REGISTRATION DOCUMENT AND FULL-YEAR FINANCIAL REPORT 2015

GROUPE BPCE

Bankers and insurers with a different perspective

Contents

LABEL TRANSPARENCE This label recognizes the most transparent Registration Documents according to the criteria of the Annual Transparency Ranking.

GROUPE BPCE

2015 Registration document and full-year financial report

The English 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 matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

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 Autorité des marchés financiers (AMF – French Securities Regulator) on March 15, 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 Regulations and the corresponding sections of this document is provided on pages 533 and 534.

1 PRESENTATION OF GROUPE BPCE

1.1 Presentation of Groupe BPCE

Groupe BPCE is the second largest banking group in France[(1)], with its two leading brands, Banque Populaire and Caisse d'Epargne. Its 108,000 employees serve 35 million customers, 8.9 million of whom are cooperative shareholders. The Group's companies adapt their banking business as closely as possible to the needs of individuals and regions.

With 18 Banque Populaire banks, 17 Caisses d'Epargne, Natixis, Crédit Foncier, Banque Palatine and BPCE International, Groupe BPCE offers its customers an extensive range of products and services, including solutions in savings, placement, cash management, financing, insurance and investment. In keeping with its cooperative structure, the Group builds long-term relationships with its customers and helps them achieve their goals, and as such finances over 20% of the French economy.

Its full-service banking model is based on a three-tier structure:

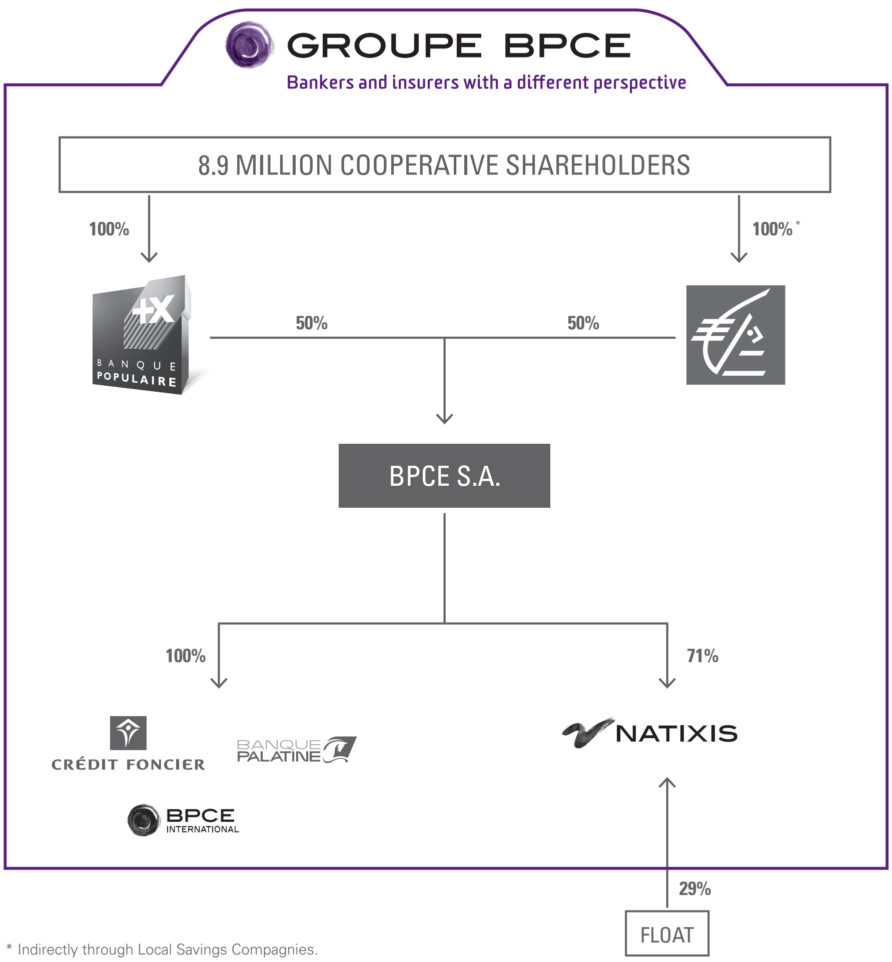
- the two cooperative networks with the Banque Populaire banks and Caisses d'Epargne, which are central players in their respective regions;
- BPCE, the central institution, responsible for the Group's strategy, control and coordination;
- the BPCE subsidiaries, including Natixis, Crédit Foncier, Banque Palatine and BPCE International.

In addition, all credit institutions affiliated with BPCE are covered by a guarantee and solidarity mechanism.

The scope of affiliated entities is mainly comprised of the Banque Populaire and Caisse d'Epargne networks and Natixis.

GROUPE BPCE SIMPLIFIED ORGANIZATION CHART

ORGANIZATION CHART OF GROUPE BPCE AT DECEMBER 31, 2015



* Indirectly through Local Savings Compagnies.

(1) *Market share: 22.4% in on-balance sheet customer deposits & savings and 20.7% of customer loans (Source: Banque de France Q3 2015 – all non-financial customers combined).*

1.2 History of the Group

Banque Populaire banks

1878 The first Banque Populaire bank is created in Angers, by and for entrepreneurs, the goal being to pool funds to allow them to finance their projects themselves.

1917 Having achieved cooperative status, the Banque Populaire banks rapidly become major players in their regional economies, serving craftsmen, small retailers and SMEs.

1962 The Banque Populaire banks open their services to individual customers.

1998 The acquisition of Natexis provides Groupe Banque Populaire with a publicly listed vehicle.

2008 The Group strengthens its presence in the heart of France's regions with the acquisition of seven regional banks from HSBC France.

Caisses d'Epargne

1818 The first Caisse d'Epargne is founded in Paris to promote, collect and manage general public savings.

1835 The Caisses d'Epargne are recognized as "private establishments of public utility".

1895 The Caisses d'Epargne conduct operations of general public interest.

1950 The Caisses d'Epargne are awarded the status of not-for-profit credit institutions.

1999 The Caisses d'Epargne become cooperative banks, prompting Groupe Caisse d'Epargne to embark upon a multi-brand strategy with the creation and acquisition of businesses, including the takeover of Crédit Foncier in the same year, which enables the Group to further develop its real estate activities.

2003 With the acquisition of Banque Palatine (formerly Banque San Paolo), the Group establishes closer ties to corporate customers.

2004 By purchasing Ixis, the Group branches out into investment banking.

In 2006, Groupe Banque Populaire and Groupe Caisse d'Epargne took the first step towards a business combination, with the creation of their jointly-owned subsidiary, Natixis.

Groupe BPCE

2009 On July 31, 2009, the combination of Groupe Banque Populaire and Groupe Caisse d'Epargne gives rise to Groupe BPCE.

2010 "Together", Groupe BPCE's strategic plan for 2010-2013, mobilizes all Group companies with the aim of making them the preferred banking institutions of the French and of their companies.

2013 Simplification of the Group's organizational structure completed on August 6, 2013 with the buyback and subsequent cancellation by the Banque Populaire banks and Caisses d'Epargne of the cooperative investment certificates (CICs) held by Natixis. The Banque Populaire banks and the Caisses d'Epargne are now entirely owned by their cooperative shareholders.

Launch of the "Another way to grow" strategic plan for 2014–2017, focused on development and transformation, centered on the goal of constantly striving to better meet the expectations and needs of customers, while affirming Groupe BPCE's difference as a cooperative banking structure.

2014 On November 4, 2014, Groupe BPCE and CNP Assurances sign a memorandum of understanding laying down the terms of implementation of the renewed partnership as from January 1, 2016.

2015 The Annual General Shareholders' Meeting of May 22, 2015 approved the Framework Protocol Agreement and the specific contracts provided for in this agreement ("the New Partnership Agreements") between Groupe BPCE and CNP.

The new agreements were required owing to the expiry of existing distribution agreements between CNP Assurances and Groupe BPCE on December 31, 2015, and Groupe BPCE's decision to assign to Natixis Assurances the design and management of all savings and pension funds distributed by the Caisse d'Epargne network as of January 1, 2016.

1.3 Organization of Groupe BPCE

1.3.1 Banque Populaire banks and Caisses d'Epargne

The Group has a distinctly cooperative character, with cooperative shareholders owning the Banque Populaire banks and the Caisses d'Epargne, the two networks that form the foundation of the Group's retail banking operations.

The Banque Populaire banks and the Caisses d'Epargne are credit institutions. Their governance comprises a Board of Directors for the Banque Populaire banks, and a Steering and Supervisory Board and a Management Board for the Caisses d'Epargne.

BANQUE POPULAIRE BANKS

The Banque Populaire banks are wholly-owned by their cooperative shareholders.

Cooperative shareholders are individuals (including Banque Populaire bank employees) and legal entities. Cooperative shareholder customers play an active part in the life, ambitions and development of their bank. The cooperative shareholder base is coordinated at two levels: locally through the initiatives of each Banque Populaire bank as well as nationally through those of the Fédération Nationale des Banques Populaires. The Annual General Shareholders' Meeting provides an opportunity for cooperative shareholders to contribute to the operation of their Banque Populaire bank.

CAISSES D'EPARGNE

The Caisses d'Epargne are wholly-owned by the local savings companies (LSCs).

The LSCs are cooperative companies with open-ended capital stock, which is wholly owned by cooperative shareholders. Any individual or legal entity that is a customer of a Caisse d'Epargne may acquire cooperative shares in an LSC, thereby becoming a cooperative shareholder. Caisses d'Epargne employees are also entitled to become cooperative shareholders. Lastly, local and regional authorities, and French inter-municipal cooperation institutions (*Établissements publics de coopération intercommunale*) within the local savings company's territorial constituency are also entitled to become cooperative shareholders, but their shareholdings, taken together, may not exceed 20% of the capital of a given local savings company.

The local savings companies are tasked with coordinating the cooperative shareholder base, within the framework of the general objectives defined by the individual Caisse d'Epargne with which they are affiliated. Local savings companies hold Annual General Shareholders' Meetings at least once a year in order to approve the annual financial statements, and are governed by a Board of Directors elected by the Annual General Shareholders' Meeting from among the cooperative shareholders. The Board of Directors appoints a Chairman, who is responsible for representing the local savings company at the Annual General Shareholders' Meeting of the Caisse d'Epargne with which it is affiliated. Local savings companies are not authorized to carry out banking business.

1.3.2 BPCE: the central institution of Groupe BPCE

BPCE, founded by a law dated June 18, 2009, is the central institution of Groupe BPCE, a cooperative banking group. As such, it represents the credit institutions that are affiliated with it.

The affiliated institutions, within the meaning of Article L. 511-31 of the French Monetary and Financial Code, are:

- the 18 Banque Populaire banks and their 50 Mutual Guarantee Companies, whose sole corporate purpose is to guarantee loans issued by the Banque Populaire banks;
- the 17 Caisses d'Epargne, whose share capital is held by 227 local savings companies (LSCs);
- Natixis; five Caisses Régionales de Crédit Maritime Mutuel; Banque BCP SAS (France); Banque de la Réunion; Banque de Tahiti; Banque de Nouvelle-Calédonie; Banque des Antilles Françaises; Banque Palatine; Crédit Foncier de France; Compagnie de Financement Foncier; Locindus; Cicobail; Société Centrale pour le Financement de l'Immobilier (SOCFIM); BPCE International; Banque de Saint-Pierre-et-Miquelon; Batimap; Batiroc Bretagne-Pays de Loire; Capitole Finance-Tofinso; Comptoir Financier de Garantie; Océor Lease Nouméa; Océor Lease Réunion; Océor Lease Tahiti; Sud-Ouest Bail.

ACTIVITIES

The company's role is to guide and promote the business and expansion of the cooperative banking group comprising the Caisse d'Epargne network, the Banque Populaire network, the affiliated entities and, more generally, the other entities under its control.

The purpose of the company is:

- **to be the central institution for the Banque Populaire network, the Caisse d'Epargne network and the affiliated entities,** as provided for by the French Monetary and Financial Code. Pursuant to Articles L. 511-31 *et seq.* and Article L. 512-107 of the French Monetary and Financial Code, it is responsible for:
  - defining the Group's policy and strategic guidelines as well as those of each of its constituent networks,
  - coordinating the sales policies of each of its networks and taking all measures necessary for the Group's development, including acquiring or holding strategic Equity interests,

- representing the Group and each of its networks to assert its shared rights and interests, including before the banking sector institutions, as well as negotiating and entering into national and international agreements,
- representing the Group and each of its networks as an employer to assert its shared rights and interests, as well as negotiating and entering into collective industry-wide agreements,
- taking all measures necessary to guarantee the liquidity of the Group and each of its networks, and as such to determine rules for managing the Group's liquidity, including by defining the principles and terms and conditions of investment and management of the cash flows of its constituent entities, and the conditions under which these entities may carry out transactions with other credit institutions or investment companies, carry out securitization transactions or issue financial instruments, and perform any financial transaction necessary for liquidity management purposes,
- taking all measures necessary to guarantee the solvency of the Group and each of its networks, including implementing the appropriate Group internal financing mechanisms and setting up a Mutual Guarantee Fund shared by both networks, for which it determines the rules of operation, the terms and conditions of use in addition to the funds provided for in Articles L. 512-12 and L. 512-86-1, as well as the contributions of affiliates for its initial allocation and reconstitution,
- defining the principles and conditions for organizing the internal control system of Groupe BPCE and each of its networks, as well as controlling the organization, management and quality of the financial position of affiliated institutions, including through on-site checks within the scope defined in paragraph 4 of Article L. 511-31,
- defining risk management policies and principles and the limits thereof for the Group and each of its networks, and ensuring its permanent supervision on a consolidated basis,
- approving the Articles of Association of affiliated entities and local savings companies and any changes thereto,
- approving the persons called upon, in accordance with Article L. 511-13, to determine the effective business orientation of its affiliated entities,
- requesting the contributions required to perform its duties as a central institution,
- ensuring that the Caisses d'Epargne duly fulfill the duties provided for in Article L. 512-85;

- **to be a credit institution, officially approved to operate as a bank.** On this basis, it exercises, both in France and other countries, the prerogatives granted to banks by the French Monetary and Financial Code, and provides the investment services described in Articles L. 321-1 and L. 321-2 of the above-mentioned Code; it also oversees the central banking, financial and technical organization of the network and the Group as a whole;
- **to act as an insurance intermediary,** in accordance with the regulations in force;
- **to act as an intermediary for real estate transactions,** in accordance with the regulations in force;
- **to acquire stakes,** both in France and abroad, in any French or foreign companies, groups or associations with similar purposes to those listed above or with a view to the Group's expansion, and more generally, to undertake any transactions relating directly or indirectly to these purposes that are liable to facilitate the achievement of the company's purposes or its expansion.

DIVIDEND POLICY

In 2015

The Ordinary General Shareholders' Meeting of BPCE, which met on May 22, 2015, decided that a dividend of €174,998,300.44 would be paid out in respect of fiscal year 2014 to category A and B shareholders, equal to €5.6182 per share.

At its meeting of December 21, 2015, the Management Board of BPCE decided to pay an interim dividend totaling €174,998,300.44 in respect of fiscal year 2015 to the 31,148,464 category A and B shares comprising BPCE's share capital, amounting to €5.6182 per share. The Supervisory Board had approved this payment in principle at its meeting of December 16, 2015.

The classification of category A and B shares is defined in point 7.2.2 of the registration document.

In 2014

The Ordinary General Shareholders' Meeting of BPCE, which met on May 16, 2014, decided that no dividends would be paid out to category A and B shareholders in respect of fiscal year 2013.

It nonetheless decided to make an extraordinary payment of €149,998,543.23 to the 31,148,464 category A and B shareholders, amounting to €4.8156 per share. This amount was charged in full against additional paid-in capital.

In 2013

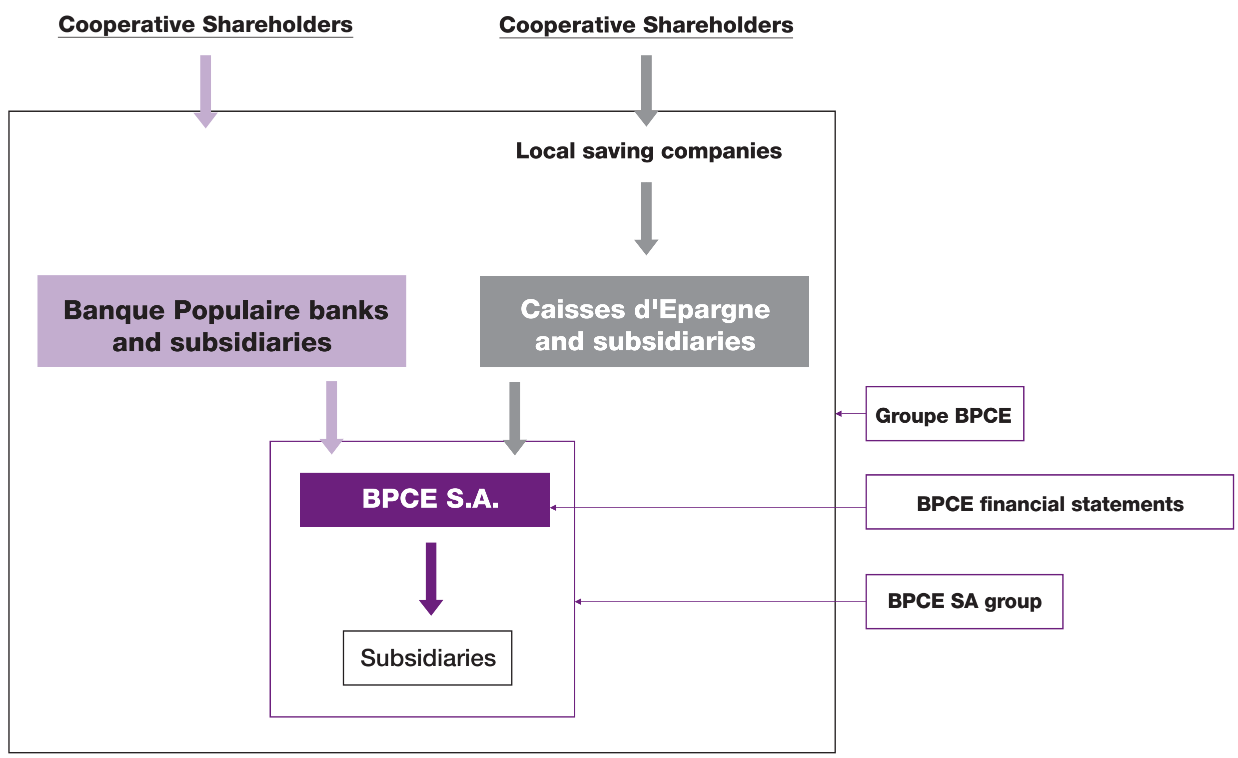
The Ordinary General Shareholders' Meeting of BPCE, which met on May 24, 2013, decided that no dividends would be paid out to category A and B shareholders in respect of fiscal year 2012.

1.3.3 Scopes of consolidation of Groupe BPCE and BPCE SA group

The scopes of consolidation of the two groups, built around the central institution, are described in the following chart.

Apart from BPCE SA group, Groupe BPCE comprises the Banque Populaire banks, the Caisses d'Epargne and their respective subsidiaries.

BPCE SA group includes BPCE and its subsidiaries. The main difference relates to the fact that the parent companies do not contribute to the results of BPCE SA group.



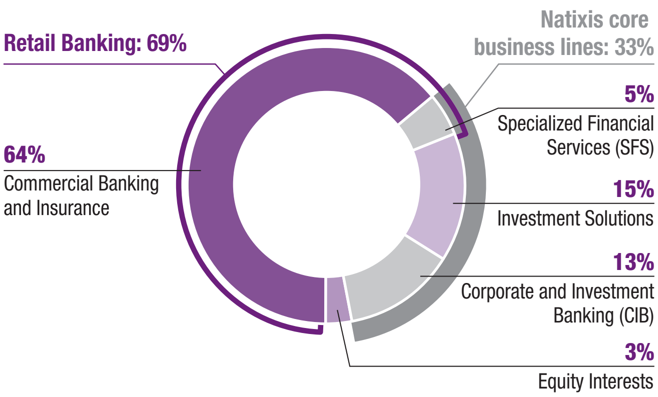
1.4 Key figures 2015

Groupe BPCE

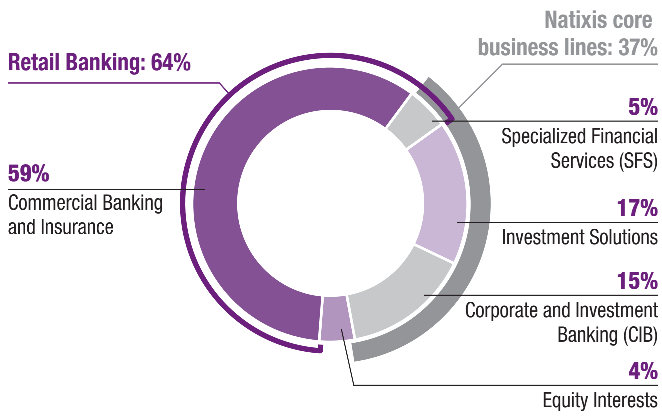
SUMMARY INCOME STATEMENT

in millions of euros	2015	2014	2013
Net banking income	23,868	23,257	22,826
Gross operating income	7,620	6,927	6,691
Income before tax	6,123	5,279	4,889
Net income attributable to equity holders of the parent	**3,242**	**2,907**	**2,669**

BUSINESS LINES CONTRIBUTION TO GROUP NET BANKING INCOME[1] IN 2015 *(as a%)*



BUSINESS LINES CONTRIBUTION TO GROUP INCOME BEFORE TAX[1] IN 2015 *(as a %)*



BUSINESS

In billions of euros	12/31/2015	12/31/2014	12/31/2013
Balance sheet total	1,166.5	1,223.3	1,123.5
Customer loans (gross loan outstandings)	629.8	623.3	590.7

NETWORK ACTIVITY

in billions of euros	2015	2014	2013
Banque Populaire banks			
Customer loans	172.6	167.4	165.5
On-balance sheet deposits & savings	162.0	150.8	141.2
Off-balance sheet deposits & savings	67.4	66.3	65.9
Caisses d'Epargne[1]			
Customer loans	224.6	213.8	200.9
On-balance sheet deposits & savings	270.2	261.7	251.9
Off-balance sheet deposits & savings[2]	128.8	125.8	122.4

(1) *2014 outstandings pro forma of the disposal in Q3 2015 of all of BPCE International's holdings in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse.*

(2) *Life insurance outstandings for 2015 are now presented at their year-end balance; outstandings for 2013 and 2014 have been restated accordingly.*

(1) *Excluding the Corporate Center.*

FINANCIAL STRUCTURE

In billions of euros	12/31/2015	12/31/2014	12/31/2013
Equity attributable to equity holders of the parent	57.6	55.3	51.3
Common Equity Tier-1 capital	50.9	46.6	42.3
Tier-1 capital	52.2	50.0	46.5
Total regulatory capital	65.8	60.5	53.6

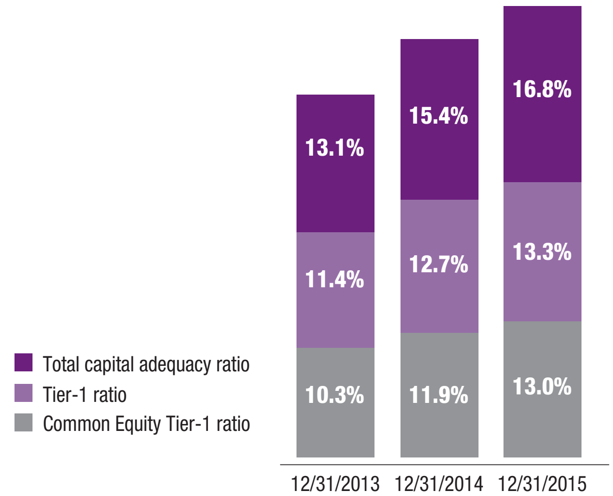
Under Basel III, taking into account CRR/CRD IV phase-in measures; 2013 data pro forma.

CREDIT RATINGS AT DECEMBER 31, 2015

The following ratings concern BPCE and also apply to Groupe BPCE.

	Fitch Ratings	Moody's	R&I	Standard & Poor's
Long-term rating	A	A2	A	A
Short-term rating	F1	P-1	-	A-1
Outlook	Stable	Stable	Stable	Stable

CAPITAL ADEQUACY RATIOS



Under Basel III, taking into account CRR/CRD IV phase-in measures; 2013 data pro forma.

BPCE SA group

SUMMARY INCOME STATEMENT

in millions of euros	2015	2014	2013
Net banking income	9,923	8,779	8,425
Gross operating income	2,728	2,119	1,829
Income before tax	2,313	1,745	2,697
Net income attributable to equity holders of the parent	**803**	**724**	**1,555**

FINANCIAL STRUCTURE

In billions of euros	12/31/2015	12/31/2014	12/31/2013
Equity attributable to equity holders of the parent	20.0	21.2	21.2
Tier-1 capital	18.9	20.8	19.6
Tier-1 ratio	9.8%	10.3%	11.9%
Total capital adequacy ratio	16.6%	15.5%	13.5%

2015 and 2014 data under Basel III, taking into account CRR/CRD IV phase-in measures, and 2013 data under Basel 2.5

1.5 Contacts

www.bpce.fr "Investor relations" section

Roland Charbonnel,

Head of Group Funding and Investor Relations.

1.6 Calendar

Tuesday, May 10, 2016	Before market opening – Publication of first-quarter 2016 results
Friday, May 27, 2016	BPCE Annual General Shareholders' Meeting
Thursday, July 28, 2016	After market close – Publication of second-quarter and first-half 2016 results
Tuesday, November 8, 2016	After market close – Publication of third-quarter 2016 results

Calendar pending modification.

1.7 2014-2017 strategic plan: "Another way to grow"

Groupe BPCE's first strategic plan, "Together", was focused on the recovery and construction of the new Group for the 2010 to 2013 period. Groupe BPCE is now a major cooperative banking group, fully dedicated to its customers in the banking and insurance activities and serving economic operators.

The 2014-2017 "Another way to grow" plan is focused on development and transformation, centered on the goal of constantly striving to better meet the expectations and needs of our customers, while reaffirming the Group's cooperative roots.

Our banking and insurance business is entering a new phase in its history, one which requires new growth models in a rapidly-changing banking and economic environment: new regulations, new technologies, new customer behaviors, the globalized economy and changing employee expectations. Groupe BPCE is a decentralized, multi-brand group with the strengths to develop these new business models.

