REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2015

BNP PARIBAS

The bank for a changing world

BNP PARIBAS

2015 Registration document and annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS AMF

Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law. The original document was filed with the AMF (French Securities Regulator) on 9 March 2016, in accordance with article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF.

This document includes all elements of the annual financial report specified by section I of article L.451-1-2 of the *Code monétaire et financier* and article 222-3 of the AMF's General Regulations. A table allowing cross-referencing between the documents specified in article 222-3 of the AMF's General Regulation and the corresponding sections of this Registration document is provided on page 531.

The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken, to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

1 PRESENTATION OF THE BNP PARIBAS GROUP

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1.1 Group presentation

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It operates in 75 countries and has more than 189,000 employees, including close to 147,000 in Europe. BNP Paribas holds key positions in its two main businesses:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities including Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - Europe-Mediterranean,
    - BancWest,
    - Personal Finance,
    - Insurance,
    - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Corporate Banking,
  - Global Markets,
  - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

1.2 Key figures

RESULTS

	2011	2012	2013	2014(****)	2015
Revenues *(in millions of euros)*	42,384	39,072	38,409	39,168	42,938
Gross operating income *(in millions of euros)*	16,268	12,529	12,441	12,644	13,684
Net income Group share *(in millions of euros)*	6,050	6,564	4,818	157	6,694
Earnings per share *(in euros)*(*)	4.82	5.17	3.68	4.70(**)	5.14
Return on equity(***)	8.8%	8.9%	6.1%	7.7%(**)	8.3%

(*) Based on net income Group share adjusted for interest on Undated Super Subordinated Notes deemed equivalent to preferred shares issued by BNP Paribas SA and treated as a dividend for accounting purposes.

(**) Excluding the costs related to the comprehensive settlement with the US authorities. Excluding this effect, net earnings per share came to EUR -0.07 and return on equity stood at -0.1%.

(***) Return on equity is calculated by dividing net income Group share (adjusted for interest on Undated Super Subordinated Notes deemed equivalent to preferred shares issued by BNP Paribas SA and treated as a dividend for accounting purposes) by average equity attributable to equity holders at 1 January and 31 December of the period concerned (after distribution and excluding Undated Super Subordinated Notes deemed equivalent to preferred shares issued by BNP Paribas SA).

(****) Figures restated following the application of IFRIC 21 interpretation.

MARKET CAPITALISATION

	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Market capitalisation *(in billions of euros)*	57.1	36.7	53.4	70.5	61.4	65.1

Source: Bloomberg.

LONG-TERM AND SHORT-TERM RATINGS

	Long-term and short-term ratings as at 6 March 2015	Long-term and short-term ratings as at 9 March 2016	Outlook	Date of last review
Standard & Poor's	A+/A-1	A+/A-1	CreditWatch Negative	2 December 2015
Fitch	A+/F1	A+/F1	Stable	8 December 2015
Moody's	A1/Prime-1	A1/Prime-1	Stable	28 May 2015
DBRS	AA (unsolicited)	AA (low)/R-1	Stable	29 September 2015

Moody's upgraded its long-term credit rating for BNP Paribas from negative to stable on 28 May 2015, on completion of its review of 13 global investment banks.

DBRS was selected by BNP Paribas in 2015 to rate its debt issuances. Since 29 September 2015, the rating has been AA (low), outlook stable following the removal of government support for European banks.

On 2 December 2015, Standard & Poor's placed A+ long-term rating of BNP Paribas on CreditWatch with negative implications.

Finally, on 8 December 2015, as part of its review of French banks, Fitch confirmed its long-term rating outlook for BNP Paribas as stable.

1.3 History

1966: Creation of BNP

The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.

1968: Creation of Compagnie Financière de Paris et des Pays-Bas

1982: Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas at the time of the nationalisation of all French banks

In the 1980s, deregulation of the banking sector and the growing tendency of borrowers to raise funds directly on the financial market transformed the banking business in France and worldwide.

1987: Privatisation of Compagnie Financière de Paribas

With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.

1993: Privatisation of BNP

BNP's return to the private sector represented a new start. The 1990s were marked by a change in the level of profitability of the Bank, which had the highest return on equity of any major French institution in 1998. This period was marked by the launch of new banking products and services, the development of activities on the financial markets, expansion in France and at the international level, and preparation for the advent of the euro.

1998: Creation of Paribas

On 12 May 1998, the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire was approved.

1999: A momentous year for the Group

Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. It gave rise to a new Group with tremendous prospects. At a time of economic globalisation, the merger created a leading player in the European banking sector.

2000: Creation of BNP Paribas

BNP and Paribas merged on 23 May 2000.

The new Group derived its strength from the two major financial and banking lines from which it descends. It has two goals: to create value for shareholders, clients and employees by building the bank of the future, and to become a leading global player.

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2006: Acquisition of BNL in Italy

BNP Paribas acquired BNL, Italy's 6th-largest bank. This acquisition transformed BNP Paribas, providing it with access to a second domestic market in Europe. In both Italy and France, all of the Group's businesses can now develop their activities by leveraging a nationwide banking network.

2009: Merger with the Fortis group

BNP Paribas took control of Fortis Bank and BGL (Banque Générale du Luxembourg), thereby creating a European leader in retail banking, with four domestic markets.

1.4 Presentation of activities and business lines

RETAIL BANKING & SERVICES

Retail Banking & Services includes retail banking networks and specialised financial services in France and abroad. It is divided into Domestic Markets and International Financial Services. Established in 60 countries and employing more than 150,000 people, Retail Banking & Services accounts for 72% of the 2015 revenue generated by BNP Paribas' operating divisions.

DOMESTIC MARKETS

Domestic Markets includes BNP Paribas' Retail Banking networks in France (FRB), Italy (BNL bc), Belgium (BRB, operating under the BNP Paribas Fortis brand) and Luxembourg (LRB, operating under the BGL BNP Paribas brand), as well as three specialised business lines: Arval (corporate vehicle leasing with services included), BNP Paribas Leasing Solutions (rental and financing solutions) and BNP Paribas Personal Investors (online savings and brokerage).

Cash Management and Factoring round out the services provided to corporate clients under the One Bank for Corporates in Europe and Beyond concept, in synergy with CIB's Corporate Banking. Wealth Management develops its Private Banking model in the domestic markets.

Retail Development and Innovation (RD&I), a cross-cutting team for the Group's retail banking activities, aims to promote a sustainable and competitive transformation contributing to the performance of BNP Paribas' retail activities. Stimulating innovation, it promotes and builds new shared business solutions and develops cross-cutting domains and platforms that promote pooling and industrialisation.

Launched in 2013 and designed for use on smartphones and tablets, Hello bank! is the Group's digital bank in France, Italy, Belgium, Germany and Austria. At year-end 2015, Hello bank! had almost 2.4 million customers.

Domestic Markets operates in 27 countries, employs 68,000 people, of which 58,000 working in the four domestic networks. It serves more than 16 million customers, including close to 1 million professionals, small businesses and corporates.

Through Domestic Markets, BNP Paribas is the leading private bank in France[(1)], no. 1 in cash management[(2)] in Europe and no. 2 in Europe for professional equipment leasing and financing[(3)].

FRENCH RETAIL BANKING (FRB)

French Retail Banking (FRB) employs 28,700 people, who work to support their customers with their plans and projects. They offer a wide range of products and services to 7 million individual customers, 568,000 professionals and VSEs, 30,600[(4)] corporates (SMEs, mid-sized and large corporates) and 71,700[(4)] associations, ranging from simple current accounts to cutting edge structures for corporate financing and asset management.

To become the new reference in customer relations in French banking, FRB invests continuously in its extensive omni-channel organisation to align it with changing customer behaviour and the development of digital.

The network of branches and centres are designed to offer all customers the right facilities for their needs:

- for individual and professional customers, 2,009 branches and 5,823 ATMs operating under the BNP Paribas and BNP Paribas – Banque de Bretagne brands;
- for private banking customers, 213 private banking centres and 8 wealth management offices, making BNP Paribas the leading private bank in France[(1)];
- for corporate clients and small businesses, a unique system organised by region:
  - 16 general business centres dedicated to corporate clients,

(1) Source: Euromoney 2016.

(2) Source: Greenwich 2015.

(3) Including lease financing and leasing with services, cumulating BNP Paribas Leasing Solutions and Arval, source: 2014 Leaseurope ranking.

(4) Expressed as business groups as part of the Modernisation of the Economy Act.

- 51 SME centres to help small businesses and SMEs to manage their wealth planning and company life-cycle,
- 12 innovation hubs to support innovative SMEs by providing solutions tailored to their specific needs;

- in addition, a specific structure was introduced in the Paris region in 2015, in support of corporate and small business clients:
  - 6 general business centres, and 3 specialised business centres offering customised services in line with the specific needs of corporate clients, as well as 5 skills centres to address corporate sector challenges,
  - 13 business and advice centres dedicated to SMEs and their managers,
  - 21 business resource centres focusing on forging closer links with VSEs,
  - 3 innovation hubs,
  - 2 "We Are Innovation" (WAI) sites in Paris and Massy-Saclay, to connect start-ups and promote the growth of mid-size corporates;
- specialised subsidiaries, including BNP Paribas Factor, a European leader in factoring, "Best Import-Export Factor 2015" (for the second year in a row)[1], which offers client/supplier management solutions, as well as BNP Paribas Développement, a private equity provider, and Protection 24, a remote surveillance firm;
- customer support centres such as a business assistance service – *Service Assistance Entreprise* (SAE) and a Cash Customer Service (CCS);
- lastly, 51 production and sales support branches, back offices that handle all transaction processing operations.

FRB also provides its clients with a full online relationship capability, based on:

- the mabanque.bnpparibas website and the mobile app "Mes Comptes", offering services used by in excess of 2.7 million unique customers per month, of which 1.7 million on smartphones and tablets;
- three customer relationship centres in Paris, Lille and Orléans, which handle requests received by e-mail, phone, chat or secure messaging, and two specialist contact centres, Net Crédit and Net Épargne;
- BNP Paribas' online branch, which offers the full range of BNP Paribas products and services, with a dedicated advisor for individual support; and
- Hello bank!, the Group's all online bank.

BNL BANCA COMMERCIALE

BNL bc is Italy's 6th-largest bank in terms of total assets and customer loans[2]. It provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified customer base consisting of:

- roughly 2.6 million[3] individual customers, including 93,000 Hello bank! customers;
- 130,000[3] small business customers;
- approximately 19,000[3] medium and large corporates;
- 13,500[3] local authorities and non-profit organisations.

BNL bc has a strong position in lending, especially residential mortgages (market share of around 7.0%[4]), and holds a deposit base (3.6%[4] of household current accounts) that far exceeds its network presence (2.8%[4]. in terms of branch numbers).

BNL bc is also well established in the markets for corporates (market share of around 3.7%[4] in terms of loans) and local authorities, with recognised expertise in cash management, cross-border payments, project finance, structured finance and factoring via its specialist subsidiary Ifitalia (ranked no. 3 in Italy[5]).

BNL bc optimises its omni-channel retail system, organised by region (direzioni territoriali), with one structure for retail and private banking, and a separate structure for corporate banking:

- 812 branches, of which a growing number of Open BNL omni-channel branches (approximately 120 branches) serving customers 24/7;
- 42 private banking centres;
- 50 small business centres;
- 20 branches dealing with SMEs, large corporates, local authorities and public sector organisations;
- 4 trade centres in Italy for its customers' cross-border activities;
- 5 Italian desks to assist Italian companies abroad and multinational companies with direct investments in Italy.

In addition, the offer is completed by 1,906 ATMs, approximately 54,504 point-of-sale terminals, a new network of approximately 220 financial advisers (called Life Bankers) and the Hello bank! digital network.

(1) Source: Grand Prix Factors Chain International.

(2) Source: annual and interim reports of BNL and its peers.

(3) Active clients.

(4) Source: Bank of Italy.

(5) Source: Assifact, ranked by revenues.

BELGIAN RETAIL BANKING (BRB)

Retail & Private Banking (RPB)

BNP Paribas Fortis is no. 1 in individual banking in Belgium and shares first place with another bank for the corporate and small business sector, with 3.6 million customers and high-ranking positions in most banking products[(1)]. RPB helps to finance the economy through several networks integrated into an omni-channel retail strategy:

- the commercial network comprises 789 branches (of which 223 are independent). In addition, there are 298 Fintro[(2)] franchises and 664 retail outlets in partnership with Bpost Bank. Its 789 branches are organised as 160 branch groups reporting to 29 head offices;
- RPB's digital platform manages a network of 3,819 ATMs, online banking services, Easy banking and mobile banking (1.25 million users);
- a customer contact centre is also available 83 hours a week, handling up to 60,000 calls per week.

The offer is completed by the Hello bank! digital bank.

RPB is also a major player in the Belgian private banking market. Its services are aimed at individual customers with assets of more than EUR 250,000. Wealth Management caters to clients with assets of more than EUR 5 million. Private Banking customers are served via 34 Private Banking centres, 1 Private Banking Centre by James[(3)] and 2 Wealth Management centres.

Corporate & Public Bank Belgium (CPBB)

CPBB offers a comprehensive range of financial services to corporates, public entities and local authorities. With more than 600 corporate clients and more than 7,000 midcap clients, it is the market leader[(4)] in both categories and a challenger in public and non-profit banking with 570 clients. CPBB keeps very close to the market through its team of more than 35 corporate bankers and more than 170 relationship managers operating out of 16 business centres, supported by specialists in specific areas.

LUXEMBOURG RETAIL BANKING (LRB)

BGL BNP Paribas, through LRB, provides a broad range of financial products and services to individual, small business and corporate clients through a network of 41 branches and its departments dedicated to corporate clients. BGL BNP Paribas is the leading bank for corporate clients with a 29%[(5)] market share, and the second largest bank in the Grand Duchy of Luxembourg for individual customers with a 16%[(6)] share of the market.

BGL BNP Paribas' private banking teams provide tailored, integrated wealth management and planning solutions. They are offered mainly as a complement to day-to-day banking services in the five private banking sites backed by the branch network.

Since 2014, BGL BNP Paribas Direct has housed online banking activities, with NetAgence for current operations and Personal Investors for online advice.

ARVAL

Arval is a subsidiary of BNP Paribas specialising in full service multi-brand vehicle leasing. Arval offers companies (small businesses, SMEs, and large multinationals) tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Expert advice and service quality are delivered by Arval's employees. At end-December 2015, following the acquisition of the European activities of GE Capital Fleet Services, Arval employs 5,600 people in 27 countries and has a total leased fleet of 949,000 vehicles. Arval is Europe's no. 1 full service leasing player[(7)] and market leader in multi-brand leasing in France[(8)], Italy[(8)] and Belgium[(8)]. The alliance between Element Financial Corporation and Arval, together with local partnerships, allows it to respond to the needs of international customers throughout the world. The Element-Arval Global Alliance is the world leader in the long-term lease sector, with 3 million vehicles in nearly 50 countries.

BNP PARIBAS LEASING SOLUTIONS

BNP Paribas Leasing Solutions uses a multi-channel approach (partnerships, sales via referrals, direct sales and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from professional equipment financing to fleet outsourcing.

With 2,900 employees and operating capabilities in 22 countries, BNP Paribas Leasing Solutions is organised by market specialities, with dedicated sales teams, to offer the best possible quality of customer service:

- Equipment & Logistics Solutions for professional rolling equipment: farming machinery, construction and public works equipment, light commercial and industrial vehicles;
- Technology Solutions for office software, IT, telecom and specialised technologies;
- Bank Leasing Services, offering leasing products and services to customers of BNP Paribas banking entities.

(1) Source: Benchmarking Monitor September 2015 and Strategic Monitor Professionals 2015.

(2) In December 2015, Fintro had 298 branches, 1,072 employees, EUR 10.13 billion in assets under management (excluding insurance) and 289,257 active customers.

(3) Private Banking centre providing remote service through digital channels.

(4) Source: TNS survey, 2015.

(5) Source: biennial ILRES Corporates survey – 2014.

(6) Source: annual ILRES Individuals survey – 2015.

(7) Ranking in terms of leased fleet on the basis of financial data released by peers.

(8) Source: SNLVD September 2015 for France; FISE Aniasa 3Q14 for Italy; Association Renta 3Q15 for Belgium.

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BNP Paribas Leasing Solutions is, together with Arval, no. 2 for professional equipment financing in Europe[1]. BNP Paribas Leasing Solutions arranged over 297,000 financing deals in 2015. Its total outstandings under management amount to EUR 18.8 billion[2].

BNP PARIBAS PERSONAL INVESTORS

BNP Paribas Personal Investors is a digital business line that provides retail customers with digital access to a broad range of retail banking, savings and investment products, and with financial advice over the phone. Operating primarily in Germany (Consorsbank! and DAB Bank), France (Cortal Consors, with transfer of activity to FRB and Wealth Management in 2016, *see below*), Austria (Hello bank!) and Spain (Personal Investors), Personal Investors also offers current accounts, payments services, loans, insurances and digital added value services to 2.3 million customers via the internet, on mobile applications, on the phone and face-to-face via branches and independent advisors.

- In Germany, the integration of Consorsbank! and DAB Bank, of which 100% of the shares were obtained in July 2015, is successfully proceeding. After the legal merger, at the end of 2015, DAB Bank is part of BNP Paribas Germany branch. Together Consorsbank! and DAB Bank make BNP Paribas Germany's fifth largest digital bank in Germany[3] with 1.6 million customers, and the leading online broker with 11 million trades executed. At the end of December 2015, the combined cash deposits of Consorsbank! and DAB Bank totalled EUR 19.2 billion and assets under management amounted to EUR 69.3 billion;
- In Austria, the subsidiary which was acquired together with DAB Bank was successfully rebranded into Hello bank!. In Austria, Hello bank! serves 77,000 clients with assets under management of EUR 4.7 billion;
- In India, BNP Paribas Personal Investors reinforced its position with the take-over bid of Sharekhan, the no. 1 independent online broker in India. The closing of the deal is expected in 2016;
- In France, Cortal Consors' 123,000 clients were transferred to the French Retail Banking network at the end of the year. Together with this transfer of clients, the investment and stock exchange know-how of Cortal Consors teams are now deployed in Hello bank! and in BNP Paribas' French Retail Banking network. In the first quarter of 2016, the most active investors of Cortal Consors France will be transferred to B*Capital.

INTERNATIONAL FINANCIAL SERVICES

International Financial Services comprises the following activities serving a broad range of individual, private, small business and institutional customers:

- **International Retail Banking,** which combines retail banking activities in 15 countries outside the euro zone, where it deploys BNP Paribas' integrated Retail Banking model to serve individuals, SMEs, small businesses, and corporates;
- **Personal Finance,** offering credit solutions to individuals in around 30 countries through well-known brands such as Cetelem, Cofinoga or Findomestic;
- **BNP Paribas Cardif,** providing savings and protection solutions in 36 countries to insure people, their projects and assets;
- **3 leading specialist businesses in Wealth and Asset Management**
  - BNP Paribas Wealth Management: global benchmark in private banking with 6,600 staff, an international presence notably in Europe and in Asia, EUR 327 billion in assets under management;
  - BNP Paribas Investment Partners: 2,400 staff, 35 countries, EUR 390 billion in assets under management;
  - BNP Paribas Real Estate: number one provider of real estate services to corporates in Continental Europe[4]: 3,300 staff, 37 countries, EUR 22 billion in assets under management.

International Financial Services employs more than 80,000 people in more than 60 countries and enjoys strong positions in the Asia-Pacific region and the Americas, which are key development regions for the Group, where it offers BNP Paribas' products and services to customers.

INTERNATIONAL RETAIL BANKING (IRB)

IRB combines retail and commercial banking activities in 15 countries outside the euro zone, where it deploys BNP Paribas' integrated Retail Banking model by leveraging the expertise from which the Group derives its strength (dynamic segmentation, multichannel, mobile banking, consumer credit, cash management, trade finance, leasing, fleet management, specialised financing, private banking, etc.), and through its three business lines:

(1) Source: Leaseurope 2014 ranking published in July 2015, in which BNP Paribas Leasing Solutions features as the 2nd-largest player in Europe in terms of business volumes and new contracts.

(2) Amounts after servicing transfer.

(3) In terms of clients, on the basis of financial data released by peers.

(4) Source: Property Week, June 2015.

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- Retail Banking, including multichannel local networks (with 2,968[1] branches), serving more than 16 million customers[2];
- Wealth Management, in cooperation with International Financial Services;
- Corporate Banking, with a network of 88 business centres, 20 trade centres and 14 desks dedicated to multinational companies, providing local access to BNP Paribas offers and support in all countries, in cooperation with CIB.

BancWest

In the United States, the retail banking business is conducted through Bank of the West and First Hawaiian Bank, subsidiaries of BancWest Corporation since 1998, wholly-owned by BNP Paribas since the end of December 2001.

Since 2006, BancWest has been growing organically, strengthening its infrastructure and, more recently, developing its commercial set up, particularly in Corporate Banking, Wealth Management and Small and Medium Enterprise businesses.

Bank of the West markets a broad range of retail banking products and services to individuals, small businesses and corporate clients through branches and offices in 19 States in western and mid-western America. It also has strong positions across the USA in several specialised lending activities, such as marine, recreational vehicles, church lending, and agribusiness.

With a local market share of almost 44% in bank deposits[3], First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and local and international corporates.

BancWest currently serves some 3.5 million customers. It has 12,147 employees, 622 branches, and total assets estimated at over USD 91 billion at 31 December 2015. It ranks as the 7th-largest[3] commercial bank in the western United States in terms of deposits.

Europe-Mediterranean

Europe-Mediterranean operates a network of 2,346[4] branches in 14 countries. The entity includes the banks TEB in Turkey, BGZ BNP Paribas Bank in Poland, UkrSibbank in Ukraine, BMCI in Morocco, UBCI in Tunisia, BNP Paribas El Djazaïr in Algeria, the BICIs of 7 countries in Sub-Saharan Africa and a partnership in Asia (Bank of Nanjing in China).

In Poland, the acquisition of BGZ was finalised in September 2014. The total number of branches in Poland has now reached 522. In 2015, Bank BGZ merged with BNP Paribas Bank Polska SA to form Bank BGZ BNP Paribas. Bank BGZ BNP Paribas' ownership structure is as followed: 88.3% owned by BNP Paribas, 6.7% by Rabobank and the free float is at 5%.

PERSONAL FINANCE

BNP Paribas Personal Finance, the leading specialist player in Europe[5]

BNP Paribas Personal Finance (PF) is the Group's consumer credit specialist. It also has a residential mortgage lending business[6]. With its 17,600 employees in some 30 countries, BNP Paribas Personal Finance ranks as the leading specialist player in Europe[5].

In 2015, Personal Finance merged the teams and activities of the LaSer group, boosting its position as the leading specialist player in Europe.

Through its brands such as Cetelem, Cofinoga, Findomestic and AlphaCredit, BNP Paribas Personal Finance provides a full range of consumer loans at point of sale (retail stores and car dealerships), through its customer relation centres or online. The consumer credit business also operates within the Group's retail banking network in some countries, through PF Inside. BNP Paribas Personal Finance offers insurance products tailored to local needs and practices in each of the countries where it operates. In Germany, Bulgaria, France, Hungary and Italy, Personal Finance's lending and insurance offer has been complemented by savings products.

It is also developing an active strategy of partnerships with retail chains, automobile makers and dealers, web merchants and other financial institutions (banking and insurance) drawing on its experience in the lending market and its ability to provide integrated services tailored to the activity and commercial strategy of its partners.

It is a benchmark player for responsible lending®, a principle embodied in its tag line "More responsible together". The Company is thus heavily involved in teaching people how to manage their budget.

More responsible together: a core commitment to responsible lending

BNP Paribas Personal Finance has made responsible lending® the basis of its commercial strategy as a means of ensuring sustainable growth. Responsible lending® criteria are applied at each stage of the customer relationship, from preparing an offer through to granting and monitoring a loan. These criteria are based on needs of customers – who are central to this approach – and customer satisfaction, which is assessed regularly.

This cross-company approach is implemented according to the specific characteristics of each country. In addition, structural measures such as the design and distribution of accessible and responsible products and services, as well as the Debt Collection Charter, are rolled out and implemented in all countries.

(1) Total of branches, including branches in China, Guinea and Gabon, entities consolidated using the equity method.

(2) Total customers, excluding China. The number of Bank of Nanjing customers, consolidated using the equity method, is over 5.1 million.

(3) Source: SNL Financial, data as at 30 June 2015. First Hawaiian Bank's deposit market share among commercial banks only (excluding savings/thrifts). Both FHB's deposit market share and BancWest ranking exclude non-retail deposits.

(4) Including branches in China, Guinea and Gabon, entities consolidated using the equity method.

(5) Source: annual reports of companies specialised in consumer credit.

(6) In the context of the Group's 2014-2016 business development plan, Personal Finance's mortgage business was allocated to the Corporate Centre as of 1 January 2014.

France has the most comprehensive Personal Finance offering, including identifying and assisting clients in a potentially difficult financial position, access to independent business mediation and, since 2004, the monitoring of three publicly disclosed responsible lending® criteria: refusal rate, repayment rate with no payment incidents and risk rate.

BNP PARIBAS CARDIF

For over 40 years, BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services to insure people, their projects and their assets.

Building on a unique business model, BNP Paribas Cardif shares its experience and expertise with more than 450 of the BNP Paribas Group's internal and external partners, which distribute its products to 90 million customers in 36 countries.

This multi-sector partner network comprises banks, credit agencies, car manufacturers' credit subsidiaries, retailers, telecoms, brokers and independent wealth management advisers, etc.

BNP Paribas Cardif provides saving solutions to build and grow capital, prepare for retirement, notably through guaranteed capital products, unit-linked funds or *Eurocroissance* contracts.

To meet consumers' changing needs, BNP Paribas Cardif has extended its offer of protection to health insurance, budget insurance, revenue and means of payment insurance, warranty extensions, non-life insurance, unemployment insurance, return-to-work assistance, protection of private digital data, etc.

To better serve its partners and customers, the insurer, which has nearly 8,000 employees, has adopted a structure based on domestic markets (France, Italy, Luxembourg), international markets (other countries) and central functions.

WEALTH MANAGEMENT

BNP Paribas Wealth Management encompasses BNP Paribas' private banking activities, catering to a portfolio of wealthy individuals, shareholder families and entrepreneurs seeking a comprehensive range of services to satisfy all of their wealth management and financial needs.

This comprehensive approach is based on a high value-added offering that includes:

- wealth planning services;
- financial services: advisory services in asset allocation, selection of investment products, discretionary portfolio management;
- customised financing;
- expert diversification advice: vineyards, artwork, real estate and philanthropy.

BNP Paribas Wealth Management is structured to assist customers in different markets. In Europe (in France, Italy, Belgium and Luxembourg in particular), in the United States and in some high-growth potential countries, the development of the private banking business is backed by BNP Paribas' retail banking networks. In Asia, a high-growth region, the private bank is supported by the Bank's historic presence in the market and by Corporate and Institutional Banking to meet the most sophisticated needs. With its presence in international markets, Wealth Management is also a key player in some emerging markets.

Wealth Management's geographical coverage is supported by increased cross-functionality between geographies and support functions, the development of new talent through the Wealth Management University and the optimisation of processes and tools.

As a world renowned private bank, with close to EUR 327 billion in assets under management in 2015 and more than 6,600 professionals working in almost 30 countries, BNP Paribas Wealth Management was ranked "Best Private Bank in Europe"[1] in 2015 for the fourth consecutive year, as well as "Best Private Bank in North Asia"[2].

The other distinctions won by the Bank include the no. 1 ranking in France[3], in Italy[4] and in Hong Kong[5], as well as for "Advised and Discretionary Management"[2] and "Philanthropic Services"[2].

BNP PARIBAS INVESTMENT PARTNERS

BNP Paribas Investment Partners is the dedicated asset management business of the BNP Paribas Group. It offers a comprehensive range of asset management services to both private and institutional investors worldwide.

BNP Paribas Investment Partners has close to 2,400 employees serving investors and savers. To reinforce its local roots and adjust its offer to the specific needs of each client, wherever they are, BNP Paribas Investment Partners adopts a client-focused approach with three specific business lines:

- its Institutional business offers institutional investors European and global advisory and management solutions;
- its Distributors business offers a wide range of savings and services solutions to meet the needs of international distributors and their individual clients;
- its Asia-Pacific and Emerging Markets business combines local asset management companies and global expertise to meet the needs of both institutional investors and distributors in these regions.

As a responsible investor and company, BNP Paribas Investment Partners has for over ten years been committed to a CSR approach aimed at reconciling the performance expected by its clients with the new social and environmental challenges of a changing world. Since then, the Company has unceasingly sought to reinforce its commitment, in its products and services, in the pursuit of its business and in its organisation and day to day activities.

(1) Source: Private Banker International 2012, 2013, 2014, 2015.

(2) Source: Private Banker International 2015.

(3) Source: Euromoney 2016.

(4) Source: World Finance Awards 2015.

(5) Source: The Asset Triple AAA 2015.

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BNP PARIBAS REAL ESTATE

BNP Paribas Real Estate is no. 1 in commercial real estate services in continental Europe[1].

It offers a wide range of services:

- Promotion – 281,000 sq.m. of commercial real estate and almost 3,400 housing units under construction (the leading French commercial real estate developer[2]) ;
- Advisory (Transaction, Advisory, Expertise) – 5.2 million sq.m. sold and assistance in EUR 17.1 billion in investments in 2015;
- Property Management – 36.3 million sq.m. of commercial real estate managed;
- Investment Management – EUR 22 billion in assets under management.

Employing 3,300 professionals, BNP Paribas Real Estate serves the needs of its clients, whether corporate, institutional investors, individuals or public entities, at all stages of the life cycle of their property.

Its global offering covers all classes of real estate assets: offices, warehouses, logistics platforms, shops, hotels, homes, serviced residences, etc.

In commercial real estate, the business supports customers in 14 European countries and has teams based in Dubai and Hong Kong to provide a link with Middle Eastern and Asian investors active in Europe. The Company also has business alliances with local partners in 21 other countries.

In residential property, BNP Paribas Real Estate operates for the most part in France (Paris region, Bordeaux, Lyon, Marseille and Nice), and is also expanding its activity in Rome, Milan and in London.

CORPORATE AND INSTITUTIONAL BANKING

BNP Paribas Corporate and Institutional Banking (CIB) is a leading provider of financial solutions to two client franchises: corporates and institutionals. With over 30,000 people in nearly 57 countries across EMEA (Europe Middle East Africa), APAC (Asia Pacific) and the Americas, BNP Paribas CIB offers capital markets, securities services, financing, treasury and financial advisory bespoke solutions. Acting as a bridge between corporate and institutional clients, it aims at connecting the financing needs from corporate clients with institutional clients seeking investment opportunities. In 2015, 28% of BNP Paribas' revenues from operating divisions were generated by BNP Paribas CIB.

The new organisation of CIB, put in place in 2015, aims to respond more simply and more efficiently to the expectations of BNP Paribas corporate and institutional clients. CIB is thus organised around three main businesses:

- Corporate Banking, with its own organisation in each region;
- Global Markets, grouping together all capital market activities; and
- Securities Services.

Furthermore, the regional approach is now simplified around three main regions:

- EMEA (Europe, Middle East, Africa),
- Americas,
- APAC (Asia Pacific).

CORPORATE BANKING

Corporate Banking combines financing solutions (vanilla lending and specialised financing, including export & project, acquisition and leveraged finance), all transaction banking products (liquidity management, cash management, deposit collection and international trade transactions), corporate finance advisory services in mergers and acquisitions (advisory mandates for purchase or disposal, strategic financial advice, privatisation advice, etc.) and primary equity activities (IPOs, capital increases, convertible and exchangeable bond issues, etc.). The full range of products and services is offered to customers all over the world. However, to better anticipate their needs, teams are structured by geographic area, thereby combining global expertise and local knowledge.

In EMEA, Corporate Banking activities have a well-established geographic presence with 2,300 people across 33 countries. This set-up reinforces the One Bank for Corporates approach developed in close cooperation with the Group's four domestic markets.

The activities dedicated to corporate clients are grouped into two business lines:

- Corporate Clients Financing and Advisory brings all the necessary expertise to address clients' investment and financing needs in a seamless way. This unit gathers coverage bankers and experts in Corporate Finance and in Financing Solutions (debt solution provider through bonds and syndicated loans). In order to bring greater sectorial intelligence to clients, integrated teams are also dedicated to advisory services and financing in some key sectors (infrastructure, media telecom, metals & mining, real estate and transportation);

(1) Source: Property Week, June 2015.

(2) Source: Innovapresse promoter score, June 2015.

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- Corporate Trade and Treasury Solutions delivers a transversal platform for corporate clients' flow banking needs in cash management, deposits and trade finance. This unit develops comprehensive international trade solutions from a Europe-based competence centre and a network of 50 trade centres in Europe.

In Asia Pacific, Corporate Banking activities encompass a large range of financing and transaction banking products across 12 markets with strong recognised franchises, particularly in trade finance with 25 trade centres and in cash management. Moreover, some 100 corporate finance experts operate within an Investment Banking platform that offers clients a comprehensive and integrated range of advisory and financing services.

BNP Paribas is one of the best-placed international banks to support the local clients' needs in the region and beyond, as well as, the growth of European and US clients in Asia Pacific.

In the Americas, the Corporate Banking business is comprised of three platforms: Financing Solutions Americas, Advisory Americas and Portfolio Management. Financing Solutions Americas, comprised of more than 300 professionals, acts as a strategic partner in debt origination, structuring and execution through its Corporate Debt Origination, Structured Debt Origination and Trade & Treasury Solutions teams. Advisory Americas offers services in relation to mergers and acquisitions and primary and secondary equity capital markets operations. Corporate Coverage teams, based in New York, Houston, Toronto, Bogota, Santiago de Chile, Mexico City and São Paulo, deliver all Bank products.

2015 awards

- Best Trade Bank in Western Europe (*Global Finance*, 2015);
- RMB House of the Year (*AsiaRisk*, 2015);
- Best Regional Solutions provider in Asia and Best e-Solutions Partner Bank in Hong Kong (*The Asset*, *Triple A Treasury*, *Trade and Risk Management Award*, 2015);
- Global Project Finance Adviser of the year 2015 (*PFI Awards*, 2015);
- Best Bank in Europe for Cash & Liquidity Management (*TMI Awards 2015 for Innovation & Excellence*);
- Global Best Bank for Supplier Finance (*Global Finance,* 2016)

2015 rankings

- No. 4 globally Cash management – non-financial institutions (*Euromoney Cash Management Survey*, October 2015);
- No. 1 European Large Corporate Trade Finance (*Greenwich Associates*, October 2015);
- No. 1 Cash management in Europe (*Greenwich*, 2015);
- No. 1 Bookrunner for all EMEA Syndicated Loans, No. 1 for EMEA Leveraged Loan and No. 3 Mandated Lead Arranger of ECA Financing – FY 2015 (*Dealogic*, 2015);
- No. 1 EMEA Equity-Linked Bookrunner, No. 10 EMEA ECM Bookrunner (*Dealogic*, 2015)
- No. 8 M&A Europe (*Announced deals*, *Dealogic*, 2015)

GLOBAL MARKETS

Global Markets provides investment, hedging, financing and research services across asset classes, to corporate and institutional clients – as well as private and retail banking networks. With around 4,000 staff located across 35 countries, Global Markets' sustainable, long-term business model seamlessly connects clients to capital markets throughout EMEA, Asia Pacific and the Americas, with innovative solutions and digital platforms.

Recognised as a leading European player with global expertise in derivatives from decades of experience, Global Markets meets the diverse, specific needs of each client and contributes to the real economy with a comprehensive suite of best-in-class services, articulated around 2 activities and 7 global business lines:

- Fixed Income, Currencies and Commodities
  - Foreign Exchange & Local Markets;
  - Commodity Derivatives;
  - Rates;
  - Credit;
  - Primary Markets;
- Equity and Prime Services
  - Equity Derivatives;
  - Prime Solutions & Financing.

Global Markets also offers a range of green financing and investment solutions designed to facilitate the energy transition and greenhouse gas reduction through the capital markets.

2015 awards

- Derivatives House of the Year (*Global Capital Derivatives Awards*, 2015);
- Interest Rate Derivatives House of the Year (*Global Capital Derivatives Awards,* 2015);
- RMB House of the Year (*AsiaRisk Awards*, 2015);
- Americas Retail Structurer of the Year, House of the Year in France, Italy, Benelux, Taiwan (*Structured Products Awards*, 2015);
- Currency Derivatives House of the Year (*2016 Risk Awards*);
- Equity Derivatives House of the Year (*2016 Risk Awards*).

2015 rankings

- No. 1 Global Prime Broker (*Global Custodian Prime Brokerage Survey*, 2015);
- No. 1 Credit products (*Risk Institutional Investor Rankings*, 2015);
- No. 1 Equity index options (*Risk Bank Rankings*, 2015);
- No. 1 Bank for Corporate Debt Capital Markets (*The Global Capital Bond Rankings*, 2015);
- No. 1 Bank for Corporate Debt Capital Markets in Euros (*The Global Capital Bond Rankings*, 2015);
- Preferred Platform Provider for Pricing Indications & Product Construction (*Structured Products Technology Rankings*, 2015);

- No. 1 All Bonds in EUR, No. 1 Corporate Bonds in EUR, No. 1 Financial Bonds in EUR (*Thomson Reuters*, 2015)
- No. 9 All International Bonds All Currencies, No. 3 Covered Bonds All Currencies (*Thomson Reuters*, 2015)

SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in securities services with some of the highest growth rates in the sector[1]. In 2015, Securities Services became part of CIB to enhance services to institutional clients with a comprehensive array of solutions, alongside Global Markets. It continued to record dynamic growth in assets under custody, up 9.1% year-on-year to EUR 8,068 billion, as well as in assets under management, up 30.3% to EUR 1,848 billion.

Securities Services offers solutions across the investment cycle:

- investment banks, broker-dealers, banks and market infrastructures (sell-side operators) are offered solutions in execution services, derivatives clearing, local and global clearing, settlement and custody for all asset classes worldwide. Outsourcing solutions for middle and back-office activities are also provided;
- institutional investors – asset managers, hedge funds, private equity funds, real estate and sovereign wealth funds, insurance companies, pension funds, fund distributors and promoters (buy-side operators) – enjoy a wide range of services: global custody, custodian and fiduciary services, transfer agent and fund distribution, fund administration and middle-office outsourcing, investment, risk assessment and performance reporting;
- issuers (originators, arrangers and corporates) have access to a wide range of fiduciary management services: securitisation and structured finance services, debt agency services, issuer advisory, stock-option plans and employee shareholding management, shareholder services and management of Shareholders' Meetings;
- market and financing services are offered to all operators: securities lending and borrowing, foreign exchange, credit and collateral management, trading service and financing.

2015 awards

- Best Custody Specialist Award-Fund Manager (*The Asset Triple A – Asset Servicing 2015 Awards*);
- European Administrator of the Year (*Funds Europe Awards,* November 2015);
- Insurance Custodian of the Year (*Custody Risk European Awards,* November 2015);
- Fund of Fund Administrator of the Year (*Custody Risk European Awards,* November 2015);
- Best Fund Services Provider (*Investment Week Fund Services Awards,* 2015).

2015 rankings

- No. 1 Collateral Trading – Fixed Income (*Global Investor/ISF Magazine – Equity Lending Survey*);
- Top ranking in 22 markets in the Sub-custody survey (*Global Investor/ISF Sub Custody Survey 2015*);
- Top ranking in Brazil, Hungary, Morocco, Poland and Turkey – Global Custodian Emerging Markets (*Agent banks in emerging Markets Survey 2015*).

(1) Source: BNP Paribas Securities Services data as of 31 December 2015 for assets under custody; financial releases of the top 10 competitors.

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CORPORATE CENTRE

PRINCIPAL INVESTMENTS

Principal Investments manages the Group's portfolio of listed and unlisted investments with a view to extracting value over the medium and long term.

The Listed Investment Management unit acquires and manages minority interests in listed companies, predominantly French large caps.

The Private Equity Investment Management unit acquires and manages minority equity interests or mezzanine investments in unlisted companies in its domestic markets, either directly or indirectly through funds, thereby contributing to finance the economy.

PERSONAL FINANCE'S MORTGAGE BUSINESS

In the context of the Group's 2014-2016 business development plan, Personal Finance's mortgage business, of which a significant portion is managed in run-off, was allocated to the Corporate centre as of 1 January 2014.

KEY FACTORS AFFECTING THE BUSINESS

In the course of its business, BNP Paribas is exposed to a number of key factors, described in section 5.1 in the *Risk factors* sub-section. To summarise, these risks derive in particular from:

- risks related to the macroeconomic and market environment, in particular: macroeconomic and market conditions; the political, macroeconomic or financial environment or circumstances of a region or country; access to and conditions of funding; significant interest rate variations; the current context of low interest rates; the risks and conduct of other financial institutions and market participants; the volatility affecting trading and investment activities; businesses generating fees; markets and their liquidity;
- regulatory risks, in particular: changes in laws and regulations; extensive and evolving regulatory regimes; non-compliance with applicable laws and regulations;
- risks related to the Bank, its strategy, management and operations, in particular: risks related to the implementation of its strategic plans; integrating acquired companies while being unable to realise expected benefits; stiffer competition; level of provisions; unidentified or unanticipated risks which could lead to material losses; an inefficient hedging strategy; adjustments to the book value of securities and derivatives portfolios or debt; expected changes in accounting principles related to the classification and measurement of financial instruments (new IFRS 9 standard); the Bank's reputation; interruption in or breach of information systems; business interruption due to unforeseen external events.

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1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2014, BNP Paribas SA's share capital stood at EUR 2,491,915,350 divided into 1,245,957,675 shares. Details of historical change in share capital are provided in chapter 6, note 6.a *Changes in share capital*.

In 2015, the number of shares comprising the share capital rose by 427,478 shares following the exercise of stock options.

Thus, at 31 December 2015, BNP Paribas' share capital stood at EUR 2,492,770,306 divided into 1,246,385,153 shares with a par value of EUR 2 each.

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. **None of the Bank's shares entitle their holders to an increased dividend or double voting rights or limit the exercise of voting rights.**

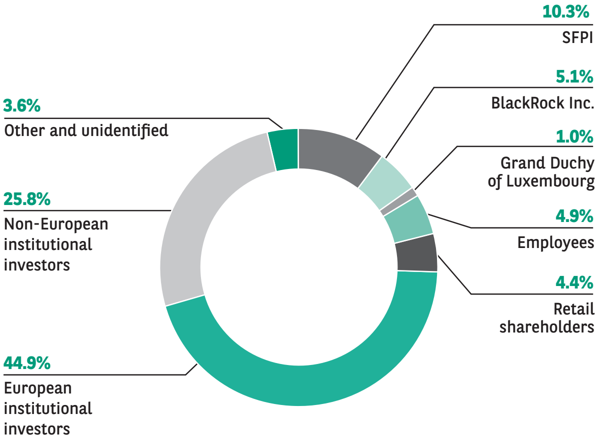
CHANGES IN SHARE OWNERSHIP

➤ CHANGES IN THE BANK'S OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Date			31/12/2013			31/12/2014			31/12/2015
Shareholder	Number of shares *(in millions)*	% of share capital	% of voting rights	Number of shares *(in millions)*	% of share capital	% of voting rights	Number of shares *(in millions)*	% of share capital	% of voting rights
SFPI(*)	127.75	10.3%	10.3%	127.75	10.3%	10.3%	127.75	10.2%	10.3%
BlackRock Inc.	-	-	-	-	-	-	63.04	5.1%	5.1%
Grand Duchy of Luxembourg	12.87	1.0%	1.0%	12.87	1.0%	1.0%	12.87	1.0%	1.0%
Employees	67.58	5.4%	5.5%	64.36	5.2%	5.2%	61.46	4.9%	4.9%
■ o/w corporate mutual funds	49.73	4.0%	4.0%	47.21	3.8%	3.8%	43.91	3.5%	3.5%
■ o/w direct ownership	17.85	1.4%	1.5%	17.15	1.4%	1.4%	17.55	1.4%	1.4%
Corporate officers	0.53	n.s.	n.s.	0.33	n.s.	n.s.	0.15	n.s.	n.s.
Treasury shares(**)	3.25	0.3%	-	3.40	0.3%	-	2.06	0.2%	-
Retail shareholders	60.78	4.9%	4.9%	56.35	4.5%	4.5%	54.41	4.4%	4.4%
Institutional investors	945.01	75.9%	76.1%	944.94	75.8%	76.1%	880.12	70.6%	70.7%
■ Europe	573.00	46.0%	46.1%	553.97	44.5%	44.6%	558.34	44.8%	44.9%
■ Outside Europe	372.01	29.9%	30.0%	390.97	31.3%	31.5%	321.78	25.8%	25.8%
Other and unidentified	27.39	2.2%	2.2%	35.95	2.9%	2.9%	44.53	3.6%	3.6%
TOTAL	**1,245.16**	**100%**	**100%**	**1,245.96**	**100%**	**100%**	**1,246.39**	**100%**	**100%**

(*) Société Fédérale de Participations et d'Investissement: a public-interest limited company (société anonyme) acting on behalf of the Belgian government.
(**) Excluding trading desks' working positions.

BNP PARIBAS' OWNERSHIP STRUCTURE AT 31 DECEMBER 2015 (% OF VOTING RIGHTS)



To the best of the Company's knowledge, no shareholder, other than SFPI and BlackRock Inc., held more than 5% of the capital or voting rights as at 31 December 2015.

Société Fédérale de Participations et d'Investissement (SFPI) became a shareholder in BNP Paribas at the time of the integration with the Fortis group in 2009. During 2009, SFPI made two threshold crossing disclosures to the Autorité des Marchés Financiers (AMF):

- on 19 May 2009 (AMF disclosure No. 209C0702), SFPI disclosed that its interest in BNP Paribas' capital and voting rights had risen above the 5% and 10% disclosure thresholds following its transfer of a 74.94% stake in Fortis Bank SA/NV in return for 121,218,054 BNP Paribas shares, which at the time represented 9.83% of BNP Paribas' share capital and 11.59% of its voting rights. The disclosure stated in particular that neither the Belgian government nor SFPI were considering taking control of BNP Paribas.

  At the same time, BNP Paribas notified the AMF (AMF disclosure No. 209C0724) that an agreement had been reached between the Belgian government, SFPI and Fortis SA/NV (renamed Ageas SA/NV at end-April 2010), giving Fortis SA/NV an option to buy the 121,218,054 BNP Paribas shares issued as consideration for SFPI's transfer of its shares in Fortis Bank, with BNP Paribas having a right of subrogation regarding the shares concerned;
- on 4 December 2009 (AMF disclosure No. 209C1459), SFPI disclosed that it owned 10.8% of BNP Paribas' capital and voting rights. This change resulted mainly from:
  - BNP Paribas' issue of ordinary shares in 2009,
  - the reduction in its capital through the cancellation, on 26 November 2009, of preferred shares issued on 31 March 2009 to Société de Prise de Participation de l'État.

On 27 April 2013, the Belgian government announced the buy-back via SFPI of the buy option that had been given to Ageas.

Since then, BNP Paribas has received no disclosures from SFPI.

On 29 December 2015 (AMF disclosure No. 215C2196), BlackRock Inc. disclosed that its interest in BNP Paribas' capital and voting rights had risen above the 5% disclosure thresholds following its acquisition of BNP Paribas shares on and off market, and an increase in the number of BNP Paribas shares held as collateral. On this date, BlackRock held 63,038,887 BNP Paribas shares, amounting to 5.06% of the capital and voting rights, on behalf of its clients and the funds it manages.

LISTING INFORMATION

When the shareholders of BNP and Paribas approved the merger between the two banks at the Combined General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104. To help increase the number of shares held by retail shareholders, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2.

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was discontinued on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD).

The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA International exchange in Milan. Since privatisation, a Level 1 144A ADR (American Depositary Receipt) programme has been active in the United States, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share).

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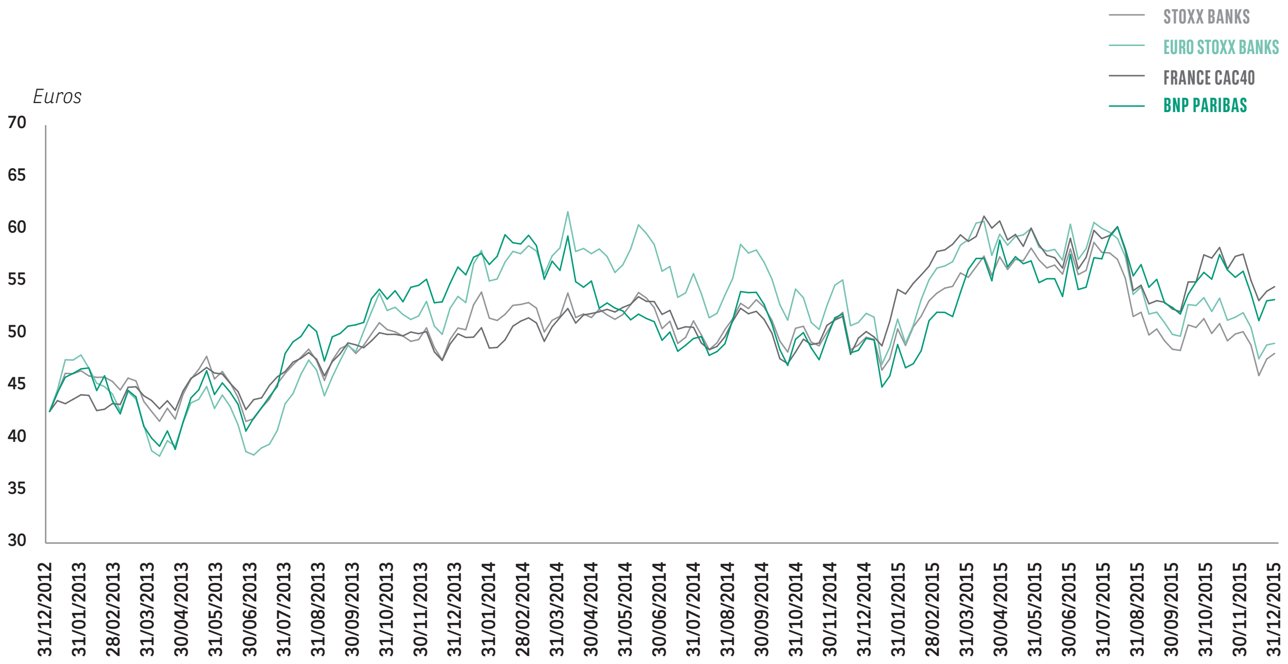
The ADRs have been traded on OTCQX International Premier since 14 July 2010 in order to provide better liquidity and clarity for US investors.

BNP Paribas has been part of the CAC 40 index since 17 November 1993 and became part of the EURO STOXX 50 index on 1 November 1999. Since 18 September 2000, it has been part of the STOXX 50 index. BNP Paribas also joined the DJ Banks Titans 30 Index, an index comprising the 30 largest banks worldwide. It is also included in the EURO STOXX Banks and STOXX Banks indexes. BNP Paribas shares are also included in the main sustainable development benchmarks (see chapter 7), including the NYSE Euronext Vigeo, the FTSE4Good Global Index and the Carbon Disclosure Leadership Index.

All of these elements foster liquidity and share price appreciation, as the BNP Paribas share is necessarily a component of every portfolio and fund that tracks the performance of these indexes.

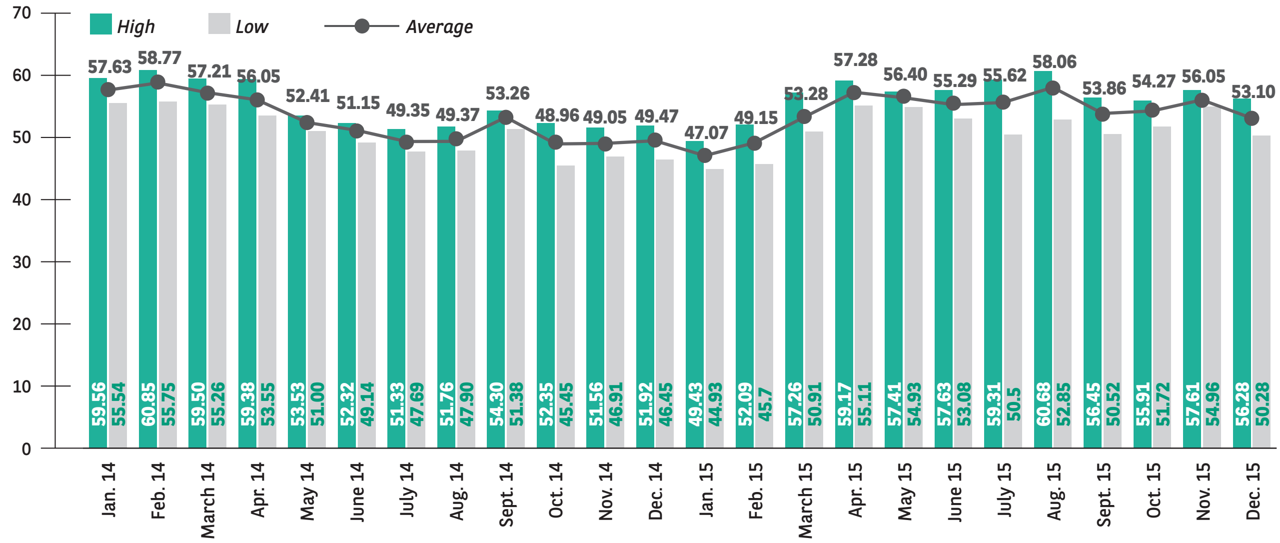
➤ BNP PARIBAS SHARE PERFORMANCE BETWEEN 31 DECEMBER 2012 AND 31 DECEMBER 2015

Comparison with the EURO STOXX Banks, STOXX Banks and CAC 40 indices (rebased on share price)



Source: Bloomberg.

BNP PARIBAS MONTHLY AVERAGES AND HIGH AND LOW MONTHLY CLOSING PRICES SINCE JANUARY 2014



Source: Bloomberg.

- In the three-year period from 31 December 2012 to 31 December 2015, BNP Paribas' share price rose 22.6% from EUR 42.59 to EUR 52.23, outperforming other euro zone banks (EURO STOXX Banks: +13.8%), and European banks (STOXX Banks: +11.9%) but slightly under the CAC 40 (+27.4%).

  In 2015, as in the previous year, the performance of banking indices was once again dampened by uncertainty about economic growth in Europe and the impact of regulation on the profitability of banking activities. In the first half of 2015, shares were supported by the launch of the ECB's quantitative easing policy, which was positively received by the markets, as well as by the efforts to devise a satisfactory solution to Greece's problems with its creditors. The second half of 2015, however, saw share prices hit by uncertainty caused by the slowdown in China and the slump in commodities markets.

  The BNP Paribas share rose 6.0% in 2015, beating other banks in the euro zone (EURO STOXX Banks: -4.9%) and European banks (STOXX Banks: -3.3%) and slightly under the CAC 40 (+8.5%).

- At 31 December 2015, BNP Paribas' market capitalisation was EUR 65.1 billion, ranking it 5th among CAC 40 stocks. In terms of market capitalisation, BNP Paribas' free float ranks 3rd on the Paris market index and 12th in the EURO STOXX 50.
- Daily trading volume on Euronext Paris averaged 4,309,032 shares in 2015, down 6.45% from 4,606,336 shares per trading session in 2014. Including the volumes traded on MTFs (Multilateral Trading Facilities), daily trading volume averaged 6,925,229 shares in 2015 (source: TAG Audit), down 0.22% from 6,940,295 in 2014.

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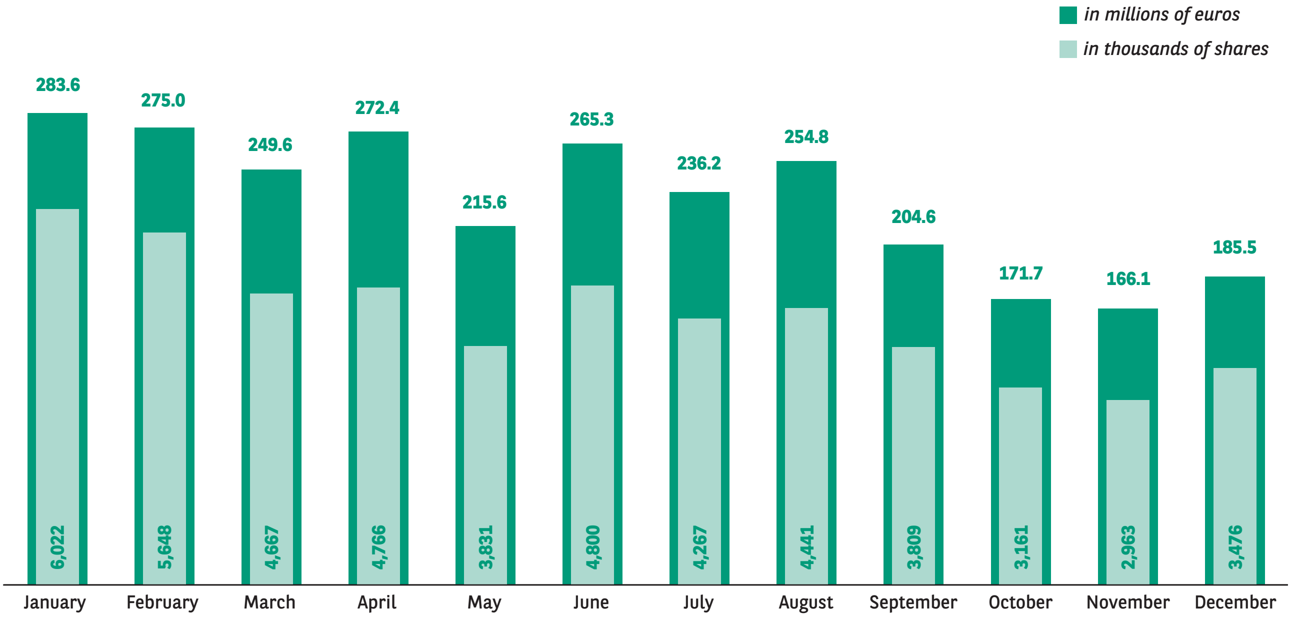
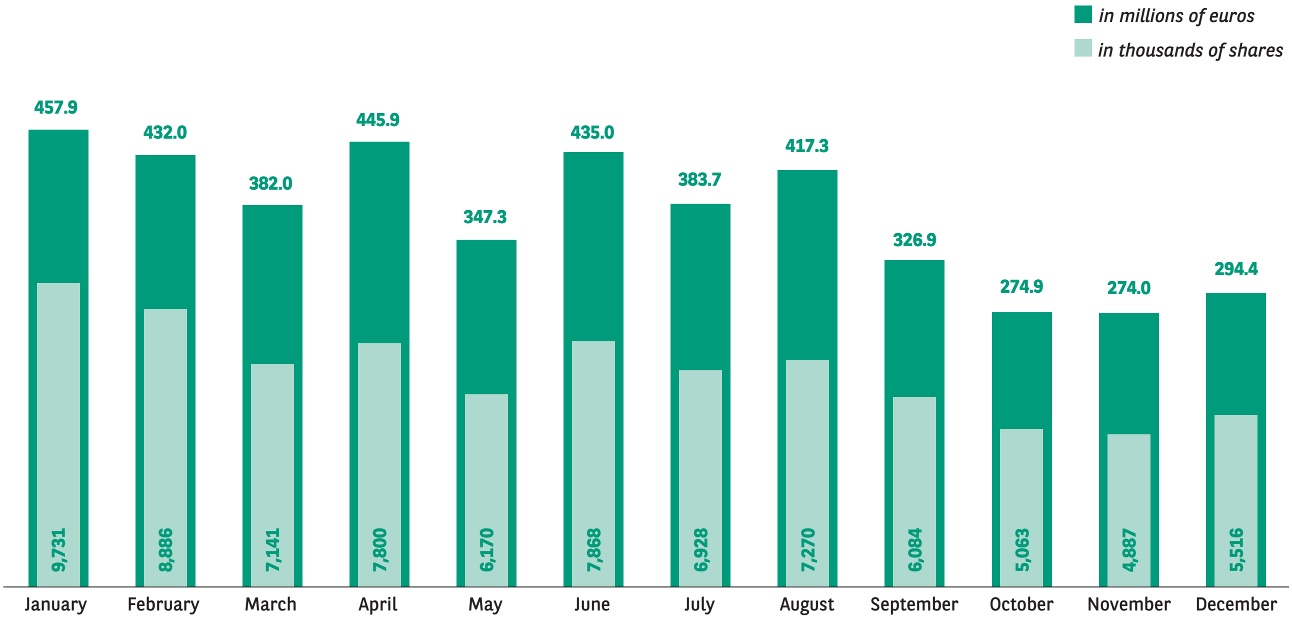
TRADING VOLUME ON EURONEXT PARIS IN 2015 (DAILY AVERAGE)



Source: Bloomberg.

TOTAL TRADING VOLUME IN 2015 (DAILY AVERAGE)



Source: TAG Audit.

1

KEY SHAREHOLDER DATA

In euros	2011	2012	2013	2014	2015
Earnings per share(1)	4.82	5.16	3.68(**)	(0.07)(***)	5.14
Net book value per share(2)	57.08	63.06(*)	65.00(**)	66.61	70.95
Net dividend per share	1.20	1.50	1.50	1.50	2.31(3)
Pay-out ratio (%)(4)	25.1	29.7	40.9(**)	n.s.	45.0
Share price					
High(5)	59.93	44.83	56.72	60.85	60.68
Low(5)	22.72	24.54	37.47	45.45	44.94
Year-end	30.35	42.61	56.65	49.26	52.23
CAC 40 index on 31 December	3,159.81	3,641.07	4,295.95	4,272.75	4,637.06

(1) Based on the average number of shares outstanding during the year.
(2) Before dividends. Revaluated net assets based on the number of shares outstanding at year-end.
(3) Subject to approval at the Annual General Meeting of 26 May 2016.
(4) Dividend distribution recommended at the Annual General Meeting expressed as a percentage of net income attributable to equity holders.
(5) Registered during trading.
(*) Restated data due to application of amendment to IAS 19.
(**) Restated data due to application of IFRS 10 and IFRS 11.
(***) EUR 4.70 based on net income adjusted for the costs related to the comprehensive settlement with the US authorities.

CREATING VALUE FOR SHAREHOLDERS

TOTAL SHAREHOLDER RETURN (TSR)

Calculation parameters

- Dividends reinvested in BNP shares then in BNP Paribas shares; 50% tax credit included until tax credit system abolished in early 2005.
- Exercise of preferential subscription rights during the rights issues in March 2006 and October 2009.
- Returns stated are gross, i.e. before any tax payments or brokerage fees.

Calculation results

The following table indicates, for various periods ending on 31 December 2015, the total return on a BNP share, then on a BNP Paribas share, as well as the effective annual rate of return.

1

Holding period	Investment date	Share price at the investment date	Number of shares at end of calculation period	Initial investment multiplied by	Effective annual rate of return
Since privatisation	18/10/1993	36.59	4.5781	6.5350	8.82%
22 years	03/01/1994	43.31	4.1688	5.0274	7.61%
21 years	03/01/1995	37.20	4.0929	5.7465	8.68%
20 years	02/01/1996	33.57	4.0076	6.2352	9.58%
19 years	02/01/1997	30.40	3.8910	6.6850	10.51%
18 years	02/01/1998	48.86	3.7698	4.0298	8.05%
17 years	04/01/1999	73.05	3.6920	2.6398	5.88%
Since creation of BNP Paribas	01/09/1999	72.70	3.5921	2.5806	5.97%
16 years	03/01/2000	92.00	3.5921	2.0393	4.55%
15 years	02/01/2001	94.50	3.4944	1.9314	4.49%
14 years	02/01/2002	100.4	3.3809	1.7588	4.11%
13 years	02/01/2003	39.41	1.6360	2.1682	6.13%
12 years	02/01/2004	49.70	1.5735	1.6536	4.28%
11 years	03/01/2005	53.40	1.5085	1.4755	3.60%
10 years	02/01/2006	68.45	1.4551	1.1103	1.05%
9 years	02/01/2007	83.50	1.3943	0.8721	-1.51%
8 years	02/01/2008	74.06	1.3474	0.9503	-0.64%
7 years	02/01/2009	30.50	1.2820	2.1954	11.89%
6 years	02/01/2010	56.11	1.2202	1.1358	2.15%
5 years	03/01/2011	48.30	1.1845	1.2809	5.08%
4 years	02/01/2012	30.45	1.1391	1.9539	18.24%
3 years	02/01/2013	43.93	1.0916	1.2979	9.10%
2 years	02/01/2014	56.70	1.0560	0.9728	-1.38%
1 year	02/01/2015	49.43	1.0267	1.0848	8.53%

COMMUNICATION WITH SHAREHOLDERS

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of stock market authorities.

The Investor Relations team informs institutional investors and financial analysts about the Group's strategy, major events concerning the Group's business and the Group's quarterly results.

In 2016, the timetable is as follows(1):

- 5 February 2016: publication of 2015 full year results;
- 3 May 2016: publication of first quarter 2016 results;
- 28 July 2016: publication of second quarter and interim 2016 results;
- 28 October 2016: publication of third quarter and nine-month 2016 results.

Informative briefings are organised several times a year for all market players, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. More specifically, a Relations Officer is responsible for liaising with managers of ethical and socially responsible funds.

The Retail Shareholder Relations Department provides information and deals with queries from the Group's 460,000 retail shareholders (internal sources and 31 December 2015 TPI Survey). A half-yearly financial newsletter informs both members of the **Cercle des actionnaires de BNP Paribas** and other shareholders of Group, and gives a summary of the matters discussed during the Annual General Meeting. It is sent out in early July. During the year, retail shareholders are invited, in different French cities, to attend presentations during which the Group's accomplishments and strategy are presented by Executive Management

(1) Subject to alteration.

(in 2015, presentations were held in Lyon on 2 July, in Marseille on 30 September and in Toulouse on 8 October). BNP Paribas representatives also met and spoke with over 1,500 people at the Actionaria shareholder fair held in Paris on 20 and 21 November 2015.

In 1995, the **Cercle des actionnaires de BNP Paribas** was set up for 51,000 retail shareholders holding at least 200 shares. They receive a half-yearly financial newsletter and the minutes of the Annual General Meeting. They are also sent two printed editions of the magazine, *La Vie du Cercle*, in addition to three news magazines sent by email and available online. They are also invited to attend artistic, sporting and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock trading (technical and financial analysis, placing orders etc.), wealth management and economic updates sessions in partnership with the relevant BNP Paribas teams. The Bank also organises scientific conferences and tours of industrial sites. These events are held in provincial centres and in the Paris region, both during the week and over the weekend. More than 300 events were organised for nearly 15,000 participants in 2015.

Shareholders can obtain information about these services by dialling a **special French toll-free** number: **+33(0)800 666 777**. A phone **news service can also** be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews. There is also a Cercle des Actionnaires website (**www.cercle-actionnaires.bnpparibas.com**), which features all offers and services available, including those available through the Cercle membership card.

The **BNP Paribas website (www.invest.bnpparibas.com)**, available in French and English, offers users access to all information on the BNP Paribas Group (including press releases, key figures, the presentation of the main events, etc.). All financial documents such as Annual Reports and Registration documents can also be viewed and downloaded. The financial calendar gives the dates of important forthcoming events, such as the Annual General Meeting, results announcements and shareholder seminars. The website also features the latest share performance data and comparisons with major indexes, as well as a tool for calculating returns.

Reports and presentations relating to BNP Paribas' business and strategy aimed at all audiences (institutional investors, asset managers and financial analysts) are also available. The website also has a section entitled ***Individual shareholders***, which was specifically designed with retail shareholders in mind, offering information tailored to their needs and details of proposed events.

In addition, there is a specific section dedicated to the **Annual General Meeting of Shareholders,** which includes information regarding the attending of the meeting, ways to vote and practical matters, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. Webcasts of the Annual General Meeting can be viewed on the Bank's website. In response to the expectations of individual shareholders and investors, and to meet strict transparency and regulatory disclosure requirements, BNP Paribas regularly adds sections to its website and improves existing sections with enhanced content and new functions.

SHAREHOLDER LIAISON COMMITTEE

After its formation in 2000, BNP Paribas decided to create a Bank Shareholder Liaison Committee to help the Group improve communications with its retail shareholders. At the Shareholders' Meeting that approved the BNP Paribas merger, the Chairman of BNP Paribas initiated the process of appointing members to this committee, which was fully established in late 2000.

It is chaired by the Chairman of BNP Paribas and includes ten shareholders who are both geographically and socio-economically representative of the retail shareholder population, along with two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and/or in the Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

At its last meeting in September 2015, the members of the Liaison Committee were as follows:

- Jean Lemierre, Chairman;
- Adrien Besombes, resident of the Indre-et-Loire department;
- Georges Bouchard, resident of the Yvelines department;
- Catherine Drolc, resident of the Hérault department;
- Laurent Dupuy, resident of the Alpes-Maritimes department;
- François Ferrus, resident of Paris;
- Françoise Mahieu Germain, resident of the Yvelines department;
- André Peron, resident of the Finistère department;
- Dyna Peter-Ott, resident of the Bas-Rhin department;
- Jean-Pierre Riou, resident of the Loire-Atlantique department;
- Jean-Jacques Rohrer, resident of the Hauts-de-Seine department;
- Anny Jans, BNP Paribas employee, resident of Belgium;
- Philippe Tassin, BNP Paribas employee, resident of the Oise department.

In accordance with the committee's Charter – i.e. the Internal Rules that all committee members have adopted – the committee met twice in 2015, on 10 April and on 25 September, in addition to taking part in the Annual General Meeting and attending the Actionaria shareholder fair.

The main topics of discussion included:

- BNP Paribas' ownership structure and changes therein, particularly among retail shareholders;
- the revised Letter to Shareholders;
- preparation of the 20th anniversary of the *Cercle des actionnaires*;
- proposals submitted to *Cercle des actionnaires* members;
- the draft 2015 Registration document and Annual Report;
- quarterly results;
- initiatives taken in preparation for the Annual General Meeting;
- the Bank's participation in the Actionaria shareholder fair. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Group's stand;
- the Securities business, presented to the members of the committee by the Head of Strategy at BNP Paribas Securities Services;
- Group Compliance, presented to the committee by the head of this central function.

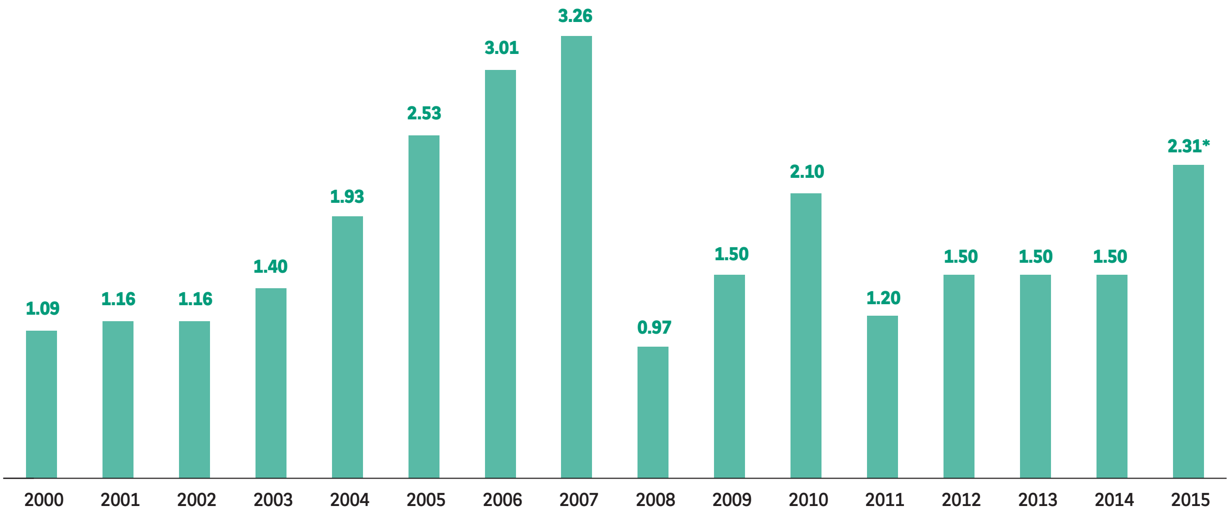
DIVIDEND

At the Annual General Meeting on 26 May 2016, the Board of Directors will recommend a dividend of EUR 2.31 per share (an increase of +54% from 2015). The shares will go ex-dividend on 2 June and the dividend will be paid on 6 June 2016, subject to approval at the Annual General Meeting.

The total amount of the proposed payout is EUR 2,879 million, an increase of +54% compared with the amount paid in 2015.

1

CHANGE IN DIVIDEND (IN EURO PER SHARE)



(*) Subject to approval at the Annual General Meeting of 26 May 2016.

Dividends for 2000-2008 have been adjusted to reflect:

- *the two-for-one share split carried out on 20 February 2002;*
- *capital increases with preferential subscription rights maintained in March 2006 and between 30 September and 13 October 2009.*

Limitation period for dividends: any dividend unclaimed five years after its due date is forfeited, as provided by law. Dividends for which payment has not been sought are paid to the Public Treasury.

BNP PARIBAS REGISTERED SHARES

At 31 December 2015, 54,735 shareholders held BNP Paribas registered shares.

REGISTERED SHARES HELD DIRECTLY WITH BNP PARIBAS

Shareholders who hold registered shares directly with BNP Paribas:

- automatically receive all documents regarding the Bank that are sent to shareholders;
- can call a **French toll-free number: +33(0)800 600 700** to place buy and sell orders[(1)] and to obtain any information;
- benefit from special, discounted brokerage fees;
- have access to *PlanetShares* (https://planetshares.bnpparibas.com), a fully secure dedicated web server, allowing them to view registered share accounts and account movements, as well as place and track orders[(1)]. The server is available on tablets and smartphones;
- are automatically invited to Annual General Meetings without the need for an ownership certificate;
- may receive notice of meetings by internet;
- pay no custody fees.

Registered shares held directly with BNP Paribas cannot be registered in a PEA (Share Savings Plan), given the regulations and procedures applicable to this vehicle. Investors whose shares are held in a PEA and who want to hold them in registered form can opt to hold them in an administered account (see page after).

(1) Subject to their having previously signed a brokerage service agreement (free of charge).

REGISTERED SHARES HELD IN AN ADMINISTERED ACCOUNT

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares directly with BNP Paribas:

- shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, combined with a cash account;
- the shareholder is automatically invited to attend and vote at Annual General Meetings, without the invitation being sent through a third party;
- shareholders may receive notice of meetings and vote at Annual General Meetings by internet.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The procedures for BNP Paribas' Annual General Meetings are defined in article 18 of the Bank's Articles of association.

The Board of Directors calls an Ordinary Shareholders' Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary Shareholders' Meetings for the purpose of amending the Articles of association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

The combined Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date.

The Bank's last Annual General Meeting took place on 13 May 2015 on first notice. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is where the original live webcast was shown. The composition of the quorum and the results of the votes cast on resolutions were posted online the day after the meeting. The meeting was also covered by publications in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum broke down as follows:

➤ BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Equity	(%)
Present	1,509	*11.40%*	231,443,197	*28.66%*
Appointment of proxy	19	*0.14%*	5,242	*0.00%*
Proxy given to Chairman	6,568	*49.64%*	10,551,259	*1.31%*
Postal votes	5,136	*38.82%*	565,556,690	*70.03%*
TOTAL	**13,232**	***100.00%***	**807,556,388**	***100.00%***
of which online	8,090	*61.14%*	112,417,977	*13.92%*
				Quorum
Number of ordinary shares (excluding treasury stock)			**1,244,013,561**	**64.91%**

All resolutions proposed to the shareholders were approved.

➤ SHAREHOLDERS' COMBINED GENERAL MEETING OF 13 MAY 2015

Results	Rate of approval
ORDINARY MEETING	
First resolution: approval of the parent company financial statements for 2014	99.28%
Second resolution: approval of the consolidated financial statements for 2014	99.39%
Third resolution: appropriation of net income for the year ended 31 December 2014 and dividend distribution	99.32%
Fourth resolution: Statutory Auditors' special report on the agreements and commitments referred to in articles L.225-38 *et seq.* of the French Commercial Code	98.49%
Fifth resolution: authorisation for BNP Paribas to buy back its own shares	99.43%
Sixth resolution: renewal of the term of office of Pierre André de Chalendar as a Director	97.84%
Seventh resolution: renewal of the term of office of Denis Kessler as a Director	71.33%
Eighth resolution: renewal of the term of office of Laurence Parisot as a Director	78.41%
Ninth resolution: ratification of the appointment of Jean Lemierre	96.12%
Tenth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2014 to Jean Lemierre, Chairman of the Board of Directors as of 1 December 2014 – recommendation of § 24.3 of the Afep-Medef Code	98.29%
Eleventh resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2014 to Jean-Laurent Bonnafé, Chief Executive Officer – recommendation of § 24.3 of the Afep-Medef Code	95.75%
Twelfth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2014 to Philippe Bordenave, Chief Operating Officer – recommendation of § 24.3 of the Afep-Medef Code	96.83%
Thirteenth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2014 to François Villeroy de Galhau, Chief Operating Officer – recommendation of § 24.3 of the Afep-Medef Code	96.83%
Fourteenth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2014 to Baudouin Prot, Chairman of the Board of Directors until 1 December 2014 – recommendation of § 24.3 of the Afep-Medef Code	89.64%
Fifteenth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2014 to Georges Chodron de Courcel, Chief Operating Officer until 30 June 2014 – recommendation of § 24.3 of the Afep-Medef Code	67.27%
Sixteenth resolution: advisory vote on the overall amount of compensation of any kind paid during 2014 to executives and certain categories of staff – article L.511-73 of the French Monetary and Financial Code	98.76%
Seventeenth resolution: setting of the cap on the variable portion of compensation of any kind paid to executives and certain categories of staff – article L.511-78 of the French Monetary and Financial Code	82.19%
EXTRAORDINARY MEETING	
Eighteenth resolution: Amendment to the Articles of association pursuant to the reform of double voting rights introduced by French Law no. 2014-384 of 29 March 2014 on boosting the real economy	78.23%
Nineteenth resolution: authorisation granted to the Board of Directors to reduce the share capital by cancelling shares	99.59%
Twentieth resolution: powers to carry out formalities	99.67%

The 2015 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development, and to social and environmental responsibility.

BNP Paribas seeks to create value consistently, to show its respect not only for traditional partners comprising shareholders, clients and employees, but also for the environment and the community at large.

To ensure that Annual General Meetings represent these principles and values, a decision was made, in conjunction with the Shareholder Liaison Committee, to donate EUR 12 for every investor attending the meeting to the *Coup de pouce aux projets du personnel* (a helping hand for employee projects) programme. This programme was specifically developed by the BNP Paribas Foundation to encourage public-interest initiatives for which Bank staff personally volunteer their time and efforts.

The amounts collected (EUR 18,108 in 2015) are donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. Total 2015 contributions were ultimately divided between 43 projects, all of which were initiated by BNP Paribas staff. Most of those projects were in Europe (67%), Africa (19%), Asia (9%) and Latin America (5%). The amounts awarded varied from EUR 1,000 to EUR 4,000 (with an average of EUR 2,820) depending on the scale of the project, its nature and, naturally, the commitment of employees to the projects they propose. The projects mainly involved community outreach (education, poverty and integration), humanitarian aid, and healthcare and disability. The allocation of funds is contained in the notice calling the next Annual General Meeting.

NOTICES OF MEETING

BNP Paribas will hold its next Shareholders' Combined General Meeting on 26 May 2016[1].

Notices of meeting and invitations are available on the *invest.bnpparibas.com* website in French and English from the time of their publication in the BALO. Shareholders are also notified by announcements in the daily, investor and financial press. Staff at all BNP Paribas branches are specifically trained to provide the necessary assistance and carry out the required formalities.

Holders of registered shares are automatically notified, regardless of the number of shares held, with a complete notice of meeting containing in particular the agenda, the draft resolutions and a voting form. Having given their prior agreement, a significant proportion (10.2%) of holders of registered shares was sent notification via the internet.

BNP Paribas informs holders of bearer shares via the internet regardless of the number of shares held, provided solely that their custodians are part of the market system known as Votaccess. Shareholders notified of the Annual General Meeting may take part quickly and easily (see below). The Bank also provides custodians with notices of meetings and printed postal voting forms, which can then be sent to those shareholders who request them.

ATTENDANCE AT MEETINGS

Holders of shares may gain admittance to a General Meeting provided that said shares have been recorded in their accounts for at least two trading days. Holders of bearer shares must also present an entry card or certificate proving their ownership of the shares.

VOTING

Using the internet voting platform gives shareholders access to the notice of the Annual General Meeting. They can then either vote or appoint a proxy, or print their admission card if they wish to attend in person.

Over 61% of all shareholders taking part in the vote in 2015 used the platform provided, compared to 59% in 2014 and 13% in 2013.

Holders of bearer shares who do not use the internet and are unable to attend the Annual General Meeting should ask their securities custodian to send them the notice of meeting. They may complete and return the printed form enclosed with the document to BNP Paribas. This document makes it possible, before the Annual General Meeting:

- to request an admission card;
- to vote by post;
- to give proxy to another individual or legal entity;
- to give proxy to the Chairman of the Meeting.

Since 1998, the shareholders present at General Meetings have cast votes using an electronic box.

DISCLOSURE THRESHOLDS

In addition to the legal thresholds, and in accordance with article 5 of the Articles of association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the capital or voting rights of BNP Paribas.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

(1) Subject to alteration.

2 CORPORATE GOVERNANCE

2.1 Presentation

Pursuant to the provisions of article L. 511-52 of the French Monetary and Financial Code, "the list of corporate offices and positions set out below does not include positions in entities of which the main purpose is not commercial, including when such entities have the form of commercial companies".

MEMBERSHIP OF THE BOARD OF DIRECTORS

Jean LEMIERRE
Principal function: Chairman of the Board of directors of BNP Paribas

Date of birth: 6 June 1950
Nationality: French
First elected to the Board on: 1 December 2014, ratified by the Annual General Meeting of 13 May 2015
Term start and end dates: 1 December 2014 – 2017 AGM

Number of BNP Paribas shares held[(1)]*:* 12,968[(2)]
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Education
Graduate of the Institut d'Études Politiques de Paris
Graduate of the École Nationale d'Administration
Law degree

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[(*)], Chairman of the Board of directors
TEB Holding AS (Turkey), Director

Other[(1)]
Centre for Prospective Studies and International Information (CEPII), Chairman
Institute of International Finance (IIF), member
International Advisory Board of Orange, member
International Advisory Council of China Development Bank (CDB), member
International Advisory Council of China Investment Corporation (CIC), member

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:
Chairman of the Board of directors of: BNP Paribas
Director of: Bank Gospodarki Zywnosciowej (BGZ) (Poland), TEB Holding AS (Turkey)
Chairman of: Centre for Prospective Studies and International Information (CEPII)
Member of: Institute of International Finance (IIF), International Advisory Board of Orange, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC)

(1) *Year ended 31 December 2015.*
(2) *Includes 1,023 BNP Paribas shares held under the Company Savings Plan.*
(*) *Listed company.*

Michel PÉBEREAU
Principal function: Director of BNP Paribas (until 13 May 2015)

Date of birth: 23 January 1942
Nationality: French
First elected to the Board on: 14 May 1993
Term start and end dates: 23 May 2012 – 2015 AGM

Number of BNP Paribas shares held[1]: 159,772
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Education
Graduate of the École Polytechnique
Graduate of the École Nationale d'Administration

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
Banque Marocaine pour le Commerce et l'Industrie – BMCI[*] (Morocco)
Vice-Chairman and member of the Supervisory Board
BNP Paribas[*], Director (until 13 May 2015)

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Airbus[*] (Netherlands), Director
ESL Network (SAS), Chairman of the Strategic Council
M.J.P. Conseil (Sarl), manager
Pargesa Holding SA[*] (Switzerland), Director
Paris fait son cinéma (SAS), associate
Total SA[*], Director

Participation[1] in Specialised Committees of the Board of directors of French or foreign companies
Airbus, member of the Audit Committee
Total SA, Chairman of the Compensation Committee

Other[1]
Académie des Sciences morales et politiques, member
BNP Paribas[*], Honorary Chairman
Centre des Professions Financières, Chairman
Centre National Éducation Économie (CNEE), member
Cercle Jean-Baptiste Say, member of the Sponsorship Committee
Club des partenaires de TSE, Chairman
Collège des Bernardins, member of the Sponsorship Committee
Fondation ARC (for cancer research), Chairman
Fondation BNP Paribas, Chairman
Fondation Jean-Jacques Laffont – TSE, Director
Fondation Nationale des Sciences Politiques, Director
HSBC France, Honorary Chairman
The Policy Board of the Institut de l'Entreprise, Honorary Chairman and member
Institut Vaucanson, Chairman of the Scientific and Pedagogical Council
Medef, member of the Steering Committee

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:
Honorary Chairman of: BNP Paribas
Director of: Airbus (Netherlands), BNP Paribas (Switzerland) SA, Fondation Jean-Jacques Laffont – TSE, Pargesa Holding SA (Switzerland), Total SA
Vice-Chairman and member of the Supervisory Board of: Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Chairman of: Centre des Professions Financières, Club des partenaires de TSE, Fondation BNP Paribas
Honorary Chairman of: HSBC France, Institut Aspen, Institut de l'Entreprise
Chairman of the Board of directors of: Fondation ARC
Manager of: M.J.P. Conseil (Sarl)
Associate of: Paris fait son cinéma (SAS)
Member of: Académie des Sciences morales et politiques, Fondation Nationale des Sciences Politiques, Strategic Orientation Council of Medef, Sponsorship Committee of Cercle Jean-Baptiste Say, Sponsorship Committee of Collège des Bernardins
Representative of: the Medef Chairman at the Centre National Éducation Économie (CNEE)

2013:
Honorary Chairman of: BNP Paribas
Director of: Total SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands), Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Non-voting Director of: Société Anonyme des Galeries Lafayette
Chairman of: Fondation BNP Paribas
Honorary Chairman of: HSBC France, Institut Aspen, Institut de l'Entreprise
Member of: the Académie des Sciences morales et politiques, the Supervisory Board and Steering Committee of the Aspen Institute, Steering Committee of Institut de l'entreprise, Fondation Nationale des Sciences Politiques, and the Board of directors of Fondation ARC

2012:
Honorary Chairman of: BNP Paribas
Director of: AXA, Compagnie de Saint-Gobain, Total SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands) Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Non-voting Director of: Société Anonyme des Galeries Lafayette
Chairman of: the Management Board of Institut d'Études Politiques de Paris, Fondation BNP Paribas
Honorary Chairman of: HSBC France, Supervisory Board of Institut Aspen, Institut de l'Entreprise
Member of: Académie des Sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Steering Committee of Institut de l'entreprise, Fondation Nationale des Sciences Politiques, Fondation ARC

2011:
Honorary Chairman of: BNP Paribas (from 1 December 2011)
Director of: AXA, Compagnie de Saint-Gobain, Lafarge, Total SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands) Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Non-voting Director of: Société Anonyme des Galeries Lafayette
Chairman of: Management Board of Institut d'Études Politiques de Paris
Honorary Chairman of: HSBC France
Member of: Académie des Sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

(1) At 13 May 2015.
(*) Listed company.

Jean-Laurent BONNAFÉ
Principal function: Chief Executive Officer and Director of BNP Paribas

Date of birth: 14 July 1961
Nationality: French
First elected to the Board on: 12 May 2010
Term start and end dates: 15 May 2013 – 2016 AGM

Number of BNP Paribas shares held[(1)]: 81,077[(2)]
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Education
Graduate of the École Polytechnique
Graduate of the École des Mines

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[(*)], Chief Executive Officer and Director
BNP Paribas Fortis (Belgium), Director

Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Carrefour[(*)], Director

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Chief Executive Officer and Director of: BNP Paribas **Director of:** Carrefour, BNP Paribas Fortis (Belgium)	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Carrefour, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium)	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Carrefour, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium), Erbé SA (Belgium)	**Chief Executive Officer and Director of:** BNP Paribas (from 1 December 2011) **Director of:** Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium)

(1) Year ended 31 December 2015.
(2) Includes 18,532 BNP Paribas shares held under the Company Savings Plan.
(*) Listed company.

Pierre André DE CHALENDAR
Principal function: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Date of birth: 12 April 1958
Nationality: French
First elected to the Board on: 23 May 2012
Term start and end dates: 13 May 2015 – 2018 AGM

Number of BNP Paribas shares held[(1)]: 1,000
Office address: Les Miroirs
92096 LA DÉFENSE CEDEX
FRANCE

Education
Graduate of École Supérieure des Sciences Économiques et Commerciales (ESSEC)
Graduate of the École Nationale d'Administration

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[(*)], Director

Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Compagnie de Saint-Gobain[(*)], Chairman and Chief Executive Officer
GIE SGPM Recherches, Director
Saint-Gobain Corporation (United States), Director

Participation[(1)] in Specialised Committees of French or foreign companies
BNP Paribas, Chairman of the Remuneration Committee and member of the Corporate Governance and Nominations Committee
Compagnie de Saint-Gobain, member of the Strategic Committee

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	
Chairman and Chief Executive Officer of: Compagnie de Saint-Gobain **Director of:** BNP Paribas, GIE SGPM Recherches, Saint-Gobain Corporation (United States), Veolia Environnement	**Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Verallia **Director of:** BNP Paribas, Veolia Environnement, Saint-Gobain Corporation (United States), GIE SGPM Recherches	**Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Verallia **Director of:** BNP Paribas, Veolia Environnement, Saint-Gobain Corporation (United States), GIE SGPM Recherches	

(1) Year ended 31 December 2015.
(*) Listed company.

Monique COHEN **Principal function: Partner of Apax Partners**	
Date of birth: 28 January 1956 *Nationality:* French *First elected to the Board on:* 12 February 2014, ratified by the Annual General Meeting of 14 May 2014 *Term start and end dates:* 14 May 2014 – 2017 AGM *Number of BNP Paribas shares held[1]:* 9,620 *Office address:* 1, rue Paul Cézanne 75008 PARIS FRANCE **Education** Graduate of École Polytechnique Master's degree in Mathematics Master's degree in Business Law	**Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas[*], Director **Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad** Hermès, Vice-Chairwoman of the Supervisory Board JC Decaux, member of the Supervisory Board Safran, Director **Positions held under the principal function** Apax Partners MidMarket SAS, Director Proxima Investissement SA (Luxembourg), Chairwoman of the Board of directors Trocadero Participations II SAS, Chairwoman Trocadero Participation SAS, Chairwoman of the Supervisory Board **Participation[1] in Specialised Committees of French or foreign companies** BNP Paribas, member of the Financial Statements Committee and Remuneration Committee Hermès, Chairwoman of the Audit and Risk Committee JC Decaux, member of the Audit Committee Safran, member of the Audit and Risk Committee **Other[1]** Global Project SAS, member of the Special Committee (advisory body)

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014: **Chairwoman of the Board of directors of:** Proxima Investment SA (Luxembourg) **Chairwoman of the Supervisory Board of:** Trocadero Participations SAS **Vice-Chairwoman and member of the Supervisory Board of:** Hermès **Director of:** BNP Paribas, Safran, Apax Partners Midmarket SAS **Chief Operating Officer of:** Altamir Gérance SA **Chairwoman of:** Trocadero Participations II SAS **Member of:** Special Committee (advisory body) of Global Project SAS, Supervisory Board of JC Decaux			

(1) Year ended 31 December 2015.
(*) Listed company.

Marion GUILLOU **Principal function: Chairwoman of Agreenium**	
Date of birth: 17 September 1954 *Nationality:* French *First elected to the Board on:* 15 May 2013 *Term start and end dates:* 15 May 2013 – 2016 AGM *Number of BNP Paribas shares held(1):* 600 *Office address:* 147, rue de l'Université 75007 PARIS, FRANCE **Education** Graduate of the École Polytechnique Graduate of the École Nationale du Génie Rural, des Eaux et des Forêts Doctor of Food Sciences	**Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas(*), Director **Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad** Agreenium (public institution), Chairwoman of the Board of directors of Institut Agronomique, Vétérinaire et Forestier de France Apave, Director CGIAR (international organisation), Director Imerys(*), Director Veolia Environnement(*), Director **Participation(1) in Specialised Committees of French or foreign companies** BNP Paribas, member of the Corporate Governance and Nominations Committee and the Internal Control, Risk Management and Compliance Committee CGIAR, Chairwoman of the Nominations and Evaluation Committee and Scientific Committee Imerys, member of the Appointments and Compensation Committee Veolia Environnement, member of the Research, Innovation and Sustainable Development Committee and the Appointments Committee **Other(1)** Fondation Nationale de Sciences Politiques (FNSP), Director

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014: **Chairwoman of:** Agreenium **Director of:** BNP Paribas, Apave, CGIAR, Imerys, Veolia Environnement	**2013:** **Chairwoman of:** Agreenium **Director of:** BNP Paribas, Apave, CGIAR, Imerys, Veolia Environnement		

(1) Year ended 31 December 2015.
(*) Listed company.

Denis KESSLER
Principal function: Chairman and Chief Executive Officer of SCOR SE

Date of birth: 25 March 1952
Nationality: French
First elected to the Board on: 23 May 2000
Term start and end dates: 13 May 2015 – 2018 AGM

Number of BNP Paribas shares held(1)*:* 2,684
Office address: 5, avenue Kléber
75016 PARIS
FRANCE

Education
Degree in Economic Science
Degree in Social Science
Doctor of Economic Science
Graduate of the École des Hautes Études Commerciales
French Institute of Actuaries, qualified member

Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Invesco Ltd(*) (United States), Director
SCOR SE(*), Chairman and Chief Executive Officer

Participation(1) in Specialised Committees of French or foreign companies
BNP Paribas, Chairman of the Financial Statements Committee
Invesco Ltd, member of the Audit Committee, Compensation Committee, and Corporate Governance and Nominations Committee
SCOR SE, Chairman of the Strategic Committee

Other(1)
Association de Genève, Director
Bureau de la Fédération Française des Sociétés d'Assurance, member
Conference Board, Global counsellor, member
Global Reinsurance Forum, of the Reinsurance Advisory Board, member

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Chairman and Chief Executive Officer of: SCOR SE **Director of:** BNP Paribas, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Member of:** the Board of directors of Association de Genève, Board of directors of the Association Le Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD), Global Counsellor of the Conference Board	**Chairman and Chief Executive Officer of:** SCOR SE **Director of:** BNP Paribas, Dassault Aviation, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Member of:** Commission Économique de la Nation, Board of directors of Association de Genève, Board of directors of the Association Le Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD), Global Counsellor of the Conference Board	**Chairman and Chief Executive Officer of:** SCOR SE **Director of:** BNP Paribas, Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Member of:** Commission Économique de la Nation, Board of directors of Association de Genève, Board of directors of the Association Le Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD)	**Chairman and Chief Executive Officer of:** SCOR SE **Director of:** BNP Paribas, Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Member of:** Commission Économique de la Nation, Board of directors of the Association Le Siècle, Board of directors of Association de Genève, Board of French Foundation for Medical Research, Strategic Board of the European Insurance Federation, Global Reinsurance Forum, Reinsurance Advisory Board

(1) Year ended 31 December 2015.
(*) Listed company.

Jean-François LEPETIT
Principal function: Director of companies

Date of birth: 21 June 1942
Nationality: French
First elected to the Board on: 5 May 2004
Term start and end dates: 14 May 2014 – 2017 AGM

Number of BNP Paribas shares held[1]*:* 9,167
Office address: 30, boulevard Diderot
75572 PARIS CEDEX 12
FRANCE

Education
Graduate of the École des Hautes Études Commerciales
Law degree

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[*], Director

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Shan SA, Director

Participation[1] in Specialised Committees of French or foreign companies
BNP Paribas, Chairman of the Internal Control, Risk Management and Compliance Committee and member of the Remuneration Committee

Other[1]
Qatar Financial Center Regulatory Authority (QFCRA), Doha (Qatar), member of the Board

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Director of: BNP Paribas, Shan SA, Smart Trade Technologies SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar)	**Director of:** BNP Paribas, Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar), Conseil de la régulation financière et du risque systémique (Corefris)	**Director of:** BNP Paribas, Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar), Conseil de la régulation financière et du risque systémique (Corefris)	**Director of:** BNP Paribas, Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar)

(1) Year ended 31 December 2015.
(*) Listed company.

Nicole MISSON
Principal function: Customer Advisor

Date of birth: 21 May 1950
Nationality: French
First elected to the Board on: 1 July 2011
Term start and end dates: elected by BNP Paribas executive employees for 3 years from 16 February 2015 – 15 February 2018

Number of BNP Paribas shares held[1]*:* 1,937[2]
Office address: 32, rue de Clignancourt
75018 PARIS
FRANCE

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[*], Director

Participation[1] in Specialised Committees of French or foreign companies
BNP Paribas, member of the Internal Control, Risk Management and Compliance Committee and the Remuneration Committee

Other[1]
Judge at the Paris Employment Tribunal, Management Section
Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission), member

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Judge at the Paris Employment Tribunal, Management Section, **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	Judge at the Paris Employment Tribunal, Management Section, **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	Judge at the Paris Employment Tribunal, Management Section, **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	Judge at the Paris Employment Tribunal, Management Section, **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)

(1) Year ended 31 December 2015.
(2) Includes 1,763 BNP Paribas shares held under the Company Savings Plan.
(*) Listed company.

Thierry MOUCHARD **Principal function: Administrative Assistant, Customer Transactions Department (until 15 February 2015)**			
Date of birth: 4 July 1960 *Nationality:* French *First elected to the Board on:* 16 February 2012 *Term start and end dates:* 16 February 2012 (on which date Thierry Mouchard was elected by employees) – 15 February 2015 *Number of BNP Paribas shares held*[1]: 10 *Office address:* 41, boulevard du Maréchal Foch 49000 ANGERS FRANCE		**Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas(*), Director **Participation[1] in Specialised Committees of French or foreign companies** BNP Paribas, member of the Financial Statements Committee	
Functions at previous year-ends *(the companies listed are the parent companies of the groups in which the functions were carried out)*			
2014: **Director of:** BNP Paribas	**2013:** **Director of:** BNP Paribas	**2012:** **Director of:** BNP Paribas	

(1) At 14 February 2015.
(*) Listed company.

Laurence PARISOT
Principal function: Vice-Chairwoman of the Management Board of Ifop SA

Date of birth: 31 August 1959
Nationality: French
First elected to the Board on: 23 May 2006
Term start and end dates: 13 May 2015 – 2018 AGM

Number of BNP Paribas shares held[(1)]*:* 755
Office address: Immeuble Millénaire 2
35, rue de la Gare
75019 PARIS
FRANCE

Education
Graduate of the Institut d'Études Politiques de Paris
Master's in Public Law, Université de Nancy II
Master of Advanced Studies, Institut d'Études Politiques de Paris

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[(*)], Director
Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
EDF[(*)], Director
Ifop SA, Vice Chairwoman of the Management Board
Participation[(1)] in Specialised Committees of French or foreign companies
BNP Paribas, Chairwoman of the Corporate Governance and Nominations Committee
EDF, member of the Audit Committee and the Strategy Committee
Other[(1)]
Scientific and Assessment Board of Fondapol, Chairwoman
European Council for Foreign Relations, member
Mouvement des Entreprises de France (Medef), Honorary Chairwoman

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Vice-Chairwoman of the Management Board of: Ifop SA **Honorary Chairwoman of:** Mouvement des Entreprises de France (Medef) **Chairwoman of:** Scientific and Assessment Board of Fondapol **Director of:** BNP Paribas, Fives **Member of:** the Supervisory Board of Compagnie Générale des Établissements Michelin (SCA), Conseil Économique, Social et Environnemental (CESE), European Council for Foreign Relations	**Vice-Chairwoman of the Management Board of:** Ifop SA **Honorary Chairwoman of:** Mouvement des Entreprises de France (Medef) **Director of:** BNP Paribas, Coface SA, Fives **Member of:** the Supervisory Board of Compagnie Générale des Établissements Michelin (SCA)	**Vice-Chairwoman of the Management Board of:** Ifop SA **Chairwoman of:** Mouvement des Entreprises de France (Medef) **Director of:** BNP Paribas, Coface SA **Member of:** the Supervisory Board of Compagnie Générale des Établissements Michelin (SCA)	**Vice-Chairwoman of the Management Board of:** Ifop SA **Chairwoman of:** Mouvement des Entreprises de France (Medef) **Director of:** BNP Paribas, Coface SA **Member of:** the Supervisory Board of Compagnie Générale des Établissements Michelin (SCA)

(1) Year ended 31 December 2015
(*) Listed company.

Daniela SCHWARZER
Principal function: Member of the Executive Committee (Senior Director of Research, Director of the European program and the Berlin office) of the German Marshall Fund, transatlantic think tank (Berlin)

Date of birth: 19 July 1973
Nationality: German
First elected to the Board on: 14 May 2014
Term start and end dates: 14 May 2014 – 2017 AGM

Number of BNP Paribas shares held[(1)]: 200
Office address: Neue Strasse 5,
14163 BERLIN
GERMANY

Education
Doctorate in Economics from the Free University of Berlin
Master's degree in Political Science – Master's degree in Linguistics from the University of Tübingen

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[(*)], Director

Participation[(1)] in Specialised Committees of French or foreign companies
BNP Paribas, member of the Corporate Governance and Nominations Committee

Other
Association Notre Europe – Jacques Delors Institute, Director
United Europe Foundation (Hamburg), Director
Research Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014: **Director of:** BNP Paribas, Association Notre Europe – Jacques Delors Institute, United Europe Foundation (Hamburg)		

(1) Year ended 31 December 2015.
(*) Listed company.

Michel TILMANT
Principal function: Manager of Strafin sprl (Belgium)

Date of birth: 21 July 1952 *Nationality:* Belgian *First elected to the Board on:* 12 May 2010 (Michel Tilmant served as non-voting Director of BNP Paribas from 4 November 2009 to 11 May 2010) *Term start and end dates:* 15 May 2013 – 2016 AGM *Number of BNP Paribas shares held*[(1)]*:* 500 *Office address:* Rue du Moulin 10 B-1310 LA HULPE BELGIUM **Education** Graduate of the University of Louvain	**Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas[(*)], Director **Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad** Groupe Foyer: CapitalatWork Foyer Group SA (Luxembourg), deputy Director Foyer SA (Luxembourg), Director Groupe Lhoist SA (Belgium), Director Sofina SA[(*)] (Belgium), Director Strafin sprl (Belgium), manager **Participation[(1)] in Specialised Committees of French or foreign companies** BNP Paribas, member of the Internal Control, Risk Management and Compliance Committee Groupe Lhoist SA, member of the Audit Committee Sofina, member of the Appointments and Compensation Committee **Other[(1)]** Cinven Ltd (UK), senior advisor Royal Automobile Club of Belgium (Belgium), Director Université Catholique de Louvain (Belgium), Director

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Director of: BNP Paribas, CapitalatWork Foyer Group SA (Luxembourg), Foyer Assurances SA (Luxembourg), Groupe Lhoist SA (Belgium), Ark Life Ltd (Ireland), Guardian Acquisitions Limited (UK), Guardian Assurance Limited (UK), Guardian Financial Services Holdings Limited (UK), Guardian Holdings Limited (Jersey), NBGB SA (Belgium), Royal Automobile Club of Belgium (Belgium), Sofina SA[(*)] (Belgium), Université Catholique de Louvain (Belgium). **Manager of:** Strafin sprl (Belgium) **Senior advisor:** Cinven Ltd (UK)	**Director of:** BNP Paribas, CapitalatWork Foyer Group SA (Luxembourg), Foyer Assurances SA (Luxembourg), Groupe Lhoist SA (Belgium), Guardian Financial Services Holdings Limited (UK), Guardian Assurance Limited (UK), Guardian Holdings Limited (Jersey), Guardian Acquisitions Limited (UK), NBGB SA (Belgium), Royal Automobile Club of Belgium (Belgium), Sofina SA[(*)] (Belgium), Université Catholique de Louvain (Belgium) **Senior advisor:** Cinven Ltd (UK)	**Chairman of:** Guardian Holdings Limited (Jersey), Guardian Acquisitions Limited (UK) **Director of:** BNP Paribas, Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium) **Senior advisor:** Cinven Ltd (UK)	**Chairman of:** Green Day Holdings Limited (Jersey), Green Day Acquisitions Limited (UK) **Director of:** BNP Paribas, Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium) **Senior advisor:** Cinven Ltd (UK)

(1) Year ended 31 December 2015.
(*) Listed company.

Emiel VAN BROEKHOVEN
Principal function: Economist, Honorary Professor at the University of Antwerp (Belgium)

Date of birth: 30 April 1941
Nationality: Belgian
First elected to the Board on: 12 May 2010
(Emiel Van Broekhoven held the position of non-voting Director of BNP Paribas from 4 November 2009 to 11 May 2010)
Term start and end dates: 15 May 2013 – 2016 AGM

Number of BNP Paribas shares held(1)*:* 577
Office address: Zand 7 – 9
B-2000 ANTWERP
BELGIUM

Education
Graduate of Saint Ignatius Business College (Belgium)
Doctor of Economic Sciences, Oxford University (UK)

Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Participation(1) in Specialised Committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Director of: BNP Paribas	**Director of:** BNP Paribas	**Director of:** BNP Paribas	**Director of:** BNP Paribas

(1) Year ended 31 December 2015.
(*) Listed company.

Sandrine VERRIER
Principal function: Production and sales support assistant

Date of birth: 9 April 1979
Nationality: French
First elected to the Board on: 16 February 2015
Term start and end dates: elected by BNP Paribas business technician employees for 3 years from 16 February 2015 – 15 February 2018

Number of BNP Paribas shares held(1)*:* 10
Office address: 32, rue de Clignancourt
75018 PARIS
FRANCE

Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

(1) Year ended 31 December 2015.
(*) Listed company.

Fields WICKER-MIURIN
Principal function: Co-founder and Partner at Leaders' Quest (United Kingdom)

Date of birth: 30 July 1958
Nationality: British, American
First elected to the Board on: 11 May 2011
Term start and end dates: 14 May 2014 – 2017 AGM

Number of BNP Paribas shares held(1): 139
Office address: 11-13, Worple Way
RICHMOND-UPON-THAMES
SURREY TW10 6DG
UNITED KINGDOM

Education
Graduate of the Institut d'Études Politiques de Paris
MA degree from University of Virginia (United States)
BA degree from Johns Hopkins University (United States)

Offices held(1) in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas(*), Director

Offices held(1) in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
Bilt Paper B.V. (Netherlands), Director
SCOR SE(*), Director

Participation(1) in Specialised Committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee
SCOR SE, member of the Strategic Committee, Risk Committee and Appointments and Compensation Committee
Bilt Paper BV, Senior Independent Director, Chairwoman of the Compensation and Appointments Committee and Chairwoman of the Corporate Social Responsibility Committee

Other(1)
Board of the Batten School of Leadership – University of Virginia (United States), member

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Director of: BNP Paribas, Bilt Paper B.V (Netherlands), SCOR SE, Ministry of Justice of Her Majesty's Government (UK) **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)	**Director of:** BNP Paribas, CDC Group Plc, Ballarpur Industries Ltd (BILT), SCOR SE, Ministry of Justice of Her Majesty's Government (UK) **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)	**Director of:** BNP Paribas, CDC Group Plc, Ballarpur International Graphic Paper Holdings **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)	**Director of:** BNP Paribas, CDC Group Plc, Ballarpur International Graphic Paper Holdings **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)

(1) Year ended 31 December 2015.
(*) Listed company.

SCHEDULE OF THE TERMS OF OFFICE OF COMPANY DIRECTORS

On the Board's proposal, the Shareholders' Annual General Meeting of 23 May 2000 decided to limit the term of office of new Directors to three years.

Directors	Annual General Meeting of 2016 (called to approve the 2015 financial statements)	Annual General Meeting of 2017 (called to approve the 2016 financial statements)	Annual General Meeting of 2018 (called to approve the 2017 financial statements)
J. Lemierre		✓	
J-L. Bonnafé	✓		
P.A. de Chalendar			✓
M. Cohen		✓	
M. Guillou	✓		
D. Kessler			✓
J-F. Lepetit		✓	
N. Misson			✓ (i)
L. Parisot			✓
D. Schwarzer		✓	
M. Tilmant	✓		
E. Van Broekhoven	✓		
S. Verrier			✓ (ii)
F. Wicker-Miurin		✓	

(i) Director elected by executive employees, having taken up office at the Board meeting of 16 February 2015, for a period of 3 years, i.e. until 15 February 2018.
(ii) Director elected by technician employees, having taken up office at the Board meeting of 16 February 2015, for a period of 3 years, i.e. until 15 February 2018.

OTHER CORPORATE OFFICERS

Philippe BORDENAVE
Principal function: Chief Operating Officer of BNP Paribas

Date of birth: 2 August 1954 *Nationality:* French *Number of BNP Paribas shares held*[1]: 51,674 *Office address:* 3, rue d'Antin 75002 PARIS France	Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad BNP Paribas[*], Chief Operating Officer Exane BNP Paribas, non-voting Director Verner Investissements, Director
Education Graduate of the École Polytechnique Graduate of the École Nationale d'Administration DEA in Economics	

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Chief Operating Officer of: BNP Paribas **Director of:** BNP Paribas Personal Finance **Permanent representative of:** Antin Participation 5 (SAS), BNP Paribas Securities Services (SCA) **Non-voting Director of:** Exane BNP Paribas	**Chief Operating Officer of:** BNP Paribas **Director of:** BNP Paribas Personal Finance **Permanent representative of:** Antin Participation 5 (SAS), BNP Paribas Securities Services (SCA)	**Chief Operating Officer of:** BNP Paribas **Director of:** BNP Paribas Personal Finance **Permanent representative of:** Antin Participation 5 (SAS), BNP Paribas Securities Services (SCA)	**Chief Operating Officer of:** BNP Paribas (from 1 December 2011) **Director of:** BNP Paribas UK Holdings Ltd (UK), BNP Paribas Personal Finance **Permanent representative of:** Antin Participation 5 (SAS) in BNP Paribas Securities Services (SCA)

(1) At 31 December 2015.
(*) Listed company.

François VILLEROY de GALHAU Principal function: Chief Operating Officer of BNP Paribas (until 30 April 2015)	
Date of birth: 24 February 1959 *Nationality:* French *Number of BNP Paribas shares held*[1]: 15,746[2] *Office address:* 3, rue d'Antin 75002 PARIS FRANCE Education Graduate of the École Polytechnique Graduate of the École Nationale d'Administration	Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad (until 30 April 2015) Arval Service Lease, Director Banca Nazionale del Lavoro (Italy), Deputy Chairman BGL BNP Paribas (Luxembourg), Vice-Chairman[**] BNP Paribas[*], Chief Operating Officer BNP Paribas Fortis (Belgium), Vice-Chairman BNP Paribas Leasing Solutions (Luxembourg), Director Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad Bayard Presse, member of the Supervisory Board Villeroy-Boch AG[*] (Germany), member of the Supervisory Board

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2014:	2013:	2012:	2011:
Chief Operating Officer of: BNP Paribas **Vice-Chairman of:** Banca Nazionale del Lavoro (Italy), BGL BNP Paribas (Luxembourg), BNP Paribas Fortis (Belgium) **Director of:** Arval Service Lease, BNP Paribas Leasing Solutions (Luxembourg) **Member of the Supervisory Board of:** Bayard Presse, Villeroy-Boch AG (Germany)	**Chief Operating Officer of:** BNP Paribas **Vice-Chairman of:** BGL BNP Paribas (Luxembourg) **Director of:** BNP Paribas Fortis (Belgium), BNP Paribas Leasing Solutions (Luxembourg), Arval Service Lease, Cortal Consors, Banca Nazionale del Lavoro (Italy) **Member of the Supervisory Board of:** Bayard Presse, Villeroy-Boch AG (Germany)	**Chief Operating Officer of:** BNP Paribas **Vice-Chairman of:** BGL BNP Paribas (Luxembourg) **Director of:** BNP Paribas Fortis (Belgium), BNP Paribas Leasing Solutions (Luxembourg), Arval Service Lease, Cortal Consors, Banca Nazionale del Lavoro (Italy) **Member of the Supervisory Board of:** Bayard Presse, Villeroy-Boch AG (Germany)	**Chief Operating Officer of:** BNP Paribas (from 1 December 2011) **Director of:** BNP Paribas Cardif, BNP Paribas Développement, BGL BNP Paribas (Luxembourg) **Member of the Supervisory Board of:** Bayard Presse, Villeroy-Boch AG (Germany)

(1) At 30 April 2015.
(2) Includes 5,745 BNP Paribas shares held under the Company Savings Plan.
(*) Listed company.
(**) Until 7 May 2015.

REMUNERATION

REMUNERATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

Remuneration policy

The Group's remuneration policy for executive corporate officers refers explicitly to the Afep-Medef Corporate Governance Code, and further derives its legitimacy from its desire to apply policies consistent with the BNP Paribas Responsibility Charter (see section 7.1). The remuneration paid to the Group's corporate officers is determined by the Board of directors and is based on the proposals of the Remuneration Committee. This committee is comprised of three independent Directors and one Director representing the employees.

The definition of the terms of remuneration paid to the Group's corporate officers takes into account the following purposes:

- alignment with the Bank's social interest and with that of its shareholders:
  - consistency with a medium to long-term outlook, especially in terms of the growth of the Bank's intrinsic value, good risk management and the relative performance of its share;
  - integration of extra-financial assessment criteria, notably by taking the CSR dimension into account in the qualitative criteria contributing to the determination of remuneration;
  - guarantee of sufficient variability in the amounts allocated to reflect changes in the Bank's progress without weighing too heavily on fixed expenses;
- transparency of remuneration;
  - thoroughness: all elements (fixed, annual variable, multi-annual variable) are used in the overall assessment of the remuneration;
  - balance between the elements of remuneration, which must contribute to the general interest of the Bank and reflect best market practices;
  - intelligibility of stable and strict rules;
- attractiveness, in order to select with rigour the profiles recognised as particularly competent in the fields of the Group's activity.

I. Remuneration of the Non-Executive Chairman

The Chairman's remuneration is set by the Board of directors in accordance with the method recommended by the Remuneration Committee, in line with the objectives set out above.

The level of the Chairman's remuneration is determined using market benchmarks based on surveys of remuneration established by specialised firms.

The fixed remuneration of Jean Lemierre in his capacity as Chairman amounted to EUR 950,000 in 2015.

Jean Lemierre did not receive any annual or multi-annual variable remuneration for his office as Chairman.

The absence of annual or multi-annual variable remuneration reflects the independence of the Chairman with regard to the Executive Management.

II. Remuneration of the Executive Management

The remuneration awarded to the Group's executive corporate officers is determined by the method recommended by the Remuneration Committee to the Board of directors, in accordance with the objectives stated above.

Remuneration includes:

- a fixed component;
- an annual variable component;
- a conditional long-term incentive plan (LTIP), which forms the multi-annual variable component.

The levels of these different elements are determined using market benchmarks based on surveys of executive remuneration established by specialised firms.

To comply with the capping of variable remuneration provided for in Article L.511-78 of the French Monetary and Financial Code, specifically applicable to banking and financial institutions, the Board of directors reserves the right to reduce the long-term incentive plan (LTIP, described below). On the decision of the Shareholders' Annual General Meeting of 13 May 2015, this cap was set at twice the amount of the fixed remuneration for a period of three years.

1. Fixed salary

The annual fixed remuneration of Jean-Laurent Bonnafé in his capacity as Chief Executive Officer totalled EUR 1,250,000 in 2015.

The annual fixed remuneration of Philippe Bordenave in his capacity as Chief Operating Officer totalled EUR 800,000 in 2015.

The annual fixed remuneration of François Villeroy de Galhau in his capacity as Chief Operating Officer until 30 April 2015, the end of his term of office, totalled EUR 150,000.

SUMMARY TABLE OF FIXED REMUNERATION OF THE EXECUTIVE MANAGEMENT

In euros	Fixed remuneration paid in 2015	Comments
Jean-Laurent BONNAFÉ	1,250,000	Most recent increase in fixed remuneration: 1 July 2012
Philippe BORDENAVE	800,000	Most recent increase in fixed remuneration: 1 January 2015
François VILLEROY de GALHAU	150,000	Term of office ended 30 April 2015

2. Annual variable remuneration

The variable component is intended to reflect the effective contribution of executive corporate officers to the success of BNP Paribas in respect of their functions as executive managers of an international financial services group.

General principles

The variable remuneration of the members of the Executive Management is determined from target remuneration equal to 150% of their annual fixed remuneration for Jean-Laurent Bonnafé and Philippe Bordenave.

It varies in accordance with criteria representative of the Group's performance and the qualitative assessment of the Board of directors.

Group performance criteria (quantitative)

Group performance criteria:

- apply to 75% of the target variable remuneration; and
- enable the calculation of the corresponding portion of the remuneration in a manner proportional to numerical indicators.

If objectives based on quantitative criteria are exceeded (or not achieved), the fraction of the target remuneration in question changes proportionally within the limits of the cap mentioned below.

The quantitative criteria apply to the Group's overall performance:

- ratio of earnings per share for the year to earnings per share for the previous year (37.5% of target variable remuneration);
- percentage achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration).

Personal (qualitative) criteria

The variable portion of remuneration linked to qualitative assessment by the Board of directors is capped at 25% of the target variable remuneration. Under no circumstances can this assessment lead to an increase in the variable component linked to this assessment.

The performance of this qualitative assessment by the Board of directors is essential, especially in view of the reinforcement of its responsibilities for monitoring and control provided by the French Monetary and Financial Code since 2014 (thereby transposing CRD 4). In addition to the Bank's strategy, which it is its responsibility to approve, the Board of directors must assess the performance of the Executive Management given the events of the past year, the control of risks and the effectiveness of the internal control system, which it is required to assess.

In performing its qualitative assessment, the Board takes into consideration foresight, decision-making, management skills and exemplary qualities:

- *foresight:* define a vision, prepare for the future, foster a spirit of innovation, carry out succession planning and open up the international horizons of senior managers;
- *decision-making:* determine, with the relevant managers, and take the requisite measures for the Group's development, its internal efficiency and the adequacy of its risk management, internal control and capital management policy;
- *manage:* recognise behaviour consistent with the Group's values. Promote initiative-taking and internal cooperation. Instil a culture of change and performance;
- *be an example:* lead the Group in an ethical and active process of economic, civic, environmental and social responsibility (see the 4 pillars and the 12 commitments of the Group CSR policy presented in section 7.1). Encourage a long-term strategy based on sustainable performance.

The Board considered that the 2015 performance was above expectations in a complex regulatory and economic environment, and that this outcome would not have been possible without exceptional commitment from the Executive Management.

SUMMARY OF CRITERIA FOR SETTING ANNUAL VARIABLE REMUNERATION

Criteria applicable	% of TVC(1)	Jean-Laurent BONNAFÉ Philippe BORDENAVE
QUANTITATIVE Criteria linked to the performance of the Group	37.50%	■ Change in earnings per share
	37.50%	■ Achievement of target gross operating income
QUALITATIVE Personal criteria	25.00%	Assessment of managerial performance. Personal qualities required: foresight, decision-making, leadership and exemplary behaviour The assessment of the Board of directors may, if necessary, consider other criteria.

(1) Target variable remuneration.

2

Ceiling

In addition to compliance with the aforementioned French Monetary and Financial Code, the Board of directors ensures the consistency of the amount of the annual variable remuneration with changes in the results of the Group.

In any event, the amount of annual variable remuneration for each of the corporate officers is capped at 180% of the fixed remuneration.

Assessment of the achievement of the targets set for 2015

At its meeting of 4 February 2016, the Board of directors assessed the achievement of the objectives set.

After taking into account both quantitative and qualitative criteria, and the evolution in the Group's operating performance, the Board of directors, on proposal of the Remuneration Committee, set the variable remuneration awarded in respect of 2015 at:

- EUR 1,950,000 for Jean-Laurent Bonnafé (representing 104% of his target variable remuneration);
- EUR 1,250,000 for Philippe Bordenave (representing 104% of his target variable remuneration).

François Villeroy de Galhau did not receive any annual variable remuneration in respect of 2015.

The result in respect of each criterion is set out in the following table:

In euros		Qualitative criteria	Quantitative criteria		Variable remuneration set by the Board	Reminder of target variable remuneration
			EPS[(2)] Group	Gross operating income[(3)] Group		
Jean-Laurent BONNAFÉ	Weighting[(1)]	25.00%	37.50%	37.50%		
	Measurement[(1)]	25.00%	41.01%	38.19%	**1,950,000**	1,875,000
Philippe BORDENAVE	Weighting[(1)]	25.00%	37.50%	37.50%		
	Measurement[(1)]	25.00%	41.01%	38.19%	**1,250,000**	1,200,000

(1) As a percentage of target variable remuneration.

(2) Change in earnings per share (EPS) for the year compared with earnings per share for the previous year (the 2014 EPS used for this calculation does not take account of the exceptional item linked to the settlement with the US authorities).

(3) Percentage achievement of target gross operating income.

Terms and conditions of payment

a) The terms of payment of the variable remuneration for the BNP Paribas Group executive corporate officers in respect of 2015, consistent with the provisions of the French Monetary and Financial Code, are the following:

- 60% of variable remuneration is deferred over three years;
- half of the non-deferred portion of the variable remuneration will be paid in March 2016, less Directors' fees received within the Group in 2015 for entities other than BNP Paribas SA, and half in September 2016, indexed to the performance of the BNP Paribas share since the award;
- the deferred portion of the variable remuneration will be paid in thirds, in 2017, 2018 and 2019. Each annual payment will be made half in March and half in September, indexed to the performance of the BNP Paribas share since the award.

b) In addition, the annual payment of the deferred variable remuneration is subject to the condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.

The Board found that the performance condition was not met in 2014; accordingly, deferred remuneration payable in 2015 was not paid out.

The Board found that the performance condition was met in 2015; accordingly, deferred remuneration payable in 2016 will be effectively paid out.

3. Conditional long-term incentive plan (LTIP) covering a five-year period

Summary of the LTIP

To align the interests of executive corporate officers with the medium- to long-term performance of the BNP Paribas Group without compromising risk management, the Board has established an LTIP, unchanged since 2011, under which no payment shall be made if the market price of the BNP Paribas share does not increase by at least 5% over a five-year period.

Should the share price rise by at least 5%, the benefit gained by managers from this performance is gradual, in accordance with a scale that varies more slowly than the market price.

The LTIP also aligns the payment received by Executive Management with the regularity of the performance of the BNP Paribas share relative to that of other major European banks, potentially reducing the amount set, even in the event of an increase of at least 5% in the share price over the 5-year period. The relative performance is tested annually; each year, a fifth of the amount determined in respect of change in the share price is either maintained, reduced or cancelled based on such comparison.

The amount payable under the LTIP is subject to two limits resulting first from a cap on the increase in the share price, and second from an absolute level of remuneration.

In addition, the LTIP granted in 2016 includes "penalty" and "claw-back" clauses. Accordingly, should the beneficiary adopt a behaviour or perform acts which do not comply with BNP Paribas' requirements in terms of the defined conduct, ethics and behaviour applicable to Group employees, the Board of directors may decide not to proceed with the payment of the set amount whether the employee still works for the company or not and may also request reimbursement for all or part of the sums paid under previous plans over the past five years. Moreover, this rule provides that in the event of the implementation of a bank resolution measure under the French Monetary and Financial Code, the LTIP rights shall be definitively cancelled. LTIP rules require continued employment throughout the entire duration of the plan. Departure would result in the LTIP not being paid. In the event of retirement or death before the end of the first year of the plan, no payment will be made. In the event of retirement or death, payments would be made provided that performance conditions are met and subject to review by the Board of directors.

Detailed description of the LTIP

The Board of directors may decide to award a LTIP in an amount that would then be equal to the annual variable remuneration awarded in respect of the previous year.

The existence of actual remuneration and its amount at the end of each five-year period is subject to very strict conditions: a prerequisite condition linked to the performance of the BNP Paribas share over the entire five-year period is applied. Under this condition, no payment shall be made if the BNP Paribas share price does not increase by at least 5% from the date of the grant by the Board of directors until the end of a period of five years from the grant date(1).

If the share price increases by at least 5% during this period, a factor is applied to the initial amount, resulting in the amount being increased or reduced, depending on the magnitude of the increase, bearing in mind that the factor is under all circumstances capped at 175% in the event of an increase equal to or greater than 75% in the BNP Paribas share price over the five-year period.

The table below shows the coefficients applied depending on the increase in the share price at the end of the five-year period.

Change in the share price over the five-year period compared with the initial price	Factor applied to the amount awarded, which may be reduced by application of the condition below
Strictly under 5%	0 (no payment)
Equal to or higher than 5% and under 10%	40%
Equal to or higher than 10% and under 20%	80%
Equal to or higher than 20% and under 33%	120%
Equal to or higher than 33% and under 50%	130%
Equal to or higher than 50% and under 75%	150%
Equal or higher than 75%	175%

The amount thus determined under this condition can also be reduced in the event of an underperformance of the BNP Paribas share relative to the EURO STOXX Banks index of main euro zone banks.

This condition consists of the measurement, after each year of the five-year vesting period, of the performance of the BNP Paribas share price for the year considered, relative to the EURO STOXX Banks index. At each measurement, a fifth of the amount can be reduced or forfeited in the event of a relative underperformance.

Relative performance of the BNP Paribas share compared to the performance of the Dow Jones EURO STOXX Banks index	Effect on the fraction of the amount awarded subject to performance measurement
Equal or higher	Steady
No more than 5 points lower	10% reduction
5 to 10 points lower	30% reduction
10 to 15 points lower	50% reduction
Over 15 points lower	Loss

Remuneration paid under the LTIP is subject to a dual ceiling: the first results from the factor applied in the event of an increase in the share price, which is capped at 175%. In addition, the amount ultimately paid shall in any event be limited to a maximum amount equal to the sum of the fixed salary and annual variable remuneration awarded to the beneficiary in respect of the year preceding the one during which the Board of directors decided to make an award under the LTIP.

(1) The initial and final amounts used to measure the performance of the share price over five years are as follows:

- *the initial amount is the higher of the average opening price of the BNP Paribas share in the rolling 12-month period prior to the grant date, and the opening BNP Paribas share price on the grant date;*
- *the final amount is the average of the opening price of the BNP Paribas share in the rolling 12-month period preceding the payment date.*

LTIP amounts awarded in respect of 2015

The Board of directors, on the recommendation of the Remuneration Committee, set the amounts awarded under the LTIP in respect of 2015. The amounts awarded, measured at fair value, are as follows:

LTIP granted on 4 February 2016 *(in euros)*	Total awarded(*)	Valuation of the fair value of the amount awarded(**)
Jean-Laurent BONNAFÉ	1,950,000	339,885
Philippe BORDENAVE	1,250,000	217,875

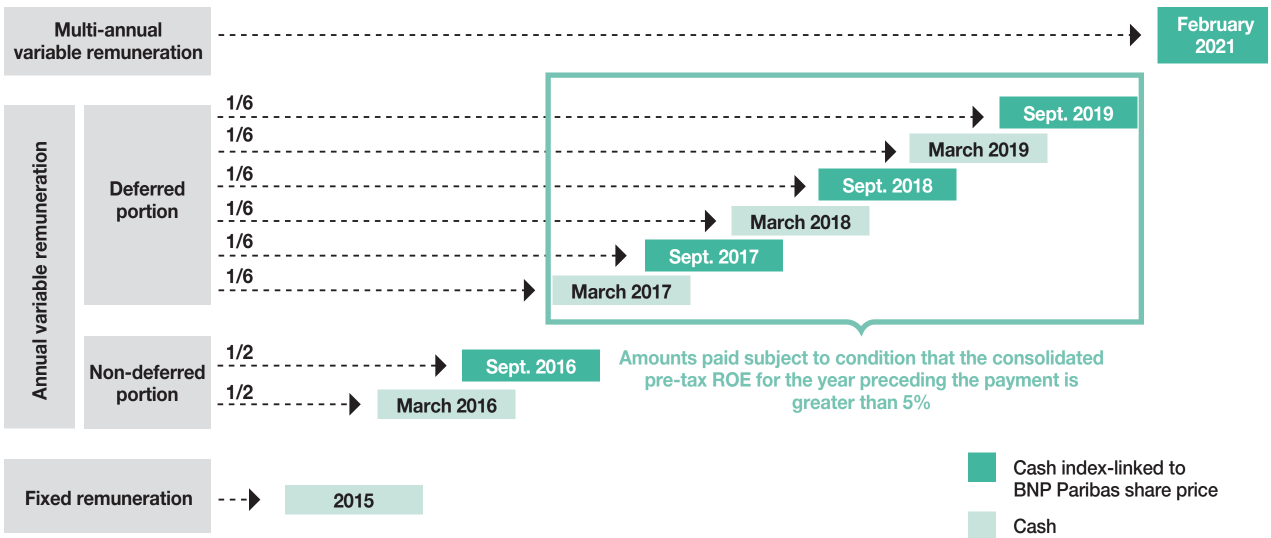
(*) Equal to the amount of annual variable remuneration for 2015.

(**) Fair value of 17.43% of the amount awarded, as calculated by an independent expert

In accordance with the LTIP rules, François Villeroy de Galhau was not a beneficiary of any award as he left the Group in 2015.

4. Summary of the remuneration of sitting executive corporate officers in place as at 31/12/2015

1. Breakdown over time of payment of remuneration in respect of 2015



2. Total remuneration awarded in respect of 2015 compared with 2014

In euros	Total remuneration awarded in respect of 2015					Total remuneration awarded in respect of 2014
	Fixed	Variable yearly	LTIP (at fair value)	Total	Ratio Variable/Fixed	
Jean-Laurent BONNAFÉ	1,250,000	1,950,000	339,885	**3,539,885**	1.8	2,781,200
Philippe BORDENAVE	800,000	1,250,000	217,875	**2,267,875**	1.8	1,418,360

III. Stock option or share purchase subscription plans: none

Since 2009, the Group's corporate officers have not been awarded any subscription or purchase options under their terms of office.

IV. Performance shares: none

The Group's corporate officers do not benefit from any performance or free shares.

V. Post-employment benefits

1. Payments and benefits due or likely to become due upon termination or change of duties

Jean Lemierre, who joined BNP Paribas in 2008, waived his employment contract, following the recommendations of the Afep-Medef Code. This contract ended on 30 November 2014. As a result, he loses, as of that date, the benefits awarded to him as an employee of BNP Paribas. He does not benefit from any contractual remuneration in respect of the termination of his term of office.

He will, however, in his capacity as a corporate officer, continue to benefit from collective death or disability, and health insurance, and a defined-contribution pension plan.

Jean-Laurent Bonnafé, who joined BNP Paribas in 1993 and was appointed Chief Executive Officer on 1 December 2011, agreed to waive his employment contract (effective 1 July 2012) in accordance with the recommendations of the Afep-Medef Corporate Governance Code.

As a result of this decision, apart from the death and disability, health insurance and defined-contribution pension provided under Group plans, he lost the benefits of the collective bargaining agreement and Company agreements that he had enjoyed for almost 20 years as an employee and corporate officer (and particularly his rights as regards the termination of his employment contract).

At the Annual General Meeting called to approve the 2012 financial statements, a related-party agreement was voted on and approved by the shareholders. The agreement sets out the terms and conditions of Jean-Laurent Bonnafé's entitlement to termination benefits should he cease to be Chief Executive Officer:

1. Jean-Laurent Bonnafé will receive no severance payment in the event of:
   - serious or gross misconduct,
   - failure to meet the performance conditions set out in point 2, or
   - voluntary resignation from his duties as Chief Executive Officer;
2. If the termination of Jean-Laurent Bonnafé's duties occurs under conditions not listed in point 1, he will receive a conditional severance payment calculated as follows:
   - **a)** if, for at least two of the three years preceding the termination of his duties as Chief Executive Officer, Jean-Laurent Bonnafé has achieved at least 80% of the quantitative targets set by the Board of directors for determining his annual variable remuneration, his severance payment will be equal to two years of his latest fixed remuneration and target variable remuneration prior to termination,
   - **b)** if the achievement rate indicated above in (2a) has not been met but the net income attributable to equity holders is positive in two of the three years preceding termination, Jean-Laurent Bonnafé's severance payment will be equal to two years of his remuneration due in respect of 2011;
3. In the event of the termination of Jean-Laurent Bonnafé's duties during the year preceding the date on which he will have the possibility to retire, the severance payment due will be:
   - limited to half of the benefits set out above; and
   - subject to the same terms and conditions.

On 25 February 2016, this agreement was ended.

Philippe Bordenave does not benefit from any contractual remuneration in respect of the termination of his term of office.

2. Retirement bonuses

Jean-Laurent Bonnafé will receive no retirement bonus when he retires.

Chief Operating Officer Philippe Bordenave is entitled to the standard retirement bonus benefits awarded to all BNP Paribas SA employees pursuant to his initial employment contract.

No commitment has been made in respect of Jean Lemierre.

3. Top-up pension plan

Jean Lemierre, Jean-Laurent Bonnafé and Philippe Bordenave are not covered by any defined-benefit top-up pension plans.

The executive corporate officers benefit solely from the defined-contribution top-up pension plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company in 2015 was EUR 418 per beneficiary for the whole year.

4. Welfare benefit plans

The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officer are entitled to the same flexible welfare benefits (death and disability cover, as well as the common healthcare benefit scheme) as all BNP Paribas SA employees and corporate officers.

They also receive death and disability insurance, which covers all employees of BNP Paribas SA.

The CEO and the COOs are also entitled to the supplementary plan set up for members of the Group's Executive Committee, which pays out additional capital of EUR 1.10 million in the event of work-related death or total and permanent disability. An annual employer contribution of EUR 1,460, recognised as a benefit in kind, was paid as part of this scheme in respect of 2015.

The total amount of contributions paid by BNP Paribas for welfare benefit plans and health coverage amounted to EUR 10,284.

VI. Holding of shares resulting from the exercise of stock options

The Board of directors has decided that the minimum number of shares that Jean-Laurent Bonnafé shall be required to hold for the duration of his term of office shall be 80,000. Jean-Laurent Bonnafé has complied with this obligation, through the direct ownership of shares or units in the Company Savings Plan fully invested in BNP Paribas shares. For Jean Lemierre, the number of shares has been set at 10,000, with compliance required no later than 1 June 2016, i.e. within 18 months of his appointment as Chairman. At 31 December 2015, Jean Lemierre held 12,968 BNP Paribas shares.

In consideration of his remuneration, the Board of directors has set the minimum quantity of BNP Paribas shares that must be held by Philippe Bordenave for the duration of his term of office. The minimum has been set at 30,000 shares. This obligation must be complied with no later than 1 December 2016. At 31 December 2015, Philippe Bordenave held 51,674 BNP Paribas shares.

VII. Remuneration and benefits awarded to employee-elected Directors

Total remuneration paid in 2015 to Directors representing employees amounted to EUR 76,660 (EUR 87,681 in 2014), excluding Directors' fees related to their office. The total amount of Directors' fees paid in 2015 to Directors representing employees was EUR 117,557 (EUR 120,081 in 2014). These sums were paid directly to the trade union bodies of the Directors concerned.

Directors representing employees are entitled to the same death/disability benefits and the same *Garantie Vie Professionnelle Accidents* benefits as all BNP Paribas SA employees, as well as medical benefits. The total amount of premiums paid into these schemes by BNP Paribas in 2015 on behalf of the Directors representing employees was EUR 1,366 (EUR 1,707 in 2014).

The Directors representing employees belong to the defined-contribution pension plan (article 83 of the French General Tax Code) set up for all BNP Paribas SA employees. The total amount of contributions paid into this plan by BNP Paribas in 2015 on behalf of these corporate officers was EUR 672 (EUR 697 in 2014). They are also entitled to top-up banking industry pensions under the industry-wide agreement that took effect on 1 January 1994.

VIII. Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2015, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 1,045,637 (EUR 1,352,550 at 31 December 2014). This represents the total amount of loans granted to BNP Paribas' corporate officers and their spouses. These loans representing normal transactions were carried out on an arm's length basis.

IX. Quantitative information on the remuneration of executive corporate officers

The table below shows the gross remuneration awarded in respect of the year, including Directors' fees and benefits in kind, for each executive corporate officer.

Summary table of the remuneration awarded to each executive corporate officer

In euros		2014 Total awarded	2015 Total awarded
Jean LEMIERRE Chairman of the Board of directors from 1 December 2014	Fixed salary	79,167	950,000
	Annual variable remuneration	None	None
	Multi-annual variable remuneration(1)	None	None
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**79,167**	**950,000**
	Extraordinary remuneration	None	None
	Directors' fees(2)	4,414	47,371
	including Directors' fees deducted from variable remuneration	-	-
	Benefits in kind(3)	131	3,623
	TOTAL	**83,712**	**1,000,994**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed salary	1,250,000	1,250,000
	Annual variable remuneration	1,200,000	1,950,000
	Multi-annual variable remuneration(1)	331,200	339,885
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**2,781,200**	**3,539,885**
	Extraordinary remuneration	None	None
	Directors' fees(2)	62,391	47,371
	including Directors' fees deducted from variable remuneration	*(9,531)*	-
	Benefits in kind(3)	4,568	4,568
	TOTAL	**2,838,628**	**3,591,824**

In euros		2014 Total awarded	2015 Total awarded
Philippe BORDENAVE Chief Operating Officer	Fixed salary	640,000	800,000
	Annual variable remuneration	610,000	1,250,000
	Multi-annual variable remuneration[(1)]	168,360	217,875
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**1,418,360**	**2,267,875**
	Extraordinary remuneration	None	None
	Directors' fees[(2)]	1,218	-
	including Directors' fees deducted from variable remuneration	*(1,218)*	-
	Benefits in kind[(3)]	6,631	6,631
	TOTAL	**1,424,991**	**2,274,506**
François VILLEROY de GALHAU Chief Operating Officer until 30 April 2015	Fixed salary	450,000	150,000
	Annual variable remuneration	440,000	-
	Multi-annual variable remuneration[(1)]	121,440	-
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**1,011,440**	**150,000**
	Extraordinary remuneration	None	None
	Directors' fees[(2)]	135,578	23,806
	including Directors' fees deducted from variable remuneration	*(135,578)*	-
	Benefits in kind[(3)]	5,006	1,182
	TOTAL	**1,016,446**	174,988

(1) Value of amount awarded subject to performance conditions.
(2) Where relevant, the Directors' fees received for the offices held in Group companies (except BNP Paribas SA) are deducted from the variable remuneration.
(3) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officers receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

The two tables below show the gross remuneration paid in 2015, including Directors' fees and benefits in kind for each Group's corporate officer.

Summary table of the remuneration paid to each executive corporate officer

In euros		2014 Total paid	2015 Total paid
Jean LEMIERRE Chairman of the Board of directors from 1 December 2014	Fixed salary	79,167	950,000
	Annual variable remuneration	-	-
	Multi-annual variable remuneration	None	None
	Extraordinary remuneration	None	None
	Directors' fees(1)	4,414	47,371
	Benefits in kind(2)	131	3,623
	TOTAL	**83,712**	**1,000,994**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed salary	1,250,000	1,250,000
	Annual variable remuneration(3)	1,400,819	507,834
	of which annual variable remuneration in respect of 2014	-	*507,834*
	of which annual variable remuneration in respect of 2013	*500,274*	-
	of which annual variable remuneration in respect of 2012	*363,498*	-
	of which annual variable remuneration in respect of 2011	*273,251*	-
	of which annual variable remuneration in respect of 2010	*263,796*	-
	Multi-annual variable remuneration	None	None
	Extraordinary remuneration	None	None
	Directors' fees(1)	62,391	47,371
	Benefits in kind(2)	4,568	4,568
	TOTAL	**2,717,778**	**1,809,773**
Philippe BORDENAVE Chief Operating Officer	Fixed salary	640,000	800,000
	Annual variable remuneration(3)	493,683	322,121
	of which annual variable remuneration in respect of 2014	-	*322,121*
	of which annual variable remuneration in respect of 2013	*292,408*	-
	of which annual variable remuneration in respect of 2012	*186,044*	-
	of which annual variable remuneration in respect of 2011	*15,231*	-
	of which annual variable remuneration in respect of 2010	-	-
	Multi-annual variable remuneration	*None*	*None*
	Extraordinary remuneration	None	None
	Directors' fees(1)	1,218	-
	Benefits in kind(2)	6,631	6,631
	TOTAL	**1,141,532**	**1,128,752**

In euros		2014 Total paid	2015 Total paid
François VILLEROY de GALHAU Chief Operating Officer until 30 April 2015	Fixed salary	450,000	150,000
	Annual variable remuneration[3]	244,256	148,441
	of which annual variable remuneration in respect of 2014	-	*148,441*
	of which annual variable remuneration in respect of 2013	*152,609*	-
	of which annual variable remuneration in respect of 2012	*82,926*	-
	of which annual variable remuneration in respect of 2011	*8,721*	-
	of which annual variable remuneration in respect of 2010	-	-
	Multi-annual variable remuneration	None	None
	Extraordinary remuneration	None	None
	Directors' fees[1]	135,578	23,806
	Benefits in kind[2]	5,006	1,182
	TOTAL	**834,840**	**323,429**

(1) See note (2) of the Summary table of the remuneration awarded to each executive corporate officer.

(2) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officers receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(3) The amounts payable in 2015 for 2011, 2012 and 2013 were subject to the condition of 2014 pre-tax ROE being above 5%; as this condition was not met, the corresponding payments were cancelled. The amount paid in 2015 in respect of 2014 covers the non-deferred portion of the annual variable remuneration awarded, and is not subject to performance conditions.

The average tax and social contribution rate on these remunerations was 35% in 2015 (38% in 2014).

Summary table of the remuneration paid in respect of their prior activities as employees

In euros		2014 Total paid	2015 Total paid
Jean LEMIERRE Chairman of the Board of directors from 1 December 2014	Fixed remuneration	None	None
	Annual variable remuneration	-	270,717
	of which annual variable remuneration in respect of 2014		*188,000*
	of which annual variable remuneration in respect of 2013		*19,325*
	of which annual variable remuneration in respect of 2012		*30,314*
	of which annual variable remuneration in respect of 2011		*33,078*
	of which annual variable remuneration in respect of 2010		-
	Multi-annual variable remuneration	None	None
	Extraordinary remuneration	None	None
	Directors' fees(1)	None	None
	Benefits in kind(2)	None	None
	TOTAL	**-**	**270,717**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed remuneration	None	None
	Annual variable remuneration(3)	-	-
	of which annual variable remuneration in respect of 2014		
	of which annual variable remuneration in respect of 2013		
	of which annual variable remuneration in respect of 2012		
	of which annual variable remuneration in respect of 2011		
	of which annual variable remuneration in respect of 2010		
	Multi-annual variable remuneration(1)	None	None
	Extraordinary remuneration	None	None
	Directors' fees(1)	None	None
	Benefits in kind(2)	None	None
	TOTAL	**-**	**-**
Philippe BORDENAVE Chief Operating Officer	Fixed remuneration	None	None
	Annual variable remuneration(3)	280,852	168,377
	of which annual variable remuneration in respect of 2014	-	-
	of which annual variable remuneration in respect of 2013	-	-
	of which annual variable remuneration in respect of 2012	-	-
	of which annual variable remuneration in respect of 2011	*154,627*	*168,377*
	of which annual variable remuneration in respect of 2010	*126,225*	-
	Multi-annual variable remuneration(1)	None	None
	Extraordinary remuneration	None	None
	Directors' fees(1)	None	None
	Benefits in kind(2)	None	None
	TOTAL	**280,852**	**168,377**

In euros		2014 Total paid	2015 Total paid
François VILLEROY de GALHAU Chief Operating Officer until 30 April 2015	Fixed remuneration	None	None
	Annual variable remuneration[(3)]	100,238	59,578
	of which annual variable remuneration in respect of 2014	-	-
	of which annual variable remuneration in respect of 2013	-	-
	of which annual variable remuneration in respect of 2012	-	-
	of which annual variable remuneration in respect of 2011	*54,696*	*59,578*
	of which annual variable remuneration in respect of 2010	*45,542*	-
	Multi-annual variable remuneration[(1)]	None	None
	Extraordinary remuneration	None	None
	Directors' fees[(1)]	None	None
	Benefits in kind[(2)]	None	None
	TOTAL	**100,238**	**59,578**

(1) See note (2) of the Summary table of the remuneration awarded to each executive corporate officer.

(2) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officers receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(3) The amounts shown here correspond to the deferred variable remuneration awarded in respect of the executive corporate officers' activities as employees, prior to their appointment.

The average tax and social contribution rate on these remunerations was 35% in 2015 (38% in 2014).

Directors' fees and other remuneration received by non-executive corporate officers

Except for directors elected by employees (see section VII: *Remuneration and benefits awarded to employee-elected Directors*), no other remuneration was paid to corporate officers.

Directors' fees received by non-executive corporate officers	Amounts paid in 2014	Amounts paid in 2015
De CHALENDAR Pierre André	63,662	73,860
COHEN Monique[(1)]	53,877	66,706
GUILLOU Marion	55,021	75,987
KESSLER Denis	67,219	78,887
LEPETIT Jean-François	76,368	89,908
De MARGERIE Christophe[(2)]	53,750	None
MISSON Nicole	65,568	68,253
MOUCHARD Thierry[(3)]	54,513	9,562
PARISOT Laurence	56,419	71,540
PÉBEREAU Michel[(4)]	65,568	43,240
PLOIX Hélène[(5)]	17,948	None
SCHWARTZER Daniela[(6)]	45,713	49,305
TILMANT Michel	60,104	73,667
VAN BROEKHOVEN Emiel	66,203	69,800
VERRIER Sandrine[(7)]	None	39,742
WICKER-MIURIN Fields	64,932	69,800
TOTAL	**866,865**	**880,257**

(1) Term of office beginning 12 February 2014.
(2) Term of office ended 20 October 2014.
(3) Term of office ended 15 February 2015.
(4) Term of office ended 13 May 2015.
(5) Term of office ended 14 May 2014.
(6) Term of office beginning 14 May 2014.
(7) Term of office beginning 16 February 2015.

Share subscription or purchase options granted during the year to each executive corporate officer by the issuer and by any company of the Group

	Number and date of plan	Type of options (purchase or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period
Jean LEMIERRE			None			
Jean-Laurent BONNAFÉ			None			
Philippe BORDENAVE			None			
François VILLEROY de GALHAU			None			

Share subscription or purchase options exercised during the year by each executive corporate officer

	Number and date of plan	Number of options exercised during the period	Exercise price
Jean LEMIERRE	Plan 7 dated 6 April 2009	2,000	35.11
Jean-Laurent BONNAFÉ		None	
Philippe BORDENAVE		None	
François VILLEROY de GALHAU(*)	Plan 7 dated 6 April 2009	10,000	35.11

(*) Mr Villeroy de Galhau's 10,000 options were exercised via an exercise/sale transaction.

Performance shares granted during the year to each executive corporate officer by the issuer and by any Group company

	Number and date of plan	Number of shares granted during the period	Valuation of performance shares according to the method adopted for the consolidated financial statements	Vesting date	Date of availability	Performance conditions
Jean LEMIERRE			None			
Jean-Laurent BONNAFÉ			None			
Philippe BORDENAVE			None			
François VILLEROY de GALHAU			None			

Performance shares that became available during the year for each executive corporate officer

	Number and date of plan	Number of shares vesting during the period	Vesting conditions
Jean LEMIERRE	Plan 1 dated 5 March 2010	1,110	See after, table "History of performance share awards"
Jean-Laurent BONNAFÉ		None	
Philippe BORDENAVE	Plan 1 dated 5 March 2010	2,070	
François VILLEROY de GALHAU(*)	Plan 1 dated 5 March 2010	2,070	

(*) Mr Villeroy de Galhau sold the 2,070 shares vesting in 2015.

History of share purchase or subscription option awards

	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9
Date of Annual General Meeting	18/05/2005	18/05/2005	21/05/2008	21/05/2008	21/05/2008
Date of Board of directors meeting	08/03/2007	18/04/2008	06/04/2009	05/03/2010	04/03/2011
Total number of shares that can be subscribed or purchased[(1)], of which the number that can be subscribed or purchased by:	3,719,812	4,085,347	2,437,234	2,423,700	2,296,820
Corporate officers	113,809	117,909	96,409	63,100	47,300
Jean LEMIERRE	-	-	14,381	13,300	9,980
Jean-Laurent BONNAFÉ	61,518	61,517	-	-	-
Philippe BORDENAVE	36,911	41,012	41,014	24,900	18,660
François VILLEROY de GALHAU	15,380	15,380	41,014	24,900	18,660
Starting point for exercising options	08/03/2011	18/04/2012	08/04/2013	05/03/2014	04/03/2015
Expiration date	06/03/2015	15/04/2016	05/04/2017	02/03/2018	04/03/2019
Subscription or purchase price[(1)]	80.66	64.47	35.11	51.20	56.45
Adjusted price at 31/12/2015[(2)]					67.74
Methods of exercise when the plan includes several tranches	*30% of the grant is conditional and divided into three equal tranches subject to performance conditions. The exercise price may be adjusted upward according to the level of achievement of the performance conditions applicable to each tranche.*		*60% of the grant is conditional and divided into four equal tranches subject to performance conditions. The exercise price may be adjusted upward according to the level of achievement of the performance conditions applicable to each tranche.*	*100% of the grant is conditional and divided into four equal tranches subject to performance conditions. The exercise price may be adjusted upward according to the level of achievement of the performance conditions applicable to each tranche.*	
Number of shares subscribed at 31/12/2015	-	-	27,645	-	-
Cumulative number of lapsed or cancelled share subscription or purchase options	15,380	15,380	15,369	24,900	18,660
Remaining share subscription or purchase options at close of year (31/12/2015)	98,429	102,529	53,395	38,200	28,640

(1) The number of options and the exercise price in these plans have been adjusted for the detachment of pre-emptive subscription rights on 30 September 2009, in accordance with the regulations in force. The exercise prices in these plans do not comprise any discount.

(2) On certain tranches for which the performance conditions were not completely fulfilled.

Measurement of performance conditions attached to stock options granted in 2011

Grant date	Vesting date	Measurement	Year of measurement	Performance of the BNP Paribas share	Performance of the index	Level of achievement of the performance condition
04/03/2011	04/03/2015	First	2011	84%	76%	Condition met
		Second	2012	79%	70%	Condition met
		Third	2013	136%	121%	Condition met
		Fourth	2014	111%	122%	Condition partially met(1)

(1) Due to the partial fulfilment of the performance condition, the exercise price of EUR 56.65 set initially will be increased by 20% for this tranche (to EUR 67.74).

History of performance share awards

Performance share information	Plan 1	Plan 2	Plan 3
Date of Annual General Meeting	21/05/2008	21/05/2008	11/05/2011
Date of Board of directors meeting	05/03/2010	04/03/2011	06/03/2012
Total number of shares awarded, including the number awarded to:	998,015	1,040,450	1,921,935
Corporate officers	7,875	11,835	7,000
Jean LEMIERRE	1,665	2,505	7,000
Jean-Laurent BONNAFÉ	-	-	-
Philippe BORDENAVE	3,105	4,665	-
François VILLEROY de GALHAU(1)	3,105	4,665	-
Vesting date	05/03/2013	04/03/2014	09/03/2015
End date of holding period	05/03/2015	04/03/2016	09/03/2017
Performance conditions	yes(2)	yes(2)	yes(3)
Number of shares vested at 31/12/2015	5,250	3,945	7,000
Cumulative number of lapsed and cancelled shares(4)	2,625	7,890	-
Remaining performance shares at close of year (31/12/2015)	-	-	-

(1) Of the 4,665 shares granted to Mr Villeroy de Galhau in 2011 (Plan 2), 3,110 were lost due to performance conditions and 1,555 will vest in March 2016. In a public letter dated 8 September 2015 sent to the Presidents of the French Parliament's two Finance Commissions, Mr Villeroy de Galhau stated his intention to donate these 1,555 shares to one or more non-profit organisations.

(2) This performance condition is based on growth in the Group's earnings per share (and is measured either on a yearly basis if the Group's earnings per share rise 5% or more as compared to the preceding year or on a cumulative basis at the end of the three-year vesting period).

(3) This performance condition is based on the relative performance of the BNP Paribas share in relation to the EURO STOXX Banks index of European banks.

*(4) The cancellation of 2,070 shares in Plan 1 is due to the non-achievement of the performance condition in 1 of the 3 initial tranches of the plan.
The cancellation of 7,890 shares in Plan 2 is due to the non-achievement of the performance condition in 2 of the 3 initial tranches of the plan.*

2

Measurement of performance conditions attached to free shares granted in 2011

Grant date	Vesting date	Measurement	Measurement period	Performance of the BNP Paribas share	Performance of the index	Level of achievement of the performance condition
06/03/2012	09/03/2015	First	2012-2014	107%	88%	Condition met
		Second	2012-2015	114%	96%	Condition met

Valuation(1) of multi-annual variable remuneration plans at the grant date and at 31 December 2015

Grant date		12/04/2011		03/05/2012		02/05/2013		29/04/2014		04/02/2015	04/02/2016
Due date of the plan		12/04/2016		03/05/2017		02/05/2018		29/04/2019		04/02/2020	04/02/2021
Valuation(1)	Grant date of the plan	At 31/12/2015	Grant date of the plan	At 31/12/2015	Grant date of the plan	At 31/12/2015	Grant date of the plan	At 31/12/2015	Grant date of the plan	At 31/12/2015	Grant date of the plan
Jean LEMIERRE	-	-	-	-	-	-	-	-	-	-	-
Jean-Laurent BONNAFÉ	399,744	26,632	311,323	1,079,153	560,112	969,864	449,668	402,426	331,200	404,400	339,885
Philippe BORDENAVE	-	-	193,561	670,948	286,724	496,478	230,526	206,307	168,360	205,570	217,875
TOTAL	**399,744**	**26,632**	**504,884**	**1,750,101**	**846,836**	**1,466,342**	**680,194**	**608,733**	**499,560**	**609,970**	**557,760**

(1) Valued using the method adopted for the consolidated financial statements.

Assumptions used to value the LTIP in accordance with the method adopted for the consolidated financial statements

Valuation at grant date		
Grant date of the plan	04/02/2015	04/02/2016
Opening BNP Paribas share price	€48.62	€39.98
Opening level of the EURO STOXX Banks index	135.02	96.36
Zero-coupon rate	Euribor	Euribor
Volatility of the BNP Paribas share price	24.24%	26.64%
Volatility of the EURO STOXX Banks index	23.15%	26.07%
Correlation between the BNP Paribas share and the EURO STOXX Banks index	85.77%	88.00%
Financial model used	Monte-Carlo	Monte-Carlo
Fair value of the plan at grant date(*)	**27.60%**	**17.43%**

(*) As a percentage of the amount awarded.

	Initial share value upon their award(1)	Fair value at award date	Valuation at closing date 31/12/2014	Valuation at closing date 31/12/2015
Closing price of BNP Paribas shares			€49.26	€52.23
Closing level of the EURO STOXX Banks index			134.51	127.87
Zero-coupon rate			Euribor	Euribor
Volatility of the BNP Paribas share price			25.01%	25.02%
Volatility of the EURO STOXX Banks index			25.42%	24.63%
Correlation between the BNP Paribas share and the EURO STOXX Banks index			84.00%	86.00%
Financial model used			Monte-Carlo	Monte-Carlo
Fair value of the plan awarded on 12 April 2011	**€53.68**	**29.42%(2)**	**17.23%(2)**	**1.96%(2)**
Fair value of the plan awarded on 3 May 2012	**€37.39**	**26.89%(2)**	**68.98%(2)**	**93.21%(2)**
Fair value of the plan awarded on 2 May 2013	**€42.15**	**33.34%(2)**	**51.51%(2)**	**57.73%(2)**
Fair value of the plan awarded on 29 April 2014	**€55.11**	**28.46%(2)**	**22.49%(2)**	**25.47%(2)**
Fair value of the plan awarded on 4 February 2015	**€51.76**	**27.60%(2)**	**N/A**	**33.70%(2)**

(1) See detailed description of the LTIP (footnote (1) page 49).
(2) As a percentage of the amount awarded.

Detailed contractual situation of the Group's corporate officers

Executive corporate officers year ended 31 December 2015	Employment contract		Top-up pension plan		Payments and benefits due or likely to become due upon termination or change of duties		Payment in relation to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean LEMIERRE Chairman of the Board of directors		✓(1)	✓(2)			✓		✓
Jean-Laurent BONNAFÉ Chief Executive Officer		✓(3)	✓(2)		✓(4)			✓
Philippe BORDENAVE Chief Operating Officer	✓(5)		✓(2)			✓		✓

(1) Employment contract waived effective 1 December 2014.
(2) Jean Lemierre, Jean-Laurent Bonnafé and Philippe Bordenave are only entitled to the defined-contribution pension plan set up for all BNP Paribas SA employees and corporate officers, in accordance with article 83 of the French General Tax Code.
(3) Employment contract waived effective 1 July 2012.
(4) See section V.1 Payments and benefits due or likely to become due upon termination or change of duties.
(5) Employment contract suspended.

CONSULTATION WITH THE SHAREHOLDERS CONCERNING THE INDIVIDUAL REMUNERATION OF EXECUTIVE CORPORATE OFFICERS PURSUANT TO THE AFEP-MEDEF CODE

The components of the remuneration due or awarded in respect of 2015 to each Group's corporate officer, subject to the vote of the shareholders on a consultative basis, are as follows:

Items of remuneration due or awarded to Jean LEMIERRE for the year subject to a consultative vote by shareholders

(amounts in euros)

	2015	Comments
Jean LEMIERRE – Chairman of the Board of directors		
Fixed remuneration for the year	950,000	The remuneration paid to Jean LEMIERRE is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. His fixed remuneration did not change in 2015.
Annual variable remuneration awarded in respect of the year	None	Jean LEMIERRE is not entitled to annual variable remuneration. The absence of variable remuneration reflects the independence of the Chairman with respect to the Executive Management.
Multi-annual variable remuneration	None	Jean LEMIERRE is not entitled to multi-annual variable remuneration. The absence of variable remuneration reflects the independence of the Chairman with respect to the Executive Management.
Directors' fees	47,371	Mr LEMIERRE does not receive any Directors' fees from any Group companies other than BNP Paribas SA.
including Directors' fees deducted from variable remuneration	None	
Extraordinary remuneration	None	Jean LEMIERRE received no extraordinary remuneration during the year.
Stock options awarded during the year	None	No options were granted to Jean LEMIERRE during the year.
Performance shares awarded during the year	None	No performance shares were granted to Jean LEMIERRE during the year.
Sign-on bonuses and severance payments	None	Jean LEMIERRE received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	None	Jean LEMIERRE is not entitled to any supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	418	Jean LEMIERRE belongs to the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company under the plan for Jean LEMIERRE was EUR 418 in 2015.
Collective welfare benefit and healthcare plans	3,085	Jean LEMIERRE belongs to the disability, invalidity and death, and healthcare insurance plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA. This amount is the total received.
Benefits in kind	3,623	Jean LEMIERRE has a company car and a mobile phone.
TOTAL	**1,004,497**	

Items of remuneration due or awarded to Jean-Laurent BONNAFÉ for the year subject to a consultative vote by shareholders *(amounts in euros)*

	2015	Comments
Jean-Laurent BONNAFÉ – Chief Executive Officer		
Fixed remuneration for the year	1,250,000	The remuneration paid to Jean-Laurent BONNAFÉ is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. His fixed remuneration did not change in 2015.
Annual variable remuneration awarded in respect of the year	1,950,000	The variable remuneration of Jean-Laurent BONNAFÉ changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable remuneration corresponding to 150% of fixed remuneration for the year. The quantitative criteria apply to the Group's overall performance. They are as follows: ■ ratio of earnings per share for the year to earnings per share for the previous year (37.5% of target variable remuneration); ■ percentage achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration). After taking into account the quantitative and qualitative criteria, and the evolution of the Group's results, the Board of directors set annual variable remuneration at EUR 1,950,000 i.e. 104% of the target; ■ half of the non-deferred portion of the variable remuneration will be paid in March 2016, less Directors' fees received within the Group in 2015 for entities other than BNP Paribas SA, and half in September 2016, indexed to the performance of the BNP Paribas share; ■ the deferred portion of the variable remuneration will be paid in thirds, in 2017, 2018 and 2019. Each annual payment will be made half in March and half in September, indexed to the performance of the BNP Paribas share since the award. The annual payment of the deferred variable remuneration is subject to condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.
Conditional long-term incentive plan (payment deferred in full for five years)	339,885	The fair value of the LTIP awarded to Jean-Laurent BONNAFÉ on 4 February 2016 in respect of year 2015 is EUR 339,885. The five-year long-term incentive plan (LTIP) will only be paid if, five years after the award date, the share price has risen by at least 5%. The amount ultimately paid will vary in a less than proportional manner to that increase, and shall be no more than 1.75 times the variable remuneration awarded in respect of the previous year (i.e. a maximum of EUR 3,412,500). Moreover, the LTIP fully depends on the performance of the BNP Paribas share compared to a panel of European banks.
Directors' fees	47,371	Jean-Laurent BONNAFÉ does not receive any Directors' fees from any Group companies other than BNP Paribas SA.
including Directors' fees deducted from variable remuneration	-	The amount of Directors' fees awarded to Jean-Laurent BONNAFÉ for offices held in the Group's consolidated companies (excluding BNP Paribas SA) is deducted from his variable remuneration.
Extraordinary remuneration	None	Jean-Laurent BONNAFÉ received no extraordinary remuneration during the year.
Stock options awarded during the year	None	No stock options were awarded to Jean-Laurent BONNAFÉ for the year.
Performance shares awarded during the year	None	No performance shares were awarded to Jean-Laurent BONNAFÉ for the year.
Sign-on bonuses and severance payments(*)	None	Subject to the fulfilment of the performance conditions stated below, Jean-Laurent BONNAFÉ would receive a severance payment in the event that the Board of directors were to remove him from office. This provision was authorised by the Board of directors on 14 December 2012 and approved by the Annual General Meeting of 15 May 2013. The agreement makes the following provisions: 1. Jean-Laurent BONNAFÉ will receive no severance payment in the event of: ■ serious or gross misconduct; ■ failure to meet the performance conditions set out in paragraph 2; or ■ voluntary resignation from his duties as Chief Executive Officer. 2. If the termination of Jean-Laurent BONNAFÉ's duties occurs under conditions not listed in paragraph 1, he will receive a conditional severance payment calculated as follows: (a) if, for at least two of the three years preceding termination of his duties as Chief Executive Officer, Jean-Laurent BONNAFÉ has achieved at least 80% of the quantitative targets set by the Board of directors for determining his annual variable remuneration, his termination benefits will be equal to two years of his latest fixed remuneration and target remuneration prior to termination; (b) in the event the success rate specified in paragraph 2 (a) is not met but the Company reports positive net income attributable to equity holders for two of the last three years preceding the termination of his duties. Jean-Laurent BONNAFÉ will receive a severance payment equal to two years of his remuneration for 2011; 3. In the event of the termination of Jean-Laurent BONNAFÉ's duties during the year preceding the date on which he will have the possibility to retire, the severance payment due will be: ■ limited to half of the benefits set out above; and ■ subject to the same terms and conditions.
Supplemental defined-benefit pension plans	None	Jean-Laurent BONNAFÉ does not benefit from any supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	418	Jean-Laurent BONNAFÉ benefits from the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company under the plan to Jean-Laurent BONNAFÉ was EUR 418 in 2015.
Collective welfare benefit and health care plans	3,085	Jean-Laurent BONNAFÉ benefits from the disability, invalidity and death and healthcare insurance plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	4,568	Jean-Laurent BONNAFÉ has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance contract.
TOTAL	**3,595,327**	

(*) On 25 February 2016, this agreement was ended.

Items of remuneration due or awarded to Philippe BORDENAVE for the year subject to a consultative vote by shareholders
(amounts in euros)

	2015	Comments
Philippe BORDENAVE – Chief Operating Officer		
Fixed remuneration for the year	800,000	The remuneration paid to Philippe BORDENAVE is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. The fixed annual remuneration of Philippe BORDENAVE was increased to EUR 800,000 effective as at 1 January 2015.
Annual variable remuneration awarded in respect of the year	1,250,000	The variable remuneration of Philippe BORDENAVE changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable remuneration corresponding to 150% of fixed remuneration for the year. The quantitative criteria apply to the Group's overall performance. They are as follows: ■ ratio of earnings per share for the year to earnings per share for the previous year (37.5% of target variable remuneration); ■ percentage achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration). After taking into account the quantitative and qualitative criteria, and the evolution of the Group's results, the Board of directors set annual variable remuneration at EUR 1,250,000 i.e. 104% of the target. ■ half of the non-deferred portion of the variable remuneration will be paid in March 2016, less Directors' fees received within the Group in 2015 for entities other than BNP Paribas SA, and half in September 2016, indexed to the performance of the BNP Paribas share; ■ the deferred portion of the variable remuneration will be paid in thirds, in 2017, 2018 and 2019. Each annual payment will be made half in March and half in September, indexed to the performance of the BNP Paribas share since the award. The annual payment of the deferred variable remuneration is subject to condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.
Conditional long-term incentive plan (payment deferred in full for five years)	217,875	The fair value of the LTIP awarded to Philippe BORDENAVE on 4 February 2016 in respect of year 2015 is EUR 217,875. The five-year long-term incentive plan (LTIP) will only be paid if, five years after the award date, the share price has risen by at least 5%. The amount ultimately paid will vary in a less than proportional manner to that increase, and shall be no more than 1.75 times the variable remuneration awarded in respect of the previous year (i.e. a maximum of EUR 2,187,500). Moreover, the LTIP fully depends on the performance of the BNP Paribas share compared to a panel of European banks.
Directors' fees	-	Philippe BORDENAVE does not receive Directors' fees from any Group companies.
including Directors' fees deducted from variable remuneration	-	
Extraordinary remuneration	None	Philippe BORDENAVE received no extraordinary remuneration during the year.
Stock options awarded during the year	None	No options were granted to Philippe BORDENAVE during the year.
Performance shares awarded during the year	None	No performance shares were granted to Philippe BORDENAVE during the year.
Sign-on bonuses and severance payments	None	Philippe BORDENAVE receives no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	None	Philippe BORDENAVE benefits from no supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	418	The corporate officers benefit from the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company under the plan to Philippe BORDENAVE was EUR 418 in 2015.
Collective welfare benefit and healthcare plans	3,085	Philippe BORDENAVE benefits from the disability, invalidity and death and healthcare insurance plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	6,631	Philippe BORDENAVE has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance contract.
TOTAL	**2,278,009**	

Items of remuneration due or awarded to François VILLEROY de GALHAU for the year subject to a consultative vote by shareholders *(amounts in euros)*

	2015	Comments
François VILLEROY de GALHAU – Chief Operating Officer		
Fixed remuneration for the year	150,000	The remuneration paid to François VILLEROY de GALHAU was determined by the method recommended by the Remuneration Committee and approved by the Board of directors. His fixed remuneration did not change in 2015.
Annual variable remuneration awarded in respect of the year	-	François VILLEROY de GALHAU did not receive annual variable remuneration in respect of 2015.
Conditional long-term incentive plan (payment deferred in full for five years)	-	François VILLEROY de GALHAU did not receive multi-annual variable remuneration in respect of 2015.
Directors' fees	23,806	François VILLEROY de GALHAU does not receive Directors' fees from any Group companies other than BGL.
including Directors' fees deducted from variable remuneration	None	
Extraordinary remuneration	None	François VILLEROY de GALHAU received no extraordinary remuneration during the year.
Stock options awarded during the year	None	No stock options were awarded to François VILLEROY de GALHAU during the year.
Performance shares awarded during the year	None	No performance shares were awarded to François VILLEROY de GALHAU during the year.
Sign-on bonuses and severance payments	None	François VILLEROY de GALHAU received no sign-on bonus or severance payment.
Supplemental defined-benefit pension plans	None	François VILLEROY de GALHAU benefited from no supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	139	François VILLEROY de GALHAU benefits from the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company under the plan for François VILLEROY de GALHAU was EUR 139 in 2015.
Collective welfare benefit and healthcare plans	1,028	François VILLEROY de GALHAU benefits from the disability, invalidity and death and healthcare insurance plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	1,182	François VILLEROY de GALHAU had a company car and a mobile phone.
TOTAL	**176,155**	

SUMMARY OF TRANSACTIONS REPORTED ON BNP PARIBAS STOCK

The following table lists the transactions on BNP Paribas stock carried out in 2015 by the corporate officers covered by article L.621-18-2 of the French Monetary and Financial Code and which must be disclosed pursuant to articles 223-22 to 223-26 of the General Regulation of the AMF.

Name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of transactions	Total transaction amount *(in euros)*
BONNAFÉ Jean-Laurent Chief Executive Officer of BNP Paribas	Personally	BNP Paribas shares	Purchase of 692 shares	2	37,958.99
PÉBEREAU Michel Director of BNP Paribas (until 12/03/15)	Personally	BNP Paribas shares	Sale of 22,000 shares	2	1,227,516.00
VERRIER Sandrine Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 10 shares	1	557.60
VILLEROY DE GALHAU François[1] Chief Operating Officer of BNP Paribas	Personally	BNP Paribas shares	Sale of 10,000 shares	1	520,935.32

(1) Excluding exercises of stock options, detailed in section 2.1.

OTHER INFORMATION

INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTION PLANS AND PERFORMANCE SHARES

The following table lists for 2015 the BNP Paribas employees other than corporate officers having received the largest numbers of financial instruments, as well as the largest numbers of financial instruments transferred or exercised by them in 2015.

	Number of options granted/exercised	Weighted average exercise price *(in euros)*	Date of grant
Options granted in 2015 (Sum of 10 largest grants)	-	-	-
Options exercised in 2015 (10 employees)	26,419 49,800 6,368	35.11 51.20 56.45	06/04/2009 05/03/2010 04/03/2011

	Number of shares granted/transferred	Date of grant
Performance shares granted in 2015 (Sum of 10 largest grants)	-	-
Performance shares transferred in 2015 (10 employees)	95,000	06/03/2012

2.2 Report of the Chairman of the Board of directors prepared pursuant to article L.225-37 of the French Commercial Code

In this report, the Chairman of the Board of directors reviews the composition of the Board of directors and the application of the principle of balanced representation of men and women, the conditions governing the preparation and organisation of the work of the Board of directors, and the internal control and risk management procedures implemented by the Company, notably those relating to the preparation and processing of financial and accounting information for the separate financial statements and the consolidated financial statements.

The information contained herein notably takes into account annex I of European Regulation (EC) no. 809/2004 of 29 April 2004 (as amended), AMF Recommendation no. 2012-02[1] and the October 2015 Annual Report of the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise* – HCGE).

CORPORATE GOVERNANCE AT BNP PARIBAS

The Corporate Governance Code referred to by BNP Paribas on a voluntary basis in this report is the Corporate Governance Code for Listed Companies (revised in November 2015) published by the French employers' organisation *Association Française des Entreprises Privées* (Afep) and Mouvement des Entreprises de France (Medef). BNP Paribas applies the recommendations of this Code, hereinafter referred to as the Corporate Governance Code or Afep-Medef Code, which can be viewed on the BNP Paribas website (http://invest.bnpparibas.com), the Afep website (http://www.afep.com) and the Medef website (http://www.medef.com).

In addition, the special guidelines on the participation of the shareholders at the Shareholders' Annual General Meeting are laid out in article 18, Title V Shareholders' Meetings of BNP Paribas' Articles of association published in the Registration document and the annual financial report, in the section *Founding Documents and Articles of association*. Moreover, a summary of these guidelines and a report on the organisation and proceedings of the Shareholders' Annual General Meeting of 13 May 2015 are provided in the BNP Paribas and its shareholders section of said document.

1. PRINCIPLES OF GOVERNANCE

The Internal Rules adopted by the Board in 1997 define the duties of the Board and of its Specialised Committees. They are updated periodically to comply with current laws, regulations and market guidelines, and to keep pace with best practice in the area of corporate governance.

In 2015, the Corporate Governance and Nominations Committee examined and fully reviewed the Internal Rules and submitted a new version of these rules to the Board of directors for its approval. After discussions and amendments approved at its meeting of 2 October 2015, the Board of directors adopted the new Internal Rules appended to this report.

The structure and content of the document were amended to take account of new provisions, such as those of the European Directive known as CRD 4 (Capital Requirement Directive 4), as transposed into French law in 2014. These provisions significantly increase the missions of the Board of directors of credit institutions. In addition, the rules were clarified and reinforced, especially in consideration of the guidelines of the European Banking Authority (EBA), and concerning ethics, confidentiality, compliance, and all other requirements that Directors must abide by.

The Internal Rules reiterate and emphasise the collegial nature of the Board of directors, which jointly represents all shareholders and must act in the Company's best interest at all times. It details the Board's missions (§ 1)[2].

(1) AMF recommendation no. 2012-02 – Corporate governance and remuneration of corporate officers, referring to the Afep-Medef Code – Consolidated presentation of the recommendations contained in the annual reports of the AMF (modified on 22 December 2015).

(2) References to § refer to the paragraph numbers of the Board of Director's Internal Rules.

The Board of directors is backed by four Specialised Committees (the Financial Statements Committee, the Internal Control, Risk Management and Compliance Committee, the Remuneration Committee, and the Corporate Governance and Nominations Committee,) as well as any *ad hoc* committees. The Internal Rules detail each committee's missions, which have been broadened by the provisions of CRD 4. They also provide for joint meetings between the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee whenever required.

No member of the Executive Management and no Chairman of the Board of directors has sat on any committee since 1997.

Board of Directors
Chairman: Jean Lemierre

Missions and controls in the following areas:

- Orientations and strategic operations
- Governance, nominations, internal control and accounts
- Supervision of risk management
- Financial communication
- Remuneration
- Preventive recovery plan

Financial Statements Committee (CdC)

Members

Denis Kessler (C)
Monique Cohen (i)
Emiel Van Broekhoven (i)
Sandrine Verrier (ii)
Fields Wicker-Miurin (i)

Missions

- Monitoring the preparation of the financial information
- Monitoring the efficiency of the internal control and risk management systems regarding accounting and financial requirements
- Monitoring the Statutory Auditors' audits of the annual and consolidated financial statements as well as their independence

Internal Control, Risk Management and Compliance Committee (CCIRC)

Members

Jean-François Lepetit (C) (i)
Marion Guillou (i)
Nicole Misson (ii)
Laurence Parisot (i)
Michel Tilmant (i)

Missions

- Reviewing the global strategy concerning risks
- Monitoring the remuneration principles in relation to risks
- Reviewing issues relating to internal control and compliance
- Reviewing the prices of products and services in relation to the risk strategy

Corporate Governance and Nominations Committee (CGEN)

Members

Laurence Parisot (C) (i)
Pierre André de Chalendar (i)
Marion Guillou (i)
Daniela Schwarzer (i)

Missions

- Selecting the Directors, committee members and non-voting Directors
- Evaluating the Board of Directors
- Selecting and evaluating executive managers
- Appraising the independence of the Directors
- Functioning of the Board of Directors
- Updating the Internal Rules

Remuneration Committee (CR)

Members

Pierre André de Chalendar (C) (i)
Monique Cohen (i)
Jean-François Lepetit (i)
Nicole Misson (ii)

Missions

- Annual review of the principles that underpin the Group's remuneration policy
- Annual review of the remuneration, allowances and benefits in kind granted to the corporate officers of the Company and of the Group's major subsidiaries
- Annual review of the remuneration of the Group's regulated staff categories
- Control of the remuneration of the head of the Risk Management Function and Head of Compliance

Joint meetings of CdC and CCIRC
Chairman: Denis Kessler

Missions

- Examining the mission plan of the General Inspection and the audit plan of the Statutory Auditors and preparing the work of the Board on the assessment of the risk policies and risk management measures
- Dealing with the common issues relating to the risk policy and its financial impacts

(C) Chairman
(i) Independent director according to the provisions of the Afep-Medef Code
(ii) Director elected by employees

Each committee is composed of members with expertise in the areas concerned. Thus:

- most of the members of the Financial Statements Committee have qualifications and experience in the company's financial management, accounting and financial information. In consideration of his financial skills, reinforced by his position as Chief Executive Officer of SCOR, a major European reinsurance company, Denis Kessler was appointed Chairman of the Committee;
- most of the members of the Internal Control, Risk Management and Compliance Committee have specific expertise in financial matters and risk management, either through their training or experience. The Chairman has had executive responsibilities in the banking sector. He

has been Chairman of the Commission des Opérations de Bourse (COB), a member of the Board of AMF and Chairman of the Conseil National de la Comptabilité (CNC). Another of the committee's members has international experience in banking management;

- the members of the Corporate Governance and Nominations Committee are independent Directors who have experience of corporate governance issues and of putting together management teams in international companies. Its Chairwoman supervised the finalisation of the Afep-Medef Code in her capacity as former Chairwoman of Medef;
- the Remuneration Committee's composition complies with the recommendations of the Corporate Governance Code: its members have experience of the remuneration systems and market practices in this area, and include an employee Director. Two members of the Remuneration Committee are also members of the Internal Control, Risk Management and Compliance Committee (Jean-François Lepetit and Nicole Misson). This composition is intended to promote the work of the Board on the appropriateness of the remuneration principles in respect of BNP Paribas' risk policy. The Chairman is not a member, but is invited to take part in discussions, excluding those that concern him personally.

1.a Separation of the functions of Chairman and Chief Executive Officer

As of 11 June 2003, BNP Paribas has separated the offices of Chairman of the Board and Chief Executive Officer. This decision complies with the obligations imposed on credit institutions since 2014 by CRD 4.

