Company number: 692 032 485

LCH.CLEARNET SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

Board of Directors

Type of Director	Name	Other Directorship at 31 December 2015
Chairman	Leonard (Lex) Hoogduin	London Stock Exchange Group LCH.Clearnet Group Ltd LCH.Clearnet Ltd LCH.Clearnet LLC Lex Hoogduin B.V. Supervisory Board of Centre for Integral Revalidation GloComNet BV
	Alain Demarolle	GlobeSettle SA
Director	Christophe Hémon	LCH Clearnet (Luxembourg) S.à.r.l.
Director	Ian Abrams	LCH.Clearnet Group Ltd LCH.Clearnet Ltd LCH.Clearnet LLC Highplus Ltd Orchard Wealth Management Ltd (Jersey) Orchard Funds PLC (Dublin)
Director	Neil Walker	LCH.Clearnet Group Ltd Financial Services Limited
Director	Dennis McLaughlin	LCH.Clearnet Ltd LCH.Clearnet LLC
Director	Serge Harry	GlobeSettle SA MTS France LSEG Luxco 1 LSEG Luxco 2 SH Consulting
Director	Eric Litvack	International Swaps and Derivatives Association
Director	Rémi Bourrette	Collège Français Bilingue de Londres
Director	Anthony Attia	Euronext Paris SA Euronext France (Holding) SAS EnterNext SA Euronext Technologies Holding SAS Euronext N.V.
Director	Suneel Bakhshi	LCH.Clearnet Group Ltd LCH.Clearnet Ltd LCH.Clearnet LLC
Director	Yves Perrier	LCH.Clearnet Group Ltd Amundi SA Amundi Group Conseil de Surveillance CA Titres CACEIS Crédit Agricole SA Euro Securities Partners SAS Société Générale Gestion
Director	Jonathan Eliot	MAN Group GLG Partners (Cayman) Ltd GLG Partners Asset Management Ltd MAN AHL (USA) Ltd Man Investments Ltd MAN MASH Ltd

Annual fees allocated by LCH.Clearnet SA to above Directors are as follows:

Alain Demarolle	€100,000
Ian Abrams	€50,000
Neil Walker	€40,000
Jonathan Eliot	€60,000
Yves Perrier	€30,000

The LCH.Clearnet SA Board of Directors presides over two specialised committees which assist the Company: the Company's Audit Committee and the Company's Risk Committee. The terms of reference defining the functions, missions, powers and responsibilities of these Committees are approved by the Board of Directors. The Remuneration Committee is a LCH.Clearnet Group level committee and makes recommendations to the Board in relation to the Company.

Auditors

Ernst & Young, Tour First, 1 Place des Saisons, 92037 Paris La Défense
KPMG, 2, avenue Gambetta, 92066 Paris La Défense

Substitute auditors:
KPMG AUDIT FS2
PICARLE & ASSOCIES

Registered office

18, rue du Quatre Septembre 75002 Paris
Telephone: +33 (0) 1 70 37 65 00
Registered in France number 692 032 485

As of 31 December 2015, LCH.Clearnet SA is fully consolidated in the accounts of LCH.Clearnet Group Limited, the head office of which is located at Aldgate House, 33 Aldgate High Street, London. The Company’s ultimate parent since 1 May 2013 is the London Stock Exchange Group plc.

Accounts payable

As of 31 December 2015, amounts payable to suppliers totalled €8.9 million (2014: €8.5 million) and were all due within one year. Out of this amount, non-resident suppliers were €2.1 million in 2015 (2014: €1.5 million).

Goodwill

Annual impairment testing is carried out on goodwill in relation to the acquisition of branches in Amsterdam, Brussels and Porto and the related cash generating units. The recoverable amount associated with these branches is determined based on value in use calculation. Following this test, it was concluded that no impairment was needed at 31 December 2015.

Regulatory ratios

LCH.Clearnet SA is regulated as a credit institution by the ACPR and as a CCP and an investment service provider by the AMF and is subject to standard capital adequacy rules under Basel III. Since December 2013, it has been regulated by the CFTC as a DCO in the USA.

As a banking institution, LCH.Clearnet SA is subject to and meets regulatory ratio requirements for credit institutions under French banking law. These ratios affect market and solvency risks within an overall capital adequacy framework, as well as liquidity ratios and major risk ratios.

On 1 January 2014, the Capital Requirement Directive IV came into effect. The impact of this new regulation was an increase in the regulatory requirement due to the treatment of treasury activity as a trading book classification.

Agreement regulated by Article L.225-38 of the French Code of Commerce

In the framework of the implementation of the transfer pricing policy, the ‘Framework Intragroup – Services Agreement’ between LCH.Clearnet SA, LCH.Clearnet Group Limited and LCH.Clearnet Limited, approved by the Board of Directors on 28 November 2006, is considered to be a regulated agreement falling within the scope of Article L.225-38 of the French Code of Commerce.

The agreement stipulates the legal and financial principles applicable to the provision of IT and other services by a company to either one of the Group’s entities.

In the framework of the implementation of the service agreement, the ‘Framework Recharge Agreement’ between LCH.Clearnet SA, LCH.Clearnet Limited and LCH.Clearnet (Luxembourg) S.à.r.l. approved by the general meeting in May 2007 is considered to be a regulated agreement in the scope of article L-225-38 of the French Code of Commerce.

The purpose of the agreement is to set out the conditions under which both LCH.Clearnet SA and LCH.Clearnet Limited provide services to LCH.Clearnet (Luxembourg) S.à.r.l.

In the framework of the implementation of the ‘Framework Recharge Agreement’, the “Cash Advance Agreement” between LCH.Clearnet SA and LCH.Clearnet (Luxembourg) S.à.r.l approved by the general meeting in May 2011 is considered to be a regulated agreement in the scope of article L-225-38 of the French Code of Commerce.

The agreement stipulates that LCH.Clearnet SA may make several and subsequent cash advances to the benefit of LCH.Clearnet (Luxembourg) S.à.r.l which shall, in turn, pay some interests until the principal amount has been paid in full to LCH.Clearnet

The “Amendment of the CEO’s employment agreement” between LCH.Clearnet SA and its Chief Executive Officer, to be approved by the next ordinary general meeting, is considered to be a regulated agreement in the scope of article L-225-38 of the French Code of Commerce.

Pursuant to the terms of this amendment, the termination notice has been extended and a six months non compete and non solicitation clause has been added. The amendment was deemed in the best interest of the Company.