Groupe BPCE has set four development priorities and will be implementing three levers for action.

FOUR DEVELOPMENT PRIORITIES

Creating local banks commanding leading positions in interpersonal and digital customer relations

For our customers, online banking and the physical network are complementary. Both provide the basis of a new innovative relationship model that will offer them a simple, practical and personalized experience. The banks will offer their customers a fully connected banking relationship, with customer advisors continuing to play an essential role, supported by all the modern and innovative resources of a digital enterprise. Processes will be optimized to make them more efficient, user-friendly, helpful and simple for the customer.

Customers will be able to choose how they sign contractual agreements (electronically or on paper, with or without advisor support) and will be able to track applications, which will require a commitment on turnaround times. The Group plans to make the entire product range available online. Lastly, each regional bank will adapt its network by opening different branch formats for different customers and regions.

Major projects are underway to achieve the Group's target relationship model, namely a multi-channel approach, online technology (in-branch and remote contract signing, new in-branch technology, mobile internet, etc.), modernization of the physical network, process optimization, effective use of customer data and the human resources impact of transformations, etc.

2015 achievements

79% of products and services offered by the Banque Populaire and Caisse d'Epargne networks could be subscribed for electronically at December 31, 2015

66% of customers of the Banque Populaire and Caisse d'Epargne networks had signed up for online banking at December 31, 2015

Financing our customers, establishing the Group as a major player in savings, and moving away from a "loan-based" approach to an approach based on "financing"

As far-reaching regulatory changes sweep the industry, savings inflows are again becoming a key determining factor in the Group's lending capacity. Groupe BPCE is a key player, with outstanding savings of €628 billion[1] at December 31, 2015, and has ambitions to become a major player on the different market segments:

- strong ambition to win new customers in the Banque Populaire banks and Caisses d'Epargne, particularly in the private banking segment, with an annual growth target for deposits and savings received from private banking customers and a new structure for the Group's wealth management activities, drawing in particular on Banque Privée 1818;
- development of third-party asset management at Natixis, particularly in the international market;
- strategic decision to consolidate the Caisses d'Epargne' life insurance inflows within Natixis as of January 1, 2016 while remaining a long-term partner and shareholder of CNP Assurances.

This ambition goes hand-in-hand with the determination to be able to offer customers a full array of financing solutions in addition to credit offers:

- implementation of the Originate to Distribute model in Natixis' Corporate and Investment Banking division;
- use of the SCF[2] by Group companies to provide funding for their long-term loans (loans to local authorities, home loans);
- development of securitization activities in the specialized financing businesses pursued by Natixis and Crédit Foncier for home loans.

To enhance customer loyalty and increase resources, the retail banking network plans to innovate and expand its day-to-day banking offer, including electronic payment acceptance, international services, payments, value-added services, etc.

2015 achievements

€57.9 billion in asset management net inflows since 2013[3]

+5.5% annual growth in private banking customer assets[4]

Acquisition of DNCA Finance by Natixis Global Asset Management

New initiatives in day-to-day banking: payment cards integrating a dynamic cryptogram solution launch of *Izly* (payment solution for students), acquisition of the online whip-round service LePotCommun

Becoming a fully-fledged bancassurance specialist

Insurance is an integral part of Groupe BPCE's business. In order to capture the full potential of this market, the Group is working to consolidate its position as a fully-fledged bancassurance specialist.

(1) *Banque Populaire and Caisse d'Epargne networks.*

(2) *SCF: Compagnie de Financement Foncier, the Group's société de crédit foncier – a French covered bond issuer.*

(3) *Net inflows in 2014 and 2015, excluding DNCA.*

(4) *CAGR 2013-2015 for the Banque Populaire and Caisse d'Epargne networks.*

By 2017, the plan provides for an increase in the number of individual customers with non-life, health, or provident insurance coverage. For professional customers, the aim is to create a comprehensive range of insurance products and apply a distribution model drawing first and foremost on the entire sales force, with support from the technical sales teams. For business customers, efforts will focus on sales of employee health insurance and company directors' liability insurance.

The Group has created a single, comprehensive platform within Natixis providing insurance products for the customers of the Banque Populaire banks and the Caisses d'Epargne, and is extending its positioning along the insurance value chain. As part of this drive, Natixis acquired 60% of BPCE Assurances. On February 18, 2015, Groupe BPCE and CNP Assurances signed the final agreements to renew their partnership as of January 1, 2016. As of this date, Natixis Assurances will take over all the life insurance policies sold by the Caisse d'Epargne network, while a preferred partnership for collective payment protection insurance will be set up with Natixis Assurances, as well as specific partnerships in individual and collective provident insurance. Groupe BPCE has confirmed its intention to remain a stable shareholder of CNP Assurances under existing shareholders' agreements.

2015 achievements

23.5% of customers hold non-life, provident, or health insurance coverage

Non-life, provident and health insurance portfolios: +11% in 2015

Stepping up the pace of the Group's international expansion

In its search for new growth drivers, Groupe BPCE aims to position itself as a global player in asset management, increase Natixis Corporate and Investment Banking's international presence and further develop international retail banking.

Corporate and Investment Banking will favor selective international expansion, with half of its personnel working abroad by 2017. Investment Solutions will continue its international expansion by developing its platform in the United States through investments in new expertise and access to new distribution channels, and with enhanced distribution in dynamic-growth regions (Asia, Latin America, Middle East), both through organic growth and *via* local partnerships.

In retail banking, the Group is preparing to seize growth opportunities in the international market, notably in Sub-Saharan Africa, for limited investment amounts, and in Europe. The Group will build its capacity to support international customers through products and services for expatriates, an offer for cross-border commuters and trade finance arrangements.

2015 achievements

CIB: 21% growth in revenues from international platforms in 2015; opening of a branch in China and enhanced presence in Latin America

Asset Management: increase in assets under management of +13% in Europe and +5% in the United States in 2015

BPCE International took over Natixis' activities in Vietnam, and sold its interests in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse

The strategic plan aims to consolidate the Group's main financial ratios by:

- continuing to reinforce the Group's capital in respect of capital adequacy ratios;
- anticipating regulatory deadlines in terms of liquidity. The Group intends to further strengthen its balance sheet structure;
- setting different profitability targets for each entity, depending on their business model.

2015 achievements

Capital adequacy: Common Equity Tier-1 ratio: 12.9%(1) at December 31, 2015

Liquidity: LCR > 110% at December 31, 2015

Cost/income ratio: 67.7% at December 31, 2015(2)

Disposals of non-controlling interests in non-core activities continued: disposal of Banca Carige, finalization of the sale of 24.5% of Volksbank România's capital, sale of 20.6% of Nexity's capital and removal of this entity from the consolidation scope(3)

TO IMPLEMENT THESE FOUR DEVELOPMENT PRIORITIES, THE GROUP IS DRAWING ON THREE MAJOR LEVERS FOR ACTION

Collective efficiency

The Group is continuing to tap the revenue and cost synergy potential generated under the "Together" plan. In particular, the "Another way to grow" strategic plan includes two new flagship programs for revenue and cost synergies:

- a program of €870 million in revenue synergies between the Banque Populaire banks, the Caisses d'Epargne and Natixis. This program capitalizes on the success of the "Natixis serving network customers" project developed in the previous plan and relates to Specialized Financial Services (consumer credit, employee benefits planning, etc.), Investment Solutions and Insurance businesses (life insurance, private banking and asset management) and Corporate and Investment Banking businesses (fixed income products and loan syndication for SMEs and the public sector);
- a €900 million cost-cutting program that includes several components aimed at simplifying organizations and structures, the efficiency of operational

(1) CRR/CRD IV without phase-in measures.

(2) Excluding non-economic and exceptional items.

(3) This disposal does not include the sale of 3% of the share capital initiated in 2014 and completed in 2015. Residual holding in Nexity: 12.8% at December 31, 2015. On March 2, 2016 Groupe BPCE sold its entire remaining stake in Nexity.

processes, and the pooling of resources. Optimization and streamlining measures are ongoing for information systems, procurement and real estate. This program supports the efforts made in each Group company to ensure the strict management, or reduction, of their cost/income ratios.

2015 achievements

€410 million in additional revenues between the Banque Populaire banks, the Caisses d'Epargne and Natixis since December 31, 2013

€452 million in cost synergies since December 31, 2013

Combination of IT production in BPCE Infogérance & Technologies, creation, with two industrial partners, of *DocOne* in the area of multi-channel document management, migration of Crédit Foncier's information technology to the platform managed by IT-CE

Individual talents of the men and women in the Group

The involvement of human resources in the implementation of the plan will be enhanced by giving managers a key role to play in achieving collective success. The second priority is to prepare the teams for future changes in the business activities in order to facilitate the success and personal growth of every employee (internal mobility, development of training, particularly training in digital solutions, etc.). In terms of diversity, the Group's target is for one in every four company directors to be a woman by 2017.

2015 achievements

Percentage of women among company directors: 22.8%

Launch of the first "MOOC"[1] for Group employees

Over 28,000 employees trained in virtual classes

Assertion of Group BPCE's essential difference as a cooperative banking group

Three major initiatives are being undertaken by the Banque Populaire banks, Crédit Coopératif, CASDEN Banque Populaire and the Caisses d'Epargne: focusing on local presence as a strategic differentiator, making customer advisors the representatives of the Group's cooperative model and showing proof of our cooperative commitment through quality of service.

This model is based on a three-way approach involving Group employees (independence of advisors, strengthening of the role played by branch managers, etc.), customers and cooperative shareholders (active involvement in quality control groups, creation of cooperative shareholder clubs, etc.), and the institutions themselves (active involvement in local solidarity and social change, etc.).

2015 achievements

Initiatives to prevent banking exclusion and support for vulnerable customers

Engaging cooperative shareholders in innovation processes (co-building)

(1) *MOOC: Massive Open Online Courses.*

1.8 Groupe BPCE's business lines

The economic and regulatory environment in which Groupe BPCE conducts its business is described in Chapters 3 and 4 of the registration document.

Banque Populaire banks

The Banque Populaire banks are cooperative banks created by and for entrepreneurs. They form the fourth largest banking network in France with 16 Banque Populaire regional banks, CASDEN Banque Populaire, which serves public sector workers, and Crédit Coopératif, a major player in the social and solidarity-based economy.

KEY FIGURES

18 Banque Populaire banks
4 million cooperative shareholders
9.1 million customers
31,331 employees
3,338 branches (and 16 e-branches)

€229 billion in deposits and savings
€173 billion in loan outstandings
€6.5 billion +2.4%[(1)] in net banking income

IN 2015

- No. 1 bank for businesses[(2)], franchisors and franchise holders[(3)], No. 2 bank for craftsmen, small retailers[(4)] and self-employed professionals[(5)], No. 3 bank for farmers[(6)], the Banque Populaire banks confirmed their strength: the number of individual customers holding insurance policies increased by 7.5%.
- Customer loan outstandings increased by 3%, driven by home loans, consumer loans and equipment loans for businesses. Deposits and savings rose by 6%.
- Banque Populaire continued to pursue original initiatives in line with the new brand identity it launched in 2014: "join forces, expandy opportunities", for example setting up Project Rooms – online meetings between young entrepreneurs and confirmed mentors. It also renewed its commitment to sailing for a further five years.

Individual customers

Customer relations are being enhanced, facilitated by the iPads provided to 14,000 customer advisors and by the possibility of signing contracts electronically in all branches.

With *Erasmus+*, an agreement signed with the EIF[(7)], Banque Populaire helps Master's students finance their studies abroad.

The simplicity of online product subscriptions and contactless payments, an extended range of credit facilities, customized insurance policies and the renowned high quality product range support the network's policy of attracting new customers, in particular among young people.

1.3 million contracts signed electronically

€26.7 billion in new loans +53.4%

€45.2 billion in life insurance assets under management, +4%

306,000 new property and casualty insurance policies

140,000 new provident and health insurance policies

"*Corbeille d'or*" award for FructiFlexible 100 (*Mieux Vivre votre Argent*) and "*Globe de la gestion*" award for Fructi ISR Obli Euro (*Gestion de Fortune*)

CASDEN Banque Populaire

The cooperative bank for employees of the French education department extended its services to all public sector workers in 2015 and changed its slogan to reflect its new positioning.

Over 1 million cooperative shareholders

1 in 4 teachers is a cooperative shareholder

(1) *Excluding changes in provisions for regulated home savings plans.*

(2) *TNS SOFRES survey, "Les PME-ETI et les banques" (SMEs/ISEs and their banks), 2015.*

(3) *12th annual franchise survey, CSA 2015.*

(4) *2013-2014 CSA Pépites survey.*

(5) *CSA survey, May 2013.*

(6) *Internal analysis.*

(7) *European Investment Fund.*

Private banking

Nearly 16,000 new customers entrusted their wealth to the Banque Populaire banks' private banking business, which bolstered its teams and resources to provide this demanding customer segment with tailored solutions. Assets under management increased by 6%, and discretionary portfolio management continued to grow.

337,500 private banking customers

€1.2 billion in inflows for the high-end life insurance policy Quintessa in 12 months

€65.4 billion in assets under management, +6%

Professional customers

With 1.1 million professional customers, Banque Populaire has a strong position among craftsmen, small retailers, franchise holders, self-employed professionals and farmers.

New medium- and long-term loans totaled €6.6 billion, an increase of 11.4%, with €900 million in loans guaranteed by the Socama[1] and the EIF. A new *Socama Création d'Entreprise* business creation loan with a reduced personal surety requirement complements the *Socama Transmission Reprise* business takeover loan and the *Socama Equipement* loan not requiring a personal surety.

Banque Populaire showcases the expertise of its craftsmen and small retailer customers among the general public with the *L'+xpérience* events workshops.

Banque Populaire upgraded its *Cyberplus Pro* app for smartphones and tablets with additional services, for example allowing small retailers to order small change.

With nearly 70,000 farmers among its customers, Banque Populaire has a range of products and partnerships tailored to their requirements. For example, in partnership with SR France, it promoted the service that helps them organize their replacement in the event of personal problems, training, or simply if they need a helping hand.

1.1 million professional customers

1 in 4 franchise holders[2]

1 in 5 farmers[3]

137,000 self-employed professional customers

€47.1 billion in loan outstandings +1.1%

Crédit Maritime

Five regional banks, offering tailored solutions for the fishing industry, businesses involved in the **coastal economy** and recreational sailors.

Corporate and institutional customers

The Banque Populaire banks are the leading bank among small and medium-sized enterprises (SMEs), with a penetration rate of 38%[4], and are also the main bank of a large number of businesses, with a strong presence in payments processing. They are developing their relationships with intermediate-sized enterprises (ISEs) and large regional companies.

In response to the changing structures and requirements of associations and enterprises active in the social and solidarity-based economy, the Banque Populaire banks have adapted their financing and financial engineering services. A number of partnerships have been established with national organizations, in particular in the medico-social, environmental and educational sectors.

Two innovative services were rolled out, including the new *Sepa Mail* solution allowing electronic invoice payment, which Banque Populaire was the first to offer its customers, and *Suite Entreprise Watch*, the first Apple Watch banking app allowing multi-account, multi-bank, multi-currency payment flow management for company directors – an adaptation of the *Suite Entreprise Mobile* app.

136,000 corporate customers

253,000 institutional and association customers

No. 1 bank for SMEs, with a 38% penetration rate

150 business centers

€23.5 billion in outstanding medium- and long-term loans

Crédit Coopératif

Committed to solidarity-based financing for over 30 years: Crédit Coopératif and its customer donated **€3.5 million** to partner associations through income-sharing products.

10 years of supporting renewable energies: €556 million in loan outstandings

(1) *Mutual guarantee companies for the small business sector, of which Banque Populaire is the exclusive partner.*
(2) *12th annual franchise survey, CSA 2015.*
(3) *22% penetration rate.*
(4) *TNS Sofres survey, 2015.*

Caisses d'Epargne

Since 1818, the Caisses d'Epargne cooperative banks have combined confidence, solidarity and modernity. The 17 Caisses d'Epargne form the second largest retail banking network in France, supporting individual customers and all regional economic players.
The Caisses d'Epargne serve families and are also the leading provider of funds for the social and solidarity-based economy, social housing and the public sector.

KEY FIGURES

17 Caisses d'Epargne
4.9 million cooperative shareholders
24.4 million customers
36,280 employees
4,195 branches (and 17 e-branches)
€399 billion in deposits and savings
€225 billion in loan outstandings
€7.3 billion in net banking income, +1.1%[1]

IN 2015

- The Caisses d'Epargne rank among French people's two favorite banks[2]; they successfully continued their strategy of enhancing banking penetration: the number of clients having Caisse d'Epargne as their main bank increased by 2%.
- Deposits & savings increased by 3% to €399 billion; off-balance sheet deposits and savings increased by 2% to €129 billion, driven by life insurance investments.
- The Caisses d'Epargne insured their customers – selling over 1 million non-life, provident and health insurance policies – and actively financed the economy.
- They developed new offers in private banking, for professional customers, in professional real estate, etc. and expanded on all these customer segments.

Individual customers

Caisse d'Epargne is pursuing its banking and insurance strategy and continuing to enhance its digital services. It has reinvented the Livret A passbook savings account, with the *Livret À Connecter*, developed a new version of *Howizi* for young people, and allow customers to view their accounts on smart watches. It has enhanced its services with new attractive loans, in particular for young people, and the release of the *Visa Platinum* debit card and of the dynamic-cryptogram card. The number of home loans, consumer loans and insurance policies sold increased sharply. Savings inflows were strong, in particular on PEL regulated home savings products and life insurance.

€28.4 billion in new home loans

€7.3 billion in new consumer loans

4.4 million non-life, provident and healthcare insurance policies outstanding

€325 billion in deposits and savings, +1%

€4 billion in inflows on regulated home savings plans

€2.4 billion in life insurance inflows

Private banking

As the number two in private banking in France[3], Caisse d'Epargne has nearly 400,000 customers, with an approach tailored to each customer segment: branch wealth managers are supported by specialized account managers, wealth engineers and portfolio managers for discretionary portfolio management services. Private bankers are now available for ultra-high net worth customers.

394,000 customers

33 dedicated Private Banking Areas

650 experts Private Banking

€107 billion in assets under management, +2.9%

(1) *Excluding changes in provisions for regulated home savings plans.*

(2) *Posternak-Ifop survey, September 2015.*

(3) *Xerfi/Precepta survey, June 2014.*

Professional customers

The number of professional customers rose by 4%, with strong growth among established professionals and self-employed professionals. Female entrepreneurs are given broad support.

New products and services were successfully launched in 2015, including a collective health insurance policy. Payment processing flows and new loans increased by 8.6% and 7.4% respectively.

327,000 craftsmen, small retailer, self-employed professional and small business customers

€2.6 billion in new medium- and long-term loans

€10 billion in total loan outstandings

Corporate customers

The Caisses d'Epargne launched *Néobusiness*, a solution for innovative businesses and start-ups.

Three new local private equity structures were set up, in Alsace, Côte d'Azur and Loire-Centre, alongside a national structure, Caisse d'Epargne Développement, which was initially endowed with €100 million to invest in regional intermediate-sized enterprises.

+13% in loan outstandings

+22.7% in term deposits

+6.1% growth in active customers

Professional real estate

The Caisses d'Epargne offer financing and signed agreements for all types of projects. They also use dedicated structures to invest capital alongside regional developers.

In 2015, new short-term loans increased by 7.7%.

Outstanding medium- and long-term financing for investors and real estate investors increased by 14.4% to €4.1 billion.

€2.8 billion in new short-term loans

€1.2 billion in medium- and long-term financing granted

Public sector

Caisse d'Epargne is a major partner of local authorities and public healthcare providers, accounting for nearly one-third of their outstanding loans. It draws on the complementary resources and services provided by Crédit Foncier and Natixis to provide comprehensive solutions: financial engineering, public-private partnerships, lease financing, real estate management, service vouchers, purchasing and payment cards. It received around €5 billion from the EIB[(1)] to provide subsidized financing to projects in the infrastructure, urban renewal, energy savings and hospitals sectors.

€3.1 billion in new financing for local authorities, groups of local authorities and public-sector hospitals, +14.4%

€51.3 billion in loan outstandings

Social housing and semi-public entities

As the preferred partners of social housing organizations, the Caisses d'Epargne meet all their requirements with everyday banking, investment and financing solutions. They are also private operators in social housing *via* Habitat en Région, a specialized entity which manages 215,000 homes.

The leading financer of local public sector enterprises[(2)], the Caisses d'Epargne invest alongside local authorities in a number of local projects, including digital infrastructure, renewable energies, heating networks and water and waste treatment facilities.

No. 1 private bank in social housing[(3)]

€4 billion in new loans for social housing and semi-public entities

€8.5 billion in loan outstandings, +11%

€7.8 billion in deposits and savings, o/w €2.7 billion on Livret A passbook savings

(1) *European Investment Bank.*

(2) *EPL (local public sector enterprise) financing survey – Fédération des Epl – April 2015.*

(3) *Internal analysis.*

Social and solidarity-based economy

The Caisses d'Epargne support nearly 20,000 companies and institutions in the social and solidarity-based economy.

In 2015, they set up *Espace Dons*, a digital platform allowing associations and foundations to receive donations in cash or in kind or to attract volunteers.

Leading financer of the social and solidarity-based economy with 20% market share[1]

€666 million in new loans, +6.4%

+7.9% in deposits and savings

Protected persons

The Caisses d'Epargne strive to offer a different approach to protected persons and their legal representatives, taking into account their profiles and requirements. Their strategy is based on a close local relationship and expertise provided by 150 specialized staff members.

No. 1 bank for protected persons[2]

€7 billion in assets under management for protected persons

323,000 protected persons are customers, +3%

(1) Source: Banque de France.

(2) Internal analysis.

Crédit Foncier

As a specialist in real estate financing and services in France for the past 160 years, Crédit Foncier works with individual customers, real estate professionals, investors and local authorities.

KEY FIGURES

- **2,681** employees
- **228** branches
- **7,000** professional real estate partners
- **€10.4** billion in new loans
- **€48.3** billion[1] in loan outstandings to individuals

IN 2015

- Business was strong, with new loans to individual customers up 15%, an increase in intra-group synergies, and growth in margins on new loans and commissions.
- Funding sources were diversified with a new public deconsolidating securitization transaction of €1.4 billion and the development of intra-group syndications.
- Consolidated income before tax rose sharply, to €95 million.

Individual customers

Crédit Foncier finances low-income home ownership, in particular with PAS loans for low-income families and PTZ interest-free loans. It is one of the leading distributors of PTZ loans in France.

€8 billion in new loans, +15% in France

1st bank to offer an interest-free eco-loan for commonhold associations to finance energy efficiency renovation work in communal areas.

Real estate professionals and investors

The transactions financed include among others, 44,000 m² of shops, offices, homes and parking spaces at the old Gare du Sud site in the center of Nice, provided by Socfim (a Crédit Foncier subsidiary) with the support of several Groupe BPCE entities.

€7.7 billion[1] in loan outstandings

Community facilities

The transactions financed include the energy efficiency improvement contract for the Cité Internationale Universitaire student residence in Paris, representing 30 buildings covering 130,000 m², in partnership with Caisse d'Epargne Ile-de-France.

€25.6 billion[1] in loan outstandings

Real estate services

The significant transactions and support services in 2015 include, among others, the acquisition and reorganization of the new administrative headquarters of Banque Populaire Aquitaine Centre Atlantique in Limoges and the disposal of the Mériadeck building by Caisse d'Epargne Aquitaine Poitou-Charentes.

A leader in real estate expertise in France

Financial transactions

€7 billion[2] in covered bonds issued by Compagnie de Financement Foncier.

***Global Capital* award for the best bond issuance strategy in September 2015**

(1) Management data adjusted for accounting purposes (IFRS 7).

(2) Excluding non-recurring transactions (buy-backs and intra-group issuances).

Banque Palatine

Dedicated to business banking and wealth management, Banque Palatine helps company directors achieve their personal and professional goals.

It serves intermediate-sized enterprises and provides wealth management services, leveraging synergies in expertise and across banking businesses to offer bespoke value-added advisory services and solutions.

KEY FIGURES

12,601 corporate customers
59,296 private banking customers
1,275 employees
51 branches
€17.8 billion in deposits and savings, +5.5%
€8.3 billion in loan outstandings, +7.4%
€325 million in net banking income, +2.3%

IN 2015

- Banque Palatine continued to develop and modernize its business, with a focus on service quality and efficiency, and it began to review its major processes. It also redesigned its performance-related pay system.
- While the bank's history dates back 230 years, the "Banque Palatine" brand celebrated its 10-year anniversary. With an active communication and marketing strategy, it reaffirmed its positioning as the bank for intermediate-sized enterprises and their directors.

Corporate customers

Banque Palatine enhanced its presence among intermediate-sized enterprises, drawing on the creation of a syndication platform, interest rate and currency hedging services provided by its trading floor, and improved support for international trade transactions. It served as lead manager on major real estate financing transactions.

The structuring of bond issues for ISEs, in conjunction with Palatine Asset Management for placement services, made a very promising start.

Private banking customers

The extension of the offer of services – EMTN investments, *Platinum Visa* payment card, digital services, etc. – combined with an enhanced presence among company directors reinforced Banque Palatine's growth in this customer segment, which lies at the heart of its business model.

Asset management

The performance over 10 years of French equity mutual fund *Uni Hoche*, which was created in 1978 and is managed by Palatine Asset Management, was once again recognized by the *Excellences* award from *Patrimoine Privé* magazine.

Novethic renewed its certification for the three SRI funds *Palatine Actions Défensives Euro*, *Gérer Multifactoriel Euro* and *Palatine Or Bleu*.

Overseas and international commercial banking

Groupe BPCE develops its commercial banking business outside mainland France through BPCE International. Several Banque Populaire banks and Caisses d'Epargne have cross-border activities. Some are active in the French overseas territories, in particular Caisse d'Epargne Provence-Alpes-Corse (CEPAC) and BRED Banque Populaire.

BPCE International

BPCE International sold its subsidiaries in the French overseas territories that are part of the euro zone to Caisse d'Epargne Provence-Alpes-Corse, took over the activities of Natixis' branch in Vietnam, extended its network with the opening of 10 new branches in Tunisia, Cameroon, Madagascar, and New Caledonia, and rolled out mobile banking services.

It signed agreements in Tunisia and Cameroon with Proparco (AFD Group) for the financing of SMEs and VSEs, in Cameroon with the IFC for the financing of agricultural cooperatives, and it renewed its partnership with the EIB in support of SMEs and VSEs in French Polynesia.