The duties of the Chairman

They are described in article 3.1.1 of the Internal Rules.

The Chairman is responsible for ensuring that the quality of the relationship with shareholders is maintained, coordinating closely with any steps taken by Executive Management in this area. In this connection, the Chairman chairs the Shareholder Liaison Committee, whose task is to assist the Bank in its communications with individual shareholders; several times a year, he invites the shareholders to meetings where the Company's strategy is explained.

The Chairman provides support and advice to the Chief Executive Officer, while respecting his executive responsibilities. The Chairman organises his activities so as to ensure his availability and put his experience to the Group's service. His duties are contributory in nature and do not confer any executive power on him. They do not in any way restrict the powers of the Chief Executive Officer, who has sole operational responsibility for the Group.

Coordinating closely with Executive Management, the Chairman can represent the Group in its high-level relationships, particularly with major clients, public authorities and institutions, at national, European and international levels. He plays an active part in discussions concerning regulatory developments and public policies affecting BNP Paribas, and, more generally, the financial services sector.

The Chairman contributes to promoting the values and image of BNP Paribas, both within the Group and externally. He expresses his views on the principles of action governing BNP Paribas, in particular in the field of professional ethics. He contributes to enhancing the Group's image through the responsibilities he exercises personally in national or international public bodies.

At the request of the Chief Executive Officer, he can take part in any internal meeting on subjects relating to strategy, organisation, investment or disinvestment projects, risks and financial information. He expresses his opinions without prejudice to the remit of the Board of directors; he provides support to the teams responsible for covering major companies and international financial institutions; he also contributes to the development of BNP Paribas' advisory activities, particularly by assisting in the completion of major Corporate Finance transactions.

The powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of BNP Paribas, and to represent the Bank in its relation with third parties. He is responsible for the organisation of internal control procedures and for all the information required by regulations in that regard.

He exercises his powers within the limitations of the corporate object, and subject to any powers expressly attributed by law to the Shareholders' Annual General Meeting and Board of directors.

Internally, the Internal Rules of the Board of directors provide that the Chief Executive Officer shall request its prior approval for all investment or disinvestment decisions (other than portfolio transactions) in an amount in excess of EUR 250 million, and for any proposal to acquire or dispose of shareholdings in excess of that threshold (other than portfolio transactions) (§ 1.1). The Chief Executive Officer must also ask the Board's Financial Statements Committee for prior approval of any non-audit related assignment involving fees in an amount of over EUR 1 million (excluding taxes) (§ 7.1.3).

1.b Membership of the Board – Directors' independence

The composition of the Board of directors and change thereto

- On the proposal of the Board of directors, the Shareholders' Annual General Meeting of 13 May 2015 reappointed Pierre André de Chalendar, Denis Kessler and Laurence Parisot for a three-year term, and ratified the appointment of Jean Lemierre to replace Baudouin Prot for the remainder of Mr. Prot's term, i.e. until the end of the Annual General Meeting called to approve the 2016 financial statements.

  Michel Pébereau, whose term of office expired at the end of the Annual General Meeting of 13 May 2015, did not ask for the renewal of his term.
- At the end of the Annual General Meeting of 13 May 2015 and at 31 December 2015, the Board of directors had 14 members, 12 of whom had been appointed by the shareholders, while the other 2 were appointed by the employees.

  Women accounted for 41.66% (5/12) of the Directors appointed by shareholders. They accounted for 50% of Board members as a whole (7/14).

  Four nationalities are represented on the Board.

Chairmanship of the Board

Jean Lemierre is Chairman of the Board of directors.

Independence of Directors (as of 31 December 2015)

The following table shows the situation of each Director with regard to the independence criteria contained in the Afep-Medef Corporate Governance Code defining an independent Director:

	Criteria	Jean LEMIERRE	Jean-Laurent BONNAFÉ	Pierre André de CHALENDAR	Monique COHEN	Marion GUILLOU	Denis KESSLER	Jean-François LEPETIT	Nicole MISSON	Laurence PARISOT	Daniela SCHWARZER	Michel TILMANT	Emiel VAN BROEKHOVEN	Sandrine VERRIER	Fields WICKER-MIURIN
1	Employee or corporate officer of the Company within the previous five years	x	x	o	o	o	o	o	x	o	o	o	o	x	o
2	Whether or not corporate offices are held in another company	o	o	o	o	o	o	o	o	o	o	o	o	o	o
3	Whether or not significant business relationships exist	o	o	o	o	o	o	o	o	o	o	o	o	o	o
4	Whether or not there are close family ties to a corporate officer	o	o	o	o	o	o	o	o	o	o	o	o	o	o
5	Not an auditor of the Company within the previous five years	o	o	o	o	o	o	o	o	o	o	o	o	o	o
6	Not a Director of the Company for more than twelve years	o	o	o	o	o	x (*)	o	o	o	o	o	o	o	o
7	Major shareholder status	o	o	o	o	o	o	o	o	o	o	o (*)	o (*)	o	o

« o » compliance with an independence criterion defined in the Afep-Medef Code.
« x » non-compliance with an independence criterion defined in the Afep-Medef Code.
(*) See page after.

The following Directors meet the independence criteria contained in the Corporate Governance Code and reviewed by the Board of directors: Monique Cohen, Marion Guillou, Laurence Parisot, Daniela Schwarzer, Fields Wicker-Miurin, Pierre André de Chalendar and Jean-François Lepetit.

In particular, for Monique Cohen, Pierre André de Chalendar and Denis Kessler, the Board of directors confirmed that the business relations between BNP Paribas and respectively (i) Apax, as well as the companies in which Apax holds interests, (ii) Saint-Gobain and its group, and (iii) the SCOR SE group are not significant (the revenue generated by each of these business relations accounted for less than 0.5% of the total revenue reported by BNP Paribas in 2015).

Additionally, according to the provisions contained in the Corporate Governance Code (point 9.5), the Board of directors has taken the view that the composition of BNP Paribas capital and the absence of potential conflicts of interest guaranteed the independence of Michel Tilmant and Emiel Van Broekhoven.

Furthermore, during the period of more than 12 years that Denis Kessler has sat on the Board, he has served under three successive Chief Executive Officers each having managed the Bank in accordance with his own personality and his own methods and practices. The sitting Chief Executive Officer has held the position for just four years. Accordingly, the Board deems that Denis Kessler's criticism faculties are renewed with each effective change of management, thereby guaranteeing his independence. The Board also took into consideration Denis Kessler's financial expertise, a critical factor in understanding banking mechanisms (Doctorate in economics and HEC graduate), reinforced by his position as the Chairman and Chief Executive Officer of one of Europe's major reinsurance companies.

Over half of the Directors of BNP Paribas are therefore independent in terms of the criteria for independence contained in the Corporate Governance Code and the Board of directors' assessment.

The two employee representatives on the Board, Nicole Misson and Sandrine Verrier, do not qualify as independent Directors pursuant to the criteria contained in the Corporate Governance Code, despite their status and the method by which they were elected, which nevertheless guarantee their independence.

Two Directors appointed by the shareholders – the Chairman of the Board of directors Jean Lemierre, and the Chief Executive Officer Jean-Laurent Bonnafé – do not fulfil the independence criteria laid down by the Corporate Governance Code.

The Directors are identified and recommended by the Corporate Governance and Nominations Committee on the basis of criteria that combine personal and institutional qualities, according to the procedures laid down in the Internal Rules, which ensure their independence (§ 4.2.1.):

- competence, based on experience and the ability to understand the issues and risks, enabling the Directors to make informed and effective decisions;
- courage, in particular to express opinions and make judgements, enabling the Directors to remain objective;
- availability and assiduity, which allow for the necessary detachment and promote the Directors' commitment and sense of responsibility regarding the exercise of their office;
- loyalty, which fosters the Directors' commitment to the Company and to their duties within the Board, which collectively represents the shareholders;
- the Directors' proper understanding of the Company's culture and ethics.

1.c The Directors' Code of Ethics

- As far as the Board is aware, none of the Directors is in a situation of conflict of interest. In any event, the Board's Internal Rules (§ 4.3.3) require them to report any situation of conflict of interest and to refrain from taking part in voting on the relevant issues. The Internal Rules also require Directors to consult the Chairman of the Board of directors regarding any situation liable to give rise to a conflict of interest.
- As far as the Board is aware, none of the Board members has been found guilty of fraud or been associated, as member of an administrative, management or supervisory body, or as Chief Executive Officer, with any insolvency, receivership or liquidation proceedings during at least the last five years.
- As far as the Board is aware, no member of the Board of directors is subject to any official public accusation and/or penalty. No Director has been prohibited from acting in an official capacity during at least the last five years.
- Apart from regulated agreements and commitments, there are no arrangements or agreements with key shareholders, customers, suppliers or other persons that involve the selection of any member of the Board of directors.
- The Directors must carry out their duties in a responsible manner, particularly as regards the regulations relating to insider dealing. They are notably required to comply with legal requirements relating to the definition, communication and use of insider information. Under the terms of the Internal Rules, they must also refrain from carrying out any transactions in relation to BNP Paribas shares that could be regarded as speculative (§ 4.3.1).
- The Directors are informed of the periods during which they may, save in special circumstances, carry out any transactions in relation to BNP Paribas shares (§ 4.3.1).

1.d Directors' training and information

- Pursuant to the Internal Rules, every Director can ask the Chairman or the Chief Executive Officer to provide them with all the documents and information required to enable them to carry out their duties, to participate effectively in the meetings of the Board of directors and to take informed decisions, provided that such documents are necessary to the decisions to be taken and connected with the Board's powers (§ 3.4.1).
- The Directors have unrestricted access to the minutes of meetings of the Board's Specialised Committees.

- Meetings of these Committees provide an opportunity to update the Directors on the topical issues on the agenda. In addition, the Board is kept informed of changes in the banking regulations and reference texts concerning governance. Training may also be provided on such occasions. Work on the implementation of the governance provisions of CRD 4 had started in Q4 2014 and was completed in Q1 2015.
- Upon the introduction of the Volcker Rule in the United States and the law on the separation and regulation of banking activities in France, on which the Board members had to give their views, the Directors received training on both of these regulations (April 2015).
- The strategy seminar held on 17 December 2015 included a session on the regulatory changes in capital requirements and their impacts for BNP Paribas, and a presentation of the Wealth Management and Personal Finance business lines and their challenges.
- On that occasion, the Directors received training on the digital transformation in domestic markets, the leverage ratio, book values and prudential values; they also met the managers concerned within the Group.
- Pursuant to the provisions of the Decree of 3 June 2015 implementing the Job Protection Act of 14 June 2013 relative to the training of Directors elected by employees and the time allotted to them for the preparation of the meetings of the Board of directors and its committees, the Board determined that the content of the training programme would include the role and functioning of the Board, the bank's activities and organisation, and bank accounting. In 2015, the employee-elected Directors received 13 hours of training on bank accounting. In addition, one of them received 14 hours of training on Board governance. Moreover, like the other Directors, they are entitled to the training provided by BNP Paribas as described below.

2. MEETINGS OF THE BOARD AND COMMITTEES IN 2015

- The Board of directors met 11 times in 2015, of which four times in specially convened meetings. The average attendance rate was 94%. In addition, the Board met once for a strategic seminar.
- The Financial Statements Committee met six times, with a 96% attendance rate.
- The Internal Control, Risk Management and Compliance Committee met six times, with a 100% attendance rate.
- In addition, the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee held two joint meetings, with a 100% attendance rate. Together or separately, these two committees thus met 14 times in 2015.
- The Corporate Governance and Nominations Committee met eight times, including one session attended by the Chairmen of the other committees and a Director, Michel Tilmant, due to his experience as a former executive of an international bank. The attendance rate was 100%.
- The Remuneration Committee met five times, with a 100% attendance rate.

➤ ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2015

Directors	Board of directors	Specialised Committees	Total	Individual attendance rates
	Attendance/Number of sessions			
J. LEMIERRE	11/11		11/11	100%
M. PEBEREAU (until 13/05/2015)	5/5	5/5	10/10	100%
J-L. BONNAFÉ	11/11		11/11	100%
P. A. de CHALENDAR	8/11	12/12	20/23	87%
M. COHEN	11/11	11/12	22/23	96%
M. GUILLOU	10/11	16/16	26/27	96%
D. KESSLER	10/11	8/8	18/19	95%
J-F. LEPETIT	11/11	13/13	24/24	100%
N. MISSON	11/11	12/12	23/23	100%
T. MOUCHARD (until 15/02/2015)	2/2	1/1	3/3	100%
L. PARISOT	11/11	8/8	19/19	100%
D. SCHWARZER	9/11		9/11	82%
M. TILMANT	10/11	9/9	19/20	95%
E. VAN BROEKHOVEN	11/11	8/8	19/19	100%
S. VERRIER (from 16/02/2015)	9/9		9/9	100%
F. WICKER-MIURIN	11/11	8/8	19/19	100%
Average	**95%**	**99%**	**97%**	

3. WORKS OF THE BOARD AND COMMITTEES IN 2015

3.a Works of the Board in 2015

The Board of directors, which determines BNP Paribas' strategy and overall business objectives based on proposals submitted by Executive Management:

- examined the 2014-2016 Development Plan, as approved in 2014, in view of the operating divisions' performance in 2014, the deteriorating economic environment, the fall in interest rates, and the impact of the new taxes and regulations at national, European and international levels. The relevance of the choices made in the Plan was confirmed, in particular by:
  - the projects preparing the bank of the future (Hello bank!, new online multi-bank payment solutions),
  - the good results of the Plan in the various regions,
  - the good performance of growth drivers,
  - adaptation to the new capital markets environment,
  - a new organisation to step up the development of the CIB model (from Corporate Investment Banking to Corporate and Institutional Banking),
  - the acquisitions made at the right time in 2014 and at satisfactory prices,
  - the strengthening of capacities in terms of compliance and control,
  - a stringent risk management policy,
  - cost savings in line with the Simple & Efficient programme;
- was informed of and followed the progress of the CIB of Tomorrow programme;
- followed the various stages in the set-up of an Intermediate Holding Company (IHC) with a governance covering all of the Group's US activities (except for those of the American subsidiary of BNP Paribas SA), following a decision taken to that effect at end-2014; this operation should be completed in 2016;
- discussed the comparison of the Bank's performance with its competitors, as well as its balance sheet, on the basis of the results available in respect of 2014;
- acknowledged the Executive Management's comments on the net margin generated on new lending in 2014 and in the 1st half of 2015;
- was informed of the new rules of the Single Supervisory Mechanism (SSM) concerning the share buyback programme. It continued to track the amounts allocated to the various objectives of the Company's share buyback programme authorised by the Annual General Meeting;
- approved the Charter for responsible representation with the public authorities;
- examined each of the related-party agreements entered into and authorised in previous years but still in force in the past year;
- called a meeting of the holders of the perpetual subordinated notes totalling USD 500 million issued by BNP Paribas in 1986;
- approved the plan for BNP Paribas' simplified takeover of Rueil 2000;
- approved the binding offer for the full acquisition of the non-banking brokerage firm Sharekhan Limited in India and approved the acquisition for 100% of the shares;
- approved Arval's acquisition of the European business of GE Capital's Fleet Services;
- examined various alternatives for First Hawaiian Bank;
- discussed BNP Paribas' policy concerning gender equality and equal pay;
- examined BNP Paribas' policy with regard to corporate social responsibility (CSR);
- was informed of the results of the annual employee satisfaction survey (Global People Survey) and of the ensuing actions.

The Board meeting of 7 July 2015 was attended by SSM representatives from the European Central Bank (ECB) and representatives of the *Autorité de contrôle prudentiel et de résolution* (ACPR) who presented their missions, their approaches and their analyses, followed by an exchange of views with the Directors.

Like in previous years, the Board met for a strategy seminar focused, *inter alia*, on the impact of the new capital requirements for BNP Paribas, and the challenges of the Wealth Management, Personal Finance, Domestic Markets and CIB business lines.

3.b Works done by the Financial Statements Committee and works approved by the Board of directors in 2015

Examination of the financial statements and financial information

The Financial Statements Committee:

- conducted quarterly reviews of the financial statements based on the documents and information provided by Executive Management and the work carried out by the Statutory Auditors;
- conducted quarterly analyses of the summary consolidated results and annualised return on equity, as well as the results and ROE by business segment; examined the Group's consolidated balance sheet at 31 December 2014 and the changes that took place between that date and 30 June 2015; on that occasion, it was given an update on off-balance sheet commitments;
- examined the dividend distribution policy in view of the ECB recommendation concerning compliance with prudential and solvency rules;
- kept track of the changes in prudential requirements regarding capital and examined the results of the Supervisory Review and Evaluation Process (SREP) and their impact on the solvency ratio. It examined the change in risk-weighted assets;
- examined the provisions for litigation on a regular basis;
- examined goodwill and the adjustments made, in particular concerning the impairment of BNL bc goodwill following the SREP results;
- read the explanations relating to the Funding Valuation Adjustment (FVA) and Prudent Valuation Adjustment (PVA), the changes made to the Credit Valuation Adjustment (CVA) and the implementation of IFRIC 21 involving the restatement of profit and loss accounts per business line;
- examined the valuation of the euro currency options portfolio;

The Board:

- examined and approved the results of the fourth quarter of 2014, full year 2014 and the first three quarters of 2015;
- examined trends in revenues and the cost/income ratio by business for each quarter. For each of the periods, the Board heard a summary of the work of the Financial Statements Committee and the findings of the Statutory Auditors;
- heard the comments of the Financial Statements Committee on the accounting internal control report reviewed each quarter by the committee;
- reviewed and approved a draft press release at each meeting devoted to results, and approved the report of the Board of directors in respect of 2014;
- discussed changes in equity and the capital adequacy ratio in light of the new prudential solvency regulations and new requirements imposed by the regulator. It acknowledged the request made by the ECB following the results of the SREP and approved the release published as requested by the AMF.

- upon the review of the income statement, the committee heard the comments of the Group's Chief Financial Officer and senior executive in charge of accounting and financial reporting. Every quarter, it interviewed the Group's Chief Financial Officer, without the presence of the Chief Executive Officer. The committee heard the comments and findings of the Statutory Auditors concerning the results for each quarter. It met with the Statutory Auditors, without the presence of the Chairman, the Chief Executive Officer or the Group's Chief Financial Officer, and asked the questions it considered necessary;

The Board heard a report of the discussions held by the Financial Statements Committee with the Statutory Auditors and the Group's Chief Financial Officer, without the presence of the Chairman or the Chief Executive Officer.

- reviewed the accounting certification mechanisms as part of the internal control procedures;
- examined the section of the Chairman's report on internal control procedures relating to the preparation and processing of accounting and financial information in respect of 2014, and recommended its approval by the Board of directors.

The Board approved the section of the Chairman's report on the preparation and processing of accounting and financial information in respect of 2014.

Ad hoc works performed by the Financial Statements Committee in 2015

Examination of the financial statements and financial information

- Each quarter, the Financial Statements Committee examined the report on audit control points flagged by Group entities in the context of certification of their financial statements. It analysed trends in the risk level observed for each of the thirty major accounting controls.

Relations with the Statutory Auditors

- The Financial Statements Committee received a written certificate of independence from each of the Statutory Auditors.
- It was informed of the amount of fees paid to the Statutory Auditors and reviewed the summary report on assignments not directly related to the statutory audit, without the presence of the Statutory Auditors. It authorised a non-audit-related assignment subject to its prior approval in accordance with the Internal Rules (§ 7.1.3).

3.c Works performed by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee in their joint meetings, and works approved by the Board of directors in 2015

The Committees:

- examined the impacts of the decline in euro interest rates on the Bank;
- reviewed the ICAAP (Internal Capital Adequacy Assessment Process) report. They examined the Bank's assessment of its risks, and made sure that it had appropriate controls and the required capital to cover those risks;
- read the Internal Liquidity Adequacy Assessment Process (ILAAP) report. They examined the tolerance threshold above which it can be deemed that the liquidity situation is compliant with the Bank's risk profile;
- examined the compliance programme pursuant to the implementation of the Volcker rule and French law on the separation and regulation of banking activities;
- were informed of and regularly monitored the most significant risks liable to have a long-term impact on the financial statements, notably investigations and inquiries conducted with a certain number of financial institutions by the regulatory and judicial authorities in several countries in relation to transactions in foreign exchange markets, share transactions, and negotiations conducted as part of collective actions;
- examined and monitored the situation of certain countries in which geopolitical developments may have an impact on the quality of the portfolio held by the Bank. This also applies to certain business sectors, for which a review of the portfolio was conducted and monitored;
- examined the report on the assessment and monitoring of risks in 2014, in accordance with the provisions of the Decree of 3 November 2014 on the internal control of companies operating in the banking sector, payment services and investment services subject to the control of the *Autorité de contrôle prudentiel et de résolution* (ACPR). It assessed the effectiveness of the policies and systems in place.

The Board:

- approved the level of tolerance to the liquidity risk and the policies, procedures and internal systems relating to the liquidity risk;
- approved the internal capital adequacy assessment process;
- approved the compliance programme relating to the implementation of the Volcker Rule;
- gave its approval for BNP Paribas' participation in a capital increase by *Opera Trading Capital*, a subsidiary dedicated to proprietary transactions in financial instruments, set up in compliance with the law on the separation and regulation of banking activities in 2013;
- was informed of the review of the portfolio dedicated to Energy, excluding electricity, and other commodities;
- was informed of the Bank's situation in Brazil;
- was regularly informed of the development of negotiations conducted within the scope of collective actions, and inquiries or investigations conducted by the regulatory and judicial authorities of several countries concerning transactions on foreign exchange markets;
- heard the results of the work done based on a report drawn up for the assessment and monitoring of risks in 2014.

3.d Works done by the Internal Control, Risk Management and Compliance Committee and works approved by the Board of directors in 2015

Risks and liquidity

The Internal Control, Risk Management and Compliance Committee:

- examined and discussed the new organisation of the Risk Function which should improve the operational efficiency of the control mechanisms and procedures, facilitate the anticipation of risks, including those linked to regulations, and reinforce controls;
- reviewed trends in market, counterparty and credit risk. It deliberated on the basis of information presented by Risk. The Head of Risk answered the committee's questions on the various categories of risks during a meeting;
- examined the dashboard presented quarterly by the Head of Risk and proposed changes to its presentation;
- examined the risk profiles of the major subsidiaries for which the BNP Paribas Risk Committee acts as risk committee, as authorised by law;
- examined the initial measures of the action plan on the Risk Profile management system, following the ECB's thematic review of risk governance and the Risk Assessment Framework (RAF);
- examined the aggregate risk limits in accordance with the provisions of the previously mentioned Decree of 3 November 2014;
- examined and monitored the Group's liquidity risks and the liquidity policy implemented by Executive Management in view of market and regulatory changes;
- examined the ECB's final report on the liquidity management review;
- discussed the approach to be adopted by each business line so that risks are more effectively taken into account in the pricing of products and services;
- discussed the impact of the European regulatory reform known as Solvency II, in particular the capital requirements relating to the risks of insurance companies, and was informed of the impact of the Eckert law on Cardif;
- examined the issues relating to cyber security and their impacts.

The Board:

- approved the aggregate risk limits;
- approved the procedure for the referral of any overrun of the aggregate risk limit to the Board (see point 3.5 Governance below);
- examined, based on the Risk Profile Statement and the Committee Chairman's report, the dashboard presenting the indicators adopted for the different risk categories, as well as the risk governance, management and monitoring measures on a regular basis;
- was informed of the committee's review of the ECB's final report on the liquidity management review;
- examined the pricing and maturity conditions of issues of debt securities, within the scope of the budgets allocated by the Board;
- examined, based on the Committee Chairman's report, all of the committee's work on Group risks, in particular those relating to changes in the RAF and risk governance;
- was regularly informed of trends in the cost of risk by business and geographical area;
- was informed of the impacts of Solvency II and ensuing consequences;
- asked the committee to regularly monitor the cyber security issue.

Compliance, internal control, litigation and periodic control

The Internal Control, Risk Management and Compliance Committee:

- continued to monitor the implementation of the remediation plan initiated in 2014 on the US authorities' request, representing the translation of commitments made by BNP Paribas to control activities carried out in US dollars;
- monitored the set-up of the new Compliance organisation;
- was informed of the set-up of the Know Your Customer (KYC) programme and monitored the development of this programme in view of the implementation of revision rules and the defining of a cross-company KYC model;

- examined the 2014 internal control report including the Compliance Risk Assessment report, the key compliance points across all business lines and geographical areas, the report on operational risks, permanent control and business continuity, as well as the control of outsourced activities and the periodic control report;
- discussed the main results of periodic control in 2014 and in the first half of 2015, in particular with the set-up of a compliance subsidiary to conduct audits in this regard;
- discussed the Country policy and the system set up;
- reviewed, at each of its meetings, the list of legal disputes and proceedings under way, as well as the developments in each of the cases from one meeting to another. It monitored the most significant legal disputes and proceedings, in particular those linked to the following: the accounts of American taxpayers in Switzerland, which resulted in the signing of a Non Prosecution Agreement; the case of the real estate loans granted in Swiss francs to private individuals for rental investment purposes; the investigations launched by foreign authorities into Credit Default Swaps (CDS) and the results of the related class action;
- examined the incidents, especially concerning market transactions, and requested the set-up of action plans to fill the gaps in this system;
- was informed of the modification requests and additional requests made by the regulators concerning the recovery and resolution plans, as well as those relating to the US plan;
- examined the changes in French and European resolution regulations and was informed of the problems linked to the set-up of the Total Loss-Absorbing Capacity (TLAC) and Minimum Requirement for own funds and Eligible Liabilities (MREL) mechanisms;
- monitored the implementation of the Volcker Rule and the law on the separation and regulation of banking activities.

The Board:

- approved, based on the Committee Chairman's report, the 2014 internal control report;
- reviewed the modifications made to the resolution plan, of which the updated version was submitted to the ECB;
- approved the recovery plan, of which the updated version is to be submitted to the ECB;
- was informed of the modifications to the US bank resolution plan requested by the American authorities;
- monitored the set-up of the Remediation Plan;
- was informed of the introduction of a Country policy and KYC programme;
- was informed of the progress of legal proceedings and disputes, as well as incidents and the amount of losses incurred for those incidents;
- heard the Committee Chairman on the monitoring of the implementation of the Volcker Rule and law on the separation and regulation of banking activities.

The Committee dedicated a meeting to interviewing the heads of the Risk, Compliance, Periodic control and Legal Functions, without the presence of Executive Management and Line Management.

It examined exchanges with the ACPR and Executive Management.

The Board:

- heard the report of the interviews;
- read the correspondence between Executive Management and the ACPR.

3.e Works done by the Corporate Governance and Nominations Committee and works approved by the Board of directors in 2015

Changes in the membership of the Board and its specialised Committees

The Corporate Governance and Nominations Committee:

- proposed to appoint Laurence Parisot as Committee Chairwoman to replace Michel Pébereau. This choice was motivated by Laurence Parisot's governance capabilities, her contribution to the improvement of the Afep-Medef Code, her seniority and her experience within the committee;
- examined the expiry dates of the Directors' terms of office and proposed that the Board ask the Shareholders' Annual General Meeting to renew the terms of office expiring in 2015, namely those of Laurence Parisot, Pierre André de Chalendar and Denis Kessler, and to ratify the appointment of Jean Lemierre;
- examined the membership of the Board of directors and proposed that the Board refrain from appointing or proposing the nomination of a new Director, in order to maintain their number at 14;
- reviewed the position of each Director and proposed that the Board appoint Daniela Schwarzer, Sandrine Verrier and Laurence Parisot as members, respectively, of the Corporate Governance and Nominations Committee, Financial Statements Committee and Internal Control, Risk Management and Compliance Committee.

The Board:

- appointed Laurence Parisot as Chairwoman of the Corporate Governance and Nominations Committee;
- followed the committee's proposal not to increase the number of Directors;
- asked the Shareholders' Annual General Meeting to renew the terms of office of the Directors concerned and ratify the appointment of the Board's Chairman;
- appointed the proposed Directors as members of the above-mentioned committees.

Governance

The Corporate Governance and Nominations Committee:

- continued its work on the integration of the governance component of CRD 4. It proposed a certain number of risk management measures to the Board;
- proposed that the Board introduce a procedure for the referral of any overrun of the aggregate risk limit to the Board;

- proposed that, for the time being, no specific risk committees be set up in the subsidiaries;
- proposed to set up risk management dashboards dividing the risks into categories: stock, new risks and risks requiring monitoring;
- proposed that the Board set up a nominations committee in each subsidiary with a balance sheet total of over EUR 5 billion, as each subsidiary has intrinsic knowledge of its own teams;
- examined the Corporate Governance part of the Chairman's report for 2014; it recommended its approval by the Board of directors.

The Board:

- approved all the measures proposed by the Committee;
- approved the Corporate Governance part of the Chairman's report for 2014.

Functioning of the Board

The Corporate Governance and Nominations Committee prepared the in-depth review of the Board of Director's Internal Rules (see point 1 *Principles of governance* above).

The Board deliberated and adopted its new Internal Rules effective as of 2 October 2015.

Training of Employee Directors

Pursuant to the new provisions of the Decree of 3 June 2015, the Committee proposed that the Board set the number of training hours to a minimum of 20 per year; this minimum can be exceeded according to the needs expressed by the Directors.

The Board approved this proposal.

Assessment of the Board of directors

The Corporate Governance and Nominations Committee:

- proposed that the Board call on an external firm every three years and conduct an annual "internal" assessment in the meantime;
- proposed an action plan following the results of the 2014 assessment which revealed satisfaction in the functioning of the Board and a point of attention regarding the implementation of the risk monitoring component of CRD 4; this action plan involves (i) reinforcing ties between the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee, (ii) monitoring the implementation of the risk policy and related decisions, (iii) explaining the content of discussions on risk issues in the Chairman's report, and (iv) setting up *ad hoc* committees in the event of a major crisis;
- proposed, in the action plan, to enable Directors to access accounting documents more quickly and to continue to prepare succession plans;
- prepared the 2015 assessment of the Board of directors, and the manner in which the Board and its Specialised Committees function.

The Board approved the action plan.

The Corporate Governance and Nominations Committee initiated the drafting of a new Code of Conduct for the Group, in collaboration with the managerial teams.

Directors' remuneration

The Committee proposed that the Board submit to the 2016 Shareholders' Annual General Meeting an increase in the overall amount of Directors' fees to EUR 1.3 million as from 2016. This proposal is justified by the substantial increase in the responsibilities and missions of financial institution Directors following the coming into force of CRD 4 provisions and an increase in their workload. The last increase in this overall amount dates back to 2010. Moreover, the current level was compared to that of peer institutions and is one of the lowest.

On the strength of these arguments, the Board decided to propose to the next Shareholders' Annual General Meeting to raise the ceiling of Directors' fees to EUR 1.3 million as from 2016.

The Committee proposed that the Board maintain the method of allocation of Directors' fees and increase their unit amounts as follows, if the raising of the ceiling of the overall amount of Directors' fees is approved by the Shareholders' Annual General Meeting:

	2015 allocation scheme			New allocation scheme		
		Variable portion			Variable portion	
Amount of Directors' fees *(in euros)*	**Fixed portion**	**Scheduled meeting**	**Extraordinary meeting**	**Fixed portion**	**Scheduled meeting**	**Extraordinary meeting**
Directors residing in France	17,000	2,400/meeting	3,800/meeting	21,000	3,000/meeting	4,400/meeting
Directors residing outside France	17,000	3,600/meeting	4,000/meeting	21,000	4,200/meeting	4,600/meeting
Specialised Committee Chairman		5,000/meeting			5,700/meeting	
Specialised Committee Member		2,000/meeting			2,700/meeting	

3.f Works done by the Remuneration Committee and works approved by the Board of directors in 2015

It should be noted that two members of the Remuneration Committee are also members of the Internal Control, Risk Management and Compliance Committee (Jean-François Lepetit and Nicole Misson). This composition is intended to facilitate the Board's work on the appropriateness of BNP Paribas' remuneration principles and risk policy, in keeping with the requirements of CRD 4.

The Remuneration Committee:

- examined the issues relating to the 2014 remuneration of Group employees whose responsibilities within the Bank have a significant impact on the Group's risk profile, after receiving detailed information on these regulated persons:
  - final scope of regulated persons,
  - deferred payment rules and modalities concerning the payment of variable remuneration to regulated persons, as well as the 2015 public report on the remuneration paid to regulated persons in respect of 2014,
  - the summary of the General Inspection report concerning the implementation of the review of regulated persons' remuneration in respect of 2014;
- reviewed the list of the highest paid employees in 2014;
- reviewed the new scope of regulated persons identified in respect of 2015;
- proposed the amendment of the remuneration policy for regulated persons, in particular through the introduction of a new claw-back clause;
- reviewed the criteria for determining those individuals' variable remuneration packages and was informed of the process for determining the remuneration of the relevant employees; it examined the General Inspection's report on this process;
- was informed of the correspondence with the *Autorité de contrôle prudentiel et de résolution* (ACPR) on these issues;
- checked the remuneration of the Head of Risks and Head of Compliance;
- examined the quantitative and qualitative performance criteria linked to the annual variable remuneration of executive corporate officers and proposed to the Board the variable remuneration to be paid to them in respect of 2014 and the provisions for deferring this remuneration over several years and indexing a portion of it to changes in the share price;
- discussed the incentive plans for executive corporate officers designed to encourage value creation over the long term and proposed the amendment of the conditions of the long-term remuneration plan entirely based on performance conditions and indexed to changes in BNP Paribas' share price;
- proposed that the Board link the annual variable remuneration and the long-term variable remuneration to the same reference year, in order to clarify the executive corporate officers' total remuneration in respect of the 2-to-1 rule;
- proposed that the Board submit to the Shareholders' Annual General Meeting the renewal of the limitation of variable remuneration in relation to fixed remuneration (2-to-1) provided by CRD 4, for a period of three years;
- set the principles of the remuneration policy, actual remuneration, allowances and benefits in kind granted to the corporate officers and heads of risk and compliance of Group subsidiaries that meet the threshold set by law and that have delegated these missions to the Committee;
- reviewed the Say on Pay sheets for each executive corporate officer of BNP Paribas, as well as the resolutions relating to remuneration paid to regulated employees;
- examined the allocation of Directors' fees and the amount allocated to each Director in respect of 2015;
- examined the new allocation of Directors' fees proposed by the Corporate Governance and Nominations Committee as from 2016;

The Board:

- agreed on the principles governing the remuneration of executive corporate officers in respect of 2015. These provisions are described in the Remuneration section of point 2.1 of this chapter;
- appraised and approved the committee's assessment of the quantitative and qualitative performance criteria linked to the annual variable remuneration of executive corporate officers in respect of 2014;
- ensured that the change in the variable remuneration of executive corporate officers was appropriate;
- approved the characteristics of a long-term remuneration plan aimed at linking the remuneration of executive corporate officers to long-term value creation, strictly based on share-price trends, yet with a ceiling, while ensuring sustainable performance consistent with that of other European banks;
- approved the linking of all of the executive corporate officers' variable remuneration to the same reference year;
- approved the Say on Pay sheets to be submitted to the consultative vote of shareholders at the Shareholders' Annual General Meeting;
- proposed that the Shareholders' Annual General Meeting renew its approval of the 2-to-1 rule for a period of 3 years;
- was informed by the Committee Chairman of the approach used to identify those employees whose professional activities have a significant impact on the Company's risk profile and the principles for their remuneration as proposed by Executive Management;
- heard the Chairman's report on the appropriateness of the remuneration of the Head of Risk and Head of Compliance;
- approved the individual allocation of Directors' fees for 2015 and the new allocation for 2016, subject to the Shareholders' Annual General Meeting's approval of the increase in the overall amount of Directors' fees for 2016 and the following years.

The Committee was informed about the 2014 variable remuneration determined by the Chief Executive Officer for the members of the Executive Committee who are not corporate officers.

APPENDIX: INTERNAL RULES OF THE BOARD OF DIRECTORS

Updated by the Board of directors on October 2, 2015

PREAMBLE

The rules concerning:

- the Board of directors,
- the members of the Board of directors, including their rights and obligations,
- the Board of directors' Committees,

are set by the statutory and regulatory provisions, the articles of association of the Company and these rules.

The Board of directors also takes into account the French market guidelines concerning corporate governance and, in particular, the provisions of the corporate governance Code for listed companies published by the French employers' organisations *Association Française des Entreprises Privées (Afep)* and the *Mouvement des Entreprises de France (Medef)*, hereinafter called the Afep-Medef Code, to which BNP Paribas (the "**Company**") refers.

The Board of directors is a collegial body that collectively represents all shareholders and acts in all circumstances in the corporate interests of the Company.

The Board of directors is assisted by Specialised Committees (Financial statements committee, Internal control, risk management and compliance committee, Corporate governance committee, Nominations committee and Remunerations committee) as well as by any ad hoc committee.

PART ONE – THE BOARD OF DIRECTORS, COLLEGIAL BODY

ARTICLE 1. DUTIES OF THE BOARD OF DIRECTORS

The Board of directors discusses any question coming within the scope of its statutory and regulatory duties and contributes to promoting the corporate values aimed, in particular, to ensuring that the conduct of BNP Paribas' activities by its employees complies with the highest ethical requirements in order to protect the reputation of the Bank.

In particular and non-exhaustively, the Board of directors is competent in the following areas:

1.1 ORIENTATIONS AND STRATEGIC OPERATIONS

The Board of directors:

- determines BNP Paribas's business orientations and supervises their implementation by the Executive Management;
- subject to the powers expressly allocated to the shareholders' meetings and within the limit of the corporate purpose, it handles any issue concerning the smooth running of the Company and settles by its decisions any matters concerning it;
- gives its prior approval with respect to all investment or disinvestment decisions (other than portfolio transactions) in an amount in excess of EUR 250 million, and any proposal to acquire or dispose of shareholdings (other than portfolio transactions) in excess of that threshold, submitted to it by the Chief Executive Officer. It also regularly informs the Chief Executive Officer of significant transactions which fall below this limit;
- gives its prior approval to any significant strategic transaction which falls outside the approved orientations.

1.2 GOVERNANCE, INTERNAL CONTROL AND FINANCIAL STATEMENTS

The Board of directors:

- appoints the Chairman, the Chief Executive Officer (CEO) and, on the recommendation of the latter, the Chief Operating Officer(s) (COO);
- sets any limits to the powers of the Chief Executive Officer and of the the Chief Operating Officer(s);
- examines the system of governance, which includes, in particular, a clear organisational structure with well defined, transparent and consistent sharing of responsibilities, efficient processes to identify, manage, monitor and report the risks to which the Company is or might be exposed to; it periodically assesses the efficiency of this governance system and ensures that corrective measures have been taken to remedy any failings;
- determines the orientations and controls their implementation by the actual managers of the monitoring measures in order to guarantee an effective and prudent management of the Company, including the segregation of duties in the organisation of the Company and the prevention of conflicts of interest;
- ensures the fulfilment of the obligations which are incumbent on it concerning internal control, and, in particular, examines, at least twice a year, the activity and the results of the internal control;
- approves the Chairman's report attached to the management report;
- carries out the controls and verifications which it deems appropriate;
- examines and closes the financial statements and ensures their sincerity;
- reviews, at least once a year, the draft budgets, the draft management report, and the drafts of the various statutory and regulatory reports whcih the Chairman or the Chief Executive Officer submit to it.

1.3. RISK MANAGEMENT

The Board of directors:

- approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which the Company is or might be exposed to, including the risks caused by the economic environment. In particular, the Board of directors approves the global risk limits and puts into place a specific process organising its information and, as the case may be, the referral of the matter to it in the event these limits are exceeded;
- gives its approval, as the case may be, to the dismissal of the head of risk management.

1.4. COMMUNICATION

The Board of directors:

- ensures that the financial information disclosed to the shareholders and the markets is of high quality;

- controls the process of financial publication and communication, quality and reliability of the information intended to be published and communicated by the Company.

1.5. REMUNERATION

The Board of directors:

- allocates the directors' attendance fees;
- adopts and regularly reviews the general principles of the remuneration policy of the Group which relates, in particular, to the categories of staff including the risk takers, staff engaged in control functions and any employee who, given his overall income, is in the same remuneration bracket as those whose professional activities have an impact on the risk profile of the Group;
- decides on the remuneration of the managers who are corporate officers *(dirigeants sociaux)*, in particular their fixed and variable remuneration, as well as any other means of remuneration or benefit in kind.

1.6. RESOLUTION

The Board of directors settles the preventive recovery plan of the institution, as well as the items necessary to establish the resolution plan communicated to the competent regulatory authorities.

ARTICLE 2. FUNCTIONING OF THE BOARD OF DIRECTORS

2.1 ORGANISATION OF THE MEETINGS

The Board of directors meets at least four times a year and as often as circumstances or BNP Paribas' interest require this.

Notices of meetings may be communicated by the Secretary of the Board.

The Secretary of the Board prepares all of the documents necessary to the Board meetings and arranges to place all of the documentation at the disposal of the directors and other participants in the meetings.

An attendance register is kept, which is signed by the directors taking part in the meeting. It mentions the names of the directors considered as present.

The Board of directors' decisions are recorded in minutes which are entered into a special register, in accordance with the laws in force. The Secretary of the Board of directors is authorized to issue and certify copies or excerpts of the Board minutes. Each set of Board minutes must be approved at a subsequent Board meeting.

The decisions of the Board of directors are carried out either by the Chairman, the Chief Executive Officer, in case of dissociation of the functions, or a Chief Operating Officer, or by any special representative appointed by the Board of directors.

2.2. MEANS OF PARTICIPATION

Directors taking part in the meeting by videoconference *(visioconference)* or all telecommunication means enabling their identification, guaranteeing their effective participation, and meeting, through their technical features, the needs of confidentiality, of continuous and simultaneaous retransmission, the nature and the condition of application of which are defined by French law, shall be deemed to be present for the purpose of calculating both the quorum and the majority. The minutes state, as the case may be, the occurrence of any technical incidents if they disturbed the conduct of the meeting.

PART TWO – THE MEMBERS OF THE BOARD OF DIRECTORS

ARTICLE 3. COMPOSITION, INFORMATION AND SKILLS

3.1. THE CHAIRMAN OF THE BOARD OF DIRECTORS

3.1.1. Relations with the Company's other bodies and with parties outside the Company

In relations with the Company's other bodies and with parties outside the Company, the Chairman of the Board of directors alone has the power to act on behalf of the Board of directors and to express himself in its name, except in exceptional circumstances, and except where specific assignments or duties are entrusted by the Board of directors to another director.

The Chairman provides assistance and advice to the Executive Management, while respecting the executive functions of the latter. He organises his activities so as to ensure his availability and put his experience at the Company's service. He contributes to promoting the values and image of the Company, both within the Group and externally.

Coordinating closely with Executive Management, he can represent the Group in its high level relationships, and particularly with major clients, public authorities and the institutions on national, European and international levels.

He ensures that the quality of relations with shareholders is maintained, in close coordination with the work of Executive Management in this area.

He ensures that principles of corporate governance are defined and implemented.

The Chairman is the custodian of the proper functioning of the Board of directors of BNP Paribas. As such:

- with the support of the Corporate Governance and Nominations Committee, with the approval of the Board of directors and of the Annual General Shareholders' Meeting, where appropriate, he endeavours to build an efficient and balanced Board, and to manage replacement and succession processes that concern the Board of directors and nominations which it will have to decide on;
- He can attend all committee meetings and can add any subject to the agenda of the latter which he considers to be relevant;
- He ensures that the directors have the documentation and information necessary to carry out their duties in a timely manner and in a clear and appropriate form.

3.1.2. Organisation of the work of the Board of directors

The Chairman organises and manages the work of the Board of directors in order to allow it to carry out all of its duties. He sets the timetable and agenda of Board Meetings and convenes them.

He ensures that the work of the Board of directors is well organised, in a manner conducive to constructive discussion and decision-making. He directs the work of the Board of directors and coordinates its work with that of the Specialised Committees.

He sees to it that the Board of directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy.

He makes sure that he maintains a close and trusting relationship with the Chief Executive Officer. He provides him with his assistance and his advice while respecting his executive responsibilities.

The Chairman is kept regularly informed by the Chief Executive Officer and other members of the Executive Management of significant events and situations relating to the business of the Group, particularly those relating to: deployment of strategy, organisation, investment or disinvestment projects, financial transactions, risks, financial statements.

The Chief Executive Officer provides the Chairman with all information required under French law regarding the internal control report.

He may ask the Chief Executive Officer or any manager, in particular, the head of risk management, for any information likely to assist the Board and its committees in the carrying out of their duties.

He may hear the Statutory Auditors in order to prepare the work of the Board of directors and of the Financial Statements' Committee.

He prepares the report of the Chairman of the Board of directors drawn up pursuant to Article L. 225-37 of the French Commercial Code.

3.2. DIRECTORS

The directors are identified and recommended by the Corporate Governance and Nominations Committee according to criteria based on their personal and collective qualities and according to the terms provided for in these Internal Rules which enable guaranteeing their independence as mentioned under Article 4.2.1.2.

They undertake to act in the corporate interest of BNP Paribas and to comply with all of the provisions of these Internal Rules that are applicable to them.

3.3. OTHER PARTICIPANTS

3.3.1. Non-voting directors (censeurs)

The non-voting directors attend the meetings of the Board and of the Specialised Committees in an advisory capacity.

3.3.2. Statutory Auditors

The Statutory Auditors attend the meetings of the Board and of the Specialised Committees which examine or close the annual or interim financial statements and may attend the meetings of the Board and of the Specialised Committees when the Chairman of the Board considers it necessary.

3.3.3. Persons invited

The Board can decide to invite one or several persons to attend the meetings.

3.3.4. Representative of the Works Council (Comité central d'entreprise – CCE)

The representative of the Works Council attends the meetings of the Board in an advisory capacity.

3.3.5. Secretary of the Board

The Secretary of the Board is appointed by the Board and attends the meetings of the latter.

3.3.6. Head of risk management

If necessary, in the event of a change in the risks affecting or likely to affect BNP Paribas, the head of risk management can report directly to the Board and, as the case may be, to the Internal control, risk management and compliance committee, without referring to the actual managers.

The individuals specified in point 3.3 are subject to the same rules of ethics, confidentiality and professional conduct as the directors.

3.4. ACCESS TO THE INFORMATION

3.4.1. Information and documentation

For the purpose of efficiently participating in the Board of directors' Meetings and making enlightened decisions, each director may ask that the Chairman or the Chief Executive Officer communicates to him all documents and information necessary to perform his duties, if these documents are useful for making decisions and are related to the Board of directors' powers.

Requests are sent to the Secretary of the Board of directors who informs the Chairman thereof.

When the Secretary of the Board of directors considers this preferable, for reasons of convenience or confidentiality, the documents thus placed at the disposal of the directors as well as of any person attending the meetings of the Board are consulted through the Secretary of the Board or the competent employee of the Group.

3.4.2. Systems

The placing at disposal of the directors or of any person attending the meetings of the Board of all of the documentation with a view to meetings may be done by any means, including dematerialised. In this case, all the measures of protection considered necessary are taken to protect the confidentiality, the integrity and the availability of the information and each member of the Board or any person who has received the documentation is responsible not only for the systems and media thus placed at disposal but also for their access.

3.5. TRAINING, INDIVIDUAL AND COLLECTIVE SKILLS

The directors of BNP Paribas possess, both individually and collectively, the expertise, experience, skills, understanding and personal qualities necessary, notably in terms of professionalism and integrity, to properly perform their duties concerning each of the significant activities of BNP Paribas and guaranteeing efficient governance and supervision.

The directors shall see to maintaining their level of knowledge in financial matters. For this purpose, the company devotes the resources necessary to the training of the directors, in particular in the banking and financial field. Annual training courses are provided by BNP Paribas during which the members of the Board meet the persons in charge of the topics presented and by strategic seminars organised by BNP Paribas for the benefit of its directors.

The directors elected by the employees benefit from time devoted to training determined by the Board. At the end of the training, the training centre chosen by the Board must issue a certificate of regular attendance, which the director elected by the employees must remit to the Secretary of the Board.

ARTICLE 4. OBLIGATIONS

4.1. HOLDING AND KEEPING OF BNP PARIBAS SHARES

Every Director appointed by the General Shareholders' Meeting must personally hold 1,000 shares. The Director must hold all of the shares at the expiry of the period of payment of the directors' attendance fees corresponding to twelve months of office. At the expiry of this period, every Director shall make sure to keep this minimum holding throughout his term of office.

The directors undertake not to engage in any individual hedging or insurance strategies to cover their risk on such shares.

4.2. ETHICS - CONFIDENTIALITY

4.2.1. Ethics

4.2.1.1. Availability and regular attendance

The members of the Board of directors shall devote the time and the effort necessary to carrying out their duties and responsibilities. They accept the discipline involved in working together in the respect of each other's opinions and they exercise their sense of responsibilities towards shareholders and the other stakeholders of the Group.

Directors shall actively and regularly participate in meetings of the Board of directors and of the committees, and shall attend the Annual General Shareholders' Meeting.

The directors elected by the employees benefit from a preparation time determined by the Board.

4.2.1.2. Independence and loyalty

Every member of the Board of directors must maintain at any time his independence of mind, analysis, assessment, decision and action so as to be able to issue opinions and make decisions in an informed, judicious, objective and independent way. He freely expressed his positions, eventually minority positions, about the subjects discussed in the meetings.

He shall act with loyalty towards the other directors, shareholders and BNP Paribas.

He shall refuse any benefit or service liable to compromise his independence.

4.2.1.3. Duty of vigilance

Each member of the Board of directors is bound by a duty of vigilance with respect to the keeping, use and, as the case may be, the return of the systems, documents and information placed at disposal.

4.2.2. Confidentiality

Any director and any person participating in the work of the Board are bound by an obligation of absolute confidentiality about the content of the discussions and decisions of the Board and of its committees as well as the information and documents which are presented therein or which are provided to them, in any form whatsoever.

He is prohibited from communicating to any person outside of the Board of directors information which may not have been made public by BNP Paribas.

4.3. ETHICAL CONDUCT – HOLDING MULTIPLE CORPORATE OFFICES - CONFLICTS OF INTEREST – PERSONAL DECLARATIONS

4.3.1. Ethical conduct

If directors have any questions related to ethical conduct, they may consult the head of the Group Compliance Function.

The legislation relating to insider trading applies particularly to directors both in a personal capacity and when carrying out their duties within companies that hold shares in BNP Paribas. They are required, in particular, to respect the legal requirements governing the definition, communication and exploitation of privileged information, the principal provisions of which are communicated to them when they take office.

Directors can only deal in securities of BNP Paribas on a personal basis during the period of six-weeks beginning on the day after the publication of the quarterly and annual financial statements, or after the publication of a press release on the Company's running, unless they are in possession during that period of information that puts them in the position of an insider with respect to the stock exchange regulations.

Directors shall refrain from any transactions that could be considered as speculative, and in particular from leveraged purchases or sales, or short-term trading.

The Director as well as the persons with close connections with him are under the obligation to declare to the French Financial Markets Authority *(Autorité des Marchés Financiers – AMF)*, which ensures the publication thereof, and to BNP Paribas the transactions that they execute in BNP Paribas shares and the financial instruments related thereto.

4.3.2. Accumulation of Company offices

The Director must comply with the statutory and regulatory provisions which are applicable to him or which are applicable to BNP Paribas concerning the holding of multiple corporate offices.

A Director who considers himself unable to continue to perform his duties on the Board of directors, or on the committees of which he is a member, must resign.

4.3.3. Conflicts of interest

"Conflicts of interest" shall mean the situations in which the interests of the Group, assessed with respect to the varied activities it carries out, and those of a Director are liable to be in competition, whether directly or indirectly or those in which the independence of the Director is liable to be called into question.

The Director undertakes to avoid, as far as possible, carrying out activities or enterering into transactions which could be the source of conflicts of interest or which may, for third parties, appear to be in conflict of interest. If such transactions were, however, entered into, they shall be entered into under market conditions and immediately notified to the Secretary of the Board.

In order to allow the Board to ensure the proper implementation of the rules concerning conflicts of interest, the Director shall consult with the Chairman of the Board of directors about any situation which would be liable to be a conflict of interest.

The Director undertakes to keep the Secretary of the Board informed before the signature of any agreement and/or undertaking potentially regulated within the meaning of the French Commercial Code which could bind him to the principal shareholders, customers, suppliers or other parties of the Company. He must refrain from participating in the vote on the corresponding decision.

The Director informs the Chairman of the Board of directors of his intention to accept a new corporate office, whether in a listed or unlisted entity, French or foreign, not belonging to a group of which he is a manager or any participation in the Specialised Committees of a corporate body or any other new office, in such a way that the Board of directors, on the recommendation of the Corporate Governance and Nominations Committee may decide on the compatibility of such an appointment with the office of Director in the Company.

Any Director of foreign nationality subject to statutory and regulatory obligations liable to be imposed on him because of his nationality must, at his initiative, not participate in certain decisions of the Board.

In the event of breach of these obligations by a Director, the Chairman of the Board of directors shall take all the statutory measures necessary in order to remedy it. He can, furthermore, keep the regulators concerned informed of such acts.

4.3.4. Personal declarations

The Director undertakes to inform the Secretary of the Board as soon as possible of any change in his personal situation (change of address, appointment, corporate offices, duties carried out, etc).

The Director informs the Chairman of the Board of directors of any criminal or civil order entered against it, management prohibition, administrative or disciplinary sanction or measure of exclusion from a professional organisation as well as of any proceedings liable to entail such sanctions against him, any dismissal for professional misconduct or any dismissal from a corporate office of which he may be the subject. Similarly, the Director informs the Chairman of the Board of directors of any criminal or civil order entered against it, administrative or disciplinary sanction or measure of exclusion from a professional organisation, as well as of any Court-ordered reorganisation or liquidation measure of which a company of which he is the manager, shareholder or partner is the subject or would be liable to be the subject.

ARTICLE 5. REMUNERATION OF DIRECTORS AND NON-VOTING DIRECTORS *(CENSEURS)*

The overall amount of the directors' attendance fees is determined by the General Shareholders' Meeting.

The individual amount of the attendance fees is determined by the Board of directors pursuant to a proposal by the Remunerations Committee. It comprises a predominant variable portion based on actual participation in Meetings, regardless of the means. Directors residing abroad receive an increased amount.

Actual participation in the committees entitles committee members to an additional attendance fee, the amount of which may differ depending on the committees. Committee members receive this additional attendance fee for their participation in each different Committee. The Chairmen of Committees receive a increased additional fee.

The remuneration of the non-voting directors is determined by the Board of directors pursuant to a proposal of the Remunerations Committee.

PART THREE – THE BOARD OF DIRECTORS' SPECIALISED COMMITTEES

To facilitate the performance of their duties by BNP Paribas' directors, Specialised Committees are created within the Board of directors.

ARTICLE 6. COMMON PROVISIONS

6.1. COMPOSITION AND SKILLS

They consist of members of the Board of directors who do not carry out management duties within the Company. They include the required number of members who meet the criteria required to qualify as independent, as recommended by the Afep-Medef Code. The members of the committees have the knowledge and skills suited to carry out of the missions of the committees in which they participate.

The Remunerations Committee includes at least one Director representing the employees.

Their remits do not reduce or limit the powers of the Board of directors.

The Chairman of the Board of directors sees to it that the number, missions, composition, and functioning of the committees are adapted at all times to the Board of directors' needs and to the best corporate governance practices.

The Internal Control, Risk Management and Compliance Committee, the Remunerations Committee, the Corporate Governance and Nominations Committee may, in accordance with the provisions of Article 511-91 of the French Monetary and Financial Code *(Code Monétaire et Financier)* ensure their missions for the companies of the Group under the supervision of the regulator on a consolidated or sub-consolidated basis.

6.2. MEETINGS

The committee shall meet as often as necessary.

6.3. MEANS PLACED AT THE DISPOSAL OF THE COMMITTEES

They may call upon outside experts when needed.

The Chairman of a Committee may ask to hear any officer within the Group, regarding issues falling within this committee's jurisdiction, as defined in the present internal Rules.

The Secretary of the Board prepares all of the documents necessary to the meetings of the Specialised Committees and organises the placing of the documentation at the disposal of the directors and other participants in the meetings.

This documentation can be placed at disposal by any means, including dematerialised. In this case, all the measures of protection considered necessary are taken for the purposes of protecting the confidentiality, integrity and the availability of the information and each member of the Specialised Committee concerned or any person who has received the documentation is responsible not only for the systems and media and their provision but also for their access.

6.4. OPINIONS AND MINUTES

They express opinions intended for the Board of directors. The Chairmen of committees, or in case of their impediment another member of the same committee, present a verbal summary of their work at the next Board of directors' meeting.

Written reports of committees' meetings are prepared and communicated, after approval, to the directors who so request.

ARTICLE 7. THE FINANCIAL STATEMENTS' COMMITTEE

7.1. MISSIONS

In accordance with the provisions of the French Commercial Code, the Committee ensures the monitoring of the issues concerning the preparation and verification of the accounting and financial information.

7.1.1. Monitoring of the process of preparation of the financial information

The Committee is tasked with analysing the quarterly, half-yearly and annual financial statements issued by the Company in connection with the closing of financial statements and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of directors.

The Committee shall examine all matters relating to the financial statements and documents: the choices of accounting principles and policies, provisions, analytical results, prudential standards, profitability indicators, and all other accounting matters that raise methodological issues or are liable to give rise to potential risks.

7.1.2. Monitoring of the efficiency of the internal control systems and of risk management concerning accounting and financial matters

The Committee shall analyse, at least twice a year, the summary of the operations and the results of the accounting and financial internal control based on the information communicated to it by the Executive Management. It shall be briefed of incidents revealed by the accounting and financial internal control, reported on the basis of the thresholds and criteria defined by the Board of directors and shall report on its findings to the Board of directors.

It is informed by the Chairman of the Board of directors of any possible failure to implement corrective measures decided within the framework of the accounting and financial internal control system that has been brought to his direct knowledge by the head of periodic control and reports on its findings to the Board of directors.

7.1.3. Monitoring of the statutory auditing of the annual financial statements and of the consolidated financial statements by the Statutory Auditors as well as of the independence of the Statutory Auditors

The Committee shall steer the procedure for selection of the Statutory Auditors, express an opinion on the amount of fees charged for conducting the legal auditing engagements and report to the Board of directors on the outcome of this selection process.

It shall review the Statutory Auditors' audit plan, together with their recommendations and their monitoring.

It shall be notified on a yearly basis of the amount and breakdown of the fees paid by the BNP Paribas Group to the Statutory Auditors and the networks to which they belong, calculated using a model approved by the Committee. It shall ensure that the amount or the portion of the audit firms or the networks' revenues that BNP Paribas represents is not likely to compromise the Statutory Auditors' independence.

Its prior approval shall be required for any engagement entailing total fees of over EUR 1 million (before tax). The Committee shall approve, a posteriori, all other engagements, based on submissions from the Finances Group. The Committee shall validate the Finances Group's fast-track approval and control procedure for all "non-audit" engagements entailing fees of over EUR 50,000. The Committee shall receive, on a yearly basis from the Finances Group, a report on all "non-audit" engagements carried out by the networks to which the Group's Statutory Auditors belong.

It receives from the Statutory Auditors a written report on their main observations concerning the weaknesses of internal control and reviews it.

Each Statutory Auditor shall report on a yearly basis to the Committee on its internal control system for guaranteeing its independence, and shall provide a written statement of its independence in auditing the Group.

At least twice a year, the Committee shall devote part of a meeting to a discussion with the team of Statutory Auditors, without any member of the company's Executive Management being present.

The Committee meets in the presence of the team of Statutory Auditors, to review quarterly, half-yearly and annual financial statements.

However, the Statutory Auditors shall not attend all or part of Committee meetings dealing with their fees or their re-appointment.

The Statutory Auditors shall not attend all or part of Committee meetings dealing with specific issues that concern a member of their staff.

Except in the event of exceptional circumstances, the files containing the quarterly, half-yearly and annual results and financial statements shall be sent to Committee members at the latest on the Friday or Saturday morning preceding Committee meetings scheduled for the following Monday or Tuesday.

Where questions of interpretation of accounting principles arise in connection with quarterly, half-yearly and annual results, and involve choices with a significant impact, the Statutory Auditors and Finances Group shall submit, on a quarterly basis, a memorandum to the Committee analysing the nature and significance of the issues at play, presenting the pros and cons of the various possible solutions and explaining the rationale for the choices ultimately made.

7.2. CHAIRMAN'S REPORT

The Committee shall review the draft Chairman's report on internal control procedures relating to the preparation and processing of accounting and financial information.

7.3. HEARINGS

With regard to all issues falling within its jurisdiction, the Committee may, at its initiative, hear the heads of finances and accounting of the Group, as well as the head of Asset/liability management.

The Committee may ask to hear the head of Finances Group with regard to any issue within its jurisdiction, for which he may be held liable, or the Company's management may be held liable, or that could call into question the quality of accounting and financial information disclosed by the Company.

ARTICLE 8. THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

8.1. MISSIONS

8.1.1. Missions concerning the global risk strategy

The Committee advises the Board of directors on the adequacy of the global strategy of the Company and the overall current and future risk appetite. It assists the Board of directors when the latter verifies the implementation of this strategy by the actual managers and by the head of risk management.

The Committee examines the key orientations of the Group's risk policy, based on measurements of risks and profitability of the operations provided to it in accordance with the regulations in force, as well as any specific issues related to these matters and methods.

In the event that a global risk limit is exceeded, a procedure to refer the matter to the Board of directors is provided for. The Executive Management informs the Chairman of the Committee, who can decide to convene the Committee or to request the convening of the Board of directors.

8.1.2. Missions concerning the examination of the prices of the products and services proposed to customers

In the framework of its mission and according to the terms it shall define, the Committee examines whether the prices of the products and services proposed to customers are compatible with the risk strategy. Where prices do not properly reflect the risks, it presents to the Board of directors an action plan to remedy this.

8.1.3. Missions concerning remuneration

Without prejudice to the missions of the Remunerations committee, the Risk committee examines whether the incentives provided for by the policy and the remuneration practices of the Company are compatible with its situation with respect to the risks to which it is exposed, its capital, its liquidity and the probability and the spreading over time of the expected profits.

To carry out this mission, the Chairman of the Committee shall attend to the Remunerations committee's meeting and presents to it the position upheld.

8.1.4. Missions concerning internal control and compliance

The Committee also tackles all compliance-related issues, particularly those in the areas of reputation risk or professional ethics.

The Committee analyses the risk measurement and monitoring report. Twice a year it examines the internal control operations and findings (excluding accounting and financial internal control, which is the responsibility of the Financial Statements Committee) based on the information provided to it by Executive Management and the reports presented to it by the heads of permanent control, compliance and periodic c ontrols. It reviews the Company's exchanges of correspondence with the Secretariat General of the Prudential Control and Resolution Authority *(Autorité de Contrôle Prudentiel et de Résolution – ACPR)*.

The Committee is briefed on incidents revealed by internal control that are reported on the basis of the thresholds and criteria defined by the Board of directors and reports on its findings to the Board of directors.

It analyses the status of recommendations made by the General Inspection unit that were not implemented. It is informed by the Chairman of the Board of directors of any possible failure to implement corrective measures decided within the framework of the internal control, of which it would have been informed directly by the head of periodic control and reports on its findings to the Board of directors.

8.2. HEARINGS

It proceeds with the hearing, excluding the presence of the Executive Management, of the heads of the Group control functions (General Inspection, Compliance, Risk and Legal).

It presents the Board of directors with its assessment concerning the methods and procedures employed.

It expresses its opinion concerning the way these functions are organised within the Group and is kept informed of their work programme.

8.3. ACCESS TO THE INFORMATION

The Committee has all the information about the situation of the Company with respect to risks. It may, if this is necessary, use the services of the head of risk management or of outside experts.

8.4. MEETINGS COMMON TO THE FINANCIAL STATEMENTS' COMMITTEE AND THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Financial statements' committee and the Internal control, risk management and compliance committee shall meet at the request of the Chairman of the Internal control, risk management and compliance committee or at the request of the Chairman of the Board of directors.

In that context, the members of these Committees:

- shall be briefed of the mission plan of the General Inspection and of the audit plan of the Statutory Auditors and shall prepare the work of the Board of directors in assessing the risk policies and management systems;
- deal with common subjects concerning the risks and financial impacts policy (including provisioning). They carry out, in particular, a systematic review of the risks that can in the future have a significant impact on the financial statements.

This meeting shall be chaired by the Chairman of the Financial statements' committee.

ARTICLE 9. THE CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

9.1 MISSIONS CONCERNING CORPORATE GOVERNANCE

The Committee is tasked with monitoring corporate governance issues. Its role is to help the Board of directors to adapt corporate governance practices within BNP Paribas and to assess its functioning.

It ensures the follows up on a regular basis of the evolution in the governance disciplines at the global, European and national levels. At least once a year, it presents a summary thereon to the Board of directors. It selects measures that are suitable for the Group and which are likely to bring its procedures, organisation and conduct in line with best practice in this area.

It examines the draft report of the Chairman of the Board of directors on corporate governance and all other documents required by applicable laws and regulations.

9.2. MISSIONS CONCERNING THE SELECTION OF THE DIRECTORS, MEMBERS OF THE COMMITTES AND THE NON-VOTING DIRECTORS *(CENSEURS)*

The Committee identifies and recommends to the Board of directors candidates suitable for the office of director, with a view to proposing their candidacy to the General Meeting.

It specifies the missions and the qualifications necessary for the duties to be carried out within the Board of directors and calculates the time to be devoted to such duties. In the determination of the potential candidates, the Committee assesses the skills, based on the experience, integrity and the capacity of understanding of the stakes and of the risks, both personal and collective, of the members of the Board. It ensures, furthermore, that the candidates are able to act objectively, critically and independently, notably with respect to other offices they hold, that they have the courage necessary to express their thoughts and their judgements, sufficient availability to have a strong commitment in their duties and the objectivity indispensable for their office and, lastly, the desire to protect the interests the Company and ensure its proper running.

The Committee sets an objective to achieve with respect to the balanced representation of women and men on the Board of directors. It draws up a policy aimed at achieving this objective.

The candidate chosen is received by the Chairman of the Committee and the Chairman of the Board who jointly decide on proposing the candidacy to the General Meeting.

It proposes the appointment of non-voting directors to the Board of directors.

It is also responsible for examining provisions allowing for the succession of the directors to be prepared.

It makes recommendations to the Board of directors on the appointment of the members and the Chairmen of the Committees when they are to be renewed.

9.3. MISSIONS CONCERNING THE ASSESSMENT OF THE BOARD OF DIRECTORS

The Committee periodically assesses and at least once a year, the balance and the diversity of knowledge, skills and experience which the members of the Board of directors have individually and collectively.

The Committee periodically assesses and at least once a year, the structure, the size, the composition and the effectiveness of the Board of directors with respect to the missions which are entrusted to it and makes any useful recommendations to the Board. It also examines the availability of the directors.

Furthermore, an assessment of the Board of directors is made by a firm of external expert advisors every three years.

9.4. MISSIONS CONCERNING THE SELECTION OF THE CHAIRMAN, MEMBERS OF THE EXECUTIVE MANAGEMENT AND OF THE HEAD OF RISK MANAGEMENT

The Committee periodically examines the policies of the Board of directors for selection and appointment of the actual managers, of the Chief Operating Officer(s) and of the head of risk management and makes recommendations in the matter.

The Committee puts forward recommendations for the selection of the Chairman for consideration by the Board of directors. Acting jointly with the Chairman, the Committee puts forward recommendations for the selection of the Chief Executive Officer for consideration by the Board of directors, and acting on the recommendation of the Chief Executive Officer, it puts forward recommendations for the selection of the Chief Operating Officers. It is informed, as the case may be, by the Chairman, the Chief Executive Officer and the Chief Operating Officer(s) of any new corporate office or any new duties which one of them is considering carrying out and prepares the analysis which will enable the Board of directors to decide on the opportunity of such prospect.

It is also responsible for examining the provisions allowing the succession of the Chairman and of the members of the Executive Management to be prepared.

9.5. MISSIONS CONCERNING THE ASSESSMENT OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER(S)

The Committee assesses the action of the Chairman,

It makes an assessment of the performance of the Chief Executive Officer and of the Chief Operating Officer(s) in the light of the business orientations established by the Board of directors and taking into consideration their capacities for anticipation, decision, organisation and exemplarity.

9.6. MISSIONS CONCERNING THE INDEPENDENCE OF THE DIRECTORS

It is also tasked with assessing the independence of the directors and reporting its findings to the Board of directors.

9.7. MISSIONS CONCERNING THE GENERAL BALANCE OF THE BOARD OF DIRECTORS

The Committee ensures that the Board of directors is not dominated by one person or, a small group of persons in a manner that is detrimental to the interests of the Company.

ARTICLE 10. THE REMUNERATIONS COMMITTEE

The Committee prepares the decisions that the Board of directors approves concerning remuneration, in particular that which has an effect on risk and the management of risks.

The Committee makes an annual examination:

- of the principles of the remuneration policy of the Company;
- of the remuneration, indemnities and benefits of any kind granted to the Company officers of the Company;
- of the remuneration policies of the categories of staff, including the executive managers, risk takers, and staff engaged in control functions and any employee, who given his overall income, is in the same remuneration bracket as those whose professional activities have a material impact on the risk profile of the Company or of the Group.

The Committee directly controls the remuneration of the head of risk management and of the head of compliance.

Within the framework of the missions described above, the Committee prepares the work of the Board of directors on the principles of the remuneration policies, in particular concerning Group staff whose professional activities have a material impact on the Group's risk profile, in accordance with the regulations in force.

It is tasked with studying all issues related to the personal status of the corporate officers, and in particular the remuneration, the amount of retirement benefits and the allotment of subscription or purchase options to the Company's shares, as well as the provisions governing the departure of the members of the Company's management or representational bodies.

It examines the conditions, the amount and the distribution of the subscription or purchase stock option plans. Similarly, it examines the conditions for the allotment of free shares.

With the Chairman, it is also within its remit to assist the Chief Executive Officer with any matter relating to the remuneration of senior executives that the latter might submit to it.

INTERNAL CONTROL

The information below concerning the Group's internal control system was provided by Executive Management. The Chief Executive Officer is responsible for internal control systems and procedures, and for all the statutory information in the report on internal control. This document was prepared using information provided by the following Group functions: Compliance, Risk, Finance, Legal and General Inspection. It was validated by the decision-making body.

BNP PARIBAS INTERNAL CONTROL REFERENCES

Internal controls systems and procedures in the banking sector in France and internationally are at the centre of banking and financial regulations, and are governed by a wide range of laws and regulations.

The main text applicable to BNP Paribas is the Ministerial Decree of 3 November 2014, which superseded regulation no. 97-02 as amended[(1)] of the Advisory Committee for Financial Legislation and Regulation (*Comité Consultatif de la Législation et de la Réglementation Financières* – CCLRF). The text brought regulation 97-02 into compliance with European Directive CRD 4 and sets out the conditions governing the implementation and monitoring of internal control in credit institutions and investment firms. These rules lay down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems. Under article 258 of this Decree, banks are required to prepare an Annual Report on internal control for the attention of the Board of directors.

The Decree requires BNP Paribas to set up an internal control system (referred to herein as internal control) in which the organisations and managers in charge of permanent control (including Compliance and Risk) and periodic control are different. The internal control system must also take into account, as appropriate, the General Regulation of the AMF (French Securities Regulator), regulations applicable to branches and subsidiaries outside France and in specialised operations such as portfolio management and insurance, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework issues of international banks, foremost among which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority, European Securities and Markets Authority).

INTERNAL CONTROL DEFINITION, OBJECTIVES AND STANDARDS

The Executive Management of the BNP Paribas Group has set up an internal control system whose main aim is to ensure the overall control of risks and provide reasonable assurance that the Bank's goals in this area are being met.

This system is defined in BNP Paribas' Internal Control Charter, which serves as its basic internal reference document for internal control. Widely distributed within the Group and freely available to all Group employees, this Charter defines internal control as a mechanism for ensuring:

- the development of a strong risk culture among employees;
- the effectiveness and quality of the Company's internal operations;
- the reliability of internal and external information (particularly accounting and financial information);
- the security of transactions;
- compliance with applicable laws, regulations and internal policies.

The Charter lays down rules relating to the organisation, lines of responsibility and remit of the various players involved in internal control, and establishes the principle that the different control functions (primarily Compliance, General Inspection and Risk Management) must operate independently.

SCOPE OF INTERNAL CONTROL

One of the fundamental principles of internal control is that it must be exhaustive in scope: it applies to the same degree to all types of risk and to all entities in the BNP Paribas Group, whether operational (divisions, business lines, functions, regions and territories) or legal (branches and subsidiaries capable of consolidation), without exception. It also extends to core services or operational activities that have been outsourced, in accordance with regulatory requirements, as well as to companies for which the Group ensures operational management, even if they are not part of the scope of total or proportional consolidation. Implementing this principle requires a precise overview of the allocations of responsibilities and must factor in changes in the Group's businesses.

FUNDAMENTAL PRINCIPLES OF INTERNAL CONTROL

Internal control at BNP Paribas is based on the following key principles:

- responsibility of operational staff: the permanent control set-up must be incorporated within the operational organisation of the entities. Operational managers must ensure effective control over the activities for which they are responsible, and all employees are under a duty to blow the whistle on any problems or failings of which they are aware;
- exhaustiveness of internal control (see above, under Scope of internal control);
- segregation of tasks: this applies to the various phases of a transaction, from origination and execution to recording, settlement and control; segregation of duties is also reflected in the introduction of specialised independent control functions and in a clear distinction between permanent and periodic control;
- proportionality to risks: the scope and number of controls must be proportional to the level of risk involved. These controls include, where appropriate, one or more controls performed by operational staff and if necessary by one or more independent permanent control functions. A control exercised by an independent function may take the form of a "second set of controls", with a contradictory assessment. Any disagreements are referred to a higher level in the organisation (escalation process);
- appropriate governance: involving the various players on internal control and covering all its aspects, be they organisation, control or oversight; the Internal Control Committees are key instruments of such governance;
- internal control traceability: this relies on written procedures and audit trails. Controls, results, exploitation and information reported by entities to higher Group governance levels are documented and traceable.

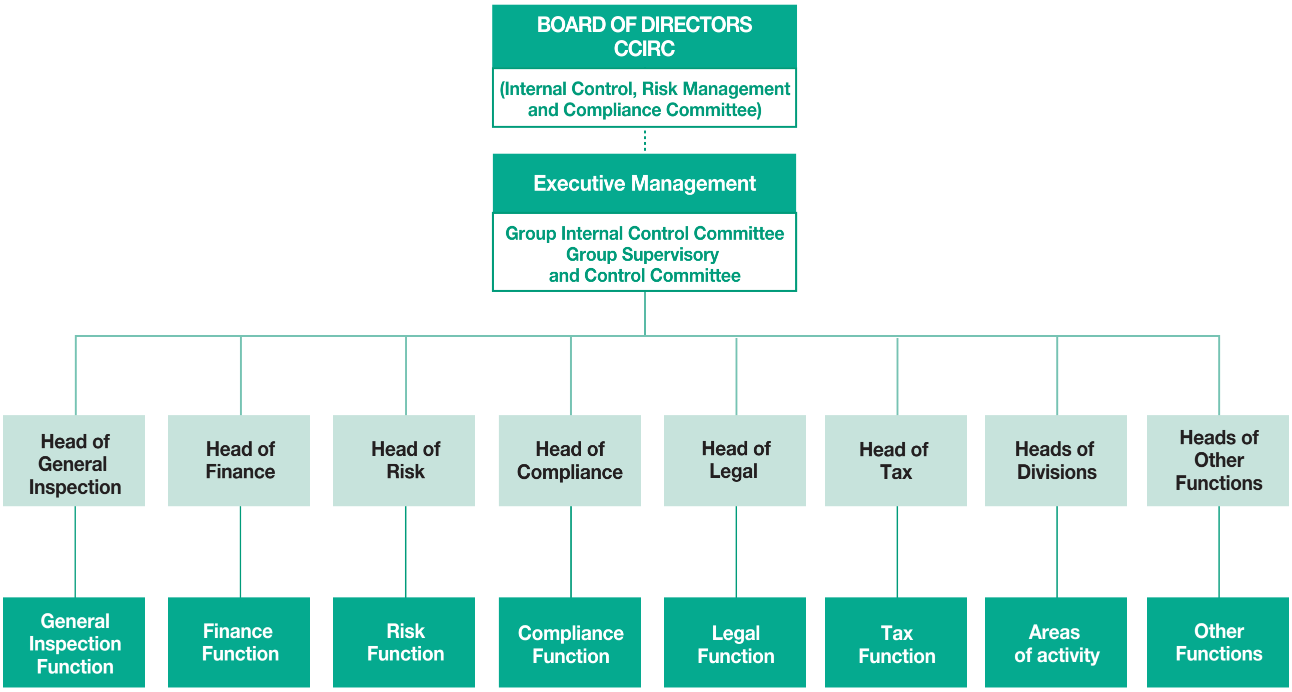
Periodic control teams (General Inspection) verify that these principles are complied with by carrying out regular inspections.

(1) This text is subject to frequent changes, notably in order to improve the effectiveness of internal control systems.

ORGANISATION OF INTERNAL CONTROL

Internal control at BNP Paribas consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- permanent control is an overall process for the ongoing implementation of risk management and monitoring of corrective actions. It is firstly carried out by operational staff, as well as their line managers, and secondly by independent permanent control functions either within or independent of these operational entities;
- periodic control is an overall process for ex post verification of the operation of the Group, based on investigations that are conducted by the General Inspection, which performs these functions on an independent basis.



MAIN PARTIES INVOLVED IN INTERNAL CONTROL

- Executive Management, under the supervision of the Board of directors, is responsible for the Group's overall internal control system. In 2014, to strengthen its oversight of the Group's internal control, it set up two new Group-level committees in which it takes an active part, namely the Group Internal Control Committee and the Group Supervisory and Control Committee.
- Operational staff, at all levels (front/middle/back office, support functions), and in particular those in the management line of command, have the primary responsibility for risk management and permanent control. They carry out first-level controls: controls of the transactions handled by them and for which they are responsible, controls on the operations or transactions handled by other operational staff or management controls on their teams.
- Independent permanent control functions carry out second-level controls:
  - compliance contributes to the ongoing monitoring of compliance with laws and regulations, and with professional and ethical standards. It also contributes to framing the overall strategy of the Board of directors and the directives issued by Executive Management. Until 2014, this involved shared oversight with line managers of the teams in charge of compliance in the businesses and support functions. The system was reinforced by bringing the function under the sole authority of its manager. This new organisation was established during the first half of 2015. The Head of Compliance, who is a member of the Group's Executive Committee, reports to the Chief Executive Officer and represents the Bank before the *Autorité de contrôle prudentiel et de résolution* with regard to all matters concerning permanent control;
  - the Risk Function contributes, in particular through its "second set of controls" on transactions and new activities, to ensuring that the credit and market risks taken by BNP Paribas comply and are compatible with its policies and its profitability targets. The duties associated with this function are exercised independently of the divisions and support functions, contributing to the objectiveness of its permanent control. Its Head, who is a member of the Group's Executive Committee, reports directly to the Chief Executive Officer.

    Since October 2015, with a roll-out that will stretch until the first quarter of 2016, the Risk Function also ensures, through dedicated teams covering the supervision of the permanent control system, as well as the measurement and supervision of the operational risks of the business lines, divisions and functions; these tasks used to be the responsibility of the Compliance Function;

- the Finance Function is responsible for the preparation and control of qualitative financial management, control statements overseeing project management for the Group's financial information systems and ensuring the compliance of the Group's financial structure. Its Head reports to the Chief Operating Officer;
- other functions play a major role in the permanent control of their areas of responsibility: Legal, Tax, Technology and Processes, Human Resources.

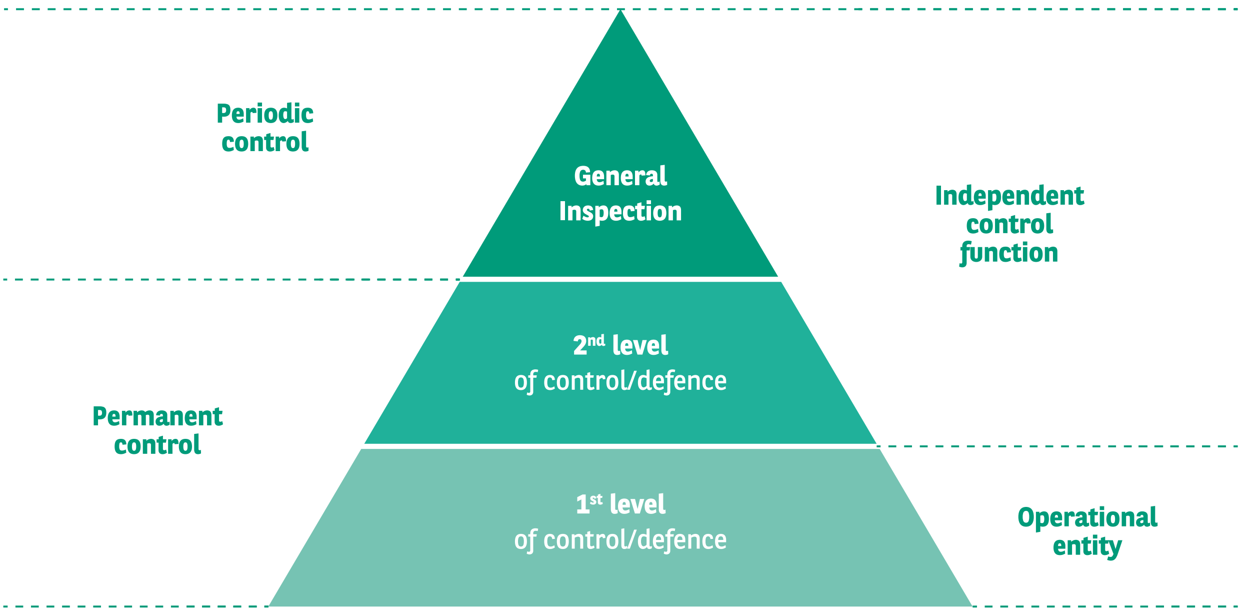
- Periodic control ("third-level" control) is independently exercised by General Inspection for all Group entities. It includes:
  - inspectors based at headquarters, who are mandated to carry out controls throughout the Group;
  - auditors deployed at geographical or business line hubs.

  The Head of General Inspection, who is responsible for periodic controls, reports to the Chief Executive Officer.
- In addition, the Board of directors performs an internal control missions. In particular, the Committee for Internal Control, Risk Management and Compliance (CCIRC), a Specialised Committee of the Board of directors (see 4.b above):
  - analyses reports on internal control and on measuring and monitoring risks, as well as General Inspection reports on its operations, and material exchanges of correspondence with the main regulators;
  - examines the key directions of the Group's risk management policy;
  - reports to the Board of directors.

The implementation of the provisions of CRD 4 relative to governance reinforce the Board's role. The Board of directors, notably on the recommendation of the CCIRC, reviews and approves strategies and policies for taking, managing, monitoring and reducing risk, and examines governance arrangements.

The Heads of the Compliance, Risk Management and General Inspection Functions report on the performance of their duties to the Chief Executive Officer, and to the Board of directors if it considers it necessary. They report periodically to the competent Board committee (the Internal Control, Risk Management and Compliance Committee). At their request, they may be interviewed by this committee.

The Heads of Risk and Compliance, as well as the person in charge of periodic control, may go directly to the Board whenever they consider that an event liable to have a significant impact should be referred to the latter; the Head of Risk cannot be dismissed without the consent of the Board.



COORDINATION OF INTERNAL CONTROL

Coordination is now provided by the Group Supervisory and Control Committee, as part of its mandate. This committee, which has been in place since October 2014 and meets twice every month, is chaired by the Chief Executive Officer. Its other members are the Chief Operating Officer, the Deputy Chief Operating Officers and the Heads of Compliance, General Inspection, Legal and Risk. Its role is to lay down guidelines and policies, to contribute to the organisation of the control functions and consistency between them, and to ensure their overall consistency in relation to the Group's operating entities.

PROCEDURES

Procedures are one of the key components of the permanent control system, alongside identifying and assessing risks, running controls, verifying reporting processes and overseeing the monitoring system.

Written guidelines are distributed throughout the Group, setting out the organisational structures, procedures and controls to be applied. These procedures provide the basic framework for the Group's internal control. The Risk Function, in the context of the supervision of the permanent control system, checks that procedural guidelines are regularly monitored for completeness. Efforts are continuing to streamline the set of procedures and the applicable standards, improve their distribution and planning, make them more accessible and design better tools for storing them, both at the level of transversal procedures and procedures for operational entities (level 3 procedures). The Group's transversal guidelines (levels 1 and 2) are updated as part of an ongoing process in which all the core businesses and functions actively participate. As regards the organisation of controls, the twice-yearly surveys on the effectiveness of processes have been integrated into the twice-yearly reporting on the permanent control.

Among the Group's transversal procedures, applicable in all entities, the following are especially important in terms of controlling risks:

- procedures dealing with the validation of exceptional transactions, new products and new activities;
- the procedure for the approval of credit and market transactions.

These processes essentially rely on committees (Exceptional Transaction, New Activities and New Product Committees, Credit Committees, etc.), principally comprising operational staff and permanent control functions (Risk and Compliance, as well as Finance, Legal and other functions concerned such as IT and Operations), who exercise a "second set of controls" over transactions. In the event of a disagreement, it is referred to a higher level in the organisation. At the top of the process are the committees (Credit Committee, Capital Market Risk Committee and Risk Policy Committee) on which members of Executive Management sit.

HIGHLIGHTS OF 2015

In 2015, the main focus was on three objectives: the implementation of the remediation plan, the integration of control functions, and a Know Your Customer (KYC) programme backed by a substantial increase in Compliance resources.

Group Compliance

Now integrated worldwide, the Compliance Function comprises all Group employees dedicated to this function.

Four guiding principles underpin the operational model of the new Compliance Function deployed within the divisions, business lines and territories:

- the function's independence, integration and decentralisation;
- independent dialogue and partnership with the businesses;
- the accountability of all Group players;
- a culture of excellence.

The Compliance Function's new organisation puts its guiding principles into practice through three operational perimeters, three regions, five fields of expertise, and five transversal activities.

It has been brought into line with the Group's organisation through the creation of three operational perimeters: Domestic Markets, International Financial Services (IFS) and CIB & ALM-Treasury, which supplement the Americas region, the Asia-Pacific (APAC) region, and the Europe, Middle East, Africa (EMEA) region. These operational perimeters and the regions are responsible for the proper implementation of the Compliance policies.

The specialisation of the Compliance Function's fields of expertise has been reinforced by the creation of the Know Your Customer (KYC) programme, and the global positioning of Financial Security, Market Integrity, Professional Ethics and Protection of Client Interests.

Each field of expertise is tasked with defining policies in its own field of specialisation and the application of related regulations, as well as laying down standards and procedures, disseminating them and integrating them. They also contribute to the definition of needs in terms of tools, provide information, and ensure coordination with the operational perimeters.

The Compliance teams previously working under other Group functions now report to the Compliance Board. The Compliance Board is responsible for the deployment of the global procedures and the standardisation of decision-making processes. In anticipation of new regulations, the Compliance Board ensures coordination of legal watch with the Legal Function.

All Heads of Compliance from the Group's operational perimeters, regions, business lines, territories, fields of expertise and functions thus report to the Compliance Function.

Moreover, the Compliance Function's support activities have been brought together in a reinforced Chief Operating Office (COO) Department. The COO is in charge of the global supervision of the tools used by the Compliance Function, project organisation, processes and management, budget monitoring and analysis as well as communication, in coordination with the operational perimeters and fields of expertise.

A Compliance Human Resources Department was created: it is in charge of internal and external recruitment, the individual and collective management of Compliance employees, and the development of an enhanced target-specific training programme.

The number of staff working in the Group Compliance Function increased significantly to 2,940 full-time equivalents (FTE) at end-2015, an increase of 70% compared with 2014 (excluding staff dedicated to the supervision of permanent control/operational risk). The Compliance Function continues to supervise the implementation of the "remediation plan" requested by the US authorities, representing the translation of commitments made by BNP Paribas to improve the control of activities carried out in US dollars. Several other projects are underway to better adapt the organisation to the many challenges faced by Compliance (new regulatory requirements, complex transactions, etc.), particularly in the areas of financial security (anti-money laundering, corruption, the financing of terrorism, and international financial sanctions), market integrity, the implementation of the French banking law and the American Volcker Rule, the protection of personal data, and the improved protection of customers' interests.

The work of the Compliance Function in 2015 may be summarised notably as follows:

The corpus of Group standards was enhanced by several important documents defining the Group's rules and standards. In particular:

- in the field of financial security, the ongoing roll-out, in conjunction with the relevant authorities, of the set-up to ensure compliance with international financial sanctions, particularly American. All of the policies and procedures related to international sanctions and any changes thereto were thoroughly reviewed, in particular concerning the processing of alerts and their up-the-ladder reporting, politically exposed persons, reports to OFAC, etc.;
- the update of the new activity validation procedure;

- the deployment of generic permanent control plans concerning personal data protection – which is becoming increasingly critical with the growing digitisation of the economy – and the protection of customers' interests;
- the implementation of the new regulations applicable (French banking law, US Volcker Rule and FATCA provisions, etc.) and the deployment of the corresponding periodic certification processes.

Concerning the Know Your Customer (KYC) approach, the Compliance Function set up a programme to follow-up the review of cases submitted to Executive Management by all Group business lines on a monthly basis; it is also engaged in a thorough review of the principles of diligence, risk evaluation and decision-making, which will result in the issuing of a new set of policies in 2016.

In training, major efforts continued across the entire Group, using multiple channels (online training mandatory for employees exposed to risk in this area, distribution of a manual, classroom sessions, etc.), to raise awareness among all employees involved of the importance of international financial sanctions and their main features. As an example, on 30 June 2015, 93% of the 70,930 employees concerned had received training on the financial sanctions manual, and on 31 December 2015, 93.8% of the 188,022 employees concerned had received online training on international sanctions and embargoes. In addition, 91% of the 11,456 employees concerned received online training on the French banking law and the Volcker Rule.

Various projects will be pursued and finalised in 2016:

- establishment of the new organisation, in addition to a further increase in human and technical resources;
- introduction of new financial security mechanisms across the Group in the field of international financial sanctions.

PERMANENT OPERATIONAL CONTROL

The BNP Paribas Group's permanent control and operational risk management system is built on two pillars: primary accountability of operational staff in the management of operational risk, and second-level control of this management by independant functions.

On the organisational level, 2015 was marked by two significant developments:

- the vertical integration of second-level teams (July 2015), except in cases of specific regulatory restrictions;
- transfer from the Compliance Function's hierarchical responsibility to the Risk Function, effective as of 1 October for BNP Paribas SA, with progressive transfer at Group subsidiary level over the following months.

On a broader level, several noteworthy initiatives were conducted in 2015:

- the upgrade of the general system of permanent control as part of the reinforcement of the supervisory role of integrated independent control functions, i.e. Compliance, Legal and Risk;
- adaptation of the permanent control system to several fundamental regulatory changes, in particular concerning banking separation laws (French and Belgian laws) and the Volcker Rule in the United States;
- significant progress in the consolidated vision of operational risks and the related control system;
- the reinforcement of monitoring measures concerning the actions taken to remedy the weaknesses detected in the permanent control system;
- the reinforcement of the first line of measures to control the IT risk, in particular cyber risk, with the launch of dedicated programmes at central level and in most business lines.

RISK

The Risk Function modified its organisation in 2015 in order to bring it into line with that of the Group and adopt the operating model used by all of the Group's operational entities. Thus, all employees in charge of second-level control in the management of risks now report to the Heads of Risk in the operational entities. In turn, the Heads of Risk report to a member of the Risk Function's Management Committee. This change has been deployed and will be fully operational as of 2016.

PERIODIC CONTROL

The organisation of General Inspection underwent major modifications in 2015, as part of the deployment of its new governance.

To bring it into line with the Group's organisation, the General Inspection's supervision of geographical and business hubs is now divided into five segments, which contribute to the audit coverage alongside four specialised functions (IT, models and markets, compliance and finance). Among these functions, the Compliance stream, created in September 2014, was further reinforced to ensure the implementation of the commitments made by the Group under the remediation plan agreed with the American authorities.

The central teams tasked with the coordination of the function were combined into two sub-units in charge of the management of resources and activities, respectively.

The increase in staffing initiated at the end of 2014 was reflected in an 8% rise in the number of employees at 31 December 2015 to over 1,100 people.

In this renovated framework, General Inspection has started to upgrade its activity planning, monitoring and reporting processes. It also consolidated its efforts to constantly improve its services by setting up a Quality Department, tasked with managing the data produced by the function in accordance with a governance charter, and managing the quality assurance programme. The reference guidelines published in 2013 were enhanced, in particular with additional instructions concerning financial security issues.

Concerning training, investments were maintained at a high level in 2015, with 11,400 days of training across the function. A training programme was set up for the inspectors of the new Compliance stream. In addition, training modules were created or enhanced in the fields of IT (governance and security) and risks (compliance and regulatory capital). The policy aimed at encouraging professional certification continued to be implemented (the ratio of certified auditors to total workforce was 17%).

2

In a context of rapid change in its external and internal environment, in September 2015, the General Inspection started to consider options in terms of changes and adaptations to be implemented. An action plan was subsequently devised. From the beginning of 2016, it will give rise to major work on the conduct of the missions, the production of recommendations and the improvement of methods and processes, in particular concerning risk assessment, mapping and planning. Moreover, the increase in staffing will continue.

INTERNAL CONTROL STAFF

At the end of 2015, the various internal control functions had the following workforce (in full-time equivalent staff – FTEs, at the end of the period):

	2010	2011	2012	2013	2014	2015	Change 2015/2014
Compliance (excluding Permanent Control/2OPC)	1,396	1,567	1,577	1,650	1,732	2,940	+70%
Oversight of Permanent Control/ Operational risk (2OPC)	315	381	361	331	371	417	+12%
Risk	1,801	1,971	1,965	1,920	2,080	2,218	+7%
Periodic control	1,014	1,107	1,030	962	1,027	1,104	+8%
TOTAL	**4,499**	**5,026**	**4,933**	**4,807**	**5,210**	**6,679**	**+28%**

SECOND-LEVEL PERMANENT CONTROL

With 2,940 FTEs estimated at the end of 2015, the number of Compliance staff (excluding Permanent Control 2OPC) was up by 70% compared with 2014. The ratio of Compliance employees (excluding 2OPC) to the Group's total workforce was 1.57% based on an estimate of the workforce managed by the Group at the end of 2015, up from 1.09% based on the actual number in 2014.

The workforce allocated to the permanent control and operational risk oversight function increased in 2015 with the consolidation of BGZ, the effects of the changes in scope between the first and second levels (in particular on BGL BNP Paribas and Leasing Solutions) and an increase in resources dedicated to the CIB division.

On a like-for-like basis, the size of the Risk Function's workforce (excluding permanent control and operational risk oversight) slightly increased between 2014 and 2015, from 2,080 FTEs to 2,218 FTEs.

PERIODIC CONTROL

At 31 December 2015, the General Inspection headcount was 1,056 FTEs on a historical basis and 1,104 FTEs based on the new scope (including BGZ, LaSer and DAB), versus 965 FTEs at 31 December 2014 on a historical basis and 1,027 FTEs based on the new scope (including BGZ, LaSer and DAB).

INTERNAL CONTROL PROCEDURES RELATING TO PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

ROLES AND RESPONSIBILITIES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

The Finance Function, under the authority of the Chief Executive Officer, is responsible for preparing and processing accounting and financial information and its work is defined in a specific Charter covering all those working in the function. In particular it consists of:

- defining accounting policies and standards as well as management information principles and standards;
- preparing accounting information and making the regulatory returns;
- producing information on solvency and liquidity ratios calculating the ratios and making the regulatory returns;
- preparing management information (achieved and forecast) and providing the necessary support for financial policy;
- managing the risk associated with accounting and financial information (results, balance sheet, solvency and liquidity) by defining and implementing a permanent operational control system;
- handling the Group's corporate communication, ensuring that it is of good quality and well-perceived by the markets;
- overseeing the architecture, design and deployment of the financial information systems (results, balance sheet, solvency, liquidity);
- managing the organisation and operational processing of activities related to the Finance Function;
- exercising a warning function as regards Executive Management.

All its work, whether carried out directly or with other functions, requires those involved to be fully competent in their particular areas, or in other words, to understand and check the information they produce and to comply with the required standards and time limits. The governance of the system as a whole relies on three basic principles: decentralising the Finance Function; separating the accounting and management information channels; and giving either operational areas (division/ Operational Entity (OE)/business lines) or geographical areas (legal entities) responsibility for finance. In practical terms, the Finance Function discharges its responsibilities as follows:

- the Finance Function in each entity produces accounting and financial information and carries out the checks ensuring its reliability. The entity's Finance Department sends the information produced to the division/OE/business line to which it is operationally attached;
- the divisions/OEs/business lines carry out a business analysis. They also check the data produced by the entities and improve its quality, for instance by reconciling the accounting and management data;
- centrally, Group Finance prepares the reporting instructions distributed to all divisions/OE/business lines and consolidated entities in order to ensure that the data is homogeneous and complies with the Group's rules. It gathers all the accounting and management information produced by the entities and approved by the divisions/ OE and assembles and consolidates these data for use by Executive Management or for communication to third parties.

PRODUCING ACCOUNTING AND FINANCIAL INFORMATION

Accounting policies and rules

The local financial statements for each entity are prepared following the accounting standards prevailing in the country where the entity carries on business, while the Group consolidated financial statements are prepared under IFRS (International Financial Reporting Standards) as adopted by the European Union.

Within Group Finance, the Group's Accounting Policies and Standards Department defines the IFRS-based accounting principles to be applied on a Group-wide basis. It monitors changes to regulations and interprets them as necessary by issuing new principles. A manual of the Group IFRS Accounting Principles is available to the divisions/OEs/business lines and accounting entities via the BNP Paribas intranet. It is regularly updated to reflect regulatory changes.

The Group's Accounting Policies and Standards Department also responds to requests from the divisions/OEs/business lines or accounting entities for specific accounting studies, particularly when a new financial product or transaction is designed or recorded in the accounts.

Lastly, a dedicated department within Group Finance prepares management information policies and principles. Its work is based on the needs identified by the management channel. These principles and standards can also be accessed using internal network tools (Intranet).

The accounting policies and rules associated with solvency are within the remit of the Risk Function, and those associated with liquidity are within the remit of ALM Treasury.

The process of preparing information

There are two distinct reporting channels involved in the process of preparing information:

- **the accounting channel:** the particular responsibility of the accounting channel is to perform the entities' financial and cost accounting, and to prepare the Group's consolidated financial statements in compliance with accounting policies and standards. It also produces related information on solvency and liquidity, ensuring that it is consistent with the accounting at each level. The channel certifies the reliability of the information produced by applying internal certification procedures (described below);
- **the management channel:** this channel prepares the management information (especially that from the divisions/OEs/business lines compiled from the data per entity) that is relevant to the economic management of activities, complying with the established internal principles and standards. It ensures the consistency of the management data with the accounting data, at every level. This channel is responsible for the preparation of solvency and liquidity ratios and for their analysis.

Group Finance designs, distributes and administers the reporting tools for the two channels. These tools are designed to suit the channels' individual objectives and necessary complementarity, and provide information for the entire Group. In particular, Group Finance promotes the use of standard accounting systems in Group entities. The systems are designed at Group level and progressively rolled out. This approach promotes the sharing of information and facilitates the implementation of cross-functional projects in the context of the development of pooled account processing and synthesis within the Group.

For the preparation of liquidity-related data, the Group has adopted the principle of integrating internal management data and those required for regulatory reporting, which revolves around the following system:

- governance involving Finance, ALM-Treasury and the Risk Function, both at Group level and at the level of the divisions/OEs/business lines and entities;
- policies and methodologies applicable as required by regulations;
- permanent tools and processes at the Group level and at the level of the divisions/OEs/business lines and entities;
- a dedicated Group tool ensuring data collection and the production of internal and regulatory reports.

This system ensures the production of LCR and NSFR regulatory reports as well as internal monitoring indicators.

PERMANENT CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

Internal control within the Finance Function

To enable it to monitor management of the risk associated with accounting and financial information centrally, Group Finance has a Group Control & Certification Department, which has the following key responsibilities:

- to define the Group's policy as regards the accounting internal control system. This system requires accounting entities to follow rules in organising their accounting internal control environments and to implement key controls ensuring that the information in their consolidation packages is reliable. The Group has issued internal accounting control guidelines for use by the consolidated entities and a standard accounting control plan listing the major mandatory controls aimed at covering the accounting risk;

- to ensure that the internal control environment for accounting and financial information functions properly within the Group, in particular via the procedure for internal certification of accounts described below; to report quarterly to Executive Management and the Board's Financial Statements Committee on the quality of the Group's financial statements;
- to ensure, with the Risk Function, that the systems for collecting and processing consolidated credit-risk reports function correctly, in particular using a specific certification process as well as quality indicators;
- to monitor the implementation by entities of recommendations from the Statutory Auditors and from General Inspection relating to the accounting risk, with the support of the divisions/OEs/business lines. This monitoring is facilitated by use of dedicated tools that enable each entity to monitor the recommendations made to it and to regularly report on the progress made on the various action plans. Centralised monitoring of these recommendations enables Group Finance to identify improvements to the accounting internal control system made within the consolidated entities, identify any cross-functional problems and, if necessary, revise the Group-level procedures and instructions.

For the Accounting channel, central control teams pass these tasks to the Finance Departments in the divisions/OEs, which supervise the entities closely and, if necessary, implement accounting controls geared to their specific situation.

Finally, depending on the size of the entities, correspondents or staff, the implementation of the Group's accounting internal control principles leads to the setting-up of dedicated accounting control teams by the entities' Finance Departments. As such the Group's established approach, in which the reporting production tasks are consolidated on regional platforms (improving the harmonisation of the reporting and control processes and increasing their efficiency for the entities concerned), also ensures that the accounting control teams have the appropriate size and expertise. The key responsibilities of these local teams are as follows:

- to provide a link between Finance and the back offices that send data to the accounting system, for instance, by verifying that the back offices have the information they need for their accountancy work (*e.g.* they are trained in the accounting tools provided; they know about the accounting structure, etc.);
- to implement the second-level accounting controls within all entities within their scope. In a decentralised accounting framework, these controls complete the first level controls carried out by back offices, and particularly rely on accounting control tools that, for example, make it possible, in the case of each account, to identify the department responsible for its justification and control, to reconcile the balances recorded in the accounting system with the balances in the operational systems for each business, and to identify, justify and monitor the clearing of suspense accounts;
- to coordinate the "elementary certification" process (described below) requiring an entity's different departments to report on the controls that they have carried out;
- to ensure that the accounting internal control system enables the entity's Finance Department to have sufficient oversight of the process of preparation of account summaries, and in particular over all the elements necessary for the Group's certification process (described below). To assist in achieving this objective, the tasks involved in accounts closure are formally defined. The use of tools to map the processes and associated risks, and to document the checks as well as the coordination with other control channels (such as Compliance and Risk) contributes to improving the quality.

Internal Certification Process

At Group level

Group Finance uses FACT (Finance Accounting Control Tool) for the internal certification of the quarterly data produced by each entity for the consolidation package; for the validation performed within the Finance Departments of divisions/OEs/business lines; and for the consolidation process for which the "Group Reportings" Department in Group Finance is responsible.

The Head of Finance in each entity concerned certifies to Group Finance that:

- the data transmitted has been prepared in accordance with the Group's norms and standards;
- that the accounting internal control system guarantees its quality and reliability.

The main certificate completed by the entities consolidated by global integration reproduces the results of all of the major controls defined in the Group's accounting control plan, and leads to the determination of a rating for each entity. Entities consolidated by the equity method complete an appropriate certificate. Finally, non-consolidated entities are the subject of an annual simplified certification procedure.

This internal certification process forms part of the Group's monitoring system for internal control and enables Group Finance, which has the overall responsibility for the preparation and quality of the Group's consolidated financial statements, to be informed of any problems in the financial statements and to monitor the entities' implementation of appropriate corrective measures. A report on this procedure is presented to Executive Management and to the Financial Statements Committee of the Board of directors at the close of the Group's quarterly consolidated accounts.

The certification system is also used in liaison with the Risk Function for information forming part of the regulatory reporting on credit risk and solvency ratio. Those contributing to the reports attest that they have complied with the standards and procedures and that the data used is of appropriate quality. They further describe the results of the controls carried out at the various stages of producing the reports, including the accounting data to credit-risk data reconciliation.

On the same principles, a certification system is in place for the reporting of liquidity-related data. The various contributors report on the compliance of the data transmitted with the standards, and the results of key controls performed to ensure the quality of reporting.

At entity level

In order to ensure the oversight of all the processes of preparation of accounting information at the level of each entity's Finance Department, Group Control & Certification recommends implementing an "elementary certification" (or "sub-certification") process for accounting data whenever the processing of transactions and the preparation of accounting and financial data are organised in a decentralised way that makes such a process necessary.

This is a process whereby providers of the information used to compile the accounting and financial data (*e.g.* middle office, back office, Human Resources, Accounts Payable, etc.) formally certify that the basic controls designed to ensure the reliability of the accounting and financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance Department, which analyses them in combination with the accounting controls that it exercises directly, prepares a summary report intended to be used to prepare the main certificate, and liaises with the various players in order to monitor points requiring attention.

The FACT application also makes it possible to automate this sub-certification process by providing entities with a dedicated environment in which they can directly manage the processes set up at their level.

Control of the value of financial instruments and the use of valuation in determining the results of market activities and accounting reports

Group Finance is responsible for producing and ensuring the quality of the Group's accounting and management information. It delegates the production and control of market values or models for financial instruments to specialists in this area, who thus form a single, integrated channel for valuing such instruments. The processes covered include:

- checking the appropriateness of the valuation system as part of the approval process for new transactions or activities;
- checking the proper recording of transactions in the systems and ensuring it is appropriate with the valuation methodologies;
- checking the development and approval mechanism independent of valuation methods;
- determining the market parameters and the procedure for an independent checking of these parameters;
- determining valuation adjustments for market, liquidity and counterparty risks;
- classifying instruments within the fair value hierarchy, determining day one profit adjustments, estimating the sensitivity of level 3 valuations to valuation assumptions.

Through appropriate processes and tools, the channel's objectives are to ensure both the correctness and the reliability of the process for valuing financial instruments, and the quality and comprehensiveness of the control system. It can thus provide the appropriate data to the various decision-making bodies, data that also informs the operational processes for compiling the accounting and management results, and ensures the transparency of annexes dedicated to fair value.

The control exercised by the valuation channel which involves all players is supervised by the Finance Function and has its own governance framework. This control system is based on a set of organisational principles defined in the Group's Internal Control Charter for each organisational level, *i.e.* Group, CIB and the main entities that account for market transactions.

The Finance Function uses dedicated teams in CIB Methodology & Financial Control – Capital Markets (CIB MFC-CM) to ensure the system functions correctly and supervise the entire process. The Finance Function decides on the information that must be reported by the various players: this comprises both quantitative and qualitative data indicating trends in different businesses as well as the results and quality of upstream controls carried out.

Several committees that meet on a quarterly or monthly basis are set up to bring all of the players together to review and examine, for each process and business line, the methods used and/or the results of the controls conducted. These committees' operating methods are governed by procedures approved by the Finance Function, ensuring that the Finance Function takes part in the main choices and arbitrations. Lastly, the CIB MFC-CM reports at each accounting quarter-end to the Product Financial Control Committee (PFC), an arbitration and decision-making committee chaired by the Group Chief Financial Officer, on its work, and informs the committee of the points of arbitration or attention concerning the effectiveness of the controls and the reliability of the result measurement and determination process. This committee meets quarterly and brings together the business lines, Group Finance, the Finance Function of the divisions concerned, ALM-Treasury and the Risk Function. There are also Intermediary Committees ("Intermediary PFC"), which define priorities for projects, monitor their implementation and perform in-depth reviews of selected technical aspects.

Development of the system

The control system is continuously adapted to the Group's requirements. The procedures described form part of an evolving system that aims to guarantee an adequate level of control throughout the Group.

The quality of the accounting certification process is regularly reviewed with the divisions/OEs/business lines, for instance with the preparation of quantitative indicators for some controls, targeted cross-functional reviews of a major control and *ad hoc* reviews with the divisions/OEs on specific points for improvement in various areas. These reviews are supplemented by presentations to the various committees in the Finance channel, on-site visits and training sessions. Group procedures clarifying some major controls, and detailed instructions aimed at ensuring consistent responses and adequately-documented processes are also distributed. These Group procedures and instructions are extended where necessary at division/OE/business line level to cover issues specific to them.

Similarly, the certification system of the data contributing to the calculation of the capital adequacy ratio is subject to adjustment in order to take into account developments in the processes and the organisation, and to capitalise on indicators and controls in place in the various sectors in connection with the improvement programme on the reporting and the quality of the data mentioned below.

In addition, as part of the programme undertaken in respect of liquidity reporting, specific actions were taken with the various contributors in 2015 to ensure:

- the consideration of methodological developments and changes to standards, in particular the implementation of the Delegated Act on the Liquidity Coverage Ratio (LCR) of October 2014;
- the set-up of new reporting requirements in support of the LCR (Additional Monitoring Metrics);
- the continuation of the work aimed at reinforcing the permanent control system.

Lastly, the Group is engaged in a programme to ensure compliance with the principles set by the Basel Committee for effective risk data aggregation and risk reporting. The purpose of this is to renew and improve the reporting of various risks (credit, market, liquidity, operational), and to increase the quality and integrity of the data involved. Organised in different areas, the programme made it possible, this year, to define multi-annual action plans endorsed by the Group divisions/EOs/functions to achieve a high quality level for critical data. Moreover, the Group's governance principles concerning data quality have been disseminated, and the operational allocation of roles and responsibilities has started.

PERIODIC CONTROL – CENTRAL ACCOUNTING INSPECTION TEAM

General Inspection has a team of inspectors (the Central Accounting Inspection Team) who are specialists in accounting and financial audit. This reflects its strategy of strengthening audit capability in accountancy, as regards both the technical complexity of its work and its coverage of accounting risk.

Its action plan is based on the remote accounting internal control tools available to Group Finance and the risk evaluation chart set up by General Inspection.

The core aims of the team are as follows:

- to constitute a hub of accounting and financial expertise in order to reinforce the capability of General Inspection when carrying out inspections in such areas;
- to disseminate internal audit best practices and standardise the quality of audit work throughout the Group;
- to identify and inspect areas of accounting risk at Group level.

RELATIONS WITH THE STATUTORY AUDITORS

Each year, the Statutory Auditors issue a report in which they give their opinion concerning the fairness of the consolidated financial statements of the BNP Paribas Group as well as the annual financial statements of the Group's companies.

The Statutory Auditors also carry out limited reviews on the closing of the half-yearly accounts, and specific tasks in relation to the quarterly accounts. As part of their statutory audit assignment:

- they examine any significant changes in accounting standards and present their recommendations to the Financial Statements Committee concerning choices with a material impact;
- they present their conclusions to the entity/business line/divisional and Group Finance Functions, and in particular any observations and recommendations to improve certain aspects of the internal control system that contributes to the preparation of the accounting and financial information that they reviewed during their audit.

The Financial Statements Committee of the Board of directors is briefed concerning accounting choices that have a material impact, as discussed in section 2.2.1 *Corporate Governance*.

FINANCIAL COMMUNICATION (PRESS RELEASES, SPECIAL PRESENTATIONS, ETC.)

Financial communication for publication is written by the Investor Relations and Financial Information Department within Group Finance. It is directed at retail and institutional shareholders, financial analysts and rating agencies, and presents the Group's different activities, publishes its results and describes its development strategy, while observing the principle that the financial information is homogenous with that used at an internal level.

The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the BNP Paribas Group. It works with the divisions and functions to prepare the presentation of financial results, strategic projects and specific topics, and distributes them to the financial community.

The Statutory Auditors are associated with the validation and review phase of communications relating to the closing of quarterly, half-yearly or annual financial statements, before their presentation to the Financial Statements Committee and to the Board of directors, who approve them.

2.3 Statutory Auditors' report, prepared in accordance with article L.225-235 of the French Commercial Code, on the report of the Chairman of the Board of directors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92400 Courbevoie

For the year ended 31 December 2015

This is a free translation into English of the Statutory Auditors' report issued in French and 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 auditing standards applicable in France.

To the Shareholders,

BNP Paribas SA

16, boulevard des Italiens

75009 Paris

In our capacity as Statutory Auditors of BNP Paribas SA, and in accordance with article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended 31 December 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225 37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

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

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

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.

These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report regarding the information given on the Company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225 37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 9 March 2016

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Étienne Boris	Hervé Hélias

2.4 The Executive Committee

As of 4 January 2016, the BNP Paribas Executive Committee had the following members:

- **Jean-Laurent Bonnafé**, Director and Chief Executive Officer;
- **Philippe Bordenave**, Chief Operating Officer;
- **Jacques d'Estais**, Deputy Chief Operating Officer; International Financial Services;
- **Michel Konczaty**, Deputy Chief Operating Officer;
- **Thierry Laborde**, Deputy Chief Operating Officer; Domestic Markets;
- **Alain Papiasse**, Deputy Chief Operating Officer; North America, Corporate and Institutional Banking;
- **Marie-Claire Capobianco**, Head of French Retail Banking;
- **Laurent David**, Head of BNP Paribas Personal Finance;
- **Stefaan Decraene**, Head of International Retail Banking;
- **Renaud Dumora**, Chief Executive Officer of BNP Paribas Cardif;
- **Yann Gérardin**, Head of Corporate and Institutional Banking;
- **Maxime Jadot**, Head of BNP Paribas Fortis;
- **Éric Martin**, Head of Compliance;
- **Yves Martrenchar**, Head of Group Human Resources;
- **Andrea Munari**, Country Head for Italy, and Director and Chief Executive Officer of BNL;
- **Eric Raynaud**, Head of the Asia Pacific region;
- **Frank Roncey**, Head of Risk;
- **Thierry Varène**, Head of Key Accounts; Chairman of Corporate Clients Financing and Advisory EMEA.

The Executive Committee of BNP Paribas has been assisted by a permanent Secretariat since November 2007.

3 2015 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

In millions of euros	2015	2014	2015/2014
Revenues	**42,938**	**39,168**	**+9.6%**
Operating Expenses and Dep.	(29,254)	(26,524)	+10.3%
Gross Operating Income	**13,684**	**12,644**	**+8.2%**
Cost of Risk	(3,797)	(3,705)	+2.5%
Costs related to the comprehensive settlement with US authorities	(100)	(6,000)	-98.3%
Operating Income	**9,787**	**2,939**	**n.s.**
Share of Earnings of Equity-Method Entities	589	407	+44.7%
Other Non Operating Items	3	(196)	n.s.
Non Operating Items	**592**	**211**	**n.s.**
Pre-Tax Income	**10,379**	**3,150**	**n.s.**
Corporate Income Tax	(3,335)	(2,643)	+26.2%
Net Income Attributable to Minority Interests	(350)	(350)	n.s.
Net Income Attributable to Equity Holders	**6,694**	**157**	**n.s.**
Cost/Income	**68.1%**	**67.7%**	**+0.4 pt**

In order to ensure the comparability with 2015 results, 2014 results are restated following the application of IFRIC 21 interpretation.

GOOD OPERATING PERFORMANCE AND SOLID ORGANIC CAPITAL GENERATION

In a context of a gradual return to growth in Europe, BNP Paribas delivered a good overall performance this year.

Revenues totalled EUR 42,938 million, up by 9.6% compared to 2014. They included this quarter an exceptional impact of +EUR 314 million in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA), while one-off revenue items totalled -EUR 324 million in 2014.

The revenues of all the operating divisions were up compared to 2014 with a solid performance by Domestic Markets[1] (+1.6%), and a strong rise at International Financial Services (+14.5%) and CIB (+13.2%). They benefited from the positive impact of the acquisitions made in 2014 and a significant foreign exchange effect. They were up by 3.5% at constant scope and exchange rates.

Operating expenses, which amounted to EUR 29,254 million, were up by 10.3%. They included one-off items for a total of EUR 862 million: EUR 793 million for the Simple & Efficient transformation costs and acquisitions' restructuring costs (EUR 757 million in 2014) as well as a EUR 69 million contribution to a dedicated fund for the resolution of four Italian banks.

The operating expenses of the operating divisions were up by 9.3%. They were up by 3.1% for Domestic Markets[1], 15.0% for International Financial Services and 11.5% for CIB. At constant scope and exchange rates, they rose by 3.2% in particular due to the implementation of new regulations, the reinforcement of compliance and the finalisation of the business development plans, partly offset by the success of the Simple & Efficient savings plan. The cost/income ratio of the operating divisions thus improved by 0.2 point[2].

Gross operating income was up by 8.2%, at EUR 13,684 million. It was up by 8.7% for the operating divisions.

(1) Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects).

(2) At constant scope and exchange rates.

The Group's cost of risk was stable at a moderate level, totalling EUR 3,797 million (EUR 3,705 million in 2014) or 54 basis points of outstanding customer loans (-3 basis points compared to last year). The scope effect related to the 2014 acquisitions came to EUR 143 million.

The Group actively implemented the remediation plan decided as part of the comprehensive settlement with the US authorities and continued to reinforce its compliance and control procedures. It booked a one-off additional provision of EUR 100 million in connection with the remediation plan to industrialise existing processes. The Group had booked EUR 6 billion last year as a result of the comprehensive settlement with the US authorities.

Non operating items totalled +EUR 592 million (+EUR 211 million in 2014). They included this year one-off items for a total of -60 million euro (-EUR 297 million in 2014): -EUR 993 million in exceptional goodwill impairments (-EUR 297 million in 2014)[1], a +EUR 716 million capital gain from the sale of the stake in Klépierre-Corio, a +EUR 123 million dilution capital gain due to the merger between Klépierre and Corio and a +EUR 94 million capital gain from the sale of a non-strategic stake.

Pre-tax income thus came to EUR 10,379 million compared to EUR 3,150 million in 2014. It was up by 13.0% for the operating divisions.

The Group generated EUR 6,694 million in net income attributable to equity holders (EUR 157 million in 2014). Excluding one-off items, it came to EUR 7,338 million, up by 7.3%[2], illustrating the Group's good overall performance this year.

The return on equity was 8.3% (9.2% excluding one-off items). The return on tangible equity came to 10.1% (11.1% excluding one-off items). The net earnings per share was at EUR 5.14.

At 31 December 2015, the fully loaded Basel 3 common equity Tier 1 ratio[3] was 10.9%, up by 60 basis points compared to 31 December 2014. The fully loaded Basel 3 leverage ratio[4] came to 4.0% (+40 basis points compared to 31 December 2014). The Liquidity Coverage Ratio was 124% at 31 December 2015. Lastly, the Group's immediately available liquidity reserve was EUR 266 billion (EUR 260 billion as at 31 December 2014), equivalent to over one year of room to manœuvre in terms of wholesale funding.

The net book value per share reached 70.9 euros, equivalent to a compounded annual growth rate of 6.5% since 31 December 2008, illustrating the continuous value creation throughout the cycle.

The Board of Directors will propose at the Shareholders' Meeting the payment of a dividend of EUR 2.31 per share to be paid in cash, equivalent to a 45% pay-out ratio which is in line with the objectives of the plan.

Capital allocation

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with CRD IV regulation, also known as Basel 3, and is based on 9% of risk-weighted assets.

Risk-weighted assets are calculated as the sum of:

- the risk-weighted assets for credit and counterparty risk, calculated using the standard approach or the Internal Ratings Based Approach (IRBA) depending on the particular entity or business activity;
- the regulatory capital requirement for market risks, for adjustment of credit valuation and for operational risk, multiplied by 12.5.

Moreover, elements that are deducted from Tier 1 capital are allocated to each division.

The capital allocated to the insurance business is equal to the maximum between the solvency requirement calculated according to insurance regulations and the capital calculated according to CRD IV regulation.

(1) Of which BNL bc's full goodwill impairment: -EUR 917 million (-EUR 297 million in 2014).

(2) Excluding the first contribution to the Single Resolution Fund (-EUR 181 million).

(3) Ratio taking into account all the CRD IV rules with no transitory provisions.

(4) Ratio taking into account all the CRD IV rules at 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014.

3.2 Core business results

RETAIL BANKING & SERVICES

In millions of euros	2015	2014	2015/2014
Revenues	**30,742**	**28,596**	**+7.5%**
Operating Expenses and Dep.	(19,340)	(17,837)	+8.4%
Gross Operating Income	**11,402**	**10,759**	**+6.0%**
Cost of Risk	(3,533)	(3,581)	-1.3%
Operating Income	**7,869**	**7,178**	**+9.6%**
Share of Earnings of Equity-Method Entities	495	356	+39.0%
Other Non Operating Items	1	23	-95.7%
Pre-Tax Income	**8,365**	**7,557**	**+10.7%**
Cost/Income	62.9%	62.4%	+0.5 pt
Allocated Equity *(€bn)*	40.4	37.9	+6.5%

Including 100% of Private Banking in France (excluding PEL/CEL effects), in Italy, Belgium, Luxembourg, at BancWest and TEB for the Revenues to Pre-tax income line items.

DOMESTIC MARKETS

In millions of euros	2015	2014	2015/2014
Revenues	**15,943**	**15,699**	**+1.6%**
Operating Expenses and Dep.	(10,289)	(9,982)	+3.1%
Gross Operating Income	**5,654**	**5,717**	**-1.1%**
Cost of Risk	(1,812)	(2,074)	-12.6%
Operating Income	**3,842**	**3,643**	**+5.5%**
Share of Earnings of Equity-Method Entities	49	(7)	n.s.
Other Non Operating Items	(34)	(18)	+88.9%
Pre-Tax Income	**3,857**	**3,618**	**+6.6%**
Income Attributable to Wealth and Asset Management	(272)	(248)	+9.7%
Pre-Tax Income of Domestic Markets	**3,585**	**3,370**	**+6.4%**
Cost/Income	64.5%	63.6%	+0.9 pt
Allocated Equity *(€bn)*	18.6	18.5	+0.7%

Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-tax income line items.

For the whole of 2015, in a context of a gradual recovery of economic growth in Europe, Domestic Markets' outstanding loans rose by 1.6% compared to 2014. Deposits were up by 6.5%. Excluding the effect of the acquisition of DAB Bank, they were up by 4.5% with good growth in particular in France, in Belgium and in Germany. Domestic Markets' sales and marketing drive was reflected in particular by good growth in Private Banking's assets under management in France, in Italy and in Belgium (+5.3% compared to 31 December 2014).

Furthermore, Domestic Markets continued to expand its digital offering and to transform the customer experience (omni-channel, mobile and real-time banking). The operating division thus successfully continued the expansion of Hello bank! which saw a rapid rise in the number of clients to 2.4 million, and is already generating 8.7% of revenues from individual customers[(1)] by leveraging assets shared with the networks. Domestic Markets separately continued to transform the network with the optimisation of the branch locations and with differentiated branch formats. The operating division is improving the commercial set up: opening hours are reviewed and adapted to clients' needs; branch offices are gradually digitalised.

At EUR 15,943 million, revenues[(2)] were up by 1.6% compared to 2014, with a good performance of BRB and the specialised businesses (Arval, Leasing Solutions and Personal Investors) partly offset by the effects of a persistently low interest rate environment.

Operating expenses[(2)] (EUR 10,289 million) were up by 3.1% compared to last year. At constant scope and exchange rates and excluding the impact of non-recurring items at BNL bc[(3)], they rose by just 0.8% thanks to the continued cost control and despite the development of the specialised businesses.

Gross operating income[(2)] was thus down by 1.1%, at EUR 5,654 million, compared to last year. It was up by 0.4%, excluding the impact of non-recurring items at BNL bc.

Given the reduction in the cost of risk, especially in Italy, and after allocating one-third of Domestic Markets Private Banking's net income to the Wealth Management business (International Financial Services division), the division reported a good growth of its pre-tax income[(4)] to EUR 3,585 million (+6.4% compared to 2014).

FRENCH RETAIL BANKING (FRB)

In millions of euros	2015	2014	2015/2014
Revenues	**6,643**	**6,806**	**-2.4%**
incl. Net Interest Income	*3,903*	*4,058*	*-3.8%*
incl. Commissions	*2,740*	*2,748*	*-0.3%*
Operating Expenses and Dep.	(4,535)	(4,511)	+0.5%
Gross Operating Income	**2,108**	**2,295**	**-8.1%**
Cost of Risk	(343)	(402)	-14.7%
Operating Income	**1,765**	**1,893**	**-6.8%**
Non Operating Items	4	3	+33.3%
Pre-Tax Income	**1,769**	**1,896**	**-6.7%**
Income Attributable to Wealth and Asset Management	(159)	(143)	+11.2%
Pre-Tax Income of French Retail Banking	**1,610**	**1,753**	**-8.2%**
Cost/Income	68.3%	66.3%	+2.0 pt
Allocated Equity *(€bn)*	6.8	6.7	+0.9%

Including 100% of French Private Banking for the Revenues to Pre-tax income line items (excluding PEL/CEL effects).

FRB's outstanding loans rose for the whole of 2015 by 0.3% compared to 2014 with a gradual recovery in demand. The business unit expanded the commercial offering to speed up growth in volumes in 2016. Deposits enjoyed sustained growth (+4.2%), driven by strong growth in current accounts. Off balance sheet savings enjoyed good growth with a 4.5% rise in life insurance outstandings compared to the level as at 31 December 2014. Private Banking confirmed its number 1 position in France with EUR 87.3 billion in assets under management. The support to corporates and innovative start-ups was reflected in the opening of two WAI (We Are Innovation) centres and an innovation hub dedicated to FinTechs.

Revenues[(5)] totalled EUR 6,643 million, down by 2.4% compared to 2014. Net interest income was down by 3.8% given the impact of persistently low interest rates (decrease in margins on deposits and on renegotiated loans or on loan prepayments). Fees were down for their part by 0.3% as the decrease in banking fees was only partly offset by a rise in fees on off balance sheet savings. In this low interest rate context, the business is gradually adapting customer conditions.

(1) FRB, BNL bc, BRB and Personal Investors, excluding private banking.

(2) Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg.

(3) Contribution to a dedicated fund for the resolution of 4 Italian banks (-EUR 65 million) and one-off restructuring costs (-EUR 20 million).

(4) Excluding PEL/CEL effects.

(5) With 100% of Private Banking in France (excluding PEL/CEL effects).

Operating expenses[1], well contained, rose by only 0.5% compared to 2014, despite the rise in profit-sharing plans due to the Group's good results.

Gross operating income[1] thus came to EUR 2,108 million, down by 8.1% compared to last year. The cost/income ratio[1] was 68.3%.

The cost of risk[1] was still at a low level, at 24 basis points of outstanding customer loans. It was down by EUR 59 million compared to 2014.

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted EUR 1,610 million in pre-tax income[2] (-8.2% compared to 2014).

BNL BANCA COMMERCIALE (BNL BC)

In millions of euros	2015	2014	2015/2014
Revenues	**3,125**	**3,219**	**-2.9%**
Operating Expenses and Dep.	(1,864)	(1,769)	+5.4%
Gross Operating Income	**1,261**	**1,450**	**-13.0%**
Cost of Risk	(1,248)	(1,398)	-10.7%
Operating Income	**13**	**52**	**-75.0%**
Non Operating Items	(1)	0	n.s.
Pre-Tax Income	**12**	**52**	**-76.9%**
Income Attributable to Wealth and Asset Management	(40)	(29)	+37.9%
Pre-Tax Income of BNL bc	**(28)**	**23**	**n.s.**
Cost/Income	59.6%	55.0%	+4.6 pt
Allocated Equity *(€bn)*	5.3	5.6	-5.6%

Including 100% of Italian Private Banking for the Revenues to Pre-tax income line items.

In a gradually improving economic environment, outstanding loans decreased slightly in 2015 compared to 2014 (-0.6%) due to the impact of the selective repositioning on the better corporate and SME clients, now almost completed. Loans to individuals, for their part, were up 2.3%. Deposits rose by 1.0%, due in particular to individuals' deposits. BNL bc continued the development of off balance sheet savings with strong growth in life insurance outstandings (+10.6%) and mutual funds (+18.1%) compared to 31 December 2014. Private Banking reported a good business drive, now ranking 5th in Italy.

Revenues[3] were down by 2.9% compared to 2014, at EUR 3,125 million. Net interest income was down by 5.5% due to the persistently low interest rate environment and the repositioning on the better corporate clients. They rose in the individual client segment. Fees were up by 2.5% thanks to the good increase of off-balance sheet savings.

Operating expenses[3], at EUR 1,864 million, rose by 5.4%. They reflect the impact this year of EUR 85 million in non-recurring items[4]. Excluding this effect, they rose by only 0.6%, reflecting good cost control.

Gross operating income[3] thus came to EUR 1,261 million, down by 13.0% compared to last year. The cost/income ratio[3] was 59.6%.

The cost of risk[3], still high at 161 basis points of outstanding customer loans, was however down (-EUR 150 million compared to 2014) with a gradual improvement of the loan portfolio quality as evidenced by the significant decrease in doubtful loan inflows.

Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial Services division), BNL bc posted -EUR 28 million of pre-tax loss (+EUR 23 million in 2014). Excluding the impact of non-recurring items, it was a profit of EUR 57 million, up significantly compared to last year thanks to the reduction in the cost of risk.

(1) With 100% of Private Banking in France (excluding PEL/CEL effects).

(2) Excluding PEL/CEL effects.

(3) With 100% of Private Banking in Italy.

(4) Contribution to the dedicated fund for the resolution of 4 Italian banks (EUR 65 million) and one-off restructuring costs (EUR 20 million).

BELGIAN RETAIL BANKING (BRB)

In millions of euros	2015	2014	2015/2014
Revenues	**3,548**	**3,385**	**+4.8%**
Operating Expenses and Dep.	(2,449)	(2,434)	+0.6%
Gross Operating Income	**1,099**	**951**	**+15.6%**
Cost of Risk	(85)	(131)	-35.1%
Operating Income	**1,014**	**820**	**+23.7%**
Non Operating Items	(9)	(10)	-10.0%
Pre-Tax Income	**1,005**	**810**	**+24.1%**
Income Attributable to Wealth and Asset Management	(69)	(72)	-4.2%
Pre-Tax Income of Belgian Retail Banking	**936**	**738**	**+26.8%**
Cost/Income	69.0%	71.9%	-2.9 pt
Allocated Equity *(€bn)*	3.7	3.5	+5.5%

Including 100% of Belgian Private Banking for the Revenues to Pre-tax income line items.

BRB reported a very good performance in 2015 with sustained business activity. Loans were up by 3.9% compared to 2014 with growth in loans to individual customers and corporate clients. For their part, deposits rose by 3.8% thanks in particular to strong growth in current accounts. The business reported a very good performance in off balance sheet savings with a growth of 13.8% in mutual fund outstandings compared to 31 December 2014. It also continued to develop digital banking and new client experience with the launch of the first dedicated home loan app.

Revenues[(1)] were up by 4.8% compared to 2014, at EUR 3,548 million. Net interest income rose by 4.1%, on the back of volumes growth and margins holding up well, and fees were up by 7.0% due to the good performance of financial and credit fees.

Operating expenses[(1)] increased by just 0.6% compared to 2014, to EUR 2,449 million, thanks to good cost control. The continuing improvement of operating efficiency was thus reflected by a 2.9 point improvement of cost/income ratio, at 69.0%.

At EUR 1,099 million, gross operating income[(1)] was up sharply (+15.6%) compared to last year.

The cost of risk[(1)], which totalled EUR 85 million, was particularly low (9 basis points of outstanding customer loans). It was down EUR 46 million compared to 2014.

Thus, after allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated EUR 936 million in pre-tax income, up sharply compared to last year (+26.8%).

OTHER DOMESTIC MARKETS BUSINESS UNITS (ARVAL, LEASING SOLUTIONS, PERSONAL INVESTORS AND LUXEMBOURG RETAIL BANKING)

In millions of euros	2015	2014	2015/2014
Revenues	**2,627**	**2,289**	**+14.8%**
Operating Expenses and Dep.	(1,441)	(1,268)	+13.6%
Gross Operating Income	**1,186**	**1,021**	**+16.2%**
Cost of Risk	(136)	(143)	-4.9%
Operating Income	**1,050**	**878**	**+19.6%**
Share of Earnings of Equity-Method Entities	35	(19)	n.s.
Other Non Operating Items	(14)	1	n.s.
Pre-Tax Income	**1,071**	**860**	**+24.5%**
Income Attributable to Wealth and Asset Management	(4)	(4)	n.s.
Pre-Tax Income of Other Domestic Markets	**1,067**	**856**	**+24.6%**
Cost/Income	54.9%	55.4%	-0.5 pt
Allocated Equity *(€bn)*	2.9	2.7	+7.0%

Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items.

(1) With 100% of Private Banking in Belgium.

The business activity of Domestic Markets' specialised businesses continued to show a good drive in 2015. Arval acquired GE Fleet Leasing Services in Europe[1] (164,000 vehicles) and experienced strong organic growth of the financed fleet (+7.5%[2] compared to 2014). The business thus became number 1 in Europe with strengthened positions in all countries. The financing outstandings of Leasing Solution's core business were up, offset however by the continued reduction of the non-core portfolio. Personal Investors' deposits were up 67.2%. Net of the effect of the acquisition of DAB Bank[3], they were up by 20.6% at constant scope and exchange rates, thanks to the success of Consorsbank! in Germany.

Luxembourg Retail Banking's outstanding loans grew by 2.8% compared to 2014 due in particular to growth in mortgages. Deposits were up by 6.5% with good deposit inflows on the corporate segment.

Revenues[4] were up by 14.8% compared to 2014, at EUR 2,627 million, including the effect of the acquisition of DAB Bank in Germany. At constant scope and exchange rates, they rose by 6.9%, driven by Arval, Leasing Solutions and Personal Investors.

Operating expenses[4] rose by 13.6% compared to 2014, to EUR 1,441 million. At constant scope and exchange rates, they rose by 2.4%, on the back of the development of the businesses, producing a largely positive 4.5 point jaws effect.

The cost of risk[4] was down by EUR 7 million compared to 2014, at EUR 136 million.

Thus, the contribution of these four business units to Domestic Markets' pre-tax income, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was EUR 1,067 million, up sharply compared to 2014: +24.6% (+19.9% at constant scope and exchange rates).

INTERNATIONAL FINANCIAL SERVICES

In millions of euros	2015	2014	2015/2014
Revenues	**15,335**	**13,395**	**+14.5%**
Operating Expenses and Dep.	(9,315)	(8,102)	+15.0%
Gross Operating Income	**6,020**	**5,293**	**+13.7%**
Cost of Risk	(1,722)	(1,511)	+14.0%
Operating Income	**4,298**	**3,782**	**+13.6%**
Share of Earnings of Equity-Method Entities	447	364	+22.8%
Other Non Operating Items	35	41	-14.6%
Pre-Tax Income	**4,780**	**4,187**	**+14.2%**
Cost/Income	60.7%	60.5%	+0.2 pt
Allocated Equity *(€bn)*	21.8	19.4	+12.1%

All the International Financial Services' businesses reported in 2015 a strong commercial activity: Personal Finance continued its growth drive; Europe-Mediterranean and BancWest outstandings increased significantly with the help of new digital offerings; Insurance and Wealth & Asset Management had good asset inflows across all the business units. The integration of the two acquisitions made in 2014 (BGZ Bank at Europe-Mediterranean and LaSer at Personal Finance) was on track with the action plans.

At EUR 15,335 million, revenues were thus up by 14.5% compared to 2014 (+5.3% at constant scope and exchange rates), with good growth in all the businesses in line with business growth.

Operating expenses (EUR 9,315 million) were up by 15.0% compared to last year. At constant scope and exchange rates, they were up by 4.9%, producing a positive 0.4 point jaws effect.

Gross operating income thus came to EUR 6,020 million, up by 13.7% compared to last year (+6.0% at constant scope and exchange rates).

The cost of risk was EUR 1,722 million (+14.0% compared to 2014 but +4.4% at constant scope and exchange rates given the acquisitions made in 2014).

Thus, International Financial Services' pre-tax income increased significantly to EUR 4,780 million (+14.2% compared to 2014 and +7.3% at constant scope and exchange rates).

(1) Closed on 2 November 2015.

(2) At constant scope.

(3) Closed on 17 December 2014.

(4) With 100% of Private Banking in Luxembourg.

PERSONAL FINANCE

In millions of euros	2015	2014	2015/2014
Revenues	**4,744**	**4,103**	**+15.6%**
Operating Expenses and Dep.	(2,291)	(1,962)	+16.8%
Gross Operating Income	**2,453**	**2,141**	**+14.6%**
Cost of Risk	(1,176)	(1,095)	+7.4%
Operating Income	**1,277**	**1,046**	**+22.1%**
Share of Earnings of Equity-Method Entities	74	83	-10.8%
Other Non Operating Items	0	16	n.s.
Pre-Tax Income	**1,351**	**1,145**	**+18.0%**
Cost/Income	48.3%	47.8%	+0.5 pt
Allocated Equity *(€bn)*	3.7	3.4	+10.4%

Personal Finance continued its good growth drive in 2015. The business unit signed new partnerships in the banking sector (Grupo CajaMar in Spain and Poste Italiane in Italy), in the energy sector (Eon in the Czech Republic) and in car loans (Volvo in France, KIA in Belgium, Mitsubishi Motors in Poland). The merger with LaSer was realised on 1 September, the target of the new entity being to grow its market share in specialty players' new loan production by 1% per annum in France over the next 3 years, thanks to the complementarity of their offerings and their know-how pooling.

Outstanding loans grew in total by 15.0% compared to 2014 due in particular to the acquisition of LaSer. At constant scope and exchange rates[1], they rose by 4.3% with good growth in the Eurozone.

Revenues rose by 15.6% compared to 2014, to EUR 4,744 million. At constant scope and exchange rates[1], they were up by 3.5%, driven in particular by revenue growth in Germany, Italy, Spain and Belgium.

Operating expenses were up by 16.8% compared to 2014, at EUR 2,291 million. At constant scope and exchange rates[1], they rose by 2.2%, on the back of business development.

Gross operating income thus came to EUR 2,453 million, up by 14.6% compared to last year (+4.6% at constant scope and exchange rates[1]). The cost/income ratio was thus 48.3%.

The cost of risk rose by EUR 81 million compared to 2014, to EUR 1,176 million (206 basis points of outstanding customer loans). It decreased excluding the scope effect related to the acquisitions.

Personal Finance's pre-tax income was thus EUR 1,351 million, up sharply compared to 2014: +18.0% (+15.2% at constant scope and exchange rates[1]).

EUROPE-MEDITERRANEAN

In millions of euros	2015	2014	2015/2014
Revenues	**2,490**	**2,104**	**+18.3%**
Operating Expenses and Dep.	(1,712)	(1,467)	+16.7%
Gross Operating Income	**778**	**637**	**+22.1%**
Cost of Risk	(466)	(357)	+30.5%
Operating Income	**312**	**280**	**+11.4%**
Non Operating Items	174	106	+64.2%
Pre-Tax Income	**486**	**386**	**+25.9%**
Income Attributable to Wealth and Asset Management	(3)	(1)	n.s.
Pre-Tax Income of Europe-Mediterranean	**483**	**385**	**+25.5%**
Cost/Income	68.8%	69.7%	-0.9 pt
Allocated Equity *(€bn)*	4.4	3.7	+18.3%

Including 100% of Turkish Private Banking for the Revenue to Pre-tax income line items.

(1) With LaSer fully consolidated on a pro forma basis in 2014.

Europe-Mediterranean's outstanding loans rose for the whole of 2015 by 12.3% at constant scope and exchange rates compared to 2014 with growth in all regions. Deposits grew for their part by 9.5%(1), with an increase notably in Turkey and in Poland. The business' commercial drive was reflected in particular by the good development of digital banking in Turkey (Cepteteb) and in Poland (Optima). Cross-selling with CIB continued to expand in Turkey (+10.5% compared to 2014). The business unit continued the integration of BGZ Bank in Poland, thereby creating a reference bank in a growing market (the country's 7th largest bank with about 4% market share).

Revenues(2), at EUR 2,490 million, were up by 10.2%(1) compared to 2014 on the back of volume growth.

Operating expenses(2), at EUR 1,712 million, were up by 6.9%(1) compared to last year. Excluding the impact of EUR 31 million(3) in non-recurring items in Poland, they were up by 4.7%(1).

The cost/income ratio(2) thus came to 68.8%, down by 0.9 point.

The cost of risk(2) totalled EUR 466 million, up by EUR 109 million compared to 2014. Excluding the scope effect related to the acquisition of BGZ Bank (EUR 38 million), it rose by EUR 71 million on the back of the rise in loan volumes. It thus came to 120 basis points of outstanding customer loans, a level in line with last year (119 basis points).

Thus, after allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean generated EUR 483 million in pre-tax income, up 8.2%(1) compared to last year, reflecting the good organic business development. It rose by 25.5% at historical scope and exchange rates due to the positive impact of the acquisition of BGZ Bank.

BANCWEST

In millions of euros	2015	2014	2015/2014
Revenues	**2,824**	**2,229**	**+26.7%**
Operating Expenses and Dep.	(1,885)	(1,443)	+30.6%
Gross Operating Income	**939**	**786**	**+19.5%**
Cost of Risk	(50)	(50)	n.s.
Operating Income	**889**	**736**	**+20.8%**
Non Operating Items	31	4	n.s.
Pre-Tax Income	**920**	**740**	**+24.3%**
Income Attributable to Wealth and Asset Management	(10)	(8)	+25.0%
Pre-Tax Income of BancWest	**910**	**732**	**+24.3%**
Cost/Income	66.7%	64.7%	+2.0 pt
Allocated Equity *(€bn)*	5.1	4.3	+18.0%

Including 100% of US Private Banking for the Revenues to Pre-tax income line items.

BancWest continued its good business drive in 2015 in a favourable environment. Loans rose by 6.7%(1) compared to 2014 due to sustained growth of corporate and consumer loans. Deposits were up by 6.1%(1) with a strong rise in current and savings accounts. BancWest continued to grow its private banking with assets under management that totalled 10.1 billion dollars as at 3 December 2015 (+18% compared to 3 December 2014). The business unit also continued to expand its digital offering with 546,000 monthly uses of its Quick Balance application that provides access to several online services.

At EUR 2,824 million, revenues(4) grew by 6.4%(1) compared to 2014, on the back of volume growth.

Operating expenses(4), which totalled EUR 1,885 million, rose by 10.6%(1) compared to 2014 due to the rise in regulatory costs (in particular CCAR and the set up of the Intermediate Holding Company). Excluding this effect, they rose by 5.3%(1) due to the bolstering of the commercial set ups (private banking, consumer loans), partly offset by savings from the streamlining of the network and structures. The cost/income ratio(4) was 66.7%.

The cost of risk(4) (EUR 50 million) was still at a very low level, at 9 basis points of outstanding customer loans. It was down by 16.3%(1) compared to 2014.

Thus, after allocating one-third of US Private Banking's net income to the Wealth Management business, BancWest generated good pre-tax income, at EUR 910 million (+0.9% at constant exchange rates compared to 2014 but +24.3% at historical exchange rates due to the rise in the US dollar relative to the euro).

(1) At constant scope and exchange rates.

(2) With 100% of Private Banking in Turkey.

(3) One-off contribution to the deposit guarantee fund and to the support fund for borrowers in difficulty.

(4) With 100% of Private Banking in the United States.

INSURANCE AND WEALTH & ASSET MANAGEMENT

INSURANCE

In millions of euros	2015	2014	2015/2014
Revenues	**2,304**	**2,180**	**+5.7%**
Operating Expenses and Dep.	(1,160)	(1,081)	+7.3%
Gross Operating Income	**1,144**	**1,099**	**+4.1%**
Cost of Risk	(5)	(6)	-16.7%
Operating Income	**1,139**	**1,093**	**+4.2%**
Share of Earnings of Equity-Method Entities	156	124	+25.8%
Other Non Operating Items	1	(3)	n.s.
Pre-Tax Income	**1,296**	**1,214**	**+6.8%**
Cost/Income	50.3%	49.6%	+0.7 pt
Allocated Equity *(€bn)*	6.8	6.3	+7.4%

WEALTH & ASSET MANAGEMENT

In millions of euros	2015	2014	2015/2014
Revenues	**3,020**	**2,813**	**+7.4%**
Operating Expenses and Dep.	(2,301)	(2,174)	+5.8%
Gross Operating Income	**719**	**639**	**+12.5%**
Cost of Risk	(25)	(3)	n.s.
Operating Income	**694**	**636**	**+9.1%**
Share of Earnings of Equity-Method Entities	44	55	-20.0%
Other Non Operating Items	2	20	-90.0%
Pre-Tax Income	**740**	**711**	**+4.1%**
Cost/Income	76.2%	77.3%	-1.1 pt
Allocated Equity *(€bn)*	1.8	1.7	+4.3%

Insurance and Wealth & Asset Management posted for the whole of 2015 a good performance sustained by good asset inflows in all the business units.

Assets under management[1] were up by 6.8% compared to 31 December 2014 and reached EUR 954 billion as at 31 December 2015. They rose by EUR 60 billion compared to 31 December 2014 due in particular to largely positive net asset inflows of EUR 35.7 billion with good asset inflows in Wealth Management in the domestic markets and in Asia, very good asset inflows in Asset Management driven in particular by the diversified funds and good asset inflows in Insurance in France, in Italy and in Asia. The foreign exchange effect for the year was +EUR 11.7 billion and the performance effect was EUR 12.7 billion due to the favourable evolution of equity markets and rates during the year.

As at 31 December 2015, assets under management[1] comprised the following: Asset Management (EUR 390 billion), Wealth Management (EUR 327 billion), Insurance (EUR 215 billion) and Real Estate Services (EUR 22 billion).

Insurance continued the good development of its business with a 7.5% rise in technical provisions compared to 31 December 2014. At EUR 2,304 million, revenues grew by 5.7% (+5.1% at constant scope and exchange rates) compared to 2014 due to good growth of the business. Operating expenses, at EUR 1,160 million, grew by 7.3% (+5.5% at constant scope and exchange rates) on the back of business development. At EUR 1,296 million, pre-tax income was thus up by 6.8% compared to last year.

Wealth and Asset Management's revenues, at EUR 3,020 million, were up by 7.4% compared to 2014 (+4.3% at constant scope and exchange rates) with good growth across all the business units: rise at Wealth Management in particular in the domestic markets and in Asia, growth in Asset Management and good development at Real Estate Services. Operating expenses, at EUR 2,301 million, were up by 5.8% (+1.9% at constant scope and exchange rates) generating a largely positive 2.4 point jaws effect[2]. At EUR 740 million, Wealth and Asset Management's pre-tax income, after receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, was thus up by 4.1% compared to 2014.

(1) Including distributed assets.

(2) At constant scope and exchange rates.

CORPORATE AND INSTITUTIONAL BANKING (CIB)

In millions of euros	2015	2014	2015/2014
Revenues	**11,659**	**10,297**	**+13.2%**
Operating Expenses and Dep.	(8,278)	(7,425)	+11.5%
Gross Operating Income	**3,381**	**2,872**	**+17.7%**
Cost of Risk	(213)	(76)	n.s.
Operating Income	**3,168**	**2,796**	**+13.3%**
Share of Earnings of Equity-Method Entities	34	37	-8.1%
Other Non Operating Items	127	(9)	n.s.
Pre-Tax Income	**3,329**	**2,824**	**+17.9%**
Cost/Income	71.0%	72.1%	-1.1 pt
Allocated Equity *(€bn)*	17.9	16.0	+11.7%

For the whole of 2015, at EUR 11,659 million, CIB's revenues rose by 13.2% compared to 2014 thanks to good business development in all the business units.

In a context of relatively high volatility, Global Markets delivered a good commercial performance with a rise in client volumes and market share gains. VaR, which measures market risks, was slightly up but remained at a low level (EUR 39 million). Revenues, which totalled EUR 6,124 million, were up by 18.1%(1) compared to 2014. The revenues of the Equity and Prime Services business unit, at EUR 2,186 million, were up by 23.6% with strong growth at Prime Services and equity derivatives. FICC's(2) revenues, at EUR 3,938 million, were up by 15.2%(3) with good performance of forex, rates and credit and a less favourable context in the primary bond market where the business confirmed its strong positions: it ranked number 1 for all bonds in euros and number 9 for all international bonds.

Securities Services' revenues, at EUR 1,799 million, rose for their part by 14.1% on the back of very good business drive (assets under custody up by 9.1% and number of transactions up by 12.6%). The business unit confirmed its positions of number 1 in Europe and number 5 worldwide.

At EUR 3,736 million, Corporate Banking's revenues were up by 5.7% compared to 2014, illustrating the selective strengthening of its positions. Excluding the reduction of the Energy & Commodities business under way since 2013 and now largely completed, they rose by 11.1% with good growth in Europe, strong growth in North America and a rise in Asia-Pacific despite a context of business slowdown over the second part of the year. The business unit reported good performance, notably in export financing and media telecom and confirmed its number 1 position in Europe for all syndicated loans. The business also delivered good performance in advisory services in Europe where it ranked number 1 in equity-linked issues. Loans, at EUR 124.1 billion, were up by 3.2%(4) compared to 2014. At EUR 95.5 billion, deposits maintained their good growth (+15.0%(4)) thanks in particular to the development of cash management where BNP Paribas ranked number 1 in Europe and number 4 worldwide.

The operating expenses of CIB in 2015, at EUR 8,278 million, rose by 11.5% compared to 2014 due to the appreciation of the US dollar (+3.4% at constant scope and exchange rates) and an increase in regulatory costs (set up in particular of CCAR and of the Intermediate Holding Company in the United States) partly offset by the effects of Simple & Efficient. The business thus generated a positive 1.7 point jaws effect and the cost/income ratio was 71.0%.

The cost of risk was still at a low level (EUR 213 million), up by EUR 137 million compared to 2014 which was at a particularly low level.

After accounting for a one-off capital gain of EUR 74 million from the sale of a non-strategic stake, CIB' pre-tax income totalled EUR 3,329 million, up strongly (+17.9%) compared to 2014 (+7.6% at constant scope and exchange rates).

(1) +14.4% excluding the introduction of Funding Valuation Adjustment (FVA) in 2014 (-EUR 166 million).

(2) Fixed Income, Currencies and Commodities.

(3) +9.8% excluding the introduction of FVA in 2014 (-EUR 166 million).

(4) At constant scope and exchange rates.

GLOBAL MARKETS

In millions of euros	2015	2014	2015/2014
Revenues	**6,124**	**5,187**	**+18.1%**
incl. FICC	*3,938*	*3,419*	*+15.2%*
incl. Equity & Prime Services	*2,186*	*1,768*	*+23.6%*
Operating Expenses and Dep.	(4,552)	(4,108)	+10.8%
Gross Operating Income	**1,572**	**1,079**	**+45.7%**
Cost of Risk	(79)	50	n.s.
Operating Income	**1,493**	**1,129**	**+32.2%**
Share of Earnings of Equity-Method Entities	16	22	-27.3%
Other Non Operating Items	(16)	(16)	n.s.
Pre-Tax Income	**1,493**	**1,135**	**+31.5%**
Cost/Income	74.3%	79.2%	-4.9 pt
Allocated Equity *(€bn)*	8.5	7.7	+10.5%

SECURITIES SERVICES

In millions of euros	2015	2014	2015/2014
Revenues	**1,799**	**1,577**	**+14.1%**
Operating Expenses and Dep.	(1,468)	(1,288)	+14.0%
Gross Operating Income	**331**	**289**	**+14.5%**
Cost of Risk	5	5	n.s.
Operating Income	**336**	**294**	**+14.3%**
Non Operating Items	(1)	8	n.s.
Pre-Tax Income	**335**	**302**	**+10.9%**
Cost/Income	81.6%	81.7%	-0.1 pt
Allocated Equity *(€bn)*	0.6	0.5	+7.3%

CORPORATE BANKING

In millions of euros	2015	2014	2015/2014
Revenues	**3,736**	**3,533**	**+5.7%**
Operating Expenses and Dep.	(2,258)	(2,029)	+11.3%
Gross Operating Income	**1,478**	**1,504**	**-1.7%**
Cost of Risk	(139)	(131)	+6.1%
Operating Income	**1,339**	**1,373**	**-2.5%**
Non Operating Items	162	14	n.s.
Pre-Tax Income	**1,501**	**1,387**	**+8.2%**
Cost/Income	60.4%	57.4%	+3.0 pt
Allocated Equity *(€bn)*	8.8	7.7	+13.3%

CORPORATE CENTRE

In millions of euros	2015	2014
Revenues	**567**	**332**
Operating Expenses and Dep.	(1,636)	(1,262)
incl. Restructuring and Transformation Costs	*(793)*	*(757)*
Gross Operating income	**(1,069)**	**(930)**
Cost of Risk	(51)	(48)
Costs related to the comprehensive settlement with US authorities	(100)	(6,000)
Operating Income	**(1,220)**	**(6,978)**
Share of Earnings of Equity-Method Entities	60	14
Other non operating items	(125)	(210)
Pre-Tax Income	**(1,285)**	**(7,174)**

For the whole of 2015, Corporate Centre revenues were EUR 567 million compared to EUR 332 million in 2014. They factored in +EUR 314 million of own credit adjustment (OCA) and own credit risk included in derivatives (DVA) (-EUR 459 million in 2014) as well as a good contribution of BNP Paribas Principal Investment. The Corporate Centre's revenues in 2014 also included +EUR 301 million in net capital gain from exceptional equity investment sales.

Operating expenses totalled EUR 1,636 million compared to EUR 1,262 million in 2014. They included in particular EUR 622 million in transformation costs related to the Simple & Efficient programme (EUR 717 million in 2014), EUR 171 million in restructuring costs from acquisitions[1] (EUR 40 million in 2014) and the first contribution to the Single Resolution Fund (net of the decrease in the French systemic tax) which was EUR 181 million.

The cost of risk totalled EUR 51 million (EUR 48 million in 2014).

As part of the costs related to the comprehensive settlement with the US authorities, the Group booked an additional exceptional provision of EUR 100 million in connection with the remediation plan to industrialise existing processes. Last year, the Group had booked EUR 6 billion for the impacts of the comprehensive settlement with the US authorities.

Non-operating items totalled -EUR 65 million (-EUR 196 million in 2014). They included a -134 million euro in one-off items (-EUR 297 million in 2014): -EUR 993 million in exceptional goodwill impairments (-EUR 297 million in 2014)[2]; a +EUR 716 million capital gain from the sale of the entire stake in Klépierre-Corio; a +EUR 123 million dilution capital gain due to the merger between Klépierre and Corio; and the +EUR 20 million[3] share of the capital gain from the sale of a non-core investment allocated to the Corporate Centre.

The Corporate Centre's pre-tax income was -EUR 1,285 million compared to -EUR 7,174 million in 2014.

(1) LaSer, BGZ Bank, DAB Bank and GE LLD.

(2) Of which BNL bc's full goodwill impairment: -EUR 917 million (-EUR 297 million in 2014).

(3) +EUR 74 million in addition booked at CIB-Corporate Banking.

3.3 Balance sheet[1]

ASSETS

OVERVIEW

The Group's consolidated assets amounted to EUR 1,994.2 billion at 31 December 2015, a decrease of 4% from EUR 2,077.8 billion at 31 December 2014. The main components of the Group's assets are financial assets at fair value through profit or loss, loans and receivables due from customers and credit institutions, available-for-sale financial assets, and accrued income and other assets, which together accounted for 89% of total assets at 31 December 2015 (stable from 31 December 2014). The 4% decrease in assets is mainly due to:

- a 16% decrease in financial instruments at fair value through profit or loss, mainly due to the decrease in derivative instruments, repurchase agreements, and securities portfolio;
- a 2% or EUR 2.1 billion decrease in accrued income and other assets to EUR 108 billion at 31 December 2015.

These changes were partly offset by:

- a 4% or EUR 25.1 billion increase in loans and receivables due from customers to EUR 682.5 billion at 31 December 2015;
- a 3% or EUR 6.6 billion increase in available-for-sale assets to EUR 258.9 billion at 31 December 2015;
- a 15% or EUR 17.1 billion increase in cash and amounts due from central banks to EUR 134.5 billion at 31 December 2015;

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of trading transactions, derivatives and certain assets designated by the Group as at fair value through profit or loss at the time of acquisition. Financial assets carried in the trading book mainly include securities, loans and repurchase agreements. Assets designated by the Group as at fair value through profit or loss include in particular investments related to unit-linked insurance contracts, and, to a lesser extent, assets with embedded derivatives that have not been separated from the host contract.

These assets are remeasured at fair value at each balance sheet date.

Total financial assets at fair value through profit or loss are down 16% compared with 31 December 2014. This decrease mainly reflects a 18% or EUR 75.9 billion fall in the replacement value of derivatives to EUR 336.6 billion at 31 December 2015. In particular, the decrease is material for interest rate and foreign exchange derivatives, which are down 19% or EUR 56.4 billion. This decrease also results from a 21% or EUR 34.0 billion decline in repurchase agreements to EUR 131.8 billion at 31 December 2015 and by a 15% or EUR 23.0 billion decrease in financial instruments at fair value through profit or loss to EUR 133.5 billion at 31 December 2015.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

Loans and receivables due from credit institutions (net of impairment provisions) amounted to EUR 43.4 billion at 31 December 2015, stable from EUR 43.3 billion at 31 December 2014, and comprise demand deposits, interbank loans and repurchase agreements.

Demand deposits increase by 18% to EUR 9.3 billion at 31 December 2015, from EUR 7.9 billion at 31 December 2014. Loans due from credit institutions decreased by 4% to EUR 31.8 billion at 31 December 2015 from EUR 33.0 billion at 31 December 2014. Impairment provisions were stable at EUR 0.2 billion at 31 December 2015 (EUR 0.3 billion at 31 December 2014).

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

Loans and receivables due from customers consist of demand accounts, loans to customers, repurchase agreements, and finance leases.

Loans and receivables due from customers (net of impairment provisions) amounted to EUR 682.5 billion at 31 December 2015, up 4% from EUR 657.4 billion at 31 December 2014. This is attributable to the increase in customer loans (up 5% to EUR 628.8 billion at 31 December 2015, compared with EUR 596.3 billion at 31 December 2014), while on demand accounts decreased by 20% to EUR 46.8 billion at 31 December 2015. Finance leases were stable compared with 31 December 2014, and amounted to EUR 27.7 billion at 31 December 2015, and repurchase agreements rose by EUR 3.6 billion from 31 December 2014 to EUR 5.4 billion at 31 December 2015. Impairment provisions were stable at EUR 26.2 billion at 31 December 2015, compared with EUR 26.4 billion at 31 December 2014.

(1) Data at 31 December 2014 have been restated according to the IFRIC 21 interpretation (see notes 1.a and 2 to the consolidated financial statements).

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are fixed-income and variable-income securities that are not managed in the same way as financial assets at fair value through profit or loss and, with respect to fixed-income instruments, are not intended to be held until maturity. These assets are remeasured at market or similar value through equity at each balance sheet date.

Available-for-sale financial assets increased by EUR 6.6 billion between 31 December 2014 and 31 December 2015 to EUR 258.9 billion (net of provisions).

Impairment on available-for-sale financial assets increased by 4% to EUR 3.2 billion at 31 December 2015 from EUR 3.0 billion at 31 December 2014. Impairment provisions on available-for-sale financial assets are calculated at each balance sheet date. The unrealised gain on available-for-sale financial assets totals EUR 17.8 billion at 31 December 2015, compared with an unrealised gain of EUR 19.6 billion at 31 December 2014, mainly due to the decrease in the prices of listed fixed-income securities stemming from falls in the bond markets. This EUR 1.8 billion decrease reflects a EUR 2.2 billion fall in the unrealised gain on fixed-income securities partly offset by a EUR 0.4 billion rise in the unrealised gain on variable-income securities.

HELD-TO-MATURITY FINANCIAL ASSETS

Held-to-maturity financial assets are investments with fixed or determinable income and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recorded at amortised cost using the effective interest method. They are divided into two sub-categories: government bonds and treasury bills, and other fixed-income securities.

Held-to-maturity financial assets fell by 13%, from EUR 9.0 billion at 31 December 2014 to EUR 7.8 billion at 31 December 2015, principally due to the redemption of securities at maturity.

ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets consist of the following: guarantee deposits and bank guarantees paid; settlement accounts related to securities transactions; collection accounts; reinsurers' share of technical reserves; accrued income and prepaid expenses; and other debtors and miscellaneous assets.

Accrued income and other assets totalled EUR 108.0 billion at 31 December 2015, down 2% from EUR 110.1 billion at 31 December 2014. This decrease is mainly due to settlement accounts related to securities transactions for EUR 0.9 billion or 7%. All other accruals decreased by EUR 1.2 billion or 1%.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Cash and amounts due from central banks totalled EUR 134.5 billion at 31 December 2015, up 15% from EUR 117.5 billion at 31 December 2014.

LIABILITIES (EXCLUDING CONSOLIDATED EQUITY)

OVERVIEW

The Group's consolidated liabilities (excluding consolidated equity) stood at EUR 1,894.1 billion at 31 December 2015, down 5% from EUR 1,984.1 billion at 31 December 2014. The main components of the Group's liabilities are financial liabilities at fair value through profit or loss, amounts due to customers and credit institutions, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 97% of the Group's total liabilities excluding consolidated equity at 31 December 2015 (97% at 31 December 2014). The 5% decrease in liabilities compared with 31 December 2014 is mainly attributable to:

- a 17% or EUR 125.3 billion decrease in financial liabilities at fair value through profit or loss to EUR 618.3 billion at 31 December 2015;
- a 15% or EUR 27.6 billion decrease in debt securities to EUR 159.4 billion at 31 December 2015, partly offset by:
- a 9% or EUR 58.8 billion increase in amounts due to customers to EUR 700.3 billion at 31 December 2015;
- a 6% or EUR 9.8 billion increase in technical reserves of insurance companies to EUR 185.0 billion at 31 December 2015.

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The trading book contains mainly short selling of borrowed securities and trading in repurchase agreements and derivatives. Financial liabilities designated as at fair value through profit or loss consist mainly of originated and structured issues, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are compensated by changes in the value of the hedging instrument.

The total value of financial instruments at fair value through profit or loss decreased by 17% compared with 31 December 2014, due mainly to the decrease in the replacement value of derivatives, which fell by 21% or EUR 84.4 billion to EUR 325.8 billion at 31 December 2015, in particular interest rate derivatives which amounted to EUR 220.8 billion at 31 December 2015, decreasing by 21% from 31 December 2014.

AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions consist primarily of borrowings, and, to a lesser extent, demand deposits and repurchase agreements.

Amounts due to credit institutions decreased by 7% or EUR 6.2 billion to EUR 84.1 billion at 31 December 2015. This decrease mainly results from the 27% or EUR 3.1 billion fall in on-demand accounts to EUR 8.5 billion at 31 December 2015 and from the 4% or EUR 2.8 billion decrease of borrowings to EUR 70.1 billion at 31 December 2015; repurchase agreements decreased slightly to EUR 5.5 billion at 31 December 2015, compared with EUR 5.8 billion at 31 December 2014.

AMOUNTS DUE TO CUSTOMERS

Amounts due to customers consist primarily of demand deposits, term accounts, savings accounts, and repurchase agreements. Amounts due to customers stood at EUR 700.3 billion at 31 December 2015, up 9% or EUR 58.8 billion compared with 31 December 2014. This rise is attributable to the 14% or EUR 48.9 billion increase in current accounts to EUR 399.4 billion at 31 December 2015 and the 6% or EUR 8.2 billion increase in savings accounts to EUR 135.3 billion at 31 December 2015.

DEBT SECURITIES

Debt securities include negotiable certificates of deposit and bond issues. They do not include debt securities classified as financial liabilities at fair value through profit or loss (see note 5.a to the consolidated financial statements). Debt securities decreased from EUR 187.1 billion at 31 December 2014 to EUR 159.4 billion at 31 December 2015.

SUBORDINATED DEBT

Subordinated debt amounted to EUR 16.5 billion at 31 December 2015, up 19% from EUR 13.9 billion at 31 December 2014. This increase is mainly due to new redeemable subordinated debt issued for EUR 3.8 billion.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following: guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities. Accrued expenses and other liabilities were stable, moving from EUR 87.7 billion at 31 December 2014 to EUR 88.6 billion at 31 December 2015.

TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies amounted to EUR 185.0 billion at 31 December 2015, up 6% from EUR 175.2 billion at 31 December 2014. This increase is mainly due to the increase in liabilities related to insurance contracts.

MINORITY INTERESTS

Minority interests decreased by EUR 0.4 billion to EUR 3.8 billion at 31 December 2015, from EUR 4.2 billion at 31 December 2014. This decrease is mainly due to changes in the scope of consolidation impacting minority interests (EUR 0.5 billion).

SHAREHOLDERS' EQUITY

Shareholders' equity (before dividend pay-out) stood at EUR 96.3 billion at 31 December 2015, compared with EUR 89.5 billion at 31 December 2014. The EUR 6.8 billion increase is attributable mainly to the profit of the period which amounts to EUR 6.7 billion, the increase of EUR 1.3 billion in Undated Super Subordinated Notes and the increase of EUR 0.6 billion in the exchange rates reserve, partially offset by the dividend paid in respect of the year ended 31 December 2014 in the amount of -EUR 1.9 billion.

FINANCING AND GUARANTEE COMMITMENTS

FINANCING COMMITMENTS

Financing commitments given consist mostly of documentary credit and other credit confirmations. These commitments increased by 12% to EUR 275.8 billion at 31 December 2015.

Financing commitments given to credit institutions increased by 62% to EUR 5.9 billion at 31 December 2015, and those given to customers increased by 11% to EUR 269.9 billion at 31 December 2015.

Financing commitments received consist primarily of commitments received from credit institutions in the framework of refinancing from central banks. Financing commitments received decreased by 5% to EUR 101.9 billion at 31 December 2015, compared with EUR 107.0 billion at 31 December 2014.

This decrease results from the decline in commitments received from credit institutions (EUR 100.3 billion at 31 December 2015, compared with EUR 104.9 billion at 31 December 2014, a decrease of 4%).

GUARANTEE COMMITMENTS

Guarantee commitments given fell by 2% to EUR 121.9 billion at 31 December 2015 from EUR 124.3 billion at 31 December 2014. This decline is mainly attributable to a 13% fall in commitments given to credit institutions (EUR 12.0 billion at 31 December 2015), guarantee commitments given to customers having decreased by 1% (EUR 109.9 billion at 31 December 2015).

3.4 Profit and loss account[1]

REVENUES

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014[1]	Change (2015/2014)
Net interest income	22,553	20,319	11%
Net commission income	7,615	7,388	3%
Net gain on financial instruments at fair value through profit or loss	6,054	4,631	31%
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	1,485	1,969	-25%
Net income from other activities	5,231	4,861	8%
REVENUES	**42,938**	**39,168**	**10%**

(1) Data for the year ended 31 December 2014 have been restated according to the IFRIC 21 interpretation (see notes 1.a and 2 to the consolidated financial statements).

OVERVIEW

The 10% increase in the Group's revenues between 2014 and 2015 mainly reflects a 11% rise in net interest income and a 31% rise in net gain on financial instruments at fair value through profit or loss, compensated by a decrease by 25% in net gain on available-for-sale financial assets and other financial assets not measured at fair value.

NET INTEREST INCOME

This line item includes net interest income and expense related to customer transactions, interbank transactions, debt instruments issued by the Group, cash flow hedge instruments, derivatives used for interest rate portfolio hedges, the trading book (fixed-income securities, repurchase agreements, loans/borrowings, and debt securities); financial assets available for sale, and financial assets held to maturity.

More specifically, the Net interest income line item includes:

- net interest income from loans and receivables, including interest, transaction costs, fees and commissions included in the initial value of the loan. These items are calculated using the effective interest method, and recognised in the profit and loss account over the life of the loan;
- net interest income from fixed-income securities held by the Group, which are classified as Financial assets at fair value through profit or loss (for the contractual accrued interest) and Available-for-sale financial assets (for the interest calculated using the effective interest method);
- interest income from held-to-maturity assets, which are investments with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold until maturity;
- net interest income from cash flow hedges, which are used in particular to hedge interest rate risk on variable-rate assets and liabilities. Changes in the fair value of cash flow hedges are recorded in equity. The amounts recorded in equity over the life of the hedge are transferred to Net interest income as and when the cash flows from the hedged item are recognised as profit or loss in the income statement.

Interest income and expense on fair value hedge derivatives are included with the interest generated by the hedged item. Similarly, interest income and expense arising from derivatives used for economic hedge of transactions designated as at fair value through profit or loss are allocated to the same line items as the interest income and expense relating to the underlying transactions.

The main factors affecting the level of net interest income are the relative volumes of interest-earning assets and interest-bearing liabilities and the spread between lending and funding rates. Net interest income is also affected by the impact of hedging transactions, and, to a lesser extent, exchange rate fluctuations.

Volumes of interest-earning assets and interest-bearing liabilities can be affected by various factors, in addition to general market conditions and growth in the Group's lending activities (either organically or through acquisitions). One such factor is the Group's business mix, such as the relative proportion of capital allocated to interest-generating as opposed to fee-generating businesses.

The other principal factor affecting net interest income is the spread between lending and funding rates, which itself is influenced by several factors. These include central bank funding rates (which affect both the yield on interest-earning assets and the rates paid on sources of funding, although not always in a linear and simultaneous manner), the proportion of funding sources represented by non-interest bearing customer deposits, government decisions to raise or lower interest

(1) Data for the year ended 31 December 2014 have been restated according to the IFRIC 21 interpretation (see notes 1.a and 2 to the consolidated financial statements).

rates on regulated savings accounts, the competitive environment, the relative weight of the Group's various interest-bearing products, which have different margins as a result of different competitive environments, and the Bank's hedging strategy and accounting treatment of hedging transactions.

Net interest income increased by 11% to EUR 22,553 million for the year ended 31 December 2015. This increase is mainly attributable to a 9% increase in net revenues from transactions with customers (EUR 17,706 million for the year ended 31 December 2015, compared with EUR 16,295 million for the year ended 31 December 2014), and to the rise of EUR 532 million in cash flow hedge instruments (EUR 915 million for the year ended 31 December 2015, compared with EUR 383 million for the year ended 31 December 2014). In addition, the 11% reduction in net expense on debt securities issued by the Group from -EUR 2,023 million for the year ended 31 December 2014 to -EUR 1,805 million for the year ended 31 December 2015, is offset by a 4% decline in net interest income on available-for-sale financial assets.

NET COMMISSION INCOME

Net commission income includes commissions on interbank and money market transactions, customer transactions, securities transactions, foreign exchange and arbitrage transactions, securities commitments, forward financial instruments, and financial services. Net commission income increased by 3% from EUR 7,388 million for the year ended 31 December 2014 to EUR 7,615 million for the year ended 31 December 2015.

NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This line item includes all profit and loss items (other than interest income and expense, which are recognised under Net interest income as presented above) relating to financial instruments managed in the trading book and to financial instruments designated as at fair value through profit or loss by the Group under the fair value option of IAS 39. This includes both capital gains and losses on the sale and the marking to fair value of these instruments, along with dividends from variable-income securities.

This line item also includes gains and losses due to the ineffectiveness of fair value hedges, cash flow hedges, and net foreign investment hedges.

Net gains on financial instruments as at fair value through profit or loss increased by 31% from EUR 4,631 million for the year ended 31 December 2014 to EUR 6,054 million for the year ended 31 December 2015. The gains and losses resulting from cash flows and the remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole in order to give a fair representation of the profit or loss resulting from trading activities.

The change in the net gain on financial instruments designated as at fair value through profit or loss is partly attributable to the change in the issuer risk of the BNP Paribas Group from a loss of EUR 277 million for the year ended 31 December 2014 to a gain of EUR 266 million for the year ended 31 December 2015. The other components of income from items designated as at fair value through profit or loss are partly offset by changes in the value of the derivative instruments hedging these assets.

The residual change in net gains on portfolios of financial assets and financial liabilities at fair value through profit or loss is due to the combination of a decrease in equity financial instruments and an increase in net gains on interest-rate and credit financial instruments.

NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

This line item includes net gain on assets classified as available-for-sale. Changes in fair value (excluding interest due) of these assets are initially accounted for under Change in assets and liabilities recognised directly in equity. Upon sale of such assets or identification of an impairment loss, these unrealised gains or losses are recognised in the profit and loss account under Net gain on available-for-sale financial assets and other financial assets not measured at fair value.

This line item also includes gains and losses on the sale of other financial assets not measured at fair or model value.

The net gain on available-for-sale financial assets and other financial assets not measured at fair value decreases by EUR 484 million between the year ended 31 December 2014 and the year ended 31 December 2015. This decrease is due to a cumulated decrease of EUR 482 million in the net gain on variable-income financial assets and EUR 2 million in the net gain on fixed-income financial assets.

NET INCOME FROM OTHER ACTIVITIES

This line item consists, among others, of net income from insurance activities, investment property, assets leased under operating leases, and property development activities. Net income from other activities increased by 8% from EUR 4,861 million for the year ended 31 December 2014 to EUR 5,231 million for the year ended 31 December 2015. This change results primarily from an increase of EUR 308 million in the insurance activities, and an increase of EUR 145 million in net income from assets under operating leases, partly offset by a decline of EUR 104 million in other net income.

The principal components of net income from insurance activities are gross premiums written, movements in technical reserves, policy benefit expenses, and changes in the value of admissible investments related to unit-linked contracts. Claims and benefits expenses include expenses arising from surrenders, maturities, and claims relating to insurance contracts, as well as changes in the value of financial contracts (in particular unit-linked contracts). Interest paid on such contracts is recognised under Interest expenses.

The change in net income from insurance activities is mainly due to the decrease in the expense related to technical reserves from -EUR 8,051 million in 2014 to -EUR 7,024 million in 2015, offset by the increase in policy benefit expenses, which rose from -EUR 14,295 million in 2014 to -EUR 14,763 million in 2015 and by the decrease in net gains from changes in value of admissible investments related to unit-linked policies from EUR 2,513 million in 2014 to EUR 2,143 million in 2015. Gross premiums written remain stable, from EUR 23,588 million in 2014 to EUR 23,633 million in 2015.

OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014[1]	Change (2015/2014)
Operating expenses	(27,600)	(24,958)	11%
Depreciation, amortisation, and impairment of property, plant and equipment and intangible assets	(1,654)	(1,566)	6%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(29,254)**	**(26,524)**	**10%**

(1) Data for the year ended 31 December 2014 have been restated according to the IFRIC 21 interpretation (see notes 1.a and 2 to the consolidated financial statements).

Operating expenses, depreciation and amortisation increased by 10% from EUR 26,524 million in 2014 to EUR 29,254 million in 2015.

GROSS OPERATING INCOME

The Group's gross operating income rose by 8% to EUR 13,684 million for the year ended 31 December 2015 (compared with EUR 12,644 million for the year ended 31 December 2014), mainly due to the 10% increase in revenues, partly offset by a 10% increase in general expenses.

COST OF RISK

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014	Change (2015/2014)
Net allowances to impairment	(3,739)	(3,501)	7%
Recoveries on loans and receivables previously written off	589	482	22%
Irrecoverable loans and receivables not covered by impairment provisions	(647)	(686)	-6%
TOTAL COST OF RISK FOR THE PERIOD	**(3,797)**	**(3,705)**	**2%**

This line item represents the net amount of impairment losses recognised for credit risks inherent in the Group's intermediation activities, as well as any impairment losses relating to counterparty risks on over-the-counter derivative instruments.

At EUR 3,797 million, the Group's cost of risk increased by 2% compared with 2014.

The increase in the cost of risk in 2015 compared with 2014 stemmed mainly from the contribution of International Financial Services (IFS), with net allowances to impairment which amount to EUR 1,722 million in 2015 (compared with EUR 1,511 million in 2014, a 14% increase mainly due to the impact of two acquisitions made in 2014 – BGZ BNP Paribas at Europe-Mediterranean and LaSer at Personal Finance), and of Corporate & Institutional Banking (CIB), particularly in Global Markets, with net allowances to impairment which amount to EUR 79 million in 2015 (compared with net impairment reversals of EUR 50 million in 2014).

This increase is partly offset by the decrease in Domestic Markets net allowances to impairment (including 100% of Private Banking), which amounted to EUR 1,812 million in 2015 (compared with EUR 2,074 million in 2014). Within Domestic Markets, the cost of risk decreases mainly in BNL banca commerciale with net allowances to impairment of EUR 1,248 million in 2015, compared with EUR 1,398 million in 2014.

At 31 December 2015, doubtful loans and commitments net of guarantees totalled EUR 30.7 billion, stable from EUR 31.5 billion at 31 December 2014, and provisions amounted to EUR 26.9 billion, compared with EUR 27.2 billion at 31 December 2014. The coverage ratio was 88% at 31 December 2015, compared with 87% at 31 December 2014.

More details on the net additions to provisions for each business are available in the section *Core business results*.

OPERATING INCOME

In 2014, the Group's financial statements included the costs related to the comprehensive settlement with US authorities in the amount of EUR 6 billion.

In 2015, the Group reassessed the costs related to the remediation plan and recognised an additional allowance of EUR 100 million (see note 3.g of the consolidated financial statements).

In total, operating income amounted to EUR 9,787 million (compared with EUR 2,939 million in 2014).