Current agreement - Article L.225-39 of the French Code of Commerce

The following agreements are considered to be current agreements falling within the scope of Article L.225-39 of the French Code of Commerce:

The « QFRM Confidentiality Side Letter » signed on 21 April 2015 between LSEG Plc, LCH SA, LCH Ltd and LCH LLC;
The « Secondment Agreement regarding Delphine Bres » signed in August 2015 between LSEG Plc and LCH SA;
The Accession of LCH SA (by letter signed on 22 June 2015) to the « ICT Framework Services Agreement » dated from 16 February 2010;
The « Termination Agreement » signed on 30 December 2015 (in relation with some Work Orders concluded under the « ICT Framework Services Agreement », entered into notable with LSEG plc on 16 February 2010);
The « Novation Agreement » between LSE Plc, LSEG Business Services Ltd and LCH SA dated from 30 December 2015 (in relation with the Intra- Group Services Framework Agreement signed on 4 November 2014).

Return on assets - Article R511-16-1 du Code monétaire et financier

Pursuant to article 90 of CRD IV transposed by article R511-16-1 of Code monétaire et financier, return on assets of the Company as of 31 December 2015 is 0.012% (0.009% at 31 December 2014).

Proposed appropriation of net profit

LCH.Clearnet SA Board of Directors proposes to allocate the total of 2015 profit to a dividend payment of €18 million and to retained earnings for €18.2 million.

Distributable reserves are as follows:

Distributable reserves	€'m
Profit for the period	36.2
Other reserves	32.6
Profit carried forward	99.2
	168.0

Allocation of 2015 earnings was agreed as follow:

Allocation of 2015 earnings	€'m
Allocation to Legal Reserves	-
Allocation of Other Reserves	-
Allocation to Retained Earnings	18.2
Dividends	18.0
	36.2

Dividend payments for the past three financial years were as follows:

- for 2012: no dividend
- for 2013: no dividend
- for 2014: €1.48 per share

Banque Centrale de Compensation SA (trading as LCH.Clearnet SA) acts as the clearing house for regulated markets in France, the Netherlands, Belgium and Portugal, for fixed income products and credit default swaps (CDS) traded either on regulated markets or trading platforms located in France, UK Belgium, US and Italy.

LCH.Clearnet SA is part of the LCH.Clearnet Group, a leading multi-national clearing house. The Group provides services to mitigate counterparty risk across multiple asset classes for clearing members and their clients operating through an open access model that clears for major exchanges and platforms as well as ranged over-the-counter (OTC) markets.

As a CCP, LCH.Clearnet SA sits in the middle of a trade as the buyer to every seller and the seller to every buyer. If either party defaults on the trade, LCH.Clearnet SA owns the defaulter's risk and becomes accountable for its liabilities. During the life of a trade, or that of a portfolio of trades, the CCP processes all cash flows and marks the trade or book to market, calling variation and initial margin in relation to prevailing risk of the overall portfolio.

The tenor of a trade can be anything from two days to 50 years, depending on the product type and terms of the deal. During the life of a trade, markets can move significantly and the capability of a CCP's risk and liquidity management becomes vital. Fundamental to LCH.Clearnet SA's risk process is its ability to collect quality collateral from clearing members and clients as credit support for their cleared positions. This collateral is often referred to as margin. Margin is calculated on a daily basis, or multiple times a day for certain asset classes, which is important during turbulent markets and is based on clearing members' positions and market risk. If a clearing member fails, this collateral is used by the CCP to fulfil the failed organisation's obligations.

Key performance indicators

Financial and non-financial key performance indicators utilised by the directors to measure LCH.Clearnet SA's progress are as follows:

	2015	2014	Variation
CDSClear			
CDSClear members	11	10	10%
Notional cleared (€ billion)	172.8	61.9	179%
Fixed Income: notional cleared (€ trillion)	33.0	32.6	1%
Listed Derivatives: contracts cleared (million)	136.0	144.1	-6%
Cash Equities: trades cleared (million)	241.1	196	23%
Average cash collateral (€ billion)	11.7	9.7	21%

Highlights of the year

CDSClear

CDSClear offers default management provisions and clears a broad set of European credit indices and single names. CDSClear is dual registered meaning it can act for clients both in the US and Europe. Currently CDSClear clears more than 200 European single name CDS and will expand its product range to include senior financials, CDX and US single names subject to regulatory approval. Total clearing fee revenue for the year was €24.8 million (2014: €24.8 million).

CDSClear offers the broadest European products coverage of any CCP. In June 2015, CDSClear launched European Senior Financials Credit Derivatives clearing and became the first and only CCP to clear all single name constituents of the indices, including CDS on member banks.

Continued interest from new clients is expected ahead of the introduction of the European clearing mandate in mid 2016, making the opening of the service to client clearing the top priority for CDSClear in 2016.

CDSClear membership increased to 11 members (2014: 10), notional cleared increased 179 per cent to €172.8 billion (2014: €61.9 billion).

Fixed Income

LCH.Clearnet.SA delivered a good performance in repo and cash bond markets; clearing €33.0 trillion in the last year (2014: €32.6 trillion), across three European government markets. Total clearing fee revenue for the year was €22.3 million (2014: €20.3 million). Volumes in the repo market overall have declined due to more stringent regulatory requirements on member banks' leverage ratios. However, the leverage ratio has made netting more attractive, such that cleared volumes at LCH.Clearnet have remained stable.

Listed Derivatives

LCH.Clearnet SA provides clearing services for equity derivatives and commodities. The Euronext continental derivatives agreement renewed in 2013 allowing LCH.Clearnet SA to clear listed derivatives until December 2018.

Contracts cleared in 2015 reduced by 6% to 136.0 million reflecting a decline in derivative trading across venues (2014: 144.1 million). Clearing revenue in 2015 increased by €1.4 million to €42.0 million (2014: €40.6 million).

Cash Equities

LCH.Clearnet SA provides clearing services for cash equity products and for a set of trade venues including Euronext, Equiduct and Bourse du Luxembourg.

Trades cleared in 2015 increased by 23% to 241.1 million (2014: 196 million). Clearing revenue in 2015 increased by 25% to €29.4 million (2014: €23.6 million).

Net treasury income

Net treasury income is the result of interest earned on cash assets lodged with the clearing house, less interest paid to the members on their initial margin and default fund contributions. The level of funds held is primarily driven by volumes cleared and volatility in the market. Income is also driven by short-term interest rates in the Euro money market.

Average cash collateral held increased 21% to €11.7 billion (2014: €9.7 billion). Total net treasury income for 2015 increased to €37.4 million (2014: €24.9 million) reflecting the higher cash collateral level.

Operating expenses

Operating expenses have decreased by 5% to €97.5 million (2014: €102.4 million) reflecting the impact of the 2014 social plan.

Development and performance

LCH.Clearnet won the Risk Magazine Clearing House of the Year for the third year in a row and Central Banking Journal awarded LCH.Clearnet its Market Infrastructure Provider of the Year Award.

Strategic objectives

The Company's principal objectives are:

- to reduce risk and safeguard the financial infrastructure in the markets that the Group serves
- to deliver market leading and cost-effective clearing services
- to independently serve multiple asset classes around the world

The strategy for achieving these objectives is:

- to maintain a sound risk management approach and resilient systems
- to set and maintain the highest standards across all asset classes cleared, in line with evolving regulatory requirements
- to work closely with market participants to develop and deliver new services and products that increase clearing efficiencies globally

Research and Development activities

There was no dedicated expenditure for research and development in 2015.