2,670 employees

153 branches

€435.8 million in net banking income

€6.0 billion in loan outstandings

€5.3 billion in deposits and savings

Africa, Indian Ocean: Banque des Mascareignes (Mauritius), BMOI (Madagascar), BTK (Tunisia), BICEC (Cameroon), BCI (Congo), BNDA* (Mali), BCP* (Morocco).

Asia-Pacific: branch in Ho Chi Minh City (Vietnam), Banque de Nouvelle Calédonie, Banque de Tahiti (French Polynesia).

Europe: Fransabank France*, Proparco* (France), Banca Carige* (Italy).

Specialized subsidiaries: Ingépar (financial engineering), Pramex International (international development advisory services).

BRED Banque Populaire

International activities and the French overseas territories are a growth driver for BRED Banque Populaire, and occupy one-quarter of its employees. In 2015, it opened a representative office in Ethiopia, progressed with its project to set up a subsidiary in Cambodia, and relaunched its international trade financing business in Switzerland.

1,800 employees

179 branches

Guadeloupe, Martinique, the Iles du Nord, French Guiana, Reunion Island, Mayotte, New Caledonia, Vanuatu, Fiji, Djibouti, Ethiopia, Laos, Burma, Switzerland.

Caisse d'Epargne CEPAC

In 2015, CEPAC acquired Banque des Antilles Françaises, Banque de Saint-Pierre-et-Miquelon and Banque de la Réunion, from BPCE International. The legal merger of the four entities will be completed in May 2016, and in November they will complete their IT migration.

1,184 employees in the French overseas territories (547 in the French West Indies, 586 in Reunion Island and 51 in Saint Pierre and Miquelon)

91 branches in the overseas territories (44 in the French West Indies, 45 in Reunion Island, 2 in Saint Pierre and Miquelon) and 8 business centers (including subsidiaries) in Guadeloupe, Martinique, Saint-Barthélemy, Saint-Martin, Guiana, Saint Pierre and Miquelon, Reunion Island, and Mayotte.

* *Non-controlling interests.*

Natixis

Natixis provides international financing, asset management, insurance and financial services to large corporates, financial institutions and institutional investors. It also shares its expertise with Groupe BPCE's retail banking networks and develops products and solutions for their customers in line with the leading standards on the market.

KEY FIGURES

Over 16,000 employees
35 countries
€8.6 billion in net banking income[(1)] +11%

Listed on Euronext Paris
CAC Next 20

IN 2015

- Natixis stepped up the international development of its global Corporate and Investment Banking and Asset Management businesses, essentially in North and South America and Asia.
- It completed two acquisitions in line with its strategic plan, "New Frontier": Leonardo & Co France (since renamed Natixis Partners) and the asset management company DNCA (€19 billion in assets under management at December 31, 2015).
- It set up a single insurance business line (personal and non-life insurance) to further enhance the offer of products and services provided to the Groupe BPCE networks.
- Natixis was the first French bank to announce it would no longer finance the coal industry around the world.
- Income before tax was up 17% to €2.4 billion[(1)], with a decline in cost of risk.

Investment Solutions and Insurance

Natixis' revenues increased significantly across all business lines in 2015: in Asset Management, boosted by the success of the multi-affiliate strategy followed by Natixis Global Asset Management and the geographic diversification of the offer, in Insurance and in Private Banking.

Asset Management. Natixis Global Asset Management recorded net inflows of over €33 billion. It encompasses around twenty investment management companies and a global distribution entity. Emerise, the new expert business line focused on emerging markets, which is based in Singapore, was set up in 2015. Mirova, a major player in responsible investment in France, continued to innovate and communicate to promote socially responsible investment.

Insurance. As the single platform serving Groupe BPCE's networks, and ranked number six among French bancassurance specialists[(2)], Natixis Assurances ramped up its digital conversion efforts. Net life insurance inflows amounted to €1.3 billion. Assets under management were up 5% year on year, amounting to €44.1 billion at end-December 2015.

Private Banking. Banque Privée 1818 and Natixis Private Banking, focused entirely on wealth management for private investors, serve the Groupe BPCE networks, independent financial advisors and their own customers. Net inflows amounted to €1.8 billion.

Asset Management: No. 17 worldwide[(3)]

€801 billion in assets under management

Insurance: €6.1 billion in premium income

Non-life insurance: Premium income +11% in 2015

Provident and payment protection insurance: Premium income +12% in 2015

Private Banking: €28 billion in assets under management

(1) Pro forma and excluding non-recurring items.

(2) Argus de l'Assurance, April 10, 2015.

(3) Cerulli ranking, July 2015, based on assets under management at end-December 2014.

Corporate and Investment Banking

International revenues were up 21% in 2015 as the bank continued to expand its international platforms in North and South America, Asia-Pacific and Europe, the Middle East and Africa.

Advisory. Natixis stepped up its M&A advisory services for mid-cap companies and investment funds in France, in particular with the acquisition of Leonardo & Co France, which was renamed Natixis Partners.

Financing. New structured financing facilities amounted to €30 billion. Aircraft, export, infrastructure and real estate financing activities were particularly strong.

Capital Markets. Equity market activities grew throughout 2015, with remarkable performances in derivatives.

Transaction banking. *myContrôles*, a new secure digital service for international credit transfers and payments, protects companies from fraud.

Specialized Financial Services

Financing and specialized services maintained robust growth, underpinned by enhanced distribution of these products and services in the Groupe BPCE networks.

Consumer Credit. Natixis Financement develops revolving loan solutions and manages consumer loans. New loans amounted to €9.4 billion, up 15% year-on-year, while outstandings totaled €18.7 billion.

Lease financing. Natixis Lease provides a full range of non-real estate and real estate leasing, long-term vehicle leasing, IT leasing and renewable energy financing through its subsidiary Natixis Energeco. Natixis Lease manages €11.4 billion in outstandings for 112,000 customers.

Factoring. Natixis Factor develops solutions for companies of all sizes. Factored receivables amounted to €34.8 billion, with an 11% increase in international activities.

Film and audio-visual financing. Natixis Coficiné finances the full range of audio-visual professions. It is the market leader[1] in Europe, with the provision of new loans exceeding €650 million and outstanding loans under management amounting to €788 million.

Employee benefits planning. Natixis Interépargne manages 2.9 million employee savings accounts in France, totaling €25 billion. Natixis Intertitres issued 122.7 million service vouchers, representing €976 million. Together they provide a full range of employee benefits.

Payments. Natixis Payment Solutions, which renewed its electronic payment system partnership with BNP Paribas for twelve years, provides full domestic, European and International payment instrument management services, with €20.9 million cards managed, and 3.8 billion transactions processed in 2015.

Sureties and guarantees. Compagnie Européenne de Garanties et Cautions (CEGC) guarantees €31.8 billion in home loans for individuals and €5.9 billion for real estate managers. It provides over 68,000 guarantees to companies.

Securities. EuroTitres is the number two[1] in retail custody and number one[1] in outsourced external custody services for retail and private banks. It manages 3.6 million securities accounts.

No. 1 in employee savings account administration in France[2]

No. 2 in home loan guarantees[1]

No. 1 in film and audio-visual financing in Europe

No. 1 issuer of prepaid cards in France

No. 3 in consumer credit in France[3]

(1) *Internal source.*

(2) *AFG (French Asset Management Association) – as at June 30, 2015.*

(3) *Natixis Financement.*

2 CORPORATE GOVERNANCE

2.1 Introduction

In preparing this report, BPCE referred to the Corporate Governance Code for listed companies published in December 2008 and updated in November 2015 by the *Association Française des Entreprises Privées* (AFEP – French Private Companies Association) and the *Mouvement des Entreprises de France* (MEDEF – French Business Confederation), hereinafter referred to as the AFEP-MEDEF Code, including the October 2008 recommendations on executive pay, as set out in Article L. 225-68 of the French Commercial Code.

Only certain provisions were not followed, insofar as they are not deemed to apply to BPCE's operating procedures as a cooperative Group's central institution and its equal ownership by the Banque Populaire and Caisse d'Epargne networks, which is reflected in the composition of its Board. These provisions were as follows: terms of office and the staggered renewal of Board Member terms, Board Member ownership of a material number of shares, and the proportion of independent directors on the Supervisory Board and its committees.

Regarding terms of office, unlike the maximum four-year term recommended in the AFEP-MEDEF Code, the statutory term of office of BPCE Supervisory Board Members is six years, which reflects the Group's cooperative structure and meets the requirement that members have a more comprehensive and long-term view of BPCE's business and activities.

Similarly, renewals of BPCE Board Member terms are not staggered due to the need, given how recently BPCE was established, to provide a degree of stability and balanced representation of both Groupe BPCE networks (Caisse d'Epargne and Banque Populaire).

Groupe BPCE's cooperative structure also explains why the Appointments Committee's recommendations regarding the appointment of Board Members only concern members from outside Groupe BPCE.

Regarding a Supervisory Board Member's ownership of a material number of shares, BPCE's Articles of Association take into account the fact that, in accordance with Act No. 2008-776 of August 4, 2008, Supervisory Board Members are no longer required to own shares in the company. As a result, BPCE Supervisory Board Members do not own a material number of shares and are not shareholders in a personal capacity, but the two categories of shareholders are represented through their appointment, which ensures that the company's interests are respected.

Concerning the proportion of independent directors on the Board and its committees, BPCE is therefore in compliance with Article L. 512-106 of the French Monetary and Financial Code, which stipulates that the representatives of cooperative shareholders proposed by the Chairmen of the Steering and Supervisory Board of the Caisses d'Epargne and the Chairmen of the Board of Directors of the Banque Populaire banks account for a majority of the Supervisory Board. As a result, the recommendations concerning the proportion of independent members cannot be applied due to the equal majority representation of the Caisses d'Epargne and Banque Populaire banks. This structure does not undermine the quality of the Board's work or discussions.

Finally, concerning the presence of employee directors on the Board, BPCE amended its Articles of Association at the Extraordinary Shareholders' Meeting of December 17, 2014 in order to set out the conditions for appointing the Board Members representing employees, and the two unions that received the most votes in the first round of elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code, which were the Fédération CFDT des Banques et Assurances and the Fédération de la Finance et de la Banque CFE-CGC, appointed two Board Members representing employees on April 28 and 30, 2015, respectively. BPCE therefore complies with the provisions of the Act of June 14, 2013 related to job security.

Furthermore, BPCE formally adheres to and implements the AFEP-MEDEF Code recommendations on executive pay.

STATEMENT OF COMPLIANCE WITH AFEP-MEDEF CODE RECOMMENDATIONS[1]

Board of Directors: governing body	Recommendations implemented
Board of Directors and the market	Recommendations implemented
Separation of the offices of Chairman of the Board of Directors and Chief Executive Officer	N/A
Board of Directors and strategy	Recommendations implemented
Board of Directors and Annual General Shareholders' Meeting	Recommendations implemented
Composition of the Board of Directors: guidelines	Recommendations implemented
Employee representation	Recommendations implemented
Minority shareholders	N/A
Independent directors	Recommendations partly implemented (not followed regarding proportion of independent directors on the Board)
Evaluation of the Board of Directors	Recommendations implemented
Board and Committee meetings	Recommendations implemented
Directors' access to information	Recommendations implemented
Training for directors	Recommendations implemented
Directors' terms of office	Recommendations not implemented (six-year term, no staggered terms and no ownership of a material number of shares)
Board committees	Recommendations implemented
Audit Committee	Recommendations partly implemented (not followed regarding proportion of independent directors on the committee)
Committee responsible for selection or appointments	Recommendations partly implemented (not followed regarding proportion of independent directors on the committee)
Committee responsible for pay	Recommendations partly implemented (not followed regarding proportion of independent directors on the committee)
Number of terms for company directors and directors	Recommendations implemented
Director ethics and compliance	Recommendations implemented
Director pay	Recommendations implemented
Termination of employment contract for Corporate Office	Recommendations implemented
Company director pay	Recommendations implemented
Transparency regarding company director pay	Recommendations implemented
Implementation of recommendations	Recommendations implemented

(1) BPCE has implemented the provisions of the AFEP-MEDEF Code, adapting them to its Management Board/Supervisory Board governance model.

2.2 Management and Supervisory Bodies

2.2.1 Supervisory Board

The terms of the BPCE Supervisory Board Members were renewed at the Ordinary General Shareholders' Meeting of May 22, 2015 for a period of six years.

In accordance with Article L. 225-79-2 of the French Commercial Code, two members representing employees were appointed on April 28 and 30, 2015 by the two unions that received the most votes in the first round of elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code, which were the Fédération CFDT des Banques et Assurances and the Fédération de la Finance et de la Banque CFE-CGC.

GUIDELINES

Under Article 21 of the Articles of Association as amended by the Extraordinary Shareholders' Meeting of December 17, 2014, the BPCE Supervisory Board is made up of 10 to 19 members: seven representatives of Category A shareholders (the Caisses d'Epargne et de Prévoyance), seven representatives of Category B shareholders (the Banque Populaire banks), three independent members as defined by the AFEP-MEDEF Code[1] and two members representing employees of BPCE and its direct or indirect subsidiaries that are headquartered in France.

The Supervisory Board includes six non-voting directors acting in an advisory capacity.

Among the non-voting directors, the Chairman of Fédération Nationale des Caisses d'Epargne and the Chairman of Fédération Nationale des Banques Populaires, who cannot be members of the Supervisory Board, are non-voting directors as of right, in accordance with Article 28.1 of BPCE's Articles of Association.

The other four non-voting directors are appointed by the Ordinary General Shareholders' Meeting in accordance with Article 31.9 of BPCE's Articles of Association: two from among the candidates proposed by Category A shareholders and two from among the candidates proposed by Category B shareholders.

In accordance with Article L. 2323-62 of the French Labor Code, the Articles of Association also stipulate the presence of one non-voting representative from the company's Works Council.

The Supervisory Board includes a committee consisting of the Chairman, the Vice-Chairman, a Chairman of the Management Board of a Caisse d'Epargne and a Chief Executive Officer of a Banque Populaire bank. The Supervisory Board committee serves as a forum for exchange and discussion about important matters before they are presented to the Supervisory Board. The committee does not make decisions.

APPOINTMENT

During the company's life, and subject to co-opting, Supervisory Board Members are appointed by the shareholders at the Ordinary General Shareholders' Meeting, as indicated in Article 21 of BPCE's Articles of Association, on a motion by Category A or B shareholders, depending on the category in question.

Independent members are proposed by the Appointments Committee to the Supervisory Board, which asks the Management Board to put their appointment to a vote at the Ordinary General Shareholders' Meeting.

The two members representing employees of BPCE and its subsidiaries are appointed by each of the two unions that received the most votes in the first round of elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code.

Supervisory Board Members hold office for a term of six years. Their duties end at the close of the Ordinary General Shareholders' Meeting convened to rule on the financial statements for the past fiscal year, held during the year in which their term expires. BPCE Supervisory Board Member duties will therefore end at the close of the Ordinary General Shareholders' Meeting to be held in 2021 to rule on the financial statements for the fiscal year ending December 31, 2020.

Supervisory Board Members may be re-elected, subject to no limitations other than age (age limit: 70) contained in the Articles of Association, in accordance with Article 21 of BPCE's Articles of Association. However, they are automatically deemed to have resigned once they no longer carry out the responsibilities set out in Article 21 of the Articles of Association. Furthermore, no persons may be appointed as a member of the Supervisory Board if, from the date of their appointment, they cannot complete at least half of their term before reaching the above-cited age limit.

GENDER EQUALITY

At December 31, 2015, six out of the total 19 members of the BPCE Supervisory Board were women (*i.e.* over 35.29%). In accordance with Article L. 225-79 of the French Commercial Code, the members representing employees of BPCE and its direct or indirect subsidiaries that are headquartered in France are not included in this calculation. BPCE is therefore in compliance with the provisions of the Copé Zimmermann Act of January 27, 2011 on the balanced representation of women and men on Boards of Directors and Supervisory Boards. The composition of the Board complies with the 20% representation which by law must have been reached by 2014. Women must represent 40% of the Board Membership by 2017.

INDEPENDENCE

In keeping with the corporate governance guidelines and best practices set out in the Supervisory Board's internal rules adopted on July 31, 2009 and amended on February 18, 2015, Supervisory Board Members:

- take care to maintain their independence of judgment, decision and action in all circumstances. They avoid being influenced by anything that is contrary to the company's interests, which it is their duty to defend;

(1) *A complete description of the shareholder categories is provided in section 7.2.2 "Category A and B shares".*

- undertake to avoid any conflict that may exist between their moral and material interests and those of the company. They inform the Supervisory Board of any conflict of interest that may affect them. In such cases, they abstain from taking part in any discussions and decisions on the matters concerned.

In addition, the Supervisory Board and each of its committees include elected or co-opted independent members. The definition below is based on the AFEP-MEDEF Code recommendations. However, BPCE does not follow the AFEP-MEDEF Code recommendations concerning the proportion of independent directors on the Supervisory Board and its committees: because of Groupe BPCE's cooperative structure, the proportion of directors representing the Banque Populaire and Caisse d'Epargne networks is larger than the proportion of independent directors as defined in the AFEP-MEDEF Code (three in number).

The criteria stated below are designed to define a member's independent status. The guiding principle is that "members are independent if they have no relations of any sort with the company, its group or its management, which might compromise the free exercise of their judgment."

An independent member must not:

- be an employee or corporate officer of the company or Groupe BPCE, or an employee or director of one of the company's shareholders, and must not have been so during the previous five years;
- be a government representative, a civil servant or an employee of Société de Prise de Participation de l'État (SPPE) or any other entity in which the government has a direct or indirect controlling interest;
- be a corporate officer of a company in which the company directly or indirectly holds a directorship or in which a designated employee or a corporate officer of the company (either currently or in the last five years) holds a directorship;
- be a client (or directly or indirectly linked to a client), supplier, investment banker, or commercial banker, if the business relationship is such that it could compromise the free exercise of the member's judgment;
- have a close family link with a corporate officer of the company or its group;
- have been an auditor, accountant, or permanent or alternate Statutory Auditor of the company or of any Groupe BPCE companies during the last five years;
- have been a corporate officer of the company for more than 12 years; or
- receive or have received any substantial additional pay from the company or Groupe BPCE, excluding attendance fees and including participation in any stock option package or any other performance-based pay package.

The term "corporate officer" refers to any person who assumes, in the company or in any of Groupe BPCE's companies, executive management duties, *i.e.* any Chairman, Chairman of the Board of Directors or Management Board, member of the Management Board, Chief Executive Officer or Deputy Chief Executive Officer of the company or any Groupe BPCE companies, except for members of the Board of Directors or Supervisory Board, provided they do not collect any form of pay from the company or any Groupe BPCE companies other than the attendance fees paid by the company or their pay as Chairman or Vice-Chairman of the Supervisory Board.

The Supervisory Board may find that one or more of its members, although meeting the criteria above, should not be classified as independent given their individual situation or that of the company, with regard to their shareholdings or for any other reason.

At the Supervisory Board meeting of May 6, 2015, based on the proposalos of the Appointments Committee regarding the selection of independent Board Members under the AFEP-MEDEF Code, Maryse Aulagnon, Marwan Lahoud and Marie-Christine Lombard were appointed as independent members of the Supervisory Board. The Ordinary General Shareholders' Meeting of May 22, 2015 ratified these appointments.

MEMBERS

The table below lists the members of the Supervisory Board as at December 31, 2015[1].

With regard to the Chairman:

- on May 22, 2015, the Board appointed Pierre Valentin as its Chairman and Stève Gentili as its Vice-Chairman for a two-year term ending with the adjournment of the Annual General Shareholders' Meeting convened to approve the financial statements for 2016, which is scheduled to take place in May 2017.

With regard to members:

- the Ordinary General Shareholders' Meeting of May 22, 2015 renewed the terms of the members and non-voting directors of the BPCE Supervisory Board, effective the same day, for a period of six years and ending at the Ordinary General Shareholders' Meeting to be held in 2021 to approve the financial statements for the year ending December 31, 2020.
- at its November 16, 2015 meeting, the BPCE Supervisory Board accepted the resignation of Catherine Halberstadt from her duties as a Supervisory Board Member following her appointment as a Management Board Member in charge of Human Resources, Internal Communications and the Corporate Secretariat of BPCE[2].
- at its meeting on December 16, 2015, the BPCE Supervisory Board appointed Alain Condaminas as a member of the Supervisory Board and as a member of the Risk Committee for the remainder of Catherine Halberstadt's term;
- the ECB/ACPR joint monitoring team shared its preliminary remarks on the composition of the Audit and Risk Committees in October 2015, and encouraged BPCE to include a greater variety of members in both committees. Taking this recommendation into account, at the December 16, 2015 meeting, the Supervisory Board amended the Internal Rules of the Board, which stipulated that participation in the Appointments and Remuneration Committees and in the Audit and Risk Committees were incompatible with one another, and altered the composition of the Audit Committee and the Risk Committee (see the section entitled "Composition of Board committees" below).

At December 31, 2015

SB: Supervisory Board

BD: Board of Directors

SSB: Steering and Supervisory Board

(1) *The biographies of Supervisory Board Members are available in section 2.2.4.*

(2) *Catherine Halberstadt's duties as member of the Management Board are effective as of January 1, 2016.*

Office	Date of appointment/ renewal	Term of office ends in	Business address
Chairman of the Supervisory Board	**05/22/2015**	**2017**	
Pierre Valentin Member of the Supervisory Board of BPCE Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon	05/22/2015	2021	Caisse d'Epargne Languedoc-Roussillon 254, rue Michel-Teule – BP 7330 – 34184 Montpellier Cedex 4
Vice-Chairman of the Supervisory Board	**05/22/2015**	**2017**	
Stève Gentili Member of the Supervisory Board of BPCE Chairman of BRED Banque Populaire	05/22/2015	2021	BRED Banque Populaire 18, quai de la Rapée – 75604 Paris – Cedex 12
Representatives of the Banque Populaire banks			
Thierry Cahn Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne	05/22/2015	2021	Banque Populaire Alsace Lorraine Champagne 3, rue François-de-Curel – 57000 Metz
Alain Condaminas Chief Executive Officer of Banque Populaire Occitane	12/16/2015	2021	Banque Populaire Occitane 33-43, avenue Georges-Pompidou – 31130 Balma
Pierre Desvergnes Chairman of the Board of Directors of CASDEN Banque Populaire	05/22/2015	2021	CASDEN Banque Populaire 91, cours des Roches – Noisiel – 77424 Marne-la-Vallée Cedex 2
Yves Gevin Chief Executive Officer of Banque Populaire Rives de Paris	05/22/2015	2021	Banque Populaire Rives de Paris Immeuble Sirius – 76-78, avenue de France 75204 Paris Cedex 13
Michel Grass Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté	05/22/2015	2021	Banque Populaire Bourgogne Franche-Comté 5, avenue de Bourgogne – BP 63 – 21802 Quetigny Cedex
André Joffre Chairman of the Board of Directors of Banque Populaire du Sud	05/22/2015	2021	Banque Populaire du Sud 38, bd Georges-Clemenceau – 66966 Perpignan CEDEX 09
Caisses d'Epargne representatives			
Catherine Amin-Garde Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche	05/22/2015	2021	Caisse d'Epargne Loire Drôme Ardèche Espace Fauriel – 17, rue P et D Pontchardier – BP 147 42012 Saint-Étienne Cedex 02
Astrid Boos Chairman of the Steering and Supervisory Board of Caisse d'Epargne d'Alsace	05/22/2015	2021	Caisse d'Epargne Alsace 1, avenue du Rhin – 67925 Strasbourg Cedex 9
Françoise Lemalle Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur	05/22/2015	2021	Caisse d'Epargne Côte d'Azur 455, promenade des Anglais – BP 3297 – 06205 Nice Cedex 03
Stéphanie Paix Chairman of the Management Board of Caisse d'Epargne Rhône Alpes	05/22/2015	2021	Caisse d'Epargne Rhône Alpes 42, boulevard Eugène-Deruelle – BP 3276 – 69404 Lyon Cedex 3
Didier Patault Chairman of the Management Board of Caisse d'Epargne Ile-de-France	05/22/2015	2021	Caisse d'Epargne Ile-de-France 26, 28 rue Neuve-Tolbiac – 75013 Paris
Nicolas Plantrou Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie	05/22/2015	2021	Caisse d'Epargne Normandie 151, rue d'Uelzen – 76230 Bois-Guillaume
Independent members			
Maryse Aulagnon Chairman and Chief Executive Officer of Affine Group	05/22/2015	2021	Affine 5, rue Saint-Georges – 75009 Paris
Marwan Lahoud Member of the Executive Committee, Deputy Chief Executive Officer in charge of Corporate Strategy and Marketing at Airbus Group	05/22/2015	2021	Airbus Group SAS 5, quai Marcel-Dassault – 92152 Suresnes Cedex
Marie-Christine Lombard Chairman of the Management Board of Geodis	05/22/2015	2021	Geodis 26, quai Michelet – 92309 Levallois Cedex
Members representing employees of BPCE and its subsidiaries			
Vincent Gontier Fédération CFDT des Banques et Assurances	04/28/2015	2021	Natixis 47, quai d'Austerlitz – 75013 Paris
Frédéric Hassaine Fédération de la Finance et de la Banque CFE-CGC	04/30/2015	2021	Natixis 68-76, quai de la Rapée – 75012 Paris
Non-voting directors			
Jean Arondel(1) Chairman of Fédération Nationale des Caisses d'Epargne	05/06/2015	2021	Fédération Nationale des Caisses d'Epargne 5, rue Masseran – 75007 Paris
Dominique Martinie(1) Chairman of Fédération Nationale des Banques Populaires	03/12/2014	2017	Fédération Nationale des Banques Populaires 76, avenue de France – 75013 Paris
Pierre Carli Chairman of the Management Board of Caisse d'Epargne de Midi-Pyrénées	05/22/2015	2021	Caisse d'Epargne de Midi-Pyrénées 10, avenue Maxwell – BP 22306 – 31023 Toulouse Cedex 1
Alain Lacroix Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse	05/22/2015	2021	Caisse d'Epargne Provence-Alpes-Corse Place Estrangin-Pastré – 13254 Marseille Cedex 06
Pascal Marchetti Chief Executive Officer of Banque Populaire des Alpes	05/22/2015	2021	Banque Populaire des Alpes 2, avenue du Grésivaudan – CS 80043 – Corenc – 38701 La Tronche Cedex
Gonzague de Villèle Chief Executive Officer of Banque Populaire Val de France	05/22/2015	2021	Banque Populaire Val de France 9, avenue Newton – 78183 Saint-Quentin-en-Yvelines Cedex

(1) Non-voting director as of right.