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014 (1)	Change (2015/2014)
OPERATING INCOME	**9,787**	**2,939**	**n.s**
Share of earnings of equity-method entities	589	407	45%
Net gain on non-current assets	996	155	n.s
Goodwill	(993)	(351)	n.s
Corporate income tax	(3,335)	(2,643)	26%
Net income attributable to minority interests	(350)	(350)	0%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**6,694**	**157**	**n.s**

(1) Data for the year ended 31 December 2014 have been restated according to the IFRIC 21 interpretation (see notes 1.a and 2 to the consolidated financial statements).

SHARE OF EARNINGS OF EQUITY-METHOD ENTITIES

The share of earnings of equity-method entities increased from EUR 407 million in 2014 to EUR 589 million in 2015.

NET GAIN ON NON-CURRENT ASSETS

This item includes net realised gains or losses on sales of tangible and intangible assets used in operations and on sales of investments in consolidated undertakings. Net gains on other non-current assets increased by EUR 841 million (EUR 996 million in 2015, compared with EUR 155 million in 2014), and include a EUR 123 million dilution capital gain due to the merger between Klépierre and Corio, and a EUR 716 million capital gain from the sale of the stake in Klépierre-Corio.

CHANGE IN VALUE OF GOODWILL

Change in the value of goodwill was a negative EUR 993 million in 2015 (including the full goodwill impairment of BNL banca commerciale for EUR 917 million), compared with a negative change of EUR 351 million in 2014.

INCOME TAX EXPENSE

The Group recorded income tax expense of EUR 3,335 million in 2015, an increase compared with the income tax expense of EUR 2,643 million recorded in 2014.

MINORITY INTERESTS

The share of earnings attributable to minority interests in consolidated companies amounted to EUR 350 million, and was stable compared with 2014.

3.5 Recent events

PRODUCTS AND SERVICES

BNP Paribas regularly introduces new products and services for its customers. More information is available on the Group's websites, including in the press releases available at www.invest.bnpparibas.com.

ACQUISITIONS AND PARTNERSHIPS

No significant event has occurred since the fourth update to the 2014 Registration document issued on 28 December 2015, that should be mentioned in this section.

3.6 Outlook

GROUP OUTLOOK: THE 2014-2016 BUSINESS DEVELOPMENT PLAN

The Group's good overall performance this year illustrates the satisfactory progress of the 2014-2016 business development plan. Since the beginning of the plan, the average annual revenue growth of the operating divisions was 5.5%[(1)]: +1.4% for Domestic Markets[(1)], +9.0% for IFS[(1)] and +7.4% for CIB[(1)]. The Group thus confirmed its return on equity target for 2016 (10% ROE calculated on 10% CET1 ratio) and is going to prepare this year a new medium-term plan for 2017 to 2020.

CORE BUSINESSES' OUTLOOK: 2016 ACTION PLANS

DOMESTIC MARKETS

Medium-Term Ambition of Domestic Markets

There are structural changes in the Domestic Markets environment related to digital technologies: evolving customer behaviours and expectations, and arrival of new competition. At the same time, regulatory changes and the low rate environment put pressure on operating performances. In order to address these challenges, the operating division will implement a certain number of transformation actions.

It will capitalise on BNP Paribas' differentiating capabilities: its multi-channel integrated distribution model, the ongoing optimisation of the geographical footprint of the Domestic Markets networks and the modernisation of the branch formats, the success of Hello bank! and the capacity to swiftly roll out technological innovations throughout the Group.

Domestic Markets will therefore focus in the coming years on more digitalisation and on more customisation. The operating division will offer more digitalised and differentiated service models. It will reinvent customer journeys to provide a more effortless and value-added client experience tailored to the client needs end-to-end. It will focus on enhanced customer knowledge to optimise commercial proactivity and reactivity. It will boost digital sales and clients acquisition in particular by offering the possibility to subscribe to all products on line. Lastly, it will develop comprehensive service offerings (like the new Arval Active Link offering that bundles a range of optional services) and will enrich the product offering through innovation.

INTERNATIONAL FINANCIAL SERVICES

2016 action plan of International Financial Services

International Financial Services will continue its growth policy in 2016. The division will rely on new partnerships in particular at Personal Finance, in key sectors (automobile, distribution, etc.), and in Insurance. It will strengthen cross-selling, in particular with CIB for Europe-Mediterranean and BancWest, as well as with the Group's banking networks for its specialised businesses. It will continue the optimisation of the client experience for all segments and the development of private banking as well as its selective growth in certain target countries.

The business unit will expand digitalisation in all the business units, in particular by accelerating the expansion of mobile and digital banking, including in new countries, and focusing on innovative solution offerings.

Lastly, International Financial Services will continue the industrialisation of platforms in order to enhance operating efficiency. It will finalise the integrations of LaSer (Personal Finance) and BGZ Bank (Poland) and continue adapting to regulatory changes.

(1) 2013-2015 compounded annual growth rate.

CORPORATE AND INSTITUTIONAL BANKING (CIB)

CIB's 2016-2019 Transformation Plan

Leveraging a solid and profitable platform, with a business model serving two well-balanced client franchises (corporates and institutionals), CIB is now gaining market shares in a context of the retrenching of certain peers. The division is generating best in class profitability among its European peers. Well-integrated and with the right size within the Group's businesses, the division built itself up through organic growth, cross-selling with the rest of the Group and within CIB being at the heart of the business model. Disciplined and agile, the division managed to adapt very quickly to Basel 3 by sizeably reducing its risk-weighted assets as early as 2011-2012. In connection with its continuous adaptation, it substantially reduced its leverage exposure this year (-15.6% compared to 2014). Since 2013, it has been reducing the Energy and Commodities business, now repositioned and rightsized. Since the end of 2014, the business unit has implemented a new organisation to speed up its evolution.

However, a new step in CIB's adaptation is now needed in order to cope with new constraints. Some of them are already partly incurred by the Group and not yet allocated to businesses (contribution to the Single Resolution Fund, increased CET1 ratio requirement), others are headwinds from upcoming regulatory changes (review of risk-weighted assets and models, etc.) the magnitude and timing of which are still uncertain. To cope with these new constraints, CIB announces therefore the implementation of a transformation plan whose target is to generate 8 points of return on equity by 2019[(1)] (target to be fine-tuned and extended to 2020 within the Group's upcoming 2017-2020 plan).

This transformation is based on three levers across all regions and business units. "Focus" aims at freeing up capital and balance sheet to fuel targeted growth by reducing unproductive assets and rightsizing some businesses, countries and client portfolios, to be able at the same time to capture market growth in profitable future segments and increase market share from retreating peers. The target is a gross reduction of risk-weighted assets by EUR 20 billion (EUR 10 billion net of reinvestments). The goal of "Improve" is to optimise the operating model through its industrialisation in order to generate EUR 1 billion in cost savings by 2019. All regions, businesses and functions will contribute and 200 projects have thus been identified to reach this target. Lastly, "Grow" aims at implementing targeted growth initiatives, by developing in particular businesses that use less capital and generate fees (businesses that handle client transactions – Securities Services, Transaction Banking, Cash Management where CIB has strong positions – and advisory businesses), by capitalising on the strong positions in derivatives, by developing digital platforms and leveraging targeted geographical initiatives. Adapted to regional positioning, the objective of this ambitious transformation of CIB is to strengthen its European leadership, capitalise on long-term regional growth in Asia-Pacific and better align the platform in the Americas with the Group's strategy and clients.

On the whole, CIB's objective is to adapt to the regulatory constraints with a drive that would provide, excluding headwinds, an annual average revenue growth of 4% between 2015 and 2019, an improvement of the cost/income ratio by 8 points and EUR 1.6 billion of additional pre-tax income compared to 2015.

TREND INFORMATION

Trend information *(Macroeconomic environment and Laws and regulations applicable to financial institutions)* is described in the *Top and emerging risks* sub-section, in the *Risks and capital adequacy* chapter.

(1) Before taxes, calculated on the basis of actual allocated equity to operating divisions (9%).

3.7 Financial structure

The Group has a strong balance sheet that the increasing regulatory requirements have continued to further strengthen.

The fully loaded Basel 3 common equity Tier 1 ratio[1] stood at 10.9% as at 31 December 2015, up by 60 basis points compared to 31 December 2014 essentially due to the 2015 results after taking into account the dividend payment.

The Basel 3 fully loaded leverage ratio[2], calculated on total Tier 1 capital[3], totalled 4.0% as at 31 December 2015, up by 40 basis points compared to 31 December 2014, due in particular to the higher common equity Tier 1 capital and the reduction of the leverage exposure in capital market activities.

The Liquidity Coverage Ratio came to 124% as at 31 December 2015.

The Group's liquid and asset reserve immediately available[4] totalled EUR 266 billion (compared to EUR 260 billion as at 31 December 2014), which is equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

The evolution of the Group's ratios illustrates its solid organic capital generation and its ability to manage its balance sheet according to regulatory changes.

Evolution of the CET1, Total Capital and TLAC Ratios by 2019

Following the notification by the ECB of the 2015 Supervisory Review and Evaluation Process (SREP), the capital requirement (CET1 ratio) that the Group must respect on a consolidated basis was set at 10.0% in 2016, including the G-SIB buffer of 0.5%. The anticipated level of fully-loaded Basel 3 CET1 ratio requirement is thus 11.5% in 2019 given the gradual phasing-in of the G-SIB buffer to 2% in 2019.

The Group plans to reach this CET1 ratio level by mid-2017 thanks to its organic capital generation and active capital management policy (about 35 basis points per year) and the sale or initial public offering of First Hawaiian Bank that could raise the CET1 ratio by 40 basis points[5].

Hereafter, the objective of BNP Paribas is to achieve a fully loaded Basel 3 CET1 ratio of 12% as of 2018. This target is taking into account a 50 basis point management buffer, coherently with the Group's strong and recurring organic capital generation and the positive evolution of its ratio throughout the cycle.

The objective of BNP Paribas is a Total Capital ratio above 15% as at 1 January 2019, bringing the Total Capital to over EUR 100 billion at this date giving an excellent credit quality to the debt securities issued by the Group.

The Group's objective is hence to issue over the next 3 years[6] 1.5 to EUR 2 billion of Additional Tier 1 per year to achieve a target of 1.5% of risk-weighted assets and about 2 to EUR 3 billion of Tier 2 securities per year to achieve a target of approximately 2% of risk-weighted assets.

The Total Loss Absorbing Capacity (TLAC) ratio requirement is 20.5% as at 1 January 2019[7]. The objective of BNP Paribas is a 21.0% TLAC ratio at that date. The objective of the Group is to issue about 30 billion of TLAC eligible senior debt by 1 January 2019[7] (given the MREL level of 2.5% eligible for TLAC), which is equivalent to about EUR 10 billion per year, to be realised within the usual medium and long-term funding programme.

(1) Taking into account all the rules of the CRD 4 directives with no transitory provisions. Subject to the provisions of article 26.2 of Regulation (EU) n°. 575/2013.

(2) Taking into account all the rules of the CRD 4 directives at 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014.

(3) Including, as at 31 December 2014, the replacement of Tier 1 instruments that have become ineligible with equivalent eligible instruments.

(4) Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intradays payment systems needs.

(5) Subject to market conditions and regulatory authorisations.

(6) Subject to market conditions.

(7) Including the Conservation buffer and G-SIB buffer.

4 CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2015 and 31 December 2014. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2013 are provided in the Registration document filed with the Autorité des Marchés Financiers on 6 March 2015 under number D.15-0107.

4.1 Profit and loss account for the year ended 31 December 2015

In millions of euros	Notes	Year to 31 Dec. 2015	Year to 31 Dec. 2014[1]
Interest income	3.a	41,381	38,707
Interest expense	3.a	(18,828)	(18,388)
Commission income	3.b	13,335	12,661
Commission expense	3.b	(5,720)	(5,273)
Net gain on financial instruments at fair value through profit or loss	3.c	6,054	4,631
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	3.d	1,485	1,969
Income from other activities	3.e	38,289	35,760
Expense on other activities	3.e	(33,058)	(30,899)
REVENUES		**42,938**	**39,168**
Salary and employee benefit expense	7.a	(16,061)	(14,801)
Other operating expenses		(11,539)	(10,157)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(1,654)	(1,566)
GROSS OPERATING INCOME		**13,684**	**12,644**
Cost of risk	3.f	(3,797)	(3,705)
Costs related to the comprehensive settlement with US authorities	3.g	(100)	(6,000)
OPERATING INCOME		**9,787**	**2,939**
Share of earnings of equity-method entities	5.m	589	407
Net gain on non-current assets		996	155
Goodwill	5.o	(993)	(351)
PRE-TAX INCOME		**10,379**	**3,150**
Corporate income tax	3.h	(3,335)	(2,643)
NET INCOME		**7,044**	**507**
Net income attributable to minority interests		350	350
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**6,694**	**157**
Basic earnings/(losses) per share	8.a	5.14	(0.07)
Diluted earnings/(losses) per share	8.a	5.13	(0.07)

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).

4.2 Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014[1]
Net income for the period	**7,044**	**507**
Changes in assets and liabilities recognised directly in equity	**1,086**	**3,913**
Items that are or may be reclassified to profit or loss	**629**	**4,287**
Changes in exchange rate items	531	1,518
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	619	2,422
Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables	(441)	(880)
Changes in fair value of hedging instruments	(176)	704
Changes in fair value of hedging instruments reported in net income	(22)	18
Changes in equity-method investments	118	505
Items that will not be reclassified to profit or loss	**457**	**(374)**
Remeasurement gains (losses) related to post-employment benefit plans	455	(355)
Changes in equity-method investments	2	(19)
TOTAL	**8,130**	**4,420**
Attributable to equity shareholders	7,790	3,932
Attributable to minority interests	340	488

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).

4.3 Balance sheet at 31 December 2015

In millions of euros	Notes	31 December 2015	31 December 2014[(1)]
ASSETS			
Cash and amounts due from central banks		134,547	117,473
Financial instruments at fair value through profit or loss			
Trading securities	5.a	133,500	156,546
Loans and repurchase agreements	5.a	131,783	165,776
Instruments designated as at fair value through profit or loss	5.a	83,076	78,827
Derivative financial instruments	5.a	336,624	412,498
Derivatives used for hedging purposes	5.b	18,063	19,766
Available-for-sale financial assets	5.c	258,933	252,292
Loans and receivables due from credit institutions	5.f	43,427	43,348
Loans and receivables due from customers	5.g	682,497	657,403
Remeasurement adjustment on interest-rate risk hedged portfolios		4,555	5,603
Held-to-maturity financial assets	5.j	7,757	8,965
Current and deferred tax assets	5.k	7,865	8,628
Accrued income and other assets	5.l	108,018	110,088
Equity-method investments	5.m	6,896	7,371
Investment property	5.n	1,639	1,614
Property, plant and equipment	5.n	21,593	18,032
Intangible assets	5.n	3,104	2,951
Goodwill	5.o	10,316	10,577
TOTAL ASSETS		**1,994,193**	**2,077,758**
LIABILITIES			
Due to central banks		2,385	1,680
Financial instruments at fair value through profit or loss			
Trading securities	5.a	82,544	78,912
Borrowings and repurchase agreements	5.a	156,771	196,733
Instruments designated as at fair value through profit or loss	5.a	53,118	57,632
Derivative financial instruments	5.a	325,828	410,250
Derivatives used for hedging purposes	5.b	21,068	22,993
Due to credit institutions	5.f	84,146	90,352
Due to customers	5.g	700,309	641,549
Debt securities	5.i	159,447	187,074
Remeasurement adjustment on interest-rate risk hedged portfolios		3,946	4,765
Current and deferred tax liabilities	5.k	2,993	2,920
Accrued expenses and other liabilities	5.l	88,629	87,722
Technical reserves of insurance companies	5.p	185,043	175,214
Provisions for contingencies and charges	5.q	11,345	12,337
Subordinated debt	5.i	16,544	13,936
TOTAL LIABILITIES		**1,894,116**	**1,984,069**
CONSOLIDATED EQUITY			
Share capital, additional paid-in capital and retained earnings		*82,839*	*83,210*
Net income for the period attributable to shareholders		*6,694*	*157*
Total capital, retained earnings and net income for the period attributable to shareholders		**89,533**	**83,367**
Changes in assets and liabilities recognised directly in equity		6,736	6,091
Shareholders' equity		**96,269**	**89,458**
Retained earnings and net income for the period attributable to minority interests		3,691	4,098
Changes in assets and liabilities recognised directly in equity		117	133
Total minority interests		**3,808**	**4,231**
TOTAL CONSOLIDATED EQUITY		**100,077**	**93,689**
TOTAL LIABILITIES AND EQUITY		**1,994,193**	**2,077,758**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).

4.4 Cash flow statement for the year ended 31 December 2015

In millions of euros	Notes	Year to 31 Dec. 2015	Year to 31 Dec. 2014[(1)]
Pre-tax income		**10,379**	**3,150**
Non-monetary items included in pre-tax net income and other adjustments		**18,354**	**9,399**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,764	3,442
Impairment of goodwill and other non-current assets		989	361
Net addition to provisions		12,662	12,385
Share of earnings of equity-method entities		(589)	(407)
Net expense (income) from investing activities		(889)	47
Net expense from financing activities		2,545	40
Other movements		(128)	(6,469)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		**(8,408)**	**3,988**
Net increase (decrease) in cash related to transactions with credit institutions		(7,121)	10,875
Net increase (decrease) in cash related to transactions with customers		(1,780)	46,407
Net increase (decrease) in cash related to transactions involving other financial assets and liabilities		7,021	(48,000)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(4,153)	(2,911)
Taxes paid		(2,375)	(2,383)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**20,325**	**16,537**
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities		150	(1,331)
Net decrease related to property, plant and equipment and intangible assets		(1,756)	(1,727)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(1,606)**	**(3,058)**
Decrease in cash and equivalents related to transactions with shareholders		(645)	(1,715)
Decrease in cash and equivalents generated by other financing activities		(5,069)	(2,126)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(5,714)**	**(3,841)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**8,176**	**4,600**
NET INCREASE IN CASH AND EQUIVALENTS		**21,181**	**14,238**
Balance of cash and equivalent accounts at the start of the period		**111,993**	**97,755**
Cash and amounts due from central banks		117,473	100,787
Due to central banks		(1,680)	(662)
On demand deposits with credit institutions	5.f	7,924	7,239
On demand loans from credit institutions	5.f	(11,618)	(9,485)
Deduction of receivables and accrued interest on cash and equivalents		(106)	(124)
Balance of cash and equivalent accounts at the end of the period		**133,174**	**111,993**
Cash and amounts due from central banks		134,547	117,473
Due to central banks		(2,385)	(1,680)
On demand deposits with credit institutions	5.f	9,346	7,924
On demand loans from credit institutions	5.f	(8,527)	(11,618)
Deduction of receivables and accrued interest on cash and equivalents		193	(106)
NET INCREASE IN CASH AND EQUIVALENTS		**21,181**	**14,238**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).

4.5 Statement of changes in shareholders'

	Capital and retained earnings			
	Attributable to shareholders			
In millions of euros	Share capital and additional paid-in capital	Undated Super Subordinated Notes	Non-distributed reserves	Total
Capital and retained earnings at 31 December 2013 (before IFRIC 21)	**26,812**	**6,614**	**52,064**	**85,490**
Impact of IFRIC 21			49	49
Capital and retained earnings at 1 January 2014[1]	**26,812**	**6,614**	**52,113**	**85,539**
Appropriation of net income for 2013			**(1,866)**	**(1,866)**
Increases in capital and issues	53			53
Reduction or redemption of capital	(30)			(30)
Movements in own equity instruments	136	(25)	(121)	(10)
Share-based payment plans			19	19
Remuneration on preferred shares and undated super subordinated notes			(238)	(238)
Movements in consolidation scope impacting minority shareholders				
Acquisitions of additional interests or partial sales of interests (note 8.d)			12	12
Change in commitments to repurchase minority shareholders' interests			77	77
Other movements[1]			27	27
Changes in assets and liabilities recognised directly in equity[1]			(373)	(373)
Net income for 2014[1]			**157**	**157**
Capital and retained earnings at 31 December 2014[1]	**26,971**	**6,589**	**49,807**	**83,367**
Appropriation of net income for 2014			**(1,867)**	**(1,867)**
Increases in capital and issues	19	2,094		2,113
Reduction or redemption of capital		(862)	(29)	(891)
Movements in own equity instruments	(93)	34	(56)	(115)
Share-based payment plans			7	7
Remuneration on preferred shares and undated super subordinated notes			(257)	(257)
Impact of internal transactions on minority shareholders (note 8.d)			(2)	(2)
Movements in consolidation scope impacting minority shareholders			(2)	(2)
Acquisitions of additional interests or partial sales of interests (note 8.d)			(3)	(3)
Change in commitments to repurchase minority shareholders' interests			49	49
Other movements			(11)	(11)
Changes in assets and liabilities recognised directly in equity			451	451
Net income for 2015			**6,694**	**6,694**
Capital and retained earnings at 31 December 2015	**26,897**	**7,855**	**54,781**	**89,533**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).

equity between 1 Jan. 2014 and 31 Dec. 2015

Capital and retained earnings			Changes in assets and liabilities recognised directly in equity					
Minority interests			Attributable to shareholders					
Capital and retained earnings	Preferred shares eligible as Tier1 capital	Total	Exchange rates	Financial assets available for sale and reclassified as loans and receivables	Derivatives used for hedging purposes	Total	Minority interests	Total equity
3,528		3,528	(1,879)	3,010	812	1,943	(6)	90,955
1		1						50
3,529		3,529	(1,879)	3,010	812	1,943	(6)	91,005
(107)		(107)						(1,973)
								53
								(30)
								(10)
								19
(1)		(1)						(239)
367	73	440						440
21		21						33
(130)		(130)						(53)
(3)		(3)						24
(1)		(1)	1,588	1,855	705	4,148	139	3,913
350		350						507
4,025	73	4,098	(291)	4,865	1,517	6,091	133	93,689
(131)		(131)						(1,998)
								2,113
								(891)
								(115)
								7
(2)		(2)						(259)
2		2						-
(521)		(521)						(523)
(4)		(4)						(7)
(103)		(103)						(54)
(4)		(4)						(15)
6		6	616	201	(172)	645	(16)	1,086
350		350						7,044
3,618	73	3,691	325	5,066	1,345	6,736	117	100,077

4.6 Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

1.a ACCOUNTING STANDARDS

1.a.1 Applicable accounting standards

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

As of 1 January 2015, the Group has applied the IFRIC 21 "Levies" interpretation. As this interpretation has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2014 have been restated as presented in note 2.

The introduction of the other standards which are mandatory as of 1 January 2015 has no effect on the 2015 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union, whose application in 2015 was optional.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" and to insurance contracts as required by IFRS 4 "Insurance Contracts", along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" is presented in Chapter 5 of the Registration document. This information, which is an integral part of the notes to the BNP Paribas Group's consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word "Audited".

1.a.2 New accounting standards, published but not yet applicable

IFRS 9 "Financial Instruments", issued by the IASB in July 2014, will replace IAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments, for impairment for credit risk on financial assets and for general hedge accounting (i.e. micro hedging).

IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018 and must first be endorsed by the European Union for application in Europe.

According to IFRS 9, classification and measurement of financial assets will depend on the business model and the contractual characteristics of the instruments. On initial recognition, financial assets will be measured at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

Application of these two criteria may lead to different classification and measurement of some financial assets compared with IAS 39.

Investments in equity instruments such as shares will be classified as instruments at fair value through profit or loss, or, as an option, as instruments at fair value through shareholders' equity (on a separate line).

The only change introduced by IFRS 9 with respect to financial liabilities relates to recognition of changes in fair value attributable to changes in the credit risk of the liabilities designated as at fair value through profit or loss (fair value option), which will be recognised on a separate line in shareholders' equity and not through profit or loss.

IFRS 9 establishes a new credit risk impairment model based on expected losses.

Under the impairment model in IAS 39, an impairment loss is recognised when there is an objective evidence of a decrease in value. Counterparties that are not individually impaired are risk-assessed on the basis of portfolios with similar characteristics and groups of counterparties which, as a result of events occurring since inception of the loans present objective indication of impairment, are subject to a portfolio-based impairment. Moreover, the Group may recognise additional collective impairment with respect to a given economic sector or geographic area affected by exceptional economic events.

The new impairment model under IFRS 9 requires accounting for 12-month expected credit losses (that result from the risk of default in the next 12 months) on the financial instruments issued or acquired, as of the date of initial recognition on the balance sheet.

Expected credit losses at maturity (that result from the risk of default over the life of the financial instrument) must be recognised if the credit risk has increased significantly since initial recognition.

(1) The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

This model will apply to loans and debt instruments measured at amortised cost or at fair value through shareholders' equity (on a separate line), to loan commitments and financial guarantees not recognised at fair value, as well as to lease receivables.

The objective of the hedge accounting model under IFRS 9 is to better reflect risk management, especially by expanding the eligible hedging instruments and eliminating some overly prescriptive rules. On initial application of IFRS 9, the Group may choose either to apply the new hedge accounting provisions or to maintain the hedge accounting principles under IAS 39 until the new macro hedging standard comes into force.

IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions of IAS 39 for these portfolio hedges, as adopted by the European Union, will continue to apply.

The IFRS 9 implementation projects in the Group have started for each phase of the standard. At this stage, these projects focus mainly on analysing financial assets for the purposes of classification and defining the methodology for the new impairment model.

IFRS 15 Revenue from Contracts with Customers, issued in May 2014, will supersede a number of standards and interpretations on revenue recognition (in particular IAS 18 Revenue and IAS 11 Construction Contracts). This standard does not apply to revenues from lease contracts, insurance contracts or financial instruments. It is based on a five-step model framework to determine the timing and amount of recognition of revenue from ordinary activities. IFRS 15 is mandatory for annual periods beginning on or after 1 January 2018 and must first be endorsed by the European Union for application in Europe. The Group is in the process of analysing the standard and its potential impacts.

1.b CONSOLIDATION

1.b.1 Scope of consolidation

The consolidated financial statements of BNP Paribas include entities that are controlled by the Group, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if its contribution to the consolidated financial statements is below the following three thresholds: EUR 15 million of consolidated revenues, EUR 1 million of consolidated net income before tax, EUR 500 million of total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

1.b.2 Consolidation methods

Controlled enterprises are fully consolidated. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, the Group generally controls the entity if it directly or indirectly holds the majority of voting rights and if there are no other agreements altering the power of these voting rights.

Structured entities are defined as entities that are not governed by voting rights, such as when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, the Group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that the Group is acting on its own account and that it thus has control over those entities.

Where the Group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), the Group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under "Investments in equity-method entities" and in the relevant component of shareholders' equity. Goodwill on associates is also included under "Investments in equity-method entities".

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

If the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity are provided for only to the extent that the Group has a legal or constructive obligation to do so, or has made payments on behalf of this entity.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the Group.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at market value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by the Group is remeasured at its fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".

1.b.3 Consolidation procedures

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

Translation of financial statements expressed in foreign currencies

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Exchange rates" for the portion attributable to shareholders, and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative translation adjustment at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the interest percentage held change without any modification in the nature of the investment, the translation adjustment is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the enterprise is fully consolidated. For enterprises consolidated under the equity method, the portion related to the interest sold is recognised in the profit and loss account.

1.b.4 Business combinations and measurement of goodwill

Business combinations

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 is applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles of IFRS 3.

Measurement of goodwill

The BNP Paribas Group tests goodwill for impairment on a regular basis.

Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units[(1)] representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit less costs to sell, and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

1.c.1 Loans and receivables

Loans and receivables include credit provided by the Group, the Group's share in syndicated loans, and purchased loans that are not quoted in an active market, unless they are held for trading purposes. Loans that are quoted in an active market are classified as "Available-for-sale financial assets" and measured using the methods applicable to this category.

Loans and receivables are initially measured at fair value or equivalent, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees/commission included in the initial value of the loan, is calculated using the effective interest method and taken to profit or loss over the life of the loan.

(1) As defined by IAS 36.

Commission earned on financing commitments prior to the inception of a loan is deferred and included in the value of the loan when the loan is made.

Commission earned on financing commitments when the probability of drawdown is low, or when there is uncertainty as to the timing and amount of drawdowns, is recognised on a straight-line basis over the life of the commitment.

1.c.2 Regulated savings and loan contracts

Home savings accounts (*Comptes Épargne-Logement* – "CEL") and home savings plans (*Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set at the inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and products offered to individual clients in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte-Carlo method.

Where the sum of the Group's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

1.c.3 Securities

Categories of securities

Securities held by the Group are classified into one of four categories.

Financial assets at fair value through profit or loss

Apart from derivative instruments, financial assets at fair value through profit or loss are composed of:

- financial assets held for trading purposes;
- financial assets that the Group has designated, on initial recognition, at fair value through profit or loss using the fair value option available under IAS 39. The conditions for applying the fair value option are set out in section 1.c.11.

Securities in this category are measured at fair value at the balance sheet date. Transaction costs are directly posted in the profit and loss account. Changes in fair value (excluding accrued interest on fixed-income securities) are presented in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss", along with dividends from variable-income securities and realised gains and losses on disposal.

Income earned on fixed-income securities classified into this category is shown under "Interest income" in the profit and loss account.

Fair value incorporates an assessment of the counterparty risk on these securities.

Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss". These securities are measured and recognised as described in section 1.c.1.

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity" or "loans and receivables".

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the balance sheet date, they are remeasured at fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity. Upon disposal, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets". The same applies in the event of impairment.

Income recognised using the effective interest method for fixed-income available-for-sale securities is recorded under "Interest income" in the profit and loss account. Dividend income from variable-income securities is recognised under "Net gain/loss on available-for-sale financial assets" when the Group's right to receive payment is established.

Repurchase agreements and securities lending/ borrowing

Securities temporarily sold under repurchase agreements continue to be recorded in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category on the balance sheet except in the case of repurchase agreements contracted for trading purposes where the corresponding liability is classified under "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables" except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by the Group, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under "Financial liabilities at fair value through profit or loss".

Date of recognition for securities transactions

Securities classified as at fair value through profit or loss, held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (at fair value through profit or loss, loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date. For reverse repurchase agreements and repurchase agreements, a financing commitment, respectively given and received, is recognized between the trade date and the settlement date when the transactions are recognised, respectively, as "Loans and receivables" and "Liabilities". When reverse repurchase agreements and repurchase agreements are recognised, respectively, as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", the repurchase commitment is recognised as a derivative financial instrument.

Securities transactions are carried on the balance sheet until the Group's rights to receive the related cash flows expire, or until the Group has substantially transferred all the risks and rewards related to ownership of the securities.

1.c.4 Foreign currency transactions

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities[1] expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified under "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified under "Available-for-sale financial assets", unless the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in the profit and loss account.

1.c.5 Impairment and restructuring of financial assets

Doubtful assets

Doubtful assets are defined as assets where the Bank considers that there is a risk that the debtors will be unable to honour all or part of their commitments.

Impairment of loans and receivables and held-to-maturity financial assets, provisions for financing and guarantee commitments

An impairment loss is recognised against loans and held-to-maturity financial assets where (i) there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset; (ii) the event affects the amount or timing of future cash flows; and (iii) the consequences of the event can be reliably measured. Loans are initially assessed for evidence of impairment on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments given by the Group,

(1) Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

with the probability of drawdown taken into account in any assessment of financing commitments.

At an individual level, objective evidence that a financial asset is impaired includes observable data regarding the following events:

- the existence of accounts that are more than three months past due (six months past due for real estate loans and loans to local authorities);
- knowledge or indications that the borrower meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section "*Restructuring of assets classified as "Loans and receivables"*").

The amount of the impairment is the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, of those components (principal, interest, collateral, etc.) regarded as recoverable. Changes in the amount of impairment losses are recognised in the profit and loss account under "Cost of risk". Any subsequent decrease in an impairment loss that can be related objectively to an event occurring after the impairment loss was recognised is credited to the profit and loss account, also under "Cost of risk". Once an asset has been impaired, the theoretical income earned on the carrying amount of the asset calculated at the original effective interest rate used to discount the estimated recoverable cash flows is recognised under "Interest income" in the profit and loss account.

Impairment losses on loans and receivables are usually recorded in a separate provision account which reduces the amount for which the loan or receivable was recorded in assets upon initial recognition. Provisions relating to off-balance sheet financial instruments, financing and guarantee commitments or disputes are recognised in liabilities. Impaired receivables are written off in whole or in part and the corresponding provision is reversed for the amount of the loss when all other means available to the Bank for recovering the receivables or guarantees have failed, or when all or part of the receivables have been waived.

Counterparties that are not individually impaired are risk-assessed on a portfolio basis with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables the Group to identify groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are recognised in the profit and loss account under "Cost of risk".

Based on the experienced judgement of the Bank's divisions or Risk Management, the Group may recognise additional collective impairment provisions with respect to a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

Impairment of available-for-sale financial assets

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be impaired on a long term basis and is based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts the Group to carry out an additional individual qualitative analysis. This may lead to the recognition of an impairment loss calculated on the basis of the quoted price.

Apart from the identification criteria, the Group has determined three indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, another being a prolonged decline over two consecutive years and the final one being a decline on average of at least 30% over an observation period of one year. The Group believes that a period of two years is what is necessary for a moderate decline in price below the purchase cost to be considered as something more than just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years, but which represents a lasting phenomenon justifying an impairment.

A similar method is applied for variable-income securities not quoted in an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed based on the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined based on the quoted price. For all the others, it is determined based on model value.

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until these securities are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

Impairment losses taken against fixed-income securities are recognised under "Cost of risk", and may be reversed through the profit and loss account in the event of an increase in fair value that relates objectively to an event occurring after the last impairment was recognised.

Restructuring of assets classified as "Loans and receivables"

The restructuring of an asset classified in loans and receivables is considered to be a troubled debt restructuring when the Bank, for economic or legal reasons related to the borrower's financial difficulties, agrees to a modification of terms of the original transaction that it would not otherwise consider, resulting in the borrower's contractual obligation to the Bank, measured at present value, being reduced compared with the original terms.

At the time of restructuring, a discount is applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The decrease in the asset value is recognised in the profit and loss account under "Cost of risk".

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt (see note 1.c.14) and the assets received in settlement are recognised at their fair value on the settlement date. The difference in value is recognised in profit or loss under "Cost of risk".

1.c.6 Reclassification of financial assets

The only authorised reclassifications of financial assets are the following:

- for a non-derivative financial asset which is no longer held for the purposes of selling it in the near-term, out of "Financial assets at fair value through profit or loss" and into:
  - "Loans and receivables" if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity, or
  - other categories only under rare circumstances when justified and provided that the reclassified assets meet the conditions applicable to the host portfolio;
- out of "Available-for-sale financial assets" and into:
  - "Loans and receivables" with the same conditions as set out above for "Financial assets at fair value through profit or loss",
  - "Held-to-maturity financial assets," for assets that have a maturity, or "Financial assets at cost," for unlisted variable-income assets.

Financial assets are reclassified at fair value, or at the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applied to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from "Available-for-sale financial assets" to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

1.c.7 Issues of debt securities

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

Issues of debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable for or convertible into equity instruments of the Group are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

1.c.8 Own equity instruments and own equity instrument derivatives

The term "own equity instruments" refers to shares issued by the parent company (BNP Paribas SA) and by its fully consolidated subsidiaries. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset initially against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group's interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank must recognise the debt at its present value with an offsetting entry in equity.

1.c.9 Derivative instruments and hedge accounting

All derivative instruments are recognised in the balance sheet on the trade date at the transaction price, and are remeasured to fair value on the balance sheet date.

Derivatives held for trading purposes

Derivatives held for trading purposes are recognised in the balance sheet in "Financial assets at fair value through profit or loss" when their fair value is positive, and in "Financial liabilities at fair value through profit or loss" when their fair value is negative. Realised and unrealised gains and losses are recognised in the profit and loss account on the line "Net gain/loss on financial instruments at fair value through profit or loss".

Derivatives and hedge accounting

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation which details the hedging relationship, identifying the instrument, or portion of the instrument, or portion of risk that is being hedged, the hedging strategy and the type of risk hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union, which excludes certain provisions on portfolio hedging, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlyings;
- the hedging instruments used consist exclusively of "plain vanilla" swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlyings. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlyings specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value recognised in profit or loss in "Net gain/loss on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under "Remeasurement adjustment on interest rate risk hedged portfolios" in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Unrealised or deferred gains or losses". The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under "Net interest income" as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be currency derivatives or any other non-derivative financial instrument.

Embedded derivatives

Derivatives embedded in hybrid financial instruments are separated from the value of the host contract and accounted for separately as a derivative if the hybrid instrument is not recorded as a financial asset or liability at fair value through profit or loss, and if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

1.c.10 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities and other contracts within the scope of the standard relating to financial instruments with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices;
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets;
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This "Day One Profit" is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

1.c.11 Financial assets and liabilities designated as at fair value through profit or loss (fair value option)

Financial assets or financial liabilities may be designated on initial recognition as at fair value through profit or loss, in the following cases:

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- when a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

1.c.12 Income and expenses arising from financial assets and financial liabilities

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in "Available-for-sale financial assets" are recognised in the profit and loss account using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends on the nature of the service. Commission treated as an additional component of interest is included in the effective interest rate, and is recognised in the profit and loss account in "Net interest income". Commission payable or receivable on execution of a significant transaction is recognised in the profit and loss account in full on execution of the transaction, under "Commission income and expense". Commission payable or receivable for recurring services is recognised over the term of the service, also under "Commission income and expense".

Commission received in respect of financial guarantee commitments is regarded as representing the fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, under commission income in Revenues.

1.c.13 Cost of risk

Cost of risk includes movements in provisions for impairment of fixed-income securities and loans and receivables due from customers and credit institutions, movements in provisions for financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This caption also includes impairment losses recorded with respect to default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

1.c.14 Derecognition of financial assets and financial liabilities

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

1.c.15 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repurchase agreements and derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.

1.d ACCOUNTING STANDARDS SPECIFIC TO THE INSURANCE BUSINESS

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.d.1 Assets

Financial assets and non-current assets are accounted for using the policies described elsewhere in this note. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date with changes in fair value taken to profit or loss.

Financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss", and are stated at the realisable value of the underlying assets at the balance sheet date.

1.d.2 Liabilities

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies" and are comprised of liabilities relating to insurance contracts carrying a significant insurance risk (e.g., mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive a share of actual profits as a supplement to guaranteed benefits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured in reference to the fair value of the underlying assets at the balance sheet date.

The technical reserves of life insurance subsidiaries consist primarily of mathematical reserves, which generally correspond to the surrender value of the contract.

The benefits offered relate mainly to the risk of death (term life insurance, annuities, loan repayment, guaranteed minimum on unit-linked contracts) and, for borrowers' insurance, to disability, incapacity and unemployment risks. These types of risks are controlled by the use of appropriate mortality tables (certified tables in the case of annuity-holders), medical screening appropriate to the level of benefit offered, statistical monitoring of insured populations, and reinsurance programmes.

Non-life technical reserves include unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

The adequacy of technical reserves is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period. A capitalisation reserve is set up in individual statutory accounts on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, the bulk of this reserve is reclassified to "Policyholders' surplus" on the liabilities side of the consolidated balance sheet; a deferred tax liability is recognised on the portion taken to shareholders' equity.

This item also includes the policyholders' surplus reserve resulting from the application of shadow accounting. This represents the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets.

This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

1.d.3 Profit and loss account

Income and expenses arising on insurance contracts written by the Group are recognised in the profit and loss account under "Income from other activities" and "Expense on other activities".

Other insurance company income and expenses are included in the relevant profit and loss account item. Consequently, movements in the policyholders' surplus reserve are shown on the same line as gains and losses on the assets that generated the movements.

1.e PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date, with changes in fair value taken to profit or loss.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as the lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in "Net gain on non-current assets".

Gains and losses on disposals of investment property are recognised in the profit and loss account in "Income from other activities" or "Expense on other activities".

1.f LEASES

Group companies may either be the lessee or the lessor in a lease agreement.

1.f.1 Lessor accounting

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

Finance leases

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under "Interest income". The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor's balance sheet and depreciated on a straight-line basis over the lease term. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under "Income from other activities" and "Expense on other activities".

1.f.2 Lessee accounting

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

Finance leases

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. The lease obligation is accounted for at amortised cost.

Operating leases

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

1.g NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet, on the line "Liabilities associated with non-current assets held for sale".

Once classified in this category, non-current assets and groups of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the Group to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

Post-employment benefits

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under "Salaries and employee benefits", with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders' equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

1.i SHARE-BASED PAYMENTS

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment granted to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility to purchase specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee's continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee's continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the price value of BNP Paribas shares.

Share price-linked cash-settled deferred compensation plans

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

Share subscriptions or purchases offered to employees under the company savings plan

Share subscriptions or purchases offered to employees under the company savings plan (*Plan d'Épargne Entreprise*) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account when measuring the benefit to the employees, which is reduced accordingly. Therefore, the benefit equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

The cost of the mandatory five-year holding period is equivalent to the cost of a strategy involving the forward sale of shares subscribed at the time of the capital increase reserved for employees and the cash purchase of an equivalent number of BNP Paribas shares on the market, financed by a loan repaid at the end of a five-year period out of the proceeds from the forward sale transaction. The interest rate on the loan is the rate that would be applied to a five-year general purpose loan taken out by an individual with an average risk profile. The forward sale price for the shares is determined on the basis of market parameters.

1.j PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

1.k CURRENT AND DEFERRED TAXES

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

1.l CASH FLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

1.m USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in active markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "Available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.

Note 2 RETROSPECTIVE IMPACT OF THE IFRIC 21 INTERPRETATION

As of 1 January 2015, the Group has applied the IFRIC 21 "Levies" interpretation in the consolidated financial statements. As this interpretation has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2014 have been restated.

The IFRIC 21 interpretation provides guidance on the timing for recognising levies that are accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". These levies are mainly classified as other operating expenses in the profit and loss account. Income taxes and equivalent taxes that are within the scope of IAS 12 "Income Taxes" are excluded from the scope of this interpretation. The obligating event that gives rise to the recognition of a levy which is within the scope of IFRIC 21 is the activity that triggers the payment of the levy, as identified by the legislation. Thus, some levies which were previously recognised progressively over the fiscal year (such as the systemic risk contributions and the "Contribution Sociale de Solidarité" in France), have to be accounted for as at 1 January in their entirety.

As regards the profit and loss account for the year ended 31 December 2014, the application of IFRIC 21 led to a EUR 2 million decrease in other operating expenses.

As regards the balance sheet as at 1 January 2014, applying IFRIC 21 triggers an increase of EUR 49 million in the shareholders' equity attributable to shareholders, reflecting the derecognition of the French "*Contribution Sociale de Solidarité*", which was previously recognised as an expense in 2013, while it was payable in 2014. This increase in shareholders' equity is balanced by the EUR 76 million decrease in accrued expenses and the EUR 27 million decrease in deferred tax assets.

Note 3 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

3.a NET INTEREST INCOME

The BNP Paribas Group includes in "Interest income" and "Interest expense" all income and expense from financial instruments measured at amortised cost (interest, fees/commissions, transaction costs), and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. These amounts are calculated using the effective interest method. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Net gain/loss on financial instruments at fair value through profit or loss".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

In millions of euros	Year to 31 Dec. 2015			Year to 31 Dec. 2014		
	Income	Expense	Net	Income	Expense	Net
Customer items	**25,204**	**(7,498)**	**17,706**	**24,320**	**(8,025)**	**16,295**
Deposits, loans and borrowings	23,998	(7,438)	16,560	23,065	(7,902)	15,163
Repurchase agreements	38	(11)	27	25	(41)	(16)
Finance leases	1,168	(49)	1,119	1,230	(82)	1,148
Interbank items	**1,368**	**(1,305)**	**63**	**1,548**	**(1,391)**	**157**
Deposits, loans and borrowings	1,310	(1,165)	145	1,479	(1,257)	222
Repurchase agreements	58	(140)	(82)	69	(134)	(65)
Debt securities issued		**(1,805)**	**(1,805)**		**(2,023)**	**(2,023)**
Cash flow hedge instruments	**4,249**	**(3,334)**	**915**	**2,948**	**(2,565)**	**383**
Interest rate portfolio hedge instruments	**3,105**	**(3,409)**	**(304)**	**2,709**	**(2,909)**	**(200)**
Financial instruments at fair value through profit or loss	**2,231**	**(1,477)**	**754**	**1,678**	**(1,475)**	**203**
Fixed-income securities	1,406		1,406	944		944
Loans/borrowings	187	(348)	(161)	154	(273)	(119)
Repurchase agreements	638	(778)	(140)	580	(750)	(170)
Debt securities		(351)	(351)		(452)	(452)
Available-for-sale financial assets	**4,840**		**4,840**	**5,063**		**5,063**
Held-to-maturity financial assets	**384**		**384**	**441**		**441**
TOTAL INTEREST INCOME/(EXPENSE)	**41,381**	**(18,828)**	**22,553**	**38,707**	**(18,388)**	**20,319**

Interest income on individually impaired loans amounted to EUR 546 million in the year ended 31 December 2015 compared with EUR 574 million in the year ended 31 December 2014.

3.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 2,975 million and EUR 355 million respectively in 2015, compared with income of EUR 3,114 million and expense of EUR 334 million in 2014.

Net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 2,539 million in 2015, compared with EUR 2,304 million in 2014.

3.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial instruments at fair value through profit or loss includes all profit and loss items (including dividends) relating to financial instruments managed in the trading book and financial instruments that the Group has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in "Net interest income" (note 3.a).

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments whose changes in value may be compensated by changes in the value of economic hedging trading book instruments.

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Trading book	**2,622**	**3,641**
Interest rate and credit instruments	1,668	132
Equity financial instruments	3,416	4,092
Foreign exchange financial instruments	(1,707)	(60)
Other derivatives	(782)	(509)
Repurchase agreements	27	(14)
Financial instruments designated as at fair value through profit or loss	**3,352**	**980**
of which debt remeasurement effect arising from BNP Paribas Group issuer risk (note 5.d)	*266*	*(277)*
Impact of hedge accounting	**80**	**10**
Fair value hedging derivatives	609	2,148
Hedged items in fair value hedge	(529)	(2,138)
TOTAL	**6,054**	**4,631**

Net gains on the trading book in 2015 and 2014 include a non-material amount related to the ineffective portion of cash flow hedges.

3.d NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Loans and receivables, fixed-income securities(1)	**510**	**512**
Disposal gains and losses	510	512
Equities and other variable-income securities	**975**	**1,457**
Dividend income	580	534
Additions to impairment provisions	(333)	(210)
Net disposal gains	728	1,133
TOTAL	**1,485**	**1,969**

(1) Interest income from fixed-income financial instruments is included in "Net interest income" (note 3.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 3.f).

After the impact of insurance policyholders' surplus reserve, unrealised gains and losses previously recorded under "Changes in assets and liabilities recognised directly in shareholders' equity" and included in the pre-tax income, amount to a gain of EUR 635 million for the year ended 31 December 2015 compared with a net gain of EUR 1,046 million for the year ended 31 December 2014.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- EUR 40 million linked to a decline in price of more than 50% of the acquisition price (EUR 11 million in 2014);
- EUR 39 million linked to the observation of an unrealised loss over two consecutive years (EUR 9 million in 2014);
- EUR 9 million linked to the observation of an unrealised loss of at least an average of 30% over one year (EUR 1 million in 2014);
- EUR 28 million linked to an additional qualitative analysis (EUR 29 million in 2014).

3.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2015			Year to 31 Dec. 2014		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	29,184	(25,435)	3,749	27,529	(24,088)	3,441
Net income from investment property	74	(60)	14	78	(78)	-
Net income from assets held under operating leases	6,249	(5,019)	1,230	5,661	(4,576)	1,085
Net income from property development activities	1,031	(834)	197	929	(739)	190
Other net income	1,751	(1,710)	41	1,563	(1,418)	145
TOTAL NET INCOME FROM OTHER ACTIVITIES	**38,289**	**(33,058)**	**5,231**	**35,760**	**(30,899)**	**4,861**

➤ NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Gross premiums written	23,633	23,588
Policy benefit expenses	(14,763)	(14,295)
Changes in technical reserves	(7,024)	(8,051)
Change in value of admissible investments related to unit-linked policies	2,143	2,513
Reinsurance ceded	(320)	(394)
Other income and expense	80	80
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	**3,749**	**3,441**

"Policy benefit expenses" include expenses arising from surrenders, maturities and claims relating to insurance contracts. "Changes in technical reserves" reflect changes in the value of financial contracts, in particular unit-linked policies. Interest paid on such contracts is recognised in "Interest expense".

3.f COST OF RISK

"Cost of risk" represents the net amount of impairment losses recognised in respect to credit risks inherent in the Group's banking intermediation activities, plus any impairment losses in the cases of known counterparty risks on over-the-counter financial instruments.

Cost of risk for the period

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Net allowances to impairment	(3,739)	(3,501)
Recoveries on loans and receivables previously written off	589	482
Irrecoverable loans and receivables not covered by impairment provisions	(647)	(686)
TOTAL COST OF RISK FOR THE PERIOD	**(3,797)**	**(3,705)**

➤ COST OF RISK FOR THE PERIOD BY ASSET TYPE

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Loans and receivables due from credit institutions	(10)	48
Loans and receivables due from customers	(3,639)	(3,674)
Available-for-sale financial assets	(18)	(19)
Financial instruments of trading activities	(16)	32
Other assets	(17)	(7)
Commitments given and other items	(97)	(85)
TOTAL COST OF RISK FOR THE PERIOD	**(3,797)**	**(3,705)**
Cost of risk on a specific basis	*(3,961)*	*(4,135)*
Cost of risk on a collective basis	*164*	*430*

Credit risk impairment

➤ IMPAIRMENT VARIANCE DURING THE PERIOD

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
TOTAL IMPAIRMENT AT BEGINNING OF YEAR	**27,945**	**27,014**
Net allowance to impairment	3,739	3,501
Impairment provisions used	(4,342)	(3,146)
Effect of exchange rate movements and other items	334	576
TOTAL IMPAIRMENT AT END OF YEAR	**27,676**	**27,945**

➤ IMPAIRMENT BY ASSET TYPE

In millions of euros	31 December 2015	31 December 2014
Impairment of assets		
Loans and receivables due from credit institutions *(note 5.f)*	241	257
Loans and receivables due from customers *(note 5.g)*	26,194	26,418
Financial instruments of trading activities	141	132
Available-for-sale financial assets *(note 5.c)*	75	85
Other assets	50	39
Total impairment of financial assets	**26,701**	**26,931**
of which specific impairment	*23,200*	*23,248*
of which collective provisions	*3,501*	*3,683*
Provisions recognised as liabilities		
Provisions for commitments given		
to credit institutions	16	19
to customers	422	434
Other specific provisions	537	561
Total provisions recognised for credit commitments *(note 5.q)*	**975**	**1,014**
of which specific impairment for commitments given	*317*	*312*
of which collective provisions	*120*	*142*
TOTAL IMPAIRMENT AND PROVISIONS	**27,676**	**27,945**

3.g COSTS RELATED TO THE COMPREHENSIVE SETTLEMENT WITH US AUTHORITIES

On 30 June 2014, the Group has come to a comprehensive settlement of the pending investigation relating to US dollar transactions involving parties subject to US sanctions, including agreements with the US Department of Justice, the US Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the US Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the US Department of the Treasury's Office of Foreign Assets Control (OFAC).

The settlement includes guilty pleas entered into by BNP Paribas SA in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related recordkeeping. BNP Paribas also agrees to pay a total of USD 8.97 billion (EUR 6.55 billion). Beyond what had already been provisioned as at 31 December 2013 (EUR 0.8 billion), this resulted in an exceptional charge of EUR 5.75 billion recorded in the second quarter of 2014. An uncertainty remains regarding the fiscal rule that will apply eventually to the different Group entities involved in the settlement. BNP Paribas has also accepted a temporary suspension of one year, starting 1 January 2015, of the USD direct clearing focused mainly on the Oil & Gas Energy & Commodity Finance business line in certain locations.

BNP Paribas has worked with the US authorities to resolve these issues and the resolution of these matters was coordinated by its home regulator (*Autorité de contrôle prudentiel et de résolution* – ACPR) with its lead regulators. BNP Paribas maintains its licenses as part of the settlements.

In advance of the settlement, the bank designed new robust compliance and control procedures. They involve important changes to the Group's procedures. Specifically:

- a department called "Group Financial Security US", part of the "Group Compliance" function, is headquartered in New York and ensures that BNP Paribas complies globally with US regulation related to international sanctions and embargoes;
- all USD flows for the entire BNP Paribas Group will be ultimately processed and controlled via the branch in New York.

In 2014, the Group recorded a EUR 250 million provision for additional implementation costs related to the remediation plan agreed upon with US authorities, bringing the total costs related to the comprehensive settlement to EUR 6 billion for the year ended 31 December 2014.

In 2015, the Group reassessed the costs related to the remediation plan and recognised an additional allowance of EUR 100 million.

3.h CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France[(2)]	Year to 31 Dec. 2015		Year to 31 Dec. 2014[(1)]	
	in millions of euros	tax rate	in millions of euros	tax rate
Corporate income tax expense on pre-tax income at standard tax rate in France[(3)]	**(4,098)**	**38.0%**	**(1,176)**	**38.0%**
Impact of differently taxed foreign profits	450	-4.2%	483	-15.6%
Impact of dividends and securities disposals taxed at reduced rate	334	-3.1%	268	-8.7%
Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences)	7	-0.1%	87	-2.8%
Tax impact of using tax losses for which no deferred tax asset was previously recognised	30	-0.3%	28	-0.9%
Impact of the non-deduction of the costs related to the comprehensive settlement with US authorities	-	-	(2,185)	70.7%
Other items	(58)	0.6%	(148)	4.7%
Corporate income tax expense	**(3,335)**	**30.9%**	**(2,643)**	**85.4%**
of which				
Current tax expense for the year to 31 December	*(2,428)*		*(2,634)*	
Deferred tax expense for the year to 31 December (note 5.k)	*(907)*		*(9)*	

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).
(2) Including the 3.3% social security contribution tax and the exceptional 10.7% contribution calculated on French corporate tax at 33.33%, lifting it to 38%.
(3) Restated for the share of profits in equity-method entities and goodwill impairment.

Note 4 SEGMENT INFORMATION

The Group is composed of two operating divisions:

- Retail Banking and Services, which covers Domestic Markets and International Financial Services. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised Retail Banking divisions (Personal Investors, Leasing Solutions and Arval). International Financial Services is composed of all BNP Paribas Group Retail Banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States, as well as the Insurance activity and the Wealth and Asset Management activities (Wealth Management, Investment Partners and Real Estate);
- Corporate and Institutional Banking (CIB), which includes Corporate Banking (Europe, Middle East, Africa, Asia, Americas, and Corporate Finance activities), Global Markets (Fixed Income, Currency and Commodities, as well as Equity and Prime Services), and Securities Services to management companies, financial institutions and other corporations.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and certain investments.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities, have been allocated to the "Other Activities" segment. The same applies to transformation costs relating to the Group's cross-business savings programme (Simple and Efficient).

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 9% of weighted assets. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit or loss by core business.

So as to be comparable with 2015, the segment information for 2014 has been restated of the following main effects as if these had occurred from 1 January 2014:

1. In accordance with the new organisation announced by the Group on 5 February 2015, the restated quarterly series include the effect of the internal transfers of activities that have been made as of 1 January 2015, mainly:

- the transfer of Securities Services to Corporate and Institutional Banking;
- the transfer of Corporate Finance, previously part of Advisory and Capital Markets, to Corporate Banking;
- the creation, within Global Markets, of two new reporting segments, Fixed Income, Currency and Commodities (FICC) and Equity and Prime Services, after adjustment of the scope of activities.

  These changes do not affect the Group income but only its analytical breakdown.

2. As indicated in notes 1.a and 2 the Group has applied the IFRIC 21 "Levies" interpretation in the consolidated financial statements as of 1 January 2015.

➤ INCOME BY BUSINESS SEGMENT

In millions of euros	Year to 31 Dec. 2015							Year to 31 Dec. 2014[1]						
	Revenues	Operating expenses	Cost of risk	Exceptional costs[3]	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expenses	Cost of risk	Exceptional costs[3]	Operating income	Non-operating items	Pre-tax income
Retail Banking & Services														
Domestic Markets														
French Retail Banking[2]	**6,322**	(4,404)	(341)		**1,577**	3	**1,580**	**6,480**	(4,385)	(401)		**1,694**	2	**1,696**
BNL banca commerciale[2]	**3,051**	(1,830)	(1,248)		**(27)**	(1)	**(28)**	**3,158**	(1,738)	(1,397)		**23**		**23**
Belgian Retail Banking[2]	**3,388**	(2,357)	(86)		**945**	(9)	**936**	**3,227**	(2,350)	(129)		**748**	(10)	**738**
Other Domestic Markets activities[2]	**2,616**	(1,434)	(136)		**1,046**	21	**1,067**	**2,279**	(1,262)	(143)		**874**	(18)	**856**
International Financial Services														
Personal Finance	**4,744**	(2,291)	(1,176)		**1,277**	74	**1,351**	**4,103**	(1,962)	(1,095)		**1,046**	99	**1,145**
International Retail Banking														
Europe-Mediterranean[2]	***2,482***	*(1,707)*	*(466)*		***309***	*174*	***483***	***2,097***	*(1,461)*	*(357)*		***279***	*106*	***385***
BancWest[2]	***2,785***	*(1,856)*	*(50)*		***879***	*31*	***910***	***2,202***	*(1,424)*	*(50)*		***728***	*4*	***732***
Insurance	**2,304**	(1,160)	(5)		**1,139**	157	**1,296**	**2,180**	(1,081)	(6)		**1,093**	121	**1,214**
Wealth and Asset Management	**3,020**	(2,301)	(25)		**694**	46	**740**	**2,813**	(2,174)	(3)		**636**	75	**711**
Corporate & Institutional Banking														
Corporate Banking	**3,736**	(2,258)	(139)		**1,339**	162	**1,501**	**3,533**	(2,029)	(131)		**1,373**	14	**1,387**
Global Markets	**6,124**	(4,552)	(79)		**1,493**		**1,493**	**5,187**	(4,108)	50		**1,129**	6	**1,135**
Securities Services	**1,799**	(1,468)	5		**336**	(1)	**335**	**1,577**	(1,288)	5		**294**	8	**302**
Other Activities	**567**	(1,636)	(51)	(100)	**(1,220)**	(65)	**(1,285)**	**332**	(1,262)	(48)	(6,000)	**(6,978)**	(196)	**(7,174)**
TOTAL GROUP	**42,938**	**(29,254)**	**(3,797)**	**(100)**	**9,787**	**592**	**10,379**	**39,168**	**(26,524)**	**(3,705)**	**(6,000)**	**2,939**	**211**	**3,150**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).
(2) French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Turkey and the United States.
(3) Costs related to the comprehensive settlement with US authorities.

ASSETS AND LIABILITIES BY BUSINESS SEGMENT

In millions of euros	31 December 2015		31 December 2014(1)	
	Asset	Liability	Asset	Liability
Retail Banking & Services				
Domestic Markets	409,243	409,515	394,508	410,197
French Retail Banking	158,579	165,318	155,839	164,674
BNL banca commerciale	73,850	55,169	73,993	66,135
Belgian Retail Banking	126,383	144,818	118,918	138,799
Other Domestic Markets activities	50,431	44,210	45,758	40,589
International Financial Services	420,915	390,116	390,855	363,612
Personal Finance	57,784	14,090	51,137	13,961
International Retail Banking	133,956	122,659	120,286	109,783
Europe-Mediterranean	*51,674*	*45,735*	*50,860*	*44,915*
BancWest	*82,282*	*76,924*	*69,426*	*64,868*
Insurance	211,172	205,092	201,498	196,801
Wealth and Asset Management	18,003	48,275	17,934	43,067
Corporate and Institutional Banking	**1,084,212**	**1,027,433**	**1,218,867**	**1,149,343**
Other Activities	**79,823**	**167,129**	**73,528**	**154,606**
TOTAL GROUP	**1,994,193**	**1,994,193**	**2,077,758**	**2,077,758**

(1) *Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).*

Information by business segment relating to goodwill is presented in note 5.o Goodwill.

Information by geographic area

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes, adjusted as per the managerial origin of the business activity. It does not necessarily reflect the counterparty's nationality or the location of operational businesses.

REVENUES BY GEOGRAPHIC AREA

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014(1)
Europe	31,484	29,644
North America	5,067	4,041
Asia & Pacific	3,223	2,713
Others	3,164	2,770
TOTAL GROUP	**42,938**	**39,168**

(1) *Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).*

ASSETS AND LIABILITIES, IN CONTRIBUTION TO THE CONSOLIDATED ACCOUNTS, BY GEOGRAPHIC AREA

In millions of euros	31 December 2015	31 December 2014(1)
Europe	1,565,574	1,622,887
North America	231,988	250,880
Asia & Pacific	143,390	151,481
Others	53,241	52,510
TOTAL GROUP	**1,994,193**	**2,077,758**

(1) *Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).*

Note 5 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2015

5.a FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions – including derivatives – and certain assets and liabilities designated by the Group as at fair value through profit or loss at the time of acquisition or issuance.

In millions of euros	31 December 2015		31 December 2014	
	Trading book	Instruments designated as at fair value through profit or loss	Trading book	Instruments designated as at fair value through profit or loss
Securities portfolio	133,500	83,043	156,546	78,563
Loans and repurchase agreements	131,783	33	165,776	264
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**265,283**	**83,076**	**322,322**	**78,827**
Securities portfolio	82,544		78,912	
Borrowings and repurchase agreements	156,771	2,384	196,733	2,009
Debt securities *(note 5.i)*		46,330		48,171
Subordinated debt *(note 5.i)*		1,382		1,550
Debt representative of shares of consolidated funds held by third parties		3,022		5,902
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**239,315**	**53,118**	**275,645**	**57,632**

Detail of these assets and liabilities is provided in note 5.d.

Financial instruments designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss

Assets designated by the Group as at fair value through profit or loss mainly include admissible investments related to unit-linked insurance policies and the insurance general fund, and to a lesser extent, assets with embedded derivatives that have not been separated from the host contract.

Admissible investments related to unit-linked insurance policies include securities issued by the Group's consolidated entities, which are not eliminated upon consolidation in order to keep the figures shown in respect of the assets invested under these contracts at the same level as the technical reserves set aside in respect of the corresponding policyholder liabilities. The fixed-income securities (certificates and Euro Medium Term Notes) not eliminated upon consolidation amounted to EUR 588 million at 31 December 2015 compared with EUR 700 million at 31 December 2014, and variable-income securities (shares mainly issued by BNP Paribas SA) amounted to EUR 89 million at 31 December 2015 compared with EUR 137 million at 31 December 2014. Eliminating these securities would not have a material impact on the financial statements for the period.

Financial liabilities designated as at fair value through profit or loss

Financial liabilities at fair value through profit or loss mainly consist of debt securities in issue, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of debt securities in issue contain significant embedded derivatives, whose changes in value may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 31 December 2015 was EUR 51,325 million (EUR 51,592 million at 31 December 2014).

Derivative financial instruments

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in "ordinary" instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS. This applies in particular to credit derivative transactions which are primarily contracted to protect the Group's loan book.

In millions of euros	31 December 2015		31 December 2014	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	239,249	220,780	295,651	280,311
Foreign exchange derivatives	44,200	44,532	57,211	62,823
Credit derivatives	14,738	14,213	18,425	18,054
Equity derivatives	31,077	40,242	33,112	41,838
Other derivatives	7,360	6,061	8,099	7,224
DERIVATIVE FINANCIAL INSTRUMENTS	**336,624**	**325,828**	**412,498**	**410,250**

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

In millions of euros	31 December 2015			31 December 2014		
	Organised markets(1)	Over-the-counter	Total	Organised markets(1)	Over-the-counter	Total
Interest rate derivatives	13,257,587	8,434,019	21,691,606	18,427,162	13,000,642	31,427,804
Foreign exchange derivatives	59,113	3,184,346	3,243,459	28,833	3,443,439	3,472,272
Credit derivatives	155,129	968,859	1,123,988	590,153	1,210,331	1,800,484
Equity derivatives	808,325	651,221	1,459,546	773,280	643,631	1,416,911
Other derivatives	113,251	30,267	143,518	89,464	79,431	168,895
DERIVATIVE FINANCIAL INSTRUMENTS	**14,393,405**	**13,268,712**	**27,662,117**	**19,908,892**	**18,377,474**	**38,286,366**

(1) Of which 90% of over-the-counter derivatives cleared through central clearing houses.

5.b DERIVATIVES USED FOR HEDGING PURPOSES

The table below shows the fair value of derivatives used for hedging purposes.

In millions of euros	31 December 2015		31 December 2014	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	**15,071**	**17,905**	**15,976**	**19,326**
Interest rate derivatives	15,071	17,897	15,976	19,321
Foreign exchange derivatives		8		5
Cash flow hedges	**2,888**	**3,162**	**3,704**	**3,664**
Interest rate derivatives	2,766	3,034	3,607	3,555
Foreign exchange derivatives	109	124	71	102
Other derivatives	13	4	26	7
Net foreign investment hedges	**104**	**1**	**86**	**3**
Foreign exchange derivatives	104	1	86	3
DERIVATIVES USED FOR HEDGING PURPOSES	**18,063**	**21,068**	**19,766**	**22,993**

The total notional amount of derivatives used for hedging purposes stood at EUR 993,828 million at 31 December 2015, compared with EUR 920,215 million at 31 December 2014.

5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

In millions of euros	31 December 2015			31 December 2014		
	Net	of which impairment	of which changes in value taken directly to equity	Net	of which impairment	of which changes in value taken directly to equity
Fixed-income securities	**239,899**	**(75)**	**13,554**	**234,032**	**(85)**	**15,761**
Treasury bills and government bonds	131,269	(4)	8,559	123,405	(4)	8,869
Other fixed-income securities	108,630	(71)	4,995	110,627	(81)	6,892
Equities and other variable-income securities	**19,034**	**(3,090)**	**4,238**	**18,260**	**(2,953)**	**3,833**
Listed securities	5,595	(836)	1,583	5,273	(945)	1,707
Unlisted securities	13,439	(2,254)	2,655	12,987	(2,008)	2,126
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**258,933**	**(3,165)**	**17,792**	**252,292**	**(3,038)**	**19,594**

The gross amount of impaired fixed-income securities is EUR 131 million at 31 December 2015 (EUR 201 million at 31 December 2014).

The Visa Europe shares, included in the unlisted variable-income securities, have been remeasured through shareholders' equity, for EUR 430 million, to take into account the terms of the agreement of acquisition by Visa Inc. The remeasured value was calculated by applying a 25% discount to the estimated sale price, composed of a cash amount and preferred shares.

This discount is representative of the following valuation uncertainties:

- the definitive closing of the transaction, subject to approvals by European authorities;
- the definitive breakdown of the sale price between sellers;
- the liquidity of preferred shares;
- the assessment of litigation related to Visa Europe's activity.

This agreement includes a clause of earn-out payable after the fourth anniversary of the closing, This earn-out has not been taken into account in the valuation of Visa Europe shares as at 31 December 2015.

Changes in value taken directly to equity are detailed as follows:

In millions of euros	31 December 2015			31 December 2014		
	Fixed-income securities	Equities and other variable-income securities	Total	Fixed-income securities	Equities and other variable-income securities	Total
Non-hedged changes in value of securities, recognised in "Available-for-sale financial assets"	**13,554**	**4,238**	**17,792**	**15,761**	**3,833**	**19,594**
Deferred tax linked to these changes in value	(4,548)	(856)	(5,404)	(5,281)	(842)	(6,123)
Insurance policyholders' surplus reserve from insurance entities, after deferred tax	(6,960)	(1,119)	(8,079)	(8,257)	(1,072)	(9,329)
Group share of changes in value of available-for-sale securities owned by equity-method entities, after deferred tax and insurance policyholders' surplus reserve	889	92	981	884	84	968
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(39)		(39)	(74)		(74)
Other variations	(55)	(7)	(62)	(52)	14	(38)
Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified as loans and receivables"	**2,841**	**2,348**	**5,189**	**2,981**	**2,017**	**4,998**
Attributable to equity shareholders	2,735	2,331	5,066	2,859	2,006	4,865
Attributable to minority interests	106	17	123	122	11	133

➤ MATURITY SCHEDULE OF AVAILABLE-FOR-SALE FIXED-INCOME SECURITIES BY CONTRACTUAL MATURITY

In millions of euros, at 31 December 2015	< 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed-income securities	11,348	9,924	17,900	85,614	115,113	**239,899**

In millions of euros, at 31 December 2014	< 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed-income securities	19,107	10,624	14,477	78,455	111,369	**234,032**

5.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Valuation process

BNP Paribas has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value and additional valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Additional valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market. When valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

Fair value generally equals the economic value, subject to limited additional adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main additional valuation adjustments are presented in the section below.

Additional valuation adjustments

Additional valuation adjustments retained by BNP Paribas for determining fair values are as follows:

- ***Bid/offer adjustments***: the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

  BNP Paribas assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

- ***Input uncertainty adjustments***: when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

- ***Model uncertainty adjustments***: these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.

- ***Credit valuation adjustment (CVA)***: the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas may not receive the full fair value of the transactions.

  In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the determination of CVA remains judgemental due to:

  - the possible absence or lack of price discovery in the inter-dealer market,
  - the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour, and
  - the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

- ***Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment – DVA):*** OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, on respectively the value of debt securities designated as at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 416 million as at 31 December 2015, compared with an increase in value of EUR 682 million as at 31 December 2014, i.e. a EUR 266 million variation recognised in net gain on financial instruments at fair value through profit or loss (note 3.c).

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (note 1.c.10), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- securitised exposures are further broken down by collateral type;
- for derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

	31 December 2015											
	Trading book				Instruments designated as at fair value through profit or loss				Available-for-sale financial assets			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities portfolio	**102,232**	**29,517**	**1,751**	**133,500**	**67,177**	**12,123**	**3,743**	**83,043**	**204,988**	**44,625**	**9,320**	**258,933**
Treasury bills and government bonds	48,509	4,632		53,141	1,849			1,849	125,702	5,567		131,269
Asset Backed Securities[(1)]	-	12,059	1,329	13,388	-	-	-	-	-	3,312	7	3,319
CDOs/CLOs[(2)]		*832*	*1,305*	*2,137*				-		*16*		*16*
Other Asset Backed Securities		*11,227*	*24*	*11,251*				-		*3,296*	*7*	*3,303*
Other fixed-income securities	12,531	10,889	238	23,658	1,405	4,949	77	6,431	71,220	32,400	1,691	105,311
Equities and other variable-income securities	41,192	1,937	184	43,313	63,923	7,174	3,666	74,763	8,066	3,346	7,622	19,034
Loans and repurchase agreements	**-**	**130,928**	**855**	**131,783**	**-**	**33**	**-**	**33**				
Loans		433		433		33		33				
Repurchase agreements		130,495	855	131,350				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**102,232**	**160,445**	**2,606**	**265,283**	**67,177**	**12,156**	**3,743**	**83,076**	**204,988**	**44,625**	**9,320**	**258,933**
Securities portfolio	**75,894**	**6,231**	**419**	**82,544**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	55,724	1,383		57,107				-				
Other fixed-income securities	5,387	4,797	417	10,601				-				
Equities and other variable-income securities	14,783	51	2	14,836				-				
Borrowings and repurchase agreements	**-**	**154,499**	**2,272**	**156,771**	**-**	**2,296**	**88**	**2,384**				
Borrowings		3,893		3,893		2,296	88	2,384				
Repurchase agreements		150,606	2,272	152,878				-				
Debt securities (note 5.i)	**-**	**-**	**-**	**-**	**-**	**35,137**	**11,193**	**46,330**				
Subordinated debt (note 5.i)	**-**	**-**	**-**	**-**	**-**	**1,382**	**-**	**1,382**				
Debt representative of shares of consolidated funds held by third parties	**-**	**-**	**-**	**-**	**2,415**	**607**	**-**	**3,022**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**75,894**	**160,730**	**2,691**	**239,315**	**2,415**	**39,422**	**11,281**	**53,118**				

(1) These amounts do not represent the total amount of securitisation assets held by BNP Paribas, particularly those classified at inception as "Loans and Receivables", and those reclassified as presented in note 5.e.

(2) Collateralised Debt Obligations/Collateralised Loan Obligations.

												31 December 2014
	Trading book				Instruments designated as at fair value through profit or loss				Available-for-sale financial assets			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities portfolio	**119,509**	**33,221**	**3,816**	**156,546**	**63,888**	**11,872**	**2,803**	**78,563**	**190,828**	**52,231**	**9,233**	**252,292**
Treasury bills and government bonds	57,043	5,369		62,412	1,499	29		1,528	117,689	5,716		123,405
Asset Backed Securities[(1)]		11,684	2,165	13,849				-		3,691	232	3,923
CDOs/CLOs[(2)]		*199*	*2,140*	*2,339*				-		*141*	*224*	*365*
Other Asset Backed Securities		*11,485*	*25*	*11,510*				-		*3,550*	*8*	*3,558*
Other fixed-income securities	13,847	14,125	1,230	29,202	1,814	4,638	32	6,484	65,303	39,513	1,888	106,704
Equities and other variable-income securities	48,619	2,043	421	51,083	60,575	7,205	2,771	70,551	7,836	3,311	7,113	18,260
Loans and repurchase agreements	**-**	**160,228**	**5,548**	**165,776**	**-**	**264**	**-**	**264**				
Loans		684		684		264		264				
Repurchase agreements		159,544	5,548	165,092				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**119,509**	**193,449**	**9,364**	**322,322**	**63,888**	**12,136**	**2,803**	**78,827**	**190,828**	**52,231**	**9,233**	**252,292**
Securities portfolio	**74,857**	**3,823**	**232**	**78,912**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	57,064	655		57,719				-				
Other fixed-income securities	6,216	2,847	232	9,295				-				
Equities and other variable-income securities	11,577	321		11,898				-				
Borrowings and repurchase agreements	**-**	**182,733**	**14,000**	**196,733**	**-**	**1,921**	**88**	**2,009**				
Borrowings		4,131	5	4,136		1,921	88	2,009				
Repurchase agreements		178,602	13,995	192,597				-				
Debt securities (note 5.i)	**-**	**-**	**-**	**-**	**-**	**36,537**	**11,634**	**48,171**				
Subordinated debt (note 5.i)	**-**	**-**	**-**	**-**	**-**	**1,540**	**10**	**1,550**				
Debt representative of shares of consolidated funds held by third parties	**-**	**-**	**-**	**-**	**5,261**	**641**	**-**	**5,902**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**74,857**	**186,556**	**14,232**	**275,645**	**5,261**	**40,639**	**11,732**	**57,632**				

(1) These amounts do not represent the total amount of securitisation assets held by BNP Paribas, particularly those classified at inception as "Loans and Receivables", and those reclassified as presented in note 5.e.

(2) Collateralised Debt Obligations/Collateralised Loan Obligations.

In millions of euros	31 December 2015							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	626	232,907	5,716	239,249	704	217,611	2,465	220,780
Foreign exchange derivatives		44,178	22	44,200	1	44,456	75	44,532
Credit derivatives		13,677	1,061	14,738		13,022	1,191	14,213
Equity derivatives	5,646	23,845	1,586	31,077	5,824	29,547	4,871	40,242
Other derivatives	913	6,367	80	7,360	853	4,894	314	6,061
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**7,185**	**320,974**	**8,465**	**336,624**	**7,382**	**309,530**	**8,916**	**325,828**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**18,063**	**-**	**18,063**	**-**	**21,068**	**-**	**21,068**

In millions of euros	31 December 2014							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	280	288,004	7,367	295,651	349	275,690	4,272	280,311
Foreign exchange derivatives	4	56,931	276	57,211	5	62,792	26	62,823
Credit derivatives		17,183	1,242	18,425		16,579	1,475	18,054
Equity derivatives	5,415	25,997	1,700	33,112	5,671	31,116	5,051	41,838
Other derivatives	1,375	6,718	6	8,099	1,071	5,730	423	7,224
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**7,074**	**394,833**	**10,591**	**412,498**	**7,096**	**391,907**	**11,247**	**410,250**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**19,766**	**-**	**19,766**	**-**	**22,993**	**-**	**22,993**

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the end of the reporting period.

During 2015, transfers between Level 1 and Level 2 were not significant.

Description of main instruments in each level

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies.

For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options,...). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

Level 2

The Level 2 stock of securities is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

Repurchase agreements are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral.

Debts issued designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

Derivatives classified in Level 2 comprise mainly the following instruments:

- vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/ commodities forwards and options;
- structured derivatives such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

Derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- fair value is derived from more complex or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an "observability zone" whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable additional valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

Level 3

Level 3 securities of the trading book mainly comprise CLOs and CDOs of ABSs linked to legacy activity. Other Level 3 securities designated as at fair value through profit or loss or classified as available for sale comprise units of funds and unquoted equity shares.

CLOs represent the large majority of the Level 3 trading book stock. Fair value is determined using a methodology that takes into consideration both the available external indicative prices as well as discounted expected cash flows. Constant prepayment rates are amongst the main unobservable inputs required to model the underlying pool of cash flow payments. Other unobservable inputs are related to the cash/synthetic funding basis and the discounting margin.

CDOs of ABSs collateral pools comprise Commercial Real Estate Loans, Commercial Mortgage Backed Securities – CMBSs and Residential Mortgage Backed Securities – RMBSs. The fair value of CDOs is based on a "liquidation approach" and a "discounted expected cash flow" approach, depending on the distressed nature of the collateral.

For RMBSs, prices are obtained to a large extent from external sources, while for Commercial Real Estate Loans prices are independently valued by an external provider.

The Discounted Expected Cash flow approach for CDOs takes in consideration both an internal and an external independent set of hypotheses to derive expectations about the underlying cash flow payments. Such cash flow expectations are then passed through the CDO waterfall modelled in external platforms, allowing deriving cash flow expectations of the considered CDO tranche. Similarly to the above, fair value requires assumptions about the cash/synthetic funding basis and a discount margin.

Fund units relate to real estate funds for which the valuation of the underlying investments is not frequent, as well as hedge funds for which the observation of the net asset value is not frequent.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value, presented as unlisted securities in note 5.c, but which are classified in the Level 1 of the fair value hierarchy.

Repurchase agreements**: **mainly long-term or structured repurchase agreements on corporate bonds and ABSs: The valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as the implied basis of the relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Additional valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

Debts issued designated as at fair value through profit or loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

Derivatives

Vanilla derivatives are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- ***Interest rate derivatives***: exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques.
- ***Credit derivatives (CDS)***: exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium.

- ***Equity derivatives***: exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

These vanilla derivatives are subject to additional valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

Complex derivatives classified in Level 3 predominantly comprise hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures, related valuation techniques and associated source of uncertainty are as follows:

- ***Complex interest rate options*** are classified in Level 3 when they involve currencies where there is not sufficient observation or when they include a quanto feature where the pay-off is measured with a forex forward fixed rate (except for the main currencies). Long term complex derivatives are also classified in Level 3;
- ***Hybrid FX/Interest rate products*** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC). The valuation of PRDCs requires complex modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/interest rate correlations. PRDCs valuations are corroborated with recent trade data and consensus data;
- ***Securitisation swaps*** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data;
- ***Forward volatility options*** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data;
- ***Inflation derivatives*** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration;
- the valuation of ***bespoke CDOs*** requires correlation of default events. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling;
- ***N to Default baskets*** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions. Linear baskets are considered observable;
- ***Equity and equity-hybrid correlation products*** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These complex derivatives are subject to specific additional valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

Valuation adjustments (CVA, DVA and FVA)

The additional valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant. Are particularly concerned some insufficiently collateralized vanilla interest rate instruments with very long residual maturity.

For these products classified in Level 3, the following table provides the range of values of main unobservable inputs. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

Risk classes	Balance Sheet valuation *(in millions of euros)* Asset	Liability	Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered	Main unobservable inputs for the product types considered	Range of unobservable input across Level 3 population considered	Weighted average
Cash instruments	1,305		Collateralised Loan Obligations (CLO) CDOs of ABSs (RMBSs, Commercial Real Estate Loans, CMBSs)	Combination of liquidation approach and discounted future cash flow approach	Discount margin	28 bp to 1,303 bp(1)	306 bp(a)
					Constant payment rate (CLOs)	0 to 10%	10%(b)
					Cash/synthetic funding basis (€)	5 bp to 6 bp	not meaningful
Repurchase agreements	855	2,272	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	0 bp to 113 bp	73 bp(c)
Interest rate derivatives	5,716	2,465	Hybrid Forex/Interest rates derivatives	Hybrid Forex interest rate option pricing model	Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY	13% to 56%	41%(c)
			Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	0.8% to 11.1%	(d)
					Volatility of the year on year inflation rate	0.3% to 1.7%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3% to 0.7%	(d)
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modelling Discounted cash flows	Constant prepayment rates	0.0% to 40%	10%(c)
Credit Derivatives	1,061	1,191	Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Base correlation curve for bespoke portfolios	20% to 99%	(d)
					Inter-regions default cross correlation	70% to 90%	80%(a)
					Recovery rate variance for single name underlyings	0 to 25%	(d)
			N-to-default baskets	Credit default model	Default correlation	50% to 91%	58%(c)
			Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	110 bp to 245 bp(2)	181 bp(a)
					Illiquid credit default spread curves (across main tenors)	5 bp to 1,338 bp(3)	180 bp(a)
Equity Derivatives	1,586	4,871	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	0% to 94%(4)	28%(e)
					Unobservable equity correlation	25% to 98%	65%(a)

(1) The lower part of the range is relative to short-dated securities, while the upper relates to US CDOs of ABSs, which are not significant to the balance sheet since their prices are close to zero. Removing these outliers, the discount margin would range from 28bp to 745bp.
(2) The upper part of the range relates to non-material balance sheet and net risk position on a European corporate. The other part relates mainly to sovereign issuers.
(3) The upper bound of the range relates to an energy sector issuer that represents an insignificant portion of the balance sheet on CDSs with illiquid underlying. Removing this issuer which has the highest spread, the upper bound of the range would be 830bp.
(4) The upper part of the range relates to 3 equity instruments representing a non-material portion of the balance sheet on options with equity underlying instruments. Removing this outlier, the upper bound of the range would be around 80%.
(a) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (PV or notional).
(b) The upper bound of the range relates to CLOs which represent the large majority of the exposures.
(c) Weights based on relevant risk axis at portfolio level.
(d) No weighting since no explicit sensitivity is attributed to these inputs.
(e) Simple averaging.

Table of movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 1 January 2014 and 31 December 2015:

	Financial Assets				Financial Liabilities		
In millions of euros	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	Total	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Total
AT 31 DECEMBER 2013	**14,237**	**2,859**	**7,680**	**24,776**	**(16,896)**	**(10,123)**	**(27,019)**
Purchases	8,725	2,743	3,532	**15,000**			-
Issues				-	(12,622)	(4,506)	**(17,128)**
Sales	(1,459)	(2,562)	(1,266)	**(5,287)**			-
Settlements(1)	(7,727)	(233)	(1,262)	**(9,222)**	3,838	2,507	**6,345**
Transfers to level 3	3,204		90	**3,294**	(2,188)	(4,178)	**(6,366)**
Transfers from level 3	(3,106)	(122)	(409)	**(3,637)**	332	4,197	**4,529**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	132	48	(87)	**93**	880	239	**1,119**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	5,302	70	(8)	**5,364**	2,127	313	**2,440**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	647		151	**798**	(950)	(181)	**(1,131)**
Changes in fair value of assets and liabilities recognised in equity			812	**812**			-
AT 31 DECEMBER 2014	**19,955**	**2,803**	**9,233**	**31,991**	**(25,479)**	**(11,732)**	**(37,211)**
Purchases	4,818	4,161	2,019	**10,998**			-
Issues				-	(2,128)	(9,021)	**(11,149)**
Sales	(2,291)	(3,470)	(1,292)	**(7,053)**			-
Settlements(1)	(11,355)	(89)	(999)	**(12,443)**	15,159	8,519	**23,678**
Transfers to level 3	1,012	130	245	**1,387**	(463)	(1,607)	**(2,070)**
Transfers from level 3	(1,750)	(63)	(440)	**(2,253)**	1,440	2,464	**3,904**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	(1,778)	122	(162)	**(1,818)**	1,339	250	**1,589**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	1,834	149	(58)	**1,925**	(716)	83	**(633)**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	626		131	**757**	(759)	(237)	**(996)**
Changes in fair value of assets and liabilities recognised in equity			643	**643**			-
AT 31 DECEMBER 2015	**11,071**	**3,743**	**9,320**	**24,134**	**(11,607)**	**(11,281)**	**(22,888)**

(1) For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative.

Transfers out of Level 3 of derivatives at fair value include mainly the update of the observability tenor of certain yield curves, but also the effect of derivatives becoming only or mainly sensitive to observable inputs due to the shortening of their lifetime. The review of criteria for repurchase agreements allowed reclassifying as level 2 some agreements for which the valuation uncertainty is deemed to be immaterial.

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones.

Transfers have been reflected as if they had taken place at the end of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

Sensitivity of fair value to reasonably possible changes in level 3 assumptions

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the additional valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the additional credit valuation adjustment (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty additional adjustments related to Level 3.

Regarding the additional credit valuation adjustment (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard "Prudent Valuation" published by the European Banking Authority. For other additional adjustments, two scenarios were considered: a favourable scenario where all or portion of the additional valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require as much as twice the additional valuation adjustments considered by BNP Paribas for entering into a transaction.

	31 December 2015		31 December 2014	
In millions of euros	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Treasury bills and government bonds				
Asset Backed Securities (ABS)	+/-27		+/-43	+/-2
CDOs/CLOs	*+/-26*		*+/-43*	*+/-2*
Other Asset Backed Securities	*+/-1*			
Other fixed-income securities	+/-3	+/-17	+/-10	+/-19
Equities and other variable-income securities	+/-39	+/-76	+/-32	+/-71
Repurchase agreements	+/-14		+/-84	
Derivative financial instruments	+/-856		+/-1,076	
Interest rate derivatives	*+/-623*		*+/-831*	
Credit derivatives	*+/-45*		*+/-73*	
Equity derivatives	*+/-179*		*+/-135*	
Other derivatives	*+/-9*		*+/-37*	
SENSITIVITY OF LEVEL 3 FINANCIAL INSTRUMENTS	**+/-939**	**+/-93**	**+/-1,245**	**+/-92**

Deferred margin on financial instruments measured using techniques developed internally and based on inputs partly unobservable in active markets

Deferred margin on financial instruments ("Day One Profit") only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside additional valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable. The unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant complex transactions.

In millions of euros	Deferred margin at 31 December 2014	Deferred margin on transactions during the year	Margin taken to the profit and loss account during the year	Deferred margin at 31 December 2015
Interest rate derivatives	248	150	(82)	316
Credit derivatives	169	65	(115)	119
Equity derivatives	316	200	(203)	313
Other derivatives	18	6	(16)	8
Derivative financial instruments	**751**	**421**	**(416)**	**756**

5.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY RECOGNISED AS AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING PURPOSES OR AS AVAILABLE-FOR-SALE ASSETS

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as available-for-sale securities.

In millions of euros	Reclassification date	31 December 2015		31 December 2014	
		Carrying value	Market or model value	Carrying value	Market or model value
Structured transactions and other fixed-income securities from the available-for-sale portfolio		**562**	**696**	**700**	**869**
of which Portuguese sovereign securities	30 June 2011	333	388	419	495
of which Irish sovereign securities	30 June 2011	229	308	223	314
of which structured transactions and other fixed-income securities	30 June 2009	-	-	58	60
Structured transactions and other fixed-income securities from the trading portfolio	**1 October 2008/ 30 June 2009**	**1,395**	**1,388**	**1,979**	**1,970**

Without these reclassifications, the Group's net income would not have been significantly different for the year ended 31 December 2015, nor for the year ended 31 December 2014. Similarly, changes in value of assets and liabilities recognised directly in equity would not have been significantly different in 2015, nor in 2014.

5.f INTERBANK AND MONEY-MARKET ITEMS

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In millions of euros	31 December 2015	31 December 2014
On demand accounts	9,346	7,924
Loans[(1)]	31,780	33,010
Repurchase agreements	2,542	2,671
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT	**43,668**	**43,605**
of which doubtful loans	*355*	*439*
Impairment of loans and receivables due from credit institutions *(note 3.f)*	(241)	(257)
specific impairment	(203)	(230)
collective provisions	(38)	(27)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT	**43,427**	**43,348**

(1) *Loans and receivables due from credit institutions include term deposits made with central banks, which amounted to EUR 1,665 million as at 31 December 2015 (EUR 1,973 million as at 31 December 2014).*

DUE TO CREDIT INSTITUTIONS

In millions of euros	31 December 2015	31 December 2014
On demand accounts	8,527	11,618
Borrowings	70,109	72,956
Repurchase agreements	5,510	5,778
TOTAL DUE TO CREDIT INSTITUTIONS	**84,146**	**90,352**

5.g CUSTOMER ITEMS

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

In millions of euros	31 December 2015	31 December 2014
On demand accounts	46,790	58,444
Loans to customers	628,796	596,293
Repurchase agreements	5,448	1,832
Finance leases	27,657	27,252
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT	**708,691**	**683,821**
of which doubtful loans	*41,251*	*42,896*
Impairment of loans and receivables due from customers *(note 3.f)*	(26,194)	(26,418)
specific impairment	(22,730)	(22,762)
collective provisions	(3,464)	(3,656)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT	**682,497**	**657,403**

BREAKDOWN OF FINANCE LEASES

In millions of euros	31 December 2015	31 December 2014
Gross investment	31,400	31,061
Receivable within 1 year	*8,741*	*8,764*
Receivable after 1 year but within 5 years	*17,134*	*16,130*
Receivable beyond 5 years	*5,525*	*6,167*
Unearned interest income	(3,743)	(3,809)
Net investment before impairment	27,657	27,252
Receivable within 1 year	*7,728*	*7,765*
Receivable after 1 year but within 5 years	*14,994*	*14,041*
Receivable beyond 5 years	*4,935*	*5,446*
Impairment provisions	(1,058)	(1,038)
Net investment after impairment	26,599	26,214

DUE TO CUSTOMERS

In millions of euros	31 December 2015	31 December 2014
On demand deposits	399,364	350,502
Savings accounts	135,254	127,065
Term accounts and short-term notes	160,498	159,312
Repurchase agreements	5,193	4,670
TOTAL DUE TO CUSTOMERS	**700,309**	**641,549**

5.h PAST-DUE AND DOUBTFUL LOANS

The following tables present the carrying amounts of financial assets that are past due but not impaired and impaired assets and related collateral or other guarantees. The amounts shown are stated before any provision on a portfolio basis.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

➤ PAST-DUE BUT NOT IMPAIRED LOANS

In millions of euros	31 December 2015					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	168				168	315
Loans and receivables due from customers	13,960	395	211	136	14,702	7,793
TOTAL PAST-DUE BUT NOT IMPAIRED LOANS	**14,128**	**395**	**211**	**136**	**14,870**	**8,108**

In millions of euros	31 December 2014					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	140				140	90
Loans and receivables due from customers	15,587	418	289	255	16,549	8,437
TOTAL PAST-DUE BUT NOT IMPAIRED LOANS	**15,727**	**418**	**289**	**255**	**16,689**	**8,527**

DOUBTFUL LOANS

In millions of euros	31 December 2015			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) *(note 5.c)*	131	(75)	56	
Loans and receivables due from credit institutions *(note 5.f)*	355	(203)	152	303
Loans and receivables due from customers *(note 5.g)*	41,251	(22,730)	18,521	11,814
Doubtful assets	**41,737**	**(23,008)**	**18,729**	**12,117**
Financing commitments given	619	(32)	587	515
Guarantee commitments given	1,002	(285)	717	-
Off-balance sheet doubtful commitments	**1,621**	**(317)**	**1,304**	**515**
TOTAL	**43,358**	**(23,325)**	**20,033**	**12,632**

In millions of euros	31 December 2014			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) *(note 5.c)*	201	(85)	116	
Loans and receivables due from credit institutions *(note 5.f)*	439	(230)	209	109
Loans and receivables due from customers *(note 5.g)*	42,896	(22,762)	20,134	13,190
Doubtful assets	**43,536**	**(23,077)**	**20,459**	**13,299**
Financing commitments given	461	(32)	429	321
Guarantee commitments given	1,076	(280)	796	
Off-balance sheet doubtful commitments	**1,537**	**(312)**	**1,225**	**321**
TOTAL	**45,073**	**(23,389)**	**21,684**	**13,620**

5.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

➤ DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (NOTE 5.a)

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency *(millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment(1)	Amount(2) eligible to Tier 1	Amount(2) eligible to Tier 2	31 Dec. 2015	31 Dec. 2014
Debt securities									**46,330**	**48,171**
Subordinated debt							**198**	**269**	**1,382**	**1,550**
Redeemable subordinated debt			(3)				**-**	**249**	**473**	**733**
Perpetual subordinated debt							**198**	**20**	**909**	**817**
BNP Paribas Fortis Dec. 2007	EUR	3,000	Dec.-14	3-month Euribor +200 bp		A	198		889	780
Others								20	20	37

(1) Conditions precedent for coupon payment:
A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

(2) Given the eligibility criteria and prudential adjustments, including the own credit risk and amortisation of instruments.

(3) After agreement from the banking supervisory authority and at the issuer's initiative, these debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

The perpetual subordinated debt recognised at fair value through profit or loss mainly consists of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Banque) in December 2007.

The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.

Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.

On 7 May 2015, BNP Paribas and Ageas reached a new agreement which allows BNP Paribas to purchase outstanding CASHES under the condition that these are converted into Ageas shares, leading to a proportional settlement of the RPN. The agreement between Ageas and BNP Paribas will expire by year-end 2016.

BNP Paribas obtained the prior agreement from the European Central Bank to proceed to purchase of CASHES within a limit of EUR 200 million nominal amount.

As at 31 December 2015, due to this prior agreement, the subordinated liability is eligible to Tier 1 capital for EUR 198 million (during the transitional period).

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt designated as at fair value through profit or loss with a maturity at issuance of more than one year, by contractual maturity:

Maturity or call option date, *in millions of euros*	2016	2017	2018	2019	2020	2021-2025	After 2025	Total at 31 Dec. 2015
Medium- and long-term debt securities	11,894	6,255	5,141	4,367	5,944	8,487	4,242	46,330
Redeemable subordinated debt	19	271	45	-	67	30	41	473
TOTAL	**11,913**	**6,526**	**5,186**	**4,367**	**6,011**	**8,517**	**4,283**	**46,803**

Maturity or call option date, *in millions of euros*	2015	2016	2017	2018	2019	2020-2024	After 2024	Total at 31 Dec. 2014
Medium- and long-term debt securities	9,773	7,759	5,667	4,699	5,631	8,665	5,977	48,171
Redeemable subordinated debt	254	16	279	43	-	98	43	733
TOTAL	**10,027**	**7,775**	**5,946**	**4,742**	**5,631**	**8,763**	**6,020**	**48,904**

➤ DEBT SECURITIES MEASURED AT AMORTISED COST

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment(1)	Amount(2) eligible to Tier1	Amount(2) eligible to Tier2	31 December 2015	31 December 2014
Debt securities									159,447	187,074
Debt securities in issue with an initial maturity of less than one year									**80,488**	**95,673**
Negotiable debt securities									80,488	95,673
Debt securities in issue with an initial maturity of more than one year									**78,959**	**91,401**
Negotiable debt securities									70,918	80,079
Bonds									8,041	11,322
Subordinated debt							-	10,689	16,544	13,936
Redeemable subordinated debt			(3)				-	**9,870**	**14,700**	**12,095**
Undated subordinated notes			(3)				-	**597**	**1,613**	**1,607**
BNP Paribas SA Oct. 85	EUR	305	-	TMO -0.25%	-	B		254	254	254
BNP Paribas SA Sept. 86	USD	500	-	6-month Libor +0.075%	-	C		252	252	226
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov. -25	4.032%	3-month Euribor +393 bp	D			1,000	1,000
Others								91	107	127
Participating notes							-	**222**	**222**	**222**
BNP Paribas SA July 84(4)	EUR	337	-	(5)	-	NA		215	215	215
Others								7	7	7
Expenses and commission, related debt							-	-	**9**	**12**

(1) Conditions precedent for coupon payment.

B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.

(2) Given the eligibility criteria and prudential adjustments, including amortisation of instruments.

(3) See reference relating to "Debt securities at fair value through profit or loss".

(4) The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.

(5) Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

On 27 October 2014, BNP Paribas Fortis redeemed the perpetual subordinated notes issued in October 2004 for EUR 1 billion.

On 25 November 2014, BNP Paribas Cardif issued EUR 1 billion of undated subordinated notes.

On 20 January 2015, BancWest Corporation redeemed the USD 100 million redeemable subordinated notes issued in July 1997. Their euro-equivalent value as at 31 December 2014 was EUR 83 million and they were eligible to Tier 1.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt carried at amortised cost with a maturity at issuance of more than one year, by contractual maturity:

Maturity or call option date *In millions of euros*	2016	2017	2018	2019	2020	2021-2025	After 2025	Total at 31 Dec. 2015
Medium- and long-term debt securities	13,835	15,636	6,957	7,760	9,371	23,806	1,594	78,959
Redeemable subordinated debt	2,705	3,385	484	177	147	4,743	3,059	14,700
TOTAL	**16,540**	**19,021**	**7,441**	**7,937**	**9,518**	**28,549**	**4,653**	**93,659**

Maturity or call option date *In millions of euros*	2015	2016	2017	2018	2019	2020-2024	After 2024	Total at 31 Dec. 2014
Medium- and long-term debt securities	19,717	13,166	13,580	5,685	8,348	27,480	3,425	91,401
Redeemable subordinated debt	1,240	1,420	3,938	633	195	2,207	2,462	12,095
TOTAL	**20,957**	**14,586**	**17,518**	**6,318**	**8,543**	**29,687**	**5,887**	**103,496**

5.j HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2015	31 December 2014
Treasury bills and government bonds	7,587	8,836
Other fixed-income securities	170	129
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**7,757**	**8,965**

No held-to-maturity financial asset was impaired as at 31 December 2015, nor as at 31 December 2014.

➤ MATURITY SCHEDULE OF HELD-TO-MATURITY FINANCIAL ASSETS BY CONTRACTUAL MATURITY:

In millions of euros, at 31 December 2015	< 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Held-to-maturity financial assets	141	187	1,460	4,456	1,513	7,757

In millions of euros, at 31 December 2014	< 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Held-to-maturity financial assets	27	721	662	5,596	1,959	8,965

5.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2015	31 December 2014[(1)]
Current taxes	1,487	1,470
Deferred taxes	6,378	7,158
Current and deferred tax assets	**7,865**	**8,628**
Current taxes	826	794
Deferred taxes	2,167	2,126
Current and deferred tax liabilities	**2,993**	**2,920**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).

➤ CHANGE IN DEFERRED TAX OVER THE PERIOD

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014[(1)]
NET DEFERRED TAXES AT START OF PERIOD	**5,032**	**5,728**
Net losses arising from deferred taxes *(note 3.h)*	(907)	(9)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of available-for-sale financial assets, including those reclassified as loans and receivables	89	(842)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of cash flow hedge derivatives	14	(424)
Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss	(199)	143
Effect of exchange rate, scope and other movements	182	436
NET DEFERRED TAXES AT END OF PERIOD	**4,211**	**5,032**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).

BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY NATURE

In millions of euros	31 December 2015	31 December 2014[(1)]
Available-for-sale financial assets, including those reclassified as loans and receivables	(1,219)	(1,292)
Unrealised finance lease reserve	(629)	(571)
Provisions for employee benefit obligations	1,048	1,191
Provisions for credit risk	3,092	3,155
Other items	(166)	81
Tax loss carryforwards	2,085	2,468
NET DEFERRED TAXES	**4,211**	**5,032**
Deferred tax assets	6,378	7,158
Deferred tax liabilities	(2,167)	(2,126)

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).

Unrecognised deferred tax assets totalled EUR 2,177 million at 31 December 2015 compared with EUR 1,836 million at 31 December 2014.

In order to determine the size of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.

Main entities with deferred tax assets recognised on tax loss carryforwards:

In millions of euros	31 December 2015	Statutory time limit on carryforwards	Expected recovery period
BNP Paribas Fortis	1,590	unlimited	5 years
BNP Paribas Securities Japan Ltd	84	9 years	9 years
Others	411		
TOTAL DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS	**2,085**		

5.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2015	31 December 2014[1]
Guarantee deposits and bank guarantees paid	65,590	65,765
Settlement accounts related to securities transactions	11,798	12,703
Collection accounts	446	427
Reinsurers' share of technical reserves	2,909	2,782
Accrued income and prepaid expenses	5,062	5,520
Other debtors and miscellaneous assets	22,213	22,891
TOTAL ACCRUED INCOME AND OTHER ASSETS	**108,018**	**110,088**
Guarantee deposits received	50,284	41,936
Settlement accounts related to securities transactions	7,337	13,908
Collection accounts	1,085	1,004
Accrued expense and deferred income	7,697	8,030
Other creditors and miscellaneous liabilities	22,226	22,844
TOTAL ACCRUED EXPENSE AND OTHER LIABILITIES	**88,629**	**87,722**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).

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The movement in "Reinsurers' share of technical reserves" breaks down as follows:

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	**2,782**	**2,712**
Increase in technical reserves borne by reinsurers	484	415
Amounts received in respect of claims and benefits passed on to reinsurers	(358)	(347)
Effect of changes in exchange rates and scope of consolidation	1	2
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	**2,909**	**2,782**

5.m EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

	Year to 31 Dec.2015			31 December 2015	Year to 31 Dec.2014[1]			31 December 2014[1]
In millions of euros	Share of net income	Share of changes in assets and liabilities recognised directly in equity	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments	Share of net income	Share of changes in assets and liabilities recognised directly in equity	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments
Joint ventures	29	(38)	(9)	1,059	(26)	119	93	1,049
Associates[2]	560	158	718	5,837	433	367	800	6,322
TOTAL EQUITY-METHOD ENTITIES	**589**	**120**	**709**	**6,896**	**407**	**486**	**893**	**7,371**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).
(2) Including controlled but non material entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 8.h Other related parties.

The carrying amount of the Group's investment in the main joint ventures and associates is presented in the following table:

In millions of euros	Country of registration	Activity	31 December 2015		31 December 2014	
			Interest (%)	Equity-method investments	Interest (%)	Equity-method investments
JOINT VENTURES						
Bpost banque	Belgium	Retail Banking	50%	366	50%	405
Union de Creditos Inmobiliarios	Spain	Retail mortgage	50%	273	50%	283
ASSOCIATES						
AG Insurance	Belgium	Insurance	25%	1,695	25%	1,628
Klépierre	France	Shopping centre real estate	-	-	22%	880
Bank of Nanjing	China	Retail Banking	19%	1,308	16%	730

5.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2015			31 December 2014		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**1,895**	**(256)**	**1,639**	**1,871**	**(257)**	**1,614**
Land and buildings	7,676	(2,009)	5,667	7,364	(1,824)	5,540
Equipment, furniture and fixtures	7,061	(5,004)	2,057	6,989	(4,801)	2,188
Plant and equipment leased as lessor under operating leases	17,486	(4,959)	12,527	13,100	(4,037)	9,063
Other property, plant and equipment	2,406	(1,064)	1,342	2,340	(1,099)	1,241
PROPERTY, PLANT AND EQUIPMENT	**34,629**	**(13,036)**	**21,593**	**29,793**	**(11,761)**	**18,032**
Purchased software	3,270	(2,487)	783	3,036	(2,346)	690
Internally-developed software	4,051	(3,158)	893	3,713	(2,756)	957
Other intangible assets	1,832	(404)	1,428	1,668	(364)	1,304
INTANGIBLE ASSETS	**9,153**	**(6,049)**	**3,104**	**8,417**	**(5,466)**	**2,951**

Investment property

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with the life insurance business, are recorded in "Investment property".

The estimated fair value of investment property accounted for at amortised cost at 31 December 2015 is EUR 1,846 million, compared with EUR 1,808 million at 31 December 2014.

Operating leases

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2015	31 December 2014
Future minimum lease payments receivable under non-cancellable leases	**5,650**	**4,468**
Payments receivable within 1 year	*2,539*	*1,989*
Payments receivable after 1 year but within 5 years	*3,053*	*2,409*
Payments receivable beyond 5 years	*58*	*70*

Future minimum lease payments receivable under non-cancellable leases are payments that the lessee is required to make during the lease term.

Intangible assets

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.

Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ended 31 December 2015 was EUR 1,661 million, compared with EUR 1,551 million for the year ended 31 December 2014.

The net decrease in impairment on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2015 amounted to EUR 7 million, compared with a EUR 15 million increase for the year ended 31 December 2014.

5.o GOODWILL

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
CARRYING AMOUNT AT START OF PERIOD	**10,577**	**9,846**
Acquisitions	296	503
Divestments	(9)	(13)
Impairment recognised during the period	(993)	(351)
Exchange rate adjustments	440	594
Other movements	5	(2)
CARRYING AMOUNT AT END OF PERIOD	**10,316**	**10,577**
Gross value	13,031	12,284
Accumulated impairment recognised at the end of period	(2,715)	(1,707)

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised during the period		Acquisitions during the period	
	31 December 2015	31 December 2014	Year to 31 Dec. 2015	Year to 31 Dec. 2014	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Retail Banking & Services	**9,141**	**9,477**	**(993)**	**(351)**	**268**	**484**
Domestic Markets	**1,275**	**1,931**	**(917)**	**(297)**	**248**	**166**
Arval	581	317			245	
Italian Retail Banking		917	(917)	(297)		
Leasing Solutions	139	138				
Personal Investors	549	553			3	166
Others	6	6				
International Financial Services	**7,866**	**7,546**	**(76)**	**(54)**	**20**	**318**
Insurance	298	292			5	33
BancWest	4,581	4,125				
Bank BGŻ BNP Paribas	131	102			29	107
Investment Partners	177	169				
Personal Finance	1,291	1,376			(14)	178
Personal Finance – partnership tested individually	438	438		(51)		
Real Estate	377	375				
Turk Ekonomi Bankasi A.S	223	251				
Wealth Management	319	389	(76)	(3)		
Others	31	29				
Corporate & Institutional Banking	**1,172**	**1,097**	**-**	**-**	**28**	**19**
Corporate Banking	278	274				
Global Markets	433	408				19
Securities Services	461	415			28	
Other Activities	**3**	**3**				
TOTAL GOODWILL	**10,316**	**10,577**	**(993)**	**(351)**	**296**	**503**
CHANGE IN VALUE OF GOODWILL RECOGNISED IN THE PROFIT AND LOSS ACCOUNT			**(993)**	**(351)**		

The homogeneous groups of businesses to which goodwill is allocated are:

- **Arval**: Specialist in multi-brand full-service corporate vehicle leasing, Arval offers its customers tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management.
- **Italian Retail Banking**: BNL banca commerciale is Italy's 6th largest bank in terms of total assets and loans to customers. It provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified client base. BNL bc has a strong position in lending, especially residential mortgages. BNL bc also has a long-stand tradition in supporting large companies and local authorities, with a reputation in cross-border payments, project financing and structured finance, as well as factoring through its specialised subsidiary Ifitalia.
- **Leasing Solutions**: BNP Paribas Leasing Solutions uses a multi-channel approach (direct sales, sales *via* referrals, partnerships and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from equipment financing to fleet outsourcing.
- **Personal Investors**: BNP Paribas Personal Investors provides independent financial advice and a wide range of corporate and investment services to individual clients, mainly through digital channels. The business is mainly based in Germany (Consorsbank ! and DAB Bank), in France (Cortal Consors), in Austria (Hello bank!) and in Spain (Personal Investors).
- **Insurance**: BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services.

  BNP Paribas Cardif has developed new forms of insurance and extended its offer of protection to health insurance, budget insurance, revenue and means of payment insurance, warranty extensions, non-life insurance, unemployment insurance, return-to-work assistance, protection of private digital data, etc.

  BNP Paribas Cardif sells its products through the BNP Paribas Retail Banking channel, as well as the Partnerships channel and the Digital & Brokers channel.
- **BancWest**: In the United States, the Retail Banking business is conducted through Bank of the West and First Hawaiian Bank, subsidiaries of BancWest Corporation since 1998. Bank of the West markets a very broad range of retail banking products and services to individuals, small businesses and corporate clients, and has strong positions in certain niche lending markets. First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and corporates.
- **Bank BGŻ BNP Paribas**: Bank BGŻ is a universal commercial bank, one of the leading banks in Poland. Its merger in 2015 with BNP Paribas Bank Polska led to the creation of Bank BGŻ BNP Paribas. Through its network of 508 agencies, it offers services to retail and institutional clients, including a sizeable group of businesses in the food and agricultural sector.
- **Investment Partners**: BNP Paribas Investment Partners (BNPP IP) is the dedicated asset management business line of the BNP Paribas Group and offers a comprehensive range of asset management services to both private and institutional investors worldwide.

  As a "multi-local" asset manager, BNPP IP develops 3 activity lines: Institutional (European and global customised management solutions), Distributors (wide range of savings and services solutions adapted to the needs of distributors and their customers) and Asia Pacific & Emerging Markets (combining local asset management companies and global skills to meet the needs of both institutional investors and distributors in these regions).
- **Personal Finance**: BNP Paribas Personal Finance is the Group's consumer credit specialist. BNP Paribas Personal Finance operates in around 30 countries, and through brands such as Cetelem, Cofinoga, Findomestic and AlphaCredit, it provides a comprehensive range of consumer loans at point of sale (retail stores and car dealerships) and directly to clients either online or through its customer relation centres. The consumer credit business also operates within the Group's Retail Banking network in the emerging countries, through the "PF Inside" set-up. In Germany, Bulgaria, France, Hungary and Italy, the lending and insurance offer of Personal Finance has been complemented by savings products. It is also developing an active strategy of partnerships with retail chains, car manufacturers and dealers, web merchants and other financial institutions (banking and insurance).

  A partnership of the BNP Paribas Personal Finance homogeneous group is tested individually for impairment.
- **Real Estate**: BNP Paribas Real Estate ranks as Continental Europe's n°. 1 provider of real estate services to corporates and as one of France's leading players in residential property.
- **Turk Ekonomi Bankasi**: Present mostly in Turkey, Turk Ekonomi Bankasi offers its customers (Retail, Corporate and SME) a wide array of financial products and services, including retail and private banking, treasury and capital markets services, and financing.
- **Wealth Management**: BNP Paribas Wealth Management encompasses the private banking activities of BNP Paribas and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs.
- **Corporate Banking**: Corporate Banking comprises all financing products and services for corporate clients, corporate finance, from transaction banking (cash management, international trade finance and liquidity management) to financing solutions: vanilla lending, specialised financing (aircraft, shipping, real estate, export, leveraged financing, project, corporate acquisition financing and media telecom). This offer has been expanded with a line of products dedicated to the gathering of corporate deposits.
- **Global Markets**: Global Markets incudes Fixed Income, Currencies and Commodities (global player in credit, currency, interest-rate products and commodities), and Equity and Prime Services (division which offers equity, index and fund derivatives as well as financing solutions and an integrated equity brokerage platform, as well as primary equity capital market transactions).
- **Securities Services**: BNP Paribas Securities Services is one of the major global players in securities services and provides integrated solutions for all actors involved in the investment cycle, sell side, buy side and issuers.

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.

Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each homogeneous group of businesses based on the "Common Equity Tier One" regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies. For CGUs implemented in countries with high levels of inflation, a specific add-on is taken into account (calculated according to inflation rates disclosed by external sources).

The following table shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation: the cost of capital, the cost/income ratio in terminal value, the cost of risk in terminal value and the growth rate to perpetuity.

In consideration of the increased regulatory capital requirements for BNL, the goodwill allocated to the BNL bc homogeneous group (EUR 917 million as at 31 December 2014) has been impaired in its entirety. A EUR 297 million impairment allowance had been recognised in 2014.

➤ SENSITIVITY OF THE MAIN GOODWILL VALUATIONS TO A 10-BASIS POINT CHANGE IN THE COST OF CAPITAL, A 1% CHANGE IN THE COST/INCOME RATIO IN TERMINAL VALUE, A 5% CHANGE OF THE COST OF RISK IN TERMINAL VALUE AND A 50-BASIS POINT CHANGE IN THE GROWTH RATE TO PERPETUITY

In millions of euros	BancWest	Personal Finance
Cost of capital	**7.8%**	**9.4%**
Adverse change (+10 basis points)	(220)	(186)
Positive change (-10 basis points)	228	192
Cost/income ratio	**55.6%**	**46.4%**
Adverse change (+1%)	(440)	(554)
Positive change (-1%)	440	554
Cost of risk	**(357)**	**(1,435)**
Adverse change (+5%)	(145)	(433)
Positive change (-5%)	145	433
Growth rate to perpetuity	**2.0%**	**2.1%**
Adverse change (-50 basis points)	(550)	(487)
Positive change (+50 basis points)	653	558

For the BancWest and Personal Finance homogeneous groups of businesses, there would be no grounds for goodwill impairment even if the four most adverse scenarios contained in the table were applied to the impairment test.

5.p TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros	31 December 2015	31 December 2014
Liabilities related to insurance contracts	**135,664**	**128,396**
Gross technical reserves		
Unit-linked contracts	50,082	46,382
Other insurance contracts	85,582	82,014
Liabilities related to financial contracts with discretionary participation feature	**33,516**	**30,444**
Policyholders' surplus reserve – liability	**15,863**	**16,374**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**185,043**	**175,214**
Liabilities related to unit-linked financial contracts(1)	2,259	2,434
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	**187,302**	**177,648**

(1) Liabilities related to unit-linked financial contracts are included in "Due to customers" (note 5.g).

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 90% in 2015, unchanged from 2014.

The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
LIABILITIES RELATED TO INSURANCE CONTRACTS AT START OF PERIOD	**177,648**	**157,488**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	22,040	31,413
Claims and benefits paid	(14,874)	(14,339)
Effect of changes in value of admissible investments related to unit-linked business	2,143	2,513
Effect of movements in exchange rates	300	482
Effect of changes in the scope of consolidation	45	91
LIABILITIES RELATED TO INSURANCE CONTRACTS AT END OF PERIOD	**187,302**	**177,648**

See note 5.l for details of reinsurers' share of technical reserves.

5.q PROVISIONS FOR CONTINGENCIES AND CHARGES

➤ PROVISIONS FOR CONTINGENCIES AND CHARGES BY TYPE

In millions of euros	31 Dec. 2014	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 Dec. 2015
Provisions for employee benefits	**6,904**	**692**	**(695)**	**(391)**	**171**	**6,681**
of which post-employment benefits *(note 7.b)*	4,769	119	(129)	(368)	106	4,497
of which post-employment healthcare benefits *(note 7.b)*	165	5	(1)	(23)	4	150
of which provision for other long-term benefits *(note 7.c)*	1,086	213	(175)		58	1,182
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan *(note 7.d)*	382	36	(63)		(13)	342
of which provision for share-based payments *(note 7.e)*	502	319	(327)		16	510
Provisions for home savings accounts and plans	**137**	**32**	**-**		**-**	**169**
Provisions for credit commitments *(note 3.f)*	**1,014**	**74**	**(99)**		**(14)**	**975**
Provisions for litigations	**2,193**	**50**	**(686)**		**33**	**1,590**
Other provisions for contingencies and charges	**2,089**	**123**	**(303)**		**21**	**1,930**
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**12,337**	**971**	**(1,783)**	**(391)**	**211**	**11,345**

➤ PROVISIONS AND DISCOUNT FOR HOME SAVINGS ACCOUNTS AND PLANS

In millions of euros	31 December 2015	31 December 2014
Deposits collected under home savings accounts and plans	**17,429**	**16,287**
of which deposits collected under home savings plans	15,016	13,744
Aged more than 10 years	*3,424*	*3,840*
Aged between 4 and 10 years	*4,503*	*3,760*
Aged less than 4 years	*7,089*	*6,144*
Outstanding loans granted under home savings accounts and plans	**164**	**233**
of which loans granted under home savings plans	29	42
Provisions and discount recognised for home savings accounts and plans	**172**	**143**
provisions recognised for home savings plans	166	125
provisions recognised for home savings accounts	3	12
discount recognised for home savings accounts and plans	3	6

5.r OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following table presents the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

"Amounts set off on the balance sheet" have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The "impacts of master netting agreements and similar agreements" are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

"Financial instruments given or received as collateral" include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

In millions of euros, at 31 December 2015	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	133,500		133,500			133,500
Loans	433		433			433
Repurchase agreements	252,675	(121,325)	131,350	(19,161)	(111,526)	663
Instruments designated as at fair value through profit or loss	83,076		83,076			83,076
Derivative financial instruments (including derivatives used for hedging purposes)	486,881	(132,194)	354,687	(272,364)	(34,620)	47,703
Loans and receivables due from customers and credit institutions	727,212	(1,288)	725,924	(1,165)	(6,784)	717,975
of which repurchase agreements	*7,990*		*7,990*	*(1,165)*	*(6,784)*	*41*
Accrued income and other assets	108,703	(685)	108,018		(38,335)	69,683
of which guarantee deposits paid	*65,590*		*65,590*		*(38,335)*	*27,255*
Other assets not subject to offsetting	457,205		457,205			457,205
TOTAL ASSETS	**2,249,685**	**(255,492)**	**1,994,193**	**(292,690)**	**(191,265)**	**1,510,238**

In millions of euros, at 31 December 2015	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	82,544		82,544			82,544
Borrowings	3,893		3,893			3,893
Repurchase agreements	274,203	(121,325)	152,878	(18,996)	(130,494)	3,388
Instruments designated as at fair value through profit or loss	53,118		53,118			53,118
Derivative financial instruments (including derivatives used for hedging purposes)	479,090	(132,194)	346,896	(272,364)	(38,496)	36,036
Due to customers and to credit institutions	785,743	(1,288)	784,455	(1,330)	(9,136)	773,989
of which repurchase agreements	*10,703*		*10,703*	*(1,330)*	*(9,136)*	*237*
Accrued expense and other liabilities	89,314	(685)	88,629		(34,730)	53,899
of which guarantee deposits received	*50,284*		*50,284*		*(34,730)*	*15,554*
Other liabilities not subject to offsetting	381,703		381,703			381,703
TOTAL LIABILITIES	**2,149,608**	**(255,492)**	**1,894,116**	**(292,690)**	**(212,856)**	**1,388,570**

In millions of euros, at 31 December 2014[(1)]	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	156,546		156,546			156,546
Loans	684		684			684
Repurchase agreements	270,731	(105,639)	165,092	(32,176)	(128,899)	4,017
Instruments designated as at fair value through profit or loss	78,827		78,827			78,827
Derivative financial instruments (including derivatives used for hedging purposes)	712,876	(280,612)	432,264	(350,206)	(33,258)	48,800
Loans and receivables due from customers and credit institutions	701,323	(572)	700,751	(878)	(3,516)	696,357
of which repurchase agreements	*4,503*		*4,503*	*(878)*	*(3,516)*	*109*
Accrued income and other assets	112,575	(2,487)	110,088		(39,669)	70,419
of which guarantee deposits paid	*65,765*		*65,765*		*(39,669)*	*26,096*
Other assets not subject to offsetting	433,506		433,506			433,506
TOTAL ASSETS	**2,467,068**	**(389,310)**	**2,077,758**	**(383,260)**	**(205,342)**	**1,489,156**

In millions of euros, at 31 December 2014[(1)]	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	78,912		78,912			78,912
Borrowings	4,136		4,136			4,136
Repurchase agreements	298,236	(105,639)	192,597	(31,353)	(149,703)	11,541
Instruments designated as at fair value through profit or loss	57,632		57,632			57,632
Derivative financial instruments (including derivatives used for hedging purposes)	713,855	(280,612)	433,243	(350,206)	(46,936)	36,101
Due to customers and to credit institutions	732,473	(572)	731,901	(1,701)	(8,121)	722,079
of which repurchase agreements	*10,448*		*10,448*	*(1,701)*	*(8,121)*	*626*
Accrued expense and other liabilities	90,209	(2,487)	87,722		(33,665)	54,057
of which guarantee deposits received	*41,936*		*41,936*		*(33,665)*	*8,271*
Other liabilities not subject to offsetting	397,926		397,926			397,926
TOTAL LIABILITIES	**2,373,379**	**(389,310)**	**1,984,069**	**(383,260)**	**(238,425)**	**1,362,384**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).

5.s TRANSFERS OF FINANCIAL ASSETS

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the "repurchase agreements" heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

➤ SECURITIES LENDING, REPURCHASE AGREEMENTS AND OTHER TRANSACTIONS

In millions of euros, at	31 December 2015 Carrying amount of transferred assets	31 December 2015 Carrying amount of associated liabilities	31 December 2014 Carrying amount of transferred assets	31 December 2014 Carrying amount of associated liabilities
Securities lending operations				
Securities at fair value through profit or loss	3,870		2,104	
Securities classified as loans and receivables	12		20	
Available-for-sale financial assets	2,970		56	
Repurchase agreements				
Securities at fair value through profit or loss	39,631	38,602	55,976	55,188
Securities classified as loans and receivables	1,093	1,090	1,215	1,180
Available-for-sale financial assets	10,373	10,356	11,884	11,878
Other transactions				
Securities at fair value through profit or loss	327	327	477	477
TOTAL	**58,276**	**50,375**	**71,732**	**68,723**

➤ SECURITISATION TRANSACTIONS PARTIALLY REFINANCED BY EXTERNAL INVESTORS, WHOSE RECOURSE IS LIMITED TO THE TRANSFERRED ASSETS

In millions of euros, at 31 December 2015	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Securities at fair value through profit or loss					-
Loans and receivables	16,189	15,088	16,839	15,242	1,597
Available-for-sale financial assets	298	295	299	299	-
TOTAL	**16,487**	**15,383**	**17,138**	**15,541**	**1,597**

In millions of euros, at 31 December 2014	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Securities at fair value through profit or loss	64	56	64	56	8
Loans and receivables	15,159	13,450	15,484	13,376	2,108
Available-for-sale financial assets	393	359	365	322	43
TOTAL	**15,616**	**13,865**	**15,913**	**13,754**	**2,159**

There have been no significant transfers leading to partial or full derecognition of the financial assets where the Bank has a continuing involvement in them.

Note 6 FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	31 December 2015	31 December 2014
Financing commitments given		
to credit institutions	5,879	3,626
to customers	269,937	242,755
Confirmed financing commitments	209,425	202,363
Other commitments given to customers	60,512	40,392
TOTAL FINANCING COMMITMENTS GIVEN	**275,816**	**246,381**
Financing commitments received		
from credit institutions	100,343	104,857
from customers	1,601	2,180
TOTAL FINANCING COMMITMENTS RECEIVED	**101,944**	**107,037**

6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2015	31 December 2014
Guarantee commitments given		
to credit institutions	11,995	13,722
to customers	109,892	110,584
Property guarantees	1,206	1,066
Sureties provided to tax and other authorities, other sureties	45,813	51,120
Other guarantees	62,873	58,398
TOTAL GUARANTEE COMMITMENTS GIVEN	**121,887**	**124,306**

6.c OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros	31 December 2015	31 December 2014
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	113,192	118,764
Used as collateral with central banks	20,153	22,761
Available for refinancing transactions	93,039	96,003
Securities sold under repurchase agreements	275,497	301,444
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group[1]	120,871	127,904

(1) Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 357,722 million at 31 December 2015 (EUR 385,415 million at 31 December 2014).

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL:

In millions of euros	31 December 2015	31 December 2014
Financial instruments received as collateral (excluding repurchase agreements)	**83,649**	**89,283**
of which instruments that the Group is authorised to sell and reuse as collateral	*59,817*	*40,317*
Securities received under repurchase agreements	**266,093**	**271,548**

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 207,333 million at 31 December 2015 (compared with EUR 226,850 million at 31 December 2014).

Note 7 SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Fixed and variable remuneration, incentive bonuses and profit-sharing	11,882	10,779
Employee benefit expense	3,660	3,487
Payroll taxes	519	535
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSE	**16,061**	**14,801**

7.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and/or from future changes in the benefits.

Defined-contribution pension plans for Group entities

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Thus, in France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

Since defined-benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined-contribution pension plans.

The amount paid into defined-contribution post-employment plans for the year to 31 December 2015 was EUR 606 million, compared with EUR 551 million for the year to 31 December 2014.

The breakdown by major contributors is determined as follows:

Contribution amount *In millions of euros*	Year to 31 Dec. 2015	Year to 31 Dec. 2014
France	299	292
Italy	60	57
UK	57	44
USA	38	29
Turkey	43	41
Others	109	88
TOTAL	**606**	**551**

In Italy, the plan introduced by BNL is funded by employer contributions (4% of salaries) and employee contributions (2% of salaries). Employees can also make additional voluntary contributions.

In the United Kingdom, the employer contributes 12% of salaries for the majority of employees; employees can make additional voluntary contributions.

In the US, the bank matches the voluntary contributions made by employees, within certain limits.

Main defined-benefit pension plans for Group entities, of which indemnities payable on retirement

In Belgium, BNP Paribas Fortis funds a defined-benefit plan, based on final salary and number of years of service, for its management and employees who joined the bank before its pension plans were harmonised on 1 January 2002. Actuarial liabilities under this scheme are pre-funded at 97% at 31 December 2015 (compared with 89% at 31 December 2014) through AG Insurance, in which the BNP Paribas Group owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan, paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 85% as at 31 December 2015 (74% at 31 December 2014) through AXA Belgium and AG Insurance. This scheme has been closed on 1 January 2015 for new senior managers and has been replaced by a defined-contribution scheme with guaranteed returns, which has been opened to current senior managers who would like to shift from the previous scheme to this new scheme.

In addition, the law requires employers to guarantee a minimum return on assets saved under defined-contribution schemes. The employer guarantee rate will be revised as at 1 January 2016. As a result of this obligation, these plans are classified as defined-benefit schemes. An annual review ensures that the financial assets are sufficient to honour the guaranteed return imposed upon the employer. At 31 December 2015, the amount of assets is 10% higher than that of obligations (5% at 31 December 2014).

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees and active employees in service at that date. At 31 December 2015, the Group's residual obligations for employees of BNP origin were recognised on the balance sheet in full.

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed to new employees and converted into top-up type schemes. The amounts allocated to residual beneficiaries, subject to their presence within the Group at retirement, were fixed when these schemes were closed. At 31 December 2015, 93% of these pension plans were funded through insurance companies (91% at 31 December 2014).

In the United Kingdom, defined-benefit pension plans (pension funds) still exist but are closed to new employees. Under these plans, the defined pension is generally based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2015, obligations for all UK entities were 109% covered by financial assets, compared with 96% at 31 December 2014.

In Switzerland, liabilities relate to top-up pension plans based on the principle of defined-contribution schemes with guaranteed returns, paying an annuity under pre-defined terms. These schemes are managed by a foundation. At the end of 2015, obligations were 88% covered by financial assets, compared with 97% at the end of 2014.

In the United States, defined-benefit pension plans are based on annual vesting rights to a lump sum comprising a pension expressed as a percentage of annual salary and paying interest at a pre-defined rate. These plans are closed to new entrants and have offered almost no new vesting rights since 2012. At 31 December 2015, the obligation was 70% covered by financial assets, (unchanged from 31 December 2014).

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of the eventual transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2015, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but since it is not refundable, this surplus is not recognised as an asset by the Group. The funding coverage rate at 31 December 2015 reached 172% (195% at 31 December 2014).

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement, determined according to minimal legal requirements (Labour Code, collective agreements) or according to specific company-level agreements.

In France, the obligations for these benefits are funded through a contract held with a third-party insurer. At 31 December 2015, this obligation was 85% covered by financial assets, compared with 79% at 31 December 2014.

In other countries, the gross obligations of the Group related to these benefits are mainly concentrated in Italy. They are representative of rights vested up to 31 December 2006, since pension reforms changed Italian termination indemnity schemes into defined-contribution plans.

Obligations under defined-benefit plans and other post-employment benefits

➤ ASSETS AND LIABILITIES RECOGNISED ON THE BALANCE SHEET

In millions of euros, at 31 December 2015	*Defined-benefit obligation arising from wholly or partially funded plans*	*Defined-benefit obligation arising from unfunded plans*	**Present value of defined-benefit obligation**	**Fair value of plan assets**	**Fair value of reimbursement rights[(1)]**	**Effect of asset ceiling**	**Net obligation**	***of which asset recognised in the balance sheet for defined-benefit plans***	*of which net assets of defined-benefit plans*	*of which fair value of reimbursement rights*	*of which obligation recognised in the balance sheet for defined-benefit plans*
Belgium	3,011	17	3,028	(38)	(2,912)		78	(2,912)		(2,912)	2,990
France	1,422	134	1,556	(1,224)			332				332
UK	1,460	1	1,461	(1,587)			(126)	(131)	(131)		5
Switzerland	1,080	14	1,094	(954)			140				140
USA	681	179	860	(604)			256	(2)	(2)		258
Italy		390	390				390				390
Turkey	281	32	313	(484)		203	32				32
Others	591	228	819	(474)	(27)		318	(32)	(5)	(27)	350
TOTAL	**8,526**	**995**	**9,521**	**(5,365)**	**(2,939)**	**203**	**1,420**	**(3,077)**	**(138)**	**(2,939)**	**4,497**

In millions of euros, at 31 December 2014	*Defined-benefit obligation arising from wholly or partially funded plans*	*Defined-benefit obligation arising from unfunded plans*	**Present value of defined-benefit obligation**	**Fair value of plan assets**	**Fair value of reimbursement rights[(1)]**	**Effect of asset ceiling**	**Net obligation**	***of which asset recognised in the balance sheet for defined-benefit plans***	*of which net assets of defined-benefit plans*	*of which fair value of reimbursement rights*	*of which obligation recognised in the balance sheet for defined-benefit plans*
Belgium	3,196	19	3,215	(33)	(2,778)		404	(2,778)		(2,778)	3,182
France	1,584	135	1,719	(1,265)			454				454
UK	1,470	1	1,471	(1,410)			61	(12)	(12)		73
Switzerland	908	16	924	(882)			42				42
USA	646	169	815	(572)			243	(2)	(2)		245
Italy		432	432				432				432
Turkey	253	36	289	(492)		239	36				36
Others	583	156	739	(440)	(24)		275	(30)	(6)	(24)	305
TOTAL	**8,640**	**964**	**9,604**	**(5,094)**	**(2,802)**	**239**	**1,947**	**(2,822)**	**(20)**	**(2,802)**	**4,769**

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries and associated companies – notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan – to hedge their commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

➤ CHANGE IN THE PRESENT VALUE OF THE DEFINED-BENEFIT OBLIGATION

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT START OF PERIOD	**9,604**	**8,392**
Current service cost	293	269
Interest cost	181	240
Past service cost	(5)	(2)
Settlements	-	(10)
Actuarial (gains)/losses on change in demographic assumptions	22	52
Actuarial (gains)/losses on change in financial assumptions	(346)	988
Actuarial (gains)/losses on experience gaps	(1)	(152)
Actual employee contributions	24	24
Benefits paid directly by the employer	(123)	(108)
Benefits paid from assets/reimbursement rights	(477)	(354)
Exchange rate (gains)/losses on obligation	241	222
(Gains)/losses on obligation related to changes in the consolidation scope	108	46
Others	-	(3)
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT END OF PERIOD	**9,521**	**9,604**

➤ CHANGE IN THE FAIR VALUE OF PLAN ASSETS AND REIMBURSEMENT RIGHTS

	Plan assets		Reimbursement rights	
In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014	Year to 31 Dec. 2015	Year to 31 Dec. 2014
FAIR VALUE OF ASSETS AT START OF PERIOD	**5,094**	**4,477**	**2,802**	**2,658**
Expected return on assets	126	157	40	64
Settlements		(6)		
Actuarial gains/(losses) on assets	99	284	184	112
Actual employee contributions	14	14	10	10
Employer contributions	112	162	114	110
Benefits paid from assets	(264)	(199)	(213)	(155)
Exchange rate gains/(losses) on assets	179	203		
Gains/(losses) on assets related to changes in the consolidation scope	4	1	3	3
Others	1	1	(1)	
FAIR VALUE OF ASSETS AT END OF PERIOD	**5,365**	**5,094**	**2,939**	**2,802**

COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Service costs	**288**	**263**
Current service cost	293	269
Past service cost	(5)	(2)
Settlements	-	(4)
Net financial expense	**34**	**38**
Interest cost	181	240
Interest income on plan asset	(106)	(138)
Interest income on reimbursement rights	(41)	(64)
TOTAL RECOGNISED IN SALARY AND EMPLOYEE BENEFIT EXPENSE	**322**	**301**

OTHER ITEMS RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Other items recognised directly in equity	**639**	**(463)**
Actuarial (losses)/gains on plan assets or reimbursement rights	283	396
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	(22)	(52)
Actuarial (losses)/gains of financial assumptions on the present value of obligations	346	(988)
Experience (losses)/gains on obligations	1	152
Variation of the effect of assets limitation	31	29

Main actuarial assumptions used to calculate obligations

In the Eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The ranges of rates used are as follows:

In %	31 December 2015		31 December 2014	
	Discount rate	Compensation increase rate(1)	Discount rate	Compensation increase rate(1)
Belgium	0.40%-2.00%	2.40%-3.30%	0.40%-1.50%	1.95%-3.30%
France	0.60%-2.00%	2.30%-3.30%	0.70%-1.50%	2.00%-3.00%
UK	2.50%-3.70%	2.00%-4.70%	3.40%-4.10%	2.00%-4.75%
Switzerland	0.40%-0.80%	1.90%	1.10%-1.30%	2.20%
USA	4.40%	4.00%	4.15%	4.00%
Italy	0.80%-2.00%	1.80%-2.90%	0.70%-2.20%	2.80%
Turkey	10.30%	6.00%	8.60%	6.00%

(1) Including price increases (inflation).

Observed weighted average rates are as follows:

- In the Eurozone: 1.48% at 31 December 2015 (1.06% at 31 December 2014);
- In the United Kingdom: 3.70% at 31 December 2015 (3.40% at 31 December 2014);
- In Switzerland: 0.80% at 31 December 2015 (1.10% at 31 December 2014).

The impact of a 100 bp change in discount rates on the present value of post-employment benefit obligations is as follows:

Change in the present value of obligations *In millions of euros*	31 December 2015		31 December 2014	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Belgium	277	(236)	269	(225)
France	156	(131)	181	(150)
UK	389	(292)	365	(273)
Switzerland	102	(140)	140	(108)
USA	106	(91)	108	(91)
Italy	30	(30)	36	(30)
Turkey	17	(14)	20	(16)

➤ ACTUAL RATE OF RETURN ON PLAN ASSETS AND REIMBURSEMENT RIGHTS OVER THE PERIOD

In %	Year to 31 December 2015		Year to 31 December 2014	
	Range of value (reflecting the existence of several plans in the same country)	Weighted average rates	Range of value (reflecting the existence of several plans in the same country)	Weighted average rates
Belgium	1.10%-6.00%	3.72%	1.30%-8.30%	6.68%
France	3.50%	3.50%	3.60%	3.60%
UK	2.30%-6.90%	5.82%	3.30%-21.00%	17.07%
Switzerland	1.70%-5.10%	1.84%	7.80%-8.00%	7.94%
USA	1.11%-2.00%	1.48%	6.22%-11.94%	7.57%
Turkey	10.80%	10.80%	8.72%	8.72%

➤ BREAKDOWN OF PLAN ASSETS

In %	31 December 2015						31 December 2014					
	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others
Belgium	6%	56%	18%	2%	0%	18%	2%	63%	17%	0%	0%	18%
France	7%	66%	18%	9%	0%	0%	6%	68%	18%	8%	0%	0%
UK	29%	54%	9%	0%	2%	6%	31%	50%	12%	0%	2%	5%
Switzerland	38%	32%	0%	14%	3%	13%	38%	34%	0%	13%	4%	11%
USA	47%	35%	13%	2%	1%	2%	48%	24%	26%	2%	0%	0%
Turkey	0%	0%	0%	5%	93%	2%	0%	1%	0%	5%	91%	3%
Others	7%	13%	8%	1%	19%	52%	10%	15%	12%	1%	13%	49%
GROUP	**17%**	**47%**	**12%**	**4%**	**7%**	**13%**	**15%**	**49%**	**14%**	**3%**	**7%**	**12%**

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in term of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial risk management, to specify the way in which plan assets have to be managed, via financial management servicing contracts.

The investment strategy is based on an assets and liabilities management analysis that should be realised at least on an annual basis for plans with assets in excess of EUR 100 million and every three years for plans with assets of between EUR 20 and EUR 100 million.

Post-employment healthcare benefits

The Group offers some healthcare benefit plans for retired employees, mainly in the United States and Belgium. These plans are mainly closed to new entrants.

The current value of post-employment healthcare benefit obligations stood at EUR 150 million at 31 December 2015, down from EUR 165 million at 31 December 2014, i.e. a decrease of EUR 15 million in 2015, of which EUR 23 million recognised directly in shareholders' equity.

7.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated. The net provision amounted to EUR 546 million at 31 December 2015 (EUR 520 million at 31 December 2014).

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

Since 2013, BNP Paribas has introduced a Group loyalty scheme with a cash payment, at the end of a three-year vesting period, which fluctuates according to the Group's intrinsic performance. The aim of this loyalty scheme is to make different categories of managerial staff partners in the Group's development and profitability objectives. These personnel are representative of the Group's talent and the breadth of its managerial framework i.e. senior managers, managers in key positions, line managers and experts, high-potential managers, high-performing young executives with good career development prospects and key contributors to the Group's results.

The amounts allocated under this plan are linked to changes in the Group's operational performance over three years (for 80%) and to the achievement of the Group's Corporate Social Responsibility (CSR) targets (for 20%). These nine targets are in line with the four pillars on which the Group's CSR policy is based. In addition, the final payment is subject to continuous service within the Group between the grant date and the payment date, provided that the Group's operating income and pre-tax income for the year prior to payment are strictly positive. For employees subject to special regulatory frameworks, this loyalty scheme is adjusted in accordance with the CRD 4 European Directive.

The net obligation related to deferred compensation plans and loyalty schemes amounts to EUR 532 million at 31 December 2015 (EUR 456 million at 31 December 2014).

In millions of euros	31 December 2015	31 December 2014
Net provisions for other long-term benefits	**1,078**	**976**
Asset recognised in the balance sheet under the other long-term benefits	(104)	(110)
Obligation recognised in the balance sheet under the other long-term benefits	1,182	1,086

7.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made. Besides, BNP Paribas recognises costs related to redundancy plans in a restructuring context as soon as the Group formalises a detailed plan which has been notified to the interested parties.

In millions of euros	31 December 2015	31 December 2014
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	342	382

7.e SHARE-BASED PAYMENTS

Share-based loyalty, compensation and incentive schemes

BNP Paribas has set up several share-based payment schemes for certain employees:

- deferred share price-linked, cash-settled long term compensation plans, mainly for employees whose activities are likely to have an impact on the Group's risk exposure;
- until 2012, a Global Share-Based Incentive Plan including:
  - performance shares plans,
  - stock subscription or purchase option plans.

Deferred share price-linked, cash-settled compensation plans

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

Variable compensation for employees, subject to special regulatory frameworks

Since the publication of the Decree by the French ministry of finance on 13 December 2010, and following the provisions of the European Directive CRD 4 of 26 July 2013 transposed into the French law in the Monetary and Financial Code by the Order of 20 February 2014 as well as the Decrees and Orders of 3 November 2014 and the delegated European regulation of 4 March 2014, the variable compensation plans apply to Group employees performing activities that may have a material impact on the Group's risk profile.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

Sums are mostly paid in cash linked to the increase or decrease in the BNP Paribas share price. In addition, in accordance with the regulatory requirements in force, some of the variable compensation granted over the year in respect of the performance of the previous year is also indexed to the BNP Paribas share price and paid to beneficiaries during the year of attribution.

Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are partly paid in cash linked to the increase or decrease in the BNP Paribas share price.

Global Share-Based Incentive Plan

Until 2012, BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards.

The option exercise price under these plans is determined at the time of issuance and no discount is offered. The duration of the options granted is 8 years.

Performance shares awarded between 2009 and 2012 vest after a period of 3 or 4 years, depending on the case and provided that the employee is still a member of the Group. The compulsory holding period for performance shares is two years for France-based employees.

Since 2010, the conditional portion granted has been set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries.

Under stock option plans set up between 2003 and 2011, the performance condition was not fully met on seven out of thirty occasions and the adjustments described above were therefore implemented. Under performance share plans awarded between 2009 and 2012, the performance condition was not met on three out of ten occasions and the relevant contingent portion therefore lapsed.

All unexpired plans settle in a potential subscription or transfer of BNP Paribas shares.

➤ EXPENSE OF SHARE-BASED PAYMENT

Expense/(revenue) *In millions of euros*	Year to 31 Dec. 2015				Year to 31 Dec. 2014
	Stock subscription and purchase option plans	Performance share plans	Variable deferred compensation plans	Total expense	Total expense
Prior deferred compensation plans			58	58	(80)
Deferred compensation plans for the year			261	261	221
Global Share-Based Incentive Plan	1	6		7	19
TOTAL	**1**	**6**	**319**	**326**	**160**

Valuation of stock option plans and performance share plans

As required under IFRS 2, BNP Paribas attributes a value to stock options and performance shares granted to employees and recognises an expense, determined at the date of grant, calculated respectively on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision of the fair value during the vesting period, and hence an adjustment in the expense, are those related to the population of beneficiaries (loss of rights) and internal performance conditions. The Group's share-based payment plans are valued by an independent specialist firm.

History of plans granted under the Global Share-Based Incentive Plan

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2015:

➤ STOCK SUBSCRIPTION OPTION PLAN

Characteristics of the plan							Options outstanding at end of period	
Originating company	Date of grant	Number of grantees	Number of options granted(1)	Start date of exercise period	Option expiry date	Adjusted exercise price *(in euros)* (1)	Number of options (1)	Remaining period until expiry of options *(years)*
BNP Paribas SA(2)	18/04/2008	2,402	4,085,347	18/04/2012	15/04/2016	64.47	3,270,321	0.3
BNP Paribas SA(2)	06/04/2009	1,397	2,437,234	08/04/2013	05/04/2017	35.11	1,016,769	1.3
BNP Paribas SA(2)	05/03/2010	1,820	2,423,700	05/03/2014	02/03/2018	51.20	1,884,845	2.2
BNP Paribas SA(2)	04/03/2011	1,915	2,296,820	04/03/2015	04/03/2019	56.45	2,030,024	3.2
TOTAL OPTIONS OUTSTANDING AT END OF PERIOD							**8,201,959**	

(1) The number of options and the exercise price have been adjusted, where appropriate, for the detachment of pre-emptive subscription rights on 30 September 2009, in accordance with the regulations in force.

(2) The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones EURO STOXX Banks index during the applicable holding period.
Based on this relative performance condition, the adjusted exercise price for these options has been set at EUR 67.74 for 214,186 options under the 4 March 2011 plan, outstanding at the year-end.

➤ PERFORMANCE SHARE PLANS

Characteristics of the plan						Number of shares outstanding at end of period
Originating company	Date of grant	Number of grantees	Number of shares granted	Vesting date of shares granted	Expiry date of holding period for shares granted	
BNP Paribas SA(1)(2)	2009-2011					1,393
BNP Paribas SA(1)	06/03/2012	2,610	1,072,480	09/03/2015	09/03/2017	1,380
BNP Paribas SA	06/03/2012	2,755	849,455	07/03/2016	07/03/2016	753,640
TOTAL SHARES OUTSTANDING AT END OF PERIOD						**756,413**

(1) The vesting date for certain shares has been deferred due to the beneficiaries' absence on the date initially scheduled.
(2) The number of shares has been adjusted for the pre-emptive subscription rights allotted on 30 September 2009.

Movements over the past two years

➤ STOCK SUBSCRIPTION OPTION PLANS

	Year to 31 Dec. 2015		Year to 31 Dec. 2014	
	Number of options	Weighted average exercise price *(in euros)*	Number of options	Weighted average exercise price *(in euros)*
OPTIONS OUTSTANDING AT 1 JANUARY	**12,416,877**	**62.16**	**17,441,393**	**63.11**
Options exercised during the period	(427,478)	42.98	(1,185,557)	44.94
Options expired during the period	(3,787,440)		(3,838,959)	
OPTIONS OUTSTANDING AT 31 DECEMBER	**8,201,959**	**56.09**	**12,416,877**	**62.16**
OPTIONS EXERCISABLE AT 31 DECEMBER	**8,201,959**	**56.09**	**10,281,117**	**63.35**

The average quoted stock market price over the option exercise period in 2015 is EUR 56.61 (EUR 56.99 in 2014).

➤ PERFORMANCE SHARE PLANS

	Year to 31 Dec. 2015	Year to 31 Dec. 2014
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	**2,179,141**	**3,264,620**
Shares vested during the period	(1,340,114)	(773,316)
Shares expired during the period	(82,614)	(312,163)
SHARES OUTSTANDING AT 31 DECEMBER	**756,413**	**2,179,141**

Note 8 ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2015, the share capital of BNP Paribas SA amounted to EUR 2,492,770,306, and was divided into 1,246,385,153 shares. The nominal value of each share is EUR 2. At 31 December 2014, the share capital amounted to EUR 2,491,915,350 and was divided into 1,245,957,675 shares.

Ordinary shares issued by BNP Paribas and held by the Group

	Proprietary transactions		Trading transactions[1]		Total	
	Number of shares	Carrying amount *(in millions of euros)*	Number of shares	Carrying amount *(in millions of euros)*	Number of shares	Carrying amount *(in millions of euros)*
Shares held at 31 December 2013	**2,798,942**	**138**	**(375,580)**	**(22)**	**2,423,362**	**116**
Acquisitions	1,987,822	99			1,987,822	99
Disposals	(650,904)	(35)			(650,904)	(35)
Shares delivered to employees	(773,316)	(32)			(773,316)	(32)
Capital decrease	(390,691)	(30)			(390,691)	(30)
Other movements			(2,867,888)	(138)	(2,867,888)	(138)
Shares held at 31 December 2014	**2,971,853**	**140**	**(3,243,468)**	**(160)**	**(271,615)**	**(20)**
Acquisitions	895,726	47			895,726	47
Disposals	(903,592)	(47)			(903,592)	(47)
Shares delivered to employees	(1,340,114)	(59)			(1,340,114)	(59)
Other movements			3,081,539	151	3,081,539	151
Shares held at 31 December 2015	**1,623,873**	**81**	**(161,929)**	**(9)**	**1,461,944**	**72**

(1) Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2015, the BNP Paribas Group was a net holder of 1,461,944 BNP Paribas shares representing an amount of EUR 72 million, which was recognised as a decrease in equity.

During 2015, BNP Paribas SA purchased 65,000 shares (excluding the liquidity contract) on the market at an average share price of EUR 44.83 per share, with the intention of cancelling these shares.

Under the Bank's market-making agreement relating to the BNP Paribas share on the Italian market made with Exane BNP Paribas, and in line with the Code of Ethics recognised by the AMF, the Bank bought back 830,726 shares in 2015 at an average share price of EUR 53.18, and sold 903,592 shares at an average share price of EUR 53.76. At 31 December 2015, 100,000 shares worth EUR 5.3 million were held by BNP Paribas SA under this agreement.

From 1 January 2015 to 31 December 2015, 1,340,114 shares were delivered following the definitive award of performance shares to their beneficiaries.

Preferred shares and Undated Super Subordinated Notes eligible as Tier 1 regulatory capital

Preferred shares issued by the Group's foreign subsidiaries

BNP Paribas Personal Finance made in 2004 two issues of undated non-voting preferred shares through a structured entity governed by UK law and which is exclusively controlled. Since the first call date, these preferred shares are redeemable at par at the issuer's discretion at each quarterly coupon date.

Issuer	Date of issue	Currency	Amount *(in millions of euros)*	Rate and term before 1st call date		Rate after 1st call date
Cofinoga Funding II LP	January and May 2004	EUR	80	TEC 10(1) +1.35%	10 years	TEC 10(1) +1.35%
TOTAL AT 31 DECEMBER 2015			**73(2)**			

(1) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
(2) Value at the date of acquisition of control over the LaSer group.

These issues and the related dividends are recorded under "Minority interests" in the balance sheet.

Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas has issued Undated Super Subordinated Notes which pay a fixed or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate if the notes are not redeemed at the end of this period.

On 17 June 2015, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of EUR 750 million, which pay a 6.125% fixed rate coupon. The notes could be redeemed at the end of a 7-year period. If the notes are not redeemed in 2022, a 5-year euro swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 29 June 2015, BNP Paribas redeemed the June 2005 issue for a total amount of USD 1,070 million at the first call date. These notes paid a 5.186% fixed-rate coupon.

On 19 August 2015, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 7.375% fixed-rate coupon. The notes could be redeemed at the end of a 10-year period. If the notes are not redeemed in 2025, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

The following table summarises the characteristics of these various issues:

Date of issue	Currency	Amount *(in millions of currency units)*	Coupon payment date	Rate and term before 1st call date		Rate after 1st call date
October 2005	EUR	1,000	annual	4.875%	6 years	4.875%
October 2005	USD	400	annual	6.25%	6 years	6.250%
April 2006	EUR	549	annual	4.73%	10 years	3-month Euribor +1.690%
April 2006	GBP	450	annual	5.945%	10 years	GBP 3-month Libor +1.130%
July 2006	EUR	150	annual	5.45%	20 years	3-month Euribor +1.920%
July 2006	GBP	163	annual	5.954%	10 years	GBP 3-month Libor +1.810%
April 2007	EUR	638	annual	5.019%	10 years	3-month Euribor +1.720%
June 2007	USD	600	quarterly	6.5%	5 years	6.50%
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor +1.290%
October 2007	GBP	200	annual	7.436%	10 years	GBP 3-month Libor +1.850%
June 2008	EUR	500	annual	7.781%	10 years	3-month Euribor +3.750%
September 2008	EUR	100	annual	7.57%	10 years	3-month Euribor +3.925%
December 2009	EUR	2	quarterly	3-month Euribor +3.750%	10 years	3-month Euribor +4.750%
December 2009	EUR	17	annual	7.028%	10 years	3-month Euribor +4.750%
December 2009	USD	70	quarterly	USD 3-month Libor +3.750%	10 years	USD 3-month Libor +4.750%
December 2009	USD	0.5	annual	7.384%	10 years	USD 3-month Libor +4.750%
June 2015	EUR	750	semi-annual	6.125%	7 years	EUR 5-year swap +5.230%
August 2015	USD	1,500	semi-annual	7.375%	10 years	USD 5-year swap +5.150%
TOTAL EURO-EQUIVALENT HISTORICAL VALUE AT 31 DECEMBER 2015		**7,855(1)**				

(1) Net of shares held in treasury by Group entities.

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA ordinary shares nor on Undated Super Subordinated Note equivalents in the previous year. Interest due has to be paid in case of dividend distribution on BNP Paribas SA ordinary shares. This clause is not stipulated in 2015 issues. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

The proceeds from these issues are recorded in equity under "Capital and retained earnings". In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2015, the BNP Paribas Group held EUR 25 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

Earnings per share

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-Based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	Year to 31 Dec. 2015	Year to 31 Dec. 2014(1)
Net profit/(loss) used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*(2)	6,385	(83)
Weighted average number of ordinary shares outstanding during the year	**1,242,989,279**	**1,241,924,953**
Effect of potentially dilutive ordinary shares	1,195,923	2,480,136
Stock subscription option plan(3)	458,927	485,047
Performance share attribution plan(3)	736,996	1,995,089
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,244,185,202**	**1,244,405,089**
Basic earnings/(losses) per share *(in euros)*	**5.14**	**(0.07)**
Diluted earnings/(losses) per share *(in euros)*	**5.13**	**(0.07)**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2).
(2) The net profit/(loss) used to calculate basic and diluted earnings per share is the net profit/(loss) attributable to equity shareholders, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends, as well as the related foreign exchange impact recognised directly in shareholders' equity.
(3) See note 7.e Share-based payments for the description of share-based plans and performance share attribution plans.

The dividend per share paid in 2015 out of the 2014 net income amounted to EUR 1.50, unchanged as compared with the dividend paid in 2014 out of the 2013 net income.

8.b CONTINGENT LIABILITIES: LEGAL PROCEEDINGS AND ARBITRATION

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law.

In the aggregate, the amount sought to be recovered in these actions approximates USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

Various litigations and investigations are ongoing relating to the restructuring of the Fortis group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these are litigations brought by shareholder groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)'s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V. These shareholder groups mainly allege that there has been a breach in the financial communication, as, inter alia, the disclosure regarding the exposure to subprime mortgages. Courts of Appeal's decisions found Ageas liable for mismanagement regarding its communication. BNP Paribas Fortis is not a party to these cases.

Litigation was also brought in Belgium by minority shareholders of Fortis against the *Société fédérale de Participations et d'Investissement*, Ageas and BNP Paribas seeking (amongst other things) damages from

BNP Paribas as restitution for part of the BNP Paribas Fortis shares that were contributed to BNP Paribas in 2009, on the ground that the transfer of these shares was null and void.

The Bank is vigorously defending itself in these proceedings.

If these proceedings were nonetheless to succeed, they could have a financial impact on the Group. Such impact is unquantifiable at this stage but could be significant.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets, including, among other things, possible collusion among financial institutions to manipulate certain benchmark currency exchange rates. The Bank has to date received requests for information in this respect from regulatory and law enforcement authorities in the United Kingdom, the United States and several countries in the Asia-Pacific region as well as from the European Competition Commission. The Bank is cooperating with the investigations and inquiries and responding to the information requests. In November 2014 the Financial Conduct Authority in the United Kingdom, in December 2014 the Hong Kong Monetary Authority and in October 2015, the Financial Services Agency in Japan informed the Bank that they had discontinued their investigation as to BNP Paribas. Moreover the Bank is conducting its own internal review of foreign exchange trading. While this review is ongoing, the Bank is not in a position to foresee the outcome of these investigations and proceedings nor their potential impact.

The Bank, along with a number of other financial institutions, was named as a defendant in several consolidated civil class actions which were filed starting in March 2014 in the US District Court of New York on behalf of purported classes of plaintiffs alleging manipulation of foreign exchange markets. It is worth noting that US antitrust proceedings provide for joint and several liability of all defendants. Without acknowledging liability, the Bank along with several of its co-defendants reached an agreement with plaintiffs to settle this consolidated civil class action. In December 2015, the US District Court of New York issued a preliminary settlement order approving the settlement agreement entered into by the Bank in an amount of USD 115 million.

In connection with the European Commission's investigation into purported anti-competitive conduct in the Credit Default Swaps ("CDS") market between a number of investment banks including BNP Paribas (the closure of which was announced by the European Commission on December 4, 2015), several class actions lawsuits were filed in US courts against such parties. It is worth noting that US antitrust proceedings provide for joint and several liability of all defendants. Without acknowledging liability, the Bank and its co-defendants reached an agreement with the plaintiffs to settle these class actions. In October 2015, the US District Court of New York issued a preliminary settlement order approving the settlement agreement entered into by the Bank in an amount of USD 89 million.

8.c BUSINESS COMBINATIONS

Operations realised in 2015

General Electric European Fleet Services business

Arval, the BNP Paribas subsidiary specialised in corporate vehicle leasing, has purchased on 2 November 2015 the European Fleet Services business of General Electric Capital.

This acquisition strengthens significantly the strategic positioning of Arval in Europe, and leads to a EUR 2.7 billion increase of the Group's balance sheet. In particular, "Property, plant, equipment and intangible assets" rose by EUR 2.3 billion and debts "due to the credit institutions" by EUR 1.4 billion.

The goodwill on this operation amounts to EUR 249 million.

Operations realised in 2014

LaSer group

On 25 July 2014, BNP Paribas Personal Finance acquired the 50% interest held by its partner, the Galeries Lafayette group, in the LaSer group, previously consolidated under the equity method. This acquisition is linked to the decision of the Galeries Lafayette group to exercise its sale option under the partnership agreements. The parties are involved in an arbitration.

Following this acquisition, the BNP Paribas Group took control of the LaSer group, and the latter is fully consolidated.

The change in the consolidation method had a EUR 63 million impact on the Group's profit and loss account for the year ended 31 December 2014. The goodwill for the LaSer group amounts to EUR 125 million.

The Group's balance sheet increased by EUR 2.9 billion as a result of this additional acquisition with change of control; "Loans and receivables", in particular, rose by EUR 2.2 billion.

Bank BGZ

Following a takeover bid during the second half of 2014 (finalised on 17 October 2014), BNP Paribas acquired an 88.98% interest in Bank BGŻ, 88.64% of which was contributed by Rabobank. As a result of this transaction, Bank BGŻ is fully consolidated by the BNP Paribas Group.

Goodwill for Bank BGŻ amounts to EUR 136 million.

A squeeze-out for the remaining 1.02% minority interest was launched on 23 December 2014 and completed on 7 January 2015. As at 31 December 2014, this commitment was recognised in liabilities in respect of the minority shareholders.

This acquisition added EUR 8.7 billion to the Group's balance sheet. In particular, "Loans and receivables due from customers" rose by EUR 7.1 billion and amounts due to customers increased by EUR 7.6 billion.

Bank BGŻ is a Polish credit institution which specialises in the food and agricultural sector.

DAB Bank

BNP Paribas acquired a 91.7% stake in DAB Bank in the second half of 2014, following an agreement with Unicredit and a takeover bid finalised on 17 December 2014. 81.4% was contributed by Unicredit. As a result of this transaction, DAB Bank is fully consolidated by the BNP Paribas Group.

Goodwill arising from the transaction amounts to EUR 169 million.

The effect of this acquisition was to increase the Group's balance sheet by EUR 5.3 billion, with notably EUR 3.4 billion added to "Available-for-sale financial assets" and EUR 5.2 billion to amounts "Due to customers".

This acquisition strengthens the digital banking activity in Germany, and also lays the foundations for the expansion of the bank's retail business in Austria.

RCS

BNP Paribas Personal Finance acquired RCS Investments Holdings on 6 August 2014. As a result of this transaction, RCS is fully consolidated by the BNP Paribas Group.

Goodwill for RCS amounts to EUR 39 million.

As a result of this acquisition, the Group's balance sheet rose by EUR 251 million at the acquisition date, with, in particular, "Loans and receivables due from customers" increasing by EUR 338 million.

RCS is a South-African consumer finance institution which develops retail credit cards with distributors and grants individual loans.

8.d MINORITY INTERESTS

Main minority interests

The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

	31 December 2015	Year to 31 Dec.2015						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity – attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas Group	67,485	1,534	463	453	34%	164	158	69
Other minority interests						186	182	62
TOTAL						**350**	**340**	**131**

	31 December 2014	Year to 31 Dec.2014						
In millions of euros[1]	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity – attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas Group	63,917	1,546	437	668	34%	163	245	59
Other minority interests						187	243	48
TOTAL						**350**	**488**	**107**

(1) Restated according to the IFRIC 21 interpretation (see notes 1.a and 2.).

There are no particular contractual restrictions on the assets of the BGL BNP Paribas Group related to the presence of the minority shareholder.

➤ INTERNAL RESTRUCTURING THAT LED TO A CHANGE IN MINORITY SHAREHOLDERS' INTEREST IN THE EQUITY OF SUBSIDIARIES

No significant internal restructuring operation occurred during the year ended 31 December 2015, nor during the year ended 31 December 2014.

➤ ACQUISITIONS OF ADDITIONAL INTERESTS AND PARTIAL SALES OF INTERESTS LEADING TO CHANGES IN MINORITY INTERESTS IN THE EQUITY OF SUBSIDIARIES

In millions of euros	31 December 2015		31 December 2014	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
BNP Paribas Bank Polska				
BNP Paribas Bank Polska SA realised a capital increase, fully subscribed by external investors. The Group's interest in this entity decreased from 99.83% to 84.94%.			(15)	67
Turk Ekonomi Bankasi				
BNP Paribas Fortis Yatirimlar Holding bought out minority shareholders' interests representing 1.01% of the capital, lifting its interest pourcentage of Turk Ekonomi Bankasi AS to 69.48%			16	(35)
Other	(3)	(4)	11	(11)
TOTAL	**(3)**	**(4)**	**12**	**21**

➤ COMMITMENTS TO REPURCHASE MINORITY SHAREHOLDERS' INTERESTS

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings.

The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 707 million at 31 December 2015, compared with EUR 853 million at 31 December 2014.

8.e SIGNIFICANT RESTRICTIONS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Significant restrictions related to the ability of entities to transfer cash to the Group

The ability of entities to pay dividends or to repay loans and advances depends, *inter alia*, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2014 and 2015, no BNP Paribas Group entity was subject to significant restrictions other than those related to regulatory requirements.

Significant restrictions relative to the Group's ability to use the assets lodged in consolidated structured entities

Access to the assets of consolidated structured entities in which third-party investors have invested is limited inasmuch as these entities' assets are reserved for the holders of units or securities. These assets total EUR 23 billion as at 31 December 2015, unchanged from 31 December 2014.

Significant restrictions related to the Group's ability to use assets pledged as collateral or under repurchase agreements

The financial instruments pledged by the BNP Paribas Group as collateral or under repurchase agreements are presented in notes 5.s and 6.c.

Significant restrictions related to liquidity reserves

Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in chapter 5 of the Registration document under "Liquidity risk".

Assets representative of unit-linked insurance contracts

Assets representative of unit-linked insurance contracts designated as at fair value through profit or loss, which amount to EUR 50,859 million as at 31 December 2015 (compared with EUR 47,462 million as at 31 December 2014), are held for the benefit of the holders of these contracts.

8.f STRUCTURED ENTITIES

The BNP Paribas Group is engaged in transactions with sponsored structured entities mainly through its activities of securitisation of financial assets – as either originator or sponsor -, fund management and specialised asset financing.

In addition, the BNP Paribas Group is also engaged in transactions with structured entities that it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control for structured entities is detailed in note 1.b.2. "Consolidation methods".

Consolidated structured entities

The main categories of consolidated structured entities are:

- **ABCP (Asset-Backed Commercial Paper) conduits:** the ABCP securitisation conduits Starbird, Matchpoint and Scaldis fund securitisation transactions managed by the BNP Paribas Group on behalf of its customers. Details on how these are financed and the Group's risk exposure are presented in Chapter 5 of the Registration document under "Securitisation as sponsor on behalf of clients/Short-term refinancing";
- **Proprietary securitisation:** proprietary securitisation positions originated and held by the BNP Paribas Group are detailed in Chapter 5 of the Registration document under "Proprietary securitisation activities (originator)";
- **Funds managed by the Group:** the BNP Paribas Group structures different types of funds for which it may act as fund manager, investor, custodian or guarantor. These funds are consolidated when the Group is both the manager and a significant investor, and is therefore exposed to variable returns.

Unconsolidated structured entities

The BNP Paribas Group has entered into relations with unconsolidated structured entities in the course of its business activities to meet the needs of its customers.

Information relative to interests in sponsored structured entities

The main categories of unconsolidated sponsored structured entities are as follows:

- **Securitisation:** the BNP Paribas Group structures securitisation vehicles for the purposes of offering customers financing solutions for their assets, either directly or through consolidated ABCP conduits. Each vehicle finances the purchase of customers' assets (receivables, bonds, etc.) primarily by issuing bonds backed by these assets and whose redemption is linked to their performance;
- **Funds:** the Group structures and manages funds to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by the BNP Paribas Group. The entities of the BNP Paribas Group responsible for managing these funds may receive management fees and performance commission. The BNP Paribas Group may hold units in these funds, as well as units in funds dedicated to the insurance activity not managed by the BNP Paribas Group;
- **Asset financing:** the BNP Paribas Group finances structured entities that acquire assets (aircraft, ships, etc.) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity;
- **Other:** on behalf of its customers, the Group may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes the BNP Paribas Group to variable returns from the performance of the entity.

The Group's assets and liabilities related to the interests held in sponsored structured entities are as follows:

In millions of euros, at 31 December 2015	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON THE GROUP BALANCE SHEET					
Assets					
Trading book	447	681	190	1,843	3,161
Instruments designated as at fair value through profit or loss[(1)]		25,587	18	68	25,673
Available-for-sale financial assets		2,990	145	388	3,523
Loans and receivables	10,974	86	13,431	166	24,657
Other assets	9	441	8	3	461
TOTAL ASSETS	**11,430**	**29,785**	**13,792**	**2,468**	**57,475**
Liabilities					
Trading book	1,107	633	13	2,910	4,663
Instruments designated as at fair value through profit or loss		26		18	44
Financial liabilities carried at amortised cost	769	18,782	667	1,868	22,086
Other liabilities	24	327	36	20	407
TOTAL LIABILITIES	**1,900**	**19,768**	**716**	**4,816**	**27,200**
MAXIMUM EXPOSURE TO LOSS	**15,427**	**30,157**	**16,016**	**2,899**	**64,499**
SIZE OF STRUCTURED ENTITIES[(2)]	**90,737**	**241,915**	**48,478**	**11,083**	**392,213**

In millions of euros, at 31 December 2014	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON THE GROUP BALANCE SHEET					
Assets					
Trading book	396	772	298	2,872	4,338
Instruments designated as at fair value through profit or loss(1)		25,350	60		25,410
Available-for-sale financial assets	63	3,867	235	472	4,637
Loans and receivables	6,843	179	10,832	274	18,128
Other assets		577		22	599
TOTAL ASSETS	**7,302**	**30,745**	**11,425**	**3,640**	**53,112**
Liabilities					
Trading book	29	669	8	2,682	3,388
Instruments designated as at fair value through profit or loss		44		18	62
Financial liabilities carried at amortised cost	167	14,162	567	582	15,478
Other liabilities	384	270	41	13	708
TOTAL LIABILITIES	**580**	**15,145**	**616**	**3,295**	**19,636**
MAXIMUM EXPOSURE TO LOSS	**10,601**	**30,828**	**12,462**	**4,413**	**58,304**
SIZE OF STRUCTURED ENTITIES(2)	**62,653**	**230,765**	**42,754**	**11,084**	**347,256**

(1) Of which EUR 16,981 million representative of unit-linked insurance contracts as at 31 December 2015, invested in funds managed by the BNP Paribas Group (EUR 17,096 million as at 31 December 2014).

(2) The size of sponsored structured entities equals the total assets of the structured entity for securitisation vehicles, the net asset value for funds (excluding management mandates) and the structured entity's total assets or the amount of the BNP Paribas Group's commitment for asset financing and other structures.

The BNP Paribas Group's maximum exposure to losses on sponsored structured entities is the carrying amount of the assets, excluding, for available-for-sale financial assets, changes in value taken directly to equity, as well as the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

Information relative to interests in non-sponsored structured entities

The main interests held by the BNP Paribas Group when it acts solely as an investor in non-sponsored structured entities are detailed below:

- **Units in funds that are not managed by the Group, which are held by the Insurance business line**: as part of the asset allocation strategy corresponding to investments related to the premiums for unit-linked contracts or for the general fund, the Insurance business line subscribes to units of structured entities. These short- or medium-term investments are held for their financial performance and meet the risk diversification criteria inherent to the business. They amounted to EUR 30 billion as at 31 December 2015 (EUR 31 billion as at 31 December 2014). Changes in value and the majority of the risks associated with these investments are borne by policyholders in the case of assets representative of unit-linked contracts, and by the insurer in the case of assets representative of the general fund;
- **Other investments in funds not managed by the Group**: as part of its trading business, the BNP Paribas Group invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. The Group also invests in minority holdings in support of companies as part of its venture capital business. These investments amounted to EUR 11 billion as at 31 December 2015 (EUR 10 billion as at 31 December 2014);
- **Investments in securitisation vehicles**: the breakdown of the Group's exposure and the nature of the securities held are presented in Chapter 5 of the Registration document in the section "Securitisation as investor".

8.g COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The remuneration and benefits policy relating to the Group's corporate officers, as well as the detailed information on an individual basis, are presented in Chapter 2 *Corporate governance* of the Registration document.

➤ REMUNERATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Gross remuneration, including Directors' fees and benefits in kind		
payable for the year	€6,484,552	€6,378,790
paid during the year	€4,761,620	€7,925,248
Post-employment benefits		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€210,272	€261,438
Defined contribution pension plan: contributions paid by BNP Paribas during the year	€1,395	€1,857
Welfare benefits: premiums paid by BNP Paribas during the year	€10,284	€13,692
Share-based payments		
Stock subscription options		
value of stock options granted during the year	Nil	Nil
number of options held at 31 December	321,193	966,287
Performance shares		
value of shares granted during the year	Nil	Nil
number of shares held at 31 December	Nil	7,000
Long-term compensation		
fair value at grant date(*)	€557,760	€621,000

(*) Valuation according to the method described in note 1.i.

As at 31 December 2015, no corporate officer is eligible to a contingent collective defined-benefit top-up pension plan.

Directors' fees paid to members of the Board of Directors

The directors' fees paid in 2015 to all members of the Board of Directors amount to EUR 974,999, compared with EUR 975,001 paid in 2014. The amount paid in 2015 to members other than corporate officers was EUR 880,257, compared with EUR 866,865 in 2014.

➤ REMUNERATION AND BENEFITS AWARDED TO DIRECTORS REPRESENTING THE EMPLOYEES

In euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Gross remuneration paid during the year	76,660	87,681
Directors' fees (paid to the trade unions)	117,557	120,081
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	1,366	1,707
Contributions paid by BNP Paribas during the year into the defined-contribution plan	672	697

Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2015, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 1,045,637 (EUR 1,352,551 at 31 December 2014). These loans representing normal transactions were carried out on an arm's length basis.

8.h OTHER RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

Relations between consolidated companies

A list of companies consolidated by the BNP Paribas Group is provided in note 8.j "Scope of consolidation". Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show transactions with entities accounted for under the equity method.

➤ OUTSTANDING BALANCES OF RELATED-PARTY TRANSACTIONS

	31 December 2015		31 December 2014	
In millions of euros	Joint ventures	Associates(1)	Joint ventures	Associates(1)
ASSETS				
Loans, advances and securities				
On demand accounts		101		51
Loans	4,156	3,585	4,548	2,083
Securities	1,102	2	1,229	
Securities held in the non-trading portfolio	**19**	**56**	**12**	**38**
Other assets	**10**	**258**	**2**	**10**
TOTAL	**5,287**	**4,002**	**5,791**	**2,182**
LIABILITIES				
Deposits				
On demand accounts	225	403	152	209
Other borrowings	45	2,575	36	2,655
Debt securities	**-**	**-**	**-**	**1**
Other liabilities	**19**	**78**	**-**	**29**
TOTAL	**289**	**3,056**	**188**	**2,894**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	**2,781**	**2,162**	**3,265**	**3,044**
Guarantee commitments given	**2**	**77**	**-**	**1,485**
TOTAL	**2,783**	**2,239**	**3,265**	**4,529**

(1) Including controlled but non material entities consolidated under the equity method.

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).

RELATED-PARTY PROFIT AND LOSS ITEMS

In millions of euros	Year to 31 Dec. 2015		Year to 31 Dec. 2014	
	Joint ventures	Associates(1)	Joint ventures	Associates(1)
Interest income	38	74	136	141
Interest expense		(24)	(1)	(72)
Commission income	4	509	5	379
Commission expense	(4)	(45)	(36)	(34)
Services provided	1	22	1	15
Services received		(26)		
Lease income		7		6
TOTAL	**39**	**517**	**105**	**435**

(1) Including controlled but non material entities consolidated under the equity method.

Group Entities managing certain post-employment benefit plans offered to Group employees

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has a 25% equity interest.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Cardif, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2015, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,884 million (EUR 3,684 million as at 31 December 2014). Amounts received by Group companies in the year to 31 December 2015 totalled EUR 4.3 million, and were mainly composed of management and custody fees (EUR 4.1 million in 2014).

8.i FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- these fair values are an estimate of the value of the relevant instruments as at 31 December 2015. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern;
- most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments;
- estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful;
- the fair values shown below do not include the fair values of finance lease transactions, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

In millions of euros, at 31 December 2015	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and receivables due from credit institutions *(note 5.f)*		43,337	45	43,382	43,427
Loans and receivables due from customers *(note 5.g)*[(1)]	694	50,272	615,589	666,555	655,898
Held-to-maturity financial assets *(note 5.j)*	8,866	152		9,018	7,757
FINANCIAL LIABILITIES					
Due to credit institutions *(note 5.f)*		84,386		84,386	84,146
Due to customers *(note 5.g)*		701,207		701,207	700,309
Debt securities *(note 5.i)*	50,334	110,580		160,914	159,447
Subordinated debt *(note 5.i)*	8,281	8,061		16,342	16,544

(1) Finance leases excluded.

In millions of euros, at 31 December 2014	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and receivables due from credit institutions *(note 5.f)*		43,299	25	43,324	43,348
Loans and receivables due from customers *(note 5.g)*[(1)]		62,751	580,189	642,940	631,189
Held-to-maturity financial assets	10,206	113	82	10,401	8,965
FINANCIAL LIABILITIES					
Due to credit institutions *(note 5.f)*		90,729		90,729	90,352
Due to customers *(note 5.g)*		643,156		643,156	641,549
Debt securities *(note 5.i)*	79,463	109,805		189,268	187,074
Subordinated debt *(note 5.i)*	5,116	8,579		13,695	13,936

(1) Finance leases excluded.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, "Summary of significant accounting policies applied by the BNP Paribas Group". The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.c.10). In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

8.j SCOPE OF CONSOLIDATION

Name	Country	31 December 2015 Method	Voting (%)	Interest (%)	Ref.	31 December 2014 Method	Voting (%)	Interest (%)	Ref.
BNP Paribas SA	France								
BNP Paribas SA (South Africa branch)	South Africa	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Germany branch)	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Saudi Arabia branch)	Saudi Arabia	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Argentina branch)	Argentina	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Australia branch)	Australia	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Bahrain branch)	Bahrain	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Belgium branch)	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Bulgaria branch)	Bulgaria	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Canada branch)	Canada	Full	100%	100%		Full	100%	100%	E2
BNP Paribas SA (China branch)	China								S1
BNP Paribas SA (United Arab Emirates branch)	United Arab Emirates	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Spain branch)	Spain	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (U.S.A branch)	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Hong Kong branch)	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Hungary branch)	Hungary	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Cayman Islands branch)	Cayman Islands	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (India branch)	India	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Ireland branch)	Ireland	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Italy branch)	Italy	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Japan branch)	Japan	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Jersey branch)	Jersey	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Kuwait branch)	Kuwait	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Luxembourg branch)	Luxembourg	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Malaysia branch)	Malaysia	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Monaco branch)	Monaco	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Norway branch)	Norway				S1	Full	100%	100%	
BNP Paribas SA (Panama branch)	Panama	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Netherlands branch)	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Philippines branch)	Philippines	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Poland branch)	Poland	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Portugal branch)	Portugal	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Qatar branch)	Qatar	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Republic of Korea branch)	Rep. of Korea	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (UK branch)	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Singapore branch)	Singapore	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Taiwan branch)	Taiwan	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Thailand branch)	Thailand	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Viet Nam branch)	Viet Nam	Full	100%	100%		Full	100%	100%	
Retail Banking & Services									
Domestic Markets									
Retail Banking - France									
Banque de Wallis et Futuna	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
BNP Paribas Developpement	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Factor	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Factor (Spain branch)	Spain	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Factor AS	Denmark	Equity*	100%	99.9%	E1				
BNP Paribas Factor Portugal	Portugal	Full	100%	100%		Full	100%	100%	
BNP Paribas Guadeloupe	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Guyane	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Martinique	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Nouvelle Caledonie	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Réunion	France	Full (1)	100%	100%		Full (1)	100%	100%	
Portzamparc Gestion	France								S3
Portzamparc société de Bourse	France	Full (1)	51.0%	51.0%		IG (1)	51.0%	51.0%	
Société Alsacienne de développement et d'expansion	France	Full	100%	65.9%		Full	100%	65.9%	
Retail Banking - Belgium									
Alpha Card SCRL (Group)	Belgium	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
Belgian Mobile Wallet	Belgium	Equity	20.0%	20.0%	V3	Equity	33.2%	33.2%	V2&V3
BNP Paribas Commercial Finance Ltd.	UK	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Factor Deutschland BV	Netherlands	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Factor GmbH	Germany	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Factoring Coverage Europe Holding NV	Netherlands	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis	Belgium	Full	99.9%	99.9%		Full	99.9%	99.9%	
BNP Paribas Fortis (Germany branch)	Germany	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Austria branch)	Austria	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Denmark branch)	Denmark	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Spain branch)	Spain	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (U.S.A branch)	U.S.A	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Finland branch)	Finland	Full	100%	99.9%		Full	100%	99.9%	E2
BNP Paribas Fortis (Cayman Islands branch)	Cayman Islands				S1	Full	100%	99.9%	
BNP Paribas Fortis (Norway branch)	Norway	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Netherlands branch)	Netherlands	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Czech Republic branch)	Czech Republic	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Romania branch)	Romania	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (UK branch)	UK				S1	Full	100%	99.9%	
BNP Paribas Fortis (Sweden branch)	Sweden	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis Factor NV	Belgium	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis Funding SA	Luxembourg	Full	100%	99.9%		Full	100%	99.9%	
Bpost banque	Belgium	Equity (3)	50.0%	50.0%		Equity (3)	50.0%	50.0%	
Demetris NV	Belgium	Equity*	100%	99.9%		Equity*	100%	99.9%	
Immobilière Sauvenière SA	Belgium	Equity*	100%	99.9%		Equity*	100%	99.9%	
Structured entities									
BASS Master Issuer NV	Belgium	Full	-	-		Full	-	-	
Esmée Master Issuer	Belgium	Full	-	-		Full	-	-	
Retail Banking - Luxembourg									
BGL BNP Paribas	Luxembourg	Full	66.0%	65.9%		Full	66.0%	65.9%	
BGL BNP Paribas (Germany branch)	Germany	Full	100%	65.9%		Full	100%	65.9%	
BGL BNP Paribas Factor SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	
BNP Paribas Lease Group Luxembourg SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	
Cofhylux SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	
Structured entities									
Société Immobilière de Monterey SA	Luxembourg	Full	-	-		Full	-	-	
Retail Banking - Italy (BNL Banca Commerciale)									
Artigiancassa SPA	Italy	Full	73.9%	73.9%		Full	73.9%	73.9%	
Banca Nazionale del Lavoro SPA	Italy	Full	100%	100%		Full	100%	100%	
BNL Finance SPA	Italy	Full	100%	100%		Full	100%	100%	
BNL Positivity SRL	Italy	Full	51.0%	51.0%		Full	51.0%	51.0%	
Business Partners Italia SCPA	Italy	Full	100%	99.9%	V3	Full	100%	100%	E2
International Factors Italia SPA - Ifitalia	Italy	Full	99.6%	99.6%		Full	99.6%	99.6%	
Structured entities									
EMF-IT 2008-1 SRL	Italy	Full	-	-		Full	-	-	
Vela ABS SRL	Italy	Full	-	-		Full	-	-	
Vela Consumer SRL	Italy	Full	-	-	E2				
Vela Home SRL	Italy	Full	-	-		Full	-	-	
Vela Mortgages SRL	Italy	Full	-	-		Full	-	-	
Vela OBG SRL	Italy	Full	-	-		Full	-	-	
Vela Public Sector SRL	Italy	Full	-	-		Full	-	-	
Vela RMBS SRL	Italy	Full	-	-		Full	-	-	E2

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation).
S2 Disposal, loss of control or loss of significant influence.
S3 Entities removed from the scope because < qualifying thresholds (see note 1.b).
S4 Merger, Universal transfer of assets and liabilities.

