financial statements are presented in euros.

IFRS and IFRIC interpretations applied by the Group from January 1, 2015

Standards or Interpretations	Date published by the IASB	Date adopted by the European Union
IFRIC 21 "Levies"	May 20, 2013	June 13, 2014
Annual improvements (2011-2013) to IFRS - December 2013	December 12, 2013	December 18, 2014

IFRIC 21 "Levies"

This interpretation of IAS 37 "Provisions, contingent liabilities and contingent assets" lays down the conditions for recognising a liability related to taxes levied by a public authority. An entity is only required to recognise this liability if the triggering event, as provided for by law, takes place. If the obligation to pay the tax arises from the gradual completion of the activity, it must be recorded gradually over the same period. Finally, if the obligation to pay is triggered by reaching a given threshold, the liability associated with this tax is only recorded once the threshold is reached.

The following taxes are addressed:

- the systemic risk tax and contributions for ACPR control costs are no longer spread out over the year and are taken to income in their entirety at January 1 of the fiscal year;
- the Social Security Solidarity Contribution (C3S), based on revenues for the previous fiscal year, is taken to income in its entirety at January 1 of the fiscal year in progress;
- the annual contribution to the Single Resolution Fund, which entered into force in 2015, is taken to income in its entirety at January 1 of the fiscal year in progress.

As a result of the retrospective application of IFRIC 21 at December 31, 2014, Group "Consolidated reserves" increased by €3.3 million and "Consolidated net income" decreased by €0.3 million.

The following tables show the impacts of the retrospective application of IFRIC 21 on the consolidated balance sheet and consolidated income statement at December 31, 2014.

Assets *(in EUR millions)*	31/12/2014 After IFRIC 21	31/12/2014 Before IFRIC 21	IFRIC 21 impact
Cash, due from central banks	370.8	370.8	-
Financial assets at fair value through profit or loss	171.3	171.3	-
Hedging derivatives	1,862.8	1,862.8	-
Available-for-sale financial assets	9,472.4	9,472.4	-
Due from banks	5,549.3	5,549.3	-
Customer loans	33,524.6	33,524.6	-
Lease financing and similar agreements	2,096.0	2,096.0	-
Revaluation differences on portfolios hedged against interest rate risk	532.3	532.3	-
Held-to-maturity financial assets	1.1	1.1	-
Tax assets	93.3	93.3	-
Other assets	198.1	198.1	-
Non-current assets held for sale	1.0	1.0	-
Investments in subsidiaries and affiliates accounted for by the equity method	250.8	250.8	-
Tangible and intangible fixed assets	543.0	543.0	-
Goodwill	508.0	508.0	-
TOTAL	**55,174.8**	**55,174.8**	**-**

Liabilities *(in EUR millions)*	31/12/2014 After IFRIC 21	31/12/2014 Before IFRIC 21	IFRIC 21 impact
Due to central banks	-	-	-
Financial liabilities at fair value through profit or loss	2,984.4	2,984.4	-
Hedging derivatives	755.0	755.0	-
Due to banks	2,749.2	2,749.2	-
Customer deposits	31,562.7	31,562.7	-
Debt securities	10,452.3	10,452.3	-
Revaluation differences on portfolios hedged against interest rate risk	1,664.1	1,664.1	-
Tax liabilities	457.1	455.5	1.6
Other liabilities	949.7	954.3	-4.6
Underwriting reserves of insurance companies	-	-	-
Loss allowances	201.2	201.2	-
Subordinated debt	691.0	691.0	-
TOTAL DEBT	**52,466.7**	**52,469.7**	**-3.0**
Common stock and associated reserves	1,062.0	1,062.0	-
Consolidated reserves	1,242.7	1,239.4	3.3
Net income	339.9	340.2	-0.3
Sub-total	**2,644.6**	**2,641.6**	**3.0**
Gains or losses booked directly to equity	63.4	63.4	-
Sub-total, equity, Group share	**2,708.0**	**2,705.0**	**3.0**
Non-controlling interests	**0.1**	**0.1**	**-**
TOTAL SHAREHOLDERS' EQUITY	**2,708.1**	**2,705.1**	**3.0**
TOTAL	**55,174.8**	**55,174.8**	**-**

Consolidated income statement *(in EUR millions)*	31/12/2014 After IFRIC 21	31/12/2014 Before IFRIC 21	IFRIC 21 impact
Interest and similar income	1,674.2	1,674.2	-
Interest and similar expenses	-529.8	-529.8	-
Dividends on equity securities	4.3	4.3	-
Fee income	867.6	867.6	-
Fee expenses	-83.3	-83.3	-
Net income from financial transactions	-12.6	-12.6	-
o/w net gains and losses on financial instruments at fair value through profit or loss	*-17.2*	*-17.2*	-
o/w net gains or losses on available-for-sale financial assets	*4.6*	*4.6*	-
Income from other activities	26.4	26.4	-
Expenses due to other activities	-22.6	-22.6	-
Net banking income	**1,924.2**	**1,924.2**	**-**
Personnel expenses	-712.5	-712.5	-
Other administrative costs	-439.5	-439.0	-0.5
Amortisation and depreciation expense on intangible and tangible fixed assets	-77.6	-77.6	-
Total operating expenses	**-1,229.6**	**-1,229.1**	**-0.5**
Gross operating income	**694.6**	**695.1**	**-0.5**
Cost of risk	-183.2	-183.2	
Operating income	**511.4**	**511.9**	**-0.5**
Share of net income of companies accounted for by the equity method	25.4	25.4	-
Net gains or losses on other assets	-2.1	-2.1	-
Goodwill impairment	-	-	-
Earnings before tax	**534.7**	**535.2**	**-0.5**
Income tax	-192.8	-193.0	0.2
Consolidated net income	**341.9**	**342.2**	**-0.3**
Non-controlling interests	2.0	2.0	-
CONSOLIDATED NET INCOME AFTER TAXES	**339.9**	**340.2**	**-0.3**
Earnings per ordinary share (in euros)	**3.05**	**3.06**	**-**
Diluted earnings per ordinary share (in euros)	**3.05**	**3.06**	**-**
Number of shares comprising the share capital	**111,282,906**	**111,282,906**	**-**

Annual improvements (2011-2013) to IFRS

As part of the annual process of improving International Financial Reporting Standards, the IASB published a series of amendments to existing standards. The application of these amendments had no impacts on the Group's financial statements.

Use of estimates and judgement

In drawing up the consolidated financial statements, the application of the accounting principles and methods described in the notes to the consolidated financial statements led Management to develop assumptions and make estimates which may have an impact on the amounts booked to the income statement or under gains and losses booked directly to equity, the valuation of balance sheet assets and liabilities, and the disclosures presented in the relevant notes to the consolidated financial statements.

In order to make these estimates and develop these assumptions, Management uses data available at the date on which the consolidated accounts are prepared and may be called upon to use its own judgement. By nature, the valuations based on these estimates contain risks and uncertainties as to whether they will materialise in the future. Consequently, the final future results of the transactions in question may differ from these estimates and therefore have a significant impact on the financial statements.

The use of estimates primarily concerns the following valuations:

- the fair value as reported on the balance sheet of financial instruments that are not listed on an active market is recognised under the headings “Financial assets or liabilities at fair value through profit or loss”, “Hedging instruments” or “Available-for-sale financial assets” (see paragraph 2 and Notes 6 to 8), as well as the fair value of instruments measured at amortised cost for which such information must be presented in the notes;
- amounts recognised as impairments of financial assets (Loans and receivables, Available for-sale financial assets, and Held-to-maturity financial assets), tangible and intangible assets, and goodwill (see paragraph 2 and Notes 16, 17 and 21);
- loss allowances recognised on the liabilities side of the balance sheet, underwriting reserves of insurance companies and deferred profit-sharing (see paragraph 2 and Notes 21 and 23);
- the amount of deferred tax assets recognised on the balance sheet (see paragraph 2 and Note 13);
- the initial value of goodwill recognised for business combinations (see paragraph 1 and Notes 2 and 17);

1. Principles of consolidation

The consolidated financial statements include the accounts of Crédit du Nord and of the main companies in Crédit du Nord Group.

Methods of consolidation

The consolidated financial statements are established using the individual financial statements of all significant subsidiaries controlled by the Group.

Companies that do not qualify as significant under the Group’s accounting standards have been excluded from the consolidation scope.

The financial statements of consolidated companies are if necessary restated in accordance with Group principles.

All significant balances, profit and transactions between Group companies are eliminated.

Subsidiaries

Subsidiaries are entities controlled exclusively by the Group. The Group controls an entity when the following conditions are met:

- the Group holds power over the entity (ability to run its relevant activities, i.e. those having a material impact on the entity’s profits) by holding voting rights or other rights; and
- the Group is exposed or entitled to variable returns as a result of its ties to the entity; and
- the Group is able to exercise its power over the entity in such a way as to influence the amount of returns it obtains.

Power over an entity

The voting rights taken into consideration in order to determine the Group’s degree of control over an entity and the corresponding consolidation method include potential voting rights where these can be freely exercised at the control evaluation date or, at the latest, when management decisions concerning the relevant activities must be taken. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

Where voting rights are not relevant to determine the Group's control or lack of control over an entity, the evaluation of said control must take all events and circumstances into account, including any contractual agreements. Power can be exercised through substantial rights, i.e. the practical ability to run the entity's relevant activities without obstacles or constraints. The aim of some rights is to protect the interests of the party holding them (protective rights), though without giving power over the entity to which the rights are related.

If several investors each have effective rights giving them the ability to unilaterally run different relevant activities, the one effectively able to run the activities with the greatest impact on the entity is assumed to hold the power.

Exposure to variable returns

The Group only has control over an entity where it is significantly exposed to the variability of variable returns generated by its investment or involvement in the entity. Variable returns include any type of exposure (dividends, interest, fees and commissions, etc.); they can be only positive, only negative, or sometimes positive and sometimes negative.

Link between power and variable returns

Power over relevant activities does not give the Group control if this power does not give it influence over the variable returns to which the Group is exposed as a result of its ties with the entity. If the Group has decision-making powers delegated by external third parties and it mainly exercises these powers in favour of said third parties, it is presumed to be acting as an agent of the delegating parties and, consequently, does not control the entity despite being a decision-maker. In the asset management business, an analysis is performed to determine if the asset manager is acting as an agent or as the principal in managing the fund's assets. The fund is deemed to be controlled by the asset manager where the latter is acting as the principal.

Joint arrangements

In a joint arrangement (joint operation or joint venture), the Group exercises joint control over the entity in consideration if the decisions concerning the entity's relevant activities require the unanimous consent of the parties sharing control. Determination of joint control is based on an analysis of the rights and obligations of the partners to the agreement.

In a joint operation, the different parties exercising joint control have rights to the assets and obligations for the liabilities relating to the arrangement. In its financial statements, the Group must therefore distinguish between its share in each of the assets and liabilities as well as its share in the associated income and expenses.

In a joint venture, the different parties have rights to the net assets relating to the arrangement. Joint ventures are consolidated using the equity method.

Associates

Associates are entities over which the Group exercises significant influence. Associates are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in an entity's financial and operational policies without exercising exclusive or joint control over the entity. This can result from representation on governing or supervisory bodies, participation in strategic decisions, the implementation of major inter-company transactions, interchange of managerial personnel, or the provision of essential technical information. The Group is presumed to exercise significant influence over an entity's financial and operational policies if it directly or indirectly holds at least 20% of the entity's voting rights.

The equity method is an accounting method under which the investment is initially recorded at cost and is subsequently adjusted to account for changes in the investor's share of the issuing entity's net assets arising after the acquisition. The investor's net income includes its share of the issuing entity's net income, and the investor's other items of comprehensive income include its share of the issuing entity's other items of comprehensive income.

Structured entities

A structured entity is an entity designed so that voting rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, where the voting rights only concern administrative tasks and the entity's relevant activities are run in accordance with contractual agreements.

A structured entity often has certain features such as a restricted activity, a narrow and well-defined objective, and insufficient equity to allow it to finance its activities without subordinated financial support.

Structured entities can have different legal forms: capital companies, partnerships, securitisation vehicles, investment funds, entities without legal persons, etc.

Determination of control over the entity must take into account all events and circumstances, including in particular:

- the entity's activities and objective;
- the entity's structure;
- the risks incurred by the entity and the Group's exposure to all or part of these risks;
- the potential benefits enjoyed by the Group through its investment in the entity.

Unconsolidated structured entities are entities that are not exclusively controlled by the Group. When consolidating structured entities controlled by the Group, the portion of the structured entities that is not held by the Group is recognised as Debt on the balance sheet.

Consolidation rules

The consolidated financial statements are prepared on the basis of the individual financial statements of the entities that make up the Group. All significant balances, profit and transactions between Group companies are eliminated.

The results of acquired subsidiaries are included in the consolidated financial statements from their effective acquisition date, while the results of subsidiaries sold during the fiscal year are included up to the date on which control or significant influence was relinquished.

Accounting treatment of acquisitions and goodwill

Crédit du Nord Group uses the acquisition method to account for its business combinations. In line with IFRS 3, "Business Combinations", identifiable assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entity are measured individually at their fair value, at the acquisition date, regardless of their purpose. The analyses and appraisals necessary for the initial measurement of such items, and any corrections to the value based on new information associated with events and circumstances at the acquisition date, must be carried out within 12 months of the acquisition date. At this same date, non-controlling interests are then measured at their proportion of the fair value of identifiable assets and liabilities in the acquired entity. However, the Group may also elect, for each business combination, to measure non-controlling interests at fair value, with a fraction of such goodwill then being allocated.

The entity's acquisition cost is measured based on the total of the acquisition-date fair value of the identifiable assets acquired, the liabilities assumed and the equity instruments issued in the exchange for the acquired entity. Costs directly associated with business combinations are recorded as income for the period, with the exception of those related to the issuance of equity instruments.

Earn-out is subsumed into the acquisition cost at fair value at the acquisition date even where said earn-out is of a contingent nature. This item is accounted for as an asset or a liability based on how the earn-out is settled. If the earn-out is considered to be a debt instrument, subsequent adjustments to the earn-out are recognised in profit or loss for financial liabilities covered by IAS 39 and, for liabilities not addressed by IAS 39, in accordance with the standards that apply. If the earn-out is considered to be an equity instrument, these adjustments are not recognised.

Any positive difference between the acquisition cost of the acquired entity and the acquired portion of its remeasured net assets is recognised on the asset side of the balance sheet as "Goodwill". Any negative difference is directly recognised in profit or loss. At the date on which control of an acquired entity is obtained, the Group remeasures its pre-combination equity interest in the acquired entity at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. For business combinations achieved in stages, goodwill is determined by reference to fair value at the date control of the acquire entity is obtained.

At the acquisition date, each item of goodwill is allocated to one or more Cash-Generating Units (CGUs) expected to benefit from the synergies of the combination. In the event the restructuring of the Group results in a change in the composition of CGUs, the goodwill allocated to the units that were restructured is reassigned to other existing or new units. This reassignment is usually pro rated according to the normative capital requirements of the different parts of the restructured CGUs.

Goodwill is regularly reviewed by the Group and tested for impairment annually and whenever there is an indication of impairment. Impairment of goodwill is based on the recoverable value of the CGU(s) to which the goodwill was allocated.

When the recoverable amount of the CGU(s) is less than its carrying amount, an irreversible impairment loss is recognised in the consolidated income statement for the period under "Impairment of goodwill".

Segment reporting

Given the non-materiality of the insurance and intermediation businesses compared to banking operations, Crédit du Nord Group reports exclusively on the latter. It is on this basis that the Group's activities are monitored by its key operational decision-makers. Similarly, considering that Crédit du Nord Group represents a major national banking group, it focuses on a single geographic area.

Fiscal year-end

The consolidated financial statements were prepared on the basis of the separate financial statements for the period ended December 31, 2015 for all of the consolidated companies.

2. Accounting principles and valuation methods

Foreign exchange transactions

At the year-end date, monetary assets and liabilities denominated in foreign currencies are converted into euros (Crédit du Nord Group's operating currency) at the prevailing spot rate. Realised or unrealised foreign exchange losses or gains are recognised in profit or loss.

Forward contracts are valued at fair value using the forward exchange rate for the remaining maturity. Spot contracts are valued at the official spot rate of the balance sheet date. Resulting valuation differences are recorded in the income statement.

Classification of financial instruments

On their initial recognition, financial instruments are classified on the Group balance sheet in categories that determine their accounting treatment and subsequent measurement method. This classification is based on the type of instrument and the reason it is held.

Financial assets are classified in one of the following four categories:

- "**Financial assets at fair value through profit or loss**": financial instruments held for trading, including by default derivative assets that are not considered to be hedging instruments, as well as non-derivative financial assets initially designated by the Group to be measured at fair value through profit or loss (fair value option);
- "**Loans and receivables**": loans and receivables include non-derivative fixed- or determinable-income financial assets which are not listed on an active market and which are not held for trading purposes

or held for sale from the time of their acquisition or issuance, nor initially designated to be measured at fair value through profit or loss (fair value option). They are measured at amortised cost and may be subject to impairment on an individual or collective basis;

- "Held-to-maturity financial assets": this category includes non-derivative fixed- or determinable-income assets with a fixed maturity, which are listed on an active market and which the Group has the intention and ability to hold to maturity. They are measured at amortised cost and may be subject to impairment if appropriate. Amortised cost includes account premiums, discounts and transaction costs;
- "Available-for-sale financial assets": This category covers non-derivative financial assets held for an indefinite period and which the Group may sell at any time. By default, these are financial assets which are not classified in one of the three above categories. These instruments are measured at fair value against "Gains and losses booked directly to equity." Accrued or earned income on fixed-income securities is recorded in profit or loss based on the effective interest rate, while income from equity securities is recorded under dividend income.

Financial liabilities are classified in one of the following two categories:

- "**Financial liabilities at fair value through profit or loss**": financial liabilities held for trading, including by default derivative liabilities that are not considered to be hedging instruments, as well as non-derivative financial liabilities initially designated by the Group to be measured at fair value through profit or loss (fair value option);
- "**Debts**": this category comprises other non-derivative financial liabilities, which are measured at amortised cost.

Derivative assets and liabilities considered to be hedging instruments for accounting purposes are presented on separate lines of the balance sheet.

Reclassification of financial assets

After initial recognition on the Group's balance sheet, financial assets may not be reclassified as "Financial assets at fair value through profit or loss".

A non-derivative financial asset initially reported on the balance sheet under "Financial assets at fair value through profit or loss" among financial assets held for trading purposes may be reclassified to a different category under the following circumstances:

- if a fixed- or determinable-income financial asset held for trading purposes can no longer be traded on an active market following its acquisition, and the Group has the intention and the ability to hold the asset for the foreseeable future or to maturity, then this financial asset may be reclassified in "Loans and receivables", subject to meeting the applicable eligibility criteria;
- if rare circumstances lead to a change in holding strategy for non-derivative financial assets initially held for trading, these assets may be reclassified either as "Available-for-sale financial assets" or as "Held-to-maturity financial assets", subject to meeting the applicable eligibility criteria.

Under no circumstances may derivative financial instruments or financial assets using the fair value option be reclassified in a category other than "Financial assets and liabilities at fair value through profit or loss".

Financial assets initially recorded as "Available-for- sale financial assets" may be transferred to "Held- to-maturity financial assets", subject to meeting the appropriate eligibility criteria for this category at the transfer date. Furthermore, if a fixed- or determinable-income financial asset initially recorded under "Available-for-sale financial assets" is no longer available for sale following its acquisition, and the Group has the intention and the ability to hold the asset for the foreseeable future or to maturity, then this financial asset may be reclassified in "Loans and receivables", subject to meeting the applicable eligibility criteria at the transfer date.

Reclassified financial assets are transferred to their new category at their fair value at the date of reclassification, after which they are valued in accordance with the provisions applicable to the new category. The amortised cost of financial assets reclassified from "Financial assets at fair value through profit or loss" or "Available-for-sale financial assets" to "Loans and receivables", as well as the amortised cost of financial assets reclassified from "Financial assets at fair value through profit or loss" to "Available-for-sale financial asset", are determined on the basis of estimated future cash flows made on the date of reclassification. The estimate of expected future cash flows must be revised at each balance sheet date. In the event of an increase in estimated future inflows following a rise in their recoverability, the effective interest rate is adjusted on a forward-looking basis. However, where there is objective evidence of impairment resulting from an event which took place after the reclassification of the financial assets in question, and this event has a negative impact on initially expected future cash flows, a write-down on the asset in question is booked to "Cost of risk" in the income statement.

Loans and receivables include non-derivative fixed- or determinable-income financial assets which are not listed on an active market and which are not held for trading purposes or held for sale from the time of their acquisition or issuance, nor initially designated to be measured at fair value through profit or loss (fair value option).

Loans and receivables are presented on the balance sheet under the line item "Due from banks" or "Customer loans", depending on the counterparty. After their initial recognition, they are measured at amortised cost, based on the effective interest rate, and may be subject to impairment if appropriate on an individual or collective basis.

Loans and receivables may be subject to commercial renegotiations where the borrowing customer is not experiencing financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Renegotiated loans and receivables are derecognised at the renegotiation date, and the new loans contractualised under the renegotiated terms and conditions replace the previous loans and receivables on the balance sheet at this same date. These new loans are subsequently measured at amortised cost, based on the effective interest rate resulting from the new contractual terms and conditions.

Customer loans and receivables include lease receivables where they are considered to be finance lease receivables. Leases granted by the Group are considered to be finance leases if their impact is to transfer to the lessees virtually all the risks and rewards associated with ownership of the leased asset. Otherwise they are considered to be operating leases.

Finance lease receivables represent the Group's net investment as a fund provider in the lease, calculated as the present value of the minimum lease payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent decline in unguaranteed residual value, used in calculating the lessor's investment in the lease financing contract, the discounted value of this decline is booked to "Expenses from other activities" in the income statement, offset by a reduction in the lease receivable on the asset side of the balance sheet.

Measuring the fair value of financial instruments

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm's length transaction between market intermediaries at the valuation date.

The valuation methods used by the Group to determine the fair value of financial instruments are presented in Note 3.

Initial recognition

Purchases and sales of financial assets classified as "Financial assets at fair value through profit or loss", "Held-to-maturity financial assets" and "Available-for-sale financial assets" are recognised on the balance sheet at the settlement-delivery date. Fair value variations between the trading date and the settlement-delivery date are recorded under profit or loss or under shareholders' equity depending on the accounting category of the financial assets in question. Loans and receivables are recorded in the balance sheet at the date of disbursement or the date on which the services billed expire.

On initial recognition, financial assets and liabilities are measured at fair value including acquisition costs directly attributable to their acquisition or issuance (with the exception of financial instruments recognised at fair value through profit or loss, whose costs are taken directly to the income statement).

If the fair value is primarily based on observable market data, the difference between this fair value and the transaction price, representative of sales margin, is directly recognised in profit or loss. However, where the valuation criteria used are not observable or the pricing models are not recognised by the market, the financial instrument's initial fair value is deemed to be the transaction price and the sales margin is generally recognised on the income statement over the expected life of the instrument. Given the complexity of some instruments, this margin is only recognised at maturity or when the instruments are sold prior to maturity. Where an instrument's valuation criteria become observable, the part of the sales margin not yet booked is recognised on the income statement.

Derecognition of financial assets and liabilities

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards of ownership of the asset.

The Group also derecognises financial assets over which it has maintained the contractual rights to receive the associated case flows, but has the contractual obligation to pass these same cash flows on to a third party (known as a "pass-through agreement), and for which it has transferred virtually all associated risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset in practice, the Group derecognises it and recognises separately an asset or liability representing any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value or any management asset or liability.

The Group derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

A financial liability may also be derecognised in the event of a substantial modification in its contractual terms and conditions or an exchange with the lender against an instrument having substantially different contractual terms and conditions.

Debts

Debts comprise non-derivative financial liabilities that are not measured at fair value through profit or loss.

They are presented on the balance sheet under "Amounts due to banks", "Customer deposits", "Debt securities" and "Subordinated debt."

Subordinated debt covers all dated or undated subordinated borrowings which, in the event of the liquidation of the borrower, may only be redeemed after all other creditors have been paid.

Debts are initially recorded at cost, i.e. at the fair value of the borrowed amounts net of transaction costs. At the closing date, they are measured at amortised cost using the effective interest rate method. As a result, bond issuance and redemption premiums are amortised over the lifetime of the instruments in question.

Outstanding debts related to home savings accounts and home savings plans are included in regulated savings accounts and recorded under "Customer deposits." A loss allowance is recorded for the commitments generated by these instruments, where applicable.

Derivatives and hedging

Derivatives are instruments that meet the following criteria:

- their value fluctuates according to changes in the underlying (interest rates, exchange rates, equities, indices, commodities, credit ratings, etc.);
- they require little to no initial investment;
- they are settled at a future date.

All derivative financial instruments are recognised at their fair value under financial assets or liabilities on the balance sheet. By default they are recognised as trading instruments, unless they are designated as hedging instruments.

Derivative instruments are divided into two categories:

Trading financial derivatives

Trading derivatives are recorded on the balance sheet at their fair value under "Financial assets or liabilities at fair value through profit or loss." Changes in fair value are booked on the income statement under the heading "Net gains or losses on financial instruments at fair value through profit or loss."

Changes in the fair value of derivative contracts entered into with counterparties which end up defaulting are booked under "Net gains or losses on financial instruments at fair value through profit or loss" until the date the instruments are cancelled and recognised on the balance sheet, for the fair value at this same date of the receivable or debt vis-à-vis the counterparties in question. Any subsequent impairment on these receivables is recorded under "Cost of risk" on the income statement.

Derivative hedging instruments

In order to guard against certain market risks, the Group sets up hedges using derivative financial instruments. From an accounting standpoint, they may be designated as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, depending on the risks or instruments to be hedged.

To qualify as hedges for accounting purposes, the Group produces detailed documentation covering the hedging relationship from its inception. This documentation indicates the asset, liability or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the evaluation method applied to measure the effectiveness of the hedge.

The hedge must be highly effective, such that changes in the fair value or cash flows are offset. The hedge is deemed effective if changes in the fair value or cash flows of the hedged item are almost fully offset by changes in the fair value or cash flows of the hedging instrument, i.e. the ratio between the two changes is expected to be in the 80%-125% range. This effectiveness is measured when the hedge is first set up and throughout its life. It is measured prospectively each quarter (expected effectiveness over future periods) and retrospectively (actual effectiveness). If the effectiveness falls outside the aforementioned rate, hedge accounting is discontinued.

Derivative hedging instruments are recognised in the balance sheet at their fair value under "Hedging derivatives."

Fair value hedge

The aim of this hedging relationship is to guard against an adverse change in the fair value of an item liable to affect the income statement if the hedged item is removed from the balance sheet.

Changes in the fair value of the hedging derivative are taken to the income statement under "Net gains or losses on financial instruments at fair value through profit or loss." For interest rate derivatives, however, the corresponding accrued interest income or expenses on the hedging derivative are booked to the income statement under "Interest income and expense" – "Hedging derivatives" with a corresponding entry under interest income or expense related to the hedged item.

On the balance sheet, the carrying value of the hedged item is adjusted for gains or losses attributable to the hedged risk, which are recognised on the income statement under "Net gains or losses on financial instruments at fair value through profit or loss." Where the hedging relationship is highly effective, changes in the fair value of the hedged item are offset on the income statement by changes in the fair value of the hedging derivative, with the difference comprising a gain or loss on ineffectiveness.

The future effectiveness of the hedge is determined using a sensitivity analysis that includes probable scenarios for changes in market inputs, or a regression analysis through an analysis drawn from a statistical relationship (correlation) between certain components of the hedged item and the hedging instrument.

Retrospective effectiveness is assessed by comparing the variations in fair value of the hedging instrument with the variations in fair value of the hedged item.

The Group discontinues the hedge, on a forward-looking basis, if the effectiveness criteria for the hedging instrument are no longer met, or the financial derivative is sold or terminated. As a result, the balance sheet value of the hedged item is no longer adjusted to reflect change in fair value attributable to the hedged risk, and cumulative gains or losses on the previously hedged item are amortised over the remaining life of the item. Hedging is also discontinued if the hedged item is sold before maturity or terminated early.

Cash-flow hedge

Interest rate cash flow hedges are used to hedge items exposed to future cash flow fluctuations linked to a financial instrument recorded on the balance sheet (loans, securities, variable-rate debt) or to a highly probable future transaction (future fixed rates, future prices, etc.). The aim of this hedging relationship is to guard against an adverse change in the future cash flows of an item liable to affect the income statement.

The effective portion of changes in the fair value of derivative financial instruments are recorded under "Gains and losses booked directly to equity", while the ineffective portion is booked to the income statement under "Net gains or losses on financial instruments at fair value through profit or loss." For interest rate derivatives, accrued interest income or expenses on the hedging derivative are booked to profit or loss under "Interest income and expense – Hedging derivatives" to match the interest income or expense related to the hedged item.

The effectiveness of the hedge is measured using the hypothetical derivative method, which consists in creating a hypothetical derivative that exactly replicates the characteristics of the hedged items (in terms of notional value, the date the interest rates are reset, interest rates, etc.), taking the opposite approach to the hedged item, and whose value is nil at the inception of the hedging relationship. Then the expected changes in the fair value of the hypothetical derivative are compared with those of the hedging instrument (sensitivity analysis) or a regression analysis is conducted to examine the future effectiveness of the hedge. Furthermore, only "overhedging" results in the recognition of hedge ineffectiveness.

Amounts booked to equity in respect of the revaluation of cash flow hedges are recorded under "Interest income and expense" in the income statement at the same rate as the hedged cash flows.

The Group discontinues the hedge, on a forward-looking basis, if the effectiveness criteria for the hedging instrument are no longer met, or the financial derivative is sold or terminated. Amounts previously booked to equity are reclassified under "Interest income and expense" in the income statement during the periods in which the interest margin is impacted by the variability of cash flows arising from the hedged item. If the hedged item is sold or redeemed prior to the projected maturity or if the hedged future transaction is no longer highly probable, the unrealised gains and losses booked to equity are immediately reclassified in the income statement.

Macro fair value hedge

In this type of hedge, interest rate derivatives are used to hedge the Group's overall structural interest rate risk, mainly arising from retail banking activities. Crédit du Nord Group has elected to use the carve-out provisions of IAS 39 as adopted by the European Union, which facilitates:

- the use of fair value hedge accounting for macro hedges used in Asset & Liability Management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the hedge effectiveness tests provided for by IAS 39, as adopted by the European Union.

The accounting treatment of financial derivatives used for macro fair value hedges is similar to that of derivatives used in fair value hedges. Changes in the fair value of portfolios of macro-hedged financial assets and liabilities are booked under "Revaluation differences on portfolios hedged against interest rate risk" through profit or loss.

Recognition of embedded derivatives

An embedded derivative is a component of a hybrid financial instrument. While hybrid instruments are not measured at fair value through profit or loss, the Group does separate embedded derivatives from their host instrument where, on initiation of the transaction, the economic characteristics and risks associated with the embedded derivatives are not closely linked to the characteristics and risks of the host instrument and where they meet the definition of a derivative instrument. Once separated, the derivative financial instrument is booked at fair value on the balance sheet under "Financial assets and liabilities at fair value through profit or loss." The host contract is classified and measured based on its accounting category.

Impairment of financial assets

Financial assets carried at amortised cost

At each balance-sheet date, the Group determines whether there is objective evidence that any asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognised ("a loss generating event" or "default event") that has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets which can be reliably estimated.

The Group first determines whether there is objective evidence of impairment in any individually significant financial assets, and similarly, whether individually or collectively, in financial assets that are not individually significant. Notwithstanding the existence of a guarantee, the criteria used to determine probable credit risk on individual outstanding loans include the following conditions:

- a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group;
- concessions are granted to the clauses of the loan agreement, in light of the borrower's financial difficulties, that would not have been granted in other circumstances;
- payments more than 90 days past due (with the exception of restructured loans during the probation period, which are deemed subject to impairment as of the first missed payment), whether or not a collection procedure is instigated;
- or, even in the absence of missed payments, the existence of probable credit risk or litigious proceedings (bankruptcy, court-ordered settlement or compulsory liquidation).

The Group applies the impairment contagion principle to all of the defaulting counterparty's outstanding loans. When a debtor belongs to a group, all of the group's outstanding loans are generally impaired as well.

Where there is objective evidence of a loss of value on loans and receivables or financial assets classified as "Held-to-maturity financial assets", an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account the effect of guarantees that have either been activated or are liable to be activated. Cash flows are discounted using the initial effective interest rate of the financial asset. The impairment is deducted from the net carrying value of the impaired financial asset. Impairment allowances and reversals are recorded on the income statement under "Cost of risk". The reversal over time of discounting impacts constitutes the accounting return on impaired receivables and is booked to "Interest and similar income" on the income statement.

Where there is no objective evidence that an impairment loss has been incurred on a financial asset considered individually, be it significant or not, the Group includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment In a portfolio of similar assets, as soon as a credit risk is incurred on a group of financial instruments, impairment is recognised without waiting for the risk to individually affect one or more receivables.

Impaired portfolios of similar assets may notably comprise:

- outstandings on counterparties that have encountered financial difficulties since these receivables were initially recognised, without any objective evidence of impairment having yet been identified at the individual level (at-risk outstandings); or
- outstandings on counterparties operating in economic sectors deemed to be in crisis due to the advent of loss-generating events; or
- outstandings in geographic sectors or countries in which a significant increase in credit risk has been observed.

The amount of impairment on a group of similar assets is determined using assumptions on default and loss given default, or where applicable based on special-purpose studies. The assumptions used are calibrated for each group of similar assets according to their specific characteristics, sensitivity to the economic environment and historic data. These items are regularly reviewed by the Risk Division and adjusted to account for changes in the economic situation that affected the portfolios in question. Changes in impairment are recorded under "Cost of risk."

The probable losses incurred by the Group after identifying an incurred credit risk on off-balance sheet loan and guarantee commitments are recorded under "Cost of risk" in the income statement against a corresponding loss allowance on the liabilities side of the balance sheet.

Performing loans under watch ("3S")

Within the "Performing loan" risk category, the Group has created a subcategory called "Performing loans under watch" to cover loans/receivables requiring closer supervision. This category includes loans/receivables where certain evidence of deterioration has appeared since they were granted.

The Group conducts historical analyses to determine the impairment ratio and the rate at which these loans/receivables are classified as doubtful. These analyses are updated on a regular basis. It then applies these figures to similar groups of receivables in order to determine the amount of impairment.

Restructured loans and receivables

The restructuring, due to financial difficulties, of a financial asset classified in the "Loans and receivables category" is a contractual amendment to the amount, term or financial conditions of the transaction initially approved by the Group. This is done in consideration of the borrower's financial difficulties or insolvency (whether said insolvency has occurred or is very likely to occur should no restructuring take place), and would not have been considered in other circumstances.

The restructured financial assets are then classified as impaired outstandings and the borrowers are considered to be in default. These classifications are maintained for at least one year, or longer if the Group is uncertain as to the borrowers' ability to meet their commitments.

At the restructuring date, the carrying amount of the restructured financial asset is reduced to the present amount at the initial effective interest rate of the new estimated future recoverable cash flows. This loss is booked to "Cost of risk" on the income statement.

These restructured assets exclude loans and receivables that have already undergone commercial renegotiations and that concern customers whose debt the Group has agreed to renegotiate in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest.

Available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment arising from one or more events subsequent to the asset's initial recognition.

For listed equity instruments, a significant or prolonged decline in share price to a value below the acquisition cost constitutes objective evidence of impairment. The Group believes this is particularly the case for listed equities which present, at the balance sheet date, unrealised losses exceeding 50% of their acquisition cost, as well as for listed equities posting unrealised losses for a continuous period of 24 months or more prior to the balance sheet date. Other factors, such as the issuer's financial position or its development prospects, may lead the Group to conclude that it may not recover its investment even if the above-mentioned criteria were not met. In such cases, an impairment loss is recorded on the income statement for the difference between the share's listed price at the balance sheet date and its acquisition cost.

For unlisted equity instruments, the impairment criteria used are the same as those described above.

The impairment criteria for debt instruments are similar to those applied for the impairment of financial assets measured at amortised cost.

Where a decrease in the fair value of an available-for-sale financial instrument was directly recorded under the specific heading "Gains and losses booked directly to equity" and there is subsequent objective evidence of the asset's impairment, the Group recognises, on the income statement, the cumulative unrealised loss previously booked to equity under "Cost of risk" for debt instruments and under "Net gains or losses on available-for-sale financial assets" for equity instruments.

The sum of the cumulative loss is the difference between the acquisition cost (net of any repayments of principal and depreciation) and the present fair value, minus if necessary any loss of value on the financial asset previously booked through profit or loss.

Impairment losses recognised through profit or loss on equity instruments deemed available for sale are not reversed until the financial instrument is sold. Once an equity instrument has been impaired, any further loss of value is booked as an additional impairment loss. However, losses of value on debt instruments are reversed through profit or loss if the instruments subsequently appreciate in value, in relation with an improvement in the issuer's credit risk.

Leasing activities

Leases granted by the Group that do not transfer virtually all the risks and rewards associated with ownership of the leased asset to the lessees are designated as operating leases.

The assets held under operating leases, including investment property, are presented on the balance sheet under "Tangible and intangible fixed assets" at their acquisition cost less depreciation and impairment.

Leased assets are depreciated excluding any residual value over the term of the lease. Income from rent is recognised in the income statement on a straight-line basis over the life of the lease. The purpose of the accounting treatment of income invoiced on maintenance services related to operating lease activities is to reflect a constant margin over the life of the lease between this income and the expenses incurred to provide the service.

Investment property is depreciated using the component method. Each component is depreciated over its useful life, ranging from 10 to 50 years.

Income and expenses, and capital gains or losses on disposals of investment property and assets under operating leases, as well as income and expenses associated with maintenance services related to operating lease activities, are booked to "Income and expenses from other activities" under the headings "Real estate leasing" and "Equipment leasing."

These same headings also include losses incurred in the event of a decline in the non-guaranteed residual values of finance leases, in addition to impairment income and expenses and capital gains or losses related to non-leased assets after the termination of finance leases.

Tangible and intangible fixed assets

Tangible and intangible fixed assets comprise operating and investment fixed assets. Fixed assets held in relation to operating lease transactions are shown with operating tangible assets under "Tangible and intangible assets," while buildings held for leasing purposes are presented with investment property.

Tangible and intangible fixed assets are recorded on the balance sheet at their acquisition cost less depreciation, amortisation and impairment.

The acquisition cost of fixed assets includes borrowing expenses incurred to fund a lengthy construction period for fixed assets, along with other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed in-house is recorded on the asset side of the balance sheet at its direct development cost.

As soon as they are fit for use, fixed assets are depreciated over their useful life using the component method. Each component is depreciated over its own useful life. For operating property, the depreciation periods used by the Group range from 10 to 50 years. Depreciation periods for other categories of operating tangible assets depend on their useful life, usually estimated between 3 and 20 years.

Where applicable, the residual value of each asset or component is reduced by its depreciable value. In the event of a subsequent reduction or increase in the initially recorded residual value, adjustments are made to the depreciable amount with a view to making prospective changes to the asset's depreciation schedule.

Depreciation is recorded in the income statement under "Depreciation, amortisation and impairment on intangible and tangible fixed assets."

Fixed assets, which are grouped by Cash-Generating Unit (CGU), are subject to impairment tests whenever there is an indication that their value may have diminished. Impairment allowances and reversals are recorded in the income statement under "Depreciation, amortisation and impairment on intangible and tangible fixed assets."

Capital gains or losses on disposals of operating tangible assets is booked to "Net gains or losses on other assets."

Earnings from assets under operating leases and investment property is recorded under "Income from other activities" and "Expenses from other activities."

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal group) is considered as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale within 12 months must be highly probable.

The Group must have undertaken a plan to dispose of the asset or group of assets and liabilities and must be actively seeking a buyer. Furthermore, the asset or disposal group must be sold at a reasonable price in relation to its present fair value.

Assets and liabilities falling under this category are reclassified as "Non-current assets held for sale" and "Liabilities directly associated with non-current assets classified as held for sale", with no netting.

Any negative differences between the fair value less costs to sell of non-current assets and groups of assets held for sale and their net carrying value is recognised as an impairment loss in profit or loss. Furthermore, non-current assets held for sale are no longer amortised as from their reclassification.

A discontinued operation is a component whose entity has been separated or which is classified as held-for-sale, and:

- which represents a main, separate business line or geographic area;
- is part of a single, coordinated plan to segregate a main, separate business line or geographic area; or
- is a subsidiary acquired exclusively for subsequent resale.

Discontinued operations are disclosed on a single line item of the income statement for the period, including net earnings after tax from the discontinued operations until the disposal date and the gain or loss after taxes recognised on the disposal or on the measurement at fair value, less selling costs, of the assets and liabilities comprising the discontinued operations. Similarly, cash flows attributable to discontinued operations are booked as a separate item in the cash flow statement for the period.

Loss allowances

Loss allowances, excluding those related to employee benefits and credit risks, represent liabilities, the timing or amount of which cannot be precisely determined. They are only booked where the Group has a commitment to a third party that makes it probable or certain that it will incur an outflow of resources to this third party, without expecting to receive at least an equivalent value in exchange from said party.

The amount of the expected outflow is then discounted to present value to determine the size of the loss allowance, where this discounting has a significant impact. Allocations to and reversals of loss allowances are booked through profit or loss under the items corresponding to the future expense.

At Crédit du Nord Group, loss allowances are made up of loss allowances for disputes and loss allowances for general risks. Loss allowances are presented in Note 21.

Commitments under home savings accounts

Home savings accounts and plans are savings schemes for individual customers (in accordance with Law No. 65-554 of July 10, 1965), which combine an initial deposit phase in the form of an interest-earning savings account with a lending phase where the deposits are used to provide property loans. The latter phase is subject to the previous existence of the savings phase and is therefore inseparable from it. The deposits collected and loans granted are booked at amortised cost.

These instruments generate two types of commitments for the Group: the obligation to subsequently lend to the customer at an interest rate established upon the signing of the agreement, and the obligation to pay interest on the customer's savings in the future at an interest rate set upon the signing of the agreement, for an indefinite period.

Commitments with future adverse effects for the Group are subject to loss allowances booked as balance-sheet liabilities, any changes in which are recorded as interest income under "Net banking income". These loss allowances relate exclusively to commitments under home savings accounts and schemes existing at the date of the loss allowance's calculation.

Loss allowances are calculated for each generation of home savings schemes, on the one hand, with no netting between the different generations of schemes, and for all home savings accounts taken together, which constitutes a single all-encompassing generation, on the other hand.

During the savings phase, loss allowances are calculated according to the difference between average expected outstanding savings and minimum expected outstanding savings, both of which are determined statistically based on historic observations of actual customer behaviour.

During the lending phase, loss allowances are calculated according to loans already issued but not yet due at the balance sheet date, as well as future loans considered as statistically probable on the basis of customer savings deposits on the balance sheet at the date of calculation and on historic observations of actual customer behaviour.

A loss allowance is booked if the discounted value of expected future earnings for a given generation of home savings products is negative. These results are measured on the basis of interest rates available to individual customers for equivalent savings and loan instruments, with similar estimated life and date of inception.

Loan commitments

Loan commitments that are neither considered as derivative financial instruments nor measured at fair value through profit or loss in respect of a trading activity are initially recognised at fair value. They are subsequently subject to loss allowances, if necessary, in accordance with the accounting principles governing "Loss allowances."

Guarantee commitments

The Group initially recognises financial guarantees given as non-derivative financial instruments at their fair value in the balance sheet. The guarantees are subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, where appropriate, amortisation of the guarantee commission. Where there is objective evidence of impairment, loss allowances are set aside for financial guarantees given and recognised as balance sheet liabilities.

Security commitments received

Purchases and sales of securities classified as "Financial assets at fair value through profit or loss", "Held-to-maturity financial assets" and "Available-for-sale financial assets" are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, commitments on receivable or deliverable securities are not recorded on the balance sheet. Change in the fair value of securities measured at fair value through profit or loss and available-for-sale securities between the trade date and the settlement-delivery date are recorded under profit or loss or under shareholders' equity depending on the accounting classification of the securities in question.

Issued equity instruments

The financial instruments issued by the Group are fully or partially considered to be debt or equity instruments based on whether or not the issuer has an obligation to deliver cash to securities holders.

Where they are considered to be equity instruments, they are booked on the balance sheet under "Equity instruments and associated reserves." If issued by subsidiaries, they are presented with "Non-controlling interests." The external costs directly associated with the issuance of equity instruments are deducted directly from equity at their amount net of tax.

Where they are considered to be debt instruments, they are booked under "Debt securities" or "Subordinated debt" depending on their features. Their accounting treatment is identical to that of other liabilities measured at amortised cost.

Non-controlling interests

"Non-controlling interests" correspond to equity interests in fully-consolidated subsidiaries that are not owned, directly or indirectly, by the Group. They include equity instruments issued by these subsidiaries but not owned by the Group.

Interest income and expense

Interest income and expense are recognised on the income statement under "Interest and similar income" and "Interest and similar expense" for all financial instruments measured at amortised cost using the effective interest rate method (loans and receivables, debt, held-to-maturity financial assets) and for debt securities classified as "Available-for-sale financial assets."

The effective interest rate is taken to be the rate that discounts the future cash inflows and outflows over the expected life of the instrument to the book value of the financial asset or liability. The rate is calculated using the estimated cash flows based on the contractual provisions of the financial instrument without taking account of possible future loan losses. The calculation includes commissions paid or received between the parties where these can be assimilated to interest, transaction costs and all types of premiums and discounts.

When a financial asset or a group of similar financial assets has been impaired following a loss of value, subsequent interest income is booked using the same interest rate that was used to discount the future cash flows when measuring the loss of value.

In addition, loss allowances that are booked as balance sheet liabilities, except for those related to employee benefits, generate interest expenses for accounting purposes. This expense is calculated using the same interest rate used to discount to present value the expected outflow of resources that gave rise to the loss allowance.

Fee income and expense

"Fee income and expense" comprises fees on services and commitments that cannot be assimilated to interest. Fees assimilated to interest are an integral part of the effective interest rate of the associated financial instrument and are booked to "Interest and similar income" and "Interest and similar expense."

Crédit du Nord Group books its fee income and expenses in the income statement according to the type of transaction for which the fees are charged:

- fees for ongoing services, such as payment services, custody fees, or subscriptions for digital services, are spread out over the duration of the service;
- fees for one-off services, such as fund transfer fees, fees on contributions received, arbitrage fees and penalties for payment incidents are fully booked to income when the service is provided.

Personnel expenses and related-party transactions

"Personal expenses" cover all expenses related to employees and accordingly includes expenses associated with employee benefits and Societe Generale share-based payments.

The expense representing the short-term benefits vested by staff members is recorded under "Personnel expenses" where said staff members have rendered the services rewarded by said benefits.

Employee benefits

Employee benefits are broken down into four categories:

- short-term benefits expected to be paid out within 12 months of the end of the fiscal year during which the staff members rendered the corresponding services, such as wages, bonuses, paid annual leave, social security charges and payroll taxes, and employee profit-sharing;
- defined benefit or defined contribution post-employment benefits, such as pension plans and end-of-career benefits;
- long-term benefits not expected to be paid out within the twelve months of the end of the period, such as non-indexed cash-settled deferred variable compensation, long-service awards or flexible working provisions;
- employment termination benefits.

Post-employment benefits

Post-employment benefits are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution pension plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit pension plans commit the Group, on a formal or implied basis, to pay a certain amount or level of future benefits and the Group therefore bears the medium-and long-term risk.

Said plans cover several types of benefits, notably any residual complementary benefits afforded by specialist pension funds.

Since January 1, 1994, pursuant to an agreement signed by all French banks on September 13, 1993, the banking institutions of the Group, excluding Crédit du Nord, are no longer affiliated with specialist pension funds and are henceforth affiliated with the ARRCO-AGIRC funds of the general system. This agreement gave rise to residual commitments with respect to current retirees and active employees (for periods of employment within the Group prior to December 31, 1993).

For Crédit du Nord, following the Branch agreement of February 25, 2005, which provided for the amendment of the provisions relating to complementary benefits, and in light of the negative balance of its pension fund, an internal agreement was signed in 2006 setting out the following provisions:

- for beneficiaries of complementary benefits still employed with Crédit du Nord, the value of the complementary benefits was transferred to a supplementary savings plan outsourced to an insurer;
- retirees and beneficiaries of a survivor's pension were given a choice of opting for a single lump-sum payment of their complementary benefits.

Any residual complementary benefits are therefore linked to retirees and beneficiaries of a survivor's pension who did not opt for a single lump-sum payment of their complementary benefits, on the one hand, and to beneficiaries no longer employed with Crédit du Nord, on the other hand.

A loss allowance is recorded on the liabilities side of the balance sheet under "Loss allowances" to cover all of the above pension commitments. It is valued on a regular basis by independent actuaries using the projected credit unit method. This valuation method takes account of assumptions on demographics, early retirement, wage increases, discount rates and inflation.

Where these plans are financed using external funds meeting the definition of plan assets, the fair value of these funds is deducted from the amount of the loss allowance recorded to cover the related commitments.

Differences arising from changes in calculation assumptions (early retirement, discount rate, etc.) as well as differences observed between actuarial assumptions and actual actuarial differences (gains or losses). These actuarial gains or losses, as well as the return on plan assets, from which the amount already expensed for net interest on net liabilities (or assets) is deducted, and the change in the asset ceiling are items used to re-estimate (or re-measure) net liabilities (or net assets). They are immediately booked in full to "Gains and losses booked directly to equity". These items cannot be subsequently reclassified in the income statement.

In the Group's consolidated financial statements, these items which cannot be subsequently reclassified in the income statement, are shown on a separate line of the "Statement of net income and gains and losses booked directly to equity", but are transferred to reserves in the statement of "Change in shareholders' equity" so that they are recorded directly under "Consolidated reserves" on the liabilities side of the balance sheet.

Where a new plan (or amendment) is being established, the past service cost is spread out over the residual vesting period.

The annual expense recognised as personnel expenses for defined benefit plans includes:

- additional benefits vested by each employee (current service cost)
- a change in obligation arising from a plan modification or curtailment (past service cost);
- the financial cost corresponding to the impact of reverse discounting and the interest income generated on plan assets (net interest on net plan assets or liabilities);
- the effect of any plan settlements.

Long-term benefits

Long-term benefits are benefits, other than post-employment benefits and employee termination benefits, that are not paid to employees within 12 months of the end of the fiscal year during which the corresponding services were rendered.

Long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains or losses which are immediately taken to income.

Share-based payments

As the Group does not issue listed shares, its employees are entitled to the equity instruments of the shareholder.

Societe Generale share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on changes in the value of equity instruments.

Share-based payments involve a systematic entry of a personnel expense under "Personnel expenses", as described below.

For share-based payments unwound through equity instruments (free shares and options to purchase or subscribe to Societe Generale shares), the value of these instruments, as calculated at the notification date, is spread out over the vesting period as a charge to shareholders' equity, offsetting "Equity instruments and associated reserves". At each period-end, the number of instruments is revised to take performance and presence conditions into account, and to adjust the overall cost of the original plan. The cost from the beginning of the plan, booked under "Personnel expenses", is adjusted accordingly.

For share-based payments unwound through cash settlement (remuneration indexed to Societe Generale's share price), the fair value of amounts payable is expensed under "Personnel expenses" over the vesting period with an offsetting entry on the liabilities side of the balance sheet under "Other liabilities - Expenses payable on employee benefits". Until settlement, this date is re-assessed to factor in performance and presence conditions as well as changes in the value of the underlying shares. For hedging derivatives, the change in their value is recorded on the same line of the income statement in the amount of the effective portion.