Perspectives for 2016

LCH.Clearnet SA will be active in the field of Equities and Derivatives with key marketplace and regulatory fillings such as the implementation of T2S Wave 2 for ESES, CPMI IOSCo reporting, MIFID 2 / MIFIR 2 application.

Product wise, LCH.Clearnet SA will pursue accompanying Euronext Equities and Euronext Derivatives in their listing extension (volatility index, extension of the commodities franchise, ...).

With respect to the Fixed Income / Repos business, the focus will be in 2016:

- enlarging the business to end users, namely buy-side participants and Supranational.
- following recent development of €GCPlus and a strong interest in the service. In 2016, a large number of new banks will be onboarded.

For CDSClear, continued interest from new clients is expected ahead of the introduction of the European clearing mandate in mid 2016, making the opening of the service to client clearing the top priority for the business line in 2016.

Significant events which occurred since the date of the financial statements

None.

Five year financial summary

Five year financial summary	2011	2012	2013	2014	2015
Share capital at year end					
Share capital (in €'m)	113.1	113.1	113.1	113.1	113.1
Number of ordinary shares	7,416,700	7,416,700	7,416,700	7,416,700	7,416,700
Result of operations (in €'m)					
Operating income	116.9	127.7	119.3	116.2	122.5
Profit before tax, profit sharing, amortisation, provisions and impairment	47.0	93.8	26.4	33.3	63.1
Income tax	23.7	16.9	10.4	(0.1)	13.3
Profit sharing for the year	3.0	1.6	1.3	-	1.5
Impairment	12.9	-	8.4	-	-
Net income after tax, profit sharing, amortisation and provisions	2.2	63.9	(0.5)	22.1	36.2
Distributed earnings	2.2	-	-	11.0	18.0
Earnings per share (in €)					
Profit after tax, profit sharing, but before amortisation and provisions	2.75	10.15	1.97	4.49	8.51
Net income after tax, profit sharing, amortisation and provisions	0.30	8.62	(0.06)	2.99	4.88
Net dividend distributed per share	0.30	-	-	1.48	2.43
Employee information					
Average headcount	187	192	198	175	174
Total payroll for the year (in €'m)	18.5	19.1	22.1	27.2	19.0

Income statement

	note	**2015 €'m**	2014 €'m
Revenue			
Market revenue		118.5	109.3
Sales of other products and services		22.2	21.9
Revenue sharing arrangements		(27.0)	(23.0)
Other income		8.8	8.0
Operating income	1	**122.5**	**116.2**
General operating expenses	2	(96.1)	(100.6)
Taxes	3	(1.4)	(1.8)
Operating expenses		**(97.5)**	**(102.4)**
Operating profit before depreciation amortisation and provisions		**25.0**	**13.8**
Depreciation, amortisation and provisions	4	(12.1)	(11.1)
Operating profit/(loss)		**12.9**	**2.7**
Net finance income	5	**37.4**	**24.9**
Operating profit after interest income		**50.3**	**27.6**
Exceptional items	6	0.7	(5.6)
Movement in profit sharing liabilities	7	(1.5)	-
Corporate income tax	8	(13.3)	0.1
Profit for the year		**36.2**	**22.1**

Statement of financial position

	note	**2015 €'m**	2014 €'m
Assets			
Fixed assets (net of accumulated depreciation and amortisation)	10	48.3	45.4
Investments in subsidiaries and affiliates (net of impairment)	11	19.8	19.9
Other long term investments		2.5	2.3
Held for sale securities	12	3,576.6	3,087.2
Trade receivable (net of depreciation)	13	11.2	11.2
Other receivables (excluding clearing house, treasury and portfolio accounts)	14	3.1	14.8
Clearing house accounts	15	281,637.8	248,025.9
Treasury and portfolio accounts	16	10,549.1	5,515.9
Accruals	17	0.8	1.4
Total assets		**295,849.2**	**256,724.0**
Liabilities			
Shareholder's equity (including general banking risk provision)	18	293.4	268.2
Provisions	19	5.2	7.4
Trade notes and accounts payable (suppliers)	20	8.9	8.5
Personnel, tax and social payables	21	30.1	20.4
Other payables (excluding clearing house, treasury and portfolio accounts)	22	23.8	25.7
Clearing house accounts	23	295,482.9	256,393.1
Treasury accounts	24	2.6	0.2
Accruals	25	2.3	0.5
Total liabilities		**295,849.2**	**256,724.0**
Off balance sheet			
Clearing house commitments received	26	274,793	291,700
Commitments given	26	265,821	282,454
Treasury commitments received	26	-	-
Treasury commitments given	26	-	-

Presentation of the financial statements

As a financial institution, Banque Centrale de Compensation (BCC), which trades under the business name LCH.Clearnet SA, is required to prepare and publish annual financial statements (balance sheet, off-balance sheet and income statement) in accordance with the articles ANC 2014-07 §1111-1 to 1124-61 and §3111-1 to 3111-5 from The French Accounting Standards Setter ("Autorité des Normes Comptables"). These financial statements are, however, only published in memorandum form, without commentary, as they do not represent a full account of the activities of LCH.Clearnet SA.

The income statement, balance sheet and off-balance sheet commented upon in these notes are therefore presented in a manner very similar to that used by service providers subject to the provisions of the French statutory chart of accounts (*Plan Comptable Général*). This management accounting presentation, as opposed to a 'regulatory' presentation, is better matched to the specific clearing activity of LCH.Clearnet SA.

Since the merger of the Amsterdam and Brussels clearing houses within LCH.Clearnet SA on 1 February 2001 and the corresponding creation of two new branches in Amsterdam and Brussels, (*Banque Centrale de Compensation Amsterdam* and *Banque Centrale de Compensation Bruxelles*), the accounts of these two branches have been integrated into those of LCH.Clearnet SA. In addition, LCH.Clearnet SA's accounting perimeter includes the activity of an establishment based in Porto after the acquisition from NYSE Euronext of the Portuguese clearing house on 15 July 2003.

The management accounting presentation of the balance sheet and income statement includes the following specific features:

Balance sheet

In view of their size, the assets and liabilities related to Banque Centrale de Compensation's clearing house activity and its treasury management operations are shown separately, with a detailed analysis of each item provided in the notes to the financial statements.

Repo transactions on the OTC market have been presented on a non-offset basis. The amount on the asset side represents the loans for which securities were received; the amount on the liabilities side represents the loans for which securities were delivered under repos. Commitments made by the clearing house to clearing members using repos are recorded as off-balance sheet. LCH.Clearnet SA retains a commitment to full and secure completion in respect of both lender and borrower.