COMPOSITION OF BOARD COMMITTEES

In accordance with Articles 511-89 *et seq.* of the French Monetary and Financial Code and the Ministerial Order of November 3, 2014 on internal control of companies in the banking, payment services, and investment services sector subject to supervision by the *Autorité de contrôle prudentiel et de résolution* (ACPR – the French prudential supervisory authority for the Banking and Insurance sector), which replaced CRBF regulation 97-02 of February 21, 1997 ("the Ministerial order of November 3, 2014 on internal control of banking sector companies"), the Supervisory Board, at its February 18, 2015 meeting, amended its Internal Rules and created i) a Risk Committee separate from the Audit Committee, and ii) a Remuneration Committee separate from the Appointments Committee.

The members of these committees were appointed at the Supervisory Board meeting of May 22, 2015, except for members of the Cooperative Committee, who were appointed at the Supervisory Board meeting of July 30, 2015.

Audit Committee

At December 31, 2015, the Audit Committee's Chairman was Marwan Lahoud, who has held the position since May 22, 2015. He is an independent Board Member, Executive Committee member, and Deputy Chief Executive Officer in charge of Strategy and Marketing at Airbus Group. Marwan Lahoud previously served as Chairman of the Audit and Risk Committee starting on July 31, 2009.

The committee's other members were chosen for their expertise in accounting, finance and internal control:

- Thierry Cahn, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne;
- Yves Gevin, Chief Executive Officer of Banque Populaire Rives de Paris;
- Marie-Christine Lombard, independent member, Chairman of the Management Board of Geodis;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Ile-de-France;
- Nicolas Plantrou, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Audit Committee.

The biographies of Audit Committee members are available in section 2.2.4.

Risk Committee

At December 31, 2015, the Risk Committee's Chairman was Marie-Christine Lombard, who has held the position since May 22, 2015. She is an independent Board Member and Chairman of the Management Board of Geodis.

The other members of the committee were chosen due to their knowledge, skills, and expertise, which allow them to understand and monitor risk appetite and strategy:

- Alain Condaminas, Chief Executive Officer of Banque Populaire Occitane;
- Michel Grass, Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté;
- Marwan Lahoud, independent member, member of the Executive Committee and Deputy Chief Executive Officer in charge of Corporate Strategy and Marketing at Airbus Group;
- Françoise Lemalle, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur;
- Stéphanie Paix, Chairman of the Management Board of Caisse d'Epargne Rhône Alpes.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Audit Committee.

The heads *of Inspection générale,* Compliance, Group Security and Group Risk Management are invited to the meetings of the Risk Committee as non-voting participants.

The biographies of Risk Committee members are available in section 2.2.4.

Appointments Committee

At December 31, 2015, the Appointments Committee's Chairman was Maryse Aulagnon, who has held the position since May 22, 2015. She is an independent Board Member and Chairman and Chief Executive Officer of Affine, and had previously served as Chairman of the Appointments and Remuneration Committee starting on January 16, 2014.

The other members of the Appointments Committee were selected on the basis of their expertise and professional experience:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche;
- Astrid Boos, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace;
- Pierre Desvergnes, Chairman of the Board of Directors of CASDEN Banque Populaire;
- Yves Gevin, Chief Executive Officer of Banque Populaire Rives de Paris;
- André Joffre, Chairman of the Board of Directors of Banque Populaire du Sud;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Ile-de-France.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Appointments Committee.

The biographies of Appointments Committee members are available in section 2.2.4.

Remuneration Committee

At December 31, 2015, the Remuneration Committee's Chairman was Maryse Aulagnon, who has held the position since May 22, 2015. She is an independent Board Member and Chairman and Chief Executive Officer of Affine, and had previously served as Chairman of the Appointments and Remuneration Committee starting on January 16, 2014.

The other members of the Remuneration Committee were selected on the basis of their expertise and professional experience:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche;
- Astrid Boos, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace;
- Pierre Desvergnes, Chairman of the Board of Directors of CASDEN Banque Populaire;
- Yves Gevin, Chief Executive Officer of Banque Populaire Rives de Paris;
- Vincent Gontier, employee representative;
- André Joffre, Chairman of the Board of Directors of Banque Populaire du Sud;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Ile-de-France.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Remuneration Committee.

The biographies of Remuneration Committee members are available in section 2.2.4.

Cooperative Committee

At December 31, 2015, the Cooperative Committee's Chairman was Dominique Martinie, who has held the position since July 30, 2015. He is Chairman of FNBP and a non-voting director as of right.

The other members of the Cooperative Committee were selected on the basis of their expertise and professional experience:

- Jean Arondel, Chairman of FNCE and a non-voting director as of right;
- Stève Gentili, Vice-Chairman of the Supervisory Board of BPCE and Chairman of BRED Banque Populaire;
- Yves Gevin, Chief Executive Officer of Banque Populaire Rives de Paris;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Ile-de-France;
- Pierre Valentin, Chairman of the Supervisory Board of BPCE and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon.

The biographies of Cooperative Committee members are available in section 2.2.4.

2.2.2 Management Board

GUIDELINES

The Management Board consists of between two and five individuals, who may or may not be selected from among the shareholders.

The age limit for serving on the Management Board is 65. When members reach the age limit, they are deemed to have resigned as of the date of the next meeting of the Supervisory Board, which will decide on a replacement.

The Supervisory Board appoints the Chairman of the Management Board, who then provides it with recommendations on the other members to be appointed to the Management Board.

MEMBERS

The Supervisory Board, at its November 16, 2015 meeting, appointed a Management Board composed of François Pérol and four members appointed on his recommendation (Jean-Yves Forel, Daniel Karyotis, Catherine Halberstadt and Laurent Mignon) for a four-year term expiring at the end of the Annual General Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2019. The Board gave François Pérol the title of Chairman of the Management Board. The terms of Jean-Yves Forel, Management Board Member in charge of Commercial Banking and Insurance, Daniel Karyotis, Management Board Member in charge of Finance, Risk and Operations, and Laurent Mignon, Chief Executive Officer of Natixis, took effect on the date of that meeting. The term of Catherine Halberstadt, Management Board Member in charge of Human Resources and Internal Communications, began on January 1, 2016. Catherine Halberstadt was also given responsibility for the Corporate Secretariat of BPCE.

The term of Anne Mercier-Gallay as Management Board Member in charge of Human Resources and Internal Communications ended on November 16, 2015.

From January 1, 2015 to November 16, 2015

François Pérol, Chairman of the Management Board
Jean-Yves Forel, member of the Management Board, Chief Executive Officer in charge of Commercial Banking and Insurance
Daniel Karyotis, member of the Management Board, Chief Executive Officer in charge of Finance, Risks and Operations
Anne Mercier-Gallay, member of the Management Board, Chief Executive Officer in charge of Human Resources and Internal Communications
Laurent Mignon, member of the Management Board, Chief Executive Officer of Natixis

From November 16, 2015 to December 31, 2015*

François Pérol, Chairman of the Management Board
Jean-Yves Forel, member of the Management Board, Chief Executive Officer in charge of Commercial Banking and Insurance
Daniel Karyotis, member of the Management Board, Chief Executive Officer in charge of Finance, Risks and Operations
Laurent Mignon, member of the Management Board, Chief Executive Officer of Natixis

As of January 1, 2016

François Pérol, Chairman of the Management Board
Jean-Yves Forel, member of the Management Board, Chief Executive Officer in charge of Commercial Banking and Insurance
Catherine Halberstadt, member of the Management Board, Chief Executive Officer in charge of Human Resources, Internal Communications and the Corporate Secretariat of BPCE
Daniel Karyotis, member of the Management Board, Chief Executive Officer in charge of Finance, Risks and Operations
Laurent Mignon, member of the Management Board, Chief Executive Officer of Natixis

* *Marguerite Bérard-Andrieu served as interim Management Board Member in charge of Human Resources and Internal Communications until January 1, 2016, when Catherine Halberstadt took over the office.*

2.2.3 BPCE Management bodies

EXECUTIVE MANAGEMENT COMMITTEE

François Pérol, Chairman of the Management Board

Jean-Yves Forel, Chief Executive Officer[(1)]– Commercial Banking and Insurance

Catherine Halberstadt, Chief Executive Officer[(1)] – Human Resources, Internal Communications[(2)] and the Corporate Secretariat of BPCE

Daniel Karyotis, Chief Executive Officer[(1)] – Finance and Operations[(3)]

Laurent Mignon, Chief Executive Officer of Natixis

Marguerite Bérard-Andrieu, Deputy Chief Executive Officer[(1)] – Strategy, Legal Affairs and Corporate Secretariat[(3)]

Jacques Beyssade, Deputy Chief Executive Officer[(1)] – Risks, Compliance and Permanent Control[(3)]

EXECUTIVE COMMITTEE

In addition to the members of the Executive Management Committee, the Executive Committee includes:

Aline Bec, Deputy Chief Executive Officer[(1)] – Group Operations

Max Bézard, Head of Group Finance Control

Géraud Brac de la Pérrière, Head of Group *Inspection générale*

Christiane Butte, BPCE Corporate Secretary and Head of Group Legal Affairs

Frédéric Chenot, Head of Development for the Banque Populaire banks

Nicolas Duhamel, Advisor to the Chairman of the Management Board, in charge of Public Affairs

Olivier Irisson, Chief Financial Officer

Cédric Mignon, Head of Development for the Caisses d'Epargne

Yves Messarovitch, Head of Group Communications

Pascale Parquet, Head of Group Compliance & Security

Bruno Deletré, Chief Executive Officer of Crédit Foncier

Pierre-Yves Dréan, Chairman of the Management Board of Banque Palatine

Philippe Garsuault, Chief Executive Officer of BPCE International

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(1) The title of Chief Executive Officer is not governed by Article L. 225-66 of the French Commercial Code.

(2) Marguerite Bérard-Andrieu served as interim Management Board Member in charge of Human Resources and Internal Communications from November 16, 2015 until January 1, 2016, when Catherine Halberstadt took over the office.

(3) Since February 25, 2016.

2.2.4 Directorships and offices held by corporate officers

SUPERVISORY BOARD

The composition of the Supervisory Board at December 31, 2015 was as follows.

For the Caisse d'Epargne network

Pierre VALENTIN
Born February 6, 1953

Mr. Valentin has a degree in private law and a postgraduate degree from the Institut des Assurances d'Aix-Marseille. He is an entrepreneur and began his career at Mutuelle d'Assurances du Bâtiment et des Travaux Publics in Lyon in 1978. In 1979, he set up Société Valentin Immobilier. Pierre Valentin quickly formed a long-standing commitment to the Caisse d'Epargne network. In 1984, he became a consulting advisor to Caisse d'Epargne d'Alès. In 1991, he served as a consulting advisor to Caisse d'Epargne Languedoc-Roussillon. He was appointed Chairman of local savings company Vallée des Gardons in 2000. He has been a member of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon since 2000, and was Chairman of the Audit Committee from 2003 to 2006. In 2006, he became Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon and was re-elected to the position in 2009 and 2015.

Since 2008, Pierre Valentin has been on the Board of Directors of FNCE, and has actively participated in the Group's governance. He has also served as a director, Chairman of the Audit Committee and Vice-Chairman of the Supervisory Board of Banque Palatine between 2008 and 2013, and then as director of the listed company Natixis from 2013 to 2015.

Pierre Valentin, a member of the BPCE Supervisory Board since 2009 and a member of the Audit and Risk Committee from 2013 to 2015, was elected Chairman of the BPCE Supervisory Board on May 22, 2015.

Offices held at December 31, 2015

Chairman of the Supervisory Board and member of the Cooperative Committee of BPCE

Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon (CELR)

Chairman of the Board of Directors: SLE Vallée des Gardons

Director: CE Holding Promotion, FNCE, Association Maison de Santé Protestante d'Alès** (formerly Clinique Bonnefon)

Legal Manager: SCI Les Trois Cyprès**, SCI Les Amandiers**

Terms of office expired in 2015

Member of the Audit Committee and Risk Committee of BPCE (until May 22, 2015)

Director: Natixis* (until July 30, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board and the Audit and Risk Committee of BPCE	**Member of the Supervisory Board and the Audit and Risk Committee of BPCE**	**Member of the Supervisory Board of BPCE**	**Member of the Supervisory Board of BPCE**
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon (CELR)	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon (CELR)**	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon**	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon**
Chairman of the Board of Directors: SLE Vallée des Gardons	**Chairman of the Board of Directors:** SLE Vallée des Gardons	**Chairman of the Board of Directors:** SLE Vallée des Gardons	**Chairman of the Board of Directors:** SLE Vallée des Gardons
Director: CE Holding Promotion, FNCE, Natixis*, Association Maison de Santé Protestante d'Alès** (formerly Clinique Bonnefon)	**Director:** CE Holding Promotion, Association Maison de Santé Protestante d'Alès** (formerly Clinique Bonnefon), Pierre et Lise Immobilier**, FNCE, Natixis*	**Vice-Chairman of the Supervisory Board:** Banque Palatine	**Vice-Chairman of the Supervisory Board:** Banque Palatine
Legal Manager: SCI Les Trois Cyprès**, SCI Les Amandiers**	**Legal Manager:** SCI Les Trois Cyprès**, SCI Les Amandiers**	**Member of the Supervisory Board:** Banque Palatine	**Member of the Supervisory Board:** Banque Palatine
		Director: CE Holding Promotion, Association Maison de Santé Protestante d'Alès** (formerly Clinique Bonnefon), Pierre et Lise Immobilier**, FNCE	**Director:** CE Holding Promotion, Association Maison de Santé Protestante d'Alès** (formerly Clinique Bonnefon), Pierre et Lise Immobilier**, FNCE
		Legal Manager: SCI Les Trois Cyprès**, SCI Les Amandiers**	**Legal Manager:** SCI Les Trois Cyprès**, SCI Les Amandiers**

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Catherine AMIN-GARDE
Born March 8, 1955

Ms. Amin-Garde holds advanced degrees in both History and European Studies. She joined Groupe Caisse d'Epargne in 1984.

She is currently a representative of the Prefect in the Drôme region and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche.

Offices held at December 31, 2015

Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche
Chairman of the Board of Directors: SLE Drôme Provençale Centre
Chairman: Fondation Loire Drôme Ardèche
Director: FNCE, CE Holding Promotion, Natixis Interépargne

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board and the Appointments and Remuneration Committee of BPCE **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** **Chairman of the Board of Directors:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Director:** FNCE, CE Holding Promotion, Natixis Interépargne	**Member of the Supervisory Board and the Appointments and Remuneration Committee of BPCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** **Chairman of the Board of Directors:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Director:** FNCE, CE Holding Promotion, Natixis Interépargne	**Member of the Supervisory Board of BPCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** **Chairman of the Board of Directors:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Director:** FNCE, CE Holding Promotion, Natixis Interépargne	**Member of the Supervisory Board of BPCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** **Chairman of the Board of Directors:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Director:** FNCE, CE Holding Promotion, Association Savoirs pour Réussir Drôme, Natixis Interépargne

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Astrid BOOS

Born November 14, 1953

Ms. Boos has been a chartered accountant since 1988 and is registered as a Statutory Auditor with the Commissaires aux Comptes d'Alsace. She has worked in these capacities at Boos Expertise Comptable et Audit** (BEC) since 1991. As part of her community-oriented volunteer work, she has chaired Maison de Santé Amreso-Bethel in Alsace since 2007 and Fondation Caisses d'Epargne pour la Solidarité since 2011.

Offices held at December 31, 2015

Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE

Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace

Chairman of the Board of Directors: SLE Strasbourg Ouest, Maison de Santé Amreso-Bethel**,

Legal Manager: BOOS Expertise Comptable et Audit (BEC)**

Co-Chairman: Fondation Solidarité Rhénane, under the aegis of Fondation CE Solidarité**

Member of the Board of Directors: Banque Privée 1818

Director: Caisse d'Allocations Familiales du Bas-Rhin** (decision-making committee), Maison des Tanneurs**, FNCE, CE Holding Promotion

Terms of office expired in 2015

Chairman of the Board of Directors: Fondation CE Solidarité (until December 16, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace **Chairman of the Board of Directors:** SLE Strasbourg Ouest, Fondation CE Solidarité, Maison de Santé Amreso-Bethel** **Legal Manager:** BOOS Expertise Comptable et Audit (BEC)** **Co-Chairman:** Fondation Solidarité Rhénane** **Member of the Board of Directors:** Banque Privée 1818 **Director:** Caisse d'Allocations Familiales du Bas-Rhin** (decision-making committee), Maison des Tanneurs**, FNCE	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace** **Chairman of the Board of Directors:** Fondation CE Solidarité, Maison de Santé Amreso-Bethel** **Legal Manager:** BOOS Expertise Comptable et Audit (BEC)** **Director:** Banque Privée 1818, Caisse d'Allocations Familiales du Bas-Rhin** (decision-making committee), Maison des Tanneurs**, FNCE	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace** **Chairman of the Board of Directors:** Fondation CE Solidarité, Maison de Santé Amreso-Bethel** **Legal Manager:** BOOS Expertise Comptable et Audit (BEC)** **Director:** Banque Privée 1818, Caisse d'Allocations Familiales du Bas-Rhin** (decision-making committee), Maison des Tanneurs**, FNCE	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Alsace** **Chairman of the Board of Directors:** Fondation CE Solidarité, Maison de Santé Amreso-Bethel** **Legal Manager:** BOOS Expertise Comptable et Audit (BEC)** **Director:** Banque Privée 1818, Caisse d'Allocations Familiales du Bas-Rhin** (decision-making committee), Maison des Tanneurs**, FNCE

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Françoise LEMALLE
Born January 15, 1965

A chartered accountant since 1991 (and the youngest Chartered Accountant in the PACA region that year), Françoise Lemalle registered with the Compagnie des Commissaires aux Comptes in 1993. She runs an accounting and auditing firm of 20 people, located in Mougins. She regularly hosts training sessions for small retailers, craftsmen and self-employed professionals, mostly at management centers.

In 1999, she became a founding director of the Cannes local savings company (SLE), before being elected as its Chairman in 2009. She first sat on the Steering and Supervisory Board as a non-voting director, and since 2009 has served as Chairman of the SLE. She also became a member of the Audit Committee that same year.

Since 2013, she has also been a director at IMF Créa-Sol** and a member of its Audit Committee.

Offices held at December 31, 2015

Member of the Supervisory Board and the Risk Committee of BPCE

Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur

Chairman of the Board of Directors: SLE CECAZ (SLE Ouest des Alpes-Maritimes)

Chief Executive Officer: LEMALLE ARES-XPERT

Director: IMF Créa-Sol, Natixis*, CE Holding Promotion

Representative of Caisse d'Epargne Côte d'Azur, Director: FNCE

Treasurer: Association Benjamin Delessert

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur **Chairman of the Board of Directors:** SLE CECAZ (SLE Ouest des Alpes-Maritimes) **Chief Executive Officer:** LEMALLE ARES-XPERT **Director**: IMF Créa-Sol	**Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur** **Chairman of the Board of Directors:** SLE CECAZ (SLE Ouest des Alpes-Maritimes) **Chief Executive Officer:** LEMALLE ARES-XPERT **Director**: IMF Créa-Sol	**Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur** **Chairman of the Board of Directors:** SLE CECAZ (SLE Cannes), **Director:** IMF Créa-Sol	**Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur** **Chairman of the Board of Directors:** SLE CECAZ (SLE Cannes), **Director:** IMF Créa-Sol

* Listed company.

** Non-group company.

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Stéphanie PAIX
Born March 16, 1965

A graduate of the Institute d'Études Politiques de Paris with a certificate in corporate governance from Sciences Po, Ms. Paix has been with Groupe BPCE since 1988.

She worked as an Inspector and Head of Inspections at Banque Fédérale des Banques Populaires (1988-1994), then joined the Banque Populaire Rives de Paris as regional director and then Head of Origination and General Organization (1994-2002). In 2002, she joined Natexis Banques Populaires, where she was Head of Operations Management and then Head of Cash Management and Operations (2002-2005). In 2006, she became Chief Executive Officer of Natixis Factor, then Chief Executive Officer of Banque Populaire Atlantique (2008-2011).

Stéphanie Paix has been Chairman of the Management Board of Caisse d'Epargne Rhône Alpes since end-2011.

Offices held at December 31, 2015

Member of the Supervisory Board and the Risk Committee of BPCE

Chairman of the Management Board of Caisse d'Epargne Rhône Alpes

Chairman of the Supervisory Board: Rhône Alpes PME Gestion**

Chairman of the Board of Directors: Banque du Léman (Switzerland)

Director: Natixis*, Siparex Associés**, Crédit Foncier, CE Holding Promotion

Representative of Caisse d'Epargne Rhône Alpes, Member of the Supervisory Board: IT-CE

Representative of Caisse d'Epargne Rhône Alpes, Director: GIE BPCE IT, Fondation d'Entreprise CERA, FNCE, Habitat en Région, le Club du Musée Saint-Pierre, Fondation Entrepreneurs de la Cité

Representative of Caisse d'Epargne Rhône Alpes, Treasurer: Fondation Belem

Permanent representative of Caisse d'Epargne Rhône Alpes, Legal Manager: SCI dans la Ville, SCI Garibaldi Office, SCI Lafayette Bureaux, SCI le Ciel, SCI le Relais

Terms of office expired in 2015

Member of the Audit Committee of BPCE (from May 22 to December 16, 2015)

Chairman: Agence Lucie** (until November 25, 2015)

Representative of Caisse d'Epargne Rhône Alpes, Director: Compagnie des Alpes** (until February 16, 2015)

Offices held at December 31 in previous years

2014

Chairman of the Management Board of Caisse d'Epargne Rhône Alpes

Chairman: Agence Lucie**

Chairman of the Supervisory Board: Rhône Alpes PME Gestion**

Chairman of the Board of Directors: Banque du Léman (Switzerland)

Director: Natixis*, Siparex Associés**, Crédit Foncier

Representative of Caisse d'Epargne Rhône Alpes, Member of the Supervisory Board: IT-CE

Representative of Caisse d'Epargne Rhône Alpes, Director: Compagnie des Alpes**, Fondation d'Entreprise CERA, FNCE, Habitat en Région, le Club du Musée Saint-Pierre, Fondation Entrepreneurs de la Cité

Representative of Caisse d'Epargne Rhône Alpes, Treasurer: Fondation Belem

Permanent representative of Caisse d'Epargne Rhône Alpes, Legal Manager: SCI dans la Ville, SCI Garibaldi Office, SCI Lafayette Bureaux, SCI le Ciel, SCI le Relais

2013

Chairman of the Management Board of Caisse d'Epargne Rhône Alpes

Chairman of the Board of Directors: Banque du Léman (Switzerland)

Chairman: Agence Lucie**

Chairman of the Supervisory Board: Rhône Alpes PME Gestion**

Director: Natixis*, Siparex Associés**, Crédit Foncier

Representative of Caisse d'Epargne Rhône Alpes, Member of the Supervisory Board: IT-CE

Representative of Caisse d'Epargne Rhône Alpes, Director: Compagnie des Alpes**, Fondation d'Entreprise CERA, FNCE, Habitat en Région, le Club du Musée Saint-Pierre, Fondation Entrepreneurs de la Cité

Representative of Caisse d'Epargne Rhône Alpes, Treasurer: Fondation Belem

2012

Chairman of the Management Board of Caisse d'Epargne Rhône Alpes

Chairman: Agence Lucie**

Chairman of the Supervisory Board: Rhône Alpes PME Gestion**

Director: Natixis*, Siparex Associés**, Crédit Foncier

R**epresentative of Caisse d'Epargne Rhône Alpes, Member of the Supervisory Board:** IT-CE

Representative of Caisse d'Epargne Rhône Alpes, Director: Compagnie des Alpes**, Fondation d'Entreprise CERA, FNCE, Habitat en Région, le Club du Musée Saint-Pierre

2011

Chairman of the Management Board of Caisse d'Epargne Rhône Alpes

Chairman: Agence Lucie**

Director: Crédit Foncier, Natixis Algérie, Natixis Assurances, BPCE Achats, FNBP

Representative of Banque Populaire Atlantique, Chairman: Ouest Croissance, Ludovic de Bresse

Representative of Banque Populaire Atlantique, Director: C3B Immobilier, i-BP, Portzamparc, Association des BP pour la Création d'Entreprise

Representative of Banque Populaire Atlantique, Member of the Supervisory Board: Atlantique Mur Régions, Ouest Croissance Gestion

Representative of Banque Populaire Atlantique, Member as of right: Crédit Maritime Atlantique

Representative of Banque Populaire Atlantique, Treasurer: Comité des Banques de pays de la Loire FBF

Representative of Ouest Croissance, Director: Banque Populaire Développement

Representative of Caisse d'Epargne Rhône Alpes, Member of the Supervisory Board: GCE Technologies

Representative of FNBP, Chairman: Association Française de la Micro-Finance

Representative of Caisse d'Epargne Rhône Alpes, Director: Fondation d'Entreprise CERA, FNCE, Habitat en Région, le Club du Musée Saint-Pierre

Didier PATAULT

Born February 22, 1961

Chairman of the Caisse d'Epargne Ile-de-France Management Board since 2013, Didier Patault is also a member of the BPCE Supervisory Board. A graduate of the École Polytechnique and the École Nationale des Statistiques et de l'Administration Économique (ENSAE), Mr. Patault, after starting at Caisse des Dépôts et Consignations, has spent his career at Groupe BPCE since 1992.

After holding several financial and sales positions at Caisse d'Epargne des Pays du Hainaut (1992-1999), in 1999 he joined Caisse Nationale des Caisses d'Epargne as Head of Financial Activities in charge of Group development strategy in CNCE's local markets.

In 2000, he was appointed Chairman of the Management Board of Caisse d'Epargne des Pays du Hainaut, then Chairman of the Management Board of Caisse d'Epargne des Pays de la Loire (CEBPL, 2004-2008) and Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire (2008-2013).