Employee shareholder plan

Under the employee shareholder plan, all the Group's current and former staff are entitled to participate in the parent company's annual capital increase reserved for employees.

New shares are proposed at a discount on the basis of a five-year lock-up period. The related benefit is recorded as an expense for the period under "Personnel expenses - Profit sharing, contributions and discounting". The benefit is measured as the difference between the fair value of the shares acquired and the acquisition price paid by the employee, multiplied by the actual number of shares subscribed. The fair value of the acquired securities is calculated by taking into account the cost of the associated legal obligatory holding period, estimated using interest rates available to beneficiaries in order to simulate conditions in which the shares are freely transferable.

Other share-based payments

Societe Generale Group may offer certain employees of Crédit du Nord Group the option of purchasing or subscribing for Societe Generale shares or free shares.

The options are valued at their fair value at the date on which the employee is notified of the award, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

If the Group has adequate statistics on the behaviour of option beneficiaries, Group stock option plans are valued by using a binomial model, failing which the Black-Scholes or Monte-Carlo model is used. This is conducted by an independent actuary.

Cost of risk

"Cost of Risk" includes net reversals of impairment losses and loss allowances for credit risk, losses on non-recoverable loans, amounts recovered on impaired loans, and allowances and reversals for other risks.

Income taxes

Current taxes

The current tax expense is based on the taxable profits of each consolidated tax entity according to the tax rates in force in the entity's country of operation. It also includes net loss allowances for income-tax related risks.

Tax credits arising in respect of revenues from receivables and security portfolios, where they are used for the settlement of corporate tax due for the fiscal year, are booked under the same line item as the related revenues. The corresponding income tax expense is recognised under “Income Tax” in the income statement.

Deferred taxes

Deferred taxes are recognised whenever there is a temporary difference between the book values of assets and liabilities on the balance sheet and their respective tax base, where said differences will have an impact on future tax payments. Deferred taxes are calculated for each tax entity by applying the tax rules in force in the country of operation and using the enacted (or nearly enacted) tax rate, which must be in force at the time the temporary difference reverses. These deferred taxes are adjusted in the event of a change in the tax rate. Their calculation is not subject to discounting. Deferred tax assets may result from temporary deductible differences or tax loss carry-forwards. Deferred tax assets are only recognised if it is likely that the tax entity in question is likely to recover them over a given time period, particularly by deducting these differences and tax loss carry-forwards from future taxable profits. Tax loss carry-forwards are subject to an annual review, taking into account the tax scheme applicable to each relevant entity and a realistic projection of its taxable income based on its business development outlook: deferred tax assets which had previously not been recognised are then recognised on the balance sheet if it becomes probable that the entity’s future taxable profit makes recovery of said assets possible. However, the carrying amount of deferred tax assets already appearing on the balance sheet is reduced where there is a risk of partial or total non-recovery.

Current and deferred tax is recognised as income or an expense and included in consolidated profit or loss for the period under “Income Tax.” However, deferred tax related to income or expenses recorded under “Gains and losses booked directly to equity” are recorded under the same heading in equity.

Since January 1, 2010, Crédit du Nord has been included in Societe Generale’s tax consolidation scope. A tax consolidation sub-group was set up between Crédit du Nord and some of the subsidiaries in which it holds a direct or indirect ownership interest of at least 95%. The convention adopted is that of neutrality.

3. Presentation of the financial statements

Use of the banking statement format recommended by the French National Accounting Standards Board

In the absence of a model imposed by IFRS, the format used for the financial reports complies with the format for financial reports proposed by the Autorité des Normes Comptables (French accounting standards authority) in Recommendation No. 2013-04 of November 7, 2013.

Rule on offsetting financial assets and liabilities

A financial asset and a financial liability are offset and a net total is presented on the balance sheet when the Group has a legally enforceable right to offset recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, with no netting.

Transfer of gains and losses booked directly to equity that will not be subsequently reclassified in the income statement

Gains and losses booked directly to equity over the period that will not be subsequently reclassified in the income statement are shown on a separate line in the statement of net income and gains and losses booked directly to equity. At the end of the period, they are transferred directly to “Consolidated reserves” on the liabilities side of the consolidated balance sheet in the statement of change in shareholders’ equity.

Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalents include cash accounts, demand deposits and demand loans and borrowings from central banks and credit institutions.

Earnings per share

Earnings per share are calculated by dividing net earnings attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

4. Accounting standards and interpretations that the Group will apply in the future

The IASB has published standards and interpretations that were not all adopted by the European Union as at December 31, 2015. Application of these standards and interpretation shall only be mandatory for fiscal years beginning on or after February 1, 2015 at the earliest, or upon their adoption by the European Union. Consequently, they were not applied by the Group at December 31, 2015.

Accounting standards, interpretations and amendments adopted by the European Union

Standards or Interpretations	Date adopted by the European Union	Application dates: fiscal years beginning from
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	December 17, 2014	February 1, 2015
Annual improvements (2010-2012) to IFRS	December 17, 2014	February 1, 2015
Amendments to IFRS 11 “Acquisition of an interest in a joint operation”	November 24, 2015	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of acceptable methods of depreciation and amortisation”	December 2, 2015	January 1, 2016
Annual improvements (2012-2014) to IFRS	December 15, 2015	January 1, 2016
Amendments to IAS 1 “Presentation of Financial Statements”	December 18, 2015	January 1, 2016

The future application of these amendments and improvements is not expected to have a material impact on Group net income or shareholders’ equity.

Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”

These amendments concern employee contributions to defined-benefit plans. Their aim is to simplify the recognition of these contributions where they are independent of the number of years worked by employees.

Annual improvements (2010-2012) to IFRS

As part of the annual process of improving International Financial Reporting Standards, the IASB published a series of amendments to existing standards.

Amendments to IFRS 11 “Acquisition of an interest in a joint operation”

These amendments clarify how to recognise the acquisition of an interest in a joint operation, which constitutes a “business combination” within the meaning of IFRS 3. Accordingly, IFRS 3 guidelines should be applied in respect of the interest acquired.

Amendments to IAS 16 and IAS 38 “Clarification of acceptable methods of depreciation and amortisation”

The IASB has confirmed that the use of the income method to calculate the depreciation or amortisation of an asset is not appropriate, barring exceptions. This is because income generated by an activity using an asset includes items other than the consumption of the economic benefits of the asset.

Annual improvements (2012-2014) to IFRS

As part of the annual process of improving International Financial Reporting Standards, the IASB published a series of amendments to existing standards.

Amendments to IAS 1 "Presentation of Financial Statements"

In these amendments, the IASB encourages entities to use their professional judgement when choosing what disclosures to publish in their financial statements. The IASB clarifies the concept of materiality and how to apply it to avoid publishing immaterial information that might obscure the financial statements.

Accounting standards and interpretations not yet adopted by the European Union at December 31, 2015

Standards or Interpretations	Date published by the IASB	Application dates: fiscal years beginning from
IFRS 9 "Financial Instruments"	November 12, 2009, October 28, 2010, December 16, 2011, November 19, 2013 and July 24, 2014	January 1, 2018
IFRS 15 "Revenues from Contracts with Customers"	May 28, 2014	January 1, 2018
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	December 18, 2014	January 1, 2016

IFRS 9 "Financial Instruments"

The purpose of IFRS 9 is to overhaul IAS 39. IFRS 9 defines the new rules for classifying and measuring financial assets and liabilities, the new impairment methodology for financial assets, and the accounting treatment of hedging transactions, with the exception of macro-hedges, for which a separate draft standard is currently being prepared by the IASB.

Subject to the adoption of IFRS 9 by the European Union, the following treatments will apply to fiscal years beginning on or after January 1, 2018, replacing the accounting principles currently applied for recognising financial instruments (described in Note 3).

Classification and measurement

Financial assets will be classified in three categories (amortised cost, fair value through profit and loss, and fair value through equity) depending on the details of their contractual flows and the way the entity manages its financial instruments (business model). By default, financial assets will be measured at fair value through profit or loss.

Debt instruments (loans, receivables or debt securities) can be recorded at amortised cost, provided that they are held for the purpose of receiving contractual cash flows and that these cash flows consist solely payments of principal and interest on the principal outstanding.

Debt instruments can also be recorded at fair value through equity and subsequently reclassified to profit or loss, provided that they are held for the purpose of receiving contractual cash flows and that these cash flows consist solely of payments of principal and interest on the principal outstanding.

Equity instruments will be recognised at fair value through profit or loss unless there is an irrevocable option to measure them at fair value through equity (only if these instruments are not held for trading and classified as such under financial assets measured at fair value through profit or loss) without subsequent removal from equity followed by reclassification in the income statement.

Embedded derivatives will no longer be booked separately from the host instruments, where they are financial assets within the scope of IFRS 9. Instead, the hybrid assets in their entirety will have to be measured at fair value through profit or loss.

The rules for classifying and measuring financial liabilities addressed by IAS 39 are retained without modification in IFRS 9, with the exception of financial liabilities which the entity has elected to measure at fair value through profit or loss (fair value option) for which revaluation differences associated with changes in the entity's own credit risk will be recognised as gains and losses taken directly to equity without subsequent removal from equity followed by recognition under profit or loss.

The provisions of IAS 39 regarding derecognition of financial assets and liabilities will be retained without modification in IFRS 9.

Credit risk

Debt instruments classified as financial assets at amortised cost or as financial assets at fair value through equity, lease receivables, and financing commitments and guarantees given are systematically subject to impairment or a loss allowance for projected credit losses.

The relevant financial asserts shall be divided into three categories, according to the progressive increase in credit risk observed since initial recognition, and an impairment shall be recorded on the outstandings in each of these categories as follows:

Stage 1

- All relevant financial assets shall be initially classified in this category.
- An impairment for credit risk shall be recognised for 12-month expected credit losses.
- Interest income shall be taken to income using the effective interest rate method applied to the gross carrying amount of the asset prior to impairment.

Stage 2

- In the event of a significant increase in credit risk since initial recognition, the financial asset shall be transferred to this category.
- The impairment for credit risk shall then be increased to reflect lifetime expected credit losses on the instrument (losses expected at maturity).
- Interest income shall be taken to income using the effective interest rate method applied to the gross carrying amount of the asset prior to impairment.

Stage 3

- Financial assets deemed to be in default shall be removed from this category.
- The impairment for credit risk shall continue to reflect lifetime expected credit losses on the instrument, and its amount shall be adjusted where applicable to take into consideration any additional increase in credit risk.
- Interest income shall be taken to income using the effective interest rate method applied to the net carrying amount of the asset after impairment.

Significant increases in credit risk may be assessed on an instrument-by-instrument basis, or on the basis of portfolios of similar assets where an individual assessment does not appear relevant. A counterparty approach (with the application of the contagion principle to all outstandings with the counterparty in question) shall also be possible if it gives similar results.

The Group shall take into consideration any and all historic and forward-looking information at its disposal, as well as the potential consequences of changes in macroeconomic factors at the portfolio level. Consequently, any significant increase in credit risk on a financial asset shall be assessed as early as possible.

There shall be a rebuttable presumption on a significant increase in credit risk where payment on a financial asset is more than 30 days past due. However, the Group may determine that a significant increase in credit risk has occurred before this 30-day limit, which shall then serve as the ultimate indicator for significant increases in credit risk.

The application of IFRS 9 shall not change the definition of default currently used to assess whether or not there is objective evidence of impairment on a financial asset. An asset shall notably be presumed in default when one or more payments are more than 90 days past due.

The measurement of expected credit losses shall factor in historic data, but also the present situation as well as reasonable forecasts of future economic conditions.

Hedge accounting (excluding macro-hedges)

Another purpose of IFRS 9 is to better align hedge accounting with the entity's management of its financial and non-financial risks. It expands the scope of non-derivative financial instruments able to be considered as hedging instruments. Similarly, the scope of items eligible for consideration as hedged items has been expanded to include components of non-financial instruments. The standard also amends the conditions for assessing the effectiveness of hedges. However, in its transitional provisions, it offers the option of continuing to apply the provisions of IAS 9 on hedge accounting, with the resulting choice applying to all hedging relationships.

Furthermore, additional disclosures shall be required in the notes to describe the risk management and hedging strategy as well as the impacts of hedge accounting on the financial statements.

Organisation of the IFRS 9 implementation programme

The Group began preliminary work in 2013 to gain an understanding of the potential consequences of the future application of IFRS 9. To this end, a project structure was set up by the Finance Division, and a joint programme was launched with the Risk Division and Finance Division to examine the aspects of the standard pertaining to credit risk.

In the version of IFRS 9 published in 2014, the Group's Risk and Finance functions set up a special structure to conduct the preparatory work for the standard, which comes into force on January 1, 2018.

Under the coordination of the governance bodies in place, the Group analysed the standard (banking-related aspects) and initiated studies aimed at adapting its information systems and processes.

Classification and measurement

The Group's financial asset portfolios were reviewed to determine, based on i) their contractual cash flows and how they are managed (business models), and ii) their future accounting treatment under IFRS 9. Another objective was to identify the most significant consequences on the information systems and accounting consolidation tools.

This work will be finalised during 2016, along with the specifications required to implement information system developments, which will be carried out as from this year.

Credit risk

In 2015, the Group established a framework methodology defining the rules for assessing increases in credit risk and determining 12-month and lifetime expected credit losses, including macro-economic forecasts to reflect the credit cycle. This framework will be calibrated and validated in 2016.

The necessary IT developments will also be undertaken in 2016, at the corporate divisions and the Group entities, to ultimately allow the measurement of loss allowances/impairments and the collection of additional data.

Hedging

Over the course of 2015, the Group analysed the various options for the first application of IFRS 9 as it regards the accounting treatment of hedging transactions and will finalise its strategic focuses in 2016. The Group will continue to follow the work of the IASB on the treatment of macro-hedges. At this point it is not planning to change the treatments currently applied to these transactions in accordance with IAS 39 as adopted by the European Union, which may be continued under IFRS 9.

At this stage of the IFRS 9 implementation programme, the reasonable estimates of the impacts of its application cannot be quantified.

IFRS 15 "Revenues from Contracts with Customers"

This standard defines the guidelines for recognising income applicable to all contracts entered into with customers. There are five steps to be followed: identification of the contract entered into with the customer, identification of the performance obligations included in the contract, determination of the transaction price of the contract, allocation of the transaction price to the various performance obligations, and recognition of income where a performance obligation is met.

An analysis of the impacts of IFRS 15 on Group net income and shareholders' equity is in progress.

Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"

These amendments confirm that the accounting exception also applies to subsidiaries of investment entities, which are themselves parent companies. The IASB also specifies in what cases an investment entity must consolidate a subsidiary rather than account for said entity by measuring it at fair value through profit or loss.

NOTE 2 Changes in the consolidation scope

1- Change in scope in fiscal year 2015

The consolidation scope included 23 companies at December 31, 2015:

- 21 fully consolidated companies;
- 2 companies accounted for by the equity method, including one joint venture and one entity under significant influence.

The consolidation scope includes subsidiaries (entities controlled by the Group), partnerships (joint arrangements and joint ventures over which the Group exercises joint control) and affiliated entities (entities over which the Group exercises significant influence), whose financial statements are material relative to the Group's consolidated financial statements, particularly with respect to total balance sheet assets and gross operating income.

No changes were made to the consolidation scope in fiscal year 2015.

2- Upcoming events

On February 25, 2015, the Group terminated the memorandum of understanding binding Aviva France and Crédit du Nord in Antarius, the insurance company exclusively serving the Crédit du Nord networks, now jointly owned by Aviva France and Crédit du Nord. This termination resulted in the exercise of a call option on Aviva France's 50% stake in Antarius.

At the end of the two-year period provided for in the agreements so that the company's operational management can be transferred smoothly to Sogécap, Antarius will be wholly owned by Societe Generale Group (jointly by Sogécap and Crédit du Nord).

	31/12/2015			31/12/2014		
	Consolidation method	Ownership interest	Controlling interest	Consolidation method	Ownership interest	Controlling interest
Crédit du Nord 28, place Rihour 59800 Lille	Full	Consolidating company		Full	Consolidating company	
Banque Rhône-Alpes 20-22, boulevard Edouard Rey 38000 Grenoble	Full	99.99	99.99	Full	99.99	99.99
Banque Tarneaud 2-6, rue Turgot 87000 Limoges	Full	100.00	100.00	Full	100.00	100.00
Banque Courtois 33, rue de Rémusat 31000 Toulouse	Full	100.00	100.00	Full	100.00	100.00
Banque Kolb 1-3, place du Général- de-Gaulle 88500 Mirecourt	Full	99.87	99.87	Full	99.87	99.87
Banque Laydernier 10, avenue du Rhône 74000 Annecy	Full	100.00	100.00	Full	100.00	100.00
Banque Nuger 5, place Michel-de-L'Hospital 63000 Clermont-Ferrand	Full	100.00	100.00	Full	100.00	100.00
Société Marseillaise de Crédit 75, rue Paradis 13006 Marseille	Full	100.00	100.00	Full	100.00	100.00
Norbail Immobilier 50, rue d'Anjou 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Star Lease 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Etoile ID 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Gilbert Dupont (brokerage firm) 50, rue d'Anjou 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Norimmo 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00

	31/12/2015			31/12/2014		
	Consolidation method	Ownership interest	Controlling interest	Consolidation method	Ownership interest	Controlling interest
Anna Purna 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Nice Broc 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Nice Carros 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Kolb Investissement 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Norbail Sofergie 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Sfag 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Partira 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Crédinord Cidize 59, boulevard Haussmann 75008 Paris	Full	100.00	100.00	Full	100.00	100.00
Banque Pouyanne 12, place d'armes 64300 Orthez	Equity	35.00	35.00	Equity	35.00	35.00
Antarius [1] 59, boulevard Haussmann 75008 Paris	Equity	50.00	50.00	Equity	50.00	50.00

(1) Including sub-consolidated insurance mutual funds.

The following companies, in which the Group owns stakes of between 40% and 100%, were not included in the consolidation scope: Starvingt, Starvingt trois, Starvingt six, Starvingt huit, Snc Obbola, Snc Wav II, Immovalor Service, Scem Expansion, Snc Hedin, Snc Legazpi, Snc Nordenskiöld and Snc Verthema.

NOTE 3 Fair value of financial instruments

This note describes the valuation methods used by the Group to determine the fair value of financial instruments presented in the following notes:

Note	Title
Note 6	Financial assets and liabilities at fair value through profit or loss
Note 7	Hedging derivatives
Note 8	Available-for-sale financial assets
Note 9	Due from banks
Note 10	Customer loans
Note 11	Lease financing and similar agreements
Note 12	Held-to-maturity financial assets
Note 18	Due to banks
Note 19	Customer deposits
Note 20	Debt securities
Note 24	Subordinated debt

1. Definition of fair value and fair value hierarchy

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm's length transaction between market participants at the valuation date.

Fair value hierarchy

For information purposes, in the notes to the consolidated financial statements, the fair value of financial instruments is presented as a hierarchy of fair values, which reflects the importance of the data used to measure these values. The fair value hierarchy comprises the following levels:

- Level 1 (L1): instruments measured using unadjusted prices quoted on active markets for identical assets or liabilities.

Instruments measured at fair value on the balance sheet, combined in this category, notably include equities listed on an active market, government or corporate bonds with direct external ratings (by brokers/dealers), derivatives traded on organised markets (futures, options) and units of funds (including UCITS) whose net asset value is available at the balance sheet date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, business sector, pricing service or regulatory agency, and those prices represent real and regularly occurring transactions on an arm's length basis.

A market is considered to be inactive on the basis of indicators such as a significant decline in trading volumes and the level of activity on the market, high disparity between prices available over time and between the different market operators mentioned above, or how much time has transpired since the most recent transactions took place on the market on an arm's length basis.

Where the financial instrument is traded on different markets and the Group has immediate access to these markets, the financial instrument's fair value is represented by the price on the market where trading volumes and levels are the highest for the instrument in question.

- Level 2 (L2): instruments measured using data other than the quoted prices referred to in Level 1 and which are observable for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. data derived from prices).

Financial instruments listed on markets considered to be insufficiently active and financial instruments traded over the counter are included in this level. Prices published by an external source, derived from the valuation of similar instruments, are considered to be data derived from prices.

L2 includes in particular financial instruments measured at fair value on the balance sheet that are not directly quoted (e.g. corporate bonds, mortgage-backed securities, units of funds) and derivatives and options traded over the counter: interest rate swaps, caps, floors, swaptions, options on equities, indices, exchange rates, commodities and credit derivatives. The maturities of these instruments meet the terms generally used in the market, and can be simple or present more complex remuneration profiles (e.g. barrier options, products with multiple underlyings), though this complexity is limited. Level 2 valuation techniques use the usual methods shared by the principal market participants.

- Level 3 (L3): instrument for which the valuation data are not based on observable market data (unobservable data).

2. Financial instruments measured at fair value on the balance sheet

2.1. Valuation methods

For financial instruments measured at fair value on the balance sheet, fair value is mainly determined using prices quoted on an active market. These prices can be adjusted if necessary if they are not available at the closing date or if the clearing price does not reflect the transaction prices.

However, given the multitude of characteristics of financial instruments traded over the counter, a large number of financial products traded by the Group are not directly quoted on the markets.

For these products, fair value is determined using valuation techniques commonly used by market participants to measure the value of financial instruments.

Where applicable, reservations or adjustments (notably bid-ask or liquidity), determined conservatively and appropriately after reviewing available information, are added to these valuations.

For derivatives and repurchase agreements at fair value, a value adjustment is also made for counterparty risk (CVA/DVA - Credit Valuation Adjustment/Debt Valuation Adjustment). The Group includes all customers and clearing houses in this adjustment, which also takes into account the netting agreements existing for each counterparty. The CVA is determined on the basis of the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default on the condition of the lack of default by the entity in question, and the loss given default. The DVA is calculated symmetrically based on the expected negative exposure. These calculations are performed over the life of the potential exposure and favour the use of observable, relevant market data.

Observable data must meet the following characteristics: non-proprietary (data independent of the bank), available, distributed publicly, based on a narrow consensus and backed by transaction prices.

Shares and other equity securities

The fair value of listed securities is their market price at the closing date. The fair value of unlisted securities is determined according to the financial instrument and using one of the following valuation methods:

- valuation based on a recent transaction relative to the issuing company (third party having recently purchased a stake, valuation based on expert opinion, etc.);
- valuation based on a recent transaction relative to the issuing company's sector of operation (earnings multiple, asset multiple, etc.);
- share of net asset value held.

The valuations of significant unlisted securities are based on the aforementioned methods, in addition to methodologies based on the discounting of future cash flows generated by the issuing company's activity and determined using business plans or on the valuation multiples of equivalent companies.

Without any recent transactions in similar securities, the unlisted Visa Europe shares held by the Group and recorded under "Available-for-sale financial assets" remeasured at December 31, 2015 based on the conditions for repurchasing the entity negotiated by Visa Inc. in an agreement signed on November 2, 2015, taking into consideration uncertainties on how the transaction will be implemented and settled. This takeover will be unwound in 2016, subject to approval by the competent European authorities, and will then be partially settled in cash and partially in Visa preference shares, accompanied by a subsequent price revision clause. The Visa preference shares will be convertible into ordinary shares after four to 12 years depending on the conditions precedent. They will not be listed and will be subject to restricted transferability. At December 31, 2015, the main uncertainties factored in by the Group in adjusting the valuation of the Visa Europe shares had to do with the potential conditions of its prior approval by the competent European authorities, the illiquidity of the preference shares receivable, the factors that will determine the final conversion rate of the preference shares into ordinary Visa Inc. shares, as well as the realisation of the earn-out clause. On the basis of estimates and assumptions, the value of the Visa Europe shares was measured at 78% of the nominal amount of the cash and preference shares offered in the repurchase agreement, generating an unrealised capital loss of €83 million after tax.

Debt instruments held (fixed income instruments), structured issues designated at fair value and derivatives

The fair value of these financial instruments is determined relative to their closing quoted prices or prices provided by brokers at the closing date, where available. The fair value of unlisted financial instruments is determined using valuation techniques. For financial liabilities measured at fair value, the valuations used incorporate the impact of the Group's issuer credit risk.

Other debts

The fair value of listed financial instruments is their quoted price at the closing date. The fair value of unlisted financial instruments is determined by discounting the market rate (including counterparty, non-performance and liquidity risks) of future cash flows.

3. Financial instruments not measured at fair value on the balance sheet

The fair value of these financial instruments presented in the notes and broken down by fair value category, as described in paragraph "1. Definition of fair value and fair value hierarchy," cannot be interpreted as the amount that can be realised in the event of the immediate settlement of all such financial instruments.

The fair value of financial instruments includes accrued interest, where applicable.

Loans, receivables and lease finance transactions

In the absence of an active market, the fair value of loans, receivables and lease finance receivables to credit institutions and large corporates is calculated by discounting expected cash flows at a discount rate based on market interest rates (reference actuarial rate published by the Banque de France and zero-coupon rate) in force at the closing date for loans with substantially the same conditions and maturities, with these interest rates adjusted to take account of the borrower's credit risk.

In the absence of an active market, the fair value of loans, receivables, and lease finance receivables to customers (mainly individuals and SMEs) is determined by discounting expected cash flows at the market rates in force at the closing date for loans in the same category with the same maturities.

For variable-rate loans, receivables and lease finance receivables, and fixed-rate loans whose initial maturity is less than or equal to one year, fair value is presumed to be the net carrying value of impairments, where there has not been a significant fluctuation in credit spreads for the counterparties in question since these items were recorded on the balance sheet.

Debts

In the absence of an active market for these debts, their fair value is presumed to be the value of the future cash flows discounted at the market rate in force at the closing date.

If the debt is represented by a listed instrument, its fair value is its market price.

The fair value of variable-rate debts and those whose initial maturity is less than or equal to one year is presumed to be their carrying amount. Similarly, the individual fair value of current accounts is their carrying amount.

NOTE 4 Management of risks associated with financial instruments

This note describes the main risks incurred on the Group's banking activities, i.e.:

- credit risk: the risk of losses stemming from the inability of a counterparty to meet its financial commitments;
- structural risk: the risk of loss or residual impairment of balance sheet items arising from changes in interest rates or exchange rates;
- liquidity risk: the risk that the Group may not be able to meet its financial commitments when they mature;
- market risks: the risk of loss resulting from changes in market rates and prices, in correlations between these market rates and prices, and in their volatility.

Credit risk

The provision of loans makes a significant contribution to Crédit du Nord Group's development and results. However, it also exposes the Group to credit and counterparty risk, i.e. the risk of partial or complete default on the part of the borrower.

For this reason, all lending activities are monitored and controlled by a dedicated organisational structure, the Risk Division, which is independent from the sales function and coordinated by the Central Risk Division (DCR), and are subject to a body of rules and procedures governing the granting of loans, approval of loans, monitoring of risks, rating and classification of risks, identification of downgrade risk and loan impairment.

Organisation

The Central Risk Division, which reports directly to the Chief Executive Officer of Crédit du Nord and is under the functional authority of Societe Generale Group's Risk Division, contributes to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective.

To this end, it ensures that a consistent approach to risk assessment and monitoring is applied at the Group level.

- It helps define the Group's credit policy and oversees its implementation.
- It defines or validates methods and procedures for analysing, approving and monitoring risk.
- It contributes to the independent assessment of credit risk during the loan approval process by giving an opinion on the transactions put forward by the sales function.
- It takes part in risk monitoring. It is responsible for the collection of undisputed doubtful loans and for setting aside loss allowances for risks.
- It identifies and monitors all the Group's credit risks, including operational risks.
- It monitors the consistency and adequacy of the risk management information system.
- In general, it oversees risks and manages the Group's cost of risk on a forward-looking basis.

The Central Risk Division reports on its activities and general changes in the Group's risk exposure to the General Management at the monthly Risk Committee meeting. This Committee makes decisions on the main strategic risk issues: risk-taking policies, measurement methods, analyses of portfolios and cost of risk, detection of credit concentrations, etc.

Each region of Crédit du Nord parent company and each Crédit du Nord banking subsidiary has a Risk Department which reports to the Regional Manager or Subsidiary Chairman and is responsible for implementing the Group's credit policy and managing risk exposure within the region or subsidiary in question. The Risk Departments report functionally to the Central Risk Division.

Procedures and methods

Loan approval

The Group enforces a strict procedure for the provision of loans to counterparties:

- a preliminary examination is conducted of all applications for loans to ensure full information has been obtained before any risk is incurred;

- support for the decision-making process is provided via the establishment of counterparty and loan ratings, as well as approval scores based on these ratings for small, straightforward loans to individual and professional customers;
- analysis and decision-making within the sales units and risk units at the most appropriate level of authority in respect of the risk involved;
- decisions to grant loans must be formally set out in a dated and signed written or electronic document that specifies the limits of the commitment and the period of validity of the approval;
- the concept of the Group is incorporated in risk assessment and an internal lead manager is designated for each Group identified, who is responsible for presenting a consolidated credit application.

The lending procedure also complies with a number of the core principles of the Group's credit policy which are designed to limit counterparty risk:

- loans are mainly provided for the financing of operations and customers in mainland France. However, loans may be provided to certain neighbouring countries or OECD member countries, under specific conditions;
- division and distribution of risk;
- counter-guarantees must be sought from specialised companies such as Crédit Logement for residential property loans and BPI for loans to professionals and businesses;
- wherever possible, loans provided to finance a business's operating cycle should be secured with customer receivables;
- investments in equipment and property by professional and business customers should preferably be funded through lease finance agreements;
- guarantees and collateral are systematically sought.

Responsibility for counterparty risk on market transactions belongs to the Risk Department of the Treasury and Foreign Exchange Department (which is part of the Finance Division).

Counterparty limits for market transactions are attributed as follows:

- where the counterparty is a customer, the manager in charge of the account requests limits from the Regional and Subsidiary Risk Divisions. These limits allocated for the products are then incorporated in the monitoring systems;
- where the counterparty is a bank or financial institution, the Treasury and Foreign Exchange Department works with the Commitment Risk Department to open an application for each counterparty, recording the details of credit line applications, by product and maturity. The application is then submitted to the relevant Risk Division teams at Societe Generale. The allocated limits are entered into the daily monitoring and reporting systems;
- for the sovereign loan book, an application is put together by the Treasury and Foreign Exchange Department and is submitted to the relevant Risk Division teams at Societe Generale for approval and validation. The limits attributed for the products are communicated and are subject to a monitoring report submitted to Societe Generale's Risk Division.

Internal risk measurement systems

For several years, the Group has used internal quantitative models for measuring credit risk as a tool in the loan approval process. These models have gradually been expanded to include the main customer markets in which the Group operates.

Beginning in 2005, these internal rating models (some of which were based on Societe Generale Group models) were amended to take new regulatory requirements into account. There are three pillars to the Group's internal rating system for the business customer market:

- internal rating models drawing on:
  - the counterparty rating (debtor's probability of default at one year);
  - the loan rating (loss given default);
- a body of procedures which covers banking principles and the rules for using the models (scope, frequency of rating revision, approval procedure, etc.);
- the appraisal and business expertise of those involved in the ratings process, in addition to the ratings calculated by the Basel models.

The Rating Systems Governance unit, created in 2007, oversees the adequacy of ratings models and their rules of use, and monitors compliance with rating procedures.

Across all of its operating markets, the Group has gradually adapted its credit risk management, control and supervision policy and now includes ratings in its day-to-day operations.

Risk management and control

All employees of the sales and risk functions are responsible for risk management within the Group. It is incumbent upon all employees to observe the limits and terms of loan decisions, show vigilance and respond quickly in detecting the deterioration of a counterparty's financial situation, and take the necessary measures to reduce the risk incurred by the Bank. Loan decisions are addressed in a monthly report.

The risk control teams, placed under the authority of the heads of permanent control in the regions and subsidiaries, are responsible for continuously verifying the quality of counterparty risks taken by Credit du Nord Group in its credit transactions, and for classifying commitments in the appropriate risk categories during the processes defined for the Group's three control levels (supervisory, permanent and periodic controls).

The Central Risk Division and the Corporate Secretariat have developed risk analysis tools with a view to optimising risk controls: these tools are updated on a regular basis, notably to adjust to regulatory changes.

Management of undisputed doubtful loans is usually assigned to dedicated teams (out-of-court collection of individual customer loans, special cases, etc.). Where doubtful (non-performing) loans become disputed, however, they are handed over to teams specialising in the collection of disputed loans.

Impairments

A counterparty is deemed to be in default where any of the following takes place:

- significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the bank;
- one or more instalments have gone unpaid for at least 90 days and/or a collections procedure has been initiated;
- a proceeding such as bankruptcy, compulsory liquidation or legal protection is in progress.

Since the end of 2013, doubtful and disputed loans to individual and professional customers have been subject to a statistical loss allowance mechanism based on historic, regulatory updated observations. On the business customer market, loss allowance levels are defined case-by-case based on expert opinion. These loss allowances are also subject to discounting calculations.

These loss allowances are subject to a quarterly review by the Central Risk Division to assess their appropriateness.

Crédit du Nord Group also books quarterly collective impairment losses for identified credit risks on similar groups of loans in its portfolio, notably for performing loans with incidents recorded since end-2014, without waiting for the impairment to individually affect identified counterparties.

Exposure to credit risk

The chart below shows the exposure to credit risk of the Group's financial assets before the impact of unrecognised netting agreements and collateral (in particular cash, financial and non-financial assets received as guarantees and guarantees from legal entities).

(in EUR millions)	31/12/2015	31/12/2014
Assets at fair value through profit or loss (excluding equity securities)	3.2	3.7
Hedging derivatives	1,565.5	1,862.8
Available-for-sale financial assets (excluding equity securities)	6,808.9	8,730.5
Due from banks	9,219.4	5,549.3
Customer loans	35,491.8	33,524.6
Revaluation differences on portfolios hedged against interest rate risk (1)	476.4	532.3
Lease financing and similar agreements	2,096.0	2,096.0
Held-to-maturity financial assets	0.6	1.1
Exposure of balance sheet commitments, net of impairment	**55,661.8**	**52,300.3**
Loan commitments given	4,015.2	3,604.9
Guarantee commitments given	10,028.7	6,040.0
Loss allowances for off-balance sheet commitments	-21.8	-20.4
Exposure of off-balance sheet commitments, net of impairment	**14,022.1**	**9,624.5**
TOTAL	**69,683.9**	**61,924.8**

(1) *The financial statements as at December 31, 2014 were subject to an adjustment of -€23.2 million in revaluation differences on portfolios hedged against interest rate risk, in order to take into consideration the impacts of the correction of an anomaly in the accounting treatment of macro-hedges affecting previous fiscal years.*

Additional analysis of the loan book (IFRS 7)

This analysis examines concentration risk as well as unpaid or impaired loans.

Disclosures relating to risk concentration

Crédit du Nord Group's core business is Retail Banking in France, which naturally ensures diversification of risks. Concentration risks are monitored with respect to counterparties and economic sectors.

- **Counterparty concentration risk** is subject to a special quarterly analysis. At December 31, 2015, commitments linked to the top 10 counterparties accounted for 8.5% of outstandings for Crédit du Nord Group's business and professional customers.

  Of these counterparties, three were major construction companies with commitments primarily in the form of guarantees on highly diversified markets (with low historical risk levels).

- The analysis of sector concentration risk (half-yearly analysis) gives a breakdown of loans in the main sectors. **At December 31, 2015, a single sector accounted for more than 10% of outstanding loans to business and professional customers: the Construction sector, with a relatively favourable positioning regarding the type of risk (see above).** The second sector was wholesale trade (8.7%), consisting of highly differentiated outstandings.

Breakdown of loan outstandings

Gross outstandings *(in EUR millions)*	31/12/2015	31/12/2014	2015/2014 change Value	%
Performing loans, neither unpaid nor impaired	36,699.7	34,804.6	1,895.1	5.4%
As a % of total gross outstandings	*92.7%*	*92.5%*		
Unpaid but not impaired	152.9	168.0	-15.1	-9.0%
As a % of total gross outstandings	*0.4%*	*0.4%*		
Impaired	2,739.7	2,672.9	66.8	2.5%
As a % of total gross outstandings	*6.9%*	*7.1%*		
TOTAL GROSS OUTSTANDINGS	**39,592.3**	**37,645.5**	**1,946.8**	**5.2%**

Amid persistently challenging economic conditions, the relative weight of gross impaired outstandings decreased in 2015, accounting for 6.9% of total loans at end-2015 compared with 7.1% at end-2014.

Non-impaired outstandings with past due amounts

(in EUR millions)	0-29 days	30-59 days	60-89 days	90-179 days	180 days-1 year	> 1 year	TOTAL
Businesses and other non-retail customer loans	16.9	1.2	-	-	-	-	18.1
Very small company & property company loans	18.1	7.9	1.2	0.1	0.8	-	28.1
Mortgage lending	49.7	21.6	7.1	4.0	1.1	-	83.5
Other individual consumer loans	16.9	2.9	1.2	1.8	-	0.4	23.2
TOTAL	**101.6**	**33.6**	**9.5**	**5.9**	**1.9**	**0.4**	**152.9**

The amounts presented in the table above refer to the total amounts of loans (remaining principal, interest and unpaid portions) with past due amounts. These loans primarily relate to delinquencies of less than 90 days.

After 90 days, they are declassified as “doubtful.” A small number of customers may, on an exceptional basis, be kept in the performing loans category where they agree to rectify their payment status.

Non-impaired outstandings with past due amounts stood at €152.9 million at the end of 2015, down 9.0% compared to 2014. The total amount nevertheless remained low (0.4% of outstanding loans).

Impaired loans reclassified as performing loans after restructuring

“Restructured” loans cover all customer groups. These are loans that have been restructured (in terms of principal and/or interest and/or maturity) due to the likelihood that the counterparty will be unable to meet its commitments without this restructuring.

This does not include commercial renegotiations freely entered into by the Bank in order to maintain the quality of its relations with a customer.

These outstandings are identified from extractions, which apply the different management rules defining a restructured loan. Restructured loans must therefore be classified in the “default” category for one year. They can subsequently be reclassified to performing loans with a two-year probation period during which no payment can be missed.

On these bases, the amount of performing restructured loans was insignificant (€12.9 million) at end-2015. The majority of other loans restructured over the period were still identified as being in default at December 31, 2015. Crédit du Nord Group’s banking practices require restructured loans to be maintained in the “default” category as long as the Bank remains uncertain of the customers’ ability to meet their future commitments (definition of default under Basel II).

Guarantees on impaired loans or loans with missed payments

Since 2008, Crédit du Nord's risk management systems have drawn data from an IT application used to manage guarantees received by the Bank.

The following method was used to calculate the rate of loans covered by guarantees: the amount of guarantees was capped at the amount of the loan guaranteed, on a loan by loan basis. As a result, certain guarantees were not included, such as guarantees on loans already backed by an intrinsic guarantee (e.g. those linked to the mobilisation of customer receivables).

- **Individual customers (natural persons and related property investment companies)**: housing loans (secured by mortgage or against a home loan guarantee) were considered as fully secured;
- **Other customers**: short-term loans were considered as unsecured, with the exception of receivable-backed loans, which were considered as fully secured.

Finance lease outstandings were deemed to be fully secured; equipment leasing outstandings were considered unsecured.

For medium-term loans, guarantees were maintained at their recorded value in the database.

Some guarantees were not counted because their real value, should the guarantees be called up, is difficult to estimate (particularly for pledges of unlisted securities, personal sureties, etc.).

Guarantees on impaired doubtful and disputed loans at 31/12/2015

(in EUR millions)	Undisputed non-performing loans	Coverage rate	Disputed loans	Coverage rate
Businesses and other non-retail customer loans	270.9	23.6%	542.2	16.6%
Very small company & property company loans	287.6	56.1%	585.0	42.9%
Mortgage lending	408.8	100.0%	196.9	100.0%
Other individual consumer loans	216.3	-	231.9	-
TOTAL	**1,183.6**	**53.6%**	**1,556.1**	**34.6%**

Coverage rates did not significantly evolve between 2014 and 2015. The coverage rate was once again lower for disputed loans (secured outstandings are often repaid faster once they are reclassified as disputed). Their loss allowance ratio (76%) covers most of the unsecured portion of the loan.

Guarantees on non-impaired outstandings at 31/12/2015

(in EUR millions)	Past due amount	Coverage rate
Businesses and other non-retail customer loans	18.1	16.9%
Very small company & property company loans	28.1	85.6%
Mortgage lending	83.5	100.0%
Other individual consumer loans	23.2	-
TOTAL	**152.9**	**72.0%**

For business customers, the Risk Function validates procedures governing the periodic revaluation of guarantees, which is notably performed during annual loan reviews and systematically when a loan is reclassified as doubtful.

Structural interest rate and foreign exchange rate risks

With regard to the Group's structural risk management, Crédit du Nord Group distinguishes between the management of structural balance sheet risks (Asset and Liability Management or ALM) and the management of risks related to trading activities.

- Structural interest rate and exchange rate risks are incurred on customer-driven and proprietary activities (transactions involving shareholders' equity and investments):
  - – wherever possible, customer-driven transactions are hedged against interest rate and exchange rate risks. This is done through macro-hedging (blanket hedging of portfolios of similar sales transactions) or through micro-hedging (individual hedging of each sales transaction);
  - – interest rate risks on proprietary trading must also be hedged as far as possible. Crédit du Nord does not incur any foreign exchange rate risk on these transactions.

The general aim is to reduce positions exposed to interest rate and foreign exchange rate risks as much as possible by regularly implementing appropriate hedges.

Consequently, structural interest rate and foreign exchange rate risks are only incurred on residual positions.

- Management of interest rate and foreign exchange rate risks associated with market activities is addressed in the section entitled "Market risks linked to trading activities."

Organisation of the management of structural interest rate and exchange rate risks

The principles and standards for managing these risks are defined and overseen by the shareholder. However, each entity is primarily responsible for managing these risks.

Crédit du Nord Group therefore develops its own models, measures its risks and sets up hedges on an ad hoc basis, within the framework defined by these risk management standards.

The shareholder's ALM Department (DEVL) carries out a Level Two control on the risk management performed by the entities.

At Crédit du Nord, the ALM division, which reports directly to the Finance Division and comes under the authority of the Financial Management Division, which is responsible for monitoring and analysing global, interest rate, liquidity and maturity mismatch risks.

An ALM Committee, chaired by the Chief Executive Officer, meets once a month to make decisions on managing mismatched interest rate and liquidity positions arising out of the Group's business activities. A member of the Finance Division at the shareholder also sits on this committee.

It should be noted that the ALM Committee delegates the management of short-term interest rate risk to the Treasury and Foreign Exchange Department. This department is responsible for approving hedging transactions with an initial maturity of less than one year, needed to limit short-term interest rate exposure.

The Weekly Cash Flow Committee monitors this exposure by examining the following indicators each week:

- the short-term fixed interest rate position. In absolute value terms, this position must remain under €2,500 million;
- sensitivity to short rates generated by all transactions. This indicator is subject to a limit of €4.5 million.

Structural interest rate risk

Structural interest rate risk arises from residual positions (surplus or deficit) in fixed-rate positions with future maturities. All assets and liabilities of Group banks, excluding those related to trading activities, are subject to an identical set of rules governing interest rate risk management.

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible, once the transformation policy has been defined.

Consequently, Crédit du Nord Group follows a policy of systematically hedging structural interest rate risk and, where applicable, implements the hedges needed to reduce the exposure of Group entities to interest rate fluctuations.

To this end, the overall interest rate risk of Crédit du Nord Group is subject to exposure limits set by the shareholder's Finance Committee. Sensitivity is defined as the variation in the net present value of future residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve. Observation of these limits is verified within the framework of a regular report submitted to the shareholder. Crédit du Nord Group's limit is set at €135 million.

Measurement and monitoring of structural interest rate risk

In order to quantify its exposure to structural interest rate risks, the Group analyses all fixed-rate assets and liabilities with future maturities to identify gaps. These positions come from transactions remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analysed independently without any a priori matching. Maturities on outstandings are determined on the basis of the contractual terms governing transactions or based on adopted conventions. These conventions are the result of models of customer behaviour patterns based on historical observations (special savings accounts, prepayment rates, etc.) as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and demand deposits).

Stress tests consisting of an immediate parallel shift of +1 % and -1 % in the yield curve are also carried out.

The analysis of structural interest rate risk at Crédit du Nord revealed that:

- All on- and off-balance sheet transactions are match-funded according to their specific characteristics (maturity, interest rate, explicit or implicit options). A model developed by the ALM unit ("notional balance sheet" model) is used to monitor interest rate risk management indicators, in particular a fixed-rate limit, as well as the risks associated with options appearing on the balance sheets of Group entities;
- options risk is also subject to regular monitoring and the implementation of appropriate hedges (purchases of caps or swaps);
- demand deposits and regulated savings products are subject to specific modelling to lock in medium- and long-term yields. The conservative nature of the models has enabled the Group's banks to maintain their interest margin.

Structural foreign exchange rate risk

The overall foreign exchange position is kept within conservative limits and remains small relative to the bank's net shareholders' equity.

Hedging of interest rate and foreign exchange rate risks

In order to manage its exposure to certain market risks, Crédit du Nord Group uses hedges designated as fair value hedges for accounting purposes.

It also manages the exposure of its fixed-rate financial assets and liabilities (mainly loans/borrowings, security issues and fixed-rate securities) to risks of fluctuations in long-term interest rates, by setting up hedges considered to be fair value hedges for accounting purposes, principally using interest rate swaps and caps.

In order for these transactions to qualify as hedges, the Group documents the hedging relationship in detail from inception, specifying the risk hedged, the risk management strategy and the way in which the effectiveness of the relationship will be documented.

The purpose is to avoid the reclassification of hedging derivative portfolios in the accounts to cover the bank against unfavourable variations in the fair value of an item which, as long as the hedging relationship is efficient, has no impact on profit or loss, but could affect it if the item were eliminated from the balance sheet.

Tests are regularly carried out to ascertain the hedging relationship and measure its effectiveness. These tests are both forward-looking and retrospective.

The future effectiveness of the hedge is calculated using a sensitivity analysis that integrates probable scenarios for changes in market parameters.

Retrospective effectiveness is assessed by comparing the variations in fair value of the hedging instrument with the variations in fair value of the hedged item. The hedge is deemed effective if changes in the fair value of the hedged item are almost fully offset by the changes in fair value of the hedging instrument, i.e. the ratio between the two changes is in the 80%-125% range (rolling quarter-on-quarter changes).

Effectiveness is measured prospectively each quarter (expected effectiveness over future periods) and retrospectively (actual effectiveness).

Liquidity risk

Organisation of liquidity risk management

The guidelines and standards for the management of liquidity risk are defined by the shareholder. As Crédit du Nord is nevertheless responsible for managing its liquidity and complying with regulatory restrictions, it develops its own models, measures its liquidity positions and finances its activities or reinvests surplus cash in accordance with the standards defined at the Group level.

Measurement and monitoring of liquidity risk

Crédit du Nord acts as the central refinancing unit of the Group's banks and financial subsidiaries. The ALM unit monitors outstandings by subsidiary and regulatory ratios. Short-term liquidity management is delegated to each subsidiary as part of its cash management activities and is subject to certain limits.

Until September 30 inclusive, Crédit du Nord Group banks and financial companies were subject to the short-term liquidity ratio regulatory requirement. As of October 1, 2015, banks are now subject to the LCR (CRDIV), which is set at a minimum of 60% and will gradually increase to reach 100% in 2018. Since the ACPR approved the creation of the liquidity sub-group (comprising all Crédit du Nord Group institutions that are individually subject to the requirement) in July 2014, Crédit du Nord Group now observes the reporting and ratio requirements for two scopes: Crédit du Nord Group and the liquidity sub-group.

Mismatch risk

Changes in the structure of the balance sheet are monitored and managed by the ALM unit in order to determine and adjust the refinancing requirements of the Group's various entities.

Measurement of the Group's long-term financing requirements is based on budget estimates and results of past transactions, making it possible to plan appropriate financing solutions.

Crédit du Nord Group has had no trouble securing its financing, mainly thanks to its substantial, diversified deposits, which account for a large portion of its short-, medium- and long-term resources.

A special quarterly report on maturity mismatch risk is submitted to the shareholder.

Market risks

All capital market activities carried out by Crédit du Nord Group's Treasury and Foreign Exchange Division (DTC) are customer-driven. In terms of both products and regions, Crédit du Nord Group only conducts transactions in business segments where it has significant customer interests. The primary purpose of its activities in this area is to maintain a regular presence on the financial markets in order to be able to offer its customers competitive prices.

The DTC also manages the Group's cash position by contributing to its funding via its security issuance programme.

Crédit du Nord's trading floor activities are broken down into the following categories:

- deposits and credit transactions in EUR and local currencies;
- off-balance sheet foreign exchange transactions: forex futures and swaps as well as forex options;
- off-balance sheet fixed income transactions: interest rate swaps, caps, floors;
- corporate actions.

Crédit du Nord Group's activities are all conducted from a single geographic location (Paris).

Within the DTC:

- structural block transactions carried out for ALM purposes are handled by the desks with a special Banking mandate (ALM or Treasury);
- market block transactions (or trading book transactions) are handled by the desk with a Trading mandate.

This structure was implemented in 2015, in accordance with the Act on the separation and regulation of banking activities (known as the French Banking Act [LBF]) and the Volcker Rule.

All of the following processes are carried out daily:

- recording of market transactions;
- calculation of positions and results;
- reconciliation between management and accounting results;
- assessment of risks arising from trading book positions.

Market activities conducted for Crédit du Nord's trading book expose the bank to the following risk factors:

- interest rate risk;
- exchange rate risk;
- interest rate volatility risk: on interest rate options only, as the forex options activity is systematically done back-to-back and therefore does not generate positions;
- corporate credit risk: a marginal activity mainly involving a few bonds in Gilbert Dupont's trading book, whose risks are monitored locally.

As part of its fundamental strategy, Crédit du Nord maintains few positions in derivatives and regularly matches its customer orders on the interbank market (including Societe Generale), thus significantly reducing its exposure to market risks.

With regard to other instruments, the trading limits imposed on the cash position in terms of geographic regions, authorised volumes and the duration of open positions are determined jointly with the Bank's main shareholder and are kept at low levels given Crédit du Nord's consolidated equity.

Methods used to measure market risks

The main metrics used to assess market risks are:

- 99% Value at Risk (historic VaR);
- 99% Stressed VaR (historic VaR, but over a crisis period);
- stress tests (historic, hypothetical or adverse shock scenarios);
- modified duration (10 bp variation by maturity bracket);
- Credit spread X2 (impact of the doubling of the credit spread on the issuer of a bond in which the Bank holds a position)
- Foreign exchange position,

These risk measurements are performed daily using a Societe Generale Group software tool:

- TRAAB ("Taux de Rendement Actuariel Annuel Brut" or gross annual actuarial rate of return)
- replaced as of the fourth quarter of 2015 (November 26, 2015) by KARE.

All of Crédit du Nord's outstanding market transactions and foreign exchange positions are automatically sent to the Societe Generale risk database at the end of the day. This makes it possible to determine counterparty risks and consequently supplies data to the tool that measures the market risks of entities outside Societe Generale Group, with reporting the next morning.

As a result, Crédit du Nord benefits from Societe Generale Group's Market Risk information system, which uses:

- calculation methodologies;
- market data; and
- regularly updated (expanded and recalibrated) stress scenarios, which are centralised and validated by Societe Generale's Risk Division (SG/RISQ/MAR).

The results are reported using KARE, which replaced TRAAB, using interfaces that allow market limits to be checked. Crédit du Nord also contributes in this way to the VaR and Stressed VaR of Societe Generale Group, using an internal ratings-based model for market risks.

Value at Risk

The VaR calculation method was developed as from the end of 1996. It is constantly being improved with the addition of new risk factors and the extension of the scope covered.