Commitments relating to clearing operations are transferred to the balance sheet on theoretical date of settlement. If fail to deliver occurs at that date, clearing operations appear and remain in adjustment accounts on the balance sheet until the effective settlement date.

Off-balance sheet commitments

Commitments relating to clearing operations have been separated from commercial commitments and cash management commitments.

The information given in the financial statements carries the following notes, which are presented in accordance with the above-mentioned ANC 2014-07 §1111-1 to 1124-61 and §3111-1 to 3111-5, include all material information required to give a true and fair view of Banque Centrale de Compensation's assets, liabilities, financial position, exposure and profit and loss.

Accounting principles and valuation methods

The financial statements have been prepared in accordance with generally accepted accounting and valuation principles in France as stipulated in the commercial code and the decree of 29 November 1983, and, where applicable, in accordance with the special rules applicable to establishments subject to French banking regulations. They are also presented in accordance with the relevant accounting principles applicable to institutions governed by French banking law.

The main valuation policies applied are detailed below.

Fixed assets, amortisation and depreciation

Fixed assets are recorded at historical cost, i.e. acquisition cost excluding deductible value-added tax (VAT).

Customised financial market software is valued in accordance with principles applicable to self-developed software.

Fixed assets are depreciated on a straight line basis, based on their anticipated useful lives, which are as follows:

Self-developed software	3 to 5 years
Computer equipment	3 years
Furniture	10 years
Leaseholds improvements	10 years

IT development costs are recognised on the balance sheet in accordance with principles stated in the ANC 2014-03.

Impairment of goodwill, intangible assets and property, plant and equipment

Goodwill and intangible assets in the course of development are subject to an annual impairment review or a more frequent review if there are events or changes in circumstances that indicate that the carrying amount of the asset may not be fully recoverable. Property, plant and equipment are subject to an impairment review if there are events or changes in circumstances that indicate that the carrying amount of the fixed asset may not be fully recoverable.

For the purpose of impairment testing, goodwill and other assets are allocated to cash generating units monitored by management, usually at statutory company level. The impairment review involves a comparison of the carrying amount of the goodwill or other asset allocated to the related cash generating units, with its recoverable amount, which is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is calculated by reference to the amount at which the asset could be disposed of less the costs associated with the sale.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis. The carrying values of goodwill, intangible assets or property, plant and equipment are written down by the amount of any impairment and this loss is recognised in the income statement in the year in which it occurs.

The carrying amount of goodwill allocated to a cash generating unit is taken into account when determining the gain or loss on disposal of the unit.

Investment in subsidiaries and affiliates

Long-term assets are recorded at their nominal value and impairments are recognised if their value in use decreases below their book value.

Accounts receivable and payable

Accounts receivable and payable are stated at nominal value and have initial maturities of less than one year, excluding the portfolio of held-for-sale securities and short term deposits with banks.

Provisions for doubtful debts are determined on an individual basis and are recorded as direct reductions in the value of the related receivables.

Held-for-sale securities

Investment securities held as at 31 December 2015 are cash management instruments, recognised and valued in accordance with ANC 2014-07 §1111-1 to 1124-61 and §3111-1 to 3111-5. These items consist exclusively of held-for-sale securities.

Financial derivative instruments

LCH.Clearnet limited uses interest rate swaps exclusively to hedge the interest rate exposure arising from its investment activities. In accordance with its investment policy, the company neither holds nor issues derivatives for speculative purposes. So-called hedging swaps are initially recognised off balance sheet at cost for their nominal value according to ANC 2014-07 §2521-1 to 2529-1.

Reserve for general banking risks

As required under regulation CRBF 90.02 of the French Committee for Banking and Financial Regulations, LCH.Clearnet SA has allocated amounts to a 'Reserve for General Banking Risks' to cover general risks inherent to its activity.

Provisions

In accordance with ANC 2014-03, LCH.Clearnet SA recognises a provision as a liability on its balance sheet when it considers that an event creates an obligation in respect of a third party that might lead to the outflow of economic resources to that third party in order to settle the obligation without any corresponding inflow of proportional value.

LCH.Clearnet SA therefore allocates provisions to cover its commercial risks, measures its pension commitments under defined benefit pension plans using the "preferential" method (projected credit unit method), recognising the provisions for the resulting employee benefit commitments as liabilities on its balance sheet.

Provisions for employee benefit commitments have been calculated by an independent actuary based on changes in headcount (turnover, seniority) and are calculated in accordance with the projected credit unit methodology. They comprise commitments for retirement and jubilee award.

In the normal course of business, LCH.Clearnet SA receives legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from LCH.Clearnet SA (and is measurable), a provision is made representing the expected cost of settling such claims.

Share-based compensation

The Company operates share-based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of the grant as an indirect measure of the value of employee services received by the Company and recognised over the relevant vesting period.

The share-based compensation plans are accounted for as equity settled. The Company does record a cost for these transactions, representative of the fact that the Company has received a capital contribution from London Stock Exchange Group Plc which has been spent on share-based compensation, with the corresponding credit recorded in equity. A debit will then also be recorded in equity and an intercompany payable recorded reflecting the Group’s investment.

Non-operating result

The non-operating result includes non-recurring income and expenses before tax which are generated or booked on an exceptional basis and are not derived from the company’s ordinary activities (ANC 2014-07).

1. Operating income

	2015	2014
	€'m	€'m
Cash	29.4	23.6
Futures	*28.6*	*26.2*
Options	*13.4*	*14.4*
Derivatives	42.0	40.6
Fixed Income	22.3	20.3
CDS	24.8	24.8
Market revenues	**118.5**	**109.3**
Membership commission	*5.4*	*5.4*
Other fees charged to Members	*16.8*	*16.5*
Sales of other products and services	22.2	21.9
Revenue sharing arrangement	(27.0)	(23.0)
Other income	8.8	8.0
Operating income	**122.5**	**116.2**

On **cash markets** (equities and bonds), the posted clearing revenue was 25% above 2014 due to an increase in volume of 23.2% and a 1.0% increase in the average fee per posting, the latter being the consequence of a lower blue chips contribution in the global volume.

Euronext contributed 96.3% to the total clearing fees.

On **futures markets** (indices and commodities), revenue (including delivery fees) increased by 9% from 2014 mainly driven by a 10.4% increase in volume of commodities contracts.

On **options markets** (indices and commodities), revenue (including exercises and assignments) decreased by 7% due to a 10% decrease in equity options and a 18.5% decrease in indices.

On **fixed income markets** (government bonds and bond repurchase agreements (repos)) revenue increased by 10% compared to 2014 mainly due to a 4.1% increase in the cleared nominal value and an increase in the average duration of a repos from 2.71 days in 2014 to 2.94 days in 2015. The French debt segment represented 28.9% of the volume, the Italian debt 58.2%, the Spanish debt 12.8% and EuroGC 0.1%.

On the **CDS market**, since January 2014, a fixed annual fee of €2.25 million per clearing member is charged and recognised under membership commission. There have been 11 paying clearing members at the end of 2015 compared to 11 in 2014 and 10 at the end of 2013.