Offices held at December 31, 2015

Member of the Supervisory Board, the Audit Committee, the Appointments Committee, the Remuneration Committee and the Cooperative Committee of BPCE

Chairman of the Management Board of Caisse d'Epargne Ile-de-France (CEIDF)

Chairman of the Supervisory Board: Banque BCP (France)

Director: Natixis Coficiné, CE Holding Promotion

Director as a qualified person (for CEIDF): Paris Habitat – OPH

Permanent Representative of CEIDF, Director: Habitat en Région (Association), Immobilière 3F, FNCE

Permanent Representative of CEIDF, Member of the Supervisory Board: IT-CE

Permanent Representative of CEIDF, Chairman: Bicentenaire Caisse d'Epargne (Association)

Terms of office expired in 2015

Director: Natixis* (until May 19, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board of BPCE **Chairman of the Management Board of Caisse d'Epargne Ile-de-France (CEIDF)** **Chairman of the Supervisory Board:** Banque BCP (France) **Director:** Natixis*, Natixis Coficiné, CE Holding Promotion **Director as a qualified person (for CEIDF):** Paris Habitat – OPH **Permanent Representative of CEIDF, Director:** Habitat en Région (Association), Immobilière 3F, FNCE **Permanent Representative of CEIDF, Member of the Supervisory Board:** IT-CE	**Member of the Supervisory Board of BPCE** **Chairman of the Management Board of Caisse d'Epargne Ile-de-France (CEIDF)** **Chairman of the Supervisory Board:** Banque BCP (France) **Member of the Supervisory Board:** GCE Capital **Director:** Natixis*, Natixis Coficiné, CE Holding Promotion **Director as a qualified person (for CEIDF):** Paris Habitat – OPH **Permanent Representative of CEIDF, Director:** Habitat en Région (Association), Immobilière 3F, FNCE **Permanent Representative of CEIDF, Member of the Supervisory Board:** IT-CE	**Member of the Supervisory Board of BPCE** **Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire** **Chairman and Chief Executive Officer:** SODERO **Chairman of the Supervisory Board:** SODERO Gestion, BATIROC Bretagne Pays de Loire **Chairman of the Board of Directors:** SODERO Participations, SA des Marchés de l'Ouest **Member of the Supervisory Board:** GCE Capital **Director:** Natixis*, Natixis Coficiné, Mancelle Habitation, Compagnie de Financement Foncier – SCF, CE Holding Promotion **Permanent Representative of CEBPL, Director:** Pays de la Loire Développement, SEMITAN, NAPF, FNCE **Permanent Representative of CEBPL, Member of the Supervisory Board:** IT-CE (formerly GCE Technologies)	**Member of the Supervisory Board of BPCE** **Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire** **Chairman and Chief Executive Officer:** SODERO **Chairman of the Supervisory Board:** SODERO Gestion, BATIROC Bretagne Pays de Loire **Chairman of the Board of Directors:** SODERO Participations, SA des Marchés de l'Ouest **Member of the Supervisory Board:** GCE Capital **Director:** Natixis*, Natixis Coficiné, Mancelle Habitation, Compagnie de Financement Foncier – SCF, CE Holding Promotion **Permanent Representative of CEBPL, Director:** Pays de la Loire Développement, SEMITAN, NAPF, FNCE **Permanent Representative of CEBPL, Member of the Supervisory Board:** IT-CE (formerly GCE Technologies)

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Nicolas PLANTROU

Born December 14, 1949

Nicolas Plantrou has a business school degree and a master's degree in private law, and has held a wide range of positions over many years. He began his career at auditing firm Price Waterhouse, then managed a law firm specializing in corporate law (registered with the Bar of Rouen) in addition to an audit firm. Through the various offices held at local and national entities, he has acquired expertise recognized by the Institut Français des Administrateurs (French Directors Association) and is a certified corporate director.

He is currently Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie and a BPCE Supervisory Board Member.

Offices held at December 31, 2015

Member of the Supervisory Board and the Audit Committee of BPCE

Chairman of the Steering and Supervisory Board, the Remuneration Committee, the Appointments Committee, and member of the Audit Committee and the Risk Committee of Caisse d'Epargne et de Prévoyance Normandie

Chairman of the Board of Directors: SLE Rouen Elbeuf Yvetot

Foundation Chair: Fondation BELEM

Vice-Chairman of the Supervisory Board: CHU Charles Nicolle**

Director: Banque Privée 1818, Crédit Foncier, CE Holding Promotion, FNCE, Fil Seine

Terms of office expired in 2015

Member of the Risk Committee of BPCE (from May 22 to December 16, 2015)

Legal Manager: Cabinet Plantrou – de la Brunière et Associés SELARL** (until October 31, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie **Chairman of the Board of Directors:** SLE Rouen Elbeuf Yvetot **Corporate Foundation Chair:** Fondation Belem **Vice-Chairman of the Supervisory Board:** CHU Charles Nicolle** **Director:** FNCE, Banque Privée 1818, Crédit Foncier, Fil Seine **Legal Manager:** Cabinet Plantrou – de la Brunière et Associés SELARL	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie** **Chairman of the Board of Directors:** SLE Rouen Elbeuf Yvetot **Corporate Foundation Chair:** Fondation Belem **Vice-Chairman of the Supervisory Board:** CHU Charles Nicolle** **Director:** FNCE, Coface SA, Banque Privée 1818, Fil Seine **Legal Manager:** Cabinet Plantrou – de la Brunières et Associés SELARL**, SCPP Sarl**, CMA Audit Sarl**	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie** **Chairman of the Board of Directors:** SLE Rouen Elbeuf Yvetot **Corporate Foundation Chair:** Fondation Belem **Vice-Chairman of the Supervisory Board:** CHU Charles Nicolle** **Director:** FNCE, Coface SA, Banque Privée 1818, Fil Seine, Sodifroid** **Legal Manager:** Cabinet Plantrou – de la Brunières et Associés SELARL**, SCPP Sarl**, CMA Audit Sarl**	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie** **Chairman of the Board of Directors:** SLE Rouen Elbeuf Yvetot **Corporate Foundation Chair:** Fondation Belem **Vice-Chairman of the Supervisory Board:** CHU Charles Nicolle** **Director:** FNCE, Coface SA, Banque Privée 1818, Fondation des Petits Logements** **Legal Manager:** Cabinet Plantrou – de la Brunières et Associés SELARL**, SCPP Sarl**, CMA Audit Sarl**

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

For the Banque Populaire network

Stève GENTILI
Born June 5, 1949

Stève Gentili has been Chairman of BRED Banque Populaire since 1998. Until 2004, he was CEO of a major agribusiness company.

He is also Chairman of the Agence des Banques Populaires de France pour la Coopération et le Développement (ABPCD – Banque Populaire Agency for Cooperation and Development) and President of the economic organization for the summit of the Heads of State of French-speaking countries.

Offices held at December 31, 2015

Vice-Chairman of the Supervisory Board and member of the Cooperative Committee of BPCE

Chairman of the Board of Directors of BRED Banque Populaire

Chairman of the Board of Directors: Banque Internationale de Commerce – BRED, BRED Cofilease, BRED Gestion, COFIBRED, SPIG, Natixis Institutions Jour, NRJ Invest**, Pramex International (formerly Natixis Pramex International Milan)

Director: Natixis Algérie, Pramex International (formerly Natixis Pramex International Milan), BCI Mer Rouge, BRED Cofilease, Prépar IARD, Promepar Gestion, BICEC, BCI-Banque Commerciale Internationale, Société des Eaux du Touquet Paris Plage et Extensions**

Member of the Supervisory Board: Prépar-Vie

Terms of office expired in 2015

Chairman of the Supervisory Board of BPCE (until May 22, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the Supervisory Board of BPCE **Chairman of the Board of Directors of BRED Banque Populaire** **Chairman of the Board of Directors:** Banque Internationale de Commerce – BRED, BRED Cofilease, BRED Gestion, COFIBRED, SPIG, Natixis Institutions Jour, NRJ Invest** **Director:** Natixis Algérie, Natixis Pramex International Milan, BCI Mer Rouge, BRED Cofilease, Prépar IARD, Promepar Gestion, BICEC, BCI-Banque Commerciale Internationale, Veolia**, Société des Eaux du Touquet Paris Plage et Extensions** **Member of the Supervisory Board:** Prépar-Vie	**Vice-Chairman of the Supervisory Board of BPCE** **Chairman of the Board of Directors of BRED Banque Populaire** **Chairman of the Board of Directors:** Banque Internationale de Commerce – BRED, BRED Cofilease, BRED Gestion, COFIBRED, SPIG, Natixis Institutions Jour, NRJ Invest** **Director:** Natixis*, Natixis Algérie, Natixis Pramex International Milan, BCI Mer Rouge, Bercy Gestion Finances +**, Bred Cofilease, Thales**, Prépar IARD, Promepar Gestion, BICEC, BCI-Banque Commerciale Internationale, Veolia**, Société des Eaux du Touquet Paris Plage et Extensions** **Member of the Supervisory Board:** Prépar-Vie	**Vice-Chairman of the Supervisory Board of BPCE** **Chairman of the Board of Directors of BRED Banque Populaire** **Chairman of the Board of Directors:** Banque Internationale de Commerce – BRED, BRED Cofilease, BRED Gestion, COFIBRED, SPIG, Natixis Institutions Jour, NRJ Invest** **Director:** Natixis*, Natixis Algérie, Natixis Pramex International Milan, BCI Mer Rouge, Bercy Gestion Finances +**, Bred Cofilease, Thales**, Prépar IARD, Promepar Gestion, BICEC, BCI-Banque Commerciale Internationale, Veolia**, Banca Carige **Member of the Supervisory Board:** Prépar-Vie	**Member of the Supervisory Board of BPCE** **Chairman of the Board of Directors of BRED Banque Populaire** **Chairman of the Board of Directors:** SPIG, Natixis Institutions Jour, Banque Internationale de Commerce-BRED, BRED Cofilease, BRED Gestion, Cofibred, NRJ Invest** **Director:** Natixis*, Natixis Algérie, Natixis Pramex International Milan, BCI Mer Rouge, Thales**, Bercy Gestion Finances +**, Promépar Gestion, BRED Cofilease, Prépar IARD **Member of the Supervisory Board:** Prépar-Vie **Permanent Representative of BRED Banque Populaire, director:** BICEC, BCI-Banque Commerciale Internationale

* Listed company.

** Non-group company.

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Thierry CAHN
Born September 25, 1956

Since 2008, Mr. Cahn has been a member of the Board of Directors of Banque Fédérale des Banques Populaires, Groupe Banque Populaire's central institution, a member of the Board of Directors of Banques Populaires Participations from July 2009 to August 2010 and a member of the BPCE Supervisory Board since July 2009. He is an attorney at the Colmar Court of Appeals and Honorary Chairman of the Confédération Nationale des Avocats (CNA – French National Federation of Attorneys) and a former President of the Bar. He has been a member of the Board of Directors of Natixis since January 2013, and, since 2003, Chairman of the Board of Directors of Banque Populaire d'Alsace, which has since become Banque Populaire Alsace Lorraine Champagne (as of November 27, 2014.

Offices held at December 31, 2015

Member of the Supervisory Board and the Audit Committee of BPCE

Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne

Member of the Board of Directors: Natixis*

Terms of office expired in 2015

-

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board and the Audit and Risk Committee of BPCE **Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne** **Member of the Board of Directors:** Natixis*	**Member of the Supervisory Board and the Audit and Risk Committee of BPCE** **Chairman of the Board of Directors of Banque Populaire d'Alsace** **Member of the Board of Directors:** Natixis*	**Member of the Supervisory Board of BPCE** **Chairman of the Board of Directors of Banque Populaire d'Alsace** **Member of the Supervisory Board:** Banque Palatine	**Member of the Supervisory Board of BPCE** **Chairman of the Board of Directors of Banque Populaire d'Alsace** **Member of the Supervisory Board:** Banque Palatine

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Alain CONDAMINAS (since December 16, 2015)
Born April 6, 1957

Alain Condaminas has a master's degree in Economics and a postgraduate degree in Financel and Banking Techniques. He joined Groupe Banque Populaire in 1984. In 1992, he joined Banque Populaire Toulouse-Pyrénées as Head of Origination supervising the Human Resources division and then Chief Operations Officer. In 2001, Alain Condaminas became Chief Executive Officer of Banque Populaire Quercy-Agenais. In 2003, he oversaw a merger with Banque Populaire du Tarn et de l'Aveyron, then a second merger in 2006 with Banque Populaire Toulouse-Pyrénées to create today's Banque Populaire Occitane. He is currently Chief Executive Officer of Banque Populaire Occitane.

Offices held at December 31, 2015

Member of the Supervisory Board and the Risk Committee of BPCE (since December 16, 2015)
Chief Executive Officer of Banque Populaire Occitane
Director: Natixis**, Natixis Asset Management
Chairman: Fondation d'Entreprise BP Occitane
Permanent Representative of Banque Populaire Occitane, director: i-BP, IRDI**
Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board: IRDI GESTION
Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board: SOTEL**
Permanent Representative of Banque Populaire Occitane, Member of the Investment Committee: Multicroissance
Permanent Representative of Banque Populaire Occitane, Legal Manager: SNC Immocarso
Legal Manager: SCI de l'Hers**

Terms of office expired in 2015

Member of the Supervisory Board of BPCE (until May 22, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board of BPCE **Chief Executive Officer of Banque Populaire Occitane** **Director:** Natixis*, Natixis Asset Management **Chairman:** Fondation d'Entreprise BP Occitane **Permanent Representative of Banque Populaire Occitane, director:** i-BP, IRDI** **Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board:** SOTEL** **Permanent Representative of Banque Populaire Occitane, Member of the Investment Committee:** Multicroissance **Permanent Representative of Banque Populaire Occitane, Legal Manager:** SNC Immocarso **Legal Manager:** SCI de l'Hers**	**Member of the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Occitane** **Director:** Natixis*, Natixis Asset Management **Chairman:** Fondation d'Entreprise BP Occitane **Permanent Representative of Banque Populaire Occitane, Vice-Chairman of the Board of Directors:** CELAD SA** **Permanent Representative of Banque Populaire Occitane, director:** i-BP, IRDI** **Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board:** SOTEL** **Permanent Representative of Banque Populaire Occitane, Member of the Investment Committee:** Multicroissance **Permanent Representative of Banque Populaire Occitane, Legal Manager:** SNC Immocarso **Legal Manager:** SCI de l'Hers**	**Member of the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Occitane** **Director:** Natixis*, Natixis Asset Management **Chairman:** Fondation d'Entreprise BP Occitane **Permanent Representative of Banque Populaire Occitane, Vice-Chairman of the Board of Directors:** CELAD SA** **Permanent Representative of Banque Populaire Occitane, director:** i-BP, IRDI** **Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board:** SOTEL** **Permanent Representative of Banque Populaire Occitane, Member of the Investment Committee:** Multicroissance **Permanent Representative of Banque Populaire Occitane, Legal Manager:** SNC Immocarso **Legal Manager:** SCI de l'Hers**	**Non-voting director on the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Occitane** **Director:** Natixis Asset Management, Natixis Interépargne **Chairman:** Fondation d'Entreprise Banque Populaire Occitane **Permanent Representative of Banque Populaire Occitane, Vice-Chairman of the Board of Directors:** CELAD SA** **Permanent Representative of Banque Populaire Occitane, director:** i-BP, IRDI** **Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board:** SOTEL**, ABP IARD** **Permanent Representative of Banque Populaire Occitane, Legal Manager:** SNC Immocarso

* *Listed company.*

** *Non-group company.*

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FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Pierre DESVERGNES

Born November 23, 1950

After studying literature at university, Mr. Desvergnes was appointed as an administrator at the high school in Dammarie-les-Lys (Seine-et-Marne) in 1975. He became an administrative advisor for secondary and higher education in 1982, and was appointed as an accounting officer at Lycée Henri-Moissan high school in Meaux. He was appointed special advisor to Michel Gelly in 1990, and subsequently Vice-Chairman under Christian Hébrard. He was Chairman and subsequently Chairman and Chief Executive Officer of CASDEN Banque Populaire from 2002 to 2015. Currently, he is Chairman of the Board of Directors of CASDEN Banque Populaire.

He is Vice-Chairman of ESPER, and served as a director of Banque Fédérale des Banques Populaires, Groupe Banque Populaire's central institution, from 2004 to 2009, and of Banques Populaires Participations from 2009 to 2010.

Offices held at December 31, 2015

Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE

Chairman of the Board of Directors of CASDEN Banque Populaire (since May 27, 2015)

Chairman of the Board of Directors: Parnasse Finance

Director: Crédit Foncier, Bureau de Management Financier (BMF) (formerly Banque Monétaire Financière), Parnasse MAIF SA, Union Mutualiste Retraite (UMR)**, Arts et Vie Association**

Permanent Representative of CASDEN Banque Populaire, Chairman: SAS Finance

Permanent Representative of CASDEN Banque Populaire, Director: Parnasse Services

Legal Manager: Inter Promo

Terms of office expired in 2015

Chairman and Chief Executive Officer of CASDEN Banque Populaire (until May 27, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board and the Appointments and Remuneration Committee of BPCE	**Member of the Supervisory Board and the Appointments and Remuneration Committee of BPCE**	**Member of the Supervisory Board of BPCE**	**Member of the Supervisory Board of BPCE**
Chairman and Chief Executive Officer of CASDEN Banque Populaire	**Chairman and Chief Executive Officer of CASDEN Banque Populaire**	**Chairman and Chief Executive Officer of CASDEN Banque Populaire**	**Chairman and Chief Executive Officer of CASDEN Banque Populaire**
Chairman of the Board of Directors: Parnasse Finance	**Chairman of the Board of Directors:** Parnasse Finance	**Chairman of the Board of Directors:** Parnasse Finance	**Chairman of the Board of Directors:** Parnasse Finance
Director: Crédit Foncier, Banque Monétaire Financière, Parnasse MAIF SA, Union Mutualiste Retraite (UMR)**, Arts et Vie Association**	**Director:** Crédit Foncier, Banque Monétaire Financière, Parnasse MAIF SA, Union Mutualiste Retraite (UMR)**	**Director:** Crédit Foncier, Banque Monétaire Financière, Parnasse MAIF SA, Union Mutualiste Retraite (UMR)**	**Director:** Crédit Foncier, Banque Monétaire Financière, Parnasse MAIF SA, Union Mutualiste Retraite (UMR)**
Permanent Representative of CASDEN Banque Populaire, Chairman: SAS Finance	**Permanent Representative of CASDEN Banque Populaire, Chairman:** SAS Finance	**Permanent Representative of CASDEN Banque Populaire, Chairman: SAS Finance, SAS Parnasse Espace 1, SAS Parnasse Espace 2**	**Permanent Representative of CASDEN Banque Populaire, Chairman:** SAS Finance, SAS Parnasse Espace 1, SAS Parnasse Espace 2
Permanent Representative of CASDEN Banque Populaire, Director: Parnasse Services	**Permanent Representative of CASDEN Banque Populaire, Director:** Parnasse Services	**Permanent Representative of CASDEN Banque Populaire, Director: Parnasse Services**	**Permanent Representative of CASDEN Banque Populaire, Director:** Parnasse Services
Legal Manager: Inter Promo	**Legal Manager:** Inter Promo	**Legal Manager:** Inter Promo	**Legal Manager:** Inter Promo

** Listed company.*

*** Non-group company.*

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FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Yves GEVIN
Born September 2, 1958

Mr. Gevin earned an engineering degree from the Institut National des Sciences Appliquées (INSA) of Lyon in 1981. He also holds an MBA from EMLYON Business School (CESMA), awarded in 1982. He joined Groupe Banque Populaire in 1987. He joined Banque Populaire Franche-Comté, Maçonnais et Ain, where he served as Head of Organization and Information Technology and, beginning in 1995, Deputy Chief Executive Officer. In 1998, Mr. Gevin was appointed Chief Executive Officer of Banque Populaire Anjou Vendée. In 2002, he led the merger of Banque Populaire Anjou Vendée and Banque Populaire Bretagne Atlantique, which became Banque Populaire Atlantique. In 2008, he was appointed Chairman of the Management Board of Foncia Group. He has served as Chief Executive Officer of Banque Populaire Rives de Paris since 2012.

Offices held at December 31, 2015

Member of the Supervisory Board, the Audit Committee, the Appointments Committee, the Remuneration Committee and the Cooperative Committee of BPCE

Chief Executive Officer of Banque Populaire Rives de Paris

Chairman of the Board of Directors – Director: TURBO SA, Rives Croissance (formerly Sud Participations)

Member of the Supervisory Board: Naxicap Partners

Director: Compagnie Européenne de Garanties et Cautions (CEGC)

Permanent Representative of Banque Populaire Rives de Paris, Director: i-BP, BP Développement

Director: Fondation d'Entreprise Banque Populaire Rives de Paris

Terms of office expired in 2015

Non-voting director of the Supervisory Board of BPCE (until May 22, 2015)

Permanent Representative of Banque Populaire Rives de Paris, Chairman: Sociétariat Banque Populaire Rives de Paris (company liquidated in March 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Non-voting director on the Supervisory Board of BPCE **Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** Sud Participations **Chairman of the Board of Directors – director:** TURBO SA **Member of the Supervisory Board:** Naxicap Partners **Director:** Compagnie Européenne de Garanties et Cautions (CEGC) **Permanent Representative of Banque Populaire Rives de Paris, Chairman:** Sociétariat Banque Populaire Rives de Paris **Permanent Representative of Banque Populaire Rives de Paris, Director:** i-BP, BP Développement	**Non-voting director on the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** Sud Participations **Chairman:** Sociétariat Banque Populaire Rives de Paris **Member of the Supervisory Board:** Naxicap Partners **Director:** Compagnie Européenne de Garanties et Cautions (CEGC), Natixis Private Equity **Permanent Representative of Banque Populaire Rives de Paris, Director:** i-BP	**Non-voting director on the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** Sud Participations **Chairman:** Sociétariat Banque Populaire Rives de Paris **Director:** Compagnie Européenne de Garanties et Cautions (CEGC), Natixis Private Equity, FNBP **Permanent Representative of Banque Populaire Rives de Paris, Director:** i-BP	**Chairman of the Management Board:** Foncia Group **Chairman:** Foncia Holding, Cabinet Docher **Chairman of the Board of Directors:** Foncia Switzerland (until January 30, 2012) **Director:** Compagnie Européenne de Garanties et Cautions (CEGC)

**	Listed company.*

***	Non-group company.*

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FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Michel GRASS

Born November 12, 1957

Michel Grass holds a Master's degree in Management from Université de Paris . He began his career in 1983 as a Clinic director in the healthcare sector in Sens. From 1987 to 2010, he created and ran a small regional group of private clinics. In 2000, he became a director at Banque Populaire de Bourgogne and has served as a commercial court judge since 2009.

Mr. Grass has been the Chairman of Banque Populaire Bourgogne Franche-Comté since 2010.

Offices held at December 31, 2015

Member of the Supervisory Board and the Risk Committee of BPCE

Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté

Director: Natixis*, Natixis Global Asset Management, Banque Palatine, SA HLM Brennus Habitat**

Deputy Mayor of the City of Sens

Vice-Chairman: Communauté de Communes du Sénonais

Associate member: Yonne Chamber of Commerce and Industry

Terms of office expired in 2015

Vice-Chairman: FNBP (until June 9, 2015)

Secretary: Conference of Banque Populaire Chairmen (until February 4, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté **Vice-Chairman:** FNBP, Communauté de Communes du Sénonais **Director:** Natixis*, NGAM, Banque Palatine **Deputy Mayor** of the City of Sens **Associate member:** Yonne Chamber of Commerce and Industry **Commercial Court Judge,** Sens **Secretary:** Conference of Banques Populaires Chairmen	**Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté** Vice-Chairman: FNBP **Member of the Supervisory Board:** Banque Palatine **Director:** Natixis*, NGAM **Commercial Court Judge,** Sens **Associate member:** Yonne Chamber of Commerce and Industry **Secretary:** Conference of Banques Populaires Chairmen	**Chairman of the Board of Directors:** Banque Populaire Bourgogne Franche-Comté **Vice-Chairman:** FNBP **Director:** NGAM **Legal Manager:** SARL 2G Conseil **Commercial Court Judge,** Sens **Associate member:** Yonne Chamber of Commerce and Industry **Secretary:** Conference of Banques Populaires Chairmen	**Chairman of the Board of Directors:** Banque Populaire Bourgogne Franche-Comté **Chairman:** Fédération Hospitalisation Privée Bourgogne Franche-Comté, Commission Économique Hospitalisation Privée **Director:** Fédération Hospitalisation Privée, SA CAHPP **Legal Manager:** SARL 2G **Commercial Court Judge,** Sens **Secretary:** Conference of Banques Populaires Chairmen

* *Listed company.*

** *Non-group company.*

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FNBP: Fédération Nationale des Banques Populaires.

André JOFFRE
Born December 31, 1953

After earning a bachelor's degree in Mathematics and Technology, André Joffre obtained a postgraduate degree (DEA) in Mechanical and Energy Engineering before earning a Master of Science in Engineering at ENSAM.

25 years ago, Mr. Joffre founded Tecsol, one of the leading French engineering firms specializing in solar power, where he currently serves as Chairman and Chief Executive Officer. He is also Chairman of the DERBI (development of renewable energy) competitive cluster and Chairman of Qualit'Enr (certification of professionals in the renewable energy sector).

Offices held at December 31, 2015

Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE

Chairman of the Board of Directors of Banque Populaire du Sud

Chairman and Chief Executive Officer: Tecsol**

Chairman of the Board of Directors: Banque Populaire Corporate Foundation

Vice-Chairman: Banque Dupuy, de Parseval, Banque Marze

Director: Banque Privée 1818, Natixis Factor, FNBP

Legal Manager: Tecsol Presse**

Permanent Representative of Banque Populaire du Sud, Director: Caisse Régionale du Crédit Maritime La Méditerranée

Terms of office expired in 2015

Permanent Representative of Banque Populaire du Sud, Chairman: SAS Sociétariat (until September 30, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the Board of Directors of Banque Populaire du Sud	**Chairman of the Board of Directors of Banque Populaire du Sud**	**Chairman of the Board of Directors of Banque Populaire du Sud**	**Chairman of the Board of Directors of Banque Populaire du Sud**
Chairman and Chief Executive Officer: Tecsol**	**Chairman and Chief Executive Officer:** Tecsol**	**Chairman and Chief Executive Officer:** Tecsol**	**Chairman and Chief Executive Officer:** Tecsol**
Vice-Chairman: Banque Dupuy, de Parseval, Banque Marze	**Vice-Chairman:** Banque Dupuy, de Parseval, Banque Marze	**Vice-Chairman:** Banque Dupuy, de Parseval, Banque Marze	**Vice-Chairman:** Banque Dupuy, de Parseval, Banque Marze
Director: Banque Privée 1818, Natixis Factor, FNBP	**Director:** Banque Privée 1818, Natixis Factor, FNBP	**Director:** Banque Privée 1818, Natixis Factor, FNBP	**Director:** Banque Privée 1818, Natixis Factor,
Permanent Representative of Banque Populaire du Sud, Chairman: SAS Sociétariat	**Permanent Representative of Banque Populaire du Sud, Chairman:** SAS Sociétariat	**Permanent Representative of Banque Populaire du Sud, Chairman:** SAS Sociétariat	**Permanent Representative of Banque Populaire du Sud, Chairman:** SAS Sociétariat
Permanent Representative of Banque Populaire du Sud, Director: Caisse Régionale du Crédit Maritime La Méditerranée	**Permanent Representative of Banque Populaire du Sud, Director:** Caisse Régionale du Crédit Maritime La Méditerranée	**Permanent Representative of Banque Populaire du Sud, Director:** Caisse Régionale du Crédit Maritime La Méditerranée	**Permanent Representative of Banque Populaire du Sud, Director:** Caisse Régionale du Crédit Maritime La Méditerranée
Legal Manager: Tecsol Presse**	**Legal Manager:** Tecsol Presse**	**Legal Manager:** Tecsol Presse**	**Legal Manager:** Tecsol Presse**

*	*Listed company.*

**	*Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Employee representatives

Vincent GONTIER
Born July 29, 1954

Vincent Gontier graduated from the HEC business school after working briefly at an acquisitions and disposals firm. He worked for eight years in the Financial Services and Economic Modeling departments at EDF-GDF Group. He subsequently joined Crédit Agricole Group, first as Deputy Head of the fixed income trading desk (bonds, treasuries, forward options) and later as Chief Executive Officer of brokerage firm Bertrand Michel SA. In 1991, he joined Crédit National, where he held a series of positions in asset management (Chief Executive Officer of Alfi Gestion, Corporate Secretary of the discretionary asset management subsidiary, Chief Executive Officer of Interépargne) and in capital markets activities (acting Head of capital markets activities, Head of equity derivatives). He currently works at Natixis as a member of a capital markets advisory team.