The method used is the “historical simulation” method. It is based on the following principles:

- the creation of a database containing historical information on the main risk factors which are representative of Societe Generale Group’s positions (interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). VaR is therefore calculated using a database of several thousand risk factors;
- the definition of 260 scenarios, corresponding to one-day variations in these market parameters over a sliding one-year period;
- the application of these 260 scenarios to the daily market parameters;
- the revaluation of daily positions, on the basis of the adjusted daily market conditions, and on the basis of a revaluation taking into account the non-linearity of positions.

The 99% Value at Risk is the largest loss that would be incurred after eliminating the top 1% of the most unfavourable occurrences: over one year, or 260 scenarios, it corresponds to the average of the second and third largest losses observed.

The chart below shows the change in the Group’s 99% Value at Risk (VaR) over the course of 2015; the values indicated present the following characteristics:

- change in the portfolio over a 1-day holding period;
- a confidence interval of 99 %;
- historical data considered for the last 260 business days.

Trading Value-at-Risk: breakdown by risk factor

1 Day - 99 %/FY 2015

(in EUR thousands)	Forex	Interest rates	Netting effect	Overall
02/01/2015	**-32**	**-41**	**41**	**-33**
Minimum	-26	-2	NS (1)	-24
Maximum	-484	-198	NS (1)	-548
Average	-224	-66	24	-266
31/12/2015	**-167**	**-71**	**10**	**-228**
LIMITS				**-1,000**

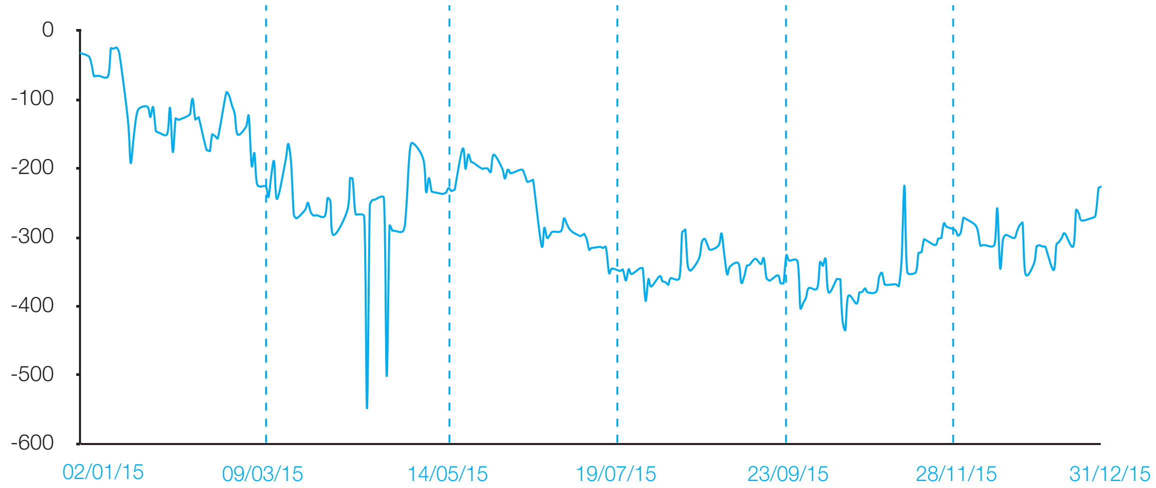
(1) Immaterial netting effect: potential min/max losses do not occur simultaneously.

A confidence interval of 99% ,hat over a one-day period there is a 99% probability that a potential loss will not exceed the defined value.

Netting is defined as the difference between the total VaR and the sum of VaR per risk factor. Its size reflects the lower or higher degree of offsetting among the different type of risks (exchange rate, interest rate, etc.).

Value at Risk (1 day - 99%)

(in EUR thousands)



Limits of the VaR calculation

The VaR assessment is based on a conventional model and assumptions. The main methodological limitations therein are as follows:

- the use of "one-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for some products and in some crisis situations;
- the use of the 99 % confidence interval does not take into account any losses arising beyond this interval; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is calculated using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used instead of certain risk factors and, in the case of some activities, not all of the relevant risk factors are taken into account, which may be due to difficulties in obtaining daily data, and options held in the trading portfolio are not taken into account.

Crédit du Nord controls the limitations of the VaR model by:

- systematically assessing the appropriateness of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- supplementing the VaR system with stress test measurements. Note that, given today's dislocated markets, the historical 99% 1-day VaR seems less appropriate than other risk indicators, such as stress tests.

Market risk supervision system

The Front Offices are first and foremost responsible for managing market risks as part of the day-to-day management of their activity and the ongoing monitoring of their positions.

The unit in charge of market risk supervision is the Middle Office & Risk Department (7 people). At the same time, five people (four from the Accounting Department and one from the Corporate Control Department [Financial Management Division]) are responsible for calculating the management reporting figures and the financial accounting figures, which are reconciled daily.

Crédit du Nord Group can only conduct market activities within the framework of limits previously approved by Societe Generale (RISQ/MAR), which then informs the Group.

The limits were last renewed on November 17, 2015, when the TRAAB market risk calculator was replaced by KARE.

Notifications are sent at least once per year. The process is described below:

- Middle Office and the Risk teams collect and formally define the Front Office's requirements in accordance with the sales strategy set out during the budget period for the coming year;
- the proposed limit renewals are submitted to the Head of the Risk Division and the Chief Executive Officer of Crédit du Nord Group for each of them to approve, if the limits match the market risk appetite established by Group strategy;
- Societe Generale's Risk Division then approves the request at its level (any adjustments are submitted to General Management) and sends final notification.

Each time a notification is sent, the new limits are updated in the reference systems (Societe Generale Market Risks SGMR) so that limits and uses may be monitored on a daily basis.

Limits may be modified at times other than the two annual notifications:

- following applications for temporary or permanent approvals sent by the Front Office (anticipated breach, change in business);
- if a new limit is set by RISQ.

These amendments must be approved at the same levels as proposed renewals.

Controls on market risk limits and notification procedure

The Middle Office and Risk teams monitor, control and validate risk indicators, which are calculated daily using KARE.

Reports are produced daily based on these results and are sent to RISQ/MAR and the heads of the trading desks with all exposures that are close to notified risk limits.

The Chief Financial Officer receives a weekly status report on results and limits and a monthly report on changes in limits from the Treasury and Foreign Exchange Department (DTC). The Chief Executive Officer also receives a quarterly report on changes in limits in the financial report from the Treasury and Foreign Exchange Department.

Breach processing

When a limit is exceeded, the Middle Office team works with the Front Office to analyse the cause of the breach and categorise it (technical breach, identification of transaction, etc.).

The relevant Front Office heads, RISQ/MAR, the Chief Risk Officer of Crédit du Nord Group and Permanent Control are sent official notification of limit breaches. In 2016, this list will be expanded to include other members of the Executive Committee: the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Head of Group Resources at Crédit du Nord.

Breaches are also initiated by declaration through the generic mailbox (PAR-RISK-MAR-RIM-VAR-BKT) when the daily report is sent, and may be closed through the same communication channel.

Front Office provides explanations for these breaches and takes immediate action to return to compliance with the limits or request a temporary or permanent increase of said limits.

NOTE 5 Cash, due from central banks

(in EUR millions)	31/12/2015	31/12/2014
Cash	169.7	181.2
Due from central banks	877.9	189.6
TOTAL	**1,047.6**	**370.8**

NOTE 6 Financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

(in EUR millions)	31/12/2015 Valuation determined using prices quoted on active markets (L1)	31/12/2015 Valuation determined using observable data other than quoted market prices (L2)	31/12/2015 Valuation determined mainly using non-observable market data (L3)	31/12/2015 Total	31/12/2014 Valuation determined using prices quoted on active markets (L1)	31/12/2014 Valuation determined using observable data other than quoted market prices (L2)	31/12/2014 Valuation determined mainly using non-observable market data (L3)	31/12/2014 Total
ASSETS								
TRADING BOOK								
Bonds and other debt securities	1.7	-	-	1.7	1.8	-	-	1.8
Shares and other equity securities	5.4	-	-	5.4	20.8	-	-	20.8
Other financial assets	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING BOOK	**7.1**	**-**	**-**	**7.1**	**22.6**	**-**	**-**	**22.6**
FINANCIAL ASSETS MEASURED UNDER THE FAIR VALUE OPTION RECOGNISED IN PROFIT OR LOSS								
Bonds and other debt securities	-	-	1.5	1.5	-	-	1.9	1.9
Shares and other equity securities	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
SUB-TOTAL FINANCIAL ASSETS MEASURED UNDER THE FAIR VALUE OPTION RECOGNISED IN PROFIT AND LOSS	**-**	**-**	**1.5**	**1.5**	**-**	**-**	**1.9**	**1.9**
SUB-TOTAL SEPARATE ASSETS RELATING TO EMPLOYEE BENEFITS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TRADING DERIVATIVES								
Interest rate instruments	**-**	**53.2**	**-**	**53.2**	**-**	**63.1**	**-**	**63.1**
Firm transactions	-	49.1	-	49.1	-	58.9	-	58.9
Swaps	-	*49.1*	-	*49.1*	-	*58.9*	-	*58.9*
FRAs	-	-	-	-	-	-	-	-
Options	-	4.1	-	4.1	-	4.2	-	4.2
Options on organised markets	-	-	-	-	-	-	-	-
OTC options	-	-	-	-	-	-	-	-
Caps, floors, collars	-	*4.1*	-	*4.1*	-	*4.2*	-	*4.2*
Foreign exchange instruments	**-**	**59.6**	**-**	**59.6**	**-**	**83.7**	**-**	**83.7**
Firm transactions	-	54.0	-	54.0	-	77.7	-	77.7
Options	-	5.6	-	5.6	-	6.0	-	6.0
Equity and index instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other forward financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Instruments on organised markets	-	-	-	-	-	-	-	-
OTC instruments	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING DERIVATIVES	**-**	**112.8**	**-**	**112.8**	**-**	**146.8**	**-**	**146.8**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**7.1**	**112.8**	**1.5**	**121.4**	**22.6**	**146.8**	**1.9**	**171.3**

Changes in financial assets at fair value through profit or loss determined using non-observable parameters (Level 3)

	Trading book			Financial assets designated at fair value through profit or loss			Trading derivatives						
(in EUR millions)	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Interest rate derivatives	Foreign exchange derivatives	Equity and index derivatives	Commodity derivatives	Credit derivatives	Other forward financial instruments	Total financial instruments at fair value through profit or loss
Balance at January 1, 2015	**-**	**-**	**-**	**1.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.9**
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/ redemptions	-	-	-	-0.4	-	-	-	-	-	-	-	-	-0.4
Transfer to Level 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Level 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Level 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Level 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains and losses for the period [(1)]	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in scope and other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DEC. 31, 2015	**-**	**-**	**-**	**1.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.5**

(1) Gains and losses for the period are recorded under "Net gains/losses on financial instruments at fair value through profit or loss" in the income statement.

Financial liabilities at fair value through profit or loss

(in EUR millions)	31/12/2015				31/12/2014			
	Valuation determined using prices quoted on active markets (L1)	Valuation determined using observable data other than quoted market prices (L2)	Valuation determined mainly using non-observable market data (L3)	Total	Valuation determined using prices quoted on active markets (L1)	Valuation determined using observable data other than quoted market prices (L2)	Valuation determined mainly using non-observable market data (L3)	Total
LIABILITIES								
TRADING BOOK								
Debt securities	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	-	-	-	-	-	-	-	-
Bonds and other debt securities sold short	-	-	-	-	-	-	-	-
Shares and other equity securities sold short	-	-	-	-	0.1	-	-	0.1
Other financial liabilities	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING BOOK	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**0.1**
TRADING DERIVATIVES								
Interest rate instruments	**-**	**51.9**	**-**	**51.9**	**-**	**62.0**	**-**	**62.0**
Firm transactions	-	50.4	-	50.4	-	59.4	-	59.4
Swaps	-	*50.4*	-	*50.4*	-	*59.4*	-	*59.4*
FRAs	-	-	-	-	-	-	-	-
Options	-	1.5	-	1.5	-	2.6	-	2.6
Options on organised markets	-	-	-	-	-	-	-	-
OTC options	-	-	-	-	-	-	-	-
Caps, floors, collars	-	*1.5*	-	*1.5*	-	*2.6*	-	*2.6*
Foreign exchange instruments	**-**	**37.2**	**-**	**37.2**	**-**	**66.2**	**-**	**66.2**
Firm transactions	-	30.9	-	30.9	-	59.6	-	59.6
Options	-	6.3	-	6.3	-	6.6	-	6.6
Equity and index instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other forward financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Instruments on organised markets	-	-	-	-	-	-	-	-
OTC instruments	-	-	-	-	-	-	-	-
SUB-TOTAL TRADING DERIVATIVES	**-**	**89.1**	**-**	**89.1**	**-**	**128.2**	**-**	**128.2**
SUB-TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (1)	**-**	**2,546.7**	**-**	**2,546.7**	**-**	**2,856.1**	**-**	**2,856.1**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (2)	**-**	**2,635.8**	**-**	**2,635.8**	**0.1**	**2,984.3**	**-**	**2,984.4**

(1) *The change in fair value attributable to own credit risk generated a gain of €24 million at December 31, 2015. Revaluation differences linked to the Group's issuer credit risk are measured using models incorporating the Group's most recent actual refinancing terms and conditions on the markets and the residual maturity of the relevant liabilities.*

(2) *Of which securities sold under term repurchase agreements for €361.3 million at December 31, 2015 versus €39.4 million at December 31, 2014.*

Amount repayable at maturity of financial liabilities designated at fair value through profit or loss

	31/12/2015			31/12/2014		
(in EUR millions)	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
TOTAL FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,546.7**	**22.4**	**2,524.3**	**2,856.1**	**46.8**	**2,809.3**

NOTE 7 Hedging derivatives

	31/12/2015		31/12/2014	
(in EUR millions)	Assets	Liabilities	Assets	Liabilities
Fair value hedges [(1)]	**1,565.5**	**662.2**	**1,862.8**	**755.0**
Interest rate instruments				
Firm transactions	1,554.0	662.2	1,862.0	755.0
Swaps	*1,554.0*	*662.2*	*1,862.0*	*755.0*
Options	11.5	-	0.8	-
Caps, floors, collars	*11.5*	*-*	*0.8*	*-*
Cash-flow hedge	**-**	**-**	**-**	**-**
TOTAL	**1,565.5**	**662.2**	**1,862.8**	**755.0**

(1) *Including Macro Fair Value Hedge derivatives*

NOTE 8 Available-for-sale financial assets

(in EUR millions)	31/12/2015				31/12/2014			
	Valuation determined using prices quoted on active markets (L1)	Valuation determined using observable data other than quoted market prices (L2)	Valuation determined mainly using non-observable market data (L3)	Total	Valuation determined using prices quoted on active markets (L1)	Valuation determined using observable data other than quoted market prices (L2)	Valuation determined mainly using non-observable market data (L3)	Total
CURRENT ACTIVITIES								
Treasury notes and similar securities	3,841.0	-	-	3,841.0	5,255.5	-	-	5,255.5
o/w related receivables	-	-	-	*17.7*	-	-	-	*30.7*
o/w impairments	-	-	-	-	-	-	-	-
Bonds and other debt securities	-	2,967.9	-	2,967.9	-	3,475.0	-	3,475.0
o/w related receivables	-	-	-	*10.3*	-	-	-	*14.6*
o/w impairments	-	-	-	*-0.4*	-	-	-	*-0.4*
Shares and other equity securities [(1)]	501.6	-	20.0	521.6	507.8	-	5.6	513.4
o/w related receivables	-	-	-	-	-	-	-	-
o/w impairments	-	-	-	*-0.3*	-	-	-	*-0.4*
SUB-TOTAL CURRENT ASSETS	**4,342.6**	**2,967.9**	**20.0**	**7,330.5**	**5,763.3**	**3,475.0**	**5.6**	**9,243.9**
Long-term investment securities	-	-	320.8	320.8	1.2	-	227.3	228.5
o/w related receivables	-	-	-	-	-	-	-	-
o/w impairments	-	-	-	*-3.8*	-	-	-	*-3.2*
SUB-TOTAL	**-**	**-**	**320.8**	**320.8**	**1.2**	**-**	**227.3**	**228.5**
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**4,342.6**	**2,967.9**	**340.8**	**7,651.3**	**5,764.5**	**3,475.0**	**232.9**	**9,472.4**
o/w loaned securities	-	-	-	-	-	-	-	-

(1) Including UCITS.

Activity in available-for-sale financial assets

(in EUR millions)	31/12/2015	31/12/2014
Balance at January 1, 2015	**9,472.4**	**7,065.6**
Acquisitions	1,550.4	6,051.2
Disposals/redemptions	-3,382.9	-3,887.5
Reclassifications and changes in scope	-	-0.8
Gains and losses on changes in fair value booked to equity	30.1	200.1
Change in impairment of fixed-income securities booked to profit or loss	-0.7	2.7
Impairment of equity instruments booked to profit or loss	-	13.9
Change in related receivables	-17.3	28.2
Foreign exchange differences	-0.7	-1.0
BALANCE AT DECEMBER 31, 2015	**7,651.3**	**9,472.4**

Change in inventory of available-for-sale assets whose valuation is not based on market parameters

(in EUR millions)	Treasury notes and similar securities	Bonds and other debt securities	Shares and other equity securities	Long-term investment securities	Total
Balance at January 1, 2015	**-**	**-**	**5.7**	**227.2**	**232.9**
Acquisitions	-	-	14.3	5.4	19.7
Disposals/redemptions	-	-	-	-2.8	-2.8
Transfers to Level 2	-	-	-	-	-
Transfers to Level 1	-	-	-	-	-
Transfers from Level 1	-	-	-	-	-
Gains and losses for the period booked to equity	-	-	-	92.8	92.8
Change in impairment of fixed-income securities booked to profit or loss	-	-	-	-	-
o/w: increase	-	-	-	-	-
write-back	-	-	-	-	-
Impairment of equity instruments booked to profit or loss	-	-	-	-1.8	-1.8
Change in related receivables	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-
Changes in scope and other changes	-	-	-		-
BALANCE AT DECEMBER 31, 2015	**-**	**-**	**20.0**	**320.8**	**340.8**

Breakdown of unrealised gains and losses booked directly to equity

(in EUR millions)	Unrealised capital gains	Unrealised capital losses	Net revaluation
Unrealised gains and losses on available-for-sale equity securities [1]	127.3	1.7	125.6
Unrealised gains and losses on available-for-sale debt securities	27.4	14.7	12.7
Unrealised gains and losses on assets reclassified to "Loans and receivables"	-	-	-
Unrealised gains and losses of insurance companies	413.3	393.2	20.1
o/w: on available-for-sale equity securities	*403.9*	-	-
on available-for-sale debt securities and assets reclassified to Loans and receivables	*9.4*	-	-
deferred profit sharing	-	*393.2*	-
TOTAL	**568.0**	**409.6**	**158.4**

(1) *Of which €83 million in VISA Europe shares (see Note 3).*

NOTE 9 Due from banks

(in EUR millions)	31/12/2015	31/12/2014
Current accounts	422.8	818.7
Overnight deposits and loans and others	1,003.6	934.0
Loans secured by overnight notes	-	-
Related receivables	0.1	0.1
TOTAL - DEMAND AND OVERNIGHTS	**1,426.5**	**1,752.8**
Term deposits and loans	6,706.6	3,675.3
Loans secured by notes and securities	-	-
Securities received under term repurchase agreements	966.0	-
Subordinated loans and participating securities	99.3	99.3
Related receivables	21.0	21.9
TOTAL - TERM RECEIVABLES	**7,792.9**	**3,796.5**
TOTAL GROSS	**9,219.4**	**5,549.3**
IMPAIRMENTS	**-**	**-**
TOTAL NET	**9,219.4**	**5,549.3**
Fair value of amounts due from banks [1]	9,219.4	5,549.1

It should also be noted that, of the total amount due from banks at December 31, 2015, €6,695.5 million represented transactions with Societe Generale Group (€3,132.0 million at December 31, 2014).

(1) Breakdown of the fair value of amounts due from banks by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	-	-
Level 3	Valuation determined mainly using non-observable market data	9,219.4	5,549.1
TOTAL GROSS		**9,219.4**	**5,549.1**

NOTE 10 Customer loans

(in EUR millions)	31/12/2015	31/12/2014
Trade notes	471.3	522.7
Other customer loans	34,213.2	32,221.3
Short-term loans (1)	4,646.0	4,594.7
Export loans	29.4	34.1
Equipment loans	6,673.5	6,351.7
Housing loans	20,814.4	19,326.8
Other loans (1)	2,050.0	1,914.0
Overdrafts	2,174.2	2,091.7
Related receivables	75.0	75.1
TOTAL GROSS (2)	**36,933.7**	**34,910.8**
Impairments of individually impaired loans	-1,335.3	-1,272.5
Impairments of groups of homogeneous assets	-106.6	-113.7
IMPAIRMENTS	**-1,441.9**	**-1,386.2**
TOTAL NET	**35,491.8**	**33,524.6**
Securities purchased under resale agreements (including related receivables)	-	-
TOTAL - CUSTOMER LOANS	**35,491.8**	**33,524.6**
Fair value of customer loans (3)	36,298.9	34,546.2

(1) *Amount adjusted in regard to financial statements published on December 31, 2014.*

(2) *At December 31, 2015, individual loans with a probable risk of loss amounted to €2,530.6 million versus €2,452.0 million at December 31, 2014.*

The loss allowance ratio for doubtful and disputed loans net of guarantees received is 75.5%. The guarantees taken into account do not include guarantees on finance lease outstandings.

(3) Breakdown of the fair value of customer loans by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	-	-
Level 3	Valuation determined mainly using non-observable market data	36,298.9	34,546.2
TOTAL GROSS		**36,298.9**	**34,546.2**

Breakdown of other customer loans

(in EUR millions)	31/12/2015	31/12/2014
Non-financial customers	34,197.8	32,220.3
Business customers	*13,475.1*	*13,187.2*
Individual customers	*19,375.6*	*17,782.5*
Local authorities	*13.6*	*12.4*
Professional customers	*1,183.2*	*1,115.3*
Governments and central administrations	*9.4*	*19.6*
Others	*140.9*	*103.3*
Financial customers	15.4	1.0
TOTAL - BREAKDOWN OF OTHER CUSTOMER LOANS	**34,213.2**	**32,221.3**
Related receivables	53.0	51.9
TOTAL - OTHER CUSTOMER LOANS	**34,266.2**	**32,273.2**

NOTE 11 Lease financing and similar agreements

(in EUR millions)	31/12/2015	31/12/2014
Non-real estate lease financing agreements	1,577.5	1,581.7
Real estate lease financing agreements	601.1	593.2
Related receivables	4.5	5.0
SUB-TOTAL	**2,183.1**	**2,179.9**
Impairments of individually impaired loans	-84.9	-81.2
Impairments of lease financing assets	-0.9	-0.7
Impairments of groups of homogeneous assets	-1.1	-2.0
SUB-TOTAL	**-86.9**	**-83.9**
TOTAL NET	**2,096.2**	**2,096.0**
Fair value of receivables on lease financing and similar assets [(1)]	2,157.6	2,169.6

The activities of Star Lease, the equipment leasing subsidiary, break down as follows: 54% industrial equipment, 40% transport equipment, 4% IT hardware and 2% office equipment.

(1) Breakdown of the fair value of lease financing and similar transactions by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	-	-
Level 3	Valuation determined mainly using non-observable market data	2,157.6	2,169.6
TOTAL GROSS		**2,157.6**	**2,169.6**

Breakdown of lease financing outstandings (excluding doubtful outstandings)

(in EUR millions)	31/12/2015	31/12/2014
Gross investment	**2,361.7**	**2,382.1**
Less than one year	741.4	747.7
1-5 years	1,255.2	1,261.0
More than five years	365.1	373.4
Present value of minimum payments receivable	**2,087.8**	**2,090.6**
Less than one year	701.5	705.5
1-5 years	1,092.5	1,083.4
More than five years	293.8	301.7
Unearned financial income	**179.5**	**203.0**
Non-guaranteed residual values receivable by the lessor	**94.5**	**88.6**

NOTE 12 Held-to-maturity financial assets

(in EUR millions)	31/12/2015	31/12/2014
Bonds and other debt securities	0.3	1.7
Impairments	-0.1	-0.6
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**0.2**	**1.1**
Fair value of held-to-maturity financial assets (1)	0.2	1.1

(1) Breakdown of the fair value of held-to-maturity financial assets by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	0.2	1.1
Level 3	Valuation determined mainly using non-observable market data	-	-
TOTAL GROSS		**0.2**	**1.1**

NOTE 13 Tax assets and liabilities

(in EUR millions)	31/12/2015	31/12/2014
Current tax assets	67.7	78.7
Deferred tax assets	0.3	14.6
TOTAL TAX ASSETS	**68.0**	**93.3**
Current tax liabilities	234.0	198.5
Deferred tax liabilities (1) (2)	251.4	258.6
TOTAL TAX LIABILITIES	**485.4**	**457.1**

Deferred taxes on items debited or credited directly to equity can be broken down as follows:

(in EUR millions)	31/12/2015	31/12/2014
On items subsequently reclassified in the income statement	**-11.2**	**-12.6**
Available-for-sale financial assets	-11.2	-12.6
Hedging derivatives	-	-
Share of gains or losses booked directly to equity on companies accounted for by the equity method and that will be subsequently reclassified in the income statement	-	-
On items not subsequently reclassified in the income statement	**8.4**	**14.2**
Actuarial gains or losses on post-employment benefits	8.4	14.2
Share of gains or losses booked directly to equity on companies accounted for by the equity method and that will not be subsequently reclassified in the income statement	-	-
TOTAL	**-2.8**	**1.6**

(1) Amounts reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21, with retrospective application.

(2) The financial statements as at December 31, 2014 were subject to an adjustment of -€8.0 million in tax liabilities, in order to take into consideration the impacts of the correction of an anomaly in the accounting treatment of macro-hedges affecting previous fiscal years.

NOTE 14 Other assets and liabilities

(in EUR millions)	31/12/2015	31/12/2014
OTHER ASSETS		
Securities transactions	1.4	0.8
Guarantee deposits paid [(2)]	61.1	33.7
Other sundry receivables	40.2	68.5
Prepaid expenses and deferred income	90.0	96.0
TOTAL GROSS	**192.7**	**199.0**
Impairments	-0.2	-0.9
TOTAL NET	**192.5**	**198.1**
OTHER LIABILITIES		
Accounts payable after collection	171.9	191.0
Securities transactions	15.8	14.2
Guarantee deposits received [(3)]	143.4	210.2
Expenses payable on employee benefits	131.5	146.2
Other sundry payables	90.0	97.4
Accrued expenses and deferred income [(1)]	295.8	290.7
TOTAL OTHER LIABILITIES	**848.4**	**949.7**

(1) Amounts reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21, with retrospective application.

(2) Primarily security deposits paid on financial instruments.

(3) Primarily security deposits received on financial instruments.

NOTE 15 Non-current assets held for sale and associated liabilities

(in EUR millions)	31/12/2015	31/12/2014
ASSETS		
Fixed assets and goodwill	0.3	1.0
Financial assets	-	-
Loans	-	-
Due from banks	-	-
Customer loans	-	-
Other loans	-	-
Other assets	-	-
TOTAL ACTIFS	**0.3**	**1.0**
LIABILITIES		
Loss allowances	-	-
Debts	-	-
Due to banks	-	-
Customer deposits	-	-
Other debts	-	-
Other liabilities	-	-
TOTAL LIABILITIES	**-**	**-**

NOTE 16 Tangible and intangible fixed assets

(in EUR millions)	Gross value at 31/12/2014	Acquisitions	Disposals	Change in scope and reclassifications
Intangible assets				
Software, costs of IT studies	84.7	0.6	-0.1	-24.2
Fixed assets generated internally	255.1	9.3	-	11.4
Fixed assets in progress	12.9	14.9	-	-20.1
Other intangible assets	122.7	0.5	-	-0.5
SUB-TOTAL INTANGIBLE ASSETS	**475.4**	**25.3**	**-0.1**	**-33.4**
Operating tangible assets				
Land and buildings	329.6	7.5	-	1.1
Fixed assets in progress	1.0	8.3	-	-6.8
Operating lease assets of specialist financing companies	-	-	-	-
Others	571.7	24.0	-1.6	-59.0
SUB-TOTAL OPERATING TANGIBLE ASSETS	**902.3**	**39.8**	**-1.6**	**-64.7**
Investment property				
Land and buildings	7.6	-	-	-0.4
Fixed assets in progress	-	-	-	-
SUB-TOTAL INVESTMENT PROPERTY	**7.6**	**-**	**-**	**-0.4**
TOTAL - TANGIBLE AND INTANGIBLE FIXED ASSETS	**1,385.3**	**65.1**	**-1.7**	**-98.5**

Gross value at 31/12/2015	Total amortisation, depreciation and write-downs at 31/12/2014	Amortisation, depreciation and write-downs for the year: Depreciation and amortisation	Impairments	Reversals of amortisation/ depreciation	Change in scope and reclassifications	Net value at 31/12/2015	Net value at 31/12/2014
61.0	-83.6	-0.6	-	0.1	24.3	1.2	1.1
275.8	-188.8	-26.0	-	-	8.5	69.5	66.3
7.7	-	-	-	-	-	7.7	12.9
122.7	-19.5	-4.1	-	-	0.4	99.5	103.2
467.2	**-291.9**	**-30.7**	**-**	**0.1**	**33.2**	**177.9**	**183.5**
338.2	-105.2	-14.4	-	-	3.5	222.1	224.4
2.5	-	-	-	-	-	2.5	1.0
-	-	-	-	-	-	-	-
535.1	-441.5	-31.5	-0.4	1.5	64.1	127.3	130.2
875.8	**-546.7**	**-45.9**	**-0.4**	**1.5**	**67.6**	**351.9**	**355.6**
7.2	-3.7	-0.3	-	0.1	0.6	3.9	3.9
-	-	-	-	-	-	-	-
7.2	**-3.7**	**-0.3**	**-**	**0.1**	**0.6**	**3.9**	**3.9**
1,350.2	**-842.3**	**-76.9**	**-0.4**	**1.7**	**101.4**	**533.7**	**543.0**

NOTE 17 Goodwill

(in EUR millions)	
Gross value at 31/12/2014	508.0
Acquisitions and other increases	-
Disposals and other decreases	-
GROSS VALUE AT 31/12/2015	**508.0**
Impairment of goodwill at 31/12/2014	-
Impairment losses	-
IMPAIRMENT OF GOODWILL AT 31/12/2015	**-**
Net value at 31/12/2014	508.0
NET VALUE AT 31/12/2015	**508.0**

Main sources of net goodwill at December 31, 2015

(in EUR millions)	
Banque Courtois	10.2
Banque Laydernier	12.8
Banque Kolb	22.3
Banque Tarneaud	3.3
Société Marseillaise de Crédit	454.2
Fortis branches	5.2
NET VALUE AT 31/12/2015	**508.0**

Crédit du Nord Group is a single CGU and did not record any goodwill impairment at December 31, 2015.

NOTE 18 Due to banks

(in EUR millions)	31/12/2015	31/12/2014
Demand deposits and current accounts	168.2	439.5
Overnight deposits and borrowings and others	398.5	70.7
TOTAL DEMAND DEPOSITS	**566.7**	**510.2**
Term deposits and borrowings	6,550.0	2,181.5
Borrowings secured by notes and securities	-	-
TOTAL TERM DEPOSITS	**6,550.0**	**2,181.5**
Related payables	11.3	6.5
Revaluation of hedged items	28.9	51.0
Securities sold under repurchase agreements	-	-
TOTAL	**7,156.9**	**2,749.2**
Fair value of amounts due to banks (1)	7,156.9	2,749.2

It should also be noted that, at December 31, 2015, €5,080.9 million of the total amount due to banks represented transactions with Societe Generale Group (€976.4 million at December 31, 2014).

(1) Breakdown of the fair value of amounts due to banks by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	7,156.9	2,749.2
Level 3	Valuation determined mainly using non-observable market data	-	-
TOTAL GROSS		**7,156.9**	**2,749.2**

NOTE 19 Customer deposits

(in EUR millions)	31/12/2015	31/12/2014
Demand regulated savings accounts	9,483.6	9,227.9
Term regulated savings accounts	2,420.9	2,206.8
Other demand deposits	18,885.9	16,622.7
Companies and individual entrepreneurs	*10,969.9*	*9,743.0*
Individual customers	*6,790.9*	*5,986.1*
Financial customers	*24.2*	*12.1*
Others	*1,100.9* (1)	*881.5*
Other term deposits	4,298.4	3,404.7
Companies and individual entrepreneurs	*3,958.8*	*3,158.3*
Individual customers	*61.0*	*93.5*
Financial customers	-	-
Others	*278.6* (2)	*152.9*
Borrowings secured by notes and securities	-	-
Securities sold to customers under repurchase agreements	361.9	36.8
Related payables	22.8	62.1
Guarantee deposits	1.9	1.7
TOTAL	**35,475.4**	**31,562.7**
Fair value of customer deposits (3)	35,548.6	31,582.2

(1) *Of which €202.4 million associated with governments and central administrations.*
(2) *Of which €53.6 million associated with governments and central administrations.*

(3) Breakdown of the fair value of customer deposits by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	35,548.6	31,582.2
Level 3	Valuation determined mainly using non-observable market data	-	-
TOTAL GROSS		**35,548.6**	**31,582.2**

NOTE 20 Debt securities

(in EUR millions)	31/12/2015	31/12/2014
Savings certificates	2.6	7.6
Money market and negotiable debt securities	6,244.2	8,371.7
Bonds	574.9	2,038.4
Related payables	19.4	34.6
SUB-TOTAL	**6,841.1**	**10,452.3**
Revaluation of hedged items	-	-
TOTAL	**6,841.1**	**10,452.3**
o/w amount of variable-rate debt	*6,147.4*	*9,031.5*
Fair value of debt securities (1)	6,866.2	10,498.7

(1) Breakdown of the fair value of debt securities by level:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	6,866.2	10,498.7
Level 3	Valuation determined mainly using non-observable market data	-	-
TOTAL GROSS		**6,866.2**	**10,498.7**

NOTE 21 Loss allowances and impairments

Impairments

(in EUR millions)	Note	Loss allowances at 31/12/2014	Allocations	Reversals available	Reversals used	Others	Impairments at 31/12/2015
Banks	9	-	-	-	-	-	-
Loans to customers	10	1,272.5	345.6	-201.0	-82.0	0.2	1,335.3
Lease financing and similar agreements	11	81.2	45.0	-36.7	-3.7	-	85.8
Loss allowances for homogeneous assets	10	115.7	4.2	-12.2	-	-	107.7
Available-for-sale assets	8	4.0	1.7	-	-	-1.2	4.5
Others		3.0	0.6	-0.9	-0.6	0.1	2.2
TOTAL IMPAIRMENTS		**1,476.4**	**397.1**	**-250.8**	**-86.3**	**-0.9**	**1,535.5**

Loss allowances

(in EUR millions)	Loss allowances at 31/12/2014	Allocations	Reversals available	Reversals used	Discount effect	Others	Loss allowances at 31/12/2015
Loss allowances for off-balance sheet commitments with banks	-	-	-	-	-	-	-
Loss allowances for off-balance sheet commitments with customers	20.4	8.0	-6.4	-	-	-0.2	21.8
Loss allowances for employee benefits	123.3	16.4	-0.9	-4.7	-	-16.1	118.0
Tax loss allowances	12.5	0.5	-	-	-	-	13.0
Other loss allowances [1]	45.0	11.3	-2.3	-0.7	-	17.5	70.8
TOTAL LOSS ALLOWANCES	**201.2**	**36.2**	**-9.6**	**-5.4**	**-**	**1.2**	**223.6**

(1) o/w:
- net loss allowances for cost of risk totalling €2.7 million, mainly including loss allowances for disputes;
- net PEL/CEL loss allowances totalling €44.8 million at December 31, 2015 versus €27.3 million at December 31, 2014.

NOTE 22 Home savings accounts and plans

A. Outstanding deposits in PEL/CEL accounts

(in EUR millions)	31/12/2015	31/12/2014
PEL accounts		
Less than 4 years old	1,007.8	855.1
Between 4 and 10 years old	500.1	433.0
More than 10 years old	565.0	607.1
SUB-TOTAL	**2,072.9**	**1,895.2**
CEL accounts	**231.1**	**250.3**
TOTAL	**2,304.0**	**2,145.5**

B. Outstanding housing loans granted with respect to PEL/CEL accounts

(in EUR millions)	31/12/2015	31/12/2014
Less than 4 years old	5.2	9.5
Between 4 and 10 years old	9.0	11.7
More than 10 years old	0.8	1.3
TOTAL	**15.0**	**22.5**

C. Loss allowances for commitments linked to PEL/CEL accounts [1]

(in EUR millions)	31/12/2014	Allocations	Reversals	31/12/2015
PEL accounts				
Less than 4 years old	-	1.5	-	1.5
Between 4 and 10 years old	0.4	3.2	-	3.6
More than 10 years old	26.3	13.0	-	39.3
SUB-TOTAL	**26.7**	**17.7**	**-**	**44.4**
CEL accounts	**-**	**-**	**-**	**-**
Drawn down loans	**0.6**	**-**	**-0.2**	**0.4**
TOTAL	**27.3**	**17.7**	**-0.2**	**44.8**

(1) *These loss allowances are booked as "Loss allowances for general risk and commitments" (see Note 21).*

Home savings plans generate two types of commitments for the Group, with potentially adverse consequences, for which a PEL/CEL loss allowance is recorded: a commitment to issue a loan at a rate determined at the inception of the plan and a commitment to pay a rate of return on plan savings, also determined at the inception of the plan.

Given that long rates (to which the loss allowance level is sensitive) were low in 2015, the loss allowance was mainly linked to the risks associated with the commitment to pay a given rate of return on deposits. The loss allowance level was 1.95% of total deposits at December 31, 2015.

D. Methods used to establish the parameters for valuing loss allowances

The parameters used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over long periods (more than ten years). The value of these parameters can be adjusted if any changes are subsequently made to regulations with the potential to undermine the reliability of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the valuation date, of the future value of these items for the relevant period, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from zero coupon swaps vs. the Euribor yield curve at the valuation date, averaged over a 12-month period

NOTE 23 Employee benefits

1. Post-employment defined contribution plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

The main defined contribution plans provided to employees of the Group are based in France. They include State pension plans and national retirement plans such as ARRCO and AGIRC, as well as pension schemes set up by certain Group entities for which the only commitment is to pay contributions (PERCO contribution).

2. Post-employment defined benefit plans

2.1 Reconciliation of assets and liabilities recognised in the balance sheet

(in EUR millions)	31/12/2015	31/12/2014
Present value of defined benefit obligations (A)	130.7	143.9
Fair value of plan assets (B)	-96.8	-101.4
Actuarial deficit (C) = (A) + (B)	**33.9**	**42.5**
Present value of unfunded obligations (D)	22.7	23.7
Effect of asset ceiling (E)	-	-
Separate assets (F)	-	-
NET BALANCE RECORDED ON THE BALANCE SHEET (C + D + E + F)	**56.6**	**66.2**

Notes:

1. Post-employment pension plans include plans offering pre- and post-retirement benefits in the form of annuities and termination benefits. Pension benefit annuities are paid in addition to State pension plans.
2. The present value of defined benefit obligations have been valued by independent qualified actuaries.

2.2 Components of the cost of defined benefits

(in EUR millions)	31/12/2015	31/12/2014
Current service cost for the year, including social security contributions	7.0	5.9
Employee contributions	-	-
Past service cost/reductions	-	-
Impact of settlements	-	-
Net interest	1.1	1.5
Transfers of unrecognised assets	-	-
Components recognised in the income statement	**8.1**	**7.4**
Actuarial gains and losses related to assets [(1)]	-7.6	-6.9
Actuarial gains and losses due to changes in demographic assumptions	-	-3.6
Actuarial gains and losses due to changes in economic and financial assumptions	-7.2	22.5
Experience gains and losses	-2.1	-1.7
Impact of asset ceiling	-	-
Components recognised in gains and losses booked directly to equity	**-16.9**	**10.3**
TOTAL COMPONENTS OF COST OF DEFINED BENEFITS	**-8.8**	**17.7**

(1) *Return on plan assets, from which the amount of interest already expensed is deducted.*

2.3 Changes in net liabilities of post-employment plans booked to the balance sheet

2.3.1 Changes in the present value of defined benefit obligations

(in EUR millions)	2015	2014
BALANCE AT JANUARY 1	**167.6**	**156.4**
Current service cost for the year, including social security contributions	7.0	5.9
Employee contributions	-	-
Past service cost/reductions	-	-
Impact of settlements	-	-
Net interest	2.5	4.2
Actuarial gains and losses due to changes in demographic assumptions	-	-3.6
Actuarial gains and losses due to changes in economic and financial assumptions	-7.2	22.6
Experience gains and losses	-2.1	-1.7
Foreign currency exchange adjustment	-	-
Benefit payments	-14.6	-16.2
Acquisition of subsidiaries	-	-
Transfers and others	-	-
BALANCE AT DECEMBER 31	**153.2**	**167.6**

2.3.2 Changes in fair value of plan assets and separate assets

(in EUR millions)	2015	2014
BALANCE AT JANUARY 1	101.4	90.3
Interest expenses related to plan assets	1.5	2.8
Interest expenses related to separate assets	-	-
Actuarial gains and losses related to assets	7.6	6.9
Foreign currency exchange adjustment	-	-
Employee contributions	-	-
Employer contributions	0.1	16.8
Benefit payments	-13.7	-15.4
Acquisition of subsidiaries	-	-
Transfers and others	-	-
BALANCE AT DECEMBER 31	**96.9**	**101.4**

2.4 Information on funding of pension plans and plan funding conditions

2.4.1 General information on funding assets
(consisting of all plans combined and future contributions)

The fair value of plan assets, excluding assets linked to Crédit du Nord complementary benefits, is comprised of 24% bonds, 54% equities and 22% other assets.

The employer contributions for the defined benefit post-employment plans in 2016 will be determined after the year-end evaluations.

Overall, 63% of plans are hedged, but depending on the entity and the plan, hedging rates range from 0% to 110.8%.

2.4.2 Actual returns on funding assets

Actual returns on plan assets and separate assets were:

(in EUR millions)	2015	2014
Plan assets	9.1	9.7
Separate assets	-	-

2.5 Main assumptions for post-employment plans

(in EUR millions)	2015	2014
Future salary increase (including inflation)	3.5% (2)	3.5% (2)

(2) *Except for Société Marsellaise de Crédit.*

The discount rate used depends on the term of each plan (0.4% at 3 years/0.7% at 5 years/1.5% at 10 years/2.1% at 15 years and 2.4% at 20 years). It depends on the yield curves for AA-rated corporate bonds (source Merrill Lynch).

The average remaining lifetime is established individually by benefit for each Group entity and is calculated taking into account turnover assumptions.

The inflation rate used depends on the term of each plan (1.7% at 3 years/1.9% at 4-5 years/1.9% at 6 or more years).

2.6 Analysis of post-employment defined benefit plan obligation sensitivity to changes in the main actuarial assumptions

(as % of the item measured)	2015	2014
Variation of +1% in discount rate		
Impact on present value of defined benefit obligations at December 31, N	-11.0%	-10.9%
Variation of +1% in long-term inflation rate		
Impact on present value of defined benefit obligations at December 31, N	13.4%	13.0%
Variation of +1% in future salary increases net of inflation		
Impact on present value of defined benefit obligations at December 31, N	10.6%	10.4%

Published sensitivities are averages of changes observed weighted by the present value of the commitment (impact on present value of obligations).

3. Other long-term benefits

Other long-term benefits granted to Group employees include deferred bonuses, such as flexible working provisions and long-service awards. Other benefits besides post-employment benefits and end-of-career benefits are not due in full in the 12 months following the end of the year in which the members of staff provided the corresponding services.

The net balance of other long-term benefits was €51.8 million.

The total amount of expenses on other long-term benefits was €4.1 million.

NOTE 24 Subordinated debt

(in EUR millions)	31/12/2015	31/12/2014
Equity investments	-	-
Redeemable subordinated notes	566.0	666.0
Undated subordinated notes	-	-
Related payables	4.6	4.9
Revaluation of hedged items	12.0	20.1
TOTAL	**582.6**	**691.0**
Fair value of subordinated debt [(1)]	576.1	679.6

(1) Breakdown of the fair value of subordinated debt:

(in EUR millions)		31/12/2015	31/12/2014
Level 1	Valuation determined using prices quoted on active markets	-	-
Level 2	Valuation determined using observable data other than quoted market prices	576.1	679.6
Level 3	Valuation determined mainly using non-observable market data	-	-
TOTAL GROSS		**576.1**	**679.6**

NOTE 25 Assets pledged and received as collateral

1. Assets pledged as collateral

(in EUR millions)	31/12/2015	31/12/2014
Net book value of assets pledged as collateral for liabilities [(1)]	3,384.9	3,240.1
Net book value of assets pledged as collateral for securities transactions [(2)]	27.9	33.7
Net book value of assets pledged as collateral for off-balance sheet commitments	33.2	-
TOTAL	**3,446.0**	**3,273.8**

(1) The assets pledged as warranties mainly correspond to counter guarantees (notably with central banks).
(2) The assets pledged as security for financial transactions mainly correspond to deposits.

2. Assets received as collateral and available to the entity

(in EUR millions)	31/12/2015	31/12/2014
FAIR VALUE OF SECURITIES PURCHASED UNDER RESALE AGREEMENTS	**-**	**-**

NOTE 26 Transferred financial assets

1. Financial assets transferred but not derecognised

Financial assets which have been transferred but remain fully recognised on the balance sheet include temporary sales of securities (securities lending and securities with repurchase or resale options) and certain debt waivers to consolidated securitisation vehicles.

The temporary sale transactions (securities lending and securities sold under repurchase agreements) shown in the tables below relate only to securities recognised under assets in the balance sheet in the categories mentioned.

The accounting treatment of temporary security sales is set out in Note 1 "Main rules for evaluating and presenting the consolidated financial statements".

In the case of temporary security sales, the Group is exposed to the risk of default by the issuer of the security (credit risk) and to increases or decreased in the value of the securities (market risk). Securities purchased or sold under resale/repurchase agreements cannot simultaneously be used as collateral for another transaction.

1.1 Securities sold under repurchase agreements

	31/12/2015		31/12/2014	
(in EUR millions)	Carrying amount of assets	Carrying amount of related debt	Carrying amount of assets	Carrying amount of related debt
Available-for-sale securities	362.0	361.9	39.4	36.8
TOTAL	**362.0**	**361.9**	**39.4**	**36.8**

1.2 Securities lending

	31/12/2015		31/12/2014	
(in EUR millions)	Carrying amount of assets	Carrying amount of related debt	Carrying amount of assets	Carrying amount of related debt
Securities at fair value through profit or loss	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

1.3 Securitisation assets for which the recourse of related debt holders is limited solely to the assets transferred

Data at December 31, 2015

(in EUR millions)	Carrying amount of assets	Carrying amount of related debt	Fair value of transferred assets	Fair value of related debt	Net position
TOTAL	**-**	**-**	**-**	**-**	**-**

Data at December 31, 2014

(in EUR millions)	Carrying amount of assets	Carrying amount of related debt	Fair value of transferred assets	Fair value of related debt	Net position
TOTAL	**-**	**-**	**-**	**-**	**-**

2. 2. Financial assets that have been partially transferred or fully derecognised

The Group has no significant amount of transferred financial assets that are partly or fully derecognised.

NOTE 27 Assets and liabilities by residual maturity

Contractual maturities of financial liabilities [1]

at 31/12/2015 *(in EUR millions)*	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years	Indefinite period	Total
Due from central banks	-	-	-	-	-	-
Financial liabilities measured at fair value through profit or loss excluding derivatives	378.2	193.8	1,928.8	135.0	-	2,635.8
Due to banks	784.2	2,057.2	2,014.3	2,301.2	-	7,156.9
Customer deposits	5,572.9	2,578.7	9,940.0	17,383.8	-	35,475.4
Debt securities	303.2	2,871.9	3,475.2	190.8	-	6,841.1
Subordinated debt	16.6	146.1	66.0	353.9	-	582.6
TOTAL LIABILITIES	**7,055.1**	**7,847.7**	**17,424.3**	**20,364.7**	**-**	**52,691.8**
Loan commitments given	392.4	943.3	1,481.5	817.0	381.0	4,015.2
Guarantee commitments given	7,964.0	296.7	431.9	1,042.5	193.6	9,928.7
TOTAL COMMITMENTS GIVEN	**8,356.4**	**1,240.0**	**1,913.4**	**1,859.5**	**574.6**	**13,943.9**

(1) The amounts indicated are the contractual amounts excluding estimated interest and excluding derivatives.

Notional maturities of commitments in financial derivatives [2]

	Assets				Liabilities			
at 31/12/2015 *(in EUR millions)*	< 1 year	1-5 years	More than 5 years	Total	< 1 year	1-5 years	More than 5 years	Total
Interest rate instruments								
Firm transactions								
Swaps	*7,032.8*	*15,329.5*	*14,978.0*	*37,340.3*	*7,032.5*	*15,330.4*	*14,977.4*	*37,340.3*
Options								
Caps, floors, collars	*1,289.3*	*1,671.5*	*367.7*	*3,328.5*	*439.9*	*139.6*	*34.3*	*613.8*
Foreign exchange instruments								
Firm transactions								
Swaps	*68.0*	*26.6*	-	*94.6*	*69.1*	*27.1*	-	*96.2*
Options								
Foreign exchange options	*1,350.6*	*529.2*	-	*1,879.8*	*1 358.7*	*532.4*	-	*1,891.1*
Equity and index instruments								
Firm transactions	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Commodity instruments								
Firm transactions	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Credit derivatives								
Credit derivatives	-	-	-	-	-	-	-	-
Other forward financial instruments								
Other forward instruments	305.0	-	-	305.0	0.3	-	-	0.3

(2) These items are presented based on the maturities of the financial instruments.

NOTE 28 Commitments

A. Loan commitments and guarantees given and received

(in EUR millions)	31/12/2015	31/12/2014
COMMITMENTS GIVEN		
Loan commitments		
To banks	130.3	174.5
To customers	3,884.9	3,430.4
Guarantee commitments		
On behalf of banks	195.4	207.0
On behalf of customers	2,220.6	2,375.5
Other commitments given	7,512.7	3,457.5
COMMITMENTS RECEIVED		
Loan commitments		
From banks	1,485.0	773.5
Guarantee commitments		
From banks	16,006.7	13,956.6
Other commitments received [1]	54.5	53.3

(1) Of which €52.6 million in guarantee commitments received from administrations.

Loan commitments and guarantees given to Societe Generale Group amounted to €3,312.1 million at December 31, 2015 versus €5.4 million at December 31, 2014.

Loan commitments and guarantees received from Societe Generale Group amounted to €620.0 million at December 31, 2015 versus €203.8 million at December 31, 2014.

B. Securities transactions and foreign exchange transactions

(in EUR millions)	31/12/2015	31/12/2014
Securities transactions		
Securities to be received	0.3	0.3
Securities to be delivered	293.1	9.3
Foreign exchange transactions		
Currency to be received	4,090.0	3,886.4
Currency to be delivered	4,067.0	3,869.2

At December 31, 2015, securities and foreign currency to be received from Societe Generale Group totalled €488.9 million, while securities and foreign currency to be delivered to Societe Generale Group amounted to €473.0 million.

At December 31, 2014, securities and foreign currency to be received from Societe Generale Group totalled €364.2 million, while securities and foreign currency to be delivered to Societe Generale Group amounted to €345.7 million.