Variance (V) in voting or ownership interest

V1 Additional purchase.
V2 Partial disposal.
V3 Dilution.
V4 Increase in %.
Equity(*) Controlled but non material entities consolidated under the equity method as associates

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 90 Construction-Sale Companies (Real Estate programmes) of which 80 fully and 10 equity method consolidated.
D3 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

		31 December 2015				31 December 2014			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Arval									
Artel	France	Equity*	100%	100%	E1				
Arval AB	Sweden	Equity*	100%	100%	E2				
Arval AS	Denmark	Equity*	100%	100%		Equity*	100%	100%	
Arval Austria GmbH	Austria	Equity*	100%	100%		Equity*	100%	100%	
Arval Belgium SA	Belgium	Full	100%	100%		Full	100%	100%	
Arval Benelux BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval Brasil Ltda.	Brazil	Full	100%	100%		Full	100%	100%	
Arval BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval China Co Ltd.	China	Equity	40.0%	40.0%	V3	Equity*	100%	100%	
Arval CZ SRO	Czech Republic	Full	100%	100%		Full	100%	100%	
Arval Deutschland GmbH	Germany	Full	100%	100%		Full	100%	100%	
Arval ECL	France				S4	Equity*	100%	100%	
Arval Hellas Car Rental SA	Greece	Equity*	100%	100%		Equity*	100%	100%	
Arval India Private Ltd.	India	Equity*	100%	100%		Equity*	100%	100%	
Arval Italy Fleet Services SRL	Italy	Full	100%	100%	E3				
Arval Luxembourg SA	Luxembourg	Equity*	100%	100%		Equity*	100%	100%	
Arval Magyarorszag KFT	Hungary	Equity*	100%	100%		Equity*	100%	100%	
Arval Maroc SA	Morocco	Equity*	100%	88.9%	V3	Equity*	100%	89.0%	
Arval OOO	Russia	Full	100%	100%		Full	100%	100%	
Arval Oy	Finland	Equity*	100%	100%		Equity*	100%	100%	
Arval Schweiz AG	Switzerland	Equity*	100%	100%		Equity*	100%	100%	
Arval Service Lease	France	Full	100%	100%		Full	100%	100%	
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Equity*	100%	100%		Equity*	100%	100%	
Arval Service Lease Italia SPA	Italy	Full	100%	100%		Full	100%	100%	
Arval Service Lease Polska SP ZOO	Poland	Full	100%	100%		Full	100%	100%	
Arval Service Lease Romania SRL	Romania	Equity*	100%	100%		Equity*	100%	100%	
Arval Service Lease SA	Spain	Full	100%	100%		Full	100%	100%	
Arval Slovakia	Slovakia	Equity*	100%	100%		Equity*	100%	100%	
Arval Trading	France	Equity*	100%	100%		Equity*	100%	100%	
Arval UK Group Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
Autovalley	France				S4	Equity*	100%	100%	
BNP Paribas Fleet Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Cofiparc	France	Full	100%	100%		Full	100%	100%	
GE Auto Service Leasing GmbH	Germany	Full	100%	100%	E3				
GE Auto Service Leasing GmbH	Austria	Equity*	100%	100%	E3				
GE Capital Largo Plazo SL	Spain	Full	100%	100%	E3				
GE Commercial Finance Fleet Services Ltd.	UK	Full	100%	100%	E3				
GE Fleet Services BV	Netherlands	Full	100%	100%	E3				
General Electric Capital Fleet Services FR	France	Full	100%	100%	E3				
Greenval Insurance Company Ltd.	Ireland	Full (2)	100%	100%		Full (2)	100%	100%	
Itelcar - Automoveis de Aluguer, Unipessoal, Lda.	Portugal	Equity*	100%	100%	E3				
Locadif	Belgium	Full	100%	100%	E3				
Public Location Longue Durée	France	Equity*	100%	100%		Equity*	100%	100%	
TEB Arval Arac Filo Kiralama AS	Turkey	Full	100%	75.0%		Full	100%	75.0%	
Leasing Solutions									
Ace Equipment Leasing	Belgium	Full	100%	83.0%		Full	100%	83.0%	
Ace Leasing	Belgium								S4
Agrilease BV	Netherlands								S3
Albury Asset Rentals Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
All In One Vermietung GmbH	Austria	Equity*	100%	83.0%		Equity*	100%	83.0%	
All In One Vermietungsgesellschaft für Telekommunicationsanlagen MBH	Germany	Equity*	100%	83.0%		Equity*	100%	83.0%	
Aprolis Finance	France	Full	51.0%	42.3%		Full	51.0%	42.3%	
Aprolis Finance (Romania branch)	Romania				S1	Equity*	100%	42.3%	D1
Arius	France	Full	100%	83.0%		Full	100%	83.0%	
Artegy	France	Full	100%	83.0%		Full	100%	83.0%	
Artegy Ltd.	UK	Equity*	100%	83.0%		Equity*	100%	83.0%	D1
BNP Paribas Finansal Kiralama AS	Turkey	Full	100%	82.5%	V4	Full	100%	82.4%	V1
BNP Paribas Lease Group (Rentals) Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
BNP Paribas Lease Group BPLG	France	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Germany branch)	Germany	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Spain branch)	Spain	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Italy branch)	Italy	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Portugal branch)	Portugal	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group IFN SA	Romania	Equity*	100%	83.0%		Equity*	100%	83.0%	
BNP Paribas Lease Group KFT	Hungary	Equity*	100%	83.0%		Equity*	100%	83.0%	
BNP Paribas Lease Group Leasing Solutions SPA	Italy	Full	100%	95.5%		Full	100%	95.5%	
BNP Paribas Lease Group Lizing RT	Hungary	Equity*	100%	83.0%		Equity*	100%	83.0%	
BNP Paribas Lease Group PLC	UK	Full	100%	83.0%		Full	100%	83.0%	
BNP Paribas Lease Group Polska SP ZOO	Poland	Equity*	100%	83.0%		Equity*	100%	83.0%	
BNP Paribas Lease Group SA Belgium	Belgium	Full	100%	83.0%		Full	100%	83.0%	
BNP Paribas Leasing Solutions	Luxembourg	Full	100%	83.0%		Full	100%	83.0%	
BNP Paribas Leasing Solutions Immobilier Suisse	Switzerland				S4	Equity*	100%	83.0%	
BNP Paribas Leasing Solutions Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
BNP Paribas Leasing Solutions NV	Netherlands	Full	100%	83.0%		Full	100%	83.0%	
BNP Paribas Leasing Solutions Suisse SA	Switzerland	Equity*	100%	83.0%		Equity*	100%	83.0%	
Claas Financial Services	France	Full (1)	60.1%	49.9%		Full (1)	60.1%	49.9%	
Claas Financial Services (Germany branch)	Germany	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services (Spain branch)	Spain	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services (Italy branch)	Italy	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services (Poland branch)	Poland	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services Inc.	U.S.A	Full	100%	49.9%		Full	100%	49.9%	
Claas Financial Services Ltd.	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	
CNH Industrial Capital Europe	France	Full (1)	50.1%	41.6%		Full (1)	50.1%	41.6%	
CNH Industrial Capital Europe (Germany branch)	Germany	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Belgium branch)	Belgium	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Spain branch)	Spain	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Italy branch)	Italy	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Poland branch)	Poland	Full (1)	100%	41.6%		Full (1)	100%	41.6%	E2
CNH Industrial Capital Europe BV	Netherlands	Full	100%	41.6%		Full	100%	41.6%	
CNH Industrial Capital Europe GmbH	Austria	Full	100%	41.6%		Full	100%	41.6%	
CNH Industrial Capital Europe Ltd.	UK	Full	100%	41.6%		Full	100%	41.6%	
Commercial Vehicle Finance Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
ES-Finance	Belgium	Full	100%	99.9%		Full	100%	99.9%	
Fortis Lease	France	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
Fortis Lease Belgium	Belgium	Full	100%	83.0%		Full	100%	83.0%	
Fortis Lease Car & Truck	Belgium								S4
Fortis Lease Deutschland GmbH	Germany	Equity*	100%	83.0%		Equity*	100%	83.0%	
Fortis Lease Iberia SA	Spain	Equity*	100%	86.6%		Equity*	100%	86.6%	
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity*	100%	83.0%		Equity*	100%	83.0%	
Fortis Lease Polska Sp.zoo	Poland								S3
Fortis Lease Portugal	Portugal	Equity*	100%	83.0%		Equity*	100%	83.0%	
Fortis Lease Romania IFN SA	Romania				S4	Equity*	100%	83.0%	
Fortis Lease UK Ltd.	UK	Equity*	100%	83.0%		Equity*	100%	83.0%	D1
Fortis Lease UK Retail Ltd.	UK	Equity*	100%	83.0%		Equity*	100%	83.0%	D1
Fortis Vastgoedlease BV	Netherlands	Equity*	100%	83.0%		Equity*	100%	83.0%	D1
Heffiq Heftruck Verhuur BV	Netherlands								S3
HFGL Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
Humberclyde Commercial Investments Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
Humberclyde Commercial Investments N°1 Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
JCB Finance	France	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
JCB Finance (Germany branch)	Germany	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
JCB Finance (Spain branch)	Spain								S1
JCB Finance (Italy branch)	Italy	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
JCB Finance Holdings Ltd.	UK	Full	50.1%	41.6%		Full	50.1%	41.6%	
Locatrice Italiana SPA	Italy	Equity*	100%	83.0%	V3	Equity*	100%	95.5%	
Manitou Finance Ltd.	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	
MFF	France	Full (1)	51.0%	42.3%		Full (1)	51.0%	42.3%	
Natiocrédibail	France	Full (1)	100%	100%		Full (1)	100%	100%	
Natiocrédimurs	France	Full (1)	100%	100%		Full (1)	100%	100%	
Natioénergie 2	France	Equity*	100%	100%		Equity*	100%	100%	
RD Portofoliu SRL	Romania	Equity*	100%	83.0%	E2				
Same Deutz Fahr Finance	France	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
Same Deutz Fahr Finance Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	
SREI Equipement Finance Ltd.	India	Equity (3)	50.0%	41.5%		Equity (3)	50.0%	41.5%	
Structured entities									
BNP Paribas B Institutional II Short Term	Belgium	Full	-	-	E1				
Vela Lease SRL	Italy				S3	Full	-	-	
Personal Investors									
Cortal Consors	France								S4
Cortal Consors (Germany branch)	Germany								S4
Cortal Consors (Spain branch)	Spain								S4
DAB Bank AG	Germany				S4	Full	91.7%	91.7%	E3
Geojit BNP Paribas Financial Services Ltd. (Group)	India	Equity	34.4%	34.4%		Equity	34.4%	34.4%	V1
Geojit Technologies Private Ltd.	India	Equity*	57.4%	57.4%	D1	Full	57.4%	57.4%	V1

		31 December 2015				31 December 2014			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Hellobank BNP Paribas Austria AG (Ex- Direktanlage.AT AG)	Austria	Full	100%	100.0%	V4	Full	100%	91.7%	E3
Structured entities									
DAB Bank AG (Ex- BNP Paribas Beteiligungsholding AG)	Germany				S4	Full	-	-	E3
International Financial Services									
BNP Paribas Personal Finance									
Alpha Crédit SA	Belgium	Full	100%	99.9%		Full	100%	99.9%	
Axa Banque Financement	France	Equity	35.0%	35.0%		Equity	35.0%	35.0%	
Banco BNP Paribas Personal Finance SA	Portugal	Full	100%	100%		Full	100%	100%	
Banco Cetelem Argentina SA	Argentina	Full	100%	100%		Full	100%	100%	
Banco Cetelem SA	Spain	Full	100%	100%		Full	100%	100%	
Banco Cetelem SA (ex- Banco BGN SA)	Brazil	Full	100%	100%		Full	100%	100%	
Banco de Servicios Financieros SA	Argentina	Equity	40.0%	40.0%		Equity	40.0%	40.0%	
Banque Solféa	France	Equity (3)	44.9%	44.9%		Equity (3)	44.9%	44.9%	V1&D3
BGN Mercantil E Servicos Ltda.	Brazil	Equity*	100%	100%		Equity*	100%	100%	
Bieffe 5 SPA	Italy								S4
BNP Paribas Personal Finance	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Personal Finance (Czech Republic branch)	Czech Republic	Full	100%	100%	E2				
BNP Paribas Personal Finance BV	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Personal Finance EAD	Bulgaria	Full	100%	100%		Full	100%	100%	
BNP Paribas Personal Finance SA de CV	Mexico	Full	100%	100%		Full	100%	100%	
Cafineo	France	Full (1)	51.0%	50.8%		Full (1)	51.0%	50.8%	
Carrefour Banque	France	Equity	40.0%	40.0%	V1	Equity	39.2%	39.2%	
Cetelem Algérie	Algeria				S3	Equity*	100%	100%	
Cetelem America Ltda.	Brazil	Full	100%	100%		Full	100%	100%	
Cetelem Bank LLC	Russia	Equity	20.8%	20.8%	V3	Equity	26.0%	26.0%	
Cetelem Brasil SA	Brazil								S4
Cetelem CR AS	Czech Republic				S4	Full	100%	100%	
Cetelem IFN	Romania	Full	100%	100%		Full	100%	100%	
Cetelem Serviços Ltda.	Brazil	Full	100%	100%		Full	100%	100%	
Cetelem Slovensko AS	Slovakia	Full	100%	100%		Full	100%	100%	
CMV Médiforce	France	Full (1)	100%	100%		Full (1)	100%	100%	
Cofica Bail	France	Full (1)	100%	100%		Full (1)	100%	100%	
Cofiplan	France	Full (1)	100%	100%		Full (1)	100%	100%	
Commerz Finanz	Germany	Full	50.1%	50.1%		Full	50.1%	50.1%	
Communication Marketing Services - CMS	France				S4	Full	100%	100%	V1&D3
Compagnie de Gestion et de Prêts	France				S4	Full	65.0%	65.0%	V1&D3
Creation Consumer Finance Ltd.	UK	Full	100%	100%		Full	100%	100%	V1&D3
Creation Financial Services Ltd.	UK	Full	100%	100%		Full	100%	100%	V1&D3
Creation Marketing Services Ltd.	UK				S1	Full	100%	100%	V1&D3
Crédit Moderne Antilles Guyane	France	Full (1)	100%	100%		Full (1)	100%	100%	
Crédit Moderne Océan Indien	France	Full (1)	97.8%	97.8%		Full (1)	97.8%	97.8%	
Direct Services	Bulgaria	Full	100%	100%		Full	100%	100%	
Domofinance	France	Full (1)	55.0%	55.0%		Full (1)	55.0%	55.0%	
Effico	France	Full	100%	100%		Full	100%	100%	
Effico Iberia SA	Spain	Equity*	100%	100%		Equity*	100%	100%	
EkspresBank	Denmark	Full	100%	100%		Full	100%	100%	V1&D3
EkspresBank (Norway branch)	Norway	Full	100%	100%		Full	100%	100%	V1&D3
Eos Aremas Belgium SA NV	Belgium	Equity	50.0%	49.9%		Equity	50.0%	49.9%	
Eurocredito EFC SA	Spain				S4	Full	100%	100%	
Facet	France				S4	Full (1)	100%	100%	
Fidecom	France	Full	82.4%	82.4%		Full	82.4%	82.4%	V1&D3
Fidem	France				S4	Full (1)	100%	100%	
Fimestic Expansion SA	Spain	Full	100%	100%		Full	100%	100%	
Findomestic Banca SPA	Italy	Full	100%	100%		Full	100%	100%	
Findomestic Banka AD	Serbia	Full	100%	100%		Full	100%	100%	
Gesellschaft für Capital & Vermögens-verwaltung GmbH (GCV)	Germany	Equity*	100%	99.9%		Equity*	100%	99.9%	
Gestion et Services Groupe Cofinoga GIE	France				S4	Full	100%	100%	V1&D3
Inkasso Kodat GmbH & CO KG	Germany	Equity*	100%	99.9%		Equity*	100%	99.9%	
LaSer Cofinoga	France				S4	Full	100%	100%	V1&D3
LaSer Loyalty	France				S4	Full	100%	100%	V1&D3
LaSer SA	France				S4	Full	100%	100%	V1&D3
Leval 20	France	Full	100%	100%		Full	100%	100%	
Loisirs Finance	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
Magyar Cetelem Bank ZRT	Hungary	Full	100%	100%		Full	100%	100%	
Nissan Finance Belgium NV	Belgium								S4
Norrsken Finance	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
Oney Magyarorszag Zrt	Hungary	Equity	40.0%	40.0%		Equity	40.0%	40.0%	
Prêts et Services SAS	France	Full (1)	100%	100%		Full (1)	100%	100%	
Projeo	France	Full (1)	100%	100%	V1	Full (1)	51.0%	51.0%	
RCS Botswana Proprietary Ltd.	Botswana				S3	Full	100%	100%	E3
RCS Cards Proprietary Ltd.	South Africa	Full	100%	100%		Full	100%	100%	E3
RCS Collections Proprietary Ltd.	South Africa				S3	Full	100%	100%	E3
RCS Home Loans Proprietary Ltd.	South Africa				S3	Full	100%	100%	E3
RCS Investment Holdings Ltd.	South Africa	Full	100%	100%		Full	100%	100%	E3
RCS Investment Holdings Namibia Proprietary Ltd.	Namibia				S3	Full	100%	100%	E3
Retail Mobile Wallet	France	Full	100%	100%	D1	Equity*	100%	100%	E1
Servicios Financieros Carrefour EFC SA	Spain	Equity	37.3%	40.0%	V4	Equity	37.3%	39.9%	
Sundaram BNP Paribas Home Finance Ltd.	India	Equity	49.9%	49.9%		Equity	49.9%	49.9%	
Sygma Banque	France				S4	Full	100%	100%	V1&D3
Sygma Banque (Poland branch)	Poland				S1	Full	100%	100%	V1&D3
Sygma Banque (UK branch)	UK				S1	Full	100%	100%	V1&D3
Sygma Funding Two Ltd.	UK	Full	100%	100%		Full	100%	100%	V1&D3
Symag	France	Full	100%	100%		Full	100%	100%	V1&D3
TEB Tuketici Finansman AS	Turkey	Full	100%	92.8%		Full	100%	92.8%	
UCB Ingatlanhitel RT	Hungary	Full	100%	100%		Full	100%	100%	
Union de Creditos Inmobiliarios - UCI (Group)	Spain	Equity (3)	50.0%	50.0%		Equity (3)	50.0%	50.0%	
Von Essen GmbH & Co. KG Bankge-sellschaft	Germany	Full	100%	99.9%		Full	100%	99.9%	
Structured entities									
Autonoria 2012 - 1	France				S1	Full	-	-	
Autonoria 2012 - 2	France	Full	-	-		Full	-	-	
Autonoria 2014	France	Full	-	-		Full	-	-	E2
Cofinoga Funding Two LP	UK	Full	-	-		Full	-	-	V1&D3
Domos 2011 - A et B	France	Full	-	-		Full	-	-	
FCC Domos 2008	France	Full	-	-		Full	-	-	
FCC Retail ABS Finance Noria 2009	France	Full	-	-		Full	-	-	
FCC U.C.I 5 -18	Spain	Equity (3)	-	-		Equity (3)	-	-	
Fideicomiso Financiero Cetelem II, III et IV	Argentina				S1	Full	-	-	E2
Florence 1 SRL	Italy	Full	-	-		Full	-	-	
Florence SPV SRL	Italy	Full	-	-		Full	-	-	
Noria 2015	France	Full	-	-	E2				
Fondo de Titulizacion de Activos, RMBS Prado I	Spain	Equity (3)	-	-	E2				
Phedina Hypotheken 2010 BV	Netherlands	Full	-	-		Full	-	-	
Phedina Hypotheken 2011-I BV	Netherlands	Full	-	-		Full	-	-	
Phedina Hypotheken 2013-I BV	Netherlands	Full	-	-		Full	-	-	
International Retail Banking									
Retail Banking in the United States of America									
1897 Services Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BancWest Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BancWest Investment Services Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Bank of the West	U.S.A	Full	100%	100%		Full	100%	100%	
Bank of the West (Cayman Islands branch)	Cayman Islands	Full	100%	100%		Full	100%	100%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation).
S2 Disposal, loss of control or loss of significant influence.
S3 Entities removed from the scope because < qualifying thresholds (see note 1.b).
S4 Merger, Universal transfer of assets and liabilities.

Variance (V) in voting or ownership interest

V1 Additional purchase.
V2 Partial disposal.
V3 Dilution.
V4 Increase in %.
Equity(*) Controlled but non material entities consolidated under the equity method as associates

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 90 Construction-Sale Companies (Real Estate programmes) of which 80 fully and 10 equity method consolidated.
D3 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

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		31 December 2015				31 December 2014			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Bank of the West Business Park Association LLC	U.S.A								S3
Bishop Street Capital Management Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BW Insurance Agency Inc.	U.S.A				S2	Full	100%	100%	
Center Club Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
CFB Community Development Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Claas Financial Services LLC	U.S.A	Full	75.9%	63.4%		Full	75.9%	63.4%	
Commercial Federal Affordable Housing Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Commercial Federal Community Development Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Commercial Federal Insurance Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Commercial Federal Investment Service Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Community Service Inc.	U.S.A				S1	Full	100%	100%	
Equity Lending Inc.	U.S.A								S1
Essex Credit Corporation	U.S.A								S4
FHB Guam Trust Co.	U.S.A	Full	100%	100%		Full	100%	100%	
FHL SPC One Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
First Bancorp	U.S.A	Full	100%	100%		Full	100%	100%	
First Hawaiian Bank	U.S.A	Full	100%	100%		Full	100%	100%	
First Hawaïan Bank (Cayman Islands branch)	Cayman Islands				S1	Full	100%	100%	
First Hawaiian Capital 1	U.S.A				S1	Full	100%	100%	
First Hawaiian Leasing Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
First National Bancorporation	U.S.A	Full	100%	100%		Full	100%	100%	
First Santa Clara Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Liberty Leasing Company	U.S.A	Full	100%	100%		Full	100%	100%	
Mountain Falls Acquisition Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Real Estate Delivery 2 Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
The Bankers Club Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Ursus Real estate Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Structured entities									
Bank of the West Auto Trust 2014-1 (ex- BOW Auto Trust LLC)	U.S.A	Full	-	-		Full	-	-	E2
Bank of the West Auto Trust 2015-1	U.S.A	Full	-	-	E2				
Bank of the West Auto Trust 2015-2	U.S.A	Full	-	-	E2				
BOW Auto Receivables LLC	U.S.A	Full	-	-		Full	-	-	E2
Commercial Federal Realty Investors Corporation	U.S.A				S1	Full	-	-	
Commercial Federal Service Corporation	U.S.A				S1	Full	-	-	
Equipment Lot FH	U.S.A	Full	-	-		Full	-	-	
Equipment Lot Siemens 1998A-FH	U.S.A	Full	-	-		Full	-	-	
Glendale Corporate Center Acquisition LLC	U.S.A	Full	-	-		Full	-	-	
LACMTA Rail Statutory Trust (FH1)	U.S.A	Full	-	-		Full	-	-	
Lexington Blue LLC	U.S.A	Equity	-	-		Equity	-	-	
MNCRC Equipement Lot	U.S.A				S2	Full	-	-	
Riverwalk Village Three Holdings LLC	U.S.A	Full	-	-		Full	-	-	
Santa Rita Townhomes Acquisition LLC	U.S.A	Full	-	-		Full	-	-	
Southwest Airlines 1993 Trust N363SW	U.S.A				S2	Full	-	-	
ST 2001 FH-1 Statutory Trust	U.S.A	Full	-	-		Full	-	-	
SWB 99-1	U.S.A	Full	-	-		Full	-	-	
VTA 1998-FH	U.S.A	Full	-	-		Full	-	-	
Europe Mediterranean									
Bank BGZ BNP Paribas SA (ex- BGZ SA)	Poland	Full	88.3%	88.3%	V1&V3	Full	89.0%	89.0%	E3
Bank of Nanjing	China	Equity	18.8%	18.8%	V1	Equity	16.2%	16.2%	
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Burkina Faso	Full	51.0%	51.0%		Full	51.0%	51.0%	
Banque Internationale du Commerce et de l'Industrie Cote d'Ivoire	Ivory Coast	Full	59.8%	59.8%		Full	59.8%	59.8%	
Banque Internationale du Commerce et de l'Industrie Gabon	Gabon	Equity	47.0%	47.0%		Equity	47.0%	47.0%	
Banque Internationale du Commerce et de l'Industrie Guinée	Guinea	Equity*	55.6%	55.6%		Equity*	55.6%	55.6%	V1
Banque Internationale du Commerce et de l'Industrie Mali	Mali	Full	85.0%	85.0%		Full	85.0%	85.0%	
Banque Internationale du Commerce et de l'Industrie Senegal	Senegal	Full	54.1%	54.1%		Full	54.1%	54.1%	
Banque Marocaine du Commerce et de l'Industrie	Morocco	Full	66.7%	66.7%		Full	67.0%	67.0%	
Banque Marocaine du Commerce et de l'Industrie Assurance	Morocco	Equity*	100%	66.7%	V3	Equity*	100%	67.0%	
Banque Marocaine du Commerce et de l'Industrie Crédit Conso	Morocco								S4
Banque Marocaine du Commerce et de l'Industrie Gestion Asset Management	Morocco	Equity*	100%	66.7%	V3	Equity*	100%	67.0%	
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco	Full	86.9%	58.0%	V3	Full	86.9%	58.2%	
Banque Marocaine du Commerce et de l'Industrie Offshore	Morocco	Full	100%	66.7%	V3	Full	100%	67.0%	
BICI Bourse	Ivory Coast	Equity*	90.0%	53.5%	E1				
BNP Intercontinentale - BNPI	France				S4	Full (1)	100%	100%	
BNP Paribas Bank Polska SA	Poland				S4	Full	85.0%	84.9%	V3
BNP Paribas El Djazair	Algeria	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis Yatirimlar Holding AS	Turkey	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas IRB Participations (ex- BNP Paribas BDDI Participations)	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Yatirimlar Holding AS	Turkey	Full	100%	100%		Full	100%	100%	
Dominet SA	Poland								S1
IC Axa Insurance JSC	Ukraine	Equity	49.8%	49.8%		Equity	49.8%	49.8%	
Kronenburg Vastgoed BV	Netherlands				S3	Full	100%	69.5%	E1
Orient Commercial Bank	Viet Nam				S2	Equity	20.0%	20.0%	
Stichting Effecten Dienstverlening	Netherlands				S3	Full	100%	69.5%	E1
Sygma Bank Polska SA (Spolka Akcyjna)	Poland	Full	100.0%	88.3%	E2				
TEB Faktoring AS	Turkey	Full	100%	72.5%	V4	Full	100%	69.5%	V1
TEB Holding AS	Turkey	Full	50.0%	50.0%		Full	50.0%	50.0%	
TEB Portfoy Yonetimi AS	Turkey	Full	100%	72.5%	V1	Full	100%	70.8%	V1
TEB SH A	Serbia	Full	100%	50.0%		Full	100%	50.0%	
TEB Yatirim Menkul Degerler AS	Turkey	Full	100%	72.5%	V1	Full	100%	69.5%	V1
The Economy Bank NV	Netherlands				S3	Full	100%	69.5%	V1
Turk Ekonomi Bankasi AS	Turkey	Full	100%	72.5%	V1	Full	97.0%	69.5%	V1
Turk Ekonomi Bankasi AS (Bahrain branch)	Bahrain				S1	Full	100%	69.5%	V1
UkrSibbank Public JSC	Ukraine	Full	85.0%	100%		Full	85.0%	100%	
Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full	50.1%	50.1%		Full	50.1%	50.1%	
Insurance									
AG Insurance (Group)	Belgium	Equity	25.0%	25.0%		Equity	25.0%	25.0%	
BNP Paribas Cardif	France	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif BV	Netherlands	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Emeklilik Anonim Sirketi	Turkey	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Cardif General Insurance Co. Ltd.	Rep. of Korea	Equity*	77.5%	77.5%	V4	Equity*	75.0%	75.0%	E3
BNP Paribas Cardif Levensverzekeringen NV	Netherlands	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Pojistovna AS	Czech Republic	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif PSC Ltd.	UK	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Cardif Schadeverzekeringen NV	Netherlands	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Seguros de Vida SA	Chile	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Seguros Generales SA	Chile	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Servicios y Asistencia Limitada (ex- Cardif Extension De Garantia y Asistencia Limitada)	Chile	Equity*	100%	100%		Equity*	100%	100%	E1
BNP Paribas Cardif TCB Life Insurance Company Ltd.	Taiwan	Equity	49.0%	49.0%		Equity	49.0%	49.0%	
BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA	Italy	Full (2)	100%	100%		Full (2)	100%	100%	
BOB-Cardif Life Insurance Company Ltd.	China	Equity	50.0%	50.0%		Equity	50.0%	50.0%	E3
Cardif Assurance Vie	France	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Austria branch)	Austria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Belgium branch)	Belgium	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Germany branch)	Germany	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Italy branch)	Italy	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Japan branch)	Japan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Portugal branch)	Portugal	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Romania branch)	Romania	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Spain branch)	Spain	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Switzerland branch)	Switzerland	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Taiwan branch)	Taiwan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers	France	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Austria branch)	Austria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Germany branch)	Germany	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Italy branch)	Italy	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Japan branch)	Japan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Luxembourg branch)	Luxembourg	Full (2)	100%	100%		Full (2)	100%	100%	

Name	Country	31 December 2015					31 December 2014				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Cardif Assurances Risques Divers (Poland branch)	Poland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Romania branch)	Romania	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Spain branch)	Spain	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Biztosito Magyarorszag Zrt	Hungary	Equity*		100%	100%		Equity*		100%	100%	
Cardif Colombia Seguros Generales SA	Colombia	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif del Peru Sa Compania de Seguros	Peru					S3	Equity*		100%	100%	
Cardif do Brasil Seguros e Garantias SA	Brazil	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif do Brasil Vida e Previdencia SA	Brazil	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif El Djazair	Algeria	Equity*		100%	100%	E1					
Cardif Forsakring AB	Sweden	Equity*		100%	100%		Equity*		100%	100%	
Cardif Forsakring AB (Denmark branch)	Denmark	Equity*		100%	100%		Equity*		100%	100%	
Cardif Forsakring AB (Norway branch)	Norway	Equity*		100%	100%		Equity*		100%	100%	
Cardif Hayat Sigorta Anonim Sirketi	Turkey					S3	Equity*		100%	100%	
Cardif Insurance Company LLC	Russia	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif I-Services	France	Equity*		100%	100%		Equity*		100%	100%	
Cardif Leven	Belgium					S4	Full	(2)	100%	100%	
Cardif Life Insurance CO. Ltd.	Rep. of Korea	Full	(2)	85.0%	85.0%		Full	(2)	85.0%	85.0%	
Cardif Livforsakring AB	Sweden	Equity*		100%	100%		Equity*		100%	100%	E1
Cardif Livforsakring AB (Denmark branch)	Denmark	Equity*		100%	100%		Equity*		100%	100%	E1
Cardif Livforsakring AB (Norway branch)	Norway	Equity*		100%	100%		Equity*		100%	100%	E1
Cardif Lux Vie	Luxembourg	Full	(2)	66.7%	55.3%		Full	(2)	66.7%	55.3%	
Cardif Mexico Seguros de Vida SA de CV	Mexico	Equity*		100%	100%		Equity*		100%	100%	
Cardif Mexico Seguros Generales SA de CV	Mexico	Equity*		100%	100%		Equity*		100%	100%	
Cardif Nordic AB	Sweden	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Osiguranje Dionicko Drustvo ZA Osiguranje	Croatia	Equity*		100%	100%	E1					
Cardif Pinnacle Insurance Holdings PLC	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Pinnacle Insurance Management Services PLC	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Polska Towarzystwo Ubezpieczen na Zycie SA	Poland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Seguros SA	Argentina	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Services SAS	France	Equity*		100%	100%	E1					
Cargeas Assicurazioni SPA (ex- UBI Assicurazioni SPA)	Italy	Equity		50.0%	50.0%		Equity		50.0%	50.0%	E3
CB (UK) Ltd.	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Darnell Ltd.	Ireland	Full	(2)	100%	100%		Full	(2)	100%	100%	
F&B Insurance Holdings SA (Group)	Belgium					S1	Equity		50.0%	50.0%	
Financial Telemarketing Services Ltd.	UK										S3
GIE BNP Paribas Cardif	France	Full	(2)	100%	99.0%		Full	(2)	100%	99.0%	
Icare	France	Full	(2)	100%	100%		Full	(2)	100%	100%	E3
Icare Assurance	France	Full	(2)	100%	100%		Full	(2)	100%	100%	E3
Luizaseg	Brazil	Equity		50.0%	50.0%		Equity		50.0%	50.0%	
Natio Assurance	France	Equity		50.0%	50.0%		Equity		50.0%	50.0%	
NCVP Participacoes Societarias SA	Brazil	Full	(2)	100%	100%		Full	(2)	100%	100%	
Pinnacle Insurance PLC	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Pocztylion Arka Powszechne Towarzystwo Emerytalne SA	Poland	Equity		33.3%	33.3%		Equity		33.3%	33.3%	
Poistovna Cardif Slovakia AS	Slovakia	Equity*		100%	100%		Equity*		100%	100%	
Portes de Claye SCI	France	Equity		45.0%	45.0%	V3	Equity		45.0%	56.9%	
Scoo SCI	France	Equity		46.4%	46.4%	V3	Equity		46.4%	57.9%	V3
State Bank of India Life Insurance Company Ltd.	India	Equity		26.0%	26.0%		Equity		26.0%	26.0%	
Structured entities											
BNP Paribas Actions Euroland	France	Full	(2)	-	-	E1					
BNP Paribas Aqua	France	Full	(2)	-	-		Full	(2)	-	-	E1
BNP Paribas Convictions	France	Full	(2)	-	-	E1					
BNP Paribas Développement Humain	France	Full	(2)	-	-	E1					
BNP Paribas Global Senior Corporate Loans	France	Full	(2)	-	-		Full	(2)	-	-	
BNP Paribas Money 3M	France					S3	Full	(2)	-	-	
Cardimmo	France	Full	(2)	-	-		Full	(2)	-	-	
Natio Fonds Ampère 1	France	Full	(2)	-	-		Full	(2)	-	-	
Odyssée SCI	France	Full	(2)	-	-		Full	(2)	-	-	
Profilea Monde Equilibre	France					S4	Full	(2)	-	-	
Société Immobilière du Royal Building SA	Luxembourg	Full	(2)	-	-		Full		-	-	
Theam Quant Equity Europe Guru	France	Full	(2)	-	-	E1					
Wealth Management											
B*Capital	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Bank Insinger de Beaufort NV	Netherlands	Full		63.0%	63.0%		Full		63.0%	63.0%	
Bank Insinger de Beaufort NV (UK branch)	UK	Full		100%	63.0%		Full		100%	63.0%	
BNP Paribas Espana SA	Spain	Full		99.7%	99.7%		Full		99.7%	99.7%	V1
BNP Paribas Wealth Management	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Wealth Management (Hong Kong branch)	Hong Kong	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Wealth Management (Singapore branch)	Singapore	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Wealth Management Monaco	Monaco	Full	(1)	100%	100%		Full	(1)	100%	100%	
Conseil Investissement SNC	France	Equity*		100%	100%		Equity*		100%	100%	
Investment Partners											
Alfred Berg Asset Management AB	Sweden	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Asset Management AB (Denmark branch)	Denmark	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Asset Management AB (Finland branch)	Finland	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Asset Management AB (Norway branch)	Norway	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Fonder AB	Sweden	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Kapitalforvaltning AB	Sweden	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Kapitalforvaltning AS	Norway	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Kapitalforvaltning Finland AB	Finland	Full		100%	98.3%		Full		100%	98.3%	
Alfred Berg Rahastoyhtio Oy	Finland	Full		100%	98.3%		Full		100%	98.3%	
Bancoestado Administradora General de Fondos SA	Chile	Equity		50.0%	49.1%		Equity		50.0%	49.1%	
BNP Paribas Asset Management Brasil Ltda.	Brazil	Full		100%	99.6%		Full		100%	99.6%	
BNP Paribas Asset Management Inc.	U.S.A					S4	Full		100%	100%	
BNP Paribas Asset Management India Private Ltd.	India	Equity*		100%	98.3%		Equity*		100%	98.3%	
BNP Paribas Asset Management SAS	France	Full		100%	98.3%		Full		100%	98.3%	
BNP Paribas Asset Management SAS (Austria branch)	Austria	Full		100%	98.3%		Full		100%	98.3%	
BNP Paribas Capital Partners	France	Equity*		100%	100%		Equity*		100%	100%	
BNP Paribas Investment Partners	France	Full		100%	98.3%		Full		100%	98.3%	
BNP Paribas Investment Partners (Australia) Holdings Pty Ltd.	Australia	Full		100%	98.3%		Full		100%	98.3%	
BNP Paribas Investment Partners (Australia) Ltd.	Australia	Equity*		100%	98.3%		Equity*		100%	98.3%	
BNP Paribas Investment Partners Argentina SA	Argentina	Equity*		100%	99.6%		Equity*		100%	99.6%	E1

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation).
S2 Disposal, loss of control or loss of significant influence.
S3 Entities removed from the scope because < qualifying thresholds (see note 1.b).
S4 Merger, Universal transfer of assets and liabilities.

Variance (V) in voting or ownership interest

V1 Additional purchase.
V2 Partial disposal.
V3 Dilution.
V4 Increase in %.
Equity(*) Controlled but non material entities consolidated under the equity method as associates

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 90 Construction-Sale Companies (Real Estate programmes) of which 80 fully and 10 equity method consolidated.
D3 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

Name	Country	31 December 2015 Method	Voting (%)	Interest (%)	Ref.	31 December 2014 Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Investment Partners Asia Ltd.	Hong Kong	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners BE Holding	Belgium	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners Belgium	Belgium	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners Belgium (Germany branch)	Germany	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners Funds (Nederland) NV	Netherlands	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners Japan Ltd.	Japan	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners Latam SA	Mexico	Equity*	99.1%	97.4%		Equity*	99.1%	97.4%	V4
BNP Paribas Investment Partners Luxembourg	Luxembourg	Full	99.7%	98.0%		Full	99.7%	98.0%	
BNP Paribas Investment Partners Netherlands NV	Netherlands	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners NL Holding NV	Netherlands	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners PT	Indonesia	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners Singapore Ltd.	Singapore	Equity*	100%	98.3%		Equity*	100%	98.3%	
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Italy	Full	100%	100%	V4	Full	100%	99.7%	
BNP Paribas Investment Partners UK Ltd.	UK	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Investment Partners USA Holdings Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
CamGestion	France	Full	100%	98.3%		Full	100%	98.3%	
Fischer Francis Trees & Watts Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Fischer Francis Trees & Watts UK Ltd.	UK	Equity*	100%	98.3%		Equity*	100%	98.3%	
Fund Channel	Luxembourg	Equity	50.0%	49.1%		Equity	50.0%	49.1%	
FundQuest Advisor	France	Equity*	100%	98.3%		Equity*	100%	98.3%	
FundQuest Advisor (UK branch)	UK	Equity*	100%	98.3%		Equity*	100%	98.3%	
FundQuest UK Ltd.	UK								S3
Haitong - Fortis Private Equity Fund Management CO. Ltd.	China	Equity	33.0%	32.4%		Equity	33.0%	32.4%	
HFT Investment Management CO Ltd. (Group)	China	Equity	49.0%	48.2%		Equity	49.0%	48.2%	
Shinhan BNP Paribas Asset Management CO Ltd.	Rep. of Korea	Equity	35.0%	34.4%		Equity	35.0%	34.4%	
THEAM	France	Full	100%	98.3%		Full	100%	98.3%	
TKB BNP Paribas Investment Partners Holding BV	Netherlands				S2	Equity	50.0%	49.1%	
Real Estate Services									
Asset Partners	France								S4
Atisreal Netherlands BV	Netherlands	Full	100%	100%		Full	100%	100%	
Auguste-Thouard Expertise	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Promotion Immobilier d'Entreprise	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Promotion Residentiel (ex- BNP Paribas Immobilier Residentiel Promotion Ile de France)	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residences Services	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel Service Clients	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel Transaction & Conseil	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel V2i	France				S4	Full	100%	100%	
BNP Paribas Real Estate	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory & Property Management Czech Republic SRO	Czech Republic	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory & Property Management Hungary Ltd.	Hungary	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory & Property Management Ireland Ltd.	Ireland	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory & Property Management LLC	United Arab Emirates				S3	Full	49.0%	49.0%	
BNP Paribas Real Estate Advisory & Property Management Luxembourg SA	Luxembourg	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory & Property Management UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory Belgium SA	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory Italy SPA	Italy	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory Netherlands BV	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Advisory SA	Romania	Full	100%	100%		Full	100%	100%	

Name	Country	31 December 2015 Method	Voting (%)	Interest (%)	Ref.	31 December 2014 Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Real Estate Advisory Spain SA	Spain	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Consult France	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Consult GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Facilities Management Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Financial Partner	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Holding Benelux SA	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Holding GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Hotels France	France	Full	100%	96.0%	V3	Full	100%	96.1%	V2
BNP Paribas Real Estate Investment Management Belgium	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Investment Management France	France	Full	96.8%	96.8%		Full	96.8%	96.8%	
BNP Paribas Real Estate Investment Management Germany GmbH	Germany	Full	94.9%	94.9%		Full	94.9%	94.9%	
BNP Paribas Real Estate Investment Management Italy	Italy	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Investment Management Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Investment Management Luxembourg SA	Luxembourg	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Investment Management Spain SA	Spain	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Investment Management UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Investment Services	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Italy SRL	Italy	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Jersey Ltd.	Jersey	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Poland SP ZOO	Poland	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Development UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Developpement Italy SPA	Italy	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Management Belgium	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Management France SAS	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Management GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Management Italy SRL	Italy	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Property Management Spain SA	Spain	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Transaction France	France	Full	96.0%	96.0%	V3	Full	96.1%	96.1%	V2
BNP Paribas Real Estate Valuation France	France	Full	100%	100%		Full	100%	100%	
European Direct Property Management SA	Luxembourg								S3
FG Ingenierie et Promotion Immobilière	France	Full	100%	100%		Full	100%	100%	
Immobilière des Bergues	France	Full	100%	100%		Full	100%	100%	
Locchi SRL	Italy	Full	100%	100%	E1				
Meunier Hispania	Spain	Full	100%	100%		Full	100%	100%	
Parker Tower Ltd.	UK	Full	100%	100%	E3				
Partner's & Services	France	Full	100%	100%		Full	100%	100%	
Pyrotex GB 1 SA	Luxembourg	Full	100%	100%		Full	100%	100%	
Pyrotex SARL	Luxembourg	Full	100%	100%		Full	100%	100%	
San Basilio 45 SRL	Italy	Full	100%	100%		Full	100%	100%	
Siège Issy	France	Full	100%	100%		Full	100%	100%	
Sociétés de Construction de Vente	France	Full / Equity	-	-	D2	Full / Equity	-	-	D2
Sviluppo HQ Tiburtina SRL	Italy	Full	100%	100%		Full	100%	100%	
Sviluppo Residenziale Italia SRL	Italy	Full	100%	100%		Full	100%	100%	
Tasaciones Hipotecarias SA	Spain								S2
Via Crespi 26 SRL	Italy				S2	Full	100%	100%	
Structured entities									
REPD Parker Ltd.	UK	Full	-	-	E2				
Corporate & Institutional Banking									
Securities services									
BNP Paribas Dealing Services	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Dealing Services (UK branch)	UK	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Dealing Services Asia Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Fund Administration Services Ireland Ltd.	Ireland	Full	100%	100%	E3				
BNP Paribas Fund Services Australasia Pty Ltd.	Australia	Equity*	100%	100%	D1	Full	100%	100%	
BNP Paribas Fund Services Australasia Pty Ltd. (New Zealand branch)	New Zealand	Equity*	100%	100%	D1	Full	100%	100%	

		31 December 2015				31 December 2014			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Fund Services Dublin Ltd.	Ireland				S4	Equity*	100%	100%	
BNP Paribas Fund Services France	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Services - BP2S	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Australia branch)	Australia	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Belgium branch)	Belgium	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Germany branch)	Germany	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Greece branch)	Greece	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Guernsey branch)	Guernsey	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Hong Kong branch)	Hong Kong	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Hungary branch)	Hungary	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Ireland branch)	Ireland	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Isle of Man branch)	Isle of Man								S1
BNP Paribas Securities Services - BP2S (Italy branch)	Italy	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Jersey branch)	Jersey	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Luxembourg branch)	Luxembourg	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Netherlands branch)	Netherlands	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Poland branch)	Poland	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Portugal branch)	Portugal	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Spain branch)	Spain	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (UK branch)	UK	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Singapore branch)	Singapore	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Switzerland branch)	Switzerland	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Sundaram Global Securities Operations Private Ltd.	India	Full	100%	100%	V1	Equity*	51.0%	51.0%	
CIB EMEA (Europ, Middle East, Africa)									
France									
BNP Paribas Arbitrage	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Arbitrage (U.S.A branch)	U.S.A	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Arbitrage (UK branch)	UK	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Equities France	France								S4
Esomet	France	Full	100%	100%		Full	100%	100%	
Laffitte Participation 22	France	Full	100%	100%		Full	100%	100%	
Opéra Trading Capital	France	Full	100%	100%	E2				
Opéra Trading Capital (Hong Kong branch)	Hong Kong	Full	100%	100%	E2				
Opéra Trading Capital (UK branch)	UK	Full	100%	100%	E2				
Parifergie	France								S4
Parilease	France	Full (1)	100%	100%		Full (1)	100%	100%	
Taitbout Participation 3 SNC	France	Full	100%	100%		Full	100%	100%	
Verner Investissements (Group)	France	Equity	40.0%	50.0%		Equity	40.0%	50.0%	
Other European countries									
Alpha Murcia Holding BV	Netherlands	Equity*	100%	99.9%		Equity*	100%	99.9%	
BNP Paribas Arbitrage Issuance BV	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Bank JSC (ex- BNP Paribas ZAO)	Russia	Full	100%	100%		Full	100%	100%	
BNP Paribas Bank NV	Netherlands								S3
BNP Paribas Commodity Futures Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Emission-und Handel. MBH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Ireland	Ireland	Full	100%	100%		Full	100%	100%	
BNP Paribas Islamic Issuance BV	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Net Ltd.	UK	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Prime Brokerage International Ltd.	Ireland	Full	100%	100%		Full	100%	100%	E2
BNP Paribas U.K. Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Vartry Reinsurance Ltd.	Ireland	Equity*	100%	100%	D1	Full (2)	100%	100%	
BNP PUK Holding Ltd.	UK	Full	100%	100%		Full	100%	100%	
FScholen	Belgium	Equity	50.0%	50.0%		Equity	50.0%	50.0%	E1
GreenStars BNP Paribas	Luxembourg	Equity*	100%	100%		Equity*	100%	100%	
Harewood Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Hime Holding 1 SA	Luxembourg				S3	Equity	26.4%	26.4%	
Hime Holding 2 SA	Luxembourg				S3	Equity	21.0%	21.0%	
Hime Holding 3 SA	Luxembourg				S3	Equity	20.6%	20.6%	
Landspire Ltd.	UK	Full	100%	100%		Full	100%	100%	
SC Nueva Condo Murcia SL	Spain	Equity*	100%	99.9%		Equity*	100%	99.9%	
Utexam Logistics Ltd.	Ireland	Full	100%	100%		Full	100%	100%	
Utexam Solutions Ltd.	Ireland	Full	100%	100%		Full	100%	100%	
Middle East									
BNP Paribas Investment Company KSA	Saudi Arabia	Equity*	100%	100%		Equity*	100%	100%	
Africa									
BNP Paribas Securities South Africa Holdings PTY Ltd. (ex- BNP Paribas Cadiz Securities)	South Africa	Equity*	60.0%	60.0%		Equity*	60.0%	60.0%	E1
BNP Paribas Securities South Africa PTY Ltd. (ex- BNP Paribas Cadiz Stockbroking)	South Africa	Equity*	100%	60.0%	V1	Equity*	60.0%	60.0%	
CIB Americas									
Banco BNP Paribas Brasil SA	Brazil	Full	100%	100%		Full	100%	100%	
Banexi Holding Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas (Canada) Valeurs Mobilières	Canada	Equity*	100%	100%		Equity*	100%	100%	E1
BNP Paribas Canada	Canada	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital Services Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas CC Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Colombia Corporation Financiera SA	Colombia	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Energy Trading Canada Corp	Canada	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Energy Trading GP	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Energy Trading Holdings Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Energy Trading LLC	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas FS LLC	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas IT Solutions Canada Inc.	Canada	Equity*	100%	100%	E1				
BNP Paribas Leasing Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Mortgage Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas North America Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Prime Brokerage Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Prime Brokerage International Ltd.	Cayman Islands								S1
BNP Paribas RCC Inc.	U.S.A	Full	-	-		Full	-	-	
BNP Paribas Securities Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Cronos Holding Company Ltd. (Group)	Bermuda				S3	Equity	30.0%	30.0%	
FB Transportation Capital LLC	U.S.A	Full	100%	99.9%		Full	100%	99.9%	
Fortis Funding LLC	U.S.A	Full	100%	99.9%		Full	100%	99.9%	
French American Banking Corporation - FABC	U.S.A	Full	100%	100%		Full	100%	100%	
FSI Holdings Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Paribas North America Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Via North America Inc.	U.S.A	Full	100%	100%		Full	100%	100%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (see note1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation).
S2 Disposal, loss of control or loss of significant influence.
S3 Entities removed from the scope because < qualifying thresholds (see note1.b).
S4 Merger, Universal transfer of assets and liabilities.

Variance (V) in voting or ownership interest

V1 Additional purchase.
V2 Partial disposal.
V3 Dilution.
V4 Increase in %.
Equity(*) Controlled but non material entities consolidated under the equity method as associates

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 90 Construction-Sale Companies (Real Estate programmes) of which 80 fully and 10 equity method consolidated.
D3 The LaSer group was consolidated under the equity method until 25July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

		31 December 2015				31 December 2014			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
CIB Pacific Asia									
Bank BNP Paribas Indonesia PT	Indonesia	Full	100%	100%		Full	100%	100%	
BNP Pacific (Australia) Ltd.	Australia	Full	100%	100%		Full	100%	100%	
BNP Paribas (China) Ltd.	China	Full	100%	100%		Full	100%	100%	
BNP Paribas Arbitrage (Hong Kong) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital (Asia Pacific) Ltd.	Hong Kong				S3	Full	100%	100%	
BNP Paribas Commodities Trading (Shanghai) Co Ltd.	China	Full	100%	100%		Full	100%	100%	E2
BNP Paribas Finance (Hong Kong) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas India Holding Private Ltd.	India	Full	100%	100%		Full	100%	100%	
BNP Paribas India Solutions Private Ltd.	India	Full	100%	100%		Full	100%	100%	
BNP Paribas Japan Ltd.	Japan								S1
BNP Paribas Malaysia Berhad	Malaysia	Full	100%	100%		Full	100%	100%	
BNP Paribas Principal Investments Japan Ltd.	Japan								S1
BNP Paribas Securities (Asia) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities (Singapore) Pte Ltd.	Singapore	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities (Taiwan) Co Ltd.	Taiwan	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities India Private Ltd.	India	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Indonesia PT	Indonesia	Full	99.0%	99.0%		Full	99.0%	99.0%	
BNP Paribas Securities Japan Ltd.	Japan	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Korea Company Ltd.	Rep. of Korea	Full	100%	100%		Full	100%	100%	
BNP Paribas SJ Ltd.	Hong Kong	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas SJ Ltd. (Japan branch)	Japan	Equity*	100%	100%		Equity*	100%	100%	
BPP Holdings Pte Ltd.	Singapore	Full	100%	100%		Full	100%	100%	
Structured entities									
54 Lombard Street Investments Ltd.	UK				S1	Full	-	-	
ACG Capital Partners Singapore Pte. Ltd.	Singapore				S2	Equity (3)	-	-	
Alamo Funding II Inc.	U.S.A				S2	Full	-	-	
Alectra Finance PLC	Ireland	Full	-	-		Full	-	-	
Alleray SARL	Luxembourg	Full	-	-		Full	-	-	E1
Antin Participation 8	France	Full	-	-		Full	-	-	
Aquarius + Investments PLC	Ireland	Full	-	-		Full	-	-	E1
Aquarius Capital Investments Ltd.	Ireland								S3
Astir BV	Netherlands								S3
Atargatis	France	Full	-	-		Full	-	-	
Austin Finance	France	Full	-	-		Full	-	-	
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas Finance Inc.	U.S.A	Full	-	-		Full	-	-	
BNP Paribas Flexi III Deposit Euro	France				S2	Full	-	-	E1
BNP Paribas International Finance Dublin	Ireland	Full	-	-		Full	-	-	
BNP Paribas Investments N°1 Ltd.	UK	Full	-	-		Full	-	-	
BNP Paribas Investments N°2 Ltd.	UK	Full	-	-		Full	-	-	
BNP Paribas IP Euro Clo 2015-1 B.V (ex- Leveraged Finance Europe Capital V BV)	Netherlands				S3	Full	-	-	
BNP Paribas Proprietario Fundo de Investimento Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas VPG Adonis LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG BMC Select LLC	U.S.A								S1
BNP Paribas VPG Brookfin LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Brookline Cre LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG CB LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG CT Holdings LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG EDMC Holdings LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Freedom Communications LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Lake Butler LLC	U.S.A				S1	Full	-	-	
BNP Paribas VPG Legacy Cabinets LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Mark IV LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Master LLC	U.S.A	Full	-	-		Full	-	-	

		31 December 2015				31 December 2014			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNP Paribas VPG Medianews Group LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG MGM LLC	U.S.A								S1
BNP Paribas VPG Express LLC (Ex- BNP Paribas VPG Modern Luxury Media LLC)	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Northstar LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG PCMC LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Reader's Digest Association LLC	U.S.A								S1
BNP Paribas VPG SBX Holdings LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG SDI Media Holdings LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Semgroup LLC	U.S.A								S1
BNP Paribas VPG Titan Outdoor LLC	U.S.A				S1	Full	-	-	
Boug BV	Netherlands	Full	-	-	V1	Full	-	-	
Boug BV (UK branch)	UK	Full	-	-		Full	-	-	
Compagnie d'Investissement Italiens SNC	France	Full	-	-		Full	-	-	
Compagnie d'Investissement Opéra SNC	France	Full	-	-		Full	-	-	
Crossen SARL	Luxembourg	Full	-	-		Full	-	-	
European Index Assets BV	Netherlands				S2	Full	-	-	E2
Financière des Italiens	France	Full	-	-		Full	-	-	
Financière Paris Haussmann	France	Full	-	-		Full	-	-	
Financière Taitbout	France	Full	-	-		Full	-	-	
Grenache et Cie SNC	Luxembourg								S1
Harewood Financing Ltd.	UK	Full	-	-		Full	-	-	
Madison Arbor LLC	U.S.A								S1
Madison Arbor Ltd.	Ireland	Full	-	-		Full	-	-	E2
Marc Finance Ltd.	Cayman Islands				S3	Full	-	-	
Matchpoint Finance Public Company Ltd.	Ireland	Full	-	-		Full	-	-	
Matchpoint Master Trust	U.S.A	Full	-	-		Full	-	-	E1
Méditerranéa	France	Full	-	-		Full	-	-	
Omega Capital Funding Ltd.	Ireland	Full	-	-		Full	-	-	
Omega Capital Investments PLC	Ireland	Full	-	-		Full	-	-	
Optichamps	France	Full	-	-		Full	-	-	
Participations Opéra	France	Full	-	-		Full	-	-	
Ribera del Loira Arbitrage	Spain								S3
Royale Neuve I SARL	Luxembourg	Full	-	-		Full	-	-	
Royale Neuve VI SARL	Luxembourg								S3
Scaldis Capital (Ireland) Ltd.	Ireland	Full	-	-		Full	-	-	
Scaldis Capital LLC	U.S.A				S1	Full	-	-	
Scaldis Capital Ltd.	Jersey	Full	-	-		Full	-	-	
Starbird Funding Corporation	U.S.A	Full	-	-		Full	-	-	
TCG Fund I, LP	Cayman Islands				S1	Full	-	-	
Tender Option Bond Municipal program	U.S.A				S3	Equity*	-	-	
VPG SDI Media LLC	U.S.A	Equity*	-	-	V1	Equity	-	-	
Other Business Units									
BNP Paribas Suisse SA	Switzerland	Full	100%	100%		Full	100%	100%	
BNP Paribas Suisse SA (Guernsey branch)	Guernsey	Full	100%	100%		Full	100%	100%	
BNP Paribas Suisse SA (Jersey branch)	Jersey	Full	100%	100%		Full	100%	100%	
Private Equity (BNP Paribas Capital)									
BNP Paribas Fortis Private Equity Belgium (ex- Fortis Private Equity Belgium NV)	Belgium	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis Private Equity Expansion (ex- Fortis Private Equity Expansion Belgium NV)	Belgium	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis Private Equity Management (ex- Fortis Private Equity Management Belgium)	Belgium	Equity*	100%	99.9%		Equity*	100%	99.9%	E1
Cobema	Belgium	Full	100%	100%		Full	100%	100%	
Compagnie Financière Ottomane SA	Luxembourg	Full	97.1%	97.0%	V1	Full	97.0%	97.0%	

Name	Country	31 December 2015 Method	Voting (%)	Interest (%)	Ref.	31 December 2014 Method	Voting (%)	Interest (%)	Ref.
Fortis Private Equity Venture Belgium SA	Belgium								S4
Gepeco	Belgium								S4
Property companies (property used in operations)									
Antin Participation 5	France	Full	100%	100%		Full	100%	100%	
Ejesur SA	Spain								S3
Société Immobilière du Marché Saint-Honoré	France	Full	99.9%	99.9%		Full	99.9%	99.9%	
Investment companies and other subsidiaries									
BNL International Investments SA	Luxembourg	Full	100%	100%		Full	100%	100%	
BNP Paribas Home Loan SFH	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Mediterranée Innovation et Technologies	Morocco				S2	Full	100%	96.7%	
BNP Paribas Partners for Innovation (Group)	France	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
BNP Paribas Public Sector SCF	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas SB Re	Luxembourg	Full (2)	100%	100%		Full (2)	100%	100%	
Compagnie d'Investissements de Paris - CIP	France				S4	Full	100%	100%	
Financière BNP Paribas	France				S4	Full	100%	100%	
Financière du Marché Saint Honoré	France	Full	100%	100%		Full	100%	100%	
GIE Groupement Auxiliaire de Moyens	France	Full	100%	100%		Full	100%	100%	

Name	Country	31 December 2015 Method	Voting (%)	Interest (%)	Ref.	31 December 2014 Method	Voting (%)	Interest (%)	Ref.
Le Sphinx Assurances Luxembourg SA	Luxembourg	Equity*	100%	100%		Equity*	100%	100%	
Omnium de Gestion et de Développement Immobilier - OGDI	France								S4
Plagefin SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	
Plagefin - Placement, Gestion, Finance Holding SA	Luxembourg								S4
Sagip	Belgium	Full	100%	100%		Full	100%	100%	
Société Auxiliaire de Construction Immobilière - SACI	France	Full	100%	100%		Full	100%	100%	
Société Orbaisienne de Participations	France	Full	100%	100%		Full	100%	100%	
UCB Bail 2	France	Full	100%	100%		Full	100%	100%	
UCB Entreprises	France								S4
Structured entities									
BNP Paribas US Medium Term Notes Program LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas-SME-1	France	Full	-	-		Full	-	-	E2
FCT Opéra	France	Full	-	-		Full	-	-	E2
BNP Paribas B Institutional II Court Terme	Belgium	Full	-	-	E1				
Klépierre									
Klépierre SA (Group)	France				S2	Equity	21.7%	21.6%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation).
S2 Disposal, loss of control or loss of significant influence.
S3 Entities removed from the scope because < qualifying thresholds (see note 1.b).
S4 Merger, Universal transfer of assets and liabilities.

Variance (V) in voting or ownership interest

V1 Additional purchase.
V2 Partial disposal.
V3 Dilution.
V4 Increase in %.
Equity(*) Controlled but non material entities consolidated under the equity method as associates

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 90 Construction-Sale Companies (Real Estate programmes) of which 80 fully and 10 equity method consolidated.
D3 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

8.k FEES PAID TO THE STATUTORY AUDITORS

In 2015 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers Audit		Mazars		TOTAL	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	3,254	16%	5,000	22%	1,957	19%	10,211	19%
Consolidated subsidiaries	10,727	54%	10,036	44%	7,785	76%	28,548	53%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	2,324	12%	2,119	9%	246	2%	4,689	9%
Consolidated subsidiaries	2,211	11%	4,882	21%	214	2%	7,307	14%
Sub-total	**18,516**	**93%**	**22,037**	**96%**	**10,202**	**99%**	**50,755**	**95%**
Other services provided by the networks to fully-consolidated subsidiaries								
Legal, tax, social	29	0%	96	0%	2	0%	127	0%
Others	1,376	7%	1,006	4%	65	1%	2,447	5%
Sub-total	**1,405**	**7%**	**1,102**	**4%**	**67**	**1%**	**2,574**	**5%**
TOTAL	**19,921**	**100%**	**23,139**	**100%**	**10,269**	**100%**	**53,329**	**100%**

In 2014 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers Audit		Mazars		TOTAL	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	2,903	17%	4,584	21%	1,751	17%	9,238	19%
Consolidated subsidiaries	9,195	56%	8,934	42%	7,684	78%	25,813	53%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	359	2%	1,973	9%	13	0%	2,345	5%
Consolidated subsidiaries	2,245	13%	4,684	21%	505	5%	7,434	15%
Sub-total	**14,702**	**88%**	**20,175**	**93%**	**9,953**	**100%**	**44,830**	**92%**
Other services provided by the networks to fully-consolidated subsidiaries								
Legal, tax, social	-	0%	262	1%	31	0%	293	1%
Others	2,082	12%	1,377	6%	46	0%	3,505	7%
Sub-total	**2,082**	**12%**	**1,639**	**7%**	**77**	**0%**	**3,798**	**8%**
TOTAL	**16,784**	**100%**	**21,814**	**100%**	**10,030**	**100%**	**48,628**	**100%**

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 934 thousand for the year 2015 (EUR 1,001 thousand in 2014).

Other work and services related directly to audit work, are mainly composed this year of reviews of the entity's compliance with regulatory provisions, which were increased due to regulatory changes, and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the Securities and Asset Management businesses. To a lesser extent, they also include works related to reviews of risks and internal control and due diligences on financial transactions.

4.7 Statutory Auditors' report on the consolidated financial statements

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92400 Courbevoie

For the year ended 31 December 2015

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and 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.

BNP Paribas SA
16, boulevard des Italiens
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient 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 31 December 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 the matter set out in Notes 1.a and 2 to the consolidated financial statements, which describe the impact of the first-time application of IFRIC 21 - "Levies".

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:

Impairment provisions for credit and counterparty risk

BNP Paribas SA records impairment provisions to cover the credit and counterparty risk inherent to its business as described in Notes 1.c.5, 3.f, 5.f, 5.g, 5.h and 5.q to the consolidated financial statements. We examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, defining impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

BNP Paribas SA uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Impairment of available-for-sale assets

BNP Paribas SA recognizes impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in Notes 1.c.5, 3.d and 5.c to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

Technical reserves of insurance companies

BNP Paribas SA recognizes technical reserves to hedge risks related to insurance contracts, as described in Notes 1.d.2, 3.e and 5.p to the consolidated financial statements. We examined the method adopted to measure these liabilities, as well as the main assumptions and inputs used.

Impairment related to goodwill

BNP Paribas SA carried out impairment tests on goodwill which led to the recording of impairment losses in 2015, as described in Notes 1.b.4 and 5.o to the consolidated financial statements. We examined the methods used to implement these tests as well as the main assumptions, inputs and estimates used, where applicable, to record impairment losses.

Deferred tax assets

BNP Paribas SA recognizes deferred tax assets during the year, notably in respect of tax loss carryforwards, as described in Notes 1.k, 3.h and 5.k to the consolidated financial statements. We examined the main estimates and assumptions used to record the deferred tax assets.

Provisions for employee benefits

BNP Paribas SA raises provisions to cover its employee benefit obligations, as described in Notes 1.h, 5.q and 7.b to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

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 and in accordance with professional standards applicable in France, we have also verified 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 Courbevoie, 9 March 2016

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Étienne Boris	Hervé Hélias

5 RISKS AND CAPITAL ADEQUACY – PILLAR 3

The purpose of Pillar 3 – market discipline, is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) with a set of disclosures completing the usual financial disclosures.

This chapter presents the information relative to the BNP Paribas Group's risks and in this respect meets:

- the requirements of part 8 of Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms applicable to BNP Paribas on a consolidated basis (see article 13);
- the accounting standards requirements relating to the nature and the extent of the risks. Some information required by accounting standards IFRS 7, IFRS 4 and IAS 1 is included in this chapter and covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is identified by the mention "[Audited]" and must be read as being part of the notes to the consolidated financial statements;
- the desire to meet the needs of investors and analysts expressed as part of the initiative taken by the Financial Stability Board aiming to improve financial information published by international financial institutions (Enhanced Disclosure Task Force – EDTF). A table allowing cross-referencing between the recommendations of EDTF and the information published in the Registration document is presented in Appendix 5.

The Basel reform measures (known as Basel 3), approved in November 2010, will strengthen the ability of banks to withstand economic and financial shocks of all kinds by introducing a series of regulatory provisions. The content of this reform was transposed into European law in Directive 2013/36/EU (CRD 4) and Regulation (EU) No. 575/2013 of 26 June 2013 (CRR), which together constitute the corpus of texts known as "CRD IV".

All of these new requirements will be phased in over a five-year period from 1 January 2014 to 1 January 2019, transitioning from "phased in" ratios to "fully loaded" ratios.

The regulatory framework of Basel 3 had the following main impacts:

- **strengthened solvency**

  The Basel 3 rules harmonise the definition of capital and strengthen the ability of financial institutions to absorb losses.

  A detailed description of the composition of regulatory capital is given under *Regulatory capital* in section 5.2. The table in Appendix 2 is presented in accordance with Council Implementing Regulation (EU) No. 1423/2013 of 20 December 2013.

  At the same time, the rules for the calculation of risk-weighted assets have been adjusted to tighten these requirements.

  Strengthened solvency is also implemented through the Single Supervisory Mechanism (SSM) overseen by the ECB as of 1 November 2014 and application of the EBA Supervisory Review and Evaluation Process (SREP) guidelines.

  The BNP Paribas Group, identified as a "financial conglomerate", is subject to supplementary supervision. As a financial conglomerate, the Group's own funds cover the capital requirements for banking activities as well as insurance activities (see *Capital adequacy and capital planning* in section 5.2).

- **introduction of a leverage ratio**

  It is planned to introduce a leverage ratio primarily to act as a supplementary measure to the risk-based capital requirements (backstop principle). Banks have been required to publish their leverage ratios since 1 January 2015. The European Commission will submit a report on the impact and effectiveness of the leverage ratio to the European Parliament and the Council by 31 December 2016. If appropriate, the report will be accompanied by a legislative proposal on the introduction of a mandatory measure in 2018.

  The Group's leverage ratio as at 31 December 2015 is presented in section 5.2 *Capital adequacy and capital planning*.

- **liquidity management**

  The implementation of CRD IV on liquidity with the introduction of a short-term liquidity ratio (Liquidity Coverage Ratio – LCR) and a long-term liquidity ratio (Net Stable Funding Ratio – NSFR) is presented in section 5.9 *Liquidity risk*.

  The phased-in application of the LCR has been set up to reach gradually 100% in 2018. As of 1 October 2015, the minimum liquidity coverage ratio has been set at 60% of total net cash outflows during the 30-day stress period.

  Based on the reports submitted by the EBA, the European Commission should report to the European Parliament and to the Council, and make any appropriate proposal in view of the possible introduction of an NSFR requirement in 2018.

- **introduction of the new bank resolution scheme**

  The new bank resolution scheme applies as of 1 January 2016, together with the definition of the TLAC (Total Loss Absorbing Capacity) ratio applicable to global systemically important banks (G-SIBs), in accordance with the recommendations of the Financial Stability Board approved during the G20 Antalya summit in November 2015. G-SIBs will be required to meet the minimum requirements as of 1 January 2019, and stricter requirements from 1 January 2022 (see *Capital adequacy and capital planning* in section 5.2).

The following tables were generated automatically. Consequently, the figures presented may not add up in certain columns or lines due to their rounding off.

5.1 Annual risk survey

KEY FIGURES

CAPITAL RATIOS

TABLE 1: CAPITAL RATIOS(*)

In millions of euros	Phased in	
	31 December 2015	31 December 2014(***)
COMMON EQUITY TIER 1 (CET1) CAPITAL	**69,562**	**64,519**
TIER 1 CAPITAL	**76,854**	**70,427**
TOTAL CAPITAL	**85,920**	**77,217**
RISK-WEIGHTED ASSETS	**629,626**	**614,449**
RATIOS		
Common Equity Tier 1 (CET1) capital	11.0%	10.5%
Tier 1 capital	12.2%	11.5%
Total capital	13.6%	12.6%

In millions of euros	Fully loaded(**)	
	31 December 2015	31 December 2014(***)
COMMON EQUITY TIER 1 (CET1) CAPITAL	**68,867**	**63,711**
TIER 1 CAPITAL	**74,046**	**66,934**
TOTAL CAPITAL	**82,063**	**72,472**
RISK-WEIGHTED ASSETS	**633,527**	**619,827**
RATIOS		
Common Equity Tier 1 (CET1) capital	10.9%	10.3%
Tier 1 capital	11.7%	10.8%
Total capital	13.0%	11.7%

(*) Subject to the provisions of article 26.2 of (EU) Regulation No. 575/2013.
(**) In accordance with grandfathered Additional Tier 1 and Tier 2 eligibility rules applicable as of 2019.
(***) Restated according to the IFRIC 21 interpretation.

With a phased in CET1 ratio of 11%, Tier 1 ratio of 12.2% and total capital ratio of 13.6% at 31 December 2015, the Group largely complies with the requirements which are respectively 4.5%, 6% and 8% at that date.

Following the notification by the ECB of the results of the 2015 annual Supervisory Review and Evaluation Process (SREP), the Group is required to have a Common Equity Tier 1 (CET1) capital ratio of 10% in 2016, including the G-SIBs capital buffer of 0.5%. The anticipated level of fully loaded Basel 3 CET1 ratio requirement is 11.5% in 2019 given the gradual phasing-in of the G-SIB capital buffer to 2% in 2019.

The Group plans to reach a fully loaded CET1 ratio of 11.5% by mid-2017, thanks to its organic capital generation and active capital management policy (about 35 basis points per year) and, in addition, the sale or initial public offering of First Hawaiian Bank that could raise the CET1 ratio by 40 basis points[1]. Beyond, BNP Paribas' target is a CET1 ratio of 12% as of 2018. This target is taking into account a 50 basis point management buffer.

The objective of BNP Paribas is a total capital ratio above 15% as at 1 January 2019.

(See *Capital adequacy and capital planning* in section 5.2).

(1) Subject to market conditions and regulatory authorisations.

RISK-WEIGHTED ASSETS BY RISK TYPE

Most of the Group's exposures give rise to credit risk. Market risk is limited to 4% of the Group's risk-weighted assets as of 31 December 2015.

FIGURE 1: RISK-WEIGHTED ASSETS BY RISK TYPE(*)

(*) *Breakdown at 31 December 2015 excluding impacts of transitional arrangements. The figures in parenthesis correspond to the breakdown as at 31 December 2014.*

Risk-weighted assets are presented in this chapter pursuant to full application of Basel 3 regulations, i.e. without taking transitional arrangements into account.

The impact of transitional arrangements amounted to -EUR 3.9 billion as at 31 December 2015 (i.e. -0.6% relative to full application), and corresponds to the portion of unrealised gains not included in the equity risk exposure value because they were excluded from Common Equity Tier 1 capital (see section 5.2 Table 10 *Risk-weighted assets – transitional arrangements*).

TOP AND EMERGING RISKS

The identification and monitoring of top and emerging risks are central to BNP Paribas' approach to risk management.

These risks are identified, analysed and managed through different work and analyses carried out by Risk, the divisions and the businesses, and through several committees which give rise to actions and decisions:

- a close follow-up of macroeconomic and financial conditions with a threefold objective: identifying current and potential future risks, organising them into a hierarchy – both with regard to the economic context and to consequences for BNP Paribas portfolio, designing adverse scenarios. This close monitoring is delivered quarterly to the General Management as well as to the Internal Control, Risk Management and Compliance Committee (CCIRC) through a dashboard presented by Risk;
- a close monitoring of the risk profile in accordance with the directives and thresholds approved by the Board of Directors;
- a transversal policies on concentrations, corporate social responsibility and other;
- market and liquidity risk decisions made by Group ALCo and the Capital Markets Risk Committee (CMRC);
- key decisions made by committees with respect to specific transactions at the highest level;
- proposals for new activities or new products;
- portfolio/business reviews by Risk Policy Committees, on topics selected by the Group's Executive Management through the Risk Forum for the upcoming year;
- proactive and forward-looking discussions on emerging risks and their impacts on the Bank's risk profile in the Risk Anticipation Committee;
- an analysis and a monitoring of changes to the regulatory framework and their consequences on the Bank's capital and liquidity management as well as on its activities.

TOP RISKS

A top risk is defined as having:

- the potential to have a material impact, across a business area or geographical area, on the financial results, reputation or sustainability of the Group; and
- the potential of occurring in the near future.

The main risks to which the Group is exposed are described below.

Macroeconomic environment

Macroeconomic and market conditions affect the Bank's results. The nature of the Bank's business makes it particularly sensitive to macroeconomic and market conditions in Europe, which have been at times challenging and volatile in recent years.

In 2015, the global economic activity remained sluggish. Activity slowed down in emerging countries, while a modest recovery continued in developed countries. The global outlook is still impacted by three major transitions: the slowing economic growth in China, the fall in prices of energy and other commodities, and an initial tightening of US monetary policy in a context of resilient internal recovery, while the central banks of several major developed countries are continuing to ease their monetary policies. For 2016, the IMF[1] is forecasting the progressive recovery of global economic activity but with low growth prospects on the medium term in developed and emerging countries.

In that context, two risks can be identified:

Financial instability due to the vulnerability of emerging countries

While the exposure of the BNP Paribas Group to emerging countries is limited, the vulnerability of these economies may generate disruptions in the global financial system that could affect the Group and potentially alter its results.

In numerous emerging economies, an increase in foreign currency commitments was observed in 2015, while the levels of indebtedness (both in foreign and local currencies) are already high. Moreover, the prospects of a progressive hike in key rates in the United States (first rate increase decided by the Federal Reserve in December 2015), as well as hightened financial volatility linked to the concerns regarding growth in emerging countries, have contributed to the stiffening of external financial conditions, capital outflows, further currency depreciations in numerous emerging countries and an increase in risks for banks. This could lead to the downgrading of sovereign ratings.

Given the possible standardisation of risk premiums, there is a risk of global market disruptions (rise in risk premiums, erosion of confidence, decline in growth, postponement or slowdown in the harmonisation of monetary policies, drop in market liquidity, problem with the valuation of assets, shrinking of the credit offering, and chaotic de-leveraging) that would affect all banking institutions.

Systemic risks related to economic conditions and market liquidity

The continuation of a situation with exceptionally low interest rates could promote excessive risk-taking by certain financial players: increase in the maturity of loans and assets held, less stringent loan granting policies, increase in leverage financing.

Some players (insurance companies, pension funds, asset managers, etc.) entail an increasingly systemic dimension and in the event of market turbulence (linked for instance to a sudden rise in interest rates and/or a sharp price correction) they may decide to unwind large positions in an environment of relatively weak market liquidity.

Such liquidity pressure could be exacerbated by the recent increase in the volume of assets under management placed with structures investing in illiquid assets.

Laws and regulations applicable to financial institutions

Recent and future changes in the laws and regulations applicable to financial institutions may have a significant impact on the Bank. Measures that were recently adopted or which are (or whose application measures are) still in draft format, that have or are likely to have an impact on the Bank notably include:

- the structural reforms comprising the French banking law of 26 July 2013 requiring that banks create subsidiaries for or segregate "speculative" proprietary operations from their traditional retail banking activities, the "Volcker rule" in the US which restricts proprietary transactions, sponsorship and investment in private equity funds and hedge funds by US and foreign banks, and expected potential changes in Europe;
- regulations governing capital: CRD 4/CRR, the international standard for total-loss absorbing capacity (TLAC) and the Bank's designation as a financial institution that is of systemic importance by the Financial Stability Board;
- the European Single Supervisory Mechanism and the ordinance of 6 November 2014;
- the Directive of 16 April 2014 related to deposit guarantee systems and its delegation and implementing decrees, the Directive of 15 May 2014 establishing a Bank Recovery and Resolution framework, the Single Resolution Mechanism establishing the Single Resolution Council and the Single Resolution Fund;
- the Final Rule by the US Federal Reserve imposing tighter prudential rules on the US transactions of large foreign banks, notably the obligation to create a separate intermediary holding company in the US (capitalised and subject to regulation) to house their US subsidiaries;
- the new rules for the regulation of over-the-counter derivative activities pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, notably margin requirements for uncleared derivative products and the derivatives of securities

(1) See: IMF – October 2015 Financial Stability Report, Advanced Countries and January 2016 update.

traded by swap dealers, major swap participants, security-based swap dealers and major security-based swap participants, and the rules of the US Securities and Exchange Commission which require the registration of banks and major swap participants active on derivatives markets and transparency and reporting on derivative transactions;

- the new MiFID and MiFIR, and European regulations governing the clearing of certain over-the-counter derivative products by centralised counterparties and the disclosure of securities financing transactions to centralised bodies.

For a more detailed description, see the risk factor "*Laws and regulations adopted in response to the global financial crisis may materially impact the Bank and the financial and economic environment in which it operates*".

Cyber risk

In recent years, financial institutions have been impacted by a number of cyber incidents, notably involving large-scale alterations of data which compromise the quality of financial information. This risk remains today and the Bank, like other banks, has taken measures to implement systems to deal with cyber attacks that could destroy or damage data and critical systems and hamper the smooth running of its operations. Moreover, the regulatory and supervisory authorities are taking initiatives to promote the exchange of information on cyber security and cyber criminality in order to improve the security of technological infrastructures and establish effective recovery plans after a cyber incident.

EMERGING RISKS

An emerging risk is defined as a new or evolving risk which potential impact could be material in the future but is currently not fully known or is difficult to quantify.

In 2015, the Group identified the following emerging risks:

- the increase in maturity and liquidity transformation activities by non-banking institutions, such as crowdfunding platforms and certain non-regulated investment funds, often associated with substantial leverage and sometimes with an incomplete transfer of risks and regulatory arbitrage, could represent a risk for the Bank, in particular by promoting the development of a new form of competition;
- following the financial crisis, regulations have encouraged or required that an increasing number of over-the-counter (OTC) derivative transactions be cleared via central counterparties (CCPs) approved by the authorities and subject to prudential regulations. Since default by one or more clearing houses would affect BNP Paribas, it has introduced a dedicated monitoring of these central counterparties and closely tracks concentrations with them;
- besides, BNP Paribas recognises the importance of the energy transition process and the impact it is having or is likely to have on economic players, in particular energy-producing and energy-consuming companies. BNP Paribas is helping its customers manage this transition and is monitoring the risks it poses for the players in the various economic sectors concerned. In November 2015, BNP Paribas announced a number of measures aimed at reinforcing its carbon risk management framework.

The Group regularly conducts portfolio reviews. Concerning the changes in commodity and energy prices – an emerging risk identified in 2014 – the Group conducted several reviews in 2015 focused on portfolios in certain industries exposed to this risk. BNP Paribas' exposure to the energy sector (Oil & Gas) is diversified. It ranges across the entire oil industry value chain, and particularly concerns large players in the field (oil majors and national oil companies) in many countries. For further details, see section 5.4 *Credit risk diversification*.

5

RISK FACTORS

This section summarises the principal risks that the Bank currently considers itself to face. They are presented in the following categories: risks related to the macroeconomic and market environment, regulatory risks and risks related to the Bank, its strategy, management and operations.

RISKS RELATED TO THE MACROECONOMIC AND MARKET ENVIRONMENT

Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on the Bank's financial condition, results of operations and cost of risk.

The Bank's businesses are highly sensitive to changes in financial markets and economic conditions globally and especially in Europe. In recent years, the Bank has been, and may again in the future be, confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, the capital markets, credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, pandemics, societal unrest, geopolitical tensions, acts of terrorism and military conflicts). Such disruptions, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Bank's financial condition, results of operations or cost of risk. In 2016, the macroeconomic environment could be subject to various specific risks, including geopolitical tensions, financial market volatility, slowdowns in China and emerging markets, weak growth in the Euro-zone, decreasing prices of commodities and the gradual unwinding of exceptionally accommodating monetary policies in the United States. Measures taken or that may be taken by central banks to stimulate growth and prevent deflation, including the "quantitative easing" measures announced by the European Central Bank (the "ECB") in January and December 2015, may prove to be insufficient or could have negative effects on the banking industry possibly bringing margin pressure but not necessarily lending volume growth.

Moreover, a resurgence of a sovereign debt crisis cannot be ruled out. In particular, European markets have experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries or institutions in the euro zone to refinance their debt obligations. At several points in recent years these disruptions caused tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. The Bank holds and in the future may hold substantial portfolios of sovereign debt and has and may in the future have substantial amounts of loans outstanding to sovereign borrowers; a new sovereign debt crisis could cause it to incur impairment charges or losses on sales. The Bank also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to financial institutions with which it does business. More generally, the sovereign debt crisis had, and could again in the future have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and more generally on the environment in which the Bank operates.

If economic conditions generally or in Europe in particular were to deteriorate due among other things to concerns over the European economy (in turn triggered by the heightened risk of or even the occurrence of a sovereign default, the failure of a significant financial institution or the exit of a country from the euro zone), a continued decline in oil and commodity prices, a continued or increased slowdown of economic growth in emerging countries and China in particular, terrorist attacks or political instability, the resulting market disruptions could have a significant adverse impact on the credit quality of the Bank's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on the Bank's results of operations, liquidity, ability to raise financing on acceptable terms and financial condition.

Due to the geographic scope of its activities, the Bank may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.

The Bank is exposed to country risk, meaning the risk that economic, financial, political or social conditions of a foreign country, especially a country in which it operates, will affect its financial interests. The Bank monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. Moreover, factors specific to a particular country or region in which the Bank operates could create difficult operating conditions, leading to operating losses or asset impairments.

The Bank's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in credit spreads or other factors.

The financial crisis, the euro zone sovereign debt crisis as well as the general macroeconomic environment have at times adversely affected the availability and cost of funding for European banks during the past few years. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including the Bank, at various points experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the ECB at times increased substantially. If such adverse credit market conditions were to reappear in the event of prolonged stagnation of growth, deflation, resurgence of the financial crisis, the sovereign debt crisis or new forms of financial crises, factors relating to the financial industry in general or to the Bank in particular, the effect on the liquidity of the European financial sector in general and the Bank in particular could be materially adverse and have a negative impact on the Bank's results of operations and financial condition.

The Bank's cost of funding may also be influenced by the credit rating of France or the credit rating of the Bank's long-term debt, both of which have been subject to downgrades in recent years. Further downgrades in the Bank's or France's credit ratings may increase the Bank's borrowing cost.

The Bank's cost of obtaining long-term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase the Bank's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness of the Bank.

Significant interest rate changes could adversely affect the Bank's revenues or profitability.

The amount of net interest income earned by the Bank during any given period significantly affects its overall revenues and profitability for that period. Interest rates are affected by many factors beyond the Bank's control, such as the level of inflation and the monetary policies of states, and government decisions relating to regulated savings rates (for example in France the Savings Account A *(Livret A)* or Housing Savings Plan *(Plan d'Epargne Logement)*). Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in the Bank's net interest income from its lending activities. In addition, maturity mismatches and interest rates rises relating to the Bank's short-term financing may adversely affect the Bank's profitability.

The prolonged low interest rate environment carries inherent systemic risks.

The prolonged period of low interest rates since the 2008/2009 financial crisis may have contributed to, and may continue to contribute to, excessive risk-taking by financial market participants such as lengthening maturities of financings and assets held, more lenient lending standards and increased leveraged lending. Certain of the market participants that may have taken or may take additional or excessive risk are of systemic importance, and any unwinding of their positions during periods of market turbulence or stress (and hence reduced liquidity) could have a destabilizing effect on markets and could lead the bank to record operating losses or asset impairments.

The soundness and conduct of other financial institutions and market participants could adversely affect the Bank.

The Bank's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. The Bank has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. The Bank can also be exposed to the risks related to the increasing involvement in the financial sector of players subject to little or no regulations (unregulated funds, trading venues or crowdfunding platforms). The Bank is exposed to credit and counterparty risk in the event of default or financial distress of the Bank's counterparties or clients. This risk could be exacerbated if the collateral held by the Bank cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the Bank or in case of a failure of a significant financial market participant such as a central counterparty. It is worth noting in this respect that regulatory changes requiring mandatory clearing of standardized over-the-counter (OTC) derivatives through central counterparties have resulted in an increase of the exposure of financial market participants to such central counterparties.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff that came to light in 2008, as a result of which numerous financial institutions globally, including the Bank, announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation and claims in the context of the bankruptcy proceedings of Bernard L. Madoff Investment Services (BLMIS) (a number of which are pending against the Bank), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BLMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BLMIS.

There can be no assurance that any losses resulting from the risks summarised above will not materially and adversely affect the Bank's results of operations.

The Bank may incur significant losses on its trading and investment activities due to market fluctuations and volatility.

The Bank maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes, including through derivative contracts. These positions could be adversely affected by extreme volatility in these markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from the Bank's expectations may lead to losses relating to a broad range of other products that the Bank uses, including swaps, forward and future contracts, options and structured products.

To the extent that the Bank owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that the Bank has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose it to potentially substantial losses as it attempts to cover its net short positions by acquiring assets in a rising market. The Bank may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or from which it expects to gain based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that the Bank did not anticipate or against which it is not hedged, the Bank might realise a loss on those paired positions. Such losses, if significant, could adversely affect the Bank's results and financial condition.

The Bank may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

Financial and economic conditions affect the number and size of transactions for which the Bank provides securities underwriting, financial advisory and other investment banking services. The Bank's revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can thus be significantly affected by economic or financial changes that are unfavourable to its Investment Banking business and clients. In addition, because the fees that the Bank charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Bank receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by the Bank's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Bank receives from its asset management business. The Bank experienced some or all of these effects during the sharp market downturns of recent years and could experience them again in future market downturns, which may occur periodically and unexpectedly.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of the Bank's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Bank cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that the Bank calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant losses that the Bank did not anticipate.

REGULATORY RISKS

Laws and regulations adopted in response to the global financial crisis may materially impact the Bank and the financial and economic environment in which it operates.

In the past few years, laws and regulations have been enacted, adopted or recently proposed, in particular in France, Europe and the United States, in particular, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the new measures has changed substantially the environment in which the Bank and other financial institutions operate. The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements (particularly for large global banking groups such as the Bank), taxes on financial transactions, restrictions and increased taxes on employee compensation over specified levels, restrictions on certain types of activities considered as speculative undertaken by commercial banks that will be prohibited or need to be ring-fenced in subsidiaries (particularly proprietary trading), restrictions or prohibitions on certain types of financial products or activities, enhanced recovery and resolution regimes, revised risk-weighting methodologies, increased internal control and reporting requirements with respect to certain activities, more stringent governance and conduct of business rules, more extensive market abuse regulations, measures to improve the transparency and efficiency of financial markets and in particular to regulate high frequency trading, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives), and the creation of new and strengthened regulatory bodies. Many of these measures have been adopted and are already applicable to the Bank. The principal such measures are summarized below.

In 2013 and 2014, France made significant changes to its legal and regulatory framework applicable to banking institutions. The French banking law of 26 July 2013 on the separation and regulation of banking activities and the related implementing decrees and orders specified the required separation between financing operations activities and so-called "speculative" operations that must henceforth (as from 1 July 2015) be conducted by ring-fenced subsidiaries subject to specific capital and liquidity requirements on a stand-alone basis. This banking law also introduced a mechanism for preventing and resolving banking crises, which is supervised by the French banking regulator (*Autorité de contrôle prudentiel et de résolution*, ACPR) with expanded powers. In the event of a failure, the law provides for mechanisms such as the power to require banks to adopt structural changes, issue new securities, cancel outstanding equity or subordinated debt securities and convert subordinated debt into equity, and to require the intervention of the French Deposit Guarantee and Resolution Fund *(Fonds de Garantie des Dépôts et de Résolution)*. The Ordinance of 20 February 2014 provided in particular for the strengthening of the governance rules within banking institutions, a reinforced and harmonised at the EU level sanctions regime, an extended scope of prudential surveillance with in particular additional prudential requirements, a harmonisation of the rules relating to the approval of credit institutions within the European Union, and an update of the rules relating to the consolidated surveillance and the exchange of information.

At the European level, many of the provisions of the EU Directive and Regulation on prudential requirements "CRD 4/CRR" dated 26 June 2013, implementing the Basel 3 capital requirements, took effect as of 1 January 2014 and many delegated and implementing acts provided for in the Directive and Regulation CRD 4/CRR were adopted in 2014. The prudential ratio requirements and the designation of the Bank as a systemically important financial institution increased the Bank's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, the Bank implemented an adaptation plan in anticipation of these requirements, including reducing its balance sheet and bolstering its capital. In addition, the Financial Stability Board published on 9 November 2015 the final principles and term sheet regarding TLAC (or "total loss absorbing capacity"), which will require "Global Systemically Important Banks" (including the Bank) to maintain a significant amount of liabilities and instruments readily available for bail-in, in addition to the Basel 3 capital requirements, in order to enable authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. Given the timing and manner of their adoption, the full impact of TLAC requirements on the Bank cannot be accurately predicted and could cause its financing costs to increase.

Regarding the European "Banking Union", the European Union adopted, in October 2013, a Single Supervisory Mechanism ("SSM") under the supervision of the ECB; as a consequence, since November 2014, the Bank, along with all institutions qualified as important in the euro zone, are now under the direct supervision of the ECB, with respect to prudential regulation matters entrusted to the ECB by Council Regulation dated 15 October 2013. Within the SSM, the ECB is, in particular, tasked with carrying out an annual supervisory review and evaluation process ("SREP") and stress tests, in connection with which it has powers to require banks to hold capital requirements in excess of minimum capital requirements in order to address specific risks (so-called "Pillar 2" requirements), and more generally to impose additional liquidity requirements and possibly other regulatory measures. Such measures could have an adverse impact on the Bank's results of operations and financial condition.

In addition to the SSM, the EU Bank Recovery and Resolution Directive of 15 May 2014 ("BRRD"), implemented in France by the Ordinance of 20 August 2015 strengthens the tools to prevent and resolve banking crises, in particular, in order to ensure that any losses are borne in priority by banks' creditors and shareholders and to minimize taxpayers' exposure to losses and provides for the implementation of resolution funds at the national levels. Under the BRRD and the Ordinance of 20 August 2015, the ACPR or the Single Resolution Board (the "SRB"), which was established by Regulation of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("SRM") and a Single Resolution Fund ("SRF"), may commence resolution proceedings in respect of a banking institution, such as the Bank, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalize or restore the viability of the institution. Resolution tools are to be implemented so that, subject to certain exceptions, losses are borne first by shareholders, then by holders of capital instruments (such as subordinated bonds) qualifying as additional Tier 1 and Tier 2 instruments, and finally by creditors in accordance with the order of their claims in normal insolvency proceedings. Certain powers, including the power to write-down capital instruments (including subordinated bonds), can also be exercised as a precautionary measure, outside of resolution proceedings. The implementation of these tools and powers may result in significant structural changes to the relevant financial institutions (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write-down of claims of their shareholders and creditors (including subordinated and senior creditors).

Pursuant to the SRM, on 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the SRF, which replaces national resolution funds as from 1 January 2016 and provides for annual contributions to the SRF to be made by banks calculated on the basis of their liabilities, excluding own funds and covered deposits and adjusted for risks. Moreover, the Regulation of the European Commission dated 21 October 2014, adopted pursuant to the BRRD provides for an obligation for banks to have adequate financial resources to ensure the effective application of the resolution tools and powers by the relevant resolution authority. In this context, the resolution authorities, such as the ACPR or the SRB, shall determine the annual contributions to be paid to resolution financing arrangements by each banking institution in proportion to its risk profile. As a consequence, contributions to the SRF and to resolution financing arrangements will be significant for the Bank, will result in an increase in fees and will, as a consequence, weigh on the Bank's results of operations.

Moreover, the Directive of 16 April 2014 on deposit guarantee schemes, transposed into French law by the Ordinance of 20 August 2015 created national deposit guarantee schemes. Other proposals for legislative and regulatory reforms could also have an impact if they were enacted into law. Thus, a draft European Parliament Regulation dated 24 November 2015 completed such Directive of 16 April 2014 through a step plan to create a European deposit insurance scheme that will progressively cover all or part of participating national deposit guarantee schemes.

Furthermore, a proposal for a Regulation of the European Parliament and of the Council of 29 January 2014 on structural measures improving the resilience of EU credit institutions, as amended on 19 June 2015, would prohibit certain proprietary trading activities by European credit institutions that meet certain criteria (particularly as to size) and require them to conduct certain high-risk trading activities only through subsidiaries.

Finally, new regulations designed to enhance the transparency and soundness of financial markets, such as the so-called "EMIR" Regulation of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and the measures adopted or to be adopted thereunder (including in relation to collateral requirements for non-centrally cleared derivatives), Regulation of 25 November 2015 on transparency of securities financing transactions and Directive and Regulation of 15 May 2014 on markets in financial instruments (MiFID 2) may be a source of additional uncertainty and compliance risk and, more generally, the costs incurred due to the implementation of such regulations may have a negative impact on the profitability of certain activities currently conducted by the Bank and weigh on the Bank's results of operations and financial condition.

Bank regulation in the United States has been substantially changed and expanded in the wake of the financial crisis, including most recently as follows. The US Federal Reserve's final rule imposing enhanced prudential standards on the US operations of large foreign banks will require the Bank to create a new intermediate holding company ("IHC") for its US subsidiaries by 1 July 2016, which will be required to comply with risk-based and leverage capital requirements, liquidity requirements, supervisory stress testing and capital planning requirements as well as other prudential requirements on a stand-alone basis. Under proposals that remain under consideration, the IHC and the combined US operations of the Bank may become subject to limits on credit exposures to any single counterparty, and the combined US operations of the Bank may also become subject to an early remediation regime which could be triggered by risk-based capital, leverage, stress tests, liquidity, risk management and market indicators. The Federal Reserve has also indicated that it is considering future rulemakings that could apply the US rules implementing the Basel 3 liquidity coverage ratio to the US operations of certain large foreign banking organizations. On 30 November 2015, the US Federal Reserve published proposed rules that would implement in the United States the Financial Stability Board's standards for a TLAC framework. The proposed rules would require, among other things, the Bank's intermediate US holding company to maintain minimum amounts of "internal" TLAC, which would include minimum levels of Tier 1 capital and long-term debt satisfying certain eligibility criteria and a related TLAC buffer commencing 1 January 2019. The Bank's intermediate US holding company would be required to issue all such TLAC instruments to a foreign parent entity (a non-US entity that controls the intermediate holding company). The proposed rules would also impose limitations on the types of financial transactions that the Bank's intermediate holding company could engage in. Finally, the "Volcker Rule", adopted by the US regulatory authorities in December 2013, places certain restrictions on the ability of US and non-US banking entities, including the Bank and its affiliates, to engage in proprietary trading and to sponsor or invest in private equity and hedge funds. The Bank was generally required to come into compliance with the Volcker Rule by July 2015, although the US Federal Reserve has indicated that the conformance deadline for pre-2014 "legacy" investments in and relationships with private equity funds and hedge funds will be extended until 21 July 2017. The Volcker Rule's implementing regulations are highly complex and may be subject to further regulatory interpretation and guidance, and its full impact will not be known with certainty for some time. US regulators have also recently adopted or proposed new rules regulating OTC derivatives activities under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In late 2015, the US Federal Reserve and other US banking regulators finalized margin requirements applicable to uncleared swaps and security-based swaps entered into by swap dealers, major swap participants, security-based swap dealers and major security-based swap participants that are regulated by one of the US banking regulators, including the Bank. These margin requirements, which are scheduled to come into effect in phases beginning in September 2016, will require the Bank to post and collect additional, high-quality collateral for certain transactions, which will increase the costs of uncleared swaps and security-based swaps offered by the Bank to customers who are "US persons" as defined under the rules which apply globally. The US Securities and Exchange Commission also finalized rules in 2015 requiring the registration of security-based swap dealers and major security-based swap participants as well as obligations relating to transparency and mandatory reporting of security-based swap transactions. Further rules and regulations are expected in 2016 to complete this regulatory framework. The scope and timing for the implementation of these requirements, and therefore their impact on the Bank's swap business, is difficult to predict at this stage.

In sum, extensive legislative and regulatory reform in respect of financial institutions has been enacted in recent years and some remains in progress. It is impossible to accurately predict which additional measures will be adopted or to determine the exact content of such measures and, given the complexity and uncertainty of a number of these measures, their ultimate impact on the Bank. The overall effect of these measures, whether already adopted or in the process of being adopted, may be to restrict the Bank's ability to allocate and apply capital and funding resources, limit its ability to diversify risk, reduce the availability of certain funding and liquidity resources, increase its funding costs, increase the cost for or reduce the demand for the products and services it offers, result in the obligation to carry out internal reorganizations, structural changes or divestitures, affect its ability to conduct (or impose limitations on) certain types of business as currently conducted, limit its ability to attract and retain talent, and, more generally, affect its competitiveness and profitability, which would in turn have an adverse effect on its business, financial condition, and results of operations.

The Bank is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.

The Bank faces the risk of changes in legislation or regulation in all of the countries in which it operates, including, but not limited to, the following:

- monetary, liquidity, interest rate and other policies of central banks and regulatory authorities;
- changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the Group operates;
- changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable governance, remunerations, capital adequacy and liquidity frameworks, restrictions on activities considered as speculative and recovery and resolution frameworks;
- changes in securities regulations as well as in financial reporting, disclosure and market abuse regulations;
- changes in the regulation of certain types of transactions and investments, such as derivatives and securities financing transactions and money market funds;
- changes in the regulation of market infrastructures, such as trading venues, central counterparties, central securities depositories, and payment and settlement systems;
- changes in tax legislation or the application thereof;
- changes in accounting norms;
- changes in rules and procedures relating to internal controls, risk management and compliance;
- expropriation, nationalisation, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership.

These changes, the scope and implications of which are highly unpredictable, could substantially affect the Bank and have an adverse effect on its business, financial condition and results of operations. Some reforms not aimed specifically at financial institutions, such as measures relating to the funds industry or promoting technological innovation such as open data projects, could facilitate the entry of new players in the financial services sector or otherwise affect the Bank's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

The Bank may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.

The Bank is exposed to regulatory compliance risk, i.e. the failure to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to the Bank's reputation and private rights of action (including class actions introduced into French law in 2014), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, the Bank faces significant legal risk in its business, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further.

In this respect, on 30 June 2014 the Bank entered into a series of agreements with, and was the subject of several orders issued by, US federal and New York state government agencies and regulatory authorities including the US Department of Justice, the New York County District Attorney's Office, the US Attorney's Office for the Southern District of New York, the Board of Governors of the Federal Reserve System, the Office of Foreign Assets Control of the US Department of the Treasury and the New York State Department of Financial Services, in settlement of investigations into violations of US laws and regulations regarding economic sanctions. The fines and penalties imposed on the Bank as part of this settlement included, among other things, the payment of monetary penalties amounting in the aggregate to USD 8.97 billion (EUR 6.6 billion), guilty pleas by BNP Paribas S.A., the parent company of the BNP Paribas Group, to charges of having violated US federal criminal law (conspiracy to violate the Trading with the Enemy Act and the International Emergency Economic Powers Act) and New York State criminal law (conspiracy and falsifying business records), and the suspension of the New York branch of BNP Paribas for (a) a one-year period (2015) of USD direct clearing focused mainly on the Oil & Gas Energy and Commodity Finance business line in certain locations and (b) a two-year period of US dollar clearing as a correspondent bank for unaffiliated third party banks in New York and London. Following this settlement, the Bank remains subject to increased scrutiny by regulatory authorities (including via the presence within the Bank of an independent consultant) who are monitoring its compliance with a remediation plan agreed with them.

The Bank is currently involved in various litigations and investigations as summarized in note 8.b *Contingent liabilities: legal proceedings and arbitration* to its 2015 consolidated financial statements.

It may become involved in further such matters at any point. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on the Bank's operating results for any particular period.

RISKS RELATED TO THE BANK, ITS STRATEGY, MANAGEMENT AND OPERATIONS

Risks related to the implementation of the Bank's strategic plans.

The Bank has announced a certain number of strategic objectives, in particular in a strategic plan for the 2014-2016 period presented in March 2014 and a transformation plan for CIB for the 2016-2019 period presented in February 2016. These plans contemplate a number of initiatives, including simplifying the Bank's organisation and operations, continuing to improve operating efficiency, adapting certain businesses to their economic, regulatory and technological environment and implementing various business development initiatives.

The plans include a number of financial targets and objectives relating to net banking income, operating costs, net income, capital adequacy ratios and return on equity, among other things. These financial targets and objectives were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions. On 5 February 2015 and 5 February 2016, the Bank provided updates regarding the implementation of the 2014-2016 strategic plan and presented the transformation plan of CIB 2016-2019 on 5 February 2016.

The Bank's actual results could vary significantly from these targets and objectives for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section.

The Bank may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions.

The Bank makes acquisitions on a regular basis. Integrating acquired businesses is a long and complex process. Successful integration and the realisation of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realisation. Moreover, the integration of the Bank's existing operations with those of the acquired operations could interfere with the respective businesses and divert management's attention from other aspects of the Bank's business, which could have a negative impact on the business and results of the Bank. In some cases, moreover, disputes relating to acquisitions may have an adverse impact on the integration process or have other adverse consequences, including financial ones.

Although the Bank undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, the Bank may increase its exposure to doubtful or troubled assets and incur greater risks as a result of its acquisitions, particularly in cases in which it was unable to conduct comprehensive due diligence prior to the acquisition.

Intense competition by banking and non-banking operators could adversely affect the Bank's revenues and profitability.

Competition is intense in all of the Bank's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area or as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding. In particular, competitors subject to less extensive regulatory requirements or to less strict capital requirements (*e.g.*, debt funds, shadow banks), or benefiting from economies of scale, data synergies or technological innovation (*e.g.*, internet and mobile operators, fintechs), could be more competitive. If the Bank is unable to respond to the competitive environment in France or in its other major markets by offering attractive and profitable product and service solutions, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Bank and its competitors. It is also possible that the presence in the global marketplace of State-owned financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, or the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, could lead to distortions in competition in a manner adverse to large private-sector institutions such as the Bank.

A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect the Bank's results of operations and financial condition.

In connection with its lending activities, the Bank regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". The Bank's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Bank seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses substantially in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in the Bank's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on the Bank's results of operations and financial condition.

The Bank also establishes provisions for contingencies and charges including in particular provisions for litigations. Any loss arising from a risk that has not already been provisioned or that is greater than the amount of the provision would have a negative impact on the Bank's results of operation and, potentially, its financial condition.

The Bank's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

The Bank has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Bank's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments or against all types of risk, particularly risks that the Bank may have failed to identify or anticipate. The Bank's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of the Bank's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. The Bank applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the Bank uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, *e.g.*, if the Bank does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit the Bank's ability to manage its risks. The Bank's losses could therefore be significantly greater than the historical measures indicate. In addition, the Bank's quantified modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

The Bank's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its businesses is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Bank holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating the Bank's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Bank's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Bank's reported earnings.

Adjustments to the carrying value of the Bank's securities and derivatives portfolios and the Bank's own debt could have an impact on its net income and shareholders' equity.

The carrying value of the Bank's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. Most of the adjustments are made on the basis of changes in fair value of its assets or its debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect its consolidated revenues and, as a result, its net income. All fair value adjustments affect shareholders' equity and, as a result, its capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

The expected changes in accounting principles relating to financial instruments may have an impact on the Bank's balance sheet and regulatory capital ratios and result in additional costs.

In July 2014, the International Accounting Standards Board ("IASB") published International Financial Reporting Standard 9 ("IFRS 9") "Financial Instruments", which is set to replace IAS 39 as from 1 January 2018 after its adoption by the European Union. The standard amends and complements the rules on the classification and measurement of financial instruments. It includes a new impairment model based on expected credit losses (ECL), while the current model is based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on ECL could result in substantial additional impairment charges for the Bank and add volatility to its regulatory capital ratios, and the costs incurred by the Bank relating to the implementation of such norms may have a negative impact on its results of operations.

The Bank's competitive position could be harmed if its reputation is damaged.

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to the Bank's ability to attract and retain customers. The Bank's reputation could be harmed if it fails to adequately promote and market its products and services. The Bank's reputation could also be damaged if, as it increases its client base and the scale of its businesses, the Bank's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. At the same time, the Bank's reputation could be damaged by employee misconduct, fraud or misconduct by market participants to which the Bank is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action such as the settlement the Bank entered into in with the US authorities for violations of US laws and regulations regarding economic sanctions. Such risks to reputation have recently increased as a result of the growing use of social networks within the economic sphere. The loss of business that could result from damage to the Bank's reputation could have an adverse effect on its results of operations and financial position.

An interruption in or a breach of the Bank's information systems may result in material losses of client or customer information, damage to the Bank's reputation and lead to financial losses.

As with most other banks, the Bank relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services (as illustrated by the launch of Hello bank! in 2014), and the development of cloud computing. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Bank's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Bank cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised until launched against a target, the Bank may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failures of or interruptions in the Bank's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of the Bank (or any other person) or any intrusion or attack against the Bank's communication system could have an adverse effect on the Bank's reputation, financial condition and results of operations.

Unforeseen external events may disrupt the Bank's operations and cause substantial losses and additional costs.

Unforeseen events such as an adverse change in the political, military or diplomatic environments, political and social unrest, severe natural disasters, a pandemic, terrorist attacks, military conflicts or other states of emergency could affect the demand for the products and services offered by the Bank, or lead to an abrupt interruption of the Bank's operations, in France or abroad, and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase the Bank's costs (particularly insurance premiums).

5.2 Capital management and capital adequacy

SCOPE OF APPLICATION

The prudential scope of application defined in Regulation (EU) No. 575/2013 on capital requirements is not the same as the accounting scope of consolidation whose composition concerns the application of IFRS as adopted by the European Union. The notes to the consolidated financial statements cover the accounting consolidation scope.

The consolidation principles and the scope of consolidation in accordance with the accounting consolidation method used are described respectively in notes 1.b and 8.j to the consolidated financial statements.

PRUDENTIAL SCOPE

In accordance with banking regulation, BNP Paribas Group has defined a prudential scope to monitor capital ratios calculated on consolidated data.

The prudential scope is described in note 8.j to the consolidated financial statements. It should be noted in particular that:

- insurance companies are consolidated using the equity-method in the prudential scope;
- jointly controlled entities are consolidated in the prudential scope using the proportional integration method;
- asset disposals and risk transfers are assessed with regard to the nature of the risk transfer that results; thus, securitisation vehicles are excluded from the prudential scope if the securitisation transaction is deemed effective, that is, providing a significant risk transfer.

TABLE 2: CONSOLIDATED BALANCE SHEET TO PRUDENTIAL BALANCE SHEET RECONCILIATION

	31 December 2015				
In millions of euros	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope	Reference to capital table (Appendix 2)
ASSETS					
Cash and amounts due from central banks	134,547	-	126	134,673	
Financial instruments at fair value through profit or loss					
Trading securities	133,500	-	5	133,505	
Loans and repurchase agreements	131,783	5,988	-	137,771	
Instruments designated as at fair value through profit or loss	83,076	(80,468)	-	2,608	
Derivative financial instruments	336,624	(31)	(15)	336,578	
Derivatives used for hedging purposes	18,063	(104)	12	17,971	
Available-for-sale financial assets	258,933	(108,603)	4,501	154,831	
of which own funds instruments in credit or financial institutions more than 10%-owned	*945*	*1,740*	-	*2,685*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*1,360*	-	-	*1,360*	*2*
Loans and receivables due from credit institutions	43,427	(1,442)	(3,302)	38,683	
of which subordinated loans to credit or financial institutions more than 10%-owned	*436*	-	*(40)*	*396*	*1*
of which subordinated loans to credit or financial institutions less than 10%-owned	*27*	-	-	*27*	*2*
Loans and receivables due from customers	682,497	1,051	5,473	689,021	
of which own funds instruments in credit or financial institutions more than 10%-owned	*137*	*387*	*(37)*	*487*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*26*	-	-	*26*	*2*
Remeasurement adjustment on interest-rate risk hedged portfolios	4,555	-	9	4,564	
Held-to-maturity financial assets	7,757	(7,188)	-	569	
Current and deferred tax assets	7,865	(34)	103	7,934	
Accrued income and other assets	108,018	(5,217)	316	103,117	
Equity-method investments	6,896	4,766	(594)	11,068	
of which investments in credit or financial institutions	*3,150*	-	*(594)*	*2,556*	*1*
of which goodwill	*430*	*224*	-	*654*	*3*
Investment property	1,639	(1,312)	-	327	
Property, plant and equipment	21,593	(404)	110	21,299	
Intangible assets	3,104	(156)	15	2,963	
of which intangible assets excluding mortgage servicing rights	*3,052*	*(156)*	*15*	*2,911*	*3*
Goodwill	10,316	(224)	-	10,092	3
TOTAL ASSETS	**1,994,193**	**(193,378)**	**6,759**	**1,807,574**	

(*) *Adjustment of jointly controlled entities under proportional consolidation for prudential purposes, consolidated using the equity-method in the accounting scope.*

In millions of euros	31 December 2015				
	Accounting scope	**Adjustment of insurance companies**	**Other adjustments related to consolidation methods(*)**	**Prudential scope**	**Reference to capital table (Appendix 2)**
LIABILITIES					
Due to central banks	2,385	-	-	2,385	
Financial instruments at fair value through profit or loss					
Trading securities	82,544	-	4	82,548	
Borrowings and repurchase agreements	156,771	-	-	156,771	
Instruments designated as at fair value through profit or loss	53,118	(1,263)	-	51,855	
of which liabilities qualifying for Tier 1 capital	*198*	-	-	*198*	*4*
of which liabilities qualifying for Tier 2 capital	*467*	-	-	*467*	*5*
Derivative financial instruments	325,828	(59)	(19)	325,750	
Derivatives used for hedging purposes	21,068	-	33	21,101	
Due to credit institutions	84,146	(1,696)	840	83,290	
Due to customers	700,309	(3,568)	4,488	701,229	
Debt securities	159,447	2,252	1,046	162,745	
Remeasurement adjustment on interest-rate risk hedged portfolios	3,946	-	-	3,946	
Current and deferred tax liabilities	2,993	(366)	121	2,748	
Accrued expenses and other liabilities	88,629	(2,384)	141	86,386	
Technical reserves of insurance companies	185,043	(185,043)	-	-	
Provisions for contingencies and charges	11,345	(283)	41	11,103	
Subordinated debt	16,544	(823)	64	15,785	
of which liabilities qualifying for Tier 1 capital	-	-	-	-	*4*
of which liabilities qualifying for Tier 2 capital	*14,670*	-	-	*14,670*	*5*
TOTAL LIABILITIES	**1,894,116**	**(193,233)**	**6,759**	**1,707,642**	
Share capital and related share premium accounts	26,970	-	-	26,970	*6*
Own equity instruments	(129)	-	-	(129)	
Undated Super Subordinated Notes	7,855	11	-	7,866	*7*
Non-distributed reserves	48,143	-	-	48,143	
Changes in assets and liabilities recognised directly in equity	6,736	-	-	6,736	*8*
Net income for the period attributable to shareholders	6,694	-	-	6,694	*9*
Minority interests	3,808	(156)	-	3,652	*10*
TOTAL CONSOLIDATED EQUITY	**100,077**	**(145)**	**-**	**99,932**	
TOTAL LIABILITIES AND EQUITY	**1,994,193**	**(193,378)**	**6,759**	**1,807,574**	

(*) *Adjustment of jointly controlled entities under proportional consolidation for prudential purposes, consolidated using the equity-method in the accounting scope.*

In millions of euros	31 December 2014(**)			
	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope
ASSETS				
Cash and amounts due from central banks	117,473	(7)	197	117,663
Financial instruments at fair value through profit or loss				
Trading securities	156,546	-	5	156,551
Loans and repurchase agreements	165,776	5,682	-	171,458
Instruments designated as at fair value through profit or loss	78,827	(75,858)	-	2,969
Derivative financial instruments	412,498	5	(18)	412,485
Derivatives used for hedging purposes	19,766	(85)	14	19,695
Available-for-sale financial assets	252,292	(106,282)	4,512	150,522
Loans and receivables due from credit institutions	43,348	(1,206)	(4,122)	38,020
Loans and receivables due from customers	657,403	1,395	5,971	664,769
Remeasurement adjustment on interest-rate risk hedged portfolios	5,603	-	-	5,603
Held-to-maturity financial assets	8,965	(8,436)	-	529
Current and deferred tax assets	8,628	(99)	124	8,653
Accrued income and other assets	110,088	(4,705)	325	105,708
Equity-method investments	7,371	5,108	(660)	11,819
Investment property	1,614	(1,251)	-	363
Property, plant and equipment	18,032	(397)	252	17,887
Intangible assets	2,951	(141)	10	2,820
Goodwill	10,577	(219)	-	10,358
TOTAL ASSETS	**2,077,758**	**(186,496)**	**6,610**	**1,897,872**

(*) Adjustment of jointly controlled entities under proportional consolidation for prudential purposes, consolidated using the equity-method in the accounting scope.
(**) Restated according to the IFRIC 21 interpretation.

In millions of euros	31 December 2014(**)			
	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope
LIABILITIES				
Due to central banks	1,680	-	-	1,680
Financial instruments at fair value through profit or loss				
Trading securities	78,912	-	(16)	78,896
Borrowings and repurchase agreements	196,733	-	-	196,733
Instruments designated as at fair value through profit or loss	57,632	(4,119)	-	53,513
Derivative financial instruments	410,250	(7)	(21)	410,222
Derivatives used for hedging purposes	22,993	-	32	23,025
Due to credit institutions	90,352	(1,393)	766	89,725
Due to customers	641,549	(3,617)	4,413	642,345
Debt securities	187,074	1,737	1,126	189,937
Remeasurement adjustment on interest-rate risk hedged portfolios	4,765	-	-	4,765
Current and deferred tax liabilities	2,920	(562)	173	2,531
Accrued expenses and other liabilities	87,722	(2,111)	93	85,704
Technical reserves of insurance companies	175,214	(175,214)	-	-
Provisions for contingencies and charges	12,337	(251)	40	12,126
Subordinated debt	13,936	(822)	4	13,118
TOTAL LIABILITIES	**1,984,069**	**(186,359)**	**6,610**	**1,804,320**
TOTAL CONSOLIDATED EQUITY	**93,689**	**(137)**	**-**	**93,552**
TOTAL LIABILITIES AND EQUITY	**2,077,758**	**(186,496)**	**6,610**	**1,897,872**

(*) Adjustment of jointly controlled entities under proportional consolidation for prudential purposes, consolidated using the equity-method in the accounting scope.
(**) Restated according to the IFRIC 21 interpretation.

SIGNIFICANT SUBSIDIARIES

The capital requirements of BNP Paribas' significant subgroups and subsidiaries are given in Appendix 3 to this chapter.

The following subgroups are considered significant, based on the criterion that their risk-weighted assets amount to more than 3% of the Group's total risk-weighted assets at 31 December 2015:

- BNP Paribas Fortis;
- Banca Nazionale del Lavoro (BNL);
- BancWest;
- BNP Paribas Personal Finance;
- BGL BNP Paribas;
- TEB group.

The risk-weighted assets reported correspond to the sub-consolidation scope of each group. Thus, BGL BNP Paribas and TEB subgroups are also included in BNP Paribas Fortis subgroup.

REGULATORY CAPITAL [Audited](1)

The BNP Paribas Group is required to comply with the French regulation that transposes European Directives on "Access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" and "Financial Conglomerates" into French law.

In the various countries in which the Group operates, BNP Paribas also complies with specific regulatory ratios in line with procedures controlled by the relevant supervisory authorities. These ratios mainly address the issues of capital adequacy, risk concentration, liquidity and asset/liability mismatches.

As of 1 January 2014, Regulation (EU) No. 575/2013, establishing the methods for calculating the solvency ratio, defines it as the ratio between total regulatory capital and the sum of:

- the amount of risk-weighted assets for credit and counterparty risks, calculated using the standardised approach or the Internal Ratings Based Approach (IRBA) depending on the particular entity or the activity of the Group concerned;
- capital requirements for market risk, for credit valuation adjustment risk and for operational risk, multiplied by a factor of 12.5.

BREAKDOWN OF REGULATORY CAPITAL

Regulatory capital is divided into three categories (Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital), which consist of equity and debt instruments, to which regulatory adjustments have been made. These items are subject to transitional arrangements.

Common Equity Tier 1 capital

Common Equity Tier 1 capital instruments mainly comprise:

- the consolidated equity attributable to shareholders restated for the anticipated distribution of a dividend and Undated Super Subordinated Notes, which are ineligible for this category;
- minority interest reserves of regulated entities, adjusted for their capitalisation surplus. Minority interests of unregulated entities are excluded.

Main regulatory adjustments are as follows:

- gains and losses generated by cash flow hedges;
- unrealised gains and losses on sovereign exposure;
- adjustments to the value of instruments measured at fair value required by prudent valuation;
- goodwill and other intangible assets, net of deferred tax liabilities;
- net deferred tax assets that rely on future profitability and arising from tax loss carry-forwards;
- expected losses on equity exposures;
- share of expected losses on outstanding loans measured using the internal ratings based approach (IRBA) which is not covered by provisions and other value adjustments.

The adjustment to own equity or shares covered by a buyback authorisation is also found in the other regulatory adjustments.

(1) In the Registration document, information identified by the ranking [Audited] are information which are integral part of the notes to the consolidated financial statements under the information required by IFRS 7, IFRS 4 and IAS 1, and are covered by the opinion of the Statutory Auditors on the consolidated financial statements.

TABLE 3: TRANSITION FROM CONSOLIDATED EQUITY TO COMMON EQUITY TIER 1 (CET1) CAPITAL

In millions of euros	31 December 2015		31 December 2014(*)	
	Phased in	Transitional arrangements(**)	Phased in	Transitional arrangements(**)
Consolidated equity	**99,932**	**-**	**93,552**	**-**
Undated Super Subordinated Notes ineligible in CET1	(7,866)	-	(6,605)	-
Proposed distribution of dividends	(2,875)	-	(1,864)	-
Ineligible minority interests	(946)	1,047	(1,177)	1,645
Changes in the fair value of hedging instruments recognised directly in equity	(1,353)	-	(1,541)	-
Changes in the value of financial assets available for sale and reclassified loans and receivables recognised directly in equity	(2,067)	(1,478)	(2,711)	(2,271)
Additional value adjustments linked to prudent valuation requirements	(1,120)	-	(1,310)	-
Goodwill and other intangible assets	(13,509)	-	(13,760)	-
Net deferred tax assets arising from tax loss carry-forwards	(139)	871	(26)	1,206
Negative amounts resulting from the calculation of expected losses	(865)	16	(718)	20
Other prudential adjustments	370	239	679	208
COMMON EQUITY TIER 1 (CET1) CAPITAL	**69,562**	**695**	**64,519**	**808**

(*) Restated according to the IFRIC 21 interpretation.
(**) Amounts subject to pre-regulation treatment or prescribed residual amount of Regulation (EU) No. 575/2013.

Additional Tier 1 capital

Additional Tier 1 capital is composed of subordinated debt instruments with the following characteristics:

- they are perpetual and include no redemption incentive;
- they are not held by the bank, its subsidiaries or any company in which the Group holds 20% or more of the capital;
- they have a capacity to absorb losses;
- they may include a redemption option, five years after the issue date at the earliest, exercisable at the issuer's discretion[1];
- remuneration arises from distributable elements that may be cancelled, with no requirements for the bank.

This category is also composed of non-eligible minority reserves in common equity within their limit of eligibility.

Authorisations to redeem additional Tier 1 own capital instruments are deducted from this category.

Tier 2 capital

Tier 2 capital is comprised of subordinated debt with no redemption incentive, as well as non-eligible minority reserves in Tier 1 capital within their limit of eligibility. A prudential discount is applied to the subordinated debt with less than five years of residual maturity.

Prudential deductions from Tier 2 capital primarily concern:

- Tier 2 capital components in significant financial entities;
- Tier 2 own capital instruments redemption authorisations.

Transitional arrangements

Under CRR, the calculation methods introduced by fully loaded Basel 3 can be implemented gradually until 2024. The ACPR communication memo of 12 December 2013 lists the percentages to be applied to filters and regulatory deductions. The main items subject to these transitional arrangements are adjustments on retained earnings from net income attributable to minority interests, deferred tax, unrealised gains on available-for-sale securities, and investment holdings in Tier 2 instruments of other financial sector entities.

Subordinated debt issued prior to 31 December 2010, which is non-eligible under full Basel 3 but eligible under prior regulations, can be recognised degressively as Tier 1 or Tier 2 capital, depending on its previous eligibility *(grandfathered debt)*.

(1) Subject to authorisation by the supervisor.

TABLE 4: REGULATORY CAPITAL

In millions of euros	31 December 2015 Phased in	31 December 2015 Transitional arrangements(**)	31 December 2014(*) Phased in	31 December 2014(*) Transitional arrangements(**)	
Common Equity Tier 1 (CET1) capital: instruments and reserves					
Capital instruments and the related share premium accounts	26,970	-	26,951	-	
of which ordinary shares	*26,970*	-	*26,951*	-	
Retained earnings	48,686	-	50,230	-	
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	6,736	-	6,092	-	
Minority interests (amount allowed in consolidated CET1)	2,706	1,047	2,900	1,645	
Independently reviewed interim profits net of any foreseeable charge or dividend	3,536	-	(1,947)	-	
COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	**88,634**	**1,047**	**84,226**	**1,645**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments	(19,072)	(352)	(19,707)	(837)	See Appendix 2
COMMON EQUITY TIER 1 (CET1) CAPITAL	**69,562**	**695**	**64,519**	**808**	
Additional Tier 1 (AT1) capital: instruments	8,159	2,945	7,023	3,800	See Appendix 2
Additional Tier 1 (AT1) capital: regulatory adjustments	(867)	(832)	(1,115)	(1,115)	See Appendix 2
ADDITIONAL TIER 1 (AT1) CAPITAL	**7,292**	**2,113**	**5,908**	**2,685**	
TIER 1 CAPITAL (T1 = CET1 + AT1)	**76,854**	**2,808**	**70,427**	**3,493**	
Tier 2 (T2) capital: instruments and provisions	10,979	184	8,295	240	See Appendix 2
Tier 2 (T2) capital: regulatory adjustments	(1,913)	865	(1,505)	1,012	See Appendix 2
TIER 2 (T2) CAPITAL	**9,066**	**1,049**	**6,790**	**1,252**	
TOTAL CAPITAL (TC = T1 + T2)	**85,920**	**3,857**	**77,217**	**4,745**	

(*) Restated according to the IFRIC 21 interpretation.
(**) Amounts subject to pre-regulation treatment or prescribed residual amount of Regulation (EU) No. 575/2013, in accordance with grandfathered Additional Tier 1 and Tier 2 eligibility rules applicable as of 2019.

Total phased in capital amounted to EUR 85.9 billion at 31 December 2015, a transitional adjustment of EUR 3.9 billion compared with the fully loaded Basel 3 amount. This transitional adjustment is essentially linked to the AT1 grandfathered debt of EUR 3 billion. Details are given in Appendix 2.

The details of the debt instruments recognised as capital, as well as their characteristics, as required by Implementing Regulation No. 1423/2013, are available in the *BNP Paribas Debt* section of the Investor Relations website: www.invest.bnpparibas.com.

TABLE 5: CHANGE IN REGULATORY CAPITAL

In millions of euros	Phased in
COMMON EQUITY TIER 1 (CET1) CAPITAL	
1 January 2015(*)	64,519
Common Equity Tier 1 capital: instruments and reserves	**4,408**
Capital instruments and the related share premium accounts	19
of which ordinary shares	*19*
Retained earnings	403
Accumulated other comprehensive income	644
Minority interests	(194)
Independently reviewed interim profits net of any foreseeable charge or dividend	3,536
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**635**
of which additional value adjustments	*190*
of which intangible assets and goodwill	*251*
of which net deferred tax assets depending on future profits and resulting from losses carried forward	*(113)*
of which fair value reserves related to gains or losses on cash flow hedges	*188*
of which negative amounts resulting from the calculation of expected loss amounts	*(147)*
of which gains or losses on liabilities valued at fair value resulting from changes in own credit standing	*(212)*
of which regulatory adjustments relating to unrealised gains and losses	*644*
of which other regulatory adjustments	*(166)*
31 December 2015	69,562
ADDITIONAL TIER 1 CAPITAL	
1 January 2015	5,908
Additional Tier 1 (AT1) capital: instruments	**1,136**
Additional Tier 1 (AT1) capital: regulatory adjustments	**248**
Loans to credit or financial institutions more than 10%-owned	193
Others	55
31 December 2015	7,292
TIER 2 CAPITAL	
1 January 2015	6,790
Tier 2 (T2) capital: instruments and provisions	**2,684**
Tier 2 (T2) capital: regulatory adjustments	**(408)**
Loans to credit or financial institutions more than 10%-owned	(366)
Others	(42)
31 December 2015	9,066

(*) Restated according to the IFRIC 21 interpretation.

TABLE 6: CHANGE IN ELIGIBLE DEBT

In millions of euros	Phased in	
	Tier1	Tier2
1 January 2015	6,985	8,324
New issues	2,095	3,834
Redemptions	(945)	(78)
Prudential discount	-	(1,272)
Others	(10)	150
31 December 2015	8,125	10,958

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

TABLE 7: RISK-WEIGHTED ASSETS(*) BY RISK TYPE AND BUSINESS

RWAs *In millions of euros*	31 December 2015							
	Retail Banking & Services		Corporate & Institutional Banking					
	Domestic Markets	International Financial Services	Corporate Banking	Global Markets	Securities Services	Other activities	Total	
Credit risk	**179,089**	**141,022**	**92,042**	**8,988**	**1,440**	**26,700**	**449,282**	See section 5.4
IRB approach	116,985	14,377	86,769	6,396	1,069	3,145	228,740	
Standardised approach	62,105	126,645	5,273	2,592	372	23,556	220,542	
Banking book securitisation	**909**	**646**	**221**	**9,676**	**1**	**1,173**	**12,625**	See section 5.5
IRB approach	757	79	221	9,675	1	1,173	11,905	
Standardised approach	151	567	0	2	0	0	720	
Counterparty credit risk	**2,636**	**909**	**23**	**24,021**	**1,548**	**91**	**29,228**	See section 5.6
CCP	0	0	0	1,385	1,048	0	2,432	
CVA charge	138	334	22	2,919	12	81	3,507	
Counterparty credit risk – excl. CCP and CVA charges	2,498	575	1	19,718	488	10	23,289	
Equity risk	**5,329**	**33,595**	**2,869**	**1,962**	**358**	**13,966**	**58,079**	See section 5.7
Market risk	**170**	**424**	**1,488**	**19,573**	**57**	**2,052**	**23,764**	See section 5.7
Internal model	0	28	280	18,693	0	2,038	21,039	
Standardised approach	170	395	1,208	142	57	14	1,986	
Trading book securitisation positions	0	0	0	739	0	0	739	
Operational risk	**16,367**	**15,706**	**9,122**	**15,456**	**2,675**	**1,222**	**60,548**	See section 5.10
TOTAL	**204,501**	**192,301**	**105,765**	**79,677**	**6,079**	**45,203**	**633,527**	See section 5.2

(*) Information on risks categories provided in section 5.3.

RWAs *In millions of euros*	Retail Banking & Services		Corporate & Institutional Banking				31 December 2014 Proforma	
	Domestic Markets	International Financial Services	Corporate Banking	Global Markets	Securities Services	Other activities	Total	
Credit risk	**180,201**	**137,391**	**81,824**	**10,949**	**1,434**	**30,558**	**442,358**	See section 5.4
IRB approach	102,193	12,482	75,815	7,611	986	4,964	204,051	
Standardised approach	78,008	124,909	6,009	3,338	448	25,594	238,307	
Banking book securitisation	**666**	**598**	**371**	**10,161**	**1**	**2,191**	**13,988**	See section 5.5
IRB approach	666	42	371	10,160	1	2,191	13,430	
Standardised approach	0	556	0	1	0	0	558	
Counterparty credit risk	**3,172**	**956**	**18**	**24,439**	**1,393**	**17**	**29,995**	See section 5.6
CCP	0	0	0	1,602	967	0	2,570	
CVA Charge	113	287	14	2,356	21	8	2,800	
Counterparty credit risk – excl. CCP and CVA charges	3,059	669	4	20,480	404	9	24,625	
Equity risk	**4,260**	**32,173**	**3,031**	**2,382**	**266**	**16,584**	**58,696**	See section 5.7
Market risk	**83**	**399**	**808**	**17,178**	**34**	**1,854**	**20,357**	See section 5.7
Internal model	0	33	20	16,408	28	1,852	18,341	
Standardised approach	83	367	788	96	6	2	1,342	
Trading book securitisation positions	0	0	0	674	0	0	674	
Operational risk	**13,445**	**14,562**	**7,944**	**14,681**	**2,587**	**1,214**	**54,433**	See section 5.10
TOTAL	**201,827**	**186,080**	**93,997**	**79,789**	**5,715**	**52,419**	**619,827**	See section 5.2

(*) Information on risks categories provided in section 5.3.

Risk-weighted assets by division are presented in line with the Group's new organisation.

The split of risk-weighted assets by division reflects the Group's diversified business mix, with 63% devoted to Retail Banking & Services (including 32% for the Domestic Markets and 30% for International Financial Services), 30% to Corporate and Institutional Banking and 7% to Other activities.

The Group's risk-weighted assets increased by EUR 14 billion in 2015, with a rise of EUR 12 billion for Corporate Banking and EUR 6 billion for IFS, mainly in Personal Finance, partly offset by a drop of EUR 7 billion in Other activities, mainly stemming from the sale of the remaining stake in Klépierre.

TABLE 8: PILLAR 1 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT

Explanations for the changes in 2015 can be found hereunder and in the various appropriate sections.

In millions of euros	31 December 2015		31 December 2014		Variation	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**449,282**	**35,943**	**442,358**	**35,389**	**6,924**	**554**
Credit risk – IRB approach	**228,740**	**18,299**	**204,051**	**16,324**	**24,689**	**1,975**
Central governments and central banks	4,091	327	3,545	284	546	44
Corporates	163,149	13,052	150,540	12,043	12,609	1,009
Institutions	9,832	787	12,138	971	(2,306)	(184)
Retail	51,532	4,123	37,699	3,016	13,833	1,107
Other non credit-obligation assets	136	11	129	10	7	1
Credit risk – Standardised approach	**220,542**	**17,643**	**238,307**	**19,065**	**(17,765)**	**(1,421)**
Central governments and central banks	5,196	416	4,069	325	1,126	91
Corporates	94,523	7,562	95,586	7,647	(1,064)	(85)
Institutions	6,280	502	7,972	638	(1,692)	(135)
Retail	74,908	5,993	90,432	7,235	(15,524)	(1,242)
Other non credit-obligation assets	39,636	3,171	40,248	3,220	(612)	(49)
Banking book securitisation positions	**12,625**	**1,010**	**13,988**	**1,119**	**(1,362)**	**(109)**
Securitisation positions – IRB approach	11,905	952	13,430	1,074	(1,525)	(122)
Securitisation positions – Standardised approach	720	58	558	45	162	13
Counterparty credit risk	**29,228**	**2,338**	**29,995**	**2,399**	**(767)**	**(61)**
Counterparty credit risk – IRB approach	**26,060**	**2,085**	**26,579**	**2,126**	**(520)**	**(42)**
CCP – excl. default fund contributions	751	60	886	71	(134)	(11)
CVA Charge	2,979	238	2,379	190	599	48
Counterparty credit risk – excl. CCP and CVA charges	22,330	1,786	23,314	1,865	(985)	(79)
Central governments and central banks	*786*	*63*	*892*	*71*	*(106)*	*(9)*
Corporates	*16,836*	*1,347*	*17,411*	*1,393*	*(575)*	*(46)*
Institutions	*4,707*	*377*	*5,010*	*401*	*(304)*	*(24)*
Retail	*1*	*0*	*1*	*0*	*0*	*0*
Counterparty credit risk – Standardised approach	**3,169**	**253**	**3,416**	**273**	**(247)**	**(20)**
CCP – default fund contributions	554	44	592	47	(38)	(3)
CCP – excl. default fund contributions	1,127	90	1,092	87	35	3
CVA Charge	528	42	421	34	107	9
Counterparty credit risk – excl. CCP and CVA charges	960	77	1,311	105	(351)	(28)
Central governments and central banks	*1*	*0*			*1*	*0*
Corporates	*807*	*65*	*1,074*	*86*	*(267)*	*(21)*
Institutions	*146*	*12*	*233*	*19*	*(88)*	*(7)*
Retail	*6*	*0*	*4*	*0*	*2*	*0*
Equity risk	**58,079**	**4,646**	**58,696**	**4,696**	**(617)**	**(49)**
Simple weighting method	48,260	3,861	50,171	4,014	(1,911)	(153)
Standardised approach	9,819	786	8,525	682	1,294	104
Market risk	**23,764**	**1,901**	**20,357**	**1,628**	**3,407**	**273**
Internal model	21,039	1,683	18,341	1,467	2,698	216
VaR	*7,714*	*617*	*5,209*	*417*	*2,505*	*200*
Stressed VaR	*8,590*	*687*	*8,967*	*717*	*(377)*	*(30)*
Incremental Risk Charge	*3,849*	*308*	*3,228*	*258*	*621*	*50*
Comprehensive Risk Measure	*886*	*71*	*937*	*75*	*(51)*	*(4)*
Standardised approach	1,986	159	1,342	107	644	52
Trading book securitisation positions	739	59	674	54	64	5
Operational risk	**60,548**	**4,844**	**54,433**	**4,355**	**6,115**	**489**
Advanced Measurement Approach (AMA)	45,518	3,641	40,700	3,256	4,817	385
Standardised approach	9,090	727	8,727	698	363	29
Basic indicator approach	5,941	475	5,006	401	935	74
TOTAL	**633,527**	**50,682**	**619,827**	**49,586**	**13,699**	**1,096**

The change in risk-weighted assets can be broken down into the following effects:

- currency effect: impact of fluctuations in foreign exchange rates on credit risk exposures;
- volume effect: impact of changes in exposures (EAD);
- parameters effect: impact of changes in risk parameters;
- scope effect: impact of a change in scope of consolidation;
- method effect: impact of the change in method of calculating capital requirement between two reporting dates (transition to advanced model or change of method at the supervisor's request).

TABLE 9: RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2014	Key driver						Total Variation	31 December 2015	
		Currency	Volume	Parameters	Perimeter	Method	Other			
Credit risk	442,358	8,605	17,912	(8,284)	2,031	(8,559)	(4,782)	6,924	449,282	See section 5.4
Securitisation	13,988	851	(2,080)	(99)	-	-	(36)	(1,363)	12,625	See section 5.5
Counterparty credit risk	29,995	59	(308)	(922)	-	-	404	(767)	29,228	See section 5.6
Equity risk	58,696	215	2,243	(38)	(1,513)	-	(1,524)	(617)	58,079	See section 5.7
Market risk	20,357	-	1,619	1,015	-	47	726	3,407	23,764	See section 5.7
Operational risk	54,433	-	367	4,816	435	524	(28)	6,115	60,548	See section 5.10
TOTAL	**619,827**	**9,731**	**19,753**	**(3,513)**	**953**	**(7,987)**	**(5,237)**	**13,700**	**633,527**	

Below are the main reasons behind the EUR 14 billion increase in risk-weighted assets in 2015:

- an upward currency impact of EUR 10 billion, mainly due to the US dollar and the Turkish lira;
- an increase of EUR 20 billion related to the business activity, including EUR 18 billion on credit risk;
- lower parameter effects on credit risk for -EUR 8 billion, chiefly as a result of the improvement in risk parameters at BancWest, BGZ and the Retail Bank in Belgium, as well as the maturity effect on the Corporate Banking portfolio;
- changes in risk parameters incorporated in the calculation of operational risk, leading to an increase of EUR 5 billion;
- net effect on the changes in the prudential scope of +EUR 1 billion, mainly stemming from Arval's acquisition of General Electric Capital's car fleet in Europe, and the disposal of the remaining stake in Klépierre;
- changes in method resulting in a drop in risk-weighted assets, mainly on the credit risk, stemming in particular from the transfer of BNL SpA to the advanced method for retail portfolio (-EUR 4 billion).

Comments on the main changes in 2015 for each type of risk can be found in the various appropriate sections.

RISK-WEIGHTED ASSETS – IMPACT OF TRANSITIONAL ARRANGEMENTS

The transitional arrangements applicable to the calculation of risk-weighted assets as of 31 December 2015 correspond to the portion of unrealised gains that are not included in the exposure value for equity risk since they are excluded from regulatory capital. At 31 December 2015, the Group's risk-weighted assets thus amounted to EUR 629.6 billion taking into account these transitional arrangements, and EUR 633.5 billion with full implementation of the Basel 3 Regulation.

TABLE 10: RISK-WEIGHTED ASSETS – TRANSITIONAL ARRANGEMENTS

In millions of euros	31 December 2015		31 December 2014	
	Phased in	Transitional arrangements(*)	Phased in	Transitional arrangements(*)
TOTAL RISK-WEIGHTED ASSETS	**629,626**	**(3,901)**	**614,449**	**(5,378)**
of which equity risk	*54,179*	*(3,901)*	*53,318*	*(5,378)*

(*) Amounts subject to pre-regulation treatment or prescribed residual amount of Regulation (EU) No. 575/2013.

CAPITAL ADEQUACY AND CAPITAL PLANNING

SINGLE SUPERVISORY MECHANISM

The Single Supervisory Mechanism (SSM) is the banking supervisory system for the euro zone. The SSM, together with the Single Resolution Mechanism (SRM) and the Deposit Guarantee Scheme, is one of the three pillars of the Banking Union, a process initiated in June 2012 by the European Union in response to the financial crisis in the euro zone.

The ECB thus became the direct prudential supervisor of BNP Paribas as of 4 November 2014. The ECB draws on the competent national supervisory authorities in fulfilling this role.

CAPITAL ADEQUACY

The BNP Paribas Group is required to comply with a range of regulations:

- European banking regulations under CRD IV, which also cover supervision;
- regulation on the additional supervision of financial conglomerates, due to its banking and insurance activities.

BNP Paribas' insurance business is governed by Solvency I insurance regulations as at 31 December 2015.

Requirements under banking regulations and supervision

With the application of Basel 3 regulation as of 1 January 2014, the minimum ratios requirement increases gradually until 2019.

The Group is required to meet a minimum Pillar 1 common equity Tier 1 (CET1) capital ratio of 4.5%, a Tier 1 capital ratio of 6%, and a capital adequacy ratio (total capital) of at least 8% by 2019.

With a phased in CET1 ratio of 11%, Tier 1 ratio of 12.2% and total capital ratio of 13.6% at 31 December 2015, the Group largely complies with the requirements mentionned above.

Common Equity Tier 1 (CET1) capital

In addition to the 4.5% minimum CET1 capital requirement (Pillar 1), as of 1 January 2016, BNP Paribas will have to maintain the following additional capital buffers on a gradual basis:

- the capital conservation buffer consisting of common equity Tier 1 is equal to 2.5% of the total risk exposure, by 2019. The aim of this buffer is to absorb losses in a situation of intense economic stress;
- the buffer for global systemically important banks (G-SIBs) is defined by the FSB according to the method described below in the section *G-SIBs indicators*. Currently set at 2% for the Group by 2019, the purpose of this buffer is to reduce the risk of failure of major institutions. The buffer for domestic systemically important banks (D-SIBs) set at 1.5% is below the G-SIBs buffer of 2%. Consequently, it does not represent a constraint;
- the countercyclical capital buffer is implemented in the event of excessive credit growth. This buffer is imposed at the discretion of a designated regulatory authority in a jurisdiction to all the Bank's exposures in that jurisdiction. In view of the buffer rates by country published on 31 December 2015, the BNP Paribas specific countercyclical capital buffer is not material.

There is no requirement to date for the systemic risk buffer.

The second pillar of the Basel Accord provides that the supervisor shall determine whether the policies, strategies, procedures and arrangements implemented by the Group on the one hand, and the capital held on the other hand, are adequate for risk management and risk coverage purposes. This evaluation exercise by the supervisors to determine the adequacy of mechanisms and capital with respect to bank risk levels is designated in the regulations under the term SREP (Supervisory Review and Evaluation Process).

Following the notification by the ECB of the outcome of the 2015 annual SREP, the Group is required to have a common equity Tier 1 (CET1) capital ratio of 10% in 2016, including the G-SIB capital buffer of 0.5%. With a phased in CET1 capital ratio of 11% as at 31 December 2015 (10.9% fully loaded CET1 ratio), BNP Paribas is well above the minimum requirement applicable for 2016. The anticipated level of fully loaded Basel 3 CET1 ratio requirement is 11.5% in 2019 given the gradual phasing-in of the G-SIB capital buffer to 2% in 2019.

The ECB's general recommendation is that the CET1 ratio should follow a linear path towards the anticipated level required of fully loaded CET1 ratio of 11.5% in 2019.

TABLE 11: OVERALL EXPECTED CET1 REQUIREMENT INCLUDING THE RESULTS OF THE 2015 SREP – TRANSITIONAL ARRANGEMENTS IMPLEMENTATION

	2016	2017	2018	As from 2019
CET1 minimum capital requirements	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer and Pillar 2(*)	5.0%	5.0%	5.0%	5.0%
CET1 incl. results of the 2015 SREP	**9.5%**	**9.5%**	**9.5%**	**9.5%**
G-SIBs buffer applicable to BNP Paribas	0.5%	1.0%	1.5%	2.0%
TOTAL CET1	**10.0%**	**10.5%**	**11.0%**	**11.5%**

(*) *In view of the ECB's decision to take full application into account as of 2016.*

The Group plans to reach a fully loaded CET1 ratio of 11.5% by mid-2017, thanks to its organic capital generation and active capital management policy (about 35 basis points per year), and, in addition, the sale or initial public offering of First Hawaiian Bank that could raise the CET1 ratio by 40 basis points[1]. Beyond, BNP Paribas' target is a CET1 ratio of 12% as of 2018. This target is taking into account a 50 basis point management buffer, coherently with the Group's strong and recurring organic capital generation and the positive evolution of its ratio throughout the cycle.

BNP Paribas ratios are monitored and managed centrally, on a consolidated basis. Where a French or international entity is required to comply with banking regulations at its own level, its ratios are also monitored and managed directly by the entity (see section *Capital management at local level*).

Total capital (including Tier 1 and Tier 2)

Today, Pillar 2 only applies to the CET1 ratio, as confirmed by the ECB as part of the 2015 SREP. Accordingly, BNP Paribas SA and its subsidiaries are obliged to meet the following Tier 1 and total capital ratios:

- the minimum Tier 1 ratio and total capital ratio, respectively, at all times, in accordance with article 92 (1) points b) and c) of the CRR;
- the total buffer requirement defined in article 128 (6) of CRD 4, as transposed into the respective national laws.

Based on these points, which may change as part of the annual SREP, the Tier 1 capital requirements and total capital expected requirements are given in the tables below.

TABLE 12: OVERALL EXPECTED TIER 1 REQUIREMENT BASED ON SREP 2015 – TRANSITIONAL ARRANGEMENTS IMPLEMENTATION

	2016	2017	2018	As from 2019
Minimum requirements (Pillar 1)				
Tier 1 (CET1 + AT1)	6.0%	6.0%	6.0%	6.0%
Additional requirements(*)				
Capital conservation buffer	0.625%	1.25%	1.875%	2.5%
G-SIBs buffer applicable to BNP Paribas	0.5%	1.0%	1.5%	2.0%
TOTAL TIER 1	**7.125%**	**8.25%**	**9.375%**	**10.5%**

(*) *The countercyclical capital buffer ratio specific to BNP Paribas is immaterial according to the information available at 31 December 2015. As at that date, no systemic risk buffer requirement had been set.*

TABLE 13: OVERALL EXPECTED TOTAL CAPITAL REQUIREMENT BASED ON SREP 2015 – TRANSITIONAL ARRANGEMENTS IMPLEMENTATION

	2016	2017	2018	As from 2019
Minimum requirements (Pillar 1)				
Total capital (Tier 1 + Tier 2)	8.0%	8.0%	8.0%	8.0%
Additional requirements(*)				
Capital conservation buffer	0.625%	1.25%	1.875%	2.5%
G-SIBs buffer applicable to BNP Paribas	0.5%	1.0%	1.5%	2.0%
TOTAL CAPITAL	**9.125%**	**10.25%**	**11.375%**	**12.5%**

(*) *The countercyclical capital buffer ratio specific to BNP Paribas is immaterial according to the information available at 31 December 2015. As at that date, no systemic risk buffer requirement had been set.*

(1) *Subject to market conditions and regulatory authorisations.*

The Group's objective is a total capital ratio above 15% as at 1 January 2019. In this respect, the Group's objective in the course of the next three years[1] is to issue EUR 1.5-2 billion in Additional Tier 1 capital per year, and about EUR 2-3 billion in Tier 2 subordinated debts per year.

TLAC

The Total Loss Absorbing Capacity (TLAC) ratio requirement is 20.5% of risk-weighted assets as at 1 January 2019, rising to 22.5% by 1 January 2022, including the 2.5% capital conservation buffer and BNP Paribas' 2% G-SIB buffer.

The objective of BNP Paribas is a 21% TLAC ratio as at 1 January 2019. The Group will issue approximately EUR 30 billion of TLAC eligible senior debt by 1 January 2019[1] given the Minimum Requirement for Eligible Liabilities (MREL) level of 2.5% eligible for TLAC, in anticipation of the stricter requirement in 2022.

Pursuant to the implementation of the Bank Recovery and Resolution Directive (BRRD), transposed into French law by the Order of August 2015, and to allow systemically important French banks to meet the TLAC requirement, the French government published a draft document on 27 December 2015 concerning its plan to modify the ranking of creditors of credit institutions under liquidation or resolution, creating a new category of non-preferred senior debt that will absorb the losses before the current senior debt but after subordinated debts.

Compliance with the regulation on the additional supervision of financial conglomerates

BNP Paribas Group is also subject to additional supervision as a financial conglomerate, in accordance with a European Directive transposed into French law by the Order of 3 November 2014. Under this regulation, a financial conglomerate engaged in the insurance business must comply with an additional requirement with respect to consolidated capital adequacy: the margin requirement for entities with an insurance business – known as the solvency margin – is added to the bank capital requirement and the sum of the two is compared to the total equity of the financial conglomerate to determine a surplus or a shortfall of capital.

As of 31 December 2015, the capital surplus of the conglomerate under phased in Basel 3 Regulation was estimated at EUR 35 billion.

Requirements applicable to the Insurance business

BNP Paribas' insurance business is governed by Solvency I insurance regulations as at 31 December 2015 (see section 5.11 *Insurance risks*).

Solvency II regulation came into force on 1 January 2016. This new standard applies to all European insurance companies for the calculation of the coverage ratio.

The objective of Solvency II is to replace the Solvency I rules to:

- improve risk management systems matching them more closely with the actual risks to which insurance companies are exposed;
- harmonise the insurance regulatory regimes across Europe; and
- give more power to supervisory authorities.

Solvency II is divided into three pillars:

- Pillar 1: assess solvency using what is known as an economic capital-based approach;
- Pillar 2: introduce qualitative requirements, i.e. governance and risk management rules that include a forward-looking approach to risk assessment. This assessment is called ORSA (Own Risk & Solvency Assessment);
- Pillar 3: improve the transparency of the insurance business by making solvency the cornerstone of disclosures to the public and the supervisory authority.

BNP Paribas Cardif is prepared for the application of this new regulation in terms of its risk management, governance, calculation and reporting aspects.

(1) Subject to market conditions.

G-SIBS INDICATORS

The Basel Committee evaluates the global systemic importance of banks. Systemic importance is measured in terms of the impact of a bank's failure can have on the global financial system and the wider economy.

The measurement approach of the global systemic importance is indicator-based. The selected indicators reflect the size of banks, their interconnectedness, the lack of readily available substitutes or financial institution infrastructure for the services they provide, their global cross-jurisdictional activity and their complexity. The methodology is described in the document published in July 2013 by the Basel Committee, entitled "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement" (BCBS 255).

The assessment of a bank's systemic importance determines the amount of the G-SIB buffer to be taken into account in calculating the capital ratios in a progressive way as from 2016.

In April 2015, BNP Paribas published the G-SIBs indicators as at 31 December 2014. Based on these indicators, the FSB published the list of systemically important banks for 2015 on 3 November 2015. BNP Paribas is classified in bucket 3 with additional Common Equity Tier 1 requirements set at 2% which is subject to a three-year phase in period, starting in 2016.

The next update of the Group indicators is due for publication at the end of April 2016.

PILLAR 2 PROCESS

The SREP conducted by the supervisor has an internal equivalent within institutions in the form of the ICAAP (Internal Capital Adequacy Assessment Process). ICAAP is the annual process by which institutions assess the adequacy of their capital with their internal measurements of the levels of risk generated by their usual activities.

The Group's ICAAP focuses on two key pillars: risk review and capital planning.

The risk review is a comprehensive review of management policies and internal control rules applicable to Pillar 1 exposures as stated in the Basel regulation and Pillar 2 exposures as defined in the classification of risks used by the Group.

Capital planning is based on the most recent actual and estimated financial data available at the time. These data are used to project future capital requirements, in particular by factoring in the Group's goal of maintaining a first-class credit rating to protect its origination capability, its business development targets and anticipated regulatory changes. Capital planning consists of comparing the capital ratio targets defined by the Group with future projected capital requirements, then testing their robustness in a stressed macroeconomic environment.

Based on CRD 4/CRR, Pillar 1 risks are covered by regulatory capital, calculated on the basis of the methods defined in the current regulation. Pillar 2 risks addressed, are based on qualitative approaches, dedicated monitoring frameworks and, if necessary, quantitative assessments.

The SREP and ICAAP definitions as well as the conditions for their interaction were previously defined in the "Guidelines on the Application of the Supervisory Review Process under Pillar 2" of 25 January 2006 published by the CEBS.

This directive was supplemented on 19 December 2014 by the EBA with "Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP)". These guidelines offer supervisors a common and detailed methodology that enables them to successfully complete the SREP according to a European standard. The EBA SREP guidelines will be applicable starting 1 January 2016, with transitional arrangements until 2019.

RECOVERY AND RESOLUTION

Recovery and resolution plan

In December 2015, BNP Paribas submitted the 2015 update of its Recovery and Resolution Plan (RRP) to the French banking regulator *(Autorité de contrôle prudentiel et de résolution)*. The plan is prepared at Group level and outlines possible recovery options if the Group were to find itself in a distressed situation. It also contains all the information the financial authorities would need to manage the Group's resolution if necessary. The recovery plan was also submitted to the ECB and documents concerning the resolution will be sent to the Single Resolution Board (SRB) by the ACPR.

This updated RRP, prepared in accordance with the recommendations of the Financial Stability Board (FSB) and the provisions of the French banking law amended by the transposition of the European Bank Recovery and Resolution Directive (BRRD) in August 2015, was submitted to the Board of Directors' Internal Control, Risk Management and Compliance Committee, which approved the guidelines during its meeting of 3 December 2015. The committee Chairman subsequently presented this work at the Board of Directors meeting of 18 December 2015. At this meeting, the Board of Directors approved the Recovery Plan.

The new version of the RRP includes updated figures and takes account of changes in the Group's organisation and activities. It has been further fleshed out compared with the 2014 version to address requests from authorities sitting on the Crisis Management Group (CMG) and changes in European regulations.

The Crisis Management Board was formed under the auspices of the *Autorité de contrôle prudentiel et de résolution* (ACPR) and the Single Resolution Board (SRB), the relevant authorities of Belgium, the United States and Italy, as well as the European Central Bank and the European Banking Authority. It met in plenary session in April 2015 and in individual sessions with the authorities of Italy, Belgium and the United States in July and October 2015. The Crisis Management Board met four times in 2015.

On December 2015, BNP Paribas also presented a resolution plan to the American authorities, pursuant to Rule 165(d) of the Dodd-Frank Act. This plan covers BNP Paribas' activities in the United States, and is also part of the Group-level plan.

Changes in regulations

BNP Paribas closely tracks the regulatory developments relating to Bank Recovery and Resolution, in particular:

- the transposition of the European Directive BRRD into the laws of the Member States of the European Union, which took place in 2015 in practically all of the Member States;
- the creation, following the transposition of the BRRD, of European Resolution Colleges, bringing together numerous authorities from European countries, for which relations with the existing CMGs still need to be defined;
- statutory amendments to the bank insolvency hierarchy voted or announced in certain European countries (in particular in Germany, Italy and France);
- the future MREL requirement (Minimum Requirement for Eligible Liabilities) which can be required as of January 2016 and which was subject to consultations from the European Banking Authority. A delegated act of the European Commission to set out the details is expected in 2016;
- the work of the Financial Stability Board on the TLAC (Total Loss Absorbing Capacity), which resulted in the publication of recommendations in November 2015, applicable to Global Systemically Important Banks (G-SIB) from 2019. The Financial Stability Board continued its work on the internal TLAC that applies to banking groups;
- the set-up on 1 January 2016 of a Single Resolution Fund financed by contributions from the euro zone banks;
- discussions focused on the creation of a European Deposit Insurance Scheme (EDIS).

LEVERAGE RATIO

The Basel 3/CRD IV Regulation introduced the leverage ratio, whose main objective is to serve as a complementary measure to the risk-based capital requirements (back-stop principle).

The delegated act amending Regulation (EU) No. 575/2013 adopted by the European Commission on 10 October 2014, specifies the changes in the methods for calculating the ratio relative to the initial 2013 text. The ratio is based on data from regulatory reports collected since 1 January 2014. It is available to the public since 1 January 2015, in accordance with regulations. The European Commission will submit a report on the impact and effectiveness of the leverage ratio to the European Parliament and the Council by 31 December 2016. Where appropriate, the report will be accompanied by a legislative proposal on the introduction of a mandatory measure in 2018.

The leverage ratio is calculated by dividing Tier 1 capital by exposure calculated using the balance sheet liabilities and off-balance sheet commitments assessed according to a prudential approach. Derivatives and repurchase agreements are also adjusted.

TABLE 14: LEVERAGE RATIO

Leverage ratio and reconciliation of prudential balance sheet and the leverage exposures

In billions of euros	31 December 2015	31 December 2014
Tier 1 (fully loaded) capital(*)	**74**	**71**
Total prudential balance sheet	1,808	1,898
Adjustments for derivative financial instruments	(105)	(24)
Adjustments for securities financing transactions “SFTs”	3	1
Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	155	140
Other adjustments	(25)	(25)
Total leverage exposures	**1,836**	**1,990**
LEVERAGE RATIO	**4.0%**	**3.6%**

(*) In accordance with the eligibility rules for grandfathered debt recognised as additional Tier 1 capital as from 2019. As at 31 December 2014, includes the future replacement of Tier 1 instruments that became ineligible with equivalent eligible instruments for EUR 4 billion.

Detail of the exposures

In billions of euros	31 December 2015
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,302
Asset amounts deducted in determining Tier 1 capital	(19)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**1,283**
Derivative exposures	
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	51
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	201
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(38)
Adjusted effective notional amount of written credit derivatives	36
Total derivative exposures	**250**
Securities financing transaction exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	267
Netted amounts of cash payables and cash receivables of gross SFT assets	(122)
Counterparty credit risk exposure for SFT assets	3
Total securities financing transaction exposures	**148**
Other off-balance sheet exposures	
Off-balance sheet exposures (gross notional amount)	366
Adjustments for conversion to credit equivalent amounts	(211)
Other off-balance sheet exposures	**155**
TOTAL LEVERAGE EXPOSURES	**1,836**

Split-up of on-balance sheet exposures (excluding derivatives and SFTs)

In billions of euros	31 December 2015
Total on-balance sheet exposures (excluding derivatives and SFTs)	**1,283**
Trading book exposures	137
Banking book exposures, of which:	1,146
Covered bonds	-
Exposures treated as sovereigns	317
Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	26
Institutions	73
Secured by mortgages of immovable properties	180
Retail exposures	174
Corporates	317
Exposures in default	20
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	40

CAPITAL MANAGEMENT

To ensure the Group's sustainability, the Bank must maintain an adequate level of capital with respect to the risks to which it is exposed and its strategy. Capital is a rare and strategic resource which requires stringent, clearly defined, rigorous management using an approach which takes account of the needs and demands of stakeholders, including shareholders, supervisors, creditors and depositors.

OBJECTIVES

BNP Paribas' capital management:

- is governed by policies and procedures which make it possible to understand, document and supervise capital management practices throughout the Bank;
- takes risk measurement into account to determine the use of the capital;
- considers capital requirements and resources under normal operating conditions, as well as under situations of severe, but plausible stress;
- presents a forward-looking vision of the Bank's capital adequacy to the Executive Management;
- allocates the capital constraint to the business lines in keeping with their strategic objectives;
- complies with the Internal Capital Adequacy Assessment Process (ICAAP);
- is monitored on a quarterly basis by an appropriate governance.

CAPITAL MANAGEMENT AT CENTRAL LEVEL

BNP Paribas' capital management aims to ensure and verify that the Group has adequate capital to comply with the regulatory capital ratios, as well as special requirements, for instance to operate as a global systemically important bank. To ensure its capital adequacy, the Group abides by the following principles:

- maintaining the capital at an appropriate level in view of BNP Paribas' activities, risk profile, growth and strategic initiatives;
- maintaining BNP Paribas' capital at a level which complies with regulatory requirements;
- keeping a balance between capital adequacy and return on capital;
- meeting its obligations vis-à-vis creditors and counterparties, at each due date;
- continuing to operate as a financial intermediary.

Governance

The governance of the development, approval and update of the capital planning process is handled by two committees:

- the Risk-Weighted Assets Committee: it is jointly chaired by the Chief Financial Officer and the Chief Risk Officer, and comprises the operational divisions' Chief Financial Officers and Chief Risk Officers. The committee meets quarterly to examine forecasts of the Group's risk-weighted assets in the context of the budget cycle and updating of its estimates. The committee is tasked with:
  - monitoring and discussing the forecasts of the Group's risk-weighted assets for each business line,
  - identifying the main assumptions underlying these forecasts and checking their accuracy,
  - identifying any evolution factors and quantifying their impacts,
  - proposing adjustments if required;
- the Capital Committee: it meets at least quarterly under the Chairmanship of the Executive Management. The committee's mission is to validate the Group's targets in terms of solvency ratios and the way of achieving them, ensure that it stays on track, and propose corrective measures if required. The committee is tasked with:
  - monitoring and anticipating changes in the business lines' risk-weighted assets as well as changes in the Group's prudential ratios,
  - identifying any evolution factors and quantifying their impacts,
  - defining trends in short/medium-term capital consumption and proposing the ensuing arbitrages to the Group's Executive Committee,
  - monitoring the implementation of the supervisor's decisions that have an impact on the Group's solvency ratio or the amount of its risk-weighted assets.

Monitoring indicators

Capital management at the consolidated level rests on the following indicators:

- the solvency ratios:

  BNP Paribas uses CET1 as its main internal capital management indicator. The Group concentrates more specifically on a fully loaded CET1 ratio in anticipation of its 2019 capital needs;
- risk-weighted assets:

  The risk-weighted assets are calculated per business line and per type of risk. The change in risk-weighted assets is analysed per type of effect (in particular: volume effect, parameters effect, perimeter effect, currency effect and method effect);

The Risk-Weighted Assets Committee is tasked with analysing RWA forecasts within the budget context as well as the updates through the forecasting exercices.

- notional equity:

  The capital allocation transfers the capital constraints to all Group divisions and thus represents a major constraint concerning the Group's development and management. The evaluation of the business lines' performance includes the analysis of their pre-tax Return On Notional Equity – (RONE) indicators. The equity component of this ratio is the notional equity, which corresponds to the business lines' consumption of capital.

This management rests on two major processes which are closely linked:

- a detailed quarterly analysis of actual capital consumption by divisions/business lines and of the Group's solvency ratios, as well as quarterly forecasts of these indicators throughout the year;
- the yearly budget process, which plays a central role in the Bank's strategic planning process.

CAPITAL MANAGEMENT AT LOCAL LEVEL

The Group has to allocate available capital among its different entities. To ensure a free and efficient flow of capital throughout the Group, the capital allocation process within the Group is centralised at head office level. It is mainly based on two principles: compliance with local regulatory requirements and analysis of the local business needs of the entity and growth prospects. In line with these two principles, the aim is to minimise capital dispersion.

With respect to the first principle, the Chief Financial Officers are responsible for the daily management and reporting of their subsidiaries' capital requirements. When a capital need arises, it is analysed on a case-by-case basis by the Group, taking into consideration the subsidiary's present position and future strategy. Furthermore, each year, the Group manages the subsidiaries' earnings repatriation process. The Group general policy stipulates that the entire distributable profit of every entity, including retained earnings, must be paid out, with exceptions reviewed on a case-by-case basis. This policy ensures that the capital remains centralised at BNP Paribas SA level and also contributes to reducing the foreign exchange risk.

Local Chief Executive Officers are responsible for ensuring the subsidiary's ongoing financial viability and competitiveness in terms of capital, where relevant. However, any capital action requested by a subsidiary is assessed by and subject to authorisation from head office.

With respect to the second principle, the needs of each entity are analysed by dedicated teams in light of the Group's strategy in the relevant country, the entity's growth prospects and the macroeconomic environment.

As regards the branches, the Group reviews their capital allocation annually using the same approach. Here again, the policy is to maintain the level of capital at the adequate level, the principle being that capital ratios of the branches must not exceed that of their parent company, unless required for tax or regulatory reasons, which are analysed by the relevant departments.

5.3 Risk management [Audited]

GOVERNANCE

In line with the Group's Risk Profile policy, Executive Management gives the broad direction for the major guidelines based on three key dimensions – Risk, Capital and Liquidity – through the following bodies which are subsets of the Group's Executive Committee:

- Risk Forum: examines all risk topics considered as important and identifies those requiring additional analyses or risk decisions by the appropriate committees;
- Capital Committee: validates the Group's objectives in terms of solvency ratios and the trajectory towards these objectives, monitors the compliance with this trajectory and, when relevant, proposes corrective actions;
- Group ALM Committee (Group ALCO): responsible for the management of the liquidity risk, interest rate risk and structural foreign exchange risk over the whole Group.

Besides, among the specialised committees of the Board of Directors, the Internal Control, Risk Management and Compliance Committee (CCIRC) is focused on reviewing the risks taken and the risk policies at Group level.

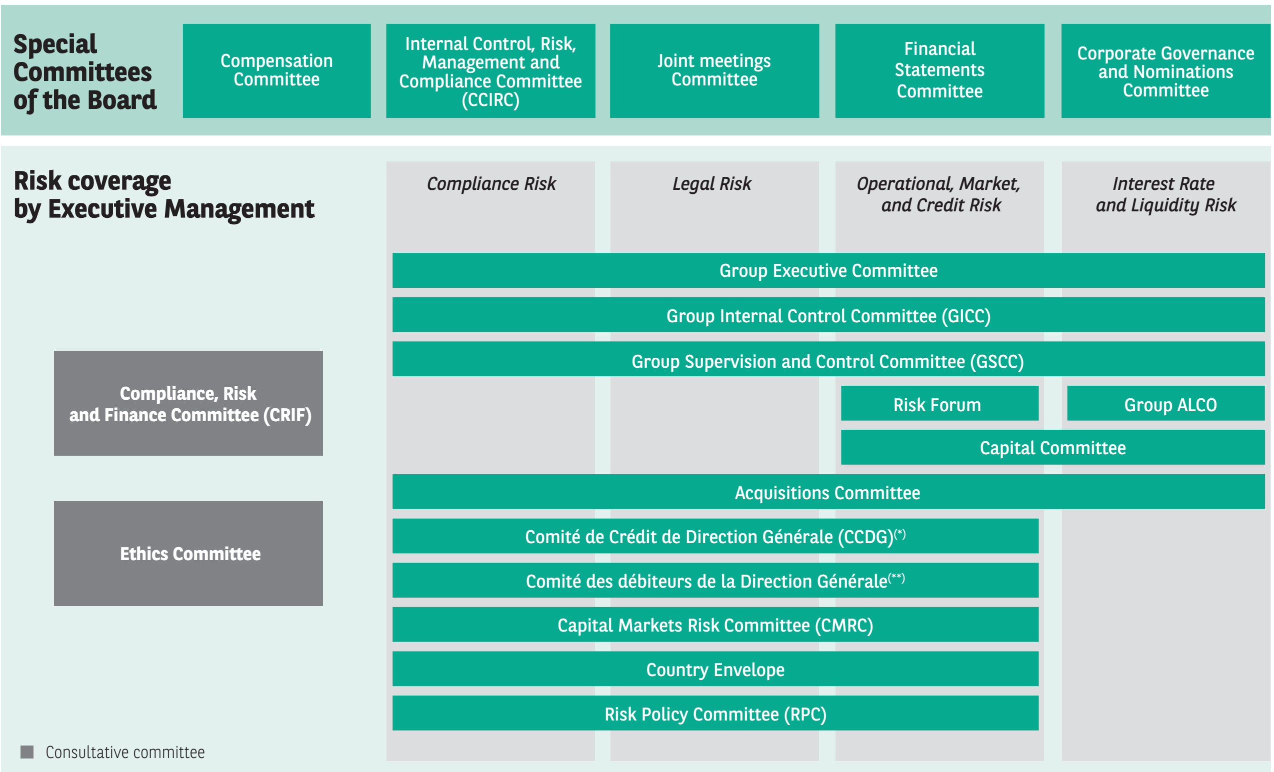
In 2014, this governance was further strengthened by the creation of:

- a Group Supervisory and Control Committee (GSCC);
- a Group Internal Control Committee (GICC).

These two committees are described in the report of the Chairman and also in section 5.10 *Operational, compliance and reputation risks*.

The following figure shows the main governance bodies at Group level for risk management.

FIGURE 2: OVERVIEW OF GROUP LEVEL GOVERNING BODIES COVERING RISK-RELATED TOPICS



(*) *General Management Credit Committee.*
(**) *General Management Doubtful Committee.*

The other main bodies at Group level have the following roles:

- the General Management Credit Committee (CCDG) is the Group's highest authority concerning credit and counterparty risks; it decides on risk-taking and conducts annual reviews of authorisations for customers or groups, in both cases beyond certain thresholds;
- the General Management Doubtful Committee decides, beyond certain thresholds, on specific provisions and recognitions of losses relative to Group exposures to defaulting counterparties;
- the Capital Markets Risk Committee (CMRC) is the body which governs the Group's risk profile of the capital markets activities; its tasks include, among others, analysing market and counterparty risks and setting limits for capital market activities;
- the Country Envelope Committees set limits for medium to high risk countries, in light of market conditions, business strategies and risk and compliance aspects;
- a Risk Policy Committee (RPC) defines the appropriate risk policy on a given matter such as a business activity, a product, a geography (region, country), a client segment or an economic sector.

The target Risk Profile, i.e. the translation of the Risk Profile principles and guidelines into the Bank's business activities and risk-taking, is disseminated and deployed through two complementary, interconnected processes:

- strategic planning and budget process;
- risk taking process (e.g. strategic risk forums) allowing to communicate largely to risk takers on the Executive Management's orientations and decisions.

RISK MANAGEMENT ORGANISATION

POSITION OF THE RISK AND COMPLIANCE FUNCTIONS

Risk management is central to the business of banking. At BNP Paribas, operating methods and procedures throughout the organisation are geared towards effectively addressing this matter. The entire process is supervised by a dedicated function, Risk, which is responsible for measuring and controlling risks at Group level. Risk is independent from the operating divisions, business lines and territories and reports directly to Group Executive Management. The Group Compliance (GC) function monitors all compliance risks, according to the same principle of independence and also reports directly to Group Executive Management. In 2014, the Group took steps to strengthen its control functions. These initiatives include the vertical integration of Compliance to ensure its independence and resource autonomy. As a result of these initiatives, the Risk and Compliance Functions (as well as General Inspection and Group Legal) have comparable organisational structures. All teams working in these areas report directly to these functions, independently from individual business lines and geographical locations.

The operational risk monitoring and management function was transferred from Group Compliance (GC) to Risk in 2015.

Risk and GC perform continuous, generally ex-ante controls that are fundamentally different from the periodic, ex-post controls performed by Internal Audit.

GENERAL RESPONSIBILITIES OF THE RISK AND COMPLIANCE FUNCTIONS

Responsibility for managing risks primarly lies with the divisions and business lines that propose the underlying transactions. Risk continuously performs a second-line control over the Group's credit, market, liquidity and insurance risks. As part of this role, it must ascertain the soundness and sustainability of the business developments and their overall alignment with the risk profile target set by Executive Management. Risk's remit includes formulating recommendations on risk policies, analysing the risk portfolio on a forward-looking basis, approving corporate loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures and defining or validating risk measurement methods. Risk is also responsible for ensuring that all the risk implications of new businesses or products have been adequately assessed. As of 2015, Risk is also responsible for these functions for operational risk.

GC has identical responsibilities as regards compliance and reputation risks. It plays an important oversight and reporting role in the process of validating new products, new business activities and exceptional transactions.

ORGANISATION OF THE RISK AND COMPLIANCE FUNCTIONS

Approach

The Risk organisation was reviewed to fully comply with the principles of independence, vertical integration and decentralisation laid down by the Group's Management for its control functions. Thus:

- all the teams in charge of risks, including those in operational entities have been integrated in the function with reporting lines to the Chief Risk Officers of these entities;
- the Chief Risk Officers of the entities report to Risk.

Moreover, the Group strengthened the governance of its risk management framework as part of this new Risk organisation by:

- creating a dedicated Human Resources team that reports to the Chief Risk Officer and is tasked with providing an overall and unified vision of HR management in the Risk Function;
- creating Risk Independent Review and Control (Risk IRC), directly reporting into the Chief Risk Officer (CRO) which gathers into one group the previous teams in charge of the independent review of the risk methodologies and models. In the meantime, the governance regarding the validation of the risk methodologies and models has been strengthened with the creation of a Validation and Control Committee (chaired by the Group CRO) to further structure the validation and certification processes of our methodologies and models. This department is also leading the Risk Function initiative regarding model risk management in order to design a consistent framework for the Group.

In accordance with international standards and French regulations, the Compliance Function manages the system for monitoring compliance and reputation risks for all of the Group's businesses in France and abroad. The Compliance Function reports to the Chief Executive Officer and has direct, independent access to the Board's Internal Control, Risk and Compliance Committee. The system for monitoring compliance and reputation risks is described in section 5.10.

Role of the Chief Risk Officer

The Group Chief Risk Officer directly reports to the Chief Executive Officer and sits on the Executive Committee of BNP Paribas. He has line authority over all Risk employees. He can veto the risk-related decisions and has no connection, in terms of authority, with the Heads of core businesses, business lines and territories. This positioning serves the following purposes:

- ensuring the objectivity of risk control, by removing any involvement in commercial relationships;
- making sure senior management is warned of any deterioration in risk and is rapidly provided with objective and comprehensive information on the status of risks;
- enabling the dissemination, throughout the Bank, of high and uniform risk management standards and practices;
- ensuring the quality of risk assessment methods and procedures by calling on professional risk managers in charge of evaluating and enhancing these methods and procedures in light of the best practices implemented by international competitors.

Role of the Chief Compliance Officer

The Chief Compliance Officer directly reports to the Chief Executive Officer and sits on the Executive Committee of BNP Paribas. He has direct access, if necessary, to the Board of Directors and its Internal Control, Risk Management and Compliance Committee. He has no operational activity outside of compliance and reputation risk and no commercial activity, which guarantees his independence of action. As the person responsible for the Compliance Function, he exercises a hierarchical supervision over the compliance teams in the various business units, geographical areas and functions. The Compliance Function's mission is to give reasonable assurance, via its opinions, oversight and second-level controls, that the Group's compliance oversight procedures for its transactions are effective and consistent, that its reputation has been protected and that oversight occurs on a continuous basis.

RISK CULTURE

ONE OF THE GROUP'S CORE FOUNDING PRINCIPLES

The BNP Paribas Group has a strong risk culture.

Executive Management has chosen to include the risk culture in three of its key corporate culture documents:

- Responsibility Charter:

  In 2012, Executive Management drew up a formal Responsibility Charter, inspired by the Group's core values, management principles and code of conduct. One of the four commitments is "Being prepared to take risks, while ensuring close risk control".

The Group sees rigorous risk control as part of its responsibility, both to clients and to the financial system as a whole. The bank's decisions on the commitments it makes are reached after a rigorous and concerted process, based on a strong, shared risk culture which pervades all levels of the Group. This is true both for risks linked to lending activities, where loans are granted only after in-depth analysis of the borrower's situation and the project to be financed; and for market risks arising from transactions with clients – these are assessed on a daily basis, tested against stress scenarios, and subject to limits.

As a strongly diversified Group, both in terms of geography and businesses, BNP Paribas is able to balance risks and their consequences as they materialise. The Group is organised and managed in such a way that any difficulties arising in one business area will not jeopardise another.

- Management Principles:

  Among the Group's key management principles is "Risk-aware entrepreneurship", which highlights the importance of the Group's risk culture. This principle focuses on the need for staff to be constantly vigilant about the risks within their area of responsability, to be accountable and to act in an interdependent and cooperative way with other Group entities in the interests of the Group and its clients;

- "BNP Paribas Way":

  In 2015, the Group identified eight core values which are strengths and driving forces to drive BNP Paribas forward and form the BNP Paribas Way. Key aspects of the Group's overall risk culture are embodied in some of these values, such as the compliance culture, responsibility and stability.

SPREADING THE RISK CULTURE

Robust risk management is an integral part of the Bank's makeup. A culture of risk management and control has always been one of its top priorities.

The Group is striving to spread this culture yet further given its strong growth over the past few years and the environment resulting from the global financial crisis. In 2010, BNP Paribas launched the Risk Academy.

The Risk Academy is an open and Group-wide initiative. Designed for the benefit of all staff and covering all types of risks to which the Group may be exposed, including credit, market, liquidity, operational, compliance and regulatory risks, the Risk Academy is organised around an evolving and participative framework intended to strengthen the Group's risk culture. The main aims of the Risk Academy are:

- to promote training and professional development efforts in the area of risk management;
- to encourage the exchange of information and knowledge sharing in risk communities and by sharing best practices.

The Risk Academy defined six fundamental risk management practices that are widely disseminated across the Group, through a number of different initiatives. They are key to developing a robust risk culture. They serve as a reminder to staff about the importance of clearly understanding and anticipating risks with a long-term perspective, being disciplined with risks taken and reporting swiftly and transparently on risk issues.

Lastly, the risk culture is also spread throughout the Group by linking compensation to performance and risk (see chapter 7, section entitled *A competitive compensation policy*).