Offices held at December 31, 2015

Member of the Supervisory Board and the Remuneration Committee of BPCE – Employee representative

Terms of office expired in 2015

-

Offices held at December 31 in previous years

2014	2013	2012	2011
None	None	None	None

Frédéric HASSAINE
Born May 22, 1966

Frédéric Hassaine is a graduate of the Toulouse Business School with one postgraduate degree in tax law and another in accounting and finance. He began his career at Arthur Andersen, where he worked as an auditor, then at a law firm as a tax specialist. In 1998 he became a lead auditor at BNP Paribas, where he worked in business engineering. He joined Societe Générale in 2001, followed by IXIS CIB (now Natixis) in 2004 to start up and develop the accounting and financial engineering unit for large corporates.

Offices held at December 31, 2015

Member of the Supervisory Board – Employee representative

Terms of office expired in 2015

-

Offices held at December 31 in previous years

2014	2013	2012	2011
None	None	None	None

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Independent members

Maryse AULAGNON

Born April 19, 1949

Ms. Aulagnon is a graduate of the École Nationale d'Administration and the Institut d'Études Politiques and holds a postgraduate degree in Economics. She held various positions within the French Embassy to the United States and the Cabinet of the French Ministries for the Budget and Industry. Subsequent posts have included Head of International Development for CGE Group (now Alcatel) and CEO of Euris.

Since 1990, she has been Chairman and Chief Executive Officer of Affine, a group that she founded. She is also an Honorary Counsel of the French Council of State and a member of the Boards of Directors of Air France-KLM and Veolia Environnement.

Offices held at December 31, 2015

Member of the Supervisory Board, Chairman of the Appointments Committee and the Remuneration Committee of BPCE – Independent member

Chairman and Chief Executive Officer of Affine R.E.*/**

Chairman of the Management Board: MAB-Finances**

Chairman of the Board of Directors: Gesfimmo SA**,

Director: Air France KLM*/**, Veolia Environnement*/**, Holdaffine**

Permanent Representative of Affine R.E.*/, Chairman:** Banimmo*/**, Banimmo France*/**, Promaffine**, Urbismart**

Permanent Representative of Affine R.E.*/, Legal Manager:** Nevers Colbert**, ATIT**, Les Jardins des Quais**, Affine Sud** (formerly Brétigny),

Permanent Representative of Promaffine, Legal Manager: Lucé Parc-Leclerc**, Nanterre Terrasses 12**, Paris 29 Copernic**

Permanent Representative of ATIT, Liquidator: 2/4 Haussmann**

Permanent Representative of ATIT, Legal Manager: Parvis Lille**

Permanent Representative of MAB-Finances, Member of the Executive Committee: Target Real Estate**, Saint-Étienne Molina**, Capucine Investissements**, Les 7 Collines**

Terms of office expired in 2015

Member of the Executive Committee: Urbismart* (until July 3, 2015)

Permanent Representative of Affine R.E.*/, Chairman:** Capucine Investissements** (until November 24, 2014), Les 7 Collines** (until November 24, 2014)

Offices held at December 31 in previous years

2014

Member of the Supervisory Board and member of the Appointments and Remuneration Committee of BPCE – Independent member

Chairman and Chief Executive Officer of Affine R.E.*/**

Chairman of the Management Board: MAB-Finances**

Chairman of the Board of Directors: Gesfimmo SA**,

Director: Air France KLM*/**, Veolia Environnement*/**, Holdaffine**

Member of the Executive Committee: Urbismart**

Permanent Representative of Affine R.E.*/, Chairman:** Banimmo*/**, Capucine Investissements**, Les 7 Collines**, Promaffine**

Permanent Representative of Affine R.E.*/, Legal Manager:** Nevers Colbert**, ATIT**, Les Jardins des Quais**, Affine Sud** (formerly Brétigny),

Permanent Representative of Promaffine, Legal Manager: Lucé Parc-Leclerc**, Nanterre Terrasses 12**, Paris 29 Copernic**

Permanent Representative of ATIT, Liquidator: 2/4 Haussmann**

Permanent Representative of ATIT, Legal Manager: Parvis Lille**

2013

Member of the Supervisory Board and member of the Appointments and Remuneration Committee of BPCE – Independent member

Chairman and Chief Executive Officer of Affine R.E.*/**

Chairman of the Management Board: MAB-Finances**

Chairman of the Board of Directors: Gesfimmo SA**,

Director: Air France KLM*/**, Veolia Environnement*/**, Holdaffine**

Permanent Representative of Affine, Chairman: Banimmo*/**, Capucine Investissements**, Les 7 Collines**, Promaffine**

Permanent Representative of Affine, Legal Manager: Nevers Colbert**, ATIT**, Les Jardins des Quais**, Affine Sud** (formerly Brétigny),

Permanent Representative of Promaffine, Legal Manager: Lucé Parc-Leclerc**, Nanterre Terrasses 12**, Paris 29 Copernic**

Permanent Representative of ATIT, Liquidator: 2/4 Haussmann**

Permanent Representative of ATIT, Legal Manager: Parvis Lille**

Permanent Representative of MAB-Finances, Member of the Executive Committee: Concerto Développement**

2012

Member of the Supervisory Board of BPCE – Independent member

Chairman and Chief Executive Officer of Affine SA*/**

Chairman: MAB-Finances**

Director: Air France KLM*/**, Veolia Environnement*/**, Affiparis*/**, Holdaffine**

Permanent Representative of Affine, Chairman: Banimmo**, Gesfimmo SAS**, Capucine Investissements**, Les 7 Collines**, Promaffine**

Permanent Representative of Affine, Legal Manager: Nevers Colbert**, ATIT**, Brétigny**, Les Jardins des Quais**

Permanent Representative of Promaffine, Legal Manager: Lucé Parc-Leclerc**, Nanterre Terrasses 12**, Paris 29 Copernic**

Permanent Representative of ATIT, Liquidator: 2/4 Haussmann**

Permanent Representative of ATIT, Legal Manager: Parvis Lille**

Permanent Representative of MAB-Finances, Member of the Executive Committee: Concerto Développement**

2011

Member of the Supervisory Board of BPCE – Independent member

Chairman and Chief Executive Officer of Affine SA*/**

Chairman: MAB-Finances**

Director: Air France KLM*/**, Veolia Environnement*/**, Affiparis*/**, Holdaffine**

Permanent Representative of Affine, Chairman: Banimmo**, Gesfimmo SAS**, Capucine Investissements**, Les 7 Collines**, Promaffine**

Permanent Representative of Affine, Legal Manager: Nevers Colbert**, ATIT**, Brétigny**, Les Jardins des Quais**

Permanent Representative of Promaffine, Legal Manager: Bourgtheroulde de l'Église**, Lucé Parc-Leclerc**, Nanterre Terrasses 12**, Paris 29 Copernic**

Permanent Representative of ATIT, Liquidator: 2/4 Haussmann**

Permanent Representative of ATIT, Legal Manager: Parvis Lille**

Permanent Representative of MAB-Finances, Member of the Executive Committee: Concerto Développement**

Marwan LAHOUD

Born March 6, 1966

Mr. Lahoud is a former student of the École Polytechnique and a graduate of the École Nationale Supérieure de l'Aéronautique et de l'Espace. He was Chairman and Chief Executive Officer of MBDA and worked for Aérospatiale during its merger with Matra and on the creation of EADS. At EADS, renamed Airbus Group in 2014, he worked as Senior Vice-President in charge of mergers and acquisitions.

Since 2007, he has been Deputy Chief Executive Officer in charge of Corporate Strategy and Marketing and a member of the Executive Committee of Airbus Group.

Offices held at December 31, 2015

Member of the Supervisory Board, Chairman of the Audit Committee and member of the Risk Committee of BPCE – Independent member

Member of the Executive Committee: Airbus Group*/**

Chairman: Airbus Group SAS*/**

Chairman: GIFAS** (Groupement des Industries Françaises Aéronautiques et Spatiales), CIDEF**,

Chairman of the Board of Directors: IHES** (Foundation of the Institut des Hautes Études Scientifiques)

Member of the Board of Directors: École Polytechnique**

Director: Eurotradia International**

Terms of office expired in 2015

-

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board and Chairman of the Audit and Risk Committee of BPCE – Independent member **Member of the Executive Committee:** Airbus Group*/** (formerly EADS*/**) **Chairman:** Airbus Group SAS*/** (formerly EADS France*/**) **Chairman:** GIFAS** (Groupement des Industries Françaises Aéronautiques et Spatiales), CIDEF**, **Chairman of the Board of Directors:** IHES** (Foundation of the Institut des Hautes Études Scientifiques) **Member of the Board of Directors:** École Polytechnique** **Director**: Eurotradia International**	**Member of the Supervisory Board and Chairman of the Audit and Risk Committee of BPCE – Independent member** **Member of the Executive Committee:** EADS*/** **Chairman:** EADS France*/** **Director:** Eurotradia International**	**Member of the Supervisory Board and Chairman of the Audit and Risk Committee of BPCE – Independent member** **Member of the Executive Committee:** EADS*/** – Head of Corporate Strategy and Marketing **Director:** Technip*/** (independent member), Eurotradia International**	**Member of the Supervisory Board and Chairman of the Audit and Risk Committee of BPCE – Independent member** **Member of the Executive Committee:** EADS*/** – Head of Corporate Strategy and Marketing **Director:** Technip*/** (independent member), Eurotradia International**

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Marie-Christine LOMBARD
Born December 6, 1958

Ms. Lombard is a graduate of Essec. She has held different positions in the banking sector, notably at Chemical Bank and Paribas in New York, Paris and Lyon.

She joined the express freight industry in 1993 as Chief Financial Officer of French company Jet Services. In 1997, she became the company's CEO until it was bought out by TNT in 1999. Appointed Chairman of TNT Express France, she transformed the company into one of TNT Group's top-performing subsidiaries. In 2004, she was appointed Chairman and CEO of the whole of TNT's Express division. Marie-Christine Lombard was appointed Chief Executive Officer of TNT Express when it became an independent listed company in May 2011.

She has been Chief Executive Officer of Geodis since October 24, 2012 and was appointed Chairman of the Management Board on December 17, 2013. She is also Chairman of Lyon Ville de l'Entrepreneuriat, a network that supports the creation, acquisition and transfer of businesses in the Greater Lyon region.

Offices held at December 31, 2015

Member of the Supervisory Board, Chairman of the Risk Committee and member of the Audit Committee of BPCE – Independent member

Chairman of the Management Board: Geodis SA**

Member of the Board of Directors: VINCI**, BMVirolle**

Director and member of the Steering Committee: Union TLF**

Terms of office expired in 2015

-

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board, Chairman of the Risk Committee and member of the Audit Committee of BPCE – Independent member **Chairman of the Management Board:** Geodis SA** **Member of the Board of Directors:** VINCI**, BMVirolle** **Director and member of the Steering Committee:** Union TLF**	**Member of the Supervisory Board and the Audit and Risk Committee of BPCE – Independent member** **Chairman of the Management Board:** Geodis SA** **Member of the Supervisory Board:** Groupe Keolis SAS** **Member of the Board of Directors:** BMVirolle** **Member of the Executive Committee:** Fondation EMLYON Entrepreneurs pour le Monde** **Director and member of the Steering Committee:** Union TLF**	**Member of the Supervisory Board of BPCE – Independent member** **Chief Executive Officer:** Geodis SA** **Member of the Supervisory Board:** Groupe Keolis SAS**	**Member of the Supervisory Board of BPCE – Independent member** **Chief Executive Officer:** TNT Express NV*/** **Member of the Management Board:** TNT Group Amsterdam*/**

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Non-voting directors

Jean ARONDEL
Born April 12, 1950

Offices held at December 31, 2015

Non-voting director on the Supervisory Board and member of the Cooperative Committee of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre
Chairman of the Board of Directors of Fédération Nationale des Caisses d'Epargne (FNCE)
Chairman of the Board of Directors: SLE Pays Chartrain et Drouais
Chairman: Fondation Caisse d'Epargne Loire-Centre, Fonds de Dotation du Réseau des Caisses d'Epargne
Vice-Chairman: World Savings Banks institute (WSBI)
Co-Legal Manager: SNC Ecureuil 5 rue Masseran
Director: CE Holding Promotion
Observer: Annual General Shareholders' Meeting and the Board of Directors of the European Savings Banks Group (ESBG)
Permanent representative of Caisse d'Epargne Loire-Centre, Director: Natixis Lease, Coface SA*

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre**	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre**	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre**
Chairman of the Board of Directors: SLE Pays Chartrain et Drouais	**Chairman of the Board of Directors:** SLE Pays Chartrain et Drouais	**Chairman of the Board of Directors:** SLE Pays Chartrain et Drouais	**Chairman of the Board of Directors:** SLE Pays Chartrain et Drouais
Chairman: Fondation Caisse d'Epargne Loire-Centre	**Chairman:** Fondation Caisse d'Epargne Loire-Centre	**Chairman:** Fondation Caisse d'Epargne Loire-Centre	**Chairman:** Fondation Caisse d'Epargne Loire-Centre
Permanent representative of Caisse d'Epargne Loire-Centre, director: Natixis Lease, Coface SA*, FNCE	**Permanent representative of Caisse d'Epargne Loire-Centre, director:** Natixis Lease, Coface SA (formerly SAS Coface Holding), FNCE	**Permanent representative of Caisse d'Epargne Loire-Centre, director:** Natixis Lease, SAS Coface Holding, FNCE	**Permanent representative of Caisse d'Epargne Loire-Centre, director:** Natixis Lease, SAS Coface Holding, FNCE

Listed company.

*** Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

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Pierre CARLI
Born August 21, 1955

Offices held at December 31, 2015

Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées (CEMP)
Chairman of the Supervisory Board: Capitole Finance-Tofinso, Midi 2I, Sotel**,
Chairman of the Board of Directors: Midi Foncière, IDEI Association**, Midi Épargne, Ecureuil Immo, Fondation d'Entreprise Espace Ecureuil
Chairman: SOREPAR SAS, Regional Committee (Midi-Pyrénées) of the Fédération Bancaire Française**
Vice-Chairman of the Board of Directors: IRDI**
Vice-Chairman of the Supervisory Board: PROMOLOGIS**
Director: FNCE, Midi Capital, BPCE Achats, Groupe Promo Midi, CE Holding Promotion
Member of the Supervisory Board: Ecureuil Service SAS
Member of the Board of Directors: Fondation Caisse d'Epargne pour la Solidarité
Permanent Representative of CEMP, Member of the Supervisory Board: CE Syndication Risque, IT-CE, TOFINSO INVESTISSEMENT, IRDI GESTION**
Permanent Representative of CEMP, Member of the Board of Directors: Association EDENIS** (formerly Promo Accueil), Fondation d'Entreprise du Toulouse Football Club**
Non-voting director: SEMECCEL**
Permanent Representative of Midi Foncière: SAINT-EXUPERY MONTAUDRAN**
Permanent Representative of SOREPAR, Member of the Board of Directors: SEM OPPIDEA**
Permanent Representative of CEMP, Director: Association Habitat en Région, SEM Tourisme**

Terms of office expired in 2015

Vice-Chairman: Regional Committee (Midi-Pyrénées) of the Fédération Bancaire Française** (until September 17, 2015)

Offices held at December 31 in previous years

2014
Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées (CEMP)
Chairman of the Supervisory Board: Capitole Finance-Tofinso, Midi 2I, Sotel**,
Chairman of the Board of Directors: Midi Foncière, IDEI Association**, Midi Épargne, Ecureuil Immo, Fondation d'Entreprise Espace Ecureuil
Chairman: SOREPAR SAS
Vice-Chairman of the Board of Directors: IRDI**
Vice-Chairman of the Supervisory Board: PROMOLOGIS**
Vice-Chairman: Regional Committee (Midi-Pyrénées) of the Fédération Bancaire Française**
Director: FNCE, Midi Capital, BPCE Achats, Groupe Promo Midi, CE Holding Promotion
Member of the Supervisory Board: Ecureuil Service SAS
Member of the Board of Directors: Fondation Caisse d'Epargne pour la Solidarité
Permanent Representative of CEMP, Member of the Supervisory Board: CE Syndication Risque, IT-CE, TOFINSO INVESTISSEMENT
Permanent Representative of CEMP, Member of the Board of Directors: Association EDENIS** (formerly Promo Accueil), Fondation d'Entreprise du Toulouse Football Club**
Non-voting director: SEMECCEL**
Permanent Representative of Midi Foncière: SAINT-EXUPERY MONTAUDRAN**
Permanent Representative of SOREPAR, Member of the Board of Directors: SEM OPPIDEA**
Permanent Representative of CEMP, Director: Association Habitat en Région, SEM Tourisme**

2013
Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées (CEMP)
Chairman of the Supervisory Board: Capital Finance Tofinso, Midi 2I**, Sotel**
Chairman of the Board of Directors: Midi Foncière, IDEI Association**, Midi Épargne, Ecureuil Immo
Chairman: Sorepar
Vice-Chairman of the Board of Directors: IRDI**
Vice-Chairman of the Supervisory Board: Promologis
Director: FNCE, Midi Capital, BPCE Achats, Groupe Promo Midi, CE Holding Promotion
Member of the Supervisory Board: Ecureuil Service SAS
Permanent Representative of CEMP, Member of the Supervisory Board: CE Syndication Risque, IT-CE, Tofinso Investissement
Permanent Representative of CEMP, Member of the Board of Directors: Association EDENIS** (formerly Promo Accueil), Fondation d'Entreprise du Toulouse Football Club**
Non-voting director: SEM Tourisme**, SEMECCEL**
Permanent Representative of Midi Foncière: Saint-Exupéry Montaudran**
Permanent Representative of SOREPAR, Member of the Board of Directors: SEM OPPIDEA

2012
Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées (CEMP)
Chairman of the Supervisory Board: Capital Finance Tofinso, Midi 2I**, Sotel**
Chairman of the Board of Directors: Midi Foncière, IDEI Association**, Midi Épargne
Chairman: Sorepar
Vice-Chairman of the Board of Directors: IRDI**
Vice-Chairman of the Supervisory Board: Promologis
Director: FNCE, Midi Capital, BPCE Achats, Groupe Promo Midi, CE Holding Promotion, SAS Coface Holding
Member of the Supervisory Board: Ecureuil Service SAS
Permanent Representative of CEMP, Member of the Supervisory Board: CE Syndication Risque, IT-CE, Tofinso Investissement
Permanent Representative of CEMP, Member: Association Promo Accueil**, Fondation d'Entreprise du Toulouse Football Club**
Non-voting director: SEM Tourisme**, SEMECCEL**
Permanent Representative of Midi Foncière: Saint-Exupéry Montaudran**

2011
Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées
Chairman of the Supervisory Board: Capital Finance Tofinso, Midi 2I** Sotel**
Chairman of the Board of Directors: Midi Foncière, GIE Ecureuil Multicanal, IDEI Association**
Chairman: Midi Épargne, Sorepar
Vice-Chairman of the Board of Directors: IRDI**
Vice-Chairman of the Supervisory Board: Promologis
Director: SAS Coface Holding, FNCE, Midi Capital, BPCE Achats, Groupe Promo Midi, CE Holding Promotion
Member of the Supervisory Board: Ecureuil Service SAS
Permanent Representative of CEMP, Member of the Supervisory Board: CE Syndication Risque, GCE Business Services, Tofinso Investissement
Non-voting director: SEM Tourisme**, SEMECCEL**, SMAT**
Permanent Representative of Midi Foncière: Saint-Exupéry Montaudran**
Permanent Representative of CEMP, Member: Association Promo Accueil**

Alain LACROIX
Born March 25, 1953

Offices held at December 31, 2015

Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse (CEPAC)
Chairman of the Supervisory Board: Sogima, Logirem
Member of the Management Board: Proxipaca Finance
Director: Erilia, Natixis Global Asset Management, Natixis Asset Management, FNCE, Habitat en Région** (association), CE Holding Promotion
Full member of the Strategy Committee: Averroes**
Member of the Supervisory Board: GCE Capital
Member of the Executive Board: UPE 13
Elected member: CCIMP**
Permanent Representative of CEPAC, Chairman of the Board of Directors: BPCE Trade, CEFIM
Permanent Representative of CEPAC, Vice-Chairman of the Board of Directors: Finances et Conseil Méditerranée
Permanent Representative of CEPAC, Chairman of the Management Board: CEPAC Investissement et Développement
Permanent Representative of CEPAC, Member of the Supervisory Board: IT-CE
Permanent Representative of CEPAC, Member of the Management Board: PRIMAVERIS
Permanent Representative of CEPAC, Director: SAMENAR, PROENCIA

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014

Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse (CEPAC)
Chairman of the Supervisory Board: Sogima, Logirem
Member of the Management Board: Proxipaca Finance
Director: Erilia, Natixis Global Asset Management, Natixis Asset Management, FNCE, Habitat en Région** (association), CE Holding Promotion
Full member of the Strategy Committee: Averroes**
Member of the Supervisory Board: GCE Capital
Member of the Executive Board: UPE 13
Elected member: CCIMP**
Permanent Representative of CEPAC, Chairman of the Board of Directors: BPCE Trade
Permanent Representative of CEPAC, Chairman of the Management Board: CEPAC Investissement et Développement
Permanent Representative of CEPAC, Member of the Supervisory Board: IT-CE
Permanent Representative of CEPAC, Member of the Management Board: Primaveris
Permanent Representative of CEPAC, Director: SAMENAR, PROENCIA

2013

Non-voting director on the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse (CEPAC)
Chairman of the Supervisory Board: Sogima, Logirem
Member of the Management Board: Proxipaca Finance
Director: Erilia, Natixis Global Asset Management, Natixis Asset Management, FNCE, Habitat en Région** (association), CE Holding Promotion
Full member of the Strategy Committee: Averroes**
Member of the Supervisory Board: GCE Capital
Member of the Executive Board: UPE 13
Elected member: CCIMP**
Permanent Representative of CEPAC, Chairman of the Board of Directors: BPCE Trade
Permanent Representative of CEPAC, Chairman of the Management Board: CEPAC Investissement et Développement
Permanent Representative of CEPAC, Member of the Supervisory Board: IT-CE, GCE Syndication Risque
Permanent Representative of CEPAC, Member of the Management Board: Primaveris
Permanent Representative of CEPAC, Director: SAMENAR, PROENCIA

2012

Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse (CEPAC)
Chairman of the Supervisory Board: Sogima, Logirem
Member of the Management Board: Proxipaca Finance
Director: Erilia, Natixis Global Asset Management, Natixis Asset Management, Natixis Financement, Natixis Consumer Finance, FNCE, Habitat en Région** (association)
Full member of the Strategy Committee: Averroes**
Member of the Supervisory Board: GCE Capital
Member of the Executive Board: UPE 13
Elected member: CCIMP**
Permanent Representative of CEPAC, Chairman of the Board of Directors: BPCE Trade
Permanent Representative of CEPAC, Chairman of the Management Board: CEPAC Investissement et Développement
Permanent Representative of CEPAC, Member of the Supervisory Board: IT-CE, GCE Syndication Risque
Permanent Representative of CEPAC, Member of the Management Board: Primaveris
Permanent Representative of CEPAC, Director: SAMENAR, PROENCIA, Habitat Guyanais

2011

Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse (CEPAC)
Chairman of the Supervisory Board: Sogima, Logirem
Member of the Management Board: Proxipaca Finance
Member of the Supervisory Board: GCE Capital
Director: Natixis Global Asset Management, Natixis Asset Management, Natixis Financement, Natixis Consumer Finance, FNCE, Erilia
Full member of the Strategy Committee: Averroes**
Member of the Executive Board: UPE 13
Elected member: CCIMP**
Permanent Representative of CEPAC, Chairman of the Board of Directors: BPCE Trade
Permanent Representative of CEPAC, Chairman of the Management Board: Viveris
Permanent Representative of CEPAC, Member of the Supervisory Board: GCE Business, GCE Garanties Entreprises, GCE Syndication Risque, IT-CE
Permanent Representative of CEPAC, Member of the Management Board: Primaveris
Permanent Representative of CEPAC, Director: SAMENAR, PROENCIA

* *Listed company.*
** *Non-group company.*
SLE: Société locale d'épargne (local savings company).
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

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Pascal MARCHETTI
Born June 13, 1964

Offices held at December 31, 2015

Non-voting director on the Supervisory Board of BPCE
Chief Executive Officer of Banque Populaire des Alpes
Director: Banque Palatine, Coface SA*
Member of the Supervisory Board: NAXICAP Partners
Permanent Representative of Banque Populaire des Alpes, Chairman: SAS Sociétariat Banque Populaire des Alpes, SAS BPA Atout Participations
Permanent Representative of Banque Populaire des Alpes, Vice-Chairman: Banque de Savoie
Permanent Representative of Banque Populaire des Alpes, Member of the Steering and Supervisory Board: Innovafonds
Permanent Representative of Banque Populaire des Alpes, Director: Priam Banque Populaire, i-BP, Compagnie des Alpes, Pramex