C. Financial derivatives

(in EUR millions)	31/12/2015 Assets	31/12/2015 Liabilities	31/12/2014 Assets	31/12/2014 Liabilities
TRADING INSTRUMENTS				
Interest rate instruments				
Firm transactions				
Swaps	*6,008.1*	*6,008.1*	*8,093.4*	*8,093.4*
Options				
Caps, floors, collars	*601.2*	*613.8*	*961.4*	*995.6*
Foreign exchange instruments				
Firm transactions				
Swaps	*87.9*	*87.9*	*89.6*	*90.3*
Options				
Foreign exchange options	*1,879.8*	*1,891.1*	*1,928.8*	*1,926.5*
Other forward financial instruments				
Instruments on organised markets	303.2	0.3	-	-
SUB-TOTAL TRADING INSTRUMENTS	**8,880.2**	**8,601.2**	**11,073.2**	**11,105.8**
FAIR VALUE HEDGING INSTRUMENTS (1)				
Interest rate instruments				
Firm transactions				
Swaps	*31,332.2*	*31,332.2*	*28,909.0*	*28,909.0*
Options				
Caps, floors, collars	*2,727.3*	-	*2,346.0*	-
Foreign exchange instruments (2)				
Firm transactions				
Swaps	*6.7*	*8.3*	*6.7*	*7.4*
Other forward financial instruments (2)				
Instruments on organised markets	1.8	-	0.8	-
SUB-TOTAL HEDGING INSTRUMENTS	**34,068.0**	**31,340.5**	**31,262.5**	**28,916.4**
TOTAL	**42,948.2**	**39,941.7**	**42,335.7**	**40,022.2**

(1) *Including macro hedging derivatives at fair value through profit or loss.*
(2) *Amounts have been adjusted with respect to the financial statements published in 2014.*

At December 31, 2015, commitments of this nature with Societe Generale Group stood at €37,453.3 million compared with €37,264.3 million at December 31, 2014.

Under current regulations, transactions processed on behalf of and on the order of customers are classified in the Trading category, while any hedging of these transactions is classified in “fair value hedging through profit or loss”.

NOTE 29 Foreign exchange transactions

	31/12/2015				31/12/2014			
(in EUR millions)	Assets	Liabilities	Currencies to be received	Currencies to be delivered	Assets	Liabilities	Currencies to be received	Currencies to be delivered
EUR	58,278.8	57,811.5	18.5	26.1	54,200.3	54,164.6	32.8	10.9
CHF	753.3	414.1	398.5	3.2	600.4	385.7	274.5	1.0
GBP	15.5	47.6	0.1	0.9	11.3	39.2	2.8	0.4
USD	166.9	881.7	68.7	473.1	285.0	449.3	110.0	343.8
JPY	0.4	2.8	0.1	12.3	1.9	4.1	0.9	2.0
Other currencies	36.1	93.3	58.4	31.3	99.1	155.1	63.0	126.3
TOTAL	**59,251.0**	**59,251.0**	**544.3**	**546.9**	**55,198.0**	**55,198.0**	**484.0**	**484.4**

NOTE 30 Interest income and expense

(in EUR millions)	2015	2014
Transactions with banks	21.8	21.5
Transactions with customers	1,165.8	1,230.2
Transactions in financial instruments	363.0	344.0
Available-for-sale financial assets	*57.9*	*69.7*
Held-to-maturity financial assets	-	-
Securities lending	-	-
Hedging derivatives	*305.1*	*274.3*
Finance leases	69.7	78.5
Real estate lease financing agreements	*20.2*	*20.9*
Non-real estate lease financing agreements	*49.5*	*57.6*
Other interest and similar income	-	-
TOTAL INTEREST INCOME	**1,620.3**	**1,674.2**
Transactions with banks	-28.1	-15.6
Transactions with customers	-191.2	-217.8
Transactions in financial instruments	-265.2	-296.4
Debt securities	*-67.0*	*-99.3*
Subordinated and convertible debt	*-17.0*	*-19.1*
Securities borrowing	-	-
Hedging derivatives	*-181.2*	*-178.0*
Other interest and similar expenses	-	-
TOTAL INTEREST EXPENSES	**-484.5**	**-529.8**
TOTAL INTEREST AND SIMILAR INCOME	**1,135.8**	**1,144.4**
o/w interest income related to impaired financial assets	*31.4*	*29.6*

(in EUR millions)	2015	2014
NET INCOME (EXPENSE) FROM		
Transactions with banks	-6.3	5.9
Transactions with customers	974.6	1,012.4
Short-term loans (1)	*188.6*	*205.2*
Export loans	*0.6*	*0.8*
Equipment loans	*142.9*	*159.8*
Housing loans	*665.7*	*711.0*
Others (1)	*-23.2*	*-64.4*
Transactions in financial instruments	97.8	47.6
Finance leases	69.7	78.5
Others	-	-
TOTAL INTEREST AND SIMILAR INCOME	**1,135.8**	**1,144.4**

(1) Amounts reported in the financial statements published on December 31, 2014, have been restated

NOTE 31 Fee income and expense

(in EUR millions)	2015	2014
FEE INCOME		
Transactions with banks	6.2	3.9
Transactions with customers	297.8	281.6
Securities transactions	13.3	10.9
Foreign exchange and financial derivatives transactions	2.1	2.1
Loan and guarantee commitments	26.0	28.9
Services	551.3	540.2
Others	-	-
TOTAL INCOME	**896.7**	**867.6**
FEE EXPENSE		
Transactions with banks	-0.5	-0.4
Securities transactions	-3.2	-3.6
Foreign exchange and financial derivatives transactions -0.2 -0.3		
Loan and guarantee commitments	-1.5	-1.7
Others	-75.4	-77.3
TOTAL EXPENSES	**-80.8**	**-83.3**

This fee income and expense includes:	2015	2014
- Fee income, excluding EIR (1) linked to financial instruments not measured at fair value through profit or loss	323.8	310.5
- Fee income relating to trusts or similar activities	95.4	91.8
- Fee expense, excluding EIR (1) linked to financial instruments not measured at fair value through profit or loss	-1.5	-1.7
- Fee expenses relating to trusts or similar activities	-3.9	-4.3

(1) Effective Interest Rate.

NOTE 32 Net gains/losses on financial instruments at fair value through profit or loss

(in EUR millions)	2015	2014
Net gain/loss on non-derivative financial assets held for trading	0.5	0.6
Net gain/loss on financial assets designated at fair value	0.4	-0.1
Net gain/loss on non-derivative financial liabilities held for trading	-	-
Net gain/loss on financial liabilities designated at fair value [(1)]	-7.1	-67.0
Gain/loss on derivative financial instruments held for trading	14.0 [(2)]	21.4
Net gain/loss on hedging instruments/Fair value hedging	-210.5 [(2)]	693.3
Revaluation of hedged items attributable to hedged risks	196.6	-685.9
Ineffective portion of cash flow hedge	-	-
Net gain/loss on foreign exchange transactions	27.8	20.5
TOTAL [(1)]	**21.7**	**-17.2**

(1) Since income and expense presented on the income statement are categorised by type and not by the recipient, net income on transactions in financial instruments at fair value through profit or loss must be assessed as a whole. It is worth noting that the above earnings do not include the cost of refinancing these financial instruments, which is included in interest income and expense.

(2) The effects of counterparty risk in the fair value of financial derivatives (Credit Value Adjustment - CVA) and own credit risk in the valuation of financial derivatives (Debit Value Adjustment - DVA) were, respectively:
- *-€1.7 million and -€13.3 million in 2015;*
- *-€0.4 million and €7.3 million in 2014; The CVA effect in respect of Societe Generale Group came out at -€1.86 million and the DVA effect at -€13.56 million in 2015.*

NOTE 33 Net gains/losses on available-for-sale financial assets

(in EUR millions)	2015	2014
CURRENT ACTIVITIES		
Gains on sale	20.9	2.6
Losses on sale	-1.2	-0.1
Impairment of equity instruments	-	-
Deferred or non-deferred profit sharing on available-for-sale assets of insurance subsidiaries	-	-
SUB-TOTAL	**19.7**	**2.5**
LONG-TERM EQUITY INVESTMENTS		
Gains on sale	2.6	2.4
Losses on sale	-0.6	-
Impairment of equity instruments	-1.8	-0.3
SUB-TOTAL	**0.2**	**2.1**
TOTAL	**19.9**	**4.6**

NOTE 34 Income and expenses from other activities

(in EUR millions)	2015	2014
INCOME FROM OTHER ACTIVITIES		
Real estate development	-	-
Real estate leasing [1]	1.6	8.3
Equipment leasing	1.2	1.3
Other activities	14.8	16.8
SUB-TOTAL	**17.6**	**26.4**
EXPENSES DUE TO OTHER ACTIVITIES		
Real estate development	-0.2	-
Real estate leasing	-1.4	-1.4
Equipment leasing	-	-0.2
Other activities	-19.8	-21.0
SUB-TOTAL	**-21.4**	**-22.6**
TOTAL NET	**-3.8**	**3.8**

(1) o/w rent on investment property: €0.8 million at December 31, 2015 and €0.9 million at December 31, 2014.

NOTE 35 Personnel expenses

A. Personnel expenses

(in EUR millions)	2015	2014
Employee compensation	-413.9	-420.6
Social security charges and payroll taxes	-168.0	-165.4
Net retirement expenses - defined contribution plans	-64.1	-64.7
Net retirement expenses - defined benefit plans	-3.7	-2.0
Employee profit-sharing and incentives	-62.0	-59.8
TOTAL	**-711.7**	**-712.5**
o/w net expenses in respect of share-based payment plans	-4.3	-0.8

Performance-based compensation paid in 2015 in respect of 2014 totalled €24 million.

B. Headcount [1]

	2015	2014
Registered workforce [2]	8,935	9,187
Average staff count in activity	8,739	8,859
Average staff count in activity directly compensated by Crédit du Nord Group	8,148	8,260
Maternity leave, qualification/apprenticeship contracts	591	599

(1) Excluding staff at Banque Pouyanne.

(2) Excluding staff seconded to Societe Generale Group.

NOTE 36 Share-based payment plans

Expenses recorded in the income statement

	2015			2014		
(in EUR millions)	Portion settled in cash	Portion settled in shares	Total plan assets	Portion settled in cash	Portion settled in shares	Total plan assets
Net expenses from stock option purchase plans	-	-	-	-	3.4	3.4
Net expenses from stock option and free share allocation plans	-1.1	-3.2	-4.3	-0.4	-3.8	-4.2
TOTAL	**-1.1**	**-3.2**	**-4.3**	**-0.4**	**-0.4**	**-0.8**

The expense indicated above relates to equity-settled stock-option plans and to cash-settled plans.

Description of Societe Generale stock option plans

Date of Shareholders' meeting	27/05/2008	27/05/2008	30/05/2006
Date of the Board of Directors' meeting	09/03/2010	09/03/2009	21/03/2008
Total number of shares [(1)] available for subscription or purchase	44,422	58,068	
Beginning of exercise period	09/03/2014	31/03/2012	21/03/2011
Expiry date	08/03/2017	08/03/2016	20/03/2015
Subscription or purchase price (in €) [(2)]	41.20	23.18	63.60
Terms of exercise (where the plan includes more than one tranche)			
Fair value (% of the share price at grant date)	26% [(4)]	27%	-
Number of shares subscribed for at 31/12/2015	2,073	20,138	-
Total number of cancelled or expired options	23,609	32,284	28,589
Number of stock options remaining at period end	18,740	5,646	-
Potential capital dilution [(3)]	0.04%	0.02%	-

(1) Exercising one option entitles the holder to one Societe Generale share. This table reflects the adjustments made following capital increases. This line does not include options exercised since the grant date.

(2) The subscription or purchase price is equal to the average of the 20 share prices prior to the Board of Directors' meeting.

(3) Dilution results from dividing the total number of remaining options available for subscription by the number of shares comprising Societe Generale's share capital.

(4) As the ROE condition was not met, the fair value of the options subject to performance conditions incorporates the TSR condition, i.e. 7%.

Description of Societe Generale's free share allocation programmes

Date of Shareholders' meeting	20/05/2014	22/05/2012	22/05/2012	25/05/2010	25/05/2010
Date of the Board of Directors' meeting	12/03/2015	13/03/2014	14/03/2013	02/03/2012	07/03/2011
Total number of shares awarded	97,032	79,302	145,916	184,788	89,011
Vesting date	31/03/2017	31/03/2016	31/03/2015	31/03/2014	31/03/2013
End date of holding period	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Performance-based [(1)]	yes	yes	yes	yes	yes
Fair value (in €) [(2)]	36.4	37.8	26.1	-	-
Number of shares vested at 31/12/2015	-	-	140,599	183,441	81,551
Cumulative number of cancelled or expired shares	-	1,478	5,317	1,347	7,460
Performance shares outstanding at year-end	97,032	77,824	-	-	-

(1) The applicable performance conditions are described in the chapter on Corporate Governance in Societe Generale Group's registration document.

(2) Fair value is measured using the arbitrage method.

NOTE 37 Cost of risk

(in EUR millions)	2015	2014
COUNTERPARTY RISK		
Net allocation for impairment	-144.8	-164.6
Losses not covered by loss allowances	-34.1	-22.8
Amounts recovered on amortised receivables	3.6	7.3
OTHER RISKS		
Net allowance for other loss allowances for contingent liability items	-2.7	-1.7
Losses not covered by loss allowances	-1.2	-1.4
TOTAL	**-179.2**	**-183.2**

NOTE 38 Income tax

(in EUR millions)	2015	2014
Current taxes	-217.8	-201.8
Deferred taxes (2)	-3.2	9.0
TOTAL TAX EXPENSE (1)	**-221.0**	**-192.8**

(1) Reconciliation of the difference between the Group's normative tax rate and its effective tax rate can be broken down as follows:

(in EUR millions)	2015	2014
Earnings before tax and excluding net income from companies accounted for by the equity method (2)	**581.2**	**509.4**
Normal tax rate applicable to French companies (including the 3.3% contribution)	**34.43%**	**34.43%**
Permanent differences (2)	3.69%	3.54%
Differential on exempt items or items taxed at a reduced rate (2)	-0.06%	-0.02%
Tax differential on profits taxed outside France (2)	-0.04%	-0.10%
Effect of non-deductible losses for the period and the use of tax loss carry-forwards (2)	-	-
Group effective tax rate (2)	**38.02%**	**37.85%**

(2) Amounts reported in the financial statements published in 2014 have been restated following the entry into force of IFRIC 21, with retrospective application.
- "Deferred taxes" amounted to €9.0 million in 2015 versus €8.8 million in 2014;
- "Earnings before tax" amounted to €509.4 million in 2015 versus €509.8 million in 2014;

In France, standard corporate income tax is 33.33%. In addition, companies pay a Social Security Solidarity Contribution of 3.3% (after a deduction from taxable income of €0.76 million), introduced in 2000, in addition to an Exceptional Contribution of 10.7% instituted for fiscal years 2013, 2014 and 2015 (versus 5% for 2011 and 2012), on all profitable companies generating revenue of more than €250 million. The Amending Finance Act of August 8, 2014 extended this Exceptional Contribution to fiscal year 2015.

Long-term capital gains on equity investments are tax-exempt, subject to taxation of a share for fees and expenses. As from December 31, 2012, in accordance with the 2013 Finance Act, this share for fees and expenses stands at 12% of the gross capital gain versus 10% of the net capital gain previously.

In addition, under the parent companies/subsidiaries scheme, dividends received from companies in which the equity investment is at least 5% are tax-exempt, subject to taxation on a 5% share representing fees and expenses.

The tax rate used to calculate the deferred taxes of French companies was 34.43% for earnings taxed at the standard rate. For earnings taxed at the reduced rate, the reduced rate is 4.13% given the type of transactions involved.

NOTE 39 Transactions with related parties

In accordance with IAS 24, Crédit du Nord's related parties include members of the Board of Directors, corporate officers (the Chief Executive Officer) and their respective spouses and any children residing in their family home, on the one hand, and affiliated companies, on the other.

A. Senior managers

A.1 Remuneration of the Group's senior managers

This includes amounts effectively paid by Crédit du Nord Group to its directors and corporate officers as remuneration (including employer charges), and other benefits under IAS 24, paragraph 17, as indicated below.

(in EUR millions)	31/12/2015	31/12/2014
Short-term benefits	1.9	1.2
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
TOTAL	**1.9**	**1.2**

A detailed description of the remuneration and benefits of Crédit du Nord's corporate officers is contained in the information on the corporate officers.

A.2. Transactions with related parties (individuals)

Transactions with members of the Board of Directors, corporate officers and members of their families discussed in this note consist solely of loans and guarantees outstanding at December 31, 2015 and securities transactions. These transactions are insignificant.

B. Principal subsidiaries and affiliates

Crédit du Nord Group has reported the following companies as affiliated entities: Antarius, consolidated using the equity method, and Societe Generale Group entities with which it carries out transactions

(in EUR millions)	31/12/2015	31/12/2014
OUTSTANDING ASSETS WITH RELATED PARTIES		
Financial assets at fair value through profit or loss	38.0	39.8
Other assets	9,773.6	6,474.7
TOTAL OUTSTANDING ASSETS	**9,811.6**	**6,514.5**

(in EUR millions)	31/12/2015	31/12/2014
OUTSTANDING LIABILITIES WITH RELATED PARTIES		
Financial liabilities at fair value through profit or loss	35.6	43.5
Customer deposits	-	0.1
Other liabilities	6,338.1	2,374.9
TOTAL OUTSTANDING LIABILITIES	**6,373.7**	**2,418.5**

(in EUR millions)	31/12/2015	31/12/2014
NBI FROM RELATED PARTIES		
Interest and similar income	72.2	96.7
Fee income	15.4	48.4
Net income from financial transactions	-152.8	719.7
Net income from other activities	-	-
NBI	**-65.2**	**864.8**

(in EUR millions)	31/12/2015	31/12/2014
COMMITMENTS TO RELATED PARTIES		
Foreign exchange transactions and securities to be received	488.9	364.2
Foreign exchange transactions and securities to be delivered	473.0	345.7
Guarantee commitments received	620.0	203.8
Loan commitments given	-	-
Guarantee commitments given	3,312.1	5.4
Forward financial instrument commitments	37,453.3	37,264.4

NOTE 40 Additional information on consolidated entities and entities accounted for by the equity method

This note covers entities under joint or exclusive control and entities under significant influence whose financial statements are material relative to the Group's consolidated financial statements. Materiality is notably assessed with respect to the Group's total consolidated balance sheet assets and consolidated gross operating income.

The following information pertains to consolidated structured entities, joint ventures and associates (see Note 1, paragraph 1, "Principles of consolidation").

1. Consolidated structured entities

A structured entity is an entity designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity (see Note 1, paragraph 1, "Principles of consolidation").

Consolidated entities include in particular:

- investment funds (open-ended mutual funds, mutual funds, etc.) managed by the Group's asset management subsidiaries;
- securitisation funds issuing financial instruments that can be subscribed for by investors and that bear credit risks inherent in a given exposure or basket of exposures which can be divided into tranches;
- asset financing structures carrying shipping, power plant, wind farm and co-generation financing vehicles.

At December 31, 2015, Crédit du Nord did not own any consolidated structured entities.

2. Entities accounted for by the equity method (joint ventures and associates)

Companies consolidated using the equity method are:

- joint ventures, i.e. joint arrangements in which the parties exercising joint control over the operation have rights to the joint venture's net assets;
- associates, i.e. entities over which the Group exercises significant influence.

Summarised financial information for joint ventures and associates

(in EUR millions)	Joint ventures		Associates		Total entities accounted for by the equity method	
Group share in:	2015	2014	2015	2014	2015	2014
Net income	27.2	25.0	0.5	0.4	27.7	25.4
Gains and losses recognised directly in equity (net of tax)	13.2	12.8	-	-	13.2	12.8
NET INCOME AND GAINS AND LOSSES BOOKED DIRECTLY TO EQUITY	**40.4**	**37.8**	**0.5**	**0.4**	**40.9**	**38.2**

At December 31, 2015, Antarius was the joint venture and Pouyanne the associate.

NOTE 41 Unconsolidated structured entities

A structured entity is an entity designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity (see Note 1, paragraph 1, “Principles of consolidation”).

The information presented below pertains to entities structured by the Group. They are grouped by type of family exercising similar activities: asset financing, asset management and others (including securitisation and issuance structures).

Asset financing includes economic interest groups, partnerships and equivalent structures carrying aviation, railway, shipping or real estate financing vehicles.

Asset management brings together investment funds (open-ended mutual funds, mutual funds, etc.) managed by the Group’s asset management subsidiaries;

Securitisation includes securitisation funds and equivalent structures issuing financial instruments that can be subscribed for by investors and that bear credit risks inherent in a given exposure or basket of exposures which can be divided into tranches.

The Group’s interests in entities structured by third parties are classified under consolidated balance sheet headings by type (“Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”, “Available-for-sale financial assets”, “Loans and receivables”, “Debts”, etc.).

Crédit du Nord only includes asset financing structures carrying shipping, power plant, wind farm and co-generation financing vehicles.

1. Interests in unconsolidated structured entities

The Group’s interests in an unconsolidated structured entity cover the contractual or non-contractual links exposing it to the risk of change in returns associated with the structured entity’s performance. These interests include:

- equity or debt instruments of any subordination rank;
- financing contributions (loans, credit facilities, financing commitments, cash facilities, etc.);
- credit enhancement (guarantees, subordinated shares, credit derivatives);
- guarantees given (guarantee commitments);
- derivatives that absorb some or all of the risk of a change in the structured entity’s returns, excluding Credit Default Swaps (CDS) and options purchased by the Group;
- contracts earning fees based on the structured entity’s performance;
- tax consolidation agreements.

(in EUR millions)	Asset financing	Others
ENTITY'S TOTAL BALANCE SHEET ASSETS	**648.3**	**-**
Net carrying amount of the Group's interests in these entities		
Assets	**199.9**	**-**
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	57.1	-
Due from banks and customer loans	142.8	-
Others	-	-
Liabilities	**-**	**-**
Financial liabilities at fair value through profit or loss	-	-
Due to banks and customer deposits	-	-
Others	-	-

At December 31, 2015, the Group had not given any financial support to these entities outside normal market conditions.

Its maximum exposure to the risk of losses linked to its interests in a structured entity is equivalent to:

- the amortised cost or fair value [(1)] of non-derivative financial assets entered into with the structured entity, based on how they are measured on the balance sheet;
- the fair value [(1)] of derivatives recorded as assets on the balance sheet;
- the nominal value of CDS sold (maximum amount payable);
- the nominal value of financing or guarantee commitments given.

(in EUR millions)	Asset financing	Others
Amortised cost or fair value[(1)], depending on how they are measured on the balance sheet, of non-derivative financial assets entered into with the structured entity	-	-
Fair value of derivatives recorded as assets on the balance sheet	-	-
Nominal value of CDS sold (maximum amount payable)	-	-
Nominal value of financing or guarantee commitments given	15.4	-
MAXIMUM EXPOSURE TO RISK OF LOSSES	**15.4**	**-**

Items reducing maximum exposure to risk of losses include:

- the nominal amount of guarantee commitments received;
- the fair value [(1)] of assets received as collateral;
- the carrying amount of guarantee deposits received recorded as liabilities on the balance sheet;

(1) Fair value at the balance sheet date, which may fluctuate in subsequent fiscal years.

2. Information on unconsolidated structured entities sponsored by the Group

The Group cannot hold interests in a structured entity but may be considered as the entity's sponsor if it has or has had a role as:

- a structurer;
- a promoter to potential investors;
- a third-party asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular via capital or return guarantees granted to fund unitholders).

Furthermore, a structured entity is considered to be sponsored by the Group where its name includes the name of the Group or one of its subsidiaries.

However, entities structured by the Group in response to specific needs expressed by one or more customers or investors are deemed to be sponsored by said customers or investors.

The total balance sheet assets of unconsolidated structured entities sponsored by the Group amounted to €648.3 million and only related to asset financing. Income earned from these entities totalled €1.9 million.

NOTE 42 Statutory Auditors' fees

	DELOITTE		ERNST & YOUNG		OTHER AUDITORS	
(in EUR thousands)	2015	2014	2015	2014	2015	2014
Statutory Auditors, certification and examination of individual and consolidated financial statements	600.0	600.0	295.0	287.0	148.0	162.0
Fees relating to other due diligence procedures and services directly linked to statutory auditors' duties	72.5	-	47.0	6.0	-	-
TOTAL	**672.5**	**600.0**	**342.0**	**293.0**	**148.0**	**162.0**

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2015

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Crédit du Nord;
- the justification of our assessments;
- the specific verification required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 1 «Significant accounting principles - Introduction» which set out the consequences of the initial application of IFRS 21 "Taxes".

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:

- For the purpose of preparing the consolidated financial statements, your group records depreciation to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in

Note 1 to the consolidated financial statements, related in particular to the valuation of goodwill, to the valuation of provisions other than those for credit risk as well as the assessment of provisions for employee benefits. We have reviewed and tested the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in Note 1 to the consolidated financial statements.

- As detailed in note 1 to the consolidated financial statements, your group uses internal models to measure financial instruments that are not based on observable market data. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions as well as their observability, and verifying that the risks generally expected from the markets were taken into account in the valuations.
- As stated in note 6 to the consolidated financial statements, your group assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit or loss. We have verified the appropriateness of the data used for this purpose.

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

III. Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented 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 11, 2016

The statutory auditors

French original signed by

DELOITTE & ASSOCIES
José-Luis GARCIA

ERNST & YOUNG et Autres
Vincent ROTY

Basel 3 Capital Adequacy Ratio Information under Pillar 3

The Basel 3 capital adequacy ratio was 12.2% at December 31, 2015 (with a Basel 3 Core Tier 1 ratio of 9.7%).

As a result, the Group share of equity stood at €2,943.0 million at December 31, 2015 (compared to €2,708.0 million at December 31, 2014). After taking prudential deductions into account, prudential Basel 3 Core Tier 1 capital came out at €1,679.1 million and Basel 3 risk-weighted assets stood at €17,387.5 million.

Risk-weighted assets can be broken down as follows by type of risk:

- credit risk exposure of €16,267.1 million, accounting for 93.6% of risk-weighted assets at December 31, 2015;
- market risk exposure of €104.9 million, accounting for 0.6% of risk-weighted assets at December 31, 2015;
- operational risk exposure of €1,015.5 million, accounting for 5.8% of risk-weighted assets at December 31, 2015.

Prudential capital, risk-weighted assets and capital adequacy ratios

(in EUR millions)	31/12/2015 Basel 3	31/12/2014 Basel 3 [(1)]
Consolidated equity, Group share (IFRS)	2,943.0	2,708.0
Non-controlling interests, after estimated dividend payout	-	-
Intangible assets	-154.3	-158.5
Goodwill	-508.0	-508.0
Theoretical dividends	-278.0	-244.8
Other regulatory adjustments	-323.6	-305.0
TOTAL TIER 1 CAPITAL	**1,679.1**	**1,491.8**
Basel 3 deductions	-	-
Additional Tier 1 capital	-	-
TOTAL TIER 1 CAPITAL	**1,679.1**	**1,491.8**
Tier 2 capital	439.3	483.2
Basel 3 deductions	-	-
TOTAL TIER 2 CAPITAL	**439.3**	**483.2**
TOTAL REGULATORY CAPITAL (TIER 1 + TIER 2)	**2,118.4**	**1,975.0**
Credit risk-weighted assets	16,267.1	15,366.4
Market risk-weighted assets	104.9	115.9
Operational risk-weighted assets	1,015.5	851.6
TOTAL GROSS OUTSTANDINGS	**17,387.5**	**16,333.9**
CAPITAL ADEQUACY RATIOS		
Core Tier 1 ratio	9.7%	9.1%
Tier 1 ratio	9.7%	9.1%
Total capital adequacy ratio	12.2%	12.1%

(1) *Amounts previously reported in the financial statements published in 2014 have been restated.*

Leverage ratio

Crédit du Nord Group calculates its leverage in accordance with the leverage ratio framework defined by the Basel Committee in January 2014. These rules have been enacted into European regulations (CRR as amended by the Commission Delegated Act of 10 October 2014).

The leverage ratio is managed with the intention of calibrating the amount of Tier 1 capital (the numerator of the leverage ratio) and to control the Group's total leveraged exposure (the ratio's denominator).

The minimum amount mentioned in the Basel Committee's recommendations is 3%.

The leverage ratio is currently being observed to determine the minimum requirements. When they are established, the Group's target will be adjusted as required. At end-2015, Crédit du Nord Group's leverage ratio stood at 2.7%.

Summary of the leverage ratio and the transition of the accounting balance sheet to the leveraged exposure prudential scope

(in EUR millions)	31/12/2015	31/12/2014
Tier 1 capital	**1,679.1**	**1,491.8**
Total prudential balance sheet assets	56,328.1	53,097.0
Adjustments for fiduciary assets recorded on the balance sheet but excluded from the leveraged exposure	-	-
Adjustments for derivative exposures	2,059.9	2,352.9
Adjustments for securities financing transactions	-	-
Off-balance sheet exposures (loan and financial guarantee commitments)	5,231.2	4,975.0
Technical and regulatory adjustments (Tier 1 prudential capital deductions)	-773.7	-768.2
Leveraged exposure	**62,845.6**	**59,656.8**
Fully loaded CRR leverage ratio	**2.7%**	**2.5%**

Disclosures on asset encumbrance

Model A - Assets

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
010	**Filing institution's assets**	**5,828.8**		**53,422.2**	
030	Capital instruments	-	-	847.7	847.7
040	Debt securities	705.5	705.5	6,106.9	6,106.9
120	Other assets	-		3,947.4	

Model B - Guarantees received

		Fair value of encumbered guarantee received or encumbered own debt securities issued	Fair value of guarantee received or own debt securities issued available for encumbrance
		010	040
130	**Guarantees received by institution in question**	**576.7**	**408.3**
150	Capital instruments	-	-
160	Debt securities	576.7	408.3
230	Other guarantees received	-	-
240	**Own debt securities issued, other than own covered bonds or asset-backed own securities**	**-**	**-**

Model C - Encumbered assets/guarantee received and associated liabilities

		Corresponding liabilities, contingent liabilities or loaned securities	Asset, guarantees received and own debt securities issued, other than covered bonds and encumbered asset-backed securities
		010	030
010	**Carrying amount of select financial liabilities**	**5,398.3**	**6,405.6**

Model D - Disclosures on size of asset encumbrance

Encumbered assets are primarily receivables. Use of receivables (loans to business and individual customers) and also securities used as collateral in refinancing operations are an additional source of liquidity contributions for the Group, in addition to deposits and market resources predominantly obtained through the issuance of non-collateralised debt. They may be drawn as part of secured financing, both on the market and internationally, as part of the ECB's monetary policy (TLTRO) or via covered bonds (SG SFH).

Individual financial statements

3

2015 Management Report

In 2015, France posted stronger growth than in previous years. Meanwhile, the economic environment improved in the eurozone, boosted by the decrease in commodities prices and the depreciation of the euro. However, household consumption remains relatively weak, as it is still being held back by difficult conditions in the labour market, and business investment remains slow.

Even in this persistently challenging domestic economy, Crédit du Nord delivered dynamic sales activity and very strong financial performances

Fiscal year activity

Outstanding loans to customers increased by 3.1%, driven by the robust performance of housing loans (+2.7%) and equipment loans (+4.9%). 2015 was a record year for housing loan origination, sustained by a low interest rate environment, with substantial debt consolidation and renegotiation activity. The TLTRO series offered by the ECB, to which Crédit du Nord has subscribed since the first operation in September 2014, fully contributed to the momentum of equipment loans.

Regulated savings accounts and demand deposits made considerable progress (+9.2%) year-on-year. The crisis also encouraged consumers to hold cash in their demand accounts and short-term savings accounts as a precautionary measure. Meanwhile, demand deposits by business and professional customers were further boosted by outflows from money market funds, which remained unattractive due to exceptionally low interest rates, and by the wide range of savings products offered by Crédit du Nord.

The change in the securities portfolio reflected the initiatives carried out under the joint liquidity project with Societe Generale.

2015 net income

Crédit du Nord generated net income of €1,123.9 million in 2014, up +0.6%s. This positive development is explained by buoyant sales. It can be attributed to both the solid momentum in the margin on deposits, driven by a volume effect on deposits and the decline in the Livret A rate on August 1, 2015, and to the increase in the margin on loans, boosted by the considerable increase in prepayment penalty fees. Net fees increased by +3.3%, helped by the expansion of the customer base, robust earnings from financial savings and the invoicing of account administration fees as from April 1, 2015.

Operating expenses amounted to €553.3 million (-1.6%). The decline in personnel expenses (-3.4%) related to the reduced headcount (-2.6%) was partly offset by the increase in other expenses (+1.9%) and taxes (+6.2%), which included the €3.0 million contribution to the European Single Resolution Fund. The amount of the CICE (employment competitiveness contribution tax), which reduces personnel expenses, came to €5.1 million in 2015 (versus €5.2 million in 2014) and was used in accordance with regulations.

In light of all these items, gross operating income amounted to €570.6 million (+2.9%).

Cost of risk totalled €85.1 million versus €80.9 million at December 31, 2014. In a persistently challenging economic and financial environment, Crédit du Nord continues to keep cost of risk under control.

Operating income before corporation tax came out at €485.4 million. After income tax, net income for the period stood at €362.6 million (+0.3%).

Outlook

Crédit du Nord's 2015 earnings underscored the quality of its business model, founded on close customer relations and the balanced breakdown of its business portfolio between the individual, professional and business customer markets.

In 2016, in what is expected to be a more positive economic environment, Crédit du Nord's objective is to capitalise on its growth drivers by further expanding its range of personal protection products, developing its private banking business and adding on to its multi-channel offering.

Related-party agreements

In accordance with the provisions of Article L.225-102-1 of the French Commercial Code, we are listing the agreements entered into directly or via an intermediary between the Chief Executive Officer or one of the Directors or Shareholders owning more than 10% of a company, and another company in which the latter company directly or indirectly owns more than half the share capital:

- Agreement with Societe Generale (GTS) on pooling IT infrastructure, the signing of which was authorised at the Board of Directors meeting of July 23, 2009 (approved by the Shareholders' Meeting of May 12, 2010);
- Agreement with Societe Generale (SIOP) on the establishment of a common information system, the signing of which was authorised at the Board of Directors meeting of May 6, 2011 (approved by the Shareholders' Meeting of May 11, 2012);
- Agreement with Societe Generale (GTPS) on pooling Back Office payment operations, the signing of which was authorised at the Board of Directors meeting of May 28, 2014 (approved by the Shareholders' Meeting of May 28, 2015);

Schedule of trade payables

	Payables not yet due					
(in EUR millions)	1-30 days	31-60 days	> 60 days	Payables due	Other scheduled payments	Total
Amount at 31/12/2015	0.9	0.1	-	-	0.1	1.1
Amount at 31/12/2014	0.6	-	-	-	0.1	0.7

The maturity dates correspond to the payment dates listed on the invoices or to supplier terms and conditions, independently of their date of receipt.

The Purchasing Department records the invoices and carries out the payments requested by all of the functional departments. The network branches have special teams to process and pay their own invoices.

In accordance with Crédit du Nord's internal control procedures, invoices are only paid after they are approved by the departments which ordered the services. Once approval is obtained, they are entered into a joint application, with payments made according to the terms set by the suppliers.

The"Other scheduled payments" column refers to retention payments for work which will be paid approximately 6 months after the work is received.

Five-year financial summary

	2015	2014	2013	2012	2011
FINANCIAL POSITION AT YEAR-END					
Capital stock *(in EUR)*	890,263,248	890,263,248	890,263,248	890,263,248	890,263,248
Shares outstanding	111,282,906	111,282,906	111,282,906	111,282,906	111,282,906
RESULTS OF OPERATIONS FOR THE YEAR *(in EUR thousands)*					
Revenue without tax [1]	1,531,546	1,548,370	1,769,113	1,677,752	1,843,867
Net banking income	1,123,844	1,117,108	1,324,633	1,083,516	1,079,181
Income before tax, depreciation, amortisation, loss allowances and profit-sharing	632,534	596,092	870,599	542,248	530,465
Income tax	-122,788	-112,796	-113,235	-91,369	-58,458
Income after tax, depreciation, amortisation and loss allowances	362,623	361,508	619,823	344,903	226,891
Total dividends [2]	278,207	244,822	411,747	222,566	222,566
EARNINGS PER SHARE *(in euros)*					
Income after tax, but before depreciation, amortisation and loss allowances [3]	4.51	4.27	6.73	3.97	4.02
Income after tax, depreciation, amortisation and loss allowances	3.26	3.25	5.57	3.10	2.04
Dividend per share [2]	2.50	2.20	3.70	2.00	2.00
EMPLOYEE DATA					
Average headcount	4,408	4,494	4,620	5,199	5,377
Total payroll *(in EUR thousands)*	230,790	234,630	240,076	250,814	269,314
Total benefits (Social Security, corporate benefits, etc.) *(in EUR thousands)*	97,991	101,177	107,294	111,911	114,816

(1) Defined as the sum of bank operating income and other income deducted for interest paid on financial instruments.
(2) In respect of the fiscal year.
(3) Based on the number of outstanding shares at year-end.

Individual balance sheet at December 31

Assets

(in EUR millions)	Note	31/12/2015	31/12/2014
Cash, due from central banks and postal accounts	2	815.5	173.5
Treasury notes and similar securities	5	3,732.3	5,099.4
Due from banks	3	14,811.7	10,620.2
Transactions with customers	4	17,364.3	16,838.5
Bonds and other fixed-income securities	5	3,242.9	4,485.0
Shares and other equity securities	5	500.3	507.1
Equity investments and other long-term investment securities	6	94.0	91.6
Investments in subsidiaries and affiliates	6	1,819.1	1,730.7
Lease financing and similar transactions		0.1	0.2
Intangible assets	7	97.8	99.7
Tangible assets	7	174.9	178.5
Other assets	8	219.4	205.9
Accruals	8	219.4	267.7
TOTAL		**43,091.7**	**40,298.0**

Off-balance sheet items

(in EUR millions)	Note	31/12/2015	31/12/2014
Loan commitments given	17	4,221.1	2,873.0
Guarantee commitments given	17	2,357.0	2,455.3
Security commitments given		287.7	0.1
Foreign exchange transactions		3,616.4	3,475.3
Forward financial instrument commitments	18	57,397.4	55,332.3

Liabilities

(in EUR millions)	Note	31/12/2015	31/12/2014
Due to central banks, postal accounts		0.3	-
Due to banks	9	10,192.9	5,778.3
Transactions with customers	10	18,803.1	16,503.7
Debt securities	11	9,593.8	13,441.1
Other liabilities	12	355.3	423.0
Accruals	12	785.3	825.9
Loss allowances	13	181.5	164.0
Subordinated debt	15	570.6	670.9
Shareholders' equity	16	2,608.9	2,491.1
Common stock		890.3	890.3
Additional paid-in capital		10.4	10.4
Reserves		1,344.2	1,227.2
Regulated loss allowances		0.9	0.8
Retained earnings		0.5	0.9
Net income		362.6	361.5
TOTAL		**43,091.7**	**40,298.0**

Off-balance sheet items

(in EUR millions)	Note	31/12/2015	31/12/2014
Loan commitments received from banks	17	1,485.0	773.5
Guarantee commitments received from banks	17	8,077.3	7,601.9
Security commitments received		0.2	0.1
Foreign exchange transactions		3,639.9	3,491.8

Income statement

(in EUR millions)	Note	2015	2014
Interest and similar income		*617.3*	*722.7*
Interest and similar expenses		*-226.0*	*-279.8*
Net interest and similar income (expenses)	19	391.3	442.9
Income from equity securities	20	198.4	209.0
Fee income		*457.6*	*445.5*
Fee expenses		*-58.0*	*-58.7*
Net fee income (expenses)	21	399.6	386.8
Net gains or losses on trading book transactions	22	72.1	34.6
Net gains or losses on investment portfolio and similar transactions	22	62.9	37.0
Other banking income		*9.1*	*19.6*
Other banking expenses		*-9.5*	*-12.8*
Net other banking income (expenses)		-0.4	6.8
NET BANKING INCOME		1,123.9	1,117.1
Personnel expenses	23	-349.0	-361.1
Other operating expenses	25	-155.7	-151.8
Depreciation and amortisation		-48.6	-49.5
Operating expenses, depreciation and amortisation expense		-553.3	-562.4
GROSS OPERATING INCOME		570.6	554.7
Cost of risk	26	-85.1	-80.9
OPERATING INCOME		485.5	473.8
Gains or losses on fixed assets	27	-0.1	0.5
PRE-TAX PROFIT		485.4	474.3
Non-recurring income		-	-
Income tax	28	-122.8	-112.8
Net allocation to regulated loss allowances		-	-
NET INCOME		**362.6**	**361.5**

Notes to the individual financial statements

NOTE 1 Accounting principles and valuation methods

Main valuation and presentation rules for the individual financial statements

Crédit du Nord's individual financial statements have been drawn up and presented in accordance with the provisions of ANC (French Accounting Standards Authority) Regulation No. 2014-07 of November 26, 2014 on the financial statements of banking sector companies.

Comparability of financial statements

No change in accounting method was observed in 2015.

Regulatory options exercised

Crédit du Nord applies the following regulatory options:

- securities acquisition costs: the option not to activate acquisition costs is applied in accordance with CNC (French Accounting Standards Board) Opinion No. 2008-05;
- impairment in respect of probable credit risk: the increase in book value due to the passage of time is recorded in the interest margin and not in cost of risk (CNC option).

Accounting principles and valuation methods

In accordance with the accounting principles applicable to French credit institutions, for most transactions the valuation methods take into account the original intention of such transactions.

Transactions carried out for banking intermediation purposes are held at their historic cost and impaired in the event of counterparty risk. The results of such transactions are recorded on a pro rata basis, in accordance with the principle of separate accounting years. This category includes transactions in forward financial instruments aimed at hedging and managing the overall interest rate risk of banking intermediation activities.

Trading transactions are usually marked to market, with the exception of loans, borrowings and short-term investment securities, which are recorded at nominal value. When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a reserve is booked to cover valuations established on the basis of in-house models (Reserve Policy), which is determined according to the complexity of the model used and the life of the financial instrument.

Use of estimates and judgement

In drawing up Crédit du Nord's annual financial statements, the application of the accounting principles and methods described in the notes led Management to develop assumptions and make estimates which may have an impact on the amounts booked to the income statement, on the valuation of balance sheet assets and liabilities, and on the disclosures presented in the notes to the consolidated financial statements.

In order to make these estimates and develop these assumptions, Management uses data available at the date on which the annual accounts are prepared and may be called upon to use its own judgement. By nature, the valuations based on these estimates contain risks and uncertainties as to whether they will materialise in the future. Consequently, the final future results of the transactions in question may differ from these estimates and therefore have a significant impact on the financial statements.

The use of estimates primarily concerns the following valuations:

- the fair value as reported on the balance sheet of financial instruments (securities and derivative instruments) that are not listed on an active market and held for market activities (see notes 5, 6, 8 and 12);

- amounts recognised as impairments of financial assets (see note 13), tangible and intangible assets (see note 7);
- loss allowances recognised on the liabilities side of the balance sheet (see note 13), including loss allowances for employee benefits (see note 24);
- the amount of deferred tax assets recognised on the balance sheet (see note 12);

Due from banks and customers

Amounts due from banks and customers are classified according to their initial duration or type into: demand (current accounts and overnight transactions) and term accounts in the case of banks; customer receivables, current accounts and other loans in the case of customers. Amounts due from banks and customers include outstanding loans and repurchase agreements, secured by notes and securities, entered into with these counterparties.

Accrued interest on these amounts is recorded as related receivables through profit or loss.

Interest on doubtful loans is calculated using the discounted net book value of the loan.

Fees received and incremental transaction costs related to the granting of a loan are comparable to interest and spread over the effective life of the loan.

Impairment of individual outstanding loans due to probable credit risk

In accordance with new ANC Regulation No. 2014-07 of November 26, 2014 on the financial statements of banking sector companies (Book II - Title 2 - Accounting treatment of credit risk), if a loan is considered to bear a probable risk that all or part of the sums owed by the counterparty under the initial terms and conditions of the loan agreement will not be recovered by Crédit du Nord, notwithstanding the existence of loan guarantees, the loan in question is classified as doubtful. In any event, outstanding loans are reclassified as doubtful where one or more payments is at least three months overdue (six months for real estate and property loans, nine months for municipal loans), or where, any missed payments notwithstanding, there is a probable risk of loss or where a loan is disputed.

Unauthorised overdrafts are classified as doubtful loans after a period of no more than three consecutive months during which the account limits are exceeded (limits of which individual customers have been notified and limits resulting from legal or de facto agreements with other categories of customers).

Where a given borrower's loan is classified as a "doubtful loan", any other loans and commitments made to the same borrower are also automatically classed as doubtful, regardless of any guarantees.

Doubtful loans and non-performing loans give rise to impairment for the portion of doubtful and non-performing loans that will probably not be recovered, and are recorded as an asset write-down. The amount of the impairment loss for doubtful and non-performing loans is equal to the difference between the gross book value of the asset and the present value discounted for estimated recoverable future cash flows, taking into account the value of any guarantees, discounted at the original effective interest rate of the loans. Recoverable amounts are determined on the basis of expert analysis for the non-retail portfolio and according to a statistical method for the retail portfolio (individual and professional customers). The distribution of recoverable amounts over time follows recovery curves statistically established for each homogenous group of receivables. Furthermore, this write-down may not be less than the full amount of the accrued interest not yet received on the doubtful loan. Impairment allocations and reversals, losses on irrecoverable loans and amounts recovered on impaired loans are booked under "Cost of risk".

For restructured loans, any abandonment of principal or interest due or accrued is recorded as a loss when the loan is restructured.

Doubtful loans can be reclassified as performing loans once there is no longer any probable credit risk and once payments have resumed on a regular basis according to the initial contractual schedule. Moreover, doubtful loans which have been restructured may be reclassified as performing.

In the event the creditworthiness of the borrower is such that after a reasonable period of classification in doubtful loans, a reclassification to performing loan status is no longer plausible, the loan is specifically classified as a non-performing loan. This status is conferred if the loan is accelerated or the loan agreement is cancelled, or, in any case, if the loan has been classified as doubtful for one year, with the exception of doubtful loans for which the contractual clauses are respected and/or doubtful loans with valid enforceable guarantees. Restructured loans for which the borrower has not respected payment schedules are also classified as non-performing loans.

Segmentation of outstanding loans

For the purpose of segmenting outstanding loans (performing, performing under watch, doubtful, non-performing, irrecoverable), the following system of external and/or internal ratings is used:

- external ratings: for a given counterparty, a Banque de France (BDF) rating of 8 or 9 automatically calls for declassification to doubtful loans, and a P rating calls for declassification to non-performing loans;
- internal ratings: for the retail portfolio, there is a specific rating for default. For the corporate portfolio, each category of loans in default has a specific rating (8 for doubtful, 9 for undisputed non-performing and 10 for disputed non-performing). Performing loans with a rating of 7 in the corporate portfolio lose their status and are categorised as "Performing loans under watch" (3S). Similarly, as of 2013, the decision to recategorise a loan as 3S results in a rating of 7.

BDF ratings are also used in risk monitoring procedures to select performing loans that need to be subject to a risk review as a top priority.

Performing loans under watch ("3S")

Within the "Performing loan" risk category, Crédit du Nord has created a subcategory called "Performing loans under watch" to cover loans/receivables requiring closer supervision. This category includes loans/receivables where certain evidence of deterioration has appeared since they were granted.

The Group conducts historical analyses to determine the impairment ratio and the rate at which these loans/receivables are classified as doubtful. These analyses are updated on a regular basis. It then applies these figures to similar groups of receivables in order to determine the amount of impairment.

Impairment due to sector credit risk

This type of impairment does not apply to individual loans, but covers several classes of risk, including regional sector risk (global risk in sectors of the regional economy impaired by specific unfavourable business conditions). Crédit du Nord's Central Risk Division regularly lists the business sectors that it considers to represent a high probability of default in the short term due to recent events that may have caused lasting damage to the sector. A rate of classification as doubtful loans is then applied to the total outstanding in these sectors in order to determine the volume of doubtful loans. Impairments are then booked for the overall amount of these outstanding loans, using impairment ratios which are determined according to the historical average rates of doubtful customers, adjusted to take into account an analysis of each sector by an independent expert on the basis of the economic environment.

Risk mitigation

Existing guarantees and guarantees to be provided are listed in a collateral data base. The information contained in this data base is used to make credit decisions and to calculate loss allowances on doubtful loans.

Securities portfolio

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other fixed-income securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- and the purpose for which they were required: trading, short-term and long-term investment, portfolio activities, equity investments, investments in subsidiaries and affiliates, and other long-term equity investments.

Sales and purchases of securities are recognised in the balance sheet at the settlement-delivery date.

In accordance with the provision of Book II - Title 3 - Securities Transactions - of ANC Regulation No. 2014-07 of November 26, 2014, the rules for classifying and evaluating each portfolio category are as follows:

Trading securities

Trading securities are securities initially bought or sold principally for the purpose of reselling or repurchasing them in the near term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling in normal competitive conditions. Short-term investment securities also include securities subject to a promise of sale as part of an arbitrage transaction carried out on an organised or similar market in financial instruments, and securities bought or sold for specialised trading book strategy including forward financial instruments, securities or other financial instruments managed together and showing indications of a recent short-term profit-taking profile.

Trading securities are recorded on the balance sheet at cost, net of expenses. For fixed-income securities, the cost includes accrued interest.

They are marked to market at the end of the financial period.

Net unrealised gains or losses, together with net gains or losses on disposals, are recognised in the income statement under "Net income from financial transactions". Coupon payments received on fixed-income securities in the trading portfolio are recorded in the income statement under "Net interest income from bonds and other fixed-income securities".

Trading securities no longer held for sale in the short term, no longer held for market-making purposes, or for which the specialised portfolio management strategy for which they are held no longer offers a recent profit-taking profile in the short term, may be transferred to the "Short-term investment securities" or "Long-term investment securities" category if:

- an exceptional market situation requires a change in holding strategy;
- or if the fixed-income securities can no longer be traded on an active market following their acquisition, and if Crédit du Nord intends and is able to hold them for the foreseeable future or until their maturity.

Transferred securities are recorded in their new category at their market value at the date of transfer.

Short-term investment securities

This category includes securities which are not included with short-term investment securities, investment securities, other long-term investment securities, equity investments and subsidiaries, other long-term investment securities or investments in subsidiaries and affiliates.

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. For listed securities, realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the financial statements but an impairment of the securities portfolio is booked to cover unrealised capital losses, without said impairment being offset against any unrealised capital gains. Income from these securities is recorded in "Income from equity securities".

Bonds and other fixed-income securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortised to income over the life of the relevant securities using the actuarial method. Accrued interest on bonds and other short-term investment securities is recorded as "Related receivables" and under "Net interest income from bonds and other fixed-income securities" in the income statement.

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the financial statements but an impairment of the securities portfolio is booked to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of impairment losses on short-term investment securities together with gains and losses on sales of these securities are recorded under "Net income from financial transactions" in the income statement.

Short-term investment securities can be reclassified as "Long-term investment securities" if:

- an exceptional market situation requires a change in holding strategy;
- or if the fixed-income securities can no longer be traded on an active market following their acquisition, and if Crédit du Nord intends and is able to hold them for the foreseeable future or until their maturity.

Long-term investment securities

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Crédit du Nord intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to do so.

Long-term investments are booked according to the same principles as short-term investment securities, except that no impairment is recorded for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of impairment losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under "Net income from long-term investments".

Equity investments, investments in subsidiaries and affiliates, and other long-term investments

This category of securities covers "Equity investments and investments in subsidiaries and affiliates", where it is deemed useful to Crédit du Nord's business to hold the shares over the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with Crédit du Nord and where influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Crédit du Nord.