RISK PROFILE

DEFINITION AND OBJECTIVES

The Risk Profile policy aims to define the medium to long-term risk profile sought by BNP Paribas. It is reviewed by Executive Management and validated by the Board of Directors.

The policy embodies within a single coherent system all the risk management tools, processes principles and guidelines used broadly by the Group to guide its risk-taking activities, within defined limits. It therefore contributes to promoting more consistent risk practices within the Group.

The policy sets out the broad outlines of the system at Group level and is used as a basis for establishing the target Risk Profile at more granular and business-specific levels.

PRINCIPLES

The principles of the Risk Profile aim to define the types of risk the Group is prepared to accept in support of its business strategy. They are intended to remain stable over time.

These principles are:

- profitability adjusted for risk and earnings volatility:

  The Group seeks to generate sustainable, client-driven, risk adjusted profits. Sustainable profitability will be achieved based on selectivity and controlled evolution of assets, pursuit of a diversified business model, as well as attentive management of the Group's human resources and talents. Whilst the Group accepts some level of earnings volatility, it remains attentive to contain, at all times, the level of maximum potential losses in an adverse scenario;

- capital adequacy:

  BNP Paribas has sufficient capital to cope with stress scenarios and to meet regulatory capitalisation standards in force. In the course of serving its clients, BNP Paribas accepts exposure to risks when it earns a proper return over an acceptable timeframe, and when its impact on the Risk Profile seems acceptable;

- funding and liquidity:

  The Group ensures that the diversification of and balance between its resources and uses of funds correspond to a conservative funding strategy, allowing it to withstand adverse liquidity scenarios. The Group makes sure that it complies with the regulatory liquidity ratios in force;

- concentrations:

  The Group builds and maintains a diversified risk portfolio, avoiding large concentrations (especially on single names, industries and countries) and ensures that it complies with the concentration policies in force;

- insurance activities:

  BNP Paribas Cardif is exposed mainly to credit, underwriting and market risks. The entity closely monitors its exposures and profitability, taking into account its risks and the adequacy of its capital with regard to solvency rules;

- non-quantifiable risks:

  Risks that are hardly quantifiable by nature should be minimised as much as possible, by adequate management and control procedures. Reputation and compliance risks for the main ones are classified under this category.

These principles are backed by qualitative guidelines resulting from decisions of the various Executive Risk forums at Executive Management level (see Figure 2).

They should be considered as an integral part of the Group's risk profile framework:

- portfolio decisions;
- key individual decisions;
  - decisions on proposed new products or business activities;
  - transversal policies.

SUPERVISION OF RISK PROFILE INDICATORS

Executive Management translates the Risk Profile policy into a series of guidelines and limits in order to compare the Group's actual Risk Profile with the target Risk Profile on a quantitative basis ("Risk Profile Metrics"). These indicators are monitored quarterly in the Risk Dashboards presented to the CCIRC.

RISK CATEGORIES

The risk categories reported by BNP Paribas evolve in line with methodological developments and regulatory requirements.

CREDIT RISK

Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

SECURITISATION

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:

- payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- the subordination of tranches determines the distribution of losses during the life of the risk transfer.

Any commitment (including derivatives and liquidity lines) granted to a securitisation operation must be treated as a securitisation exposure. Most of these commitments are held in the prudential banking book (section 5.5). Commitments held in the trading book are set out in *Market risk* (section 5.7).

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the credit risk embedded in payment or transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter (OTC) derivatives contracts which potentially expose the Bank to the risk of counterparty default, as well as contracts settled through clearing houses. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions or portfolio.

MARKET RISK

Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, and other parameters that can be directly inferred from them, such as interest rates, credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

In fixed income trading books, credit instruments are valued on the basis of bond yields and credit spreads, which represent market parameters in the same way as interest rates or foreign exchange rates. The credit risk arising on the issuer of the debt instrument is therefore a component of market risk known as issuer risk.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand.

OPERATIONAL RISK

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks (risks related to the provision of inappropriate financial services), risk related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risks.

CONCENTRATION RISK

Concentration risk and its corollary, diversification effects, are embedded within each risk, especially for credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level.

BANKING BOOK INTEREST RATE RISK

Banking book interest rate risk is the risk of incurring losses as a result of mismatches in interest rates, maturities and nature between assets and liabilities. For banking activities, this risk arises in non-trading portfolios and primarily relates to global interest rate risk.

STRATEGIC AND BUSINESS RISKS

Strategic risk is the risk that the Bank's share price may fall because of its strategic decisions.

Business risk is the risk of incurring an operating loss due to a change in the economic environment leading to a decline in revenue coupled with insufficient cost-elasticity.

These two types of risk are monitored by the Board of Directors (see chapter 2 *Corporate governance*).

LIQUIDITY RISK

In accordance with regulations, the liquidity risk is defined as the risk that a bank will be unable to honour its commitments or unwind or settle a position due to the situation on the market or idiosyncratic factors, within a given time frame and at a reasonable cost.

COMPLIANCE AND REPUTATION RISK

Compliance risk as defined in French regulations as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by the Bank.

INSURANCE UNDERWRITING RISK

Insurance underwriting risk corresponds to the risk of a financial loss caused by an adverse trend in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macroeconomic or behavioural, or may be related to public health issues or natural disasters. It is not the main risk factor arising in the life insurance business, where financial risks are predominant.

STRESS TESTING

To ensure dynamic risk supervision and management, the Group has implemented a comprehensive stress testing framework as described below.

STRESS TESTING FRAMEWORK

Stress testing forms an integral part of the risk management system and is used in three main areas: forward-looking risk management, capital planning, and regulatory requirements, mainly through the Group's and its main entities' ICAAP.

Different types of stress tests

- stress tests dedicated to risk anticipation: they contribute to the forward-looking management of credit, market, counterparty and liquidity risks. The results of the stress tests carried out using a top-down approach are used to assess the Bank's risk profile and are periodically submitted to Group Executive Management, including the Board's Internal Control, Risk Management and Compliance Committee (CCIRC) through the quarterly group risk dashboard. Moreover, ad hoc stress testing is performed, when appropriate, within Risk Policy Committees or Country Strategic Committees so as to identify and assess areas of vulnerability within the Group's portfolios;
- stress tests for the budget process: they contribute to the capital planning over three years. Stress tests are carried out annually as part of the budget process and are included in the ICAAP. They are reviewed at divisional and business line level before being consolidated at Group level to provide a synthetic view of the impact on the Bank's capital and earnings.

  The purpose of stress testing in the budget process is to assess the impact of an adverse macroeconomic scenario on the Group and its activities. These stress tests are part of the yearly budget process which is run on the basis of baseline and adverse scenarios.

  The impact of the adverse scenario is measured on P&L (revenues, cost of risk, etc.), risk-weighted assets, and own funds.

  The expected final output of stress testing exercises is a Group stressed solvency ratio, as well as possible adjustment measures. The used scenarios, the outcomes of the stress tests and the proposed possible adjustment measures (such as reducing exposures to a sub-segment or changes in financing or liquidity policies, etc.) are included in the budget synthesis report presented to the Group Executive Management at the end of the budget process;
- regulatory stress tests: mainly ad hoc requests from the ECB, the EBA, the IMF, or any other oversight authority. Regulatory stress tests: mainly ad hoc requests from the ECB, the EBA, or any other oversight authority. BNP Paribas successfully passed the most recent regulatory stress tests carried out by the ECB and EBA in 2014. The next round of testing by the EBA will commence during the first quarter of 2016, with results due to be published early in the third quarter of 2016.

Governance and implementation

This framework is based on a well-defined governance with responsibilities clearly shared between operational entities – to encourage operational integration and relevance – and the Group Finance, Risk and ALM-Treasury Departments, which ensure overall consistency.

Stress testing methodologies (sensitivity or macroeconomic scenario-based analyses) are tailored to the main categories of risk and subject to independent review.

Stress testing may be run at Group, business line or portfolio level, dedicated to one or more risk types and on a more or less large number of variables depending on the pursued objective. Where appropriate, the results of quantitative models may be adjusted on the basis of expert judgement.

Since its creation, the Group's stress testing framework has evolved continuously in order to integrate the most recent developments in stress testing, whether in terms of methodologies or improved operational integration in the Group's management processes. The stress-testing framework by type of risks is detailed in sections 5.4 *Credit risk*, 5.6 *Counterparty credit risk* and 5.7 *Market risk*.

STRESS TEST SCENARIO DEFINITION

In stress testing exercises, it is common practice to distinguish baseline scenario(s) and adverse scenario(s). A macroeconomic scenario is typically a set of macroeconomic and macrofinancial variables (GDP and its components, inflation, unemployment, interest and exchange rates, stock prices, prices of raw materials, etc.) values projected over a given future period of time.

Baseline scenario

The baseline scenario is considered as the most likely scenario over the projection horizon. In order to build the baseline scenario, the economist has to answer the following question: in light of the economic and financial environment and taking in account the most policy decisions (from a monetary, budgetary, tax or other standpoint), how will macroeconomic and financial variables evolve in the future?

The baseline scenario is designed by the Group Economic Research team, together with ALM-Treasury and Equity and Commodity experts. The baseline scenario is the BNP Paribas Group scenario at a time being. As it is usually done, the global scenario is made up of regional and national scenarios (euro zone, France, Italy, Belgium, Spain, Germany, United Kingdom, Poland, Turkey, United States, Japan, China, India, Russia, etc.) consistent with each other.

Adverse scenario

An adverse scenario describes one (or more) potential shock(s) to the economic and financial environment – *i.e.* the materialisation of one or several risks to the baseline scenario – over the projection horizon. An adverse scenario is thus always designed versus a central scenario.

In order to build the adverse scenario, the economist has to answer the following question: if such an event occurred, how would the macroeconomic and financial variables evolve in the future? The shock(s) is (are) translated in the set of macroeconomic and macrofinancial variables listed above as deviations from their value in the central scenario. Adverse scenarios do not reflect the most likely way we expect the economy to evolve. This is the reason why baseline scenarios are defined as sets of "forecasts" and adverse scenarios as sets of "projections".

Construction of scenarios

Adverse scenarios used in internal stress tests dedicated to forward-looking risk management and budget process are designed by Risk teams.

Approaches, principles and contributors are the same for Stress tests dedicated to risk anticipation and Stress tests for the Budget process. This warrants the convergence of two major processes of the Group, *i.e.* risk management and financial management.

The scenarios are reviewed on a quarterly basis by Risk management, since stress testing is used in risk monitoring. They are also approved by the Group Executive Management and the Internal Control, Risk Management and Compliance Committee when the budget process begins.

The scenarios are then used to calculate expected losses (or P&L impact in the case of market risks) over the year for all Group portfolios:

- for portfolios exposed to credit or counterparty risk and for the equity portfolio of the banking book: this calculation measures the impact of the scenario on the cost of risk and risk-weighted assets due to the deterioration of the portfolio quality resulting from the adverse scenario, or adverse moves in equity prices. Credit risk stress tests are performed on the Bank's entire portfolio for all regions and all prudential portfolios, namely Retail, Corporate and Banks;
- for market portfolios: the changes in value and their P&L impact are calculated by simulating a one-time shock, which is consistent with the overall scenario.

The above calculations and related methodologies for stress tests on credit and market risks are coordinated centrally at Group level by Risk teams. They also involve various teams of experts at Group and territory's levels in their implementation and design.

For regulatory stress tests, as the 2014 EBA/ECB stress test, both baseline and adverse scenarios are imposed by the supervisors.

5.4 Credit risk

EXPOSURE TO CREDIT RISK [Audited]

The following table shows all of BNP Paribas Group's financial assets, including fixed-income securities, which are exposed to credit risk. Credit risk exposure does not include collateral and other security taken by the Group in its lending business or purchases of credit protection. It is based on the carrying value of financial assets recognised on the balance sheet.

TABLE 15: CREDIT RISK EXPOSURE(*) BY ASSET CLASS AND APPROACH

Exposure *In millions of euros*	31 December 2015			31 December 2014			Variation
	IRBA approach	Standardised approach	Total	IRBA approach	Standardised approach	Total	Total
Central governments and central banks	273,203	36,129	309,332	221,680	28,493	250,173	59,159
Corporates	465,838	134,361	600,199	436,716	131,790	568,506	31,693
Institutions(**)	68,447	19,668	88,114	71,289	20,512	91,801	(3,687)
Retail	243,394	157,229	400,623	203,588	184,334	387,922	12,701
Other non credit-obligation assets(***)	329	113,428	113,758	325	113,068	113,393	365
TOTAL	**1,051,211**	**460,814**	**1,512,026**	**933,598**	**478,197**	**1,411,795**	**100,231**

(*) Securitisation is the object of a dedicated chapter in section 5.5. Moreover, exposure related to loan acquisitions on the secondary market only accounts for a marginal amount.

(**) Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

(***) Other non credit-obligation assets include tangible assets, accrued income and residual values.

CREDIT RISK EXPOSURES RECONCILIATION WITH PRUDENTIAL BALANCE SHEET

Credit risk exposure is related to the following prudential balance sheet items as at 31 December 2015 (section 5.2, Table 2): cash and amounts due from central banks (EUR 135 billion), loans and receivables due from customers (EUR 689 billion), loans and receivables due from credit institutions (EUR 39 billion), fixed income available-for-sale financial assets (EUR 146 billion), held-to-maturity financial assets (EUR 0.6 billion), instruments designated as at fair value through profit or loss (EUR 3 billion), property, plant & equipment and investment property (EUR 22 billion), accrued income and other assets (EUR 103 billion), and current and deferred tax assets (EUR 8 billion), plus financing and guarantee commitments given (EUR 398 billion).

These amounts are subject to a restatement for impairment, as well as assets subject to other risk than credit risk (securitisation, counterparty and market) and other items deducted from own funds (EUR 29 billion).

In the following, references to credit risk exposure do not include other non credit-obligation assets (tangible assets, accrued income and residual values).

TRENDS IN CREDIT RISK EXPOSURE

The main factors accounting for the increase in credit risk exposure were the large volumes of liquidity placed with central banks, exchange rate fluctuations, mainly against the dollar, and the Bank's normal business activity.

At 31 December 2015, exposures to SMEs amounted to EUR 114.2 billion, up 17% compared with 31 December 2014.

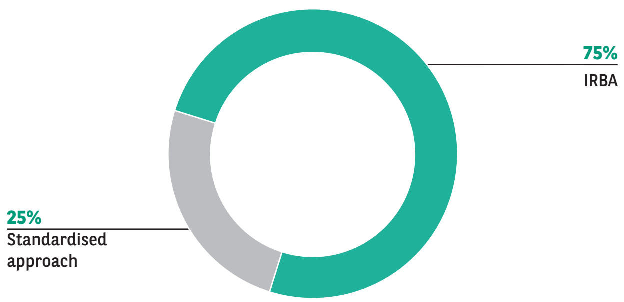
APPROACHES USED TO CALCULATE CAPITAL REQUIREMENTS

BNP Paribas has opted for the most advanced approaches allowed under Basel 3. In accordance with the European Directive and its transposition into French law, in 2007 the supervisor authorised the Group to use internal models to calculate capital requirements starting on 1 January 2008. Prior to its acquisition, the Fortis group had been authorised by Belgian banking supervisor, the National Bank of Belgium, to use the most advanced approach to assess its regulatory capital requirement. The internal rating policies and systems of the BNP Paribas Fortis and BGL BNP Paribas subgroups on the one hand and BNP Paribas on the other converge to a single methodology used uniformly across the entire Group (except for Retail Banking customers). The review being conducted for this purpose has shown the compatibility of the concepts developed in each of the two perimeters and allowed a harmonisation of the ratings of the key counterparties.

For credit risk (excluding other non-credit obligation assets), the share of exposures under the IRB approach rose slightly year-on-year and was 75% at 31 December 2015. This significant scope includes in particular Corporate and Institutional Banking (CIB), French Retail Banking (FRB), a part of the BNP Paribas Personal Finance business (consumer loan book) and the entities BNP Paribas Fortis and BGL BNP Paribas. BNL SpA's transition to IRBA was approved in 2013 by the Bank of Italy for Sovereign and Corporate exposures. For the Retail and Banks portfolios, the approval decision was confirmed for the reporting date of 31 December 2015. However, some entities, such as BancWest, are excluded from the IRBA scope. Other smaller entities, such as the subsidiaries in emerging countries, will use the Group's advanced methods only at a later stage.

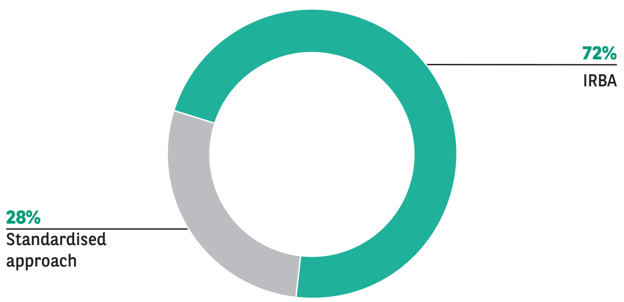
FIGURE 3: CREDIT RISK EXPOSURE(*) BY APPROACH

at 31 December 2015



Total: EUR 1,398 billion

at 31 December 2014



Total: EUR 1,298 billion

(*) Excluding other non credit-obligation assets.

CREDIT RISK MANAGEMENT POLICY [Audited]

GLOBAL CREDIT POLICY, AND CONTROL AND PROVISIONING PROCEDURES

The Bank's lending activities are governed by the Global Credit Policy approved by the Group Executive Committee. It applies to all Group activities that generate credit or counterparty risk. The Global Credit Policy provides general principles (including the risk assessment and decision-making process, compliance and ethics) applicable to all credit risk, as well as specific principles applicable to country risk, economic sector risks, clients selection and the transaction structures. The Global Credit Policy is updated in line with developments in the credit environment in which the Group operates. It was completely overhauled in 2012 to reflect significant changes in the environment. 2014 saw the addition of a clause relative to the corporate social responsibility (CSR) performance of clients and its inclusion in their risk assessment.

It is supplemented by specific policies tailored to each type of business or counterparty. CSR clauses have been included in new specific credit policies or have been added to existing policies as part of the policy update procedure.

DECISION-MAKING PROCEDURES

A system of discretionary lending limits has been established, under which all lending decisions must be approved by managers or representatives of the sales teams, with the approval of a formally designated member of the Risk Function. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal Credit Committee meetings. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. All transactions proposed are subject to a detailed review of the borrower's current and future position. The review, conducted as soon as the transaction is arranged and updated on an annual basis, is designed to ensure the Group has comprehensive information about the borrower and can monitor any potential changes in its situation. Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries that are exposed to cyclical risks or to a rapid pace of change, are subject to specific authorisation procedures and require the sign-off of an industry expert or designated specialist. In Retail Banking, simplified procedures are applied, based on statistical decision-making aids.

The *Comité de Crédit de Direction Générale* (CCDG) is the highest level Group committee for all decisions related to credit and counterparty risk. It is chaired by representatives of Executive Management. It has ultimate decision-making authority for all loan applications for amounts in excess of individual discretionary lending limits or applications that would not comply with the principles of certain credit policies.

Loan applications must comply with the Bank's Global Credit Policy and any relevant specific policies. Exceptions go through a specific approval process. All loans comply with current laws and regulations. In particular, before making any commitments BNP Paribas carries out an in-depth review of any known development plans of the borrower, and ensures that it has thorough knowledge of all the structural aspects of the borrower's operations and that adequate monitoring will be possible.

MONITORING AND PORTFOLIO MANAGEMENT PROCEDURES

Monitoring exposures

A comprehensive risk monitoring system is organised around control units, which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various early warning tools are used to identify early the deterioration of credit risks. The various monitoring levels, which generally reflect the organisation of discretionary lending authorities, are carried out up to the General Management Doubtful Committee, under the supervision of Risk. This committee regularly reviews all exposures in excess of a given threshold, for which it decides on the amount of impairment to be recognised or reversed, based on a recommendation from the business lines and with Risk's approval. In addition, quarterly Doubtful and Watch List Review Committees review files on the watch list and non-performing exposures. Depending on the amount of the commitments, these review committee meetings may be held locally, regionally or at head office, and the most important also include representatives of Executive Management.

The responsibilities of the control teams in charge of the second level checks include the monitoring of exposures against approved limits, covenants, guarantees, in particular of syndications. This allows the identification of any signs of deterioration against the risk profile approved by the Credit Committee. Control teams flag up (to the Risk teams and business units) any cases that fail to comply with Credit Committee decisions and oversee their resolution. In some cases, a specific alert is sent to the senior management of Risk and of the relevant business unit. These are mainly where exceptions remain unresolved and/or where there are serious indications of deterioration in the risk profile compared with that approved by the Credit Committee.

Overall portfolio management and monitoring

The selection and careful evaluation of individual exposures are supported by a reporting system based on more aggregated portfolio levels in terms of division/business line, country, industry, business/product.

The overall portfolio management policy, including concentration of risk by single name, industry and country, is based on this reporting system and Group Risk Committees review all reports and analyses produced.

- Risk concentration by country is managed through country risk limits that are set at the appropriate level of delegated authority for each country. The Group, which is naturally present in most economically active areas endeavors to avoid excessive concentrations of risk in countries with weak economic or unstable political structures or which economic position has been undermined. Quarterly reports are drawn up on country envelope limits and their utilisation.
- The Group closely monitors individual concentrations, in particular on business groups or countries. The largest exposures to groups of corporate clients, sovereign debt and financial institutions are reported in the quarterly risk report to the CCIRC. BNP Paribas has also implemented concentration policies on exposures to corporate clients and banks. These policies are described in the *Credit risk diversification* section (section 5.4).
- Regular reviews are carried out of portfolios in certain industries, either because of the magnitude of the Group's exposure to the sector or because of sector-specific risks, such as the cyclical nature of the industry or rapid technological developments. In conducting these reviews, the Group draws on the expertise of the relevant business lines and independent industry specialists working in the Risk Function (Industry and Sector Studies). They provide Executive Management with an overview of the Group's exposure to the sector under consideration, and assist it to decide on strategic guidelines. For example, in 2015, a number of reviews were carried out of commodities portfolios in view of the current market context.

In addition, stress tests are used to identify vulnerable areas of the Group's portfolios and analyse any concentrations.

Lastly, BNP Paribas may use credit risk transfer instruments, such as securitisation programmes or credit derivatives, to hedge individual risks, reduce portfolio concentration or cap potential losses arising from adverse scenarios.

IMPAIRMENT PROCEDURES

Risk reviews all corporate, bank and sovereign loans in default at monthly intervals to determine the amount of any decrease in value to be recognised, either by reducing the carrying amount or by recording a provision for impairment, in accordance with applicable accounting standards (see chapter 4 note 1.c.5 *Impairment and restructuring of financial assets*). The amount of the impairment loss is based on the present value of probable net recoveries, including from the possible realisation of collateral.

In addition, a collective impairment is established for each core business on a statistical basis. A committee comprising the Core Business Director, the Group Chief Financial Officer or his representative and the Chief Risk Officer meets quarterly to determine the amount of the collective impairment. This is based on simulations of losses to maturity on portfolios of loans whose credit quality is considered as impaired, but where the customers in question have not been identified as in default (i.e. loans not covered by specific impairment). The simulations carried out by Risk use the parameters of the internal rating system described below.

(See chapter 4 note 5.f *Interbank and money-market items and 5.g Customer items*)

SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT SYSTEMS

All the processes and information systems used by the Credit Risk Reporting Function were submitted for review to the supervisor.

RATING SYSTEM

Each counterparty is rated internally by the Group using uniform principles, regardless of the approach used to calculate regulatory capital requirements.

The Bank has a comprehensive internal rating system compliant with regulatory requirements regarding capital adequacy. A periodic assessment and control process has been deployed within the Bank to ensure that the system is appropriate and correctly implemented. The system was formally validated by the supervisor in December 2007 and is inspected on a regular basis.

For loans to institutions, corporates, sovereigns and specialised lendings, the system is based on three parameters: the counterparty's probability of default (PD) expressed via a rating, the Global Recovery Rate (GRR) or its complement, Loss Given Default (LGD), which depends on the structure of the transaction, and the Credit Conversion Factor (CCF) which estimates the off-balance sheet exposure at risk.

There are twelve counterparty ratings. Ten cover performing clients with credit assessments ranging from "excellent" to "very concerning", and two relate to clients classified as in default, as per the definition by the banking supervisor.

Confirmation or amendments to the rating parameters and GRR applicable to each transaction are reviewed at least once a year as part of the loan approval process or annual credit review, drawing on the combined expertise of business line staff and, as a second pair of eyes, the Risk representatives (who have the final say in case of disagreement). High quality tools have been developed to support the rating process, including analysis aids and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk.

For Retail counterparties, the system is also based on three parameters: probability of default (PD), the Global Recovery Rate (GRR) and the Credit Conversion Factor (CCF). On the other hand, rating methods are applied automatically to determine the loan parameters.

➤ TABLE 16: INDICATIVE MAPPING OF INTERNAL COUNTERPARTY RATING WITH AGENCY RATING SCALE AND AVERAGE EXPECTED PD

	BNP Paribas Rating	LT Issuer/ Unsecured issues ratings S&P/Fitch	Average expected PD
Investment Grade	1+	AAA	0.01%
	1	AA+	0.01%
	1-	AA	0.01%
	2+	AA-	0.02%
	2	A+/A	0.03%
	2-	A-	0.04%
	3+/3/3-	BBB+	0.06% to 0.10%
	4+/4/4-	BBB	0.13% to 0.21%
	5+/5/5-	BBB-	0.26% to 0.48%
Non Investment Grade	6+	BB+	0.69%
	6/6-	BB	1.00% to 1.46%
	7+/7	BB-	2.11% to 3.07%
	7-	B+	4.01%
	8+/8/8-	B	5.23% to 8.06%
	9+/9/9-	B-	9.53% to 13.32%
	10+	CCC	15.75%
	10	CC	18.62%
	10-	C	21.81%
Default	11	D	100%
	12	D	100%

The Group has developed an indicative equivalence between the Bank's internal ratings and the long-term issuer ratings assigned by the major rating agencies. However, the Bank has a much broader clientele than just those counterparties rated by an external agency. An indicative equivalence is not relevant in Retail Banking. It is used when the internal ratings are assigned or reviewed in order to identify any differences between the Bank's assessment of a borrower's probability of default and that of one or more of the rating agencies. However, the internal ratings do not aim to reproduce or even approximate the external ratings.

There are significant variances in both directions within the portfolio. Some counterparties rated 6 or 7 by BNP Paribas could be considered Investment Grade by the rating agencies.

For further details, see the sections *Internal rating system applicable to sovereigns, banks, corporates and specialised financing* and *Internal rating system specific to retail customers*.

CREDIT RISK STRESS TESTING

Quantitative models have been developed and are used to connect credit risk and rating migration parameters with macroeconomic and financial variables projected in stress testing scenarios (see section 5.3 *Stress testing*), for historical data as well as the relevant forecast period.

The quality of the methods used is guaranteed by strict governance in terms of the separation of duties and responsibilities, a review of existing systems (models, methodologies, tools) by an independent entity and periodic evaluation of the effectiveness and pertinence of the system as a whole. This governance is based on internal policies and procedures, the supervision of the credit-risk stress testing Committees by business line and the integration of the stress tests within the risk management system.

There is a Group-level credit-risk stress testing policy, approved by the Capital Committee in July 2013. It is used for different types of stress testing (regulatory, periodic and *ad hoc*).

The central stress testing framework is consistent with the appropriate structure as defined in the EBA guidelines for European stress tests:

- it is based on the parameters used to compute capital requirements (regulatory EAD, PD and LGD);
- the expected loss conditional to the economy is used as a measure of the cost of risk resulting from new defaults;
- the stressed cost of risk is supplemented with impacts on collective provisions and provisions on the outstanding non-performing loans;
- the regulatory capital stress testing is performed on the basis of rating migrations, default events, and the stressed regulatory PD used in computation of regulatory capital requirements.

In the case of the stress of risk-weighted assets, the Loss Given Default is not stressed as it is considered as downturn LGD. In that of stress on the cost of risk, the rate of loss (also known as PIT LGD) can be stressed through a link with macroeconomic and financial variables or with default rates.

Stress testing of credit risk is used in the evaluation of the Group's overall risk profile, and more specifically during portfolio reviews.

CREDIT RISK DIVERSIFICATION [Audited]

The Group's gross exposure to credit risk stands at EUR 1,398 billion at 31 December 2015, compared with EUR 1,298 billion at 31 December 2014. This portfolio, which is analysed below in terms of its diversification, comprises all exposures to credit risk shown in table 15 *Credit risk exposure by asset class and approach*, excluding other non-credit-obligation assets[(1)]. A dedicated section (section 5.5) describes banking book securitisation exposures.

No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the tables below.

This risk is mainly assessed through the monitoring of the indicators shown below:

SINGLE NAME CONCENTRATION

The single name concentration risk of the portfolio is subject to regular monitoring. It is assessed on the basis of the total commitments at client or business group level and is based on two types of monitoring dimensions:

Monitoring of large exposures

Regulation (EU) No. 575/2013 (article 392) of 26 June 2013 establishes a limit of 25% of the bank's capital for exposure by business group (after exemptions and taking credit risk mitigation techniques into account).

BNP Paribas is well below the concentration thresholds set by this regulation. The exposure (as defined above) of a client or a group of connected clients never exceeds 10% of the Bank's eligible capital.

(1) The scope covered includes loans and receivables due from customers, amounts due from credit institutions and central banks, the Group's credit accounts with other credit institutions and central banks, financing and guarantee commitments given (excluding repos) and fixed-income securities in the banking book.

Monitoring through individual "single name" concentration policies

The single name concentration policies as part of the Group's concentration policies are meant to identify and closely monitor any single business group with an excessive concentration of risk to proactively manage individual concentrations within a risk profile framework developed objectively and consistently within the Bank.

GEOGRAPHIC DIVERSIFICATION

Country risk is the sum of the riks on all exposures to obligors in the country concerned. It is not the same as sovereign risk, which is the sum of all exposures to the central government and its various branches. Country risk reflects the Bank's exposure to a given economic and political environment, which are taken into consideration when assessing counterparty quality.

The geographic breakdown below is based on the country where the counterparty conducts its principal business activities, without taking into account the location of its head office. Accordingly, a French company's exposure arising from a subsidiary or branch located in the United Kingdom is classified in the United Kingdom.

➤ TABLE 17: CREDIT RISK EXPOSURE BY GEOGRAPHICAL REGION

Exposure *In millions of euros*	31 December 2015					
	Central governments and central banks	Corporates	Institutions	Retail	Total	%
Europe(*)	**197,036**	**373,699**	**55,311**	**342,208**	**968,254**	**69%**
France	71,858	117,522	12,390	148,763	350,533	25%
Belgium	29,819	59,756	7,860	70,725	168,159	12%
Luxembourg	11,666	11,870	376	6,198	30,109	2%
Italy	14,369	59,951	8,780	58,534	141,634	10%
United Kingdom	28,563	34,939	10,346	6,425	80,273	6%
Germany	11,338	18,002	6,162	13,994	49,495	4%
Netherlands	7,995	16,964	2,210	9,957	37,125	3%
Other European countries	21,429	54,696	7,187	27,613	110,925	8%
North America	**46,760**	**126,437**	**12,844**	**32,996**	**219,038**	**16%**
Asia Pacific	**50,765**	**45,037**	**11,799**	**562**	**108,163**	**8%**
Japan	36,371	2,338	1,042	0	39,752	3%
North Asia	5,979	20,478	7,190	8	33,654	2%
South East Asia (ASEAN)	3,673	11,285	893	0	15,851	1%
Indian peninsula & Pacific	4,742	10,936	2,674	554	18,905	1%
Rest of the World	**14,770**	**55,025**	**8,161**	**24,857**	**102,813**	**7%**
Turkey	5,130	11,650	2,488	17,510	36,777	3%
Mediterranean	2,287	8,236	1,058	2,568	14,150	1%
Gulf States & Africa	3,253	18,142	1,830	1,289	24,514	2%
Latin America	3,353	11,922	2,311	2,607	20,193	1%
Other countries	746	5,076	474	883	7,179	1%
TOTAL	**309,332**	**600,199**	**88,114**	**400,623**	**1,398,268**	**100%**

(*) *Within the European Free Trade Association, EFTA.*

Exposure *In millions of euros*						31 December 2014 Proforma
	Central governments and central banks	Corporates	Institutions	Retail	Total	%
Europe[(*)]	**133,385**	**357,458**	**57,654**	**337,230**	**885,727**	**68%**
France	34,578	117,003	18,947	159,976	330,504	25%
Belgium	26,434	51,949	8,640	67,344	154,367	12%
Luxembourg	9,891	12,564	1,224	6,012	29,691	2%
Italy	13,065	60,959	11,009	52,866	137,899	11%
United Kingdom	4,643	30,745	5,797	2,030	43,216	3%
Germany	17,694	14,462	4,481	12,252	48,889	4%
Netherlands	5,618	16,510	1,301	10,891	34,320	3%
Other European countries	21,462	53,267	6,255	25,858	106,842	8%
North America	**59,868**	**106,116**	**10,861**	**28,188**	**205,033**	**16%**
Asia Pacific	**43,598**	**47,111**	**14,958**	**510**	**106,177**	**8%**
Japan	31,664	2,389	1,552	0	35,605	3%
North Asia	5,975	20,020	9,893	2	35,890	3%
South East Asia (ASEAN)	3,408	14,562	911	39	18,921	1%
Indian peninsula & Pacific	2,551	10,140	2,602	469	15,762	1%
Rest of the World	**13,321**	**57,821**	**8,328**	**21,994**	**101,464**	**8%**
Turkey	4,634	13,633	2,366	14,704	35,337	3%
Mediterranean	2,347	8,925	1,023	2,436	14,730	1%
Gulf States & Africa	2,609	17,347	1,838	939	22,733	2%
Latin America	3,059	9,964	2,449	2,898	18,369	1%
Other countries	672	7,953	652	1,018	10,295	1%
TOTAL	**250,173**	**568,506**	**91,801**	**387,922**	**1,298,402**	**100%**

(*) Within the European Free Trade Association, EFTA.

The geographic breakdown of the portfolios is balanced. The Group's main focuses in 2015 were geopolitical risks in some countries and the economic performance of emerging economies. As a result, such countries were more frequently reviewed in order to closely monitor the evolving political and economic situations and proactively manage the Group's exposure by anticipating the risk of deterioration.

INDUSTRY DIVERSIFICATION

➤ TABLE 18: CREDIT RISK EXPOSURE BY INDUSTRY – CORPORATE ASSET CLASS

In millions of euros	31 December 2015		31 December 2014	
	Exposure	%	Exposure	%
Agriculture, Food, Tobacco	37,062	6%	35,589	6%
Insurance	12,366	2%	12,548	2%
Chemicals excluding Pharmaceuticals	12,402	2%	12,069	2%
Building & Public works	29,753	5%	30,597	6%
Retail trade	26,444	4%	26,572	5%
Energy excluding Electricity	32,540	5%	32,576	6%
Equipment excluding IT Electronic	38,167	6%	36,785	6%
Finance	37,468	6%	36,722	6%
Real estate	57,758	10%	52,375	9%
Information technologies	17,590	3%	14,753	3%
Minerals, metals & materials (including cement, packaging, etc.)	29,988	5%	31,052	5%
Wholesale trade	46,056	8%	46,723	9%
Healthcare & Pharmaceuticals	14,473	2%	14,209	2%
Services to public authorities (electricity, gas, water, etc.)	32,696	5%	31,275	6%
Business services	54,148	9%	46,392	8%
Communication services	18,131	3%	14,278	3%
Transportation & Storage	40,571	7%	36,220	6%
Other	62,586	10%	57,771	10%
TOTAL	**600,199**	**100%**	**568,506**	**100%**

Industry risks were monitored in terms of gross exposure and RWAs. The Group remains diversified. No one sector makes up more than 10% of total corporate lending or more than 4.1% of total lending in 2015. The most sensitive sectors are regularly reviewed in dedicated committees:

- Specific review of energy and commodities sectors:

  Oil and non-precious metal prices have been falling since 2010-2011, with steeper drops recorded since the second half of 2014.

  According to different empirical economic studies, the current glut of oil on the market is considered as the main factor driving down prices.

  Weak global demand for gold and base metals, particularly from China, on the other hand, is largely responsible for the recent contraction in these prices (against a backdrop of overcapacity in the global market).

  An exhaustive internal portfolio review was conducted within the Group in the sectors affected by oil and commodity prices; this confirmed the good quality and diversification of the portfolios. Risk identified numerous sectors as benefiting from the drop in oil and commodity prices, such as the transport, chemicals, agri-food, and automotive sectors.

  In contrast, the negative impacts of the drop in the prices of oil and commodities were felt most keenly by the Oil & Gas and Metals & Mining industries.

- Specific review of sectors most exposed to lower oil prices (Oil & Gas):

  BNP Paribas' exposure to these sectors is diversified. It ranges across the entire oil industry value chain, and concerns benchmark players in the field (oil majors and national oil companies) in many countries.

  Gross oil-sensitive portfolio exposure to lower oil prices amounted to EUR 34.3 billion. Almost 56% of this concerns big oil: the majors (30%) and national oil companies (26%). The exploration and production sub-segments account for 23% and oil industry services 17%. Moreover, 54% of this exposure concerns off-balance sheet commitments. Exposure net of collateral and provisions was EUR 25.5 billion.

  75% of the counterparties are rated Investment Grade(1) and commitments with non Investment Grade(1) counterparties are backed by good collateral. Furthermore, maturities are short, averaging less than two years. Doubtful assets only accounted for 1% of the portfolio at 31 December 2015. As a reminder, BNP Paribas sold its Reserve Based Lending business in the US in 2012.

(1) External rating or equivalent internal rating.

5

- Specific review of the Metals & Mining sector:

  The sharper slowdown in Chinese economic growth, combined with overcapacity in the global market led to a substantial fall in metal and mineral prices.

  The "Minerals, metals & materials" sector (see Table 18) covers a broader array of diversified sub-sectors. Some of these, like the cement, packaging, wood, paper, plastic and glass industries, are not tied to the price of metals and other minerals.

  The gross exposure to the Metals & Mining sector is EUR 13.7 billion, of which 48% is off-balance sheet commitments. The exposure, net of guarantees and provisions, is EUR 8.4 billion. Since each metal has its own price momentum, developments differ between and within segments and from one company to another.

  A closely targeted internal review was conducted in this sector. It covers a diversified array of companies which can be divided into three major segments:

  - companies in the steel sector (30% of gross exposure to the Metals & Mining sector),
  - specialised companies: aluminium (9%), base metals (7%), precious metals (9%), coal and iron ore (9%),
  - diversified companies (36% of gross exposure to the Metals & Mining sector).

After this specific review, the Group's portfolio was considered well diversified. 60% of commitments concern counterparties rated as Investment Grade[(1)]. Maturities are short, averaging less than two years, and only 3% of the assets are classed as doubtful.

RISK-WEIGHTED ASSETS

TABLE 19: CREDIT RISK-WEIGHTED ASSETS

RWAs *In millions of euros*	31 December 2015	31 December 2014	Variation
Credit risk – IRBA approach	**228,740**	**204,051**	**24,689**
Central governments and central banks	4,091	3,545	546
Corporates	163,149	150,540	12,609
Institutions	9,832	12,138	(2,306)
Retail	51,532	37,699	13,833
Real estate loans	*20,315*	*14,734*	*5,581*
Revolving exposures	*5,229*	*5,410*	*(181)*
Other exposures	*25,988*	*17,555*	*8,433*
Other non credit-obligation assets	136	129	7
Credit risk – Standardised approach	**220,542**	**238,307**	**(17,765)**
Central governments and central banks	5,196	4,069	1,126
Corporates	94,523	95,586	(1,064)
Institutions	6,280	7,972	(1,692)
Retail	74,908	90,432	(15,524)
Real estate loans	*18,611*	*26,373*	*(7,761)*
Revolving exposures	*2,137*	*2,060*	*76*
Other exposures	*54,160*	*61,999*	*(7,839)*
Other non credit-obligation assets	39,636	40,248	(612)
CREDIT RISK	**449,282**	**442,358**	**6,924**

(1) External rating or equivalent internal rating.

TABLE 20: CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2014	Key driver						Total variation	31 December 2015
		Currency	Volume	Parameters	Perimeter	Method	Other		
Credit risk	442,358	8,605	17,912	(8,284)	2,031	(8,559)	(4,782)	6,924	449,282

Risk-weighted credit exposure rose by EUR 7 billion in 2015. The positive currency effect of EUR 9 billion was mainly due to the dollar's rise and the fall in the Turkish lira. The volume effect was EUR 18 billion, linked to the business activity. The parameters effect is linked to the improvement of risk parameters at BancWest, BGZ and Belgian Retail Banking, as well as a maturity effect on the Corporate Banking portfolio. The effect on the changes in the prudential scope of +EUR 2 billion is mainly stemmed from Arval's acquisition of the General Electric Capital car fleet in Europe. The changes in method resulting in a drop in risk-weighted assets are mainly due to the transfer of BNL SpA to the advanced method for retail customers (-EUR 4 billion).

TABLE 21: CREDIT RISK-WEIGHTED ASSETS BY GEOGRAPHICAL REGION

RWAs *In millions of euros*	31 December 2015						
	Central governments and central banks	Corporates	Institutions	Retail	Other non credit-obligation assets	Total	%
Europe(*)	**2,528**	**159,907**	**9,263**	**97,324**	**31,987**	**301,010**	**67%**
France	230	57,995	1,843	35,118	10,127	105,313	23%
Belgium	60	17,344	842	13,957	7,868	40,072	9%
Luxembourg	77	5,278	57	1,186	812	7,410	2%
Italy	96	33,724	3,212	23,305	7,341	67,678	15%
United Kingdom	41	10,498	778	2,958	2,180	16,454	4%
Germany	249	7,779	990	6,292	857	16,167	4%
Netherlands	10	5,640	242	2,677	236	8,806	2%
Other European countries	1,765	21,648	1,300	11,830	2,567	39,110	9%
North America	**57**	**54,217**	**1,617**	**15,992**	**4,625**	**76,507**	**17%**
Asia Pacific	**1,013**	**16,179**	**2,577**	**384**	**1,062**	**21,214**	**5%**
Japan	255	473	104	0	88	919	0%
North Asia	7	7,123	1,162	4	302	8,597	2%
South East Asia (ASEAN)	318	3,946	520	0	145	4,929	1%
Indian peninsula & Pacific	433	4,637	791	379	527	6,768	2%
Rest of the World	**5,687**	**27,370**	**2,656**	**12,741**	**2,097**	**50,551**	**11%**
Turkey	2,563	8,213	975	8,857	754	21,362	5%
Mediterranean	1,402	5,360	347	1,289	446	8,844	2%
Gulf States & Africa	745	6,173	521	694	178	8,311	2%
Latin America	451	5,241	573	1,489	556	8,309	2%
Other countries	525	2,384	240	411	165	3,725	1%
TOTAL	**9,286**	**257,672**	**16,112**	**126,440**	**39,772**	**449,282**	**100%**

(*) *Within the European Free Trade Association, EFTA.*

RWAs *In millions of euros*	31 December 2014 Proforma						
	Central governments and central banks	Corporates	Institutions	Retail	Other non credit-obligation assets	Total	%
Europe(*)	**2,215**	**155,634**	**11,643**	**99,561**	**32,110**	**301,163**	**68%**
France	213	56,728	2,733	37,864	10,208	107,746	24%
Belgium	65	15,814	914	12,927	9,280	39,000	9%
Luxembourg	72	5,290	476	1,146	811	7,795	2%
Italy	100	35,990	4,045	26,076	7,473	73,684	17%
United Kingdom	7	8,524	598	1,187	1,312	11,628	3%
Germany	95	5,816	748	5,501	424	12,584	3%
Netherlands	11	5,935	213	3,015	187	9,361	2%
Other European countries	1,650	21,537	1,916	11,845	2,415	39,363	9%
North America	**75**	**47,667**	**1,589**	**15,236**	**4,735**	**69,302**	**16%**
Asia Pacific	**921**	**15,807**	**3,449**	**357**	**1,324**	**21,858**	**5%**
Japan	247	504	137	0	345	1,233	0%
North Asia	8	7,015	2,045	1	290	9,358	2%
South East Asia (ASEAN)	293	4,958	653	23	282	6,209	1%
Indian peninsula & Pacific	374	3,330	614	333	407	5,058	1%
Rest of the World	**4,403**	**27,019**	**3,429**	**12,976**	**2,208**	**50,035**	**11%**
Turkey	1,339	9,590	1,443	9,110	857	22,340	5%
Mediterranean	1,733	6,057	371	1,282	419	9,861	2%
Gulf States & Africa	683	5,213	493	585	146	7,120	2%
Latin America	296	3,114	834	1,568	562	6,374	1%
Other countries	353	3,045	287	432	224	4,341	1%
TOTAL	**7,614**	**246,126**	**20,110**	**128,131**	**40,377**	**442,358**	**100%**

(*) Within the European Free Trade Association, EFTA.

CREDIT RISK: INTERNAL RATINGS BASED APPROACH (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA framework, validated in December 2007, covers the portfolio described in *Approaches used to calculate capital requirements* in the section entitled *Exposure to credit risk*.

The Bank uses a range of different methods, some of which are purely quantitative, to determine Loss Given Default. Loss Given Default is determined either using purely statistical models for portfolios with the highest degree of granularity (loans to individuals or to very small enterprises) or a combination of models and expert judgement based on indicative values in a process similar to that used to determine the counterparty rating for other portfolios. Loss Given Default is defined as the loss that the Bank would suffer in the event of the counterparty's default in times of economic downturn, as required by regulations. For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty, adjusted for any risk mitigation techniques (collaterals or guarantees for instance). Amounts recoverable against these mitigants are estimated each year using conservative assumptions as well as haircuts calibrated to reflect economic downturn conditions.

Credit Conversion Factors have been modelled by the Bank where permitted[1], using historical internal default data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of a default. This parameter is assigned automatically depending on the transaction type for all portfolios and therefore, is not determined by the Credit Committees.

The Group has developed specific internal models adapted for the most common categories of exposure and clients in its loan portfolio. BNP Paribas bases these developments on internal data gathered over long periods. Each of these models is developed and maintained by a specialist team, in conjunction with relevant risk and business line experts. Moreover, verification is performed to ensure compliance with the floors set by the regulation on these models. The Bank does not use models developed by external suppliers.

(1) Excluding off-balance sheet commitments or where a Credit Conversion Factor under the Foundation approach is applied.

The main asset classes covered by one or more models are as follows:

TABLE 22: MAIN MODELS: PD, LGD AND CCF/EAD

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default/loss data	Basel asset class
PD	Large corporate	1	Quantitative + expert based. Calibrated on internal data	> 10 years	Corporate
	Real estate non retail in France	1	Qualitative	> 10 years	Corporate
	Energy & Commodities transactional financing	1	Quantitative + expert based. Calibrated on internal data	> 10 years	Corporate
	Specialised finance	4	Quantitative + expert based. Calibrated on internal data	> 10 years	Corporate
	Sovereigns	1	Qualitative	> 10 years	Sovereign
	Banks	1	Quantitative + expert based. Calibrated on internal and external data	> 10 years	Bank
	French Retail Bank Real Estate loans to individuals	6	Logistic regression. PDs calibrated on internal long-run default data	> 10 years	Retail mortgage
	French Retail Bank investment and RE loans to SME	6	Logistic regression. PDs calibrated on internal long-run default data	> 10 years	Retail & Corporate SME
	Personal Finance Revolving and Personal loans (France, Spain, Germany, Hungary and Czech Republic)	1 model per country	Classification tree. PDs calibrated on internal long-run default data	> 10 years	Retail revolving and other retail
	Retail Bank Belgium Residential Mortgages	1	Quantitative behavioural model based on a discriminant analysis on internal historical default data.	8 years	Retail mortgage and other retail
	Retail Bank Belgium Public Banking	1	Rule based expert model	8 years	Bank, Sovereign, Corporate, Corporate SME
	Retail Bank Belgium Commercial Banking (SME/Midcap)	1	Quantitative model based on a discriminant analysis on internal historical default data, including a pooling approach for clients with a very specific behaviour (clients with negative equity, ex defaulted clients...).	8 years	Corporate, Corporate & Retail SME
	Retail Bank Belgium Banque des entrepreneurs (small companies, self-employed and liberal professions)	1	Quantitative model based on a discriminant analysis on internal historical default data, including a pooling approach for clients with a very specific behaviour (clients with negative equity, ex defaulted clients...).	8 years	Corporate, Corporate & Retail SME, Mortgage, other Retail
	Banca Nazionale del Lavoro (Midcap)	2	Logistics models based on financial, behavioural data, and supplemented by qualitative data. Models calibrated on internal long-run default rates	7 years	MidCap (including one modelled on real estate professionals)
	Banca Nazionale del Lavoro (VSEs and small business clients)	6	Logistics models based on financial and behavioural data, supplemented by qualitative data. Models calibrated on internal long-run default rates.	8 years	SME Retail (VSEs and small businesses)
	Banca Nazionale del Lavoro (Individual customers)	5	Logistics models by type of facility (mortgage loans, personal loans, etc.), based on behavioural and socio-demographic data. Models calibrated on internal long-run default rates.	8 years	Individuals

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default/loss data	Basel asset class
LGD	Large corporate	1	Quantitative	> 10 years	Corporate
	Real estate non retail in France	1	Qualitative	> 10 years	Corporate
	Energy & Commodities transactional financing	1	Qualitative, depends on transaction structure	> 10 years	Corporate
	Specialised finance	5	Qualitative, depends on transaction structure	> 10 years	Corporate
	Sovereigns	1	Fixed value	> 10 years	Sovereign
	Banks	1	Fixed value	> 10 years	Bank
	French Retail Bank Real Estate loans to individuals	1	Segmentation. LGDs calibrated on long-run internal default and loss data. Prudential margin covers downturn of last economic crises.	> 10 years	Retail mortgage and other retail
	French Retail Bank investment and RE loans to SME	1	Multiple linear regression. LGDs calibrated on internal long-run default and loss data. Prudential margin covers downturn of last economic crises.	> 10 years	Retail & Corporate SME
	Personal Finance Revolving and Personal loans (France, Spain, Germany, Hungary and Czech Republic)	1 model per country	Classification tree. LGDs calibrated on internal long-run default and loss data including a downturn effect when considered appropriate	> 10 years	Retail revolving and other Retail
	Retail Bank Belgium Residential Mortgages	1	Quantitative model including a probability of loss based upon a logistic regression.	8 years	Retail mortgage and other retail
	Retail Bank Belgium Public Banking	1	Quantitative model including a probability of loss based upon a logistic regression. Haircuts for collaterals are benchmarked on internal historical default data.	8 years	Bank, Sovereign, Corporate, Corporate SME
	Retail Bank Belgium Commercial Banking (SME/ Midcap) & Banque des entrepreneurs (small companies, self-employed and liberal professions)	1	Quantitative model including a probability of loss based upon a logistic regression. Haircuts for collaterals are benchmarked on internal historical default data.	8 years	Corporate, Corporate & Retail SME, Mortgage, other Retail
	Banca Nazionale del Lavoro (Midcap)	1	Quantitative model based on collection status, type of facility and collateral. The model is calibrated on internal long-run default and loss data.	8 years	MidCap
	Banca Nazionale del Lavoro (VSEs and small business clients)	1	Quantitative model based on collection status, type of facility and collateral. The model is calibrated on internal long-run default and loss data.	10 years	SME Retail (VSEs and small business clients)
	Banca Nazionale del Lavoro (Individual customers)	1	Quantitative model based on collection status, type of facility and collateral. The model is calibrated on internal long-run default and loss data.	10 years	Individuals

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default/loss data	Basel asset class
CCF/EAD	CCF for corporate, banks & sovereign	1	CCF calibrated on internal observation for confirmed credit lines, regulatory parameter used for the rest	> 10 years	All
	French Retail Bank Real Estate loans to individuals	-	CCF = 100%	5 years	Retail mortgage and other retail
	French Retail Bank investment and RE loans to SME	-	CCF = 100%	5 years	Retail & Corporate SME
	Personal Finance Revolving and Personal loans (France, Spain, Germany, Hungary and Czech Republic)	1 model per country	Classification tree. CCFs calibrated on internal long-run default and loss data including a downturn effect when considered appropriate	> 10 years	Retail revolving and other Retail
	Retail Bank Belgium Residential Mortgages	1	Rule based model validated on historical data.	8 years	Retail mortgage and other retail
	Retail Bank Belgium Public Banking	1	Regression based models that determine a CCF for different product families.	8 years	Bank, Sovereign, Corporate, Corporate SME
	Retail Bank Belgium Commercial Banking (SME/Midcap) & Banque des entrepreneurs (small companies, self-employed and liberal professions)	1	Regression based models that determine a CCF for different product families.	8 years	Corporate, Corporate & Retail SME, Mortgage, other Retail
	Banca Nazionale del Lavoro (Individual customers)	-	CCF = 100%	n.a.	SME Retail and Individuals

BACKTESTING

Each of the three credit risk parameters (PD, LGD, CCF/EAD) are backtested and probability of default benchmarked annually to check the system's performance for each of the Bank's business segments. Backtesting consists in comparing estimated and actual outcomes for each parameter. Benchmarking consists in comparing the parameters estimated internally with those of external organisations.

For the non-Retail IRBA scope, all ratings, including default ratings 11 and 12, for all counterparties to which the Bank has a credit risk exposure, have been recorded over a long period of time. Likewise, observed Global Recovery Rates on defaulted exposures during this period are also archived. Backtesting is performed on the basis of this information for each of the risk inputs, both globally and across the scope of each rating model. These exercises aim to measure overall performance and the performance of each rating method, and in particular, to verify the model's discriminatory power (i.e. the less well rated counterparties ought to default more often than the better rated ones) as well as the predictive, conservative nature of the parameters. For this purpose, observed Global Recovery Rates (GRR) and default rates are compared with estimated Global Recovery Rates and Probability of default for each rating. The "through the cycle" or "downturn" nature of these ratings and GRRs is also verified.

For benchmarking work on non-Retail exposures, internal ratings are compared with the external ratings of several agencies based on the mapping between internal and external rating scales. Around 10% of the Group's corporate clients have an external rating and the benchmarking studies reveal a conservative approach to internal ratings.

Performance measurements are also carried out on sub-scopes of homogeneous asset classes for Retail portfolios. If the predictive power or the conservative nature of a model has deteriorated, the model is recalibrated or redeveloped as appropriate. These changes are submitted to the regulator for approval in line with the regulations. Pending implementation of the new model, the bank takes conservative measures to enhance the conservatism of the existing model where necessary.

Backtesting of Global Recovery Rates is based mainly on analysing recovery cash flows for exposures in default. When the recovery process is closed for a given exposure, all recovered amounts are discounted back to the default date and then compared to the exposure amount. When the recovery process is not closed, the future recoveries are estimated by using either the amount of provisions, or historically calibrated statistical profiles. The recovery rate determined in this way is then compared with the initially forecasted rate one year before the default occurred. As with ratings, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances are analysed taking into account the marked bimodal distribution of recovery rates.

Backtesting and benchmarking results are presented annually to the different internal bodies and to the Chief Risk Officer. Backtesting is also certified internally by an independent team and the results sent to the supervisor.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with regulation recommendations. Thus apart from calculating capital requirements, they are used for example when setting delegated limits, granting new loans or reviewing existing loans to measure profitability, determine collective impairment and for book analyses.

The table below presents an overview of the performance of models for the regulatory risk parameters (PD and LGD). The average regulatory parameters as at end-2014 are compared against empirical realised default rate and loss rate for new defaults during 2015. The comparison is performed on the Group IRBA scope, excluding BNL SpA retail exposure, as this scope received IRBA approval at year-end 2015.

The default rate is estimated as the amount of new defaults during the year divided by the performing EAD at the beginning of the year.

The loss rate is the gross amount of provisions constituted at year end for the loans that defaulted during the year divided by the exposure at the time of default.

The average regulatory PD is weighted by the performing EAD. The average regulatory LGD is weighted by the product of performing EAD and regulatory PD.

This table provides an overall performance assessment but is different from the model backtesting exercise performed by the Group on a yearly basis, which is performed model by model and not globally by asset class. As well, backtesting is based on default rates expressed as number of counterparties and not amounts and compares LGD on defaulted names against final loss, while the comparison performed below is between the weighted average regulatory LGD of performing exposures and the provision rate on new defaulted exposures.

➤ TABLE 23: BACKTESTING OF AVERAGE PD AND LGD

	2015				
	Performing EAD at the beginning of the period *(in millions of euros)*	Average regulatory PD	Observed Default Rate	Average regulatory LGD	Observed LGD
Central banks and central governments	220,515	0.1%	0.0%	11%	-
Institutions	65,568	0.3%	0.0%	31%	-
Corporates	307,004	1.4%	0.7%	26%	22%
Retail	187,203	1.9%	1.5%	26%	23%

INTERNAL RATING SYSTEM – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

[Audited]

The IRBA for sovereigns, banks, corporates and specialised financing portfolios is based on a consistent rating procedure in which Risk has the final say regarding the rating assigned to the counterparty and the Global Recovery Rate (GRR) assigned to transactions. Credit Conversion Factors (CCF) of off-balance sheet transactions are automatically assigned according to counterparty and transaction type (see paragraph *Rating system* in section *Credit risk management policy*).

The generic process for assigning a rating to each segment is as follows:

- for large corporates and specialised financing, an analysis is carried out by the unit proposing a rating and a Global Recovery Rate to the Credit Committee, using the rating models and tools developed by Risk. The rating and Global Recovery Rate are validated or revised by the Risk representative during the Credit Committee meeting. The committee decides whether or not to grant or renew a loan and, if applicable, reviews the counterparty rating at least once a year;
- for banks, the analysis is carried out by analysts in the Risk Function. Counterparty ratings and Global Recovery Rates are determined during review committees by geographical area to ensure comparability between similar banks;
- for sovereigns, the ratings are proposed by the Economic Research Department and approved at Country Committee (Rating Committee) meetings which take place several times a year. The committee comprises members of Executive Management, the Risk Function and the business lines;
- for small and medium-sized companies (other than retail customers), a score is assigned by the Risk analysts.

For each of these sub-portfolios, the risk parameters are measured using a model certified and validated by the Risk teams, based mainly on an analysis of the Bank's historical data. The model is supported as far as possible by Group-wide shared tools to ensure consistent use. The method is supplemented by expert judgement provided it can be justified.

The method for assessing risk parameters is based on a set of common principles, and particularly the "two pairs of eyes" principle which requires at least two people, at least one of whom has no commercial involvement, to give their opinion on each counterparty rating and each transaction Global Recovery Rate.

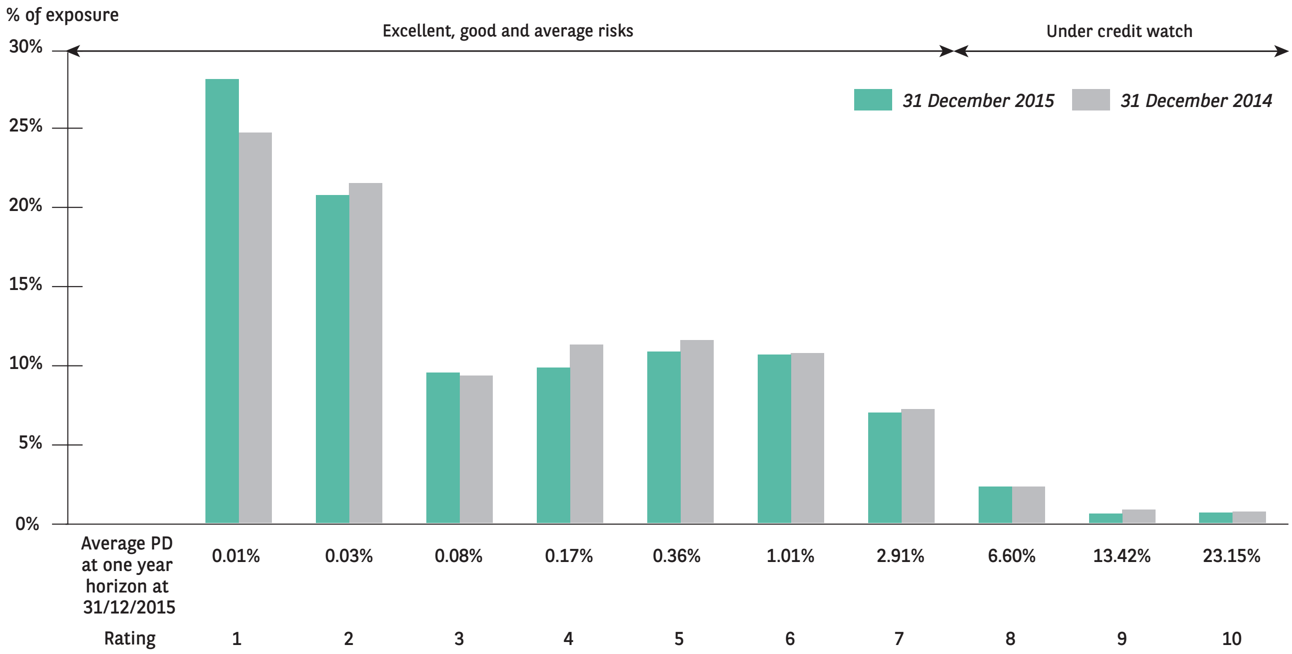
The same definition of default is used consistently throughout the Group for each asset class. For local counterparties (SMEs, local authorities), this definition may be adapted slightly to meet any specific local regulatory requirements, particularly as regards the length of past-due or the materiality threshold.

The chart below shows a breakdown by credit rating of performing loans and commitments for the asset classes: central governments and central banks, institutions, corporates for all the Group's business lines, measured using the Internal Ratings Based Approach.

This exposure represented EUR 791 billion at 31 December 2015 compared with EUR 712 billion at 31 December 2014.

The majority of commitments are towards borrowers rated as good or excellent quality, reflecting the heavy weighting of large multinational groups and financial institutions in the Bank's client base. A significant proportion of commitments to non-investment grade borrowers are highly structured or secured by high quality guarantees implying a high recovery rate in the event of default. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.

➤ **FIGURE 4: IRBA EXPOSURE BY INTERNAL RATING – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS**



SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

The table below presents the breakdown by internal rating of the corporate loans and commitments for the asset classes: central governments and central banks, institutions and corporates for all the Group's business lines using the advanced IRB Approach. This exposure represented EUR 807 billion at 31 December 2015, including EUR 791 billion of performing loans and EUR 17 billion of non-performing loans, compared with EUR 730 billion at 31 December 2014, including EUR 712 billion of performing loans and EUR 18 billion of non-performing loans.

The table also gives the weighted averages of the main risk parameters in the Basel framework:

- average probability of default weighted by exposure at default: average PD[1];
- weighted average of Credit Conversion Factor (CCF) for off-balance sheet items defined as the ratio of the exposure at default divided by the off-balance sheet exposure: average CCF[2];
- average Loss Given Default weighted by exposure at default: average LGD[3];
- as well as the average risk weight: average RW[4] defined as the ratio between risk-weighted assets and exposure at default (EAD).

The column "Expected loss" presents the expected loss at a one-year horizon.

(1) Average PD: "Probability of Default" – average probability of default weighted by exposure at default.

(2) Average CCF: "Credit Conversion Factor" – ratio of the exposure at default divided by the off-balance sheet exposure.

(3) Average LGD: "Loss Given Default" – average Loss Given Default weighted by exposure at default.

(4) Average RW: "Risk Weight" – average risk weight.

TABLE 24: IRBA EXPOSURE BY INTERNAL RATING AND ASSET CLASS – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

		31 December 2015									
In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
Central governments and central banks	1	0.01%	203,057	202,591	465	85%	202,986	1%	0%	0	488
	2	0.03%	55,737	55,641	96	55%	55,694	1%	0%	0	163
	3	0.08%	5,201	5,194	7	52%	5,197	18%	13%	1	651
	4	0.16%	557	445	112	31%	480	12%	8%	0	38
	5	0.44%	6,097	4,643	1,454	56%	5,453	23%	32%	5	1,723
	6	0.25%	211	203	7	92%	210	11%	28%	0	58
	7	3.35%	617	595	21	70%	610	23%	74%	5	452
	8	6.83%	1,049	559	490	58%	844	8%	36%	5	300
	9	15.27%	396	205	191	75%	348	3%	16%	2	57
	10	24.61%	223	175	47	55%	201	13%	80%	7	161
	11	100.00%	59	59	0	48%	59		1%	4	1
	12	100.00%	0	0	0	0%	0		0%	0	0
TOTAL		**0.11%**	**273,203**	**270,312**	**2,891**	**61%**	**272,084**	**2%**	**2%**	**28**	**4,091**
Institutions	1	0.03%	3,812	3,029	783	32%	3,276	6%	3%	0	94
	2	0.03%	39,433	27,840	11,594	53%	33,933	18%	6%	2	2,104
	3	0.07%	9,444	6,722	2,722	58%	8,295	29%	16%	2	1,290
	4	0.16%	4,036	2,752	1,285	53%	3,434	27%	25%	2	847
	5	0.36%	7,069	5,284	1,785	46%	6,096	27%	38%	6	2,292
	6	0.86%	2,168	1,747	421	56%	1,982	30%	70%	6	1,385
	7	2.88%	921	651	270	49%	783	38%	130%	9	1,017
	8	6.54%	805	574	231	49%	687	14%	59%	6	402
	9	13.13%	101	64	38	82%	95	32%	173%	4	164
	10	23.84%	120	28	92	89%	109	38%	216%	10	236
	11	100.00%	392	299	93	91%	380		0%	155	0
	12	100.00%	145	145	0	67%	145		0%	61	0
TOTAL		**1.17%**	**68,447**	**49,134**	**19,313**	**52%**	**59,216**	**21%**	**17%**	**263**	**9,832**
Corporates	1	0.04%	14,875	5,123	9,752	46%	9,623	23%	8%	1	741
	2	0.03%	68,569	11,504	57,065	55%	42,731	36%	15%	5	6,399
	3	0.08%	60,521	22,405	38,116	51%	41,981	38%	23%	12	9,864
	4	0.17%	72,946	30,559	42,387	49%	51,252	36%	35%	31	17,717
	5	0.36%	72,403	38,452	33,951	47%	54,260	33%	45%	64	24,575
	6	1.01%	81,564	49,560	32,005	47%	64,699	28%	62%	186	39,835
	7	2.91%	53,554	34,945	18,609	47%	43,611	26%	79%	338	34,504
	8	6.59%	16,157	10,621	5,536	49%	13,333	25%	101%	217	13,440
	9	13.24%	4,043	3,064	979	52%	3,569	27%	130%	126	4,635
	10	23.06%	4,864	3,464	1,400	46%	4,114	26%	149%	253	6,118
	11	100.00%	9,942	8,996	947	51%	9,476		33%	4,203	3,169
	12	100.00%	6,399	5,955	444	41%	6,137		35%	4,692	2,152
TOTAL		**5.85%**	**465,838**	**224,647**	**241,191**	**50%**	**344,786**	**32%**	**47%**	**10,128**	**163,149**
TOTAL		**3.13%**	**807,488**	**544,093**	**263,395**	**50%**	**676,086**	**19%**	**26%**	**10,418**	**177,072**

In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
		31 December 2014									
Central governments and central banks	1	0.01%	157,458	156,782	676	73%	157,276	1%	0%	0	422
	2	0.03%	51,673	51,526	147	46%	51,593	1%	0%	0	166
	3	0.08%	4,610	4,567	43	55%	4,591	17%	13%	1	577
	4	0.20%	2,467	1,000	1,467	56%	1,819	6%	6%	0	112
	5	0.44%	3,275	3,240	35	72%	3,265	26%	38%	4	1,250
	6	1.00%	67	63	4	76%	66	35%	85%	0	56
	7	3.51%	1,083	937	146	73%	1,043	17%	53%	6	548
	8	6.48%	483	388	95	35%	421	10%	36%	3	150
	9	15.12%	387	250	137	65%	339	3%	18%	2	60
	10	25.09%	102	102	0	55%	102	23%	141%	5	144
	11	100.00%	75	75	0	35%	75		80%	3	60
	12	100.00%	0	0	-	-	0		0%	0	0
TOTAL		**0.12%**	**221,680**	**218,930**	**2,750**	**60%**	**220,590**	**2%**	**2%**	**24**	**3,545**
Institutions	1	0.03%	4,608	3,570	1,038	86%	4,460	8%	3%	0	132
	2	0.03%	43,240	33,517	9,723	76%	40,922	21%	6%	3	2,623
	3	0.08%	6,126	4,235	1,891	64%	5,452	30%	17%	1	927
	4	0.17%	5,257	4,128	1,129	61%	4,814	38%	34%	3	1,622
	5	0.37%	7,018	5,019	1,999	47%	5,958	35%	51%	8	3,063
	6	0.97%	2,250	1,871	379	51%	2,064	39%	83%	8	1,708
	7	3.35%	1,331	993	338	56%	1,180	28%	95%	11	1,118
	8	6.26%	642	362	280	48%	496	25%	103%	8	509
	9	13.41%	85	29	56	64%	65	46%	234%	4	152
	10	20.63%	199	45	154	72%	156	30%	172%	10	268
	11	100.00%	279	191	88	91%	270		6%	58	16
	12	100.00%	254	254	-	-	254		0%	201	0
TOTAL		**1.07%**	**71,289**	**54,214**	**17,075**	**70%**	**66,091**	**24%**	**18%**	**315**	**12,138**
Corporates	1	0.03%	13,425	6,009	7,416	50%	9,743	22%	11%	1	1,092
	2	0.03%	57,861	11,011	46,850	53%	35,918	34%	14%	4	5,163
	3	0.08%	55,551	19,358	36,193	52%	38,112	38%	24%	12	9,058
	4	0.17%	72,508	31,475	41,033	47%	50,794	36%	33%	30	16,823
	5	0.35%	71,989	36,641	35,348	47%	53,206	31%	43%	59	22,703
	6	1.02%	74,039	46,083	27,956	45%	58,773	27%	57%	159	33,762
	7	2.97%	48,677	31,179	17,498	47%	39,450	26%	81%	323	31,998
	8	6.51%	15,178	9,862	5,316	48%	12,394	26%	104%	208	12,833
	9	13.66%	5,436	3,649	1,787	54%	4,606	21%	107%	131	4,909
	10	23.09%	4,658	3,479	1,179	45%	4,007	25%	139%	235	5,576
	11	100.00%	11,331	10,338	993	53%	10,858		37%	4,259	4,026
	12	100.00%	6,063	5,789	274	49%	5,925		44%	4,330	2,597
TOTAL		**6.56%**	**436,716**	**214,873**	**221,843**	**49%**	**323,786**	**31%**	**46%**	**9,751**	**150,540**
TOTAL		**3.64%**	**729,685**	**488,017**	**241,668**	**51%**	**610,467**	**20%**	**27%**	**10,090**	**166,223**

5

Most of the Group's Central government and central bank counterparties are of very high credit quality and based in developed countries, meaning that they have very good internal ratings and very low average Loss Given Default.

The majority of the Group's corporate commitments concerns counterparties of excellent or good quality, reflecting the large part of multinationals in BNP Paribas' customer base. Other exposures are mainly structured transactions or transactions secured by high-quality assets, reflected in their average LGD levels.

➤ TABLE 25: AVERAGE PD AND LGD OF THE CORPORATE ASSET CLASS BY GEOGRAPHICAL REGION

	31 December 2015		
In millions of euros	Performing exposure	Average PD(**)	Average LGD
Europe(*)	297,908	1.40%	32%
of which France	*92,557*	*1.25%*	*36%*
of which Belgium	*57,126*	*1.61%*	*24%*
of which Luxembourg	*11,205*	*1.32%*	*28%*
of which Italy	*38,686*	*2.00%*	*38%*
North America	78,071	0.95%	33%
Asia Pacific	39,405	1.59%	32%
Rest of the World	34,113	1.85%	27%
TOTAL	**449,497**	**1.38%**	**32%**

(*) Within the European Free Trade Association, EFTA.
(**) Regulatory PDs take into account the add-on imposed by the regulator.

INTERNAL RATING SYSTEM SPECIFIC TO RETAIL CUSTOMERS [Audited]

The Standard Ratings Policy for Retail Operations (SRPRO) provides a framework allowing Group divisions and Risk to assess, prioritise and monitor credit risks consistently. This policy is used for transactions presenting a high degree of granularity, small unit volumes and a standard risk profile. Borrowers are assigned scores in accordance with the policy, which sets out:

- standard internal ratings based principles, underlining the importance of a sound process and its ability to adapt to changes in the credit environment;
- principles for defining homogeneous pools of credit risk exposures;
- principles relative to credit models, particularly the need to develop discriminating and understandable models, and to model or observe risk indicators downstream in order to calibrate exposures. Risk indicators must be quantified on the basis of historical data covering a minimum period of five years, and in-depth, representative sampling. All models must be documented in detail.

The majority of retail borrowers are assigned a behavioural score which serves as a basis to determine the probability of default and, for each transaction, the Global Recovery Rate (GRR) and Exposure at Default (EAD). These parameters are calculated every month on the basis of the most up-to-date information. They are supplemented by different scores that are made available to the commercial function. The latter has no involvement in determining risk parameters. These methods are used consistently for all retail customers. The general principles of the rating system are set out in the *Rating System* paragraph in the section *Credit Risk Management System*.

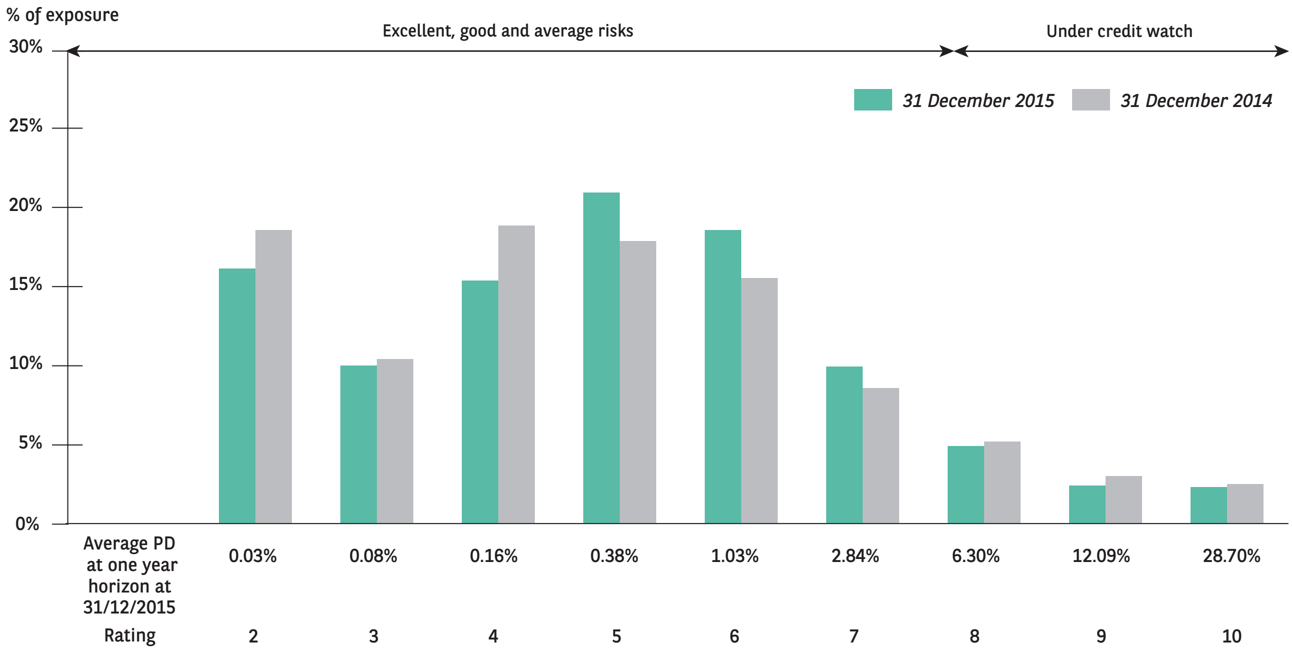
For the portion of the BNP Paribas Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Function on a statistical basis according to customer type and relationship history.

Scoring techniques are used to assign retail customers to risk groups presenting the same default risk characteristics. This also applies to the other credit risk inputs: EAD and LGD.

The chart below shows a breakdown by credit rating of performing loans and commitments in the retail book for all the Group's business lines, measured using the internal ratings based approach.

This exposure of performing loans represented EUR 230 billion at 31 December 2015, up EUR 34 billion, compared with EUR 196 billion at 31 December 2014. This increase stems primarily from BNL SpA's transition to the advanced approach.

FIGURE 5: IRBA EXPOSURE BY INTERNAL RATING – RETAIL PORTFOLIO



RETAIL PORTFOLIO

The following table gives the breakdown by internal rating of the retail loans and commitments for all of the Group's business lines using the advanced IRB Approach. Total exposure amounts to EUR 243 billion at 31 December 2015, an increase of 20% year-on-year, mainly due to BNL SpA's transition to the Internal Ratings Based Approach (IRBA) for the retail portfolio.

➤ TABLE 26: IRBA EXPOSURE BY INTERNAL RATING AND ASSET CLASS – RETAIL PORTFOLIO

		31 December 2015									
In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
Mortgages	2	0.03%	30,230	29,284	946	96%	30,196	11%	2%	1	548
	3	0.08%	15,342	14,880	462	98%	15,334	12%	5%	1	691
	4	0.16%	24,680	23,963	717	100%	24,682	13%	6%	5	1,418
	5	0.38%	32,577	31,606	971	86%	32,445	14%	12%	17	3,758
	6	1.04%	19,857	19,097	761	78%	19,692	15%	20%	30	3,982
	7	2.78%	8,141	7,796	346	70%	8,040	14%	36%	33	2,909
	8	6.36%	3,274	3,163	111	64%	3,234	14%	54%	30	1,740
	9	12.29%	1,845	1,813	32	66%	1,834	15%	74%	34	1,352
	10	29.02%	1,762	1,720	42	64%	1,747	14%	81%	71	1,422
	11	100.00%	1,681	1,664	17	56%	1,674		95%	197	1,594
	12	100.00%	2,123	2,122	1	166%	2,124		42%	686	901
TOTAL		**3.80%**	**141,514**	**137,108**	**4,406**	**88%**	**141,002**	**13%**	**14%**	**1,104**	**20,315**
Revolving exposures	1	0.03%	47	0	47	94%	45	28%	1%	0	0
	2	0.04%	1,755	84	1,671	117%	2,038	80%	2%	1	45
	3	0.08%	3,204	129	3,075	67%	2,194	56%	3%	11	63
	4	0.17%	2,329	121	2,208	73%	1,739	63%	6%	5	108
	5	0.39%	3,374	175	3,199	57%	2,012	57%	11%	7	221
	6	0.91%	3,196	867	2,329	47%	1,950	55%	21%	18	404
	7	2.66%	1,987	1,057	930	72%	1,724	47%	40%	25	686
	8	6.31%	3,191	1,676	1,515	21%	1,998	48%	72%	66	1,435
	9	11.69%	1,278	1,004	274	72%	1,201	46%	99%	68	1,190
	10	32.98%	634	455	180	55%	553	49%	140%	92	777
	11	100.00%	973	944	29	36%	955		31%	585	300
	12	100.00%	443	443	0	107%	443		0%	273	0
TOTAL		**11.42%**	**22,412**	**6,955**	**15,458**	**64%**	**16,852**	**57%**	**31%**	**1,149**	**5,229**
Other exposures	1	0.03%	39	39	0	33%	39	53%	6%	0	2
	2	0.04%	4,927	4,010	917	103%	4,959	38%	5%	1	252
	3	0.07%	4,367	3,596	771	76%	4,181	36%	8%	1	319
	4	0.17%	8,219	6,917	1,302	96%	8,291	36%	13%	5	1,058
	5	0.38%	12,069	10,354	1,715	85%	11,657	35%	21%	16	2,439
	6	1.03%	19,523	17,944	1,579	91%	19,348	34%	33%	77	6,415
	7	2.90%	12,614	11,625	988	99%	12,619	34%	45%	130	5,645
	8	6.27%	4,667	4,348	319	105%	4,692	34%	50%	105	2,325
	9	12.13%	2,283	2,146	138	150%	2,355	37%	60%	106	1,415
	10	27.65%	2,785	2,708	77	112%	2,799	31%	72%	249	2,019
	11	100.00%	3,271	3,230	41	93%	3,268		80%	1,499	2,605
	12	100.00%	4,704	4,629	74	96%	4,701		32%	2,936	1,494
TOTAL		**12.61%**	**79,468**	**71,547**	**7,921**	**93%**	**78,910**	**35%**	**33%**	**5,125**	**25,988**
TOTAL		**7.28%**	**243,394**	**215,610**	**27,784**	**76%**	**236,763**	**23%**	**22%**	**7,379**	**51,532**

In millions of euros	Internal rating	31 December 2014 Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
Mortgages	2	0.03%	28,547	27,608	939	96%	28,513	12%	2%	1	550
	3	0.08%	14,559	13,936	623	99%	14,550	12%	5%	1	667
	4	0.16%	23,705	22,747	958	100%	23,704	13%	6%	5	1,408
	5	0.38%	20,856	19,533	1,323	92%	20,749	13%	12%	11	2,505
	6	1.04%	13,160	12,220	940	84%	13,008	14%	19%	19	2,503
	7	2.71%	6,533	6,138	395	78%	6,448	14%	31%	24	1,979
	8	6.31%	3,242	3,089	153	76%	3,206	14%	44%	29	1,419
	9	12.15%	1,632	1,581	51	87%	1,626	15%	65%	30	1,059
	10	28.99%	1,390	1,334	56	72%	1,374	14%	68%	55	934
	11	100.00%	1,168	1,149	19	60%	1,161		143%	57	1,662
	12	100.00%	730	729	1	101%	730		7%	224	48
TOTAL		**2.73%**	**115,522**	**110,064**	**5,458**	**92%**	**115,069**	**13%**	**13%**	**456**	**14,734**
Revolving exposures	1	0.03%	48	0	48	94%	45	28%	1%	0	0
	2	0.04%	1,748	86	1,662	110%	1,911	59%	2%	0	31
	3	0.07%	970	82	888	80%	794	58%	3%	0	22
	4	0.18%	3,967	126	3,841	50%	2,056	49%	5%	14	103
	5	0.42%	3,922	126	3,796	52%	2,116	51%	10%	10	221
	6	1.25%	4,252	1,394	2,858	32%	2,316	44%	20%	29	474
	7	2.92%	1,502	677	825	74%	1,286	45%	40%	17	514
	8	6.33%	2,454	1,024	1,430	20%	1,315	48%	72%	40	947
	9	10.23%	1,976	1,523	453	51%	1,754	42%	85%	88	1,490
	10	33.88%	842	698	144	54%	777	44%	130%	121	1,013
	11	100.00%	1,088	1,053	35	22%	1,060		56%	625	595
	12	100.00%	511	511	-	-	511		0%	343	0
TOTAL		**13.66%**	**23,280**	**7,300**	**15,980**	**54%**	**15,941**	**49%**	**34%**	**1,287**	**5,410**
Other exposures	1	0.03%	25	24	1	11%	24	35%	4%	0	1
	2	0.04%	5,803	4,894	909	101%	5,814	29%	4%	1	222
	3	0.07%	4,683	3,912	771	79%	4,520	30%	6%	1	285
	4	0.17%	9,091	7,754	1,337	96%	9,038	32%	11%	5	1,009
	5	0.40%	10,053	8,259	1,794	84%	9,758	28%	17%	18	1,705
	6	1.01%	12,863	11,438	1,425	86%	12,661	31%	29%	47	3,702
	7	2.81%	8,614	7,805	809	98%	8,603	31%	42%	84	3,586
	8	6.35%	4,373	4,026	347	101%	4,376	28%	41%	86	1,791
	9	11.67%	2,182	2,059	123	175%	2,274	34%	55%	92	1,242
	10	31.54%	2,561	2,494	67	136%	2,587	26%	62%	224	1,613
	11	100.00%	2,474	2,447	27	63%	2,464		97%	1,176	2,391
	12	100.00%	2,064	2,004	60	101%	2,065		0%	1,262	8
TOTAL		**9.84%**	**64,786**	**57,116**	**7,670**	**92%**	**64,184**	**30%**	**27%**	**2,996**	**17,555**
TOTAL		**5.96%**	**203,588**	**174,480**	**29,108**	**71%**	**195,194**	**21%**	**19%**	**4,739**	**37,699**

Most of the mortgage exposures concern French Retail Banking, Belgian Retail Banking, Luxembourg Retail Banking and BNP Paribas Personal Finance. Mortgages are issued according to strict and well-defined procedures. The low average Loss Given Default level reflects the guarantees put in place when the mortgages were granted. Since 2013, an add-on has been implemented for the risk-weighted assets on the Belgian mortgage portfolio.

Most of the revolving exposures and other exposures relate to consumer loans subsidiaries that have a wide range of customers in terms of credit quality and a lower level of guarantees.

The risk parameters used to calculate the expected one-year losses (EL) in accordance with the Basel principles, as disclosed in the tables above, are statistical estimates through the cycle (TTC); by contrast, realised losses by nature relate to prior year, and as such to a particular point in time (PIT).

For the scope analysed under the IRB approach, the expected one-year loss and the cost of risk are not comparable.

➤ TABLE 27: AVERAGE PD AND LGD OF THE RETAL PORTFOLIO BY GEOGRAPHICAL REGION

	31 December 2015		
In millions of euros	Performing exposure	Average PD(**)	Average LGD
Europe(*)	230,102	1.82%	23%
of which France	*108,985*	*1.46%*	*25%*
of which Belgium	*67,553*	*1.64%*	*17%*
of which Luxembourg	*6,068*	*1.00%*	*23%*
of which Italy	*32,415*	*2.27%*	*25%*
North America	10	n.s.	n.s.
Asia Pacific	2	n.s.	n.s.
Rest of the World	85	3.91%	42%
TOTAL	**230,199**	**1.82%**	**23%**

(*) Within the European Free Trade Association, EFTA.
(**) Regulatory PDs take into account the add-on imposed by the regulator.

CREDIT RISK: STANDARDISED APPROACH

For exposures under the standardised approach, BNP Paribas uses the external ratings assigned by Standard & Poor's, Moody's and Fitch Ratings. These ratings are mapped into equivalent credit quality levels as required by the regulation framework in accordance with the instructions issued by the supervisor.

When there is no directly applicable external rating, the issuer's senior unsecured rating may, if available, be obtained from external databases and used for risk-weighting purposes in some cases.

At 31 December 2015, standardised approach exposure represents 25% of the BNP Paribas Group's total gross exposures to credit risk (excluding other non-credit obligation assets), against 28% at 31 December 2014 mainly due to BNL SpA's transition to the Internal Ratings Based Approach (IRBA) for the retail portfolio.

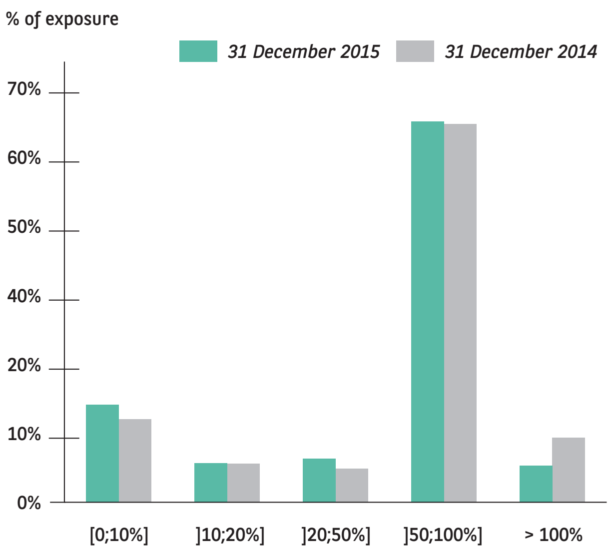
SOVEREIGN, BANK, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

[Audited]

The following chart shows a breakdown by risk weight of performing loans and commitments in the Corporate book (exposure classes: central governments and central banks, institutions, corporates) for all the Group's business lines, measured using the standardised approach.

This exposure represented EUR 183 billion of the gross credit risk at 31 December 2015 compared with EUR 172 billion at 31 December 2014.

FIGURE 6: STANDARDISED EXPOSURE BY WEIGHTING – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS



RETAIL PORTFOLIO [Audited]

The total exposure of retail loans and commitments for all of the Group's business lines using the standardised approach represented EUR 157 billion at 31 December 2015, compared with EUR 184 billion at 31 December 2014. The reduction in exposures results primarily from BNL SpA's transition to IRBA for the retail portfolio.

TOTAL PORTFOLIO

The following table gives the breakdown by counterparty credit rating of the loans and commitments for all the Group's business lines using the standardised approach. This exposure represented EUR 347 billion at 31 December 2015, compared with EUR 365 billion at 31 December 2014.

The exposure categories handled using a standardised approach are classified according to type of counterparty and type of financial product in one of the 17 exposure classes defined in article 112 of Regulation (EU) No. 575/2013 of 26 June 2013.

These standard exposure classes are then aggregated for the purposes of consistent presentation with IRB exposures.

➤ TABLE 28: STANDARDISED EXPOSURE BY EXTERNAL RATING

In millions of euros	External rating(*)	31 December 2015 Gross exposure(**)	31 December 2015 EAD	31 December 2015 RWAs	31 December 2014 Gross exposure(**)	31 December 2014 EAD	31 December 2014 RWAs
Central governments and central banks	AAA to AA-	23,565	23,565	65	18,597	18,602	9
	A+ to A-	3,274	3,269	205	1,986	1,980	218
	BBB+ to BBB-	6,868	6,863	2,933	5,559	5,529	1,758
	BB+ to BB-	154	154	148	122	122	118
	B+ to B-	680	678	478	417	416	416
	CCC+ to D	302	277	412	189	167	247
	No external rating	1,286	1,274	954	1,623	1,600	1,303
TOTAL		**36,129**	**36,079**	**5,196**	**28,493**	**28,416**	**4,069**
Institutions	AAA to AA-	10,280	9,856	1,950	9,560	9,132	1,833
	A+ to A-	849	687	325	1,130	815	402
	BBB+ to BBB-	5,921	3,912	3,058	7,548	5,518	4,837
	BB+ to BB-	777	765	304	774	752	353
	B+ to B-	141	82	48	117	87	48
	CCC+ to D	34	34	51	33	32	47
	No external rating	1,666	1,391	543	1,350	1,148	452
TOTAL		**19,668**	**16,725**	**6,280**	**20,512**	**17,484**	**7,972**
Corporates	AAA to AA-	550	558	106	367	342	66
	A+ to A-	1,693	1,771	885	1,675	1,233	616
	BBB+ to BBB-	2,822	1,739	1,713	2,110	1,347	1,308
	BB+ to BB-	1,267	946	944	700	497	496
	B+ to B-	369	277	413	369	271	407
	CCC+ to D	10	6	9	13	9	14
	No external rating	127,649	99,128	90,452	126,556	96,618	92,679
TOTAL		**134,361**	**104,424**	**94,523**	**131,790**	**100,317**	**95,586**
Retail	No external rating	157,229	128,714	74,908	184,334	156,018	90,432
TOTAL		**157,229**	**128,714**	**74,908**	**184,334**	**156,018**	**90,432**
TOTAL		**347,386**	**285,943**	**180,906**	**365,129**	**302,235**	**198,059**

(*) According to Standard & Poor's.
(**) Balance sheet and off-balance sheet.

Group entities that use the standardised approach to calculate their capital requirement typically have a business model focused primarily on individuals or SMEs or are located in a region of the world with an underdeveloped credit rating system (Turkey, Ukraine, Middle East, etc.). As a result, most of corporate counterparties do not have an external rating under the standardised approach.

EXPOSURE IN DEFAULT, PROVISIONS AND COST OF RISK

Financial assets that are past due but not impaired, impaired assets, and related collateral or other guarantees are presented in note 5.h to the consolidated financial statements.

TABLE 29: EXPOSURE IN DEFAULT AND PROVISIONS BY GEOGRAPHICAL REGION

In millions of euros		31 December 2015				
			Exposure in default(*)			
		Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Europe(**)		**968,254**	**12,823**	**26,062**	**38,885**	**20,275**
	France	350,533	3,174	7,046	10,220	5,024
	Belgium	168,159	206	2,850	3,057	1,037
	Luxembourg	30,109	28	288	316	192
	Italy	141,634	6,389	13,353	19,742	10,585
	United Kingdom	80,273	340	332	671	569
	Germany	49,495	213	416	628	350
	Netherlands	37,125	66	45	110	39
	Other European countries	110,925	2,407	1,733	4,140	2,480
North America		**219,038**	**245**	**1,252**	**1,498**	**747**
Asia Pacific		**108,163**	**491**	**202**	**693**	**268**
	Japan	39,752	0	1	1	0
	North Asia	33,654	1	102	103	46
	South East Asia (ASEAN)	15,851	0	88	88	31
	Indian peninsula & Pacific	18,905	490	11	501	191
Rest of the World		**102,813**	**2,506**	**2,617**	**5,123**	**3,008**
	Turkey	36,777	479	16	495	312
	Mediterranean	14,150	813	220	1,034	751
	Gulf States & Africa	24,514	178	1,704	1,882	1,102
	Latin America	20,193	141	224	365	203
	Other countries	7,179	894	453	1,347	641
TOTAL		**1,398,268**	**16,065**	**30,133**	**46,199**	**24,298**

(*) Gross exposure (balance sheet and off-balance sheet) before collateral or other security.
(**) Within the European Free Trade Association, EFTA.

In millions of euros		31 December 2014 Proforma				
			Exposure in default[*]			
		Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Europe[**]		**885,727**	**19,667**	**21,929**	**41,597**	**20,859**
	France	330,504	3,717	7,517	11,234	5,606
	Belgium	154,367	199	3,241	3,440	1,164
	Luxembourg	29,691	26	501	527	283
	Italy	137,899	13,034	6,915	19,949	10,121
	United Kingdom	43,216	52	724	776	487
	Germany	48,889	200	457	657	354
	Netherlands	34,320	75	50	125	44
	Other European countries	106,842	2,365	2,524	4,889	2,801
North America		**205,033**	**322**	**1,252**	**1,574**	**664**
Asia Pacific		**106,177**	**439**	**100**	**539**	**187**
	Japan	35,605	0	2	2	2
	North Asia	35,890	10	30	40	26
	South East Asia (ASEAN)	18,921	0	27	27	18
	Indian peninsula & Pacific	15,762	428	41	470	142
Rest of the World		**101,464**	**2,258**	**2,756**	**5,014**	**2,930**
	Turkey	35,337	518	2	520	364
	Mediterranean	14,730	786	319	1,105	650
	Gulf States & Africa	22,733	187	1,701	1,888	953
	Latin America	18,369	157	273	430	283
	Other countries	10,295	610	461	1,071	679
TOTAL		**1,298,402**	**22,686**	**26,037**	**48,723**	**24,640**

(*) Gross exposure (balance sheet and off-balance sheet) before collateral or other security.
(**) Within the European Free Trade Association, EFTA.

TABLE 30: EXPOSURE IN DEFAULT AND PROVISIONS BY ASSET CLASS

	31 December 2015				
		Exposure in default(*)			
In millions of euros	Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Central governments and central banks	309,332	319	59	378	24
Corporates	600,199	6,978	16,342	23,320	12,572
Institutions	88,114	205	537	742	237
Retail	400,623	8,564	13,195	21,759	11,464
TOTAL	**1,398,268**	**16,065**	**30,133**	**46,199**	**24,298**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

	31 December 2014				
		Exposure in default(*)			
In millions of euros	Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Central governments and central banks	250,172	49	76	125	23
Corporates	568,507	8,809	17,393	26,202	12,991
Institutions	91,801	167	533	700	306
Retail	387,922	13,661	8,035	21,696	11,320
TOTAL	**1,298,402**	**22,686**	**26,037**	**48,723**	**24,640**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

Provisions on a portfolio basis on the prudential scope totalled EUR 3.6 billion at 31 December 2015, compared with EUR 3.9 billion at 31 December 2014.

The cost of risk is presented in the consolidated financial statements – Note 3.f- *Cost of risk*.

TABLE 31: UNIMPAIRED EXPOSURES WITH PAST DUE INSTALMENTS BY ASSET CLASS

	31 December 2015				
	Maturities of unimpaired past-due loans(*)				
In millions euros	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Total
Central governments and central banks	25	2	1	0	28
Corporates	5,635	41	10	9	5,695
Institutions	32	-	-	-	32
Retail	2,458	79	1	1	2,539
TOTAL STANDARDISED APPROACH	**8,150**	**122**	**12**	**10**	**8,294**
Central governments and central banks	376	18	15	57	466
Corporates	1,828	83	61	42	2,014
Institutions	137	-	-	-	137
Retail	3,882	171	123	26	4,202
TOTAL IRB APPROACH	**6,223**	**272**	**199**	**125**	**6,819**
TOTAL	**14,373**	**394**	**211**	**135**	**15,113**

(*) *Based on a prudential scope, gross exposure (balance sheet) before collateral or other security.*

In millions euros	31 December 2014				
	Maturities of unimpaired past-due loans(*)				
	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Total
Central governments and central banks	512	10	19	5	546
Corporates	6,498	149	73	45	6,765
Institutions	91	-	-	-	91
Retail	6,028	171	149	27	6,375
TOTAL STANDARDISED APPROACH	**13,129**	**330**	**241**	**77**	**13,777**
Central governments and central banks	19	11	36	133	199
Corporates	1,090	38	5	41	1,174
Institutions	49	-	-	-	49
Retail	1,440	39	7	4	1,490
TOTAL IRB APPROACH	**2,598**	**88**	**48**	**178**	**2,912**
TOTAL	**15,727**	**418**	**289**	**255**	**16,689**

(*) *Based on a prudential scope, gross exposure (balance sheet) before collateral or other security.*

RESTRUCTURED LOANS [Audited]

When a borrower is bordering on or in financial difficulties, he may receive a concession from the bank that would otherwise not have been granted had the borrower not met with financial difficulty. The concession may be:

- a change to the contract terms and conditions;
- partial or total refinancing of the debt.

The loan is then said to be "restructured". It must retain the status of "restructured" during a period of observation, known as a probationary period, for at least two years. The concept of restructuring is described in the accounting principles (note 1.c.5 to the consolidated financial statements).

According to the principles for identifying the restructured exposure amounts for the Group as a whole, for the non-retail business, exposures are identified individually during the loan process, notably in the Credit Committees. As for restructured exposures for retail customers, they are usually identified via a systematic process requiring the use of algorithms whose parameters are validated by the Risk and Finance Functions. A process is being set up that will make it possible to decide on the removal of the "restructured" status following the probation period, regardless of the client category.

Information on restructured loans is reported to the supervisory authority on a quarterly basis.

The tables that follow show the gross value and impairment amounts of doubtful loans that have been restructured, as well as restructured loans subsequently reclassified as non-doubtful loans.

TABLE 32: RESTRUCTURED LOANS BY ASSET CLASS

In millions of euros	Restructured loans at 31 December 2015					
				Of which doubtful outstandings		
	Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Loans and advances	**12,682**	**(3,729)**	**8,953**	**6,527**	**(3,027)**	**3,500**
Central governments and central banks	113	(2)	111	4	(2)	2
Corporates	5,445	(1,924)	3,521	4,074	(1,841)	2,233
Institutions	459	(53)	406	104	(39)	65
Retail	6,665	(1,750)	4,915	2,345	(1,145)	1,200
Off-balance sheet commitments	**447**	**(4)**	**443**	**50**	**(1)**	**49**
TOTAL	**13,129**	**(3,733)**	**9,396**	**6,577**	**(3,028)**	**3,549**

TABLE 33: RESTRUCTURED LOANS BY GEOGRAPHICAL REGION

In millions of euros		Restructured loans at 31 December 2015					
					Of which doubtful outstandings		
		Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Europe		**11,199**	**(3,265)**	**7,934**	**5,584**	**(2,630)**	**2,954**
	France	4,261	(1,182)	3,079	1,668	(778)	890
	Belgium	302	(67)	235	191	(67)	124
	Luxembourg	435	(63)	372	113	(55)	58
	Italy	3,215	(1,056)	2,159	2,427	(987)	1,440
	Germany	307	(32)	275	34	(17)	17
	Other European countries	2,679	(865)	1,814	1,151	(726)	425
North America		**605**	**(66)**	**539**	**261**	**(60)**	**201**
Asia Pacific		**48**	**(7)**	**41**	**18**	**(4)**	**14**
Rest of the World		**1,277**	**(395)**	**882**	**714**	**(334)**	**380**
	Turkey	338	(2)	336	14	(2)	12
	Gulf States & Africa	150	(69)	81	67	(59)	8
	Other countries	789	(324)	465	633	(273)	360
TOTAL		**13,129**	**(3,733)**	**9,396**	**6,577**	**(3,028)**	**3,549**

CREDIT RISK MITIGATION TECHNIQUES

Credit risk mitigants (CRM) are taken into account according to the regulation. In particular, their effect is assessed under conditions characteristic of an economic downturn. The CRM fall into two main categories:

- collateral pledged to the Bank is used to secure timely performance of a borrower's financial obligations;
- a guarantee (surety) is the commitment by a third party to replace the primary obligor in the event of default. By extension, credit insurance and credit derivatives (purchased protection) fall into this category.

For the scope under the IRB Approach, guarantees and collaterals are taken into account, provided they are eligible, by decreasing the Loss Given Default (LGD) parameter corresponding to an increase in the Global Recovery Rate (GRR) that applies to the transactions of the banking book. The value taken into consideration takes account, where relevant, of currency and maturity mismatches and, for collateral, of a haircut applied to the market value of the pledged asset based on a default scenario during an economic downturn. The amount of guarantees to which a haircut is applied depends on the enforceable nature of the commitment and the risk of simultaneous default by the borrower and guarantor.

For the scope under the standardised approach, guarantees are taken into account, provided they are eligible, by applying the more favourable risk weight of the guarantor to a portion of the secured exposure adjusted for currency and maturity mismatches. Collateral is taken into account as a decrease in the exposure, after adjustment for any currency and maturity mismatches.

The assessment of credit risk mitigating effect follows a methodology that is approved for each activity and is used throughout the Group.

Close to 70% of exposure to property loans is concentrated in our two main domestic markets (France, Belgium). In view of the specific features of these markets (amortising long-term financing, primarily at fixed rates), the LTV (Loan-to-value) ratio is not a key monitoring indicator at Group level.

COLLATERAL

Collateral is divided into two categories: financial collateral and other collateral:

- financial collateral consists of cash amounts (including gold), mutual fund units, equities (listed or unlisted) and bonds;
- other diverse forms of collateral include real estate mortgages or ship mortgages, pledge of equipment or inventories, transfer of commercial receivables or any other rights to an asset of the counterparty.

To be eligible, collateral must fulfil the following conditions:

- the value of the collateral must not be highly correlated with the risk on the obligor (in particular, shares of the obligor are not eligible);
- the pledge must be documented;
- the pledged asset must be traded on a liquid secondary market to enable rapid resale;
- the Bank must have a consistently updated value of the pledged asset;
- the Bank must have reasonable comfort in the potential appropriation and realisation of the asset concerned.

In the Retail Banking business, the presence or absence of a particular type of collateral may, depending on the coverage ratio, lead to assigning the exposure to particular LGD class on a statistical basis.

GUARANTEE

Guarantors are subject to the same rigorous credit risk assessment process as primary obligors and are assigned risk parameters according to similar methods and procedures.

Guarantees are granted by the obligor's parent company or by other entities such as financial institutions. Other examples of guarantees are credit derivatives, guarantees from public insurers for export financing or private insurers.

Consideration of a guarantee consists of determining the average amount the Bank can expect to recover if the borrower defaults and the guarantee is called in. It depends on the amount of the guarantee, the risk of simultaneous default by the borrower and the guarantor (which is a function of the probability of default of the borrower, of the guarantor, and the degree of correlation between borrower and guarantor default, which is high if they belong to the same business group or the same sector and low if not) and the enforceable nature of the guarantee.

OPTIMISING CREDIT RISK MANAGEMENT THROUGH CDS

As part of its role of optimising credit risk management for CIB, Portfolio Management (PM) sets up hedges using credit derivatives, and mainly credit default swaps (CDS). These CDS are used as part of an active management policy, the main aim being to hedge migration and concentration risks and manage major exposures. The underlying assets are loans made to large corporates by CIB Corporate Banking, and occasionally those made by Retail Banking.

Considered to be guarantees and treated under the IRB approach, CDS hedges totalled EUR 255 million at 31 December 2015. Provided they are eligible, they have the effect of decreasing the estimated Loss Given Default for the underlying asset, and, therefore, reducing its consumption in terms of risk-weighted assets.

The following tables give for the central governments and central banks, corporates and institutions portfolios the breakdown by asset class of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all the Group's business lines.

TABLE 34: IRBA – CREDIT RISK MITIGATION FOR SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

In millions of euros	31 December 2015				31 December 2014			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	273,203	5,039	36	5,075	221,680	5,290	29	5,319
Corporates	465,838	62,297	57,859	120,156	436,716	64,563	54,604	119,167
Institutions	68,447	3,982	685	4,666	71,289	2,977	726	3,703
TOTAL	**807,488**	**71,317**	**58,579**	**129,897**	**729,685**	**72,830**	**55,359**	**128,189**

TABLE 35: STANDARDISED APPROACH – CREDIT RISK MITIGATION FOR SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

In millions of euros	31 December 2015				31 December 2014			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	36,129				28,493			
Corporates	134,361	717	19,082	19,799	131,790	264	8,808	9,072
Institutions	19,668		1	1	20,512		54	54
TOTAL	**190,157**	**717**	**19,083**	**19,800**	**180,795**	**264**	**8,862**	**9,125**

The increase on the Corporate portfolio arises from the improvement in taking existing guarantees into account.

5.5 Securitisation in the banking book

The BNP Paribas Group is involved in securitisation transactions as originator, sponsor and investor as defined by Basel 3 regulation.

The securitisation transactions described below are those that meet the definition set out in Regulation (EU) No. 575/2013. They are transactions in which the credit risk inherent in a pool of exposures is divided into tranches. The main features of these securitisation transactions are:

- there is a significant transfer of risk for transactions initiated by the Group;
- payments made depend upon the performance of the underlying exposures;
- subordination of the tranches as defined by the transaction determines the distribution of losses during the risk transfer period.

Assets securitised as part of proprietary securitisation transactions that meet Basel eligibility criteria, particularly in terms of significant risk transfer, are excluded from the regulatory capital calculation. Only BNP Paribas' positions in the securitisation vehicle, and any commitment subsequently granted to the securitisation vehicle, are included in the capital requirement.

Proprietary securitisation exposures that do not meet the Basel eligibility criteria remain in the portfolio to which they were initially assigned. The capital requirement is calculated as if they had not been securitised and is included in the section on credit risk.

Consequently, the securitisation transactions discussed below only cover:

- the programmes originated by the Group deemed to be efficient under Basel 3 regulatory framework;
- the programmes sponsored by the Group, in which it has retained positions;
- the programmes originated by other parties to which the Group has subscribed.

5

ACCOUNTING METHODS [Audited]

(See note 1 to the consolidated financial statements – *Summary of significant accounting policies applied by the BNP Paribas Group*).

Securitisation positions classified as "Loans and receivables" are measured according to the amortised cost method as described in note 1.c.1 to the consolidated financial statements: the effective interest rate used to recognise interest income is measured on the basis of an expected cash flow model.

For assets that have been transferred from another accounting category (see note 1.c.6), upward revisions of recoverable estimated flows are recognised as an adjustment to the effective interest rate as of the date the estimate is changed. Downward revisions are reflected by an adjustment in the carrying value. The same applies to all revisions of recoverable estimated flows of assets not transferred from another accounting category. Impairment losses are recognised on these assets in accordance with the principles set out in note 1.c.5 to the consolidated financial statements concerning loans and receivables.

Securitisation positions classified on an accounting basis as "available-for-sale assets" are measured at their fair value (see notes 1.c.3 and 1.c.10 to the consolidated financial statements). Any changes to these amounts, excluding accrued income, are presented in a specific sub-section of equity. On the sale of these securities, these unrealised gains or losses previously recognised as equity are recognised in the income statement. The same applies to impairment losses. The fair value is determined in accordance with the principles set out in note 1.c.10 to the consolidated financial statements.

Proceeds from the sale of securitisation positions are recognised in accordance with rules for the category of origin of positions sold. Therefore, for positions classified as "Loans and receivables" and as available-for-sale assets, proceeds from asset sales are deducted from cost of risk in an amount equal to the net amount previously recognised. Any remaining amount is recognised as net gains on available-for-sale assets and other financial assets not stated at fair value. For positions classified at "Fair value through profit or loss", proceeds from asset sales are recognised as net gains on financial instruments measured at fair value through profit or loss.

Synthetic securitisations in the form of credit default swaps follow the same accounting rules as transaction derivatives.

Assets pending securitisation are recognised:

- in the "loans and receivables" category and in the prudential banking portfolio in the case of exposures resulting from the bank's balance sheet, for which the bank will be originator in the future securitisation within the meaning of Basel 3;
- in the "fair value through profit or loss" category and in the prudential banking portfolio in the case of exposures purchased and put into warehousing, for which the bank will be sponsor in the future securitisation within the meaning of regulation.

SECURITISATION RISK MANAGEMENT [Audited]

The monitoring of the securitised assets includes credit, market and liquidity risks on the underlying assets, and counterparty risk on hedge counterparties of unfunded protections.

CREDIT RISK ON SECURITISED ASSETS

Approval of securitisation assets outside of the trading book are subject to specific Securitisation Credit Committees. For new transactions, an in-depth analysis of the structure is carried out before their submittal to the Credit Committee. All approvals are subject to an annual review. Exposures are monitored daily against the limits set by the relevant Securitisation Credit Committees.

The performance of the underlying assets is closely monitored by region and by collateral type and securitisation positions may be added to the doubtful and watch list if the credit quality of their collateral deteriorate. Such positions are then subject to the Asset Securitisation Watch List and Doubtful process, which requires review at least twice a year in addition to the regular Securitisation Credit Committees. If a shortfall of assets relative to liabilities seems plausible under likely scenarios, then impairments are taken.

The securitisation assets transferred from another accounting category before 2010 and for which BNP Paribas is the investor undergo a specific performance monitoring procedure on a quarterly basis. A selection of assets, chosen according to their ratings and market values, is presented quarterly to the Doubtful and Watch List Review Committee.

MARKET RISK WITHIN THE BANKING BOOK

On fixed rate ABS positions, a macro hedge consisted of fixed/variable rate swaps was put in place to cover interest rate risk. The hedge is recorded in accordance with the rules of accounting for hedges.

LIQUIDITY RISK

The funding of securitised assets is secured by ALM Treasury Department, on the basis of their weighted average lifetime.

COUNTERPARTY RISK

Derivatives embedded in securitisation structures are recognised in the Securitisation scope, except for some back-to-back derivatives positions that continue to be managed as counterparty risk.

BNP PARIBAS SECURITISATION ACTIVITY [Audited]

The Group's activities in each of its roles as originator, sponsor and investor, are described below:

➤ TABLE 36: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE

In millions of euros	31 December 2015		31 December 2014	
BNP Paribas role	**Securitised exposures originated by BNP Paribas(*)**	**Securitised positions held or acquired(**)**	**Securitised exposures originated by BNP Paribas(*)**	**Securitised positions held or acquired(**)**
Originator	1,809	1,716	1,591	1,541
Sponsor	3	15,858	1	11,411
Investor	-	7,582	-	9,820
TOTAL	**1,812**	**25,155**	**1,592**	**22,772**

(*) Securitised exposures originated by the Group correspond to the underlying exposures recognised on the Group's balance sheet which have been securitised.
(**) Securitisation positions correspond to tranches retained in securitisation transactions originated or arranged by the Group, tranches acquired by the Group in securitisation transactions arranged by other parties, and facilities granted to securitisation transactions originated by other parties.

PROPRIETARY SECURITISATION (ORIGINATOR)

Exposures retained in securitisation positions originated by BNP Paribas amounted to EUR 1.8 billion at 31 December 2015, including positions in efficient securitisation.

As part of the day-to-day management of its liquidity, the Group can securitise loans granted to Retail Banking customers (mortgages, consumer loans), as well as loans granted to corporate customers, in order to transform them into liquid assets. At 31 December 2015, three main transactions are efficient under Basel 3 due to significant risk transfer, and are included in the Table 36 *Securitised exposures and securitisation positions (held or acquired) by role*.

Furthermore, three securitisation transactions were carried out in 2015, including one by BNP Paribas Personal Finance, one by UCI (a partnership with Santander) and one by Bank of the West. These transactions will not have a lessening impact on the calculation of regulatory capital, as they did not give rise to a significant transfer of risk. The relevant exposures are therefore included in the section on credit risk (see section 5.4).

37 transactions, totalling a securitised exposure (Group BNP Paribas' share) of EUR 64 billion, were outstanding at 31 December 2015. They include EUR 20.8 billion for BNP Paribas Personal Finance, EUR 0.9 billion for Bank of the West, EUR 4.4 billion for BNL, EUR 36.5 billion for BNP Paribas Fortis and EUR 1.3 billion for French Retail Banking. As these transactions are inefficient under Basel rules, the exposures are included in customer loans.

SECURITISATION ON BEHALF OF CLIENTS AS SPONSOR

CIB Fixed Income Credit and Commodities carries out securitisation programmes on behalf of its customers. Under these programmes, liquidity facilities and, where appropriate, guarantees are granted to special purpose entities. Commitments and positions retained or acquired by BNP Paribas on securitisations as sponsor on behalf of clients, rise to EUR 16 billion at 31 December 2015.

Short-term refinancing

At 31 December 2015, three consolidated multiseller conduits (Starbird, Matchpoint and Scaldis) were sponsored by the Group. They are refinanced on the local short-term commercial paper market.

Liquidity facilities granted by the Group to these three conduits amounted to EUR 13.9 billion at 31 December 2015, compared with EUR 10.5 billion at 31 December 2014 due to the increase in Starbird outstandings.

Medium/long-term refinancing

In Europe and North America, the BNP Paribas Group's structuring platform provides securitisation solutions to its clients, based on products adapted to current conditions in terms of risk and liquidity. The total of these facilities, including the few residual positions retained, amounted to EUR 2.0 billion, including EUR 1.6 billion in assets awaiting the issuance of CLOs.

SECURITISATION AS INVESTOR

The securitisation positions of BNP Paribas as an investor amounted to EUR 7.6 billion at 31 December 2015. This business is mainly carried out by CIB, Asset management and BancWest. It also includes the legacy positions held by BNP Paribas Fortis and managed in run-off.

CIB Fixed Income Credit and Commodities is responsible for monitoring and managing a securitisation portfolio, which represented a total of EUR 1.6 billion at 31 December 2015 compared with EUR 2.3 billion at 31 December 2014. In addition, Fixed Income Credit and Commodities also houses Negative Basis Trade (NBT) positions representing an exposure at default of EUR 1.7 billion, compared with EUR 2.3 billion at 31 December 2014.

The exposure of CIB Portfolio Management (PM) stands at EUR 0.7 billion at 31 December 2015, stable compared with 31 December 2014.

In 2015, Asset Management total exposure amounted EUR 0.4 billion.

BancWest invests exclusively in securitisation positions in listed securities as a core component of its refinancing and own funds investment policy. At 31 December 2015, BancWest's securitisation positions amounted to EUR 0.1 billion, down EUR 0.2 billion compared with 31 December 2014.

BNP Paribas Fortis' portfolio of structured loans, which was not assigned to a business line and is housed in "Corporate Centre", is worth EUR 2.9 billion. This portfolio is managed in run-off.

SECURITISED EXPOSURES

At 31 December 2015, the main securitisations efficient from a Basel 3 perspective are the following:

- one on SME loans originated by French Retail Banking, with a guarantee from the European Investment Bank, for a total of securitised exposures of EUR 1 billion;
- one transaction initiated in 2013 by CIB PM on a portfolio of corporate loans in the amount of EUR 0.5 billion;
- one transaction initiated in 2015 by CIB FICC on a portfolio of Personal Finance residential mortgages in the amount of EUR 0.1 billion.

BNP Paribas did not securitise for its own account revolving exposures subject to early amortisation treatment.

At 31 December 2015, no assets were awaiting securitisation.

➤ TABLE 37: SECURITISED EXPOSURES ORIGINATED BY BNP PARIBAS

In millions of euros		Securitised exposures originated by BNP Paribas	
Securitisation type	**Calculation approach**	**31 December 2015**	**31 December 2014**
Traditional	IRBA	126	1
	Standard	1	1
Sous-Total		**127**	**2**
Synthetic	IRBA	1,685	1,590
TOTAL		**1,812**	**1,592**

➤ TABLE 38: SECURITISED EXPOSURES BY BNP PARIBAS BY UNDERLYING ASSET CATEGORY(*)

Originated securitised exposures *In millions of euros*	31 December 2015				
	Originator		Sponsor(**)		
	Traditional	Synthetic	Traditional	Synthetic	Total
Residential mortgages	124		427		551
Consumer loans			2,106		2,106
Credit card receivables			2,049		2,049
Loans to corporates		1,685	2,194		3,879
Commercial and industrial loans			3,642		3,642
Commercial real-estate properties			38		38
Finance leases			3,772		3,772
Other assets	1		1,524		1,525
TOTAL	**125**	**1,685**	**15,752**	**-**	**17,561**

Originated securitised exposures *In millions of euros*	31 December 2014				
	Originator		Sponsor(**)		
	Traditional	Synthetic	Traditional	Synthetic	Total
Residential mortgages			473		473
Consumer loans			889		889
Credit card receivables			1,829		1,829
Loans to corporates		1,590	2,256		3,846
Commercial and industrial loans			2,689		2,689
Commercial real-estate properties			48		48
Finance leases			1,231		1,231
Other assets	1		1		2
TOTAL	**1**	**1,590**	**9,416**	**-**	**11,007**

(*) This breakdown is based on the predominant underlying asset of the securitisation.
(**) Within the securitised exposures on behalf of clients, EUR 3 million correspond to originated exposures (from BNP Paribas balance sheet) at 31 December 2015 (compared with EUR 1 million at 31 December 2014).

SECURITISATION POSITIONS

TABLE 39: SECURITISATION POSITIONS HELD OR ACQUIRED BY UNDERLYING ASSET CATEGORY

In millions of euros		Securitisation positions held or acquired (EAD)					
		31 December 2015			31 December 2014		
BNP Paribas role	Asset category(*)	Balance sheet	Off-balance sheet	Total	Balance sheet	Off-balance sheet	Total
Originator	Loans to corporates	1,614		1,614	1,540		1,540
	Residential mortgages	100		100			
	Other assets	1		1	1		1
TOTAL ORIGINATOR		**1,716**	**-**	**1,716**	**1,541**	**-**	**1,541**
Sponsor	Residential mortgages	186	248	434	167	267	434
	Consumer loans	495	1,611	2,106	389	895	1,284
	Credit card receivables	238	1,810	2,049	213	1,641	1,854
	Loans to corporates	1,832	462	2,294	1,233	468	1,701
	Commercial and industrial loans	0	3,642	3,642		3,468	3,468
	Commercial real-estate properties	26	11	38	27	21	48
	Finance leases	15	3,757	3,772	107	2,147	2,254
	Other assets	0	1,524	1,524	32	336	368
TOTAL SPONSOR		**2,792**	**13,065**	**15,858**	**2,168**	**9,243**	**11,411**
Investor	Residential mortgages	1,738	158	1,897	2,517	333	2,850
	Consumer loans	2,414	67	2,481	2,322	1	2,323
	Credit card receivables	0	9	9			
	Loans to corporates	1,981	103	2,084	2,979	52	3,031
	Commercial real-estate properties	831	43	874	1,060	53	1,113
	Finance leases	93	2	96	320	3	323
	Other assets	71	70	141	111	69	180
TOTAL INVESTOR		**7,130**	**452**	**7,582**	**9,309**	**511**	**9,820**
TOTAL		**11,638**	**13,517**	**25,155**	**13,018**	**9,754**	**22,772**

(*) *Based on the predominant asset class in the asset pool of the securitisation in which the position is held. If the underlying asset is a securitisation or re-securitisation position, regulations require the ultimate underlying asset of the relevant program to be reported.*

TABLE 40: SECURITISATION POSITIONS, EXPOSURE IN DEFAULT AND PROVISIONS BY UNDERLYING ASSET'S COUNTRY

	31 December 2015				
		EAD in default			
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions
Europe	10,538	22	199	221	69
France	*2,776*	*0*	*39*	*39*	*13*
Germany	*1,501*	*0*	*12*	*12*	*11*
United Kingdom	*1,767*	*12*	*43*	*56*	*20*
Other European countries	*4,494*	*9*	*105*	*114*	*26*
North America	13,641	0	28	28	5
Asia Pacific	582	0	0	0	0
Rest of the world	395	0	2	2	2
TOTAL	**25,155**	**22**	**229**	**251**	**77**

	31 December 2014 Proforma				
		EAD in default			
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions
Europe	10,418	50	225	275	88
France	*2,673*	*0*	*37*	*37*	*7*
Germany	*1,239*	*0*	*13*	*13*	*11*
United Kingdom	*1,149*	*12*	*48*	*60*	*24*
Other European countries	*5,357*	*38*	*126*	*165*	*46*
North America	11,158	1	31	32	8
Asia Pacific	555	0	0	0	0
Rest of the world	641	0	6	6	6
TOTAL	**22,772**	**51**	**262**	**313**	**102**

Provisions on a portfolio basis totalled EUR 100 million at 31 December 2015, compared with EUR 115 million at 31 December 2014.

TABLE 41: BANKING BOOK SECURITISATION POSITION QUALITY

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	**31 December 2015**	**31 December 2014**
Senior tranche	24,158	21,459
Mezzanine tranche	650	1,123
First-loss tranche	347	190
TOTAL	**25,155**	**22,772**

At 31 December 2015, 96% of the securitisation positions held or acquired by the Group were senior tranches, compared with 94% at 31 December 2014, reflecting the high quality of the Group's portfolio. The corresponding risk weights are given in the following tables.

RISK-WEIGHTED ASSETS

Under the standardised approach, risk-weighted assets are calculated by multiplying exposure at default by a risk weight based on an external rating of the securitisation position, as required by article 251 of Regulation (EU) No. 575/2013 of 26 June 2013. In a small number of cases, a look-through approach may be applied. Securitisation positions rated B+ or lower or without an external rating are given a risk weighting of 1,250%. The standardised approach is used for securitisation investments made by BancWest and the Asset Management Division.

Under the IRB Approach, risk-weighted assets are calculated according to one of the following methods:

- for exposures with an external rating, the positions risk weight is determined using the so-called "ratings-based method", whereby the position's risk weight is determined directly according to its rating, from a correspondence table provided by the banking supervisor;
- for exposures that do not have an external rating, and if BNP Paribas is the originator or sponsor, the Group uses the Supervisory Formula Approach (SFA) when the necessary conditions according to article 259 1) b. of the CRR are fulfilled. In this approach, the risk weight is calculated from a formula provided by the banking supervisor that factors in the internal credit rating of the underlying asset portfolio, as well as the structure of the transaction (most notably the amount of credit enhancement subscribed out by the Group);
- the internal ratings approach is applied for liquidity facilities in the ABCP programmes of the BNP Paribas Fortis portfolio for which there are no external ratings. This approach has been approved by the BNB;
- in all other cases, a 1,250% risk weight is applied.

At 31 December 2015, the IRB Approach is used for positions held by the CIB Division, French Retail Banking and BNP Paribas Fortis.

For rated securitisation positions, the Group uses external ratings from the Standard & Poor's, Moody's, and Fitch rating agencies. The correspondence between these ratings and equivalent credit quality levels as required by the regulation framework is in accordance with the instructions issued by the supervisor.

➤ TABLE 42: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS BY APPROACH

In millions of euros	31 December 2015		31 December 2014		Variation	
Calculation approach	Securitisation positions held or acquired (EAD)	RWAs	Securitisation positions held or acquired (EAD)	RWAs	Securitisation positions held or acquired (EAD)	RWAs
IRBA	24,539	11,905	21,801	13,430	2,739	(1,525)
Standardised	616	720	971	558	(355)	162
TOTAL	**25,155**	**12,625**	**22,772**	**13,988**	**2,383**	**(1,362)**

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 12.6 billion at 31 December 2015, or 2.0% of BNP Paribas total risk-weighted assets, compared with EUR 14 billion at 31 December 2014 (2.3% of Group total risk-weighted assets).

➤ TABLE 43: SECURITISATION RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2014	Key driver						Total variation	31 December 2015
		Currency	Volume	Parameters	Perimeter	Method	Other		
Securitisation	13,988	851	(2,080)	(99)	-	-	(36)	(1,363)	12,625

The drop in securitisation risk-weighted assets was mainly due to divestments or the amortisation of programmes (-EUR 2 billion) and by a currency effect of +EUR 1 billion.

TABLE 44: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS BY RISK WEIGHT

IRB Approach

In millions of euros	31 December 2015			
	EAD		RWAs	
Risk weight	Securitisation positions	Re-securitisation positions	Securitisation positions	Re-securitisation positions
7% – 10%	5,272		431	
12% – 18%	635		142	
20% – 35%	248	538	61	179
40% – 75%	94	9	9	13
100%	101	6	75	7
150%		24		45
225%		198		1,175
250%	23		23	0
350%		11	0	41
425%	120		294	0
500%		9		46
650%	46		310	
750%				
850%		43		242
External ratings based method	**6,539**	**838**	**1,345**	**1,746**
1,250%	**152**	**451**	**1,136**	**5,607**
Internal Assessment Approach (IAA)	**500**	**0**	**46**	**0**
[0 -7%]	7,369		419	
]7% – 100%]	8,408	19	851	5
]100% – 350%]	11	170	0	368
]350% – 1,250%]	83		381	
Supervisory Formula Approach	**15,870**	**189**	**1,651**	**373**
TOTAL	**23,062**	**1,478**	**4,178**	**7,727**

In millions of euros	31 December 2014			
	EAD		RWAs	
Risk weight	Securitisation positions	Re-securitisation positions	Securitisation positions	Re-securitisation positions
7% – 10%	5,330		410	
12% – 18%	1,167		168	
20% – 35%	596	783	170	215
40% – 75%	114	457	62	194
100%	177	15	143	16
150%				
225%		110		262
250%	20		17	
350%		187		693
425%	197		585	
500%		22		96
650%	21	4	99	6
850%		54		280
External ratings based method	**7,622**	**1,632**	**1,654**	**1,762**
1,250%	**293**	**447**	**2,449**	**5,467**
Internal Assessment Approach (IAA)	**500**		**46**	
[0 -7%]	6,513		432	
]7% – 100%]	4,497		499	
]100% – 350%]	21	191	20	407
]350% – 1,250%]	85		694	
Supervisory Formula Approach	**11,116**	**191**	**1,645**	**407**
TOTAL	**19,531**	**2,270**	**5,794**	**7,636**

Out of the EUR 7.4 billion of securitisation positions with an external rating:

- 71% of EAD was rated above A+ and therefore had a risk weight of less than 10% at 31 December 2015, compared with 58% at 31 December 2014;
- the vast majority (91% of EAD) was rated above BBB+ at 31 December 2015 (85% at 31 December 2014).

Standardised approach

In millions of euros	31 December 2015			
	EAD		RWAs	
Risk weight	Securitisation positions	Re-securitisation positions	Securitisation positions	Re-securitisation positions
20%	236		47	
40%				
50%	80		40	
100%	173	0	173	0
225%				
350%	29		101	
External ratings based method	**517**	**0**	**361**	**0**
1,250%	**16**		**206**	
Weighted average method	**82**		**153**	
TOTAL	**616**	**0**	**720**	**0**

In millions of euros	31 December 2014			
	EAD		RWAs	
Risk weight	Securitisation positions	Re-securitisation positions	Securitisation positions	Re-securitisation positions
20%	389		78	
40%				0
50%	222		111	
100%	253	10	152	10
225%				
350%	88		155	
External ratings based method	**952**	**10**	**496**	**10**
1,250%	**8**		**50**	
Weighted average method	**1**		**1**	
TOTAL	**961**	**10**	**547**	**10**

Guarantees on securitisation positions amounted to EUR 0.2 billion at 31 December 2015, remaining stable compared with at 31 December 2014.

5.6 Counterparty credit risk

Counterparty credit risk (CCR), as defined in section 5.3, is the translation of the credit risk embedded in financial transactions between counterparties. Counterparty risk lies in the event that a counterparty defaults on its obligations to pay the Bank the full present value of the flows relating to a transaction or a portfolio for which the Bank is a net receiver. Counterparty credit risk is also linked to the replacement cost of a derivative or portfolio in the event of counterparty default. Hence, it can be seen as a market risk in case of default or a contingent risk. Counterparty risk arises both from both bilateral activities of BNP Paribas with clients and clearing activities through a clearing houses or an external clearer.

In respect of counterparty risk, the Risk Function is structured according to five main priorities:

- measuring exposure to counterparty credit risk;
- checking and analysing these exposures and the limits that apply to them;
- introducing mechanisms to reduce risk;
- calculating and managing credit valuation adjustments (CVA);
- defining and implementing stress tests.

COUNTERPARTY CREDIT RISK VALUATION

COUNTERPARTY EXPOSURE CALCULATION

Exposure to counterparty risk is measured using two approaches:

Modelled exposure – Internal model approach

With regard to modelled exposure to counterparty risk, the exposure at default (EAD) for counterparty risk is calculated based on the Effective Expected Positive Exposure (EEPE) indicator. The Effective Expected Positive Exposure (EEPE) is measured using an internal exposure valuation model to determine exposure profiles. The model was developed by the Group and approved by the supervisor.

The principle of the model is to simulate the main risk factors, such as commodities and equities prices, interest rates and foreign exchange rates, affecting the counterparty exposure, based on their initial respective values. The Bank uses Monte-Carlo simulations to generate thousands of time trajectories (corresponding to thousands of potential market scenarios) to define potential changes in risk factors. The diffusion processes used by the model are calibrated on the most recent historic data set over a four-year period.

Based on all the risk factor simulations, the model assesses the value of the positions from the simulation date to the transaction maturity date (from one day to more than thirty years for the longest-term transactions) to generate an initial set of exposure profiles.

Transactions may be hedged by a Master Agreement, and may also be covered by a Credit Support Annex (CSA). For each counterparty, the model aggregates the exposures taking into consideration any potential master agreements and credit support annexes, as well as the potentially risky nature of the collateral exchanged.

Based on the breakdown of exposure to the counterparty, the model determines the following in particular:

- the average risk profile, the Expected Positive Exposure (EPE), from which the EEPE (Effective Expected Positive Exposure) is calculated:

  The Expected Positive Exposure (EPE) profile is calculated as the average of the breakdown of counterparty exposures at each point in the simulation, with the negative portions of the trajectories set to zero (the negative portions correspond to situations where BNP Paribas Group is a risk for the counterparty. The EEPE is calculated as the first-year average of the non-decreasing EPE profile: at each simulation date, the value taken is the maximum of the EPE value and the value on the previous simulation date.
- the Potential Future Exposure (PFE) profile:

  The Potential Future Exposure (PFE) profile is calculated as a 90% percentile of the breakdown of exposure to the counterparty at each point in the simulation. This percentile is raised to 99% for hedge fund counterparties. The highest Potential Future Exposure value (MaxPFE) is used to monitor maximum limits.

The internal model for counterparty risk has been updated to comply with the regulation (CRR) effective from 1 January 2014:

- extension of the margin periods of risk in accordance with article 285 of the CRR;
- inclusion of the specific correlation risk;
- determination of a stressed EAD calculated based on a calibration reflecting a particular period of stress.

Non-modelled exposure – Standardised approach

For non-modelled counterparty credit risk exposures, the exposure at default is based on market price evaluation (Net Present Value + Add On).

LIMIT/MONITORING FRAMEWORK

Limits reflecting the Group's risk framework are defined for the counterparty risk. For each counterparty, the maximum Potential Future Exposure value (MaxPFE) calculated by the internal model is compared on a daily basis with the limits assigned to each counterparty to check compliance with credit decisions.

In addition, this system can simulate *ad hoc* transactions and measure their marginal impact on the counterparty portfolio. These limits are defined and calibrated as part of the risk approval process. They are approved in the following committees (listed in ascending order of discretionary authority): Local Credit Committee, Regional Credit Committee, Global Credit Committee, General Management Credit Committee.

These measures are complemented by sets of directives (covering contingent market risk sensitivities per counterparty which are extracted from the market risk system) which provide further tools in the monitoring of counterparty credit risk and the prevention of systemic risk concentrations.

MITIGATION OF COUNTERPARTY CREDIT RISK

Netting agreements

Netting is used by the Bank in order to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in case of trades termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The balance ("close-out netting") may be collateralised with cash, securities or deposits.

The Bank also applies settlement netting in order to mitigate counterparty credit risk in cases of currency settlement. This corresponds to the netting of all payments and receipts between the Bank and one counterparty in the same currency to be settled in the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements respecting the general principles of the national or international framework. The main forms of bilateral agreements are those issued by *Fédération Bancaire Française* (FBF) and on an international basis by International Swaps and Derivatives Association (ISDA).

Trade clearing through central counterparties

Trade clearing through central counterparties (CCPs) is part of BNP Paribas usual capital market activities. As a global clearing member, BNP Paribas contributes to the risk management framework of the CCPs through the payment of a default fund contribution as well as daily margin calls. The rules which define the relationships between BNP Paribas and the CCPs of which it is a member are described in each CCP's rulebook.

For Europe and US in particular, this scheme enables the reduction of notional amounts through the netting of the portfolio, on one hand, and, on the other, a transfer of the risk from several counterparties to a single central counterparty with a robust risk management framework.

In its clearing for third parties activity, BNP Paribas requests as well, and on a daily basis, the payment of margin calls from its clients.

Since default by one or more clearing houses would affect BNP Paribas, it has introduced dedicated monitoring of these central counterparties and closely tracks concentrations with them.

CREDIT VALUATION ADJUSTMENTS

The valuation of financial OTC-trades carried out by BNP Paribas as part of its trading activities (mainly Global Markets) includes credit valuation adjustments (CVA). CVA is an adjustment of the trading portfolio valuation to take into account the counterparty credit risk. It is the fair value on any expected loss arising from counterparty exposure based on the potential positive value of the contract, the counterparty default probability and the estimated recovery rate.

Counterparty risk exposures on derivative instruments cover all derivative portfolio exposures of BNP Paribas, all underlyings and all business lines combined. Exposure of Fixed Income Credit and Commodities (G10 Rates, Credit, FX and local markets) account for the majority of these exposures.

The credit valuation adjustment is not only a function of the expected exposure but also the credit risk level of the counterparty, which is linked to the level of the Credit Default Swaps (CDS) spreads used in the default probability calculation.

In order to reduce the risk associated with the credit quality deterioration embedded in a financial operations portfolio, BNP Paribas may use a dynamic hedging strategy, involving the purchase of market instruments such as credit derivative instruments.

To protect banks against the risk of losses due to CVA variations, Basel 3 regulation introduced a dedicated capital charge, the CVA charge. This new charge aims at capitalising the risk of loss caused by changes in the credit spread of a counterparty to which the BNP Paribas Group is exposed. The CVA charge is computed by the Group using the advanced method and relies on the Bank's model (see Table 53).

WRONG WAY RISK AND STRESS TESTS

Wrong Way Risk (or unfavourable correlation risk) is the case of exposure to a counterparty being inversely correlated with the counterparty's credit quality.

Such risk can be split in two parts:

- General Wrong Way Risk (GWWR), which corresponds to the risk that the probability of default by counterparty is positively correlated with general market risk factors;
- Specific Wrong Way Risk (SWWR), which corresponds to the risk arising when future exposure to a specific counterparty is positively correlated with the counterpart's probability of default due to the nature of the transactions with the counterparty.

In addition to the above, when a legal link between the exposure underlyings and the counterparty is established, the SWWR is subject to prescribed regulatory capital treatment. GWWR is treated and measured using specific stress tests.

As per the counterparty risk stress testing framework, the General Wrong Way Risk (GWWR) monitoring and analysis approach combines top down and bottom up aspects:

- for the top down approach, the GWWR policy defines the generic rules and criteria to be used to detect GWWR. These criteria are based on the countries of incorporation of the counterparties, the region of which they are part and the industries in which they are involved and stressing market and macroeconomic parameters appropriately. Various market risk positions that counterparties may have with BNP Paribas have been defined as the situations where GWWR should be analysed and reported;
- the GWWR framework relies upon a robust bottom up approach with the expertise of the counterparty credit analysts specifically needed to define the most impacting scenarios at portfolio level (the approach consists of the use of stressed market parameters reflecting extreme but realistic conditions).

The BNP Paribas counterparty risk stress testing framework is aligned with the market risk framework (see section 5.7 *Market risk related to trading activities*). As such, the counterparty stress testing framework is implemented in conjunction with the market risk stress testing and employs consistent market shifts where scenarios are shared. Testing also comprises factors specific to counterparty risk such as deteriorations in counterparty credit quality and shocks or the volatility used in the counterparty risk forward simulation pricing engine.

Such risk analysis is present within the management reporting framework which shares some common forums with the market risk reporting set up such as the CMRC, core risk committee for market and counterparty risk. Both counterparty and market risk stress testing frameworks are governed by the Stress Testing Steering Committee.

EXPOSURE TO COUNTERPARTY CREDIT RISK [Audited]

The table below shows exposure to counterparty credit risk (measured as exposure at the time of default) by Basel asset class on derivatives contracts and securities lending/borrowing transactions, after the impact of any netting agreements.

➤ TABLE 45: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY ASSET CLASS (EXCL. CCP AND CVA CHARGES)

EAD *In millions of euros*	31 December 2015			31 December 2014			Variation
	IRBA	Standardised approach	Total	IRBA	Standardised approach	Total	Total
Central governments and central banks	22,377	1	22,378	24,711	24	24,735	(2,356)
Corporates	64,031	795	64,825	57,811	1,056	58,867	5,958
Institutions(*)	30,608	554	31,162	34,197	634	34,831	(3,669)
Retail	1	8	9	1	5	6	4
TOTAL	**117,016**	**1,358**	**118,374**	**116,720**	**1,719**	**118,439**	**(66)**

(*) *Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.*

For counterparty credit risk, the share of exposures under the IRB approach represents 99% at 31 December 2015, stable compared with 31 December 2014.

EXPOSURES AT DEFAULT

The exposure at default (EAD) is primarily measured with the aid of models (see § *Counterparty exposure calculation*). For the perimeter not covered by internal models (now limited mainly to subsidiaries BNL, BancWest and TEB and a portion of the scope of the clearing activities), EAD is calculated using the market price valuation method (Net Present Value + Add-On).

In order to provide a better vision of cleared and non-cleared perimeters, the following table summarises, in terms of exposures, the part of each pair (category, perimeter) in percentage of the total. An indication of the Group's business volume on derivative financial instruments booked in the trading portfolio is presented in note 5.a to the consolidated financial statements.

➤ TABLE 46: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY PRODUCT

EAD *In millions of euros*	31 December 2015					31 December 2014				
	Counterparty credit risk (excl. CCP and CVA charges)		CCP(*)		Total	Counterparty credit risk (excl. CCP and CVA charges)		CCP(*)		Total
OTC derivatives	88,981	95.6%	4,100	4.4%	93,081	90,207	96.5%	3,296	3.5%	93,503
Securities financing transactions	29,393	87.2%	4,323	12.8%	33,716	28,232	89.1%	3,451	10.9%	31,683
Listed derivatives			34,938	100.0%	34,938			35,447	100.0%	35,447
TOTAL	**118,374**	**73.2%**	**43,361**	**26.8%**	**161,735**	**118,439**	**73.7%**	**42,194**	**26.3%**	**160,633**

(*) *Excl. default fund contribution.*

For the perimeter covered by the internal model for bilateral activities (*i.e.* excluding clearing), the EAD remained generally stable in 2015. Between December 2014 and December 2015, movements in the main exposure drivers (namely interest rates, foreign exchange and oil prices) offset each other to a large degree.

➤ TABLE 47: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY APPROACH (EXCL. CCP AND CVA CHARGES)

	31 December 2015						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
In millions of euros	IRBA	Standardised approach	Sub-total	IRBA	Standardised approach	Sub-total	Total
Derivatives	87,546	1	87,547	77	1,357	1,434	88,981
Securities financing transactions and deferred settlement transactions	29,380	0	29,380	13	0	13	29,393
TOTAL	**116,926**	**1**	**116,927**	**91**	**1,357**	**1,448**	**118,374**

	31 December 2014						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
In millions of euros	IRBA	Standardised approach	Sub-total	IRBA	Standardised approach	Sub-total	Total
Derivatives	88,364	1	88,365	124	1,718	1,842	90,207
Securities financing transactions and deferred settlement transactions	28,215	0	28,215	17	0	17	28,232
TOTAL	**116,579**	**1**	**116,580**	**141**	**1,718**	**1,859**	**118,439**

(*) *Effective Expected Positive Exposure.*
(**) *Net Present Value.*

Collateral guarantees used in the standardised approach to reduce the EAD totalled EUR 540 million at 31 December 2015, compared with EUR 548 million at 31 December 2014.

Risk-weighted assets linked to counterparty credit risk are computed by multiplying EAD by an appropriate weighting according to the approach used (standardised or IRB).

As a general rule, when EAD is modelled and weighted according to the IRB Approach, the LGD (Loss Given Default) is not adjusted according to the existing collateral-guarantees since they are already taken into account in the "Effective Expected Positive Exposure" computation.

The table below presents the distribution of OTC derivatives portfolio by rating. For each element, the table gives the part of netted transactions (by number of transactions).

➤ TABLE 48: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY RATING

	31 December 2015		31 December 2014	
	EAD	of which netted transactions	EAD	of which netted transactions
AAA	12%	97%	12%	97%
AA	46%	90%	47%	89%
A	14%	85%	15%	81%
BBB	10%	84%	10%	82%
BB	7%	75%	7%	81%
B	6%	79%	5%	78%
Others	4%	82%	4%	72%

With respect to the OTC derivatives portfolio at 31 December 2015, the share of collateralised transactions represents nearly 70% of the total in number of transactions.

5

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

Counterparty credit risk-weighted assets reflect three regulatory requirements:

➤ TABLE 49: COUNTERPARTY CREDIT RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWAs			Capital requirements		
In millions of euros	31 December 2015	31 December 2014	Variation	31 December 2015	31 December 2014	Variation
Central Counterparty (CCP)	2,432	2,570	(138)	195	205	(10)
CVA charge	3,507	2,800	707	281	224	57
Counterparty credit risk – excl. CCP and CVA charges	23,289	24,625	(1,336)	1,863	1,970	(107)
Central governments and central banks	*787*	*892*	*(105)*	*63*	*71*	*(8)*
Corporates	*17,643*	*18,485*	*(842)*	*1,411*	*1,479*	*(67)*
Institutions	*4,852*	*5,243*	*(390)*	*388*	*420*	*(32)*
Retail	*7*	*5*	*3*	*1*	*-*	*0*
COUNTERPARTY CREDIT RISK	**29,228**	**29,995**	**(767)**	**2,338**	**2,399**	**(61)**

TABLE 50: COUNTERPARTY RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2014	Key driver						Total variation	31 December 2015
		Currency	Volume	Parameters	Perimeter	Method	Other		
Counterparty credit risk	29,995	59	(308)	(922)	-	-	404	(767)	29,228

Counterparty risk-weighted assets were down EUR 1 billion reflecting changes in market parameters in particular (lower oil prices, a higher US dollar and interest rate trends). These changes were mostly neutralised during the year.

Bilateral counterparty credit risk

The capital requirements for exposure to counterparty risk, excluding CCP and CVA, correspond to the capital requirements for exposure to bilateral counterparty credit risk. It is computed on the non-cleared part of the OTC derivatives and securities financing transactions portfolio. This charge is the maximum of the charge computed from current EADs and of the one computed from the stressed EADs.

The following table presents the split of the bilateral CCR charge between OTC Derivatives and SFT:

TABLE 51: COUNTERPARTY CREDIT RISK (EXCL. CCP AND CVA CHARGES) BY PRODUCT

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
OTC Derivatives	21,257	1,701	22,600	1,808
Securities financing transactions and deferred settlement transactions	2,033	163	2,025	162
TOTAL	**23,289**	**1,863**	**24,625**	**1,970**

Counterparty credit risk for exposures to a central counterparty

The clearing CCR charge is the result of an extension of the bilateral CCR perimeter to clearing activities; it covers the cleared part of the OTC derivatives and repos portfolio as well as the listed derivatives portfolio.

It is equal to the sum of the following three elements:

- a charge resulting from BNP Paribas's exposure to clearing houses;
- a charge resulting from its exposure to clients (in the context of client clearing);
- a charge resulting from BNP Paribas's exposure to external clearers, when BNP Paribas is not a clearing member of the CCP.

The table below presents the breakdown of the clearing CCR charge between each of these elements:

TABLE 52: CCP CHARGE

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Central counterparty (CCP)	1,676	134	1,673	133
External client	694	56	761	61
External clearing member	62	5	136	11
TOTAL	**2,432**	**195**	**2,570**	**205**

Credit valuation adjustment risk (CVA)

Using the standardised approach, the capital requirement for credit valuation adjustment risk (CVA) is calculated according to the Supervisory Formula Approach.

Using the IRB approach, the CVA risk capital charge is the sum of two elements:

- CVA VaR charge, which represents the own funds requirement measured from a VaR computation on CVA sensitivities to credit spreads;
- CVA SVaR charge, which represents the own funds requirement measured from a stressed VaR computation on CVA sensitivities to credit spreads.

➤ **TABLE 53: CVA RISK CAPITAL CHARGE**

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Standardised approach	**528**	**42**	**421**	**34**
Advanced approach	**2,979**	**238**	**2,379**	**190**
CVA VaR charge	596	48	863	69
CVA SVaR charge	2,383	191	1,516	121
TOTAL	**3,507**	**281**	**2,800**	**224**

NOTIONAL AMOUNT OF DERIVATIVE INSTRUMENTS

(See note 5.a to the consolidated financial statements: *Notes to the balance sheet at 31 December 2015*).

5.7 Market risk

Market risk, as defined in section 5.3, is split into two parts:

- market risk linked to trading activities and corresponding to trading instruments and derivative contracts;
- market risk linked to banking activities encompassing the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand.

The table below presents the split of BNP Paribas balance sheet between trading book and banking book.

TABLE 54: PRUDENTIAL BALANCE SHEET SPLIT BY TRADING AND BANKING BOOKS

In millions of euros	31 December 2015		
	Prudential balance sheet	Trading book	Banking book
ASSETS			
Cash and amounts due from central banks	134,673		134,673
Financial instruments at fair value through profit or loss			
Trading securities	133,505	124,271	9,234
Loans and repurchase agreements	137,771	137,714	57
Instruments designated as at fair value through profit or loss	2,608		2,608
Derivative financial instruments	336,578	333,834	2,744
Derivatives used for hedging purposes	17,971		17,971
Available-for-sale financial assets	154,831		154,831
Loans and receivables due from credit institutions	38,683		38,683
Loans and receivables due from customers	689,021		689,021
Remeasurement adjustment on interest-rate risk hedged portfolios	4,564		4,564
Held-to-maturity financial assets	569		569
Other assets	156,800		156,800
TOTAL ASSETS	**1,807,574**	**595,819**	**1,211,755**
LIABILITIES			
Due to central banks	2,385		2,385
Financial instruments at fair value through profit or loss			
Trading securities	82,548	77,404	5,144
Borrowings and repurchase agreements	156,771	156,769	2
Instruments designated as at fair value through profit or loss	51,855		51,855
Derivative financial instruments	325,750	323,419	2,331
Derivatives used for hedging purposes	21,101		21,101
Due to credit institutions	83,290		83,290
Due to customers	701,229		701,229
Debt securities	162,745		162,745
Remeasurement adjustment on interest-rate risk hedged portfolios	3,946		3,946
Other liabilities	116,022		116,022
TOTAL LIABILITIES	**1,707,642**	**557,592**	**1,150,050**
TOTAL CONSOLIDATED EQUITY	**99,932**		**99,932**
TOTAL LIABILITIES AND EQUITY	**1,807,574**	**557,592**	**1,249,982**

In millions of euros	31 December 2014(*)		
	Prudential balance sheet	Trading book	Banking book
ASSETS			
Cash and amounts due from central banks	117,663		117,663
Financial instruments at fair value through profit or loss			
Trading securities	156,551	145,902	10,649
Loans and repurchase agreements	171,458	171,101	357
Instruments designated as at fair value through profit or loss	2,969		2,969
Derivative financial instruments	412,486	409,864	2,622
Derivatives used for hedging purposes	19,695		19,695
Available-for-sale financial assets	150,522		150,522
Loans and receivables due from credit institutions	38,020		38,020
Loans and receivables due from customers	664,769		664,769
Remeasurement adjustment on interest-rate risk hedged portfolios	5,603		5,603
Held-to-maturity financial assets	529		529
Other assets	157,607		157,607
TOTAL ASSETS	**1,897,872**	**726,867**	**1,171,005**
LIABILITIES			
Due to central banks	1,680		1,680
Financial instruments at fair value through profit or loss			
Trading securities	78,896	78,812	84
Borrowings and repurchase agreements	196,733	196,627	106
Instruments designated as at fair value through profit or loss	53,513		53,513
Derivative financial instruments	410,222	408,333	1,889
Derivatives used for hedging purposes	23,025		23,025
Due to credit institutions	89,725		89,725
Due to customers	642,345		642,345
Debt securities	189,937		189,937
Remeasurement adjustment on interest-rate risk hedged portfolios	4,765		4,765
Other liabilities	113,479		113,479
TOTAL LIABILITIES	**1,804,320**	**683,772**	**1,120,548**
TOTAL CONSOLIDATED EQUITY	**93,552**		**93,552**
TOTAL LIABILITIES AND EQUITY	**1,897,872**	**683,772**	**1,214,100**

(*) Restated according to the IFRIC 21 interpretation.

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS FOR MARKET RISK (EXCLUDING EQUITY RISK)

TABLE 55: MARKET RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

In millions of euros	RWAs			Capital requirements		
	31 December 2015	31 December 2014	Variation	31 December 2015	31 December 2014	Variation
Internal model	**21,039**	**18,341**	**2,698**	**1,683**	**1,467**	**216**
VaR	7,714	5,209	2,505	617	417	200
Stressed VaR	8,590	8,967	(377)	687	717	(30)
Incremental Risk Charge (IRC)	3,849	3,228	621	308	258	50
Comprehensive Risk Measure (CRM)	886	937	(51)	71	75	(4)
Standardised approach	**1,986**	**1,342**	**644**	**159**	**107**	**52**
Trading book securitisation positions	**739**	**674**	**64**	**59**	**54**	**5**
MARKET RISK	**23,764**	**20,357**	**3,407**	**1,901**	**1,628**	**273**

The market risk calculated using the standardised approach covers the market risk of some entities of the Group that are not covered by internal models. The standardised approach is used to calculate foreign exchange risk for banking book (See section 5.7 *Market risk related to banking activities*).

Equity risk-weighted assets are presented in section 5.7 *Market risk related to banking activities*.

TABLE 56: MARKET RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2014	Key driver						Total variation	31 December 2015
		Currency	Volume	Parameters	Perimeter	Method	Other		
Market risk	20,357	-	1,619	1,015	-	47	726	3,407	23,764

Market risk rose by more than EUR 3 billion, essentially in line with the increase of EUR 2.5 billion in VaR.

MARKET RISK RELATED TO TRADING ACTIVITIES

INTRODUCTION [Audited]

Market risk, as defined in section 5.3, arises mainly from trading activities carried out by the within Corporate and Institutional Banking (CIB), mainly Global Markets and encompasses different risk factors defined as follows:

- interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates;
- equity risk arises from changes in the market prices and volatilities of equity shares and/or equity indices;
- commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices;
- credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer;
- option products carry by nature volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

MARKET RISK MANAGEMENT ORGANISATION [Audited]

The market risk management system aims to track and control market risks as well as control financial instrument valuation whilst ensuring that the control functions remain totally independent from the business lines.

Within Risk, three departments are responsible for monitoring market risk:

- Global Markets Risk (GM Risk) covers Global Markets activities;
- Enterprise Risk Architecture (ERA – ALMT Risk) covers ALM-Treasury activities;
- International Retail Banking Risk (IRB Risk) covers International retail market activities.

This mission consists of defining, measuring and analysing risk factors and sensitivities, as well as measuring and controlling Value at Risk (VaR), the global indicator of potential losses. Risk ensures that all business activity complies with the limits approved by the various committees and approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with the Valuation and Risk Control Department (V&RC).

Market Risk and financial instrument valuation monitoring is structured around several formal committees:

- the Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. The CMRC follows the evolution of the main exposures and stress risk and sets the high level trading limits. It meets approximately monthly and is chaired by either the Group Chief Executive Officer or by one of the Bank's Chief Operating Officers;
- the Product and Financial Control Committee (PFC) is the arbitration and pricing decision-making committee regarding financial instrument valuation matters. It meets quarterly and discusses the conclusions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. It is chaired by the Group Chief Financial Officer and brings together the Directors of Group Finance-Accounting, Corporate & Institutional Banking and Risk;
- at business line level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of Market parameters review (MAP review) and any changes in reserves. The Valuation Review Committee also acts as the referee in any disagreements between trading and control functions. The committee is chaired by the Senior Trader and other members include representatives from trading, Risk, Valuation and Risk Control Group, and Group Finance. Any disagreement is escalated to the PFC;
- the Valuation Methodology Committee (VMC) meets two to three times a year per business line to monitor model approvals and reviews, follow up relevant recommendations and present model governance improvements.

VALUATION CONTROL [Audited]

Financial instruments in the prudential trading book are valued and reported at market or model value through P&L, in compliance with applicable accounting standards. Such can also be the case of financial instruments classified in the banking book.

Portfolio valuation control is performed in accordance with the Charter of Responsibility for Valuation, which defines the division of responsibilities. These governance policies and practices apply to all Treasury activities.

In addition to the Charter, the relevant valuation controls are detailed in specific policies. The main processes that together form the valuation control governance mechanism are set out below.

Transaction accounting control

This control is under the responsibility of middle-office within the Operations Department. However, certain complex transactions are controlled by Risk.

Market Parameter (MAP) review – Independent Price Verification

Price verification is managed jointly by Valuation and Risk Control (V&RC) and Risk. Daily controls are performed on the most liquid parameters and a comprehensive and formal review of all the market parameters is performed at month end. The types of parameters controlled by V&RC are listed precisely; these are essentially the parameters for which an automatic control against external sources can be implemented (security prices, vanilla parameters); this may include the use of consensus price services. Risk is in charge of controlling valuation methodologies as well as the most complex parameters that are very dependent on the choice of models.

The general principles of the Market parameter review are described in the Charter of Responsibility for Valuation as well as specialised global policies such as the Global Marking and Independent Price Verification Policy and MAP Review Principles. The specific methodologies are described in documents known as the MAP Books organised by product lines and regularly updated. The responsibilities of Risk and V&RC are defined for each point in time and the conclusions of the Market Parameter reviews are documented in the MAP review finding documents.

The outcome of the Market parameter review is the estimation of valuation adjustments communicated to middle-office who enters it in the accounting records. The results are communicated to the Trading management during the Valuation Review Committees, where final decision or escalation is made. The opinion of the control functions prevails, however, significant and persistent disagreement can be escalated to the PFC.

Model Approval and Reviews

The governance of model controls is described in the Valuation Methodology Control Policy. Activity specific guidelines are detailed in the model review guidelines documents for each product lines.

Front office quantitative analysts design and propose the methodologies used to value the product and measure the risks that are used to take trading decisions. Research team and IT are responsible for the implementation of these models in the systems.

The independent control of the valuation models is under the responsibility of Risk. The main processes are:

- the approval of models, by which a formal decision to approve or reject a model is taken, including following any modification of the valuation methodology called a "Valuation Model Event". In all cases, the approval decisions are taken by a senior Risk analyst. The review required by the approval decision can be fast track or comprehensive; in the latter case, the reasons and conditions of approval are detailed in a model approval document. If there is a need for a collective debate or for stakeholder information, a meeting of the Model Approval Committee can be called;
- the review of models can be conducted at inception (linked to an approval) or during the life of a model (re-calibration); it consists of an investigation on the suitability of the model used to value certain products in the context of a certain market environment;
- control of the use and implementation of models, which is continuous control of the correct parameterisation or configuration of the models as well as their suitability for the relevant products.

Reserve and other valuation adjustments

Risk defines and calculates "reserves". These are adjustments to the market or model value affecting both the accounting valuation and regulatory capital. They can be considered either as the exit cost of a position or as premium for risks that cannot be diversified or hedged, as appropriate.

The reserves primarily cover:

- the bid-offer and liquidity spreads;
- concentration risk;
- the model or market parameters uncertainties;
- the elimination of non hedgeable risks (smoothing digital or barrier pay-offs).

A general valuation adjustment policy exists. Reserve methodologies are documented by Risk for each product lines and these documentations are updated regularly. The analysis of reserve variations is reported at the monthly VRC.

Reserve methodologies are improved regularly and any change is a Valuation Model event. Reserve improvements are generally motivated by the conclusion of a model review or by the calibration to market information during the Market parameter review process.

Additional Valuation Adjustments (AVA) are calculated in accordance with the Commission delegated regulation (EU) No. 2016/101 of 26 November 2015, published in the OJEU on 28 January 2016.

This delegated regulation supplements the requirements of article 105 of the CRR with regard to regulatory technical standards for prudent valuation of financial instruments in the trading portfolio. It specifies that the scope of application of these requirements covers all instruments measured according to article 34 of the CRR, based on the proportion of the accounting valuation change that impacts Common Equity Tier 1 capital.

The regulatory technical standards set out the definitions and a framework for measurement and control for the elements of valuation uncertainty that must be considered when determining a prudent valuation under article 105. The standard also sets a target level of valuation certainty: the Bank must be 90% confident that it could liquidate the instrument at a better price than the prudent valuation.

To apply these requirements, the first step is to define Prudent Valuation Adjustments (PVA). These adjustments correspond to the different types of risks and costs that could lead to exit costs, relative to the mid-market value (or the expected value). The main categories are the liquidation cost, the risk related to uncertainties regarding market prices, concentration risk and valuation model risk. PVAs are calculated for each exposure on a granular level.

Based on these PVAs and for each exposure and risk type, BNP Paribas calculates the AVA (Additional Valuation Adjustments) that may be necessary, in addition to the reserves already taken into account in the valuation for the same exposure and risk type, to achieve the target valuation certainty level.

For some types of risk, the calculation of AVAs includes a diversification effect, which reflects the fact that the additional adjustments that may be necessary with respect to all positions are less than the sum of the additional adjustments that may be required for the individual positions or risks.

The AVA amounts are deducted from Common Equity Tier 1 capital.

Day One profit or loss

Some transactions are valued with "non-observable" parameters. IAS 39 requires the recognition of any day one P/L for non-observable transactions to be deferred where the initial model value has to be calibrated with the transaction price. The deferred net margin on reserves is recognised through profit or loss in proportion to the anticipated duration of the transaction or the period for which the inputs will be non-observable.

Risk works with Group Finance, middle-offices, and business lines on the process of identifying and handling these profit and loss items, in order to determine whether a type of parameter or transaction is observable or not in accordance with the observability rules, which are moreover duly documented and approved in the Valuation Methodology Committee.

The P/L impact of the P/L deferral is calculated by the middle-office or the finance teams, according to the scope.

Observability rules are also used for the financial disclosures required by the IFRS 7 accounting standard.

MARKET RISK EXPOSURE

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters. The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

Risk monitoring set up and limit setting [Audited]

The Group uses an integrated system to follow the trading positions on a daily basis and manage VaR calculations. This system not only tracks the VaR, but also detailed positions and sensitivities to market parameters based on various criteria (such as by currency, product, counterparty). This system is also configured to include trading limits, reserves and stress tests.

Responsibility for limit setting and monitoring is delegated at three levels, which are, in order of decreasing importance, CMRC, Business Line and Activity hence delegation exists from CMRC level right down to business heads. Limits may be changed either temporarily or permanently, in accordance with the level of delegation and the prevailing procedures. Appropriate escalation mechanisms are in place to ensure that the independent view from the Risk Function on the level of limits is heard.

Core risk analysis and reporting to Executive Management [Audited]

Risk reports, through various risk analysis and dashboards, to Executive Management and business lines Senior Management on its risk analysis work (limit, VaR monitoring, core risk analysis, etc.). The MCLAR (Market, Counterparty and Liquidity Analysis and Reporting) team within Risk-ERA (Enterprise Risk Architecture) is responsible for compiling/circulating main global risk reports.

The following risk reports are generated on a regular basis:

- weekly "Main Position" reports for each business line (equity derivatives, commodities, credit G10 rates and FX & Local Markets), summarising all positions and highlighting items needing particular attention; these reports are mainly intended for business line managers;
- monthly local "bottom up" stress testing report for Executive Management identifying key risk concentrations around the globe;
- supporting documentation for the CMRC comprising markets and risk event summaries, global counterparty exposure summary, VaR/Stressed VaR evolution, market and counterparty risk Stress Testing and Capital evolution summaries, market and counterparty risk backtesting;
- geographical and global risk dashboards;
- Credit Valuation Adjustment Reporting for coverage of the core CVA market and counterparty risk sensitivities.

VaR (Value at Risk) [Audited]

The VaR is a statistical measure indicating the worst loss expected for a given portfolio over a given time horizon and within a given confidence interval under normal market movements. It is not a maximum loss and it can potentially be exceeded in some cases, for example in the event of abnormal market conditions.

The BNP Paribas VaR methodology aims to accurately compute a one-day Value at Risk at the 99% confidence level. The BNP Paribas VaR calculation uses an internal model which has been approved by the banking supervisor.

The VaR calculation is based on a Monte-Carlo approach, which not only performs normal or log-normal simulations but also accounts for the non-normality often observed in financial markets as well as correlation between risk factors. A one-year rolling window of historical market data (updated every month) is used to calibrate the Monte-Carlo simulation.

The principle groups of simulated factors includes: interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities.

The precise valuation method used varies depending not upon the product but upon the type of risk we are capturing. To generalise, the methods used are either sensitivity based or full revaluation based on grid interpolation to incorporate both linear and, especially for derivatives, non-linear effects.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account the capital market evolution.

Following the agreement of the Belgian and French regulators, the BNP Paribas internal model also covers BNP Paribas Fortis as of third-quarter 2011. The VaR internal model is also used by BNL. As an indication, market risk based on standardised approach only represents 8% of the total market risk capital requirement at 31 December 2015, including foreign exchange risk.

Evolution of the VaR (one-day, 99%) [Audited]

The VaR set out below are calculated from an internal model, which uses parameters that comply with regulation in place. They are based on a one-day time horizon and a 99% confidence interval.

In 2015, total average VaR for BNP Paribas is EUR 38 million (with a minimum of EUR 27 million and a maximum of EUR 55 million), after taking into account the -EUR 49 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 57.A: VALUE AT RISK (1-DAY, 99%)

	Year to 31 Dec. 2015				Year to 31 Dec. 2014	
In millions of euros	Minimum	Average	Maximum	31 December 2015	Average	31 December 2014
Interest rate risk	14	26	47	30	22	18
Credit risk	13	19	25	19	17	15
Foreign exchange risk	8	17	40	27	14	14
Equity price risk	10	17	33	15	14	13
Commodity price risk	4	8	13	5	5	10
Netting effect(*)		*(49)*		*(8)*	*(40)*	*(39)*
TOTAL VALUE AT RISK	**27**	**38**	**55**	**88**	**32**	**31**

(*) Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well as the total VaR). While the minimum or maximum for each risk type may not necessarily be observed on the same date, minimum/maximum Netting Effects are not considered relevant. For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.

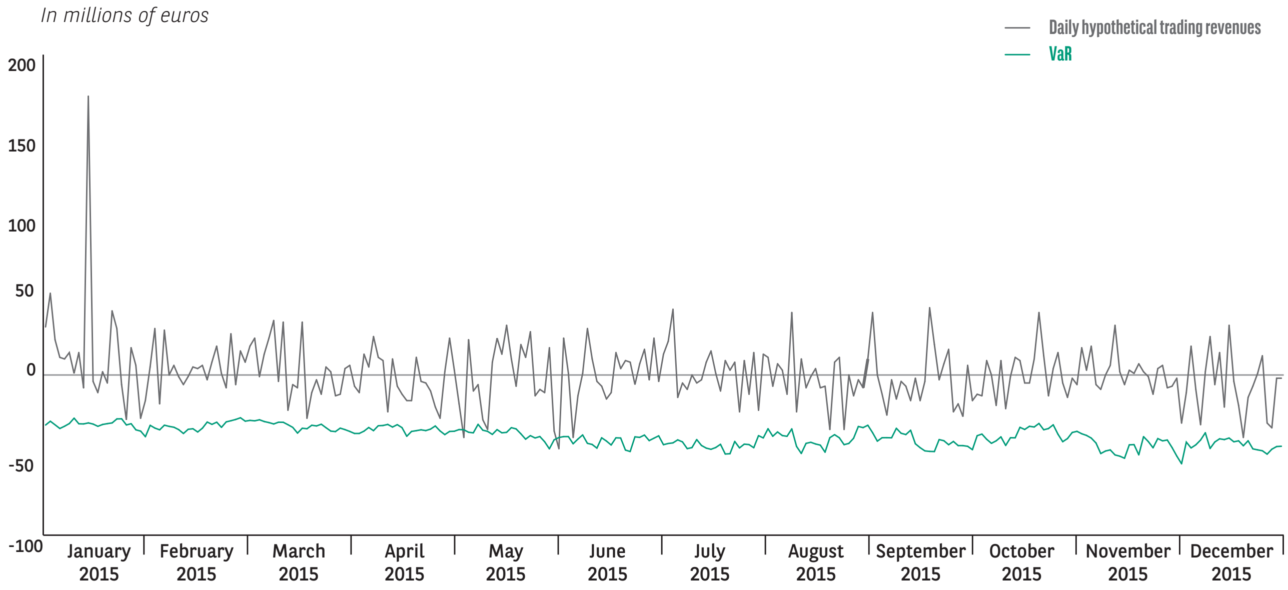
Risk continuously tests the accuracy of its internal model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily losses on capital market transactions and one-day VaR.

This backtesting consists of making a comparison between the daily global trading book VaR and the actual result. In accordance with the regulation, BNP Paribas supplements this "actual backtesting" method with a comparison between the daily VaR and the hypothetical result generated by the trading book, which is also known as "hypothetical backtesting". The hypothetical result includes all components of the actual result, except the intra-day revenues, fees and commissions. A backtesting event is declared when a real or hypothetical loss exceeds the daily VaR amount. The confidence interval selected for calculating daily VaR is 99%, which in theory means the observation of two to three events per year.

The number of events is calculated at least quarterly and is equal to the highest of the number of excesses for the hypothetical and actual variations in the portfolio value.

In 2015, two hypothetical backtesting events were recorded (as against one actual backtesting event). The impact on profit or loss of these hypothetical losses was marginal. The underlying positions corresponded to accounting CVA hedges, and the hypothetical losses were offset by symmetrical gains on the CVA.

FIGURE 7: COMPARISON BETWEEN VAR (1-DAY, 99%) AND DAILY TRADING REVENUE

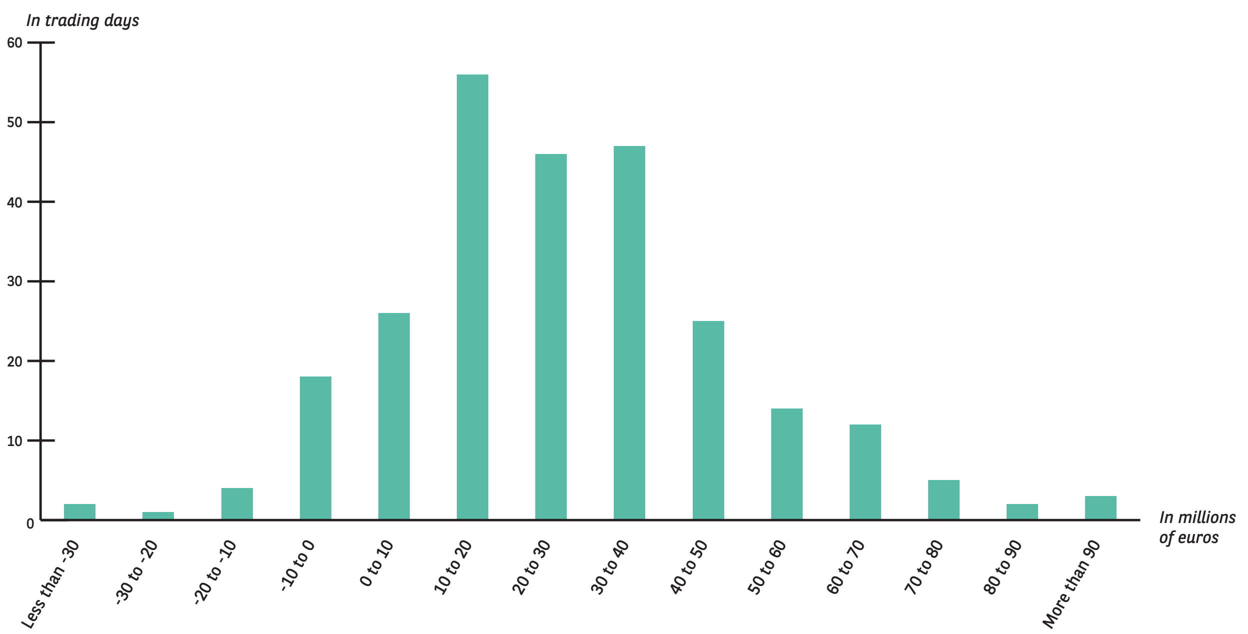


Distribution of daily income [Audited]

5

The following histogram presents the distribution of the actual daily trading revenue of BNP Paribas, including intra-day revenues, fees and commissions. It indicates the numbers of trading days during which the revenue reached each of the levels marked on the x axis, in millions of euro.

FIGURE 8: DISTRIBUTION OF DAILY TRADING REVENUE



Trading activities generated an actual positive result for 90% of the trading days in 2015, *versus* 93% in 2014.

Evolution of the VaR (ten-day, 99%) [Audited]

The VaR set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated value at risk ("Supplement to the Capital Accord to Incorporate Market Risks"). They are based on a ten-day time horizon and a 99% confidence interval.

In 2015, total average VaR for BNP Paribas is EUR 120 million (with a minimum of EUR 84 million and a maximum of EUR 175 million), after taking into account the -EUR 153 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 57.B: VALUE AT RISK (10-DAY, 99%)

In millions of euros	Year to 31 Dec. 2015				Year to 31 Dec. 2014	
	Minimum	Average	Maximum	31 December 2015	Average	31 December 2014
Interest rate risk	45	82	149	96	70	56
Credit risk	42	59	79	59	52	49
Foreign exchange risk	25	53	125	86	45	44
Equity price risk	31	55	104	47	43	40
Commodity price risk	14	24	40	16	16	31
Netting effect(*)		*(153)*		*(26)*	*(126)*	*(122)*
TOTAL VALUE AT RISK	**84**	**120**	**175**	**278**	**100**	**98**

(*) *Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well as the total VaR). While the minimum or maximum for each risk type may not necessarily be observed on the same date, minimum/maximum Netting Effects are not considered relevant. For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.*

Stressed VaR

A Stressed VaR (SVaR) is calibrated over a one year period including a crisis period. A twelve month period (31 March 2008 to 31 March 2009) has been considered as a reference period for the calibration of the Stressed VaR. This choice is subject to quarterly review.

TABLE 58.A: STRESSED VALUE AT RISK (1-DAY, 99%)

In millions of euros	Year to 31 Dec. 2015				Year to 31 Dec. 2014	
	Minimum	Average	Maximum	31 December 2015	Average	31 December 2014
Stressed Value at Risk	30	51	87	51	58	61

TABLE 58.B: STRESSED VALUE AT RISK (10-DAY, 99%)

In millions of euros	Year to 31 Dec. 2015				Year to 31 Dec. 2014	
	Minimum	Average	Maximum	31 December 2015	Average	31 December 2014
Stressed Value at Risk	96	162	276	162	183	191

Incremental Risk Charge (IRC)

The IRC approach measures losses due to default and ratings migration at the 99.9% confidence interval over a capital horizon of one year, assuming a constant level of risk on this horizon.

This approach is used to capture the incremental default and migration risks on all non-securitised products.

The model is currently used in the risk management processes. This model was approved by the supervisor.

The calculation of IRC is based on the assumption of a constant level of risk over the one-year capital horizon, implying that the trading positions or sets of positions can be rebalanced during the one-year capital horizon in a manner that maintains the initial risk level, measured by the VaR or by the profile exposure by credit rating and concentration. This rebalance frequency is called the liquidity horizon.

The model is built around a rating-based simulation for each obligor, which captures both the risk of the default as well as the risk of rating migration. The dependence among obligors is based on a multi-factor asset return model. The valuation of the portfolios is performed in each simulated scenario. The model uses a constant one-year liquidity horizon.

➤ TABLE 59: INCREMENTAL RISK CHARGE CAPITAL REQUIREMENT

	Year to 31 Dec. 2015				Year to 31 Dec. 2014	
In millions of euros	Minimum	Average	Maximum	31 December 2015	Average	31 December 2014
Incremental Risk Charge	215	301	524	304	332	253

Comprehensive Risk Measure (CRM) for credit correlation portfolio

The corporate correlation activity is an activity that consists of trading and risk managing mainly bespoke corporate CDOs and their hedges using single name CDS, CDS indices and index tranches. This activity falls under the structured credit activity trading within the Credit business line of Global markets.

The valuation framework uses both market observable prices (particularly used for CDS, index and index tranche) and model prices to value the bespoke CDO.

➤ TABLE 60: COMPREHENSIVE RISK MEASURE CAPITAL REQUIREMENT

	Year to 31 Dec. 2015				Year to 31 Dec. 2014	
In millions of euros	Minimum	Average	Maximum	31 December 2015	Average	31 December 2014
Comprehensive Risk Measure	70	77	91	71	94	75

Securitisation positions in trading book outside correlation portfolio

For securitisation positions treated as financial assets at fair value for accounting purposes, changes in market value, except accrued interest on fixed income securities, are recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

For Trading Book ABS positions outside the correlation book, the standardised capital charge applies (as per the standard method for banking books). The capital requirements are therefore calculated by applying a weighting to the risk-weighted assets (RWA), which is determined on the basis of the asset's external rating. Capital calculations are based on the second worst rating of the three rating agencies.

TABLE 61: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2015		31 December 2014	
Asset category	Short positions	Long positions	Short positions	Long positions
Residential mortgages		306		516
Consumer loans		-		3
Credit card receivables		31		33
Loans to corporates		2		38
Commercial real-estate properties		-		58
Finance leases		193		124
Other assets		32		72
TOTAL BALANCE SHEET		**563**		**844**
Residential mortgages		66		
Loans to corporates	23	485		222
Other assets			21	
TOTAL OFF-BALANCE SHEET	**23**	**550**	**21**	**222**
TOTAL	**23**	**1,114**	**21**	**1,066**

TABLE 62: QUALITY OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2015		31 December 2014	
Tranche quality	Short positions	Long positions	Short positions	Long positions
Senior tranche	23	756		821
Mezzanine tranche		347		241
First-loss tranche		10	21	4
TOTAL	**23**	**1,114**	**21**	**1,066**

➤ TABLE 63: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY RISK WEIGHT

In millions of euros	31 December 2015								
	Securitisation positions held or acquired (EAD)						Capital requirements		
	Short positions			Long positions					
Risk weight	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% – 10%	23		23	706		706		6	6
12% – 18%				143		143		2	2
20% – 35%	1		1	112		112		2	2
40% – 75%				35		35		3	3
100%				73		73		21	21
225%									
250%				2		2			
300%									
425%				28		28		12	12
500%									
650%				8		8		4	4
External ratings based methods	**23**		**23**	**1,106**		**1,106**		**51**	**51**
1,250%				**8**		**8**		**8**	**8**
TOTAL	**23**	**-**	**23**	**1,114**	**-**	**1,114**	**-**	**59**	**59**

In millions of euros	31 December 2014								
	Securitisation positions held or acquired (EAD)						Capital requirements		
	Short positions			Long positions					
Risk weight	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% – 10%				565		565		3	3
12% – 18%				124		124		2	2
20% – 35%				201	2	203		4	4
40% – 75%				68	1	69		4	4
100%				13		13		1	1
250%				16		16		3	3
300%					4	4		1	1
425%				40		40		15	15
650%				23	2	25		14	14
External ratings based methods				**1,050**	**9**	**1,059**		**47**	**47**
1,250%		**21**	**21**	**7**		**7**		**7**	**7**
TOTAL	**-**	**21**	**21**	**1,057**	**9**	**1,066**	**-**	**54**	**54**

MARKET RISK STRESS TESTING FRAMEWORK

A range of stress tests are performed to simulate the impact of extreme market conditions on the value on the global trading books. Stress tests cover all market activities applying a range of stressed market conditions.

Scenarios

The fundamental approach of the current trading book stress testing framework combines "bottom up" and "top down" stress testing:

- Macro Level Scenarios (top down) comprise the evaluation of a set of global level stress tests. These scenarios assess the impact of severe market moves on BNP Paribas trading positions related to large global or major regional market shock events. They can be based on historical events or forward-looking hypothetical scenarios. Scenarios include events such as an emerging markets crisis, credit crunch and a stock market crash.