Membership commissions remain at €5.4 million and are split as follows:

- €0.5 million in membership fees related to the French Derivatives market, stable compared to 2014
- €3.4 million in membership fees derived from the Cash Equities markets, compared to €3.5 million in 2014
- €1.5 million in periodic fees (members' codes management), compared to €1.4 million in 2014

Other fees charged to clearing members increased by 2% to €16.8 million consisting mainly of:

- Settlement costs recharged to clearing members: €9.5 million vs. €9.6 million in 2014
- Workstations: €1.1 million, stable compared to in 2014
- Member network: €1.9 million, stable compared to in 2014
- Penalties for:
  - delivery failure: €1.9 million vs. €1.7 million in 2014
  - late netting on commodities market: €1.5 million vs. €0.9 million in 2014
- Other miscellaneous fees: €0.9 million vs. €1.3 million in 2014

Other income increased by €0.8 million to €8.8 million consisting of:

- Costs charged to other entities within the Group: €5.3 million (2014: €4.2 million) mainly made of :
  - €1.6 million (2014: €2.6 million) related to the third data centre used by LCH.CLearnet Limited
  - €0.2 million (2014: €0.5 million) charged to LCH.Clearnet Group and €2.8 million (2014: €0.9 million) charged to LCH.Clearnet Limited and €0.2 million (2014: €0.2 million) to LCH Clearnet Luxembourg
- Costs charged to CDS clearing members for the development of the CDS clearing system: €3.5 million (2014: €3.8 million)

A CDS agreement has been signed in April 2014 and is applicable since 1 January 2014. The related profit sharing recognised in 2015 is €3.0 million.

A revenue share on the listed derivatives segment started from April 2014 based on an agreement signed with Euronext in October 2013. This agreement generated a net retrocession fee to Euronext of €23.9 million compared to €15.7 million in 2014. This increase is mainly due to the fact that the revenue share scheme only started in Q2 2014, whereas in 2015, the revenue share was applied throughout the whole year.

2. General operating expenses

General operating expenses decreased by 4% in 2015.

	2015 **€'m**	2014 €'m
IT expenses	31.8	30.6
Personnel expenses	33.3	35.1
Other general operating expenses	27.0	30.5
Building expenses	4.0	4.4
General operating expenses	**96.1**	**100.6**

2.1. IT expenses

	2015 €'m	2014 €'m
Running costs	29.7	28.8
Development costs	2.1	1.8
IT expenses	**31.8**	**30.6**

IT running costs have increased by €0.9 million. This is mostly due to the royalties paid to the Luxembourg entity for the usage of core business software owned by the Luxembourg entity. Most of these royalties are based on revenues, explaining this increase in costs.

Development costs have increased by €0.3 million mainly due to decrease in IT projects.

2.2. Personnel expenses

Staff cost decreased by €1.8 million in 2015 at €33.3 million mainly resulting from:

- a €0.5 million increase in compensation (salary, bonus, social charges)
- a €0.5 million decrease in staff cost recharged from other Group entities
- a €2.0 million decrease in redundancy cost
- a €0.2 million decrease in staff cost capitalisation
- a €0.3 million increase in temporary staff

2.3. Premises costs

Premises costs have decreased at €4.0 million at year-end 2015 compared to €4.4 million in 2014, as the consequence of the new lease contract for the Paris headquarter.

2.4. Other general operating expenses

	2015 €'m	2014 €'m
Other expenses	24.7	25.8
Management fees	2.3	4.7
Other general operating expenses	**27.0**	**30.5**

Other expenses are made up of a number of various items such as legal fees, bank fees, travelling expenses, contractors and consultants, marketing fees, financial data flows, telecommunication costs, fees paid to the regulators and auditors' fees. The €1.1 million decrease from 2014 is mainly related to:

- an increase by €0.3 million in Markit costs
- an increase by €0.3 million in bank charges
- an increase by €0.4 million in telecommunication costs due a reverse of accrual in 2014
- an increase by €0.1 million in costs paid to regulators due to a new fee paid to the ECB
- a decrease by €0.9 million in consultant costs
- a decrease by €0.9 million in intercompany costs with LCH.Clearnet Limited
- a decrease by €0.2 million in insurance costs
- a decrease by €0.1 million in T&E costs

Year on year, management fees have decreased by €2.4 million.

3. Miscellaneous taxes

Taxes (other than corporate tax) have decreased by €0.4 million at €1.4 million (2014: €1.8 million).

4. Depreciation, amortisation and provisions

	2015 €'m	2014 €'m
Intangible assets depreciation	10.7	9.1
Tangible assets depreciation	1.4	2.0
Impairment	-	-
Depreciation and amortisation	**12.1**	**11.1**
Net (decrease) / increase of other provisions	-	-
Net (decrease) / increase of provisions for employees	-	-
Net (decrease) / increase in provisions	**-**	**-**
Depreciation, amortisation and provisions (net)	**12.1**	**11.1**

Intangible assets amortisation has increased in 2015 at €10.7 million (2014: €9.1 million) due to increase in CDS assets, T2S related assets and CaLM SA assets.

Tangible assets amortisation has decreased in 2015 at €1.4 million (2014: €2.0 million).

5. Net finance income

	2015 €'m	2014 €'m
Realised	*34.3*	*24.5*
Unrealised	*(0.1)*	*0.2*
Revenues from cash collateral	34.2	24.7
Revenues from own cash	(0.2)	0.2
Dividends received	3.4	-
Net finance income	**37.4**	**24.9**

In 2015, the revenue of the cash collateral increased significantly from €24.9 million in 2014 to €37.4 million mainly on cash revenues.

The unrealised revenues decreased by €0.3 million. The cash revenues increased by €12.5 million mainly due to the increase of €2.0 billion of cash portfolio related to initial margin and to the change in Fixed Income activity collateral remuneration from EONIA -17 basis point in 2014 to EONIA – 20.5 basis point in January 2015 and EONIA – 30.0 basis point in May 2015.

The revenue from the Company’s own cash position has decreased at €(0.2) million (2014: €0.2 million).

For the first time, LCH.Clearnet (Luxembourg) S.à.r.l has distributed a dividend, which amounts to €3.4 million.

6. Exceptional items

Exceptional items mainly relate to net synergy plan costs including the social plan (credit of €0.7 million).

7. Profit sharing, headcount

In 2015, the total amount recognised as profit-sharing expenses under payroll costs amount to €1.5 million (2014: €0).

At the end of December 2015, the company headcount (permanent employees) was 178 (2014: 166).

8. Corporate income tax

A multi-lateral transfer pricing agreement signed by representatives of the French, Belgian, and Dutch tax authorities has been in effect since 1 January 2004 and has been renewed on April 2014 until 31 December 2015.

The renewal of this agreement for the next five years has been sent to the tax authorities by 3 July 2015.