This category also includes "Other long-term investment securities". These are equity investments made by Crédit du Nord with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the small percentage of attached voting rights.

Equity investments, investments in consolidated subsidiaries and affiliates, and other long-term investment securities are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is booked in the income statement under "Income from equity securities".

At year-end, equity investments and investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain such securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealised capital gains are not recognised in the financial statements but an impairment of the securities portfolio is booked to cover unrealised capital losses. Allocations to and reversals of impairment as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under "Net income from long-term investments".

Fixed assets

Operating and investment fixed assets are booked on the balance sheet at cost. Borrowing expenses incurred to fund a lengthy construction period for fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed in-house is capitalised at the direct development cost, which includes external hardware and service costs and personnel expenses directly attributable to the production and preparation of the software application in order to use it.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Depreciation is calculated mainly using the straight line method over the specified useful life of the asset.

Where one or more components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life. Allocations to depreciation and amortisation are recorded on the income statement under "Depreciation and amortisation".

Crédit du Nord has applied this approach to its operating property, breaking down its assets into at least the following components with their corresponding depreciation periods:

Infrastructures	Major structures	50 years
	Doors and windows, roofing	20 years
	Frontages	30 years
Technical installations	Elevators	10-30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, smoke extraction	
	Heating	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures & fittings	Finishings, surroundings	10 years

Depreciation periods for other categories of fixed assets depend on their useful life, usually estimated in the following ranges:

Plant and equipment	5 years
Transport equipment	4 years
Furniture	10 years
IT and office equipment	3-5 years
Software, developed or acquired	3-5 years
Franchises, patents and licenses	5-20 years

Amounts due to banks and customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type into: demand (deposits, current accounts) and term accounts in the case of banks; and regulated savings accounts and other deposits in the case of customers. This debt includes repurchase agreements, in the form of securitised debt payables, carried out with these economic operators.

Accrued interest on these amounts is recorded as related payables through profit or loss.

Debt securities

These liabilities are broken down into medium-term notes, interbank securities and negotiable debt instruments, bonds and other fixed-income securities (with the exception of subordinated notes, which are classified under subordinated debt).

Interest accrued and payable in respect of these securities is booked as related payables through profit or loss. Bond issuance and redemption premiums are amortised using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under "Net income from bonds and other fixed-income securities".

Bond issuance costs accrued over the period are booked as expenses for the period, under "Net income from bonds and other fixed-income securities" in the income statement.

Subordinated debt

This item includes all dated or undated subordinated borrowings which, in the event of the liquidation of the borrower, may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of subordinated debt, if any, is shown with the underlying liabilities as related payables through profit or loss.

Loss allowances

Loss allowances include:

- loss allowances for commitments;
- loss allowances for contingencies and disputes.

Loss allowances for commitments and contingencies are determined on the basis of expert analysis.

Loss allowances for disputes are discounted according to the amount and projected payment date, as determined on the basis of expert analysis.

The discount rate is the rate of a risk-free investment over the same period.

Loss allowances for contingencies are defined as liabilities with no precisely defined amount or due date. Loss allowances are booked where the Group has a commitment to a third party for which the Group will probably or certainly never incur an outflow of resources to this third party without expecting to receive at least an equivalent value in exchange from said third party.

Loss allowances are presented in Note 13. Information pertaining to the category and amount of risks involved is not provided if Crédit du Nord is of the opinion that it could result in substantial prejudice in a legal dispute against third parties concerning the object of the loss allowance.

Net loss allowances are classified by type in the relevant income statement.

Commitments under home savings accounts

Home savings accounts and plans are savings schemes for individual customers (in accordance with Law No. 65-554 of July 10, 1965), which combine an initial deposit phase in the form of an interest-earning savings account with a lending phase where the deposits are used to provide property loans. The latter phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The deposits collected and loans granted are booked at amortised cost.

These instruments generate two types of commitments for Crédit du Nord: the obligation to subsequently lend to the customer at an interest rate established upon the signing of the agreement, and the obligation to pay interest on the customer's savings in the future at an interest rate set upon the signing of the agreement, for an indefinite period.

Commitments with future adverse effects for Crédit du Nord are subject to loss allowances booked as balance-sheet liabilities, any changes in which are recorded on the interest margin line under "Net banking income". These loss allowances relate exclusively to commitments under home savings accounts and schemes existing at the date of the loss allowance's calculation.

Loss allowances are calculated for each generation of home savings schemes with no netting between the different generations of schemes, and for all home savings accounts taken together, which constitutes a single all-encompassing generation.

During the savings phase, loss allowances are calculated according to the difference between average expected outstanding savings and minimum expected outstanding savings, both of which are determined statistically based on historic observations of actual customer behaviour.

During the lending phase, loss allowances are calculated according to loans already issued but not yet due at the balance sheet date, as well as future loans considered as statistically probable on the basis of customer savings deposits on the balance sheet at the date of calculation and on historic observations of actual customer behaviour.

A loss allowance is booked if the discounted value of expected future earnings for a given generation of home savings products is negative. These results are measured on the basis of interest rates available to individual customers for equivalent savings and loan instruments, with similar estimated life and date of inception.

Foreign exchange transactions

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement.

In accordance with the provisions of Book II - Title 7 - Local Currency Transactions - of ANC Regulation No. 2014-07 of November 26, 2014 on the financial statements of banking sector companies, forward foreign exchange transactions are measured at the exchange rate of the currency in question over the remaining forward term. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Resulting valuation differences are regularly recorded in the income statement.

Forward financial instrument transactions

Transactions in forward interest rate, foreign exchange or equity instruments are recognised in accordance with the provisions of ANC Regulation No. 2014-07 of November 26, 2014 on the financial statements of banking sector companies (Book II - Title 5 - Chapter 1 - Accounting Treatment of Forward Interest Rate Instruments & Book II - Title 5 - Chapter 2 - Accounting Treatment of Swaps or Forward Currency Contracts).

Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of outstanding transactions and does not represent the potential gain or loss associated with the market or counterparty risk on these transactions.

The accounting treatment of income or expenses on these forward financial instruments depends on the purpose for which the transaction was concluded, as follows:

Hedging transactions

Income and expenses on forward financial instruments used as a hedge and assigned from the beginning to an identifiable item or group of similar items, are offset in the income statement against the income and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments are booked as “Net income from financial transactions”, under “Income from forward financial instruments”.

Income and expenses on forward financial instruments used for hedging and management of overall interest rate risk are recorded in the income statement on a pro rata basis. They are recognised as “Net income from financial transactions” under “Income from forward financial instruments”.

Transactions in open positions

All relative income and expenses are booked to the income statement on a prorata basis. They are recognised as “Net income from financial transactions” under “Income from forward financial instruments”. A loss allowance is set aside for unrealised losses, determined by a book-to-market value comparison. Unrealised gains are not recorded.

Guarantees given and received

Guarantees given at the request of customers or banks are recorded as off-balance sheet items in the amount of the commitment. For guarantees received, only those from banks, governments, public administrations and local authorities are recorded.

Off-balance sheet guarantees and endorsements correspond to irrevocable cash loan commitments and guarantee commitments which did not give rise to any fund movements.

Where necessary, loss allowances are set aside for these financing guarantees and commitments.

Net fee income

Crédit du Nord recognises service fee income and expenses in different ways depending on the type of service.

Fees for continuous services, such as certain fees on payment instruments, custody fees or web-service subscriptions are booked as income over the life of the service provided.

Fees for one-off services, such as fund activity fees, finder's fees received and penalties following payment incidents are booked to income when the service is provided under "Fee income – Services and others".

Personnel expenses

The "Personnel expenses" account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year, and income related to the CICE (Employment Competitiveness Contribution Tax).

Employee benefits

Crédit du Nord grants the following benefits to its employees:

- post-employment benefits, such as pension plans and end-of-career benefits;
- long-term benefits, such as deferred variable remuneration, long-service awards or flexible working provisions;
- employment termination benefits.

Post-employment benefits

Pension plans can be defined contribution or defined benefit plans.

Defined contribution plans limit Crédit du Nord's liability to the contributions paid to the plan but do not commit Crédit du Nord to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit Crédit du Nord, either formally or implicitly, to pay a certain amount or level of future benefits and therefore bear the associated medium or long-term risk.

A loss allowance is recorded on the liabilities side of the balance sheet under "Loss allowances" to cover all of the above pension commitments. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation method takes account of assumptions on demographics, early retirement, wage increases, discount rates and inflation.

Where these plans are financed using external funds meeting the definition of plan assets, the fair value of these funds is deducted from the amount of the loss allowance recorded to cover the related commitments.

Differences arising from changes in the calculation method (early retirement, discount rate, etc.) or between actuarial assumptions and actual figures (return on hedging assets, etc.) constitute actuarial differences (gains or losses). These are amortised in the income statement over the projected remaining average working life of the employees participating in the plan if they exceed the higher of the following two values (corridor method):

- 10% of the discounted value of the defined benefit obligations;
- 10% of the fair value of the assets at the end of the previous period.

Where a new plan (or amendment) is being established, the past service cost is spread out over the residual vesting period.

The annual expense recognised as personnel expenses for defined benefit plans includes:

- additional benefits vested by each employee (current service cost)
- the interest cost corresponding to the increase in the present value of a defined benefit obligation;
- the expected return on any plan assets (gross yield);
- the amortisation of actuarial gains and losses and past service cost;
- the effect of any plan curtailments or settlements.

Long-term benefits

Long-term benefits are employee benefits that do not fall due wholly within the twelve months after the end of the period in which the employees render the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs which are booked immediately to the income statement.

Cost of risk

The figure shown under "Cost of Risk" includes net reversals of impairment losses and loss allowances for credit risk, losses on non-recoverable loans, amounts recovered on impaired loans, and allowances and reversals for other risks.

Gains or losses on fixed assets

This item covers capital gains or losses realised on disposals, as well as the net allocation to impairment for equity investments, investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is booked under "Net banking income".

Tax expense

All taxes (excluding income tax) whose assessment refers to items for the fiscal year in question are recognised as expenses for said year, whether or not the tax was actually paid during the course of the fiscal year.

Current taxes

Since January 1, 2010, Crédit du Nord has been included in Societe Generale's tax consolidation scope. A tax consolidation sub-group was set up between Crédit du Nord and some of the subsidiaries in which it holds a direct or indirect ownership interest of at least 95%. The convention adopted is that of neutrality.

In France, standard corporate income tax is 33.33%. In addition, a social security contribution of 3.3% (after deduction from taxable income of €0.76 million) was introduced in 2000 and, as from 2013, an additional 10.7% tax for companies generating revenue in excess of €250 million.

Since January 1, 2007, long-term capital gains on equity investments are tax-exempt, except for corporate tax on 12% of the amount of gross capital gains, which is deemed to represent costs and expenses, in the event that a net capital gain is generated over the long term.

In addition, under the parent companies/subsidiaries scheme, dividends received from companies in which interest is at least 5% are tax-exempt (with the exception of a share for fees and expenses equivalent to 5% of the dividends paid).

Tax credits arising in respect of revenues from receivables and securities portfolios, where they are effectively used for the settlement of corporate income tax due for the fiscal year, are booked under the same line item as the related revenues. The corresponding income tax expense is booked to the income statement under "Income Tax".

Deferred taxes

Crédit du Nord records deferred taxes in its parent company financial statements.

Deferred taxes are recognised in the event a temporary difference is detected between the restated book values and the tax values of balance sheet items. Deferred taxes are calculated using the liability method. Accordingly, they are adjusted whenever there is a change in the tax rate. The corresponding impact is added to/subtracted from the deferred tax expense. Net deferred tax assets are recognised where there is a possibility of recovery over a given time period.

For 2015 and subsequent fiscal years, the normal tax rate used to determine deferred tax is 34.43% for earnings taxed at the normal rate, and the reduced rate is 4.13% based on the type of transaction.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

Non-recurring income

This heading includes income earned and expenses incurred by Crédit du Nord that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, said income or expenses are the result of events that fall outside the scope of Crédit du Nord's activity.

NOTE 2 Cash, due from central banks and postal accounts

(in EUR millions)	31/12/2015	31/12/2014
Cash	80.3	87.4
Due from central banks	735.2	86.1
Due from post office accounts	-	-
TOTAL	**815.5**	**173.5**

NOTE 3 Due from banks

(in EUR millions)	31/12/2015	31/12/2014
Demand deposits and loans		
Current accounts	1,380.3	527.2
Overnight deposits and loans	1,003.6	934.0
Term deposits and loans		
Term deposits and loans	11,347.8	9,037.5
Subordinated and participating loans	94.7	94.2
Loans secured by notes and securities	965.9	0.5
Related receivables	19.4	26.8
TOTAL GROSS (1) (2) (3)	**14,811.7**	**10,620.2**
Impairments	-	-
TOTAL NET	**14,811.7**	**10,620.2**
(1) O/w doubtful loans	*-*	*-*
(2) O/w irrecoverable non-performing loans	*-*	*-*
(3) O/w transactions with subsidiaries and affiliates	*13,522.5*	*9,229.6*

NOTE 4 Transactions with customers

(in EUR millions)	31/12/2015	31/12/2014
Trade notes	171.4	184.3
Other customer loans	16,546.2	16,059.1
Short-term loans	2,228.0	2,249.7(*)
Export loans	14.6	14.3
Equipment loans	3,258.2	3,107.1
Housing loans	10,080.0	9,815.8
Other loans	965.4	872.2(*)
Overdrafts	1,180.7	1,101.3
Related receivables	28.4	30.4
TOTAL GROSS (1) (2) (3) (4) (5) (6)	**17,926.7**	**17,375.1**
Impairments	-562.4	-536.6
TOTAL NET	**17,364.3**	**16,838.5**

(*) Amount adjusted relative to the financial statements published at December 31, 2014.

	31/12/2015	31/12/2014
(1) O/w performing loans (excluding related receivables)	*16,755.2*	*16,264.0*
- Companies and individual entrepreneurs	*7,103.4*	*6,959.4*
- Individual customers	*9,308.9*	*9,026.6*
- Financial customers	*224.3*	*185.5*
- Others	*118.6*	*92.5*
(2) O/w doubtful loans (excluding related receivables)	*443.5*	*416.1*
- Companies and individual entrepreneurs	*262.0*	*255.1*
- Individual customers	*181.2*	*161.0*
- Financial customers	-	-
- Others	*0.3*	-
(3) O/w irrecoverable non-performing loans	*699.6*	*664.6*
- Companies and individual entrepreneurs	*484.9*	*461.0*
- Individual customers	*213.3*	*202.2*
- Financial customers	-	-
- Others	*1.4*	*1.4*
(4) O/w receivables pledged as collateral for liabilities	*3,164.3*	*1,428.5*
(5) O/w receivables eligible as collateral for Banque de France refinancing operations	*780.7*	*636.8*
(6) O/w transactions with subsidiaries and affiliates	*223.9*	*184.6*

Gross outstanding restructured loans totalled €72.9 million at December 31, 2015.

Concentration risk is analysed on a half-yearly basis at the consolidated level. The methods of analysis and major trends are provided in Note 4 to the consolidated financial statements.

NOTE 5 Treasury notes, bonds and other fixed-income securities, shares and other equity securities

	31/12/2015				31/12/2014			
(in EUR millions)	Treasury notes and similar securities	Shares and other equity securities	Bonds and other fixed-income securities	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other fixed-income securities	Total
Trading book	-	-	-	-	-	-	-	-
Short-term investment portfolio [(1)]								
Gross amount	3,715.3	500.3	3,241.0	7,456.6	5,068.7	507.2	4,475.5	10,051.4
Impairments	-0.7	-	-9.2	-9.9	-	-0.1	-7.6	-7.7
Net amount	3,714.6	500.3	3,231.8	7,446.7	5,068.7	507.1	4,467.9	10,043.7
Investment portfolio								
Gross amount	-	-	0.3	0.3	-	-	3.0	3.0
Impairments	-	-	-0.1	-0.1	-	-	-1.3	-1.3
Net amount	-	-	0.2	0.2	-	-	1.7	1.7
Related receivables	17.7	-	10.9	28.6	30.7	-	15.4	46.1
TOTAL [(2)]	**3,732.3**	**500.3**	**3,242.9**	**7,475.5**	**5,099.4**	**507.1**	**4,485.0**	**10,091.5**
(1) O/w securities eligible as collateral for Banque de France refinancing operations				*6,355.6*				*10,157.9*
(2) O/w bonds and other fixed-income securities issued by public organisations (net of loss allowances and excluding related receivables)				*100.2*				*331.1*

Additional information on securities

Short-term investment portfolio

(in EUR millions)	31/12/2015	31/12/2014
Estimated value of short-term investment securities		
Unrealised capital gains	138.2	194.2
Unrealised capital gains on shares and other equity securities	5.3	4.1
Unrealised capital gains on bonds and other fixed-income securities	132.9	190.1
Premiums and discounts related to short-term fixed-income investment securities (excluding doubtful securities)	-106.8	-287.6
Shares of UCITS held	500.0	506.9
Listed securities in treasury notes and similar securities (net of loss allowances and excluding related receivables)	3,715.3	5,068.7
Listed securities in shares and other equity securities (net of loss allowances and excluding related receivables)	-	6.8
Listed securities in bonds and other fixed-income securities (net of loss allowances and excluding related receivables)	971.3	1,039.3
Subordinated securities (net of loss allowances and excluding related receivables)	9.1	8.8

Long-term investment portfolio

(in EUR millions)	31/12/2015	31/12/2014
Estimated value of long-term investment securities		
Unrealised capital gains	-	-
Premiums and discounts related to long-term investment securities (excluding doubtful securities)	-	-
Listed securities in bonds and other fixed-income securities (net of loss allowances and excluding related receivables)	-	-

The long-term investment portfolio is wholly comprised of OBSAARs (bonds with redeemable and/or acquisition warrants): partial redemptions were recorded in 2015 for €1.4 million (excluding related receivables) and one OBSAAR was eliminated from the portfolio for €1.3 million.

Securities transferred

No securities were transferred from one portfolio to another in 2014 or 2015.

NOTE 6 Equity investments, other long-term investment securities and investments in subsidiaries and affiliates

Equity investments and other long-term investment securities

(in EUR millions)	31/12/2015	31/12/2014
Banks	**75.9**	**75.2**
Listed	-	-
Unlisted	75.9	75.2
Others	**18.2**	**16.4**
Listed	-	-
Unlisted	18.2	16.4
TOTAL GROSS	**94.1**	**91.6**
Impairments	-0.1	-
TOTAL NET	**94.0**	**91.6**

Investments in subsidiaries and affiliates

(in EUR millions)	31/12/2015	31/12/2014
Banks	**1,517.3**	**1,448.9**
Listed	-	-
Unlisted [(1)]	1,517.3	1,448.9
Others	**301.8**	**281.8**
Listed	-	-
Unlisted [(2)]	301.8	281.8
TOTAL GROSS	**1,819.1**	**1,730.7**
Impairments	-	-
TOTAL NET	**1,819.1**	**1,730.7**

(1) The main changes in 2015 concern the purchase of securities issued by subsidiaries: Société Marseillaise de Crédit securities for €31.0 million, Rhône-Alpes securities for €17.7 million, Courtois securities for €14.4 million, Laydernier securities for €4.0 million and Nuger securities for €1.3 million.

(2) The change in 2015 concerned the capital increase of subsidiary Etoile ID for €20.0 million.

NOTE 7 Fixed assets

(in EUR millions)	Gross value at 31/12/2014	Acquisitions	Disposals	Other changes	Gross value at 31/12/2015	Accumulated depreciation and amortisation at 31/12/2015 [1]	Net value at 31/12/2015
Operating fixed assets							
Intangible assets							
Start-up costs	-	-	-	-	-	-	-
Software created	267.5	23.5	-	-8.5	282.5	-206.3	76.2
Software purchased	78.2	0.4	-0.1	-23.5	55.0	-54.3	0.7
Others	20.4	0.6	-	-	21.0	-0.1	20.9
SUB-TOTAL	**366.1**	**24.5**	**-0.1**	**-32.0**	**358.5**	**-260.7**	**97.8**
Tangible assets							
Land and buildings	186.7	4.4	-	3.4	194.5	-69.2	125.3
Others	302.5	14.6	-1.5	-54.4	261.2	-214.4	46.8
SUB-TOTAL	**489.2**	**19.0**	**-1.5**	**-51.0**	**455.7**	**-283.6**	**172.1**
Fixed assets (excluding operating fixed assets)							
Tangible assets							
Land and buildings	7.3	-	-0.1	0.1	7.3	-4.6	2.7
Others	1.6	-	-	-0.6	1.0	-0.9	0.1
SUB-TOTAL	**8.9**	**-**	**-0.1**	**-0.5**	**8.3**	**-5.5**	**2.8**
TOTAL	**864.2**	**43.5**	**-1.7**	**-83.5**	**822.5**	**-549.8**	**272.7**

(1) Breakdown of depreciation, amortisation and impairment:

(in EUR millions)	Intangible assets			Operating tangible assets		Fixed assets excluding operating fixed assets [*]	Total
	Software created	Software purchased	Others	Land & Buildings	Others		
Amount at 31 December 2014	**188.8**	**77.5**	**0.1**	**61.3**	**252.3**	**6.0**	**586.0**
Depreciation and amortisation	26.0	0.4	-	8.8	13.4	0.1	48.7
Depreciation and amortisation relating to asset disposals	-8.5	-23.5	-	-0.8	-51.3	-0.7	-84.8
Impairment of fixed assets	-	-	-	-	-	-	-
Reversals	-	-	-	-	-	-	-
Other changes	-	-0.1	-	-0.1	-	0.1	-0.1
AMOUNT AT DECEMBER 31, 2015	**206.3**	**54.3**	**0.1**	**69.2**	**214.4**	**5.5**	**549.8**

(*) *Allocations to depreciation and amortisation of fixed assets (excluding operating fixed assets) are included in "Net banking income".*

NOTE 8 Accruals and other accounts receivable

(in EUR millions)	31/12/2015	31/12/2014
Other assets		
Sundry debtors	189.4	183.2
Premiums on options purchased	29.5	21.7
Settlement accounts on securities transactions	0.1	0.3
Others	0.4	0.7
SUB-TOTAL	**219.4**	**205.9**
Accruals		
Prepaid expenses	4.6	4.9
Accrued income	146.6	162.4
Others	68.2	100.4
SUB-TOTAL	219.4	267.7
TOTAL (1)	**438.8**	**473.6**

(1) At 31/12/2015, none of the components of these items had been pledged.

NOTE 9 Due to banks

(in EUR millions)	31/12/2015	31/12/2014
Demand accounts		
Demand deposits and current accounts	628.7	1,805.7
Related payables	0.1	0.1
SUB-TOTAL	**628.8**	**1,805.8**
Term accounts		
Term deposits and borrowings	9,547.7	3,960.9
Related payables	16.4	11.6
SUB-TOTAL	**9,564.1**	**3,972.5**
TOTAL (1)	**10,192.9**	**5,778.3**
(1) O/w transactions with subsidiaries and affiliates	*8,210.4*	*4,097.1*

NOTE 10 Transactions with customers

(in EUR millions)	31/12/2015	31/12/2014
Regulated savings accounts		
Demand	5,000.8	4,919.7
Term	1,239.1	1,130.2
SUB-TOTAL	**6,239.9**	**6,049.9**
Other demand deposits		
Companies and individual entrepreneurs	5,620.7	5,005.1
Individual customers	3,493.4	3,101.2
Financial customers	22.9	11.6
Others	689.7	551.3
SUB-TOTAL	**9,826.7**	**8,669.2**
Other term deposits		
Companies and individual entrepreneurs	2,147.3	1,587.3
Individual customers [1]	27.1	38.7
Financial customers	-	-
Others	190.2	92.0
SUB-TOTAL	**2,364.6**	**1,718.0**
Related payables	9.9	29.8
TOTAL	18,441.1	16,466.9
Securities sold to customers under repurchase agreements	362.0	36.8
TOTAL [2]	**18,803.1**	**16,503.7**
(1) O/w guarantees	*0.7*	*0.7*
(2) O/w transactions with subsidiaries and affiliates	*61.1*	*36.7*

NOTE 11 Debt securities

(in EUR millions)	31/12/2015	31/12/2014
Short-term notes	2.0	6.1
Bonds	575.2	2,044.2
Related payables	1.6	3.3
SUB-TOTAL	**578.8**	**2,053.6**
Money market and negotiable debt securities	8,997.4	11,355.5
Related payables	17.6	32.0
SUB-TOTAL	**9,015.0**	**11,387.5**
TOTAL	**9,593.8**	**13,441.1**
Unamortised debt balance of issue premiums on these debt securities	*7.9*	*12.7*

NOTE 12 Accruals and other accounts payable

(in EUR millions)	31/12/2015	31/12/2014
Other liabilities		
Sundry creditors	339.6	407.0
Premiums on derivatives sold	15.7	15.7
Settlement accounts on securities transactions	-	-
Other securities transactions	-	0.3
SUB-TOTAL	**355.3**	**423.0**
Accruals		
Expenses payable	385.7	378.1
Deferred taxes	151.0	148.7
Deferred income	41.2	44.9
Others	207.4	254.2
SUB-TOTAL	**785.3**	**825.9**
TOTAL (1)	**1,140.6**	**1,248.9**

(1) *None of these amounts relates to items received as pledges or to debts representing borrowed securities.*

NOTE 13 Loss allowances and impairments

(in EUR millions)	31/12/2015	31/12/2014
Asset impairments		
Banks	-	-
Loans to customers	562.4	536.6
SUB-TOTAL (2)	**562.4**	**536.6**
Loss allowances		
Loss allowances for off-balance sheet commitments	29.3	25.7
Sector-based loss allowances and others	55.4	53.6
Loss allowances for general risks and commitments	96.8	84.7
SUB-TOTAL (3)	**181.5**	**164.0**
TOTAL LOSS ALLOWANCES AND IMPAIRMENTS (EXCLUDING SECURITIES) (1)	**743.9**	**700.6**
Impairment of securities	10.1	9.0
TOTAL	**754.0**	**709.6**

(1) The change in total loss allowances and impairments breaks down as follows:

		Allocations		Reversals/Uses		Other changes		
(in EUR millions)	Loss allowances at 31/12/2014	by cost of risk	by other income statement balances	by cost of risk	by other income statement balances	changes in scope	changes in exchange rate	Loss allowances at 31/12/2015
Impairments [(2)]	536.6	149.6	-	-123.8	-	-	-	562.4
Loss allowances [(3)]	164.0	12.2	22.8	-7.8	-9.7	-	-	181.5
TOTAL	**700.6**	**161.8**	**22.8**	**-131.6**	**-9.7**	**-**	**-**	**743.9**

(2) Analysis of impairments:

		Allocations		Reversals/Uses		Other changes		
(in EUR millions)	Loss allowances at 31/12/2014	by cost of risk	by other income statement balances	by cost of risk	by other income statement balances	changes in scope	changes in exchange rate	Loss allowances at 31/12/2015
Impairments of doubtful loans								
Banks	-	-	-	-	-	-	-	-
Loans to customers	84.9	54.8	-	-62.9	-	-	-	76.8
Loans to customers								
Banks	-	-	-	-	-	-	-	-
Loans to customers	451.7	94.8	-	-60.9	-	-	-	485.6
TOTAL	**536.6**	**149.6**	**-**	**-123.8**	**-**	**-**	**-**	**562.4**

(3) Analysis of loss allowances:

		Allocations		Reversals/Uses		Other changes		
(in EUR millions)	Loss allowances at 31/12/2014	by cost of risk	by other income statement balances	by cost of risk	by other income statement balances	changes in scope	changes in exchange rate	Loss allowances at 31/12/2015
Loss allowances for off-balance sheet commitments	25.7	7.4	-	-3.8	-	-	-	29.3
Sector-based loss allowances and others [(*)]	53.6	1.8	-	-	-	-	-	55.4
Loss allowances for employee benefits	46.0	-	5.0	-	-2.3	-	-	48.7
Loss allowances for disputes with customers	9.7	2.6	0.7	-0.9	-0.5	-	-	11.6
Loss allowances for forward financial instruments	8.4	-	-	-	-2.1	-	-	6.3
Other loss allowances for general risks and commitments [(**)]	20.6	0.4	17.1	-3.1	-4.8	-	-	30.2
TOTAL	**164.0**	**12.2**	**22.8**	**-7.8**	**-9.7**	**-**	**-**	**181.5**

(*) Impairments carried out using statistical methods on the basis of portfolios of similar assets (impairment of 3S loans and impairments due to sector risk).

(**) This item mainly comprises PEL/CEL loss allowances, which total €9.9 million in 2015 (see Note 14).

NOTE 14 Home savings accounts and plans

A. Outstanding deposits in PEL/CEL accounts

(in EUR millions)	31/12/2015	31/12/2014
PEL accounts		
Less than 4 years old	510.8	431.6
Between 4 and 10 years old	242.0	208.6
More than 10 years old	310.7	333.0
SUB-TOTAL	**1,063.5**	**973.2**
CEL accounts	**117.2**	**128.4**
TOTAL	**1,180.7**	**1,101.6**

B. Outstanding housing loans granted with respect to PEL/CEL accounts

(in EUR millions)	31/12/2015	31/12/2014
Less than 4 years old	2.0	3.9
Between 4 and 10 years old	5.0	6.6
More than 10 years old	0.3	0.6
TOTAL	**7.3**	**11.1**

C. Loss allowances for commitments linked to PEL/CEL accounts [(1)]

(in EUR millions)	31/12/2015	31/12/2014
PEL accounts		
Less than 4 years old	0.7	-
Between 4 and 10 years old	1.8	0.2
More than 10 years old	22.2	14.5
SUB-TOTAL	**24.7**	**14.7**
CEL accounts	**-**	**-**
Drawn down loans	**0.2**	**0.3**
TOTAL	**24.9**	**15.0**

(1) These loss allowances are booked as "Loss allowances for general risk and commitments" (see Note 13).

D. Methods used to establish the parameters for valuing loss allowances

The parameters used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over long periods (more than ten years). The value of these parameters can be adjusted if any changes are subsequently made to regulations with the potential to undermine the reliability of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the valuation date, of the future value of these items for the relevant period, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from zero coupon swaps vs. the Euribor yield curve at the valuation date, averaged over a 12-month period

NOTE 15 Subordinated debt

(in EUR millions)	31/12/2015	31/12/2014
Redeemable subordinated notes	216.0	316.0
Subordinated borrowings	350.0	350.0
Interest payable	4.6	4.9
TOTAL	**570.6**	**670.9**

Details of redeemable subordinated notes

June 2004 issue of a total of €50 million with the following characteristics:

Size:	€50 million
Principal:	€300
Number of notes:	166,667
Issue price:	99.87% of principal
Maturity:	12 years
Interest:	4.70% of principal
Redeemable at par on:	June 14, 2016

October 2006 issue of a total of €100 million with the following characteristics:

Size:	€100 million
Principal:	€10,000
Number of notes:	10,000
Issue price:	100% of principal
Maturity:	10 years
Interest:	4.38% of principal
Redeemable at par on:	October 18, 2016

November 2006 issue of a total of €66 million with the following characteristics:

Size:	€66 million
Principal:	€300
Number of notes:	220,000
Issue price:	100.01% of principal
Maturity:	12 years
Interest:	4.15% of principal
Redeemable at par on:	November 6, 2018

For all redeemable subordinated notes, Crédit du Nord has placed a self-imposed ban on the early repayment of subordinated notes via redemption, but reserves the right to carry out early repayment via stock market buybacks and public exchange or purchase offers on redeemable subordinated notes. In such cases, Crédit du Nord must obtain the prior approval of the General Secretariat of the ACPR (French Prudential Supervisory and Resolution Authority) to carry out purchases on the stock market once the cumulative amount of purchased securities exceeds 10% of the initial amount of the borrowed funds, and to carry out public purchase/exchange offers or OTC purchases.

In the event the issuer is wound up, all of the above subordinated notes will be redeemed at par and their redemption will only take place after all other preferred and non-preferred creditors have been paid, but before the repayment of participating loans granted to the issuer and the equity securities it has issued. These subordinated notes will be redeemed in the same order as all other subordinated loans already issued or contracted, or which may be issued or contracted, subsequently by the issuer in France or abroad, in proportion to their amount, where applicable.

At December 31, 2015, the unamortised debit balance of the issue premiums of these borrowings stood at €1,000.

Details of subordinated borrowings

Subordinated loan totalling €350 million, taken out on March 22, 2011, with the following characteristics:

Loan amount:	€350 million
Maturity:	10 years
Interest:	6M Euribor + 2%
Due date:	March 22, 2021

This loan can only be repaid early at the borrower's initiative with the prior approval of the Secretary General of the ACPR.

In the event of the borrower's liquidation by court order or under the terms of the by-laws, the loan can only be repaid after all other preferred or non-preferred creditors have been paid, but, where applicable, before the repayment of participating loans granted to the borrower and the equity securities it has issued.

The loan will be repaid in the same order as all other subordinated loans already contracted, or which may be contracted subsequently by the borrower in France or abroad, in proportion to their amount, where applicable.

There is no clause for the conversion of subordinated debt into capital or any other form of liability.

Interest paid on all these subordinated debts amounted to €17.0 million at December 31, 2015 versus €19.1 million at December 31, 2014.

NOTE 16 Change in shareholders' equity

			Reserves						
(in EUR millions)	Capital [(1)]	Additional paid-in capital	legal	statutory	others	Retained earnings	Net	Regulated loss allowances	Shareholders' equity
Amount at December 31, 2013	890.3	10.4	89.0	930.0	0.3	0.8	619.8	0.8	2,541.4
Capital increase	-	-	-	-	-	-	-	-	-
3rd Resolution of the Ordinary Shareholders' Meeting of May 28, 2014	-	-	-	208.0	-	0.1	-619.8	-	-411.7
2014 net income	-	-	-	-	-	-	361.5	-	361.5
Other changes	-	-	-	-	-0.1	-	-	-	-0.1
Amount at December 31, 2014	890.3	10.4	89.0	1,138.0	0.2	0.9	361.5	0.8	2,491.1
Capital increase	-	-	-	-	-	-	-	-	-
3rd Resolution of the Ordinary Shareholders' Meeting of May 28, 2014 [(2)]	-	-	-	117.0	-	-0.3	-361.5	-	-244.8
2015 net income	-	-	-	-	-	-	362.6	-	362.6
Other changes	-	-	-	-	-	-0.1	-	0.1	-
AMOUNT AT DECEMBER 31, 2015	**890.3**	**10.4**	**89.0**	**1,255.0**	**0.2**	**0.5**	**362.6**	**0.9**	**2,608.9**

(1) *At December 31, 2015, Crédit du Nord SA's fully paid-up share capital amounted to €890,263,248 and consisted of 111,282,906 shares each with a par value of €8.*
(2) *Distribution of a dividend of €244.8 million to shareholders.*

Societe Generale owned 100% of Crédit du Nord's capital at December 31, 2015. As a result, Crédit du Nord's accounts are fully consolidated in Crédit du Nord's consolidated financial statements.

Proposed distribution of earnings

Acting in accordance with the quorum and majority requirements established for Ordinary General Shareholders' Meetings, the Shareholders' Meeting resolved to allocate net income for the period amounting to €362,622,802.67.

Profits plus earnings carried forward from the previous period, i.e. €545,879.58, resulted in total income available for distribution of €363,168,682.25, which the Shareholders' Meeting resolves to allocate as follows:

- allocation of a dividend of €278,207,265.00 to shareholders, i.e. a dividend per share of €2.50;
- allocation of €84,000,000.00 to the ordinary reserve;
- allocation of €961,417.25 to retained earnings.

The ordinary reserve was therefore increased from €1,255,000,000.00 to €1,339,000,000.00.

NOTE 17 Commitments

(in EUR millions)	31/12/2015	31/12/2014
Commitments given		
Loan commitments		
To banks	1,781.8	679.2
To customers	2,439.3	2,193.8
SUB-TOTAL [(1)]	**4,221.1**	**2,873.0**
Guarantee commitments		
To banks	207.8	220.9
To customers	2,149.2	2,234.4
SUB-TOTAL [(2)]	**2,357.0**	**2,455.3**
TOTAL	**6,578.1**	**5,328.3**
Commitments received		
Loan commitments from banks [(3)]	1,485.0	773.5
Guarantee commitments from banks [(4)]	8,077.3	7,601.9
TOTAL	**9,562.3**	**8,375.4**
(1) O/w transactions with subsidiaries and affiliates	*1,651.6*	*504.7*
(2) O/w transactions with subsidiaries and affiliates	*805.8*	*739.1*
(3) O/w transactions with subsidiaries and affiliates	*415.0*	*-*
(4) O/w transactions with subsidiaries and affiliates	*205.1*	*203.9*

At December 31, 2015, assets pledged as collateral for own commitments (3G pool, CRH, BEI, Crédit Logement) amounted to €7,504.0 million and broke down as follows: €4,691.9 million in Crédit du Nord assets and €2,812.1 million in assets pledged as collateral from its subsidiaries.

On the liabilities side, related cash borrowings came to €3,749.8 million and, on the off-balance sheet, the undrawn portion totalled €1,485.0 million.

NOTE 18 Forward financial instrument commitments

(in EUR millions)	Trading	Speculation	Macro hedge	Micro hedge	Total 31/12/2015	Total 31/12/2014
Contract category under CRB Regulation 90/15	D	A	C	B		
Firm transactions						
Transactions on organised markets						
Interest rate futures	-	-	-	-	-	-
Foreign exchange futures	-	-	-	-	-	-
Other forward instruments	-	-	-	-	-	-
OTC agreements						
Interest rate swaps	-	2,563.3	41,860.7	5,762.8	50,186.8	48,147.6
Others	-	-	-	-	-	-
Options						
Interest rate options	-	1,203.0	3,727.3	12.0	4,942.3	5,167.1
Foreign exchange options	-	-	-	2,266.5	2,266.5	2,016.8
Other options	-	-	-	1.8	1.8	0.8
TOTAL	**-**	**3,766.3**	**45,588.0**	**8,043.1**	**57,397.4**	**55,332.3**

Fair-value of hedging transactions

(in EUR millions)	31/12/2015
Firm transactions	
Transactions on organised markets	
Interest rate futures	-
Foreign exchange futures	-
Other forward instruments	-
OTC agreements	
Interest rate swaps	369.9
Others	-
Options	
Interest rate options	9.7
Foreign exchange options	-0.4
Other options	-
TOTAL	**379.2**

NOTE 19 Interest income and expense

(in EUR millions)	2015	2014
INTEREST AND SIMILAR INCOME		
Transactions with banks		
Transactions with central banks, post office accounts and banks	62.6	84.2
Securities purchased under resale agreements	1.3	1.1
SUB-TOTAL	**63.9**	**85.3**
Interest income from transactions with customers		
Trade notes	3.3	3.8
Other customer loans		
Short-term loans	91.5	99.0 (*)
Export loans	0.2	0.3
Equipment loans	67.9	76.4
Housing loans	338.5	369.7
Other loans	13.3	12.5 (*)
Overdrafts	34.7	36.8
Securities purchased under resale agreements	-	-
SUB-TOTAL	**549.4**	**598.5**
Bonds and other fixed-income securities	**-19.6**	**30.5**
Other interest and similar income	**23.6**	**8.4**
SUB-TOTAL	**617.3**	**722.7**
INTEREST AND SIMILAR EXPENSES		
Transactions with banks		
Transactions with central banks, post office accounts and banks	-43.5	-37.5
Securities sold under repurchase agreements	-	-
SUB-TOTAL	**-43.5**	**-37.5**
Transactions with customers		
Regulated savings accounts	-73.8	-82.6
Other amounts due to customers	-27.8	-31.8
Securities sold under repurchase agreements	0.3	-0.1
SUB-TOTAL	**-101.3**	**-114.5**
Bonds and other fixed-income securities	**-81.1**	**-127.7**
Other interest and similar expenses	**-0.1**	**-0.1**
SUB-TOTAL	**-226.0**	**-279.8**
TOTAL NET	**391.3**	**442.9**

(*) *Amount adjusted relative to the financial statements published at December 31, 2014.*

NOTE 20 Income from equity securities

(in EUR millions)	2015	2014
Dividends from shares and other equity securities	0.1	0.1
Dividend from equity investments and other long-term securities [1]	198.3	208.9
TOTAL	**198.4**	**209.0**
(1) O/w income from shares in subsidiaries and affiliates	*196.3*	*206.0*

NOTE 21 Net fee income

(in EUR millions)	2015	2014
Fee income from		
Transactions with banks	3.0	1.8
Transactions with customers	138.5	130.9
Securities transactions	5.4	4.1
Foreign exchange transactions	1.0	1.1
Loan and guarantee commitments	24.8	24.7
Services and other	284.9	282.9
SUB-TOTAL	**457.6**	**445.5**
Fee expense from		
Transactions with banks	-0.4	-0.4
Transactions with customers	-	-
Securities transactions	-1.4	-0.8
Foreign exchange transactions	-0.2	-0.3
Loan and guarantee commitments	-1.3	-1.6
Services and other	-54.7	-55.6
SUB-TOTAL	**-58.0**	**-58.7**
TOTAL NET	**399.6**	**386.8**

NOTE 22 Net income from financial transactions

(in EUR millions)	2015	2014
Net income from trading book		
Net income from transactions in short-term investment securities	0.1	-
Net income from forward financial instruments	46.6	16.8
Net income from foreign exchange transactions	25.4	17.8
SUB-TOTAL	**72.1**	**34.6**
Net income from short-term investment securities		
Gains on sale	65.0	20.0
Losses on sale	-	-3.0
Impairments	-2.7	-0.7
Reversals	0.6	20.7
SUB-TOTAL	**62.9**	**37.0**
TOTAL NET	**135.0**	**71.6**

NOTE 23 Personnel expenses

(in EUR millions)	2015	2014
Employee compensation	-201.2	-209.3
Social security charges and payroll taxes	-45.7	-47.9
Net retirement expenses - defined contribution plans	-34.6	-34.8
Net retirement expenses - defined benefit plans	-2.6	-3.3
Other social security charges and taxes	-33.0	-31.3
Employee profit-sharing and incentives	-32.1	-35.0
o/w incentives	*-18.3*	*-20.4*
o/w profit-sharing	*-7.8*	*-8.5*
Transfer of charges	0.2	0.5
TOTAL	**-349.0**	**-361.1**

Compensation of the administrative and decision-making bodies totalled €2.4 million in 2015.

	2015	2014
Staff count recorded at December 31	4,676	4,799
Average staff count in activity	4,408	4,494
Executives	2,611	2,617
Non-executives	1,797	1,876

NOTE 24 Employee benefits

1. Post-employment defined contribution plans

Defined contribution plans limit Crédit du Nord's liability to the contributions paid to the plan but do not commit it to a specific level of future benefits.

The main defined contribution plans provided to Crédit du Nord employees notably include State pension plans and other national retirement plans such as ARRCO and AGIRC, pension schemes for which the only commitment is to pay annual contributions (PERCO) and multi-employer plans.

2. Post-employment defined benefit plans

2.1 Reconciliation of assets and liabilities recognised in the balance sheet

(in EUR millions)	31/12/2015	31/12/2014
Breakdown of loss allowances recorded in the balance sheet	20.7	18.3
Breakdown of assets recorded in the balance sheet	-0.6	-0.7
Net balance on the balance sheet	**20.1**	**17.6**
BREAKDOWN OF SURPLUS/DEFICIT		
Present value of defined benefit obligations	77.0	86.4 (*)
Fair value of plan assets	-55.9	-60.1
A - Actuarial deficit (net balance)	**21.1**	**26.3** (*)
B - Present value of unfunded obligations	**17.7**	**19.1** (*)
Unrecognised items		
Unrecognised past service cost	0.4	0.5
Unrecognised net actuarial gain/loss	18.3	27.3 (*)
Separate assets	-	-
Plan assets impacted by change in asset ceiling	-	-
C - Total unrecognised items	**18.7**	**27.8** (*)
A + B - C = NET BALANCE	**20.1**	**17.6**

(*) *Amount adjusted relative to the financial statements published at December 31, 2014.*

Notes:

1. For pension plans or other post-employment plans, actuarial gains and losses exceeding 10% of the maximum between the obligation and the assets are amortised over the estimated remaining lifetime of the participants, in accordance with the corridor option.
2. Pension plans include accidental death plans, plans offering pension benefits as annuities and end-of-career benefits. Pension benefit annuities are paid in addition to State pension plans.
3. The present value of defined benefit obligations have been valued by independent qualified actuaries.

2.2 Actuarial costs of plans

(in EUR millions)	31/12/2015	31/12/2014
Current service cost for the year, including social security contributions	3.9	3.3
Employee contributions	-	-
Past service cost	0.1	0.1
Impact of settlements/curtailments	-	-
Interest cost	1.6	2.8
Expected return on plan assets	-3.4	-3.8
Expected return on separate assets	-	-
Actuarial gains/losses	1.0	1.5
Impact of change in asset ceiling	-	-
Changes in scope and other adjustments for the period	-	-
TOTAL PLAN EXPENSES	**3.2**	**4.0**

2.3 Changes in net liabilities of post-employment plans booked to the balance sheet

2.3.1 Changes in the present value of defined benefit obligations

(in EUR millions)	2015	2014
VALUE AT JANUARY 1	105.5	100.6
Service cost for the year, including social security contributions	3.9	3.3
Employee contributions	-	-
Past service cost	-	-
Interest cost	1.6	2.8
Actuarial gains and losses generated over the fiscal year	-6.8	10.2 (*)
Foreign currency exchange adjustment	-	-
Benefit payments	-9.5	-11.4
Changes to consolidation scope	-	-
Transfers, curtailments and others	-	-
VALUE AT DECEMBER 31	**94.7**	**105.5**

(*) *Amount adjusted relative to the financial statements published at December 31, 2014.*

2.3.2 Changes in fair value of plan assets and separate assets

(in EUR millions)	2015	2014
VALUE AT JANUARY 1	60.1	50.6
Expected return on plan assets	3.3	3.8
Expected return on separate assets	-	-
Actuarial gains and losses generated over the fiscal year	1.2	2.2
Foreign currency exchange adjustment	-	-
Employee contributions	-	-
Employer contributions	-	14.2
Benefit payments	-8.7	-10.6
Changes to consolidation scope	-	-
Transfers, settlements and others	-	-
VALUE AT DECEMBER 31	**55.9**	**60.1**

2.4 Information on funding of pension plans and plan funding conditions

2.4.1 General information on funding assets (consisting of all plans combined and future contributions)

The fair value of plan assets is comprised of 24% bonds, 54% equities, 16% cash and 6% other assets.

Surplus plan assets totalled €0.6 million.

The employer contributions for the defined benefit post-employment plans in 2016 will be determined after the year-end evaluations.

2.4.2 Actual returns on funding assets

Actual returns on plan assets and separate assets were:

(in EUR millions)	2015	2014
Plan assets	4.6	5.9
Separate assets	-	-

2.5 Analysis of post-employment defined benefit plan obligation sensitivity to changes in the main actuarial assumptions

(as % of the item measured)	2015	2014
Variation of +1% in discount rate		
Impact on present value of defined benefit obligations at December 31, N	-11.8%	-11.7%
Variation of +1% in long-term inflation rate		
Impact on present value of defined benefit obligations at December 31, N	14.5%	14.1%
Variation of +1% in future salary increases net of inflation		
Impact on present value of defined benefit obligations at December 31, N	10.4%	10.4%

3. Other long-term benefits

Other long-term benefits granted to Group employees include deferred bonuses, such as long-term variable compensation, flexible working provisions and long-service awards. Other benefits besides post-employment benefits and end-of-career benefits are not due in full in the 12 months following the end of the year in which the members of staff provided the corresponding services.

The net balance of other long-term benefits came to €26.9 million in 2015 (o/w €9.7 million related to flexible working provisions).

The total amount of expenses related to other long-term benefits amounted to €1.6 million (o/w €1.0 million related to flexible working provisions).

NOTE 25 Other operating expenses

(in EUR millions)	2015	2014
Taxes	**-25.6**	**-24.1**
Other expenses		
Rent, rental charges and other charges on buildings	-35.7	-37.6
Sub-contracting expenses	-279.2	-279.8
Charges reinvoiced to third parties	170.9	174.1
Transfer of charges	13.9	15.6
SUB-TOTAL	**-130.1**	**-127.7**
TOTAL	**-155.7**	**-151.8**

Statutory Auditors' fees

(in thousands of euros - excluding taxes, expenses and disbursements)	DELOITTE		ERNST & YOUNG		OTHER FIRMS (1)	
	2015	2014	2015	2014	2015	2014
Statutory Auditors, certification, audit of the individual and consolidated financial statements	-195.0	-193.0	-195.0	-193.0	-5.2	-5.2
Additional assignments	-72.5	-	-47.0	-6.0	-	-

(1) *Statutory Auditors for the Monaco branch.*

NOTE 26 Cost of risk

(in EUR millions)	2015	2014
Counterparty risk		
Net allocation for loss allowances and impairment	-159.2	-177.8
Losses not covered	-22.2	-12.3
Losses covered	-35.0	-34.5
Reversals of impairments and loss allowances (including uses)	131.9	139.2
Amounts recovered on amortised receivables	1.7	2.0
SUB-TOTAL	**-82.8**	**-83.4**
Other risks		
Net allocation to loss allowances for disputes	-2.6	-0.5
Losses not covered by loss allowances for disputes	-0.4	-0.7
Losses covered by loss allowances for disputes	-0.2	-0.3
Reversals of loss allowances for disputes (including uses of loss allowances)	0.9	1.2
Amounts recovered on amortised receivables	-	2.8
SUB-TOTAL	**-2.3**	**2.5**
TOTAL	**-85.1**	**-80.9**

NOTE 27 Gains or losses on fixed assets

(in EUR millions)	2015	2014
Long-term investment securities	**-**	**-**
Equity investments, investments in subsidiaries and affiliates, and other long-term investments		
Gains on sale	0.1	0.3
Losses on sale	-	-0.1
Impairments	-0.2	-
Reversals	-	0.2
SUB-TOTAL	**-0.1**	**0.4**
Operating tangible fixed assets		
Gains on sale	-	0.1
Losses on sale	-	-
SUB-TOTAL	**-**	**0.1**
Operating intangible fixed assets		
Gains on sale	-	-
Losses on sale	-	-
SUB-TOTAL	**-**	**-**
TOTAL	**-0.1**	**0.5**

NOTE 28 Income tax

(in EUR millions)	2015	2014
Current taxes [(1)]	-120.6	-112.6
Deferred taxes	-2.2	-0.2
TOTAL	**-122.8**	**-112.8**

(1) 2015 income tax includes a tax charge due to tax consolidation of €10.8 million versus a charge of €2.6 million in respect of fiscal year 2014.