  The official macro stress tests scenarios currently comprise a range of eight different stress tests. The results of these scenarios are reviewed at each Capital Markets Risk Committee (CMRC). The scenarios are:

  - Scenario 1: unexpected rate hike, driving short-term rates higher with a flattening of the interest rate curve,
  - Scenario 2: stock market crash, with a flight to quality leading to a drop and a steepening of the interest rate curve,
  - Scenario 3: generic emerging market crisis designed to test global risk of these markets,
  - Scenario 4: credit crunch, leading to a general risk aversion,
  - Scenario 5: euro crisis, low GDP expectations, potential threat of a country leaving the euro and a significant weakening of the currency,
  - Scenario 6: energy crisis driven by severe geopolitical turmoil with serious consequences on energy markets;
  - Scenario 7: US crisis, mostly based on a structural US crisis spreading round the globe,
  - Scenario 8: Risk-on scenario: rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets (effectively a return to risky assets);
- Micro Level Scenarios (bottom up): instead of looking at the effect on the global portfolio, these types of scenarios aim to highlight risk exposures on specific trading desks, regions or risk concentrations. This bottom up approach enables the use of more complex stress scenarios and hence allows the detection of areas of potential losses which may not be easily achieved under the global macro scenarios (such as complex market dislocations or idiosyncratic risk). This bottom up process also facilitates the classification of risk areas into those where there may be less liquidity or where the risk may be more structural in nature.

Process

It is the analysis of the above scenarios which enables the Adverse Scenario for the trading books to be constructed. These official global stress scenarios are presented at each Capital Markets Risk Committee along with the adverse scenario and any bottom up stress test yielding significant results.

The results of all stress tests are reviewed regularly by Executive Management and sent to the Board of Directors.

The scenarios take market liquidity into account by simulating the drying up of certain assets or product liquidity as the stress event unfolds. To understand this process, it can be simplified by considering an approach where the time horizon for the stress shock can vary between different instruments/assets (hence more advanced scenarios can take certain idiosyncratic factors into account). Moreover, it may sometimes be required to quantify the impact of a stress event occurring with re-hedging assumptions factored into part of the exposure under stress.

Stress Testing is governed by the Capital Markets Stress Testing Steering Committee (STSC). The committee meets monthly and sets the direction of all internal risk departmental stress scenario developments, infrastructure, analysis and reporting. The STSC governs all internal stress testing matters relating to both market and counterparty risk and decides upon the detailed definition of the CMRC official Stress Tests.

Stress testing is the core element of the tail risk analysis, which is also captured through the stressed Value at Risk, the Incremental Risk Charge and the Comprehensive Risk Measure. Furthermore, the risk of a rare event used in the form of the "average loss in addition to VaR" (Expected Shortfall) in allocating capital in respect of market risk between business lines is an additional element allowing tail risk in the management and monitoring of market risk to be taken into account.

MARKET RISK RELATED TO BANKING ACTIVITIES

Interest rate and foreign exchange risks related to banking intermediation activities and investments are managed by the ALM Treasury Department. At Group level, ALM Treasury reports directly to the Chief Operating Officer in charge of the functions. Group ALM Treasury has functional authority over the ALM Treasury staff of each entity or group of entities. Strategic decisions are made by the Asset and Liability Committee (ALCo), which oversees ALM Treasury's activities. These committees have been set up at Group, entity or group of entities level.

The equity and foreign exchange risks give rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

EQUITY RISK

The following table gives a breakdown of the Group's equity risk exposures by investment objective.

TABLE 64: EQUITY RISK EXPOSURE BY INVESTMENT OBJECTIVE

	Exposure	
In millions of euros	31 December 2015	31 December 2014
Strategic objective	8,527	9,709
Medium-term return on investment objective	5,722	5,637
Equity investments related to business	7,876	7,660
TOTAL	**22,125**	**23,006**

Exposures at 31 December 2015 amounted to EUR 22.1 billion, *versus* EUR 23.0 billion at 31 December 2014. Insurance entities are allocated in accordance with the strategic management objective. Off-balance sheet items totalled EUR 1.8 billion at 31 December 2015, down from EUR 2.6 billion at 31 December 2014, including the liquidation value guarantees given to UCITS unit holders for EUR 1.2 billion at 31 December 2015, compared with EUR 1.9 billion one year earlier.

Exposure [Audited]

Scope

The shares held by the Group outside trading portfolios are securities conferring residual and subordinated rights on issuer's assets or income, or securities representing a similar economic nature. They encompass:

- listed and unlisted shares, including shares in investment funds;
- embedded options of convertible bonds, redeemable or exchangeable for shares;
- equity options;
- super-subordinated securities;
- private funds commitments;
- equity holdings hedge;
- consolidated entities using the equity method.

Accounting principles and valuation methods

Accounting principles and valuation methods are set out in note 1 to the consolidated financial statements – *Summary of significant accounting policies applied by the BNP Paribas Group* – 1.c.10 *Determination of fair value*.

Total gains and losses

Total unrealised gains and losses recorded in shareholders' equity are set out in note 5.c. to the consolidated financial statements – *Available-for-sale financial assets*.

TABLE 65: EQUITY RISK EXPOSURE BY APPROACH

In millions of euros	31 December 2015	31 December 2014
Simple weighting method	**16,234**	**16,794**
Private equity exposures in diversified portfolios	2,593	2,386
Listed equities	2,962	3,859
Other equity exposures	10,679	10,549
Standardised approach	**5,890**	**6,212**
TOTAL	**22,125**	**23,006**

Risk-weighted assets

Equity risk is calculated according to the simple weighting method, which gives the following weightings:

- private equity exposures in diversified portfolios: 190%;
- listed securities: 290%;
- unlisted securities, non-diversified portfolio: 370%.

All investments in subsidiaries held prior to 1 January 2008 by BNP Paribas Fortis Group entities (excluding LBO positions) are covered by the grandfather clause and assigned a weighting of 150%.

Significant financial interests included within the regulatory capital large deduction are assigned a flat 250% weighting. These interests relate to available-for-sale securities in credit or financial institutions and insurance companies in which the Group holds a stake of more than 10%, as well as credit or financial institutions consolidated under the equity-method.

TABLE 66: EQUITY RISK-WEIGHTED ASSETS

	RWAs		
In millions of euros	31 December 2015	31 December 2014	Variation
Simple weighting method	**48,260**	**50,171**	**(1,911)**
Private equity in diversified portfolios	3,484	3,189	295
Listed equities	6,820	9,536	(2,716)
Other equity exposures	37,956	37,446	510
Standardised approach	**9,819**	**8,525**	**1,294**
EQUITY RISK	**58,079**	**58,696**	**(617)**

TABLE 67: EQUITY RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

		Key driver								
RWAs *In millions of euros*	31 December 2014	Currency	Volume	Parameters	Perimeter	Method	Capital gain	Other	Total variation	31 December 2015
Equity risk	58,696	215	2,243	(38)	(1,513)	-	(1,500)	(24)	(617)	58,079

Equity risk exposure declined by EUR 1 billion, in particular following the sale of the remaining stake in Klépierre, the reduction of unrealised capital gains in the portfolio, and the rise in the equity-method value of the insurance entities.

FOREIGN EXCHANGE RISK

Calculation of risk-weighted assets

Foreign exchange risk relates to all transactions part of the banking book.

Group entities calculate their net position in each currency, including the euro. The net position is equal to the sum of all asset items less all liability items plus off-balance sheet items (including the net forward currency position and the net delta-based equivalent of the currency option book), less structural, non-current assets (long-term equity interests, property, plant and equipment, and intangible assets). These positions are converted into euros at the exchange rate prevailing on the reporting date and aggregated to give the Group's overall net open position in each currency. The net position in a given currency is long when assets exceed liabilities and short when liabilities exceed assets. For each Group entity, the net currency position is balanced in the relevant currency (*i.e.* its reporting currency) such that the sum of long positions equals the sum of short positions.

The rules for calculating the capital requirement for foreign exchange risk are as follows:

- matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions;
- CFA and CFP francs are matched with the euro, and are not subject to a capital requirement;
- positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount;
- other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

The amounts involved are set out in the Standardised Approach line of Table 55.

Foreign exchange risk and hedging of net income generated in foreign currencies [Audited]

The Group's exposure to operational foreign exchange risks stems from the net income in currencies other than the euro. The Group's policy is to hedge the variability of its net income due to currency movements. Revenues generated locally in a currency other than the operation's functional currency are hedged locally. Net income generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

Foreign exchange risk and hedging of net investments in foreign operations [Audited]

The Group's currency position on investments in foreign operations arises mainly on branch capital allocations and equity interests denominated in foreign currencies, financed by purchasing the currency in question.

The Group's policy is to hedge portfolio exposure to liquid currencies, while at the same time maintaining the prudential ratio's limited sensitivity to exchange rate fluctuations. This policy is implemented by borrowing amounts in the same currency as the equity investment. Such borrowings are documented as hedges of net investments in foreign operations.

INTEREST RATE RISK [Audited]

Organisation of the Group interest risk management

The Board of Directors assigns responsibility to the Chief Executive Officer for management of banking book interest rate risk. The Board of Directors is informed quarterly on the principles governing interest rate policy and the Group's position through the Internal Control, Risk and Compliance Committee (CCIRC).

The Chief Executive Officer delegates management responsibility to the Group ALM Committee. The permanent members of the Group ALM Committee are the Chief Operating Officer with responsibility for functions (Chairman), the Deputy COOs heading up core businesses, the Group Chief Risk Officer, the Group Chief Financial Officer, the Group ALM Treasury Head, the Head of General Inspection, and the Head of Market Risk within Risk. The Group ALM Committee is responsible for defining the Group's interest rate risk profile, defining and tracking interest rate risk monitoring indicators and assigning limits.

ALM Treasury is in charge of operational implementation of decisions related to managing interest rate risk on the banking book.

The Risk Function participates in the Group ALM Committee and the local ALM Treasury Committees and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It also provides second-line control by reviewing the models and risk indicators, monitoring the level of risk indicators and ensuring compliance with the limits assigned.

The banking book consists of the Group's total bank balance sheet, excluding trading book transactions. This includes intermediation transactions (deposits, loans, etc.), non-commercial balance sheet items (equity, fixed assets, etc.) and banking book risk management activities, including derivatives used for the management of interest rate risk on the banking book (notably when they are ineligible for hedge accounting under IFRS/GAAP).

Banking book interest rate risk in each BNP Paribas entity is systematically transferred to ALM Treasury, through internal analytic contracts or lending/borrowing transactions. For the Group as a whole, ALM Treasury is responsible for managing the interest rate risk transferred in this way.

Decisions concerning the management of interest rate risk are made and monitored during monthly or quarterly committee meetings by entity or group of entities, attended by representatives of local ALM Treasury, Group ALM Treasury, Finance and Risk Functions and senior management of the entities and/or businesses. Management of interest rate risk is done locally within each entity.

Measurement of interest rate risk

Rate positions are measured taking into account the specific features of the risks managed. Hence, the Group has defined the concepts of standard rate risks and structural rate risks. The standard rate risk corresponds to the general case, namely when it is possible to define the most appropriate hedging strategy for a given transaction. The structural rate risk is the interest rate risk for equity and non-interest-bearing current accounts: these balance sheet items generate regular revenues but are sensitive to interest rate levels. However it is not possible to define a single hedging strategy to fully neutralise this sensitivity. In this case, the Group included all the possible so-called "neutral" management strategies in terms of interest rate risk.

Interest rate risks are analysed in terms of interest rate gaps that measure for each future period the potential rate characteristic mismatches between assets and liabilities (fixed rate and indexation type). In the interest rate gaps, the optional effects, in particular linked to behavioural options, are embedded and translated into their delta equivalent.

The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour. For Retail Banking products, behavioural models are based on historical or forward data and econometric studies. These possible management strategies notably relate to early redemption and savings accounts. Moreover, the maturities of non-interest-bearing current accounts and of equity are calculated according to a more conventional approach in order to take into account both a management benchmark and all the possible strategies defined as "neutral" in terms of interest rate risk.

In the case of Retail Banking activities, interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items, through an indicator of revenues sensitivity to interest rate changes. The existence of partial or zero correlations between customer interest rates and market rates coupled with volume sensitivity to interest rates generates a risk to future revenues.

The choice of indicators and risk modelling are reviewed by Risk. The results of these reviews are presented to the committees on a regular basis.

The interest rate risk measurement indicators are consistently presented to the ALCos and serve as the basis for operating risk management decisions.

As stated in the introduction to the section *Market risk related to banking activities*, the interest rate risk comes under Pillar 2.

Risk limits

Interest rate risk indicators span the entire banking book.

The interest rate gaps are subject to interest rate risk limits across all time horizons. These limits are calibrated based on the nature of the risks (standard or structural).

The same principles are applied to calibrating the limits for all entities. Limits are reviewed annually.

The revenue sensitivity indicator is subject to a warning threshold relative to the overall sensitivity level. Moreover, the Group has introduced a system to monitor the impact of stress scenarios defined at Group level on business revenues.

A specific sub-limit is defined for the scope of operations that do not qualify for hedge accounting under IFRS.

Sensitivity of revenues to general interest rate risk

The sensitivity of revenues to a change in interest rates is one of the key indicators used by the Group in its analysis of general interest-rate risk. The sensitivity of revenues is calculated across the entire banking book including the customer banking intermediation businesses, equity and for all currencies in the banking book. It takes account of business trends for a period of up to three years.

The consolidated indicator is presented in the table below. Over a three-year horizon, the banking intermediation book's sensitivity to interest rate risk is low: a change of 50 basis points (0.5%) in interest rates across the yield curve would have an impact of around 1% on the Group's revenues in the third year, for all currencies combined.

➤ TABLE 68: SENSITIVITY OF REVENUES TO GENERAL INTEREST RATE RISK BASED ON A 50 BASIS POINT INCREASE OR DECREASE IN THE INTEREST RATES

Sensitivity of 2015 revenues *In millions of euros*	For +50 bp shock				For -50 bp shock			
	EUR	USD	Other currencies	Total	EUR	USD	Other currencies	Total
Year 1	9	19	(22)	5	(45)	(40)	17	(67)
Year 2	133	55	3	191	(147)	(75)	(20)	(242)
Year 3	230	110	48	387	(278)	(121)	(40)	(439)

Sensitivity of 2014 revenues *In millions of euros*	For +50 bp shock				For -50 bp shock			
	EUR	USD	Other currencies	Total	EUR	USD	Other currencies	Total
Year 1	67	3	(11)	59	(100)	(35)	6	(130)
Year 2	107	33	22	162	(158)	(69)	(27)	(254)
Year 3	193	62	47	302	(217)	(82)	(52)	(351)

Sensitivity of the value of banking intermediation books

Since the books of financial instruments resulting from the Group's banking intermediation activities are not intended to be sold, they are not managed on the basis of their value. Nonetheless, the value sensitivity of these books is calculated in compliance with regulatory requirements for a change of +/-200 basis points in the interest rates, in accordance with the calculation methodologies published by the EBA in May 2015. The value sensitivity of the banking intermediation book's equity to a 200 basis point decrease in the interest rates (with a floor set to -50 bp) is -0.7% of the Group's regulatory capital. For a 200 basis point increase, sensitivity is -7.3% of the Group's regulatory capital.

HEDGING OF INTEREST RATE AND FOREIGN EXCHANGE RISKS [Audited]

Hedges initiated by the Group consist mainly of interest rate or currency hedges using derivative financial instruments (swaps, options and forwards).

Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified either as fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk; and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

General interest rate risk

The Bank's strategy for managing general interest rate risk is based on closely monitoring the sensitivity of the Bank's net income to changes in interest rates, factoring in all interest rate risks. The aim is to ensure the stability and regularity of the interest margin. This procedure requires an extremely accurate assessment of the risks incurred so that the Bank can determine the hedging strategy, after taking into account the effects of netting the different types of risk. These hedging strategies are defined and implemented by entity and by currency.

The hedges comprising swaps and options are typically accounted for as fair value hedges or cash flow hedges. They may also take the form of government securities and are mostly accounted in the "Available-for-Sale" category.

In 2015, US and European Central Bank rates were lower than anticipated at the start of the year. In the United States, the decline in oil prices, weak inflation and the absence of signs of faster wage growth prompted the Fed to defer raising its key interest rates until December. In the euro zone, the ECB extended its quantitative easing programme and reduced deposit rates to -0.30% at the year-end, as annual inflation slipped into negative territory and the outlook for growth was revised downwards.

The picture for long-term interest rates in the euro zone was contrasted: the first quarter of 2015 saw rates cut to record low levels, but the second quarter was marked by an increase in long-term rates, the extent of which was exceptional (the 10-year swap rate rose by about 100 basis points, or 1%, in two months).

In this context, structural interest rate positions were impacted by high levels of early repayment and renegotiation of property loans in France, Belgium and Italy, exceeding expected levels and leading the Bank to adjust its interest rate risk profile, while maintaining its objective of covering scenarios in which interest rates would stay low over the long term.

In addition, negative short-term interest rates accelerated growth in non-interest-bearing customer deposits. Hence, the Bank modulated the hedging time horizons for these deposits in consideration of the fact that they are partly the result of economic conditions.

Structural foreign exchange risk

Currency hedges are contracted by the ALM Treasury in relation to the Group's investments in foreign currencies and its future foreign currency revenues. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

A hedging relationship is applied and documented for investments in subsidiaries and branches financed by foreign currency loans so as to record movements in exchange rates symmetrically and avoid impacts on the profit and loss account. These instruments are designated as net investment hedges.

Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies.

During the 2015 financial year, no net investment hedging relationships were disqualified.

The Group hedges the variability of components of BNP Paribas' net income. In particular the highly-probable future revenue streams (mainly interest income and fees) denominated in currencies other than the euro generated by the main businesses of the Group's subsidiaries or branches may be hedged using cash flow hedges.

Hedging of financial instruments recognised in the balance sheet (Fair Value Hedge)

Fair value hedges of interest rate risks relate either to identified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

Individual assets hedging consist mainly of available-for-sale securities; individual liabilities hedging consist mainly of fixed income securities issued by the Group.

Hedges of portfolios of financial assets and liabilities, constructed by currency, relate to:

- fixed-rate loans (property loans, equipment loans, consumer credit and export loans);
- fixed-rate deposits (mainly demand deposits and funds deposited under home savings contracts).

To identify the hedged amount, the residual balance of the hedged item is split into maturity bands, and a separate amount is designated for each band. The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour (early redemption assumptions and estimated default rates).

Demand deposits, which do not bear interest at contractual rates, are qualified as fixed-rate medium-term financial liabilities. Consequently, the value of these liabilities is sensitive to changes in interest rates. Estimates of future cash outflows are based on historical analyses.

For each hedging relationship, expected hedge effectiveness is measured by ensuring that for each maturity band, the fair value of the hedged items is greater than the fair value of the designated hedging instruments.

Actual effectiveness is assessed on an ex-post basis by ensuring that the monthly change in the fair value of hedged items since the start of the month does not indicate any over-hedging.

Cash Flow Hedge

In terms of interest rate risk, the Group uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands by currency and benchmark interest rate. After factoring in early redemption assumptions and estimated default rates, the Group uses derivatives to hedge some or all of the risk exposure generated by these floating-rate instruments.

In terms of foreign exchange risk, the Group hedges against variability in components of consolidated net income. In particular, the Group may hedge future revenue flows (especially interest income and fees) derived from operations carried out by its main subsidiaries and/or branches in a currency other than their functional currencies. As in the case of interest rate hedges, the effectiveness of these hedging relationships is documented and assessed on the basis of forecast maturity bands.

The table below concerns the scope of BNP Paribas SA's medium- and long-term transactions and shows the amount of hedged future cash flows (split by forecast date of realisation), which constitute the majority of the Group's transactions.

➤ TABLE 69: HEDGED CASH FLOWS

In millions of euros	31 December 2015				31 December 2014			
Period to realisation	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Hedged cash flows	239	639	496	1,374	164	274	155	593

In 2015, no cash flow hedge relationships were disqualified on the grounds that the related future event would be no longer highly probable.

5.8 Sovereign risks [Audited]

Sovereign risk is the risk of a State defaulting on its debt, *i.e.* a temporary or prolonged interruption of debt servicing (interest and/or principal).

Exposure to sovereign debt mainly consists of securities. The Group holds sovereign bonds as part of its liquidity management process. Liquidity management is based in particular on holding securities eligible as collateral for refinancing by central banks and includes a substantial share of highly rated debt securities issued by governments, representing a low level of risk. Moreover, as part of its assets and liability management and structural interest rate risk management policy, the Group also holds a portfolio of assets including sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is a primary dealer in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

Sovereign exposures held by the Group are presented in the table below in accordance with the method defined by the EBA for the 2014 stress tests and 2015 transparency exercise covering a scope which includes sovereigns as well as local and regional authorities.

TABLE 70: BANKING AND TRADING BOOKS SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

Exposures *In millions of euros*	31 December 2015						
	Banking book(1)				Trading book		
						Derivatives(2)	
	Total	of which financial assets available for sale	of which loans & receivables	of which financial instruments designated as at fair value through profit or loss	Financial instruments at fair value through profit or loss held for trading (excl. derivatives)	Direct exposures(3)	Indirect exposures(4)
Euro zone							
Austria	2,463	2,463	-	-	462	19	(4)
Belgium	17,810	16,500	1,310	-	(284)	244	(1)
France	11,135	10,597	184	-	(1,775)	(89)	(52)
Germany	6,665	6,664	-	-	1,587	186	(2)
Ireland	1,439	1,246	193	-	(3)	(93)	(3)
Italy	12,570	12,205	365	-	423	6,869	12
Netherlands	4,655	4,655	-	-	(778)	(2,673)	7
Portugal	878	548	330	-	39	(60)	6
Spain	4,821	4,805	16	-	197	78	-
Other euro zone countries	752	597	156	-	121	77	(3)
Programme countries							
Greece	-	-	-	-	(1)	115	12
TOTAL EURO ZONE	**63,188**	**60,281**	**2,553**	**-**	**(12)**	**4,673**	**(28)**
Other European Economic Area countries							
Poland	2,133	2,132	-	-	15	(5)	3
United Kingdom	5,400	4,293	-	1,107	(1,183)	4	(2)
Other EEA countries	455	439	16	-	162	(71)	-
TOTAL OTHER EEA COUNTRIES	**7,987**	**6,864**	**16**	**1,107**	**(1,006)**	**(72)**	**2**
TOTAL EEA	**71,175**	**67,146**	**2,569**	**1,107**	**(1,018)**	**4,601**	**(26)**
United States	10,294	10,208	86	-	4,257	16	-
Japan	535	535	-	-	2,000	(4,011)	11
Others	14,843	11,997	2,739	-	3,683	530	167
TOTAL	**96,847**	**89,886**	**5,394**	**1,107**	**8,922**	**1,136**	**153**

(1) Book value after revaluation and before any impairment provision.

(2) Market value.

(3) Sovereign counterparty risk: direct exposure to a sovereign counterparty. This excludes exposure to a non-sovereign counterparty fully or partly covered by a central government (sovereign) guarantee.

(4) Positions held with a non-sovereign counterparty, exposing BNP Paribas to a credit risk on a sovereign third party. For example, sale of a CDS to a non-sovereign third party as a hedge against a sovereign's default. This excludes exposures to non-sovereign counterparties fully or partly covered by guarantees from local authorities, regional or central (sovereign) governments.

Exposures *In millions of euros*							31 December 2014 Proforma
				Banking book[1]			Trading book
							Derivatives[2]
	Total	of which financial assets available for sale	of which loans & receivables	of which financial instruments designated as at fair value through profit or loss	Financial instruments at fair value through profit or loss held for trading (excl. derivatives)	Direct exposures[3]	Indirect exposures[4]
Zone euro							
Austria	2,449	2,449	-	-	(121)	25	(15)
Belgium	20,002	18,539	1,463	-	(727)	372	1
France	9,862	9,322	186	-	(1,614)	(126)	(55)
Germany	10,214	10,214	0	-	(20)	217	(4)
Ireland	1,474	1,288	186	-	37	(32)	(2)
Italy	12,486	12,040	375	-	1,512	7,210	(5)
Netherlands	4,645	4,645	-	-	(534)	(3,627)	9
Portugal	655	220	423	-	5	(20)	8
Spain	3,444	3,433	19	-	(147)	25	(3)
Other euro zone countries	933	792	141	-	413	46	(7)
Programme countries							
Greece	0	-	-	-	11	124	10
TOTAL EURO ZONE	**66,166**	**62,942**	**2,793**	**-**	**(1,184)**	**4,215**	**(63)**
Other European Economic Area countries							
Poland	1,823	1,823	0	-	184	(115)	2
United Kingdom	1,115	45	0	1,070	201	6	(4)
Other EEA countries	370	345	25	-	352	(66)	(5)
TOTAL OTHER EEA COUNTRIES	**3,309**	**2,213**	**26**	**1,070**	**738**	**(175)**	**(6)**
TOTAL EEA	**69,475**	**65,155**	**2,819**	**1,070**	**(446)**	**4,040**	**(69)**
United States	7,326	6,922	404	-	3,576	6	0
Japan	1,859	1,859	-	-	2,315	(52)	2
Others	12,304	9,069	2,988	-	5,349	200	141
TOTAL	**90,964**	**83,005**	**6,212**	**1,070**	**10,794**	**4,195**	**74**

(1) *Book value after revaluation and before any impairment provision.*
(2) *Market value.*
(3) *Sovereign counterparty risk: direct exposure to a sovereign counterparty. This excludes exposure to a non-sovereign counterparty fully or partly covered by a central government (sovereign) guarantee.*
(4) *Positions held with a non-sovereign counterparty, exposing BNP Paribas to a credit risk on a sovereign third party. For example, sale of a CDS to a non-sovereign third party as a hedge against a sovereign's default. This excludes exposures to non-sovereign counterparties fully or partly covered by guarantees from local authorities, regional or central (sovereign) governments.*

5.9 Liquidity risk

Liquidity risk is the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term.

This risk may stem from the reduction in funding sources, draw down of funding commitments, a reduction in the liquidity of certain assets, or an increase in cash or collateral margin calls. It may be related to the bank itself (reputation risk) or to external factors (risks in some markets).

The Group's liquidity risk is managed under a global liquidity policy approved by the Group's ALM Committee. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity position is assessed on the basis of internal indicators and regulatory ratios.

LIQUIDITY RISK MANAGEMENT POLICY [Audited]

OBJECTIVES

The objectives of the Group's liquidity management policy are to secure a balanced financing structure for the development of BNP Paribas business activities, and to ensure it is sufficiently robust to cope with crisis situations.

The liquidity risk management framework relies on:

- management indicators:
  - by volume, to ensure that businesses or activities comply with their liquidity targets set in line with the Group's financing capacity,
  - by price, based on internal liquidity pricing;
- the definition of monitoring indicators which enable assessment of the Group's liquidity position under normal conditions and in crisis situations, the efficiency of actions undertaken and compliance with regulatory ratios;
- the implementation of liquidity risk management strategies based on diversification of funding sources with maturities in line with needs, and the constitution of liquidity reserves.

The Group's liquidity policy defines the management principles that apply across all Group entities and businesses and across all time horizons.

GOVERNANCE

As for all risks, the Group Chief Executive Officer is granted authority by the Board of Directors to manage the Group's liquidity risk. The Chief Executive Officer delegates this responsibility to the Group ALM Committee.

The Internal Control, Risk and Compliance Committee (CCIRC) reports quarterly to the Board of Directors on liquidity policy principles and the Group's liquidity position.

The Group ALM Committee is responsible for:

- defining the Group's liquidity risk profile;
- monitoring compliance with regulatory liquidity ratios;
- defining and monitoring management indicators and calibrating the quantitative thresholds set for the Bank's businesses;
- defining and monitoring liquidity risk indicators and associating quantitative thresholds to them if necessary;
- defining and overseeing implementation of liquidity risk management strategies, including monitoring of business lines, under normal and stressed conditions.

In particular, the Group ALM Committee is informed about funding programmes and programmes to build up liquidity reserves, simulations in crisis conditions (stress test), and about all events that may arise in crisis situations. The Group ALM Committee is tasked with defining the management approach in periods of crisis (emergency plan).

The Group ALM Committee meets every month under normal conditions and with higher frequency in stressed conditions. On a regular basis, specific meetings are dedicated to the business lines' monitoring indicators, notably to ensure that they comply with the set objectives. The Group ALM Committee may hold meetings to deal with specific issues whenever required.

The permanent members of the Group ALM Committee are the Chief Operating Officer in charge of the functions and ALM Treasury (Chairman), the Deputy COOs heading up core businesses, the Chief Risk Officer, the Group Chief Financial Officer and the Group ALM Treasury Head. Other members represent the Risk Function, Finance Function and ALM Treasury.

Across the Group, ALM Treasury is responsible for the operational implementation of the Group ALM Committee's liquidity management decisions. The ALM Treasury Committees in entities or groups of entities are responsible for local implementation of the strategy decided by the Group ALM Committee to manage the bank's liquidity risk.

ALM Treasury is responsible for managing liquidity for the entire Group across all maturities. In particular, it is responsible for funding and short-term issuance (certificates of deposit, commercial paper, etc.), for senior and subordinated debt issuance (MTNs, bonds, medium/long-term deposits, covered bonds, etc.), preferred share issuance, and loan securitisation programmes for the Group. ALM Treasury is tasked with providing internal financing to the Group's divisions, operational entities and business lines, and investing their surplus cash. It is also responsible for building up and managing liquidity reserves, which comprise assets that can be easily sold in the event of a liquidity squeeze.

The Risk Function participates in the Group ALM Committee and the local ALM Treasury Committees and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It provides second-line control by reviewing the models and risk indicators (including liquidity stress tests), monitoring risk indicators and ensuring compliance with the limits assigned.

The Finance Function is responsible for producing the regulatory liquidity indicators, as well as the internal monitoring indicators. Finance oversees the consistency of the internal monitoring indicators with the objectives defined by the Group ALM Committee. The Finance Function takes part in the Group ALM Committee and the local ALM Treasury Committees.

LIQUIDITY RISK MANAGEMENT AND SUPERVISION

Internal liquidity risk management and internal monitoring are based on a large range of indicators at various maturities. These indicators are measured on a regular basis by currency and maturity, both at Group level and entity level.

BUSINESS LINES' INTERNAL MONITORING INDICATORS

The monitoring indicators relate to the funding needs of the Group's businesses under both normal and stressed conditions. These monitoring indicators are part of the Group's budget planning exercise with set objectives that are routinely monitored (monthly).

Funding requirements of the Group's businesses

The funding requirements associated with the activity of the Group's businesses are managed in particular by measuring the difference between commercial funding requirements (customer loans and overdrafts, trading assets) and commercial funding resources (customer deposits, sale of the Group's debt securities to customers, trading liabilities, etc.). This indicator makes it possible to measure the business lines' liquidity consumption under a normal business scenario.

It is supplemented with an indicator that makes it possible to measure the business lines' funding requirements over a one-month period under a stress test using assumptions defined by the European regulation (Liquidity Coverage Ratio – LCR).

In addition to this commercial funding requirement indicator, the Group closely monitors the liquidity reserves and the refinancing provided by ALM Treasury, as well as the Group's structural resources, under normal conditions and regulatory stress tests. The business lines' total funding requirements, along with the net resources provided by ALMT, and the Group's structural resources under regulatory stress tests, make up the Liquidity Coverage Ratio. The management of each of these components enables the Group to achieve the targeted LCR.

The business lines' liquidity consumption is thus integrated in the Group's budget process, wherein each business line estimates its future liquidity needs, in keeping with its profitability targets and capital consumption objectives. During the iterative budget process, liquidity consumption objectives are allotted to the business lines, taking into account the funding provided by ALM Treasury and structural resources, in line with the Group's overall target.

The effective liquidity consumption and funding are then monitored and adjusted, if required, throughout the year in order to meet the Group's target.

Internal liquidity pricing

All of the Group's assets and liabilities are subject to internal liquidity pricing, the principles of which are decided by the Group ALM Treasury Committee and aim to take account of trends in the cost of market liquidity and the balance between assets and liabilities.

FUNDING AND LIQUIDITY RESERVE MONITORING INDICATORS

Wholesale funding indicators [Audited]

Presentation of trends in MLT funding

Funding sources depend on conditions in the debt markets and are raised from various types of debt investors. These sources are also diversified by geographical area and currency.

Funding sources are diversified through the use of various distribution networks, entities and collateralised or non-collateralised financing programmes.

The financing structure can also be strengthened by extending maturities, and targeting more stable funding sources.

TABLE 71: TRENDS IN GROUP MLT WHOLESALE FUNDING

In billions of euros	At 31 December 2014	New origination	Run-offs	Redemptions	Exercise of calls	FX effect and other	At 31 December 2015
MLT debt securities issued	147.5	22.9	(27.6)	(10.0)	(3.3)	4.7	134.1
Other funding	52.5	15.8	(7.0)	(1.4)	(0.9)	(0.1)	58.8
TOTAL MLT FUNDING	**200.0**	**38.6**	**(34.5)**	**(11.5)**	**(4.2)**	**4.5**	**192.9**
MLT debt placed with clients	(40.3)	(3.0)	4.9	1.7	0.9	2.1	(33.8)
WHOLESALE MLT FUNDING	**159.7**	**35.6**	**(29.6)**	**(9.8)**	**(3.3)**	**6.6**	**159.1**

Market funding raised by the Group with an initial maturity of over one year came to EUR 38.6 billion in 2015 (including EUR 3.5 billion in TLTRO) *versus* EUR 53.8 billion in 2014 (including EUR 14.2 billion obtained via TLTRO).

The amount of debt securities issued classified as MLT funding comprises debt securities measured at fair value through profit or loss, (EUR 46.8 billion excluding perpetual subordinated debt) and debt securities measured at amortised cost with an initial maturity of more than one year (EUR 93.9 billion excluding perpetual subordinated notes), as presented in note 5.i to the consolidated financial statements.

TABLE 72: BREAKDOWN OF THE GROUP'S MLT FUNDING

	31 December 2015					
In billions of euros	Tier 1 hybrid debt	Tier 2 subordinated debt	Unsecured senior debt	Secured MLT funding	Monetary policy funding	TOTAL
MLT debt securities issued	-	9.8	102.1	22.2	-	134.1
Other funding	9.4	5.7	20.8	5.3	17.7	58.8
TOTAL MLT FUNDING	**9.4**	**15.6**	**122.9**	**27.4**	**17.7**	**192.9**
MLT debt placed with clients	-	-	(31.2)	(2.6)	-	(33.8)
WHOLESALE MLT FUNDING	**9.4**	**15.6**	**91.6**	**24.9**	**17.7**	**159.1**

TABLE 73: BREAKDOWN OF FUNDING BY CURRENCY

The breakdown of funding by currency (after cross-currency swaps) corresponds to the Group's requirements and to a diversification objective.

	31 December 2015			
In billions of euros	EUR	USD	Others	All currencies
Short-term funding	55	30	55	139
Medium to long-term funding	103	47	10	159
TOTAL	**158**	**76**	**64**	**298**

	31 December 2014			
In billions of euros	EUR	USD	Others	All currencies
Short-term funding	74	36	54	163
Medium to long-term funding	100	52	8	160
TOTAL	**174**	**88**	**62**	**323**

MLT secured wholesale funding [Audited]

MLT secured wholesale funding is measured by separating out assets representing securities and loans. Funding obtained from central banks is not included in this table.

TABLE 74: MLT SECURED WHOLESALE FUNDING

In billions of euros	31 December 2015		31 December 2014	
	Collateral used(*)	Funding raised(**)	Collateral used(*)	Funding raised(**)
Loans and receivables	31.1	24.5	39.2	29.9
Securities	3.5	2.9	5.6	5.2
TOTAL	**34.5**	**27.4**	**44.8**	**35.1**

(*) Amounts gross of haircuts.
(**) Amounts net of haircuts.

MLT secured wholesale funding (outside of monetary policy) represents 15.6% of total MLT funding (18.9% in 2014). The Bank carefully manages its proportion of secured funding and the associated overcollateralisation in order to protect creditors holding unsecured debt.

Medium- to long-term liquidity position [Audited]

The medium- to long-term liquidity positions are measured regularly at the Group level by entity and by currency to evaluate the medium-to long-term resources and uses. In order to do this, each balance sheet item is reviewed by financial maturity using the models and agreements proposed by ALM Treasury and reviewed by the Risk Function. For example, despite their immediate availability, the current accounts of retail customers and those linked with corporates' cash management activities have always remained highly stable, even through the most severe financial crises, thus constituting stable MLT funding.

Stress tests and liquidity reserve [Audited]

Liquidity stress tests are performed regularly on various maturities (1 day to 3 months) based on market factors and/or factors specific to the Group and using different scenarios – systemic, idiosyncratic and combined crisis scenarios. The availability of sufficient reserves in the liquidity buffer to cope with a liquidity crisis is regularly checked at Group and entity level.

The liquidity reserve consists of Group assets held by ALM Treasury and the capital market businesses. The liquidity reserve comprises:

- deposits with central banks;
- available assets that can be immediately sold on the market or through repurchase agreements (bonds or shares); and
- available securities and receivables that can be refinanced with central banks (*e.g.* through securitisation, transforming less liquid assets into liquid or available assets) (See section 5.5 *Proprietary Securitisation*).

The global liquidity reserve (counterbalancing capacity) is calculated net of the payment systems' intraday needs and in keeping with prudential rules, in particular US rules, under which certain liquid assets are only recognised as available after a certain time period. Transferability restrictions are also taken into consideration in the calculation of the Group's liquidity reserve. These restrictions may stem from local regulations which limit transfers between entities of a group, non-convertible currencies or jurisdictions with foreign exchange control.

The table below shows its trends.

TABLE 75: BREAKDOWN OF GLOBAL LIQUIDITY RESERVE (COUNTERBALANCING CAPACITY)

In billions of euros	31 December 2015	31 December 2014
Total eligible assets	358.9	342.5
Utilisations	(90.2)	(78.2)
Transferability	(2.9)	(4.4)
GLOBAL LIQUIDITY RESERVE	**265.8**	**259.9**
of which liquid assets meeting prudential regulation requirements (HQLA)	*245.0*	*231.7*
of which other liquid assets	*20.8*	*28.2*

The Group's liquidity reserve stood at EUR 265.8 billion in 2015, up EUR 5.9 billion compared to 2014. This rise mainly concerned liquid assets meeting prudential regulation requirements. The Group's liquidity reserve is significantly higher than the run-offs on one year of total wholesale debt.

Regulatory liquidity ratios

The 30-day Liquidity Coverage Ratio (LCR) came into force on 1 October 2015 setting the minimum coverage ratio for net cash outflows at 60% until 31 December 2015, then 70% in 2016, 80% in 2017 and 100% in 2018. The Group measures its liquidity requirements in accordance with the provisions of the Delegated Act adopted by the European Commission in January 2015. It has adapted its management process in keeping with this regulation. The management indicators for the businesses' funding needs and the internal pricing terms therefore reflect the standardised assumptions set by the LCR and allow the Group to monitor compliance with the requirement.

The Group's LCR at the end of 2015 is detailed below:

➤ TABLE 76: SHORT-TERM LIQUIDITY RATIO

In billions of euros	31 December 2015	
	Value/30-day flow (unweighted)	Weighted value
HIGH QUALITY LIQUID ASSETS (HQLA)	**251**	**245**
Cash and central bank deposits	120	120
Sovereign bonds	111	111
Other liquid assets meeting prudential regulation requirements	20	14
CASH OUTFLOWS		**(410)**
Retail and small business deposits	305	(25)
Corporate deposits	199	(65)
Financial institution deposits	140	(102)
Secured financing transactions		(65)
Issued debt	20	(20)
Derivatives net of collateral	55	(55)
Liquidity and credit facilities	274	(34)
Other cash outflows		(46)
CASH INFLOWS		**213**
Loans	79	47
Secured financing transactions		82
Derivatives net of collateral	70	70
Other cash inflows		14
TOTAL CASH OUTFLOWS, NET		**(197)**
LIQUIDITY COVERAGE RATIO (%)		**124%**

The Group LCR was 124% at 31 December 2015 (*versus* 114% at 31 December 2014).

The Group's liquid assets, before regulatory risk-weighting, amounted to EUR 251 billion. Part of the securities which are eligible by central banks and provide access to liquidity are not recognised as liquid within the meaning of the European prudential regulation and are not included in the regulatory reserve. This is the main difference between the liquidity reserve (see Table 75) and the regulatory reserve. The liquid assets recognised by the prudential regulation must be immediately available to the Group. After the application of the regulatory haircuts (weighted value), the Group's liquidity reserve recognised by prudential regulation amounted to EUR 245 billion. It chiefly consisted of central bank deposits (49% of the buffer) and sovereign bonds (46%).

Cash outflows under the 30-day liquidity stress scenario amounted to EUR 410 billion. A large part of this amount corresponds to deposit outflow assumptions of EUR 192 billion out of total deposits, excluding repos, of EUR 775 billion, *i.e.* an average outflow rate of 25% for the Group after application of the regulatory rates. Reciprocally, cash inflows on loans only amounted to EUR 47 billion out of total outstanding loans of EUR 704 billion (*i.e.* 7%) excluding impaired loans and reverse repos.

Cash flows on secured financing transactions and derivatives are analysed net of liquidity inflows and outflows. They resulted in a net cash inflow of EUR 17 billion for secured financing transactions and EUR 15 billion for derivatives net of collateral.

Other cash outflows include the covering of securities short positions generated within the next 30 days, the effects of market stress on collateral requirements, and cash outflows in the extreme event of a 3-notch downgrade of the BNP Paribas rating by rating agencies.

In 2015, the LCR increased sharply due to a significant growth of stable deposits and lower liquidity consumption in market activities, thereby also reducing short-term wholesale funding.

The Group's regulatory intelligence includes monitoring of all anticipated developments with respect to liquidity and long-term funding, and, specifically, participation in discussions with the regulators. Thus, the proposals of the Basel Committee and European Banking Authority (EBA) for a one-year Net Stable Funding Ratio (NSFR), as well as the Financial Stability Board's proposal relating to the minimum debt eligible for absorption of losses and to reconstitute capital in the event of resolution (Total Loss Absorbing Capacity TLAC) and EBA's proposal for a Minimum Requirement for own funds and Eligible Liabilities (MREL) are being analysed, in particular to ensure compliance with these possible future requirements and identify any changes they may bring about.

Schedule of contractual maturities in the Bank's prudential balance sheet [Audited]

This schedule presents cash flows according to contractual payment dates within the prudential scope (in line with the rules defined for the liquidity ratio).

In the event of an early repayment option, the rules applied are the most conservative:

- if the option is at the hands of both parties, the repayment date is the next contractual date for the exercise of the option;
- if the option is at the hands of the counterparty, the date for the repayment of assets is the date of final maturity while that used for liabilities is the next contractual date for the exercise of the option;
- if the option is at the hands of the Group, the repayment date is the next contractual date for the exercise of the option, for both assets and liabilities.

The securities in the trading book listed at fair value through profit or loss are presented with "not determined" maturities, as the securities' contractual maturity is not representative of the Group's planned holding period. Likewise, derivative financial instruments listed at fair value through profit or loss, derivatives used for hedging purposes and remeasurement adjustments on interest-rate risk hedged portfolios are presented with "not determined" maturities.

➤ TABLE 77: CONTRACTUAL MATURITIES OF THE PRUDENTIAL BALANCE SHEET

	31 December 2015							
In millions of euros	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks		134,672						134,672
Financial instruments at fair value through profit or loss								
Trading securities	133,505							133,505
Loans and repurchase agreements		41,047	53,445	28,557	12,246	1,802	675	137,771
Instruments designated as at fair value through profit or loss		2	141	105	260	1,013	1,087	2,608
Derivative financial instruments	336,578							336,578
Derivatives used for hedging purposes	17,971							17,971
Available-for-sale financial assets		113	7,886	5,901	14,585	57,260	69,084	154,831
Loans and receivables due from credit institutions and customers		30,713	68,580	41,542	105,594	262,570	218,705	727,704
Remeasurement adjustment on interest-rate risk hedged portfolios	4,564							4,564
Held-to-maturity financial assets			1	24	7	481	57	569
Financial assets	**492,619**	**206,547**	**130,053**	**76,130**	**132,692**	**323,126**	**289,609**	**1,650,774**
Other non-financial assets		76,591	9,350	12,125	6,540	16,457	35,736	156,800
TOTAL ASSETS	**492,619**	**283,138**	**139,403**	**88,255**	**139,232**	**339,582**	**325,345**	**1,807,574**
Due to central banks		2,385						2,385
Financial instruments at fair value through profit or loss								
Trading securities	82,548							82,548
Borrowings and repurchase agreements		15,837	82,518	45,083	10,182	1,974	1,177	156,771
Instruments designated as at fair value through profit or loss		1,841	4,626	10,143	10,406	14,128	10,710	51,855
Derivative financial instruments	325,750							325,750
Derivatives used for hedging purposes	21,101							21,101
Due to customers and to credit institutions		543,733	100,584	51,313	44,406	35,764	8,720	784,519
Debt securities and subordinated debt		624	15,630	36,042	37,076	50,603	38,556	178,530
Remeasurement adjustment on interest-rate risk hedged portfolios	3,946							3,946
Financial liabilities	**433,345**	**564,419**	**203,358**	**142,581**	**102,069**	**102,469**	**59,163**	**1,607,405**
Other non-financial liabilities		62,980	12,505	7,836	3,149	3,922	109,777	200,169
TOTAL LIABILITIES AND EQUITY	**433,345**	**627,399**	**215,863**	**150,417**	**105,219**	**106,391**	**168,940**	**1,807,574**

In millions of euros	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
								31 December 2014
Cash and amounts due from central banks		117,663						117,663
Financial instruments at fair value through profit or loss								
Trading securities	156,551							156,551
Loans and repurchase agreements		48,200	68,173	35,900	16,191	2,443	551	171,458
Instruments designated as at fair value through profit or loss		2	340	132	261	1,344	890	2,969
Derivative financial instruments	412,486							412,486
Derivatives used for hedging purposes	19,695							19,695
Available-for-sale financial assets		104	16,194	6,396	12,492	64,840	50,496	150,522
Loans and receivables due from credit institutions and customers		32,326	77,582	49,560	90,084	260,463	192,773	702,789
Remeasurement adjustment on interest-rate risk hedged portfolios	5,603							5,603
Held-to-maturity financial assets				18		467	45	529
Financial assets	**594,335**	**198,295**	**162,288**	**92,007**	**119,028**	**329,556**	**244,756**	**1,740,265**
Other non-financial assets		72,680	8,645	15,133	5,172	13,453	42,525	157,607
TOTAL ASSETS	**594,335**	**270,974**	**170,933**	**107,140**	**124,200**	**343,009**	**287,280**	**1,897,872**
Due to central banks		1,680						1,680
Financial instruments at fair value through profit or loss								
Trading securities	78,896							78,896
Borrowings and repurchase agreements		19,245	85,809	71,931	16,969	1,954	825	196,733
Instruments designated as at fair value through profit or loss		1,806	4,762	11,409	11,734	14,184	9,618	53,513
Derivative financial instruments	410,222							410,222
Derivatives used for hedging purposes	23,025							23,025
Due to customers and to credit institutions		488,983	93,588	60,134	37,923	41,470	9,972	732,070
Debt securities and subordinated debt		1,772	17,774	44,325	45,864	55,507	37,812	203,055
Remeasurement adjustment on interest-rate risk hedged portfolios	4,765							4,765
Financial liabilities	**516,908**	**513,486**	**201,934**	**187,798**	**112,490**	**113,116**	**58,228**	**1,703,959**
Other non-financial liabilities		54,463	11,978	11,330	3,027	219	112,896	193,913
TOTAL LIABILITIES AND EQUITY	**516,908**	**567,948**	**213,913**	**199,128**	**115,517**	**113,334**	**171,124**	**1,897,872**

For the management of liquidity risk, the above schedule is supplemented with economic analyses taking into consideration customer behaviour and the market liquidity of certain assets (such as securities), under normal conditions and stress situations.

To this effect, the Group uses a set of tools to anticipate and manage its financial liquidity, in particular:

- medium/long-term liquidity scenarios;
- stress tests and liquidity reserve;
- monitoring compliance with regulatory liquidity ratios.

Encumbrance of Group assets and assets received by the Group

Assets on the balance sheet and assets received in guarantee used as pledges, guarantees or enhancement of a Group transaction and which cannot be freely withdrawn are considered to be encumbered. The following are the main transactions with asset encumbrance:

- repos and securities lending operations;
- guarantees given to CCPs;
- guarantees given to central banks as part of monetary policy;
- assets in portfolios hedging the issue of guaranteed bonds.

Encumbered securities are given as collateral in repurchase agreements, derivatives instruments or securities exchanges. The other assets correspond to the following: firstly, loans under monetary policy constraints or provided as collateral for structured debt; secondly, cash given as collateral against derivatives.

The ratio of encumbered assets to the assets on the Groups balance sheet was 12% as at 31 December 2015.

TABLE 78: ENCUMBERED AND UNENCUMBERED ASSETS

Assets

In billions of euros	31 December 2015				31 December 2014			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
ASSETS	**214**		**1,594**		**240**		**1,658**	
Equity instruments	29	29	22	22	36	36	23	23
Debt securities	65	65	189	189	70	70	195	195
Other assets	120		1,383		134		1,440	

Collateral received

In billions of euros	31 December 2015		31 December 2014	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
COLLATERAL RECEIVED	**197**	**47**	**237**	**49**
Equity instruments	40	17	33	14
Debt securities	156	30	204	35
Other collateral received	-	-	-	-
OWN DEBT SECURITIES ISSUED OTHER THAN OWN COVERED BONDS OR ABS	**-**	**-**	**-**	**-**

Encumbered assets/collateral received and associated liabilities

In billions of euros	31 December 2015		31 December 2014	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued(*)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued(*)
CARRYING AMOUNT OF SELECTED FINANCIAL LIABILITIES	**366**	**411**	**437**	**477**

(*) Other than covered bonds and asset-backed securities (ABS).

5.10 Operational, compliance and reputation risks

REGULATORY FRAMEWORK

Operational and compliance risks come under a specific regulatory framework:

- European Directive No. 36/2013 and Regulation No. 575/2013 governing prudential supervision and the methods for calculating the amount of capital requirements to cover the operational risk;
- French Ministry of Finance Decree of 3 November 2014, which defines the roles and responsibilities of the Risk Function (covering all types of risks) and an internal control system which ensures the efficiency and quality of the Bank's internal operations, the reliability of internal and external information, the security of transactions, as well as compliance with applicable laws, regulations and internal policies.

Banking regulation divides operational loss events into seven categories: (i) internal fraud, (ii) external fraud, (iii) employment practices and workplace safety, (iv) clients, products and business practices (such as product defects, mis-selling, professional misconduct, etc.), (v) damage to physical assets, (vi) business disruption and system failures, (vii) execution, delivery and process management (data entry error, error in documentation, etc.).

Effective management of compliance risk aims to ensure compliance with applicable laws, regulations, rules of ethics and instructions, protect the Group's reputation, that of its investors and that of its customers, ensure ethical professional behaviour, prevent conflicts of interest, protect customers' interests and market integrity, fight against money laundering, bribery and the financing of terrorist activities, as well as ensure compliance with financial embargos.

ORGANISATION AND OVERSIGHT MECHANISM [Audited]

KEY PLAYERS AND GOVERNANCE

The general internal control system at BNP Paribas underpins management of operational, compliance and reputation risks as part of its dual-level system to ensure periodic and permanent control.

In 2015, the Group completed vertical integration of its Compliance and Legal Functions to guarantee their independence and resource autonomy. The Compliance, Legal, Risk and General Inspection Functions now form the Group's four supervision and control functions, with direct reporting of all their teams worldwide.

The governance of the Group's internal control system is backed by two Executive Management committees:

- the Group Supervisory and Control Committee (GSCC), which ensures the consistency and coordination of supervision and control actions throughout the Group;
- the Group Internal Control Committee (GICC), which meets before the CCIRC meetings to review the documentation submitted to it; it covers all types of risks.

Moreover, the Ethics Committee advises the Executive Management in order to ensure that the Bank's activities are in line with the values of BNP Paribas and with the highest standards of professionalism, integrity and ethics. It is an advisory body (see chapter 7 *Commitment 2: Ethics of the highest standards*).

A second-level function is tasked with defining and supervising the operational risk management system. Until third quarter 2015, this function reported to the Head of Group Compliance by delegation from the Chief Risk Officer. As of this date, in the interest of simplification and alignment with international standards, the second-level Operational Risk Function is under the hierarchical authority of the Risk Function. There are no changes to the function's missions and organisation, but the Group is looking at measures to optimise the operational risk management system as a whole (first and second levels). These reflections should be completed in the first half of 2016. At this stage, responsibility for the permanent control system rests with the Head of Compliance.

The operational risk management and control system for the Group as a whole is structured around a two-level system with the following participants:

- on the first level of defence: operational staff, notably the heads of operational entities, business lines and functions, who are on the front-line of risk management and implementation of systems to manage these risks;
- on the second level of defence: deconcentrated teams (operational entities, business lines, functions and geographies) coordinated centrally by the 2OPC team (Oversight of Operational Permanent Control), which is part of the Risk Function.

These teams are, in particular, responsible for:

- coordinating, throughout the areas within their remit, the definition and implementation of the permanent control and operational risk identification and management system, its standards and methodologies, reporting and related tools;
- acting as a second pair of eyes, independently of the Heads of operational entities, to scrutinise operational risk factors and the functioning of the operational risk and permanent control system, and issuing warnings, where appropriate.

More than 410 employees on a full-time equivalent basis are responsible for these supervisory activities.

Issues relating to operational risk, permanent operational control and the emergency plan to ensure business continuity in those situations specified in the regulatory standards are periodically submitted to the Group's Executive Committee. The Group's operational entities and subsidiaries implement this governance structure within their organisations, with the participation of Executive Management.

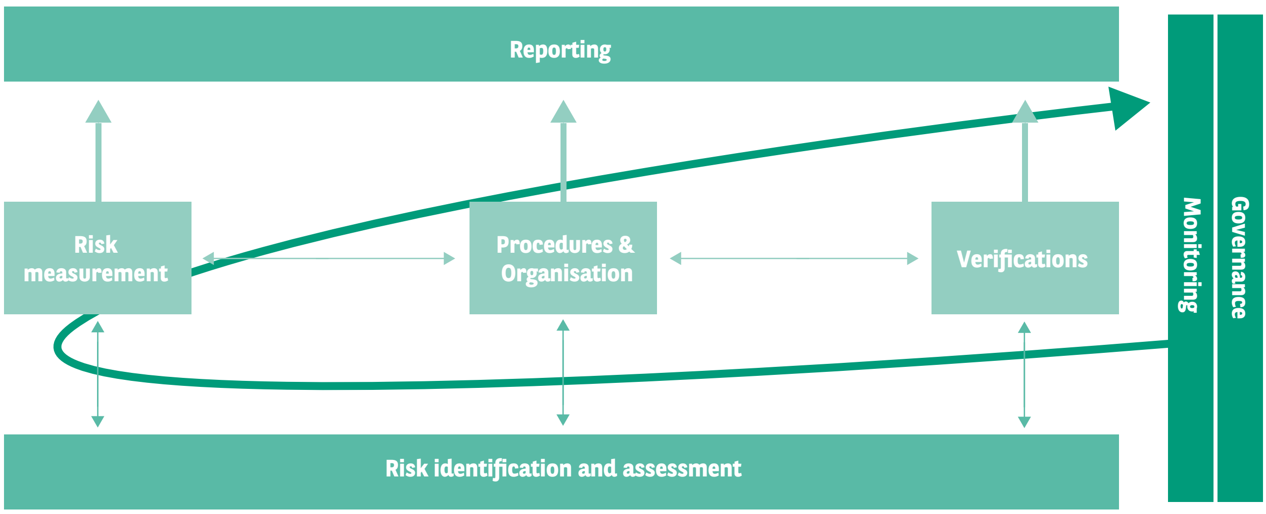
For its part, the Group Compliance Function is in charge of supervising the compliance and reputation risk control system (cf. section 5.3).

OBJECTIVES AND PRINCIPLES

To meet this dual requirement of the management and control of operational risk, BNP Paribas has developed a permanent iterative risk management process based on the following elements:

- identifying and assessing operational risks;
- formalisation, implementing and monitoring the risk mitigation system, including procedures, checks and all organisational elements designed to help to control risk, such as segregation of tasks, management of access rights, etc.;
- producing measures of known and potential risks and calculating the capital requirement for operational risk;
- reporting and analysing oversight information relating to operational risk and the permanent control system;
- managing the system through a governance framework that involves members of management, preparing and monitoring action plans.

➤ **FIGURE 9: PROCESS OF EVALUATION AND MANAGING OPERATIONAL RISK**



This system rests on two major pillars:

- the identification and assessment of risk and of the control system based on the libraries of risks and controls defined by the Group business lines and functions, and which each entity must take into consideration and enhance, if necessary, for their own underlying and residual risk mapping and for the standardised impact assessment grid applicable across the Group;
- the risk management system is underpinned by procedures, standards and generic control plans consistent with the above-mentioned risk libraries, and which each entity must apply, unless an exception is authorised, and enhance according to their own characteristics.

SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT

Group Executive Committees, and those of operational entities (business lines, functions and subsidiaries) are tasked with monitoring the management of operational and non-compliance risk and permanent control in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees validate the quality and consistency of reporting data, examine their risk profile in light of the tolerance levels they have set in keeping with the Group risk profile, and assess the quality of risk control procedures in light of their objectives and the risks they incur. They monitor the implementation of risk mitigation techniques.

Operational risk management has developed a system of data collection of actual or potential incidents using an approach structured by organisational process and entity (activities in a country and a single legal entity) focusing on the cause-and-effect chain behind events. This information is used as the basis for risk mitigation and prevention measures.

The most significant information is brought to the attention of staff at various levels of the organisation, up to and including executive managers and supervisory bodies, in line with a predefined information reporting process.

SPECIFIC COMPONENTS LINKED TO OPERATIONAL RISK [Audited]

By its nature, operational risk covers numerous areas related with the Group's normal business activity and is linked to specific risks such as compliance, reputation, legal, fiscal and information security risks which are monitored in specific ways.

COMPLIANCE AND REPUTATION RISK

In accordance with international standards and French regulations, the Compliance Function manages the system for monitoring compliance and reputation risks for all of the Group's businesses in France and abroad. The Compliance Function reports to the Chief Executive Officer and has direct, independent access to the Board's Internal Control, Risk and Compliance Committee.

The function currently includes a central structure in Paris responsible for overseeing and supervising all compliance matters and local teams within the Group's various operating divisions, operational entities, business lines and functions acting under delegated authority from the central team and reporting to the Head of Compliance.

This management of compliance and reputation risks is based on a system of permanent controls built on four components:

- general and specific procedures;
- coordination of action taken within the Group to guarantee the consistency and effectiveness of monitoring systems and tools;
- deployment of tools for detecting and preventing money laundering, terrorist financing and corruption, detecting market abuses, etc.;
- training, both at Group level and in the divisions and business lines.

This management of compliance and reputation risks must be tailored to its internal and external developments.

In 2015, the Group pressed ahead with major changes to this system through the following initiatives:

- vertical integration of the Compliance Function in the Group, similar to the one that already exists for the Group's Risk Function;
- expansion of resources allocated to Compliance with:
  - the ramp-up of the "Group Financial Security US" department headquartered in New York,
  - increased human and financial resources,
  - roll out of new control tools (*e.g.* a transaction filtering software) and enhancement of the "Know Your Customer" procedures;
- continued implementation of the remediation plan as part of the comprehensive settlement with the US authorities;
- increase in the number and scope of the training programmes for Group employees.

(See chapter 2 *Corporate Governance, Internal Control*.)

LEGAL RISK

In each country where it operates, BNP Paribas is bound by specific local regulations applicable to companies engaged in banking, insurance and financial services. The Group is notably required to respect the integrity of the markets and the primacy of clients' interests.

The Legal Function is organised as follows:

- a governance model based on:
  - the Executive Legal Affairs Committee, which defines and oversees compliance with the legal function's overall strategy,
  - the Global Legal Committee which ensures that the Group's legal policies are consistent and applied in a uniform manner;
- a legal coordination mechanism allowing the sharing of information and expertise, whose main components are:
  - the France and Europe Legislation Tracking Committees, which organise the monitoring of draft legislation and provide analysis and interpretation of the texts of new laws and regulations, as well as details of changes in French, European and competition case law,
  - the Legal Practice Groups, by business line, and thematic working groups;
- a management of legal risks via:
  - the provision of internal procedures addressing legal issues, in liaison with the Compliance Function for all matters that also fall under its responsibility, and governing the activities of the Group's legal staff and operating staff involved in legal areas. At the end of 2004, a procedures database detailing all internal procedures was set up on the Group Intranet and is available to all Group employees,
  - an extended training offer targeting the Group's legal and operational staff,
  - internal risk reporting tools and analytical models, which the Group's Legal Function upgrades on an ongoing basis, and which contribute to identifying, assessing and analysing operational risk of a legal nature,
  - supervision of operational risk and internal audit recommendations on the scope of responsibilities of the Legal Function.

To this end, the Group General Counsel can count on a community of lawyers and paralegals working in approximately 60 countries. The implementation of a knowledge management system provides a good flow of information and expertise within this community and among the Group's operational staff.

In a difficult economic environment marked by increasing regulations and heavier regulatory requirements, as well as an increase in litigation, the Legal Function must be able to take a global view and optimise its ability to become involved and take action.

The reforms introduced in the second half of 2014 to achieve full integration of the Legal Function continued throughout the first half of 2015 and are now in force. Integration is now operational and should result in the approval of a new Charter for the Legal Function.

The principles of this reform programme are:

- control and independence:
  - full integration of the function,
  - creation of the reporting link between the legal teams in the divisions and business lines and the Group General Counsel or deputy Counsel,
  - a greater role for the Group General Counsel in overseeing highly sensitive cases,
  - unified and centralised budget management ensuring autonomous and consistent management of the Legal Function;
- close links with business lines:
  - maintaining very close links with business lines to guarantee the function stays close to the Bank and to its customers,
  - switch to a functional link between the legal teams in the divisions and business lines and the Head of the business line;
- cross-functionality:
  - change from centralised teams of experts to a more comprehensive and cross-functional division,
  - creation or the transformation of activities into Legal Practices (Group Dispute Resolution, Data Protection & I.C.T., Mergers & Acquisitions, Corporate Law, Regulatory, Competition).

As of 2014, a global department was established and structured to handle litigations, legal matters in the preliminary stages as well as large-scale investigations. The purpose of this reform is to enable the Legal Function to oversee sensitive legal matters on a global scale, to become more pro-active and provide a cohesive and consistent response. The Group Dispute Resolution was set up by this reform and has a team of approximately 25 lawyers, directly reporting to the Group General Counsel, located throughout the Asia-Pacific region, France, the United Kingdom and the United States. Moreover, this team has a broader reach than before in ensuring that the Group is performing its legal obligations with respect to financial security. At the same time, over the past year, the Legal Function has continued to refine its policy of reliance on external legal advice. It also took part in the Group's review with the aim of achieving its strategic objectives and specifying the relationship uniting the key players of the Group's various functions, whether they work at central level or within the various divisions, businesses or other functions.

TAX RISK

In each country where it operates, BNP Paribas is bound by specific local tax regulations applicable to companies engaged for example in banking, insurance or financial services.

The Tax Function ensures at a global level that the tax risk is managed throughout all of the transactions conducted by the Group. In view of the financial and reputational stakes, the Finance and Compliance Functions are involved in the tax risk monitoring process.

The Group Tax Department carries out the tax function and calls on the assistance of tax managers in certain businesses and in the main geographical areas where the Group operates (as well as tax correspondents in other geographical areas where the Group operates).

In ensuring the coherence of the Group's tax practices and the global tax risk monitoring, the Group Tax Department:

- has drawn up procedures covering all divisions, designed to ensure that tax risks are identified, addressed and controlled appropriately;
- has implemented a process of feedback aimed at contributing to the control of local tax risk;
- reports to Executive Management on tax risk developments;
- oversees the tax-related operational risks and the internal audit recommendations falling within the Tax Function's scope of responsibility.

A Tax Coordination Committee, involving the Finance and Compliance Functions and, on an as-needed basis, the businesses, is tasked with analysing the main tax issues with respect to the transactions the Group performs.

INFORMATION SECURITY

Information is a key commodity for banks and effective management of information security risk is vital in an era of near full-scale migration to electronic media, growing demand for swift online processing of ever more sophisticated transactions, and widespread use of the internet or multiple networks as the primary interface between the Bank and its individual, corporate or institutional customers. The BNP Paribas Group model is based on a security approach centred on the most sensitive information to safeguard and the procedures considered as critical.

Information security incidents experienced by the banking and credit/payment card industries, their cost and media disclosure in various countries requires the Group to continuously strengthen its ability to anticipate, prevent, protect, detect and react in order to counter the major threats and track regulations and case law on personal and banking data protection. Even though the existing security approach proved to be effective, the BNP Paribas Group continue to overhaul the programme to adapt the security resources in order to meet the criteria listed above.

Adopting a more professionalised approach to information security, the BNP Paribas Group distinguishes between the procedures that define information security (content) from those that specify the information systems security (the systems containing the information): these procedures are set out in a series of reference documents tailored to the various needs of the Group's divisions and businesses. These documents include the general security policy; more specific policies for various issues related to the security of the technology or function of information systems; ISO 27001 requirements; practical guides to security requirements; operational procedures and all documents intended to raise the awareness of employees and users of the Group's information systems. All of the requirements underwent a review with the aim of making them more consistent and adapting them to security risk developments.

The security framework is drilled down to each individual business line, taking account of any regulatory requirements, the security risk exposure of the business line in question and the specific threats it faces. Each business line uses the Group's standardised approach to managing information security (the primary methodology used is based on ISO 27005, supported by the French EBIOS risk analysis methodology), risk assessment indicators, and monitoring action plans. This approach is supported by security control plans designed to assess its effectiveness (deployment and quality) with regard to all the Group's key assets and to measure the level of maturity of the various structures. The programme is also in line with the permanent and periodic controls within each banking activity and particularly with respect to the French Decree dated 3 November 2014 and other similar regulations elsewhere.

Each of BNP Paribas' business lines is exposed to some specific form of information security risk, with some risks common to all businesses. The Group's policy for managing these risks takes into consideration the specific nature of the business, often made more complex by legally and culturally-specific regulations in the different countries in which the Group does business. The security risk management framework was examined in 2014 in order to improve the procedures for analysing security risks in the businesses' major processes.

The availability of information systems is vital to allow BNP Paribas to continue operating in a crisis or emergency. Although it is impossible to guarantee 100% availability, the Group maintains, improves and regularly verifies the information back-up capabilities and system robustness, in line with its values of operational excellence, in response to tighter regulations and extreme stress scenarios (natural disasters or other catastrophes, health pandemics, etc.). Its action in this area is consistent with the Group's general security policy.

Confidentiality of customer data and transaction integrity are also areas covered by the Bank's continuous progress approach, not only to counter the threats described earlier but also to provide our customers with a service that meets their expectations.

BNP Paribas seeks to minimise information security risk and optimise resources by:

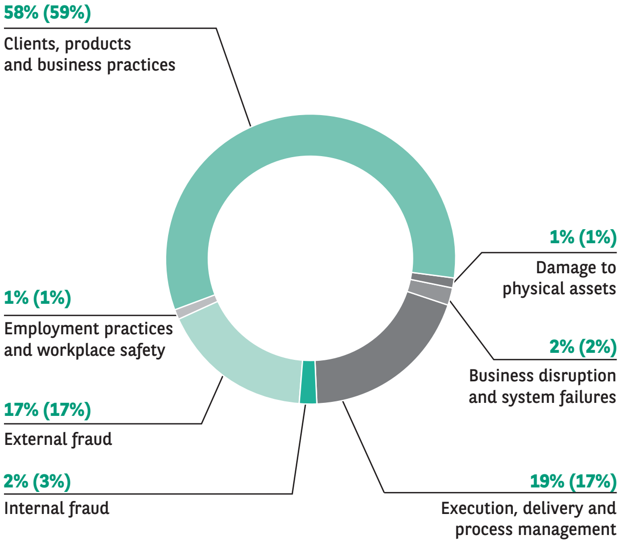
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;
- tighter supervision over outsourcing (introducing security clauses in agreements, rolling out security measures);
- more stringent precautions to safeguard IT equipment (desktop computers, laptops, smartphones and tablets);
- rolling out and developing controls for BNP Paribas entities and external partners, and strengthening support actions;
- streamlining BNP Paribas's network security to reduce operational risks and combat the spread of malware;
- strengthening the security of IT developments, better measurement of responsiveness in terms of information security and preventing data leaks;
- monitoring incidents and developing intelligence of technological vulnerability and information systems attacks.

BNP Paribas takes a continuous progress approach to information security. Apart from investing heavily in protecting its assets and information resources, the level of security must be supervised and controlled continuously. This enables the Bank to adjust its security levels to new threats caused by cyber crime. In this respect, the security model has been revised to ensure that it takes account of technological changes that have a strong impact on interactions between users (clients and employees) and their information systems. This requires Group-level action in developing tools to scale up security processes, setting up a security community and continuing the major projects forming part of the Group's information security development plan.

OPERATIONAL RISK EXPOSURE

The chart below shows the losses linked to operational risk, according to the event classification defined in the current regulation.

FIGURE 10: OPERATIONAL LOSSES – BREAKDOWN BY EVENT TYPE (AVERAGE 2008-2015)(*)



(*) *Percentages in brackets correspond to average loss by type of event for the 2008-2014 period.*

In the period 2008-2015, the main type of operational risk falls within the category of "clients, products and business practices", representing on average more than half of the Group's financial impacts. The magnitude of this category is related to the financial terms of the comprehensive settlement concluded in June 2014 with the US authorities with respect to the review of certain US dollar transactions. Process failures, mainly including execution or transaction processing errors, and external fraud are the types of Group incidents with the second and third highest financial impact, respectively.

BNP Paribas Group pays the utmost attention to analysing its operational risk incidents in order to continuously improve its control system.

CAPITAL REQUIREMENT CALCULATION

The amount of risk-weighted assets is calculated by multiplying the capital requirement by 12.5.

APPROACHES ADOPTED

BNP Paribas uses a hybrid approach combining the Advanced Measurement Approach (AMA), standardised approach, and basic indicator approach.

For the Group, the AMA methodology has been deployed in the most significant entities. This includes most Retail Banking activities in the domestic networks and Private Banking, as well as Corporate and Institutional Banking.

Advanced Measurement Approach (AMA)

Under the Advanced Measurement Approach (AMA) for calculating capital requirements, the Bank must develop an internal operational risk model based on internal loss data (historical and potential), external loss data, various scenarios analyses, environmental factors, and internal controls.

BNP Paribas' internal model in place since 2008 includes the following features:

- an aggregate annual loss distribution, meaning that the frequency and severity of losses from operational risks are modelled using an actuarial approach and according to distributions calibrated with available data;
- it uses historical data as well as prospective scenarios to calculate capital requirements, with a predominance for scenarios because they can be shaped to reflect severe and less frequent risks;
- the model is faithful to its input data, so that its results can be used easily by each of the Group's business lines. Most of the assumptions are therefore included in the data themselves;
- it is prudent in its capital requirement calculations. The input data are thoroughly reviewed, and any supplemental data are added if needed to cover all relevant risks within the Group.

The AMA uses VaR (Value at Risk), or the maximum potential loss over one year, at a 99.9% confidence level to calculate regulatory capital requirements. Capital requirements are calculated on an aggregate level using data from all Group entities in the AMA perimeter, then allocated to individual legal entities.

Fixed-parameter approaches

BNP Paribas uses fixed-parameter approaches (basic or standard) to calculate the capital requirements for entities in the Group's scope of consolidation that are not covered by the internal model:

- basic indicator approach: the capital requirement is calculated by multiplying the entity's average net banking income (the exposure indicator) over the past three years by an alpha parameter set by the regulator (15% risk weight);
- standardised approach: the capital requirement is calculated by multiplying the entity's average net banking income over the past three years by a beta factor set by the regulator according to the entity's business category. To make this calculation, the Group has divided all its business lines into the eight business categories, without exception or overlap.

RISK WEIGHTED ASSETS AND CAPITAL REQUIREMENT

➤ **TABLE 79: OPERATIONAL RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS**

	31 December 2015		31 December 2014		Variation	
In millions of euros	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Advanced Measurement Approach (AMA)	45,518	3,641	40,700	3,256	4,817	385
Standardised approach	9,090	727	8,727	698	363	29
Basic indicator approach	5,941	475	5,006	401	935	74
TOTAL OPERATIONAL RISK	**60,548**	**4,844**	**54,433**	**4,355**	**6,115**	**489**

The EUR 6 billion increase in risk-weighted assets is mostly due to the change in risks parameters, in particular in Retail Banking & Services.

RISK MITIGATION TECHNIQUES AND INSURANCE POLICIES

BNP Paribas Group deals with its insurable risks with the triple aim of protecting its balance sheet, its profit and loss account and its staff. Its insurance set-up is based on risk identification and assessment, underpinned by risk mapping and by analysis of operational loss profile, both historical and forward-looking.

The Group purchases insurance from leaders of the insurance market, covering computer crime, fraud, theft, business disruption, liability and other risks for which it may be held responsible. In order to optimise costs whilst effectively managing its exposure, the Group retains some well identified risks whose impact in terms of frequency and cost is known or can be adequately estimated.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned. Detailed information on risks incurred by BNP Paribas as well as risk assessment visits, enable insurers to assess the quality risk prevention within the Group, as well as the safeguard measures put in place and upgraded on a regular basis in light of new standards and regulations.

5.11 Insurance risks

BNP PARIBAS CARDIF RISK MANAGEMENT SYSTEM

BNP Paribas Cardif is exposed to the following risks:

- market risk, risk of incurring a loss of value due to adverse trends in the financial markets, arises mainly from mismatches between assets and liabilities, which for the most part stem from maturity mismatches and the existence of a minimum guaranteed return for policyholders;
- underwriting risk, the risk of incurring a loss of value due to changes in benefits to be paid to policyholders, stems from statistical, macroeconomic or behavioural trends as well as the occurrence of catastrophe events, that is low probability, high financial intensity events;
- credit risk, risk of incurring a loss of value due to the impact of changes in the credit quality of the business's obligors, arises on both the issuers of financial instruments in which the various BNP Paribas Cardif entities invest the premiums received from their policyholders, and on receivables representing accrued insurance business due to those entities from distributors and reinsurers;
- operational risk, risk of incurring a loss due to inadequate or failed internal processes, or due to external events.

Management of these risks is done within BNP Paribas Cardif's risk profile and its risk preferences:

- insurance risks profile is defined by two indicators: (i) maximum deviation between pre-tax income and budget at the 90% quantile, and (ii) the target solvency ratio in the current regulatory environment, that is Directive 73/239/EC or Solvency I, as transposed into the French Insurance Code; at 31 December 2015, the Solvency I ratio stands at 115.5% before unrealised gains on assets and technical provisions. Including unrealised gains, the Solvency I ratio reaches 150%. For the Solvency II regulation, see the paragraph on *Requirements applicable to the Insurance business* in section 5.2 *Capital adequacy and capital planning*;
- BNP Paribas Cardif's risk preferences can be summarised in three objectives: (a) control the general fund's contribution to growth in savings products in order to limit the proportion of market risk, (b) support growth of Protection products and (c) expand in the P&C market to increase the relative proportion of underwriting risk and the diversification effect.

This risk strategy is implemented and controlled through an organisation tailored to the broad risk classes and supported by *ad hoc* governance structures. The main risk decision-taking or monitoring committees are:

- the Insurance Risk Management Committee covers all risks and is responsible for defining the risk policy and for overseeing the key risks;
- the various committees that take risk decisions are the Underwriting Committee for risks outside the limits granted to the local and regional entities, New Business Committee for new underwriting risks and underwriting risks that are not new for BNP Paribas Cardif but new for a particular entity, and New Asset Class Committee for investments in new types of asset;
- the Insurance ALM Committee covers market risks and is responsible for defining the strategic asset allocation;
- the Asset Credit Risk Committee monitors credit risk on issuers of financial instruments;
- the Operational Risk Committee monitors actual and potential incidents.

MARKET RISK AND CREDIT RISK [Audited]

Market risk and credit risk arise mainly in the Savings business, where technical reserves represent over 95% of the insurance subsidiaries' liabilities.

Interest rate risk management for the general insurance fund and the asset diversification policy have driven investment in real estate assets, equities and fixed-income securities, including government bonds particularly in the euro zone countries. The target strategic allocation of Cardif Assurance Vie, the main Savings insurance subsidiary, is based mainly on fixed-income securities (86%). The proportion of equities and real estate is significant (7% each).

Market risk and credit risk fall into four categories:

INTEREST RATE RISK

Policyholder returns on life insurance policies are based on either a fixed rate specified in the policy or a variable rate, with or without a minimum guaranteed return. All of these policies give rise to an interest rate and asset value risk, corresponding to the risk that the return on admissible assets (*i.e.* assets acquired by investing premiums) is less than the contractual return payable to policyholders. In 2015, the average guaranteed rate is near 0.5%, down compared with 2014 (near 1.0%). 98% of BNP Paribas Cardif's mathematical reserves have guaranteed minimum return commitments with a term of less than or equal to two years.

In France, to cover future potential financial losses, estimated over the lifetime of the policies, a provision for future adverse deviation *(provision pour aléas financiers)* is booked when total amount of technical interest plus the guaranteed return payable to policyholders through technical reserves is not covered by 80% of the return on the admissible assets.

No provision for future adverse deviation was booked at 31 December 2015, 2014, and 2013, as the returns guaranteed by the insurance subsidiaries are low and the guarantees are for short periods, resulting in only limited exposure.

LIQUIDITY RISK

Liquidity risk is managed centrally by the BNP Paribas Cardif Asset/Liability Management unit, which coordinates its activities with the BNP Paribas ALM Treasury Department. Regular asset-liability matching reviews are performed to measure and manage the financial risks, based on medium and/or long-term income statement and balance sheet projections prepared according to various economic scenarios. The results of these reviews are analysed in order to determine any adjustments to assets (through strategic allocation, diversification, use of derivatives, etc.) that are required to reduce the risks arising from changes in interest rates and asset values.

CREDIT RISK

Cardif Assurance Vie has a balanced spread of bond exposure between sovereign risk and corporate risk (each representing 50% of the portfolio of Cardif Assurance Vie).

Limits by issuer and rating type (investment grade, high-yield) are monitored regularly. Issuer credit quality is also reviewed frequently. There is little exposure (less than 10%) to sovereign risk in the peripheral euro zone countries. Euro zone portfolios focus on issuers with an average rating of better than A.

➤ TABLE 80: CARDIF ASSURANCE VIE BONDS EXPOSURE BY COUNTRY

	31 December 2015											
In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total	
By country	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
France	15,895	18,298	2,416	2,928	10,932	11,756	2,380	2,848	3,410	3,792	**35,033**	**39,622**
Italy	5,114	6,431	299	324	1,153	1,299	678	792	1,336	1,467	**8,580**	**10,313**
Netherlands	974	1,213	204	230	1,743	1,966	121	138	691	741	**3,732**	**4,288**
Spain	2,407	2,810	103	109	501	498	1,075	1,230	405	428	**4,491**	**5,075**
Germany	1,037	1,257	24	30	296	299	189	203	697	762	**2,244**	**2,551**
Austria	1,562	1,895	-	-	-	-	-	-	-	-	**1,562**	**1,895**
Belgium	3,056	3,687	144	154	115	129	-	-	128	132	**3,443**	**4,102**
United Kingdom	-	-	-	-	2,041	2,254	357	417	204	205	**2,602**	**2,877**
Ireland	1,321	1,414	-	-	41	50	-	-	-	-	**1,362**	**1,464**
United States	-	-	-	-	2,669	2,750	52	54	988	1,025	**3,708**	**3,829**
Portugal	92	104	94	105	-	-	85	88	44	45	**315**	**342**
Others	1,054	1,265	1,332	1,552	1,953	2,062	43	47	1,218	1,297	**5,600**	**6,224**
TOTAL	**32,513**	**38,375**	**4,617**	**5,431**	**21,443**	**23,064**	**4,980**	**5,818**	**9,121**	**9,894**	**72,674**	**82,582**

	31 December 2014											
In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total	
By country	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
France	13,782	16,993	2,838	3,478	10,013	11,055	3,430	4,088	3,402	3,921	**33,465**	**39,535**
Italy	5,114	6,314	248	275	1,330	1,491	679	815	1,182	1,343	**8,553**	**10,237**
Netherlands	1,090	1,360	305	359	1,848	2,142	146	169	410	456	**3,798**	**4,486**
Spain	3,021	3,529	43	49	491	481	1,358	1,555	430	467	**5,343**	**6,082**
Germany	1,114	1,369	24	31	171	189	246	269	968	1,075	**2,524**	**2,933**
Austria	1,569	1,962	-	-	-	-	-	-	-	-	**1,569**	**1,962**
Belgium	3,572	4,292	144	157	114	129	-	-	93	107	**3,923**	**4,685**
United Kingdom	-	-	-	-	1,728	1,988	395	480	93	100	**2,215**	**2,568**
Ireland	895	1,030	-	-	32	26	30	31	33	38	**990**	**1,125**
United States	-	-	-	-	1,804	1,950	51	56	861	968	**2,716**	**2,974**
Portugal	102	113	-	-	-	-	85	91	138	150	**325**	**354**
Others	1,398	1,667	872	1,100	1,416	1,598	54	61	1,048	1,208	**4,788**	**5,634**
TOTAL	**31,658**	**38,629**	**4,474**	**5,449**	**18,945**	**21,050**	**6,475**	**7,614**	**8,657**	**9,833**	**70,209**	**82,575**

➤ TABLE 81: CARDIF ASSURANCE VIE BONDS EXPOSURE BY EXTERNAL RATING

													31 December 2015
In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total	
By external rating(*)	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
AAA	2,081	2,550	1,121	1,327	73	79	2,448	2,931	219	257	**5,943**	**7,143**
AA+	1,741	2,138	-	-	-	-	271	314	-	-	**2,012**	**2,453**
AA	15,716	18,055	1,855	2,225	224	242	266	305	662	705	**18,724**	**21,531**
AA-	3,186	3,815	925	1,131	1,142	1,325	21	24	1,007	1,031	**6,279**	**7,326**
A+	314	393	125	128	5,027	5,447	-	-	1,490	1,701	**6,956**	**7,669**
A	-	-	36	36	6,453	6,931	335	386	1,174	1,266	**7,998**	**8,619**
A-	1,862	2,077	-	-	2,862	2,953	887	1,022	1,100	1,223	**6,711**	**7,274**
BBB+	2,409	2,812	58	47	2,582	2,743	237	266	1,861	1,980	**7,147**	**7,847**
BBB	5,113	6,430	272	293	1,562	1,651	231	269	989	1,098	**8,167**	**9,742**
BBB-	-	-	130	139	715	783	15	16	160	166	**1,020**	**1,104**
BB+	92	104	-	-	525	586	183	197	136	145	**936**	**1,031**
BB	-	-	94	105	102	128	-	-	51	38	**248**	**271**
BB-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
B+	-	-	-	-	-	-	85	88	146	149	**231**	**237**
NR	-	-	-	-	176	198	-	-	126	136	**302**	**333**
TOTAL	**32,513**	**38,375**	**4,617**	**5,431**	**21,443**	**23,064**	**4,980**	**5,818**	**9,121**	**9,894**	**72,674**	**82,582**

(*) *Change in methodology to prepare for changeover to Solvency II.*

												31 December 2014
In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total	
By external rating	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
AAA	1,114	1,369	724	930	97	99	2,897	3,495	18	22	**4,850**	**5,915**
AA+	2,977	3,661	1,045	1,256	5	5	1,127	1,295	261	297	**5,415**	**6,514**
AA	13,782	16,993	1,397	1,684	25	26	213	240	234	275	**15,651**	**19,218**
AA-	3,666	4,403	686	876	1,498	1,752	6	6	380	450	**6,237**	**7,488**
A+	253	302	140	151	2,962	3,349	60	66	1,931	2,257	**5,346**	**6,124**
A	192	241	174	211	6,630	7,280	1,093	1,297	946	1,059	**9,036**	**10,089**
A-	540	674	0	0	1,394	1,507	140	154	1,736	1,998	**3,810**	**4,332**
BBB+	895	1,030	16	17	1,381	1,520	133	142	1,085	1,203	**3,510**	**3,912**
BBB	8,135	9,843	248	275	2,632	2,913	358	395	1,206	1,353	**12,579**	**14,779**
BBB-	-	-	43	49	1,455	1,618	147	170	370	387	**2,014**	**2,224**
BB+	-	-	-	-	297	345	98	121	326	352	**721**	**818**
BB	102	113	-	-	418	485	202	233	-	-	**723**	**830**
BB-	-	-	-	-	36	39	-	-	-	-	**36**	**39**
B+	-	-	-	-	84	86	-	-	-	-	**84**	**86**
NR	-	-	-	-	32	26	-	-	163	180	**195**	**207**
TOTAL	**31,658**	**38,629**	**4,474**	**5,449**	**18,945**	**21,050**	**6,475**	**7,614**	**8,657**	**9,833**	**70,209**	**82,575**

ASSET VALUE RISK

BNP Paribas Cardif has limited exposure to the risk of a fall in asset values (interest rate, credit, equities, real estate). The mechanism involved in insurance contracts with a participation feature consists of passing on most of the change in the value of assets held in the general euro fund to the deferred participation reserve attributable to the policyholders.

Cardif Assurance Vie's unrealised gains and losses are as follows:

TABLE 82: CARDIF ASSURANCE VIE UNREALISED GAINS AND LOSSES

In millions of euros	31 December 2015	31 December 2014
Govies	5,862	6,971
Agencies & supra sovereign	814	975
Financial corporate	1,621	2,104
Covered	838	1,140
Other corporate	773	1,176
TOTAL BONDS	**9,908**	**12,366**
Equity	2,499	1,786
Real estate	728	876
Alternatives	190	144
Other	241	200
TOTAL OTHER ASSETS	**3,658**	**3,006**
TOTAL	**13,566**	**15,372**

INSURANCE UNDERWRITING RISK [Audited]

Underwriting risk arises mainly in the Savings business line due to surrender risk, and the Protection business, primarily with the sale of creditor insurance contracts worldwide.

There are three types of underwriting risk:

SAVINGS – SURRENDER RISK

Savings contracts include a surrender clause allowing policyholders to request reimbursement of all or part of their accumulated savings. The insurer is exposed to the risk of surrender volumes being higher than the forecasts used for ALM purposes, which may force it to sell assets at a loss.

The surrender risk is limited, however, as:

- policyholder behaviour is monitored on an ongoing basis, in order to regularly align the duration of assets with that of the corresponding liabilities and reduce the risk of abrupt, large-scale asset sales. Changes in assets and liabilities are projected over periods of up to forty years, in order to identify mismatches giving rise to a liquidity risk. These analyses are then used to determine the choice of maturities for new investments and the assets to be sold. Short-term (one year) liquidity analyses are also carried out, which include various surrender rate increase assumptions to ensure that the Group can withstand stress situations. In 2015 liquidity study, 64% of Cardif Assurance Vie's assets were liquid in the short-term, mainly comprising issuers rated AAA to BBB;
- in addition to the guaranteed return, policyholders are paid dividends that raise the total return to a level in line with market benchmarks. These dividends, which are partly discretionary, reduce the risk of an increase in surrender rates in periods of rising market interest rates. The policyholders' surplus reserve is the mechanism in France that enables the surplus actually paid out to be pooled and spread between generations of policyholders. It is one of Cardif Assurance Vie's essential strengths;
- the return on financial assets is protected mainly through the use of hedging instruments.

In 2015, BNP Paribas Cardif generated more than EUR 2.4 billion of net new business on the general funds in France and internationally.

➤ **TABLE 83: AVERAGE REDEMPTION RATES FOR BNP PARIBAS CARDIF GENERAL FUNDS**

	Annual redemption rate	
	2015	**2014**
France	5.5%	6.0%
Italy	11.5%	14.1%
Luxembourg	6.9%	7.9%

SAVINGS – UNIT-LINKED CONTRACTS WITH A GUARANTEED MINIMUM BENEFIT

The unit linked liabilities are equal to the sum of the market values of the assets held in the unit-linked portfolios. The insurer's liability is therefore covered by corresponding assets. The match between unit-linked liabilities and the related assets is controlled at monthly intervals.

Certain unit-linked contracts include whole life covers providing for the payment of a death benefit at least equal to the cumulative premiums invested in the contract, whatever the conditions on the financial markets at the time of the insured's death. The risk on these contracts is both statistical (probability of a claim) and financial (market value of the units).

The capital guarantee is generally subject to certain limits. In France, for example, most contracts limit the guarantee to one year (renewable annually) and a maximum of EUR 765,000 per insured. In addition, the guarantee is not normally available beyond the insured's 80th birthday.

The minimum guaranteed benefit reserve is (re)assessed every quarter and takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices. The reserve amounted to EUR 7.3 million at 31 December 2015 (*versus* EUR 8.2 million at 31 December 2014).

PROTECTION

These risks result mainly from the sale of creditor insurance worldwide and other personal risk insurance (individual death and disability, extended warranty, theft, accidental damage, and annuity policies in France).

Creditor insurance mainly covers death, disability, critical illness, loss of employment and financial loss risks for personal loans and mortgage loans. The insurance book comprises a very large number of policies representing low risks and low premiums. Margins depend on the size of the insurance book, effective pooling of risks and tight control of administrative costs. The term of these contracts is usually equal to the term of the underlying loan and the premium is either deducted once upon issuance of the policy (single premium) or deducted regularly throughout the term of the policy (regular or periodic premiums).

Other contracts (individual death and disability, extended warranty, theft, accidental damage, and annuity policies in France) are either for personal risk (death, accidental death, hospitalisation, critical illness, healthcare expenses) or property & casualty risk (accidental damage, failure or theft of consumer goods or vehicles). The individual sums insured under these contracts are generally low whether they are indemnities or fixed.

Lastly, principally through joint ventures in France and Italy, motor contracts (material damage, civil liability) and comprehensive household contracts are also underwritten. The Group is developing this type of insurance coverage in Latin America.

The actuarial oversight system set up to prevent and control actuarial risks in France and internationally is based on guidelines and tools that describe (i) the principles, rules, methods and best practices to be followed by each actuary throughout the policies' life cycle, (ii) the tasks to be performed by the actuaries and their reporting obligations and (iii) practices that are excluded or that are allowed only if certain conditions are met.

Risks underwritten must comply with delegation limits set at various local and central levels, estimated maximum acceptable losses, estimated Solvency II capital requirements and estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria such as loan type for creditor insurance, the type of guarantee and the insured population. Each contract is priced by reference to the profitability and return-on-equity targets set by the Executive Management of BNP Paribas Cardif.

Reinsurance is a complementary element of the underwriting risk management system. Its objective is to protect BNP Paribas Cardif against three main risks:

- so-called "peak" risk from exposure to an individual risk exceeding a certain threshold, called "full retention". In personal insurance, this threshold is currently set at EUR 2 million per life. The reinsurance of peak risk may take the form of surplus or excess of loss treaties;
- the catastrophe risk associated with exposure to a single low occurrence event, but very strong financial impact (concentration risk). This risk can be reinsured in the form of a catastrophe excess of loss treaty;
- risk on new products, linked to insufficient pooling, lack of mastery of the technical foundations or uncertainty on beneficiaries' data. This risk can be reinsured in the form of quota share, stop loss or excess of loss treaties, depending on the level of risk identified.

Risk exposures are monitored periodically by BNP Paribas Cardif's Executive Committee in Commitment Monitoring Committees and Risk Committees, based on a two-prong approach:

- quarterly monitoring of loss ratios at each accounting quarter end;

- supplemented by monitoring of the portfolio characteristics according to a schedule based on the type of product (monthly, quarterly and annually).

Claims experience for annuity contracts are based on mortality tables applicable under insurance regulations, adjusted in some cases by portfolio specific data which is certified by independent actuaries. Annuity risks are low.

Underwriting risks are covered by various technical reserves:

- the mathematical reserves in Life policy underwriting;
- the unearned premiums reserves for non-Life underwriting, generally calculated on an accruals basis, possibly supplemented by reserves for current risks;
- the reserves for increasing risk in certain cases (long-term policies with constant periodic premiums and increasing risk);
- the outstanding claims reserves, determined by reference to reported claims;
- the IBNR (claims incurred but not reported) reserves, determined on the basis of either observed settlements or the expected number of claims and the average cost per claim;
- the reserves for claims management, generally calculated pro rata to the claims reserves.

The level of prudence adopted for the overall assessment of claims provisions corresponds to the 90% quantile.

Appendices:

Appendix 1: Exposures based on Financial Stability Board recommendations

FUNDING THROUGH PROPRIETARY SECURITISATION

Cash securitisation as at 31 December 2015	Amount of securitised assets	Amount of notes	Securitised positions held	
In billions of euros			First losses	Others
Personal Finance	**4.9**	**4.7**	**0.2**	**1.6**
o/w Residential loans	4.7	4.5	0.2	1.5
o/w Consumer loans	0.1	0.2	0.0	0.1
o/w Lease receivables	-	-	-	-
BNL	**1.6**	**1.4**	**0.2**	**0.2**
o/w Residential loans	1.6	1.4	0.2	0.2
o/w Consumer loans	-	-	-	-
o/w Lease receivables	-	-	-	-
o/w Public sector	-	-	-	-
TOTAL	**6.5**	**6.1**	**0.3**	**1.9**

Among the securitisation exposures originated by BNP Paribas at 31 December 2015, loans refinanced through securitisations identified as potentially coming under the scope of the Financial Stability Board recommendations amounted to EUR 6.5 billion, down EUR 0.5 billion compared with 31 December 2014, mainly due to the amortisation of the underlying loan portfolios.

EUR 1.9 billion of securitised positions were held at the end of 2015 (excluding first loss tranches).

Following the transition to IFRS in 2005, SPVs are consolidated in the BNP Paribas balance sheet whenever the Bank holds the majority of the corresponding risks and returns.

SENSITIVE LOAN PORTFOLIOS

PERSONAL LOANS

At 31 December 2015 *In billions of euros*		Gross outstanding					Allowances		Net exposure
		Consumer	First Mortgage Full Doc	First Mortgage Alt A	Home Equity Loans	Total	Portfolio	Specific	
US		17.8	9.2	0.1	4.0	31.3	(0.4)	0.0	30.8
Super Prime	FICO(*) > 730	13.1	6.6	0.1	2.9	22.7	-	-	22.7
Prime	600 < FICO(*) < 730	4.6	2.5	0.0	1.1	8.2	-	-	8.2
Subprime	FICO(*) < 600	0.1	0.2	0.0	0.0	0.3	-	-	0.3
UK		2.4	-	-	-	2.4	(0.1)	(0.3)	2.1
Spain		3.8	5.2	-	-	9.0	(0.1)	(0.6)	8.3

(*) At origination.

At 31 December 2015, the portfolio of personal loans identified as potentially coming under the scope of the Financial Stability Board recommendations was characterised by:

- the good quality of the US portfolio, with net exposure amounting to EUR 30.8 billion, up by EUR 8.5 billion compared with 31 December 2014 due in particular to a significant exchange rate effect. The quality of the consumer loan portfolio is good;
- moderate exposure in the United Kingdom, amounting to EUR 2.1 billion, down by EUR 0.1 billion in comparison with 31 December 2014;
- well-secured exposure to risks in Spain through property collateral on the mortgage portfolio and a growing proportion of auto loans in the consumer loan portfolio.

COMMERCIAL REAL ESTATE

At 31 December 2015 *In billions of euros*	Gross exposure					Allowances		Net exposure
	Home Builders	Non residential developers	Property companies	Others(*)	Total	Portfolio	Specific	
US	1.2	1.5	0.1	7.7	10.6	(0.0)	(0.0)	10.5
BancWest	1.2	1.4	0.1	7.7	10.4	-	(0.0)	10.4
CIB	-	0.1	0.1	0.0	0.2	(0.0)	-	0.2
UK	0.0	0.4	1.3	1.1	2.7	(0.0)	-	2.7
Spain	0.1	-	0.1	0.2	0.4	(0.0)	(0.0)	0.4

(*) Excluding owner-occupied and real estate-backed loans to corporates.

At 31 December 2015, the commercial real estate loan portfolio identified as potentially coming under the scope of the Financial Stability Board recommendations was characterised by:

- diversified, granular exposure in the United States, up EUR 2.9 billion compared with 31 December 2014, including an increase of EUR 1.8 billion in other commercial real estate sectors corresponding to the highly granular, well diversified, securitised financing of small property investment companies (mainly focused on office, commercial and residential buildings);
- exposure to the UK concentrated on large property investment companies, up EUR 1.0 billion compared with 31 December 2014;
- still limited exposure to a Spanish commercial real estate risk.

REAL ESTATE-RELATED ABS AND CDO EXPOSURES

BANKING AND TRADING BOOKS

In billions of euros	31 December 2014	31 December 2015		
	Net exposure	Gross exposure(*)	Allowances	Net exposure
TOTAL RMBS	**2.9**	**2.4**	**(0.0)**	**2.4**
US	0.0	0.0	(0.0)	0.0
Subprime		0.0	(0.0)	0.0
Mid-prime		-	-	-
Alt-A		-	-	-
Prime(**)	0.0	0.0	(0.0)	0.0
UK	1.0	0.8	(0.0)	0.8
Conforming	0.2	0.1	(0.0)	0.1
Non conforming	0.9	0.6	(0.0)	0.6
Spain	1.0	1.0	(0.0)	1.0
The Netherlands	0.3	0.2	(0.0)	0.2
Other countries	0.6	0.4	(0.0)	0.4
TOTAL CMBS	**0.7**	**0.7**	**(0.0)**	**0.7**
US	0.4	0.3	(0.0)	0.3
Non US	0.3	0.4	(0.0)	0.4
TOTAL CDOs (cash and synthetic)	**0.4**	**0.1**	**(0.0)**	**0.1**
RMBS	0.4	0.1	(0.0)	0.1
US	0.0	0.0	(0.0)	0.0
Non US	0.4	0.1	(0.0)	0.1
CMBS	0.0	0.0	(0.0)	0.0
CDO of TRUPs	-	0.0	(0.0)	0.0
Total	**4.0**	**3.2**	**(0.1)**	**3.1**
o/w Trading Book	0.6	-	-	0.6
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOS	**0.4**	**0.3**	**-**	**0.3**

(*) Entry price + accrued interests – amortisation.
(**) Excluding Government Sponsored Entity backed securities.

At 31 December 2015, the banking book's net real estate-related ABS and CDO exposure stood at EUR 3.1 billion, down EUR 0.9 billion compared with 31 December 2014. 56% of the banking book assets are rated A or higher[1].

The assets are booked at amortised cost with the appropriate provision in case of prolonged impairment.

(1) Based on lowest of the S&P, Moody's and Fitch ratings.

EXPOSURE TO PROGRAMME COUNTRIES

GREECE

In billions of euros	Total[(1)]	Of which sovereign	Of which corporates	Of which other[(2)]
Exposure net collateral and provisions	0.4	-	0.2	0.3

(1) Excluding exposure to companies related to Greek interests (e.g.: shipping) that are not dependent on the country's economic situation (EUR 1.7 billion).
(2) Including Personal Finance, Arval, Wealth Management.

Appendix 2: Regulatory capital – detail

The table below is presented in the format required under Annex VI of Implementing Regulation (EU) No. 1423/2013 of 20 December 2013.

➤ REGULATORY CAPITAL ACCORDING TO ANNEX VI OF IMPLEMENTING REGULATION (EU) NO. 1423/2013

		31 December 2015		31 December 2014(*)			
	In millions of euros	Phased in	Transitional arrangements(**)	Phased in	Transitional arrangements(**)	Reference to table 2	Notes
	Common Equity Tier 1 (CET1) capital: instruments and reserves						
1	Capital instruments and the related share premium accounts	26,970	-	26,951	-	6	-
	of which ordinary shares	*26,970*	-	*26,951*	-	-	-
2	Retained earnings	48,686	-	50,230	-	-	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	6,736	-	6,092	-	8	-
3a	Funds for general banking risk	-	-	-	-	-	-
4	Amount of qualifying items referred to in article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-	-	-	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-	-	-	-	-
5	Minority interests (amount allowed in consolidated CET1)	2,706	1,047	2,900	1,645	10	(1)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	3,536	-	(1,947)	-	9	(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**88,634**	**1,047**	**84,226**	**1,645**	**-**	-
	Common Equity Tier 1 (CET1) capital: regulatory adjustments					**-**	-
7	Additional value adjustments (negative amount)	(1,120)	-	(1,310)	-	-	-
8	Intangible assets (net of related tax liability) (negative amount)	(13,509)	-	(13,760)	-	3	(3)
9	Empty set in the EU						
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	(139)	871	(26)	1,206	-	-
11	Fair value reserves related to gains or losses on cash flow hedges	(1,353)	-	(1,541)	-	-	-
12	Negative amounts resulting from the calculation of expected loss amounts	(865)	16	(718)	20	-	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-	-	-	-	-

	In millions of euros	31 December 2015 Phased in	31 December 2015 Transitional arrangements(**)	31 December 2014(*) Phased in	31 December 2014(*) Transitional arrangements(**)	Reference to table 2	Notes
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	219	90	431	96	-	-
15	Defined-benefit pension fund assets (negative amount)	(138)	-	(44)	-	-	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(100)	149	(28)	112	-	-
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-	-	-
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-	-	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-	-	-
20	Empty set in the EU						
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	-	-	-	-
20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	-	-	-	-	-
20c	*of which: securitisation positions (negative amount)*	-	-	-	-	-	-
20d	*of which: free deliveries (negative amount)*	-	-	-	-	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	-	-	-	-	-	-
22	Amount exceeding the 15% threshold (negative amount)	-	-	-	-	-	-
23	*of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	-	-	-	-	-
24	Empty set in the EU						
25	*of which: deferred tax assets arising from temporary differences*	-	-	-	-	-	-
25a	Losses for the current financial year (negative amount)	-	-	-	-	-	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	-	-	-	-	-

In millions of euros		31 December 2015 Phased in	31 December 2015 Transitional arrangements(**)	31 December 2014(*) Phased in	31 December 2014(*) Transitional arrangements(**)	Reference to table 2	Notes
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-	-	-	-	-	-
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	(2,067)	(1,478)	(2,711)	(2,271)	-	-
	of which: unrealised gains (phase out)	*(1,478)*	*(1,478)*	*(2,271)*	*(2,271)*	-	-
	of which: unrealised losses (phase out)	-	-	-	-	-	-
	of which: unrealised gains linked to exposures to central administrations (phase out)	*(589)*	-	*(440)*	-	-	-
	of which: unrealised losses linked to exposures to central administrations (phase out)	-	-	-	-	-	-
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-	-	-	-	-	-
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-	-	-	-	-
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(19,072)**	**(352)**	**(19,707)**	**(837)**	**-**	-
29	**Common Equity Tier 1 (CET1) capital**	**69,562**	**695**	**64,519**	**808**	**-**	-
Additional Tier 1 (AT1) capital: instruments						**-**	-
30	Capital instruments and the related share premium accounts	2,096	-	-	-	-	-
31	*of which: classified as equity under applicable accounting standards*	*2,096*	-	-	-	*7*	-
32	*of which: classified as liabilities under applicable accounting standards*	-	-	-	-	-	-
33	Amount of qualifying items referred to in article 484 (4) and the related share premium accounts subject to phase out from AT1	5,759	2,724	6,589	3,554	7	-
	Public sector capital injections grandfathered until 1 January 2018	-	-	-	-	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	304	221	434	246	-	-
35	*of which: instruments issued by subsidiaries subject to phase out*	*271*	*271*	*396*	*396*	*4*	*(4)*
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**8,159**	**2,945**	**7,023**	**3,800**	**-**	-
Additional Tier 1 (AT1) capital: regulatory adjustments						**-**	-
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	(14)	21	-	-	-	-

In millions of euros		31 December 2015		31 December 2014(*)		Reference to table 2	Notes
		Phased in	Transitional arrangements(**)	Phased in	Transitional arrangements(**)		
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-	-	-
39	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-	-	-
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	-	-	-	-
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-	-	-	-	-	-
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	(49)	(49)	(112)	(112)	-	-
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No. 575/2013	(804)	(804)	(1,003)	(1,003)	1	(5)
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-	-	-	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	-	-	-	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(867)**	**(832)**	**(1,115)**	**(1,115)**	**-**	-
44	**Additional Tier 1 (AT1) capital**	**7,292**	**2,113**	**5,908**	**2,685**	**-**	-
45	**Tier 1 capital (T1=CET1+AT1)**	**76,854**	**2,808**	**70,427**	**3,493**	**-**	-
Tier 2 (T2) capital: instruments and provisions						**-**	-
46	Capital instruments and the related share premium accounts	8,820	-	5,351	-	5	(6)
47	Amount of qualifying items referred to in article 484(5) and the related share premium accounts subject to phase out from T2	50	50	50	50	5	(6)

In millions of euros		31 December 2015 Phased in	31 December 2015 Transitional arrangements(**)	31 December 2014(*) Phased in	31 December 2014(*) Transitional arrangements(**)	Reference to table 2	Notes
	Public sector capital injections grandfathered until 1 January 2018	-	-	-	-	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 and 34) issued by subsidiaries and held by third parties	2,109	134	2,894	190	5	(6)
49	*of which: instruments issued by subsidiaries subject to phase out*	*723*	*167*	*631*	*75*	-	-
50	Credit risk adjustments	-	-	-	-	-	-
51	**Tier 2 (T2) capital before regulatory adjustments**	**10,979**	**184**	**8,295**	**240**	**-**	-
Tier 2 (T2) capital: regulatory adjustments						**-**	-
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(36)	54	-	-	-	-
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	(40)	24	(34)	32	-	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-	-	-
54a	*Of which new holdings not subject to transitional arrangements*	-	-	-	-	-	-
54b	*Of which holdings existing before 1 January 2013 and subject to transitional arrangements*	-	-	-	-	-	-
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(1,837)	787	(1,471)	980	1	-
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-	-	-	-	-	-
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-	-	-	-	-	-
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No. 575/2013	-	-	-	-	-	-

	In millions of euros	31 December 2015 Phased in	31 December 2015 Transitional arrangements(**)	31 December 2014(*) Phased in	31 December 2014(*) Transitional arrangements(**)	Reference to table 2	Notes
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	-	-	-	-	-	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(1,913)**	**865**	**(1,505)**	**1,012**	**-**	-
58	**Tier 2 (T2) capital**	**9,066**	**1,049**	**6,790**	**1,252**	**-**	-
59	**Total capital (TC=T1+T2)**	**85,920**	**3,857**	**77,217**	**4,745**	**-**	-
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-	-	-	-		
	of which: CET1 instruments of financial sector entities not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-		
	of which: Deferred tax assets that rely on future profitability and arising from temporary differences not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-		
	of which: AT1 instrument of financial sector entities not deducted from AT1 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-		
	of which: Tier 2 instrument of financial sector entities not deducted from Tier 2 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-		
60	**Total risk weighted assets**	**629,626**	**(3,901)**	**614,449**	**(5,378)**		
Capital ratios and buffers							
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	11.0%	0.1%	10.5%	0.2%		
62	Tier 1 (as a percentage of risk exposure amount)	12.2%	0.5%	11.5%	0.7%		
63	Total capital (as a percentage of risk exposure amount)	13.6%	0.6%	12.6%	0.9%		
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	0.0%	4.5%	0.0%	4.5%		
65	*of which: capital conservation buffer requirement*	*0.0%*	*2.5%*	*0.0%*	*2.5%*		
66	*of which: countercyclical buffer requirement*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		

In millions of euros		31 December 2015 Phased in	31 December 2015 Transitional arrangements(**)	31 December 2014(*) Phased in	31 December 2014(*) Transitional arrangements(**)	Reference to table 2	Notes
67	*of which: systemic risk buffer requirement*	*0.0%*	*2.0%*	*0.0%*	*2.0%*		
67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.5%	0.1%	6.5%	0.7%		
69	[non relevant in EU regulation]						
70	[non relevant in EU regulation]						
71	[non relevant in EU regulation]						
Amounts below the thresholds for deduction (before risk weighting)						-	-
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,434	(361)	2,467	(552)	2	(7)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,501	(78)	2,864	(104)	1	-
74	Empty set in the EU						
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in article 38(3) are met)	3,769	-	4,224	-	-	-
Applicable caps on the inclusion of provisions in Tier 2						-	-
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	-	-	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2,273	-	2,492	-	-	-
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	-	-	-	-
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,506	-	1,363	-	-	-
Capital instruments subject to phase out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)						-	-
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	-	-	-	-

In millions of euros		31 December 2015		31 December 2014(*)		Reference to table 2	Notes
		Phased in	Transitional arrangements(**)	Phased in	Transitional arrangements(**)		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	7,081	-	8,093	-	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-
84	Current cap on T2 instruments subject to phase out arrangements	1,298	-	1,483	-	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-

(*) Restated according to the IFRIC 21 interpretation.
(**) Amounts subject to pre-regulation treatment or prescribed residual amount of Regulation (EU) No. 575/2013, in accordance with grandfathered Additional Tier 1 and Tier 2 eligibility rules applicable as of 2019.

(1) Minority interests are adjusted for their capitalisation surplus for regulated entities. For the other entities, minority interests are not recognised in fully loaded Basel 3.
(2) Deductions from net income for 2015 relate mainly to the proposed dividend distribution.
(3) The deduction of intangible assets is calculated net of deferred tax liabilities.
(4) Tier 1 capital instruments issued by subsidiaries include subordinated debt, as well as preference shares recognised in equity.
(5) The residual amount of deductions from Tier 2 capital relates to Tier 2 capital instruments in financial sector entities in which the Bank holds a significant investment, or with which the Bank has a cross holding.
(6) A prudential discount is applied to Tier 2 capital instruments with less than five years of residual maturity.
(7) Holdings of equity instruments in financial institutions originate in the banking book, detailed in the table showing the transition from the consolidated accounting balance sheet to the prudential balance sheet, as well in the trading books.

Appendix 3: Capital requirements of significant subsidiaries

The following tables give the capital requirements of significant subsidiaries by type of risk, as contribution to the Group's total capital requirement.

BNP PARIBAS FORTIS

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	111,894	8,952	106,193	8,495
Credit risk – IRB approach	**51,738**	**4,139**	**48,237**	**3,859**
Central governments and central banks	974	78	1,147	92
Corporates	34,900	2,792	32,309	2,585
Institutions	1,437	115	1,550	124
Retail	14,292	1,143	13,102	1,048
Real estate loans	*10,061*	*805*	*9,007*	*721*
Revolving exposures	*76*	*6*	*81*	*6*
Other exposures	*4,154*	*332*	*4,014*	*321*
Other non credit-obligation assets	136	11	129	10
Credit risk – Standardised approach	**60,156**	**4,812**	**57,956**	**4,636**
Central governments and central banks	2,661	213	1,454	116
Corporates	23,533	1,883	23,835	1,907
Institutions	1,494	120	1,961	157
Retail	21,681	1,734	18,365	1,469
Real estate loans	*3,419*	*274*	*880*	*70*
Revolving exposures	*151*	*12*	*146*	*12*
Other exposures	*18,111*	*1,449*	*17,339*	*1,387*
Other non credit-obligation assets	10,787	863	12,341	987
Banking book securitisation positions	1,692	135	2,587	207
Securitisation positions – IRB approach	**1,692**	**135**	**2,587**	**207**
Counterparty credit risk	1,972	158	2,463	197
Counterparty credit risk – IRB approach	**1,621**	**130**	**2,140**	**171**
Counterparty credit risk – excl. CCP and CVA charges	1,621	130	2,140	171
Central governments and central banks	*5*	*0*	*3*	*0*
Corporates	*1,316*	*105*	*1,808*	*145*
Institutions	*299*	*24*	*328*	*26*
Retail	*1*	*0*	*1*	*0*
Counterparty credit risk – Standardised approach	**351**	**28**	**323**	**26**
CCP – default fund contributions	19	2	10	1
CCP – excl. default fund contributions	29	2	15	1
CVA Charge	111	9	149	12
Counterparty credit risk – excl. CCP and CVA charges	192	15	149	12
Corporates	*127*	*10*	*77*	*6*
Institutions	*59*	*5*	*68*	*6*
Retail	*6*	*0*	*4*	*0*
Equity risk	12,078	966	11,586	927
Simple weighting method	9,777	782	9,098	728
Private equity exposures in diversified portfolios	*494*	*40*	*465*	*37*
Listed equities	*224*	*18*	*197*	*16*
Other equity exposures	*9,059*	*725*	*8,436*	*675*
Standardised approach	2,301	184	2,488	199
Market risk	400	32	729	58
Standardised approach	400	32	729	58
Operational risk	10,917	873	9,842	788
Advanced Measurement Approach (AMA)	6,467	517	6,108	489
Standardised approach	805	64	848	68
Basic indicator approach	3,645	292	2,886	231
TOTAL	**138,952**	**11,116**	**133,400**	**10,672**

BNL

In millions of euros	31 December 2015 RWAs	31 December 2015 Capital requirements	31 December 2014 RWAs	31 December 2014 Capital requirements
Credit risk	**39,819**	**3,185**	**47,039**	**3,763**
Credit risk – IRB approach	**33,248**	**2,660**	**21,390**	**1,711**
Central governments and central banks	25	2	26	2
Corporates	20,626	1,650	21,363	1,709
Institutions	396	32	2,941	235
Retail	12,200	976	17,383	1,391
Real estate loans	*5,106*	*408*	*8,761*	*701*
Other exposures	*7,094*	*568*	*8,622*	*690*
Credit risk – Standardised approach	**6,571**	**526**	**25,649**	**2,052**
Central governments and central banks	3	0	39	3
Corporates	592	47	2,428	194
Institutions	1,653	132	2,941	235
Retail	1,511	121	17,383	1,391
Real estate loans	*348*	*28*	*8,761*	*701*
Other exposures	*1,162*	*93*	*8,622*	*690*
Other non credit-obligation assets	2,812	225	2,857	229
Banking book securitisation positions	**161**	**13**	**0**	**0**
Securitisation positions – standardised approach	10	1	0	0
Securitisation positions – IRB approach	151	12	0	0
Counterparty credit risk	**464**	**37**	**732**	**59**
Counterparty credit risk – Standardised approach	**464**	**37**	**732**	**59**
CVA Charge	88	7	103	8
Counterparty credit risk – excl. CCP and CVA charges	376	30	630	50
Corporates	*320*	*26*	*492*	*39*
Institutions	*56*	*4*	*138*	*11*
Equity risk	**1,170**	**94**	**1,242**	**99**
Simple weighting method	1,158	93	1,218	97
Listed equities	*2*	*0*	*2*	*0*
Other equity exposures	*1,156*	*92*	*1,216*	*97*
Standardised approach	13	1	24	2
Market risk	**1**	**0**	**1**	**0**
Standardised approach	1	0	1	0
Operational risk	**4,061**	**325**	**3,213**	**257**
Advanced Measurement Approach (AMA)	3,926	314	3,092	247
Standardised approach	82	7	68	5
Basic indicator approach	53	4	53	4
TOTAL	**45,677**	**3,654**	**52,227**	**4,178**

BANCWEST

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**55,394**	**4,432**	**51,891**	**4,151**
Credit risk – Standardised approach	**55,394**	**4,432**	**51,891**	**4,151**
Central governments and central banks	8	1	6	0
Corporates	34,794	2,784	32,199	2,576
Institutions	961	77	812	65
Retail	15,995	1,280	15,287	1,223
Real estate loans	*3,613*	*289*	*2,606*	*208*
Revolving exposures	*401*	*32*	*367*	*29*
Other exposures	*11,981*	*959*	*12,314*	*985*
Other non credit-obligation assets	3,635	291	3,587	287
Banking book securitisation positions	**18**	**1**	**93**	**7**
Securitisation positions – Standardised approach	18	1	93	7
Counterparty credit risk	**267**	**21**	**252**	**20**
Counterparty credit risk – Standardised approach	**267**	**21**	**252**	**20**
CVA Charge	45	4	34	3
Counterparty credit risk – excl. CCP and CVA charges	222	18	219	17
Corporates	*201*	*16*	*203*	*16*
Institutions	*21*	*2*	*15*	*1*
Equity risk	**36**	**3**	**42**	**3**
Simple weighting method	36	3	42	3
Listed equities	*2*	*0*	*12*	*1*
Other equity exposures	*34*	*3*	*30*	*2*
Market risk	**1**	**0**	**2**	**0**
Standardised approach	1	0	2	0
Operational risk	**3,518**	**281**	**3,253**	**260**
Standardised approach	3,518	281	3,253	260
TOTAL	**59,234**	**4,739**	**55,533**	**4,443**

BNP PARIBAS PERSONAL FINANCE

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**43,721**	**3,498**	**43,720**	**3,498**
Credit risk – IRB approach	**10,771**	**862**	**9,422**	**754**
Retail	10,771	862	9,422	754
Revolving exposures	*4,200*	*336*	*4,210*	*337*
Other exposures	*6,571*	*526*	*5,212*	*417*
Credit risk – Standardised approach	**32,950**	**2,636**	**34,298**	**2,744**
Central governments and central banks	63	5	25	2
Corporates	1,179	94	734	59
Institutions	476	38	349	28
Retail	30,057	2,405	30,801	2,464
Real estate loans	*10,372*	*830*	*11,676*	*934*
Revolving exposures	*1,356*	*108*	*1,366*	*109*
Other exposures	*18,329*	*1,466*	*17,759*	*1,421*
Other non credit-obligation assets	1,175	94	2,389	191
Banking book securitisation positions	**0**	**0**	**0**	**0**
Counterparty credit risk	**92**	**7**	**26**	**2**
Counterparty credit risk – Standardised approach	**92**	**7**	**26**	**2**
CVA Charge	81	7	15	1
Counterparty credit risk – excl. CCP and CVA charges	10	1	11	1
Central governments and central banks	*0*	*0*	*0*	*0*
Institutions	*10*	*1*	*11*	*1*
Equity risk	**1,610**	**129**	**1,564**	**125**
Simple weighting method	116	9	139	11
Listed equities	*0*	*0*	*0*	*0*
Other equity exposures	*116*	*9*	*139*	*11*
Standardised approach	1,494	119	1,425	114
Market risk	**77**	**6**	**21**	**2**
Standardised approach	77	6	21	2
Operational risk	**4,503**	**360**	**3,933**	**314**
Advanced Measurement Approach (AMA)	3,092	247	2,917	233
Standardised approach	881	70	606	48
Basic indicator approach	530	42	410	33
TOTAL	**50,002**	**4,000**	**49,264**	**3,941**

BGL BNP PARIBAS

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	21,553	1,724	21,476	1,718
Credit risk – IRB approach	**4,728**	**378**	**4,779**	**382**
Central governments and central banks	469	38	526	42
Corporates	2,727	218	2,791	223
Institutions	200	16	204	16
Retail	1,269	101	1,195	96
Real estate loans	*668*	*53*	*652*	*52*
Other exposures	*601*	*48*	*543*	*44*
Other non credit-obligation assets	64	5	63	5
Credit risk – Standardised approach	**16,825**	**1,346**	**16,697**	**1,336**
Central governments and central banks	0	0	3	0
Corporates	8,488	679	8,600	688
Institutions	256	20	235	19
Retail	6,287	503	6,085	487
Other exposures	*6,287*	*503*	*6,085*	*487*
Other non credit-obligation assets	1,794	144	1,774	142
Banking book securitisation positions	57	5	51	4
Securitisation positions – IRB approach	**57**	**5**	**51**	**4**
Counterparty credit risk	39	3	98	8
Counterparty credit risk – IRB approach	**38**	**3**	**86**	**7**
Counterparty credit risk – excl. CCP and CVA charges	38	3	86	7
Corporates	*34*	*3*	*73*	*6*
Institutions	*3*	*0*	*12*	*1*
Retail	*1*	*0*	*1*	*0*
Counterparty risk – Standardised approach	**2**	**0**	**12**	**1**
CVA Charge	2	0	9	1
Counterparty credit risk – excl. CCP and CVA charges	0	0	3	0
Corporates	*0*	*0*	*0*	*0*
Institutions	*0*	*0*	*3*	*0*
Equity risk	1,044	84	1,022	82
Simple weighting method	618	49	599	48
Private equity exposures in diversified portfolios	*6*	*1*	*7*	*1*
Listed equities	*1*	*0*	*0*	*0*
Other equity exposures	*611*	*49*	*592*	*47*
Standardised approach	427	34	423	34
Market risk	127	10	3	0
Standardised approach	127	10	3	0
Operational risk	1,500	120	1,380	110
Advanced Measurement Approach (AMA)	1,210	97	1,115	89
Standardised approach	172	14	160	13
Basic indicator approach	117	9	105	8
TOTAL	**24,322**	**1,946**	**24,030**	**1,922**

TEB GROUP

In millions of euros	31 December 2015		31 December 2014	
	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**19,187**	**1,535**	**20,296**	**1,624**
Credit risk – IRB approach	**101**	**8**	**61**	**5**
Corporates	101	8	61	5
Credit risk – Standardised approach	**19,085**	**1,527**	**20,235**	**1,619**
Central governments and central banks	2,571	206	1,359	109
Corporates	7,140	571	8,802	704
Institutions	800	64	1,177	94
Retail	8,069	646	8,270	662
Real estate loans	*77*	*6*	*396*	*32*
Other exposures	*7,992*	*639*	*7,874*	*630*
Other non credit-obligation assets	506	40	627	50
Banking book securitisation positions	**0**	**0**	**0**	**0**
Counterparty credit risk	**192**	**15**	**267**	**21**
Counterparty credit risk – Standardised approach	**192**	**15**	**267**	**21**
CVA Charge	65	5	140	11
Counterparty credit risk – excl. CCP and CVA charges	127	10	126	10
Corporates	*76*	*6*	*57*	*5*
Institutions	*45*	*4*	*65*	*5*
Retail	*6*	*0*	*4*	*0*
Equity risk	**106**	**8**	**20**	**2**
Simple weighting method	106	8	20	2
Other equity exposures	*106*	*8*	*20*	*2*
Market risk	**69**	**6**	**461**	**37**
Standardised approach	69	6	461	37
Operational risk	**1,891**	**151**	**1,762**	**141**
Basic indicator approach	1,891	151	1,762	141
TOTAL	**21,445**	**1,716**	**22,806**	**1,825**

Appendix 4: List of tables and figures

Appendix 5: Table of concordance between the Enhanced Disclosure Task Force (EDTF) recommendations and the Registration document

List of EDTF recommendations		Registration document and annual financial report 2015 – Management report and other	Registration document and annual financial report 2015 – Consolidated financial statements	Registration document and annual financial report 2015 – Risks and capital adequacy (Pillar3)
Overview				
1	Pillar 3 information			p. 233-234; 258-259; 261; 392-394
2	Risk categories			p. 273-275 + Details in each of the sections concerned
3	Top risks and emerging risks			p. 237-248
4	Regulatory ratios	p. 105; 128		p. 236; 262-264; 266-267; 354-355
Governance, risk management and business model				
5	Organisation of governance and risk management	p. 88-94		p. 270-272; 279-280; 313; 323; 332; 350-351; 359-361; 366
6	Risk culture	p. 475-477		p. 272-273
7	Risk mapping			p. 237; 258-259; 261; 270-274
8	Stress test			p. 276-277; 282; 324; 341; 353
Capital requirement and risk-weighted assets				
9	Minimum capital requirements			p. 236; 262-264
10	Breakdown of capital		p. 180-183; 210-211	p. 249-256; 377-384
11	Change in regulatory capital			p. 257-258
12	Capital adequacy and capital planning	p. 126-127		p. 262-266; 268-269
13	Risk-weighted assets by risk type and by business			p. 258-259
14	Risk-weighted assets and capital requirement by risk type and by calculation method			p. 260; 289-292; 286; 318-321; 326-327; 331; 343; 365
15	Credit risk analysis			p. 281; 294-302
16	Change in risk-weighted assets			p. 261
17	Backtesting			p. 292-293; 335-336
Liquidity risk				
18	Liquidity management			p. 350-351; 353
19	Encumbered and unencumbered assets		p. 197; 198-199	p. 358-359
20	Prudential balance sheet by contractual maturity			p. 355-357
21	Refinancing strategy			p. 351-353
Market risk				
22	Prudential balance sheet split by trading and banking books			p. 329-330
23	Market risk exposure			p. 334-338; 342-343
24	Market risk modelling			p. 333; 335
25	Market risk measurement			p. 334-338; 341

List of EDTF recommendations		Registration document and annual financial report 2015		
		Management report and other	Consolidated financial statements	Risks and capital adequacy (Pillar 3)
Credit risk				
26	Analysis of credit risk exposure			p. 278-279; 282-286; 296-297; 300-301; 304; 310 (LTV)
27	Policy on past-due/doubtful loans and provisions		p. 143-145 (1.c.5)	p. 280; 308
28	Analysis of past-due/doubtful loans and provisions		p. 156-157 (3.f); 164; 176 (5.f); 178-179	p. 278 (see *); 305-309
29	Derivatives		p. 163 (5.a)	p. 322-328
30	Credit risk mitigation techniques			p. 282-283; 309-311
Other risks				
31	Other risks			p. 237-248; 274-275; 347-349; 359-372
32	Operational risk, including litigation and compliance	p. 92-94	p. 158; 211-212	p. 245; 270; 359-362

Appendix 6: Glossary

Acronyms	
ABCP	Asset-Backed Commercial Paper
ABS	Asset-Backed Securities
ACPR	Autorité de contrôle prudentiel et de résolution
ALCo	Asset and Liability Committee
ALM	Asset and Liability Management
AMA	Advanced Measurement Approach
bp	Basis points
BNB	Banque Nationale de Belgique
BRRD	Bank Recovery and Resolution Directive
CCF	Credit Conversion Factor
CDO	Collaterised Debt Obligations
CDS	Credit Default Swap
CEBS	Committee of European Banking Supervisors
CLO	Collaterised Loan Obligations
CMBS	Commercial Mortgage Backed Securities
CRBF	Comité de Réglementation Bancaire et Financière
CRD	Capital Requirement Directive
CRM	Comprehensive Risk Measure
CRR	Capital Requirement Regulation
CVA	Credit Valuation Adjustment
D-SIBs	Domestic Systemically Important Banks
EAD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
EDTF	Enhanced Disclosure Task Force
EEPE	Effective Expected Positive Exposure
EL	Expected Loss
FBF	Fédération Bancaire Française
FSB	Financial Stability Board
G-SIBs	Global Systemically Important Banks
GDP	Gross Domestic Product
GRR	Global Recovery Rate
ICAAP	Internal Capital Adequacy Assessment Process

Acronyms	
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRBA	Internal Rating Based Approach
IRC	Incremental Risk Charge
ISDA	International Swaps and Derivatives Association
LGD	Loss Given Default
LTRO	Long Term Refinancing Operation
MTN	Medium Term Note
NPV	Net Present Value
P&C	Property & Casualty
PD	Probability of Default
PVA	Prudent Valuation Adjustment
RMBS	Residential Mortgage-Backed Securities
RW	Risk Weight
SFT	Securities Financing Transactions
SME	Small and Medium Enterprises
SREP	Supervisory REview Process
TLTRO	Targeted Long Term Refinancing Operation
TRS	Total Return Swap
VaR	Value at Risk

6 INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

6.1 BNP Paribas SA financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

In millions of euros	Note	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Interest income	2.a	13,864	13,896
Interest expense	2.a	(8,849)	(8,999)
Income on equities and other variable instruments	2.b	5,903	2,507
Commission income	2.c	5,170	5,194
Commission expense	2.c	(971)	(865)
Gains or losses on trading account securities	2.d	2,441	2,057
Gains or losses on securities available for sale	2.e	342	574
Other banking income		212	371
Other banking expenses		(162)	(150)
REVENUES		**17,950**	**14,585**
Salaries and employee benefit expenses	5.a	(5,850)	(5,657)
Other administrative expenses		(4,249)	(3,595)
Depreciation, amortisation and impairment on tangible, and intangible assets		(1,472)	(2,372)
GROSS OPERATING INCOME		**6,379**	**2,961**
Cost of risk	2.f	(636)	(1,004)
Costs associated with the global agreement with the United States	2.g	-	(2,881)
OPERATING INCOME		**5,743**	**(924)**
Net gain or loss on disposals of long-term investments	2.h	546	(1,944)
Net additions to or write-backs from regulated provisions		17	(3)
INCOME BEFORE TAX		**6,306**	**(2,871)**
Corporate income tax	2.i	(74)	(218)
NET INCOME		**6,232**	**(3,089)**

BALANCE SHEET AT 31 DECEMBER 2015

In millions of euros, at	Note	31 December 2015	31 December 2014
ASSETS			
Cash and amounts due from central banks and post office banks		83,794	88,765
Treasury bills and money-market instruments	3.c	117,244	118,241
Due from credit institutions	3.a	249,561	275,037
Customer items	3.b	370,341	361,214
Bonds and other fixed-income securities	3.c	114,397	90,364
Equities and other variable-income securities	3.c	2,179	1,915
Investments in subsidiaries and equity securities held for long-term investment	3.c	4,507	4,139
Investments in affiliates	3.c	59,278	57,609
Leasing receivables		-	-
Intangible assets	3.j	4,481	5,188
Tangible assets	3.j	2,429	2,429
Treasury shares	3.d	81	140
Other assets	3.h	193,931	231,157
Accrued income	3.i	89,983	93,191
TOTAL ASSETS		**1,292,206**	**1,329,389**
LIABILITIES			
Due to central banks and post office banks		2,452	1,341
Due to credit institutions	3.a	267,337	294,694
Customer items	3.b	416,478	387,007
Debt securities	3.f	139,910	156,792
Other liabilities	3.h	300,924	321,442
Accrued income	3.i	81,629	92,946
Provisions	3.k	3,111	4,094
Subordinated debt	3.l	18,798	13,872
TOTAL LIABILITIES		**1,230,639**	**1,272,188**
SHAREHOLDERS' EQUITY	6.b		
Share capital		2,493	2,492
Additional paid-in capital		23,066	23,048
Reserves and Retained earnings		29,776	34,750
Net income		6,232	(3,089)
TOTAL SHAREHOLDERS' EQUITY		**61,567**	**57,201**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,292,206**	**1,329,389**

Off-balance sheet	Note	31 December 2015	31 December 2014
Commitments given			
Financing commitments	4.a	239,518	193,809
Guarantee commitments	4.b	114,269	130,271
Commitments given on securities		9,363	5,138
Commitments received			
Financing commitments	4.a	123,892	129,007
Guarantee commitments	4.b	215,806	225,965
Commitments received on securities		9,179	4,963

Notes to the parent company financial statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS SA

BNP Paribas SA's financial statements have been prepared in accordance with the accounting principles applied to credit institutions in France, set out in ANC regulation 2014-07 of 26 November 2014.

AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between demand loans and deposits, and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer debit accounts, and other loans.

Amounts due from credit institutions and customers are recorded in the balance sheet at nominal value plus accrued interest not yet due.

Outstanding loans and confirmed credit facilities are classified into sound loans, including sound restructured loans, and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored with an internal credit risk rating system based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are 12 counterparty ratings, ten covering sound loans and two covering doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the Bank considers that there is a risk that the borrowers will be unable to honour all or part of their commitments. This is the case for all loans on which one or more instalments are more than three months overdue (six months in the case of real estate loans or loans to local governments), as well as loans for which legal procedures have been launched. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

The Bank recognises an impairment for doubtful accounts on these loans, in an amount corresponding to the difference between the total loan value and current value of the future cash flows (from principal, interest, and any realised guarantees) that are deemed recoverable, using a discount rate equal to the original effective interest rate (for fixed-rate loans), or the most recent contractual interest rate (for floating-rate loans). The guarantees considered here include mortgages and pledges on assets, as well as credit derivatives acquired by the Bank as a protection against credit losses in the loan book.

If a loan is restructured because the borrower is facing financial difficulties, the Bank calculates a discount at the current value of the difference between the old and new repayment terms. These discounts are recognised as a deduction to assets and reversed through income on an actuarial basis over the remaining term of the loan. If any instalments on a restructured loan are not paid, the loan is permanently reclassified as irrecoverable regardless of the terms of the restructuring.

In the case of doubtful loans where the borrower has resumed making regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are met.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time recorded in doubtful loans no reclassification as a sound loan is foreseeable, loans where an event of default has occurred, almost all restructured loans where the borrower has once again defaulted, and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering a substantial portion of the amount due.

Impairments for credit risks on assets are deducted from the carrying amount of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, loss provisions relating to interests in real-estate development programmes, provisions for claims and litigation, and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions and impairment, losses on irrecoverable loans, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Cost of risk".

The interest received from the repayment of the carrying amount of loans that have been written-down, as well as the reversals of discounting effects and the discount on restructured loans, are recognised under "Interest income".

REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (*Comptes Épargne Logement*, or CELs) and home savings plans (Plans d'*Épargne Logement*, or PELs) are government regulated retail products sold in France. They combine an inseparable savings phase and a loan phase with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas SA: an obligation to pay interest on the savings for an indefinite period at a rate set by the government on inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase at a rate set on inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

BNP Paribas SA's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to statistically probable outstanding loans and the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk outstanding loans for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and on products offered to retail clients in the case of the savings phase.

In order to reflect the uncertainty of future interest-rate trends, and the impact of such trends on customer behaviour models and on at risk outstandings, the obligations are estimated using the Monte-Carlo method.

When the sum of BNP Paribas SA's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for BNP Paribas SA, a provision is recognised, with no offset between generations, in the balance sheet under "Provisions". Movements in this provision are recognised as interest income in the profit and loss account.

SECURITIES

The term "Securities" covers interbank market securities, Treasury bills and negotiable certificates of deposit, bonds and other "Fixed Income" securities (whether fixed- or floating-rate) and equities and other variable-income securities.

Securities are classified as: "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium term", "Debt securities held to maturity", "Equity securities held for long-term investment", or "Investments in subsidiaries and affiliates".

When a credit risk has occurred, Fixed Income securities held in the "Available for sale" or "Held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Cost of risk".

Trading account securities

"Trading account securities" are securities bought or sold with the intention of selling them or repurchasing them in the near future, as well as those held as a result of market-making activities. These securities are valued individually at market value if they meet the following criteria:

- they can be traded on an active market (i.e., a market where third parties have continuous access to market prices through a securities exchange, brokers, traders, or market-makers);
- the market prices reflect actual, regularly-occurring transactions taking place under normal competition conditions.

"Trading account securities" also include securities bought or sold for specific asset-management objectives (especially in terms of sensitivity) for trading books comprised of forward financial instruments, securities, or other financial instruments taken globally.

Changes in the market value of these securities are recognised in income. "Trading account securities" cannot be reclassified into another category and must follow the valuation rules for this category until they are sold, fully redeemed, or recognised as a loss and consequently removed from the balance sheet.

In the case of exceptional circumstances necessitating a change in investment strategy, "Trading account securities" can be reclassified as "Securities available for sale" or "Debt securities held to maturity" depending on the new strategy.

If Fixed Income securities classified as "Trading account securities" can no longer be traded on an active market, and if the Bank has the intention and ability to hold these securities for the foreseeable future or until maturity, they can be reclassified as "Securities available for sale" or "Debt securities held to maturity".

The accounting rules for the new category would apply to reclassified securities as of the reclassification date.

If the market in which securities classified as "Trading account securities" were purchased can no longer be considered active, the securities will be valued using methods that take into account the new market conditions.

Securities available for sale

The "Securities available for sale" category includes securities not classified into one of the other categories.

Bonds and other fixed income securities are valued at the lower of cost (excluding accrued interest) or probable market prices, which is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other Fixed Income securities".

The difference between cost and the redemption price of fixed income securities purchased on the secondary market is recognised in income using the actuarial method. On the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Equities are valued at the lower of cost and probable market value, which is generally determined on the basis of stock market prices for listed equities, or BNP Paribas SA's share in net equity, calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are recognised in income under "Income on equities and other variable income instruments" on a cash basis.

The cost of securities available for sale that have been sold is determined on a first in, first out (FIFO) basis. Disposal gains or losses, and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Gains (losses) on securities available for sale".

In the case of exceptional circumstances necessitating a change in investment strategy, or if the securities can no longer be traded on an active market, securities classified as "Securities available for sale" may be reclassified as "Debt securities held to maturity" and must be identified within this portfolio. These securities would then be recognised according to the method used for "Debt securities held to maturity".

Equity securities available for sale in the medium term

Equity securities available for sale in the medium term comprise investments made for portfolio management purposes, with the aim of realising a profit in the medium term without investing on a long-term basis in the development of the issuer's business. This category includes venture capital investments.

Equity securities available for sale in the medium term are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general business outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average stock market price determined over a one-month period.

Debt securities held to maturity

Fixed Income securities with a specified maturity (mainly bonds, interbank market securities, Treasury bills, and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas SA's intention of holding them to maturity.

Bonds classified under this heading are financed by matching funds or hedged against interest-rate exposure for their remaining lives.

The difference between cost and the redemption price of these securities is recognised in income using the actuarial method. On the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Interest on debt securities held to maturity is recorded in the profit and loss account under "Interest income on bonds and other Fixed Income securities".

An impairment is recognised when a decline in the credit standing of an issuer jeopardises redemption at maturity.

If a significant portion of the "Debt securities held to maturity" is sold or reclassified into a different category, the sold or reclassified securities cannot be returned to the "Debt securities held to maturity" category at any time during the current financial period or the following two financial years. All the securities classified as "Debt securities held to maturity" would then be reclassified as "Equity securities available for sale in the medium term".

If exceptional market circumstances necessitate a change in investment strategy, and "Trading account securities" and "Securities available for sale" are reclassified as "Debt securities held to maturity", the sale of any "Debt securities held to maturity" prior to the maturity date would not invoke the reclassification clauses in the above paragraph if the sale occurred because the securities had once again become tradable on an active market.

Equity securities held for long-term investment, investments in subsidiaries and affiliates

Investments in non-consolidated undertakings include investments in affiliates in which BNP Paribas SA exercises significant influence over management and investments considered strategic to BNP Paribas SA's business development. This influence is deemed to exist when BNP Paribas SA holds an ownership interest of at least 10%.

Equity securities held for long-term investment are shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return without taking an active part in the management of the issuing company, but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.

Other participating interests consist of shares and other variable income investments in companies over which BNP Paribas SA has exclusive control (i.e. companies that could be fully incorporated into the Group).

These types of securities are recorded individually at the lower of cost and fair value. Fair value is determined on the basis of available information using a multi-criteria valuation approach, including discounted future cash flows, sum-of-the-digits and net asset value methods as well as an analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. The fair value of listed securities is considered to be at least equal to cost if the stock market price at period-end is no more than 20% below cost and the stock market price has not been below cost for the preceding 12 consecutive months. If these conditions are not met, and if a multi-criteria valuation shows that an impairment should be recognised on the carrying amount, the fair value is considered to be equal to the stock market price. The same holds true if the stock market price is less than cost for 24 consecutive months, the closing stock market price is less than 50% of cost, or the average price over a 12-month period is more than 30% lower than cost. For simplicity, listed securities acquired for less than EUR 10 million may be valued on the basis of the average closing stock market price in the month prior to closing.

Disposals, gains and losses and provision movements are recorded in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

Dividends are recognised when they have been declared by the issuers' shareholders or if the shareholders' decision is unknown, when they are received. They are recorded under "Income On Equities And Other Variable Instruments."

Treasury shares

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- treasury shares purchased under a market-making agreement or acquired in connection with index arbitrage transactions are recorded under "Trading account securities" at market price;
- treasury shares held for allocation to employees are recorded under "Securities available for sale". Shares granted to employees of BNP Paribas SA subsidiaries are charged to the subsidiaries according to the provisions of local law;
- treasury shares held for allocation to employees are not impaired, but a provision is recognised for these shares based on the services provided by the employees who will receive the shares;
- treasury shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Treasury shares intended to be cancelled are stated at cost. All others are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at acquisition cost or at the adjusted value determined in accordance with France's approbation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these statutory revaluations, are included in share capital.

Fixed assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by BNP Paribas SA that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and staff costs directly attributable to the project.

Subsequent to initial recognition, fixed assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

Fixed assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation, and provisions on tangible and intangible assets".

The portion of recognised depreciation or amortisation that exceeds the economic amount or amortisation calculated on a straight-line basis is recorded in the balance sheet as a liability under "Regulatory provisions: accelerated depreciation and amortisation". BNP Paribas SA does not calculate the deferred tax effects of accelerated depreciation and amortisation.

When an asset consists of a number of components that may require replacement at regular intervals or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component. BNP Paribas SA has adopted the component-based approach for property used in operations.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Depending on its type, software is amortised over a period of no more than 8 years in relation to infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Depreciable fixed assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment annually.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be materially impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken into account in the profit and loss account under "Depreciation, amortisation, and provisions on tangible and intangible assets".

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Gains and losses on disposals of property, plant and equipment, and intangible assets used in operations are recognised in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

DUE TO CREDIT INSTITUTIONS AND DUE TO CUSTOMERS

Amounts due to credit institutions and customers are classified by their initial term or their nature: demand accounts and time deposits for credit institutions, and regulated savings accounts and other deposits for customers. These sections include securities and other assets sold under repurchase agreements. These sections include securities and other assets sold under repurchase agreements. Accrued interest is recorded on a separate line.

DEBT SECURITIES

Debt securities are broken down between retail certificates of deposit, interbank market securities, negotiable debt securities, bonds and other debt instruments. This section does not include subordinated notes which are recorded under "Subordinated debt".

Accrued interest on debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

Bond issue and redemption premiums are amortised using the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised using the straight-line method over the life of the bonds.

PROVISIONS FOR INTERNATIONAL COMMITMENTS

Provisions for international commitments are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by debtors in the event of a constant and durable deterioration in the overall situation and economies of these countries. Additions and reversals of these provisions are reflected in the profit and loss account under "Cost of risk".

PROVISIONS FOR NON-BANKING TRANSACTIONS

BNP Paribas SA records provisions for clearly identified contingencies and charges of uncertain timing or amount. In accordance with current regulations, these provisions for items not related to banking transactions may be recorded only if the Bank has an obligation to a third party at year-end, there is a high probability of an outflow of resources to the third party, and no equivalent economic benefits are expected in return from the third party.

COST OF RISK

The "Cost of risk" line item includes expenses arising from the identification of counterparty and credit risks, litigation, and fraud inherent to banking transactions conducted with third parties. Net movements in provisions that do not fall under the category of such risks are classified in the profit and loss account according to their type.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or general hedges of assets and liabilities, or for transaction purposes.

The Bank's commitments related to these instruments are recognised off-balance sheet at nominal value. The accounting treatment of these instruments depends on the corresponding investment strategy.

Derivatives held for hedging purposes

Income and expenses related to forward financial instruments held for hedging purposes and designated to one instrument or a group of homogeneous instruments are recognised in income symmetrically with the income and expenses on the underlying instrument, and under the same heading.

Income and expenses related to forward financial instruments used to hedge overall interest rate risk are recognised in income on a prorata basis.

Derivatives held for trading purposes

Derivatives held for trading purposes can be traded on organised markets or over-the-counter.

Derivatives held within a trading book are valued at market value on the balance sheet date. The corresponding gains and losses (realised and unrealised) are recognised in income under "Gains (losses) on trading account securities".

The market value is determined from either:

- the listed price, if one is available; or
- a valuation method using recognised financial models and theories with parameters calculated from transaction prices observed on active markets, or from statistical or other quantitative methods.

In both cases, BNP Paribas SA makes conservative value adjustments to account for modelling, counterparty, and liquidity risks.

Some complex derivatives, which are typically custom-made from combined instruments and highly illiquid, are valued using models where certain parameters are not observable on an active market.

Until 31 December 2004, the Bank recognised gains from trading these complex derivatives immediately in income.

However, on 1 January 2005, the Bank began recognising these gains in income over the period during which the valuation parameters are expected to be unobservable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

Other derivatives transactions

Depending on the nature of the instruments, gains and losses on over-the-counter contracts representing isolated open positions are recognised in income when the contracts are settled or on a prorata basis. A provision for unrealised losses is recognised for each group of homogeneous contracts.

CORPORATE INCOME TAX

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. When the period in which the income and expenses are booked differs from that in which the income is taxed and expenses deducted, BNP Paribas SA recognises deferred tax, whose amount is calculated according to the liability method, with the basis taken to be all temporary differences between the book value and tax basis of balance sheet items, and applying applicable future tax rates once these have been approved. Deferred tax assets are recognised in accordance with the likelihood of their being recovered.

EMPLOYEE PROFIT-SHARING

As required by French law, BNP Paribas SA recognises employee profit-sharing in the year in which the employee entitlement arises. The amount is reported under "Salaries and employee benefit expenses" in the profit and loss account.

EMPLOYEE BENEFITS

BNP Paribas SA employees receive each of the following four types of benefits:

- termination benefits, payable primarily in the case of early termination of an employment contract;
- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- post-employment benefits, including top-up banking industry pensions in France and pension plans in other countries, some of which are operated through pension funds.

Termination benefits

Termination benefits are employee benefits payable as a result of a decision by BNP Paribas SA to terminate a contract of employment before the legal retirement age or by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits due more than 12 months after the closing date are discounted.

Short-term benefits

BNP Paribas SA recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

Long-term benefits are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within 12 months after the end of the period in which the employee renders the associated services. The actuarial techniques used are similar to those used for defined benefit post-employment benefits, except that actuarial gains and losses are recognised immediately, as are the effects of any plan amendments.

This relates in particular to cash compensation deferred for more than 12 months, which is accrued in the financial statements for the period during which the employee provides the corresponding services. If the payment of this deferred variable compensation is subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a prorata basis over that period. The expense is recognised under salaries and employee benefit expenses, with a corresponding liability in the balance sheet. It is revised to take account of any non-fulfilment of the continued presence or performance conditions and changes in the BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred but recognised immediately with a corresponding liability in the balance sheet, which is then revised on each reporting date until settlement, to account for any performance conditions and changes in the BNP Paribas share price.

Post-employment benefits

The post-employment benefits provided to BNP Paribas SA employees in France include both defined-contribution plans and defined-benefit plans.

Defined contribution plans, such as Caisse Nationale d'Assurance Vieillesse and supplemental national and trade union plans that pay pensions to former BNP Paribas SA employees in France, do not give rise to an obligation for BNP Paribas SA and consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense.

Only defined benefit plans, such as the retirement packages paid for by BNP Paribas SA's retirement fund, give rise to an obligation for BNP Paribas SA. This obligation must be measured and recognised as a liability by means of a provision.

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The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether BNP Paribas SA has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined benefit plans are measured using actuarial techniques that take into account demographic and financial assumptions. The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, tailored to the country in question, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation. When the value of the plan assets exceeds the amount of the obligation, an asset is only recognised if it represents a future economic benefit in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. Actuarial gains and losses and the effect of limits on assets are recognised immediately in profit or loss. Expected gains from investments are calculated at the discount rate of the corresponding commitments.

RECOGNITION OF REVENUE AND EXPENSES

Interest and fees and commissions qualified as interest are recognised on an accrual basis. These include the commissions charged by the Bank as part of an overall loan package (i.e., application fees, commitment fees, participation fees, etc.). The marginal transaction costs that the Bank must pay when granting or acquiring loans are also spread out over the effective life of the corresponding loan.

Fees and commissions not qualified as interest that relate to the provision of services are recognised when the service is performed or, for ongoing services, on a prorata basis over the length of the service agreement.

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recognised in the profit and loss account.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments denominated in foreign currencies and financed in euros, are recognised as translation adjustments for the balance sheet line items recording the assets.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments, denominated and financed in foreign currencies, are recognised symmetrically as translation differences for the corresponding financing.

TRANSLATION OF FINANCIAL STATEMENTS EXPRESSED IN FOREIGN CURRENCIES

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches are translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in "Accrued income" and "Accrued expenses".

Note 2 NOTES TO THE 2015 PROFIT AND LOSS ACCOUNT

2.a NET INTEREST INCOME

BNP Paribas SA includes in "Interest income" and "Interest expense" all income and expenses from financial instruments measured at amortised cost according to the effective interest rate method (interest, commission and expenses) and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Gains (losses) on trading account securities".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item.

In millions of euros	Year to 31 Dec. 2015		Year to 31 Dec. 2014	
	Income	Expenses	Income	Expenses
Credit institutions	**3,323**	**(2,574)**	**3,324**	**(2,584)**
Demand accounts, loans and borrowings	3,131	(2,215)	3,025	(2,231)
Securities given/received under repurchase agreements	82	(359)	187	(353)
Subordinated loans	110		112	
Customers	**6,843**	**(2,099)**	**6,887**	**(2,216)**
Demand accounts, loans, and term accounts	6,636	(2,065)	6,753	(2,124)
Securities given/received under repurchase agreements	201	(34)	119	(92)
Subordinated loans	6		15	
Finance leases				
Debt securities	**196**	**(3,799)**	**275**	**(3,922)**
Bonds and other fixed-income securities	**3,502**		**3,410**	
Trading account securities	470		154	
Securities available for sale	2,942		3,186	
Debt securities held to maturity	90		70	
Macro-hedging instruments		**(377)**		**(277)**
INTEREST INCOME AND EXPENSE	**13,864**	**(8,849)**	**13,896**	**(8,999)**

2.b INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Securities available for sale	59	35
Investments in subsidiaries and equity securities held for long-term investment	160	262
Investments in affiliates	5,684	2,210
INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**5,903**	**2,507**

2.c COMMISSIONS

In millions of euros	Year to 31 Dec. 2015		Year to 31 Dec. 2014	
	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	**2,340**	**(599)**	**2,466**	**(518)**
Customer items	1,517	(150)	1,374	(104)
Other	823	(449)	1,092	(414)
Commissions on financial services	**2,830**	**(372)**	**2,728**	**(347)**
COMMISSION INCOME AND EXPENSES	**5,170**	**(971)**	**5,194**	**(865)**

2.d GAINS OR LOSSES ON TRADING ACCOUNT SECURITIES

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Fixed Income instruments and transactions in trading account securities	2,447	779
Currency instruments	(1,540)	98
Credit instruments	237	(248)
Other variable income financial instruments and transactions in trading account securities	1,297	1,428
GAINS OR LOSSES ON TRADING ACCOUNT SECURITIES	**2,441**	**2,057**

2.e GAINS OR LOSSES ON SECURITIES AVAILABLE FOR SALE

In millions of euros	Year to 31 Dec. 2015		Year to 31 Dec. 2014	
	Income	Expenses	Income	Expenses
Divestments	602	(214)	509	(49)
Provisions	104	(150)	182	(68)
TOTAL	**706**	**(364)**	**691**	**(117)**
GAINS OR LOSSES ON SECURITIES AVAILABLE FOR SALE	**342**		**574**	

2.f COST OF RISK AND PROVISION FOR CREDIT RISKS

Cost of risk represents the net amount of impairment losses recognised with respect to credit risks inherent to BNP Paribas SA's banking intermediation activities, plus any impairment losses in the case of known counterparty risk on over-the-counter instruments.

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Net additions to or write-backs from provisions	**(429)**	**(948)**
Customer items and credit institutions	(408)	(853)
Off-balance sheet commitment	3	(7)
Securities	(25)	(91)
Doubtful loans	10	(13)
Financial instruments for market activities	(9)	16
Irrecoverable loans not covered by provisions	**(289)**	**(137)**
Recoveries of loans written-off	**82**	**81**
COST OF RISK	**(636)**	**(1,004)**

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec.2014
Balance at 1 January	**7,939**	**7,887**
Net additions to or write-backs from provisions	429	948
Write-offs during the period covered by provisions	(1,116)	(1,137)
Effect of movements in exchange rates and other	224	241
PROVISIONS FOR CREDIT RISKS	**7,476**	**7,939**

The provisions break down as follows:

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec.2014
Provisions deducted from assets	**6,797**	**7,258**
For amounts due from credit institutions *(note 3.a)*	136	163
For amounts due from customers *(note 3.b)*	6,225	6,689
For leasing transactions		
For securities	401	372
For financial instruments for market activities	35	34
Provisions recognised as liabilities *(note 3.k)*	**679**	**681**
For off-balance sheet commitments	620	621
For doubtful loans	59	60
PROVISIONS FOR CREDIT RISKS	**7,476**	**7,939**

2.g COSTS ASSOCIATED WITH THE GLOBAL AGREEMENT WITH THE UNITED STATES

On 30 June 2014 the Group reached a comprehensive settlement in connection with the investigation into certain dollar transactions involving countries subject to United States economic sanctions.

This settlement includes agreements with the US Department of Justice, US Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the US Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the US Department of the Treasury's Office of Foreign Assets Control (OFAC).

The agreement includes guilty pleas entered into by BNP Paribas SA in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related recordkeeping. BNP Paribas SA agreed to pay USD 5.12 billion (EUR 3.68 billion), representing its share of the total penalty of USD 8.97 billion paid by the Group. Beyond the EUR 0.8 billion already provisioned at 31 December 2013, this resulted in the recognition of an exceptional charge of EUR 2.88 billion in 2014. BNP Paribas also accepted a temporary suspension of one year starting on 1 January 2015 of the USD direct clearing, mainly involving the Oil & Gas Energy & Commodity trade financing business line in certain locations.

BNP Paribas has worked with the US authorities to resolve these issues and the resolution of these matters was coordinated by its home regulator (*Autorité de contrôle prudentiel et de résolution* – ACPR) with its lead regulators. BNP Paribas will maintain its licenses as part of the settlements.

2.h GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS

In millions of euros	Year to 31 Dec. 2015		Year to 31 Dec. 2014	
	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	**19**	**(183)**	**131**	**(23)**
Divestments	-	(79)	99	(4)
Provisions	19	(104)	32	(19)
Investments in affiliates	**1,136**	**(429)**	**123**	**(2,188)**
Divestments	1,051	(32)	46	(22)
Provisions(1)	85	(397)	77	(2,166)
Operating assets	**7**	**(4)**	**26**	**(13)**
TOTAL	**1,162**	**(616)**	**280**	**(2,224)**
NET GAIN OR LOSS ON DISPOSALS OF LONG-TERM INVESTMENTS	**546**			**(1,944)**

(1) *The charge of EUR 2,166 million recognised under provisions relating to investments in affiliates includes a provision of EUR 1,954 million relating to the consolidated subsidiary BNP Paribas Suisse SA for the losses recorded in 2014.*

2. i CORPORATE INCOME TAX

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Current tax expense	42	(215)
Deferred tax expense	(116)	(3)
CORPORATE INCOME TAX	**(74)**	**(218)**

The basic tax consolidation agreements between BNP Paribas SA and the subsidiaries belonging to its tax group are designed to be tax neutral for every party. Each Group subsidiary recognises in its own books, over the full term of its consolidation, corporate income tax income or expense, additional contributions and all current or future taxes covered by the scope of tax consolidation just as they would if they were not part of a tax group. BNP Paribas SA, as the parent company, records the impact of Group tax savings from tax consolidation in France in current tax expense.

Note 3 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2015

3.a AMOUNTS DUE FROM AND DUE TO CREDIT INSTITUTIONS

In millions of euros, at	31 December 2015	31 December 2014
Loans and receivables	**165,043**	**154,875**
Demand accounts	5,914	6,218
Term accounts and loans	151,442	142,150
Subordinated loans	7,687	6,507
Securities received under repurchase agreements	**84,654**	**120,325**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**249,697**	**275,200**
of which accrued interest	*679*	*823*
of which irrecoverable loans	*18*	*63*
of which potentially recoverable doubtful loans	*102*	*145*
Impairment on receivables due from credit institutions ***(note 2.f)***	**(136)**	**(163)**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS NET OF IMPAIRMENT	**249,561**	**275,037**

In millions of euros, at	31 December 2015	31 December 2014
Deposits and borrowings	**167,776**	**167,205**
Demand deposits	13,767	12,883
Term accounts and borrowings	154,009	154,322
Securities given under repurchase agreements	**99,561**	**127,489**
DUE TO CREDIT INSTITUTIONS	**267,337**	**294,694**
of which accrued interest	*662*	*765*

3.b CUSTOMER ITEMS

In millions of euros, at	31 December 2015	31 December 2014
Loans and receivables	**279,567**	**275,738**
Commercial and industrial loans	2,096	2,080
Demand accounts	12,011	12,045
Short-term loans	63,600	57,105
Mortgages	68,415	69,222
Equipment loans	46,183	45,526
Export loans	7,666	8,180
Other customer loans	78,255	80,218
Subordinated loans	1,341	1,362
Securities received under repurchase agreements	**96,999**	**92,165**
CUSTOMER ITEMS BEFORE IMPAIRMENT – ASSETS	**376,566**	**367,903**
of which accrued interest	*769*	*631*
of which loans eligible for refinancing by the Banque de France	*55*	*53*
of which potentially recoverable doubtful loans and receivables	*3,578*	*4,499*
of which irrecoverable loans and receivables	*5,657*	*5,852*
Impairment on receivables due from customers ***(note 2.f)***	**(6,225)**	**(6,689)**
CUSTOMER ITEMS NET OF IMPAIRMENT – ASSETS	**370,341**	**361,214**

The following table gives the loans and receivables net of impairment due from customers by counterparty:

In millions of euros, at	31 December 2015				31 December 2014			
		Doubtful loans net of provisions				Doubtful loans net of provisions		
	Sound loans	Potentially recoverable	Irrecoverable	Total	Sound loans	Potentially recoverable	Irrecoverable	Total
Financial institutions	56,166	72	16	56,254	63,410	91	7	63,508
Corporate	137,026	1,420	1,829	140,275	124,149	2,089	1,656	127,894
Entrepreneurs	8,532	58	171	8,761	9,779	59	297	10,135
Individuals	60,795	210	674	61,679	60,520	232	682	61,434
Other non-financial customers	6,372	0	1	6,373	6,074	1	3	6,078
TOTAL LOANS AND RECEIVABLES, NET OF IMPAIRMENT	**268,891**	**1,760**	**2,691**	**273,342**	**263,932**	**2,472**	**2,645**	**269,049**

In millions of euros, at	31 December 2015	31 December 2014
Deposits	**321,168**	**314,120**
Demand deposits	115,151	102,669
Term deposits	136,446	142,877
Regulated savings accounts	69,571	68,574
of which demand regulated savings accounts	*53,121*	*53,537*
Securities given under repurchase agreements	**95,310**	**72,887**
CUSTOMER ITEMS – LIABILITIES	**416,478**	**387,007**
of which accrued interest	*1,019*	*1,004*

3.c SECURITIES HELD BY BNP PARIBAS SA

In millions of euros, at	31 December 2015		31 December 2014	
	Net carrying amount	Market value	Net carrying amount	Market value
Transaction	72,114	72,114	78,612	78,612
Securities available for sale	44,781	48,187	39,279	41,857
of which provisions	*(37)*		*(21)*	
Debt securities held to maturity	349	353	350	354
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**117,244**	**120,654**	**118,241**	**120,823**
of which receivables corresponding to loaned securities	*34,500*		*21,522*	
of which goodwill	*2,394*		*1,562*	
Transaction	64,752	64,752	44,588	44,588
Securities available for sale	48,199	49,103	43,832	45,206
of which provisions	*(455)*		*(346)*	
Debt securities held to maturity	1,446	1,459	1,944	1,963
of which provisions	*(38)*		*(56)*	
BONDS AND OTHER FIXED-INCOME SECURITIES	**114,397**	**115,314**	**90,364**	**91,757**
of which unlisted securities	*4,827*	*4,889*	*7,243*	*8,150*
of which accrued interest	*813*		*992*	
of which receivables corresponding to loaned securities	*19,179*		*12,619*	
of which goodwill	*328*		*138*	
Transaction	1,048	1,048	244	244
Securities available for sale and equity securities available for sale in the medium term	1,131	1,446	1,671	1,831
of which provisions	*(348)*		*(349)*	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**2,179**	**2,494**	**1,915**	**2,075**
of which unlisted securities	*822*	*1,065*	*1,570*	*1,722*
of which receivables corresponding to loaned securities	*644*		*57*	
Investments in subsidiaries	3,987	6,121	3,752	5,007
of which provisions	*(226)*		*(193)*	
Equity securities held for long-term investment	520	547	387	473
of which provisions	*(47)*		*(61)*	
INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	**4,507**	**6,668**	**4,139**	**5,480**
of which unlisted securities	*2,084*	*2,938*	*2,011*	*2,506*
Investments in affiliates	59,278	94,865	57,609	84,330
of which provisions	*(4,204)*		*(4,334)*	
INVESTMENTS IN AFFILIATES	**59,278**	**94,865**	**57,609**	**84,330**

BNP Paribas SA's equity investments and affiliate interests in credit institutions totalled EUR 1,919 million and EUR 36,217 million, respectively at 31 December 2015, compared with EUR 1,499 million and EUR 33,901 million, respectively, at 31 December 2014.

3.d TREASURY SHARES

In millions of euros, at	31 December 2015 Gross value amount	31 December 2015 Net carrying amount	31 December 2014 Net carrying amount
Transaction	5	5	8
Securities available for sale	41	41	100
Investment in subsidiaries	35	35	32
TREASURY SHARES	**81**	**81**	**140**

The fifth resolution of the Shareholders' Combined General Meeting of 13 May 2015, which replaced the fifth resolution of the Shareholders' Combined General Meeting of 14 May 2014, authorised BNP Paribas SA to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 62 per share (EUR 70 previously). The shares could be acquired for the following purposes: for subsequent cancellation in accordance with conditions set by the Shareholders' Combined General Meeting of 13 May 2015; to fulfil the Bank's obligations relative to the issue of shares or share equivalents, for stock option plans, for share awards, or for granting or selling shares to employees under an employee profit-sharing plan, employee share ownership plan or corporate savings plan and to cover any type of share award to the employees of BNP Paribas SA and companies controlled exclusively by BNP Paribas SA within the meaning of article L.233-16 of the French Commercial Code; to be held in treasury for subsequent remittance in exchange or payment for acquisitions, mergers, spin-offs or asset transfers; within the scope of a market-making agreement compliant with the Code of Ethics recognised by the AMF; or for asset and financial management purposes.

This authorisation was granted for a period of 18 months.

At 31 December 2015, BNP Paribas SA held 668,827 treasury shares classified as "equity securities held for long-term investment" and intended to be cancelled.

BNP Paribas SA holds 855,046 treasury shares classified as "securities available for sale" and intended to be used for share awards to Group employees, granted or sold as part of an employee profit-sharing plan, employee share ownership plan, or Company Savings Plan.

Under the Bank's market-making agreement with Exane BNP Paribas relating to BNP Paribas shares in the Italian market, BNP Paribas SA owned 100,000 BNP Paribas shares classified as trading account securities at 31 December 2015. This market-making agreement is consistent with the Code of Ethics recognised by the French Securities Regulator (AMF).

3.e LONG-TERM INVESTMENTS

In millions of euros	Gross value 1 Jan. 2015	Gross value Purchases	Gross value Disposals and redemptions	Gross value Transfers and other movements	Gross value 31 Dec. 2015	Provisions 1 Jan. 2015	Provisions Additions	Provisions Write-back	Provisions Other movements	Provisions 31 Dec. 2015	Carrying amount 31 Dec. 2015	Carrying amount 31 Dec. 2014
Debt securities held to maturity *(note 3.c)*	2,350	265	(885)	103	1,833	56	3	(21)		38	1,795	2,294
Investments in subsidiaries and equity securities held for long-term investment *(note 3.c)*	4,393	685	(292)	(6)	4,780	254	41	(18)	(4)	273	4,507	4,139
Investments in affiliates *(note 3.c)*	61,943	1,823	(1,410)	1,126	63,482	4,334	370	(85)	(415)	4,204	59,278	57,609
Treasury shares *(note 3.d)*	32	3			35						35	32
LONG-TERM INVESTMENTS	**68,718**	**2,776**	**(2,587)**	**1,223**	**70,130**	**4,644**	**414**	**(124)**	**(419)**	**4,515**	**65,615**	**64,074**

Under CRC Regulation 2008-17 dated 10 December 2008, financial instruments initially held for trading or available for sale can be reclassified as debt securities held to maturity.

These reclassifications are summarised in the table below:

In millions of euros, at	Reclassification date	Amount on the reclassification date	31 December 2015		31 December 2014	
			Carrying value	Market or model value	Carrying value	Market or model value
Financial assets reclassified out of the trading portfolio		**7,164**	**950**	**1,037**	**1,481**	**1,511**
To debt securities held to maturity	1 October 2008	4,404	461	545	761	780
To debt securities held to maturity	30 June 2009	2,760	489	492	720	731

Without these reclassifications, BNP Paribas SA's 2015 net income would have included a gain of EUR 89 million rather than the EUR 44 million actually recorded (2014 figures: EUR 76 million and EUR 53 million, respectively).

3.f DEBT SECURITIES

In millions of euros, at	31 December 2015	31 December 2014
Negotiable debt securities	134,656	150,394
Bond issues *(note 3.g)*	4,230	6,009
Other debt securities	1,024	389
DEBT SECURITIES	**139,910**	**156,792**
of which unamortised premiums	*873*	*941*

3.g BOND ISSUES

Maturities of bonds issued by BNP Paribas SA, according to contractual maturity:

In millions of euros	Outstanding 31 Dec. 2015	2016	2017	2018	2019	2020	2021 to 2025	After 2025
Bond issues	4,230	1,107	508	977	437	561	556	84

In millions of euros	Outstanding 31 Dec. 2014	2015	2016	2017	2018	2019	2020 to 2024	After 2024
Bond issues	6,009	2,251	1,026	518	921	465	544	284

3.h OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2015	31 December 2014
Options purchased	138,701	179,201
Settlement accounts related to securities transactions	3,923	2,607
Deferred tax – assets	1,044	1,159
Miscellaneous assets	50,263	48,190
OTHER ASSETS	**193,931**	**231,157**
Options sold	132,882	171,839
Settlement accounts related to securities transactions	5,780	2,655
Liabilities related to securities transactions	118,488	105,434
Deferred tax – liabilities	51	141
Miscellaneous liabilities(1)	43,723	41,373
OTHER LIABILITIES	**300,924**	**321,442**

(1) Accounts payable by BNP Paribas SA excluding foreign branches amounted to EUR 5.4 million at 31 December 2015 versus EUR 3.9 million at 31 December 2014. The breakdown by maturity of BNP Paribas' accounts payable excluding foreign branches shows that 76% were less than 60 days old, compared with 74% in 2014.

3.i ACCRUED INCOME

In millions of euros, at	31 December 2015	31 December 2014
Remeasurement of currency instruments and derivatives	63,500	64,011
Accrued income	17,674	17,949
Collection accounts	67	102
Other accrued income	8,742	11,129
ACCRUED INCOME	**89,983**	**93,191**
Remeasurement of currency instruments and derivatives	56,194	66,947
Accrued expenses	17,257	16,461
Collection accounts	684	513
Other accrued expenses	7,494	9,025
ACCRUED EXPENSES	**81,629**	**92,946**

3.j OPERATING ASSETS

	31 December 2015			31 December 2014
In millions of euros, at	Gross value	Depreciation, amortisation and impairment	Net value	Net value
Software	3,461	(2,761)	700	713
Other intangible assets(1)	6,547	(2,766)	3,781	4,475
INTANGIBLE ASSETS	**10,008**	**(5,527)**	**4,481**	**5,188**
Land and buildings	2,615	(907)	1,708	1,612
Equipment, furniture and fixtures	2,222	(1,833)	389	390
Other property, plant and equipment	332		332	427
TANGIBLE ASSETS	**5,169**	**(2,740)**	**2,429**	**2,429**

(1) The "Gross amount" of intangible assets includes EUR 201 million of technical underabsorption recognised this year as a result of the merger of DAB Bank with BNP Paribas SA.
In addition, this year's "Amortisation and provisions" on intangible assets includes a fair value adjustment of EUR -906 million of technical merger loss recognised in 2007 for BNL, given the increased equity capital requirements. An impairment of EUR 1,804 million had been recognised in 2014.

3.k PROVISIONS

In millions of euros, at	31 December 2014	Additions	Reversals	Other movements	31 December 2015
Provision for employee benefit obligations	**853**	**139**	**(407)**	**30**	**615**
Provision for doubtful loans *(note 2.f)*	**60**	**15**	**(25)**	**9**	**59**
Provision for off-balance sheet commitments *(note 2.f)*	**621**	**59**	**(62)**	**2**	**620**
Other provisions					
■ for banking transactions	802	209	(175)	19	855
■ for non-banking transactions	1,758	241	(718)	(319)	962
PROVISIONS	**4,094**	**663**	**(1,387)**	**(259)**	**3,111**

PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2015	31 December 2014
Deposits collected under home savings accounts and plans	**17,227**	**16,088**
of which for home savings plans	14,865	13,601
Aged more than 10 years	*3,393*	*3,807*
Aged between 4 and 10 years	*4,457*	*3,718*
Aged less than 4 years	*7,015*	*6,076*
Outstanding loans granted under home savings accounts and plans	**163**	**233**
of which for home savings plans	29	42
Provisions for home savings accounts and plans	**172**	**143**
of which discount on home savings accounts and plans	3	6
of which provisions for home savings accounts and plans	169	137
of which provisions for plans aged more than 10 years	*73*	*59*
of which provisions for plans aged between 4 and 10 years	*31*	*21*
of which provisions for plans aged less than 4 years	*62*	*45*
of which provisions for home savings accounts	*3*	*12*

CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

	Year to 31 De.2015		Year to 31 Dec. 2014	
In millions of euros	Provisions for – home savings plans	Provisions for – home savings accounts	Provisions for home savings plans	Provisions for home savings accounts
Provisions at start of period	**125**	**18**	**64**	**20**
Additions to provisions during the period	41	-	61	-
Provision reversals during the period	-	(12)	-	(2)
Provisions at end of period	**166**	**6**	**125**	**18**

3.l SUBORDINATED DEBT

In millions of euros, at	31 December 2015	31 December 2014
Redeemable subordinated debt	**9,881**	**6,484**
Undated subordinated debt	**8,916**	**7,386**
Undated Super Subordinated Notes	8,185	6,681
Undated Floating-Rate Subordinated Notes	506	480
Undated Participating Subordinated Notes	225	225
Related debt	**1**	**2**
SUBORDINATED DEBT	**18,798**	**13,872**

Redeemable subordinated debt

The redeemable subordinated debt issued by BNP Paribas SA is in the form of medium and long-term debt securities equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

These debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via a public tender or exchange offers, or (in the case of private placements) over the counter, subject to regulatory approval.

Debt issued by BNP Paribas SA via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days and is subject to approval by the banking supervisory authorities.

In 2014, five subordinated debt lines were redeemed under a call option, in accordance with the date specified in the issue notice. These transactions resulted in the reduction in outstanding redeemable subordinated debt of EUR 748 million. In addition, three subordinated notes were issued totalling EUR 3,076 million.

In 2015, five subordinated debt lines were redeemed under a call option, in accordance with the date specified in the issue notice. These transactions resulted in the reduction in outstanding redeemable subordinated debt of EUR 584 million. In addition, eight subordinated notes were issued in 2015 totalling EUR 3,867 million.

The following table gives the maturity schedule for redeemable subordinated debt as of 31 December 2015:

In millions of euros	Outstanding 31 Dec. 2015	2016	2017	2018	2019	2020	2021 to 2025	After 2025
Redeemable subordinated debt	9,881	286	1,963	85	-	5	4,492	3,050

Undated subordinated debt

Undated Super Subordinated Notes

At 31 December 2015, BNP Paribas SA had issued Undated Super Subordinated Notes representing a total amount of EUR 8,185 million. The notes pay a fixed- or floating-rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate if the notes are not redeemed at the end of this period.

On 17 June 2015, BNP Paribas SA issued Undated Super Subordinated Notes in the amount of EUR 750 million. This issue pays a fixed-rate coupon of 6.125%. They are redeemable after seven years. The issue will pay a coupon indexed to the Euro 5-year swap rate every six months if the notes are not redeemed in 2022.

On 29 June 2015, BNP Paribas redeemed the June 2005 issue for a total of USD 1,070 million on its first call date. This issue paid a fixed-rate coupon of 5.186%.

On 19 August 2015, BNP Paribas SA issued Undated Super Subordinated Notes in the amount of USD 1,500 million. This issue pays a fixed-rate coupon of 7.375%. The notes are redeemable after 10 years. The issue will pay a coupon indexed to the USD 5-year swap rate every six months if the notes are not redeemed in 2025.

The table below summarises the characteristics of these various issues:

Issue date	Currency	Amount *(in millions)*	Coupon frequency	Rate and term before first call date		Rate after first call date	31 Dec. 2015	31 Dec. 2014
June 2005	USD	1,070	Half-yearly	5.186%	10 years	USD 3-month Libor +1.680%	0	884
October 2005	EUR	1,000	Yearly	4.875%	6 years	4.875%	1,000	1,000
October 2005	USD	400	Yearly	6.25%	6 years	6.250%	368	331
April 2006	EUR	549	Yearly	4.73%	10 years	3-month Euribor +1.690%	549	549
April 2006	GBP	450	Yearly	5.945%	10 years	GBP 3-month Libor +1.130%	610	579
July 2006	EUR	150	Yearly	5.45%	20 years	3-month Euribor +1.920%	150	150
July 2006	GBP	163	Yearly	5.954%	10 years	GBP 3-month Libor +1.810%	221	210
April 2007	EUR	638	Yearly	5.019%	10 years	3-month Euribor +1.720%	638	638
June 2007	USD	600	Quarterly	6.5%	5 years	6.50%	552	496
June 2007	USD	1,100	Half-yearly	7.195%	30 years	USD 3-month Libor +1.290%	1,012	909
October 2007	GBP	200	Yearly	7.436%	10 years	GBP 3-month Libor +1.850%	271	257
June 2008	EUR	500	Yearly	7.781%	10 years	3-month Euribor +3.750%	500	500
September 2008	EUR	100	Yearly	7.57%	10 years	3-month Euribor +3.925%	100	100
December 2009	EUR	2	Quarterly	3-month Euribor +3.750%	10 years	3-month Euribor +4.750%	2	2
December 2009	EUR	17	Yearly	7.028%	10 years	3-month Euribor +4.750%	17	17
December 2009	USD	70	Quarterly	USD 3-month Libor +3.750%	10 years	USD 3-month Libor +4.750%	65	58
December 2009	USD	0.5	Yearly	7.384%	10 years	USD 3-month Libor +4.750%	1	1
June 2015	EUR	750	Half-yearly	6.125%	7 years	Euro 5-year swap rate +5.230%	750	0
August 2015	USD	1,500	Half-yearly	7.375%	10 years	USD 5-year swap rate +5.150%	1,379	0
UNDATED SUPER SUBORDINATED NOTES							**8,185**	**6,681**

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents in the previous year. This interest must be paid when dividends are paid on BNP Paribas SA's ordinary shares. This clause is not included in 2015 issues. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes include a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up, and the nominal value of the notes is increased to its original amount.

Undated Floating-Rate Subordinated Notes

The Undated Floating-Rate Subordinated Notes (TSDIs) and other Undated Subordinated Notes issued by BNP Paribas are redeemable on liquidation of the Bank after repayment of all other debts but ahead of Undated Participating Subordinated Notes. They confer no rights over residual assets.

Characteristics of Undated Floating-Rate Subordinated Notes:

Issue date	Currency	Amount *(in millions)*	Interest rate	31 December 2015	31 December 2014
October 1985	EUR	305	TMO -0.25%	254	254
September 1986	USD	500	6-month Libor +0.075%	252	226
UNDATED FLOATING-RATE SUBORDINATED NOTES				**506**	**480**

Payment of interest is obligatory on the TSDIs issued in October 1985 (representing a nominal amount of EUR 305 million), but the Board of Directors may postpone interest payments if the Ordinary Shareholders' General Meeting notes that there is no income available for distribution in the twelve months preceding the interest payment date. Interest is cumulative and becomes payable in full when the bank resumes dividend payments.

Payment of interest is obligatory on the TSDIs issued in September 1986 (representing a nominal amount of USD 500 million), but the Board of Directors may postpone interest payments if the Ordinary Shareholders' General Meeting approves a decision not to pay a dividend in the twelve months preceding the interest payment date. Interest is cumulative and becomes payable in full when the bank resumes dividend payments. The bank may resume the payment of past interest even if dividend payments have not resumed.

Undated Participating Subordinated Notes

Undated participating subordinated notes issued by BNP Paribas SA in September 1984 in a total amount of EUR 337 million are redeemable only in the event of the liquidation of BNP Paribas SA, but may be retired on the terms specified in the French act of 3 January 1983. The number of notes outstanding was 1,434,092 at 31 December 2015.

Note 4 FINANCING AND GUARANTEE COMMITMENTS

4.a FINANCING COMMITMENTS

In millions of euros, at	31 December 2015	31 December 2014
Credit institutions	63,770	53,841
Customers	175,748	139,968
Confirmed letters of credit	87,446	84,204
Other commitments given to customers	88,302	55,764
FINANCING COMMITMENTS GIVEN	**239,518**	**193,809**
Credit institutions	100,649	118,772
Customers	23,243	10,235
FINANCING COMMITMENTS RECEIVED	**123,892**	**129,007**

4.b GUARANTEE COMMITMENTS

In millions of euros, at	31 December 2015	31 December 2014
Credit institutions	23,477	34,174
Customers	90,792	96,097
GUARANTEE COMMITMENTS GIVEN	**114,269**	**130,271**
Credit institutions	72,444	78,392
Customers	143,362	147,573
GUARANTEE COMMITMENTS RECEIVED	**215,806**	**225,965**

4.c FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS GUARANTEES

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

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In millions of euros, at	31 December 2015	31 December 2014
Financial instruments (negotiable securities and private receivables) deposited with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	80,121	83,426
■ Used as collateral with central banks	19,969	14,249
■ Available for refinancing transactions	60,152	69,177
Financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group	56,148	64,139

At 31 December 2015, the Bank had EUR 80,121 million of financial instruments (negotiable securities and private receivables) deposited or pledged with central banks for use at any time as collateral for refinancing transactions (vs. EUR 83,426 million at 31 December 2014). This amount includes EUR 61,042 million deposited with the Banque de France (vs. EUR 71,474 million at 31 December 2014) under the Banque de France's comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans.