This agreement allows the distribution of the earnings that are jointly generated by Banque Centrale de Compensation, which has its registered office in Paris, and by its Dutch and Belgian branches.

LCH.Clearnet SA's Portuguese branch is not considered as a permanent establishment for Portuguese corporate tax purposes, and its assets and operations are therefore assimilated with those of its parent company, a French tax resident. LCH.Clearnet SA therefore records no corporate tax charge payable to the Portuguese tax authorities.

The standard corporate tax rate is 33.33% in France, 25% in the Netherlands and 33% in Belgium.

	2015 **€'m**	2014 €'m
French income tax	11.5	(0.9)
Belgian income tax	0.3	-
Dutch income tax	1.5	0.8
Corporate income tax	**13.3**	**(0.1)**

9. Income statement - regulatory presentation

	2015 **€'m**	2014 €'m
Interest and related income	53.4	41.0
Interest and related expenses	(29.3)	(23.6)
Variable income from securities	3.4	-
Commissions received	10.0	7.5
Commissions paid	(0.0)	(0.0)
Gains, losses on trading securities operations	-	0.1
Gains, losses on held for sale securities operations	(0.1)	-
Other income on banking transactions	113.2	102.9
Other loss on banking transactions	(9.5)	(9.2)
Net banking revenue	**141.2**	**118.6**
Other operating income	9.7	17.9
General operating expenses	(89.9)	(98.1)
Depreciation, amortisation and provisions	(12.1)	(11.1)
Provision write-backs	-	5.0
Gross operating income	**48.8**	**32.3**
Cost of risk	-	-
Operating income	48.8	32.3
Gains or losses fixed assets	-	-
Net operating profit before tax	48.8	32.3
Non operating result	0.7	(10.3)
Corporate income tax	(13.3)	0.1
Provisions and write-backs on general banking risk	-	-
Net income for the year	**36.2**	**22.1**

10. Fixed assets

Cost	2014 €'m	Acquisitions	Project delivery	Disposal	**2015 €'m**
Goodwill	52.7	-	-	-	52.7
Software	90.1	-	8.1	(0.2)	98.0
Intangible work in progress	3.2	15.2	(8.1)	(0.1)	10.2
Intangible fixed assets	**146.0**	**15.2**	**-**	**(0.3)**	**160.9**
Other tangible fixed assets	10.1	0.2	-	(0.5)	9.8
Tangible fixed assets in progress	-	-	-	-	-
Tangible fixed assets	**10.1**	**0.2**	**-**	**(0.5)**	**9.8**
Gross book value	**156.1**	**15.4**	**-**	**(0.8)**	**170.7**

Accumulated amortisation	2014 €'m	Allowances	Reversals	Impairment	**2015 €'m**
Goodwill	43.7	-	-	-	43.7
Software	59.7	10.7	(0.1)	-	70.3
Other intangible fixed assets	-	-	-	-	-
Intangible fixed assets	**103.4**	**10.7**	**(0.1)**	**-**	**114.0**
Tangible fixed assets	7.3	1.4	(0.3)	-	8.4
Tangible fixed assets	**7.3**	**1.4**	**(0.3)**	**-**	**8.4**
Amortisation	**110.7**	**12.1**	**(0.4)**	**-**	**122.4**
Net book value	**45.4**				**48.3**

Fixed asset items include both depreciable assets and fixed assets in progress. The latter items include software under development and various tangible assets that have not yet entered service. Once these assets come into use, they start to be depreciated or amortised in accordance with the principles described in section II – accounting principles and valuation methods / fixed assets, amortisation and depreciation.

Intangible assets have increased mainly due to the development of CDS programs and Target 2 securities.

Impairment testing of intangible assets

The Company carries out annual impairment testing on goodwill and intangible assets in December of each year, or more often if circumstances show that impairment may be likely.

Goodwill is carried in relation to the acquisition of branches in Amsterdam, Brussels and Porto. The recoverable amount associated with these branches is determined based on value in use calculations.

For intangible assets, impairment is assessed by reviewing the carrying value of the asset against its recoverable amount, which is determined by value in use calculations for the relevant cash generating unit using discounted cash flow projections.

The key assumptions used in the valuations relate to cash flow projections derived from financial forecasts prepared by management covering a five year period based on an analysis of the likely development of each business line.

The following rates are then applied to these cash flow projections:

- cash flows beyond the five year period (applicable to goodwill only) are extrapolated using an estimated long term growth rate of 2.0% (2014: 2.0%)
- cash flows are discounted using the Group's pre-tax weighted average costs of capital discount rate of 10.5% (2014: 10.1%)

All treasury and other revenues have been allocated to the branches in the same proportion as the clearing fees.

Impairment on other intangible assets has been assessed by reviewing the carrying value of the asset against its recoverable amount, which has been determined by value-in-use calculations for the relevant cash generating unit using cash flow projections.

The 2.0% growth rate is consistent to that used in last year's calculation and reasonable when compared to the OECD economic outlook as at 31 December 2015.

Further cash flows have been discounted to present value.

11. Investments in subsidiaries and affiliates (net of impairment)

LCH.Clearnet SA has ownership in LCH.Clearnet (Luxembourg) S.à.r.l, representing 49% of its equity. This Company's main activity consists in the holding and management of an intellectual property assets portfolio jointly available for use by LCH.Clearnet SA and LCH.Clearnet Limited.

Name - address	Share capital	Capital owned	Gross value of shares owned	Net value of shares owned	Loans and cash advance granted to the company and not yet refunded	2015 Income	**2015 result €'m**
	€'m		€'m	€'m	€'m	€'m	€'m
LCH Clearnet Luxembourg 52 rue Charles Martel L-2134 Luxembourg	39.8	49%	19.5	19.5	-	21.7	8.6

At 31 December 2015, LCH.Clearnet SA owned a €300,470 equity interest in the company SWIFT (2014: €422,780).

This interest arose from the systematic attribution of SWIFT shares to LCH.Clearnet SA based on the volume of messages transmitted by LCH.Clearnet to its clearing members via the SWIFT system.

At 31 December 2015, LCH.Clearnet SA owned a stake in the company OSEO (less than 1% of its equity) valued in the company's books at €3,243.

12. Held for sale securities

The securities held for the purpose of cash management at 31 December 2015 consisted mainly of treasury bills (87%) and government backed debt securities (13%).

	2015 €'m		2014 €'m	
Investment securities and related receivables	-	0%	-	0%
Securities available for sale and related receivables	3,576.6	100%	3,087.2	100%
Securities placed on repos	-	0%	-	0%
Investment securities, held for sale securities	**3,576.6**		**3,087.2**	

	2015 €'m		2014 €'m	
Less than 1 month	135.0	4%	310.0	10%
Greater than 1 month and less than 3 months	510.7	14%	1,046.1	34%
Greater than 3 months and less than 6 months	1,690.9	47%	945.0	31%
Greater than 6 months	1,240.0	35%	786.1	25%
Investment securities, held for sale securities	**3,576.6**		**3,087.2**	

The fair value of securities held for sale as of 31 December 2015 is €3,576.2 million (2014: €3,086.8 million).