Reconciliation of the normative tax rate and the effective tax rate:

	2015	2014
Net income before tax *(in EUR millions)*	**485.4**	**474.3**
Normal tax rate applicable to French companies (including the social security contribution of 3% and exceptional contribution of 10.7%)	**38.00%**	**38.00%**
Permanent differences	-14.69%	-15.60%
Differential on items taxed at reduced rate	-0.09%	-0.03%
Tax differential on profits taxed outside France	-0.20%	-0.22%
Gain due to tax consolidation	2.26%	0.80%
Tax adjustment	-	0.83%
Sundry items	0.01%	0.01%
Effective tax rate	**25.30%**	**23.78%**

NOTE 29 Assets, liabilities and forward financial instruments - Breakdown by residual maturity

	Residual maturity at December 31, 2015				
(in EUR millions)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Total
ASSETS (USES OF FUNDS)					
Due from banks	5,797.3	2,219.0	2,700.3	4,095.1	14,811.7
Transactions with customers	2,181.2	1,710.3	6,422.0	7,050.8	17,364.3
Bonds and other fixed-income securities					
Trading securities	-	-	-	-	-
Short-term investment securities	150.9	869.4	1,109.7	1,112.7	3,242.7
Long-term investment securities	0.2	-	-	-	0.2
TOTAL	**8,129.6**	**4,798.7**	**10,232.0**	**12,258.6**	**35,418.9**
LIABILITIES (RESOURCES)					
Due to banks	1,241.5	1,582.8	2,093.8	5,274.8	10,192.9
Transactions with customers	17,316.5	206.7	1,254.8	25.1	18,803.1
Debt securities	435.2	3,339.2	5,584.3	235.1	9,593.8
TOTAL	**18,993.2**	**5,128.7**	**8,932.9**	**5,535.0**	**38,589.8**
FORWARD FINANCIAL INSTRUMENTS					
Micro-hedging transactions	536.1	1,697.0	4,413.1	1,396.9	8,043.1
Macro-hedging transactions	2,772.0	5,408.3	16,631.0	20,776.7	45,588.0
Position management transactions	215.4	1,113.5	1,708.8	728.6	3,766.3
TOTAL	**3,523.5**	**8,218.8**	**22,752.9**	**22,902.2**	**57,397.4**

NOTE 30 Information concerning subsidiaries and equity investments

at 31 December 2015 *(in EUR thousands)*	Legal form	Capital	Shareholders' equity other than capital	Share of capital owned (as a %)	Net asset value of shares owned		Unpaid loans and advances	Guarantees and commit-ments given	Net Banking Income	2015 net income	Dividends received in 2015	Obser-vations
					Gross	Net						
A. Information on subsidiaries and equity investments owned by Crédit du Nord, whose net asset value exceeds 1% of the bank's capital												
Subsidiaries (at least 50% of capital owned)												
Banque Courtois 33, rue Rémusat 31000 Toulouse	SA (limited company)	18,400	96,010	100.00	68,502	68,502	541,090	221,224	169,139	50,398	28,249	
Banque Tarneaud 2-6, rue Turgot 87000 Limoges	SA (limited company)	26,703	116,509	100.00	122,833	122,833	538,897	287,803	138,438	26,827	20,862	
Banque Rhône-Alpes 20-22, boulevard Edouard Rey 38000 Grenoble	SA (limited company)	12,563	122,142	99.99	111,622	111,622	590,571	267,993	150,790	30,231	17,653	
Banque Nuger 5, place Michel-de-l'Hospital 63000 Clermont-Ferrand	SA (limited company)	11,445	35,923	100.00	43,373	43,373	70,729	23,003	41,431	7,095	19,710	
Banque Laydernier 10, avenue du Rhône 74000 Annecy	SA (limited company)	24,789	33,537	100.00	48,403	48,403	927,761	90,302	81,341	16,749	10,200	
Etoile ID 59, boulevard Haussmann 75008 Paris	SA (limited company)	35,400	8,246	100.00	42,977	42,977	-	-	1,218	1,128	-	
Banque Kolb 1-3, place du Général-de-Gaulle 88500 Mirecourt	SA (limited company)	14,099	61,757	78.44	46,606	46,606	302,220	130,377	74,767	13,164	3,190	
Kolb Investissement 59, boulevard Haussmann 75008 Paris	Simplified joint stock company	77	19,327	100.00	38,964	38,964	-	-	890	856	-	
Star Lease 59, boulevard Haussmann 75008 Paris	SA (limited company)	55,000	32,489	100.00	55,000	55,000	1,487,523	690,021	27,558	27,162	-	
Société Marseillaise de Crédit 75, rue Paradis 13006 Marseille	SA (limited company)	24,472	197,370	100.00	1,006,352	1,006,352	868,832	499,734	369,382	72,856	93,909	
Hedin 59, boulevard Haussmann 75008 Paris	Partnership	27,716	-91,322	94.99	26,330	26,330	3,552	2,463	320	-3,972	-	
Nordenskiöld 59, boulevard Haussmann 75008 Paris	Partnership	10,903	-79,839	94.99	10,358	10,358	15,771	8,907	-477	-11,685	-	

at 31 December 2015 *(in EUR thousands)*	Legal form	Capital	Shareholders' equity other than capital	Share of capital owned (as a %)	Net asset value of shares owned Gross	Net	Unpaid loans and advances	Guarantees and commit-ments given	Net Banking Income	2015 net income	Dividends received in 2015	Obser-vations
Verthema 59, boulevard Haussmann 75008 Paris	Partnership	18,397	-68,022	94.99	17,477	17,477	4,765	3,236	116	-3,723	-	
Legazpi 17, cours Valmy 92800 Puteaux	Partnership	18,305	-62,003	50.00	9,152	9,152	2,429	1,585	-7,182	-5,173	-	(1)
Equity investments (less than 50% of capital owned)												
Crédit Logement 50, boulevard Sébastopol 75003 Paris	*SA (limited company)*	*1,259,850*	*126,747*	3.00	38,852	38,852	90,532	137,982	*215,660*	*69,598*	-	(1)
Sicovam Holding 18, rue La Fayette 75009 Paris	*SA (limited company)*	*10,265*	*521,218*	6.10	14,889	14,889	-	-	*15,814*	*15,381*	836	(2) (3)
Antarius 59, boulevard Haussmann 75008 Paris	SA (limited company)	314,060	167,039	50.00	157,407	157,407	-	-	1,955,050	54,571	-	(3)

B. General information concerning other subsidiaries and equity investments

Subsidiaries not covered in section A												
a) French subsidiaries (combined)		-	-	-	22,857	22,857	644,991	241,372	-	-	115	
b) Foreign subsidiaries (combined)		-	-	-	-	-	-	-	-	-	-	
Equity investments [(4)] not covered in Section A												
a) French equity investments (combined, including property development companies)		-	-	-	31,113	30,960	248	3,544	-	-	242	
b) Foreign equity investments (combined)		-	-	-	125	125	-	-	-	-	-	

(1) Data in italics pertain to December 31, 2014 (2015 data unavailable).

(2) Data in italics taken at July 31, 2015.

(3) For non-banking companies, revenue is indicated rather than "Net banking income".

(4) Including equity investments of less than 10% recorded in equity investment accounts, in accordance with the provisions of the internal chart of accounts.

Note: Net income and Net banking income for 2015 are indicated, for some companies, subject to the approval of the financial statements by the Ordinary General Shareholders' Meeting scheduled to meet in 2016. Crédit du Nord does not hold any direct or indirect investments in non-cooperative countries or territories.

NOTE 31 Main changes in the securities portfolio in 2015

Crédit du Nord carried out the following transactions on its securities portfolio during fiscal year 2015:

Creation:

None.

Acquisition:

None.

Increased equity investment:

FRG Nord-Pas-de-Calais - BPI France Financement - Banque Société Marseillaise de Crédit - Banque Rhône-Alpes - Banque Courtois - Banque Laydernier - Banque Nuger.

Participation in capital increases:

Caisse de Refinancement de l'Habitat - Etoile ID.

Complete disposal:

FCPR PME France Investissement - Immovalor Service - ABE Clearing - Replic Nord Pas-de-Calais - Etoile TOP 2007 - Focast Holding.

Reduced equity investment:

SWIFT.

In accordance with the provisions of Article L.233.6 of the French Commercial Code, the table below summarises the significant changes in Crédit du Nord's investment portfolio recorded in 2015 (note that legal thresholds exist at 5%, 10%, 20%, 33% and 50%).

Upward threshold-crossings:

		Percent of capital	
Threshold	Company	31/12/2015	previous
-	-	-	-

Downward threshold-crossings:

		Percent of capital	
Threshold	Company	31/12/2015	previous
5%	Replic Nord Pas-de-Calais	0.00%	6.02%
20%	FCPR PME France Investissement	0.00%	26.67%
50%	Immovalor Service	0.00%	99.90%

Information on the Corporate Officers

In 2015, the composition of the Board of Directors changed due to:

- the resignation of Monsieur Christophe BONDUELLE as Director in October;
- the election of a new employee representative director - Mehdi MADJI - elected by the non-executive staff association, as Marie-Chantal JACQUOT did not stand for re-election. Annie PRIGENT and Thierry DIGOUTTE were re-elected as employee representative directors for the executive staff association.

Positions held and duties performed over the last five years

Bernardo SANCHEZ INCERA (09/03/1960)

- Chairman of the Board of Directors: Crédit du Nord (since 10/2014);
- Deputy Chief Executive Officer of Societe Generale*;
- Chairman: Boursorama SA (since 10/2015);
- Director: Crédit du Nord (since 05/2014); Boursorama SA (since 11/2014); Sogecap*; Banque Roumaine de Développement Groupe Societe Generale (since 07/2011); Franfinance (from 04/2010 to 10/2014); Compagnie Générale de Location d'Equipements (from 05/2011 to 12/2014); ALD Automotive Group (from 12/2010 to 10/2014); Rosbank (from 06/2010 to 12/2013); National Societe Generale Bank (until 03/2013); Societe Generale de Banques en Côte d'Ivoire (from 06/2010 to 06/2015); Societe Generale de Banques au Sénégal (from 06/2010 to 11/2015); Societe Generale de Banques au Cameroun (from 06/2010 to 06/2015);
- Member of the Supervisory Board: Rosbank (since 01/2014); Societe Generale Marocaine de Banques*; Komercni Banka (from 10/2010 to 04/2015).

Jean-François SAMMARCELLI (19/11/1950)

- Deputy Chief Executive Officer of Societe Generale (from 01/2010 to 09/2014);
- Chairman of the Board of Directors: NEXSTAGE (since 06/2015); Crédit du Nord (from 01/2010 to 10/2014); CGA (from 01/2005 to 10/2011);
- Director: Crédit du Nord*; SOGEPROM*; Boursorama*; Sopra Group *; Societe Generale Private Banking (Monaco) (since 05/2015); CGA (from 01/2005 to 10/2011); SOGESSUR (until 06/2011); Banque Tarneaud (from 04/2010 to 05/2011); SOGECAP (until 02/2015);
- Member of the Supervisory Board: Societe Generale Marocaine de Banques*; Banque Tarneaud (from 05/2011 to 11/2014);
- Permanent Representative of SG FSH on the Board of Directors of Franfinance (until 04/2011); of Societe Generale on the Supervisory Board of the Deposit Guarantee and Resolution Fund (from 06/2009 to 10/2014);
- Permanent Representative of Crédit du Nord on the Supervisory Boards of Banque Rhône-Alpes (from 05/2010 to 10/2014) and Société Marseillaise de Crédit (from 12/2010 to 12/2014);
- Non-Voting Director of Ortec Expansion*

* *Positions held for at least the past five years.*

Philippe AYMERICH (12/08/1965)

- Chief Executive Officer: Crédit du Nord (since 01/2012);
- Chairman of the Supervisory Board: Société Marseillaise de Crédit (since 02/2012); Banque Courtois (since 02/2012); Banque Rhône-Alpes (since 05/2013);
- Vice-Chairman of the Supervisory Board: Banque Kolb (from 03/2012 to 05/2013); Banque Rhône-Alpes (from 04/2012 to 05/2013);
- Director: Crédit du Nord (since 01/2012); Sogecap (since 03/2012); Franfinance (since 04/2014); Amundi Group (from 02/2012 to 11/2015); Généras SGBT (from 06/2010 to 06/2012); Societe Generale Ré SA SGBT (from 08/2010 to 06/2012);
- Member of the Supervisory Board: Banque Courtois (since 02/2012); Société Marseillaise de Crédit (since 02/2012); Banque Tarneaud (since 03/2012); Banque Rhône-Alpes (since 04/2012); Banque Kolb (from 03/2012 to 05/2013).
- Permanent Representative of Societe Generale on the Supervisory Board of the Deposit Guarantee and Resolution Fund (since 10/2014).

Didier ALIX (16/08/1946)

- Chairman of the Board of Directors: Sogébail*; Société de Gestion St Jean de Passy*;
- Chairman of the Supervisory Board: Komercni Banka (from 10/2001 to 07/2013);
- Vice-Chairman of the Board of Directors: Fondation d'Entreprise SG pour la Solidarité*;
- Director: Crédit du Nord*; Laboratoire bio végétale Yves Rocher*; Société de Gestion St Jean de Passy*; BRD Groupe Societe Generale BHFM*; FAYAT SAS (since 02/2011); SG Private Banking Suisse SA SGBT*; Fondation Notre Dame (since 10/2012); UMHS (since 06/2013); SGBT Luxembourg (from 12/2009 to 03/2012); Rémy COINTREAU (from 07/2010 to 07/2013); CIPM International (from 06/2012 to 06/2015);
- Member of the Supervisory Board: Societe Generale Marocaine de Banques*; Rocher Participations (since 07/2012); Komercni Banka (from 10/2001 to 07/2013); Société FAIVELY Transport (since 09/2010).

Sophie-Ségolène BENHAMOU (07/09/1974)

- Chairman of Hôpital Privé Nord Parisien*;
- Director: Crédit du Nord (since 05/2014); Hôpital Privé Nord Parisien*;
- Co-manager: Santé Pluriel Holding - SPH (SARL)*.

Christophe BONDUELLE (14/12/1959)

- Chairman: Pierre & Benoit Bonduelle (SAS)*; Bonduelle (SAS)*; Bonduelle Canada*; Bonduelle Ontario (until 2015); Terricole (Cie du Quebec) (until 2015); Bonduelle US Holding Inc. (since 2012); Bonduelle USA (since 2012);
- Chairman of the Supervisory Board: Bonduelle Polska*;
- Member of the Supervisory Board: Bonduelle Central Europe*;
- Chairman of the Board of Directors: Bonduelle SA de CV*; Bonduelle Iberica (SAU)*; Bonduelle Italia (SRL)*;
- Director: Crédit du Nord (from 05/2011 to 10/2015); Bonduelle Nordic*; Bonduelle Northern Europe (SA under Belgian law)*; SA Gelagri Bretagne*; Bonduelle – Nederland BV (SARL)*; Bonduelle Portugal*.

Séverin CABANNES (21/07/1958)

- Deputy Chief Executive Officer: Société Générale*;
- Director: Crédit du Nord*; Amundi Group*; TCW Group (from 08/2009 to 02/2013);
- Member of the Supervisory Board: Groupe Steria SCA (from 02/2007 to 10/2014).

Bruno FLICHY (25/08/1938)

- Director: Crédit du Nord*; Aviva France*; Dexia Banque Belgique*; Aviva Participations (until 06/2014); Eiffage (until 04/2015);
- Member of the Supervisory Board: Aviva France (from 2004 to 11/2008).

Anne MARION-BOUCHACOURT (10/12/1958)

- Chairman: Société Générale China Ltd CAOA*;
- Director: Société Générale China Ltd*; SGBT Luxembourg (since 11/2011); Crédit du Nord (since 05/2013); ALD Fortune Auto Shanghai (since 11/2013);

Thierry MULLIEZ (26/08/1954)

Offices held in the Mulliez Family Association:

- Chairman of the Board of Directors: HTM GROUP SA*; AGAPES SA (since 09/2014),
- Chairman of the Supervisory Board: OOSTERDAM BV (since 01/2012)
- Director: HTM GROUP SA*; Groupe ADEO SA (from 05/2012 to 10/2014), DECATHLON SA (since 06/2014);
- Member of the Supervisory Board: OOSTERDAM BV (since 01/2012);
- Permanent Representative of HOLYMPIADES SAS on the Supervisory Board of DECATHLON SA (from 12/2009 to 06/2014),

Offices outside the Mulliez Family Association:

- Director: Crédit du Nord (since 05/2011); SECOM SA*.

Patrick SUET (13/01/1954)

- Chairman of the Board of Directors: SGBT Luxembourg*; Sofrantem (from 10/2011 to 10/2015); Societe Generale Ré SA SGBT (from 09/2010 to 06/2012); Généras SA (until 06/2012);
- Director: Crédit du Nord*; Généras SA (from 09/2000 to 06/2012); SGBT Luxembourg*; Sofrantem (from 10/2011 to 10/2015); Societe Generale Ré SA SGBT (from 08/2010 to 06/2012);
- Member of the Supervisory Board: Lyxor Asset Management Mark (from 05/2005 to 06/2012); Lyxor International Asset Management Mark (from 05/2005 to 06/2012).

Employee directors:

Thierry DIGOUTTE (15/05/1957)

- Employee director: Crédit du Nord (since 07/2013).

Marie-Chantal JACQUOT (01/07/1961)

- Employee director: Crédit du Nord (12/2012 to 11/2015).

Annie PRIGENT (15/07/1957)

- Employee director: Crédit du Nord (since 12/2012).

Mehdi MADJI (10/03/1993)

- Employee director: Crédit du Nord (since 11/2015).

The Directors were notified of the rules on holding several corporate offices, which took effect on November 6, 2014.

Additional information on Directors

• Experienced directors with complementary backgrounds

The Board of Directors consists of Directors chosen for their experience, knowledge, expertise, honour and integrity.

Directors from outside the banking industry receive personalised training.

In addition, in accordance with Decree No. 2015-606 of June 3, 2015, Crédit du Nord's Board of Directors has granted employee directors 20 hours of preparation time per meeting so that they can perform their role. The decree also stipulates that employee directors receive specialised training. The organisation providing the training, as well as the content and duration of the training itself, shall be decided upon in 2016.

After CRD4 began to be applied on January 1, 2015, Crédit du Nord's Board of Directors created an Appointment Committee that would identify and recommend appropriate candidates for Directors to the Board of Directors of the Bank.

Taking advantage of the opportunity provided, the Board of Directors of Crédit du Nord delegated this authority to its parent company Societe Generale at its meeting of February 19, 2015.

• Profile of Directors

Director	Professional area of expertise: Banking, Finance	Professional area of expertise: Other activities	Professional area of expertise: International	Brief description
Bernardo SANCHEZ INCERA	✓	✓	✓	Societe Generale Group since 2010 as Deputy Chief Executive Officer. Previously Executive CEO of Monoprix Group; Chairman - Europe LVMH, Head of the International Division of Inditex Group.
Philippe AYMERICH	✓		✓	Societe Generale Group since 1987. Oversaw operations within the Americas for five years. Deputy CEO in charge of Risks at Societe Generale Group from 2006 to 2012 and Chief Executive Officer of Crédit du Nord since 2012.
Didier ALIX	✓			Societe Generale Group since 1970, where he held different positions in retail banking, then at Franfinance, etc. In 1998, he became Associate Chief Executive Officer of the Individual and Business Customer Branch, then Deputy Chief Executive Officer from 2006 to 2010, then Advisor to the Chairman.
Sophie-Ségolène BENHAMOU		✓		Since 1999, Chairman of Hôpital Privé Nord Parisien.
Christophe BONDUELLE *(resigned in 10/2015)*		✓	✓	Since 1985 in Bonduelle Group. Head of the Spanish subsidiary in 1989, Chief Executive Officer of the Group in 1993, then Chairman of the Management Board in 2001.
Séverin CABANNES	✓	✓		Societe Generale Group since 2001; appointed Associate Chief Executive Officer of Stéria Group from 2002 to 2007, then Head of Group Resources at Societe Generale and Deputy Chief Executive Officer since 2008. Before 2001, held positions at Crédit National, Elf Atochem, then La Poste Group.
Bruno FLICHY	✓			Retired from Societe Generale Group, Chairman and Chief Executive Officer of Crédit du Nord until 2002.
Jean-François SAMMARCELLI	✓			Societe Generale Group from 1974 to 2014, Deputy Chief Executive Officer since 2010, and Chairman of Crédit du Nord from 2010 to 2014. Retired in 2014.
Anne MARION-BOUCHACOURT	✓		✓	Societe Generale Group since 2004. Chairman of Societe Generale China since 2012.
Thierry MULLIEZ		✓	✓	Since 1975 in Auchan Group, including 6 years in Spain as Head of Hypermarkets; since 1998, Chairman of the Mulliez Family Association.
Patrick SUET	✓	✓		Societe Generale Group since 2000 as Deputy Corporate Secretary. From 2009 to September 2015, Corporate Secretary and Chief Compliance Officer, and Secretary of the Board of Directors since September 2015. Formerly Head of Edouard BALLADUR in 1993; Treasurer and Paymaster General of the Hauts-de-Seine region from 1995 to 1999, then Chief Operating Officer of Elf Aquitaine.
Thierry DIGOUTTE	✓			Since 1984, Crédit du Nord employee.
Mehdi MAJDI	✓			Since 2011, Crédit du Nord employee.
Annie PRIGENT	✓			Since 1983, Crédit du Nord employee.
Marie-Chantal JACQUOT	✓			Since 2000, Crédit du Nord employee. Did not stand for re-election during the vote on employee directors at end-2015.

• Absence of conflicts of interest

To the best of Crédit du Nord's knowledge, there are no conflicts of interest between Crédit du Nord and the members of the Board of Directors, with respect to either their personal or professional interests.

Furthermore, there is no family link between the different Crédit du Nord Directors.

• Absence of criminal convictions

To the best of the Board of Directors' knowledge, none of the Crédit du Nord Directors has been convicted of fraud in the past five years.

In addition, none of the Directors has been associated with a bankruptcy, receivership or liquidation in the past five years, nor have they been incriminated or penalised by a statutory or regulatory authority.

Finally, none of the Crédit du Nord Directors has been prevented by a court from acting as a member of an administrative, supervisory or management body, or from participating in the management and conduct of a company's business in the past five years.

• Independent Directors

At December 31, 2015, Crédit du Nord has two independent Directors: Sophie-Ségolène BENHAMOU and Thierry MULLIEZ.

They were chosen by General Management and the shareholder according to the criteria set forth in the AFEP/MEDEF Code and they hold the personal and professional qualities sought after to carry out the duties of their office.

• Shares held by directors

In accordance with Article 11 of the by-laws, the Directors must hold at least 10 shares.

• Ethics

All Directors refrain from carrying out transactions in the shares of the companies for which (and to the extent that), by virtue of their offices, they are privy to information that has not yet been made public.

Senior management remuneration policy

The remuneration of corporate officers is determined based on the guidelines recommended by the Compensation Committee and approved by the bank's Board of Directors. It complies with the European Capital Requirements Directive (CRD4) of June 26, 2013, whose purpose is to lay down compensation policies and practices compatible with efficient risk management. This Directive has been transposed into French law and its principles have been applicable since January 1, 2014.

Crédit du Nord also applies the recommendations of the AFEP/MEDEF Corporate Governance Code, revised in November 2015, thus meeting its principles of completeness, balance, consistency, clarity of rules, measures, etc.

Impacts of CRD4

In terms of the governance and structure of remuneration policies, CRD4 notably calls for:

- a maximum ratio of 200% between variable and fixed components of remuneration. On May 28, 2014, the Bank's Shareholders' Meeting decided that the variable portion of total compensation paid to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code could be increased to a maximum of double the amount of fixed compensation, and that a discount rate could be applied under the terms of Article L. 511-79 of the French Monetary and Financial Code, until further notice;
- at least 60% of variable compensation deferred over at least a three-year period,
- at least 50% of variable compensation paid in shares or equivalent instruments.

Remuneration guidelines

The remuneration of senior corporate officers is determined in compliance with Directive 2013/36/EU, known as CRD4, and according to Societe Generale Group's principles, in line with the recommendations of the AFEP-MEDEF Corporate Governance Code.

Remuneration of Chief Executive Officers includes:

- fixed annual compensation;
- performance-based compensation in the form of a bonus granted at the end of each fiscal year after the financial statements are approved. Since January 1, 2010, the amount of this bonus has been determined via an assessment utilising multiple criteria specific to each corporate officer.
- a long-term incentive.

In accordance with CRD4, the variable component (annual variable portion + long-term profit-sharing) is capped at 200% of fixed compensation.

Pursuant to regulations, the variable portion of compensation paid to corporate officers comprises a vested portion, partially paid in cash and partially in Societe Generale share equivalents, and an unvested portion whose payment is deferred over 3-5 years and is based on the achievement of economic targets.

The fixed and performance-based compensation of the Chief Executive Officer and the Deputy Chief Executive Officer are shown in the AFEP-MEDEF tables below.

Philippe AYMERICH

Appointed Chief Executive Officer of Crédit du Nord on January 11, 2012, Philippe AYMERICH has an employment contract with Societe Generale. He is posted to Crédit du Nord for the term of his office as Chief Executive Officer.

As Chief Executive Officer of Crédit du Nord, Mr. Aymerich is a member of Societe Generale Group's Management Committee.

The multi-criteria assessments used to calculate the Chief Executive Officer's variable remuneration are based in particular on:

- customer satisfaction (as Crédit du Nord must remain one of the leaders in this area);
- Crédit du Nord's commercial performance (particularly development of customer bases, outstanding loans and deposits) and financial performance (in particular the change in Net Banking Income, Gross Operating Income after cost of risk, and Return on Equity),

- the implementation of the first components of the strategic guidelines approved by the Board of Directors on July 29, 2015 (banking model, relationship model, operational model and IT planning), which must enable Crédit du Nord Group to increase its effectiveness in an environment undergoing profound change;
- the focus placed on HR management (strengthening of employee expertise, quality of recruitment, work environment, multi-annual oversight of Group headcount, internal communication, etc.);
- the management of all risks, with special attention paid to compliance risks;
- the contribution to Societe Generale Group's developments, in terms of the developments affecting Retail Banking in France and the search for synergies between Societe Generale, Boursorama and Crédit du Nord, in accordance with Crédit du Nord's specific inter-relational and operational characteristics.

Furthermore, since 2012, attendance fees and other compensation paid to Boards of Directors or Supervisory Boards on which Mr. AYMERICH sits as a representative of Crédit du Nord or as a representative of Societe Generale Group remain with the company where the office is held

Philippe AMESTOY

Philippe AMESTOY has been Crédit du Nord's Deputy Chief Executive Officer since January 1, 2015. Mr. AMESTOY has retained his position as Crédit du Nord's Head of Marketing.

Mr. AMESTOY has an employment contract with Societe Generale and has been seconded to Crédit du Nord.

His variable compensation is related to his role as Crédit du Nord's Head of Marketing and the achievement of the following objectives:

- customer satisfaction (as Crédit du Nord must remain one of the leaders in this area);
- Crédit du Nord's commercial performance (particularly development of customer bases, outstanding loans and deposits) and financial performance (in particular the change in Net Banking Income, Gross Operating Income after cost of risk, and Return on Equity);
- the implementation of the first components of the strategic guidelines approved by the Board of Directors on July 29, 2015, especially those related to the relationship model, brought together in the AGIR 202.0 project. There are four central themes (constantly seeking out a higher level of expertise, implementation of the Phygital model, increasing differentiation as recommended, adaptation of the network) and four additional themes (management, steering, measuring customer satisfaction and external communications);
- development of products and services for internal Crédit du Nord clients or in conjunction with Societe Generale Group entities or external partners;
- the attention paid to human resource management;
- the management of all risks, with special attention paid to compliance risks;

Attendance fees and other compensation paid to Boards of Directors or Supervisory Boards on which Mr. AMESTOY sits as a representative of Crédit du Nord remain with the company where the office is held.

He retains the pension and personal protection schemes, as well as the benefits in kind to which he is entitled as an employee.

Long-term incentive

Each year, the Board of Directors can recommend to Societe Generale that it grant Societe Generale shares to Messrs. AYMERICH and AMESTOY in accordance with the terms and conditions established under the relevant plans, provided this is permitted by national legislation and regulations in force.

The vesting of Societe Generale shares is contingent upon meeting performance conditions established by the rules of the relevant plans, subject to national legislation and regulations in force.

Furthermore, as salaried employees of Societe Generale, Messrs. AYMERICH and AMESTOY are eligible for Société Generale's profit- sharing and incentive programmes and are therefore ineligible for programmes offered by Crédit du Nord.

Obligation to hold and to keep Societe Generale shares

As a member of Societe Generale Group's Management Committee, Mr. AYMERICH must hold 10,000 Societe Generale shares within five years of the date of his appointment as Chief Executive Officer of Crédit du Nord, i.e. January 11, 2012. The shares may be held either directly or indirectly through the company's savings plan.

As long as this minimum shareholding requirement is not satisfied, Mr. AYMERICH is required to keep any shares resulting from the exercise of options acquired under Societe Generale's free share allocation programmes. The shares may be held either directly or indirectly through the company's savings plan.

Loss allowances related to post-employment benefits

- Termination benefit: Messrs. AYMERICH and AMESTOY do not receive a termination benefit when their term of office expires.
- Retirement: Messrs. AYMERICH and AMESTOY are eligible for Societe Generale's supplementary pension allocation plan for "Unclassified" executive level employees.

This complementary scheme, set up in 1991, grants beneficiaries, on the date of settlement of their Social Security pension, a total pension equal to the product of the following two terms:

- The average, over the last ten years of the beneficiary's career, of the proportion of base salaries exceeding "Tranche B" of the AGIRC pension increased by a variable part limited to 5% of the base salary;
- The rate equal to the ratio between the number of years of professional service within Societe Generale and 60, i.e., the acquisition of potential entitlements equal to 1.67% per year. Years of service taken into account cannot exceed 42.

AGIRC's "Tranche C" pension vested in respect of professional services within Societe Generale is deducted from this total pension. The complementary allocation to be paid by Societe Generale is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the age that Social Security pensions may legally be claimed. It cannot be less than one-third of the full-rate value of service of AGIRC "Tranche B" points acquired by the beneficiary since his or her entry in Societe Generale's "Unclassified" category.

Compensation and annuities paid in consideration for the period of employment with Societe Generale include services rendered as a corporate officer at Crédit du Nord. Eligibility for this plan is subject to being in the employ of the company at the time the entitlements are first paid.

Attendance fees paid to directors

The amount of attendance fees was set at €87,000 by the General Shareholders' Meeting of May 28, 2014.

The rules for distributing attendance fees among Board members, as resolved by the Board of Directors on March 12, 1998, are as follows:

- half of the attendance fees are distributed in equal amounts among the directors;
- the balance is divided up among directors in proportion to the number of Board meetings attended by each director during the fiscal year. The share belonging to absentees is not redistributed to other directors but is retained by Crédit du Nord.

AFEP/MEDEF and AMF recommendations

The Board of Directors of Crédit du Nord examined and decided to apply the AFEP/MEDEF recommendations on compensation of Chief Executive Officers.

The standardised presentation of their compensation, prepared in accordance with AFEP/MEDEF recommendations, is presented below.

Standardised tables compliant with AFEP/MEDEF and AMF recommendations

Table 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS AND SHARES ALLOCATED TO EACH CORPORATE OFFICER [1]

	Fiscal Year 2014	Fiscal Year 2015
Bernardo SANCHEZ INCERA, Chairman since October 31, 2014		
Remuneration due for the fiscal year (detailed in Table 2)	1,232,593	1,566,639
Value of options awarded during the fiscal year (see Table 4)	0	0
Value of shares or share equivalents awarded under a long-term incentive programme during the fiscal year [2]	567,000	567,000
TOTAL	1,799,593	2,133,639
Philippe AYMERICH, Chief Executive Officer		
Remuneration due for the fiscal year (detailed in Table 2)	743,539 [3]	747,635
Value of options awarded during the fiscal year (see Table 4)	0	0
Value of shares awarded under a long-term incentive programme during the fiscal year [2]	0	0
Value of share equivalents awarded under a long-term incentive programme during the fiscal year [2]	0	0
TOTAL	743,539 [3]	747,635
Philippe AMESTOY, Deputy Chief Executive Officer since January 1, 2015.		
Remuneration due for the fiscal year (detailed in Table 2)		357,977
Value of options awarded during the fiscal year (see Table 4)	-	0
Value of shares awarded under a long-term incentive programme during the fiscal year [2]	-	0
Valuation of share equivalents awarded under a long-term incentive programme during the fiscal year [2]	-	0
TOTAL	-	357,977

Amounts in euros

(1) *Remuneration due in respect of corporate offices held during the fiscal year. These amounts are in euros, gross, before tax.*

(2) *This programme is detailed in the section of Societe Generale's Registration Document pertaining to remuneration of corporate officers beginning on page 90.*

(3) *This amount includes an adjustment taken into account during the year.*

Table 2

STATEMENT OF COMPENSATION PAID TO EACH CORPORATE OFFICER [(1)]				
	Fiscal Year 2014		Fiscal Year 2015	
	Amount paid	Amount due in respect of the fiscal year	Amount paid	Amount due in respect of the fiscal year
Bernardo SANCHEZ INCERA, Chairman *(this compensation is not billed to Crédit du Nord, with the exception of attendance fees paid in respect of the office held at CDN)*				
- fixed compensation	733,338	733,338	800,000	800,000
- non-deferred variable compensation [(2)]	110,953	98,926	63,186	151,984
- deferred variable compensation [(2)]	752,639	395,706	513,722	607,936
- multi-annual variable compensation	0	0	0	0
- attendance fees	12,991	0	35,740	0
- benefits in kind [(3)]	4,623	4,623	6,719	6,719
TOTAL	1,614,544	1,232,593	1,419,367	1,566,639
Philippe AYMERICH, Chief Executive Officer				
- fixed compensation	220,008	220,008	220,008	220,008
- annual fixed bonus	20,000	20,000	20,000	20,000
- non-deferred variable compensation [(2)]	132,000	129,800 [(4)]	129,800	129,600
- deferred variable compensation [(2)]	360,195	369,200 [(4)]	614,211	368,400
- multi-annual variable compensation	0	0	0	0
- attendance fees	0	0	0	0
- non-recurring compensation [(5)]	-	-	5,336	5,336
- benefits in kind [(3)]	4,531	4,531	4,291	4,291
TOTAL	736,734	743,539 [(4)]	993,646	747,635
Philippe AMESTOY, Deputy Chief Executive Officer				
- fixed compensation	-	-	155,000	155,000
- annual fixed bonus	-	-	-	-
- non-deferred variable compensation [(2)]	-	-	51,000	55,500
- deferred variable compensation [(2)]	-	-	17,237	129,500
- multi-annual variable compensation	-	-	0	0
- attendance fees	-	-	0	0
- benefits in kind [(6)]	-	-	17,977	17,977
TOTAL	-	-	241,214	357,977

(1) Compensation figures are in euros, gross, before tax.
(2) The criteria used to determine these figures are detailed in the chapter on the remuneration of corporate officers (Societe Generale and Crédit du Nord).
(3) Provision of a company car.
(4) This amount includes an adjustment taken into account during the year.
(5) This amount corresponds to the payment of a premium related to the gift of a long-service award.
(6) Provision of a company car and residence.

Table 3

STATEMENT OF ATTENDANCE FEES RECEIVED BY CORPORATE OFFICERS		
Members of the Board that receive attendance fees *(€6,000 gross per year per Director + €1,000 for members of the Risk Committee)*	Attendance fees awarded in respect of 2014 and paid in 2015 [1]	Attendance fees awarded in respect of 2015 and paid in 2016 [1]
Jean-François SAMMARCELLI	3,810	3,333.75
Bernardo SANCHEZ INCERA	1,524	3,810
Didier ALIX [2]	4,445	4,445
Sophie-Ségolène BENHAMOU [3]	1,905	4,127.50
Christophe BONDUELLE	2,286	1,428.75
Séverin CABANNES	2,667	3,333.75
Thierry DIGOUTTE [4]	6,000 [6]	4,140 [6]
Bruno FLICHY	3,429	3,333.75
Marie-Chantal JACQUOT [4][5]	6,000 [6]	3,506.25 [6]
Thierry MULLIEZ	2,286	3,333.75
Annie PRIGENT [4]	5,400 [7]	4,233 [7]
TOTAL	40,514	39,025.50

(1) *Net amounts paid to individuals after deducting the mandatory withholding tax of 21% and social security contributions (application of the tax scheme under the Finance Act).*
(2) *Also a member of the Risk Committee.*
(3) *Appointed as a member of the Risk Committee at the Board of Directors meeting in May 2015.*
(4) *Employee representative director.*
(5) *Term expired in November 2015, did not stand for re-election.*
(6) *Gross amount paid to the Crédit du Nord union (CFDT) in 2015, net of tax in 2016.*
(7) *Gross amount paid to the Crédit du Nord union (SNB) in 2015, net of tax in 2016.*

The Board of Directors met four times in 2015, with the average meeting lasting three hours. The attendance rate was once again high, topping 80%, demonstrating their dedication to their role as directors.

Table 4

STOCK OPTIONS AWARDED DURING THE FISCAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY BELONGING TO THE GROUP

The Board of Directors did not award any stock options in 2015.

Table 5

SOCIETE GENERALE STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR BY EACH CORPORATE OFFICER

Corporate officers did not exercise any options in 2015.

Table 6

SOCIETE GENERALE SHARES AWARDED TO EACH CORPORATE OFFICER

Societe Generale's Board of Directors did not award any Societe Generale shares in 2015.

Table 7

SOCIETE GENERALE PERFORMANCE SHARES PERMANENTLY VESTED BY EACH CORPORATE OFFICER [(1)]		
	Grant date	Number of shares received during the fiscal year
Bernardo SANCHEZ INCERA	14/03/2013	3,750
	13/03/2014	5,266
Philippe AYMERICH	N/A	N/A
Philippe AMESTOY	14/03/2013	612

(1) For deferred variable compensation awarded in 2013 and 2014 for 2012 and 2013 (Shares resulting from a share buyback programme).

SOCIETE GENERALE SHARE EQUIVALENTS PERMANENTLY VESTED BY EACH CORPORATE OFFICER			
	Grant date	Number of share equivalents vested during the fiscal year	Amount paid (in EUR)
Bernardo SANCHEZ INCERA [(1)]	02/05/2012	25,000	1,044,650

(1) First vesting date for the long-term incentive awarded by the Board of Directors on May 2, 2012, in the form of share equivalents whose vesting is entirely contingent upon the relative performance of Societe Generale shares against the shares of its peers. The performance of Societe Generale stock as measured in early 2014 ranks it as the best performer in the sample.

Table 8

HISTORY OF SOCIETE GENERALE STOCK OPTIONS AWARDED DISCLOSURES ON STOCK OPTIONS (1)			
Date of the Board of Directors' meeting	09/03/2010	09/03/2009	21/03/2008
Total number of shares available for subscription or purchase	1,000,000	1,344,552 (8)	2,328,128
o/w number of shares available for subscription or purchase by corporate officers			
Corporate Officer 1: Bernardo SANCHEZ INCERA (3)	0	0	0
Corporate Officer 2: Philippe AYMERICH (4)	14,215	11,382	10,434
Corporate Officer 3: Philippe AMESTOY (5)	2,764	4,337	3,121
Beginning of exercise period	09/03/2014	31/03/2012	21/03/2011
Expiry date	08/03/2017	08/03/2016	20/03/2015
Subscription or purchase price (in EUR) (6)	41.20	23.18	63.60
Terms of exercise (where the plan includes more than one tranche)			
Fair value (% of the share price at award date)	26%	27%	-
Number of shares subscribed for at 31/12/2015	21,243	266,942	0
Total number of cancelled or expired options	656,899	912,898	2,328,128
Number of stock options remaining at period end	321,858	164,712	0
Potential capital dilution (7)	0.04%	0.02%	0.00%

(1) *The personnel charges generated by these stock option plans are published on page 351 of Societe Generale's Registration Document (note 5-3).*

(2) *Exercising one option entitles the holder to one Societe Generale share. This table reflects the adjustments made following capital increases. This line does not include options exercised since the grant date.*

(3) *Appointed as a corporate officer on May 28, 2014.*

(4) *Appointed as a corporate officer on January 11, 2012.*

(5) *Corporate officer since January 1, 2015.*

(6) *The subscription or purchase price is equal to the average of the 20 share prices prior to Societe Generale's Board of Directors' meeting.*

(7) *Dilution results from dividing the number of remaining options available for subscription by the number of shares comprising the share capital.*

(8) *O/w 320,000 stock options initially awarded to the senior corporate officers of Societe Generale Group, who decided to waive them.*

Table 9

STOCK OPTIONS AWARDED TO THE TOP TEN HIGHEST PAID EMPLOYEES NOT SERVING AS CORPORATE OFFICERS AND OPTIONS EXERCISED BY THESE EMPLOYEES

	Total number of options awarded/share subscriptions or purchases	Average weighted price (in euros)
Options awarded during the fiscal year by the issuer to the top ten highest paid employees of Crédit du Nord Group (the number indicated is the highest number of options awarded)*	0	0
Options held by the issuer and exercised during the fiscal year by the top ten highest paid employees of Crédit du Nord Group (the number indicated is the highest number of options exercised)	12,023	45.34

* *No stock option plan was established by Societe Generale during fiscal year 2015.*

Table 10

HISTORY OF PERFORMANCE SHARES AWARDED DISCLOSURE ON PERFORMANCE SHARES						
Date of SG Shareholders' meeting	20/05/2014	22/05/2012	22/05/2012	25/05/2010	25/05/2010	25/05/2010
Date of the Board of Directors' meeting	12/03/2015	13/03/2014	14/03/2013	02/03/2012	07/03/2011	02/11/2010
Total number of shares awarded	1,233,505	1,010,775	1,846,313	2,975,763	2,351,605	5,283,520 [6]
o/w number awarded to corporate officers [3]						
Corporate Officer 1: Bernardo SANCHEZ INCERA	-	-	-	-	19,225 [2]	-
Corporate Officer 2: Philippe AYMERICH	-	-	-	-	3,162 [2]	40
Corporate Officer 3: Philippe AMESTOY	-	-	612	2,532	1,220 [2]	40
Total number of recipients	6,733	6,082	6,338	6,363	5,969	-
Vesting date	31/03/2017 (R)	31/03/2016 (R)	31/03/2015 (R)	31/03/2014 (R)	31/03/2013 (R)	29/03/2013 (R) 31/03/2015 (NR) (First tranche)
	31/03/2019 (NR)	31/03/2018 (NR)	31/03/2017 (NR)	31/03/2016 (NR)	31/03/2015 (NR)	31/03/2014 (R) 31/03/2016 (NR) (Second tranche)
End date of holding period [1]	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015	29/03/2015 31/03/2016
Performance-based [4]	yes	yes	yes	yes	yes	yes
Fair value (in EUR) [5]	36.4 for French residents	37.8 for French residents	26.1 for French residents			35.8 for French residents
	34.9 for non-French residents	38.1 for non-French residents	27.1 for non-French residents			34.6 for non-French residents (First tranche)
				21.9	39.9	
						34.6 for French residents
						33.2 for French residents (Second tranche)
Number of shares vested at 31/12/2015	148	106	1,201,218	2,211,016	1,811,424	3,090,096
Cumulative number of cancelled or expired shares	17,492	35,595	100,622	180,536	540,181	863,536
Performance shares outstanding at year-end	1,215,865	975,074	544,473	584,211	0	1,329,888

(1) Applicable to beneficiaries who are French tax residents only.
(2) As the performance condition applicable to this award was not met, the rights were entirely lost.
(3) For Corporate Officers, see also Tables 6 and 7 of the 2015 Registration Document.
(4) The applicable performance conditions are described in Societe Generale Group's registration document in the section on "Employee share plans".
(5) Fair value is measured using the arbitrage method.
(6) "Free share plan" for all Societe Generale Group employees, i.e., nearly 159,000 people in 79 countries (see p.351 of Societe Generale's Registration Document [Shares granted in application of Article L.225-197-1 et seq. of the French Commercial Code]).

R = French tax residents.
NR = Non-French tax residents.

Table 11

SITUATION OF THE CORPORATE OFFICERS										
	Dates of offices		Employment contract with Crédit du Nord (1)		Supplementary pension plan (2)		Compensation or benefits due as a result of termination or change of position		Compensation related to a non-compete clause	
	start	end	yes	no	yes	no	yes	no	yes	no
Bernardo SANCHEZ INCERA, Chairman	2014 (4)	2018		X	X (3)			X		X
Philippe AYMERICH Chief Executive Officer	2012	2019 (5)		X	X (3)			X		X
Philippe AMESTOY Deputy Chief Executive Officer	2015	2019 (5)		X	X			X		X

(1) As regards the combination of a corporate office with an employment contract, the only positions addressed by the AFEP/MEDEF recommendations are Chairman of the Board of Directors, the Chairman and Chief Executive Officer, and the Chief Executive Officer of companies with a Board of Directors.

(2) Detailed information on the supplementary pension plans is provided in the section entitled "Information on Corporate Officers" and on Page 94 of Societe Generale's Registration Document.

(3) Paid by Societe Generale.

(4) Appointed as a Director at the Shareholders' Meeting of May 28, 2014 and as Chairman of the Board on October 31, 2014.

(5) Term ending at the 2019 Shareholders' Meeting, called to approve the financial statements for the year ending December 31, 2018.

Statutory auditors' report on the financial statements

Year ended December 31, 2015

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting, we hereby report to you, for the year ended 31 december 2015, on:

- the audit of the accompanying financial statements of Crédit du Nord;
- the justification of our assessments;
- the specific verification and information required by law.

These 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 financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- As part of the financial statements, your company records impairment losses and provisions to cover credit risks inherent in its activities and performs, as described in Note 1 to the consolidated financial statements for significant accounting estimates including on the valuation of investment securities and other long-term investments, and the valuation of provisions for employee benefits. We have on the one hand, reviewed and tested the processes put in place by management, the assumptions and parameters used and on the other hand, verified that these accounting estimates are based on documented methods in accordance with the principles described in this note to the consolidated financial statements. .

- As indicated in Note 1 to the consolidated financial statements, your Company uses internal models to value financial instruments that are not quoted in an active market. Our work consisted, first, to review the model control device used and, secondly, in assessing the data and assumptions used and observability, and taking into account the risks generally recognized on markets, valuations.

The assessments were made in the context of our audit of the 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 procedures and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de Commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information: this information does not include all compensation and benefits paid by the company controlling the Company to officers concerned for duties, functions or missions other than those held within or on behalf of Crédit du Nord Group, and include this information remuneration and allowances paid by the Company to directors only in respect of their duties performed within the Crédit du Nord.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, April 11, 2016

The statutory auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
José-Luis GARCIA	Vincent ROTY

Statutory auditors' report on related party agreements and commitments

General meeting of shareholders to approve the financial statements for the year ended December 31, 2015

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to article R. 255-31 of the French Commercial Code *Code de Commerce*, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 255-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code.

Agreements and commitments previously approved by the shareholders' meeting

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by the Shareholders' Meeting of prior years, have remained in force during the year.

With Société Générale, shareholder of your company

a) Nature and purpose

Pooling of IT infrastructure.

Modalities

As part of the search for synergies within the Société Générale Group, an agreement of subcontracting to a Société Générale Service (GTS) was developed during the first half of 2009 and implemented on 1st August 2009. This subcontracting covers deployment, production and maintenance of the technical infrastructure services in computing, and has been invoiced to the euro for expenses incurred GTS since 2009. Your Board Directors of July 23rd, 2009 authorized the signing of agreements necessary for the implementation of this agreement.

Billing for services performed during fiscal 2015 amounted to K€ 48,401 excluding tax.

b) Nature and purpose

System of mutual information to retail banking France Société Générale Group.

Modalities

In order to reply to a service improvement logic related to information needs of different retail banks of Société Générale Group, Société Générale and your company had wanted to set up a common information system through the Convergence program. The choice to build this information system with the assets of each of the retail banking chains in France for Société Générale Group induce the establishment of a common organization, the Information Systems Department, Organization and Process (SIOP), housed within Société Générale. SIOP aimed to secure the operation of the computer system and optimize the expected synergies, with the aim to reducing the share of GNP devoted to computer station.

End 2014, before the difficulties of developing a single information system and by mutual agreement, Société Générale and your company ended the Convergence program.

SIOP, renamed ITIM in 2015, nevertheless continues and will continue to develop the Bank's information systems Detail of Société Générale and your company, but separately.

Your Board of Directors on May 6th, 2011 authorized the signing of the texts required for the implementation of the Convergence program and the pooling of teams within SIOP with the signature:

- a contract (letter of intent and agreement of operation) that specifies the legal terms and conditions, under which administrative and financial SIOP, now ITIM provides services to its customers and the implementation of the contract, its scope and its governance; the LOI was followed by the signing of a framework service contract and a contract application dated March 9th, 2012;
- a sale agreement which specifies, in the framework of the implementation of the above Agreement, the terms of transfer and assignment of rights, duties and obligations of the Company to SIOP, including on the sale of certain assets (including intangibles) in their real value. An assignment of rights IP protocol was signed on November 10th, 2011.

Since 2014, no batch has been assigned by your company to Société Générale. Given the judgment of Convergence program, batch release program ended and no new lot will be sold.

In fiscal year 2015, the invoicing of services provided under the service contract signed between ITIM (ex-SIOP) and your company amounts to K€ 80,078 excluding tax.

a) Nature and purpose

Pooling back office payment activities.

Modalities

Under the proposed pooling back office payment with Société Générale (GTPS), three platforms were created for all the networks located in France, in Paris for checks, cash flows and electronic banking, in Schiltigheim (Bas-Rhin) for electronic banking and Lille for flows.

This project is linked to the specific regulatory obligations Société Générale, rated systemic institution, which must implement a particularly resilient device for payment.

First, your company's teams will be placed under a single authority and then a gradual reorganization will establish the rhythm including retirements.

Your Board of Directors of May 28th, 2014 authorized the signing of texts required for the implementation of this project, the signature:

- a framework agreement signed on July 1st, 2014, which defines the general conditions under which Société Générale teams will carry out the treatment of «means of payment» activities of Crédit du Nord group;
- application contracts signed on July 11th, 2014 that detail the services provided by Société Générale on behalf of Crédit du Nord Group.

Billing for services performed during fiscal 2015 amounted to K€ 11,442.

Neuilly-sur-Seine and Paris-La Défense, April 11, 2016

The statutory auditors

French original signed by

DELOITTE & ASSOCIES
José-Luis GARCIA

ERNST & YOUNG et Autres
Vincent ROTY

Draft Resolutions: General Meeting of Shareholders of May 19, 2016

First resolution

Approval of the consolidated financial statements

The General Meeting of Shareholders, under the conditions required by Ordinary General Meetings as to quorum and majority, after considering the report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, approves the transactions cited therein, the balance sheet closed December 31, 2015, and the income statement for fiscal year 2015.

The General Meeting approves the net income after taxes (Group share) of €387,995,000.00.

Second resolution

Approval of individual financial statements and discharge of Directors

The General Meeting of Shareholders, under the conditions required by Ordinary General Meetings as to quorum and majority, after considering the report of the Board of Directors and the Statutory Auditors' report on the individual financial statements, approves the transactions cited therein, the balance sheet closed December 31, 2015, and the income statement for fiscal year 2015. The General Meeting approves the net income after taxes of €362,622,802.67.

Consequently, the General Meeting fully and without reservation releases the Directors from their mandates for said fiscal year."

Third resolution

Distribution of earnings

"Acting in accordance with the quorum and majority requirements established for Ordinary General Shareholders' Meetings, the Shareholders' Meeting resolved to allocate net income for the period amounting to €362,622,802.67.

Profits plus earnings carried forward from the previous period, i.e. €545,879.58, resulted in total income available for distribution of €363,168,682.25, which the Shareholders' Meeting resolves to allocate as follows:

- allocation of a dividend of €278,207,265.00 to shareholders, i.e. a dividend per share of €2.50;
- allocation of €84,000,000.00 to the ordinary reserve;
- allocation of €961,417.25 to retained earnings.

The ordinary reserve was therefore increased from €1,255,000,000.00 to €1,339,000,000.00.

Dividends are eligible for the 40% tax deduction referred to in Article 158-3-2 of the French General Tax Code.