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014	2013	2012	2011
Chief Executive Officer of Banque Populaire des Alpes **Director:** Banque Palatine, Coface SA* **Member of the Supervisory Board:** NAXICAP Partners **Permanent Representative of Banque Populaire des Alpes, Chairman:** SAS Sociétariat Banque Populaire des Alpes, SAS BPA Atout Participations **Permanent Representative of Banque Populaire des Alpes, Vice-Chairman:** Banque de Savoie **Permanent Representative of Banque Populaire des Alpes, Member of the Board of Directors:** Compagnie des Alpes **Permanent Representative of Banque Populaire des Alpes, Member of the Steering and Supervisory Board:** Innovafonds **Permanent Representative of Banque Populaire des Alpes, Director:** GIE Priam Banque Populaire, i-BP	**Chief Executive Officer of Banque Populaire des Alpes** **Director:** Banque Palatine, Coface SA (formerly SAS Coface Holding) **Member of the Supervisory Board:** NAXICAP Partners **Permanent Representative of Banque Populaire des Alpes, Chairman:** SAS Sociétariat Banque Populaire des Alpes, SAS BPA Atout Participations **Permanent Representative of Banque Populaire des Alpes, Vice-Chairman:** Banque de Savoie **Permanent Representative of Banque Populaire des Alpes, Member of the Board of Directors:** Compagnie des Alpes **Permanent Representative of Banque Populaire des Alpes, Member of the Steering and Supervisory Board:** Innovafonds **Permanent Representative of Banque Populaire des Alpes, Director:** GIE Priam Banque Populaire, i-BP	**Chief Executive Officer of Banque Populaire des Alpes** **Director:** Banque Palatine, SAS Coface Holding **Member of the Supervisory Board:** NAXICAP Partners **Permanent Representative of Banque Populaire des Alpes, Chairman:** SAS Sociétariat Banque Populaire des Alpes, SAS BPA Atout Participations **Permanent Representative of Banque Populaire des Alpes, Vice-Chairman:** Banque de Savoie **Permanent Representative of Banque Populaire des Alpes, Member of the Board of Directors:** Compagnie des Alpes **Permanent Representative of Banque Populaire des Alpes, Member of the Steering and Supervisory Board:** Innovafonds **Permanent Representative of Banque Populaire des Alpes, Director:** GIE Priam Banque Populaire, i-BP	**Chief Executive Officer of Banque Populaire des Alpes** **Director:** Banque Palatine, SAS Coface Holding **Member of the Supervisory Board:** NAXICAP Partners **Permanent Representative of Banque Populaire des Alpes, Chairman:** SAS Sociétariat Banque Populaire des Alpes, SAS BPA Atout Participations **Permanent Representative of Banque Populaire des Alpes, Vice-Chairman:** Banque de Savoie **Permanent Representative of Banque Populaire des Alpes, Member of the Board of Directors:** Compagnie des Alpes **Permanent Representative of Banque Populaire des Alpes, Member of the Steering and Supervisory Board:** Innovafonds **Permanent Representative of Banque Populaire des Alpes, Director:** GIE Priam Banque Populaire, i-BP

* *Listed company.*
** *Non-group company.*
SLE: Société locale d'épargne (local savings company).
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Dominique MARTINIE
Born December 19, 1947

Offices held at December 31, 2015

Non-voting director on the Supervisory Board and Chairman of the Cooperative Committee of BPCE

Chairman of the Board of Directors of Banque Populaire du Massif Central

Chairman of the Board of Directors of Fédération Nationale des Banques Populaires (FNBP)

Chairman of the Board of Directors: BCI (CONGO)

Chairman: BENAC (SAS)

Vice-Chairman: THEA (SAS), CIBP (Confédération Internationale des Banques Populaires)

Director: Natixis Assurances, BPCE IOM, BP Développement (SA), Institut Français de Mécanique Avancée, Université d'Auvergne (foundation), Europhta (SAM)

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014	2013	2012	2011
Non-voting director on the Supervisory Board of BPCE **Chairman of the Board of Directors of Banque Populaire du Massif Central** **Chairman of the Board of Directors of Fédération Nationale des Banques Populaires (FNBP)** **Chairman of the Board of Directors:** BCI (CONGO) **Chairman:** BENAC (SAS) **Vice-Chairman:** THEA (SAS) **Director:** Natixis Assurances, BPCE IOM, BP Développement (SA), Institut Français de Mécanique Avancée, Université d'Auvergne (foundation)	**Chairman of the Board of Directors of Banque Populaire du Massif Central** **Chairman of the Board of Directors of Fédération Nationale des Banques Populaires (FNBP)** **Chairman of the Board of Directors:** BCI (CONGO) **Chairman:** Banque Populaire Corporate Foundation, BENAC (SAS) **Vice-Chairman:** THEA (SA) **Director:** Natixis Assurances, Natixis Private Equity, BPCE IOM, BP Développement (SA), Institut Français de Mécanique Avancée, Université d'Auvergne (foundation)	**Chairman of the Board of Directors of Banque Populaire du Massif Central** **Chairman of the Board of Directors:** BCI (CONGO) **Chairman:** Banque Populaire Corporate Foundation, BENAC (SAS) **Vice-Chairman:** THEA (SA) **Director:** Natixis Assurances, Natixis Private Equity, BPCE IOM, BP Développement (SA), Institut Français de Mécanique Avancée, Université d'Auvergne (foundation)	**Chairman of the Board of Directors of Banque Populaire du Massif Central** **Vice-Chairman of the Board of Directors of Fédération Nationale des Banques Populaires (FNBP),** THEA (SA) **Chairman of the Board of Directors:** BCI (CONGO) **Chairman:** Banque Populaire Corporate Foundation, BENAC (SAS) **Director:** Natixis Assurances, Natixis Private Equity, BPCE IOM, BP Développement (SA), Institut Français de Mécanique Avancée, Université d'Auvergne (foundation)

** Listed company.*

*** Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Gonzague de VILLÈLE
Born January 23, 1953

Offices held at December 31, 2015

Non-voting director on the Supervisory Board of BPCE
Chief Executive Officer of Banque Populaire Val de France
Chairman: Sociétariat Banque Populaire Val de France, Val de France Transactions
Chairman of the Supervisory Board: Ouest Croissance Gestion
Member of the Supervisory Board: Banque Palatine, Patrimoine et Commerce**
Director: Banque Privée 1818, i-BP, BPCE IT, Banque Tuniso-Koweitienne
Permanent Representative of BPVF, Member: Ouest Croissance Gestion

Terms of office expired in 2015

First Vice-Chairman: FNBP (until June 9, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chief Executive Officer of Banque Populaire Val de France **Chairman:** Sociétariat Banque Populaire Val de France, Val de France Transactions **Chairman of the Supervisory Board:** Ouest Croissance Gestion **Member of the Supervisory Board:** Banque Palatine, Patrimoine et Commerce**, Ouest Croissance **Director:** Banque Privée 1818, i-BP, Banque Tuniso-Koweitienne **First Vice-Chairman:** FNBP **Permanent Representative of BPVF, Member:** Ouest Croissance Gestion	**Chief Executive Officer of Banque Populaire Val de France** **Chairman:** Sociétariat Banque Populaire Val de France, Val de France Transactions **Chairman of the Supervisory Board:** Ouest Croissance Gestion **Member of the Supervisory Board:** Banque Palatine, Patrimoine et Commerce** **Director:** Banque Privée 1818, i-BP, Banque Tuniso-Koweitienne **First Vice-Chairman:** FNBP **Permanent Representative of BPVF, Member:** Ouest Croissance Gestion	**Chief Executive Officer of Banque Populaire Val de France** **Chairman:** Sociétariat Banque Populaire Val de France, Val de France Transactions **Chairman of the Supervisory Board:** Ouest Croissance Gestion **Member of the Supervisory Board:** Banque Palatine, Patrimoine et Commerce** **Director:** Banque Privée 1818, i-BP, FNBP, Banque Tuniso-Koweitienne	**Chief Executive Officer of Banque Populaire Val de France** **Chairman:** Sociétariat Banque Populaire Val de France **Chairman of the Supervisory Board:** Ouest Croissance Gestion **Member of the Supervisory Board:** Banque Palatine, Patrimoine et Commerce**, Multi Accès Banque **Director:** Banque Privée 1818, i-BP, Institut de Prévoyance des Banques Populaires, Caisse Autonome des Banques Populaires, FNBP, Banque Tuniso-Koweitienne

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Management Board

François PÉROL

Born November 6, 1963

Mr. Pérol is a graduate of the HEC business school and the Institut d'Études Politiques in Paris and an alumnus of the École Nationale d'Administration. He began his career in 1990 as an Inspector General in the French Finance Ministry *(Inspection générale des Finances)*. In 1994, he became Deputy Secretary General of France's interministerial committee on industrial restructuring (CIRI). In 1996, he was appointed to the French Treasury as Head of the Financial Markets Office.

From 1999 to 2001, he was Secretary General of the Club de Paris responsible for International Debt Negotiations. He was Deputy Head of Corporate Financing and Development at the Treasury in 2001 and in 2002 was appointed Deputy Head of the cabinet of Francis Mer, Minister for the Economy, Finance and Industry, then Deputy Head of the cabinet of Nicolas Sarkozy, Minister of State and Minister for the Economy, Finance and Industry in 2004.

In 2005, he became a managing partner at Rothschild & Cie.

In May 2007, he was appointed Deputy Secretary General to the President of the French Republic.

From March 2 to July 31, 2009, François Pérol was Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne and Chief Executive Officer of Banque Fédérale des Banques Populaires.

On July 31, 2009, he became Chairman of the Management Board of Groupe BPCE and his appointment was renewed on November 21, 2012 and on November 16, 2015. He is also Chairman of the Board of Directors of Natixis and Crédit Foncier.

Offices held at December 31, 2015

Chairman of the BPCE Management Board

Chairman of the Board of Directors: Natixis*, Crédit Foncier

Company Chairman: CE Holding Promotion

Director: CNP Assurances*/**, Sopassure, Natixis*, Crédit Foncier, CE Holding Promotion

Permanent Representative of BPCE, General Partner: SCA Ecufoncier

Permanent Representative of BPCE Maroc, Director: Banque Centrale Populaire*

Terms of office expired in 2015

Association Chairman: Groupement Européen des Caisses d'Epargne (until June 12, 2015), Fédération Bancaire Française** (FBF) (until August 31, 2015)

Permanent Representative of BPCE, Chairman: Banque Populaire Création (until December 28, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Chairman of the BPCE Management Board **Chairman of the Board of Directors:** Natixis*, Crédit Foncier **Company Chairman:** CE Holding Promotion **Association Chairman:** Groupement Européen des Caisses d'Epargne, Fédération Bancaire Française** (FBF) **Director:** CNP Assurances*/**, Sopassure, Natixis*, Crédit Foncier, CE Holding Promotion **Permanent Representative of BPCE, Chairman:** Banque Populaire Création **Permanent Representative of BPCE, General Partner:** SCA Ecufoncier **Permanent Representative of BPCE Maroc, Director:** Banque Centrale Populaire*	**Chairman of the BPCE Management Board** **Chairman of the Board of Directors:** Natixis*, Crédit Foncier **Chairman:** CE Holding Promotion, Groupement Européen des Caisses d'Epargne **Vice-Chairman:** Fédération Bancaire Française** **Director:** CNP Assurances*/**, Sopassure, Natixis*, Crédit Foncier, CE Holding Promotion, Musée d'Orsay** (until September 21, 2013) **Permanent Representative of BPCE, Chairman:** Banque Populaire Création **Permanent Representative of BPCE, Legal Manager:** SCI Ponant + **Permanent Representative of BPCE, General Partner:** SCA Ecufoncier **Permanent Representative of BPCE Maroc, Director:** Banque Centrale Populaire*	**Chairman of the BPCE Management Board** **Chairman of the Board of Directors:** Natixis*, Crédit Foncier **Chairman:** CE Holding Promotion, Groupement Européen des Caisses d'Epargne **Director:** CNP Assurances*/**, Sopassure, Natixis*, Crédit, Musée d'Orsay** **Permanent Representative of BPCE, Chairman:** Banque Populaire Création **Permanent Representative of BPCE, Legal Manager:** SCI Ponant + **Permanent Representative of BPCE, General Partner:** SCA Ecufoncier **Permanent Representative of BPCE Maroc, Director:** Banque Centrale Populaire* **Member of the Executive Committee:** Fédération Bancaire Française**	**Chairman of the BPCE Management Board** **Chairman of the Board of Directors:** Natixis*, BPCE International et Outre-Mer, Crédit Foncier **Chairman:** CE Holding Promotion **Vice-Chairman of the Board of Directors:** Crédit Immobilier et Hôtelier (CIH) **Director:** CNP Assurances*/**, Sopassure, Natixis*, BPCE International et Outre-Mer, Crédit Foncier, Crédit Immobilier et Hôtelier (CIH), Musée d'Orsay** **Permanent Representative of BPCE, Chairman:** Banque Populaire Création **Permanent Representative of BPCE, Legal Manager:** SNC Bankeo, SCI Ponant + **Permanent Representative of BPCE, General Partner:** SCA Ecufoncier **Member of the Executive Committee:** Fédération Bancaire Française**

* *Listed company.*

** *Non-group company.*

SLE: Société locale d'épargne (local savings company).

FNCE: Fédération Nationale des Caisses d'Epargne.

FNBP: Fédération Nationale des Banques Populaires.

Jean-Yves FOREL

Born May 17, 1961

Mr. Forel is a graduate of the Institut d'Études Politiques de Grenoble and holds a Bachelor's degree in Economics. He began his career in 1983 at Banque Populaire des Alpes. Having worked at the branch, he was appointed Chief Operations Officer in 1992 and then director in 1995. In 1997, he joined Banque Populaire Atlantique as director. He was responsible for Development as well as subsidiaries dedicated to Group business lines. In 2000, he was appointed Head of Development for Banque Fédérale des Banques Populaires, and became a member of the Executive Management Committee in 2001. In 2003, he joined Natexis Banques Populaires, where he was a member of the Executive Management Committee and Head of the Banking, Financial and Technological Services department. In 2005, he became Head of Specialized Financial Services. In November 2006, he was appointed as a member of the Executive Management Committee and Head of Specialized Financial Services at Natixis (providing Wholesale Banking, Investment Solutions and Specialized Financial Services for Groupe BPCE).

At its November 21, 2012 meeting, BPCE's Supervisory Board appointed Jean-Yves Forel as a member of the BPCE Management Board and Chief Executive Officer*** in charge of Commercial Banking and Insurance, effective December 1, 2012. His appointment was renewed on November 16, 2015.

Offices held at December 31, 2015

Member of the Management Board of BPCE in charge of Commercial Banking and Insurance

Chairman of the Board of Directors: Banque Palatine, BPCE International, Sopassure, Natixis Algérie

Director: Crédit Foncier, CNP Assurances*/**, Sopassure

Permanent Representative of BPCE, Director: Ecureuil Vie Développement

Director: Natixis Coficiné, Média Consulting & Investment

Terms of office expired in 2015

Director: Partecis (until March 10, 2015)

Offices held at December 31 in previous years

2014

Member of the Management Board of BPCE in charge of Commercial Banking and Insurance

Chairman of the Board of Directors: Banque Palatine, BPCE International, Sopassure, Natixis Algérie

Director: Crédit Foncier, CNP Assurances*/**, Sopassure

Permanent Representative of BPCE, Director: Ecureuil Vie Développement

Director: Natixis Coficiné, Média Consulting & Investment, Partecis

2013

Member of the Management Board of BPCE – Commercial Banking and Insurance

Chairman of the Supervisory Board: Banque Palatine

Chairman of the Board of Directors: BPCE International et Outre-Mer, Sopassure, Natixis Algérie

Director: Crédit Foncier, CNP Assurances*/**, Sopassure

Permanent Representative of BPCE, Director: Ecureuil Vie Développement

Chairman and Chief Executive Officer: Natixis Algérie

Director: Natixis Coficiné, Média Consulting & Investment, Partecis

2012

Member of the Management Board of BPCE – Commercial Banking and Insurance

Chairman of the Supervisory Board: Banque Palatine

Chairman of the Board of Directors: BPCE International et Outre-Mer, Natixis Algérie

Director: CNP Assurances*/**, Sopassure, Crédit Foncier

Permanent Representative of BPCE, Director: Ecureuil Vie Développement

Director: Natixis Algérie, Natixis Coficiné, Média Consulting & Investment, CACEIS, Partecis, Algiers Business Centers, CONECS

Vice-Chairman of the Board: Association Française des Sociétés Financières (ASF)

Permanent Representative of Natixis, director: SICOVAM Holding

2011

Chairman of the Board of Directors: Natixis Financement, Compagnie Européenne de Garanties et Cautions, Natixis Factor, Natixis Interépargne, Natixis Lease, Natixis Consumer Finance, Natixis Paiements, Novacrédit, Natixis Algérie

Chairman: Natixis Consumer Finance IT

Vice-Chairman of the Board of Directors: Titres Cadeaux SAS

Director: Natixis Algérie, Natixis Coficiné, Média Consulting & Investment, CACEIS, Partecis, Algiers Business Centers, Albiant-IT

Permanent Representative of Natixis, Director: Natixis Altaïr IT Shared Services, SICOVAM Holding

* *Listed company.*

** *Non-group company.*

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FNBP: Fédération Nationale des Banques Populaires.

Catherine HALBERSTADT (appointed November 16, 2015 – effective January 1, 2016)

Born October 9, 1958

Ms. Halberstadt has a postgraduate degree in Accounting and another in Business, Administration and Finance from the École Supérieure de Commerce de Clermont-Ferrand. In 1982, she joined Banque Populaire du Massif Central, where she was Head of Human Resources, then Chief Financial Officer, Chief Operations Officer and, as of 2000, Deputy Chief Executive Officer. In 2008, Ms. Halberstadt became Chief Executive Officer of Natixis Factor.

Between September 1, 2010 and December 31, 2015, Catherine Halberstadt was Chief Executive Officer of Banque Populaire du Massif Central.

Since January 1, 2016, Catherine Halberstadt has served as a member of the Management Board of BPCE in charge of Human Resources and Internal Communications and the Corporate Secretary of BPCE.

Offices held at December 31, 2015

Member of the Management Board of BPCE in charge of Group Human Resources and Internal Communications and the Corporate Secretary of BPCE

Chief Executive Officer of Banque Populaire du Massif Central(1)

Director: Crédit Foncier, Bpifrance Financement**

Permanent Representative of Banque Populaire du Massif Central, Chairman: SAS Sociétariat BPMC(1)

Permanent Representative of Banque Populaire du Massif Central, Director: i-BP(1), Association des Banques Populaires pour la Création d'Entreprise(1)

Permanent Representative of Banque Populaire du Massif Central, Member: Comité des Banques d'Auvergne(1)

Terms of office expired in 2015

Member of the Supervisory Board, the Audit Committee and the Risk Committee of BPCE (until November 16, 2015)

Director: Natixis* (until November 16, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Supervisory Board and Audit and Risk Committee of BPCE	**Member of the Supervisory Board and Audit and Risk Committee of BPCE**	**Member of the Supervisory Board of BPCE (since April 4, 2012)**	**Chief Executive Officer of Banque Populaire du Massif Central**
Chief Executive Officer of Banque Populaire du Massif Central	**Chief Executive Officer of Banque Populaire du Massif Central**	**Chief Executive Officer of Banque Populaire du Massif Central**	**Director:** Compagnie Européenne de Garanties et Cautions, OSEO**
Director: Natixis*, Crédit Foncier, Bpifrance Financement** (formerly OSEO)	**Director:** Natixis*, Crédit Foncier, Bpifrance Financement** (formerly OSEO)	**Director:** Natixis*, Crédit Foncier, Compagnie Européenne de Garanties et Cautions (CEGC), OSEO**	**Permanent Representative of Banque Populaire du Massif Central, Chairman:** SAS Sociétariat BPMC
Permanent Representative of Banque Populaire du Massif Central, Chairman: SAS Sociétariat BPMC	**Permanent Representative of Banque Populaire du Massif Central, Chairman**: SAS Sociétariat BPMC	**Permanent Representative of Banque Populaire du Massif Central, Chairman:** SAS Sociétariat BPMC	**Permanent Representative of Banque Populaire du Massif Central, Director:** i-BP, Association des Banques Populaires pour la Création d'Entreprise
Permanent Representative of Banque Populaire du Massif Central, Director: i-BP, Association des Banques Populaires pour la Création d'Entreprise	**Permanent Representative of Banque Populaire du Massif Central, Director:** i-BP, Association des Banques Populaires pour la Création d'Entreprise	**Permanent Representative of Banque Populaire du Massif Central, Director:** i-BP, Association des Banques Populaires pour la Création d'Entreprise	**Permanent Representative of Banque Populaire du Massif Central, Member:** Comité des Banques d'Auvergne
Permanent Representative of Banque Populaire du Massif Central, Member: Comité des Banques d'Auvergne	**Permanent Representative of Banque Populaire du Massif Central, Member:** Comité des Banques d'Auvergne	**Permanent Representative of Banque Populaire du Massif Central, Member:** Comité des Banques d'Auvergne	

* *Listed company.*

** *Non-group company.*

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FNBP: Fédération Nationale des Banques Populaires.

(1) Term ends no later than March 31, 2016.

Daniel KARYOTIS

Born February 9, 1961

Mr. Karyotis is a graduate of the Institut d'Études Politiques de Paris and the Centre de Perfectionnement à l'Analyse Financière, with an advanced degree in Financial and Economic Analysis. He is also a member of the Société Française des Analystes Financiers (SFAF – French Society of Financial Analysts). After beginning his career in the financial markets with Société Générale, he joined Standard & Poor's where he covered the banking sector. He then joined Caisse d'Epargne Champagne-Ardenne (CECA), where he held various management positions from 1992 to 1997. Chief Executive Officer of Caisse d'Epargne du Pas-de-Calais and member of its Management Board from 1998 to 2001, in January 2002 he was appointed Chairman of the Management Board of CECA. At Groupe Caisse d'Epargne, he was appointed director and Vice-Chairman of La Compagnie 1818, as well as director of Banque Palatine and GCE Immobilier. He was appointed Chairman of the Banque Palatine Management Board in February 2007.

At its November 21, 2012 meeting, BPCE's Supervisory Board appointed Daniel Karyotis as a member of the BPCE Management Board and Chief Executive Officer*** in charge of Finance, Risks and Operations, effective December 1, 2012. His appointment was renewed on November 16, 2015.

Offices held at December 31, 2015

Member of the Management Board of BPCE in charge of Finance, Risks and Operations

Deputy Chief Executive Officer: CE Holding Promotion

Permanent Representative of BPCE, Director: Natixis*, Crédit Foncier, CE Holding Promotion

Terms of office expired in 2015

Member of the Board of Directors: Nexity* (until May 27, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Management Board of BPCE – Finance, Risks and Operations **Deputy Chief Executive Officer:** CE Holding Promotion **Member of the Board of Directors:** Nexity* **Permanent Representative of BPCE, Director:** Natixis*, Crédit Foncier, CE Holding Promotion	**Member of the Management Board of BPCE – Finance, Risks and Operations** **Deputy Chief Executive Officer:** CE Holding Promotion **Member of the Board of Directors:** Nexity* **Permanent Representative of BPCE, Director:** Natixis*, Crédit Foncier, CE Holding Promotion	**Member of the Management Board of BPCE – Finance, Risks and Operations** **Director:** Coface SA **Permanent Representative of BPCE, Director:** Crédit Foncier	**Chairman of the Management Board of Banque Palatine** **Chairman of the Supervisory Board:** Palatine Asset Management **Director:** Coface, Acxior Corporate Finance **Permanent Representative of Banque Palatine, Member of the Supervisory Board:** GCE Capital **Permanent Representative of Banque Palatine, Director:** OCBF**, Palatine Etoile 9

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FNBP: Fédération Nationale des Banques Populaires.

Laurent MIGNON

Born December 28, 1963

Laurent Mignon has been CEO of Natixis since May 14, 2009.

A graduate of the HEC business school and Stanford Executive Program, Laurent Mignon worked in several divisions of Banque Indosuez over more than ten years, including positions on the trading floor and in investment banking. In 1996, he joined Schroders in London before moving to AGF in 1997 as Chief Financial Officer, where he was appointed as a member of the Executive Committee in 1998. In 2002, he was successively appointed as Head of Investment, Banque AGF, AGF Asset Management and AGF Immobilier, and in 2003 he was put in charge of the Life Insurance and Financial Services division and of Credit Insurance. Between September 2007 and May 2009, he was a managing partner at Oddo et Cie.

At its August 6, 2013 meeting, the Supervisory Board of BPCE appointed Laurent Mignon as a member of the BPCE Management Board. His appointment was renewed on November 16, 2015.

Offices held at December 31, 2015

Member of the Management Board of BPCE

Chief Executive Officer of Natixis*

Chairman of the Board of Directors: Natixis Global Asset Management, Coface SA*

Director: Arkema*/**, Lazard Ltd*/**, AROP (Association pour le Rayonnement de l'Opéra de Paris)

Terms of office expired in 2015

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Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Management Board of BPCE **Chief Executive Officer of Natixis*** **Chairman of the Board of Directors:** Natixis Global Asset Management, Coface SA* **Director:** Arkema*/**, Lazard Ltd*/**	**Member of the Management Board of BPCE** **Chief Executive Officer of Natixis*** **Chairman of the Board of Directors:** Natixis Global Asset Management, Coface SA (formerly SAS Coface Holding) **Director:** Arkema*/**, Lazard Ltd*/**	**Permanent Representative of Natixis, non-voting director as of right on the Supervisory Board of BPCE** **Chief Executive Officer of Natixis*** **Chairman of the Board of Directors:** Natixis Global Asset Management **Chairman:** SAS Coface Holding **Director:** Sequana*/**, Arkema*/**, Lazard Ltd*/**	**Permanent Representative of Natixis, non-voting director as of right on the Supervisory Board of BPCE** **Chief Executive Officer of Natixis*** **Chairman of the Board of Directors:** Natixis Global Asset Management **Chairman:** SAS Coface Holding **Director:** Sequana*/**, Arkema*/**, Lazard Ltd*/** **Permanent Representative of Natixis, Director:** Coface

* *Listed company.*

** *Non-group company.*

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FNBP: Fédération Nationale des Banques Populaires.