13. Trade receivables

	Gross	**Depreciation**	**Net 2015**	Net 2014
	€'m	€'m	€'m	€'m
Clients	11.2	-	11.2	11.2
Doubtful accounts	-	-	-	-
Trade receivables	**11.2**	**-**	**11.2**	**11.2**

The company's client receivables essentially consist of clearing fees debited from clearing members' accounts on the 10th working day of the month following the transaction.

As of 31 December 2015, there were no doubtful accounts.

14. Other receivables (excluding clearing house, treasury and portfolio accounts)

	2015	2014
	€'m	€'m
Income tax	1.6	14.0
Personnel	0.2	0.6
Miscellaneous	1.3	0.2
Other receivables	**3.1**	**14.8**

15. Clearing house accounts (assets)

	2015	2014
	€'m	€'m
Funds receivable from clearing house members	701.6	141.5
Executed trades not yet settled and other (assets)	167.2	27.0
Margins and premiums receivable from clearing house members	54.6	46.0
Repo receivables	277,036.2	246,066.9
Guarantee deposit paid to CC&G	3,678.2	1,744.5
Clearing house accounts (assets)	**281,637.8**	**248,025.9**

In order to guarantee the integrity of the operations it processes, LCH.Clearnet SA requires clearing members to make deposits of collateral known as margin calls. The nature of the eligible margin calls, as well as the conditions governing the calls and deposit of these calls are determined by LCH.Clearnet SA.

Initial margin may consist of cash, securities or bank guarantees, it being expressly stipulated by LCH.Clearnet SA that these are the only eligible instruments.

Cash deposits appear as liabilities on the balance sheet, while initial margin is recognised off-balance sheet in the form of bank guarantees and securities. Collateral deposits are adjusted daily, giving rise either to a call for additional margin, recorded as an asset under funds receivable from clearing house members, or to a refund, recorded as a liability under funds payable to clearing house members.

Margins to be received or paid are calculated and called daily based on each clearing member's position. The margin receivable from or payable to each clearing member corresponds to the difference between the daily settlement value of the clearing member’s position compared with that of the previous day.

Positive variation margins that may be recovered by clearing members are recognised as a liability. Negative variation margins represent amounts receivable by the clearing house and are therefore recorded as an asset under margins receivable from clearing house members.

In addition to margin deposits, clearing house members may be called upon to pay or receive premiums on a daily basis. Premiums correspond to the traded price paid by option buyers to option writers. At the end of each trading day, premiums payable and receivable consist in the net difference between each clearing member's long and short trades.

Payable premiums are recorded as liabilities and receivable premiums are recorded as assets.

Repo transactions on the OTC market are presented on a non-offset basis. The amount on the asset side represents the loans for which securities were received; the amount on the liabilities side represents the loans for which securities were delivered under repos. Commitments made by the clearing house to clearing members using repos are recorded off-balance sheet, as well as commitments received.

LCH.Clearnet SA pays a daily collateral deposit to *Cassa di Compensazione & Garanzia* (CC&G), the Italian clearing house and fellow subsidiary of London Stock Exchange Group plc, to cover positions taken by its clearing members whose counterparties clear through CC&G. Similarly, LCH.Clearnet SA receives collateral deposits from CC&G to cover positions taken by CC&G clearing members trading with LCH.Clearnet SA clearing members.

16. Treasury and portfolio accounts

	2015 **€'m**	2014 €'m
Banque de France	9,964.6	1,169.0
Cash on hand and current accounts	5.7	4.3
Secured and unsecured loans	578.8	3,498.1
Overnight loans and repos	-	844.5
Treasury and portfolio accounts	**10,549.1**	**5,515.9**

LCH.Clearnet SA operates directly on the money market, investing the cash arising from its operating cash flow and from the cash collateral received from its clearing members. As of 31 December 2015, a portion of this cash was invested in term repos (€578.8 million) with very short maturities detailed below (the remainder of the company's cash being invested in securities as detailed in note 12 to the accounts):

	Less than 1 month **€'m**	**Greater than 1 month and less than 3 months** **€'m**	**Greater than 3 moths and less than 6 months** **€'m**	**6 months until 12 months** **€'m**	**Total** **€'m**
Banque de France	9,964.6	-	-	-	**9,964.6**
Cash on hand and current accounts	5.7	-	-	-	**5.7**
Secured and unsecured loans	463.9	114.9	-	-	**578.8**
Overnight loans and repos	-	-	-	-	**-**
Treasury and portfolio accounts	**10,434.2**	**114.9**	**-**	**-**	**10,549.1**

Out of the total treasury accounts of €10,549.1 million (2014: €5,515.9 million), €267.2 million is own cash (2014: €233.0 million). €50.48 million of this amount (2014: €43.1 million) is restricted as the Company's own resources to be used in the default waterfall.

17. Accruals (assets)

This account is related to prepaid expenses for €0.8 million (2014: €1.4 million). Margin on interest rate swap is nil in 2015 (2014: nil) as there is no remaining outstanding swap.

18. Shareholder's equity

At the end of 2015, shareholder's equity consisted of the following elements:

	2015	2014
	€'m	€'m
Share capital	113.1	113.1
Capital premium	0.7	0.7
Legal reserve	11.3	11.3
Other reserves	32.6	32.6
Retained earnings	99.2	88.1
Reserve for general banking risk	0.3	0.3
	257.2	**246.1**
Net profit	36.2	22.1
Revenues to be allocated	-	-
Interim dividend	-	-
Shareholder's equity*	**293.4**	**268.2**

*including general banking risk reserve

The change in the shareholder's equity during 2015 may be summarised as follows:

	€'m
Shareholder's equity at 31 December 2014	**268.2**
Dividends	(11.0)
Net profit of the year	36.2
Revenues to be allocated	-
Shareholder's equity at 31 December 2015	**293.4**

19. Provisions

	2015	2014	Change	Addition	Reversals
	€'m	€'m	€'m	€'m	€'m
Employee benefit provisions					
Compensation for retirement	3.7	4.1	(0.4)	-	(0.3)
Jubilee award	1.1	1.3	(0.2)	-	(0.2)
	4.8	5.4	(0.6)	-	(0.5)
Other operating provisions					
Provision for operating risks	-	-	-	-	-
Non operating provisions					
Provision for restructuring	0.4	2.0	(1.6)	-	(1.6)
Provisions	**5.2**	7.4	(2.2)	-	(2.1)

Employee benefit provisions are €4.8 million (2014: €5.4 million); this is calculated on the basis of the following assumptions: an inflation rate of 2%, an interest rate at 2% and a 2.5% increase in salaries.