In accordance with the law, shareholders are hereby reminded that the following dividends were distributed over the past three years:

- Fiscal Year 2014: €2.20 per share
- Fiscal Year 2013: €3.70 per share
- Fiscal Year 2012: €2.00 per share

Fourth resolution **Agreements addressed by Article L. 225-38 et seq. of the French Commercial Code**	"The General Meeting, under the conditions required by Ordinary General Meetings as to quorum and majority, has been informed of the Statutory Auditors' Special Report on agreements addressed by Articles L 225-38 et seq. of the French Commercial Code, approves this report and notes that there are no new agreements to submit for approval."
Fifth resolution **Consultative opinion on the compensation paid in 2015 to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code**	"The General Meeting, under the conditions required by Ordinary General Meetings as to quorum and majority, after considering the report of the Board, consulted in accordance with Article L.511-73 of the French Monetary and Financial Code, issues a favourable opinion of the overall budget of €6,556,000 for all types of remuneration paid during fiscal year 2015 to the persons referred to in said article."
Sixth resolution **Reappointment of a Director**	"The General Meeting, under the conditions required by Ordinary General Meetings as to quorum and majority, hereby reappoints Didier ALIX as a Director for a term of four years. His office will expire at the General Meeting called in 2020 to approve the 2019 financial statements."
Seventh resolution **Appointment of a Director**	"The General Meeting, under the conditions required by Ordinary General Meetings as to quorum and majority, hereby appoints XXX as a Director for a term of four years. Her office will expire at the General Meeting called in 2020 to approve the 2019 financial statements."
Eighth resolution **Adjustment of the budget for attendance fees**	"The General Meeting, under the conditions required by Ordinary General Meetings as to quorum and majority, hereby awards the Directors an annual maximum amount of €136,000 in attendance fees as compensation for their duties, until such time as the shareholders approve a new resolution in this regard."
Ninth resolution **Powers**	"All powers are granted to bearers of a copy or extract of the minutes of this General Meeting of Shareholders to carry out all formalities and publications relating to the preceding resolutions."

Additional information

4

General description of Crédit du Nord

Company name

Crédit du Nord

Address of the head office and telephone number

Address : 28, place Rihour - 59000 Lille, France

Telephone: +33 (0)1 40 22 40 22

Legal form

A limited liability company (Société Anonyme) registered in France and governed by Articles L. 210-1 et seq. of the French Commercial Code.

The company has the status of a bank governed by Articles L. 311-1 et seq. of the French Monetary and Financial Code.

Registration number

SIREN 456 504 851 RCS Lille (Lille Trade and Companies Register)

APE activity code

6419 Z

LEI (Legal Entity Identifier)

54930076YK05WVH25M52

Creation and expiration date

Crédit du Nord was founded in 1848 under the name Comptoir national d'escompte de l'arrondissement de Lille.

It adopted the status of a limited liability company (Société Anonyme) in 1870 and took the name "Crédit du Nord" in 1871.

The date of expiration of the company is set at 21 May 2068, barring dissolution before this date or an extension thereof as provided by law.

Corporate purpose (Article 3 of the bylaws)

The purpose of the company, under the conditions set forth by the laws and regulations applicable to credit institutions, is to perform with individuals or corporate entities, in France or abroad:

- any and all banking transactions;
- any and all transactions related to banking transactions, including, in particular, all investment or related services as governed by Articles L. 321-1 and 321-2 of the French Monetary and Financial Code;
- any and all acquisitions of ownership interests in other companies.

In accordance with the conditions set forth by the French Banking and Financial Regulation Committee, the company may also regularly engage in any and all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, the company may, on its own behalf, on behalf of third parties or jointly, engage in any and all financial, commercial, industrial, agricultural or real estate transactions that are directly or indirectly related to the aforementioned activities or likely to facilitate the execution thereof.

Share capital

Crédit du Nord's share capital is set at EUR 890,263,248, divided into 111,282,906 fully paid-up shares with a face value of €8.

The shares comprising the company's capital are not subject to any pledge agreements.

Form of shares

All shares must be registered.

Disclosure requirements

No restrictions have been made to legal provisions concerning ownership thresholds.

Share transfer approval

The General Meeting of April 28,1997 ruled that the assignment, sale or transfer of shares to a third party that is not a shareholder, for any reason whatsoever, except in the event of the transfer of an estate, liquidation, communal property between spouses or transfer to a spouse or next-of-kin, is subject to the company's prior approval.

Parent company documents

The documents relating to Crédit du Nord, including its bylaws, financial statements, and the reports presented at its Shareholders' Meetings by the Board of Directors or Statutory Auditors, can be consulted at the Bank's Corporate Secretariat/Corporate Office at 59, boulevard Haussmann, 75008 Paris, France.

Fiscal year

From January 1 to December 31.

Appropriation and distribution of earnings (Article 22 of the bylaws)

Net income for the year is determined in accordance with all currently applicable laws and regulations. At least 5% of net income for the year, less any previous accumulated losses, must, by law, be set aside to form a legal reserve until this reserve reaches one-tenth of share capital.

Net income available after said allocation to legal reserves, as well as any retained earnings, constitutes "income available for distribution" from which dividends may be paid out and/or funds allocated to ordinary, extraordinary or special capital reserves as approved by the Shareholders' Meeting on the basis of the recommendations made by the Board of Directors.

The General Meeting called to approve the financial statements for the fiscal year may, in respect of all or part of final or interim dividends proposed for distribution, offer each shareholder the choice between payment of the final or interim dividends in cash or in shares, under the conditions set forth by currently applicable legislation. Shareholders must exercise this option for the entire amount of final or interim dividends to be received for the fiscal year.

Except in the case of a reduction in share capital, no distribution to shareholders may take place where shareholders' equity is or would as a result of said distribution be lower than the sum of the company's share capital plus any legal reserves which, in accordance with the law or under the company's bylaws, are not available for distribution.

Shareholders' Meetings (Article 19 of the bylaws)

The General Meeting, which meets on a regular basis, represents all shareholders and exercises all powers devolved to it by law.

It is convened to rule on those issues listed on the agenda in accordance with currently applicable legal and regulatory provisions.

The right to take part in the Meeting is subject to registration of shares in the name of the shareholder at least five days before the date of the meeting.

Profit-sharing

A profit-sharing agreement is in force at Crédit du Nord.

The legal calculation is applied to determine the profit-sharing budget. Its breakdown is proportionate to wages reserved, with wages taken into consideration within the limit of 1.5x the Annual Social Security Cap (PASS).

An incentive agreement was also signed on June 14, 2013 which applies to fiscal years 2013 through 2015. All payments therein are calculated on the basis of 8.75% of Crédit du Nord's gross operating income adjusted for certain parameters. It is paid out as follows:

- 50% of the incentive budget, capped at €5 million, is paid in proportion to the employee's period of employment with the company during the fiscal year;
- 50% is paid in proportion to the gross taxable wages for the fiscal year, excluding performance bonuses.

For 2015, total incentive pay was capped at 9% of gross fiscal remuneration paid to all company employees in the year in question.

In addition, the total amount paid under profit-sharing and incentive plans is capped at 12% of gross fiscal remuneration.

In the event this amount is exceeded, incentive pay shall be reduced by the percentage exceeding the maximum, without being reduced to less than 6.5% of gross fiscal remuneration.

Crédit du Nord makes an additional "employer's contribution" where employees pay any profit-sharing or incentives into the Company Savings Plan or into the Company Pension Savings Plan (PERCO), in accordance with pre-defined scales and limits.

Change in capital

	2015	2014	2013	2012	2011
Shares outstanding	111,282,906	111,282,906	111,282,906	111,282,906	111,282,906
Par value per share *(in EUR)*	8	8	8	8	8
Capital stock *(in EUR)*	890,263,248	890,263,248	890,263,248	890,263,248	890,263,248
Maximum number of shares to be created*	-	-	-	-	-
Total number of potential shares	111,282,906	111,282,906	111,282,906	111,282,906	111,282,906
Potential share capital *(in EUR)*	890,263,248	890,263,248	890,263,248	890,263,248	890,263,248

* *Created by convertible debt and/or the exercise of stock options.*

Ownership and voting rights at December 31, 2015

Societe Generale	100%
Members of Management bodies	-
Employees (via specialised fund managers)	-

Double voting rights

None.

Changes in ownership in the last three years

No change.

Dividend payments

- A dividend per share of €2.00 was paid out in respect of fiscal year 2011.
- A dividend per share of €2.00 was paid out in respect of fiscal year 2012.
- A dividend per share of €3.70 was paid out in respect of fiscal year 2013.
- A dividend per share of €2.20 was paid out in respect of fiscal year 2014.
- On May 19, 2016, a proposal will be put forward to the Shareholders' Meeting to distribute a dividend of €2.50 for 2015.

Securities markets

Not applicable: Crédit du Nord shares are not listed on any markets.

Group activity

Use of patents and licences

Not applicable.

Legal risks

Crédit du Nord is a credit institution authorised to operate as a bank. As such, it may engage in any and all banking transactions.

It is also authorised to provide any and all investment or related services as referred to in articles L. 321-1 and L. 321-2 of the Monetary and Financial Code. As an investment service provider, Crédit du Nord is subject to the applicable regulatory framework, in particular prudential rules and the controls of the ACPR and AMF. All managers and employees are bound by professional secrecy, the breach of which is subject to criminal penalties.

Crédit du Nord is also an insurance broker.

Litigation and extraordinary circumstances

To date there are no extraordinary circumstances and/or ongoing litigation that may have, or may have had in the recent past, a significant effect on the business, income, financial position or assets and liabilities of Crédit du Nord or its subsidiaries.

Other special risks

To the best of Crédit du Nord's knowledge, no such risk currently applies.

Insurance

General policy

Crédit du Nord's insurance policy aims to obtain the best coverage with respect to the risks to which it is exposed.

A certain number of major risks are covered by policies taken out as part of Societe Generale's Global Insurance Policy, while others are covered by policies taken out by Crédit du Nord.

Risks covered by the Societe Generale Global Insurance Policy

1. Theft/fraud

These risks are included in a "global banking" policy that insures the banking activities of Crédit du Nord and its subsidiaries.

2. Professional liability insurance

The consequences of any lawsuits are insured under the global policy. The level of coverage is the best available on the market.

3. Operating losses

The consequences of an accidental interruption in activity are insured under the global policy. This policy complements the business continuity plans.

4. Third-party liability insurance of the corporate officers

The purpose of this policy is to cover the company's managers and directors in the event of claims filed against them and invoking their liability.

5. Liability insurance linked to operations

This insurance covers any pecuniary damages to third parties incurred by all persons or equipment deemed necessary for the company's operations.

Risks covered by Crédit du Nord policies

Buildings and their contents

Buildings and their contents are insured by a multi-risk policy with a ceiling of €80,000,000.

Other risks linked to activities

Within the framework of all Group contracts, Crédit du Nord offers customers death and invalidity insurance on their loans (property, consumer loans, etc.).

Corporate Social Responsibility (CSR) Report

The legal obligation for all companies listed on a regulated market to report in their yearly management report on the social and environmental consequences of their activities was reinforced by the passing of the “Grenelle 2” Law of July 12, 2010 on France’s national commitment to the environment, including Article 225 therein (“Article 225”) and its implementing decree of April 24, 2012 on corporate transparency requirements for social and environmental issues. These provisions amended Article L.225-102-1 of the French Commercial Code based on Article 116 of the Law on New Economic Regulations (NER) of 2001.

Of the eight banks of Crédit du Nord Group, only the five banks whose names are underlined are legally obligated to disclose this information (Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Tarneaud, Société Marseillaise de Crédit and Crédit du Nord). Since 2014, given the organisation, operational and governance methods of Crédit du Nord Group, the decision was made to combine this information in a single report.

Crédit du Nord owns a network of branches but is also the holding company of Crédit du Nord Group and it provides its subsidiaries with the services of central departments responsible for conveying Group strategy (Marketing Division, Central Risk Division, Corporate Secretariat, Finance Division, Human Resources Division, General Inspection Division, Communication Division, etc.). Crédit du Nord Group’s internal instructions (encyclopaedias) apply to all employees. They are available in a documentation database (Biblioged) open to all employees. These instructions are based and expand on the Directives and Instructions of Societe Generale Group.

The information presented in this report covers the 42 topics referred to in the Implementing Decree of April 24, 2012. It is based on the contributions of an internal network of CSR officers, in accordance with the CSR reporting protocol, using the “Planethic Reporting (*)” tool for the standardised collection of indicators. The entire reporting protocol is coordinated by Crédit du Nord’s Corporate Secretariat. The CSR data and indicator collection process is reviewed and optimised each year with all of Societe Generale Group’s CSR entities.

The entities (central buildings, regions and regional banks) that report in “Planethic Reporting” generate 98.39% of Crédit du Nord Group’s consolidated NBI.

(*) *“Planethic Reporting” is a Societe Generale Group tool. The quantified or qualitative social, sponsorship and business data covers a rolling 12-month period, i.e. one calendar year, and is predominantly entered in December.*

SOCIAL INFORMATION

Employment

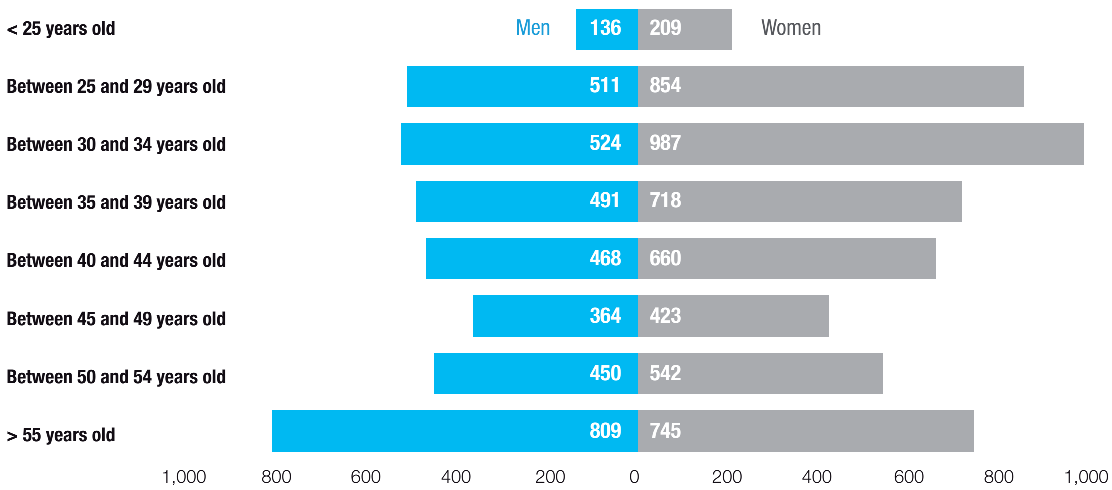
Total headcount and breakdown of staff by gender, age bracket and region

Crédit du Nord Group headcount at December 31, 2015: 8,891 employees versus 9,033 in 2014 (bank staff on permanent contracts, active fixed-term contracts or on long-term leave).

The average age for Group employees is 41 (42 for men and 40 for women), broken down as follows:

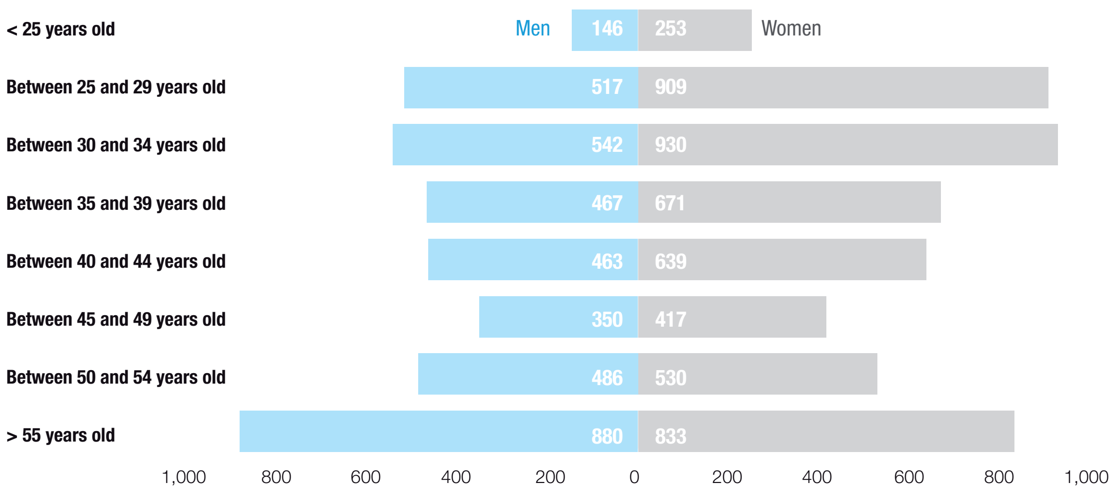
Crédit du Nord Group

2015



Total Men: 3,753 I Total Women: 5,138

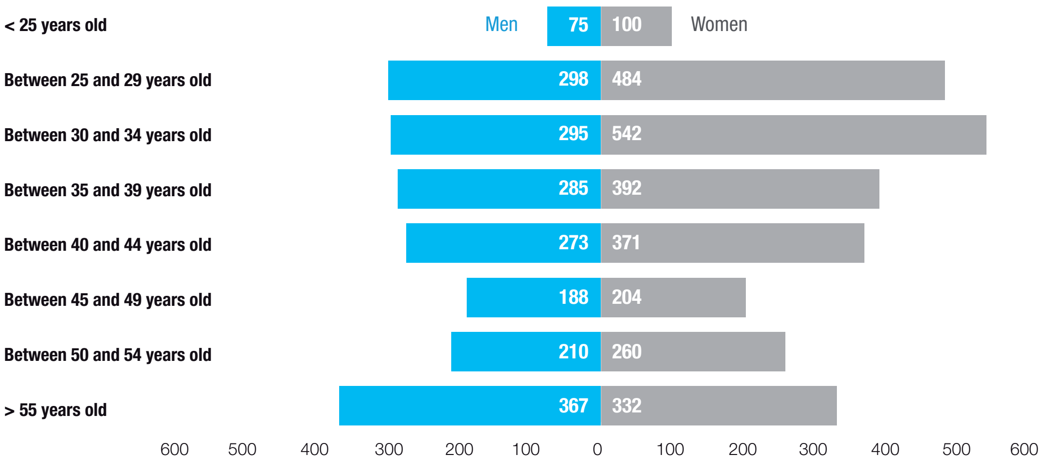
2014



Total Men: 3,851 I Total Women: 5,182

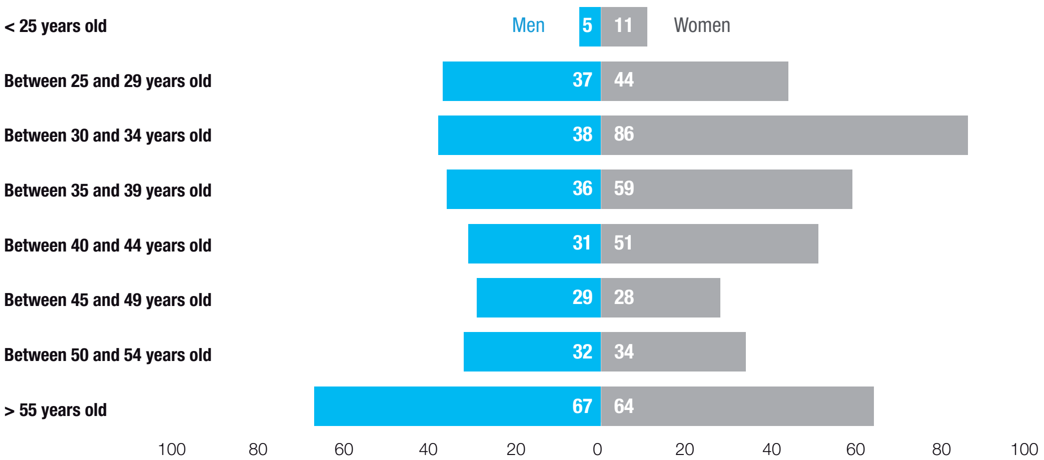
Breakdown of men/women by age bracket at each bank:

Crédit du Nord



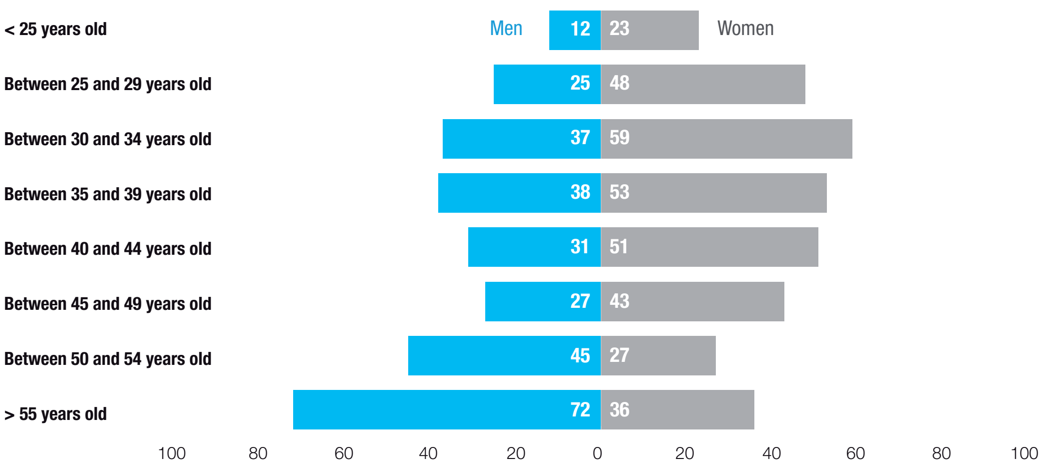
Total Men: 1,991 I Total Women: 2,685

Banque Courtois



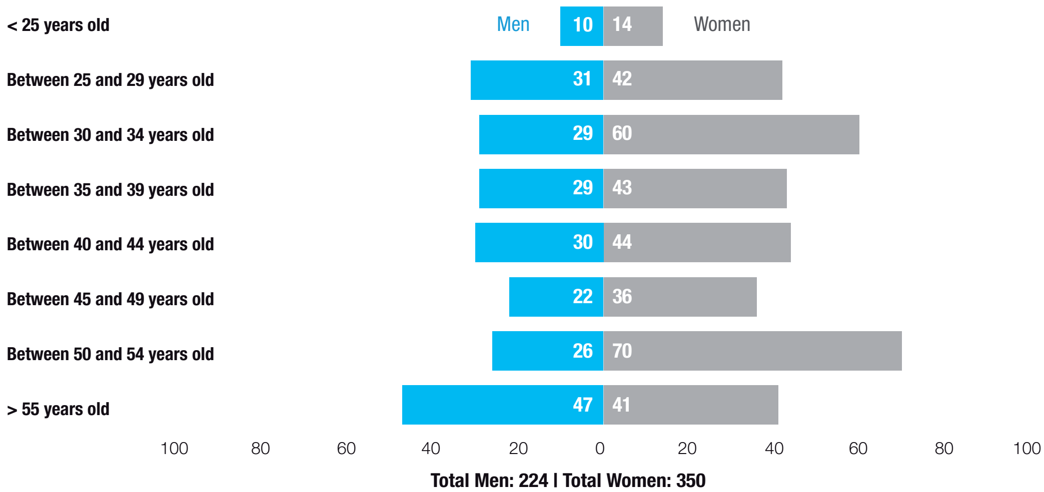
Total Men: 275 I Total Women: 377

Banque Rhône-Alpes



Total Men: 287 I Total Women: 340

Banque Tarneaud



Société Marseillaise de Crédit

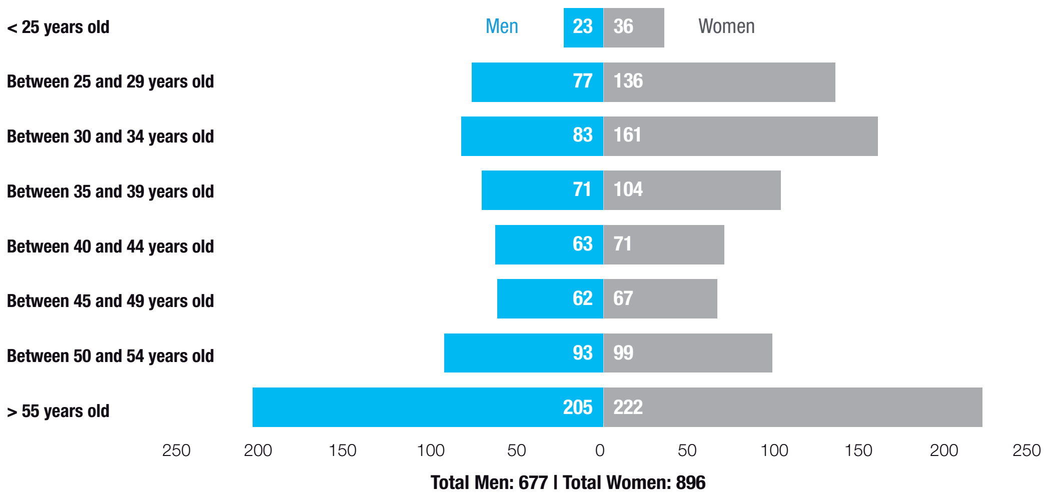
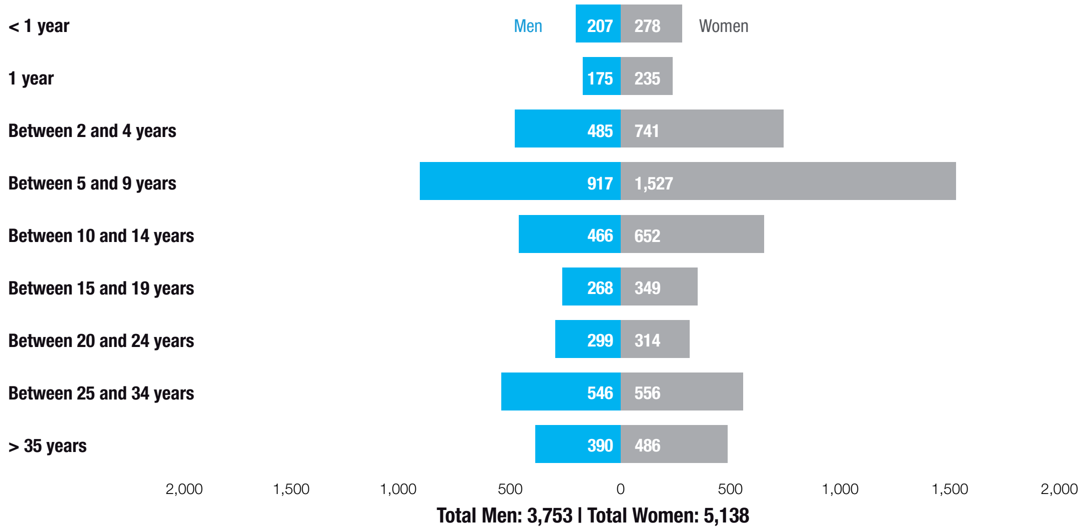


Table showing the headcount and average age of employees by bank:

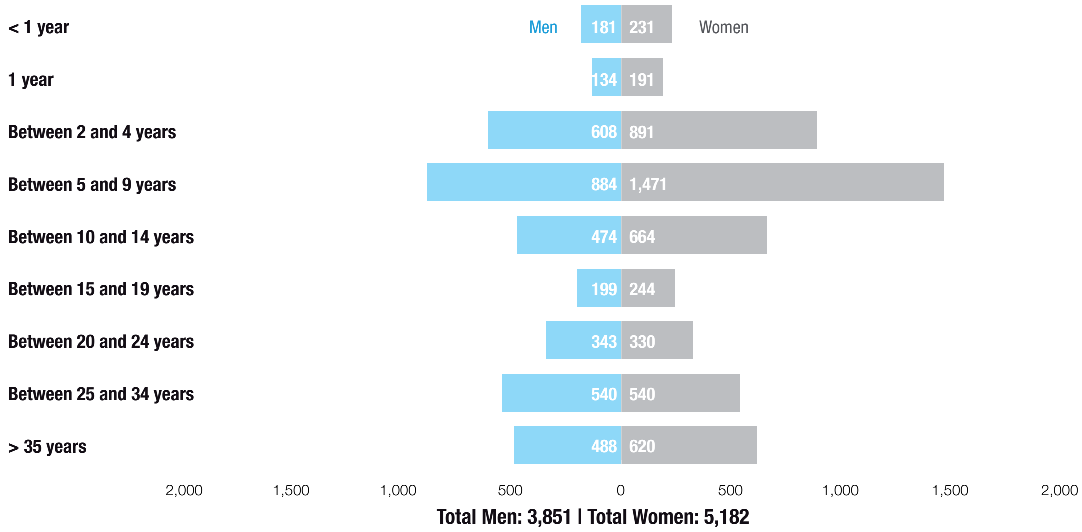
	2014	2015								
	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Headcount - Women	5,182	2,685	377	205	198	87	340	350	896	**5,138**
Headcount - Men	3,851	1,991	275	100	129	70	287	224	677	**3,753**
Total Headcount	9,033	**4,676**	**652**	**305**	**327**	**157**	**627**	**574**	**1,573**	**8,891**
Average Age - Women	40	39	41	36	41	39	39	42	42	**40**
Average Age - Men	43	41	43	41	42	44	44	42	45	**42**
Average Age - Overall	41	40	42	38	42	41	42	42	43	**41**

Average length of service for Group employees was 14 years in 2015 (15 for men and 13 for women), broken down as follows:

2015



2014



Average length of service of Crédit du Nord Group employees by bank:

	2014	2015								
	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Average - Women	14	13	13	10	16	12	12	14	17	**13**
Average - Men	16	14	16	12	16	15	16	14	18	**15**
Overall average	15	13	14	10	16	13	14	14	17	**14**

For the breakdown of staff by region, see the section entitled “**Jobs and regional development.**”

New hires and dismissals

The different banks of Crédit du Nord Group keep up a high rate of hiring in order to offset natural departures. Most of these hires are given permanent contracts and mainly concern positions in the operating network. Most Crédit du Nord Group departures can be attributed to demographics. The resignation rate is less than 3%.

	2014	2015								
New hires	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Total number of new hires	987	**478**	**79**	**35**	**57**	**10**	**72**	**99**	**197**	**1,027**
Permanent contracts	623	311	36	23	32	7	53	55	83	**600**
Women	*341*	*167*	*21*	*18*	*18*	*5*	*33*	*24*	*43*	*329*
Men	*282*	*144*	*15*	*5*	*14*	*2*	*20*	*31*	*40*	*271*
Fixed-term contracts	364	167	43	12	25	3	19	44	114	**427**
Women	*252*	*110*	*29*	*10*	*21*	*3*	*16*	*25*	*74*	*288*
Men	*112*	*57*	*14*	*2*	*4*	*0*	*3*	*19*	*40*	*139*

	2014	2015								
Departures	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Total number of departures	1,237	**599**	**79**	**41**	**62**	**13**	**72**	**99**	**202**	**1167**
o/w retirement and early retirement of members of permanent staff	410	193	25	8	7	7	18	18	62	**338**
o/w retirement and early retirement of staff on fixed-term contracts	0	0	0	0	0	0	0	0	0	**0**
o/w resignations among permanent staff members	254	160	18	13	18	2	23	36	21	**291**
o/w resignations [(1)]	*164*	*117*	*13*	*12*	*15*	*2*	*21*	*31*	*18*	*229*
o/w intra-group resignations [(2)]	*54*	*14*	*4*		*3*		*2*	*5*	*3*	*31*
o/w resignations under tripartite agreement [(2)]	*36*	*29*	*1*	*1*						*31*
o/w resignations among staff on fixed-term contracts [(1)]	N/A	7	1		1			1	1	**11**
o/w dismissals of permanent staff members [(3)]	71	53	4	2	4	2	7	6	13	**91**
o/w dismissals of staff members on fixed-term contracts [(3)]	N/A	4	0	0	0	0	0	0	1	**5**
Deaths of permanent staff members	11	9	0	0	0	0	0	0	2	**11**
o/w deaths among staff members on fixed-term contracts	N/A	0	0	0	0	0	0	0	0	**0**
Departures of permanent staff members for other reasons	116	19	7	5	6	1	12	7	17	**74**
Departures of staff on fixed-term contracts for other reasons (end of contract)	371	154	24	13	26	1	12	31	85	**346**

(1) *including resignations at the employee's initiative at the end of the trial period.*
(2) *tripartite agreements (agreement for departure within Societe Generale Group) or agreements for departure within a Crédit du Nord Group subsidiary are included in resignations.*
(3) *including resignations at the end of the trial period.*

Remuneration and changes in pay

The remuneration of all Crédit du Nord Group employees, regardless of position, contains both a fixed and a variable portion. Remuneration is assessed each year by the remuneration panel, which refers to the results of the annual professional performance evaluation.

A specific budget is allocated each year to reducing pay gaps between men and women at each of Crédit du Nord Group's banks. The Group is currently experiencing a high turnover of staff and the proportion of women in its workforce is increasing.

Each Crédit du Nord Group bank is covered by an incentive agreement and a profit-sharing agreement.

The annual evaluation reflects Crédit du Nord Group's strong determination to support each member of staff in developing his or her career and expertise. It also affirms Crédit du Nord Group's dedication to skills management and to developing the talent of men and women in order to meet the challenges of the future.

All members of permanent staff attend an individual performance and development assessment evaluation each year.

This face-to-face interview provides an opportunity for the manager and employee to discuss the employee's achievements during the year, performance, problems encountered and potential areas for improvement. It is also a chance to regularly review the employee's training needs and internal transfer goals (geographic regions and/or positions).

In December 2015, the individual performance and development assessment evaluation was enhanced with values taken from the leadership model. As such, all Crédit du Nord Group employees had the opportunity this year to speak face-to-face with their manager about the values of responsibility, commitment, innovation and team spirit.

The HR teams meet with all employees every 18-24 months to conduct a Professional Evaluation. During this HR interview, employees can discuss their motivations, training needs and career development outlook in detail.

Crédit du Nord Group also places great importance on identifying and retaining talented individuals. To this end, for the past several years it has conducted a systematic review of employee skills and expertise during meetings of the Career Committee, which combine HR and managerial perspectives in order to define support and encouragement initiatives for this population (coaching, new positions, special training, 360° feedback, etc.). A member of the Management Committee of Crédit du Nord Group's HR Division is specifically responsible for keeping track of and retaining these employees.

Organisation of work

Working hours

Since 2000, each Crédit du Nord Group bank has had its own agreement on the reduction and organisation of working hours, which provides for basic annualised working time.

There are two main working cycles: a 39-hour work week and a 37.5-hour work week to meet the main organisational needs of the head offices and branches (particularly for branches open from Tuesday to Saturday at noon). At Crédit du Nord, there is an additional working cycle of 36 hours over four days. An agreement has also been signed with the unions on shift work.

The other Group banks are studying the suitability of implementing this third working cycle.

	2014	2015								
	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Percentage of part-time employees	9.10%	9.30%	6.10%	9.10%	11.00%	8.90%	10.70%	7.50%	6.90%	**8.80%**

Absenteeism (Crédit du Nord Group data)

The rate of absenteeism at Credit du Nord Group reflects the composition of the employee population: close to 1/3 of total days of absence were due to maternity leave.

	2014	2015								
Absenteeism (in numbers of working days)	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Number of days of paid leave	247,687	127,782	13,353	7,084	7,801	1,491	17,171	13,401	49,914	**237,997**
o/w number of days of paid sick leave	160,983	*81,012*	*7,574*	*3,291*	*5,001*	*859*	*10,037*	*7,295*	*37,404*	*152,473*
o/w number of days of paid maternity leave	75,163	*40,992*	*4,533*	*3,518*	*2,462*	*490*	*6,300*	*5,173*	*10,228*	*73,696*
o/w number of days of paid leave for other reasons	11,541	*5,778*	*1,246*	*275*	*338*	*142*	*834*	*933*	*2,282*	*11,828*
Total number of days paid	3,238,907	1,682,647	233,893	111,418	117,827	58,004	223,038	205,881	550,069	**3,182,775**
Paid absenteeism rate	7.6	7.6	5.7	6.4	6.6	2.6	7.7	6.5	9.1	**7.5**

Employee relations

Social dialogue: information, consultation and negotiation

At each Crédit du Nord Group bank, social dialogue is a collaborative process between employer and employee (or their representatives) on common-interest issues relating to a company's economic and social policy. Applied at a Group-wide or individual entity level, it can take various forms, from the simple exchange of information to consultation and negotiations with a view to signing an agreement.

Of the eight banks belonging to Crédit du Nord Group, only Crédit du Nord, Société Marseillaise de Crédit, Banque Tarneaud, Banque Rhône-Alpes and Banque Laydernier have elected employee representatives that sit on their Board.

The Employee Representative Bodies include:

- unions, delegates and representatives. The national and central union delegates have exclusive control when it comes to collective bargaining;
- the Regional Works Councils and the Central Works Council of Crédit du Nord, or the Works Council of the regional banks, which act as advisory bodies for all matters concerning the general running of establishments and the company in question. They also manage social and cultural activities for staff;
- employee delegates, whose responsibility is to represent individual or Group employee claims pertaining to regulations and collective bargaining agreements;
- each Crédit du Nord Group bank's Health and Safety Committee (CHSCT), whose main purpose is to protect the health and safety of employees, improve working conditions, and ensure compliance with legal and regulatory requirements.

Each Crédit du Nord Group regional bank has signed a large number of collective bargaining agreements, including:

	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit
Agreement on gender equality	Renewal in 2015	Renewal in 2015	Renewal in 2014	Renewal in 2015	Renewal in 2015	Renewal in 2015	Renewal in 2013	Renewal in 2012 (*)
Workforce and skills planning agreement	Renewal in 2010 (*)	-	Agreement in 2010	-	-	-	-	-
Agreement to promote the employment and integration of persons with disabilities	Renewal in 2012	Renewal in 2015	-	-	-	Renewal in 2013	Renewal in 2013	First agreement in 2013
Agreement on preventing and treating stress in the workplace and psychosocial risk	Agreement in 2012	-	-	-	-	-	-	-
Agreement on handling abusive and aggressive behaviour	Agreement in 2010	Agreement in 2013	-	Agreement in 2010	-	-	-	-
Agreement on profit-sharing	Agreement overhauled in 2011	Agreement in 1997 + amendments	Agreement in 1970 + amendments	Agreement overhauled in 2012	Agreement in 2000	Agreement in 1998	Agreement overhauled in 2009	Agreement in 2001
Agreement on incentives	Renewal in 2013	Renewal in 2013	Renewal in 2014	Renewal in 2015	Renewal in 2015	Renewal in 2015	Renewal in 2013	Renewal in 2015
Agreement on health insurance	Agreement in 2005 + amendments	Agreement in 2005 + amendments	Agreement in 2004	Agreement in 2012	Agreement in 2008	Agreement in 2007 + amendments	Agreement in 2008	Agreement in 2012
Agreement on employment and union law	Agreement in 2004 + amendments	Agreement in 2015	-	-	-	Agreement in 1999	Agreement in 2000	Agreement in 2001 + amendments
Agreement on employee benefits	Agreement in 2000 + amendments	Agreement in 2001 + amendments	-	-	-	Agreement in 2008 + amendments	Agreement in 2001 + amendments	Agreement in 2012
Generation agreement	Action plan	First agreement in 2013	First agreement in 2013	First agreement in 2013	First agreement in 2013	First agreement in 2013	First agreement in 2013	First agreement in 2013
Company savings plan	Agreement in 1969 + amendments	Agreement in 1998 + amendments	Agreement in 2002 + amendments	Agreement in 1998 + amendments	Agreement in 2000 + amendments	Agreement overhauled in 2009	Agreement overhauled in 2011	Agreement in 2011 + amendments
Collective pension plan	Agreement in 2006 + amendment	Agreement in 2007 + amendments	Agreement in 2012	Agreement in 2007	Agreement in 2008	Agreement in 2012 + amendment	Agreement in 2007 + amendments	Agreement in 2012 + amendments

(*) *List of agreements currently under renegotiation.*

This long list of agreements is the result of continuous, constructive dialogue and successful negotiations with the union partners of the eight Crédit du Nord Group banks.

Health and safety

Occupational health and safety conditions, overview of agreements signed with trade unions or staff representatives governing occupational health and safety

Crédit du Nord has established a system of support and assistance, including a pamphlet entitled “After an attack”, which outlines the medical, psychological and legal support available. While initially intended for victims of armed robberies, this information is also provided to victims of serious abusive or aggressive incidents.

Crédit du Nord Group has chosen Preventis – an occupational health intervention agency – to assist with this support system.

As required by current legislation, since 2013 Crédit du Nord has designated a suitably qualified member of staff to be in charge of safety matters and one person to be involved in occupational risk prevention (IPRP).

Records are kept on the frequency and severity of accidents in the workplace, and on work-related illnesses, and are later entered into the BDES (Social and Economic Database).

	2014	2015								
	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Accidents in the workplace	114	64	11	0	3	2	3	1	23	**107**
Commuting accidents	N/A	0	0	0	0	0	0	1	1	**2**

There are also agreements to promote health, safety and well-being in the workplace. The areas covered by the agreements include:

- stress;
- abusive and aggressive behaviour in business relationships;
- attacks/branch security.

The agreements are accompanied by leaflets from the French Banking Association (AFB) such as “Acting together against abusive and aggressive behaviour” and “Preventing harassment and violence in the workplace”.

These agreements cover physical assault as well as verbal or written attacks.

On March 23, 2010, Crédit du Nord’s Management Committee validated a process applicable to all eight banks in Crédit du Nord Group.

Depending on the type of aggressive behaviour in question, this process details the commercial and legal steps taken by the appropriate managers.

Example: for any type of physical assault on an employee (battery, injury, etc.), the commercial relationship is immediately terminated (regionally under the authority of the Regional Director or Deputy Director; at the subsidiary level under the authority of the Chairman of the Management Board or Network Director). There are no exceptions. Furthermore, the employee files a formal complaint with the police or directly with the Public Prosecutor (unless he or she refuses), accompanied by the Head of the Group, if possible, or the Branch Director. The employee is also provided with legal assistance.

In 2015, Crédit du Nord purchased defibrillators for all of its business centres and locations with more than 10 employees. It also increased the number of defibrillators in its central buildings. Training was provided to accompany the rollout of this equipment.

Finally, all banks in Crédit du Nord Group made sure that their mutual insurance and personal protection insurance policies met the requirements for “responsible” policies.

Training

Training policies implemented

A distinctive and individually tailored training support system has been in place for many years at Crédit du Nord, in order to facilitate the employee induction process, support employees who are taking on new roles, and provide ongoing training to employees as they advance in their career through refresher courses. This system is adapted to each employee's experience and professional needs.

It is reviewed annually, particularly in light of changes in applications and processes, and adjusted in order to better meet the needs of employees and the requirements of all Crédit du Nord Group banks.

A Group-wide training plan is defined each year to meet market and business line needs.

The annual training plan is structured around the following key areas:

- induction and training of new employees in a business line and support for employees who are taking on a new role: business cycles;
- upskilling: internships;

Furthermore, in order to support Crédit du Nord Group's strategy, in 2015 we focused on two major training courses:

- "Developing excellent relationships" through the digital offering,
- "Boosting financial savings inflows".

For these courses, we have chosen an innovative pedagogical format using a MOOC (Massive Open Online Course).

Crédit du Nord Group is committed to training "Bankers" who manage risks, no matter whether they are counterparty, compliance or operational risks. A major training initiative was conducted in 2015 and will continue in 2016 to improve employees' skills in these areas through classroom and distance education.

The Training Division regularly examines changes in learning methods by combining classroom and distance education to provide a foundation for knowledge and enhance expertise (preparatory work, lectures, quizzes, e-learning, virtual classes, etc.)

Training hours

	2014	2015								
Training hours	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Total in number of 8-hour days	40,362	**18,307**	**2,418**	**1,281**	**1,685**	**1,081**	**2,523**	**3,570**	**7,905**	**38,770**
Women	*22,406*	*10,922*	*1,210*	*861*	*895*	*718*	*1,307*	*2,042*	*3,956*	*21,911*
Men	*17,957*	*7,385*	*1,208*	*420*	*790*	*362*	*1,216*	*1,528*	*3,949*	*16,859*
Number of employees who took at least one course during the year	8,826	3,968	657	299	328	156	575	663	1,420	**8,066**
Women	*5,003*	*2,318*	*363*	*200*	*191*	*89*	*295*	*394*	*787*	*4,637*
Men	*3,823*	*1,650*	*294*	*99*	*137*	*67*	*280*	*269*	*633*	*3,429*
Percentage of employees who took at least one course during the year	97.71%	69.52%	84.45%	78.07%	80.20%	86.19%	77.39%	94.04%	75.90%	**74.84%**
Average number of training days per person	4.57	4.61	3.68	4.28	5.14	6.93	4.39	5.39	5.57	**4.81**

The percentage is calculated using the number of staff members for the year. In addition to employees counted on December 31, we must include employees who left the company over the year, interns, work-study programme participants, and seconded employees who also had the opportunity to receive training.

Diversity and equal opportunity

Measures taken to promote gender equality

A gender equality and diversity agreement has been in place at all Crédit du Nord Group banks since 2004. This agreement focuses on four categories of initiatives: recruitment, career development, remuneration and job classification, each of which is linked to quantitative progress targets that are monitored for the duration of the agreement. A dedicated budget for reducing wage gaps has been in use since 2008.

Measures taken to promote the employment and integration of disabled workers

In 2012 Crédit du Nord renewed its company agreement promoting the employment and integration of persons with disabilities at Crédit du Nord. This agreement will expire on December 31, 2016.

Crédit du Nord's Mission Handicap association is led by an advisor with disabilities, who is the principal contact for employees and the various divisions, as well as for external stakeholders. Mission Handicap is represented in each of Crédit du Nord's regions by an HR specialist.

The Mission Handicap advisor and regional representatives are responsible for:

- organising awareness-raising initiatives for employees and information campaigns for managers;
- ensuring that employees with disabilities are able to continue working;
- conducting hiring initiatives in conjunction with the appropriate HR teams;

In 2015, Crédit du Nord's Mission Handicap took a step forward by:

- creating a logo;
- establishing a dedicated area in the HR website;
- designing posters for internal and external communication.

This step was accompanied by an internal communication campaign in both the head offices and branches:

- article on the Group intranet;
- in the company canteens:
- introduction of placemats and distribution of scratch cards on the subject of disability,
- distribution of informational flyers,
- organisation of a quiz on disability (more than 600 employees participated);
- distribution of games on the subject of disability in branches and functional divisions.

Banque Courtois, Banque Tarneaud, Banque Rhône-Alpes and Société Marseillaise de Crédit have also entered into an agreement promoting the employment of persons with disabilities.

In 2015, the employment rate of disabled workers in Crédit du Nord Group was as follows:

Employment rate of disabled workers Source: DOETH (Mandatory Declaration of Employment of Disabled Workers)	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit
	5.49%	6.62%	1.93%	6.60%	0.65%	4.44%	6.44%	6.42%

Anti-discrimination policy

Crédit du Nord Group does not practise any form of discrimination whatsoever, whether towards its staff and prospective employees or its customers, business partners or suppliers. In terms of hiring, the "significant facts" method is systematically used.

In 2013, all Crédit du Nord Group banks launched negotiations on the generation contract, leading to the signing of an agreement or action plan setting obligations notably in three specific areas:

- employment of employees over the age of 45;
- integration of young adults under the age of 26 in job market;
- transmission of knowledge and skills.

Each bank has notably established, over the period of the action plan or agreement, the goal of recruiting "senior" employees and young adults as well as the continued employment of persons over the age of 55.

Promotion and observation of the fundamental conventions of the International Labour Organisation

Non-discrimination (Employment and Occupation)

Freedom of association and collective bargaining

Forced or compulsory labour

Child labour

Crédit du Nord operates exclusively in mainland France and Monaco, and complies with all applicable labour laws, which cover all four of the above areas. Furthermore, Crédit du Nord Group complies with the agreement on fundamental human rights and freedom of association signed in 2015 by Societe Generale Group and the international union federation UNI Global Union. This agreement strengthens the commitments made by the Group's Code of Conduct.

INFORMATION ON CSR COMMITMENTS

Regional, economic and social impacts of the company's activities

Jobs and regional development

Crédit du Nord Group was established through the grouping of some 80 regional banks that have been pooling their respective strengths and talents for more than 160 years. Today, the Group comprises eight regional banks, each with its own territory.

Crédit du Nord Group customers enjoy the benefits of a regional bank on a human scale as well as those of a nationwide group.

The eight Crédit du Nord Group banks are independent in the management of their activities, ensuring rapid decision-making and the capacity to respond quickly to their customers' needs. Their strategy is centred on three core aims:

- to be a reference bank in terms of the quality of its customer relationships;
- to develop a high degree of individual and collective professionalism,
- to offer their customers state-of-the-art services and technologies.

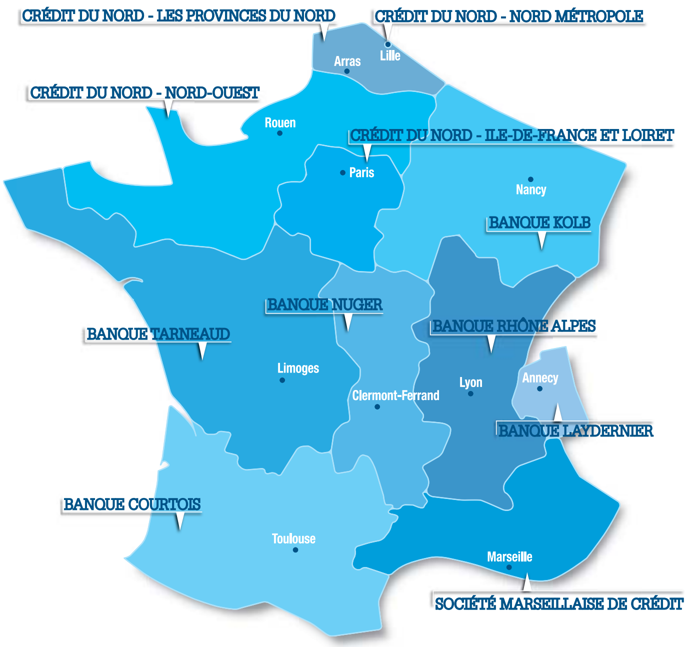
The quality and stability of the results generated by Crédit du Nord Group's regional banks are widely recognised by the markets, as confirmed by the long-term A rating issued by Standard & Poor's to Crédit du Nord (also rated A by Fitch), Banque Kolb, Banque Rhône-Alpes and Banque Tarneaud.

With its strong regional presence, Crédit du Nord serves the needs of its customers through its banking and financing activities and seeks to contribute to the social and economic progress of the départements and regions in which it operates. Spread across the majority of France, its points of sale enable the Group to forge strong local relationships between its specialist advisors and customers that ensure the Group is able to meet their personal and professional banking and finance needs.

Customer satisfaction and financing the economy remain at the heart of the banking model adopted by the eight Crédit du Nord Group banks, which draw strength from their regional roots.

These strong regional ties enable Crédit du Nord Group to play a leading role in the development of the regions, either through Crédit du Nord's regional offices or through a regional bank. It provides jobs to local economies, supports the creation and development of businesses and supplies backing for their projects. Independent directors on the board of the eight banks are naturally local pillars of the community: presidents of the Chamber of Commerce and Industry, athletics clubs, and heads of well-known companies.

Crédit du Nord Group



Geographic presence of branches and breakdown of workforce by region and regional bank at December 31, 2015:

	Crédit du Nord					
Region	Paris	Lille	Arras	Rouen	Aubagne	Monaco
Branch staff*	1297	586	713	814	-	43
Corporate Division staff*	995	222	-	-	6	-
Branch	131	65	83	104	-	1

* *Staff on permanent contracts, fixed-term contracts and on long-term leave, including employees seconded to Societe Generale Group or Crédit du Nord Group.*

Region	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit
Regional offices	Toulouse	Nancy	Annecy	Clermont-Ferrand	Lyon	Limoges	Marseille
Branch staff*	652	305	327	157	627	574	1,573
Branch	83	42	47	24	80	73	166

* *Staff on permanent contracts, fixed-term contracts and on long-term leave, including employees seconded to Societe Generale Group or Crédit du Nord Group.*

Local and surrounding communities

For more than 160 years, Crédit du Nord and its regional banks have developed a relationship-focused banking strategy rooted in close relations, professionalism and innovation across all the bank's retail markets in France.