At 31 December 2015 the Bank had used as collateral EUR 19,969 million of the amount deposited with central banks (vs. EUR 14,249 million at 31 December 2014), including EUR 17,734 million of the amount deposited with the Banque de France (vs. EUR 14,183 million at 31 December 2014).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 32,536 million at 31 December 2015 (vs. EUR 28,975 million at 31 December 2014), and concerned financing for BNP Paribas Home Loan SFH.

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros, at	31 December 2015	31 December 2014
Financial instruments received as collateral (excluding repurchase agreements)	16,609	11,531

Note 5 SALARIES AND EMPLOYEE BENEFITS

5.a SALARIES AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	Year to 31 Dec.2015	Year to 31 Dec. 2014
Salaries	(4,146)	(3,565)
Tax and social security charges[1]	(1,496)	(1,839)
Employee profit-sharing and incentive plans	(208)	(253)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(5,850)**	**(5,657)**

(1) Including adjustments for actuarial gains and losses on post-employment benefits.

Income stemming from the French Competitiveness and Employment Tax Credit (CICE) is deducted from Salaries and employee benefit expenses. It amounted to EUR 36 million in 2015 compared to EUR 39 million in 2014. The use of the CICE is presented in Chapter 7 "*A responsible bank: Information on the economic, social, civic and environmental responsibility of BNP Paribas*" in the Registration document.

The following table gives the breakdown of BNP Paribas SA's employees:

Headcount, at	31 December 2015	31 December 2014
Employees in Metropolitan France	37,458	37,872
of which managers	*23,316*	*22,741*
Employees outside Metropolitan France	12,293	11,260
TOTAL BNP PARIBAS SA	**49,751**	**49,132**

5.b EMPLOYEE BENEFIT OBLIGATIONS

Post-employment benefits under defined contribution plans

In France, BNP Paribas SA pays contributions to various nationwide basic and top-up pension plans. BNP Paribas SA has set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In the rest of the world, defined-benefit plans have been closed to new employees in most of the countries in which the Group operates (primarily the United States, Germany, the United Kingdom, Ireland, Australia and Canada). These employees are now offered defined-contribution plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in France and other countries for the year 2015 was EUR 269 million, compared with EUR 272 million for the year 2014.

Post-employment benefits under defined benefit plans

Existing legacy defined-benefit plans within BNP Paribas SA are valued independently using actuarial techniques by applying the projected unit cost method in order to determine the expense arising from rights vested in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take into account economic conditions specific to each country.

Provisions set up to cover obligations under defined benefit postemployment plans totalled EUR 349 million at 31 December 2015 (against EUR 516 million at 31 December 2014), comprised of EUR 254 million for French plans and EUR 95 million for other plans.

At 31 December 2015, BNP Paribas recognised EUR 92 million of retirement plan assets (recognised surplus and reimbursement rights) at 31 December 2015 as compared to EUR 2 million at 31 December 2014.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas SA pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees at that date and active employees in service at that date. These residual pension obligations are covered by a provision in BNP Paribas SA's financial statements or transferred to an insurance company.

The defined-benefit plans previously granted to Group executives have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their presence within the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been funded through insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 84% bonds, 7% equities and 9% property assets.

In BNP Paribas SA's foreign branches, pension plans are based either on pensions linked to the employee's final salary and length of service (*United Kingdom*), or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and paying interest at a predefined rate (*United States*). In Hong Kong, certain staff benefit from a defined-contribution pension plan with a guaranteed minimum return for which the employer is responsible. This plan is closed to new entrants. As a result of this guaranteed return, this plan is classified as a defined benefit plan.

Some plans are managed by independent fund managers (*United Kingdom*). As of 31 December 2015, 89% of the gross obligations under these plans related to plans in the United Kingdom, United States and Hong Kong. The fair value of the related plan assets was split as follows: 27% equities, 55% bonds, and 18% other financial instruments.

Other post-employment benefits

BNP Paribas SA employees also receive various other contractual postemployment benefits, such as indemnities payable on retirement. BNP Paribas' obligations for these benefits in France are funded through a contract held with an insurer that is independent from BNP Paribas SA.

Post-employment healthcare benefits

In France, BNP Paribas SA no longer has any obligations in relation to healthcare benefits for its retired employees.

Among BNP Paribas SA's foreign branches, there are several healthcare benefit plans for retired employees, mainly in the United States. Provisions for obligations under these plans amounted to EUR 15 million at 31 December 2015, compared to EUR 14 million at 31 December 2014.

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country and assumptions about trends in healthcare costs. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

Termination benefits

The Bank has implemented a number of voluntary redundancy plans and a headcount adaptation plan for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for when the plan is the subject of an agreement or a bilateral draft agreement.

Provisions for these plans totalled EUR 17 million at 31 December 2015 (EUR 20 million at 31 December 2014).

In millions of euros, at	31 December 2015	31 December 2014
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	17	20

Note 6 ADDITIONAL INFORMATION

6.a CHANGES IN SHARE CAPITAL

Resolutions of Shareholders' General Meetings valid for 2015

The following authorisations to increase or reduce the share capital have been granted to the Board of Directors under resolutions voted in Shareholders' General Meetings and were valid during 2015:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2015
Shareholders' Combined General Meeting of 14 May 2014 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital. *Said acquisitions of shares at a price not exceeding EUR 70 per share (previously EUR 60) would be intended to fulfil several objectives including:* ■ *honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme or corporate savings plans;* ■ *cancelling shares following authorisation by the Shareholders' Combined General Meeting of 14 May 2014 (24th resolution);* ■ *covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of article L.233-16 of the French Commercial Code;* ■ *for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions;* ■ *in connection with a market-making agreement complying with the Code of Ethics recognised by the Autorité des Marchés Financiers;* ■ *for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and was nullified by the 5th resolution of the Shareholders' Combined General Meeting of 13 May 2015.*	Under the market-making agreement, 257,308 shares with a par value of EUR 2 were acquired and 287,036 shares with a par value of EUR 2 were sold between 1 January and 13 May 2015.
Shareholders' Combined General Meeting of 14 May 2014 (16th resolution)	Authorisation to issue ordinary shares and share equivalents granting entitlement to capital or the allocation of debt instruments, with pre-emptive rights for existing shareholders maintained. *The nominal amount of capital increases that may be carried out, immediately and/or in the future, by virtue of this authorisation, may not exceed EUR 1 billion (i.e. 500 million shares).* *The nominal amount of debt securities that may be issued by virtue of this authorisation may not exceed EUR 10 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 13th resolution of the Shareholders' Combined General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' Combined General Meeting of 14 May 2014 (17th resolution)	Authorisation to issue ordinary shares and share equivalents granting entitlement to capital or the allocation of debt instruments, without pre-emptive rights for existing shareholders and with the authority to grant a priority period. *The nominal amount of capital increases that may be carried out, immediately and/or in the future, by virtue of this authorisation, may not exceed EUR 240 million (i.e. 120 million shares).* *The nominal amount of debt securities that may be issued by virtue of this authorisation may not exceed EUR 4.8 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 14th resolution of the Shareholders' Combined General Meeting of 23 May 2012.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2015
Shareholders' Combined General Meeting of 14 May 2014 (18th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offers. *The maximum nominal amount of capital increases that may be carried out, on one or more occasions, by virtue of this authorisation, may not exceed EUR 240 million (i.e. 120 million shares).* *This authorisation was granted for a period of 26 months and replaces that given by the 15th resolution of the Shareholders' Combined General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' Combined General Meeting of 14 May 2014 (19th resolution)	Authorisation to issue shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered within a limit of 10% of share capital. *the maximum nominal amount of capital increases that may be carried out, on one or more occasions, by virtue of this authorisation, may not exceed 10% of BNP Paribas' share capital on the date of the decision by the Board of Directors.* *This authorisation was granted for a period of 26 months and replaces that given by the 16th resolution of the Shareholders' Combined General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' Combined General Meeting of 14 May 2014 (20th resolution)	Blanket limit on authorisations to issue shares without pre-emptive rights for existing shareholders. *The maximum par value of all issues made without pre-emptive rights for existing shareholders carried out immediately and/or in the future by virtue of the authorisations granted under the 17th to 19th resolutions of the present Shareholders' General Meeting may not exceed EUR 240 million for shares and EUR 4.8 billion for debt instruments.*	Not applicable
Shareholders' Combined General Meeting of 14 May 2014 (21st resolution)	Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital. *Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.* *This authorisation was granted for a period of 26 months and replaces that given by the 18th resolution of the Shareholders' Combined General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' Combined General Meeting of 14 May 2014 (22nd resolution)	Blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders. *The maximum par value of all issues made with or without pre-emptive rights for existing shareholders carried out immediately and/or in the future by virtue of the authorisations granted under the 16th to 19th resolutions of the present Shareholders' General Meeting may not exceed EUR 1 billion for shares and EUR 10 billion for debt instruments.*	Not applicable
Shareholders' Combined General Meeting of 14 May 2014 (23rd resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan, or by selling shares.* *This authorisation was granted for a period of 26 months and replaces that given by the 20th resolution of the Shareholders' Combined General Meeting of 23 May 2012.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2015
Shareholders' Combined General Meeting of 14 May 2014 (24th resolution)	Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares. *Authorisation was given to cancel, on one or more occasions, through a reduction in the share capital, all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the operation date.* *Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled.* *This authorisation was granted for a period of 18 months and was nullified by the 19th resolution of the Shareholders' Combined General Meeting of 13 May 2015.*	This authorisation was not used during the period
Shareholders' Combined General Meeting of 13 May 2015 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital. *Said acquisitions of shares at a price not exceeding EUR 62 per share (previously EUR 70) would be intended to fulfil several objectives including:* ■ *honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme or corporate savings plans;* ■ *cancelling shares following authorisation by the Shareholders' Combined General Meeting of 13 May 2015 (19th resolution);* ■ *covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of article L.233-16 of the French Commercial Code;* ■ *for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions;* ■ *in connection with a market-making agreement complying with the Code of Ethics recognised by the AMF (French Securities Regulator);* ■ *for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and replaces that given by the 5th resolution of the Shareholders' Combined General Meeting of 14 May 2014.*	Under the market-making agreement, 573,418 shares with a par value of EUR 2 were acquired and 616,556 shares with a par value of EUR 2 were sold between 14 May 2015 and 31 December 2015
Shareholders' Combined General Meeting of 13 May 2015 (19th resolution)	Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares. *Authorisation was given to cancel, on one or more occasions, through a reduction in the share capital, all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the operation date.* *Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled.* *This authorisation was granted for a period of 18 months and replaces that given by the 24th resolution of the Shareholders' Combined General Meeting of 14 May 2014.*	This authorisation was not used during the period

Share Capital Transactions

Operations affecting share capital	Number of shares	Par value *(in euros)*	In euros	Date of authorisation by Shareholders' meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2013	**1,245,162,809**	**2**	**2,490,325,618**			
Increase in share capital by exercise of stock subscription options	1,030,596	2	2,061,192	(1)	(1)	1 January 2013
Increase in share capital by exercise of stock subscription options	154,961	2	309,922	(1)	(1)	1 January 2014
Capital reductions (by cancellation of shares)	(390,691)	2	(781,382)	14 May 2014	18 Dec 2014	-
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2014	**1,245,957,675**	**2**	**2,491,915,350**			
Increase in share capital by exercise of stock subscription options	201,123	2	402,246	(1)	(1)	1 January 2014
Increase in share capital by exercise of stock subscription options	226,355	2	452,710	(1)	(1)	1 January 2015
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2015	**1,246,385,153**	**2**	**2,492,770,306**			

(1) Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

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6.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 31 DECEMBER 2013 AND 31 DECEMBER 2015

In millions of euros	Share capital	Additional paid-in capital	Retained earnings and net income for the period	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2013	**2,490**	**23,026**	**36,615**	**62,131**
Dividend payout for 2013			(1,866)	(1,866)
Capital increases	3	51	-	54
Capital reductions (by cancellation of shares)	(1)	(29)		(30)
Other changes			1	1
Net income for 2014			(3,089)	(3,089)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2014	**2,492**	**23,048**	**31,661**	**57,201**
Dividend payout for 2014			(1,866)	(1,866)
Capital increases	1	18		19
Provisions for debt securities held to maturity – Reversals			(17)	(17)
Other changes			(1)	(1)
Net income for 2015			6,232	6,232
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2015	**2,493**	**23,066**	**36,008**	**61,567**

6.c NOTIONAL AMOUNTS OF FORWARD FINANCIAL INSTRUMENTS

The notional amounts of derivative instruments are merely an indication of the volume of BNP Paribas SA's activities in financial instrument markets, and do not reflect the market risks associated with such instruments.

Trading portfolio

In millions of euros, at	31 December 2015	31 December 2014
Currency derivatives	3,313,635	3,469,648
Interest rate derivatives	22,781,985	31,743,433
Equity derivatives	1,301,207	1,280,231
Credit derivatives	1,128,212	1,828,215
Other derivatives	80,822	109,772
FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**28,605,861**	**38,431,300**

Financial instruments traded on organised markets accounted for 43% of the Bank's derivatives transactions at 31 December 2015 (*vs.* 49% at 31 December 2014).

Hedging strategy

The total notional amount of derivatives used for hedging purposes stood at EUR 785,969 million at 31 December 2015, as against EUR 719,582 million at 31 December 2014.

Derivatives used for hedging purposes are primarily contracted on over-the-counter markets.

Market value

The market value of the Bank's positive net position on firm transactions was EUR 9,520 million at 31 December 2015, compared with a positive net position of EUR 100 million at 31 December 2014. The market value of the Bank's net long position on conditional transactions was valued at EUR 6,820 million at 31 December 2015, compared with a net long position of EUR 7,800 million at 31 December 2014.

6.d SEGMENT INFORMATION

The following table gives a regional breakdown of BNP Paribas SA's interbank transactions and customer items recognised on the balance sheet:

In millions of euros, at	Interbank transactions		Customer and leasing transactions		Total by region	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
France	285,652	314,742	256,425	252,372	**542,077**	**567,114**
Other countries in the European Economic Area	77,821	66,797	58,963	50,390	**136,784**	**117,187**
Countries in the Americas and Asia	85,578	99,081	52,216	56,220	**137,794**	**155,301**
Other countries	1,548	1,423	2,737	2,232	**4,285**	**3,655**
TOTAL USES OF FUNDS	**450,599**	**482,043**	**370,341**	**361,214**	**820,940**	**843,257**
France	199,365	237,051	250,786	228,657	**450,151**	**465,708**
Other countries in the European Economic Area	28,322	22,797	105,713	77,779	**134,035**	**100,576**
Countries in the Americas and Asia	40,398	33,873	55,057	75,671	**95,455**	**109,544**
Other countries	1,704	2,314	4,922	4,900	**6,626**	**7,214**
TOTAL SOURCES OF FUNDS	**269,789**	**296,035**	**416,478**	**387,007**	**686,267**	**683,042**

88% of BNP Paribas SA's revenues in 2015 came from counterparties in the European Economic Area (89% in 2014).

6.e SCHEDULE OF SOURCES AND USES OF FUNDS

In millions of euros	Demand and overnight transactions	Term remaining					
		Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Of which provisions	Total
Uses of funds							
Cash and amounts due from central banks and post office banks	83,004	790					**83,794**
Treasury bills and money-market instruments	171	33,465	14,119	30,806	38,683	(37)	**117,244**
Due from credit institutions	29,175	92,005	43,832	54,939	29,610	(136)	**249,561**
Customer and leasing transactions	28,976	129,343	37,647	100,705	73,670	(6,225)	**370,341**
Bonds and other fixed-income securities	1,249	9,607	15,381	44,833	43,327	(493)	**114,397**
Sources of funds							
Amounts due to credit institutions, central banks, and post office banks	64,451	100,973	28,221	61,478	14,666		**269,789**
Customer items	197,497	144,000	35,894	30,224	8,863		**416,478**
Debt securities	820	47,857	27,983	38,119	25,131		**139,910**

6.f NON-COOPERATIVE STATES AND TERRITORIES

Authorisation from the Group's Compliance Department must be obtained through a special procedure before BNP Paribas SA or Group subsidiaries that report to BNP Paribas SA can set up a site in a state considered "uncooperative" as defined by article 238-0 A of the French General Tax Code and the Order issued on 21 December 2015 amending the list of uncooperative states. In accordance with BNP Paribas' "best interests" principle, and to ensure that the Group's internal control mechanisms are applied consistently, these sites are subject to the Group's regulations on risk management, money laundering, corruption, financial embargoes, and terrorism financing.

Company name	Ownership interest (%)	Legal form	Type of license	Business activity
Brunei				
BNP Paribas Asset Management (B) SDN BHD	98.29	SDN BHD (Private Limited Company)	Investment Advisor License	Asset Management
Botswana				
RCS Botswana Proprietary Limited(1)	100	Proprietary Limited		Ancillary financial services

(1) Consolidated subsidiary following BNP Paribas Personal Finance's acquisition of RCS Group in South Africa in 2014.

6.2 Appropriation of income for the year ended 31 December 2015 and dividend distribution

At the Annual General Meeting of 26 May 2016, the Board of Directors will propose an allocation of income for the year ended 31 December 2015 and dividend distribution under the following terms:

In millions of euros	
Net income	6,232
Unappropriated retained earnings	20,625
TOTAL INCOME TO BE APPROPRIATED	**26,857**
Dividend	2,879
Retained earnings	23,978
TOTAL APPROPRIATED INCOME	**26,857**

The total proposed dividend to be paid to BNP Paribas SA shareholders is EUR 2,879 million, which corresponds to EUR 2.31 per share (with a par value of EUR 2.00) based on the number of shares in issue at 31 December 2015.

6.3 BNP Paribas SA five-year financial summary

	2011	2012	2013	2014	2015
Share capital at year-end					
■ Share capital *(in euros)*	2,415,491,972	2,484,523,922	2,490,325,618	2,491,915,350	2,492,770,306
■ Number of shares in issue	1,207,745,986	1,242,261,961	1,245,162,809	1,245,957,675	1,246,385,153
■ Number of convertible bonds in issue	None	None	None	None	None
Results of operations for the year *(in millions of euros)*					
■ Total revenues, excluding VAT	31,033	30,015	26,704	24,598	28,160
■ Earnings before taxes, depreciation, amortisation and impairment	7,366	6,349	6,183	1,766	7,323
■ Income tax expense	300	(1,273)	(466)	(218)	(74)
■ Earnings after taxes, depreciation, amortisation and impairment	3,466	5,812	4,996	(3,089)	6,232
■ Total dividend payout(1)	1,449	1,863	1,868	1,869	2,879
Earnings per share					
■ Earnings after taxes, but before depreciation, amortisation and impairment	6.35	4.09	4.59	1.24	5.82
■ Earnings after taxes, depreciation, amortisation and impairment	2.87	4.68	4.01	(2.48)	5.00
■ Dividend per share(1)	1.20	1.50	1.50	1.50	2.31
Employee data					
■ Number of employees at year-end	49,784	48,896	47,562	49,132	49,751
■ Total payroll expense *(in millions of euros)*	3,829	3,915	3,772	3,713	4,288
■ Total social security and employee benefit charges *(in millions of euros)*	1,212	1,488	1,359	1,328	1,404

(1) For 2015, subject to approval at the Annual General Meeting of 26 May 2016.

6.4 Subsidiaries and associated companies of BNP Paribas SA

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Share capital	Ref
		in millions of the currency unit			in millions of euros(*)			in %	
I – Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas SA's share capital									
1. Subsidiaries (more than 50%-owned)									
Antin Participation 5	EUR	170	1	6	170	1	6	100.00%	(1)
Arval Service Lease	EUR	66	1,031	262	66	1,031	262	100.00%	(2)
Austin Finance	EUR	868	152	43	868	152	43	92.00%	(1)
B*Capital	EUR	4	10	4	4	10	4	99.96%	(1)
Banca Nazionale del Lavoro SPA	EUR	2,077	3,501	5	2,077	3,501	5	100.00%	(1)
Banco BNP Paribas Brasil SA	BRL	717	854	293	166	198	68	100.00%	(2)
BancWest Corporation	USD	1	13,328	409	1	12,261	376	99.00%	(2)
BGZ SA	PLN	84	5,889	(18)	20	1,381	(4)	59.98%	(2)
BNL International Investment SA	EUR	110	317	1	110	317	1	100.00%	(2)
BNP Paribas (China) Ltd.	USD	653	445	104	601	409	95	100.00%	(2)
BNP Paribas BDDI Participations	EUR	46	58	39	46	58	39	100.00%	(1)
BNP Paribas Canada	CAD	159	421	7	106	280	5	100.00%	(2)
BNP Paribas Capital (Asia Pacific) Ltd.	HKD	672	(7)	2	80	(1)	0	100.00%	(3)
BNP Paribas Cardif	EUR	150	3,005	250	150	3,005	250	100.00%	(1)
BNP Paribas Colombia Corporation Financiera SA	COP	103,721	(9,219)	28,371	30	(3)	8	94.00%	(2)
BNP Paribas Commodity Futures Ltd.	USD	75	260	14	69	239	13	100.00%	(2)
BNP Paribas Développement	EUR	115	382	58	115	382	58	100.00%	(1)
BNP Paribas El Djazair	DZD	10,000	10,167	4,323	86	87	37	84.17%	(2)
BNP Paribas Espana SA	EUR	52	22	2	52	22	2	99.67%	(2)
BNP Paribas Factor	EUR	6	25	22	6	25	22	100.00%	(2)
BNP Paribas Factor Portugal	EUR	13	69	3	13	69	3	64.26%	(2)
BNP Paribas Fortis	EUR	9,375	2,095	1,580	9,375	2,095	1,580	99.93%	(1)
BNP Paribas Home Loan SFH	EUR	285	1	0	285	1	0	100.00%	(1)
BNP Paribas India Holding Private Ltd.	INR	2,608	278	51	36	4	1	100.00%	(2)
BNP Paribas Investment Partners	EUR	23	2,279	405	23	2,279	405	66.55%	(1)
BNP Paribas Ireland	EUR	902	540	101	902	540	101	100.00%	(2)
BNP Paribas Lease Group Leasing Solutions SPA	EUR	204	33	(42)	204	33	(42)	73.83%	(2)
BNP Paribas Malaysia Berhad	MYR	602	19	0	129	4	0	100.00%	(2)
BNP Paribas Personal Finance	EUR	530	5,535	255	530	5,535	255	100.00%	(1)
BNP Paribas Prime Brokerage International Ltd.	USD	0	600	19	0	552	17	100.00%	(2)
BNP Paribas Public Sector SCF	EUR	36	(1)	(10)	36	(1)	(10)	100.00%	(1)

(*) Converted at the rate applicable on 31/12/2015.
(1) Non-audited social contributions data as at 31/12/2015.
(2) Data used in Group consolidated financial statements as at 31/12/2015.
(3) Social contributions data as at 31/12/2014.

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Share capital	Ref
		in millions of the currency unit			in millions of euros(*)			in %	
BNP Paribas Real Estate	EUR	383	229	84	383	229	84	100.00%	(2)
BNP Paribas Réunion	EUR	25	25	7	25	25	7	100.00%	(2)
BNP Paribas SB Re	EUR	450	80	(21)	450	80	(21)	100.00%	(2)
BNP Paribas Securities (Asia) Ltd.	HKD	2,429	(978)	(208)	288	(116)	(25)	100.00%	(2)
BNP Paribas Securities Japan Ltd.	JPY	201,050	(4,073)	7,418	1,539	(31)	57	100.00%	(2)
BNP Paribas Securities Korea Company Ltd.	KRW	250,000	8,748	1,871	196	7	1	100.00%	(2)
BNP Paribas Securities Services – BP2S	EUR	178	622	171	178	622	171	94.67%	(1)
BNP Paribas SJ Ltd.	JPY	11	0	0	0	0	0	100.00%	(2)
BNP Paribas Suisse SA	CHF	320	2,080	47	295	1,915	43	99.99%	(2)
BNP Paribas UK Holdings Ltd.	GBP	1,227	191	25	1,663	258	34	100.00%	(2)
BNP Paribas Wealth Management	EUR	103	144	(100)	103	144	(100)	100.00%	(1)
BNP Paribas Yatirimlar Holding Anonim Sirketi	TRY	1,032	1	0	325	0	0	100.00%	(2)
BNP Paribas ZAO	RUB	5,798	576	940	74	7	12	100.00%	(2)
BNP PUK Holding Ltd.	GBP	257	(3)	28	348	(5)	39	100.00%	(2)
Cobema	EUR	439	2,000	2	439	2,000	2	99.20%	(2)
Compagnie Financière Ottomane SA	EUR	9	300	179	9	300	179	96.97%	(2)
Financière des Italiens	EUR	412	(191)	0	412	(191)	0	100.00%	(1)
Financière du Marché Saint Honoré	EUR	62	16	(9)	62	16	(9)	100.00%	(1)
Harewood Helena 1 Ltd.	USD	69	60	11	63	55	10	100.00%	(3)
Harewood Holdings Ltd.	GBP	137	40	13	185	54	17	100.00%	(2)
International Factors Italia SPA – Ifitalia	EUR	56	525	45	56	525	45	99.65%	(2)
Natiocrédibail	EUR	32	28	7	32	28	7	100.00%	(2)
Opéra Trading Capital	EUR	600	0	4	600	0	4	100.00%	(1)
Optichamps	EUR	411	(168)	0	411	(168)	0	100.00%	(1)
Paribas North America Inc.	USD	1,282	(1,109)	1,029	1,180	(1,020)	946	100.00%	(2)
Parilease	EUR	54	259	1	54	259	1	100.00%	(2)
Participations Opéra	EUR	410	(183)	0	410	(183)	0	100.00%	(1)
PT Bank BNP Paribas Indonesia	IDR	1,062,170	760,333	143,388	71	51	10	99.00%	(2)
Royale Neuve I Sarl	GBP	0	(6)	23	0	(8)	31	100.00%	(2)
Sagip	EUR	218	1,058	25	218	1,058	25	100.00%	(2)
Société Orbaisienne de Participations	EUR	311	(83)	(9)	311	(83)	(9)	100.00%	(1)
Taitbout Participation 3 SNC	EUR	792	22	126	792	22	126	100.00%	(1)
UCB Bail 2	EUR	105	10	0	105	10	0	100.00%	(2)

(*) Converted at the rate applicable on 31/12/2015.
(1) Non-audited social contributions data as at 31/12/2015.
(2) Data used in Group consolidated financial statements as at 31/12/2015.
(3) Social contributions data as at 31/12/2014.

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA	Ref.
		in millions of the currency unit			in millions of euros(*)			in %	
2. Associated companies (10% to 50%-owned)									
Banque de Nankin	CNY	2,969	23,824	5,656	421	3,375	801	18.85%	(3)
BGL BNP Paribas	EUR	713	5,511	269	713	5,511	269	15.96%	(2)
BNP Paribas Leasing Solutions	EUR	1,820	794	199	1,820	794	199	50.00%	(2)
Credit Logement	EUR	1,260	184	70	1,260	184	70	16.50%	(3)
Geojit BNP Paribas Financial Services Ltd (Group)	INR	228	3,358	655	3	47	9	33.58%	(2)
Verner Investissements (Group)	EUR	15	334	53	15	334	53	50.00%	(2)

(*) Converted at the rate applicable on 31/12/2015.
(1) Non-audited social contributions data as at 31/12/2015.
(2) Data used in Group consolidated financial statements as at 31/12/2015.
(3) Social contributions data as at 31/12/2014.

In millions of euros	Subsidiaries		Associated companies	
	French	Foreign	French	Foreign
II – General information about all subsidiaries and associated companies				
Book value of shares				
■ Gross value	19,502	43,981	649	3,545
■ Net value	18,912	40,366	640	3,328
Loans and advances given by BNP Paribas SA	70,487	12,433	0	1,158
Guarantees and endorsements given by BNP Paribas SA	34,473	4,616	2,085	15
Dividends received	1,075	4,535	26	116

6.5 Disclosures of investments of BNP Paribas SA in 2015 affecting at least 5% of share capital of French companies

Change in interest to more than 5% of the capital		
None		
Change in interest to more than 10% of the capital		
None		
Change in interest to more than 20% of the capital		
None		
Change in interest to more than 33.33% of the capital		
None		
Change in interest to more than 50% of the capital		
None		
Change in interest to more than 66.66% of the capital		
Not listed	PAPANGUE 1	SCI
Not listed	CARIBKAZ 3	SCI
Not listed	KAZANOU	SCI

6.6 Statutory Auditors' report on the financial statements

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92400 Courbevoie

For the year ended 31 December 2015

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and 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 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 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 management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas SA
16, boulevard des Italiens
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying financial statements of BNP Paribas SA;
- the justification of our assessments;
- the specific verifications 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

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:

Impairment provisions for credit and counterparty risk

BNP Paribas SA records impairment provisions to cover the credit and counterparty risk inherent to its business as described in Notes 1, 2.f, 3.a, 3.b, 3.c, 3.e and 3.k to the financial statements. We examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, defining impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

BNP Paribas SA uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Measurement of investments in non-consolidated undertakings, equity securities held for long-term investment and affiliates

Investments in non-consolidated undertakings, equity securities held for long-term investment and affiliates are measured at value in use based on a multi-criteria approach as described in Notes 1, 2.h, 3.c and 3.e to the financial statements. As part of our assessment of these estimates, we examined the assumptions underlying the determination of value in use for the main portfolio lines.

Provisions for employee benefits

BNP Paribas SA raises provisions to cover its employee benefit obligations, as described in Notes 1, 3.k and 5.b to the financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

These assessments were made as part of our audit of the 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 verifications and information

In accordance with professional standards applicable in France, we have also performed 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 the Board of Directors, and in the documents addressed to the 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 relating to remuneration and benefits received by corporate officers 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 it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 9 March 2016

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Étienne Boris	Hervé Hélias

7 A RESPONSIBLE BANK: INFORMATION ON THE ECONOMIC, SOCIAL, CIVIC AND ENVIRONMENTAL RESPONSIBILITY OF BNP PARIBAS

All the information presented in the CSR chapter of the Registration document has been collected following specific requests addressed to the functions, business lines, departments or territories of the Group, or by the use of the Group's internal management tools. It is expressly noted when the scope covered by information differs from that of the entire BNP Paribas Group.

7.1 Our mission and our values

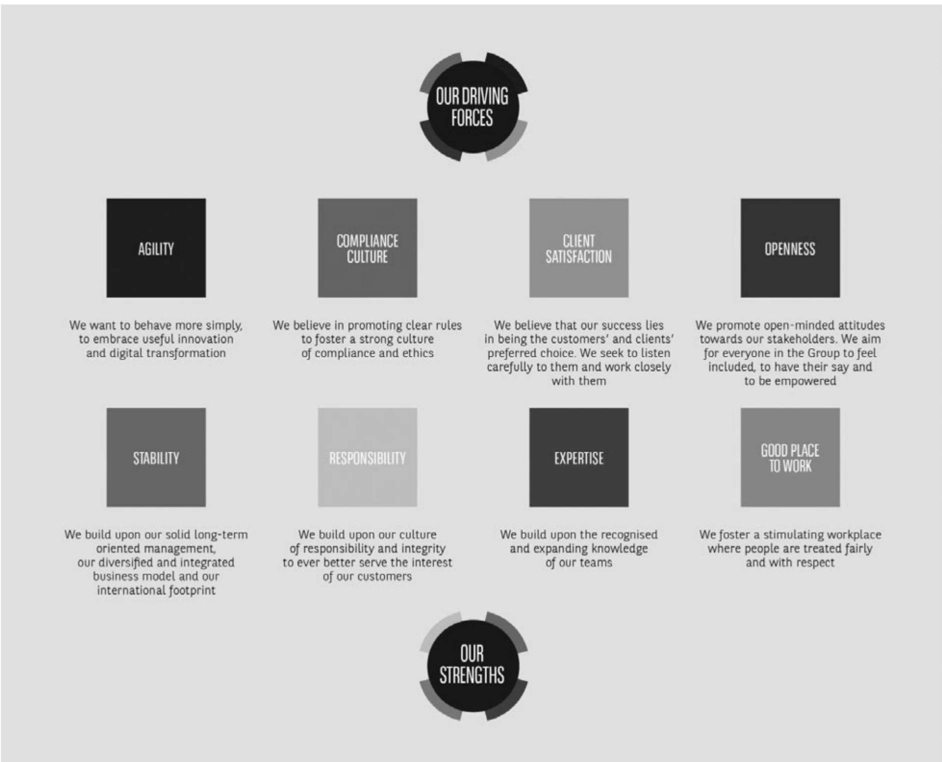
Our sector is currently undergoing a fundamental transformation, and it has become important to reaffirm the reason for our existence, the principles that we defend and the values that determine our actions. They were developed through a collaborative process that involved not only the Group's 500 top executives, but also the 22,000 employees who wanted to participate. Our mission and our values will lead to decisions and actions that will guide the Bank through a changing world.

OUR MISSION

We want to make a positive impact on our stakeholders and on society at large. Thanks to our integrated model, our highly-engaged teams can offer our customers top quality service and solutions. We offer our colleagues a motivating and inspiring work environment.

We want to be one of the most trustworthy players in the sector, by integrating even more of our values and ethics into our day-to-day activities.

OUR VALUES, THE BNP PARIBAS WAY



OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITY STRATEGY

Since 2012, BNP Paribas' responsibility policy has been built on four pillars, with 12 commitments. At the end of 2015, the Bank decided to update these 12 commitments in order to better reflect the changes in Corporate Social Responsibility (CSR) issues, as well as the Bank's specific initiatives.

All of the Group's business lines, networks, subsidiaries and countries apply this policy, using the same structure while adapting it to their specific characteristics.

BNP PARIBAS' COMMITMENTS AS A RESPONSIBLE BANK

OUR RESPONSABILITY

4 PILLARS AND 12 COMMITMENTS TOWARDS

OUR 4 PILLARS

THE ECONOMY	OUR PEOPLE	THE COMMUNITY	THE ENVIRONMENT
Financing the economy in an ethical manner	Developing and engaging our people responsibly	Being a positive agent for change	Combating climate change

OUR 12 COMMITMENTS

1 INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT	4 PROMOTION OF DIVERSITY AND INCLUSION IN THE WORKPLACE	7 PRODUCTS AND SERVICES THAT ARE WIDELY ACCESSIBLE	10 PARTNERING WITH OUR CLIENTS IN THE TRANSITION TO A LOW-CARBON ECONOMY
2 ETHICS OF THE HIGHEST STANDARD	5 A GOOD PLACE TO WORK AND RESPONSIBLE EMPLOYMENT MANAGEMENT	8 COMBAT SOCIAL EXCLUSION AND SUPPORT HUMAN RIGHTS	11 REDUCE THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS
3 SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS	6 A LEARNING COMPANY SUPPORTING DYNAMIC CAREER MANAGEMENT	9 CORPORATE PHILANTHROPY POLICY FOCUSED ON THE ARTS, SOLIDARITY AND THE ENVIRONMENT	12 ADVANCE AWARENESS AND SHARING OF BEST ENVIRONMENTAL PRACTICES

OUR GOVERNANCE

Governance

- driven by a culture of responsability and integrity
- based on best practices and
- involves the Board of directors, the shareholders, the management and the whole Group
- to ensure a sustainable future for our business and deliver a positive impact on society

THE CSR MANAGEMENT INDICATORS

In 2013, BNP Paribas used thirteen management indicators and set a goal for each one by 2015. The Group's Executive Committee and Board of Directors review the achievement of these objectives annually. Nine of these thirteen indicators are used in calculating the deferred variable compensation of the Group's 5,000 top managers and account for 20% of the conditions for attributing this compensation.

All of these objectives were met, except for the one relating to the percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility. Progress was nevertheless made on this indicator, which is a reflection of numerous factors to which employees may be sensitive, both internal and external to the Group. The Group remains attentive to its evolution and has integrated it in the 2016-2018 CSR management indicators.

➤ BNP PARIBAS' CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY INDICATORS

Pillar	Indicator	2013 Value	2014 Value	2015 Value	2015 Objective
Economic Responsibility	Cumulative credit growth since 2008 compared to the cumulative growth of real GDP over the period	France 18.7% vs 6.2% Italy 14.6% vs -1.6% Bel/Lux 18.5% vs 14.1%	France 19.3% vs 7.0% Italy 12.8% vs 1.1% Bel/Lux 21.0% vs 16.7%	France 18% vs 9.5% Italy 13.1% vs 0.1% Bel/Lux 27.3% vs 20.0%	Remain above the cumulative growth of real GDP since 2008 (rate of growth of total average outstandings) OBJECTIVE MET
	Overall satisfaction scores of individual customers from the 4 Domestic Markets (on a scale from 1 to 10)(*)	BDDF 7.5 BNP Paribas Fortis 7.7 BNL 7.1 BGL BNP Paribas 7.4	BDDF 7.5 BNP Paribas Fortis 7.6 BNL 7.1 BGL BNP Paribas 7.2	BDDF 7.5 BNP Paribas Fortis 7.7 BNL 7.6 BGL BNP Paribas 7.2	Maintain score in the 2013-2015 period OBJECTIVE MET
	Annual growth of SRI assets under management compared to the annual growth of total assets	-5.2% vs -9.1%	+4.8% vs +4.9%	+27.9% vs +6.8%	Growth of SRI assets higher than that of total assets under management OBJECTIVE MET
Social Responsibility	Percentage of women in senior management(**)	22%	25%	26%	25% OBJECTIVE MET
	Percentage of employees with a positive opinion on the Group's implementation of the 4 management principles	70%	71%	73%	71% OBJECTIVE MET
	Number of mobility assignments between entities and business lines	4,580	4,787	5,157	4,700 (annual average between 2013 and 2015) OBJECTIVE MET
Civic Responsibility	Amount of Group's support to social entrepreneurship and microfinance	EUR 168 million	EUR 227 million	EUR 279 million	EUR 200 million excluding loans to social enterprises OBJECTIVE MET
	Number of people to have benefited from financial education programmes designed and/or managed by the Group	234,652	300,822	479,900	180,000 OBJECTIVE MET
	BNP Paribas Group's annual philanthropy budget	EUR 40.5 million	EUR 39.5 million	EUR 38.6 million	Average annual budget over the period 2013-2015 greater or equal to the 2012 budget (EUR 35 million) OBJECTIVE MET

(*) Satisfaction surveys conducted by independent external firms.
(**) Total of around 2,500 people.

Pillar	Indicator	2013 Value	2014 Value	2015 Value	2015 Objective
Environmental Responsibility	Number of employees trained online on sector policies	6,150 employees trained	10,476 employees trained	20,373 employees trained	12,500 employees trained OBJECTIVE MET
	GHG assessment	3.06 tCO_2 – e/employee	2.91 tCO_2 – e/employee	2.88 tCO_2- e/employee (-10.3% compared with 2012)	2.89 tCO_2- e/employee (-10% compared with 2012) OBJECTIVE MET
	Total paper consumption (internal and client)/employee	154 kg/employee	144 kg/employee	134 kg/employee (-18.8% compared with 2012)	140 kg/employee (-15% compared with 2012) OBJECTIVE MET
Governance and Steering	Percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility(*)	71%	71%	72%	73% OBJECTIVE NOT MET

(*) Composite indicator summarising four different questions in the internal Global People Survey.

In order to be in line with the Bank's new CSR strategy, the CSR management indicators, which were set to expire in 2015, have been redefined for the period 2016-2018 and the Group has taken on new quantitative commitments for this period:

Pillar	Indicator	2015 Baseline	2018 Objective
Economic Responsibility	Share of loans to companies contributing strictly to the achievement of UN Sustainable Development Goals	15%	Maintain at least at 15%
	Percentage of employees trained on an ethics-related issue	No baseline, the action starts in 2016	More than 80% by end-2018
	Share of loans to companies subject to an environmental and social management system which is specific to the concerned activity	25%	40%
Social Responsibility	Percentage of women among the members of transversal executive committees across business lines and/or countries(*)	21%	23%
	Percentage of employees having at least 14 weeks of paid maternity leave and/or six days of paid paternity leave	74%	85%
	Percentage of employees reporting having been trained (any format, including e-learning) over the past 12 months	74%	90%
Civic Responsibility	Yearly number of beneficiaries of micro-credits allocated by microfinance institutions financed by BNP Paribas (calculated pro rata relative to the financing from BNP Paribas)	250,000	350,000
	Percentage of employees directly contributing to the promotion of human rights who have received a dedicated training	No baseline, the action starts in 2016	80% of the target population (around 3,000 people)
	BNP Paribas Group's annual philanthropy budget	EUR 38.6 million	Average annual budget over 2016-2018 greater or equal to the 2015 budget
Environmental Responsibility	Amount of funding devoted to renewable energies	EUR 7.2 billion	EUR 15 billion in 2020
	GHG emissions	2.88 t CO_2/FTE	2.41 t CO_2/FTE in 2020
	Number of people made aware of climate change issues by BNP Paribas	70,000	140,000
Governance and Steering	Percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility and its commitments as a responsible bank(**)	69%	72%

(*) Out of approximately 500 Top executives.

(**) This new question has replaced the previously used composite indicator in the internal Global People Survey. Its results thus differ from the indicator used during the 2013-2015 period (page 443).

BNP PARIBAS' PUBLIC POSITIONS

BNP Paribas' approach to corporate social responsibility (CSR) is framed by the thematic and sector-specific public positions it has adopted. These positions underpin the way in which the Group wishes to conduct its business. With a presence in 75 countries, the Group carries out its operations in full respect of universal rights and principles, as a contributor to or active member of:

- the United Nations Global Compact (Advanced level). BNP Paribas is a committee member of the Global Compact France;
- of the UN Women's Empowerment Principles;
- of the UNEP Finance Initiative;
- of the Carbon Disclosure Project;
- of the Roundtable on Sustainable Palm Oil (RSPO);
- of Businesses for Human Rights (*Entreprises pour les Droits de l'Homme*, EDH);
- of Businesses for the Environment (*Entreprises pour l'Environnement*, EpE);
- of the Banking Environment Initiative (BEI);
- of Businesses and Health.

Since 2015, BNP Paribas is also a member of the We mean Business platform and the Mainstreaming Initiative.

The Group participates actively in designing solutions and implementing long-term practices specific to the sector within the framework of:

- the Equator Principles;
- the Principles for Responsible Investment;
- the Institutional Investors Group on Climate Change;
- the Soft Commodities Compact of the BEI.

In 2015, the COP21, held in France, also provided BNP Paribas with the opportunity to strengthen its actions in support of the energy transition (see *Increasing knowledge and sharing the best environmental practices*). This led to the signing of several commitments:

- the Montreal Pledge;
- the Portfolio Decarbonization Coalition;
- the French Business Climate Pledge;
- the Paris Pledge for Action;
- the Principles for Mainstreaming Climate Action within Financial Institutions;
- the Financial Institutions' Declaration of Intent on Energy Efficiency from the EBRD/UNEP Finance Initiative.

Finally, the Group also sought to formalise its voluntary commitments through:

- a Commitment to the Environment;
- Statement of BNP Paribas on Human Rights;
- a policy of combating corruption;
- a Charter for responsible representation with public authorities: this formalises the transparency and professional ethical rules to be respected. BNP Paribas is the first European bank to have adopted, as early as 2012, an internal charter providing a framework for its lobbying practices;
- the BNP Paribas Suppliers' CSR Charter;
- financing and investment policies for agriculture, palm oil, defence, nuclear energy, paper pulp, coal-fired power, mineral extraction and oil sands;
- a list of excluded goods and activities such as drift nets, the production of asbestos fibres, products containing PCBs, or the trading of any species regulated by the CITES convention without the necessary authorisation;
- monitoring and exclusion lists grouping businesses which do not respect the Group's CSR requirements.

PROGRESS ACKNOWLEDGED BY EXTRA-FINANCIAL RATING AGENCIES

The following table shows the most recent evaluations from the extra-financial rating agencies and the integration of the BNP Paribas share in the indexes related to these ratings.

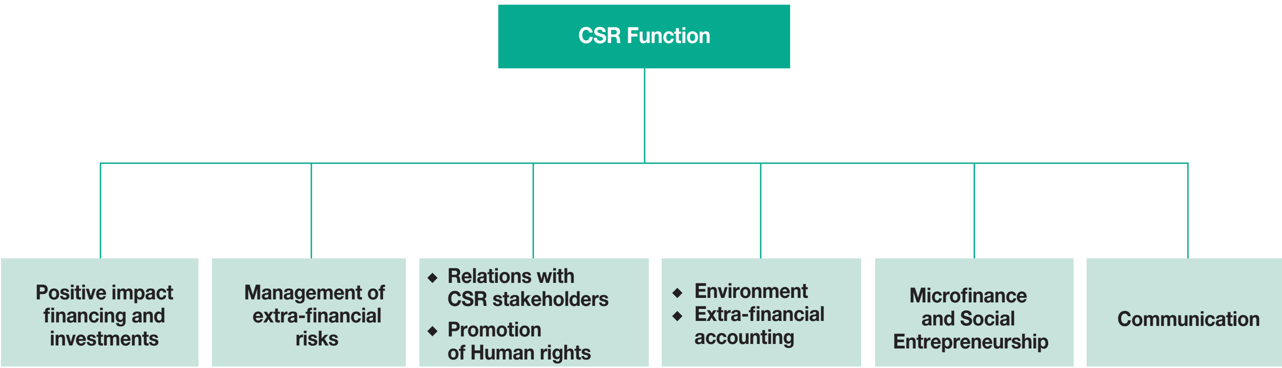
Agency	Rating (year of the last rating)	Change (year of the previous rating)	Integration into the related indexes
Vigeo	63/100 (2014)	+3 pts (2013)	NYSE Euronext Vigeo World 120, Eurozone 120, Europe 120 and France 20
RobecoSAM	82/100 (2015)	+3 pts (2014)	DJSI World – DJSI Europe
Sustainalytics	79/100 (2015)	+1 pt (2014)	the UN Global Compact 100 and STOXX Global ESG Leaders
FTSE	4.5/5 (2015)	+0.6 pt (2014)	FTSE4Good Global Index
CDP	99 A- (2015)	+4 pts (2014) Stable on the "strategy" criterion (A-)	

The progress in the Group's performance has also been highlighted in the media:

- BNP Paribas was ranked "5th most sustainable company in the CAC 40" according to the exclusive ranking of *Enjeux Les Échos;*
- Simultaneously, BNP Paribas moved up significantly in the 2016 ranking of the "100 most sustainable companies" according to the Canadian trade magazine *Corporate Knights*, reaching 35th place.

CSR, TAKEN TO THE HIGHEST LEVEL IN THE ORGANISATION

Since 2012, CSR has been a function overseen by the Group's Executive Management. Since May 2015, it has been sponsored by Michel Konczaty, Group Chief Operating Officer. The assignments and responsibilities of the CSR Function are clearly defined in a directive from the Executive Management. The Head office team is structured as follows:



A network of CSR professionals works in the divisions, business lines, networks, functions and subsidiaries in order to facilitate implementation of the CSR policy in the entire Group. It meets quarterly within the Group's CSR Committee, chaired by the Head of the function. Several CSR committees have also been created in the various business lines and geographical zones.

In addition to this mechanism on the ground, BNP Paribas has put in place several initiatives in order to make sure that the CSR policy is also implemented at the highest level of the organisation. The Group's Executive Committee regularly decides on CSR themes and the Board of Directors is given a presentation on the CSR strategy at least once a year. Finally, a member of the Executive Committee is responsible for the CSR in each entity in order to ensure that CSR is integrated into the entity's strategy.

FOSTERING DIALOGUE WITH STAKEHOLDERS

Dialogue with stakeholders, which consists of listening, understanding and taking into account their expectations, is at the heart of BNP Paribas' actions to promote social and environmental responsibility. This is why the Group signed the "Guiding principles for a constructive dialogue with stakeholders" from the *Comité 21* in 2015.

In 2015, the Group also published the "Objectives and methods of the dialogue between BNP Paribas and its stakeholders" with three main points: anticipating change in our businesses and improving our products and services, optimising risk management and finding innovative solutions to make a positive impact on society. This dialogue is governed by specific policies and procedures. For each type of stakeholder, they define the dedicated interlocutors, the appropriate modes of dialogue and, if necessary, the specific remedy mechanisms.

Some examples of dialogues with stakeholders and the means put into place to facilitate the exchanges (see the note accessible via the link at the end of this chapter for more information):

- All steps to foster dialogue with **employees** or staff representatives are described in the social pillar of this document (Global People Survey, etc.). Employees may use the Company's whistleblowing system (see *The whistleblowing system*, Commitment 2).
- **Individual customers** and **companies** of all BNP Paribas retail entities have access to a complaint procedure. For example, International Retail Banking entities receive and process customer complaints from Africa, Turkey, Eastern Europe, the United States, etc. An increasing number of entities offer their customers access to an independent ombudsman. In France, two mediators, one for individual customers and the other for business customers, have been appointed for a renewable period of three years. Neutral and independent, these ombudsmen render an opinion that is binding on the Bank in an impartial and transparent manner (see *Customer interests*, Commitment 2).
- BNP Paribas maintains a dialogue with the **companies in which BNP Paribas Asset Management invests** and supports their CSR commitment through its voting rights policy. The objective of this dialogue is to improve the long-term performance of the Group's investments, while encouraging best practices in governance and in social and environmental responsibility. BNP Paribas Asset Management publishes its voting guidelines and reports on the previous year's voting.
- BNP Paribas provides its **suppliers** with a redress procedure in the event of difficulties: a mediator within the Group, independent from the Purchasing function, may be called upon by any supplier, in compliance with the CSR Charter of the Group's suppliers. Seven referrals were registered in 2015, the majority in regard to payment schedules. Some of the Group's Purchasing entities organise special events to foster dialogue with their suppliers, similar to the "Suppliers Day" instituted by TEB (retail bank in Turkey). This event allows local purchasing managers to improve the quality of their relationship with suppliers and service providers, through the creation of yearly trophies (14 suppliers received an award in 2015). (See *Trusting relationships with our suppliers,* Commitment 2).
- BNP Paribas meets with **SRI investors** several times a year to present the Group's CSR strategy and provides regular updates to extra-financial analysts. In 2015, 25 SRI investors were met at least once. A meeting was organised in June with the Chairman of the Board of Directors.
- The Group has defined a policy and management processes for its relations with **advocacy NGOs**, in order to ensure a constructive, coordinated and productive dialogue with them. In 2015, BNP Paribas responded to 55 solicitations from advocacy NGOs and organised

several meetings. In connection with the COP21 held in France at the time, the environmental impact of the Group's financing activities (in particular in the coal sector) was one of the main discussion points. The CSR team submits its results every year to the member of the Group's Executive Management in charge of CSR.

- With regard to **regulatory organisations, governments** and **parliamentarians**, BNP Paribas adopted in November 2012 a "Charter for responsible representation with the public authorities". It covers a series of key commitments related to integrity, transparency and social responsibility that the Group's employees must respect as part of their dealings with public authorities. BNP Paribas is also one of the eight original signatories of the joint declaration on lobbying of member companies of Transparency International France (February 2014).

In addition, the Group organised several training sessions in responsible public representation for its staff members involved, together with Transparency International France. In total, more than 70 employees participated in these training courses. Finally, its Public Affairs France Department developed in 2015 a website presenting its activities and commitments in regard to responsible representation (http://economieetentreprises.bnpparibas/fr/); the site also provides a direct link to the Group's key public positions on banking and financial regulations, which could already be found on the main website (www.bnpparibas.com).

BNP Paribas was named one of the top ten global companies having transparent and integrated lobbying practices according to a study published in October 2015 by Vigeo.

The mapping of our stakeholders and the dialogue with each of them are detailed in the document "Objectives and methods of the dialogue between BNP Paribas and its stakeholders", which is available, in addition to the materiality note, under Responsible Bank/Our Corporate Social Responsibility/Commitments on the Group's website: http://www.bnpparibas.com/en/responsible-bank/our-corporate-social-responsibility/strategy/commitments.

7.2 Economic responsibility: financing the economy in an ethical manner

BNP Paribas' primary mission is to meet its customers' needs, in particular by financing the projects of individual customers and businesses in an ethical manner, in order to drive economic development and create jobs. With its leading positions in financial services in the 75 countries where it operates, the Group's financing capacity and the way it conducts its business have a direct impact on the local economies. Aware of this economic responsibility, BNP Paribas bases its actions on its three commitments:

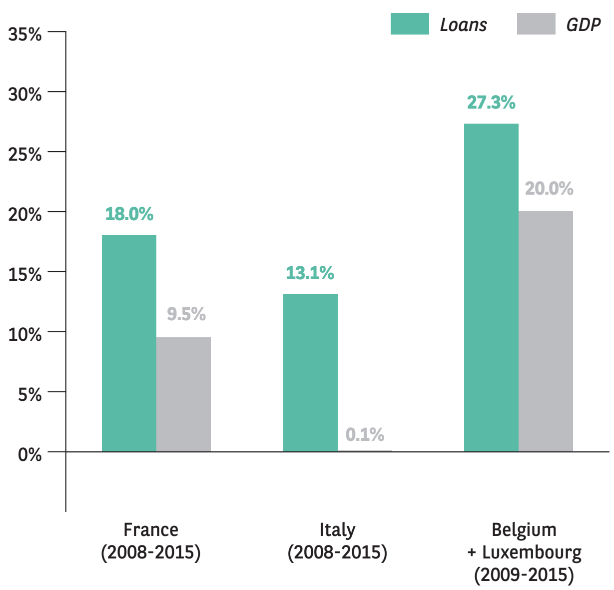
- commitment 1: investments and financing with a positive impact;
- commitment 2: ethics of the highest standard;
- commitment 3: systematic integration and management of environmental, social and governance risks.

COMMITMENT 1: INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT

GROWTH IN FINANCING

Despite the lacklustre economic context, BNP Paribas has increased its lending to corporate clients and individuals in the past six years in its four **Domestic Markets**, at a rate exceeding the GDP growth in each of these countries.

➤ GROWTH IN OUTSTANDING LOANS TO CORPORATE CLIENTS AND TO INDIVIDUAL CUSTOMERS COMPARED TO COUNTRY GDP GROWTH (IN REAL TERMS)



All the changes in GDP indicated in this chart are based on information available at http://epp.eurostat.ec.europa.eu/.

Supporting SMEs in domestic markets

The Bank's mission is to support the development of businesses, particularly SMEs, by providing them with financial resources and strategic advice.

In 2015, **in France** its commitment to SMEs and small business clients was further strengthened by:

- a **new loan product**, the PRE CREA, of up to EUR 200,000, specifically dedicated to business creators. It is granted without a guarantee from the company's director or partners, and carries no set-up fees;
- the signing of a **partnership with BPI France** (Banque Publique d'Investissement), which will help provide VSEs and SMEs with a credit line thanks to the doubling of the guaranteed loan amount to EUR 200,000;
- **an improved wealth tax product** from Private Banking that also supports investments in SMEs. To date, almost EUR 300 million have been raised.

In Belgium, the BEI and BNP Paribas Fortis signed a partnership for EUR 250 million to support investments in SMEs and in mid-sized companies. In the context of this collaboration, BNP Paribas Fortis has made almost EUR 2 billion in loans available to more than 2,600 Belgian SMEs and mid-sized companies since 2009.

In Italy, a new version of the portal dedicated to SMEs, "Mestiere Impresa", was launched in September 2015. The portal supports the 3,000 companies already connected to the service by providing exchanges and dedicated products. In the same way, BNL provides support for the creation of businesses thanks to the governmental initiative "Fondo del microcrediteo" launched in May 2015. More than 500 entrepreneurs have already signed for one of these loans, which go up to EUR 25,000 and are 80% guaranteed.

Factoring is a product that allows SMEs to respond to their cash requirements. BNP Paribas is a leader in this market, with 14 million invoices processed every year. Its product offer regularly evolves to better serve both large clients and SMEs.

- Moreover, BNP Paribas SA recorded a Competitiveness and Employment Tax Credit (CICE) of EUR 36 million at 31 December 2015. This sum was allocated to the improvement of competitiveness, notably in terms of capital investment, innovation and training. To this effect, it contributed to the efforts made to optimise operating methods and to keep improving operational efficiency. In this concern, in 2015, the Group pushed ahead with its Simple & Efficient programme.

Supporting the development of large clients

BNP Paribas supports its large clients in all their needs, whether in domestic markets or in their international development. The Group's loans to large corporate clients increased to EUR 124.1 billion at the end of 2015. Similarly, as the market leader in **syndicated financing** in Europe and in euro **bonds issues**, BNP Paribas has demonstrated its capacity to serve its clients at every stage of their development.

Leader in the securities custody market, **BNP Paribas Securities Services** generated 12.6% more operations in 2015 than in 2014, making it number one in Europe and number five in the world. RBS chose BNP Paribas as the reference bank for its 900 cash management and trade finance customers outside the United Kingdom and Ireland.

Significant positive impact financing and investments or High-Value Impact Deals

In 2030, the planet will be home to 8.5 billion people, over 60% of whom will live in cities. This tremendous growth will give rise to important needs, both in terms of goods (agricultural or industrial), and infrastructures (education, health, access to energy). However, limited natural resources and the need to protect the planet call for innovative solutions.

In September 2015, the UN drafted its Sustainable Development Goals (which extend its Millennium Development Goals) to create a durable future by putting an end to poverty before 2030 while protecting the planet's environment.

These goals can only be met with the participation of everyone, and **BNP Paribas wants do its part**, by financing and supporting companies and projects having a positive impact on society and the environment. The Group has therefore identified and quantified a number of "High-Value Impact Deal" (H-VID), in order to be able to measure its contribution. This process, which is specific to BNP Paribas, defines H-VID based on the following criteria:

- their focus on an economic sector identified by international institutions and development institutions as a key sector of economic development; or
- their intrinsic characteristics: the operation, irrespective of its sector, has highly positive impacts.

Given that positive impacts can refer to environmental (management of biodiversity, water, air quality, greenhouse gasses, etc.), economic (job creation, revitalising economic development, etc.) or civic (integrating marginalised individuals, improvement of access to health care or education, etc.) aspects, the Group has included in its definition of operations with significant positive impact those that:

- contribute to a more durable economy (greener, more inclusive, more respectful of local communities, etc.);
- respect the Group's risk and profitability criteria;
- and are not related to any major controversy.

In total, 15% of the loans granted to companies by BNP Paribas in 2015 contributed directly to the achievement of one of the Sustainable Development Goals. This involves financing projects related to associations, social work, education, health care, agriculture, telecommunications, modal transport, distribution of electricity, recycling, renewable energy and research.

To these are added projects and companies working toward more harmonious modes of development, or start-ups having a significant positive impact. Of the 350 start-ups having a significant positive impact in the French Retail Banking portfolio, 47% focus on the environment (energy efficiency, renewable energies, etc.), 46% work in health care, 13% have a positive impact on agriculture and 12% have a significant social impact.

Financing infrastructures

In 2015, BNP Paribas was very active in financing infrastructure projects, in particular in the area of access to water and electricity. For example, BNP Paribas has signed a contract with the Kenyan government worth EUR 306 million for the financing of the Itare dam in Kenya, the construction of a water purification plant and the installation of pipelines for transporting water. This project will provide drinking water to more than 800,000 people and is part of Kenya's strategy of directing public investments toward projects with significant economic and social impacts.

The Group has also helped finance infrastructure projects **to improve traffic in cities**, such as a bypass bridge in **Ghana**. The Group signed a facility agreement for EUR 68 million with the country's government for the construction of a new bridge at Accra by the Brazilian exporter Construtora Queiroz Galvao SA. This project was designed to significantly improve traffic around the particularly dense area around the country's capital.

BNP Paribas also helped finance several underground systems in **Turkey** (agreement signed with the Istanbul municipality for EUR 134 million for the acquisition of 126 underground carriages), in **Italy** (EUR 531.5 million in loans for a 14.2 km underground line in Milan connecting the airport with the city centre) and in **Algiers** (extension of two underground lines for a total of EUR 60 million).

Partnerships with development institutions

Partnerships with development banks and organisations allow BNP Paribas to provide tailor-made solutions to specific customers: SMEs, small farmers (Turkey and Poland), women entrepreneurs (Turkey, etc). Total partnerships with development organisations exceeded EUR 650 million in 2015.

- **In Tunisia**, the UBCI partnered in 2015 with the European Bank for Reconstruction and Development (EBRD) to provide a credit line of EUR 40 million to support micro, small and medium-sized businesses. This loan will facilitate access to long-term financing for these companies.
- **In Turkey**, TEB expanded its cooperation in April 2015 with the EBRD by creating the first partnership dedicated to supporting women entrepreneurs. Beyond financial support through the granting of a credit line of EUR 50 million, this programme supplies technical assistance and consulting services to SMEs run by women.
- **In Poland**, BNP Paribas Polska joined the EBRD to launch the second Polish Sustainable Energy Financing Facility (PolSEFF2) through the granting of EUR 50 million in loans.

  This programme, with a total budget of EUR 200 million, aims to support SMEs with fewer than 250 employees wishing to invest in energy efficiency or renewable energy. In addition to facilitating access to financing, the offer includes support in the form of technical assistance or consulting services.

- **In Senegal,** BICIS and the French Development Agency (AFD) renewed their guarantee agreement in order to facilitate access to loans to SMEs. This partnership, amounting to EUR 30 million, launched in 2009, is part of the ARIZ system, a risk-sharing tool intended to facilitate access to financing for these companies.
- **In Mali**, the BICIM signed a partnership agreement in June 2015 with the AFD to launch a programme to support SMEs. The project offers a subsidy of EUR 300,000 to strengthen certain business skills in SMEs, in particular in the area of company management and the development of a business plan. With the support of the IFC, the BICIM will develop "Business Edge™", an innovative platform of modules and methodologies for providing training in company management.

Social Entrepreneurship

By definition, social enterprises are based on a hybrid model whose objective is to achieve a significant positive social or environmental impact through a sustainable business model. The support that BNP Paribas provides specifically for this business category complies with the Group's commitment to provide financing and investments with a strong positive impact.

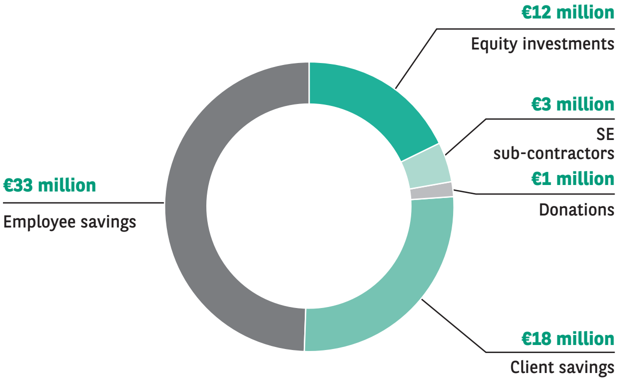
In 2015, the different specialised services for social enterprises introduced by BNP Paribas into its domestic markets (France, Italy, Belgium and Luxembourg) were fruitful.

Strong growth in funding

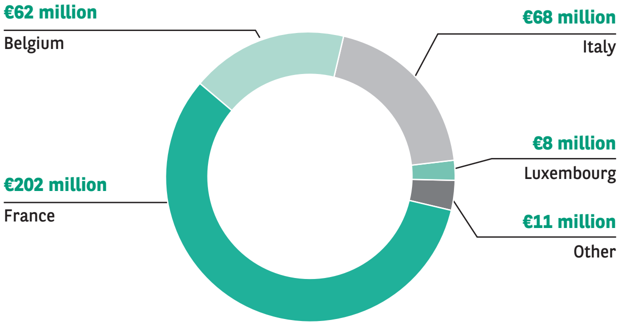
Financial support went from EUR 51 million in 2014 to EUR 66 million in 2015 for non-loan transactions and from EUR 267 to 351 million for loan transactions, amounting to a total of EUR 417 million, up 31% compared with 2014. When including microfinance into this total (a special area of social entrepreneurship – see commitment 7 for more information), the Group's total support **amounts to EUR 630 million and concerns 442 customers** (including 407 social enterprises).

GROUP BNP PARIBAS SUPPORT FOR SOCIAL ENTREPRENEURSHIP AS AT 31/12/2015 – EUR 417 MILLION

Support for SEs excluding loans – EUR 66 million



Loans to SEs by country – EUR 351 million



The special process for social enterprises has extensively grown in the retail networks

- **In France**, the Group confirmed its strong position in this sector through the various measures implemented to adapt itself to its specificities and needs:
  - **The BNP Paribas Social Business Impact France fund**, created at the end of 2014 to support the growth of French companies with a social mission, grew significantly in 2015, reaching net assets of more than EUR 20 million. More than 78% of the fund is invested in 13 social enterprises (Le Relais, Wimoov, EHD, Foncière Habitat et Humanisme, Réseau Cocagne, SIFA, etc.). This fund facilitates the use of savings products that contain a social impact investment component, in particular employee savings funds and the FCP BNP Paribas Social Business France, intended for individual customers (see SRI, in *Measuring Impact*, Commitment 1). The fund's first Strategic Planning Committee was held in April 2015.
  - **Partnerships with key players of social entrepreneurship were signed in 2015**, most notably with Ashoka, the largest social entrepreneurship network in the world, to help the organisation's "fellows" strengthen their economic models, and with the competition *Fermes d'Avenir/La Ruche qui dit Oui* to support the social or environmental aspects of innovative agricultural initiatives.
  - The Group has strengthened its relationship with France Active:
    - French Retail Banking participated in the capital increase of France Active Garanties in the amount of EUR 731,000,
    - The BNP Paribas Foundation contributes to France Active's *CAP'Jeunes* programme, which provides enhanced assistance to young business creators under the age of 26, as well as a start-up bonus of EUR 2,000, in addition to supporting the management of 41 France Active regional funds throughout France.
  - In order to consolidate its territorial network in the sector, 21 new commercial correspondents trained in social entrepreneurship were appointed to complement the existing network of 50 specialists, and a guidebook in social entrepreneurship was developed to help orient social enterprises seeking funding or support within the business ecosystem and within the Group.
  - Finally, the BNP Paribas Foundation also supports IMPACT Partenaires, an asset manager with a social mission that works to strengthen its investments in businesses with a strong impact on job creation in underprivileged areas.

- **In Belgium**, the centralised structure dedicated to Social Enterprises (SE) put into place at BNP Paribas Fortis has helped provide a significant boost to the deployment of social entrepreneurship within the bank, through:
  - the training of 27 commercial correspondents to the specificities of the analysis of social enterprises in Flanders, Wallonia and Brussels. In order to best serve social enterprises, it is essential to integrate the specificities of regional ecosystems, and to rethink conventional analytical standards;
  - a strong presence and integration in the Belgian SE ecosystem (meeting with 80% of the best known players, organisation of two events, etc.)
- **In Italy**, BNL appointed 21 SE specialists throughout the territory, chosen for their expertise in the third sector, and granted two scholarships to students studying social entrepreneurship at the Catholic University of Milan.
- **In Morocco**, BMCI launched the SE deployment project internally; the Bank is starting to make a name for itself in the ecosystem in creation and attracting its first customers.

The design and promotion of Socially Responsible Investment (SRI) funds.

In 2015, BNP Paribas continued to develop its range of responsible products and services for retail customers and institutional investors. Its expertise is based on two complementary approaches: one focuses on committed issuers (Best in class); while the other is thematic and targets activities, products and services associated with environmental protection and/or social well-being.

29 SRI labels were awarded in 2015

- For nine funds: the Novethic SRI label (transparent SRI management process integrating ESG criteria in asset selection).
- For five funds: the Novethic Green Fund label (thematic funds invested in companies that create significant environmental benefits).
- For five funds: the Environment LuxFLAG label (strong involvement in the environment sector and a high level of transparency for investors);
- For five funds: the Finansol label (investments in the areas of social economy and microfinance).
- For five funds: the CIES (Comité Intersyndical de l'Épargne Salariale) label dedicated to employee savings plans.

These labels support BNP Paribas Investment Partners in its long-term commitment to develop and promote its range of SRI products.

BNP PARIBAS SRI FUNDS AWARDED IN 2015

	Labels				
Fund name	Novethic label (renewed annually in September)		LuxFLAG Label (renewed annually in December)	Finansol	CIES
	LABEL ISR 2015	LABEL 2015 FONDS VERT	ENVIRONMENT		
BNP Paribas Aqua		X	X		
BNP Paribas Etheis	X				
BNP Paribas Euro Valeurs Durables	X				
BNP Paribas L1 Equity World Aqua		X	X		
BNP Paribas Mois ISR	X				
BNP Paribas Obli État	X				
BNP Paribas Obli Etheis	X			X	
BNP Paribas Retaite Horizon	X				
BNP Paribas Social Business France				X	
BNP Paribas Social Business Impact France				X	
Parvest Environmental Opportunities		X	X		
Parvest Global Environment		X	X		
Parvest Green Tigers		X	X		
Parvest Sustainable Bond Euro	X				
Parvest Sustainable Bond Euro Corporate	X				
Parvest Sustainable Equity Europe	X				
Multipar Funds				X (2 funds)	X (5 funds)

> EUR 19 billion in SRI assets managed by BNP Paribas Investment Partners as at 31 December 2015.

Total SRI assets have increased by 28.4% this year, while over the same time the assets managed by BNP Paribas Investment Partners have increased by 6.8%.

New funds offered to individual customers in 2015

Parvest SMaRT Food invests in companies in the food sector who contribute to solving critical problems, such as the need to reduce pollution, mitigate climate change or offer higher quality food products, while simultaneously respecting ethical guidelines.

Parvest Human Development invests in companies engaged in improving the living conditions of as many people as possible through responsible and durable activities focused on long-term growth. Specifically, in companies that generate at least 20% of their revenue in the following areas: the ageing of the population, access to education, access to financing, healthy food, health care, sustainable transport, sustainable urban infrastructure and recruitment.

BNP Paribas Social Business France allows investors to invest in social enterprises established in France. These companies work to combat social exclusion, search for innovative solutions in health care or environmental protection. This fund, launched in November 2014, has experienced significant success, reaching EUR 44.5 million at end-2015.

A marked increase in inflows

BNP Paribas Wealth Management implements an increasingly successful growth strategy for its SRI products: the assets invested in SRI by its clients reached EUR 6.5 billion by end-2015, equivalent to a growth of 50% per year since 2010.

BNP Paribas Fortis has been promoting SRI since 2013 and these efforts were fruitful : its assets under management have more than doubled to EUR 4.5 billion at end-2015. Thanks to this growth, BNP Paribas Fortis' SRI market share in Belgium has increased to 40%.

MEASURING IMPACT

In order to engage in the general market trend (initiated by governments accountable for the use of public funds) and to better respond to the expectations of its stakeholders (investors or savers looking for "social" investment opportunities, etc.), BNP Paribas **has decided to implement a comprehensive approach to assess impact (social, environmental, etc.)**, common to all entities engaged in transactions with positive impact.

As a first step, this means constructing an experimental methodology on a restricted segment of its customers particularly suited to the task: social enterprises (including microfinance), and measuring their social impact, defined **as the effects that social enterprises have on their beneficiaries and on society, in line with their mission**.

These social enterprises (SE) combine economic viability with the creation of social value. In order to improve collaboration and correctly value their activities, it is essential to incorporate their social impact into their global analysis.

This approach, **which serves SE clients supported by BNP Paribas**, is also intended to enrich the business relationship and provide a differentiating service to our clients, by helping them measure their impact, one of their recurring needs.

In partnership with a specialised consultant, BNP Paribas has created a qualitative and quantitative method and developed an interface to collect the relevant indicators every year. This innovative approach was designed to be flexible and progressive, improving and enriching itself through time and customer feedback, before being extended to other client segments with positive impacts.

Given the varied nature of social enterprises, both in terms of their target population and the diversity of their intervention methods, the methodology was constructed on the basis of the purpose of their services rather than the beneficiaries. The indicators were therefore defined by Social Clusters and their sub-areas.

Seven social clusters have been defined per intervention method:

ACCESS TO EMPLOYMENT	Structures that help individuals excluded from the traditional labour market return to work, employ disabled people (French EA and ESAT) and provide professional training and mobility.
ACCESS TO HOUSING	Structures that facilitate access to housing or emergency accommodation for people facing financial, social or family difficulties.
ACCESS TO HEALTH AND AUTONOMY	Structure supporting the elderly, persons with disabilities or suffering from serious illnesses, either by providing direct care or by supplying technologies, products or services adapted to people with reduced autonomy.
ACCESS TO EDUCATION AND EQUAL OPPORTUNITIES	Structures focusing on early childhood, child protection and equal opportunities.
ACTIONS TO FIGHT AGAINST POVERTY AND SOCIAL INEQUALITY	Structures that provide assistance to individuals in precarious conditions, through donations (food, money, donations in kind, etc.) or that provide support to facilitate access to rights and services, leisure activities, etc.
MICROFINANCE AND SUPPORT TO ENTREPRENEURSHIP	Structures, such as microfinance institutions (MFIs), incubators and crowdfunding platforms, whose social mission is to support the creation or development of businesses.
PROTECTION OF THE ENVIRONMENT	Structures supporting eco-friendly consumption (organic products, fair trade, short distribution channels, etc.) and the protection of the environment (recycling and circular economy, responsible agriculture and protection of arable land, energy transition and the protection of biodiversity).

Initial results

An initial assessment was performed on the full scope of social enterprises in which BNP Paribas Investment Partners has invested, i.e. 16 enterprises representing EUR 43 million in outstandings (as at 30/06/2015), with the following results: http://medias-epargne-retraite-entreprises-bnpparibas-com.is.bnpparibas-ip.com/Documents/actualites/2015/Rapport-performance-sociale-BNPP-Phileis.pdf

ACCESS TO EMPLOYMENT	Four financed structures operate in this social cluster: Optima, Réseau Cocagne, Le Relais France and Wimoov. Together, they generate the following impact: ■ 15,476 people in back-to-work programmes hired and/or coached during the year (excluding supervisors); ■ a positive outcome (*i.e.* through a long-term contract, short-term contract, subsidised contract, temp work, skills training, etc.) of 54% over the year.
MICROFINANCE AND SUPPORT TO ENTREPRENEURSHIP	Four financed structures operate in this social cluster: SIFA, Adie, PhiTrust Partenaires and Initiative France. Together, they generate the following impact: ■ 13,821 projects supported or financed during the year; ■ EUR 69 million in loans or investments made during the year; ■ a three-year survival rate of supported projects and companies of 60%.
ACCESS TO HOUSING	Three financed structures operate in this social cluster: Foncière Habitat & Humanisme, Foncière Chênelet and SNL Prologues. Together, they generate the following impact: ■ 7,876 people housed during the year; ■ 3,697 homes made available as at 31/12/2014.

This approach and methodology will be deployed progressively over the course of 2016 for the SE portfolio.

Tailored advice and support

Women's entrepreneurship

In France, women entrepreneurs are still in the minority (less than 40% in 2015). Aware of the importance of access to financing in the creation of a business, the Group continues to demonstrate its commitment to women entrepreneurs. Through its "BNP Paribas Entrepreneur 2016" programme, the retail bank organised a day-long workshop that brought together 400 women entrepreneurs to exchange ideas and build their professional networks. In addition, as part of the same programme, 28,000 support contacts were established and 11,000 support solutions were offered to 10,000 customer businesses run by women. To encourage **social entrepreneurship by women**, a partnership has been signed with a business incubator: La Ruche.

At the same time, in partnership with the Women Business Mentoring Initiative, the Group's **Private Banking** division has launched its first international project in support of women entrepreneurship: a week-long meeting of 24 women entrepreneurs and nine of their associates coming from seven different countries to the Stanford Graduate School of Business. Additionally, the 6th Women Equity Ranking 2015 highlighted the 50 most successful French SMEs managed by women.

In the United States, BNP Paribas supported for the second year in a row the Women Entrepreneurship Day at the United Nations, an event that brought together more than 300 participants and was broadcast in 144 countries.

Start-ups and innovative companies

In France, the Group made a new step in its approach to supporting innovation. As part of the "Innov&Connect" programme, launched in 2014, retail banking and Atelier BNP Paribas opened two new locations dedicated to innovation, called WAI ("We Are Innovation"), in order to welcome, accelerate and introduce to one another the start-ups and the mid-sized companies supported by the Group. BNP Paribas has also created an **accelerator programme and an innovation hub dedicated to fintechs**. This innovation hub, the 15th of its kind, offers tailor-made banking solutions to start-ups and provides its expertise to 14 other innovation hubs. In these hubs, BNP Paribas offers personalised support to about 1,500 start-ups.

In Luxembourg, the Lux Future Lab has further expanded its service offering to the 26 innovative start-ups of 12 different nationalities that it hosts. This incubator has partnered with key players in Luxembourg in order to offer them an expanded range of complementary services (legal, accounting, tax, human resources, marketing, etc.).

In Belgium, support for business creators has been strengthened by the launch, in partnership with SocialCom, of Co.Station, an accelerator that helps start-ups and companies grow. A 3,000 square metre space in the centre of Brussels hosts 27 young companies and nearly 200 entrepreneurs.

COMMITMENT 2: ETHICS OF THE HIGHEST STANDARD

The respect of the most rigorous ethical standards is a prerequisite at BNP Paribas. All Group employees are required to strictly respect all laws, rules and regulations in effect, as well as all professional standards that apply to their activities. In case of conflict between the laws of a country and the ethical rules of the BNP Paribas Group, the Group's employees are required to respect local legislation while at the same time looking for ways to apply and respect internal ethical rules.

THE HIGHEST ETHICAL STANDARDS

The creation of the Ethics Committee

The Ethics Committee, whose creation had been announced in July 2014, met twice in 2015.

Chaired by Jean-Marie Guéhenno, Chairman of the International Crisis Group, it is composed of members of the Group Executive Committee: Marie-Claire Capobianco, Head of French Retail Banking, Eric Martin, Head of Compliance and Eric Raynaud, Head of the Asia-Pacific region, as well as other external independent personalities: Antoon Vandevelde, Professor of Ethics and Political Philosophy at KU Leuven, Julia Marton-Lefevre, former Chief Executive Officer of the Union Internationale pour la Conservation de la Nature (UICN) and Dr Margaret Jungk, United Nations appointed independent expert on Human rights and business, founding Director of the Human rights and business department, Danish Institute for Human Rights.

The role of the Ethics Committee is to advise the Executive Management in order to ensure that the Bank's activities are in line with the values of BNP Paribas and **with the highest** standards of professionalism, integrity and ethics. It is an advisory body.

In 2015, the Ethics Committee gave its opinion on the overhaul of the Group's Code of Conduct, its financing and investment policy in the agricultural sector and strategy for the financing of the energy transition.

The whistleblowing system

BNP Paribas must meet the highest standards in regard to the compliance of its operations. To do so, every employee has certain obligations: he or she must constantly ensure that every action undertaken respects all laws, regulations and principles of the Code of Conduct for employees of the BNP Paribas Group. He or she also has the right to report ethics violations (whistleblowing), which is based on strict confidentiality and a dedicated communication channel. A "User Manual" on the subject is available on the Group's intranet.

Every employee has the right to report ethics violations without fear of punishment, dismissal or discrimination for the simple fact of having made use, in good faith, of this system.

The fight against corruption and money laundering

The Group strengthened its control system in 2014 and 2015 to fight even more effectively against economic crime, specifically fraud, corruption, money laundering and terrorist financing.

Detecting and preventing corruption are key elements of the professional ethics and compliance framework of BNP Paribas, and more generally of its internal control system.

The fight against money laundering, in particular through the procedures and controls put into place to know its clients and their use of the Group's products and services (see *A stringent management of environmental, social and governance risks*, Commitment 3), aims to ensure that client transactions are free from any form of corruption.

In the same way, BNP Paribas does not tolerate corruption among its employees, and each employee must respect the Group's policy on gifts and hospitality.

These policies apply to the entire Group and are accessible on the intranet. Their main reference is the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (and other related OECD conventions). They also take account of the laws of the United Kingdom and the United States, respectively the UK Bribery Act and the US Foreign Corrupt Practices Act.

Each business line endeavours to regularly consolidate its systems. For example, a large-scale assessment of risk of fraud was conducted in 2015 in the United Kingdom by Arval in order to measure all risks, both internal and external.

In Morocco, the BMCI received one of the ten "2015 CSR Top Performers" trophies jointly awarded by the Casablanca Stock Exchange and the extra-financial rating agency Vigeo. The award went to the ten companies with the highest CSR scores; Vigeo had rated the top 42 market capitalisations of Moroccan stock and bonds. Each of these ten companies stood out for having met certain criteria: the BMCI was rewarded in particular under the category "Formalization of the anti-corruption policy".

Training

In terms of training, major efforts continued across the entire Group, using multiple channels (online training mandatory for employees exposed to risk in this area, distribution of a manual, classroom sessions, etc.), to raise awareness among all employees involved of the importance of international financial sanctions and their main features. As an example, on 30 June 2015, 93% of the 70,930 employees concerned had received training on the financial sanctions manual, and on 31 December 2015, 93.8% of the 188,022 employees concerned had received online training on international sanctions and embargoes; In addition, 91% of the 11,456 employees concerned received online training on the French banking law and the Volcker Rule.

The location of the Group's offices is driven, not by tax considerations, but in the interest of serving customers around the world

The amount of taxes paid by the Group in France amounted to EUR 2.6 billion in 2015. Half of this amount stems from taxes that apply specifically to the banking sector, and the other half to other taxes.

From the perspective of corporate taxes only, one sees that the amount of taxes paid globally by BNP Paribas corresponds to 30.9% of its earnings. The location of the Group's offices is driven not by tax considerations, but in the interest of serving customers around the world.

In any event, BNP Paribas is careful not to set up offices in jurisdictions that do not provide effective administrative assistance in tax matters to other states or territories, and that could therefore be considered "tax havens" by international bodies or national authorities. Thus, the Group is not present in any states considered "Non-Compliant" by the OECD World Forum. In regard to BNP Paribas' presence in two jurisdictions considered by France to be insufficiently cooperative, it makes the following clarifications: in Brunei, our Group limits its activities to managing the assets of the sovereign fund and of institutional clients, excluding all activities of non-resident customers, and in Botswana, our Group owns, following an acquisition made in South Africa, an entity specialised in consumer credit.

See section 8 of the Registration document.

CLIENT INTERESTS

The "Clients' Interests Protection" policy, at the centre of the approach

To earn the trust of its clients, BNP Paribas keeps strenghthening the protection of their interests, while at the same time respecting all current laws and regulations. The Global Policy on Clients' Interests Protection (CIP), published in 2013 and entitled "Selling Well", is a central part of the system, the correct application of which is constantly verified by the Internal Audit and Compliance teams.

The CIP covers all sales processes for a product, in order to ensure the complete traceability of the validation of products, their marketing materials and exchanges with clients. Employees (in particular in Front Office and Management) are continuously trained in this area. Group Compliance, tasked with monitoring the respect of laws and Internal Rules, has put into place a new organisation model in 2015 by creating the CIP field of expertise, and adding to it a team of specialists in the protection of client interests. This team now verifies the implementation, within the operational entities, of an appropriate system aiming to ensure compliance with the regulatory requirements of clients' interests protection.

The general principles of the CIP are:

- act in an honest, transparent, fair and professional manner: define the client's profile, provide him or her with appropriate information, ensure that the product is the most suitable to his or her needs;
- guarantee the primacy of the client's interest: set a reasonable and transparent remuneration for products and services, define a reward system for employees in order to prevent conflict of interest risks.

The commitments are translated into **concrete practices deployed in all Group entities**, depending on their specific characteristics.

- The new product approval procedures incorporate all the issues relating to the protection of client interests. Committees set up by the Permanent Control Department examine in particular the information and services provided to clients.
- The Group aspires to be exemplary in the protection of clients' data (see *BNP Paribas is committed to defending human rights*, Commitment 8).
- The Group also promotes dialogue with consumer organisations and other stakeholders in order to gather their opinions on further improvement and create products collaboratively (see the BNP Paribas Fortis examples in *Monitoring customer satisfaction,* Commitment 2; BNP Paribas Personal Finance in *BNP Paribas is committed to defending human rights,* Commitment 8).
- The Group's employees are trained on a large scale in respecting customer interest:
  - In the French Retail Banking network, special "Business Compliance" meetings are organised by the managers every quarter on a key issue related to Compliance. They are provided with a kit that includes important information to be aware of and to transmit. These meetings, about thirty minutes in length depending on the subject, fit easily into a sales meeting or a weekly update, as can be seen by one of the topics discussed in 2015: "The right to a bank account and providing assistance to customers at risk".
  - At the Group level, expert seminars for Compliance employees concerned by CIP are offered in all entities, and awareness campaigns are conducted for the management entities & business lines ("CIP days").
  - A good deal of financial information is provided, beyond that which is provided by the sales teams (see *Financial education for consumers*, Commitment 7).
  - BNP Paribas has also developed special products and offers to serve and support its customers at risk, whether dependent or financially vulnerable (see *Assistance for customers at risk*, Commitment 7).

Transparency of the offer

Two additional aspects of the protection of clients' interests – the transparency of the Group's offer and clients' understanding of banking products – are more than ever at the heart of the Group's concerns, leading it to develop certain products in collaboration with their future users.

- **In Belgium**, BNP Paribas Fortis continued the "Easy Banking" programme. These financial information sessions offered to customers and potential customers are presented by employees and have been a great success: 750 sessions with more than 15,000 participants. In particular, they address security and payment methods used for online purchases, as well as the use of new technologies in banking services and home loans.
- **Cetelem** offers various forms of assistance in France to help its customers manage their budgets: a repository of sample letters (*e.g.* contract cancellations) on cetelem.fr; detailed information on bank overdrafts and "useful tips" on jegeremesfinsdemois.com, as well as an online magazine touslesbudgets.com, which addresses lifestyle and consumer trends by incorporating the concepts of purchasing power and budget management. In 2015, advice for customers on managing changes in circumstances, tips and information on the Group's activities and the Cetelem Foundation were added to the moncreditresponsable.com website. Cetelem's "Tour de France of consumption" was also continued. This operation, which was carried out throughout the year, takes place in the Company's employment centres (Marseille, Lyon, Lille, Strasbourg, Nantes, Île-de-France, Bordeaux). Local stakeholders (journalists, customers and employees) were invited to discuss the role Cetelem might play in supporting customers and in the management of their day-to-day budget. This customer-focused evening included three educational workshops, allowing them to: discover or rediscover what kind of money managers they are, learn how to use different financing solutions and share "tips and tricks" that can help optimise their daily expenditures.
- In France, Hello Factory (www.hellobank.fr/fr/hello-factory), a **collaborative project to create the bank of the future**, launched at the end of 2014, was continued throughout 2015. Dedicated to innovation, it encourages interaction between its customers and Hello bank!, the digital bank. Each meeting (averaging 200 participants), focusing on a particular topic (tablets, applications, etc.), becomes an opportunity to test, comment on, debate and consider new ideas collaboratively. These social occasions, rooted in the real world, promote the development of a close and unique relationship with customers, who act as co-creators of products and services that will benefit them in the future, while also providing concrete answers to their concerns. Other banking networks are also involving their customers in the creation of banking products. In Belgium in 2015, for instance, 18 co-creation sessions were organised with 166 customers focusing on products such as the New Pro Pack, the "BNP Paribas Priority" service, etc.

Monitoring customer satisfaction

Customer satisfaction is crucial for adapting the offer of products and services to demand, in order to **always serve their interests as best as possible.**

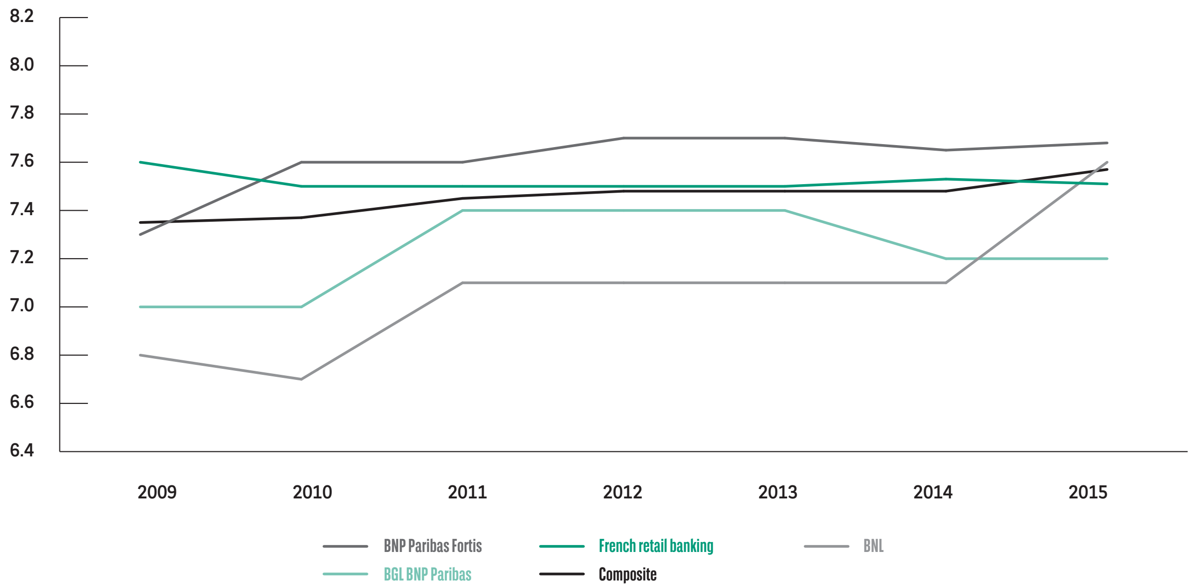
This is why most BNP Paribas business lines monitor customer satisfaction systematically, by paying particular attention to how complaints are handled and by improving the identification of customer dissatisfaction on social networks.

Moreover, the Group's Quality network met in May 2015 to reflect on the topic "Transforming customer dissatisfaction into excellence of service". Being attentive to customer dissatisfaction in order to provide the fastest and most appropriate answers is indeed a priority, as the Group Quality Policy letter makes clear. The management of customer dissatisfaction is considered by the Group not only as a **lever for improving** relations with customers, but also as a **key element for building trust and loyalty**.

The satisfaction of customers in the four domestic markets is one of the Group's CSR management indicators for the period 2013-2015. The objective was to maintain the customer satisfaction score at the same level over the period, and this objective was reached for the general score (see *Composite* in the table below).

More specifically, customer satisfaction remained practically stable in three of the four domestic markets in 2013 and 2014. In Luxembourg, customer solicitations, for the purpose of compliance with the new regulations in 2014 (particularly the automatic exchange of information), adversely influenced the level of satisfaction. In 2015, BNL noted a significant increase in its score, proportionate to the gradual improvement of the service quality of different channels (branches, online banking and telephone banking) recorded during 2014 by their customer satisfaction tracking tool.

➤ OVERALL SATISFACTION SCORES OF INDIVIDUALS CUSTOMERS(*) (ON A SCALE FROM 0 TO 10)



(*) Customers who indicated that the Bank was their primary bank in the satisfaction survey conducted by independent consultant firms.

An increasing number of retail banks in the Group also measure their customer satisfaction rates, notably:

- Banque Marocaine pour le Commerce et l'Industrie (BMCI) in Morocco:
  - 2013 = 8/10;
  - 2014 = 7.6/10;
  - 2015 = 7.5/10.
- Union Bancaire pour le Commerce et l'Industrie (UBCI) in Tunisia:
  - 2013 = 7.5/10;
  - 2014 = 6.8/10;
  - 2015 = 9/10.
- For the first year, **BICICI** in Ivory Coast, **BICIAB** in Burkina Faso and **BICIGUI** in Guinea measured the satisfaction of their customers: 6.7/10 for the first two banks and 7.5/10 for BICIGUI in 2015.
- **Poland:** no survey in 2015, due to the merger of BNP Paribas and BGZ; an evaluation is planned for 2016. Before the merger, the scores were 8.4/10 in 2010, 8.4 in 2013 and 8.6 in 2014.

Simultaneously, most of the Group's business lines offer customers one or more options (internet, telephone, email, etc.) to provide feedback or submit a complaint, seven days a week, 24 hours a day. This feedback is taken into account in the development of new products or in the improvement of the company's processes.

Moreover, many Group entities, such as BNP Paribas Personal Finance, retail banking networks in France and Belgium, Morocco, Tunisia, Senegal, Poland and Turkey or the Insurance division (BNP Paribas Cardif) provide access to **independent mediators** to whom customers can turn.

BNP Paribas implements **innovative solutions** to turn its **handling of customer complaints** into a competitive advantage.

- At **Arval**, focus has been placed on accountability, on the "empowerment" of employees: any employee receiving a complaint becomes its "owner". Rules for the delegation of authority have been implemented in 19 countries, enabling faster decision-making (the validation of a supervisor is no longer necessary), increased operational efficiency and, ultimately, greater customer satisfaction.
- **In Belgium**, "continuous improvement cycles" are conducted as part of the "Proud on Quality" programme. A new formalised methodology allows solutions to be provided quickly to recurring problems in the customer relationship. The problems to be addressed are identified during a periodic selection process. A team made up of key stakeholders is brought together (advisers, customers, managers, etc.). It develops an improvement plan, which is then approved by the management within three months. The plan is implemented over the course of the next three months. Its results are measured and its success rate is calculated no later than three months after its implementation. Four cycles have been started since end-2014 to handle, for example, the sending of letters to deceased customers or to wrong addresses.
- **BNP Paribas is the first French bank to have obtained ISO 9001 certification in 2015** for its national system for handling complaints from individual customers of the retail banking network. This certification is aimed at improving customer satisfaction and engages all actors in its network in a global process of continuous improvement of its organisation and processes. Based on listening to customers and collecting their expectations, it helps turn the complaint procedure into a tool to truly pay attention to the customer.

Finally, a Head of Customer Experience was appointed in 2015, overseen by the management of the Customer Relations and Marketing Departments.

TRUSTING RELATIONSHIPS WITH OUR SUPPLIERS

Group purchases represent EUR 10 billion in expenditures globally. BNP Paribas must therefore develop equitable relations with its suppliers which are in line with its commitments. The Group has defined three key principles for its purchases: fairness and transparency in its selection of suppliers, the pursuit of the best cost/quality/risk ratio and the pursuit of innovative solutions.

As a French signatory of the Charter of Responsible Supplier Relations developed by the French Ministry of Economic and Financial Affairs' Inter-Business Mediation body, the Group has adopted the procedures and tools necessary to respect: regulations and standards, traceability in the supplier selection process and information confidentiality. The Purchasing channel monitors the risks of mutual dependence with suppliers, and offers an appeal process via an internal mediator who is independent from the Purchasing function in case of problems (see *Fostering dialogue with stakeholders*, *Our CSR strategy*).

Purchasers in several entities attest to their knowledge of rules of professional conduct through a signed statement (Group Purchasing, BNP Paribas Fortis, BGL Luxembourg and the CIB scope since 2015). Employees in the Purchasing channel are required to follow online training on the fight against corruption.

The Group deploys **specific initiatives to support SMEs.** In France, for example, in the context of the framework created with Pacte PME, the Purchases Group has developed an action plan to support innovative or high-performing small and medium-sized suppliers. This plan, taken up by several local Purchases teams, such as Cardif in France, is supported by French Retail Banking within the framework of different development projects that the business line deploys for SMEs. It includes improvements designed to reduce payment schedules (for example, by the implementation of centralised billing and the development of electronic billing).

These initiatives have been awarded by the Association Pacte PME, of which the Group has been a member since mid-2012, along with 60 major clients to date. The Group's action plans and the results of the Pacte PME barometer were communicated by Group Purchasing to a panel of SMEs and medium-sized business at the end of 2015.

In April 2015, the Group Purchasing team set up a **structure dedicated to Responsible Purchasing**. Bringing together various skills, it addresses all CSR issues for the Purchasing channel in France and worldwide. A network of 40 specialists in Responsible Purchasing has been created within the channel to implement the Responsible Purchasing approach.

In 2015, the Responsible Purchasing team launched the "**Best Practices Awards**" for the Purchasing channel to reward several local actions: a day of dialogue with suppliers in Turkey (see *Fostering dialogue with stakeholders*, *Our CSR strategy*), a call for tender for IT services incorporating one part for businesses in the protected and adapted sector, and another part for small and medium-sized companies, etc.

COMMITMENT 3: SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

Financing and investing in industries with multiple environmental, social and governance (ESG) issues, operating in countries whose legal and governance systems are not as developed, BNP Paribas faces a wide variety of ethical challenges that require increased vigilance when making financing and investment decisions. Proper management of ESG risks is fundamentally important because it contributes to the management of the financial risk from the Group's financing and investments.

Its framework for managing environmental, social and governance risks is part of a global risk management approach.

This approach is based on:

- the development of financing and investment policies managing the Group's activities in sectors with significant ESG issues;

- the respect of the Equator Principles for major industrial and infrastructure projects;
- the implementation of a specific ESG risk assessment framework for its products and services;
- the use of management and monitoring tools for these risks.

This framework, in place since 2010, was further strengthened in 2015.

FINANCING AND INVESTMENT POLICIES FOR THE GROUP'S ACTIVITIES IN SECTORS WITH SIGNIFICANT ESG ISSUES

BNP Paribas strengthens its carbon risk management

In order to curb the trend of CO_2 emissions by 2020, with the aim of restricting climate warming to less than 2 degrees Celsius, **BNP Paribas has decided to no longer finance coal mining**, be it in the form of mining projects or of mining companies specialising in coal extraction who do not have a diversification strategy. Financing and investment policies for the coal-fired power generation and mining sectors were updated in December 2015.

The Group has also decided to support the gradual transition of developing countries towards a less carbon-based economy. To this end, it will implement a differenciated strategy concerning the financing of coal-fired power stations: **it will no longer finance coal-fired power plants in so-called "high income" countries**, and will consider the possibility of projects in other countries. Financing will in particular depend on the possibility of adherence to the following requirements:

- the host country must have committed to limiting its greenhouse gas emissions as part of COP21;
- the project must have been subject to a consultation process involving any local population it may impact; their compensation must be reviewed if necessary, and redress mechanism must be available to them;
- the power station must be designed to minimise its greenhouse gas emissions.

In addition, only those electricity-producing companies will be financed whose strategy to reduce the share of coal in their production is at least as ambitious as that of their country.

BNP Paribas will also factor climate change considerations into its rating methodology for the projects and companies it finances: the use of internal pricing for coal will be formalised progressively, in order to take changes occasioned by the energy transition and associated financing risks into account.

Coal-fired power generation, a particularly sensitive sector

Since its policy concerning coal-fired power generation came into force in September 2011, the Group has declined to participate in the financing of thirty electricity-producing power stations worldwide, representing annual emissions of more than 183 million tonnes of CO_2 equivalent, due mainly to the application of its energy efficiency criteria. This represents 41% of annual emissions in France (2013 data) and 340 times the annual emissions of the Group (2015 data).

A new policy for the agricultural sector

The agricultural sector is one of the most important in the world in terms of employment and GDP, as well as providing a subsistence for millions of people, in both developed and developing countries. Without appropriate management, agricultural development can have numerous detrimental consequences on local communities, ecosystems and on climate change. It is nonetheless possible to address these issues by adopting a strategy for sustainable growth which relies for the most part on agricultural practice.

In order to address the agricultural sector's environmental, social and governance concerns, BNP Paribas has developed a policy framework for its finance and investment activities. **Published on 31 July 2015**, this sector policy restates the Group's commitments, most notably its commitment to "non-deforestation" and to respecting local communities potentially affected by new agricultural developments. This strengthens and extends the coverage of issues previously handled in specific policies dedicated to the palm oil and wood pulp sectors.

BNP Paribas takes into account key issues for the agricultural sector such as:

- eco-systems and biodiversity;
- water use and water pollution, greenhouse gas emissions, the use of agrochemicals;
- working conditions and Human Rights;
- health and safety in the workplace;
- land tenure and the rights of local communities;
- food security;
- sanitary standards and food traceability.

A new policy regarding financial products tied to agricultural commodity prices

BNP Paribas' concern for economic development means it prefers to invest in projects and companies that provide social or economic benefits.

Certain investment products raise concerns regarding their impact on agricultural commodity prices, and consequently on the world's most vulnerable populations.

Desiring to contribute to a stable relationship between physical and financial markets in agricultural commodities, the Group has adopted measures to ensure that its financial products do not contribute to the destabilisation of the agricultural commodities market. It commits to not offering its individual or institutional investors investment funds internal to BNP Paribas that contain exposures to agricultural commodities.

Measures to combat deforestation

In signing the 'Soft Commodities Compact' in 2014, BNP Paribas committed to working actively with the companies in the "Consumer Goods Forum" to help them achieve net zero deforestation in their supply chain by 2020.

Defence, a particularly sensitive sector

The Group has a responsible finance and investment policy for this sector. Published in 2010, this policy strictly excludes certain types of weapons (controversial weapons) and certain geographical regions (areas affected by armed conflicts or the violation of children's rights). This policy was updated in 2012, in particular to take better account of issues related to small arms.

In 2015, the Group continued its commitment to engage with several corporate clients whose potential involvement with controversial weapons was pointed out by internationally-recognised, specialised research providers. For several years, BNP Paribas had refused, on the basis of tangible evidence, to enter into business relations with an industrial conglomerate based in Singapore because of its production of cluster munitions and anti-personnel land mines. In November 2015, in response to the requests of numerous investors and banks, including BNP Paribas, the company announced that it was terminating all involvement in these controversial weapons. This decision was an important victory for the international conventions which ban controversial weapons of this kind, as well as for the banks and investors whose policies were inspired by those conventions.

UPHOLDING THE EQUATOR PRINCIPLES ON PROJECT FINANCING

Major industrial and infrastructure projects can have negative impacts on populations and the environment. As financial service provider and advisor, BNP Paribas works in partnership with its customers to identify, evaluate and manage their risks and their environmental or social impact. BNP Paribas is guided in the process by the Equator Principles (EPs), which it has signed: a set of principles designed to ensure that financed or advised projects are developed in a responsible manner. According to these principles, the negative impacts on communities, eco-systems or the climate must be avoided, reduced, attenuated and/or compensated.

This voluntary initiative brings together 82 financial institutions worldwide.

Projects graded A present significant risks, where the implementation of attenuation measures and corrective actions is necessary; those graded B present more limited risks; those graded C present minimal or no risks.

	2011	2012	2013	2014	2015
Number of transactions concerned during the year	30	13	21	26	17
Number of transactions graded A during the year	5	2	3	6	1
Number of transactions graded B during the year	20	10	13	18	15
Number of transactions graded C during the year	5	1	5	2	1

This year, 3 transactions went to finance renewable energy projects, the installation of wind farms representing an electrical capacity of more than 500 MW.

In 2015, in addition to its attributions as a member of the EP piloting committee, BNP Paribas continued to co-pilot the "Assurance" working group, bringing together 18 banks and 3 major consulting companies. Its objective is to draft a guide to make sure that EPs are applied correctly by signatory institutions.

An online training module has also been developed and made available to all BNP Paribas employees involved in the application of the Equator Principles.

A SPECIFIC ESG RISK ASSESSMENT SYSTEM FOR PRODUCTS AND SERVICES

Integration of ESG criteria into lending and rating policies

In addition to the environmental, social and governance (ESG) criteria applicable to their own activities, the credit analysis for corporate clients includes the management of ESG risks affecting their main suppliers and sub-contractors.

Started in 2012, the effort to integrate ESG criteria into the specific credit and rating policies was continued: **at end-2015, 11 policies incorporated ESG criteria** and 4 were undergoing validation.

The assessment of ESG risks for large corporate clients

The ESG risks for large corporate clients belonging to sectors not covered by sector policies are also analysed using a dedicated tool, the "CSR Screening" of the Corporate and Institutional Banking divisions. **This allows each account manager to evaluate the most relevant non-financial risks of his or her clients.** Detailed questionnaires were developed for ten sectors: consumer goods, capital assets, energy and electricity, oil, gas/chemical products, ICT, healthcare, transportation, automotive, building & building materials and metallurgy. In total, around twenty risks are assessed to reflect the challenges related to pollution and to the protection of natural resources, security and working conditions, the impact on communities, ethics and corruption.

The objective of this analysis is to engage in a dialogue with the most sensitive clients on their CSR issues, and, if necessary, to work with them to create measures to better control these risks.

Integrating ESG criteria into savings products

With the double objective of managing risk and investing responsibly, BNP Paribas Investment Partners, the Group's dedicated asset management business line, applies ESG criteria to all its collective investment funds. These criteria are analysed, as a complement to financial analysis, according to a formal framework based on the UN Global Compact's ten principles in the areas of human rights, labour, protection of the environment and the fight against corruption. In accordance with the sector policies of BNP Paribas Investment Partners, these principles are complemented by rules for investing in sensitive sectors or products. This approach leads to the initiation of a dialogue with the companies identified as not compliant with these commitments. If there is a lack of transparency or cooperation, BNP Paribas Investment Partners may abstain from approving the financial statements, or even exclude the companies from its investments.

The strategy of BNP Paribas Investment Partners aims **to align its investments with the global objective of limiting global warming to below 2°C**. This starts with the measurement and evaluation of the carbon risk of managed portfolios, and then with the reduction of this risk. As such, BNP Paribas Investment Partners:

- has committed to publishing the carbon footprint of its stock investments (signature of the PRI Montréal Carbon Pledge in May 2015). This commitment has already been followed by the publication of the carbon footprint of the 26 stock funds of the Parvest international range;
- has defined a "no coal" investment policy, applied to its SRI open funds (EUR 14 billion in assets at 31 December 2015) and has joined, with more than EUR 19 billion in carbon-free assets, the Portfolio Decarbonization Coalition, an initiative supported by the United Nations Environment Organization (UNEP), which encourages financial companies to reduce the greenhouse gas emissions linked to their investments.
- offers its clients low-carbon investment solutions. For example, BNP Paribas Investment Partners has defined a specific methodology with the French Pensions Reserve Fund (*Fonds de Réserve pour les Retraites*, or FRR) in order to reduce its carbon footprint and exposure to "stranded assets" (assets that undergo unexpected or early impairments), and to exclude the most polluting assets from the index portfolio of North American Equity. This methodology has helped reduce the portfolio's carbon footprint by more than 50%.

In 2015, in order to ensure that ESG issues were taken into account by the companies in which it invests, BNP Paribas Investment Partners **systematically exercised its shareholder voting rights** by voting in more than 1,200 General Meetings on nearly 16,200 draft resolutions; it abstained or voted against around 19% of the resolutions. As part of its climate change strategy, the voting policy was adapted and BNP Paribas Investment Partners reserves the right to abstain from approving financial statements if the company does not provide sufficient information about its CO_2 emissions. BNP Paribas Investment Partners will also support any resolution (whether proposed by the company or a shareholder) in line with its climate change policy.

> In 2015, the expertise of BNP Paribas Investment Partners in regard to responsible investment and deployment of ESG integration in its management processes was recognised by the PRI ranking (Principles for Responsible Investment). In its annual evaluation report, BNP Paribas Investment Partners was rated "A+", a newly created category that was added to the five previous categories (A, B, C, D, E), giving BNP Paribas Investment Partners the highest grade possible.

BNP Paribas Cardif, the Group's insurance business line, continued its effort, adopted in 2008, to integrate ESG criteria in the selection of investments for its main euro fund, Cardif Assurance Vie (EUR 104 billion as at 31 December 2015).

> ESG criteria are systematically taken into account in the investment or divestment decisions of BNP Paribas Cardif, and are an integral part of the management process. The ESG performance of the portfolio is managed on a quarterly basis and is reviewed by the Asset Management Committee once a year. In 2015, more than half of the General Fund's assets were screened through an ESG filter, compared to 49% as at 31 December 2014, according to its monitoring indicator.

BNP Paribas Investment Partners as well as BNP Paribas Real Estate Investment Management have signed the Principles for Responsible Investment (PRI).

Integration of ESG criteria into supply chain management

BNP Paribas pays special attention to the extra-financial issues of suppliers when analysing tender offers, in accordance with the BNP Paribas Suppliers' CSR Charter, and expects all suppliers to commit to respecting this Charter. In 2015, the Group made 1,470 ESG supplier assessments as part of calls for tenders.

Moreover, some entities include environmental and social clauses in the contracts signed by the Procurement teams. Within the scope of International Retail Banking, the CSR Charter must be signed when entering into a business relationship.

In 2015, the Procurement function continued its work to improve the monitoring of supplier risk, as part of the **KYS (Know Your Supplier) project** launched in late 2014. Its objective is to ensure that BNP Paribas only contracts with suppliers who respect:

- local and international regulations, in particular in the domain of financial security;
- the basic principles and values of social and environmental responsibility.

In the area of responsible procurement, this approach must allow for a better assessment of suppliers, especially in terms of Human Rights. Areas for improvement include: the generalisation of the signing of commitments by suppliers (Charter), the training of Procurement staff in Human Rights starting in 2016 and the integration of specific CSR issues into discussions for sensitive purchases.

MANAGEMENT AND MONITORING TOOLS FOR ESG RISKS

CSR monitoring and exclusion lists

The application of financing and investment policies in sectors with major environmental, social and governance impacts and the exclusion list of certain goods allows the identification of companies that do not meet the Group's requirements in terms of environmental protection or whose activities have negative social impacts. These lists are supplemented by the monitoring of key controversies involving companies in serious violation of environmental standards or Human Rights.

Companies with which the Group does not wish to carry out commercial activities are added to the exclusion list, those with which the Group does not wish to carry out certain transactions are added to the monitoring list. **At the end of 2015, these lists comprised 242 companies**: 171 excluded companies and 71 under monitoring.

Whereas no business relationship whatsoever is allowed with a company on the exclusion list, the companies on the monitoring list are subject to Group measures intended to ensure that they change their practices and reduce their ESG risks in a definitive manner.

Transactions handled by CSR teams

In 2015, **the Group's CSR teams reviewed 658 transactions** (financing, client acceptance, export support, etc.) compared to 481 transactions the year before.

Employees trained in financing and investment policies

Sector policies concern all the Group's employees. Since their publication in December 2012, 20,373 employees have been trained online in at least one of them. **The objective** to train 12,500 employees concerned by the application of these policies in 2015 **has thus been largely exceeded** (see *The CSR management indicators*).

Share of loans to companies subject to an ESG risk management system

In order to track the progress of the deployment of ESG risk management specific to different sectors, the Group monitors annually the share of loans to companies subject to a specific framework for the management of environmental, social and governance risks. In 2015, a based year for this key indicator of the Group's CSR performance, the share amounted to 25%.

Operational Control plan

In order to ensure that ESG risk management tools are strictly applied in all entities, the Group has deployed **a CSR operational control plan since 2015**. After determining the controls to be made by the different business lines and entities of the Group, the CSR and permanent operational control functions created the first working groups tasked with defining the organisation and implementation of the controls throughout the Group's entities. The first periodic controls are to take place in 2016. They will check that the measures put into place at every level are adequate, and will initiate a continuous improvement dynamic, necessary for the proper management of ESG risks.

7

7.3 Social responsibility: developing and engaging our people responsibly

Our social responsibility rests on three principles: promoting diversity and inclusion, being a good place to work and responsible employment management, and being a learning company offering dynamic career management. Together, these three proactive and ambitious purposes aim at developing and engaging our people responsibly:

- commitment 4: Promotion of diversity and inclusion in the workplace;
- commitment 5: A good place to work and responsible employment management;
- commitment 6: Learning company supporting dynamic career management.

LEADERSHIP FOR CHANGE

The year was marked by the redefining of the Group's values, followed by collective thinking on the Group's intended vision and mission. Most of this work was conducted within the framework of the "Leadership for Change" (LfC) initiative launched to support the Group's transformation process.

One of the objectives of this initiative was to have the 500 members of the Group's transversal Executive Committees[(1)] work together on "Our Shared Convictions: our vision, our mission and our values". They have been pursuing their work in sub-groups on seven transformation topics identified during the LfC process, including cross-selling, innovation and the strategy of identifying and promoting talent.

LISTENING TO EMPLOYEES THROUGH THE GLOBAL PEOPLE SURVEY (GPS)

The rate of participation in the Group's commitment survey remained high (71%, up 19 points since 2010). In response to two open questions, in particular on change which is now well perceived, 126,889 employees across 73 countries expressed their opinions in 22 languages, with 95,000 comments given.

Employees perception of GPS topics generally improved, in particular concerning commitment, which remained strong, as pride of working for the Group was at 83% (up 2 points since 2014), adherence to the Company's objectives was up at 69% (up 2 points). Likewise, confidence in the Group's future increased 5 points to 40% in response to the statement "the situation will improve". The feeling that management is now giving clearer orientations improved 3 points at 70% and the perception of management decisions with respect to Group values gained 3 points at 69%.

The scores linked to the four management principles improved: 73% of employees (+2 points, exceeding the target set in 2012) have a positive perception of their implementation, including 68% (+2 points) for "Client Focus", which remains one of the Group's core priorities.

The "Simple Working" dynamic is continuing to prove successful, as the response to "sufficient delegation to do good work" was up 3 points at 78% and "decision-making at the right level" gained 1 point at 67%. With a score of 67% (+4 points), innovation was perceived as increasingly encouraged in order to support transformation. The perception of digital solutions deployment as a way of boosting performance gained 3 points at 61%. However, there is still room for progress in this rapidly changing field.

To monitor the proper implementation of the approach undertaken, in particular with respect to the three areas with specific objectives, Group Human Resources compiles a social report, in which entities from 67 countries participated in 2015, representing 95% of full-time equivalent staff (FTEs) managed by the Group at 31 December 2015 (versus 44 countries and 87% of FTEs in 2014). Some indicators have increased to reflect the scope increase.

COMMITMENT 4: PROMOTION OF DIVERSITY AND INCLUSION IN THE WORKPLACE

Placing openness at the heart of our values guides our policies and actions in favour of diversity and inclusion. By guaranteeing a respect for differences, our ambition is to ensure conviviality among teams and employees and promote individual development and innovation by valuing the expression of their difference.

New objective for commitment 4: Percentage of women in transversal/multi-business and/or multi-country executive committees (out of approximately 500 top executives) in 2018: 23% (2015 baseline: 21%).

A MEASURE ENSURING GLOBAL COMMITMENT

Diversity governance: a commitment from all at all levels

The Group Diversity Committee now consists of 35 members – pairs of business line and Human Resources representatives. It is replicated at the level of the business lines, countries or regions (APAC, FRB, BNL, BNP Paribas Fortis, CIB, UK, IRB, etc.). It meets twice a year, in venues alternating between France and another European country (Italy in 2015).

Its governance has been facilitated and reinforced by the creation of a digital community on the internal social network and the launch of the BNPP_diversity Twitter account.

Strong and visible commitment of the Executive Committee

The year was marked by the highly visible commitment of the Chief Executive Officer, as he launched in May the **HeForShe**[(2)] campaign across the Group. In September, in New Delhi, BNP Paribas renewed its commitment to professional equality by sponsoring an event called "**Equality means business: WEP**[(3)] **in practice**", organised by the UN Global Compact. In October, the Chief Executive Officer signed the ***Charter of LGBT***[(4)] ***Commitment*** from *l'Autre Cercle*[(4)]. BNP Paribas thus became France's 1st bank to commit to ensuring a non-discriminating and non-hostile work environment for all employees, irrespective of their sexual orientation.

The members of the Executive Committee also personally pledged to support major programmes. Marie-Claire Capobianco is thus among the first 50 top executives to have joined the "***Patrons, champions du changement***" (Employers champions of change) movement launched in October by Medef, focusing on the commitment to gender equality. Alain Papiasse attended the **11th Women's Forum** partnered by BNP Paribas. Female employees and customers came together for exchanges on the topic of "Energizing the world".

BNP Paribas joined the "***Réseau des entreprises pour l'égalité***" (network of companies promoting equality) launched by the French Secretary of State in charge of Women's Rights.

(1) Multi-country business lines/functions or multi-business line/function countries/regions.

(2) International solidarity movement launched by the United Nations, dedicated to gender equality and calling for people's commitment.

(3) "Women's Empowerment Principles" are a set of seven principles for gender equality in the workplace drafted by the UN Women and UN Global Impact.

(4) L'Autre Cercle is an NGO whose main goal is to combat workplace discrimination against LGBTs (Lesbians, Gays, Bisexuals, Transexuals and Transgenders).

Employees involved in dynamic networks promote exchanges and innovation

Employee networks act as an informal information relay for diversity policies and a source of innovation. They are also places of Group-wide exchanges (among entities, countries, etc.) in connection with the professional environment. Regular exchanges between networks, facilitated by the support of senior managers, boost the dynamism of actions, policies and governance relating to diversity and inclusion. The contribution of the networks is regularly encouraged. For example, at **CIB in New York**, a lunch is held every year with the Country Head.

There are networks focused on professional equality (19 **MixCity** networks, with the latest launched in Switzerland, Spain, Germany, Canada and Japan; **Happy Men**), networks open to everyone, focused on multiculturalism and minorities (**Afrinity, All abroad** in France, **Friends of Africa** in Belgium, **Respect** in the UK, **American Indians** in Canada and **Hispanic, Asian and African Heritage** in the US), sexual orientation (**Pride** in France, the UK and the US), inter-generational exchanges (Belgium, Bank of the West in the US), parenthood (**Parentality** in the UK), disability (**Ability** in the UK), veterans and inter-religious exchanges (US).

ACTIONS, VISIBLE RESULTS AND BROADER TOPICS

Professional equality: ambitious objectives and visible results

Once again, the Group witnessed the positive impact of the actions implemented to increase diversity in targeted groups. The percentage of women in **senior management**(1) reached 26% (35% women in the last round of promotions) with a target set at 30% for 2020. Women now account for 20% of the **G100** *versus* 16% in 2014 (with an average of 32% women appointed since 2011). BNP Paribas can pride itself in having achieved parity in its **Board of Directors** (including two women Directors representing employees), set at 41.7% by the Copé-Zimmermann Act.

In line with the Leadership for Change initiative, **an objective of at least 25% women in the Group's transversal/multi-business/multi-country executive committees (out of approximately 500 top executives) has been set for 2020**.

It was also decided that women should account for 50% of young emerging talents in 2016, 40% of advanced talents and 30% of top talents by 2020. These targets are consistent with the Group's mixed recruitment policy and the maturity of its policy to promote women.

Other focuses of the diversity and inclusion policies

Internationalisation and multiculturalism, a Group objective

161 nationalities are present in the Group, with SMPs(1) accounting for 56 nationalities; 40% of SMP are non-French. The Top 500 executives (LfC) represent 31 nationalities and 35% of them are non-French.

In the **UK**, 50% of SMPs received training on unconscious biases linked to nationalities.

Measures in favour of minorities

In certain regions, attention is given to ethnic minorities. For example, the **BICIG (in Gabon)**, set up a recruitment policy in favour of albinos and pygmy minorities.

Promoting inter-generational exchanges

To better understand the specific needs of each generation while helping them to "work together", **BNP Paribas SA** in **France** took part in an "*IMS-Entreprendre pour la Cité*" study on the topic of generation-linked stereotypes.

In **Italy, BNL** launched a wide-scale survey on the expectations of senior employees and conducted an inter-generational management mentoring and digital reverse mentoring programme.

In **France**, as part of the generation agreements and commitment to senior employees, the average retirement age for employees over the age of 55 is now 60.9 years (60.7 years in 2014).

Parenthood and balance between personal and working life

BNP Paribas is continuing its actions to help employees achieve a balance between their personal and working lives, as this is a way of reinforcing their long-term commitment.

Some Group entities (Cardif, BNP Paribas Fortis) hold "**Family Days**" to enable their employees to share their work environment with their children. **Wealth Management** launched a "**Digikids**" application (creation of robots, QR code hunt, etc.).

In **France**, during the Parenthood Week set following the OPE(2) day, conferences on video game addiction and the changing family model were organised. In Europe, **CIB** launched a collaborative site called "**The Parent's Way**" where parents can exchange advice, tips and experiences. In Italy, **BNL** organised a day event for fathers-to-be ("**Dads@Work**"). **TEB** won the IRB Diversity prize with its initiative aimed at inciting women to achieve a proper balance between their personal and working lives, while **BNP Paribas Fortis** organised "**Back to Professional Life**" lunches attended by 80 young mothers coming back to work after their maternity leaves.

(1) The Group's Senior Management Positions (SMPs) or senior management comprises employees occupying the 2,500 positions considered by the Executive Committees of all business lines/operational entities/Group functions as being the positions with the most impact on strategic businesses, functions and expertise areas.

(2) Observatoire de la Parentalité en Entreprise.

INTERNAL AND EXTERNAL RECOGNITION REASSERTED

A positive internal diversity survey

The results of the Global People Survey (GPS) are highly positive on all aspects of diversity: 67% of employees declare they have a clear vision of the actions carried out by BNP Paribas to promote diversity (+1 point) and 70% that BNP Paribas' management promotes diversity in the workplace, through respect and recognition of differences between people (+6 points, exceeding the objective set in 2012). For the first time, employees in certain countries were also asked whether the work environment was perceived as inclusive for employees in the LGBT category (71%).

Numerous external distinctions confirm dynamic policies and actions

In France, the Group's **Diversity certification** was confirmed by the Ministry of Social Affairs. The scope of certification was extended to Leasing Solutions, Arval and BNP Paribas Factor and now covers 84% of the workforce. **BNP Paribas Fortis** renewed the Diversity certification of the Brussels-Capital Region for 2015-2017.

Vinay Kapoor, the UK Head of Diversity at BNP Paribas, was named as one of the Top 50 Global **Diversity Professionals** by *The Economist*. For the second consecutive year, **Bank of the West** is among the "**Best Banking Employers**" elected by the *Hispanic Network Magazine*.

In October, BNP Paribas ranked 2nd in the "**Workplace Pride**" classification. The dynamism of the Pride network was also recognised by *The Economist* in its "**Global Diversity List**".

ONGOING AWARENESS-RAISING OF OUR EMPLOYEES AND CUSTOMERS

Training

In France and in the UK, courses on unconscious biases were held for managers. In London, all member of CIB's executive committee attended 121 coaching sessions on inclusive leadership.

CIB completed its last session of the **Women Leadership Initiative** which involved very high-level sponsors. The programme will be deployed across the Group starting in 2016.

Raising awareness

Raising employees awareness

Actions raising awareness were conducted throughout the year. In **Belgium, BNP Paribas Fortis** initiated a **Thank You** campaign as part of a mutual respect policy and living together in harmony (8,000 Thank You cards and over 7,300 compliment emails were sent).

In the autumn, **Diversity Week** provided an opportunity for countries (Belgium, Korea, the United States, France, the UK, Singapore, etc.) and subsidiaries to hold numerous events shared by thousands of employees.

Sharing awareness actions with our stakeholders and customers

BNP Paribas takes its corporate social responsibility very seriously by contributing to positive changes in the minds of its customers and stakeholders. **Wealth Management** thus joined forces with Stanford University to co-design an educational program (Women Entrepreneur Program), aimed at 30 female customers and employees across the world. The **UK** periodically organises breakfasts with recruiting firms to present to them our diversity policies. In **Asia**, a recruiting campaign was conducted to attract a diversity of profiles.

PROMOTING THE EMPLOYMENT AND INSERTION OF PEOPLE WITH DISABILITIES

This year, entities in 22 countries have signed collective agreements on disability or taken measures in favour of disabled people above legal requirements. In almost 50 countries legally authorised to record workers with disabilities and following this indicator, there were 3,237 disabled employees in 32 countries, including 176 recruited in 11 countries in 2015. This increase was essentially due to a change of scope.

NUMBER OF EMPLOYEES WITH DISABILITIES AND RECRUITMENTS(*)

				Recruitments		
	2013	2014	2015	2013	2014	2015
France (of which BNP Paribas SA)	1,350 (1,170)	1,398 (1,203)	1,497 (1,203)	53 (45)	52 (43)	57 (38)
Belgium (of which BNP Paribas Fortis)	66 (66)	69 (69)	71 (71)	1 (1)	3 (3)	0 (0)
Italy (of which BNL)	660 (520)	679 (524)	803 (649)	19 (6)	21 (2)	21 (11)
Luxembourg (of which BGL BNP Paribas)	59 (47)	53 (52)	54 (53)	0 (0)	0 (0)	0 (0)
Europe (excluding domestic markets)	720	664	685	127	65	46
Rest of the world	50	68	127	65	9	52
TOTAL	**2,905**	**2,931**	**3,237**	**265**	**150**	**176**

(*) Physical headcount taking into account 82% of Group headcount.

In France, over this last year of the second disability agreement, **BNP Paribas SA** carried out 38 recruitments (172 over 4 years) and 396 active employees were retained in their jobs (319 in 2014), hence 1,230 employees were supported, an increase of 24%. The employment rate for disabled employees increased constantly and now stands at 3.6% (2.8% in 2011 at the end of the previous agreement). Training and initiatives raising awareness increased on invisible disabilities, enhanced with intranet testimonials, completed by prevention sessions conducted in collaboration with the Occupational Health Service. The third agreement for the 2016-2019 period was unanimously signed by the trade unions at the end of 2015. In the subsidiaries, **BNP Paribas Personnel Finance** launched a disability programme involving a bus tour of France and workshops on sensory disability.

In Belgium, BNP Paribas Fortis had a film produced to raise the awareness of employees and customers on disability compensation tools. The film can be viewed on the websites of some associations on disability. In **Italy, BNL** focused its action on recruitment: recruiters were trained and a partnership was entered into with a specialised CV library. **Bank of the West** launched a major initiative in favour of disabled persons and equal opportunities, increased its recruitments from 0 to 33 in one year.

PROMOTING AND COMPLYING WITH THE INTERNATIONAL LABOUR ORGANIZATION FUNDAMENTAL CONVENTIONS ON HUMAN RIGHTS

BNP Paribas carries out annual reviews of countries that are high-risk in terms of human rights[1]. As in 2014, BNP Paribas has operations in eight countries at risk, representing 4.0% of its total workforce, and in 20 countries where there is cause for concern, representing 14.4% of its total workforce. The figures remain relatively stable (3.1% and 15.8% in 2014). Moreover, 11 employees (five in 2015), mainly in Brazil, are registered in the Group as being less than 18 years old, but more than 16 years old (for further information, see chapter 7, part 4 – Commitment 8: *Combating social exclusion and promoting respect for Human Rights*).

(1) Source: Maplecroft which identifies 41 countries at risk and 58 countries where there is a cause for concern (compared to 35 and 68 in 2014).

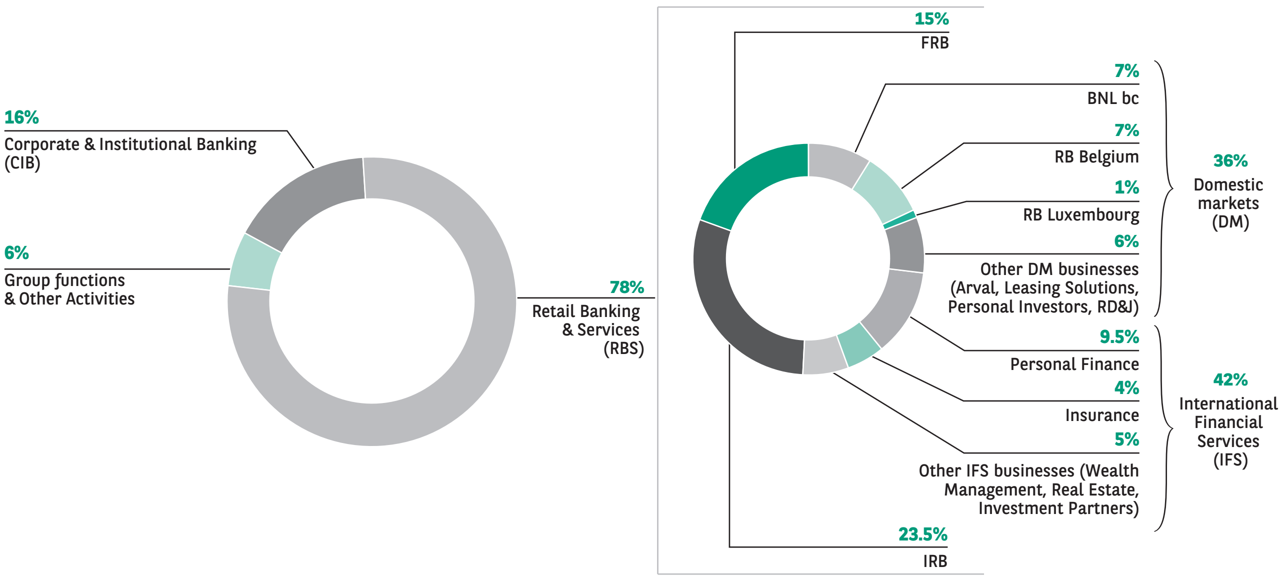
COMMITMENT 5: A GOOD PLACE TO WORK AND RESPONSIBLE EMPLOYMENT MANAGEMENT

Our employees are our main asset, which we must take care of by guaranteeing a few important collective rules. Our social responsibility shows our capacity to be a good place to work for our employees by providing them with a safe work environment, protecting their health and maintaining a good balance between their personal and working lives, thereby promoting a long-term relation with the Company.

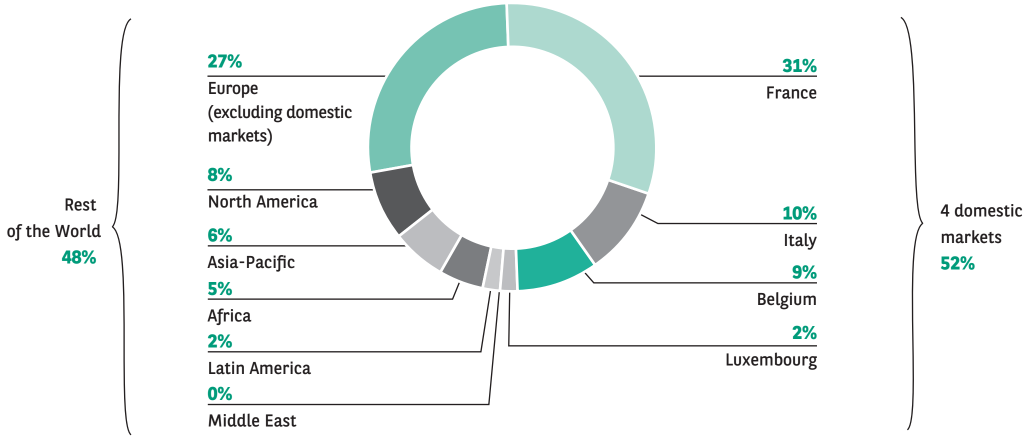
WORKFORCE EVOLUTION

At the end of 2015, the workforce managed by the Group reached 189,077 FTE (Full Time Equivalent – 181,551 FTE in the workforce for financial purposes[1]), an increase compared to 2014 (187,903 FTE), mainly due to Arval's consolidation of GE Fleet and organic growth in North America, the Asia-Pacific region and the Compliance Function. As a reminder, the workforce managed by the Group totalled 184,545 FTE at year-end 2013.

BREAKDOWN OF THE WORKFORCE BY BUSINESS LINE



BREAKDOWN OF TOTAL WORKFORCE BY GEOGRAPHICAL AREA



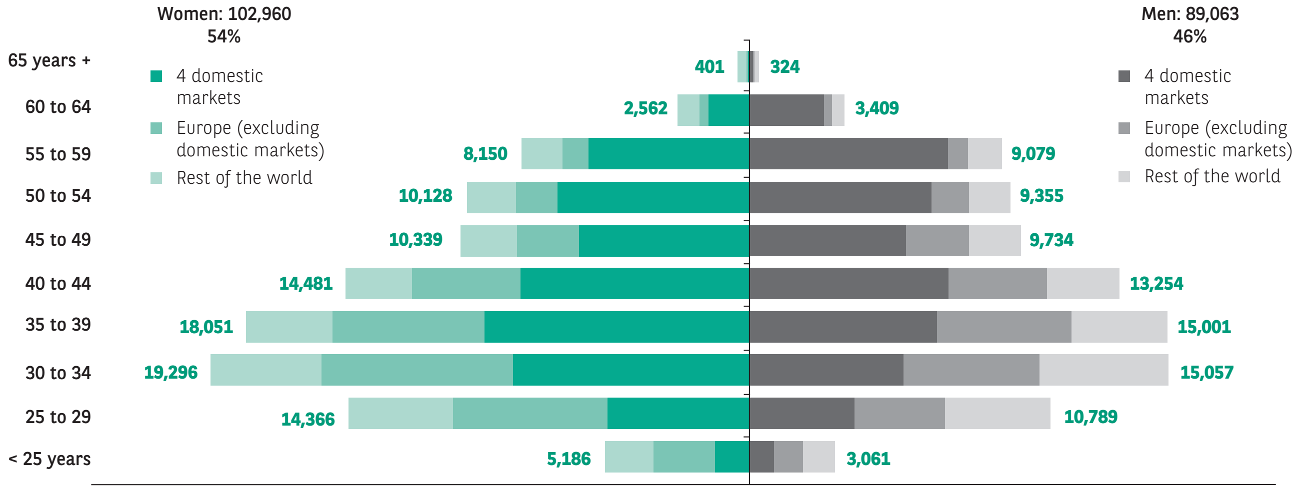
The geographical breakdown of the workforce in 75 countries, including 50 for retail banking, remained relatively stable compared with 2014.

(1) Financial headcount: full-time equivalents (FTEs) at 31 December 2015 in wholly controlled, fully consolidated entities.

CHANGE IN THE WORKFORCE OVER THE LAST TEN YEARS

	2005	2010	2015		
France	54,745	59,302	57,974	4 Domestic Markets 95,973	Europe 146,611
Italy	2,602	19,126	17,993		
Belgium	478	18,345	16,360		
Luxembourg	1,105	3,942	3,646		
Europe (excluding domestic markets)	16,039	52,666	50,638		
North America	14,766	15,137	16,009		Rest of the world 42,466
Asia-Pacific	4,733	11,650	12,180		
Africa	5,036	9,555	9,861		
Latin America	1,545	4,323	3,834		
Middle East	868	2,233	582		
TOTAL	**101,917**	**196,279**	**189,077**		**189,077**

BREAKDOWN OF GROUP WORKFORCE BY AGE, GENDER AND GEOGRAPHICAL AREA(1)



(1) Physical headcount taking into account 99% of Group headcount (permanent contracts + fixed-term contracts).

The age structure is well balanced. The average age increased slightly from 40.5 to 40.6, notably in South America (to 35 years) where it is the lowest, and in Europe (40.3 years). It decreased in North America (to 42.7 years) where it is the highest. In France, the average age is 42.4 years.

The average length of service decreased slightly from 12.2 to 11.7 years, in particular in Africa (9.1 years), Europe (excluding France – 11.1 years) and France (16 years) where it is the longest. It remained stable in North America and slightly decreased in Asia-Pacific and South America. The average age of departure for employees aged 55 or over remained stable within the Group at 60.7 years.

RECRUITMENT

Worldwide, the Group hired 19,672 people (+10%) on permanent contracts, including 3,055 in France (+34%), even though the Group systematically favours internal recruitment through the promotion of mobility before external recruitment.

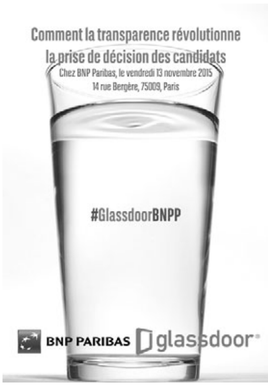
In a demanding backdrop, BNP Paribas continues to recruit while giving priority to internal mobility

With 56% of recruitments in Europe, BNP Paribas confirms its dimension as a European bank. Nevertheless, the highest recruitments are found in the United States with 21%, followed by France (16%), India (8%), Turkey (7%), and Ukraine (6%). A high employee turnover is recorded in all of these countries, except for France. The next in line are the UK (5%) and Belgium (4%). External recruitment remained high in a context where priority is still given to mobility and training.

Digital recruitment to attract applicants

In 2015, digital recruitment stepped up both externally and internally with the creation of a new community on the internal social network of digital recruiters, social media guidelines, thematic web conferences and a LinkedIn certification programme.

The Group increased its presence on social networks with over 250,000 LinkedIn subscribers, the creation of a BNP Paribas page on Glassdoor[1] and the hosting of France's first Glassdoor event on transparency, the creation of competitions and other interactions with applicants on Twitter (France, Italy, UK and Turkey), an Instagram challenge (BNL), an original presence on Pinterest (France, Italy) and numerous Facebook pages.



The Group continued to disseminate its employer value proposition "**Let's Design Tomorrow**" via various communication tools through the creation of a universal advertising campaign (Asia-Pacific, Belgium, France, Italy, Poland, etc.), the update of content on the bnpparibas.com site, the creation of a community of Group Managers' Campuses and a campus kit (tools to establish relations with schools) and major awareness-raising initiatives in-house.

Once again, BNP Paribas was awarded the **Top Employer Europe** certification, this time in seven countries: Belgium, France, Italy, Poland, Turkey, as well as Spain and Luxembourg. The Group assessed its attractiveness as an employer through a Universum survey on 11 of its markets. **BNP Paribas CIB in New York** ranked as **Best Place to Work**.

BNP Paribas also worked on improving the applicant experience by making it more accessible and connected through numerous new features: for job applications, the site has become mobile friendly, with a more intuitive and attractive registration form. The Group has started remote interviews and created a treasure hunt to validate skills (**in the UK**). It also launched selective cognitive tests online (**in France**), and participated in the "Blind Applying" programme to apply for secret internships worldwide. The first internal **HR Hackathon** brought together 25 entities in 10 countries and generated over 400 ideas to improve the applicant experience.

BNP Paribas joined the **Individual Dual Career Network** (IDCN), a network of international companies whose goal is to support employees' international mobility by facilitating their partner's job search (http://idcn.info/).

In France, the Group organised two major events: "***Objectif CDI***[2]" in June and "**Job Meet Up**" in September – dedicated to the recruitment of sales staff for the branch network and online banking including Hello bank! Pre-registered applicants convened to the events, met with a recruitment officer, then a business operational, and left with an invitation to attend a second interview the following week. Nearly 80 HR staff and business operationals were involved and 150 people were recruited after those two days.

Job Dating events were also organised in Paris, Lille and Orleans in April to promote meetings and exchanges between candidates and business operationals, to give candidates a better insight of the Company and ensure their better understanding of the offered assignments.

(1) Glass door is a site on which employees and jobseekers anonymously post opinions on companies.

(2) Fixed-term contract.

CHANGES IN HEADCOUNTS

➤ CHANGES IN HEADCOUNT: NEW HIRES OF PERMANENT CONTRACTS AND GEOGRAPHICAL DISTRIBUTION(1)

	Men	Women	Total 2014	Men	Women	Total 2015
New hires on permanent contracts	8,028	8,121	16,149	8,645	9,488	18,133
Fixed-term contracts converted into permanent contracts	595	688	1,283	654	885	1,539
TOTAL	**8,623**	**8,809**	**17,432**	**9,299**	**10,373**	**19,672**
4 Domestic Markets	52%	48%	3,244	51%	49%	4,341
Europe (excluding domestic markets)	43%	57%	6,225	42%	58%	6,217
Rest of the world	53%	47%	7,963	53%	47%	9,114
TOTAL	**50%**	**50%**	**17,432**	**48%**	**52%**	**19,672**

(1) *Physical headcount.*

➤ CHANGES IN HEADCOUNT: REASONS FOR PERMANENT EMPLOYEE DEPARTURES

	Men	Women	Total 2014	Men	Women	Total 2015
Retirement/early retirement	1,269	1,372	2,641	1,589	1,665	3,254
Resignation	4,713	5,371	10,084	4,923	5,740	10,663
Dismissals(1)	1,368	1,942	3,310	1,116	1,444	2,560
Mutually agreed departures and equivalent	222	250	472	353	545	898
Assisted departure plans	286	290	576	566	532	1,098
Other terminations of permanent contracts (unspecified, end of trial period, death)	873	880	1,753	817	849	1,666
TOTAL	**8,731**	**10,105**	**18,836**	**9,364**	**10,775**	**20,139**

(1) *In France, the grounds for the 418 dismissals (442 in 2014) were professional failings, unsuitability and misconduct.*

28% of the departures are in the domestic markets, 36% in the rest of Europe and 36% in the rest of the world.

ORGANISATION OF WORKING HOURS

➤ TYPE OF CONTRACT(1)

	Men	Women	Total 2014	%	Men	Women	Total 2015	%
Number of permanent contracts	86,280	94,944	181,224	96%	87,355	94,999	182,354	96%
Number of fixed-term contracts	2,219	4,460	6,729	4%	2,392	4,330	6,723	4%
TOTAL	**88,499**	**99,404**	**187,903**	**100%**	**89,748**	**99,330**	**189,077**	**100%**

(1) *Full-Time Equivalent.*

➤ PART-TIME(1)

	Men	Women	Total 2014	%	Men	Women	Total 2015	%
Number of part-time employees	2,074	14,381	16,455		2,187	14,728	16,915	
Of which part-time employees working 80% or more	1,391	9,824	11,215	68%	1,364	9,933	11,297	67%
% of part-time employees	3%	17%		10%	3%	16%		10%
% of part-time employees by gender	13%	87%			13%	87%		

(1) *Physical headcount taking into account 90% of Group headcount.*

The part-time employees are mainly distributed in the 4 domestic markets.

QUALITY SOCIAL DIALOGUE

The Group promotes good social dialogue, gives priority to internal mobility and confirms its commitment to responsible social management.

The European Works Council

For this 4-year mandate, the European Works Council, has a secretary and deputies (two men and one woman) respectively from Luxembourg, Belgium and Spain, reflecting the Group's diversity and strong European base. At end-2015, the European Works Council covered 23 countries and 67% of the total workforce.

A first report on the European Agreement on Workforce Equality signed in 2014, which constituted the 2nd part of the European Social Charter, will be presented, along with a 2015/2014 comparison, at the Council's plenary meeting in the spring of 2016.

Negotiations have started with the work group appointed by the European Works Council, with a view to reaching an agreement on work-related stress in 2016.

A special negotiation group (SNG) was set up for the cross-border takeover of DAB Bank AG by BNP Paribas SA, to determine the modalities for employee participation within the newly formed company. Through an agreement signed in October, it was decided that the modalities for employee participation would be those applied within BNP Paribas SA.

On the European level, 2015 was an eventful year featuring presentations and discussions on the creation of a European Operational Finance Centre in Portugal, the progress of the PF-LaSer merger, and the goal and context of the "CIB for Tomorrow" project.

Worldwide

The employees of numerous entities across 44 countries, including the countries covered by the European Works Council, are protected by staff representatives and/or union representatives or engage in direct dialogue with Management, meaning that 86% of the total workforce is covered. Almost all European and African countries are represented, as well as numerous Asian and South American countries. In Germany, elections of staff representatives took place for the 1st time in Frankfurt, Berlin, Hamburg, Hanover and Stuttgart.

More than 4,441 official meetings in 44 countries were organised between these representatives and their management, enabling a total of 257 collective or sectoral agreements to be signed in 26 countries. These improvement agreements signed in 2015, or previously signed and still in force, deal most often, in decreasing order, with compensation and/or social benefits, dialogue governance, work organisation, employment, health and safety at work, as well as professional equality, inter-generational issues, diversity, inclusion, and disability. Even where legal requirements or the signature of collective agreements do not apply, around 30 Group entities in 22 countries discuss these subjects with employees or their representatives and take positive actions.

➤ NUMBER OF MEETINGS AND COLLECTIVE AGREEMENTS SIGNED

	Collective agreements			Meetings		
	2013	2014	2015	2013	2014	2015
France (of which BNP Paribas SA)	90 (7)	76 (8)	106 (13)	3,330 (2,197)	3,732 (2,493)	3,763 (2,375)
Belgium (of which BNP Paribas Fortis)	11 (7)	10 (8)	15 (12)	181 (157)	175 (160)	208 (184)
Italy (of which BNL)	46 (23)	62 (36)	57 (37)	226 (100)	195 (80)	123 (62)
Luxembourg (of which BGL BNP Paribas)	1	1	(0)	-	24 (8)	26 (10)
Europe (excluding domestic markets)	34	9	50	92	114	225
Rest of the world	29	16	27	78	92	96
TOTAL	**214**	**174**	**257**	**3,907**	**4,332**	**4,441**

Employment management

Concerning employment, BNP Paribas always favors training and mobility throughout the world. It manages employment in compliance with the agreements signed with employee representatives.

The agreements on employment management in France and at the European level (agreement signed in 2012, renewed automatically) are rigorously applied and show the commitments made:

- anticipate as much as possible and regularly inform employee representatives at the meetings or places of exchange provided, on adjustments to structures and organisation following the necessary adaptations of the Group companies;
- make every effort to avoid forced departures in the event of organisational changes with significant consequences on employment via, in particular, the use of natural turnover, mobility and voluntary departure solutions.

A COMPETITIVE COMPENSATION POLICY

Compensation and its evolution

The Group's compensation policy is founded upon principles of fairness and transparency, which are supported by a single annual compensation review for the Group. The principles on the composition of compensation and evolution of the fixed compensation are common throughout the Group and consistent with the objectives of risk management. This policy aims at discouraging excessive risk taking. Variable compensation is determined in a way that avoids incentives, which may lead to situations of conflict of interest between employees and customers or non-compliance with rules of good conduct. These principles are applicable throughout the Group. The employees are informed of these principles by the various business lines.

Variable compensation is determined according to individual and collective performance over the year, based on the objectives set. It can take different forms in the various business lines. The method used to determine individual variable compensation includes a quantitative and qualitative review of each employee's sustainable performance measured relative to the objectives set, an appraisal of each employee's professional conduct in terms of respect for the Group's core values, team spirit, compliance rules, Code of Conduct, and procedures, as well as their contribution to risk management (including operational risks). Moreover, for retention purposes in 2015, for the 3rd consecutive year, over 5,000 key employees[1] were awarded a medium-term incentive plan maturing in June 2018, known as **Group Sustainability and Incentive Scheme (GSIS)** of which 20% of the initial allocation is indexed to the Group's CSR performance, while the rest is indexed to the operational performance of the Group. As part of this plan, the CSR performance is based on nine objectives representative of the four pillars of the Group's governance and CSR policy.

An indicator on the pay distribution between men and women was included in the annual compensation review process for all Group business lines and functions. Measures may also be taken locally to reduce any pay gap between men and women. In **Luxembourg**, a dedicated envelope was reserved as part of the annual process. Similarly, over several years, in **France**, BNP Paribas SA and several subsidiaries allocate specific envelopes for salary increases negotiated as part of compulsory annual negotiations, with the aim of supporting the equal opportunities policy for men and women. In 2015, the overall envelope remained stable at nearly EUR 1.9 million.

➤ AVERAGE YEARLY COMPENSATION[(1)]

	2013	2014	2015	2013/2014 var in %	2014/2015 var in%
France[(2)]	€51,615	€52,018	€52,490	+0.78%	+0.91%
Belgium (BNP Paribas Fortis)	€69,920	€70,525	€70,286	+0.87%	-0.34%
Italy (BNL SpA)	€49,712	€50,600	€50,835	+1.79%	+0.46%
Luxembourg	€75,295	€77,436	€77,968	+2.84%	+0.69%

(1) Gross data for workforce with over two years seniority, excluding executive managers (G100), paid at 31/12 excluding employers' contributions, but including fixed salary, sales incentives and variable compensation paid throughout the year, excluding deferred payments, and profit-sharing plans.
(2) All entities excluding BNP Paribas Real Estate, on a 35-hour work week.

Compensation policy in line with regulatory changes

In accordance with applicable regulations, the Group's compensation policy aims to ensure coherent behaviour among employees whose professional activities have a significant impact on the Group's risk profile and long-term objectives, particularly with regard to risk management. Since 2009, the implementation of this policy resulted in formalising and reinforcing the governance based, notably on the implication of the control functions, the Executive Management and the Board of Directors' Compensation Committee. As a result, a significant fraction of the variable compensation for these employees identified as risk takers has been deferred over three years (more than 60% deferred for over a year for the 2015 allocations in respect of 2014). Part of the variable compensation is index-linked to the performance of BNP Paribas shares in order to align the interests of the beneficiaries and the shareholders (more than 50% for 2015 allocations in respect of 2014). Payment of each installation is subject to performance and behaviour conditions and failure to fulfill these conditions could lead to the partial or total loss of the annual payment (penalty system).

The Group's compensation policy is applicable to all branches and subsidiaries, including those outside of the European Union. It complies with European Directive CRD 4 of 26 June 2013 and its transposition into French law in the Monetary and Financial Code, as well as the European delegated regulation on the identification of risk-taking employees. This information on the compensation policies and practices as well as quantitative information on employees identified under the new regulations as risk-takers for the Group for 2015 will be published in a report on the BNP Paribas internet site http://invest.bnpparibas.com before the Annual General Meeting on 26 May 2016.

Profit-sharing in the Group's performance

In France, the Group associates its employees with the Group's performance as part of profit-sharing and incentive mechanisms.

In respect of 2015 performance, a total amount of EUR 141 million for profit sharing and of EUR 112 million for incentives at BNP Paribas SA, still to be determined at Group level, will be paid to 67,790 employees, compared to EUR 99 million and EUR 161 million paid for 2014. For **BNP Paribas SA**, the incentive agreement involves three components, including a CSR target concerning paper consumption per employee, which was reached in 2015. At **BNP Paribas Fortis**, part of the variable compensation known as "collective" compensation is linked to sustainable development objectives such as customer satisfaction, diversity promotion, improvement of well-being in the workplace, risk awareness and compliance and the reduction of the Bank's negative impact on the environment. The 2015 objectives were reached, and EUR 21 million (unchanged) were paid in 2015 to more than 16,700 employees. **In Luxembourg**, the bank paid, in 2015, an incentive bonus to non-manager employees of a total of nearly EUR 4.1 million for 2014.

At end-2015, the percentage of capital held directly or indirectly by Group employees was 4.9% (5.2% at end-2014).

7

(1) Key employees: senior managers, high-potential employees or key local resources.

FOCUS ON PEOPLE

New objective for commitment 5: Percentage of employees with 14 weeks of paid maternity leave and/or 6 days paid paternity leave in 2018: 85% (2015 baseline: 74%).

Protecting employees' health

In addition to legislations regarding health and safety at work existing in all European countries and outside of Europe, the entities in more than fifty countries, covering 90% of the workforce, negotiated or signed improved agreements or taken positive actions.

Working conditions

In France, BNP Paribas has been testing the combination of teleworking with new flex office work spaces(1). Employees are associated to a concerted participative approach involving labour representatives and the occupational health service. A pilot test currently covers four sites, 600 employees, and 30 activities/business lines. It includes one day of training per person (1/2 teleworking and 1/2 flex office). An assessment will be made in the second quarter of 2016.

In Italy, BNL won the "**Smart Working Award 2015**"(2) for the best flexible work projects in Italy with two additional teleworking and flex office pilots. **Real Estate** launched a pilot test in its **Office Lab** to experiment future offices to be offered to customers of the next generation.

Work-related accidents

Out of 56 countries reporting occupational accident data, 939 accidents occurred in 27 countries, covering 79% of the workforce. This equates to an accident frequency rate(3) of 2.5 (compared to 2.7 for 801 accidents in 22 countries covering 70% of the workforce in 2014). The severity rate is not significant and no significant occupational illness has been identified(4).

Absenteeism

The Group's absenteeism rate(5) based on 45 countries is 3.5% (5.2% in 2014 for 38 countries), in addition to 2.9% of absences for maternity/paternity leave (3.9 in 2014)(6).

In %	2014		2015(*)	
	Absenteeism rate	Maternity/paternity	Absenteeism rate	Maternity/paternity
France	4.8	3.5	4.4	2.0
Belgium	4.3	0.7	4.1	0.8
Italy	4.6	3.6	3.4	2.1
Luxembourg	3.5	1.7	4.1	1.7
Europe (excluding domestic markets)	*n. d.*	*n. d.*	*2.7*	*6.3*
Rest of the world	*n. d.*	*n. d.*	*1.3*	*1.0*
TOTAL	**5.2**	**3.9**	**3.5**	**2.9**

(*) FTE for 78% of the Group workforce.

Health and safety conditions at work

In the **UK**, **BNP Paribas CIB** was the first company ever to win prizes in all 5 categories of the Employee Benefits Awards 2015: Grand Prix; Best alignment of benefits to business strategy; Best flexible benefits plan; Best healthcare and well-being benefits; and Best benefits communication (large employer category).

For the fourth consecutive year, **First Hawaiian Bank** ranked among Hawaii's "**best places to work**" (annual ranking by the *Hawaii Business Magazine*), in particular on the strength of its onsite health programme which is totally free of charge for all employees.

To preserve our employees' health, Group entities in 36 countries (76% of the workforce) offer and develop actions raising awareness, programmes or training, generally accessible to everyone, on a variety of topics such as stress and psychosocial risks, nutrition, ergonomics, well-being and how to improve the work environment. In most countries, the Group also offers a large number of sporting events (participation in numerous races and sports challenges) and regular activities (on-site or nearby sport facilities), either free of charge or for a small fee.

Prevention of occupational risks

In 17 countries (31% of the workforce), entities assess the risks of musculoskeletal and ergonomic problems, and in 26 countries (43% of the workforce) certain tasks and workstations have been altered to create

(1) Flex Office is an office layout concept for service-sector buildings which caters for new ways of organising work and involves the set-up of shared work stations and collaborative spaces suited to employees needs

(2) Awarded by the "Smart Working" observatory of the School of Management of Politecnico di Milano.

(3) The frequency rate corresponds to the number of accidents per million hours and the severity rate, of 0.06, to the number of days lost per 1,000 hours.

(4) 1,923 lost days due to occupational illness, compared to the total number of lost days, i.e. 0.1%.

(5) The absenteeism rate includes illness, work-related accidents and occupational illness, excluding commuting and other authorised absences. For the first time, it was calculated taking into account the method used locally by each entity, weighted in relation to headcount.

(6) The maternity/paternity rate includes, where applicable, maternity, paternity and adoption leave. It is calculated taking into account the method used locally by each entity weighted according to staff.

a healthier environment. Thus, in **Canada**, CIB called on an ergonomist to help employees better organise their work space. Training sessions or manuals have been offered (**Luxembourg, Ireland, Personal Finance LaSer in the UK**) and work stations have been modified on an individual basis (**Luxembourg, Tunisia**) or for all or part of the employees (**Algeria, Belgium, Canada, Mexico, Poland and Ukraine**).

In France, the prevention of occupational risks policy was adapted in collaboration with our social partners. All employees benefit from medico-social follow-up, either via an internal service (19 doctors, 40 nurses and 40 social workers) extended this year to the 1,700 Bordeaux employees, or via external inter-company services.

Prevention of work-related stress

In 29 countries, 72% of employees benefited from programmes focused on psycho-social risks and work-related stress. Training programmes are thus available to managers and/or employees on psycho-social risks (**Belgium, Mexico, Switzerland**), on mental health awareness (**LaSer in the UK**, during the National Mental Health Awareness Week in May), on evaluation methods (set up at **Cetelem in Spain**, to be extended in 2016) and employee assistance (**BNL in Italy and Canada**). There are also programmes on occupational well-being (**Luxembourg**), relaxation sessions (for over 150 employees in front of the head office in **Poland**, where 500 employees downloaded instructions for relaxation exercises at work), meditation sessions (in New York) and massages (UK).

In France, a questionnaire from the *Observatoire Médical du Stress, de l'Anxiété et de la Dépression* (OMSAD) is offered to all employees during their periodic medical check-up, *i.e.* over 40,000 questionnaires on stress, anxiety and depression filled out in five years. The medico-social service provides support to employees with problems. The listening and psychological support service Care, set up at the end of 2014 with the "*Capital Santé*" office for all employees of BNP Paribas SA, handled 214 consultations. A burn-out prevention guide is under preparation. At **Personal Finance**, a mandatory training session was provided to all managers on the "detection of stress and burn-out".

Public health issues

In 27 countries (78% of the workforce), entities are taking part in campaigns raising awareness on health and nutrition. Thus, nine **IRB subsidiaries in Africa** (seven in 2015, two in 2016) participated in the Diabetes Africa operation in which employees were screened for diabetes and informed of its risks. A cancer screening operation "Dépistage Cancers" targets all **IRB** countries (five subsidiaries in 2015) with tests for employees over the age of 40: breast cancer for women and prostate cancer for men.

In Poland, over 300 employees took part in a blood test for cholesterol and sugar. A guide on nutrition and/or health is available (**Belgium, Cetelem in Brazil, Canada, Spain, Hong Kong, Luxembourg, Morocco, Netherlands, Poland, Portugal, UK, Singapore, Tunisia, Turkey**). Fruits are provided to employees (monthly fruit basket on each floor in **Belgium**, weekly fruit day in **Singapore**, organic produce baskets and evening catering service during the "Health Day" in **Germany**, free fruit on Tuesdays at **BP2S in the UK**).

In some countries, entities provide support to employees suffering from addictions (**Belgium, Canada, United States, France, Italy, Poland, UK, Tunisia**).

In France, the Group's Occupational Health Service continues to screen for occupational and general risk factors, including cardiovascular problems and diabetes, and carries out free flu vaccination campaigns as well as blood donor campaigns. It organised 15 prevention days (cancer, diabetes), information conferences (back pain, visual strain, smoking, addictions) and provides first-aid training. A medical newsletter ("PEP's") is offered to employees several times a year via the intranet.

Harassment and violence at work

In collaboration with the managerial teams, the Corporate Governance and Nominations Committee initiated the drafting of a new Code of Conduct for the Group, with a focus on harassment, including sexual harassment. In France, the **Internal Rules** of BNP Paribas SA, available on the intranet, were updated. They clearly reassert that harassment and violence at work will not be tolerated and refer to the "Harassment and Violence at Work" agreement signed in 2010 and renewed in 2014.

Social benefits relating to protection benefits, retirement and savings

In addition to benefits paid in accordance with legislation and Company agreements, and depending on the regulations and practices in the countries in which the Group operates, employees and their families may receive additional benefits covering healthcare costs and providing them with a high level of protection, pension plans with defined contribution (see Financial statements – Note 7 *Salaries and employee benefits*) so that they can build up capital for their retirement throughout their professional lives, in addition to any pensions paid by the local governments and any collective incentive plans linked to overall performance. In addition to the mandatory local health cover, the Group provides good social protection to its employees. For over 83%[(1)] of them, it covers part of the healthcare expenses, provides disability and/or life insurance and regularly improves local benefits.

The Group also offers flexible benefits, enabling employees to select from a range of benefits. The plan implemented by **BNL** in 2014 allows employees, on a voluntary basis, to receive part of their profit-sharing amount (40%) in the form of medical assistance, a pension plan or education and training for themselves or their family. In 2015, nearly 24% of eligible employees opted for this scheme. In **France**, the Group supports employees voluntary saving efforts with an employer's contribution to savings and retirement plans, totalling EUR 65.5 million in 2015. It offers a mandatory mutualised health plan to employees and a protection insurance system that allows each employee to adjust their level of protection according to their personal situation.

(1) Entities from 54 countries (90%) stated that they covered part of healthcare expenses of all employees; offer a life insurance in 51 countries (83%) and/or disability insurance in 44 countries (83%). Moreover, entities in 24 countries stated that they have improved their social benefits this year, on: healthcare expenses in 15 countries, life insurance in 15 countries (25%) and disability insurance in 12 countries (23%).

COMMITMENT 6: A LEARNING COMPANY SUPPORTING DYNAMIC CAREER MANAGEMENT

The will to create an environment open for our employees' development also entails our ability to create, for each of them, a variety of opportunities.

New objective for commitment 6: Percentage of employees stating that they have received training (all formats, including e-learning) over the past 12 months, with a 2018 target of 90% (2015 baseline of 74%)

CAREER MANAGEMENT

Appraisal and development of all talent

As part of its employer value proposition, BNP Paribas reasserts the importance of offering stimulating jobs and varied career paths for all.

This commitment is notably reflected in the new career management policy which reinforces the support and development culture. Indicators have been set up to monitor the implementation of the annual assessment of all Group employees or a career interview every 3 years:

- 2014/2015 worldwide SMP evaluation rate: 78% (2,187 people involved);
- Career interview rate in the four domestic markets (excluding Belgium, over the past three years or less): 62%.

Thus, at **BNP Paribas Fortis** the will to support employees in their career paths gave rise to the set-up of a **Career Corner** to improve their self-knowledge and define their own profil, and a **Career Navigator** providing employees with an overview of various career possibilities. In the **Asia-Pacific** region, the **Internal Careers** site was launched to provide employees with all the information they need to develop their career.

Emphasis was placed on digital skills and businesses through the publication of a guide identifing five different job categories, about forty businesses and three levels of expertise.

Update on the Talents programme

The development of the talent strategy is a crucial driver to adapt the Group's individual and collective leadership capabilities. The new "**Leadership for Tomorrow**" programme is one of the key drivers that will support the transformation of BNP Paribas through the identification, development and promotion of 3,000 high-potential employees who will help the organisation deal with change and ensure the successful implementation of the strategic priorities. The identification of talents for this new programme is under way with the set-up of three levels of Leadership Talents (Emerging/Advanced/Top). Nearly 260 employees were involved in a development initiative via a Group seminar or a meeting with the Executive Committee.

TRAINING POLICY

Developing skills and strengthening the employability of employees remains the priority for training

Being a "**Learning Company**" means creating an environment which enables employees to develop together and individually, and to constantly gain new skills. The Group thus pays special attention to employee training and employability through a broad and diversified offering, innovative formats, campuses and a great deal of on-site training. Training is one of the Group's assets to attract talents, retain them, and ensure their development.

The Global People Survey (GPS) reports constantly growing training results. In 2015, 74% of employees stated that they attended at least one course over the last 12 months (+3 points). The target is to reach 90% in 2018.

Forging and strengthening the Group's corporate culture

Group Campuses, training centres and academies

In France, the **Louveciennes Campus** provided training to 34,415 people, an increase of nearly 40% in five years. Over the year, three innovative off-beat spaces were created: the Parenthesis, the Attic, and the Loft, to promote co-working, agility, innovation and exchanges among participants. At the **Singapore Campus**, for its second year of operation, the target of training 3,300 employees per year is largely surpassed, like last year, with 3,800 employees trained with 195 recurring training programmes (73 regional and 122 local).

The Group also has numerous physical and digital training centres across the world, as well as Group academies aimed at reinforcing corporate culture and managerial performance. The *Centre of Shared training for Sub-Saharan Africa* was transformed into the **BICI Academy**, with broader functions and missions: to go beyond training, with the aim of developing its engineering expertise, design modules that are more closely aligned with business requirements, and support management and performance, while integrating innovation and digital technology. The **Risk Academy**, which disseminates the Group's risk management culture, and the **Management Academy,** which is primarily aimed at senior managers, are currently being restructured.

➤ TRAINING: TOTAL NUMBER OF HOURS AND EMPLOYEES(1)

	2013	2014	2015
Total number of employees trained	148,875	157,083	171,360
Total number of training hours	4,697,071	4,603,606	4,684,971

(1) Source: combination of "My Learning" and "Grenelle 2" reports; Physical headcount taking into account 89% of Group headcount in 60 countries (86% in 44 countries in 2014)

89% of Group employees attended at least one training session per year (84% in 2014), with an average of 27 hours of training per employee (24 in 2014). We note a significant progression of e-learning, in particular due to the mandatory Compliance training sessions, and in the four domestic markets, an increase in the number of Risk and Compliance courses (+48%), business techniques & functions courses (+16%), and the culture and knowledge of the Group (+77%).

➤ TRAINING: OVERVIEW ACCORDING TO METHODS AND SUBJECTS(1)

	Training method(2)			Training content(3)			
	Classroom based	E-learning	Other formats	Business techniques & functions	Risks & compliance	Group culture & awareness	Individual skills & management
France	38%	52%	10%	38%	45%	7%	9%
Belgium (BNP Paribas Fortis)	37%	61%	2%	24%	43%	17%	15%
Italy (BNL)	10%	77%	13%	50%	34%	10%	3%
Luxembourg	39%	60%	1%	33%	53%	4%	10%
Europe (excluding domestic markets)	18%	74%	8%	36%	39%	8%	8%
Rest of the world	19%	79%	2%	20%	68%	5%	5%
TOTAL	**25%**	**67%**	**8%**	**35%**	**46%**	**8%**	**7%**

(1) Source: My Development; Physical headcount taking into account 75% of Group headcount (permanent contracts + fixed-term contracts).
(2) % interns per method out of the total number of training sessions.
(3) % interns per subject out of the total number of training sessions. A person may attend several training sessions. The total is less than 100% since undetermined training sessions are not included in the report.

A dynamic offer to better develop skills

The Group develops diversified and digital formats (e-learning, virtual classes, MOOCs(1), etc.) taking into account change in work methods and digital technology.

New diversified and digital formats

BNL systematically uses **virtual classes** for training, as well as the line set up by **Permanent Control**, which deployed a new training tool worldwide in three weeks. The internal production of e-learning modules remains strong thanks to **IRB's** e-factory. **Compliance** e-learning modules are thus disseminated to all Group employees. **Investment Partners** has deployed the Claritas e-learning module produced by the CFA Institute to help non-asset managers to understand the asset management industry and turn IP into a centre of excellence.

"**Blended-learning**" combines various teaching methods, including at least one classroom-based module and one e-learning module. Its use is becoming increasingly widespread, in particular for certain personal development courses in **France** (Management Fundamentals, Thought Structuring, etc.), and as part of the international certification course produced by **Wealth Management**, which involves 15 to 20 days of training under different formats and leads to an external qualification.

A **SPOC** (Small Private Online Course) jointly launched by **FRB** and **Investment Partners** to "Understand financial markets" uses videos, games, quizzes and allows exchanges and discussions among participants via an online platform.

The year was also marked by the ongoing pooling of courses to optimise costs. For example, the launch of courses on agile methods designed by **ITG** was made available to the entire IT function.

All of these initiatives and the ongoing deployment of new formats confirm the robustness and reliability of BNP Paribas' Learning Management System (LMS) which can be extended to all employees, be divided into modules according to employee profiles and produce increasingly detailed monitoring reports.

(1) Massive Open Online Courses

154,427 Group employees, i.e. 82% (compared to 112,895 employees, 60% in 2014) attended at least one e-learning module, for a total of over 1.1 million modules completed (765,015 in 2014, +49%). They are available in eight languages. Among users, only 18% completed a single module, since 82% completed more than one module and 23% more than 10 modules (79% and 23% in 2014). The e-learning courses on Risks and Compliance are up 47% compared to 2014, those dedicated to business techniques & functions increased by 45% and those related to Group culture and awareness increased by 148%.

Focus on Digital Learning

Training must support the rapid development of digital technology to enable employees to gain the required skills and facility to work in a sustainable way and make the most of innovation in their activities. Numerous initiatives have been set up to disseminate a digital culture within the Group and train employees.

Training to digital use

It started with numerous managers members of Executive Committees benefiting from **reverse mentoring** and/or **learning expedition** at Arval, Cardif, Fortis, IFS, IRB, PF and RHG. Internal communication is increasingly done online through computer graphics, films, tutorials, etc. Communities have been created ("**Digital Champions**", "**Key Users**" and "**Innov Angels**" identified at **FRB**, "**Digital Doctors**" in Belgium, dedicated specialists to improve the digitalisation of uses), time allotted to knowledge sharing ("**Digitime**" at Group Human Resources, "**Digidéj**" at **FRB**).

Wealth Management and **IRB** created "**Digidays**", *i.e.* forums taking place over one or two days (600 participants per event) in Europe and Asia with stands manned by employees who present and explain their best digital innovations. The **Cardif Lab** and **Modu' Lab (Leasing Solutions)** were created to train employees to digital innovation and transformation.

The "**Let's get digital**" website was created and deployed in **France** for all employees. It covers the history of the Web, social media, collaborative work, business impacts for BNP Paribas, digital common sense, etc. At end-2015, it had recorded over 16,000 unique users, 140,000 views and 6,000 likes.

Diversifying the sources of employee's development

Intrapreneurship[1]

BNP Paribas considers intrapreneurship as a diversification of the sources of innovation and an opportunity to develop employee skills. The **People's Lab** is a 12-day transversal support programme aimed at helping intrapreneur employees and their managers to transform their intuitions into projects, thereby transforming intrapreneurial energy into a source of value for our customers and for the Group. The ***Tribu des Agiles*** is an initiative created by an employee, fast-tracked in the People's Lab in 2015 and awarded the CIB innovation prize, to enable employees who have developed a talent useful for the Group to express it officially through short dedicated assignments, outside their usual duties.

In Luxembourg, intrapreneurship was encouraged through a programme enabling employees to develop their business projects within the Group framework.

Skill-based support volunteering work

By enabling employees to become involved in social volunteering work with NGOs (a pilot programme is ongoing at **BNP Paribas SA in France**), BNP Paribas asserts its conviction that development can stem from a variety of sources, including external experiences. In **Belgium, BNP Paribas Fortis** launched a training programme on social entrepreneurship for high-potential employees. (For further information on corporate philanthropy, see chapter 7, section 4 – Commitment 9: *A corporate philanthropy policy focused on culture, solidarity and the environment*).

MOBILITY

With 5,157 transfers between entities and business lines in 2015[2], the target of an annual average of 4,700 between 2013 and 2015 was exceeded (4,787 in 2014). In France, they progressed by 11%.

Mobility remains a major focus of human resources management practices and the Group stays mobilised to meet the high level of demand expressed by employees. The GPS showed a mobility rate of 13% (12.7% in 2014).

Offering numerous and varied opportunities to employees is one pillar of the Group's employer value proposition

Internal mobility is the most frequent means of filling vacant positions and remains one of the cornerstones of career management, to improve collective efficiency and performance, promote employees' professional development and strengthen their commitment. BNP Paribas focuses on its transversal and international aspect, to offer rich and diversified careers.

The mobility principles were defined with the aim of creating a Group dynamism, whilst respecting the specific characteristics of each country. To support their deployment and underline the importance of mobility in career management, the Group held "**Mobility days**" for the second consecutive year. In April, 30 countries (13 in 2014) organised around one hundred events aimed at promoting internal mobility. 14 mobility forums, 26 conferences and 47 workshops brought together about 300 HR staff, 600 managers and 7,200 employees, with a dedicated twitter account (#MobDays15).

With communication, an active community on mobility and an increased deployment of internal mobility tools in over 40 countries with a coverage of around 80% of the Group workforce, the number of posts published increased on average by 19% compared to 2014 and those filled internally increased by 11%.

(1) An intrapreneur is an employee who develops in-house an entrepreneurial project with the agreement and support of the Company.

(2) Based on 85.2% of Group workforce.

TOTAL NUMBER OF POSTS PUBLISHED AND POSTS FILLED INTERNALLY

	2014			2015		
	Number of posts published	Posts filled internally	% posts filled/ posts published	Number of posts published	Posts filled internally	% posts filled/ posts published
France	3,960	1,918	48%	4,993	2,127	43%
Belgium (BNP Paribas Fortis)	835	472	57%	1,369	578	42%
Italy	72	35	49%	108	13	12%
Luxembourg (BGL BNP Paribas)	285	154	54%	282	171	61%
United Kingdom	896	287	32%	1,011	351	35%
Ukraine	2,185	947	43%	1,524	660	43%
Poland (BGZ BNP Paribas)	401	104	26%	1,027	347	34%
Turkey (TEB)	212	70	33%	213	56	26%
Unite States (BNP Paribas CIB)	555	177	32%	540	161	30%
Other countries (Algeria, Spain, Morocco, Portugal, Senegal, Switzerland, etc.)	909	223	25%	1,184	408	34%
TOTAL	**10,310**	**4,387**	**43%**	**12,251**	**4,872**	**40%**

Source: Steering center e-jobs, countries' declarations concerning Taleo and other internal mobility tools.

In France, the centralised process implemented on six global functions (Compliance, Communication, Finance, Legal, Human Resources and Risk Management) enabled the optimisation of employment management based on active mobility and more fluid **transversal mobility**. A dedicated team centralises the offers and manages them up to the preselection of candidates. The final decision is made by the business lines. The number of posts published continued to increase by 26% and the number of posts filled internally by 11%. A design thinking initiative was conducted to improve the mobility process. With around twenty interviews and a day of participative workshops attended by sixty participants (employees, managers and HR officers). Following those measures, potential courses of action are being laid down.

In Switzerland, a weekly Resource Committee composed of Executive Committee members and HR managers was set up to encourage and optimise internal mobility and promote proactive exchanges among business lines.

7.4 Civic responsibility: being a positive agent for change

BNP Paribas is a positive agent for change in society: it initiates and participates in many initiatives to combat social exclusion and promote education and culture.

In the context of its civic responsibility, the Group uses all the available tools, as a banker, employer and philanthropist, to foster the sustainable and harmonious development of society.

These actions are in line with its three commitments:

- commitment 7: Products and services that are widely accessible;
- commitment 8: Combat social exclusion and support Human rights;
- commitment 9: Corporate philanthropy policy focused on the arts, solidarity and the environment.

COMMITMENT 7: PRODUCTS AND SERVICES THAT ARE WIDELY ACCESSIBLE

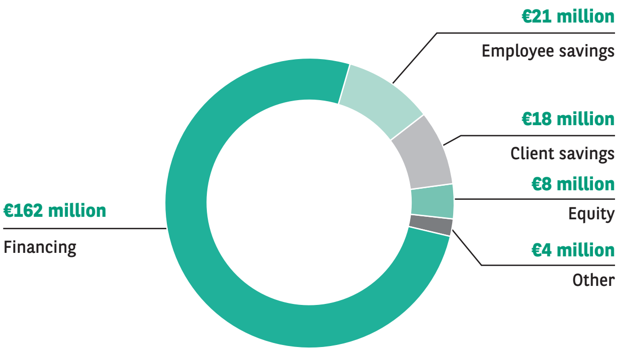
The Group aims at improving the outreach of financial products and services, since financial inclusion is an important aspect of economic development. It contributes to households financial well-being, allowing them to set aside money for difficult times and undertake new projects. Financial inclusion is supported by a strong commitment of the Group towards financial education. Indeed, in order to use financial products and services responsibly and independently, consumers must be able to understand and compare them.

THE GROUP'S SUPPORT TO MICROFINANCE

Microfinance is a powerful lever of inclusion for people usually excluded from the traditional banking system: it allows them to start entrepreneurial micro-projects and improve their living standards. Thanks to the funding and services it offers to microfinance institutions, the Group has become a key player in this sector, alongside specialist funds and multilateral agencies.

In 2015, the Group expanded its support of microfinance: on 31 December 2015 it reached EUR 213 million, up 20.7% compared to 2014.

GROUP BNP PARIBAS' SUPPORT TO MICROFINANCE AS AT 31 DECEMBER 2015



In 2015, lending to entities in mature economies (France, Italy, Belgium, United Kingdom, United States, …) was behind the large increase in credit facility with EUR 72.4 million as at 31 December 2015 (+29.3% over end-2014) while emerging economies (Colombia, China, Ivory Coast, India, Morocco, Senegal, Tunisia, Vietnam, etc.) also contributed to the growth with EUR 89.3 million in credit facility as at 31 December 2015 (+20.7% over end-2014).

In mature economies, this support takes the form of credit lines for financing the microcredit portfolios of microfinance institutions (MFIs) that generally do not have the ability to develop savings or to finance the support of micro-borrowers.

The Group has also established close partnerships with MFIs in each of its domestic markets by investing in their capital. BNP Paribas is one of the leading banking partners of Adie *(Association pour le Droit à l'Initiative Économique)* in France, Permicro in Italy, Fair Finance in the United Kingdom, Microstart in Belgium and Microlux in Luxembourg.

In France, in 2015, the Group subscribed for **EUR 1 million of quasi-equity** issued by Adie. The total issue, which will help finance 24,000 people a year by 2017, is a major innovation for the association, one of the few to benefit from this instrument designed to strengthen its capital.

In Luxembourg, in partnership with ADA *(Appui au Développement Autonome)*, Adie International and the European Investment Fund, BGL BNP Paribas recently **approved the creation of the country's first MFI**, MicroLux, by providing 83% of the capital. Microlux's primary mission will be to support the initiatives of entrepreneurs excluded from the traditional banking system, as well as social enterprises in Luxembourg and the Greater Region.

In emerging economies, the Group provides support to 28 partners in 9 countries by financing a portion of the microcredit portfolios of these institutions.

BNP Paribas has indirectly participated in the financial inclusion of around 255,000 individuals in 2015 (+40% over 2014).

- **In India**, a country with very large microfinancing needs (41% of worldwide micro-borrowers), the Bank supports growth and the strengthening of the sector currently supervised by the Reserve Bank of India. Its credit facilities thus increased in two years from EUR 6.6 to 41 million for the 13 supported institutions. In order to measure the impact of its action, the Group has conducted a social impact study with students from the French Business School HEC of one of the MFIs that received financing: Ujjivan. The study showed that starting with the first loan, 82% of households increased in their income.
- In 2015, BNP Paribas decided to actively support **MFIs in Colombia**, where only a third of the population has bank accounts. The Group finances two microfinance institutions there, amounting to EUR 7 million. They provide simple loans inferior to 10% of GDP per inhabitant, which demonstrates that MFIs work with the poorest, predominantly to women, and offer financial education programme.
- Finally, assistance to the sector in emerging economies is taking the form of support for structuring projects, such as the **MIMOSA project** (The Microfinance Index of Market Outreach and Saturation). This global study, conducted locally by an independent team, analyses the risks of credit saturation in microfinance markets. The initial results were presented in 2015. This tool, which aim is to anticipate over-indebtedness, will also facilitate investor decision-making processes and the orientation of financing towards countries that receive little help.
- BNP Paribas is also involved in the Social Performance Task Force (SPTF), an international platform promoting social performance in microfinance. In this context, the Group helped design and finance ALINUS (Aligning Investors due diligence with the Universal Standards), a common tool for social performance assessment for social investors that will allow the MFI to better report on their social performance.