The provision for restructuring of €0.4 million is related to the remaining expected cost of the restructuring plan initiated in 2013, following the revised clearing agreement signed with NYSE Euronext in December 2013.

20. Trade notes and accounts payable (suppliers)

€'m	**2015**	2014
Trade payables	3.0	2.9
Supplier accruals	5.9	5.6
Trade notes and account payable (suppliers)	**8.9**	**8.5**

At the end of 2015, payables to suppliers amount to €8.9 million (2014: €8.5 million). The main amounts include Euronext with €1.9 million (2014: €2.6 million), Atos with €0.8 million (2014: €0.9 million) and Sopra with €0.5 million (2014: €0.1 million); and are respectively related to business fees, information technology services. All trade payables as of 31 December 2014 and 2015 had a maturity of less than one month.

21. Personnel, tax and social security payables

	2015	2014
	€'m	€'m
Personnel payables and related costs	20.4	19.3
Taxes payable	9.7	1.1
Personnel, tax and social security payables	**30.1**	**20.4**

Accrued taxes and personnel costs mainly consist of the following provisions:

- Paid holidays: €10.5 million (2014: €9.8 million)
- Employees' profit sharing schemes: €1.7 million (2014: nil)
- Bonuses: €5.5 million (2014: €5.2 million)
- National Insurance payables: €2.7 million (2014: €4.3 million)

The accrued taxes payable is made of:

- Corporate tax payable: €8.5 million (2014: nil)
- VAT: €0.7 million (2014: €0.6 million)
- "Organic" tax: €0.3 million (2014: €0.5 million)
- Other taxes: €0.2 million (2014: nil)

22. Other payables (excluding clearing house, treasury and portfolio accounts)

	2015 €'m	2014 €'m
Other liabilities	23.8	25.7
Other payables	**23.8**	**25.7**

23. Clearing house accounts (liabilities)

These accounts described in note 15, are broken down as follows:

	2015 €'m	2014 €'m
Funds payable to clearing house members	2,129.2	434.6
Clearing house members guarantee deposits	16,099.5	9,727.7
Trades executed but not yet settled and other	163.5	117.9
Margins payable to clearing house members	54.6	46.0
Repos payable	277,036.1	246,066.9
Clearing house accounts (liabilities)	**295,482.9**	**256,393.1**

24. Treasury accounts

	2015 €'m	2014 €'m
Bank overdraft	2.6	0.2
Secured borrowings	-	-
Accrued interest on secured borrowings	-	-
Short term debts with financial institutions	**2.6**	**0.2**

Overnight loan facilities may be contracted to avoid overdrafts in Central Bank accounts when operations remain unsettled in the end-of-day cycles of settlement/delivery.

25. Accruals (liabilities)

Accruals in liabilities amount to €2.3 million are mainly related to €1.9 million rent free period and €0.4 million prepaid interest on securities held for sale.

26. Clearing house commitments

	2015	2014
	€'m	€'m
Securities received as collateral	9,766.8	10,413.9
First-demand guarantees received from banks	44.0	41.5
Guarantees received from DNB	844.1	908.1
Guarantees received from BNB	500.1	495.7
Guarantees received	**11,155.0**	**11,859.2**
Guarantees given to Banque de France	2,239.2	2,613.1
Guarantees given	**2,239.2**	**2,613.1**
Securities receivable	188,817.1	168,515.9
CDSClear receivable	74,821.2	111,324.6
Commitments received	**263,638.3**	**279,840.5**
Securities deliverable	188,760.8	168,516.3
CDSClear deliverable	74,821.2	111,324.6
Commitments given	**263,582.0**	**279,840.9**

27. Comparison of total cover required and collateral actually deposited

At 31 December 2015, the margin cover requirement broke down as follows:

	2015	2014
	€'m	€'m
Margining requirements	21,824.5	16,370.7
Clearing funds	2,312.3	2,717.3
Total	**24,136.8**	**19,088.0**
Cash deposits	14,922.4	10,121.1
Other	9,906.9	11,092.0
Total	**24,829.3**	**21,213.1**

28. Commitments on financial derivative instruments

LCH.Clearnet SA does not deal with interest rate swaps anymore, such as it could be the case the previous years.

29. Balance sheet and off-balance sheet – regulatory presentation

	2015	2014
	€'m	€'m
Assets		
Petty cash, central banks, bank accounts	9,964.6	1,169.0
Receivables from financial institutions	584.4	4,342.4
Bonds and other fixed income securities	3,565.9	3,084.0
Participations	19.8	19.9
Fixed assets	48.3	45.4
Intangible assets	*46.7*	*42.7*
Tangible assets	*1.6*	*2.6*
Other assets	281,642.5	248,057.7
Prepayment and other accrued income	24.3	5.5
Total assets	**295,849.8**	**256,723.9**
Liabilities		
Debts with financial institutions	63.0	96.9
Payables to customer	11.1	11.1
Other liabilities	295,470.5	256,324.7
Accrued liabilities	6.6	15.6
Provisions	5.2	7.3
Reserve for general banking risk	0.3	0.3
Shareholders' equity	293.1	267.9
Share capital	*113.1*	*113.1*
Reserves	*44.6*	*44.6*
Retained earnings	*99.2*	*88.1*
Net profit	*36.2*	*22.1*
Total liabilities	**295,849.8**	**256,723.9**
Off balance sheet		
Commitment given		
Guarantee commitments	*77,060.4*	*123,183.8*
Commitments on securities	*188,760.8*	*168,516.3*
Commitments received		
Guarantee commitments	*85,976.2*	*116,937.7*
Commitments on securities	*188,817.1*	*168,515.9*

30. Consolidating company

London Stock Exchange Group plc (LSEG) is the ultimate parent company of the Group, with a total shareholding of 57.78% and is the largest Group that prepares consolidated accounts. The immediate parent company is LCH.Clearnet Group Limited which is the head of the smallest group that prepares consolidated accounts.

€'m	2015	2014
Transactions with parent companies		
Income statement		
Services recharges to parent companies	(0.6)	(0.5)
Services recharges from parent companies	3.4	6.0
Total	2.8	5.5
Statement of financial position		
Amount due to parent companies as of 31 December	(0.7)	(1.0)
Transactions with fellow companies		
Income statement		
Services recharges to fellow subsidiaries	(0.2)	-
Project recharge income with other fellow companies	(3.7)	(2.9)
Project recharge cost from other fellow companies	14.5	4.2
Services recharged to other fellow companies	(1.1)	(0.9)
Services recharged from fellow subsidiaries	9.7	15.2
Total	19.2	15.7
Statement of financial position		
Amount due to fellow companies as of 31 December	(10.1)	(6.2)

31. Directors' fees

Directors' fees paid by the company in 2015 amounted to €107,506. This amount excludes the CEO's compensation.

32. Management report

The management report is available to the public at LCH.Clearnet SA headquarters, 18 rue du Quatre Septembre 75002 Paris, France.