Crédit du Nord Group's employees and network of branches serve over 2.3 million customers throughout France.

Customer Base		Individual customers	Professional customers	Business customers	Institutional customers	Associations
Crédit du Nord	Nord Métropole	216,800	14,817	2,640	439	3,832
	Les Provinces du Nord	292,600	19,846	2,380	419	3,428
	Nord-Ouest	266,600	24,163	4,870	611	6,015
	Ile-de-France et Loiret + DRE	270,400	34,284	7,790	1,292	10,487
Banque Courtois		167,000	21,943	3,430	461	5,646
Banque Kolb		68,300	7,997	3,650	175	1,687
Banque Laydernier		92,100	10,897	1,520	245	2,192
Banque Nuger		32,000	5,406	1,070	71	1,416
Banque Rhône Alpes		148,600	19,258	4,550	360	3,704
Banque Tarneaud		136,500	15,521	4,180	377	3,424
Société Marseillaise de Crédit + Monaco		359,900	47,505	8,750	600	10,852
Total Crédit du Nord Group		**2,050,800**	**221,637**	**44,830**	**5,050**	**52,683**

Crédit du Nord Group is committed to:

- signing partnerships that allow it to supports its clients' development through better knowledge and real professional expertise, as well as through special, customised or innovative offers:
  - partnership with FNAIM (2006),
  - partnership with the Supreme Council of the National Association of Chartered Accountants (2012),
  - partnership with the French Union for Oral and Dental Hygiene (2015),
  - partnership with the Association of Judicial Officers specialising in Building Administration (2012),
  - partnership with BPI France (2015),
  - partnership with SlimPay (2015) ;
- developing special relationships with certain categories of clients, for whom there may be specialised advisors, special or custom offers, relationship-building events, etc.
  - lawyers,
  - associations;
- meeting the daily concerns of its customers by:
  - continuing to offer counter service in some branches;
  - in addition to the basic banking features, its mobile app allows customers to manage business expenses and plan trips abroad with perfect ease;
  - the Personal Protection Insurance simulator is able to very quickly identify a customer's additional personal protection insurance needs.
  - a retirement savings statement that helps customers (Individual or Professional) prepare for retirement to the best of their ability.

In general, Crédit du Nord and its specialist advisors support local people in their day-to-day needs and their plans for the future with products and services to suit their individual needs. By end-2015, Crédit du Nord and its regional banks had collected €27.9 billion in deposits and issued €32.5 billion in credit, thereby actively helping finance projects in the French regions as well as projects conducted by the residents of those regions.

The values of Crédit du Nord Group banks –expertise, a local presence and responsiveness – are fully in line with the franchise concept, which is growing rapidly in France. This is why Crédit du Nord Group has created a Franchise Division within its Professional Customer Division. This new unit coordinates relationships with franchisers, franchisees and the branches of the eight Crédit du Nord Group banks.

The Franchise Division has regular meetings with franchisers and the major stakeholders in organised networks so that it can better meet franchisees' expectations, whether through the national structure or through a dedicated advisor who knows the local market and monitors projects at every step of the process while suggesting the most appropriate financing. This advisor is also the main contact who advises the franchisee both professionally and privately, with the help of a wealth management advisor.

In France, in accordance with the "Law of February 11, 2005 on equal rights and opportunities, participation and citizenship of persons with disabilities," several initiatives have been undertaken across the network in order to improve the accessibility of the Group's services:

- Automated Teller Machines (ATMs):
  - 95% of ATMs are accessible for the blind or visually impaired,
  - 82% (estimate) are accessible for the mobility-impaired. On average, 90 ATMs are replaced per year;
- branches:
  - a project was initiated in 2010 to bring the branches into compliance, after observing that only 39 out of the 787 branches reviewed met the required standards. At December 31, 2014, 400 out of 799 branches that receive Crédit du Nord Group's customers have been deemed compliant in terms of their accessibility to the mobility-impaired and/or persons with disabilities. These efforts are being continued;
  - registered offices:
  - 100% of the central sites are accessible to the mobility-impaired.

Accessibility	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit
Branches accessible to the mobility-impaired and/or persons with disabilities (2014 data)	164	28	26	28	20	46	48	**40**
ATMs accessible to the mobility-impaired (2013 data)	300	58	26	42	20	52	58	**116**

Relations with stakeholders (individuals and organisations)

Dialogue with stakeholders

At Crédit du Nord Group, corporate social responsibility means understanding and integrating the needs and expectations of the Group's different stakeholders, including customers, employees, partners, suppliers, students, etc. The "Partnerships and corporate sponsorship" section also provides significant details on what the Group does for employees, local companies and associations.

Customers

In 2013, Crédit du Nord Group created a Customer Satisfaction and Optimisation Division to centrally manage and step up all initiatives in response to the demand for quality which has always underpinned its banking model.

"Customer satisfaction has been our biggest commitment for more than a century"

Building quality relationships with customers, adapting to new requirements and making every effort to meet their expectations have made up Crédit du Nord Group's DNA for more than a century.

For over 20 years, the Crédit du Nord Group banks have conducted a yearly survey of more than 55,000 individual, professional and business customers [(1)] on their customer satisfaction on both a private and professional level. The Crédit du Nord Group banks ask these customers for an honest assessment of how well they are received by the bank, either on the telephone or at the branch, the availability and responsiveness of their advisor, the quality of advice offered and level of commitment, and the quality and performance or the productions and services they are offered, etc. These surveys allow each branch to:

- identify its positioning with respect to others;
- identify its main strong points to promote and maintain;
- work on its main areas for improvement.

In addition, the banks listen closely to each new customer's views by having them complete a customer satisfaction questionnaire once they have been with the bank for six months. In 2015, this approach to new clients was switched to a digital platform, which increased customer response rates and improved our own responsiveness.

Finally, in order to ensure a consistently high level of quality that meets the expected standards, each year Crédit du Nord Group conducts two "mystery call" campaigns during which 20,000 telephone calls are made to its own branches, accompanied by "mystery shopper" visits.

Improving the customer satisfaction score is the top annual performance goal of the branches.

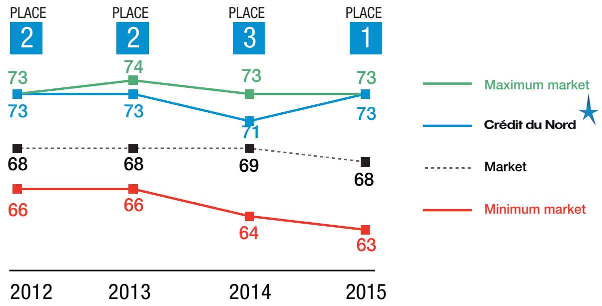
CSA also conducted competition surveys (2) with the clients of major French banking groups. These surveys regularly rank Crédit du Nord Group among the top three banks in the Individual, Professional and Business Customer markets.

The results of these surveys allow Crédit du Nord Group to identify its positioning with respect to its competitors and identify the major areas for improvement to better meet the expectations of its different clients.

2015 results

Individual Customer Market

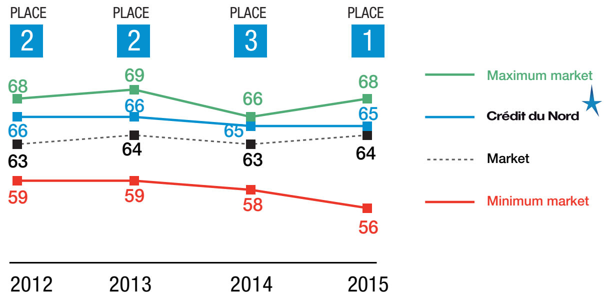
Source: Customer survey 2015



Score based on non-NSP respondents

Professional Customer Market

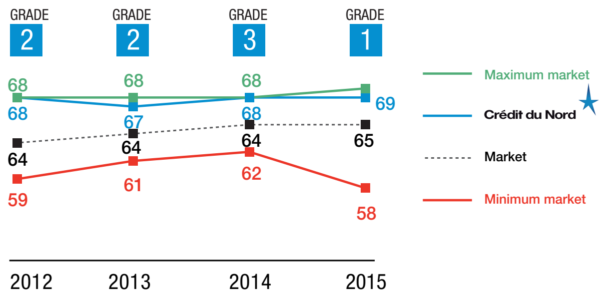
Source: Customer survey 2015



Score based on non-NSP respondents

Business Customer Market

Source: Customer survey 2015



Score based on non-NSP respondents

(1) *2015 internal satisfaction survey for all branches and business centres conducted by CSA on a sample of nearly 55,129 clients including 45,990 Individual, 5,568 Professional and 3,571 Business customers. The survey was conducted from April 7 to June 20, 2015, for Individual and Professional Customers and April 20 to May 29, 2015, for Businesses*

(2) *Competition surveys performed by CSA: from January 19 to February 28, 2015, on a sample of 4,507 individual customers of the market's top 11 banks; from January 19 to February 24, 2015, on a sample of 3,344 professional customers of the market's top 10 banks; from January 19 to March 13, 2015, on a sample of 2,715 business customers of the market's top 10 banks.*

For more than 15 years, at the Crédit du Nord Group branches:

- 100% of advisors can be reached on their direct line and by e-mail;
- 100% of individual and professional customers have a dedicated CRM;
- 100% of wealth management customers have a dedicated wealth management advisor and a CRM assigned to them;
- 100% of business customers have a dedicated business customer advisor and a CRM assigned to them.

Furthermore, the decision was made not to forward customer calls to centralised telephone platforms and never to impose Crédit du Nord Group's remote banking services on customers (Internet, telephone).

However, remote banking (with its various services: Etoile Direct, Etoile Direct Bourse, Etoile Direct Pro), which has not been outsourced, provides 24/7 service in France or abroad, and access to an advisor for extended hours (compared to a branch): from 8 a.m. to 9 p.m. and on Saturdays from 9 a.m. to 5 p.m.

Crédit du Nord also offers the possibility of using a branch that operates entirely online, Nordirect.

Since 2014, Crédit du Nord's Monaco branch has been "Monaco Welcome Certified" by the Monegasque government, which carried out mystery visits at volunteer companies throughout the country.

Advice and assistance

The wealth management and private banking experts of Crédit du Nord Group's Wealth and Asset Management Division (DPGA) organise conferences in response to legal and tax-related current events as well as the leading concerns of business leaders: "Understanding the new characteristics of the Finance Law," "Preparing and optimising the transfer of ownership of your company," "A user's guide to holding companies," etc. Over the entire year, these experts give these conferences and host discussions with interested customers at the request of the Regions and the Regional Banks.

The DGPA also participates every two months in the entrepreneurial meetings organised by Medef Lille Métropole for a macroeconomic review.

All the Crédit du Nord Group banks organise general events or events specific to a given customer base, addressing topics such as the economic and market climate, employee savings, real estate assets (Madelin Law, tax-related concerns, etc.).

Crédit du Nord Corporate Finance is bringing together a dedicated, specialised team that works with the regions and regional banks to meet the needs of the leaders and shareholders of small- to medium-sized family-owned businesses in terms of financing growth and structuring and transferring their capital. The transactions carried out by Crédit du Nord Corporate Finance are intended to maximise the assets of the shareholders of these companies.

Claims and mediator

Simple requests are processed directly by branches within 24 hours through a "Customer Satisfaction Transfer" if a claim is legitimate.

The Customer Relations Divisions of the eight banks or Crédit du Nord's Customer Satisfaction and Optimisation Division handle more complex cases.

If the customer is not satisfied with the response, he or she can submit it to the Mediator at no charge.

The free mediator services established by Crédit du Nord Group, which are intended to arrange an out-of-court solution to disputes, are widely publicised by the bank in various ways, including through information provided on the back of all account statements. The eight Crédit du Nord Group banks have undertaken to comply in full with all decisions taken by the independent mediator (Yves Gerard).

Employees

Crédit du Nord Group places great importance on promoting lasting relationships with its employees as part of a commitment to mutual development in an environment favouring both individual and collective well-being. In 2005, management established an employee survey, similar to the one used with its customers for many years, to evaluate the internal atmosphere in Crédit du Nord Group over time.

The assessment is conducted every two years and results in the creation and implementation of action plans. After the 2013 survey, as promised by management, the results were shared with all employees. The regional Management Committees and Functional Divisions then carefully analysed their own results in order to prepare specific action plans. Each region, regional bank and functional division shared its action plans with employees using different channels: agreements, articles on local intranets, transmission through the hierarchy, etc.

The 2013 edition was conducted with the help of survey firm Ipsos Loyalty, ensuring the confidentiality of each employee's answers as in past surveys. Furthermore, the company does not know which employees participated in the survey. A declaration has been made with CNIL for all of the surveys conducted with employees by Ipsos Loyalty. The purpose of the surveys is to identify each employee's opinion on Group strategy, management, human resources policy, working conditions, the quality of communication, etc., as well as issues focused on Group values: team spirit, responsibility, innovation and commitment.

Key figures from the 2015 employee survey

7,865 employees surveyed

5,899 participants

Participation rate

69% in 2013 → **75% in 2015**

62% of employees believe that overall conditions at their bank are good (+10% compared to 2013)

51% believe that change is proceeding at the right pace (+9% compared to 2013).

Shared values

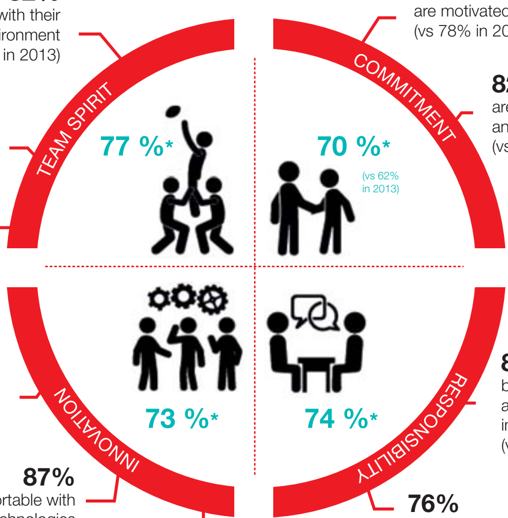
82% are satisfied with their working environment (vs 79% in 2013)

83% feel great mutual respect*

82% believe that their managers share their successes with their teams (vs 76% in 2013)

83% are motivated in their current role (vs 78% in 2013)

82% are complying with the strategy and guidelines of their bank (vs 79% in 2013)



80% believe that knowledge and best practices are shared among the teams*

87% are comfortable with the new technologies implemented

79% believe that we pay enough attention to maintaining good customer relationships*

88% believe that risks are correctly assessed each time an important decision is made (vs 74% in 2013)

76% feel free to express their opinion regarding issues related to their work*

** Not assessed in 2013*

After the 2013 Employee Survey

50% believe their managers informed them of the results of the 2013 survey for their scope (versus 24% in 2013 for the 2011 survey)

24% were aware of the action plan implemented for their scope after the 2013 survey (vs. 9% in 2013 for the 2011 survey)

On September 30, 2014, Crédit du Nord Group's Executive Committee signed the Work-Life Balance Charter. With 15 commitments, Crédit du Nord Group recognises the basic importance of balance between personal and professional life, which ensures better quality of life in the workplace and better performance for the company. By signing this charter, it has undertaken to support and promote constructive behaviour (managers who set good examples, respect of the balance between work and home life, organisation of meetings, proper use of e-mails) in the organisation of work and relations between managers and employees.

Each employee is personally monitored by a dedicated HR staff member.

Groupe Crédit du Nord's "Etoile Plurielle" association for women executives is meant to be a forum for dialogue, sharing, transmission of experience and learning with the aim of furthering their professional development. At the end of 2015, "Etoile Plurielle" had 480 members from the network, regional or functional divisions from all Crédit du Nord Group entities, whose goal is to further the development of diversity within the company. Each member, depending on her background and professional objectives, can attend workshops and conferences or receive studies and communications on the position of women executives in a professional environment. Each member can propose and contribute to initiatives at Etoile Plurielle

Students

Crédit du Nord Group is committed to offering internship and work-study contract opportunities to young people pursuing their studies. At end-2015 more than 520 young people are currently participating in work-study contracts, mainly in the network. Most are enrolled in the following programmes: BTS Banque (B.A. in Banking), Master 1 Banque et Finance (Master's in Banking and Finance) and Master 2 Chargés d'affaires professionnels (Master's in Professional Account Management).

	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Group total Crédit du Nord**
Work-study participants at December 31, 2015	272	27	24	23	6	29	33	109	**523**

Each year it also welcomes temporary employees over the summer to help them explore the working world.

The regional banks and the regions also work closely with educational institutions and grandes écoles. For example:

- **Crédit du Nord** is regularly represented at the CFPB (Training Centre for the Banking Profession) and Université Lille 2, the UT (territorial unit) of Dunkerque and Valenciennes, and the forums held by the IESEG, Lille1 and EDHEC business schools. It provides recurring support to an EDHEC junior enterprise. An HR Division delegation systematically attends the forums organised by EDHEC and Université Catholique de Lille;
- **Banque Courtois** works alongside the Toulouse Chamber of Commerce and Industry as the main partner of the "Concours à la Créations d'Entreprises" competition which recognises start-up projects initiated by graduating students at institutions such as the ESC Business School, INSA Engineering School, Université Toulouse Capitole 1, EIA Agricultural Engineering School and Sciences Po (political studies institute);
- **Banque Kolb** helps Meurthe-et-Moselle's Chamber of Commerce and Industry organise the Business Cool Festival;
- **Banque Laydernier** provides support for the Business Club at Université de Savoie, as well as the governing bodies of the La Salle Catholic schools at Pringy and Demotz;
- **Société Marseillaise de Crédit** is a founding member of the Business Nursery created by Kedge Business School (Marseille), which provides students with a set of services accessible to sponsors of start-up projects such as:
  - coaching (methodology, market studies, business plans, etc.),
  - access to special training,
  - access to conferences on specific themes,
  - establishment of relations with networks and other professional organisations;

Suppliers

Please refer to the "**Subcontractors and suppliers**" section below.

Local companies

For each region and regional bank, the creation of an event (sales, internal convention, public relations, etc.) is an opportunity to introduce and give work to local suppliers (caterers, producers, restaurateurs, event organisers, sound companies, etc.) and very often showcases emblematic locations in the region.

Extra-financial rating agencies

Crédit du Nord Group answers questionnaires from ESG rating agencies (Robecco SAM, Vigeo) on a consolidated basis through Societe Generale Group.

Partnerships and corporate sponsorship

Crédit du Nord Group's partnership and corporate sponsorship policy is based on a common foundation resting on three major strategic pillars: sports, culture and community.

In sports and culture, getting involved in the athletic and cultural life of their regions and reinforcing links created with their partners are key priorities of the eight Group banks. They can offer support to local initiatives, such as athletic events for charity, as well as nationwide projects such as "Marseille Provence 2013, European Capital of Culture," of which Société Marseillaise de Crédit was an Official Partner.

In terms of community outreach, Crédit du Nord Group chose a common cause for all of its regions and regional banks: child healthcare, and more specifically paediatric cancer. In 2015, for the fourth year in a row, Crédit du Nord partnered with the "Imagine for Margo" association, which raises funds to support European research on specific treatments for paediatric cancer. It also took part in the fourth annual "Children without Cancer" race organised by this association. This event was a particularly unifying experience for our employees. They were 228 out of 2,400 runners, and several regional banks sent large delegations. Crédit du Nord Group employees raised €103,000 out of a total of €1,022,000 collected. All of the funds raised for this occasion were used to finance a therapeutic trial for eSMART, which analyses children's tumours to find their weak point and suggest targeted treatment.

Banque Rhône-Alpes also contributed to easing children's pain through its Foundation (Fondation Banque Rhône-Alpes), created in 2005.

In 2015, Crédit du Nord also set up an unprecedented cross-sponsorship programme with the "Imagine for Margo" association and the Musée d'Orsay. From March to December, the museum offered approximately 20 different plastic arts workshops on the theme of Pierre Bonnard's work at Hôpital Gustave Roussy. Children and their families were also introduced to the artist's work at one of four private tours scheduled between March and July at the Painting Arcadia exhibit.

In 2014, these three strategic pillars represented a total donation of €2.5 million, divided up as follows:

	2014	2015								
	Group total Crédit du Nord	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	Group total Crédit du Nord
Sponsorship Patronage	1,558,367	390,445	205,627	28,675	28,949	140,864	263,627	201,682	451,757	**1,711,626**
Donations	847,444	401,638	77,260	21,410	31,562	25,623	69,420	70,633	131,654	**829,200**

At end-2015, Crédit du Nord Group considered establishing a partnership that could unite employees at the subsidiaries around a civic project starting in 2016.

The various partnerships were also an opportunity to give employees the chance to participate in events in which Crédit du Nord Group was a sponsor or partner.

Each region and each regional bank makes its own contribution by developing a local sponsorship and/or partnership policy in sports, culture, entrepreneurship, etc. The following list is not exhaustive but clearly demonstrates Crédit du Nord Group's commitment to helping and promoting associations, initiatives and the emblematic locations in each region.

In northern France, Crédit du Nord has sponsored two museum institutions for more than 30 years (the Palais des Beaux Arts in Lille and Lam in Villeneneuve d'Ascq). Through these sponsorship programmes, its supports exhibitions, helps acquire or restore works of art, and assists with any other project consistent with Crédit du Nord's policy, notably by encouraging people of different backgrounds to visit museums.

Banque Courtois

Sports: Rugby union and rugby league (partner of Stade Toulousain for more than 30 years, as well as of other regional clubs: Catalans Dragons, Section Paloise Rugby, Union Bordeaux Begles, etc.), Golf (long track record of participating in competitions in Vieille-Toulouse and Pau, golf courses initially financed by Banque Courtois), etc.

Culture: Orchestre National du Capitole de Toulouse, Opéra National de Bordeaux via the AIDA and ARPEGGIO associations, Conservatoire de Perpignan, Festival Pablo Casals, St Gaudens Jazz Festival, Piano aux Jacobins (Toulouse), Crus Musicaux (in Bordelais), Festival Classic (Guéthary), Escapades Musicales (Bassin d'Arcachon), Cinémathèque (Toulouse), Théâtre National d'Albi, Fondation du Patrimoine Midi Pyrénées, etc.

Society: Partnership for the Biznext reception organised by Objectif News (La Tribune Toulouse) magazine, partnership with the Association du Club des Entreprises Mécènes du Canal du Midi, etc.

Banque Kolb

Sports: SAS Football Epinal (since 2014), Raid Epernay Champagne (since 2006), etc.

Culture: Prisme Reims (since 2006), Musique et Espérance Saint-Dié-des-Vosges (since 2007), Flâneries Musicales de Reims (since 2014), etc.

Society: Effort Basket Mirecourt (promoting physical and mental health through basketball), Réseaux Entreprendre (Lorraine and Champagne-Ardenne), etc.

Banque Laydernier

Sports: Chambéry Savoie Handball (since 2004), Evian Thonon Gaillard Football Club (since 2011), US Annecy Rugby, Nordic Expérience, Etoile Sportive Vallières and Annecy Tennis, etc.

Culture: Orchestre des Pays de Savoie (since 2008), Espace Malraux, the national theatre of Chambéry and Savoie (since 2011), Annecy Classic Festival (since 2012), Agitateurs de Rêves (Annecy street theatre), etc.

Society: Since 2014, partnership agreement with the Annecy-Genevois Hospital Centre to organise musical performances for patients, Réseau Entreprendre Haute Savoie, Savoie Angels, Initiative Gand Annecy, etc.

Banque Nuger

Sports: Official partner of ASM Clermont-Auvergne for more than 10 years, etc.

Culture: Centre Lyrique, etc.

Society: Banque Nuger is a partner of Fondation du Patrimoine Auvergne (whose mission is to help preserve works of heritage and thus contribute to the development of the local economy). It supported the application of La Chaîne des Puys for status as a UNESCO World Heritage site, etc.

Banque Rhône-Alpes

The bank's community outreach programme is run by Fondation Banque Rhône Alpes, created in 2005 to ease the suffering of children in pain. In 2015 the Foundation reviewed its Board of Directors, increasing the number of members from three to nine (three doctors and six employees).

Culture: Théâtre des Célestins in Lyon (its main sponsor for the past 10 years), Musée de Valance (main sponsor since 2015), MC2 (cultural centre in Grenoble), Les Toques Blanches, Le Quatuor DEBUSSY, etc.

Sports: Rugby (Lou Rugby/Lyon, FCG /Grenoble, USO/Oyonax), Olympique Lyonnais, etc.

Banque Tarneaud

Sports: CSP Basket Limoges (since the club was founded), Atlantique Stade Rochelais (rugby), Hand Ball Nantes, Tennis Club de La Baule, etc.

Culture: Théâtre de l'Odyssée in Périgueux and Festival de la Vézère in Dordogne, La Folle Journée de Nantes, and its sister festivals in Cholet and Challans, etc.

Society: Loisirs Pluriel (concert given in Nantes to promote leisure activities for children with disabilities), Compagnie Arabesque (dance show put on by a troupe of dancers including persons with physical disabilities). Réseau Entreprendre, Réseau Initiative, CJD (Centre for Young Business Leaders), CCI (Chamber of Commerce and Industry), etc.

Société Marseillaise de Crédit

Sports: Juris'Cup (for 20 years), rugby (ASBH/Béziers, Provence Rugby, MHRC/Montpellier, RCT/Toulon), football (OM/Marseille), basketball (Sharks/Antibes), tennis (Open des Alpilles/St Rémy de Provence, Open 13/Marseille), swimming (Cercle des Nageurs de Marseille), etc.

Culture: La Roques d'Anthéron Piano Festival (for 20 years), Mécènes du Sud: an association that promotes regional artists (since 2003), Gala de la Croix Rouge, Théâtre National de Nice, Théâtre Anthéa d'Antibes, Opéra d'Avignon et de Toulon, Chorégies d'Orange, Jazz Juan les Pins, Aubagne Capitale Marcel Pagnol, etc.

Society: Réseau Entreprendre Provence-Alpes-Côte d'Azur, CJD (centre for young business leaders) in Marseille and Aix (financial partner and participates in club events), UPE 13, UDE04, UPV, CGPME Vaucluse (financial partner and contributes expertise), Association of Attorneys-at-Law in Aix and Marseille (helps organise events and contributes expertise), APPIM/Industria, Fondation GIMS (supports cancer-stricken professionals), Provence Business Angels, ALTAFEMINA, etc.

In addition to providing financial aid, and thanks to the contributions of its employees, Crédit du Nord Group is able to offer logistical support for humanitarian initiatives, such as:

Subcontractors and suppliers

Incorporation of CSR criteria in the company's purchasing policy

For all of its major strategic purchases, Crédit du Nord Group relies on the Societe Generale Group Purchasing Department, which practices a responsible purchasing policy and observes the Group's commitment to contributing to economic and social development and to limiting its environmental impacts.

This policy is implemented through multi-year action plans calling for the proactive involvement of all stakeholders in the value chain (purchasing advisors, buyers and suppliers).

Three priorities were defined under its **Sustainable Sourcing Program** (SSP 2011-2015):

- **Economy**: making it easier for SMEs to win Societe Generale's procurement contracts and establishing a framework of mutual trust with suppliers;
- **Society**: making use of subcontractors from the social economy and solidarity sector;
- **Environment**: helping reduce the Group's environmental impact through targeted purchasing initiatives;

Key initiatives have been conducted, especially within France:

- all buyers have signed ethical rules governing purchasing;
- all contracts now include a sustainable development clause that commits suppliers to uphold any labour laws (and at least comply with the provisions of the ILO [International Labour Organisation] where no such laws exist) and environmental legislation in force in the countries where they operate;
- environmental and social risk mapping on products and services purchased;
- the evaluation of suppliers requested for each purchase by third-party firm Ecovadis;
- the incorporation of CSR objectives by all purchasers in a CSR initiative specific to their purchasing category (for example contracts with protected sector companies, inclusion of environmental criteria in specifications);

- a special "Purchases and Sustainable Development" training course included in the in-house training programme (100% of buyers take the course);
- publication and dissemination of an instruction entitled "Responsible Purchasing Conduct & Ethical Rules Applicable to Purchasing", which applies to all Group employees, including those working in subsidiaries and branches;
- launch of the "30-Day Payment" project for suppliers.

For purchases that are handled directly, Crédit du Nord Group draws heavily on Societe Generale Group's policy while favouring local suppliers. In 2015, the new Mission Handicap advisor led discussions of the various Crédit du Nord corporate divisions in order to develop partnerships with French companies that employee persons with disabilities.

Importance of outsourcing and incorporation of CSR criteria in relations with suppliers and subcontractors

Most of Crédit du Nord Group's subcontracting is arranged by Societe Generale Group itself, either through specialised subsidiaries (ALD for car leasing, Sogessur for insurance, etc.) or through shared divisions (purchasing, IT, property management, taxes, etc.).

When work is outsourced to non-Group entities, an evaluation of supplier CSR commitments and initiatives is requested for each purchase made by the Societe Generale Group Purchasing department. Such evaluations are conducted by independent expert Ecovadis, which measures suppliers' performance in terms of the environment, labour relations, business ethics and subcontracting.

The CSR score given to each service provider is included in the supplier selection criteria, with a weight of at least 3%.

Fair practices

Anti-corruption initiatives

With respect to customers

Since 1993 (Law No. 93-122 of January 29), corruption and transparency of the economic environment and public procedures have fallen within the scope of the anti-money laundering and terrorist financing system in place at the Group's various banking institutions. To this end, the Financial Security Department at the Crédit du Nord Group level conducts enhanced supervision of certain transactions and customers (particularly politically exposed persons, within the meaning of R 561-18 of the French Monetary and Financial Code).

With respect to suppliers

As a preventive measure, the Purchasing Department has updated its contract awarding procedures and purchase agreements to include an anti-corruption clause that covers suppliers.

With respect to employees

A system of continuous monitoring of employee practices is in place at Crédit du Nord Group.

In the "Employee Ethics" section of their Internal Rules, the different Crédit du Nord Group banks set forth the main rules their employees must follow in exercising their professional activity. A brochure entitled "Rules of good conduct," covering these guidelines in line with the values adopted by Crédit du Nord in its customer relations, is made available to all Crédit du Nord Group employees via the Intranet. The observation of certain key sensitive points is subject to controls as well as supervision procedures using special tools and applications.

Anti-money laundering

The Financial Security Department, which reports directly to Crédit du Nord's Corporate Secretary, oversees the prevention of money laundering and terrorist financing (AML-CFT) for Crédit du Nord Group. It also supervises compliance with embargo and economic sanction policies with the support of Societe Generale Group.

For the federation of local banks with strong regional roots that makes up Crédit du Nord Group, the analysis of money laundering and terrorist financing risk takes their features into account, including in particular:

- extensive knowledge of customers by account advisors, with each customer having an advisor assigned to them;
- a multi-service retail banking offer including transactions classified by AML regulations as subject to reduced vigilance and transactions classified as subject to standard or enhanced vigilance.

The anti-money laundering and terrorist financing system is thus predominantly based on each account advisor's responsibility in that they exercise their duty of vigilance daily upon receiving the list of accounts to be reviewed. This list observes the risk-based approach (customer risk, transaction risk, and country risk) as defined in Directive No. 2005/60/EC, known as the third ALM Directive.

In 2015, a financial security training plan was presented to all the managers at Crédit du Nord Group, modelled on the plan rolled out for Société Marseillaise de Crédit, which quickly proved successful in terms of raising awareness of risks and consequently increasing the number of reports made to TRACFIN, the financial reporting unit.

In addition, ALM training and awareness-raising continued to be a priority in the "Business" and "Induction" training modules offered to Crédit du Nord Group employees.

Measures in favour of consumer health and safety

Crédit du Nord Group sets very high standards in the way it operates its business, particularly in terms of customer satisfaction, the pace of business, fair pricing, synergies between markets and the expansion of the range of products and services (especially multi-channel offerings).

It aims to provide a courteous and respectful service to borrowers at all stages of the credit cycle, from approval to final repayment. This applies to consumer credit and home loans for individual customers.

In the interest of consumer protection, Crédit du Nord Group's staff do not receive any fee-for-service remuneration (commission), which ensures that the advice they give customers is completely impartial.

Since 2005 the eight Crédit du Nord Group banks have offered a range of alternative payment solutions to their customers without chequebooks (offer open to all customers but they have to give up their chequebooks when they sign up).

In 2013 and 2014, the Moscovici Act (Act No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities) and its implementing acts added to the regulatory framework and enhanced the successive commitments taken since 2005 on providing banking services to vulnerable customers (identifying and providing an appropriate offer to these customers).

The eight Crédit du Nord Group banks, in accordance with their obligations, apply the banking inclusion charter. To do so, they have implemented criteria for identifying customers in a delicate financial situation. It systematically offers these customers a specific range of products and services designed to limit charges in the event of an incident. Because of this, for a modest sum (€3 since January 1, 2014), these customers are given secure payment instruments and the regular use of a bank account. At end-2015, 1,293 customers had signed up for this "Special Banking Services Offer."

At end-December 2015, the customers who use this special offer were divided by regional bank as follows:

	End-Nov. 2014	2015								
Number of customers receiving the "Special Banking Services Offer"	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
	971	730	82	32	23	22	80	162	162	**1293**

With respect to the right to a bank account, in accordance with Article L. 312-1 of the French Monetary and Financial Code and the Moscovici Act, the eight Crédit du Nord Group banks provide customers entitled to this right with "basic banking services". These free services are provided to customers in a shorter time, as required by law.

For customers with a serious health risk, Crédit du Nord Group offers products and services under the terms of the AERAS agreement (s'Assurer et Emprunter avec un Risque Aggravé de Santé).

Defence policy

Societe Generale Group has established a blacklist applicable to the Defence sector. It lists companies that produce, manufacture, store or sell anti-personnel mines, cluster bombs or other types of highly controversial weapons. Through its policy, Societe Generale Group has undertaken not to knowingly provide banking and financial services to such companies, their parent companies or their subsidiaries. It is prohibited to enter into a business relationship with the companies on this list. Crédit du Nord Group has been given this list and follows it in the course of its activities.

Human rights

Human rights initiatives

Crédit du Nord Group pursues its development with the utmost respect for fundamental human and labour rights and for the environment – all around the world.

ENVIRONMENTAL INFORMATION

General environmental policy

Company policy addressing environmental issues and, where applicable, steps taken to evaluate environmental performance or obtain environmental certification.

In keeping with the three pillars of the Group's banking model (regional presence, relationship-building and customer satisfaction) which are now more relevant than ever and help to set us apart, Crédit du Nord aims to reduce the environmental footprint of its internal operations.

Crédit du Nord Group's environmental policy strives to meet three major objectives:

- to reduce and minimise the direct and indirect impact of its activities on the environment;
- to reduce natural resource and energy consumption through careful and efficient utilisation;
- to ensure constant attention is paid to employee comfort and customer service.

With the incorporation of Societe Generale Group's 2008-2012 carbon neutrality programme, Crédit du Nord has undertaken to foster a culture of environmental awareness.

The 2013-2015 carbon reduction programme took over from the previous programme and strengthened its ambitions with the following two objectives:

- to reduce greenhouse gas (GHG) emissions;
- to reduce energy consumption.

This information is managed using a special CSR reporting tool, which improves oversight of environmental indicators and their scope of application. All Group entities (regional banks, regions, central buildings) actively collect and transmit this data, which contributes to the quality of reporting.

Implementation of a carbon neutrality-then-reduction programme with a cross-business impact:

- **on real estate**: defining principles for building refurbishments and renovations (better use of space and of new technologies with a reduced environmental impact);
- **on consumables**: stricter policy on the use of consumables, particularly paper, by being more demanding when it comes to suppliers and reducing the use of paper.
- **on transport**: improved monitoring and control of business travel with greater use of alternative tools such as audio and videoconferencing systems.

Employee training and awareness on environmental protection

All employees at the eight banks can access the Group's CSR intranet (PLANETHIC), which presents the CSR strategy, the high points, a sustainable development glossary, best practices, etc. Crédit du Nord's CSR Unit regularly works with the different departments at the head office, in the regions and at the regional banks to share some of this information.

Pollution and environmental risk prevention

While Crédit du Nord Group does not generate direct environmental or pollution risks as a result of its business, it nevertheless pays close attention to those its customers might create. Accordingly, Crédit du Nord Group applies the environmental and social guidelines defined by Societe Generale Group to its own credit policy.

Amount of loss allowances and guarantees for environmental risks, provided that such information is not liable to harm the company's interests in any ongoing legal disputes

There are no plans for a specific loss allowance for environmental risks, given the nature of Crédit du Nord Group's operations.

Pollution and waste management

Measures for preventing, reducing or offsetting emissions into the air, water and soil with a severe impact on the environment.

Not relevant given the nature of Crédit du Nord Group's activity and its geographic location (mainland France and Monaco).

Waste prevention, recycling and disposal measures

For the central buildings, service providers are contracted to collect, sort and recycle the large majority of the waste generated (paper, boxes, batteries, toner, light bulbs). Across the entire Crédit du Nord Group branch network, the sorting, collection and recycling of paper and cardboard waste have been set up with a special focus on protecting confidentiality. IT services are subcontracted to Societe Generale Group, which manages Waste Electrical and Electronic Equipment (WEEE).

The eight Crédit du Nord Group banks are all dues-paying members of Valdelia, an organisation that recycles office furniture.

In 2014, Crédit du Nord Group launched an ad campaign to reaffirm its differentiation and fundamentals based on four pillars: the importance of relationship banking, its regional roots, dedication in serving its customers and the spirit of enterprise.

The displays created for this campaign consisted of 254 Kg and 565 m² of material (plastic sheeting). Crédit du Nord Group contacted a recycling specialist that pioneered the transformation of advertising materials such as these into bags and accessories in France.

All preparation of the recovered materials (sorting, selection, cutting, cleaning, storage) was done at the recycling plant in the Greater Paris region by staff seconded by companies working in the social inclusion sector. 100% of production was outsourced to French companies that employee persons with disabilities and two private workshops.

Since 2014, an insert placed in each resulting item (bags, pouches, etc.) conveys Crédit du Nord Group's CSR policy to the employees and customers who receive them.

Sound pollution and any other form of business-specific pollution

Not relevant given the nature of Crédit du Nord Group's activity and its geographic location (mainland France and Monaco).

Sustainable use of resources

Water consumption and water supply based on local constraints

In light of its banking activities and geographic location (mainland France and Monaco), Crédit du Nord Group's water consumption is not considered significant. However, it measures its consumption wherever possible and is committed to detecting leaks as early as possible.

Consumption of raw materials and steps taken to improve efficient use of consumables

As a service provider, Crédit du Nord Group does not have any production activities. As a result, its commodities consumption is not substantial, but since 2011 data on its paper and energy consumption has been collected by its central buildings, regions and regional banks, then entered into a Societe Generale Group shared tool (Planethic) for consolidation.

Paper consumption

Paper is constantly reviewed from both a qualitative (raw materials, transport, etc.) and quantitative point of view.

Since 2012, the Group has selected paper meeting strict environmental requirements and product life cycle analysis criteria. The main objective was to select with paper with the lowest possible environmental impact associated with its manufacture.

Researching and implementing paperless systems (electronic account statements, digital files, electronic signatures, etc.) in order to reduce the amount of paper used is an ongoing goal of the company. For example:

- the Group works continuously to increase subscriptions to the online statement option by its individual and professional customers;
- initiatives are regularly taken to reduce listings and documents sent to customers;
- finally, a decision was made in 2014 to use the Web Conferencing tool with a broader population, reducing the need for travel.
- finally, in 2015 all employees were given a tablet computer and work was carried out to exchange print subscriptions for digital ones.

All eight Crédit du Nord Group banks are members of Ecofolio and have used the “Boucle Papier” paper recycling log since 2014.

	2014	2015								
	Group total Crédit du Nord	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Group total Crédit du Nord**
Ecofolio declaration in tonnes	904	383.38	82.87	41.93	46.93	23.96	79.87	72.88	165.73	**897.56**

Energy consumption, steps taken to improve energy efficiency and use of renewable energy sources

Energy consumption:

		2014	2015								
Energy consumption	unit	Total Crédit du Nord Group	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Total Crédit du Nord Group**
Electricity consumption	MWh	39,143	17,420	2,580	1,360	1,655	835	2,748	2,350	7,908	**36,856**
Fuel oil consumption (excluding cars)	MWh	1,498	535	-	139	-	-	-	122	506	**1,302**
Gas consumption	MWh	15,562	8,021	465	605	243	169	512	1,529	480	**12,024**
Cold water consumption	MWh	138	252	-	-	-	-	-	-	-	**252**
Hot water/steam consumption	MWh	603	225	-	-	-	-	-	-	-	**225**

Measurement systems and indicators enable consumption to be managed more efficiently.

A number of energy efficiency initiatives can be identified in this way: insulation work, installation of motion detectors, LED lighting for signage and point-of-sale advertising and the replacement of heating and air conditioning systems with more energy-efficient ones. Each branch renovation takes into account energy efficiency, which remains an important pillar of the Group's environmental policy.

Since 2014, in addition to measuring its energy consumption (electricity, fuel oil, gas, etc.), Crédit du Nord Group began measuring energy used in transport. Work is being carried out to improve the reliability of these indicators.

Land use

Not relevant given the nature of Crédit du Nord Group's activity and its geographic location (mainland France and Monaco).

Climate change

Greenhouse gas (GHG) emissions

In addition to measurements and comparative monitoring, which help better identify areas for improvement, all Crédit du Nord Group initiatives related to transport, paper consumption and direct or indirect emissions from energy consumption are aimed at reducing GHG emissions.

In 2015, Crédit du Nord, Banque Courtois, Banque Rhône-Alpes, Banque Tarneaud and Société Marseillaise de Crédit published their second GHG emissions report. The eight banks launched an energy audit campaign for all of their head offices and a representative sample of branches.

Emissions of metric tons of CO_2 per occupant, shown below, were calculated using data collected on the basis of energy consumption and estimated data for transport. The reporting process for transport data is in the process of being standardised for all eight Crédit du Nord Group banks.

	2014	2015								
	Group total Crédit du Nord	Crédit du Nord	Banque Courtois	Banque Kolb	Banque Laydernier	Banque Nuger	Banque Rhône-Alpes	Banque Tarneaud	Société Marseillaise de Crédit	**Group total Crédit du Nord**
Total CO2 emissions (metric tons per occupant)	1.37	1.272	1.288	1.935	1.510	1.594	1.291	1.574	2.136	**1.491**

Adapting to the impact of climate change

Not relevant given the nature of Crédit du Nord Group's activity and its geographic location (mainland France and Monaco).

Preserving biodiversity

Measures taken to preserve or develop biodiversity

Not relevant. The nature of Crédit du Nord Group's activity and its geographic location (mainland France and Monaco) do not influence the preservation or development of biodiversity.

Nevertheless, the Group has carried out some local initiatives aimed at protecting biodiversity, such as:

- **Banque Courtois** supports the "Association du Club des Entreprises Mécènes du Canal du Midi", whose mission is to bring together all economic operators interested in preserving the Canal du Midi, which is an emblematic ecological and economic landmark of the region. The 42,000 plane trees bordering the canal are under threat by an incurable disease (canker stain: a microscopic fungus which settles inside the tree and kills it in just 2-5 years);
- **Société Marseillaise de Crédit** called on a local beekeeper to install six hives on the roof of its administrative building in Aubagne.

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Crédit du Nord, we present our report on the consolidated social, environmental and societal information established for the year ended on December 31st, 2015, presented in chapter 4 of the management report, hereafter referred to as the "CSR Information", pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de Commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de Commerce*), in accordance with the protocols used by the company made up of Société Générale Group's procedures (hereafter referred to as the "Criteria"), and of which a summary is included in introduction to chapter 4 of the management report.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de Commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work, to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de Commerce*) (Attestation of presence of CSR Information). It is not for us to express a limited assurance conclusion that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria.

Our verification work was undertaken by a team of three people between November 2015 and the signature date for an estimated duration of one week.

Nature and scope of the work

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission:

- we obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes;
- we have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de Commerce*) at the consolidated level and

for the banks Crédit du Nord, Courtois, Rhône-Alpes, Tarneaud and Société Marseillaise de Crédit;

- in the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de Commerce*);
- we verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de Commerce*).

Based on this work, we confirm the presence in the management report of the required CSR information.

Paris-La Défense, 4 April 2016

Independent Verifier
ERNST & YOUNG et Associés
French original signed by:

Eric DUVAUD	Hassan BAAJ
Partner, Sustainable Development	Partner

Responsibility for the Registration Document and audit

Person responsible for the Registration Document

Philippe AYMERICH, Chief Executive Officer

Certification by the person responsible for the Registration Document and the Annual Financial Report

I hereby certify, having taken all reasonable measures to this end, that to the best of my knowledge, the information contained in this Registration Document is true and that there are no omissions that could impair its meaning.

I certify that, to the best of my knowledge, the financial statements were drawn up in accordance with applicable accounting standards and present fairly, in all material respects, the financial position and results of the parent company and of the entire Group as constituted by the consolidated companies, and that the Management Report (including the cross-reference table for the annual report, in Chapter 4, page 249, which indicates the content) accurately reflects the development of business, results and the financial situation of the parent company and of the entire Group as constituted by the consolidated companies, as well as a description of the main risks and uncertainties to which they are exposed.

I received a letter of completion from the Statutory Auditors in which they state that they verified the information in respect of the financial position and accounts presented in the Registration Document, which they have read in its entirety.

The historic financial information presented in the Registration Document was addressed in Statutory Auditors' reports, appearing on pages 137 and 138, 200 and 201 of this document, in addition to financial information for fiscal years 2013 and 2014, respectively on pages 133 and 134, 191 and 192 of the 2013 Registration Document and pages 139 and 140, 202 and 203 of the 2014 Registration Document.

Each of the statutory auditor's reports referring to the 2013, 2014 and 2015 consolidated financial statements contain one observation.

Paris, April 15, 2016

P. Aymerich

Chief Executive Officer, Philippe AYMERICH

Statutory Auditors

ERNST & YOUNG et Autres

Represented by Vincent ROTY

Adress: 1/2, place des Saisons
92 400 Courbevoie - Paris-La Défense 1

Date appointed: May 4, 2000

Date of last reappointment:
May 11, 2012 for six fiscal years

2015: year in which the signatory of the reports **changes**

Expiry of this mandate:
at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2017.

Alternate statutory auditors: Société PICARLE et Associés
Represented by Marc CHARLES

DELOITTE & ASSOCIES

Represented by José-Luis GARCIA

Address : 185, avenue Charles de Gaulle
92 200 Neuilly-sur-Seine

Date appointed: May 4, 2000

Date of last reappointment:
May 11, 2012 for six fiscal years

2015: year in which the signatory of the reports **changes**

Expiry of this mandate:
at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2017.

Alternate statutory auditors: Société BEAS
Represented by Mireille BERTHELOT

Cross Reference tables

1. Cross-reference table for the Registration Document

In accordance with Article 28 of EC Regulation No. 809/2004 of April 29, 2004, the following information is included for reference purposes in the Registration Document:

- individual and consolidated financial statements for the fiscal year ended December 31, 2015, the related Statutory Auditors' reports and the Group Management Report appearing on pages 42-138, pages 145-186, pages 139 and 140, pages 202 and 203, and pages 13-26 of the Registration Document filed with the AMF on April 14, 2015 under No. D.15-0345;
- individual and consolidated financial statements for the fiscal year ended December 31, 2013, the related Statutory Auditors' reports and the Group Management Report appearing on pages 42-132, pages 141-179, pages 133 and 134, pages 191 and 192, and pages 13-26 of the Registration Document filed with the AMF on April 28, 2014 under No. D.14-0420;

The chapters of Registration Document Nos. D.15-0345 and D.14-0420 not listed above are either not applicable for investors or are covered in another section of this Registration Document.

To assist with the reading of the Registration Document, the following cross-reference table refers to the main chapters required by Annex 1 of European Regulation No. 809/2004.

Chapters	Page number of the Registration Document
8. Buildings, plant and equipment	
8.1. Major existing or planned tangible fixed assets	108-109
8.2. Environmental issues with the potential to influence the use of tangible assets	213-242
9. Overview of financial situation and results	
9.1. Financial situation	21-25
9.2. Operating income	21-25
10. Cash flow and capital	
10.1. Information on the issuer's capital	42-47
10.2. Source and amount of the issuer's cash flow	48
10.3. Information on the issuer's borrowing conditions and financing structure	102; 111; 113; 120
10.4. Information concerning any restrictions on the use of capital having influenced or capable of influencing the issuer's transactions	N/A*
10.5. Information concerning the expected sources of financing needed to honour the commitments listed in chapters 5.2 and 8.1	N/A*
11. Research and development, patents and licences	N/A*
12. Information on trends	26
13. Profit forecasts or estimates	N/A*
14. Administrative, Management and Supervisory bodies and General Management	
14.1. Board of Directors and General Management	4
14.2. Conflicts of interest involving the administrative, management and supervisory bodies and General Management	185-189
15. Compensation and benefits	
15.1. Amount of compensation paid and benefits in kind	190-199
15.2. Total loss allowance set aside or recorded by the issuer for the payment of pensions and other benefits	131-132
16. Corporate Governance	
16.1. Expiry of current terms of office	4; 185-188
16.2. Service agreements binding members of the administrative bodies	N/A*
16.3. Information on the issuer's Audit Committee and Compensation Committee	4; 27-28; 190-192; 195
16.4. Declaration indicating whether or not the issuer complies with corporate governance policy	28
17. Employees	
17.1. Number of employees	22; 128; 175; 214
17.2. Ownership interests and stock options of Directors	193-198
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Chapters	Page number of the Registration Document
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18.2. Other voting rights	210
18.3. Ownership of the issuer	210
18.4. Agreement of which the issuer is aware, the implementation of which could lead to a change in ownership at a future date	N/A*
19. Transactions with affiliates	131-132; 162; 202-204
20. Information concerning the issuer's financial situation and results	
20.1. Historical financial information	42-136; 145-184
20.2. Pro forma financial information	N/A*
20.3. Financial statements	42-136; 145-184
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21. Additional information	
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22. Major contracts	N/A*
23. Information from third parties, expert certifications and interest declaration	N/A*
24. Documents available to the public	209
25. Information on ownership interests	11; 76 to 78; 182-183

** N/A: Not Applicable*

2. Cross-reference table for the Annual Financial Report

In accordance with Article 222-3 of the General Regulations of the Autorité des Marchés Financiers (French Securities Regulator), the annual financial report mentioned in Section I of Article L.451-1-2 of the French Monetary and Financial Code includes the items described in the following pages of the Registration Document:

Annual financial report Chapters	Page number of the Registration Document
Certification of the person responsible for the registration document	245
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- Analysis of the results, financial situation, and risks of the parent company and the consolidated group and list of powers delegated for the purposes of capital increases (Article L.225-100 and L.225-100-2 of the French Commercial Code)	6; 14-26
- Information required by Article L.225-100-3 of the French Commercial Code relating to items liable to have an impact on the public offer	N/A*
- Information relating to share buybacks (Article L.225-211 paragraph 2 of the French Commercial Code)	N/A*
- Informations relating to establishments and activities (Article L.511-45 of the French Monetary and Financial Code)	N/A*
Financial statements	
- Annual financial statements	146-184
- Statutory Auditors' report on the annual financial statements	200-201
- Consolidated financial statements	42-136
- Statutory Auditors' report on the consolidated financial statements	137-138

** N/A: Not Applicable*

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The original document was filed with the AMF (French Securities Regulator) on April 15, 2016, in accordance with Article 212-13 of its General Regulations As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.
This document was produced by the issuer and is binding upon its signatory.

This Registration Document is available online at www.groupe-credit-du-nord.com
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