ACCESS TO FINANCING AND INSURANCE

The right to a bank account

To combat banking exclusion, the French legislature has established a procedure related to the right to a bank account which is available to any natural or legal person residing in France or to any person of French nationality residing outside France who does not have a deposit account. **BNP Paribas not only fully meets its obligations**, but it goes even further by offering an Alternative Payment Range *(Gamme de Paiement Alternatif)* at no charge in order to support individuals experiencing difficulties.

Access to loans for individuals on fixed-term work contracts

Since 2011, Cetelem has offered personal loans to individuals working on fixed-term or temporary contracts. About 25,000 loans have been financed since the launch of this offer. It has made credit accessible to individuals who previously had no access to it, thus allowing them to start out their professional life and finance their projects (car, home improvements, etc.). The maturity, interest rates and repayment schedules for these loans are tailored to the customer's budget. Since 2014, Cetelem, in collaboration with Mondial Assistance, also offers a free tailored job search support programme called "Employment project". It includes a skills assessment, training on job search techniques, targeting of job applications and ongoing support throughout the job search.

Access to insurance

BNP Paribas Cardif in France continues to improve access to insurance **for people with an increased risk of health issues** by fine-tuning the applicable pricing scale according to the type of illness in light of medical progress or medical monitoring. Since 2008, an adjusted pricing scale has been offered to individuals suffering from six illnesses, including the addition of valvular heart disease in 2015.

In Korea, Cardif Assurance Vie Korea is expanding access to insurance for older people (61-80 years old) suffering from chronic illnesses (diabetes, hypertension) and is launching its Silver Cancer Assurance programme. This product may be renewed every ten years up to a maximum age of one hundred years old.

In Chile, in partnership with the bank Caja de los Andes, BNP Paribas Cardif Seguros Generales launched an insurance policy in 2015 aimed at disadvantaged populations (with an average monthly income of about EUR 650). This inexpensive accidental death insurance (530 Chilean pesos, or about EUR 0.65 cents) offers a coverage of about EUR 16,500 in case of passing of an insured person.

PROVIDING ASSISTANCE TO CUSTOMERS AT RISK

BNP Paribas takes particular interest in customers who suffer from a disadvantage, whether due to a disability or to their financial situations, and ensures their access to banking services.

Customers with disabilities

In Belgium, BNP Paribas Fortis continues to strengthen actions implemented since 2012 to facilitate access to persons with disabilities. 132 of its **branches** are recognised as being "**accessible to persons with reduced mobility**" (12 more than the previous year). Blind and visually impaired customers can use one of the 2,000 **ATMs with voice function**, available in almost 1,000 locations.

In Italy, in partnership with Pedius, an Italian start-up specialised in telecommunications, BNP Paribas has developed a mobile app: thanks to voice recognition and voice synthesis technologies, it allows the hearing impaired to access telephone banking services.

Customers experiencing financial difficulties

The Group is committed to the growth of responsible lending: it seeks **to promote access to loans for the greatest number of individuals, while combating excessive debt**. The Bank supports its customers at key points in their lives and continues to do so during difficult periods associated with material changes, unforeseen expenses, health issues or difficulties in budget management.

In 2010, **Cetelem** invested in a tool for the detection of early warning signals as to the vulnerability of its customers in order to be able to contact and advise them before their situation deteriorates. This **proactive approach** facilitates the identification of customers in potentially difficult situations. They are sent a letter inviting them to contact a **specialised team** for a preliminary interview to assess the financial health of the household. If the difficult situation is confirmed, Cetelem may offer the household an internal solution (a pause in payments, a restructuring of debt to balance the budget over the long-term, etc.). If their situation is more precarious (approximately 10% of cases), Cetelem refers them to the CRESUS association, with which it has jointly created a customised support mechanism. All marketing effort is suspended for customers who are deemed to be experiencing difficulties, and they are offered an educational programme to assist them with budget management. In 2015, more than 8,200 customers benefited from a complete budget analysis; 35% of these revealed areas of weakness and were provided with personalised assistance.

French Retail Banking (FRB) has also implemented several **prevention and support mechanisms for its customers experiencing difficult situations.** In 2015, FRB participated in projects led by the Observatory of Banking Inclusion and the Directorate General of Social Cohesion (of the French Ministry of Social Affairs). Among the topics covered were: the definition of indicators to identify vulnerable customers and points of budget advice. A partnership between CRESUS, the Regional Directorate of Eastern France and the Regional Directorate of Lyon has also been established to provide **support for customers suffering from excessive debt: 150 customers benefited from the service in 2015**. Several meetings with CRESUS and the teams of eight centres specialised in regional budget solutions were also organised. These meetings provided the occasion to present the partnership, exchange best practices, organise the "Dilemme" game workshop and train 120 employees in running the game, in view of a National Budget Day in February 2016 in the bank branches. Finally, a document entitled "The right to a bank account and providing assistance to customers at risk" was published for employees in 2015.

FINANCIAL EDUCATION FOR CONSUMERS

Financial education has demonstrated its effectiveness in combating excessive indebtedness and encouraging economic growth. In 2015 again, BNP Paribas employees committed themselves strongly to this cause by helping to design educational content and tools or by training the public.

In 2015, over 479,000 people had access to these programmes, not just in the domestic markets, but also in Turkey, the Netherlands, the United States and India.

Numerous programmes target young people as a priority:

- In 2015, the **First Hawaiian Bank** signed a partnership agreement with EverFi, a company specialising in financial education for state school pupils using innovative technologies. FHB invested over USD 15,000 in the set-up of the "MyMoney Program" in five Hawaiian state schools, whose pupils are mainly from low-income families. This year, the program reached over 450 pupils.
- During the 2015 school year, through the partnership between **BNP Paribas Cardif** and the French NGO *Entreprendre pour Apprendre* (EPA), 54 employees provided their support to EPA mini-enterprises and the "Start-Up EPA" and "Notre Commune EPA" programmes, or took part in Île-de-France or national championships. For the year, a total of 475 pupils benefited from EPA programmes, in which 66 employees provided 480 hours of support, 50% during their leisure time and 50% during their working time. In the Netherlands, BNP Paribas Cardif sponsors the Life & Finance (LEF) platform which promotes financial education towards young people. In 2015, the programme was followed by 2,500 students.
- **BNP Paribas Singapore** continues to reinforce its partnership with the Singapore Management University (SMU) and awards a prize, "The Fellowship Award" for exceptional contributions by members of the university's finance department.
- **In Romania**, BNP Personal Finance participated in the "Grow" project launched by the association Scoala de Valori. In 2015, 1,600 secondary school pupils in years 11 and 12 and 1,750 in years 9 and 10 received a total of 500 hours of financial awareness.
- **In Belgium,** 100 young people benefited from the "*Plan Jeunes* Banking Sector" programme during the year. This programme helps young people under the age of 26 to break into the labour market.

Other initiatives intended for entrepreneurs

- **In Ukraine, UkrSibbank** offers its customers (SME managers, entrepreneurs, accountants, etc.) seminars on legislation, taxation or accounting. In 2015, 1,116 customers benefited from nine training sessions.

Other programmes involving all sectors of the public:

- **In France, the Cetelem Foundation** for budget management education continued its efforts, in keeping with the responsible credit commitment® of **BNP Paribas Personal Finance**. In addition to the foundation's initiatives, BNP Paribas Personal Finance reinforced its *"Collaborateurs Citoyens"* programme which organises budget management workshops led by employees to help jobseekers in job integration programmes.
- **In Italy**, through its EduCare programme, **BNL** offers a set of budget management education courses intended for customers and non-customers alike. Through the EduCare school *(EduCare Scuola)*, launched in 2014, nearly 125,000 pupils aged 15 to 16 benefited from those courses in 2015. Moreover, 2015 saw the launch of a new initiative, in partnership with the Italian National Olympic Committee (CONI): EduCare Sport offers financial education courses to sports professionals, athletes and former athletes.
- **In Belgium, BNP Paribas Fortis** offers financial education sessions to customers as well as non-customers. So far, some 15,000 people have attended the courses, with nearly 750 modules to choose from, covering numerous financial topics.
- **In Morocco, the BMCI** launched the *"Experts Banque"* project, in partnership with Atlantic Radio. This project consists of a radio programme focused on "The bank and financial news". Lasting a minute and a half, the educational information flashes are aired every day and published on the BMCI's Facebook page. In addition, for the 4th consecutive year, the BMCI took part in the Financial Education Week for children and young people held in all Moroccan cities.

COMMITMENT 8: COMBAT SOCIAL EXCLUSION AND SUPPORT HUMAN RIGHTS

Beyond the fight against financial exclusion, BNP Paribas has long been committed to combating social exclusion. The Group thus develops initiatives to promote the support of populations at risk, particularly in underprivileged urban areas. On a broader scale, BNP Paribas has reasserted its commitment in terms of Human rights.

COMBATING SOCIAL EXCLUSION

Projet Banlieues, a multi-faceted initiative targeting France's underprivileged urban areas, is the Group's flagship project in the fight against social exclusion.

Projet Banlieues: 10 years of commitment to help deprived suburbs

In 2015, BNP Paribas and its Foundation celebrated the 10th anniversary of *Projet Banlieues*, launched at the end of 2005 following urban riots in the poor suburbs of numerous French cities hit by unemployment and a feeling of abandonment.

Between 2005 and 2015, the Group quadrupled its subsidies to local NGOs promoting social inclusion in underprivileged urban areas, through three main focuses: social integration through economic activity via Adie, education via Afev and support for local NGOs striving to improve social relations in deprived neighbourhoods. These are all ways of combating the various forms of exclusion in underprivileged urban areas.

Key figures of *Projet Banlieues* after 10 years of operation

- **Nearly EUR 35 million in subsidies**;
  - 600 branches and over 800 employee volunteers involved;
  - support provided to 320 local NGOs through donations and skill-based support;
  - 829 projects supported.
- **Over 220,000 beneficiaries**: 8,000 jobs created through Adie; support provided by Afev to 7,000 children every year; 30,000 adolescents benefiting from the *Odyssée Jeunes* programme; over 182,000 benefiting from the support provided to local NGOs striving to improve social relations.

Creation of businesses and integration into the labour market

The Group and the BNP Paribas Foundation support:

- **Adie:** for the past 20 years, BNP Paribas has worked with **Adie** in developing microcredit in France as a viable tool for social inclusion. The Group has become the association's leading partner, with over EUR 8,925,000 donated since 2006 (see also *A corporate philanthropy policy*, Commitment 9);
- **The *"Initiative France"* network**, which finances and assists in the creation/resumption of businesses in France via innovative business creation platforms;
- ***France Active***, which receives support from BNP Paribas through 41 regional funds and assistance in the development of the *CAP'Jeunes* programme.

Education: promoting equal opportunity

For the past 20 years, the BNP Paribas Foundation has been supporting education through the local initiatives of *Projet Banlieues*, as well as alongside key players such as **Afev**. Moreover it has been providing support through its own programme ***Odyssée Jeunes*** (see *A corporate philanthropy policy*, Commitment 9).

In October 2015, BNP Paribas undertook to significantly increase its support for education, through:

- a 60% increase in its subsidies, *i.e.* a total commitment of EUR 410,000 in 2015;
- on-site initiatives to stimulate entrepreneurship:
  - 100 BNP Paribas employees going out to meet pupils in secondary schools,
  - 200 adolescents in local branch offices to discover the business world.

Supporting local initiatives

Thanks to the involvement of the Group's Foundation, its network of branches and its employees, the Group has supported 350 neighbourhood associations since 2006, including 111 for 2015 alone. In 2015, the BNP Paribas Foundation decided to extend its support to three new areas: Val-de-Marne, Paris (19th and 20th arrondissements) and Yvelines.

In October 2015, BNP Paribas announced the opening-up of its Projet Banlieues initiative to Business and Retail customers through Projet Banlieues & Connect: because a change in the scale of the initiatives is increasingly crucial to promote social cohesion and employment in deprived urban areas, the Group wishes to take on-site action to promote solidarity and cooperation among all players.

Marie-Claire Capobianco, Head of French Retail Banking and member of BNP Paribas' Executive Committee explains: "For the past 10 years, our teams have been working on-site alongside local NGOs which do remarkable work. Today, we want to go even further: we will give our Business and Retail customers the opportunity to join *Projet Banlieues & Connect* to help us promote social cohesion and employment in underprivileged urban areas." (See the press release of October 2015 on the website www.bnpparibas.com.)

Other Group initiatives to combat social exclusion

Other initiatives have been set up within the Group to combat social exclusion, in particular:

- Since the end of 2015, **BNP Paribas Real Estate** has committed to supporting jobseekers by enabling them to use vacant office space, in partnership with Solid'Office (shared office space and coworking) and *Bureaux A Partager*. The 1st Solid'Office space opened on its initiative.
- The Group has been reinforcing its actions to give disabled persons easier access to its services (see *Providing assistance to customers at risk*, Commitment 7).
- Concerning responsible purchasing, the Group ensures that its calls for tenders are open to the sheltered employment sector (see Commitment 1, *Positive impact of financing and investments, Social entrepreneurship*).

BNP PARIBAS IS COMMITTED TO RESPECT FOR HUMAN RIGHTS

BNP Paribas complies with the internationally recognised standards concerning Human rights. The Bank ensures that these rights are respected in all its activities, in all the countries in which it operates and in its relations with its employees, supply chain, customers, and the communities in which it operates. BNP Paribas supports the United Nations Guiding Principles on Business and Human rights, in accordance with the "Protect, Respect and Remedy" framework.

The Bank recognises its own responsibility as an employer, provider of financial services and purchaser. It thus ensures that it is under no circumstances complicit in Human rights violations, whether directly or indirectly. Moreover, to show its commitment and determination, BNP Paribas has made efforts this year to comply with the recommendations of the UN Guiding Principles Reporting Framework released in February 2015.

Commitment at the highest level

In 2012, Executive Management signed BNP Paribas' Human Rights Declaration committing the organisation to ensuring the respect of Human rights within its sphere of influence, meaning among employees, suppliers, customers and communities. The Group thus takes Human rights criteria into account in its choice of countries of operation.

Among the nine CSR management indicators (2013-2015 indicators) used in the calculation of the deferred variable compensation of the Group's top 5,000 managers (see *Our Corporate Social Responsibility strategy*), three are linked to Human rights.

The importance of indirect impacts

Since 2013, BNP Paribas has been taking part in the meetings of the Thun Group, an informal group representing international banks which meets to discuss the application of the "Protect, Respect, Remedy" framework to the financial sector. In fact, the financial sector's potential impacts on Human rights are mainly indirect (*i.e.* they stem from the activities of customers or companies in the banks' portfolios). To ensure respect for Human rights, banks are thus faced with specific challenges and increasing complexity.

Identifying "salient"(1) Human rights issues for BNP Paribas

The Group concentrates its efforts on the most salient issues for banks and financial institutions. According to the UN Guiding Principles Reporting Framework, salient issues are those which present the most risks in the Company's activities or in its business relations.

BNP Paribas has identified **four salient issues**:

- two stemming directly from its activities: the right of access to financial services and the right to privacy (protection of customers' personal data);
- two stemming from the activities of customers or companies in its asset portfolio: the rights of workers and the rights of local communities.

These issues were identified through a combination of different sources:

- an internal procedure was conducted to identify all direct Human rights risks (employees, retail customers and suppliers), as well as indirect risks (on the Group's loan portfolio);
- the Bank took part in several working groups (Thun Group, Businesses for Human Rights (EDH), Global Compact Advanced Club France, UN Business and Human Rights Forum, etc.) and has taken the opinions of stakeholders into account.

(1) Refer to the UN Guiding Principles Reporting Framework.

Dialogue with stakeholders

An increasing number of stakeholders are calling for more transparency and discussions on the consideration of Human rights by companies. To this effect, BNP Paribas, which adopted the *Comité 21*'s "Guiding principles for constructive dialogue with stakeholders" in 2015, gives great importance to dialogue with its stakeholders (see *Fostering dialogue with stakeholders*, *Our CSR strategy*).

Grievance mechanisms

The BNP Paribas Group recognises the importance of having grievance mechanisms in place in order to provide or allow remediation in the event of negative impacts on Human rights due to its activities or business relations.

The various mechanisms in place are presented in the section *"Fostering dialogue with stakeholders, Our CSR strategy"*.

Training

As a founding member of the Businesses for Human Rights (*Entreprises Droits de l'Homme*, EDH) association, BNP Paribas distributed a **Guide for the evaluation of risks associated with Human rights for managers** to all its CSR managers, who now have a readily available implementation tool. In 2015, the **CSR officers** were **briefed** on the identification of indirect risks to Human rights in the Group's loan portfolio. BNP Paribas also took part in the development of an awareness-raising **e-learning module**: "Business and Human Rights" (30 minutes). Aimed at employees of EDH member companies, this module will supplement the Group's measures and will be included in its training catalogue. It will become mandatory for employees who directly contribute to the promotion of Human rights (Risk, Purchasing, business relations officers, etc.).

Due diligence and dialogue

In the event of suspected or identified negative impacts on Human rights by a BNP Paribas customer or a company in its portfolio, **the Group conducts in-depth due diligence procedures and discusses the matter** with the company concerned (see *Management of Environmental, Social and Governance (ESG) risks*, Commitment 3). Here are three noteworthy examples:

- BNP Paribas holds periodic talks with companies in the arms sector to ensure compliance with international conventions banning controversial weapons (see *Management of ESG risks*, Commitment 3).
- To address the lack of transparency in clinical trials, the SRI research team of BNP Paribas Investment Partners invited investors to call on pharmaceutical laboratories to publish the results of all their clinical trials. This exemplary initiative illustrates the beneficial influence that investors have to promote better practices among companies in their portfolios.
- This action echoes another initiative launched by the SRI team of BNP Paribas Investment Partners who, starting in 2014, managed to get a group of institutional investors to join forces to put pressure on certain pharmaceutical laboratories. As their products were diverted for lethal injections in American prisons, these investors insisted that these laboratories set up mechanisms to control their downstream distribution chains, as is done by some of their competitors. In autumn 2015, two of the targeted laboratories, including one of the leaders, published a statement announcing the set-up of contractual control mechanisms vis-à-vis their distributors. BNP Paribas Investment Partners continues to monitor compliance with its commitments.

Management of direct salient risks

Right to privacy

In keeping with BNP Paribas' wish to be exemplary in the **protection of customers' private data**, its general policy regarding this protection is applicable in all the entities and countries where the Group operates. It prevails over local rules whenever these are of a lower requirement level and commits the Group to:

- inform customers as quickly as possible in the event of a policy change or data hacking;
- limit the collection of data to essential personal information;
- clearly state how the personal data will be used;
- ask for the customers' consent for the collection, use or sharing of any non-essential personal data;
- use the best available data protection systems.

BNP Paribas' "Data protection" training involves all Group employees in order to develop the reflexes necessary for guaranteeing the safe handling of personal data throughout the business relationship. In 2015, this training had been fully provided to 35,885 employees.

Moreover, the Group's online training platform offers its employees the "Let's get digital" course. This course covers social networks and their use, digital risks, the right reflexes to adopt, and the opportunities and challenges of digital technology. It thus prepares employees for tomorrow's digital bank by reiterating the Group's requirements in terms of protection of client interests and responsible marketing (see *Primacy of client interests*, Commitment 2)

Right of access to financial services

The Group considers that sustainable economic development promotes wider access to fundamental rights. This is why it **places emphasis on access to financial services in the communities where it operates**, clearly asserting its will to contribute to it.

For the Group, the right of access to financial services is a salient issue in several respects: it can be considered as a risk for the customers affected (financial illiteracy, overindebtedness, etc.) and for the Bank (credit defaults, image risk, etc.). However, it can also constitute a real opportunity for all stakeholders: through financial education, customers learn about the benefits of savings and budget management; through its dedicated offers of products and services for vulnerable customers, BNP Paribas strives to protect its customers from overindebtedness and dependency and makes banking services accessible to those who do not have access to traditional products and financing.

BNP Paribas thus takes specific measures in favour of customers in vulnerable situations due to their financial situations or disability, and facilitates their access to banking services, in particular by providing public training on financial issues and developing dedicated offers of products and services (see *Products and services accessible to the greatest number of people*, Commitment 7).

Alongside these different initiatives and to continue to promote everyone's right of access to financial services, the Group has been engaged in multi-stakeholder consultations and dialogue for numerous years, involving consumer associations, family associations, charities, institutions, etc., concerning the Bank's products and businesses. Such is the case for BNP Paribas Personal Finance concerning personal loans, for example. Since 2010, regular working groups enable completely transparent dialogue, sometimes involving rival views, facilitating planning relating to the necessary developments in credit offers and practices.

Management of indirect salient risks

The Group uses its influence to incite its customers and the companies with which it has business relations to manage their own activities in the respect of Human rights. It also commits to identifying, evaluating (due diligence process), monitoring and helping to improve the current and future performance of its customers in sensitive sectors in order to avoid negative impacts to Human rights in their operations or supply chain.

In 2015, BNP Paribas developed its own procedure to identify indirect risks to human rights: it makes it possible to identify and assess risks to Human rights in its loan portfolio. The objective methodology adopted is based on the "impact" (from the point of view of rights holders) and "probability of occurrence" of the risks. This tool is useful in three respects: identifying Human rights risks; allowing the mapping of the priority risks to which BNP Paribas is currently exposed it its portfolio; assisting managers in their decision-making concerning financing and investment and helping the Risk teams in their specific due diligence procedures (see the measures set up to fully cover the Group's extra-financial risks, including Human rights risks in *Management of ESG risks*, Commitment 3).

Workers' rights

The procedure initiated in 2015 to identify indirect risks to Human rights **in the Group's loan portfolio** has revealed that workers' rights are a salient issue.

This topic involves various aspects, many of which have already been covered by the Group's ESG risk management systems and policies.

The human rights criteria in six CSR policies regarding financing and investments in sensitive sectors deal with workers' rights issues, in particular child labour and forced labour, worker health and safety, and freedom of association. These issues are also factored into projects coming under the scope of the Equator Principles.

➤ SIMPLIFIED SUMMARY OF MANDATORY WORKERS' RIGHTS CRITERIA IN THE BNP PARIBAS GROUP'S SECTOR POLICIES

	Forced labour	Child labour	Health & safety policy + health & safety history	Health & safety history (on its own)	Human resource policy	Freedom of association	Non-discrimination
Agriculture	X	X	X		X	X	X
Mining	X	X	P	X			
Paper pulp	X	X		X			
Oil sands				X			
Coal-fired power generation			P	X			
Palm oil	X	X	X				

Note: The sector policies impose different criteria depending on whether the investment/financing considered applies to a project or a company. "X" indicates that the criterion applies to projects as well as companies. "P" indicates that the criterion in question is a mandatory requirement for the projects.

As presented in the "Management of extra-financial risks", the "CSR screening" used for **large corporate clients** currently covers 10 business sectors. The nature of the risks identified is specific to the characteristics of each sector.

With respect to **suppliers,** to address issues such as child labour and forced labour, additional questions are included in calls for tender concerning sensitive purchasing categories such as promotional objects, etc. (see *Management of ESG risks*, Commitment 3).

Rights of local communities

Another salient issue identified – that of local communities' rights – is at the heart of most controversies affecting major industrial projects.

One of the commitments of the Equator Principles (see *Management of ESG risks*, Commitment 3) particularly concerns the stakeholders and communities potentially impacted and aims to protect them, inform them, and prevent and remedy any negative impacts.

In addition, in the sectors identified as highly sensitive, **the Group may ask its customers to demonstrate** that they have consulted the local populations before the project or that they set up a mechanism to address grievances. Thus, the Human rights criteria of seven of the CSR policies regarding financing and investment in sensitive sectors take account of local community rights issues:

➤ SIMPLIFIED SUMMARY OF MANDATORY LOCAL COMMUNITY RIGHTS CRITERIA IN THE GROUP'S SECTOR POLICIES

	"Free prior and informed consent" of local communities	Remedy mechanism	Land grabbing	Formal public commitment and community consultation mechanism	Involvement in controversial arms trade, transport or production
Agriculture	X	X	X		
Mining					
Paper pulp	X	X			
Oil sands		X		X	
Coal-fired power generation		P		P	
Palm oil	X	X			
Defence					X

Note: The sector policies impose different criteria depending on whether the investment/financing considered applies to a project or a company. "X" indicates that the criterion applies to projects as well as companies. "P" indicates that the criterion in question is a mandatory requirement for the projects.

In the "CSR Screening" tool, a risk category covers the health and safety of local communities for certain sectors, while another covers "Human rights" in a more general way.

COMMITMENT 9: CORPORATE PHILANTHROPY POLICY FOCUSED ON THE ARTS, SOLIDARITY AND THE ENVIRONMENT

BNP Paribas works in a very concrete manner to create a balance between performance and social responsibility. Not only in the daily activities of its business lines, but also in its philanthropy activities, which involve increasingly large numbers of employees throughout the world.

A STRUCTURED AND INCLUSIVE PHILANTHROPY POLICY

Through its international dimension, the BNP Paribas Group develops a structured philanthropy policy, which is both global and respectful of the local dimension of the initiatives implemented by the countries in which it operates. The BNP Paribas Foundation coordinates this commitment around three areas of application:

- **Solidarity:** combating exclusion and discrimination; fostering employee volunteering; supporting education and professional integration;
- **Arts:** fostering the performing arts; preserving and enhancing cultural heritage;
- **Environment:** supporting programmes aligned with the Group's CSR policy to promote research on climate change (see *Advance awareness and sharing of best environmental practices*, Commitment 12).

Structured governance

BNP Paribas' corporate philanthropy involves 13 foundations or funds, as well as directly managed initiatives. In 2015, the Group had:

- 1 historical foundation: the BNP Paribas Foundation, under the aegis of Fondation de France, which ensures that the Group's Corporate Philanthropy is coherent. It is chaired by Michel Pébereau;
- 9 country-based foundations: in Germany, Belgium, Brazil, Bulgaria, Italy, Morocco, Poland (stemming from the BGZ-BNP Paribas merger), Switzerland, United States (First Hawaiian Bank Foundation);
- 1 brand-based foundation: Fondation Cetelem;
- 1 "Rescue & Recover" endowment fund, set aside for victims of humanitarian disasters;
- 1 regional endowment fund: BNP Paribas Banque de Bretagne endowment fund.

On the other hand, BNP Paribas' philanthropy efforts are reinforced by programmes initiated by the Group entities and business lines throughout the world: Africa, Europe, North and South America, Asia-Pacific, Middle East.

BNP Paribas philanthropy in 2015

Every year, the BNP Paribas Foundation collects the facts and figures concerning BNP Paribas' philanthropy efforts via a web platform. In addition to that function, the PHI platform is accessible to the public: http://dataphilanthropy.bnpparibas.com.

In 2015, 4,019 projects took place, representing a budget of EUR 38.6 million, including:

- EUR 27.0 million for solidarity (70%);
- EUR 8.2 million for arts (21%);
- EUR 3.4 million for medical and environmental research (9%).

Solidarity

The solidarity actions of the BNP Paribas Foundation and corporate philanthropy players of BNP Paribas throughout the world focus on five areas: supporting education initiatives, contributing to integration efforts, participating in the fight against poverty, fostering employee involvement, and developing international solidarity initiatives.

The three major highlights of 2015 were:

- the 10th anniversary of the *Projet Banlieues* initiative (see *Combat social exclusion and support Human Rights*, Commitment 8), with the reinforcement of the Foundation's commitment in favour of education;
- BNP Paribas' support plan of EUR 5 million, dedicated to the welcoming of refugees in Europe, with the involvement of the BNP Paribas Foundation;
- the set-up of Dream Up, the BNP Paribas Foundation's new international programme dedicated to education through artistic activities.

Increased support for education

Education plays a central role in the solidarity initiatives developed by the BNP Paribas Foundation and BNP Paribas in their worldwide philanthropy work.

In 2015, for the 10th anniversary of the *Projet Banlieues* initiative (see *Combat social exclusion and support Human Rights*, Commitment 8), the BNP Paribas Foundation decided to increase its financial support to three partner associations focused on promoting education and the entrepreneurial spirit:

- **Afev** (a partner for the past 20 years) organises educational support for school children with the help of student volunteers. In 2015, the annual subsidy increased from EUR 150,000 to EUR 200,000 per year for a period of three years (2015-2016-2017). This aid will support Afev's national expansion particularly in Île-de-France, the Eastern region (Reims, then Strasbourg), Brest and Grenoble and the development of its national events: Day dedicated to the prevention of school failure, Observatory of solidarity in young people.
- **Proxité** (a partner for the past 12 years) is dedicated to promoting the social and professional integration of young people via individual support by volunteer workers. The BNP Paribas Foundation's support will amount to EUR 40,000 per year, from 2015 to 2017. 2015 target: a two-fold increase in the number of sponsorships in Île-de-France and the deployment of the initiative in three new areas: Lille, Toulouse and Rouen.
- **EPA** (a partner for the past 2 years) promotes the entrepreneurial spirit in schools. Initially set at EUR 50,000, the Foundation's annual subsidy to EPA has risen to EUR 80,000 per year starting in 2015 for a period of three years (2015-2016-2017). It will enable EPA to extend its "Mini Enterprise" programme to the vocational secondary schools of three major French cities (Marseille, Nantes and Strasbourg).

Moreover, 2015 was marked by new initiatives combining education with innovation or artistic development.

- **Innovation: providing partners with crowdfunding training and support**

  In 2015, the BNP Paribas Foundation launched an innovative initiative to introduce its partners to crowdfunding via the Ulule platform. 15 associations were trained in the management of a crowdfunding campaign. In addition, the Foundation matched every euro donated by web users.
- **International launch of Dream Up, a project dedicated to education through artistic activities**

  For its 30th anniversary, the BNP Paribas Foundation launched Dream Up, a programme aimed at underprivileged youths in all countries where BNP Paribas operates, supporting the Foundation's internationalisation ambitions. In 2015, Dream Up started with the launch of **28 three-year projects** dedicated to education through artistic activities in **26 countries** (Americas, Europe, APAC, MEA). **It currently covers 30,000 children and adolescents. With a total budget of EUR 1.7 million over a three-year period**, each Dream Up project is allocated EUR 20,000 per year for three years. A sociological study will examine the impact of the programme.

Contributing to integration efforts

- In 2015, the BNP Paribas Foundation renewed its convention with **Adie** for a further three years (2015-2017). It thus extended its partnership started in 1996 in synergy with the Bank, which has been the association's banking partner since 1993. At the launch of the *Projet Banlieues* initiative in 2005, the BNP Paribas Foundation reinforced its partnership with Adie by setting up a set of measures aimed at supporting job creation in sensitive urban areas. Once again in 2015, it committed funds of EUR 1.2 million (EUR 1.25 million in 2016 and EUR 1.3 million in 2017) to supplement Adie's network of 16 district units with mobile units.
- In 2015, the 6th **Awards of the BNP Paribas Fortis Foundation** once again helped to promote the inclusion of troubled youths in Belgium. A total of EUR 754,000 was thus allocated to 72 local NGO projects. Since its launch in 2010, this programme has provided support to almost 350 community initiatives through funding of over EUR 3.8 million.

Participate in the fight against poverty

- In 2013, the BNP Paribas Foundation decided to support the *Restaurants du Cœur* charity through the creation and deployment of the Ulysse management system, which keeps track of the persons helped in the 2,090 centres. The 1st phase of the project was fully financed by the Foundation via a three-year convention allocating funding of EUR 150,000 per year (2013 to 2015). Moreover, the charitable association *Bénévolat de Compétences et Solidarité (BCS)* assists in the IT training of volunteers. In 2015, *Restaurants du Cœur* deployed the first version of the management system in three centres manned by volunteers. To ensure the successful completion of this strategic project for the association, the BNP Paribas Foundation renewed its support through an allocation of **EUR 450,000 over a three-year period** (EUR 150,000 in 2016, 2017 and 2018). This commitment represents 50% of the budget for the next three years.

- Since 2012, the Foundation has been supporting the Paris **Samusocial** through a three-year convention allocating funding of EUR 150,000 per year (2012 to 2014). In 2015, it renewed this convention which funds the daily food distribution rounds. Since 2012, the charity has cared for over 6,300 homeless people, and steered them towards the hospital or beds in the *Halte Soins Santé* facilities or emergency shelters.

Expanding international solidarity initiatives

In 2015, the BNP Paribas Foundation continued its **anti-malaria plan** (2012-2015), in conjunction with the Bank's sites in sub-Saharan Africa. This prevention programme distributes treated mosquito nets in Burkina Faso, Côte d'Ivoire, Guinea, Gabon, Mali and Senegal. Over 25,000 mosquito nets have been distributed, equivalent to a budget of EUR 200,000.

Aid for refugees: financial support of EUR 5 million for the reception of migrants in Europe

This support plan draws on several BNP Paribas support levers:

- the BNP Paribas Foundation's support for three major players in the humanitarian sector: the United Nations High Commissioner for Refugees (HCR), *Apprentis d'Auteuil* and *Samusocial de Paris*. The Foundation has based its refugee assistance plan on three lines of action: emergency aid, integration and education.
- support for associations providing local assistance in eight European countries welcoming refugees. Each of these countries has identified the players and projects it wants to support.

In addition to these actions, a donation campaign was launched within the framework of the Rescue & Recover endowment fund (see *Committed employees showing solidarity*).

Arts

BNP Paribas places particular importance on support for culture, which it considers a social necessity and a factor in both individual and collective development.

Encouraging artistic expression

Recognised among the few corporate sponsors of **contemporary dance** and new **circus arts**, the BNP Paribas Foundation supports some 20 artists and performance venues. In 2015, it inaugurated new partnerships and renewed some of its commitments to major institutions, while also supporting emerging young artists.

In February 2015, as founding sponsor, it supported the first International Biennial of Circus Arts. In addition, it supported the international programmes of the *Théâtre National de Chaillot*. It also renewed its triennial partnership with the Montpellier Dance Festival (2016, 2017 and 2018). Another major event in 2015 was the BNP Paribas Foundation's support for the new management of the *Opéra National de Paris*, to participate in its innovative dress-rehearsal policy, starting in the 2015-2016 season. The initiative enables 27,000 young people under the age of 28 to attend Opéra Garnier dress rehearsals at the price of EUR 10 and 800 seats to be offered for these performances via social networks.

Two emerging young artists have become partners of the BNP Paribas Foundation in 2015: choreographer Kaori Ito and circus artist Tatiana Mosio Bongonga.

As a major partner of the world of **music, be it classical or jazz**, the BNP Paribas Foundation supports musicians and composers as well as concert venues and festivals. This includes the *"Jazz à Saint-Germain-des-Prés"* partnership which was renewed for a further three years in 2015, and the partnership with the "Saint-Louis Jazz" festival in Senegal. The Paul-Acket prize, funded by the Foundation on the occasion of the North Sea Festival of Rotterdam, was awarded to the pianist Tigran Hamasyan in 2015, a former partner of the Foundation. Also in 2015, the young jazz artists Anne Paceo (drummer) and Airelle Besson (trumpet player) became partners of the Foundation.

For the fourth year, the Swiss BNP Paribas Foundation and HEAD-Genève have joined forces to promote young visual art graduates. The 16 talents selected at the New HEADS – BNP Paribas Foundation Art Awards were able to present their artworks at an exhibition overseen by an internationally renowned curator, Latifa Echakhch. Two of the young artists were awarded a prize of CHF 12,000 based on the votes of BNP Paribas Switzerland employees and a jury of Art professionals.

Preserving and showcasing national museums

In 2015, as part of the *"BNP Paribas pour l'Art"* programme, **numerous restoration campaigns** were conducted in France and worldwide. The most noteworthy are the following: the lacquer works of Dunand at the André-Malraux Museum in Le Havre, the painting *Interior with a Woman Playing a Virginal* by De Witte at the Montreal Museum of Fine Arts, and Foujita's painting *Before the Ball* at the National Art Center of Tokyo. Furthermore, the BNP Paribas Foundation partnered *Sèvres – Cité de la Céramique* for the restoration of an exceptional set of 18th century terracotta works, featured in the exhibition *"La Manufacture des Lumières. La Sculpture à Sèvres de Louis XV à la Révolution"*.

COMMITTED EMPLOYEES SHOWING SOLIDARITY

BNP Paribas staff leads the way among employees wanting commitment from their company, and help with participating in charity work themselves. This support may take the form of financial support or help with the mobilisation of an increasing number of employees.

Backing the generosity of employees

Whether through the *"Coup de Pouce"* (Helping Hand) programme or through the Rescue & Recover endowment fund, BNP Paribas backs its employees' commitment with donations to support community organisations.

Helping Hand *(Coup de Pouce)*: honouring employee commitment

Created in 2003, this programme supports community projects run by charitable associations in which BNP Paribas employees are personally involved as volunteers. Since 2003, over 621 solidarity projects have been supported in France in the fields of health, disability, local solidarity and humanitarian aid. In 2015, the BNP Paribas Foundation supported 43 projects launched by employee volunteers totalling EUR 121,200. Since 2015, the *"Coup de pouce"* programme covers 19 countries in which the Group operates. A web application provides a global view of the programme: http://dataphilanthropy.bnpparibas.com/coupdepouce

Record donations through the Rescue & Recover endowment fund

Launched at the end of 2012 by BNP Paribas, the **Rescue & Recover endowment fund** allows the rapid and efficient collection of donations in the event of humanitarian catastrophes. In addition, each time an employee makes a donation to that fund, BNP Paribas matches its amount before giving it to its partner associations: CARE, the French Red Cross and *Médecins Sans Frontières/Doctors without borders*.

With four emergency collections and over EUR 980,000 collected, 2015 was a particularly eventful year. The Rescue & Recover endowment fund provided support in a variety of events and geographical areas: Pam cyclone in Vanuatu, earthquake in Nepal, migrants in Europe and floods in India. Moreover, the operation targeting the voluntary donation by employees of part of their bonuses was successfully renewed in the UK and followed by another large donation: CIB's donation of its Christmas present budget to the fund to finance projects for children. Lastly, the year was also marked by the opening-up of the fund to retail bank customers in France: since June 2015, they can participate in all emergency fund campaigns.

Offering volunteering assignments to employees

BNP Paribas has put in place numerous initiatives – dedicated associations, online platforms, charity events, etc. – to foster a sense of commitment in its employees both in France and internationally.

In certain cases, these volunteering activities can even constitute career advancement opportunities, as is the case for skill-based support (for further information, see section 7.3 *Social responsibility: developing and engaging our people responsibly*). In 2015, the Bank donated nearly 77,000 hours (*versus* 75,000 in 2014) for volunteering activities during working time.

Fostering volunteer work through dedicated structures

Whether through the deployment of dedicated platforms or through the long-standing involvement of dedicated associations, numerous initiatives are conducted to promote volunteering among the Group's current and retired employees.

- **BenevoLab**, which took over from *MicroFinance Sans Frontières*, offers the skills of the Group's current and retired employees to charitable organisations and social enterprises. In 2015, 173 volunteers were able to complete 94 missions covering 27 countries and using **351** travel days.

  This skill-based support is now available in numerous countries, including Belgium, France, Luxembourg, Morocco, the UK, Senegal, Switzerland and the United States. www.benevolab.org
- ***Bénévolat de Compétences et Solidarité (BCS)*** is dedicated to skill-based support in continental France and its overseas departments and territories, where it has a strong presence. Its role is to welcome and inform the future volunteers and steer them towards some forty associations in order to build long-term ties with them. These associations are divided into three categories –"Solidarity Finance", "Youth Integration" and "New Community Ties". In 2015, they were joined by the *"Projet Banlieues Associations"*. In 2015, 850 volunteers took part in support missions via BCS. Through its action, BCS rounds off the support provided by BNP Paribas and the BNP Paribas Foundation to non-profit organisations.

  In 2015, a total of over 68,000 hours of voluntary work were coordinated by BenevoLab and BCS.
- **Platforms promoting access to volunteering**

  To support skill-based volunteering among employees, several Bank entities have decided to centralise assignment offers and documentation on the Group's intranet platform. Such is the case for BNP Paribas Fortis with its CSR pages and the "Make a Change" volunteering programme in Asia-Pacific.

Organising charity events involving employees

In France and internationally, charity events are an opportunity to increase employee commitment and a major source of internal cohesion.

- As a committed partner of the **Telethon** initiative for over 25 years, BNP Paribas encourages its employees every year to take part in the event in an efficient and innovative way. In France, the 2015 event once again brought together employees around some of the Bank's major fields of interest: cinema, digital technology, finance, etc. In Italy, where the partnership is one of the strongest in Europe, BNL brought together some 20,000 volunteers consisting of Group employees and their families, who collected over EUR 11 million through their dedication.
- In December 2015, the 2nd "**Parlons cœur**" event was organised by the French Retail Banking (FRB) staff. During that solidarity day, the customers and potential customers of 200 branches discovered the actions of 300 local NGOs working on a daily basis to support education, culture and solidarity.
- Numerous **solidarity races** are also organised every year by Group subsidiaries. In June 2015, on the initiative of FRB, nearly 700 Paris employees got together at the Tuileries to walk or run in support of "Action Against Hunger". Likewise, in Poland, within the framework of the *"Dobre Kilometry"* operation, BGŻ employees covered 10,000 km (running, cycling, roller-skating, etc.) from 21 September to 21 October to support an oncology centre.
- On a different note, the First Hawaiian Bank's "**Community Care**" programme aims to bring together NGO members and bank employees wanting to pass on their professional skills to people in need. Since its creation in 2014, it has made it possible to collect USD 50,000 and get employees to volunteer for 15,000 services provided free of charge.

7.5 Environmental responsibility: combating climate change

In its environmental policy, BNP Paribas decided in 2011 that climate change should be the priority focus of its efforts, given its position in the financing of the global economy, particularly in the energy sector. This choice was reinforced in 2015 through new commitments, some of which are detailed below, and in Commitment 3 presented at the beginning of this chapter. It was further confirmed by the Paris Agreement adopted following the COP21 which aims, inter alia, to make *"financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development"*.

In line with this ambition, and in addition to the environmental risk management measures set out in Commitment 3, the Group has reinforced its three environmental commitments:

- commitment 10: Partnering with our clients in the transition to a low-carbon economy;
- commitment 11: Reduce the environmental impact of our operations;
- commitment 12: Advance awareness and sharing of best environmental practices.

COMMITMENT 10: PARTNERING WITH OUR CLIENTS IN THE TRANSITION TO A LOW-CARBON ECONOMY

The Group assists its customers, whether individuals or businesses, in their transition to a low-carbon economy. To this effect, it uses several levers to cater to their specific needs.

SUPPORTING THE ENERGY TRANSITION

Doubling the support for renewable energy

The BNP Paribas Group has committed to doubling its exposure to the renewable energy sector by 2020 compared to 2014, *i.e.* from EUR 6.9 billion to EUR 15 billion. In line with this objective, this exposure increased to EUR 7.2 billion in 2015, thanks to spearhead projects:

- BNP Paribas was lead arranger for four transactions concerning wind farms in Brazil (Chapada I and Chapada II, Itarema and São Clemente), with a total installed capacity of 800 MW;
- the Group was the exclusive financial advisor for the acquisition of Iberwind by Cheung Kong Infrastructure (CKI) and Power Assets Holdings (PAH) in October 2015; Iberwind manages Portugal's largest wind farm portfolio with a total installed capacity of 684 MW;
- BNP Paribas acted as financial advisor and lender for the Galloper offshore wind farm project of 336 MW, which drew record financing for this type of project in the UK in 2015 (£ 1.37 billion);
- the Group acted as exclusive financial advisor to Engie for its acquisition of a 95% stake in Solairedirect in September 2015, making Engie the leading French player in solar energy with a gross installed capacity of 383 MW, and the ambition to develop 125 MW per year with Solairedirect, in France and internationally.

Moreover, in 2014, BNL introduced a Green Desk in Italy, consisting of seven employees dedicated to dispensing advice and to the financing of renewable energy production projects for the industrial plants of SMEs or in individual homes. The advice is provided at a reduced price if the project is financed with BNL. Since April 2014, over 329 renewable energy projects were submitted to the platform; 53 of them were accepted for a total of EUR 54.6 million (of which 35 in 2015) breaking down as follows: 35% biomass, 33% solar, 15% hydraulic and 17% wind. They represent a total installed capacity of 25 MW.

In Poland, Bank BGŻ BNP Paribas has held a strong position in the financing of small/medium-sized renewable energy infrastructures since 2008. Bank BGŻ BNP Paribas thus provides services to over 40% of Poland's biogas producers, and has financed 19 of the 78 biogas plants recorded in the country at end-2015.

In Mali, BICIM signed a partnership agreement with the Ministry of Energy and Water to facilitate the purchase of photovoltaic kits by individuals through loans specifically intended to cover purchase and installation costs.

Strong ambition regarding Green Bonds

The Group has committed to promoting Green Bonds with institutional investors, aiming to become one of the world's top three players, in euros, on that market by 2018.

In 2015, the Green Bond issues for which the Group acted as lead manager totalled EUR 3.875 billion, including EUR 827 million in Index Linked Green Bonds.

In 2015, the Group was for example:

- associate bookrunner and lead bank for a USD 350 million Green Bond issue by IBDI Bank Ltd (formerly Industrial Development Bank of India). This was the Indian bank's first Green Bond issue, confirming its strong commitment to the financing of environment-friendly projects.

The funds will be used for projects focused on renewable energy, energy efficiency, responsible water management and low-carbon mobility;

- bookrunner in Brazil's first Green Bond issue, on behalf of the food group BRF SA. The transaction was four times oversubscribed. The funds are dedicated to projects focused on energy efficiency, the reduction of greenhouse gas emissions, the circular economy, water management and responsible forest management;
- lead bank for a EUR 480 million Green Bond issue by Paprec, a French company dedicated to the recycling of non-hazardous waste. This was the first Green Bond issue by an SME in France;
- co-lead bank for the first Green Bond issue in the American private equity market, aimed at a wind farm project in Australia and amounting to AUD 200 million.

Moreover, in November 2015, BNP Paribas, the European Investment Bank (EIB) and Vigeo announced the launch of Tera Neva, a sustainable investment solution supported by a group of institutional investors in the amount of EUR 500 million. This equity index-linked bond issue is based on the EIB's Climate Awareness Bond format: the funds collected are dedicated to renewable energy and energy efficiency projects. The capital is 100% guaranteed and the payoff is linked to the performance of the Ethical Europe Climate Care Equity Index over the life of the bond, floored at zero and paid at maturity. This Index consists of 30 European equities selected on financial and sustainability criteria based on Vigeo and Solactive filters.

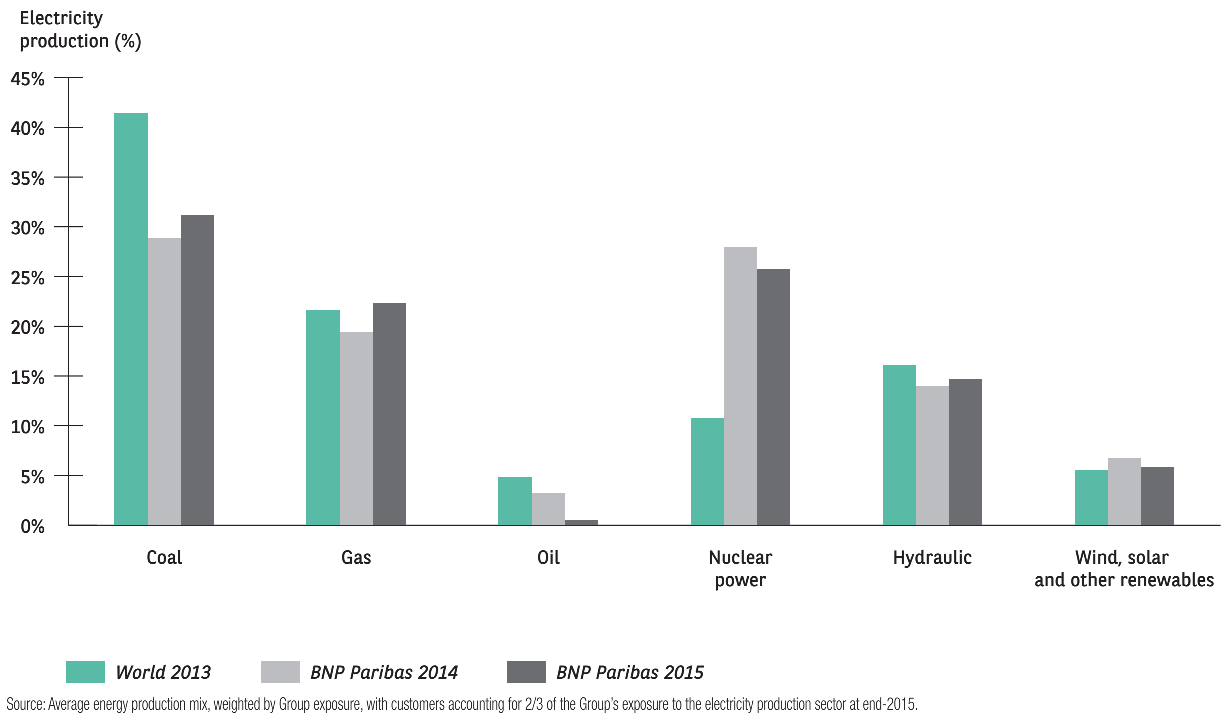
Electricity and energy mixes ranking ahead of the world mix

Electricity mix

In 2015, like in 2014, for the measurement of its indirect emissions (scope 3), the Group calculated the electricity mix it finances, based on the production mix of its electricity-generating customers.

With 53.9% fossil sources (gas, coal and oil) and 20.4% renewable sources (hydraulic, photovoltaic and wind), the electricity mix financed by BNP Paribas has a lower average carbon footprint than that of the world mix, which consisted of 67.8% fossil sources and 21.5% renewable sources in 2013 according to the International Energy Agency (IEA). The carbon content per kWh financed by the Group was 399 gCO_2, *versus* a world average of 576 in 2013 (source: IEA).

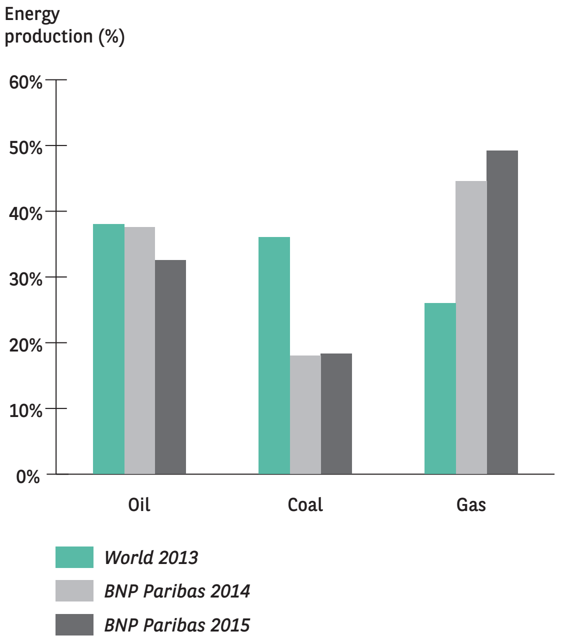
The change in the electricity mix financed by BNP Paribas over the past two years is largely due to the Group's acquisition of a controlling interest in BGZ in Poland, which has a portfolio of local electricity producers using fossil fuels.



Source: Average energy production mix, weighted by Group exposure, with customers accounting for 2/3 of the Group's exposure to the electricity production sector at end-2015.

Primary energy mix

Moreover, the same calculation was made on the energy resources (coal, oil and gas) produced by the extracting companies financed by the Group. Here again, the energy mix financed ranks ahead of the world average, with less coal/oil and more gas (source: IEA).



Source: Average energy production mix, weighted by Group exposure, with customers accounting for 2/3 of the Group's exposure to the primary energy extraction sector at end-2015.

Financing innovation

The transition to a low-carbon economy also requires the removal of certain technological constraints. The Group has thus undertaken to invest EUR 100 million by 2020 in start-ups which innovate for this transition: for example in the storage of electricity or smart grids.

Thus, in France, 12% of the start-ups supported in the 15 innovation divisions of the Retail Banking network are focused on the environment, and this percentage is set to grow under the scope of this commitment.

HELPING COMPANIES TO IMPROVE THEIR ENERGY EFFICIENCY

Since energy efficiency must play a major role in reducing greenhouse gas emissions, BNP Paribas has undertaken to significantly increase its action in this area, in keeping with the "Financial Institutions' Declaration of Intent on Energy Efficiency" (developed by the EBRD and UNEP-FI) signed in 2015.

Assisting entrepreneurs in their energy efficiency efforts

In France, within the scope of the seven commitments made in 2015 through the ***"BNP Paribas Entrepreneurs 2016"*** plan, the Group has undertaken to support its business customers in their energy transition. It has extended this programme to all businesses (from very small companies to intermediate-size companies), as well as self-employed workers, tradesmen, merchants and independent professionals. In partnership with the company Économie d'Énergie which specialises in that field, BNP Paribas offers them wide-ranging support on the "changetogreen.fr" platform: energy diagnoses and regulatory audits, technical solution recommendations and energy supply contract optimisation. The site is designed to address the specific issues encountered by enterprises, with the advice of energy efficiency specialists. Once the energy diagnosis has been done, the Bank offers its customers attractive terms to finance the work required for their energy renovation, for example with the Faciligreen loan – a loan with a maturity of three to five years for specific equipment, with no administrative fees.

In Belgium, through its Sustainable Energy Services (SES) Department, **BNP Paribas Fortis** offers real expertise and support to its SME clients in order to design and finance infrastructure for the production of renewable energy or work done to improve energy efficiency within their plants. In 2015, this SES Department took part in 160 projects representing **EUR 180 million**.

BNP Paribas Real Estate, offering companies responsible real estate

In the construction, management or renovation of buildings, BNP Paribas Real Estate is committed to offering environmentally certified buildings to customers, investors and users. All of the commercial property developed by BNP Paribas Real Estate is thus certified. The teams build and renovate energy efficient buildings eligible for the most stringent environmental certifications and labels. In the management phase, the Property Management teams oversee the entire certification process, from the initial quality audit to the final certification. Moreover, some of the buildings benefit from double or triple certification, in keeping with the clients' international requirements.

Thus, in November 2015, the ZENORA complex built in Issy-les-Moulineaux by BNP Paribas Real Estate was awarded the BREEAM Outstanding certification in its final phase with a score of 93.2%, a world record.

Furthermore, BNP Paribas offers its customers the E@syGreen management solution aimed at analysing and improving environmental performances while optimising energy costs in a proactive way. In 2015, through this solution, BNP Paribas Real Estate conducted 75 energy audits in buildings and enabled its clients to make energy savings of EUR 2 million on behalf of investors and big company clients.

Arval, the low-carbon mobility specialist

In 2015, Arval continued to develop telematics systems in customer fleets. They allow better understanding of people's driving habits and changes in their behaviours to reduce accidents and CO_2 emissions. Overall, through Arval's expertise, the number of vehicles managed for international clients increased 7% between 2013 and 2015 (from 200,000 to 214,000), while total emissions dropped 1%, thereby avoiding 6,000 tonnes of CO_2 emissions. In Germany, within an "offer of the month" programme, a special offer was dedicated to cars emitting less than 120 g of CO_2/km.

In addition, during the European Mobility Week in September 2015, the Marketing and CSR Departments of Arval France presented a preview of their *VéloPartage* solution. In the wake of the *AutoPartage* solution deployed in 2011, this e-bike sharing solution for local travel will be deployed on the sites of Arval France, as well as on its customers' sites. This solution reduces greenhouse gas emissions while promoting user health and travel efficiency.

Arval also offers responsible driving courses to its clients, on all its sites. They focus on road safety, which is a major component of Arval's CSR strategy, and on reducing fuel consumption in order to limit emissions of greenhouse gases and health-threatening pollutants. The courses are suited to the specific contexts of the countries in which Arval operates. Once again this year, they attracted an increasing number of clients.

In addition, **BNP Paribas Leasing Solutions France** offers its clients long-term leasing solutions for lorries running on natural gas. By allowing the replacement of vehicles running on conventional fuel, this offer provides access to a cleaner technology at a competitive price and a transparent total cost agreed in writing in the contract.

HELPING PRIVATE CUSTOMERS REDUCE THEIR ENERGY CONSUMPTION

In keeping with its commitments, the Group will develop the home energy efficiency improvement offer already available to its private customers, via dedicated products or partnerships with industrial players.

Domofinance

The joint subsidiary of EDF and BNP Paribas Personal Finance specialising in the financing of private customers' energy consumption management, granted over 43,000 loans in 2015 (including nearly 2,000 for photovoltaic installations, while the rest focused on energy renovation). Since its launch in 2003, Domofinance has thus granted over 484,000 loans and promoted the energy transition in France. The energy savings achieved in 2015 are equivalent to the total consumption of 43,300 households.

As energy efficiency renovations are difficult to implement in co-owned buildings, Domofinance also offers loans to co-owners' associations. These collective loans are secured by a guarantee in order to disassociate the co-owners in the event of one's default.

Platform to facilitate home energy renovation

Also in partnership with *Économie d'Énergie*, the Group launched the platform www.monprojetrenovation.com in 2015, enabling its customers and those of Hello bank! in France to carry out a self-diagnosis to estimate the energy efficiency of their homes, then improve it through renovations. An online financial simulator makes it possible to estimate the amount of subsidies available to customers, depending on their homes and profiles. Customers can build a financing plan for their renovation project including their personal contributions and the loans offered by BNP Paribas (renovation loans and interest-free eco-loans). Moreover, these customers can easily find qualified tradesmen for their projects on the website (direct access to the directory of tradesmen with the RGE environment-friendly certification).

THIRD-PARTY ASSET MANAGEMENT SUPPORTING THE ENERGY TRANSITION

In addition to its carbon risk management system (see Commitment 3: *A stringent management of environmental, social and governance risks*), BNP Paribas Investment Partners offers a diversified range of "green" funds: thematic funds, equities; best-in-class funds; low-carbon exchange-traded funds; and green bonds. At 30 September 2015, they represented EUR 18 billion in low-carbon assets, mainly invested in alternative energies and energy efficiency.

For instance, two savings funds enable retail customers to contribute to the development of companies having a positive impact on the environment:

- *BNP Paribas Immobilier Responsable*: SRI equity fund, invested in European companies striving to minimise their carbon footprints and the energy consumption of their real estate assets, managing water and waste in a responsible way and helping to improve the environmental quality of the buildings;
- Parvest Global Environment: SRI equity fund, invested in companies focused on renewable energy, energy efficiency, water treatment or waste management and environmental services. At end-December 2015, the fund had EUR 376 million in managed assets.

COMMITMENT 11: REDUCE THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS

Reducing the environmental footprint linked to our own operations mainly involves cutting greenhouse gas (GHG) emissions, using paper responsibly and improving waste management. The nature of its activities means that the Group is not a significant source of noise pollution or any other specific form of pollution.

To monitor the successful implementation of measures in these three areas with precise objectives, the CSR function pilots an environmental reporting system in 19 countries accounting for 87.1% of the full-time equivalent staff (FTEs) managed by the Group at 31 December 2015. In 2015, this system was extended to Brazil. Around 40 indicators are covered: kWh, m^3 of gas, km travelled, litres of water, tonnes of paper, tonnes of waste, etc. The results are extrapolated across the entire Group, and are used to calculate the environmental data disclosed in this section. Following the 2014 reporting campaign, 66 entities benefited from feedback in figures on their consumption and objectives compared to those of the Group.

In 2015, 29 separate ISO 14001 certificates were in effect within the Group (+21% compared to 2014). This number makes BNP Paribas the world leader in the banking/insurance sector for environmental management systems. For example, the UK set itself an ambitious nationwide certification programme involving 74% of its workforce in 2015 (CIB, BP2S, IP, WM, Real Estate).

The campaign to raise awareness on eco-gestures was stepped up as part of the COP21 measures. It focuses on four topics: energy consumption, business travel, paper and waste. Numerous initiatives to raise awareness of these good practices were launched, involving all employees. For example, in Tunisia, UBCI got all of its staff involved in the set-up of an eco-responsible action programme to limit the bank's direct impacts on the environment.

The amount of provisions and guarantees covering environmental risks is USD 2.6 million. The provision is for private litigation and is not intended to cover penalties for non-compliance with regulations.

REDUCING GREENHOUSE GAS EMISSIONS (GHG)

In 2015, the Group's objective was to reduce GHG emissions per employee by 10% compared to 2012: *i.e.* to go from 3.21 to 2.89 tonnes of CO_2 equivalent per employee in 2015. Greenhouse gas emissions are measured by converting the energy consumed in buildings and employee business travel into tonnes of CO_2 equivalent (tCO_2-e, including all six greenhouse gases covered by the Kyoto protocol). In 2015, the Group emitted a total of 544,719 tCO_2-e, or 2.88 tCO_2-e/FTE, which represents a 10.3% reduction compared to 2012. **The 2015 objective of a 10% drop has thus been achieved.** The gains made in the 2012-2014 period were further consolidated in 2015.

72.6% of the emissions come from energy consumption in buildings and 27.4% from business travel. Three levers have been activated to reduce them: improving the energy efficiency of buildings and IT equipment and optimising business travel. In France and the UK, GHG programmes have been set up to reduce these consumptions. **As part of its energy transition action plan, the Group has extended its commitment over the long term in order to achieve a 25% reduction of GHG emissions per employee by 2020 compared to 2012.** The global governance of this reduction programme will be put in place in 2016.

The Group's energy consumption was 1,529 GWh in 2015 with an average of 207 kWh/sq.m. compared to 210 kWh/sq.m. in 2014. This reduction is the result of numerous initiatives taken to optimise areas and their energy efficiency, combined with favourable climatic conditions in 2015 in most of the countries where the Group is present. In Algiers, for example, the subsidiary BNP Paribas El Djazaïr inaugurated Africa's first building with the High Environmental Quality (HQE) certification, while in France, the head office of BNP Paribas Securities Services –Les Grands Moulins de Pantin (Paris) – took part in the Cube 2020 competition to improve the building's energy efficiency with the employees. At the same time, renewable energy accounted for 16.5% of the buildings' energy consumption. This renewable energy either stems from the purchase of renewable energy certificates (66% of the electricity in the UK, 61% in Belgium, 49% in Italy, 47% in Luxembourg, 42% in Germany), or from the direct consumption of renewable energy produced by the Group's buildings: as part of Arval's ISO 14001 action plan in the Netherlands, photovoltaic panels were installed on the roof of the head office in Houten in March 2015. They produce 120 MWh of electricity per year.

In terms of **Green IT**, the Group looks to virtualise servers and work positions in order to share resources and reduce the associated electricity and cooling consumption. To further optimise ventilation, the servers are installed in cooled bays with confined cooled aisles. Thus, in France, the performance of the IT servers has increased 49% since September 2013, while at the same time electricity consumption has dropped 15%. Another example is that of the head office of BNP Paribas Real Estate in Issy-les-Moulineaux, which deployed an EcoFlex'IT solution, providing a more environment-friendly wiring and IT network architecture. After three years of use, the energy consumed by the IT network was reduced by a factor of four.

Business travel by Group employees is the other major source of GHG emissions. In 2015, a total of 956 million kilometres were travelled, *i.e.* 5,055 km per FTE (61.8% by air, 13.1% by rail, 25.1% by car), compared with 4,591 km per FTE in 2014, a 10.1% increase in km per FTE in one year. This increase, correlated with the Company's business activity, was managed by generalising webconferences, videoconferences and even telepresence. In addition, new, more restrictive travel policies were implemented to invite employees to use public transport rather than their company vehicles, or prefer economy to business class for air travel. In Belgium, since July 2012, one manager in five has opted for a green mobility pack: they either exchanged a parking space for a public transport pass, opted for a smaller vehicle, or gave up their company car. Moreover, numerous initiatives were launched to encourage commuting by bicycle in the Brussels region.

Adaptation to climate change is a subject addressed by the Group, notably in its Business Continuity Plan, which covers the management of extreme weather events and their consequences for the Group's sensitive infrastructure, especially its data centres. It is also addressed in the scientific research funded by the BNP Paribas Foundation within the framework of its "Climate Initiative" sponsorship programme (see commitment 12).

BNP Paribas' carbon management performance was evaluated by the CDP in 2015, resulting in a rating of A- for performance and 99/100 for the transparency and quality of its carbon reporting (compared to A- and 95 in 2014). The Group thus maintained its performance level and improved its transparency.

CONSUMING LESS PAPER AND USING RESPONSIBLY SOURCED PAPER

The target of a 15% reduction in paper consumption per employee in 2015 compared to 2012 was substantially exceeded: paper consumption totalled 25,293 tonnes in 2015, or 134 kg/FTE compared to 144 kg/FTE in 2014, representing a reduction of 6.9% compared to 2014 and 18.8% compared to 2012. Theses figures cover the paper used in-house, that used in customer relations (letters, bank statements, etc.) and other types of paper: envelopes, cheque books, etc. To extend this objective over the long term, **the Group has committed to a 30% reduction in its paper consumption per employee by 2020 compared to 2012**, *i.e.* going from 165 to 115 kg/FTE. Reduced usage is often achieved by replacing individual equipment with shared equipment, where users must go to the printer to confirm print instructions sent from their workstation, thereby avoiding documents being sent to print but never collected. In 2015, this new equipment was installed in entities such as BGZ in Poland, Leasing Solutions in Turkey and the UK, and CIB in Singapore and Hong Kong.

In addition, the paper policy aimed to bring to 60% in 2015 **the share of responsibly sourced paper** (from recycling or sustainably managed forests, *i.e.* more than 50% recycled or PEFC or FSC labelled) amongst that consumed internally. The percentage of responsibly sourced paper used internally went from 53.7% to 70.6% between 2014 and 2015. **This target was thus substantially exceeded** thanks to major improvements, particularly in Poland (27% in 2014 and 83.3% in 2015). **Under its new paper policy, the Group has undertaken to use 80% responsibly sourced paper by 2020.** More broadly, eco-designed office supplies represented 27.9% of total office supplies purchased in 2015, a significant increase compared to 2014 (21.7%).

REDUCING WASTE AND RECYCLING IT WHEREVER POSSIBLE

The Group is committed to reaching 55% of paper collected for recycling in 2015. This year, the Group generated 33,025 tonnes of waste, *i.e.* 175 kg per FTE (compared with 173 kg per FTE in 2013). Of this, 44.9% was subsequently recycled, compared with 38.9% in 2014. Certain initiatives have improved the recycling process: using the circular economy principle, the Saran printing platform saves one tonne of paper per month by recycling its old spools with its suppliers. Moreover, in Luxembourg, BGL obtained the SuperDrecksKëscht© label for the reduction, recovery and disposal of waste in an ecological way.

Lastly, since 2011, the Group has set up a policy for dealing with its obsolete IT equipment (PCs, servers, screen, etc.) that manages the associated environmental and social risks. Its goal is to give them a second life (donations or resale) whenever possible, while ensuring their traceability. Dismantling is only considered as a last resort, with a focus placed on maximising the recycling rate. In line with this policy, BICIS in Senegal set up contracts to recycle Waste Electrical And Electronic Equipment and paper. Furthermore, in November 2015, the BNP Paribas Group Purchasing Department opted for the overall purchasing of ink cartridges remanufactured in France in order to reduce the environmental footprint of its waste.

COMBATING LOSS OF BIODIVERSITY AND MANAGING WATER CONSUMPTION

BNP Paribas helps to combat the loss of biodiversity in two ways:

- by taking measures to protect the biodiversity of the 23-hectare Domaine des Voisins park in Louveciennes (France). In 2015, its actions were reinforced: ecological continuity of the territory, flower meadows, choice of non-invasive and local plants, maintenance of natural nesting areas, leaving dead trees on the ground as refuges for biodiversity, etc.; 58 tree species are found in this park, and certain species are being reintroduced in accordance with the 1992 records;
- by opting for responsibly sourced paper (made from pulp derived from recycled paper or from sustainably managed forests – PEFC or FSC eco-labels), BNP Paribas helps to protect forest ecosystems and their biodiversity.

Controlling impacts on ecosystems also involves controlling water consumption, which was 31.22 m^3 per FTE in 2015, compared with 22.6 m^3 per FTE in 2014. This is achieved through the installation of meters to identify leaks, equipment to optimise flows in sanitary facilities, and the automatic stop of taps by detection of presence.

COMMITMENT 12: ADVANCE AWARENESS AND SHARING OF THE BEST ENVIRONMENTAL PRACTICES

AN INTERACTIVE E-BOOK TO RAISE AWARENESS ON THE ENERGY TRANSITION

In 2015, BNP Paribas launched an e-Book to make the topic of energy transition accessible to everyone, under the initiative of the Group's CSR Function and Economic Research Department in partnership with *LeWebPédagogique*. With five tangible innovations to combat climate disruption, this interactive e-Book focuses attention on the major challenges of the energy transition and suggests a few simple things that anyone can do to help protect the climate.

The e-Book is available in French and English. It can be downloaded free of charge for reading on an iPad, Android tablet or PC: http://www.bnpparibas.com/actualites/bnp-paribas-lance-e-book-transition-energetique

SUPPORT FOR RESEARCH AIMED AT COMBATING CLIMATE CHANGE

Under its "Climate Initiative" philanthropy programme with an overall budget of EUR 6 million, the BNP Paribas Foundation has supported 10 projects conducted by laboratories with an international profile, selected in two calls for projects launched in 2010 and 2014. These projects focus on the fundamental mechanisms of climate and also the impact of its current change under the influence of human activity. The projects currently supported (following the 2014 call for projects) are the following:

- INVACOST: study of the risk of invasion by certain species of insects due to climate change;
- SOCLIM: impacts of climate change on the Southern Ocean;
- APT: accelerated thawing of the permafrost and its impacts on the climate;
- FATES: study of past climates in order to adjust forecast models;
- CPATEMP: study of climate evolution and recently discovered biomarkers.

In 2015, the BNP Paribas Foundation made use of the research findings to increase public awareness of the implications of climate change, particularly in France during the COP21. Group employees, as well as the general public, were able to speak to the researchers directly during events such as:

- "The Oceans 2015 Initiative": in June 2015, in Unesco premises, researchers including Jean-Pierre Gattuso, supported by the Foundation, presented their collective study on the future of the oceans;
- the exhibition *"Climat, l'expo 360°"* at Universcience (Paris), for which the BNP Paribas Foundation was the sole sponsor: 600 m² dedicated to scientific research on climate. An exhibition with a global outreach: countries including Brazil, Senegal, Czech Republic and Hong Kong, to be followed by Algeria, Morocco, Poland and the United States;
- the SOCLIM conference open to Paris employees and the conference on the Subglacior project organised for employees in Hong Kong and Paris.

The Foundation also innovated in 2015 by supporting the first crowdfunding campaign launched by French scientists. Two projects were put forward to finance:

- *"Educ'Arctique":* an educational programme for Inuit Canadian pupils aged 13 to 17 on the thawing of the permafrost, conducted by Takuvik (Laval University);
- *"66° Sentinelle de l'Océan Polaire":* a sentinel robot able to go under the Antarctic ice, designed by the *Laboratoire d'Océanographie of Villefranche-sur-Mer*.

The BNP Paribas Foundation was also present at the COP21 with a stand in the "Blue Zone" (Bourget) reserved for international negotiators. On this occasion, it presented the update to the "Global Carbon Atlas": this application available in 6 languages, created by the teams of the *Laboratoire des Sciences du Climat et de l'Environnement* (CEA/CNRS/UVSQ) with the support of the BNP Paribas Foundation from 2010, gives researchers and the general public a global view of CO_2 emissions per country and per city. Other projects supported by the Foundation were also the focus of dedicated conferences during the COP21.

The implications of climate change were brought to the attention of nearly 70,000 people via the Foundation's programme and since its the launch. The Group has set itself the objective of doubling the number of people reached, to achieve a total of 140,000 people by 2018.

PARTICIPATION IN THINK TANKS AND COMMITMENT PLATFORMS ON THE LINKS BETWEEN THE ECONOMY AND THE ENVIRONMENT

Beyond its general CSR commitments (see our public positions in section 7.1), BNP Paribas supported numerous environmental commitment initiatives in 2015:

- Montreal Carbon Pledge (signed by BNP Paribas Investment Partners): measurement and publication of the carbon footprint of funds managed on behalf of third parties;
- Portfolio Decarbonization Coalition (joined by BNP Paribas Investment Partners): reduction of the carbon footprint of funds managed on behalf of third parties;
- French Business Climate Pledge: whereby French companies supported, on the eve of the COP21, the adoption of an ambitious agreement and promotion of a carbon price;
- Paris Pledge for Action: the signatories of which reassert their wish to see the limiting of the temperature rise to less than 2 degrees;
- Financiary Duty and Climate Change Disclosure: standardised carbon reporting to facilitate investors' consideration of this data,
- Responsible Corporate Engagement: alignment of actions with the environmental strategy;

- Principles for Mainstreaming Climate Action within Financial Institutions: integrating climate issues in financial processes;
- EBRD/UNEP-FI "Financial Institutions' Declaration of Intent on Energy Efficiency": reinforcing actions to promote the financing of energy efficiency.

As a reminder, BNP Paribas has also been a signatory to the Principles for Responsible Investment (evaluation of environmental, social and governance (ESG) criteria in asset management) since 2006, the Equator Principles (evaluation of ESG criteria in project financing) since 2008, and the BEI Soft Commodities Compact (targeting zero net deforestation by 2020 through financing and investments, under the Banking Environment Initiative) since 2014.

Moreover, in 2015, BNP Paribas became a member of the following environment-focused organisations:

- Banking Environment Initiative: a platform for exchanges with other financial institutions on topics such as regulations, the circular economy and the development of innovative financial products and services;
- Mainstreaming Initiative: for the concrete implementation of the Principles for Mainstreaming Climate Action within Financial Institutions.

Note that BNP Paribas Investment Partners has been a member, since 2003, of the Investors Group on Climate Change (bringing together the world's major investors around climate issues), while BNP Paribas has been a member, since 2004, of Entreprises pour l'Environnement (French partner of the World Business Council for Sustainable Development whose Climate Change commission is chaired by the Group's Head of Environment and Extra-Financial Reporting); in addition, since 2011 BNP Paribas has been a member of the Roundtable on Sustainable Palm Oil (which oversees the main CSR certification available in the palm oil industry).

Moreover, BNP Paribas Real Estate is a member of the Green Building Council in several countries (Germany, France, UK and the Netherlands), and a founding member of the low-carbon building association BBCA.

7.6 Table of concordance with the list of social, environmental and community information required under article 225 of the Grenelle II Act

Information required by article 225 of the French Grenelle II Act, article R.225-105-1 of the French Commercial Code, and Decree No. 2012-557 of 24 April 2012.

	Corresponding page
1° SOCIAL INFORMATION	
a) Employment	
■ total headcount and breakdown by gender, age and geographical area	467-468
■ recruitment and redundancies	470
■ compensation and its evolution	471-472
b) Organisation of work	
■ organisation of working hours	470; 473
■ absenteeism	473
c) Employee relations	
■ employee-management dialogue, including procedures for informing staff, as well as consulting and negotiating with staff	471
■ collective agreements	471
d) Health and safety	
■ health and safety conditions at work	473-474
■ agreements with unions and staff representatives regarding health and safety at work	473
■ frequency and severity of accidents at work and occupational illnesses	473
e) Training	
■ training policies	475-477
■ total hours of training	476
f) Equal treatment	
■ measures to promote gender equality	463-465
■ measures to promote the employment and integration of disabled people	465-466
■ anti-discrimination policy	463-466
g) Promoting and complying with the fundamental conventions of the ILO relating to	
■ freedom of association and the right to collective bargaining	466; 471
■ the elimination of discrimination in respect of employment and occupation	463-466
■ the elimination of forced or compulsory labour	466
■ the abolition of child labour	466
2° ENVIRONMENTAL INFORMATION	
a) General policy on environmental issues	
■ organising the Company so as to take account of environmental issues and, where necessary, evaluation or certification procedures in the environmental area	440-443; 449; 451-453; 458-462; 490-497
■ employee training and information on environmental protection	462 (indirect impacts); 494 (direct impacts)
■ resources devoted to the prevention of environmental risks and pollution	458-462 (indirect impacts); 494-495 (direct impacts)

	Corresponding page
■ the amount of provisions and guarantees for environmental risks, provided such information is not of a nature that could cause serious harm to the Company in an ongoing dispute	494
b) Pollution and waste management	
■ measures for preventing, reducing or repairing discharges into the air, water or soil with a serious impact on the environment	458-462 (indirect impacts); 494-495 (direct impacts)
■ measures for preventing, recycling or eliminating waste	495 (direct impacts)
■ factoring in noise pollution and any other form of pollution specific to an activity	Not relevant, see page 494
c) Sustainable use of resources	
■ water consumption and supply in accordance with local constraints	458-462 (indirect impacts); 495 (direct impacts)
■ consumption of raw materials and measures taken to improve the efficiency of their use	458-462 (indirect impacts); 495 (direct impacts)
■ consumption of energy, measures taken to improve energy efficiency and use of renewable energy	490-493 (indirect impacts); 494 (direct impacts)
■ land usage	458-462 (indirect impacts)
d) Climate change	
■ greenhouse gas emissions	458-462; 490-493 (indirect impacts); 494-495 (direct impacts); 496-497 (corporate philanthropy)
■ adaptation to the consequences of climate change	495 (direct impacts); 496-497 (corporate philanthropy)
e) Protection of biodiversity	
■ measures taken to preserve or develop biodiversity	458-462 (indirect impacts); 495 (direct impacts)
3° INFORMATION ON CORPORATE COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT	
a) Territorial, economic and social impact of the Company's activity	
■ in terms of employment and regional development	448-454; 479-483;
■ on local populations	448-454; 479-483; 485-486
b) Group relations with persons or organisations with interests in the companies' activities, notably associations working on social inclusion, educational institutions, environmental and consumer associations, and local residents	
■ conditions for dialogue with these persons or organisations	446-447; 484-486
■ partnership or philanthropy actions	486-489
c) Outsourcing and suppliers	
■ inclusion of social and environmental issues in purchasing policy	446; 458; 461
■ importance of outsourcing and consideration of social and environmental responsibility when dealing with suppliers and subcontractors	446; 458; 461
d) Fair commercial practice	
■ actions taken to prevent corruption	454-455
■ measures taken to foster consumers' health and safety	456
e) Other action taken, under this point 3, to foster human rights	483-486

7.7 Table of concordance with GRI 4, ISO 26000, UNEP-FI and the Principles of the United Nations Global Compact

2015 Registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	UNEP-FI(**)	Principles of the UN Global Compact
OUR MISSION AND OUR VALUES					
Our mission	440	G4-1	5.2.2, 5.2.3, 6.2	1.1	
Our values, the BNP Paribas Way	440	G4-1, G4-56	5.2.2, 6.2	1.1, 1.4	
Our Corporate Social Responsibility strategy	441				
BNP Paribas' commitments as a responsible bank	441	G4-2	5.2.1, 5.2.2, 6.6.3, 6.6.4, 6.6.6	1.1, 2.6, 3.1,	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
CSR management indicators	442	G4-48, G4-51	4.3, 7.7.2, 7.7.3	2.6, 3.1	1, 6, 7, 8
BNP Paribas' public positions	445	G4-15	6.8.9, 7.3.3	3.6	1, 3, 6, 8
Progress acknowledged by extra-financial rating agencies	445		7.6.2		
CSR taken to the highest level in the organisation	446	G4-35, G4-36, G4-43	6.2.2	1.2	
Fostering dialogue with stakeholders	446	G4-26, G4-27	5.3.3, 7.5.4	3.3, 3.5	1, 9
OUR ECONOMIC RESPONSIBILITY: FINANCING THE ECONOMY IN AN ETHICAL MANNER					
Commitment 1 – Positive impact financing and investments	448				
Increase in loans	448	G4-EC1	6.8.7	1.3, 1.4	
High-Value Impact Deals	449	FS-7, FS-8	6.8.9	1.3, 1.4, 1.5	1, 6, 8, 10
Financing infrastructures	449	FS-7, FS-8	6,8,7, 6,8,9	1.3	
Partnerships with development institutions	449	FS-7, FS-8	6.8.7	1.3	
Social entrepreneurship	450		6.8.7, 6.7.9	2.7	
Designing and promoting Socially Responsible Investment (SRI) funds	451	FS-11	6.7.3, 6.7.9	2.7	1, 9
Impact measurement	452		7.3.1	2.3, 2.6	
Tailored advice and support	454		6.3.7, 6.7.3, 6.7.9	3.3	6
Commitment 2 – The best ethical standards					
The best ethical standards	454	G4-14, G4-37, G4-56, G4-57, G4-58, G4-SO4	4.7, 6.6.3, 6.6.4, 6.6.6, 6.6.7	1.2, 1.4, 1.5	10
Client interests	456	G4-PR3, G4-PR5	6.6.7, 6.7.3, 6.7.4, 6.7.6, 6.7.7	3.2	10
Ethics at the heart of supplier relations	456	G4-LA15	5.2.1, 6.6.3, 6.7.3	3.3	10

2015 Registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	UNEP-FI(**)	Principles of the UN Global Compact
Commitment 3 – A stringent management of environmental, social and governance risks	458				
Financing and investment policies for the Group's activities in sectors with significant ESG issues	459	G4-EC2, G4-EC8, G4-EN27, G4-HR1	4.4, 4.6, 6.2, 6.3.4, 6.3.5, 6.6.3, 6.8.7	1.3, 2.1, 2.2, 2.3, 2.4, 2.7, 3.2, 3.3	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Upholding the Equator Principles on project financing	460	G4-EC8, G4-EN27, G4-HR9	6.6.7	2.2, 2.3, 2.6, 2.7	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Specific process to assess ESG risks in our products and services	460	G4-14, G4-EN27	6.3.5, 6.7.4, 6.7.5	2.3	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Management and monitoring tools for our ESG risks	461	G4-14, G4-EN17, G4-HR1	6.3.5, 6.4.7, 6.7.4, 6.7.5	2.3	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
OUR SOCIAL RESPONSIBILITY: PROMOTING EMPLOYEE DEVELOPMENT AND COMMITMENT					
Leadership for Change	462		6.2.3, 6.4.7		
Listening to employees through the Global People Survey	463		5.3.3		
Commitment 4: Promoting diversity and inclusion	463				
A measure ensuring global commitment	463		6.4.3	1.4, 3.3	
Actions, visible results and broader topics	464	G4-10, G4-LA1, G4-LA12	6.4.3, 6.6.6		1
Internal and external recognition reasserted	465		5.3.3		
Ongoing awareness-raising of our employees and customers	465		5.5.5, 6.6.6	1.4, 3.3	1
Promoting the employment and insertion of people with disabilities	465		6.3.10.2	1.5	6
Promoting and complying with the Fundamental Conventions of the International Labour Organization on Human Rights	466	G4-HR4	6.3.10	1.5, 2.2	1, 2
Commitment 5: Good place to work and responsible employment management	467				
Change in the workforce	467	G4-10	6.4.3		
Recruitment	469	G4-LA12, G4-LA13	6.4.3		
Changes in headcounts	470	GA-LA1, G4-LA3	6.4.4		
Organisation of working hours	470	G4-LA3	6.4.4		
Quality social dialogue	471	G4-11, G4-LA8	5.3.3, 6.4.3, 6.3.10, 6.4.5	3.3	3
A competitive compensation policy	471	G4-52	6.4.3, 6.4.4		
Focus on people	473	G4-LA6	6.4.3, 6.4.4	1.4	6
Commitment 6: Learning company offering dynamic career management	475				
Career management	475	G4-LA11	6.4.7		6
Training policy	475	G4-LA9, G4-LA10	6.4.7		1, 8
Mobility	477		6.4.3, 6.4.7		

(*) Managerial approach defined in the GRI G4 guidelines; EC: Economy; EN: Environment; PR: Product responsibility; LA: Labour practices; HR: Human rights; SO: Social aspects FS: Impact of products and services.
(**) Statement by Financial Institutions on the Environment and Sustainable Development, May 1997.

2015 Registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	UNEP-FI(**)	Principles of the UN Global Compact
CIVIC RESPONSIBILITY: A COMMITTED PARTICIPANT IN SOCIETY					
Commitment 7 – Products and services accessible to as many people as possible	479				
Group support for microfinance	479	FS-14	6.8.9.2	2.7	
Access to financing and insurance	480	FS-14	6.7.8, 6.8.6	2.7	
Providing assistance to customers at risk	481	FS-14	6.7.4, 6.7.8	2.7	
Financial education/improving financial education for consumers	481	FS-7, FS-14	6.6.6, 6.7.9	3.3	10
Commitment 8: Combating social exclusion and promoting respect for Human rights	482				
Combating social exclusion	482	FS-14	6.8.3, 6.8.4	1.4, 1.5	6
Evaluating and managing Human rights risks	483	G4-14, G4-HR1	6.3.3, 6.3.4, 6.3.5	1.5, 2.3, 2.7	1, 2, 3, 4, 5, 6
Commitment 9 – A corporate philanthropy policy promoting culture, solidarity and the environment	486				
A structured and inclusive philanthropy policy	486	G4-EC1	6.8.3, 6.8.4, 6.8.9	1.4	
Committed employees showing solidarity	486		6.4.7, 6.8.3	1.4, 3.3	
ENVIRONMENTAL RESPONSIBILITY: COMBATING CLIMATE CHANGE					
Commitment 10 – Supporting our customers in the transition to a low-carbon economy	490				
Supporting the energy sector in its transition	490	G4-EN17	6.5.3, 6.5.4, 6.5.5, 6.6.6, 6.7.5	2.4	7, 8, 9
Helping companies improve the energy efficiency of their buildings and travel	492	G4-EN17	6.5.3, 6.5.4, 6.5.5, 6.6.6, 6.7.5	2.4, 3.2	7, 8, 9
Helping consumers reduce their energy consumption	493	G4-EN17	6.5.3, 6.5.4, 6.5.5, 6.6.6, 6.7.5	2.4	7, 8, 9
Third-party asset management supporting the energy transition	493	FS11	6.5.4, 6.5.5, 6.6.6, 6.7.5	2.4	7, 8, 9
Commitment 11 – The reduction in environmental footprint linked to our own operations	494		4.3, 6.5.4, 7.7.2, 7.7.4, 7.7.5		
Reducing greenhouse gas emissions (GHG)	494	FS1, FS2, G4-EN3, G4-EN4, G4-EN6, G4-EN7, G4-EN15, G4-EN16, G4-EN19, G4-EN26	6.5.3, 6.5.4, 6.5.5, 6.7.5	2.4, 2.6, 3.1	7, 9
Consuming less paper and using responsibly sourced paper	495	FS1, FS2, EN7, G4-EN26	6.5.3, 6.5.4, 6.5.5	2.4, 2.6, 3.1	7, 9
Reducing waste and recycling it wherever possible	495	FS1, FS2, EN7, G4-EN26	6.5.3, 6.5.4, 6.5.5	2.4, 2.6, 3.1	7, 9
Combating loss of biodiversity and managing water consumption	495	FS1, FS2, G4-EN7, G4-EN8, G4-EN11, G4-EN26	6.5.4, 6.5.5, 6.5.6	2.4, 2.6, 3.1	7, 9

2015 Registration document	Pages	Global Reporting Initiative V4[*]	ISO 26000	UNEP-FI[**]	Principles of the UN Global Compact
Commitment 12 – Increasing knowledge and sharing the best environmental practices	496				
Support for research aimed at combating climate change	496		6.5.5, 6.6.6, 6.8.6, 6.8.9	2.1	9
Participation in think tanks and commitment platforms on the links between the economy and the environment	496		6.5.5, 6.6.6, 6.8.6, 6.8.9	2.1	8, 9
APPENDICES					
Grenelle II concordance table	498				
Statutory Auditors' opinion	504				

(*) Managerial approach defined in the GRI G4 guidelines; EC: Economy; EN: Environment; PR: Product responsibility; LA: Labour practices; HR: Human rights; SO: Social aspects FS: Impact of products and services.

(**) Statement by Financial Institutions on the Environment and Sustainable Development, May 1997.

7.8 Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated environmental, labour and social information presented in the management report of BNP Paribas SA

For the year ended 31 December 2015

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas SA
16 boulevard des Italiens
75009 Paris

To the Shareholders,

In our capacity as Statutory Auditor of BNP Paribas SA, appointed as an independent third party and certified by COFRAC under number 3-1060[1], we hereby report to you on the consolidated environmental, labour and social information for the year ended 31 December 2015, presented in the management report (hereinafter the "CSR Information") in accordance with article L.225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing BNP Paribas SA's management report including CSR Information in accordance with the provisions of article R.225-105-1 of the French Commercial Code and with the environmental, social, and societal reporting protocols used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from BNP Paribas' Corporate Social Responsibility Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French code of ethics governing the audit profession and the provisions of article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

(1) Whose scope can be consulted at http://www.cofrac.fr.

RESPONSIBILITY OF THE STATUTORY AUDITOR

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of six people between October 2015 and February 2016 and took around six weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed our work in accordance with the professional auditing standards applicable in France, with the decree of 13 May 2013 determining the conditions in which the independent third party performs its engagement and, for the reasoned opinion on fairness, with ISAE 3000[(1)].

1. STATEMENT OF COMPLETENESS OF CSR INFORMATION

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the labour and environmental impact of its activities and its social commitments and, where applicable, any initiatives or programmes it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided for by article R.225-105-1 of the French Commercial Code.

For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the entities it controls as defined by article L.233-3 of the French Commercial Code, within the limitations set out in the introduction of section 7.3 of the Registration Document for labour information and in section 7.5 of the Registration Document for environmental information ("*Commitment 11: Reduce the environmental impact of our operations*").

Conclusion

Based on this work and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of our work

We conducted around 20 interviews with the people responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in the light of their relevance, completeness, reliability, impartiality and comprehensibility and taking into account best practices where appropriate;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information, and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the Company, the labour and environmental challenges of its activities, its sustainable development policy and good market practice.

With regard to the CSR Information that we considered to be the most important, identified in this report:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), and we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in concordance with the other information in the management report;
- at the level of a representative sample of entities selected by us[(2)] on the basis of their activity, contribution to the consolidated indicators, location and a risk analysis, we conducted interviews to ensure that procedures are followed correctly and to identify any undisclosed data, and we performed tests of detail, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents on average 34% of headcount and between 31% and 84% of the quantitative environmental data presented.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

(2) The selected entities are:

- *BNP Paribas SA for labour indicators; ITP IMEX for building energy consumption in France; ITP ARF for data regarding business travel and paper purchases in France and in other countries using the Group's suppliers for business travel;*
- *BNP Paribas New York Branch (USA), BNP Paribas Montréal (Canada), BNL (Italy) and TEB (Turkey) for labour and environmental indicators.*

For other consolidated CSR Information, we assessed consistency based on our understanding of the Company.

We also assessed the relevance of explanations given for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot provide absolute assurance that the CSR Information disclosed is free of material misstatement.

Conclusion

Based on this work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, 9 March 2016

One of the Statutory Auditors of BNP Paribas SA

PricewaterhouseCoopers Audit

Étienne Boris	Sylvain Lambert
Partner	Partner Sustainable Development Department

APPENDIX: LIST OF INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Quantitative labour Information

- Total headcount at 31 December 2015, broken down by age, gender, and region, proportion of fixed-term employees and permanent employees;
- New permanent employees (broken down by region) and reasons for departure of permanent employees;
- Rate of absenteeism and maternity/paternity leave;
- Number of collective agreements signed during the year;
- Gender equality – Women in senior managing positions (SMP);
- Number of employees with disabilities and number of new hires with disabilities in 2015;
- Number of training hours and number of employees trained.

Qualitative labour Information

- Organisation of social dialogue ("*Quality social dialogue*");
- Workplace health and safety conditions ("*Commitment 5: A good place to work and responsible employment management*");
- Training policies applied ("*Commitment 6: A learning company supporting dynamic career management*");
- Anti-discrimination policy ("*Commitment 4: Promotion of diversity and inclusion in the workplace*").

Quantitative environmental Information

- Energy consumption by source (electricity, natural gas, domestic fuel, district heating and cooling);
- Business travel by train, air and road;
- Greenhouse gas emissions (scopes I, II and III);
- Paper consumption and eco-friendly paper consumption.

Qualitative environmental Information

- Environmental consequences of the Company's investments ("*Commitment 10: Partnering with our clients in the transition to a low-carbon economy*");
- General environmental policy and efforts made by the Company to take account of environmental issues ("*Commitment 11: Reduce the environmental impact of our operations*");
- Waste prevention, recycling and elimination ("*Reducing waste and recycling it wherever possible*").

Qualitative social Information

- Territorial, economic and social impact of the Company's activity and sustainable financing for the economy ("C*ommitment 1: Investments and financing with a Positive impact*" and "*Commitment 7: Products and services that are widely accessible*");
- Relations with the people and organisations concerned by the Company's activity;
- Partnership and corporate philanthropy initiatives ("*A structured and inclusive philanthropy policy*");
- Subcontractors and suppliers ("*Ethics at the heart of supplier relations*" and "*Integration of ESG criteria into supply chain management*");
- Actions in support of human rights ("*Commitment 8: Combat social exclusion and support Human rights*").

8 GENERAL INFORMATION

8.1 Documents on display

This document is available on the BNP Paribas website, www.invest.bnpparibas.com, and the Autorité des Marchés Financiers (AMF) website, www.amf-france.org.

Any person wishing to receive additional information about the BNP Paribas Group can request documents, without commitment, as follows:

- by writing to:
  BNP Paribas – Group Finance
  Investor Relations and Financial Information
  3, rue d'Antin – CAA01B1
  75002 Paris
- by calling: +33 (0)1 40 14 63 58

BNP Paribas' regulatory information (in French) can be viewed at: https://invest.bnpparibas.com/information-reglementee.

8.2 Material contracts

To date, BNP Paribas has not entered into any material contracts – other than those entered into during the normal course of business – that create an obligation or commitment for the entire Group.

8.3 Dependence on external parties

In April 2004, BNP Paribas SA began outsourcing IT Infrastructure Management Services to the BNP Paribas Partners for Innovation (BP²I) joint venture set up with IBM France at the end of 2003. BP²I provides IT Infrastructure Management Services for BNP Paribas SA and several BNP Paribas subsidiaries in France (including BNP Paribas Personal Finance, BP2S, and BNP Paribas Cardif), Switzerland, and Italy. In mid-December 2011 BNP Paribas renewed its agreement with IBM France for a period lasting until end-2017. At the end of 2012, the parties entered into an agreement to gradually extend this arrangement to BNP Paribas Fortis as from 2013.

BP²I is under the operational control of IBM France. BNP Paribas has a strong influence over this entity, which is 50/50 owned with IBM France.

The BNP Paribas staff made available to BP²I make up half of that entity's permanent staff, its buildings and processing centres are the property of the Group, and the governance in place provides BNP Paribas with the contractual right to monitor the entity and bring it back into the Group if necessary.

ISFS, a fully-owned IBM subsidiary, handles IT Infrastructure Management for BNP Paribas Luxembourg.

BancWest's data processing operations are outsourced to Fidelity Information Services. Cofinoga France's data processing is outsourced to SDDC, a fully-owned IBM subsidiary.

8.4 Significant changes

There have been no significant changes in the Group's financial or business situation since the end of the last financial year for which audited financial statements were published, and most notably since the date of the Statutory Auditor's report on the consolidated financial statements (9 March 2016).

8.5 Investments

The following table lists the Group's investments since 1 January 2013 that are individually valued at over EUR 500 million and are considered material at a Group level:

Country	Announcement date	Transaction	Transaction amount	Comments
Belgium	13 November 2013	Acquisition by BNP Paribas from the SFPI(*) of its 25% holding in the capital of BNP Paribas Fortis	EUR 3,250m (for 25%)	The acquisition gives BNP Paribas a 99.93% holding in BNP Paribas Fortis
Poland	3 December 2013	Acquisition by BNP Paribas from Rabobank of its 88.98% stake in Bank Gospodarki Żywnościowej S.A. (BGZ)	EUR 961m (for 88.98%)	Takeover of 88.98% of the capital of BGZ by BNP Paribas. Following the announcement of the squeeze-out of BGZ's free float, in concert with Rabobank, on 23 December 2014, BNP Paribas holds a 90% stake in BGZ
France, Spain, Portugal, Sweden, Switzerland, United-Kingdom, Italy, Netherlands, Belgium, Germany, Austria, Luxembourg	29 June 2015	Acquisition by Arval of General Electric European Fleet Business	EUR 1,292m (for 100% of the shares of the acquired subsidiaries and certain assets).	The indicated transaction amount is the euro equivalent of the price (before adjustment) paid at closing. The final price will be determined in 2016 after completion of the closing accounts

(*) *Société Fédérale de Participations et d'Investissement: a public-interest limited company (société anonyme) acting on behalf of the Belgian State.*

8.6 Information on locations and businesses in 2015

In accordance with article L.511-45 of the French Monetary and Financial Code and Decree No. 2014-1657 of 29 December 2014, credit institutions, financial holding companies, mixed financial holding companies and investment firms are obliged to disclose information about their locations and activities, included in their scope of consolidation, in each State or territory.

I. LOCATIONS BY COUNTRY

Locations	Business
European union member states	
Germany	
All In One Vermietungsgesellschaft für Telekommunicationsanlagen MBH	Leasing Solutions
Arval Deutschland GmbH	Arval
BGL BNP Paribas (Germany branch)	Retail Banking
BNP Paribas Emission-und Handel. MBH	Corporate and Institutional Banking
BNP Paribas Factor GmbH	Retail Banking
BNP Paribas Fortis (Germany branch)	Retail Banking
BNP Paribas Investment Partners Belgium (Germany branch)	Investment Partners
BNP Paribas Lease Group BPLG (Germany branch)	Leasing Solutions
BNP Paribas Real Estate Consult GmbH	Real Estate Services
BNP Paribas Real Estate GmbH	Real Estate Services
BNP Paribas Real Estate Holding GmbH	Real Estate Services
BNP Paribas Real Estate Investment Management Germany GmbH	Real Estate Services
BNP Paribas Real Estate Property Management GmbH	Real Estate Services
BNP Paribas SA (Germany branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Germany branch)	Securities services
Cardif Assurance Vie (Germany branch)	Insurance
Cardif Assurances Risques Divers (Germany branch)	Insurance
Claas Financial Services (Germany branch)	Leasing Solutions
CNH Industrial Capital Europe (Germany branch)	Leasing Solutions
Commerz Finanz	Personal Finance
Cortal Consors (Germany branch)	Personal Investors
DAB Bank AG	Personal Investors
DAB Bank AG (ex- BNP Paribas Beteiligungsholding AG)	Personal Investors
Fortis Lease Deutschland GmbH	Leasing Solutions
GE Auto Service Leasing GmbH	Arval
Gesellschaft für Capital & Vermögensverwaltung Gmbh (GCV)	Personal Finance
Inkasso Kodat Gmbh & CO KG	Personal Finance
JCB Finance (Germany branch)	Leasing Solutions
Von Essen GmbH & Co. KG Bankgesellschaft	Personal Finance
Austria	
All In One Vermietung GmbH	Leasing Solutions
Arval Austria GmbH	Arval
BNP Paribas Asset Management SAS (Austria branch)	Investment Partners
BNP Paribas Fortis (Austria branch)	Retail Banking
Cardif Assurance Vie (Austria branch)	Insurance
Cardif Assurances Risques Divers (Austria branch)	Insurance
CNH Industrial Capital Europe GmbH	Leasing Solutions
GE Auto Service Leasing GmbH	Arval
Hellobank BNP Paribas Austria AG (ex- Direktanlage. AT AG)	Personal Investors
Belgium	
Ace Equipment Leasing	Leasing Solutions
AG Insurance (Group)	Insurance
Alpha Card SCRL (Group)	Retail Banking
Alpha Crédit SA	Personal Finance
Arval Belgium SA	Arval
BASS Master Issuer NV	Retail Banking
Belgian Mobile Wallet	Retail Banking
BNP Paribas B Institutional II Court Terme	Investment companies and other subsidiaries
BNP Paribas B Institutional II Short Term	Leasing Solutions
BNP Paribas Fortis	Retail Banking
BNP Paribas Fortis Factor NV	Retail Banking
BNP Paribas Fortis Private Equity Belgium (ex- Fortis Private Equity Belgium NV)	Private Equity (BNP Paribas Capital)
BNP Paribas Fortis Private Equity Expansion (ex- Fortis Private Equity Expansion Belgium NV)	Private Equity (BNP Paribas Capital)
BNP Paribas Fortis Private Equity Management (ex- Fortis Private Equity Management Belgium)	Private Equity (BNP Paribas Capital)
BNP Paribas Investment Partners BE Holding	Investment Partners
BNP Paribas Investment Partners Belgium	Investment Partners
BNP Paribas Lease Group SA Belgium	Leasing Solutions
BNP Paribas Real Estate Advisory Belgium SA	Real Estate Services
BNP Paribas Real Estate Holding Benelux SA	Real Estate Services
BNP Paribas Real Estate Investment Management Belgium	Real Estate Services
BNP Paribas Real Estate Property Management Belgium	Real Estate Services
BNP Paribas SA (Belgium branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Belgium branch)	Securities services
Bpost banque	Retail Banking
Cardif Assurance Vie (Belgium branch)	Insurance
Cardif Assurances Risques Divers (Belgium branch)	Insurance
Cardif Leven	Insurance
CNH Industrial Capital Europe (Belgium branch)	Leasing Solutions
Cobema	Private Equity (BNP Paribas Capital)
Demetris NV	Retail Banking
Eos Aremas Belgium SA NV	Personal Finance
ES-Finance	Leasing Solutions
Esmée Master Issuer	Retail Banking
F&B Insurance Holdings SA (Group)	Insurance
Fortis Lease Belgium	Leasing Solutions
FScholen	Corporate and Institutional Banking
Immobilière Sauvenière SA	Retail Banking
Locadif	Arval
Sagip	Investment companies and other subsidiaries
Bulgaria	
BNP Paribas Personal Finance EAD	Personal Finance
BNP Paribas SA (Bulgaria branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Bulgaria branch)	Insurance
Cardif Assurances Risques Divers (Bulgaria branch)	Insurance
Direct Services	Personal Finance
Croatia	
Cardif Osiguranje Dionicko Drustvo ZA Osiguranje	Insurance
Denmark	
Alfred Berg Asset Management AB (Denmark branch)	Investment Partners
Arval AS	Arval
BNP Paribas Factor AS	Retail Banking
BNP Paribas Fortis (Denmark branch)	Retail Banking
Cardif Forsakring AB (Denmark branch)	Insurance
Cardif Livforsakring AB (Denmark branch)	Insurance
EkspresBank	Personal Finance
Spain	
Arval Service Lease SA	Arval
Banco Cetelem SA	Personal Finance
BNP Paribas Espana SA	Wealth Management
BNP Paribas Factor (Spain branch)	Retail Banking
BNP Paribas Fortis (Spain branch)	Retail Banking
BNP Paribas Lease Group BPLG (Spain branch)	Leasing Solutions
BNP Paribas Real Estate Advisory Spain SA	Real Estate Services
BNP Paribas Real Estate Investment Management Spain SA	Real Estate Services
BNP Paribas Real Estate Property Management Spain SA	Real Estate Services
BNP Paribas SA (Spain branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Spain branch)	Securities services
Cardif Assurance Vie (Spain branch)	Insurance
Cardif Assurances Risques Divers (Spain branch)	Insurance
Claas Financial Services (Spain branch)	Leasing Solutions
CNH Industrial Capital Europe (Spain branch)	Leasing Solutions
Effico Iberia SA	Personal Finance
Eurocredito EFC SA	Personal Finance
FCC U.C.I 5 -18	Personal Finance
Fimestic Expansion SA	Personal Finance
Fondo de Titulizacion de Activos, RMBS Prado I	Personal Finance
Fortis Lease Iberia SA	Leasing Solutions
GE Capital Largo Plazo SL	Arval
Meunier Hispania	Real Estate Services
SC Nueva Condo Murcia SL	Corporate and Institutional Banking
Servicios Financieros Carrefour EFC SA	Personal Finance
Union de Creditos Inmobiliarios - UCI (Group)	Personal Finance

Locations	Business
Finland	
Alfred Berg Asset Management AB (Finland branch)	Investment Partners
Alfred Berg Kapitalforvaltning Finland AB	Investment Partners
Alfred Berg Rahastoyhtio Oy	Investment Partners
Arval Oy	Arval
BNP Paribas Fortis (Finland branch)	Retail Banking
France	
Antin Participation 5	Property companies (property used in operations)
Antin Participation 8	Corporate and Institutional Banking
Aprolis Finance	Leasing Solutions
Arius	Leasing Solutions
Artegy	Leasing Solutions
Artel	Arval
Arval ECL	Arval
Arval Service Lease	Arval
Arval Trading	Arval
Atargatis	Corporate and Institutional Banking
Auguste-Thouard Expertise	Real Estate Services
Austin Finance	Corporate and Institutional Banking
Autonoria 2012 – 1	Personal Finance
Autonoria 2012 – 2	Personal Finance
Autonoria 2014	Personal Finance
Autovalley	Arval
Axa Banque Financement	Personal Finance
B*Capital	Wealth Management
Banque de Wallis et Futuna	Retail Banking
Banque Solféa	Personal Finance
BNP Intercontinentale – BNPI	Europe Mediterranean
BNP Paribas Actions Euroland	Insurance
BNP Paribas Aqua	Insurance
BNP Paribas Arbitrage	Corporate and Institutional Banking
BNP Paribas Asset Management SAS	Investment Partners
BNP Paribas Capital Partners	Investment Partners
BNP Paribas Cardif	Insurance
BNP Paribas Convictions	Insurance
BNP Paribas Dealing Services	Securities services
BNP Paribas Développement	Retail Banking
BNP Paribas Développement Humain	Insurance
BNP Paribas Factor	Retail Banking
BNP Paribas Flexi III Deposit Euro	Corporate and Institutional Banking
BNP Paribas Fund Services France	Securities services
BNP Paribas Global Senior Corporate Loans	Insurance
BNP Paribas Guadeloupe	Retail Banking
BNP Paribas Guyane	Retail Banking
BNP Paribas Home Loan SFH	Investment companies and other subsidiaries
BNP Paribas Immobilier Promotion Immobilier d'Entreprise	Real Estate Services
BNP Paribas Immobilier Promotion Residentiel (ex- BNP Paribas Immobilier Residentiel Promotion Ile de France)	Real Estate Services
BNP Paribas Immobilier Residences Services	Real Estate Services
BNP Paribas Immobilier Residentiel	Real Estate Services
BNP Paribas Immobilier Residentiel Service Clients	Real Estate Services
BNP Paribas Immobilier Residentiel Transaction & Conseil	Real Estate Services
BNP Paribas Immobilier Residentiel V2i	Real Estate Services
BNP Paribas Investment Partners	Investment Partners
BNP Paribas IRB Participations (ex- BNP Paribas BDDI Participations)	Europe Mediterranean
BNP Paribas Lease Group BPLG	Leasing Solutions
BNP Paribas Martinique	Retail Banking
BNP Paribas Money 3M	Insurance
BNP Paribas Nouvelle Caledonie	Retail Banking
BNP Paribas Partners for Innovation (Group)	Investment companies and other subsidiaries
BNP Paribas Personal Finance	Personal Finance
BNP Paribas Public Sector SCF	Investment companies and other subsidiaries
BNP Paribas Real Estate	Real Estate Services
BNP Paribas Real Estate Consult France	Real Estate Services
BNP Paribas Real Estate Financial Partner	Real Estate Services
BNP Paribas Real Estate Hotels France	Real Estate Services
BNP Paribas Real Estate Investment Management France	Real Estate Services
BNP Paribas Real Estate Investment Services	Real Estate Services
BNP Paribas Real Estate Property Management France SAS	Real Estate Services
BNP Paribas Real Estate Transaction France	Real Estate Services
BNP Paribas Real Estate Valuation France	Real Estate Services
BNP Paribas Réunion	Retail Banking
BNP Paribas SA	Banking
BNP Paribas Securities Services – BP2S	Securities services
BNP Paribas Wealth Management	Wealth Management
BNP Paribas-SME-1	Investment companies and other subsidiaries
Cafineo	Personal Finance
CamGestion	Investment Partners
Cardif Assurance Vie	Insurance
Cardif Assurances Risques Divers	Insurance
Cardif I-Services	Insurance
Cardif Services SAS	Insurance

Locations	Business
Cardimmo	Insurance
Carrefour Banque	Personal Finance
Claas Financial Services	Leasing Solutions
CMV Médiforce	Personal Finance
CNH Industrial Capital Europe	Leasing Solutions
Cofica Bail	Personal Finance
Cofiparc	Arval
Cofiplan	Personal Finance
Communication Marketing Services – CMS	Personal Finance
Compagnie de Gestion et de Prêts	Personal Finance
Compagnie d'Investissement Italiens SNC	Corporate and Institutional Banking
Compagnie d'Investissement Opéra SNC	Corporate and Institutional Banking
Compagnie d'Investissements de Paris – CIP	Investment companies and other subsidiaries
Conseil Investissement SNC	Wealth Management
Crédit Moderne Antilles Guyane	Personal Finance
Crédit Moderne Océan Indien	Personal Finance
Domofinance	Personal Finance
Domos 2011 – A and B	Personal Finance
Effico	Personal Finance
Esomet	Corporate and Institutional Banking
Facet	Personal Finance
FCC Domos 2008	Personal Finance
FCC Retail ABS Finance Noria 2009	Personal Finance
FCT Opéra	Investment companies and other subsidiaries
FG Ingénierie et Promotion Immobilière	Real Estate Services
Fidecom	Personal Finance
Fidem	Personal Finance
Financière BNP Paribas	Investment companies and other subsidiaries
Financière des Italiens	Corporate and Institutional Banking
Financière du Marché Saint Honoré	Investment companies and other subsidiaries
Financière Paris Haussmann	Corporate and Institutional Banking
Financière Taitbout	Corporate and Institutional Banking
Fortis Lease	Leasing Solutions
FundQuest Advisor	Investment Partners
General Electric Capital Fleet Services FR	Arval
Gestion et Services Groupe Cofinoga GIE	Personal Finance
GIE BNP Paribas Cardif	Insurance
GIE Groupement Auxiliaire de Moyens	Investment companies and other subsidiaries
Icare	Insurance
Icare Assurance	Insurance
Immobilière des Bergues	Real Estate Services
JCB Finance	Leasing Solutions
Klépierre SA (Group)	Klépierre
Laffitte Participation 22	Corporate and Institutional Banking
LaSer Cofinoga	Personal Finance
LaSer Loyalty	Personal Finance
LaSer SA	Personal Finance
Leval 20	Personal Finance
Loisirs Finance	Personal Finance
Méditerranéa	Corporate and Institutional Banking
MFF	Leasing Solutions
Natio Assurance	Insurance
Natio Fonds Ampère 1	Insurance
Natiocrédibail	Leasing Solutions
Natiocrédimurs	Leasing Solutions
Natioénergie 2	Leasing Solutions
Noria 2015	Personal Finance
Norrsken Finance	Personal Finance
Odyssée SCI	Insurance
Opéra Trading Capital	Corporate and Institutional Banking
Optichamps	Corporate and Institutional Banking
Parilease	Corporate and Institutional Banking
Participations Opéra	Corporate and Institutional Banking
Partner's & Services	Real Estate Services
Portes de Claye SCI	Insurance
Portzamparc société de Bourse	Personal Investors
Prêts et Services SAS	Personal Finance
Profilea Monde Equilibre	Insurance
Projeo	Personal Finance
Public Location Longue Durée	Arval
Retail Mobile Wallet	Personal Finance
Same Deutz Fahr Finance	Leasing Solutions
Scoo SCI	Insurance
Siège Issy	Real Estate Services
Société Alsacienne de développement et d'expansion	Retail Banking
Société Auxiliaire de Construction Immobilière – SACI	Investment companies and other subsidiaries
Société Immobilière du Marché Saint-Honoré	Property companies (property used in operations)
Société Orbaisienne de Participations	Investment companies and other subsidiaries
Construction-Sale Companies (Real Estate programmes)	Real Estate Services
Sygma Banque	Personal Finance
Symag	Personal Finance
Taitbout Participation 3 SNC	Corporate and Institutional Banking

Locations	Business
THEAM	Investment Partners
Theam Quant Equity Europe Guru	Insurance
UCB Bail 2	Investment companies and other subsidiaries
Verner Investissements (Group)	Corporate and Institutional Banking
Greece	
Arval Hellas Car Rental SA	Arval
BNP Paribas Securities Services - BP2S (Greece branch)	Securities services
Hungary	
Arval Magyarorszag KFT	Arval
BNP Paribas Lease Group KFT	Leasing Solutions
BNP Paribas Lease Group Lizing RT	Leasing Solutions
BNP Paribas Real Estate Advisory & Property Management Hungary Ltd.	Real Estate Services
BNP Paribas SA (Hungary branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Hungary branch)	Securities services
Cardif Biztosito Magyarorszag Zrt	Insurance
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Leasing Solutions
Magyar Cetelem Bank ZRT	Personal Finance
Oney Magyarorszag Zrt	Personal Finance
UCB Ingatlanhitel RT	Personal Finance
Ireland	
Alectra Finance PLC	Corporate and Institutional Banking
Aquarius + Investments PLC	Corporate and Institutional Banking
BNP Paribas Fund Administration Services Ireland Ltd.	Securities services
BNP Paribas Fund Services Dublin Ltd.	Securities services
BNP Paribas International Finance Dublin	Corporate and Institutional Banking
BNP Paribas Ireland	Corporate and Institutional Banking
BNP Paribas Prime Brokerage International Ltd.	Corporate and Institutional Banking
BNP Paribas Real Estate Advisory & Property Management Ireland Ltd.	Real Estate Services
BNP Paribas SA (Ireland branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Ireland branch)	Securities services
BNP Paribas Vartry Reinsurance Ltd.	Corporate and Institutional Banking
Darnell Ltd.	Insurance
Greenval Insurance Company Ltd.	Arval
Madison Arbor Ltd.	Corporate and Institutional Banking
Matchpoint Finance Public Company Ltd.	Corporate and Institutional Banking
Omega Capital Funding Ltd.	Corporate and Institutional Banking
Omega Capital Investments PLC	Corporate and Institutional Banking
Scaldis Capital (Ireland) Ltd.	Corporate and Institutional Banking
Utexam Logistics Ltd.	Corporate and Institutional Banking
Utexam Solutions Ltd.	Corporate and Institutional Banking
Italy	
Artigiancassa SPA	Retail Banking
Arval Italy Fleet Services SRL	Arval
Arval Service Lease Italia SPA	Arval
Banca Nazionale del Lavoro SPA	Retail Banking
BNL Finance SPA	Retail Banking
BNL Positivity SRL	Retail Banking
BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA	Insurance
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Investment Partners
BNP Paribas Lease Group BPLG (Italy branch)	Leasing Solutions
BNP Paribas Lease Group Leasing Solutions SPA	Leasing Solutions
BNP Paribas Real Estate Advisory Italy SPA	Real Estate Services
BNP Paribas Real Estate Investment Management Italy	Real Estate Services
BNP Paribas Real Estate Italy SRL	Real Estate Services
BNP Paribas Real Estate Property Developpement Italy SPA	Real Estate Services
BNP Paribas Real Estate Property Management Italy SRL	Real Estate Services
BNP Paribas SA (Italy branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Italy branch)	Securities services
Business Partners Italia SCPA	Retail Banking
Cardif Assurance Vie (Italy branch)	Insurance
Cardif Assurances Risques Divers (Italy branch)	Insurance
Cargeas Assicurazioni SPA (ex- UBI Assicurazioni SPA)	Insurance
Claas Financial Services (Italy branch)	Leasing Solutions
CNH Industrial Capital Europe (Italy branch)	Leasing Solutions
EMF-IT 2008-1 SRL	Retail Banking
Findomestic Banca SPA	Personal Finance
Florence 1 SRL	Personal Finance
Florence SPV SRL	Personal Finance
International Factors Italia SPA - Ifitalia	Retail Banking
JCB Finance (Italy branch)	Leasing Solutions
Locatrice Italiana SPA	Leasing Solutions
Locchi SRL	Real Estate Services
San Basilio 45 SRL	Real Estate Services
Sviluppo HQ Tiburtina SRL	Real Estate Services
Sviluppo Residenziale Italia SRL	Real Estate Services
Vela ABS SRL	Retail Banking
Vela Consumer SRL	Retail Banking
Vela Home SRL	Retail Banking
Vela Lease SRL	Leasing Solutions
Vela Mortgages SRL	Retail Banking
Vela OBG SRL	Retail Banking
Vela Public Sector SRL	Retail Banking

Locations	Business
Vela RMBS SRL	Retail Banking
Via Crespi 26 SRL	Real Estate Services
Luxembourg	
Alleray SARL	Corporate and Institutional Banking
Arval Luxembourg SA	Arval
BGL BNP Paribas	Retail Banking
BGL BNP Paribas Factor SA	Retail Banking
BNL International Investment SA	Investment companies and other subsidiaries
BNP Paribas Fortis Funding SA	Retail Banking
BNP Paribas Investment Partners Luxembourg	Investment Partners
BNP Paribas Lease Group Luxembourg SA	Retail Banking
BNP Paribas Leasing Solutions	Leasing Solutions
BNP Paribas Real Estate Advisory & Property Management Luxembourg SA	Real Estate Services
BNP Paribas Real Estate Investment Management Luxembourg SA	Real Estate Services
BNP Paribas SA (Luxembourg branch)	Corporate and Institutional Banking
BNP Paribas SB Re	Investment companies and other subsidiaries
BNP Paribas Securities Services - BP2S (Luxembourg branch)	Securities services
Cardif Assurances Risques Divers (Luxembourg branch)	Insurance
Cardif Lux Vie	Insurance
Cofhylux SA	Retail Banking
Compagnie Financière Ottomane SA	Private Equity (BNP Paribas Capital)
Crossen SARL	Corporate and Institutional Banking
Fund Channel	Investment Partners
GreenStars BNP Paribas	Corporate and Institutional Banking
Hime Holding 1 SA	Corporate and Institutional Banking
Hime Holding 2 SA	Corporate and Institutional Banking
Hime Holding 3 SA	Corporate and Institutional Banking
Le Sphinx Assurances Luxembourg SA	Investment companies and other subsidiaries
Plagefin SA	Investment companies and other subsidiaries
Pyrotex GB 1 SA	Real Estate Services
Pyrotex SARL	Real Estate Services
Royale Neuve I SARL	Corporate and Institutional Banking
Société Immobilière de Monterey SA	Retail Banking
Société Immobilière du Royal Building SA	Insurance
Netherlands	
Alpha Murcia Holding BV	Corporate and Institutional Banking
Arval Benelux BV	Arval
Arval BV	Arval
Atisreal Netherlands BV	Real Estate Services
Bank Insinger de Beaufort NV	Wealth Management
BNP Paribas Arbitrage Issuance BV	Corporate and Institutional Banking
BNP Paribas Cardif BV	Insurance
BNP Paribas Cardif Levensverzekeringen NV	Insurance
BNP Paribas Cardif Schadeverzekeringen NV	Insurance
BNP Paribas Factor Deutschland BV	Retail Banking
BNP Paribas Factoring Coverage Europe Holding NV	Retail Banking
BNP Paribas Fortis (Netherlands branch)	Retail Banking
BNP Paribas Investment Partners Funds (Nederland) NV	Investment Partners
BNP Paribas Investment Partners Netherlands NV	Investment Partners
BNP Paribas Investment Partners NL Holding NV	Investment Partners
BNP Paribas IP Euro Clo 2015-1 BV (ex- Leveraged Finance Europe Capital V BV)	Corporate and Institutional Banking
BNP Paribas Islamic Issuance BV	Corporate and Institutional Banking
BNP Paribas Leasing Solutions NV	Leasing Solutions
BNP Paribas Personal Finance BV	Personal Finance
BNP Paribas Real Estate Advisory Netherlands BV	Real Estate Services
BNP Paribas SA (Netherlands branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Netherlands branch)	Securities services
Boug BV	Corporate and Institutional Banking
CNH Industrial Capital Europe BV	Leasing Solutions
European Index Assets BV	Corporate and Institutional Banking
Fortis Vastgoedlease BV	Leasing Solutions
GE Fleet Services BV	Arval
Kronenburg Vastgoed BV	Europe Mediterranean
Phedina Hypotheken 2010 BV	Personal Finance
Phedina Hypotheken 2011-I BV	Personal Finance
Phedina Hypotheken 2013-I BV	Personal Finance
Stichting Effecten Dienstverlening	Europe Mediterranean
The Economy Bank NV	Europe Mediterranean
TKB BNP Paribas Investment Partners Holding BV	Investment Partners
Poland	
Arval Service Lease Polska SP ZOO	Arval
Bank BGZ BNP Paribas SA (ex- BGZ SA)	Europe Mediterranean
BNP Paribas Bank Polska SA	Europe Mediterranean
BNP Paribas Lease Group Polska SP ZOO	Leasing Solutions
BNP Paribas Real Estate Poland SP ZOO	Real Estate Services
BNP Paribas SA (Poland branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Poland branch)	Securities services
Cardif Assurances Risques Divers (Poland branch)	Insurance
Cardif Polska Towarzystwo Ubezpieczen na Zycie SA	Insurance
Claas Financial Services (Poland branch)	Leasing Solutions
CNH Industrial Capital Europe (Poland branch)	Leasing Solutions

Locations	Business
Pocztylion Arka Powszechne Towarzystwo Emerytalne SA	Insurance
Sygma Bank Polska SA (Spolka Akcyjna)	Europe Mediterranean
Sygma Banque (Poland branch)	Personal Finance
Portugal	
Arval Service Lease Aluger Operational Automoveis SA	Arval
Banco BNP Paribas Personal Finance SA	Personal Finance
BNP Paribas Factor Portugal	Retail Banking
BNP Paribas Lease Group BPLG (Portugal branch)	Leasing Solutions
BNP Paribas SA (Portugal branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (Portugal branch)	Securities services
Cardif Assurance Vie (Portugal branch)	Insurance
Cardif Assurances Risques Divers (Portugal branch)	Insurance
Fortis Lease Portugal	Leasing Solutions
Itelcar - Automoveis de Aluguer, Unipessoal, Lda.	Arval
Czech Republic	
Arval CZ SRO	Arval
BNP Paribas Cardif Pojistovna AS	Insurance
BNP Paribas Fortis (Czech Republic branch)	Retail Banking
BNP Paribas Personal Finance (Czech Republic branch)	Personal Finance
BNP Paribas Real Estate Advisory & Property Management Czech Republic SRO	Real Estate Services
Cetelem CR AS	Personal Finance
Romania	
Aprolis Finance (Romania branch)	Leasing Solutions
Arval Service Lease Romania SRL	Arval
BNP Paribas Fortis (Romania branch)	Retail Banking
BNP Paribas Lease Group IFN SA	Leasing Solutions
BNP Paribas Real Estate Advisory SA	Real Estate Services
Cardif Assurance Vie (Romania branch)	Insurance
Cardif Assurances Risques Divers (Romania branch)	Insurance
Cetelem IFN	Personal Finance
Fortis Lease Romania IFN SA	Leasing Solutions
RD Portofoliu SRL	Leasing Solutions
United Kingdom	
54 Lombard Street Investments Ltd.	Corporate and Institutional Banking
Albury Asset Rentals Ltd.	Leasing Solutions
Artegy Ltd.	Leasing Solutions
Arval UK Group Ltd.	Arval
Arval UK Ltd.	Arval
Bank Insinger de Beaufort NV (UK branch)	Wealth Management
BNP Paribas Arbitrage (UK branch)	Corporate and Institutional Banking
BNP Paribas Cardif PSC Ltd.	Insurance
BNP Paribas Commercial Finance Ltd.	Retail Banking
BNP Paribas Commodity Futures Ltd.	Corporate and Institutional Banking
BNP Paribas Dealing Services (UK branch)	Securities services
BNP Paribas Fleet Holdings Ltd.	Arval
BNP Paribas Fortis (UK branch)	Retail Banking
BNP Paribas Investment Partners UK Ltd.	Investment Partners
BNP Paribas Investments No. 1 Ltd.	Corporate and Institutional Banking
BNP Paribas Investments No. 2 Ltd.	Corporate and Institutional Banking
BNP Paribas Lease Group (Rentals) Ltd.	Leasing Solutions
BNP Paribas Lease Group PLC	Leasing Solutions
BNP Paribas Leasing Solutions Ltd.	Leasing Solutions
BNP Paribas Net Ltd.	Corporate and Institutional Banking
BNP Paribas Real Estate Advisory & Property Management UK Ltd.	Real Estate Services
BNP Paribas Real Estate Facilities Management Ltd.	Real Estate Services
BNP Paribas Real Estate Investment Management Ltd.	Real Estate Services
BNP Paribas Real Estate Investment Management UK Ltd.	Real Estate Services
BNP Paribas Real Estate Property Development UK Ltd.	Real Estate Services
BNP Paribas SA (UK branch)	Corporate and Institutional Banking
BNP Paribas Securities Services - BP2S (UK branch)	Securities services
BNP Paribas U.K. Holdings Ltd.	Corporate and Institutional Banking
BNP Paribas UK Ltd.	Corporate and Institutional Banking
BNP PUK Holding Ltd.	Corporate and Institutional Banking
Boug B.V. Branch	Corporate and Institutional Banking
Cardif Pinnacle Insurance Holdings PLC	Insurance
Cardif Pinnacle Insurance Management Services PLC	Insurance
CB (UK) Ltd.	Insurance
Claas Financial Services Ltd.	Leasing Solutions
CNH Industrial Capital Europe Ltd.	Leasing Solutions
Cofinoga Funding Two LP	Personal Finance
Commercial Vehicle Finance Ltd.	Leasing Solutions
Creation Consumer Finance Ltd.	Personal Finance
Creation Financial Services Ltd.	Personal Finance
Creation Marketing Services Ltd.	Personal Finance
Fischer Francis Trees & Watts UK Ltd.	Investment Partners
Fortis Lease UK Ltd.	Leasing Solutions
Fortis Lease UK Retail Ltd.	Leasing Solutions
FundQuest Advisor (UK branch)	Investment Partners
GE Commercial Finance Fleet Services Ltd.	Arval
Harewood Financing Ltd.	Corporate and Institutional Banking
Harewood Holdings Ltd.	Corporate and Institutional Banking

Locations	Business
HFGL Ltd.	Leasing Solutions
Humberclyde Commercial Investments Ltd.	Leasing Solutions
Humberclyde Commercial Investments No. 1 Ltd.	Leasing Solutions
JCB Finance Holdings Ltd.	Leasing Solutions
Landspire Ltd.	Corporate and Institutional Banking
Manitou Finance Ltd.	Leasing Solutions
Opéra Trading Capital (UK branch)	Corporate and Institutional Banking
Parker Tower Ltd.	Real Estate Services
Pinnacle Insurance PLC	Insurance
REPD Parker Ltd.	Real Estate Services
Same Deutz Fahr Finance Ltd.	Leasing Solutions
Sygma Banque (UK branch)	Personal Finance
Sygma Funding Two Ltd.	Personal Finance
Slovakia	
Arval Slovakia	Arval
Cetelem Slovensko AS	Personal Finance
Poistovna Cardif Slovakia AS	Insurance
Sweden	
Alfred Berg Asset Management AB	Investment Partners
Alfred Berg Fonder AB	Investment Partners
Alfred Berg Kapitalforvaltning AB	Investment Partners
Arval AB	Arval
BNP Paribas Fortis (Sweden branch)	Retail Banking
Cardif Forsakring AB	Insurance
Cardif Livforsakring AB	Insurance
Cardif Nordic AB	Insurance
Other european countries	
Guernsey	
BNP Paribas Securities Services - BP2S (Guernsey branch)	Securities services
BNP Paribas Suisse SA (Guernsey branch)	Banking
Jersey	
BNP Paribas Real Estate Jersey Ltd.	Real Estate Services
BNP Paribas SA (Jersey branch)	Banking
BNP Paribas Securities Services - BP2S (Jersey branch)	Securities services
BNP Paribas Suisse SA (Jersey branch)	Banking
Scaldis Capital Ltd.	Corporate and Institutional Banking
Monaco	
BNP Paribas SA (Monaco branch)	Retail Banking
BNP Paribas Wealth Management Monaco	Wealth Management
Norway	
Alfred Berg Asset Management AB (Norway branch)	Investment Partners
Alfred Berg Kapitalforvaltning AS	Investment Partners
BNP Paribas Fortis (Norway branch)	Retail Banking
BNP Paribas SA (Norway branch)	Corporate and Institutional Banking
Cardif Forsakring AB (Norway branch)	Insurance
Cardif Livforsakring AB (Norway branch)	Insurance
EkspresBank (Norway branch)	Personal Finance
Russia	
Arval OOO	Arval
BNP Paribas Bank JSC (ex- BNP Paribas ZAO)	Corporate and Institutional Banking
Cardif Insurance Company LLC	Insurance
Cetelem Bank LLC	Personal Finance
Serbia	
Findomestic Banka AD	Personal Finance
TEB SH A	Europe Mediterranean
Switzerland	
Arval Schweiz AG	Arval
BNP Paribas Leasing Solutions Immobilier Suisse	Leasing Solutions
BNP Paribas Leasing Solutions Suisse SA	Leasing Solutions
BNP Paribas Securities Services - BP2S (Switzerland branch)	Securities services
BNP Paribas Suisse SA	Banking
Cardif Assurance Vie (Switzerland branch)	Insurance
Cardif Assurances Risques Divers (Switzerland branch)	Insurance
Ukraine	
IC Axa Insurance JSC	Europe Mediterranean
UkrSibbank Public JSC	Europe Mediterranean
Africa and Mediterranean basin	
South Africa	
BNP Paribas SA (South Africa branch)	Corporate and Institutional Banking
BNP Paribas Securities South Africa Holdings PTY Ltd. (ex- BNP Paribas Cadiz Securities)	Corporate and Institutional Banking
BNP Paribas Securities South Africa PTY Ltd. (ex- BNP Paribas Cadiz Stockbroking)	Corporate and Institutional Banking
RCS Cards Proprietary Ltd.	Personal Finance
RCS Collections Proprietary Ltd.	Personal Finance
RCS Home Loans Proprietary Ltd.	Personal Finance
RCS Investment Holdings Ltd.	Personal Finance
Algeria	
BNP Paribas El Djazair	Europe Mediterranean
Cardif El Djazair	Insurance

Locations	Business
Cetelem Algérie	Personal Finance
Saudi Arabia	
BNP Paribas Investment Company KSA	Corporate and Institutional Banking
BNP Paribas SA (Saudi Arabia branch)	Corporate and Institutional Banking
Bahrain	
BNP Paribas SA (Bahrain branch)	Corporate and Institutional Banking
Turk Ekonomi Bankasi AS (Bahrain branch)	Europe Mediterranean
Burkina Faso	
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Europe Mediterranean
Ivory Coast	
Banque Internationale du Commerce et de l'Industrie Cote d'Ivoire	Europe Mediterranean
BICI Bourse	Europe Mediterranean
United Arab Emirates	
BNP Paribas Real Estate Advisory & Property Management LLC	Real Estate Services
BNP Paribas SA (United Arab Emirates branch)	Corporate and Institutional Banking
Gabon	
Banque Internationale du Commerce et de l'Industrie Gabon	Europe Mediterranean
Guinea	
Banque Internationale du Commerce et de l'Industrie Guinée	Europe Mediterranean
Kuwait	
BNP Paribas SA (Kuwait branch)	Corporate and Institutional Banking
Mali	
Banque Internationale du Commerce et de l'Industrie Mali	Europe Mediterranean
Morocco	
Arval Maroc SA	Arval
Banque Marocaine du Commerce et de l'Industrie	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Assurance	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Gestion Asset Management	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Leasing	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Offshore	Europe Mediterranean
BNP Paribas Mediterranée Innovation et Technologies	Investment companies and other subsidiaries
Qatar	
BNP Paribas SA (Qatar branch)	Corporate and Institutional Banking
Senegal	
Banque Internationale du Commerce et de l'Industrie Senegal	Europe Mediterranean
Tunisia	
Union Bancaire pour le Commerce et l'Industrie	Europe Mediterranean
Turkey	
BNP Paribas Cardif Emeklilik Anonim Sirketi	Insurance
BNP Paribas Finansal Kiralama AS	Leasing Solutions
BNP Paribas Fortis Yatirimlar Holding AS	Europe Mediterranean
BNP Paribas Yatirimlar Holding AS	Europe Mediterranean
Cardif Hayat Sigorta Anonim Sirketi	Insurance
TEB Arval Arac Filo Kiralama AS	Arval
TEB Faktoring AS	Europe Mediterranean
TEB Holding AS	Europe Mediterranean
TEB Portfoy Yonetimi AS	Europe Mediterranean
TEB Tuketici Finansman AS	Personal Finance
TEB Yatirim Menkul Degerler AS	Europe Mediterranean
Turk Ekonomi Bankasi AS	Europe Mediterranean
Americas	
Argentina	
Banco Cetelem Argentina SA	Personal Finance
Banco de Servicios Financieros SA	Personal Finance
BNP Paribas Investment Partners Argentina SA	Investment Partners
BNP Paribas SA (Argentina branch)	Corporate and Institutional Banking
Cardif Seguros SA	Insurance
Fideicomiso Financiero Cetelem II, III et IV	Personal Finance
Bermuda	
Cronos Holding Company Ltd. (Group)	Corporate and Institutional Banking
Brazil	
Arval Brasil Ltda.	Arval
Banco BNP Paribas Brasil SA	Corporate and Institutional Banking
Banco Cetelem SA (ex- Banco BGN SA)	Personal Finance
BGN Mercantil E Servicos Ltda.	Personal Finance
BNP Paribas Asset Management Brasil Ltda.	Investment Partners
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Corporate and Institutional Banking
BNP Paribas Proprietario Fundo de Investimento Multimercado	Corporate and Institutional Banking
Cardif do Brasil Seguros e Garantias SA	Insurance
Cardif do Brasil Vida e Previdencia SA	Insurance
Cetelem America Ltda.	Personal Finance
Cetelem Serviços Ltda.	Personal Finance
Luizaseg	Insurance
NCVP Participacoes Societarias SA	Insurance
Cayman Islands	
Bank of the West (Cayman Islands branch)	Retail Banking
BNP Paribas Fortis (Cayman Islands branch)[(1)]	Retail Banking
BNP Paribas SA (Cayman Islands branch)	Corporate and Institutional Banking
First Hawaïan Bank (Cayman Islands branch)[(1)]	Retail Banking

(1) The BNP Paribas Fortis and First Hawaiian Bank branches in the Cayman Islands were liquidated in 2015.

Locations	Business
Marc Finance Ltd.	Corporate and Institutional Banking
TCG Fund I, LP	Corporate and Institutional Banking
Canada	
BNP Paribas (Canada) Valeurs Mobilières	Corporate and Institutional Banking
BNP Paribas Canada	Corporate and Institutional Banking
BNP Paribas Energy Trading Canada Corp	Corporate and Institutional Banking
BNP Paribas IT Solutions Canada Inc.	Corporate and Institutional Banking
BNP Paribas SA (Canada branch)	Corporate and Institutional Banking
Chile	
Bancoestado Administradora General de Fondos SA	Investment Partners
BNP Paribas Cardif Seguros de Vida SA	Insurance
BNP Paribas Cardif Seguros Generales SA	Insurance
BNP Paribas Cardif Servicios y Asistencia Limitada (ex- Cardif Extension De Garantia y Asistencia Limitada)	Insurance
Colombia	
BNP Paribas Colombia Corporation Financiera SA	Corporate and Institutional Banking
Cardif Colombia Seguros Generales SA	Insurance
United States	
1897 Services Corporation	Retail Banking
Alamo Funding II Inc.	Corporate and Institutional Banking
BancWest Corporation	Retail Banking
Bancwest Investment Services Inc.	Retail Banking
Banexi Holding Corporation	Corporate and Institutional Banking
Bank of the West	Retail Banking
Bank of the West Auto Trust 2014-1 (ex- BOW Auto Trust LLC)	Retail Banking
Bank of the West Auto Trust 2015-1	Retail Banking
Bank of the West Auto Trust 2015-2	Retail Banking
Bishop Street Capital Management Corporation	Retail Banking
BNP Paribas Arbitrage (U.S.A branch)	Corporate and Institutional Banking
BNP Paribas Asset Management Inc.	Investment Partners
BNP Paribas Capital Services Inc.	Corporate and Institutional Banking
BNP Paribas CC Inc.	Corporate and Institutional Banking
BNP Paribas Energy Trading GP	Corporate and Institutional Banking
BNP Paribas Energy Trading Holdings Inc.	Corporate and Institutional Banking
BNP Paribas Energy Trading LLC	Corporate and Institutional Banking
BNP Paribas Finance Inc.	Corporate and Institutional Banking
BNP Paribas Fortis (U.S.A branch)	Retail Banking
BNP Paribas FS LLC	Corporate and Institutional Banking
BNP Paribas Investment Partners USA Holdings Inc.	Investment Partners
BNP Paribas Leasing Corporation	Corporate and Institutional Banking
BNP Paribas Mortgage Corporation	Corporate and Institutional Banking
BNP Paribas North America Inc.	Corporate and Institutional Banking
BNP Paribas Prime Brokerage Inc.	Corporate and Institutional Banking
BNP Paribas RCC Inc.	Corporate and Institutional Banking
BNP Paribas SA (U.S.A branch)	Corporate and Institutional Banking
BNP Paribas Securities Corporation	Corporate and Institutional Banking
BNP Paribas US Medium Term Notes Program LLC	Investment companies and other subsidiaries
BNP Paribas VPG Adonis LLC	Corporate and Institutional Banking
BNP Paribas VPG Brookfin LLC	Corporate and Institutional Banking
BNP Paribas VPG Brookline Cre LLC	Corporate and Institutional Banking
BNP Paribas VPG CB LLC	Corporate and Institutional Banking
BNP Paribas VPG CT Holdings LLC	Corporate and Institutional Banking
BNP Paribas VPG EDMC Holdings LLC	Corporate and Institutional Banking
BNP Paribas VPG Express LLC (ex- BNP Paribas VPG Modern Luxury Media LLC)	Corporate and Institutional Banking
BNP Paribas VPG Freedom Communications LLC	Corporate and Institutional Banking
BNP Paribas VPG Lake Butler LLC	Corporate and Institutional Banking
BNP Paribas VPG Legacy Cabinets LLC	Corporate and Institutional Banking
BNP Paribas VPG Mark IV LLC	Corporate and Institutional Banking
BNP Paribas VPG Master LLC	Corporate and Institutional Banking
BNP Paribas VPG Medianews Group LLC	Corporate and Institutional Banking
BNP Paribas VPG Northstar LLC	Corporate and Institutional Banking
BNP Paribas VPG PCMC LLC	Corporate and Institutional Banking
BNP Paribas VPG SBX Holdings LLC	Corporate and Institutional Banking
BNP Paribas VPG SDI Media Holdings LLC	Corporate and Institutional Banking
BNP Paribas VPG Titan Outdoor LLC	Corporate and Institutional Banking
BOW Auto Receivables LLC	Retail Banking
BW Insurance Agency Inc.	Retail Banking
Center Club Inc.	Retail Banking
CFB Community Development Corporation	Retail Banking
Claas Financial Services Inc.	Leasing Solutions
Claas Financial Services LLC	Retail Banking
Commercial Federal Affordable Housing Inc.	Retail Banking
Commercial Federal Community Development Corporation	Retail Banking
Commercial Federal Insurance Corporation	Retail Banking
Commercial Federal Investment Service Inc.	Retail Banking
Commercial Federal Realty Investors Corporation	Retail Banking
Commercial Federal Service Corporation	Retail Banking
Community Service Inc.	Retail Banking
Equipment Lot FH	Retail Banking
Equipment Lot Siemens 1998A-FH	Retail Banking

Locations	Business
FB Transportation Capital LLC	Corporate and Institutional Banking
FHB Guam Trust Co.	Retail Banking
FHL SPC One Inc.	Retail Banking
First Bancorp	Retail Banking
First Hawaïan Bank	Retail Banking
First Hawaiian Capital 1	Retail Banking
First Hawaiian Leasing Inc.	Retail Banking
First National Bancorporation	Retail Banking
First Santa Clara Corporation	Retail Banking
Fischer Francis Trees & Watts Inc.	Investment Partners
Fortis Funding LLC	Corporate and Institutional Banking
French American Banking Corporation – FABC	Corporate and Institutional Banking
FSI Holdings Inc.	Corporate and Institutional Banking
Glendale Corporate Center Acquisition LLC	Retail Banking
LACMTA Rail Statutory Trust (FH1)	Retail Banking
Lexington Blue LLC	Retail Banking
Liberty Leasing Company	Retail Banking
Matchpoint Master Trust	Corporate and Institutional Banking
MNCRC Equipement Lot	Retail Banking
Mountain Falls Acquisition Corporation	Retail Banking
Paribas North America Inc.	Corporate and Institutional Banking
Real Estate Delivery 2 Inc.	Retail Banking
Riverwalk Village Three Holdings LLC	Retail Banking
Santa Rita Townhomes Acquisition LLC	Retail Banking
Scaldis Capital LLC	Corporate and Institutional Banking
Southwest Airlines 1993 Trust N363SW	Retail Banking
ST 2001 FH-1 Statutory Trust	Retail Banking
Starbird Funding Corporation	Corporate and Institutional Banking
SWB 99-1	Retail Banking
Tender Option Bond Municipal program	Corporate and Institutional Banking
The Bankers Club Inc.	Retail Banking
Ursus Real estate Inc.	Retail Banking
Via North America Inc.	Corporate and Institutional Banking
VPG SDI Media LLC	Corporate and Institutional Banking
VTA 1998-FH	Retail Banking
Mexico	
BNP Paribas Investment Partners Latam SA	Investment Partners
BNP Paribas Personal Finance SA de CV	Personal Finance
Cardif Mexico Seguros de Vida SA de CV	Insurance
Cardif Mexico Seguros Generales SA de CV	Insurance
Panama[(1)]	
BNP Paribas SA (Panama branch)	Corporate and Institutional Banking
Peru	
Cardif del Peru Sa Compania de Seguros	Insurance
Asia and Pacific	
Australia	
BNP Pacific (Australia) Ltd.	Corporate and Institutional Banking
BNP Paribas Fund Services Australasia Pty Ltd.	Securities services
BNP Paribas Investment Partners (Australia) Holdings Pty Ltd.	Investment Partners
BNP Paribas Investment Partners (Australia) Ltd.	Investment Partners
BNP Paribas SA (Australia branch)	Corporate and Institutional Banking
BNP Paribas Securities Services – BP2S (Australia branch)	Securities services
China	
Arval China Co Ltd	Arval
Bank of Nanjing	Europe Mediterranean
BNP Paribas (China) Ltd.	Corporate and Institutional Banking
BNP Paribas Commodities Trading (Shanghai) Co Ltd.	Corporate and Institutional Banking
BOB-Cardif Life Insurance Company Ltd.	Insurance
Haitong – Fortis Private Equity Fund Management CO. Ltd.	Investment Partners
HFT Investment Management CO Ltd. (Group)	Investment Partners
Korean Republic	
BNP Paribas Cardif General Insurance Co. Ltd.	Insurance
BNP Paribas SA (Republic of Korea branch)	Corporate and Institutional Banking
BNP Paribas Securities Korea Company Ltd.	Corporate and Institutional Banking
Cardif Life Insurance CO. Ltd.	Insurance
Shinhan BNP Paribas Asset Management CO Ltd.	Investment Partners

(1) *The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.*

Locations	Business
Hong Kong	
BNP Paribas Arbitrage (Hong Kong) Ltd.	Corporate and Institutional Banking
BNP Paribas Capital (Asia Pacific) Ltd.	Corporate and Institutional Banking
BNP Paribas Dealing Services Asia Ltd.	Securities services
BNP Paribas Finance (Hong Kong) Ltd.	Corporate and Institutional Banking
BNP Paribas Investment Partners Asia Ltd.	Investment Partners
BNP Paribas SA (Hong Kong branch)	Corporate and Institutional Banking
BNP Paribas Securities (Asia) Ltd.	Corporate and Institutional Banking
BNP Paribas Securities Services – BP2S (Hong Kong branch)	Securities services
BNP Paribas SJ Ltd.	Corporate and Institutional Banking
BNP Paribas Wealth Management (Hong Kong branch)	Wealth Management
Opéra Trading Capital (Hong Kong branch)	Corporate and Institutional Banking
India	
Arval India Private Ltd.	Arval
BNP Paribas Asset Management India Private Ltd.	Investment Partners
BNP Paribas India Holding Private Ltd.	Corporate and Institutional Banking
BNP Paribas India Solutions Private Ltd.	Corporate and Institutional Banking
BNP Paribas SA (India branch)	Corporate and Institutional Banking
BNP Paribas Securities India Private Ltd.	Corporate and Institutional Banking
BNP Paribas Sundaram Global Securities Operations Private Ltd.	Securities services
Geojit BNP Paribas Financial Services Ltd. (Group)	Personal Investors
Geojit Technologies Private Ltd.	Personal Investors
SREI Equipement Finance Ltd.	Leasing Solutions
State Bank of India Life Insurance Company Ltd.	Insurance
Sundaram BNP Paribas Home Finance Ltd.	Personal Finance
Indonesia	
Bank BNP Paribas Indonesia PT	Corporate and Institutional Banking
BNP Paribas Investment Partners PT	Investment Partners
BNP Paribas Securities Indonesia PT	Corporate and Institutional Banking
Japan	
BNP Paribas Investment Partners Japan Ltd.	Investment Partners
BNP Paribas SA (Japan branch)	Corporate and Institutional Banking
BNP Paribas Securities Japan Ltd.	Corporate and Institutional Banking
BNP Paribas SJ Ltd. (Japan branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Japan branch)	Insurance
Cardif Assurances Risques Divers (Japan branch)	Insurance
Malaysia	
BNP Paribas Malaysia Berhad	Corporate and Institutional Banking
BNP Paribas SA (Malaysia branch)	Corporate and Institutional Banking
New Zealand	
BNP Paribas Fund Services Australasia Pty Ltd. (New Zealand branch)	Securities services
Philippines	
BNP Paribas SA (Philippines branch)	Corporate and Institutional Banking
Singapore	
ACG Capital Partners Singapore Pte. Ltd.	Corporate and Institutional Banking
BNP Paribas Investment Partners Singapore Ltd.	Investment Partners
BNP Paribas SA (Singapore branch)	Corporate and Institutional Banking
BNP Paribas Securities (Singapore) Pte Ltd.	Corporate and Institutional Banking
BNP Paribas Securities Services – BP2S (Singapore branch)	Securities services
BNP Paribas Wealth Management (Singapore branch)	Wealth Management
BPP Holdings Pte Ltd.	Corporate and Institutional Banking
Taiwan	
BNP Paribas Cardif TCB Life Insurance Company Ltd.	Insurance
BNP Paribas SA (Taiwan branch)	Corporate and Institutional Banking
BNP Paribas Securities (Taiwan) Co Ltd.	Corporate and Institutional Banking
Cardif Assurance Vie (Taiwan branch)	Insurance
Cardif Assurances Risques Divers (Taiwan branch)	Insurance
Thailand	
BNP Paribas SA (Thailand branch)	Corporate and Institutional Banking
Vietnam	
BNP Paribas SA (Viet Nam branch)	Corporate and Institutional Banking
Orient Commercial Bank	Europe Mediterranean

II. PROFIT AND LOSS ACCOUNT ITEMS AND HEADCOUNT BY COUNTRY

	FY 2015(*) *(in EUR million)*						Financial headcount(**) as at 31 December 2015
	Revenues	Public subsidies received	Income before Tax	Current tax expense	Deferred tax	Corporate income tax	
European Union member States							
Germany	1,356	0	423	(70)	(39)	(109)	4,496
Austria	40	0	(3)	(2)	2	0	181
Belgium	4,742	0	1,710	(86)	(473)	(559)	16,283
Bulgaria	52	0	15	(2)	0	(2)	1,080
Denmark	59	0	15	(5)	0	(5)	151
Spain	818	0	461	(73)	(59)	(132)	2,479
Finland	5	0	(3)	0	0	0	30
France	14,305	0	1,945	(766)	(412)	(1,178)	56,981
Greece	3	0	0	0	0	0	24
Hungary	98	0	35	(8)	(1)	(9)	507
Ireland	290	0	164	(13)	(2)	(15)	470
Italy	4,950	0	719	(326)	89	(237)	17,973
Luxembourg	1,208	0	665	(118)	7	(111)	3,609
Netherlands	371	0	151	(50)	(13)	(63)	988
Poland	642	0	15	(15)	8	(7)	8,725
Portugal	158	0	76	(22)	3	(19)	1,749
Czech Republic	128	0	70	(13)	0	(13)	629
Romania	51	0	13	(3)	0	(3)	703
United Kingdom	2,501	0	248	(95)	33	(62)	6,624
Slovakia	28	0	9	(4)	2	(2)	170
Sweden	17	0	(3)	0	(1)	(1)	153
Other European countries							
Guernsey	7	0	0	0	0	0	15
Jersey	49	0	22	0	0	0	221
Monaco	63	0	23	0	1	1	201
Norway	27	0	(1)	(2)	1	(1)	87
Russia	83	0	38	(7)	(3)	(10)	351
Serbia	48	0	19	(2)	0	(2)	845
Switzerland	523	0	42	(47)	54	7	1,385
Ukraine	131	0	(18)	0	0	0	5,433
Africa & Mediterranean basin							
South Africa	128	0	30	(18)	9	(9)	1,180
Algeria	123	0	52	(12)	(1)	(13)	1,382
Saudi Arabia	15	0	(8)	1	0	1	37
Bahrain	75	0	48	0	0	0	351
Burkina Faso	21	0	5	(1)	0	(1)	280
Ivory Coast	60	0	17	(3)	0	(3)	569
United Arab Emirates	35	0	9	4	(1)	3	83
Kuwait	8	0	7	(1)	0	(1)	23
Mali	14	0	4	(1)	0	(1)	102
Morocco	302	0	58	(23)	(2)	(25)	3,158
Qatar	17	0	10	(1)	0	(1)	28
Senegal	50	0	15	(4)	0	(4)	443
Tunisia	74	0	14	(9)	3	(6)	1,230
Turkey	1,242	0	356	(81)	2	(79)	10,645

	FY 2015(*) *(in EUR million)*						Financial headcount(**) as at 31 December 2015
	Revenues	Public subsidies received	Income before Tax	Current tax expense	Deferred tax	Corporate income tax	
Americas							
Argentina	112	0	68	(21)	(4)	(25)	242
Brazil	682	0	225	(102)	38	(64)	1,394
Cayman Islands(1)	39	0	134	0	0	0	0
Canada	53	0	19	(10)	3	(7)	336
Chile	58	0	29	(1)	(6)	(7)	350
Colombia	21	0	(1)	(2)	(1)	(3)	256
United States of America	4,454	0	1,067	(264)	(92)	(356)	15,544
Mexico	19	0	3	0	0	0	201
Panama(2)	0	0	0	0	0	0	0
Asia & Pacific							
Australia	138	0	(4)	(6)	6	0	470
China	207	0	113	(4)	(19)	(23)	404
Korean Republic	97	0	13	(2)	(2)	(4)	352
Hong Kong	674	0	(10)	0	(4)	(4)	2,382
India	171	0	125	(52)	4	(48)	4,109
Indonesia	44	0	22	(9)	1	(8)	135
Japan	457	0	232	(50)	(38)	(88)	701
Malaysia	17	0	4	0	0	0	80
Philippines	2	0	1	0	0	0	13
Singapore	610	0	210	(21)	1	(20)	2,002
Taiwan	138	0	68	(1)	(3)	(4)	409
Thailand	15	0	1	(2)	0	(2)	68
Viet Nam	13	0	4	(3)	2	(1)	49
GROUP TOTAL	**42,938**	**0**	**9,790**	**(2,428)**	**(907)**	**(3,335)**	**181,551**

(*) *The financial data correspond to the contribution to consolidated income of fully consolidated entities under exclusive control.*

(**) *Financial headcount: full-time equivalents (FTE) at 31 December 2015 in wholly controlled, fully consolidated entities.*

(1) *The income of entities in the Cayman Islands is taxed in the United States and their staff are also located in the United States.*

(2) *The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.*

8.7 Founding documents and Articles of Association

BNP Paribas' Articles of association are available on the Group's website, www.invest.bnpparibas.com, and can be obtained from the address given in section 8.1.

Below are the full Articles of association as of 13 January 2016.

SECTION I

FORM – NAME – REGISTERED OFFICE – CORPORATE PURPOSE

Article 1

BNP PARIBAS is a French Public Limited Company (*société anonyme*) licensed to conduct banking operations under the French Monetary and Financial Code, Book V, Section 1 (*Code Monétaire et Financier, Livre V, Titre 1er*) governing banking sector institutions.

The Company was founded pursuant to a decree dated 26 May 1966. Its legal life has been extended to 99 years with effect from 17 September 1993.

Apart from the specific rules relating to its status as an establishment in the banking sector (Book V, Section 1 of the French Monetary and Financial Code – *Code Monétaire et Financier, Livre V, Titre 1er*), BNP PARIBAS shall be governed by the provisions of the French Commercial Code (*Code de Commerce*) concerning commercial companies, as well as by these Articles of Association.

Article 2

The registered office of BNP PARIBAS shall be located in Paris (*9th arrondissement*), at 16, Boulevard des Italiens (France).

Article 3

The purpose of BNP PARIBAS shall be to provide and carry out the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee (*Comité des Établissements de Crédit et des Entreprises d'Investissement*):

- any and all investment services,
- any and all services related to investment services,
- any and all banking transactions,
- any and all services related to banking transactions,
- any and all equity investments,

as defined in the French Monetary and Financial Code Book III – Section 1 (*Code Monétaire et Financier, Livre III, Titre 1er*) governing banking transactions and Section II (*Titre II*) governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

SECTION II

SHARE CAPITAL – SHARES

Article 4

The share capital of BNP PARIBAS shall stand at 2,492,770,306 euros divided into 1,246,385,153 fully paid-up shares with a nominal value of 2 euros each.

Article 5

The fully paid-up shares shall be held in registered or bearer form at the shareholder's discretion, subject to the French laws and regulations in force.

The shares shall be registered in an account in accordance with the terms and conditions set out in the applicable French laws and regulations in force. They shall be assigned by transfer from one account to another.

The Company may request disclosure of information concerning the ownership of its shares in accordance with the provisions of Article L. 228-2 of the French Commercial Code (*Code de Commerce*).

Without prejudice to the legal thresholds set in Article L. 233-7, paragraph 1 of the French Commercial Code (*Code de Commerce*), any shareholder, whether acting alone or in concert, who comes to directly or indirectly hold at least 0.5% of the share capital or voting rights of BNP PARIBAS, or any multiple of that percentage less than 5%, shall be required to notify BNP PARIBAS by registered letter with return receipt within the timeframe set out in Article L. 233-7 of the French Commercial Code (*Code de Commerce*).

Above 5%, the disclosure obligation provided for in the previous paragraph shall apply to 1% increments of the share capital or voting rights.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

Failure to report either legal or statutory thresholds shall result in the loss of voting rights as provided for by Article L. 233-14 of the French Commercial Code (*Code de Commerce*) at the request of one or more shareholders jointly holding at least 2% of the Company's share capital or voting rights.

Article 6

Each share shall grant a right to a part of ownership of the Company's assets and any liquidation surplus that is equal to the proportion of share capital that it represents.

In cases where it is necessary to hold several shares in order to exercise certain rights, and in particular where shares are exchanged, combined or allocated, or following an increase or reduction in share capital, regardless of the terms and conditions thereof, or subsequent to a merger or any other transaction, it shall be the responsibility of those shareholders owning less than the number of shares required to exercise those rights to combine their shares or, if necessary, to purchase or sell the number of shares or voting rights leading to ownership of the required percentage of shares.

SECTION III

GOVERNANCE

Article 7

The Company shall be governed by a Board of Directors composed of:

1/ Directors appointed by the Ordinary General Shareholders' Meeting

There shall be at least nine and no more than eighteen Directors. Directors elected by the employees shall not be included when calculating the minimum and maximum number of Directors.

They shall be appointed for a three-year term.

When a Director is appointed to replace another Director, in accordance with applicable French laws and regulations in force, the new Director's term of office shall be limited to the remainder of the predecessor's term.

A Director's term of office shall end at the close of the Ordinary General Shareholders' Meeting convened to deliberate on the financial statements for the previous financial year and held in the year during which the Director's term of office expires.

Directors may be re-appointed, subject to the provisions of French law, in particular with regard to their age.

Each Director, including Directors elected by employees, must own at least 10 Company shares.

2/ Directors elected by BNP PARIBAS SA employees

The status of these Directors and the related election procedures shall be governed by Articles L. 225-27 to L. 225-34 of the French Commercial Code (*Code de Commerce*) as well as by the provisions of these Articles of Association.

There shall be two such Directors – one representing executive staff and the other representing non-executive staff.

They shall be elected by BNP PARIBAS SA employees.

They shall be elected for a three-year term.

Elections shall be organised by the Executive Management. The timetable and terms and conditions for elections shall be drawn up by the Executive Management in consultation with the national trade union representatives within the Company such that the second round of elections shall be held no later than fifteen days before the end of the term of office of the outgoing Directors.

Each candidate shall be elected on a majority basis after two rounds held in each of the electoral colleges.

Each application submitted during the first round of elections shall include both the candidate's name and the name of a substitute, if any.

Applications may not be amended during the second round of elections.

The candidates shall belong to the electoral college where they stand for election.

Applications other than those presented by a trade union representative within the Company must be submitted together with a document including the names and signatures of one hundred electors belonging to the electoral college where the candidate is presenting for election.

Article 8

The Chairman of the Board of Directors shall be appointed from among the members of the Board of Directors.

Upon proposal from the Chairman, the Board of Directors may appoint one or more Vice-Chairmen.

Article 9

The Board of Directors shall meet as often as necessary in the best interests of the Company. Board meetings shall be convened by the Chairman. Where requested by at least one-third of the Directors, the Chairman may convene a Board meeting with respect to a specific agenda, even if the last Board meeting was held less than two months before. The Chief Executive Officer (CEO) may also request that the Chairman convene a Board meeting to discuss a specific agenda.

Board meetings shall be held either at the Company's registered office, or at any other location specified in the notice of meeting.

Notices of meetings may be communicated by any means, including verbally.

The Board of Directors may meet and make valid decisions at any time, even if no notice of meeting has been communicated, provided all its members are present or represented.

Article 10

Board meetings shall be chaired by the Chairman, by a Director recommended by the Chairman for such purpose or, failing this, by the oldest Director present.

Any Director may attend a Board meeting and take part in its deliberations by videoconference (visioconférence) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in applicable legislation at the time of its use.

Any Director who is unable to attend a Board meeting may ask to be represented by a fellow Director, by granting a written proxy, valid for only one specific meeting of the Board. Each Director may represent only one other Director.

At least half of the Board members must be present for decisions taken at Board meetings to be valid.

Should one or both of the offices of Director elected by employees remain vacant, for whatever reason, without the possibility of a replacement as provided for in Article L. 225-34 of the French Commercial Code (*Code de Commerce*), the Board of Directors shall be validly composed of the members elected by the General Shareholders' Meeting and may validly meet and vote.

Members of the Company's Executive Management may, at the request of the Chairman, attend Board meetings in an advisory capacity.

A permanent member of the Company's Central Works Committee, appointed by said Committee, shall attend Board meetings in an advisory capacity, subject to compliance with the provisions of French laws in force.

Decisions shall be made by a majority of Directors present or represented. In the event of a split decision, the Chairman of the meeting shall have the casting vote, except as regards the proposed appointment of the Chairman of the Board of Directors.

The Board of Directors' deliberations shall be recorded in minutes entered in a special register prepared in accordance with French laws in force and signed by the Chairman of the meeting and one of the Directors who attended the meeting.

The Chairman of the meeting shall appoint the Secretary to the Board, who may be chosen from outside the Board's members.

Copies or excerpts of Board minutes may be signed by the Chairman, the Chief Executive Officer, the Chief Operating Officers (COOs) or any representative specifically authorised for such purpose.

Article 11

The Ordinary General Shareholders' Meeting may grant Directors' attendance fees under the conditions provided for by French law.

The Board of Directors shall split these fees among its members as it deems appropriate.

The Board of Directors may grant exceptional compensation for specific assignments or duties performed by the Directors under the conditions applicable to agreements subject to approval, in accordance with the provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code (*Code de Commerce*). The Board may also authorise the reimbursement of travel and business expenses and any other expenses incurred by the Directors in the interests of the Company.

SECTION IV

DUTIES OF THE BOARD OF DIRECTORS, THE CHAIRMAN, THE EXECUTIVE MANAGEMENT AND THE NON-VOTING DIRECTORS *(CENSEURS)*

Article 12

The Board of Directors shall determine the business strategy of BNP PARIBAS and supervise the implementation thereof. Subject to the powers expressly conferred on the Shareholders' Meetings and within the limit of the corporate purpose, the Board shall handle any issue concerning the smooth running of BNP PARIBAS and settle matters concerning the Company pursuant to its deliberations. The Board of Directors shall receive from the Chairman or the Chief Executive Officer all of the documents and information required to fulfil its duties.

The Board of Directors' decisions shall be carried out either by the Chairman, the Chief Executive Officer or the Chief Operating Officers, or by any special representative appointed by the Board.

Upon proposal from the Chairman, the Board of Directors may decide to set up committees responsible for performing specific tasks.

Article 13

The Chairman shall organise and manage the work of the Board of Directors and report thereon to the General Shareholders' Meeting. The Chairman shall also oversee the smooth running of BNP PARIBAS's management bodies and ensure, in particular, that the Directors are in a position to fulfil their duties.

The remuneration of the Chairman of the Board shall be freely determined by the Board of Directors.

Article 14

The Board of Directors shall decide how to organise the Executive Management of the Company: the Executive Management of the Company shall be conducted, under his responsibility, either by the Chairman of the Board of Directors or by another individual appointed by the Board of Directors and who shall have the title of Chief Executive Officer.

Shareholders and third parties shall be informed of this choice in accordance with the regulatory provisions in force.

The Board of Directors shall have the right to decide that this choice be for a fixed term.

In the event that the Board of Directors decides that the Executive Management shall be conducted by the Chairman of the Board, the provisions of these Articles of Association concerning the Chief Executive Officer shall apply to the Chairman of the Board of Directors who will in such case have the title of Chairman and Chief Executive Officer. He shall be deemed to have automatically resigned at the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-five years of age.

In the event that the Board of Directors decides to dissociate the functions of Chairman and Chief Executive Officer, the Chairman shall be deemed to have automatically resigned at the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-eight years of age. However, the Board may decide to extend the term of office of the Chairman of the Board until the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-nine years of age. The Chief Executive Officer shall be deemed to have automatically resigned at the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-three years of age. However, the Board may decide to extend the term of office of the Chief Executive Officer until the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-four years of age.

Article 15

The Chief Executive Officer shall be vested with the broadest powers to act in all circumstances in the name of BNP PARIBAS. He shall exercise these powers within the limit of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' Meetings and the Board of Directors.

He shall represent BNP PARIBAS in its dealings with third parties. BNP PARIBAS shall be bound by the actions of the Chief Executive Officer even if such actions are outside the scope of the corporate purpose, unless BNP PARIBAS can prove that the third party knew that the relevant action was outside the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Company's Articles of Association alone shall not constitute such proof.

The Chief Executive Officer shall be responsible for the organisation and procedures of internal control and for all information required by French law regarding the internal control report.

The Board of Directors may limit the powers of the Chief Executive Officer, but such limits shall not be binding as against third parties.

The Chief Executive Officer may delegate partial powers, on a temporary or permanent basis, to as many persons as he sees fit, with or without the option of redelegation.

The remuneration of the Chief Executive Officer shall be freely determined by the Board of Directors.

The Chief Executive Officer may be removed from office by the Board of Directors at any time. Damages may be payable to the Chief Executive Officer if he is removed from office without a valid reason, except where the Chief Executive Officer is also the Chairman of the Board of Directors.

In the event that the Chief Executive Officer is a Director, the term of his office as Chief Executive Officer shall not exceed that of his term of office as a Director.

Article 16

Upon proposal from the Chief Executive Officer, the Board of Directors may, within the limits of French law, appoint one or more individuals, who shall have the title of Chief Operating Officer, responsible for assisting the Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and term of the powers granted to the Chief Operating Officers. However, as far as third parties are concerned, the Chief Operating Officers shall have the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases to perform his duties or is prevented from doing so, the Chief Operating Officers shall, unless the Board of Directors decides otherwise, retain their functions and responsibilities until a new Chief Executive Officer is appointed.

The remuneration of the Chief Operating Officers shall be freely determined by the Board of Directors, at the proposal of the Chief Executive Officer.

The Chief Operating Officers may be removed from office by the Board of Directors at any time, at the proposal of the Chief Executive Officer. Damages may be payable to the Chief Operating Officers if they are removed from office without a valid reason.

Where a Chief Operating Officer is a Director, the term of his office as Chief Operating Officer may not exceed that of his term of office as a Director.

The term of office of the Chief Operating Officers shall expire at the latest at the close of the General Shareholders' Meeting convened to approve the financial statements for the year in which the Chief Operating Officers reach sixty-five years of age.

Article 17

Upon proposal from the Chairman, the Board of Directors may appoint one or two non-voting Directors (*censeurs*).

Non-voting Directors shall be convened to and take part in Board meetings in an advisory capacity.

They shall be appointed for six years and may be reappointed for further terms. They may also be removed at any time under similar conditions.

They shall be selected from among the Company's shareholders and may receive a remuneration determined by the Board of Directors.

SECTION V

SHAREHOLDERS' MEETINGS

Article 18

General Shareholders' Meetings shall be composed of all shareholders.

General Shareholders' Meetings shall be convened and deliberate subject to compliance with the provisions of the French Commercial Code (*Code de Commerce*).

As an exception to the last paragraph of Article L. 225-123 of the French Commercial Code (*Code de Commerce*), each share carries one voting right, and no double voting rights are conferred.

They shall be held either at the registered office or at any other location specified in the notice of meeting.

They shall be chaired by the Chairman of the Board of Directors, or, in his absence, by a Director appointed for this purpose by the Shareholders' Meeting.

Any shareholder may, subject to providing proof of identity, attend a General Shareholders' Meeting, either in person, or by returning a postal vote or by designating a proxy.

Taking part in the meeting is subject to the shares having been entered either in the BNP PARIBAS' registered share accounts in the name of the shareholder, or in the bearer share accounts held by the authorised intermediary, within the timeframes and under the conditions provided for by the French regulations in force. In the case of bearer shares, the authorised intermediary shall provide a certificate of participation for the shareholders concerned.

The deadline for returning postal votes shall be determined by the Board of Directors and stated in the notice of meeting published in the French Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires – BALO*).

At all General Shareholders' Meetings, the voting right attached to the shares bearing beneficial rights shall be exercised by the beneficial owner.

If the Board of Directors so decides at the time that the General Shareholders' Meeting is convened, the public broadcasting of the entire General Shareholders' Meeting by videoconference (visioconference) or all telecommunications and remote transmission means, including Internet, shall be authorised. Where applicable, this decision shall be communicated in the notice of meeting published in the French Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires – BALO*).

Any shareholder may also, if the Board of Directors so decides at the time of convening the General Shareholders' Meeting, take part in the vote by videoconference (visioconference) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in the applicable laws at the time of its use. If an electronic voting form is used, the shareholder's signature may be in the form of a secured digital signature or a reliable identification process safeguarding the link with the document to which it is attached and may consist, in particular, of a user identifier and a password. Where applicable, this decision shall be communicated in the notice of meeting published in the French Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires – BALO*).

SECTION VI

STATUTORY AUDITORS

Article 19

At least two principal statutory auditors and at least two substitute statutory auditors shall be appointed by the General Shareholders' Meeting for a term of six financial years. Their term of office shall expire after approval of the financial statements for the sixth financial year.

SECTION VII

ANNUAL FINANCIAL STATEMENTS

Article 20

The Company's financial year shall start on 1st January and end on 31st December.

At the end of each financial year, the Board of Directors shall draw up annual financial statements and write a management report on the Company's financial position and its business activities during the previous year.

Article 21

Net income for the year is composed of income for the year minus costs, depreciation, amortizations and impairment.

The distributable profit is made up of the year's profit, minus previous losses as well as the sums to be allocated to the reserves in accordance with French law, plus the profit carried forward.

The General Shareholders' Meeting is entitled to levy all sums from the distributable profit to allocate them to all optional, ordinary or extraordinary reserves or to carry them forward.

The General Shareholders' Meeting may also decide to distribute sums levied from the reserves at its disposal.

However, except in the event of a capital reduction, no amounts may be distributed to the shareholders if the shareholders' equity is, or would become following such distribution, lower than the amount of capital plus the reserves which is not open to distribution pursuant to French law or these Articles of Association.

In accordance with the provisions of Article L. 232-18 of the French Commercial Code (*Code de Commerce*), a General Shareholders' Meeting may offer to the shareholders an option for the payment, in whole or in part, of dividends or interim dividends through the issuance of new shares in the Company.

SECTION VIII

DISSOLUTION

Article 22

Should BNP PARIBAS be dissolved, the shareholders shall determine the form of liquidation, appoint the liquidators at the proposal of the Board of Directors and, in general, take on all of the duties of the General Shareholders' Meeting of a French Public Limited Company (*société anonyme*) during the liquidation and until such time as it has been completed.

SECTION IX

DISPUTES

Article 23

Any and all disputes that may arise during the life of BNP PARIBAS or during its liquidation, either between the shareholders themselves or between the shareholders and BNP PARIBAS, pursuant to these Articles of Association, shall be ruled on in accordance with French law and submitted to the courts having jurisdiction.

8.8 Statutory Auditors' special report on regulated agreements and commitments

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2015

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92400 Courbevoie

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas SA

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas SA, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

We were informed of the following agreement, which was authorised by the Board of Directors after the year-end.

Non-compete agreement between BNP Paribas and Jean-Laurent Bonnafé (authorised by the Board of Directors on 25 February 2016)

Director concerned:

Jean-Laurent Bonnafé, Director

Chief Executive Officer of BNP Paribas

At its meeting on 25 February 2016, the Board of Directors of BNP Paribas authorised the implementation of a non-compete agreement between BNP Paribas and Jean-Laurent Bonnafé.

Under this agreement, in the event that Jean-Laurent Bonnafé ceases to hold a position with BNP Paribas or carry out any work on its behalf, he undertakes not to exercise, directly or indirectly, any professional activity for a period of 12 months on behalf of a banking, investment or insurance firm whose shares are traded on a regulated market in France or abroad, or on behalf of a banking, investment or insurance firm in France whose shares are not traded on a regulated market. As consideration for this noncompete obligation, Jean-Laurent Bonnafé will receive a payment equal to 1.2 times the total of the fixed and variable remuneration (excluding multi-annual variable remuneration) he received during the year preceding his departure. One-twelfth of the indemnity would be paid each month.

This agreement has been implemented in order to protect the interests of BNP Paribas and its shareholders in the event of Jean-Laurent Bonnafé's departure.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years which were implemented during the year

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following commitment, approved by the Annual General Meeting in a prior year, remained in force during the year ended 31 December 2015.

Commitment between BNP Paribas and Michel Pébereau regarding the means made available to him (authorised by the Board of Directors on 1 December 2011)

Director concerned:

Michel Pébereau, Director

At its meeting on 1 December 2011, the Board of Directors of BNP Paribas authorised the Company to provide Michel Pébereau with an office, a chauffeured car, and the secretarial resources necessary for the duties that he will perform at the request of Executive Management and in the interests of the BNP Paribas Group.

Michel Pébereau's term of office ended at the close of the Annual General Meeting of 13 May 2015, the date on which this commitment was no longer in force.

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS BUT NOT IMPLEMENTED DURING THE YEAR

In addition, we have been informed that the following agreement, previously approved by the Annual General Meeting, remained in force but was not implemented during the year.

Agreement between BNP Paribas and Jean-Laurent Bonnafé regarding the termination of Jean-Laurent Bonnafé's employment contract (authorised by the Board of Directors on 14 December 2012)

Director concerned

Jean-Laurent Bonnafé, Director

Chief Executive Officer of BNP Paribas.

Jean-Laurent Bonnafé entered into an agreement with BNP Paribas on 25 January 2013 providing for the termination of his employment contract. This agreement was authorised at the meeting of the Board of Directors on 14 December 2012.

In the event of termination of Jean-Laurent Bonnafé's duties as Chief Executive Officer, this agreement provides as follows:

- Jean-Laurent Bonnafé will receive no termination benefits:
  - in the event of serious misconduct or wilful misconduct,
  - in the event the performance conditions listed in paragraph 2 are not met, or
  - in the event he decides to voluntarily leave his position as Chief Executive Officer.

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- If the termination of Jean-Laurent Bonnafé's duties occurs under conditions not listed in paragraph 1, he will receive a conditional indemnity calculated as follows:
  - if, during at least two of the last three years preceding the termination of his duties as Chief Executive Officer, Jean-Laurent Bonnafé has fulfilled at least 80% of the quantitative objectives set by the Board of Directors to determine his variable compensation, the reference for the calculation of his indemnity will be equal to two years of his last fixed salary and target variable compensation prior to termination;
  - in the event the success rate specified in paragraph 2 (a) is not met but the Company reports a positive net income attributable to equity holders for two of the last three years preceding the termination of his duties, Jean-Laurent Bonnafé will receive an indemnity equal to two years of his compensation for 2011.
- In the event of the termination of Jean-Laurent Bonnafé's duties during the year preceding the date on which he will have the possibility to retire, the indemnity due:
  - will be limited to half the indemnity specified above, and
  - will be subject to the same conditions.

At its meeting on 25 February 2016, the Board of Directors and Jean-Laurent Bonnafé mutually agreed to terminate this agreement with immediate effect.

Neuilly-sur-Seine and Courbevoie, 9 March 2016

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Damien Leurent	Étienne Boris	Hervé Hélias

9 STATUTORY AUDITORS

9.1 Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92400 Courbevoie

- Deloitte & Associés was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 23 May 2006.

Deloitte & Associés is represented by Damien Leurent.

Deputy:

Société BEAS, 195, avenue Charles-de-Gaulle, Neuilly-sur-Seine (92), France, SIREN No. 315 172 445, Nanterre trade and companies register.

- PricewaterhouseCoopers audit was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 26 May 1994.

PricewaterhouseCoopers audit is represented by Étienne Boris.

Deputy:

Anik Chaumartin, 63, rue de Villiers, Neuilly-sur-Seine (92), France.

- Mazars was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars is represented by Hervé Hélias.

Deputy:

Michel Barbet-Massin, 61, rue Henri-Regnault, Courbevoie (92), France.

Deloitte & Associés, PricewaterhouseCoopers, and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board (*Haut Conseil du Commissariat aux Comptes*).

10 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

10.1 Person responsible for the Registration document and the annual financial report

Jean-Laurent BONNAFÉ, Chief Executive Officer of BNP Paribas.

10.2 Statement by the person responsible for the Registration document

I hereby declare that to the best of my knowledge, and having taken all reasonable precautions, the information contained in the Registration document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the accounts are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and all the undertakings in the consolidation taken as a whole, and that the information provided in the management report (whose contents are listed in the Table of Concordance on page 533) includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I obtained a statement from the Statutory Auditors, Deloitte & Associés, PricewaterhouseCoopers Audit, and Mazars, at the end of their assignment, in which they confirm having verified the information regarding the financial position and the accounts contained herewithin, and having examined the entire Registration document.

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2015 presented in this Registration document is given on pages 231-232 and contains an emphasis of matter paragraph (*paragraphe d'observations*).

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2014 presented in the Registration document filed with the AMF under visa no. D.15-0107 is given on pages 241-242 and contains an emphasis of matter paragraph (*paragraphe d'observations*).

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013 presented in the Registration document filed with the AMF under visa no. D.14-0123 is given on pages 222-223 and contains an emphasis of matter paragraph (*paragraphe d'observations*).

Paris, 9 March 2016

Chief Executive Officer

Jean-Laurent BONNAFÉ

11 TABLE OF CONCORDANCE

In order to assist readers of the Registration document, the following table of concordance cross-references the main headings required by Annex 1 of European Commission Regulation (EC) No. 809/2004 pursuant to the “Prospectus” directive.

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In order to assist readers of the annual financial report, the following table cross-references the information required by article L.451-1-2 of the French Monetary and Financial Code.

Annual financial report	Page number
Statement by the person responsible for the Registration document	**530**
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■ Information about items that could have an impact in case of a public offer (article L.225-100-3 of the French Commercial Code)	n/a
■ Information about share buybacks (article L.225-211, paragraph 2, of the French Commercial Code)	209 ; 428
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Pursuant to article 28 of European Commission Regulation (EC) no. 809/2004 on prospectuses, the following items are incorporated by reference:

- the consolidated financial statements for the year ended 31 December 2014 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 135-240 and 241-242 of Registration document no. D.15-0107 filed with the AMF on 6 March 2015;
- the consolidated financial statements for the year ended 31 December 2013 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 121-221 and 222-223 of Registration document no. D.14-0123 filed with the AMF on 7 March 2014.

The chapters of Registration documents nos. D.15-0107 and D.14-0123 not referred to above are either not significant for investors or are covered in another section of this Registration document.

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