Anne MERCIER-GALLAY (until November 16, 2015)

Born October 8, 1961

Anne Mercier-Gallay is a graduate of the Institut d'Études Politiques in Paris and the Institut d'Administration des Entreprises in Paris and holds a postgraduate degree in Corporate Management and a degree in law. She joined Crédit Mutuel-CIC Group in 1987, where she was responsible for occupation and skills forecasting, before joining HSBC Crédit Commercial de France Group as Head of Human Resources in 1999. In 2001, she joined Groupe Caisse d'Epargne as Head of Senior Management Recruitment and Development, before moving to SNCF in 2005 as Head of Senior Executives and the Group's corporate university. In January 2008, Anne Mercier-Gallay became Head of Human Resources, Communication and Sustainable Development at Monoprix, as well as a member of its Executive Committee.

From September 19, 2011 to November 16, 2015, Anne Mercier-Gallay was Chief Executive Officer*** of Group Human Resources and Group Internal Communications.

Offices held at December 31, 2015

-

Terms of office expired in 2015

Member of the Management Board of BPCE in charge of Group Human Resources and Internal Communications

Director: Crédit Foncier (until December 4, 2015), Caisse Générale de Prévoyance (CGP) (until December 4, 2015)

Permanent Representative of BPCE, Director: Natixis Interépargne (until December 4, 2015)

Offices held at December 31 in previous years

2014	2013	2012	2011
Member of the Management Board of BPCE in charge of Group Human Resources and Internal Communications **Director:** Crédit Foncier, Caisse Générale de Prévoyance (CGP) **Permanent Representative of BPCE, Director:** Natixis Interépargne	**Member of the Management Board of BPCE – Group Human Resources and Internal Communications** **Director:** Crédit Foncier, Caisse Générale de Prévoyance (CGP) **Permanent Representative of BPCE, Director:** Natixis Interépargne	**Member of the Management Board of BPCE – Group Human Resources and Internal Communications** **Director:** Crédit Foncier **Permanent Representative of BPCE, Director:** Natixis Interépargne	**Member of the Management Board of BPCE – Group Human Resources** **Permanent Representative of BPCE, Director:** Natixis Interépargne

* *Listed company.*

** *Non-group company.*

*** *The title of Chief Executive Officer is not governed by Article L. 225-66 of the French Commercial Code.*

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FNBP: Fédération Nationale des Banques Populaires.

2.3 Role and operating rules of governing bodies

2.3.1 Supervisory Board

DUTIES AND POWERS

The Supervisory Board performs the duties attributed to it by law. It carries out all checks and controls it deems appropriate and may request any documents it regards as expedient in fulfilling its mission.

The Supervisory Board:

- receives a report from the Management Board on the company's business activities once every quarter;
- checks and controls the parent company and consolidated financial statements prepared and presented by the Management Board within three months of the end of the accounting period, along with a written report on the company and subsidiary positions and their activities during the past year;
- presents its comments on the Management Board's report and the year's financial statements at the Ordinary General Shareholders' Meeting.

In accordance with the law, the following transactions cannot be performed by the Management Board without prior authorization from the Supervisory Board, acting by simple majority of its present or represented members:

- disposal of buildings by type and total or partial disposals of equity interests (it being specified that the Board set the annual amount for disposals of buildings by type at €100 million and the amount for total or partial disposals of equity interests at €100 million; the Board's authorization for these transactions is not required if the previous limits were not exceeded);
- the provision of company property as collateral.

In addition to these powers, the Supervisory Board has powers to do the following:

Own powers:

- appoint the Chairman of the Management Board;
- appoint the other members of the Management Board, based on proposals by the Chairman of the Management Board;
- set the method and amount of pay received by each Management Board Member;
- grant the status of Chief Executive Officer to one or more members of the Management Board on the proposal of the Chairman of the Management Board, and withdraw said status as applicable;
- propose the appointment of the Statutory Auditors at the Annual General Shareholders' Meeting;
- decide to move the registered office within the same *département* or to an adjacent *département,* subject to that decision being ratified at the next Ordinary General Shareholders' Meeting.

Decisions subject to a simple majority vote:

The following operations proposed by the Management Board must receive the prior authorization of the Supervisory Board, acting by simple majority of its present or represented members:

- approval of the policy and strategic guidelines of Groupe BPCE and each of the networks;
- authorization of any operation[1] for an amount greater than €100 million;
- authorization of any transaction[2] proposed by BPCE that is not part of the BPCE strategic plan, regardless of the transaction amount;
- approval of the company's annual budget and definition of the rules for calculating contributions due from affiliated institutions;
- authorization of regulated agreements pursuant to the French Commercial Code;
- approval of Groupe BPCE's internal solidarity mechanisms;
- approval of the national and international agreements involving each of the networks and Groupe BPCE as a whole;
- approval of the general criteria that must be met by the directors of Groupe BPCE's affiliated institutions, including age limits, which cannot exceed:
  - 65 for Chief Executive Officers or members of the Management Board, or
  - 70 for Chairmen of Boards of Directors and Steering and Supervisory Boards, bearing in mind that no one may be appointed Chairman of a Board of Directors or a Steering and Supervisory Board if he cannot, on the date of first appointment, complete at least half the term as Chairman before reaching this age limit; however, the age limit remains 68 for offices currently held on the date of the Supervisory Board meeting that approved the age limit set in this section;
- authorizations for the directors of affiliated institutions as well as their termination and all other dismissals as set out in Article L. 512-108 of the French Monetary and Financial Code;
- approval of the creation or elimination of a Banque Populaire bank or Caisse d'Epargne, including through the merger of two or more Banque Populaire banks or two or more Caisses d'Epargne;
- examination and approval of the main risk limits relating to Groupe BPCE and each network, as defined by the Management Board; regular examinations and checks on Groupe BPCE's risks, any changes therein and the systems and procedures used to control them; examination of the activity and results of internal control, and the main conclusions of audits performed by the Group's *Inspection générale* division;

(1) *Refers to any proposed investment or divestment, contribution, merger, spin-off, restructuring, joint venture or partnership by the company or its subsidiaries, and the negotiation or signing of any national or international agreements on behalf of the Caisses d'Epargne, the Banque Populaire banks and related entities and, in each instance, any related or ancillary operations.*

(2) *Same as above.*

- appointment of BPCE's representatives to the Natixis Board of Directors. Representatives from the Caisses d'Epargne and from the Banque Populaire banks will be of identical number and will hold at least the majority of seats together;
- adoption of the Board's internal rules as set out in sections 2.2 to 2.5.

Decisions subject to a qualified majority vote (13 of 19 members):

The following operations proposed by the Management Board are subject to the prior authorization of the Supervisory Board and a favorable vote from at least thirteen of its nineteen present or represented members:

- any decision to subscribe for or acquire (or any agreement binding the company therein), by any means (including by transfer of assets to the company), securities or rights of any type whatsoever, be they issued by a company or any other entity, and representing an investment or contribution, directly or indirectly, of greater than €1 billion;
- any decision to transfer (or any agreement binding the company therein), by any means, securities or rights of any type whatsoever held by the company and representing for the company a divestment of more than €1 billion;
- any decision by the company to issue capital shares or shares giving immediate or eventual access to the company's capital, with the shareholders' preemptive rights waived;
- any decision to submit to the Annual General Shareholders' Meeting any changes to the Articles of Association with regard to the company that change the terms of governance;
- any merger, demerger, spin-off, or related decision involving the company;
- any decision to appoint the Chairman or remove the Chairman of the company's Management Board from office;
- any decision relating to the listing of the shares of the company or one of its main direct or indirect subsidiaries for trading on a regulated market;
- any decision to approve the disposal of securities.

INTERNAL RULES

The internal rules of the Supervisory Board, adopted at the Board meeting on July 31, 2009 and amended at the Board meeting of February 18, 2015, form the Supervisory Board's Governance Charter, which sets its internal operating procedures, notably with respect to ensuring governing bodies interact efficiently and operate smoothly.

The internal rules enhance the work done by Supervisory Board Members, by promoting the application of corporate governance principles and best practices in the interests of ethics and efficiency.

Their purpose is also to supplement the Articles of Association, notably by:

- specifying the procedures for convening Supervisory Board and Supervisory Board committee meetings, as well as the rules under which they are to deliberate;
- specifying the general and specific powers of the Board under the law, which appear in Articles 27.1 and 27.2 of the company's Articles of Association;
- specifying those instances requiring the Board's prior approval for significant transactions ("Important Decisions" and "Key Decisions"), which appear in Articles 27.3 and 27.4 of the company's Articles of Association;
- specifying the Board's reporting rules;
- specifying the duties of the various committees, for which they serve as the internal rules;
- specifying the professional secrecy and confidentiality obligations binding the members of the Supervisory Board and its committees;
- defining the penalties applying in the event that members of the Supervisory Board or of a committee fail to comply with any of their obligations.

ACTIVITIES

In accordance with Article 25.1 of the Articles of Association, the Supervisory Board meets as often as the company's interests, laws and regulations require and at least once every quarter in order to examine the Management Board's quarterly report. Board meetings may be convened by its Chairman, its Vice-Chairman or by one half of its members, and take place in the registered offices or at any other location stated in the notice of meeting.

In accordance with Article L. 823-17 of the French Commercial Code, the Statutory Auditors are invited to Board meetings examining full-year and half-year financial statements.

The BPCE Supervisory Board met 12 times between January 1 and December 31, 2015. In 2015, the average attendance rate for Supervisory Board Members was 90.47%. In addition to issues routinely discussed (quarterly Management Board reports, regulated agreements, approvals of company directors and various items presented for information purposes), the main issues dealt with at Supervisory Board meetings were as follows:

Governance – Internal operating procedures of the Board

- approval of the Supervisory Board Chairman's report;
- determination of the variable pay of Management Board Members for 2014 and establishment of fixed pay and the criteria (amount, trigger, qualitative and quantitative criteria) for determining the variable pay of Management Board Members for 2015;
- monitoring of pay policy guidelines for persons belonging to the "regulated population" within BPCE as well as Groupe BPCE's credit institutions, pursuant to Article 266 of the order of November 3, 2014 concerning the internal control of banking sector companies;
- amendment of the Supervisory Board's internal rules to comply with Articles L. 511-89 *et seq.* of the French Monetary and Financial Code and the Ministerial Order of November 3, 2014 on internal control of banking sector companies, and the separation of the Audit Committee from the Risk Committee as well as the Appointments Committee from the Remuneration Committee;
- amendment of Articles 3.2 and 3.3 of the Supervisory Board's internal rules in order to eliminate the rule that participation in the Appointments and Remuneration Committees is incompatible with participation in the Audit and Risk Committees, and altering the composition of the Audit Committee and the Risk Committee so that those committees would include a greater variety of members, per the recommendations of the ECB/ACPR joint supervisory team;
- appointment of the Chairman and Vice-Chairman of the Supervisory Board and new members of the Supervisory Board's specialized committees following the renewal of its members' terms at the Annual General Shareholders' Meeting of BPCE on May 22, 2015 and the appointment of two employee representatives by the two unions that received the most votes in the first round of elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labor Code, namely the Fédération CFDT des Banques et Assurances and the Fédération de la Finance et de la Banque CFE-CGC;

- determination of the annual fixed pay for the Chairman of the Supervisory Board and the attendance fees for the Vice-Chairman of the Supervisory Board;
- acceptance of the resignation of Catherine Halberstadt from her office as Supervisory Board Member;
- appointment of a new Management Board, chaired by François Pérol and made up of Jean-Yves Forel, Catherine Halberstadt[(1)], Daniel Karyotis, and Laurent Mignon, who will have a four-year-term expiring at the end of the Annual General Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2019;
- establishment of fixed pay and the criteria (amount, trigger, qualitative and quantitative criteria) for determining the variable pay of the new Management Board's members for 2015, the commitments owed or likely to be owed due to the cessation or change of duties of the new Management Board's members (compensation for involuntary termination, retirement bonus, supplementary pension plans and defined-benefit pension obligations) and other remuneration for the new Management Board's members (unemployment insurance, retention of entitlement to pay in the event of a temporary inability to work, and social protection plan benefits)[(2)];
- establishment of compensation for involuntary termination of a Management Board Member's term of office and determination of the fate of the deferred portions of the member's variable pay;
- monitoring of the policy on employment and wage equality.

Strategic operations

- authorization to sell all interests held by BPCE International et Outre-Mer (BPCE IOM) in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC);
- approval of the terms and conditions of the renewed partnership between CNP Assurances and Groupe BPCE;
- authorization for CE Holding Promotion to sell blocks of Nexity securities representing at least 25% of the share capital;
- authorization of the acquisition of DNCA Finance by Natixis Global Asset Management

Finance

- presentation of BPCE's annual financial statements for the year ended December 31, 2014;
- presentation of BPCE's 2015 quarterly and first half-year financial statements;
- approval of the 2016 budget;
- review of impacts relating to Basel III;
- review and monitoring of Groupe BPCE's solvency and liquidity ratios.

Audit – Compliance – Risks

- monitoring of the reports and investigations of the *Autorité de contrôle prudentiel et de résolution* (ACPR – French prudential supervisory and resolution authority) and the European Central Bank (ECB);
- risk monitoring: monitoring of consolidated risks, review of the impact of the situation in Europe on the Group, forward-looking approach to risk, monitoring of the Group's market and credit limits;
- approval of the Supervisory Board Chairman's report on internal control;
- review of reports on internal control prepared pursuant to Article 258 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies, and on the measurement and monitoring of risks, prepared pursuant to Article 262 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies: work carried out by the *Inspection générale* division, annual compliance report (annual report of the investment services Compliance Officer (RCSI), report on the annual check control program, report on credit risks), update on accounting risks;
- management of the independence and fees of Statutory Auditors;
- updating of the Group's Recovery and Restructuring Plan;
- approval of Groupe BPCE's Risk Appetite Framework;
- confirmation of the quantitative indicators selected for the Risk Appetite Statement and the corresponding governance, and approval of the resilience threshold for each of the indicators;
- approval of the Volcker Rule compliance program.

Depending on the type of matters submitted to the Supervisory Board, discussions were held and decisions made on the basis of the reports presented by the relevant Board committees.

2.3.2 Specialized committees

The Supervisory Board has instituted five specialized committees in charge of preparing its decisions and making recommendations. Their duties, resources and make-up are set out in the Supervisory Board's internal rules.

As far as possible, and depending on applicable circumstances, any discussion by the Supervisory Board that falls within the remit of a committee created by it is preceded by the referral of the matter to said committee, and a decision may only be made after that committee has issued its recommendations or motions.

The purpose of such consultation with committees is not to delegate to them powers that are allocated to the Supervisory Board by law or the Articles of Association, nor is it to reduce or limit the Management Board's powers.

Whenever it is necessary to consult with a committee, the Chairman of that committee receives from the Management Board, within a reasonable time frame (given the circumstances), all of the items and documents that enable the committee to carry out its work and formulate its opinions, recommendations and proposals relating to the Supervisory Board's planned discussion.

Committee members are chosen by the Supervisory Board based on a proposal made by the Chairman of the Board from among its members. They may be dismissed by the Supervisory Board.

(1) *Catherine Halberstadt's term is effective January 1, 2016.*

(2) *As Catherine Halberstadt's term began on January 1, 2016, she will not collect any pay for her duties as a Management Board Member for 2015.*

The term of office of committee members coincides with their term of office as Supervisory Board Members. The renewal of both terms of office may take place concomitantly.

Each committed is made up of at least three and at most seven members, except for the Remuneration Committee which contains eight members, including one member representing employees as stipulated by Article L. 225-79-2 of the French Commercial Code.

The Supervisory Board may also appoint a person from outside Groupe BPCE or a non-voting director to any of these committees. The Cooperative Committee includes both non-voting directors as of right among its members.

On each of the committees, a Chairman is in charge of organizing the work. The Chairman of each committee is appointed by the Supervisory Board.

AUDIT COMMITTEE

Duties

The Audit Committee assists the Supervisory Board in verifying and reviewing the financial statements and the Management Board's report on the company's business.

The Audit Committee is tasked with the process for preparing financial information, the statutory audit of the annual and consolidated financial statements by the Statutory Auditors, and their independence.

Accordingly, it ensures the quality of information provided to shareholders, and more generally, fulfills the duties set out in the French Commercial Code.

The Audit Committee monitors:

The preparation of financial information

In this respect, its duties include:

- reviewing the quarterly, half-year and annual consolidated financial statements of the company and Groupe BPCE, as well as the parent company financial statements, which are presented to it by the Management Board prior to their review by the Supervisory Board;
- verifying that the information provided is clear;
- reviewing the scope of consolidated companies and supporting evidence thereof;
- assessing the appropriateness of accounting methods adopted in preparing the company's individual financial statements and the consolidated financial statements of the company and Groupe BPCE;
- reviewing the draft of the Supervisory Board Chairman's report on internal control and risk management procedures as regards preparing and processing accounting and financial information;
- reviewing the prudential and accounting impacts of any significant acquisition by the company or Groupe BPCE.

The statutory audit of the annual and consolidated financial statements, as well as the Statutory Auditors' independence

In this respect, its duties include:

- ensuring that the "Framework for Statutory Auditor Assignments at Groupe BPCE", approved by BPCE's Supervisory Board on June 27, 2012 and which defines the rules and principles aimed at guaranteeing Statutory Auditor independence in Groupe BPCE companies, is respected and updated;
- issuing recommendations on the Statutory Auditor selection procedure, and on the Statutory Auditors proposed for appointment at the Annual General Shareholders' Meeting;
- ensuring that the Statutory Auditors are independent, specifically by reviewing fees that are paid to them by Group companies as well as to any network to which they might belong and, by monitoring, on a quarterly basis, any services that do not fall within the strict framework of the statutory audit;
- reviewing the Statutory Auditors' work schedule, the results of their audits and recommendations, and any follow-up action.

Activities

The Audit Committee met five times between January 1 and December 31, 2015. The average attendance rate at these meetings was 96.67%.

The main issues that it addressed were as follows:

- presentation of BPCE's annual financial statements for the year ended December 31, 2014 and review of the 2015 Budget;
- presentation of BPCE's 2015 quarterly and first half-year financial statements;
- review and monitoring of Groupe BPCE's solvency and liquidity ratios;
- monitoring of the management of intra-group capital adequacy ratio requirements;
- review of the impacts of Basel III;
- regular reporting on Crédit Foncier's earnings;
- follow-up of the work performed by the Statutory Auditors, and review of their independence and fees.

RISK COMMITTEE

Duties

The Risk Committee assists the Supervisory Board with respect to BPCE's overall strategy and risk appetite, both current and future, when the Supervisory Board checks the implementation of that strategy. Accordingly, it is tasked with assessing the efficiency of the internal control and risk management systems, and more generally fulfills the duties set out in Articles L. 511-92 *et seq.* of the French Monetary and Financial Code and by the Ministerial Order of November 3, 2014 on internal control of banking sector companies.

In this respect, its duties include:

- conducting a regular review of the strategies, policies, procedures, systems, tools, and limits referred to in Article 148 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies and the underlying assumptions, and sharing its findings with the Supervisory Board;
- reviewing the total risk exposure of the company's and Groupe BPCE's activities, based on the associated reports;
- advising the Supervisory Board on the company's overall strategy and risk appetite, both current and future;
- assisting the Supervisory Board when the Board reviews the implementation of this strategy by the members of the Management Board and by the head of the Risk Management function;
- assisting the Supervisory Board in regularly reviewing the policies established to comply with the provisions of the Ministerial Order of November 3, 2014 on internal control of banking sector companies, assessing the effectiveness

of these policies and that of the provisions and procedures implemented for the same purposes as well as any corrective measures provided in the event of failures;

- reviewing the annual report(s) regarding the measurement and monitoring of risks and regarding the conditions under which internal control is conducted within the Group;
- proposing to the Board the materiality criteria and thresholds mentioned in Article 98 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies. These are the criteria and thresholds used to identify incidents that must be brought to the Board's attention;
- ensuring that Groupe BPCE's *Inspection générale* division is independent, and authorized to request or access all items, systems, or information required for the successful completion of its duties;
- reviewing the annual schedule of the Group's *Inspection générale* division;
- ensuring that the findings of audits performed by the ACPR and/or the European Central Bank (ECB) and the Group's *Inspection générale* division, whose summaries regarding the company and Groupe BPCE's entities are disclosed to it, are addressed;
- reviewing the follow-up letters sent by the ACPR and/or by the ECB and issuing an opinion on the draft replies to these letters.
- reviewing, in the context of its responsibilities, whether the prices of products and services (mentioned in Books II and III of the French Monetary and Financial Code: financial instruments, savings products, bank transactions, investment services, etc.) offered to customers are compatible with the company's risk strategy, and if not, to present a corrective action plan to the Supervisory Board;
- reviewing whether incentives provided by the company's pay practices and policy are compatible with its situation with respect to the risks to which it is exposed, its capital, its liquidity and the likelihood that the expected benefits will vest, as well as their staggered vesting over time.

Activities

The Risk Committee met six times between January 1 and December 31, 2015. The average attendance rate at these meetings was 94.44%.

The main issues that it addressed were as follows:

- follow-up of the *Autorité de contrôle prudentiel et de résolution* reports and enquiries;
- analysis and follow-up of the Supervisory Board Chairman's report on internal control and risk management;
- review of reports on internal control prepared pursuant to Article 258 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies, and on the measurement and monitoring of risks, prepared pursuant to Article 262 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies: work carried out by the *Inspection générale* division, annual compliance report (annual report of the investment services Compliance Officer (RCSI), report on the annual check control program, report on credit risks), update on accounting risks;
- review of the work of the Compliance and Security division;
- review of the work of the *Inspection générale* and presentation of the 2016 audit plan;
- review of the work of the Group Risk Management division, particularly the review of Group risk supervision mechanisms (monitoring of consolidated risks, review of the impact of the situation in Europe on the Group, forward-looking approach to risk, monitoring of the Group's market and credit limits);
- analysis of the risk measurement and quantification systems within the Group, and monitoring their performance;
- follow-up and updating of the Group and BPCE business continuity plan;
- regular reporting on the workout portfolio assets of Natixis and Triton;
- review of the threshold criteria on ALM risks (Article 98 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies);
- review of the anti-money laundering system;
- review of the guiding principles and goals for risk appetite;
- review of the quantitative indicators intended to guide the Risk Appetite Framework and the thresholds set for each of those indicators;
- approval of the Volcker Rule compliance program;
- regular analyses of Crédit Foncier's various exposures;
- analysis of the results of the 2015 internal stress tests carried out to assess BPCE's resistance to certain extreme scenarios;
- presentation of internal work on the Eckert law;
- progress review of the post-AQR action plan, including corrective measures (remediation plan);
- review and updating of the Group's Recovery and Restructuring Plan.

APPOINTMENTS COMMITTEE

Duties

The Appointments Committee is in charge of making proposals to the Supervisory Board concerning:

- the choice of members of the Supervisory Board and non-voting directors who come from outside Groupe BPCE. Supervisory Board Members from inside Groupe BPCE are nominated in compliance with the company's Articles of Association and Article L. 512-106 of the French Monetary and Financial Code.
- appointing the Chairman of the company's Management Board.

Furthermore, the Appointments Committee:

- assesses the balance and diversity of knowledge, skills, and experience that the members of the Supervisory Board individually and collectively possess;
- specifies the assignments and qualifications required for responsibilities carried out by the Supervisory Board and assesses the amount of time to devote to those functions;
- sets a goal with regard to the balanced representation of men and women within the Supervisory Board and creates a policy to achieve that goal;
- periodically and at least once per year assesses:
  - the structure, size, composition and efficacy of the Supervisory Board with respect to its assigned tasks, and submits all useful recommendations to that Board,
  - the knowledge, skills, and experience of the members of the Supervisory Board, both individually and collectively, and reports on this assessment to the Board;

- periodically reviews the policies of the Supervisory Board in terms of selecting and appointing members of the Management Board and the person responsible for the Risk Management function, and makes appropriate recommendations;
- ensures that the Supervisory Board is not dominated by one person or a small group of people under conditions prejudicial to the company's interests;
- examines the draft of the Chairman's corporate governance report.

Activities

The Appointments Committee met three times between January 1 and December 31, 2015. The average attendance rate at these meetings was 95.24%.

The main issues addressed by the committee in 2015 were as follows:

- oversight of the procedure for selecting independent members of the Supervisory Board (persons from outside the company) in preparation for the renewal of Supervisory Board Members' terms at the Annual General Shareholders' Meeting on May 22, 2015;
- opinion on the re-appointment of the Chairman of the Management Board for a new four-year term;
- information on the appointment of members of the BPCE Management Board;
- monitoring of changes in the regulated population;
- studying and monitoring of the Supervisory Board Chairman's report on internal control (governance section).

REMUNERATION COMMITTEE

Duties

The Remuneration Committee is in charge of making proposals to the Supervisory Board concerning:

- the pay, compensation, and benefit (of all kinds) amounts and conditions applied to members of the company's Management Board, including benefits in kind, provident insurance and retirement plans;
- the pay of the Chairman of the Supervisory Board and, where applicable, the Vice-Chairman;
- the distribution of attendance fees among members of the Supervisory Board and committees, and the total amount of attendance fees submitted for approval at the company's Annual General Shareholders' Meeting.

Furthermore, the Remuneration Committee:

- conducts an annual review:
  - of the principles of the company's pay policy,
  - of the pay, compensation, and benefits (of all kinds) granted to corporate officers of the company,
  - of the pay policy for categories of personnel, including Management Board Members, risk takers, persons exercising control duties, and any employees who, as a result of their total income, is in the same pay bracket, whose professional activities have a significant impact on the company's or Group's risk profile;
- directly controls the pay of the head of the Risk Management function, referred to in Article L. 511-64 of the French Monetary and Financial Code, and if applicable, the Head of Compliance;
- reports regularly on its work to the Supervisory Board;
- examines the draft of the Chairman's corporate governance report;
- gives its opinion to the Board on the policy for granting stock options or similar securities, and on the list of beneficiaries;
- is informed of Groupe BPCE's pay policy, particularly the policy regarding the main company directors of affiliated institutions;
- reviews and issues opinions on the insurance policies taken out by the company covering the liability of company directors;
- gives the Board an opinion on the section of the annual report covering issues within the remit of the Remuneration Committee.

Activities

The Remuneration Committee met five times between January 1 and December 31, 2015. The average attendance rate at these meetings was 100%.

The main issues addressed by the committee in 2015 were as follows:

- variable pay of Management Board Members for 2014 and the levels and conditions of fixed and variable pay for Management Board Members for 2015 (definition of conditions for deferred portions, definition of quantitative and qualitative criteria);
- fixed pay and criteria (amount, trigger, qualitative and quantitative criteria) for determining the variable pay of the new Management Board's members for 2015, commitments owed or likely to be owed due to the cessation or change of duties of the new Management Board's members (compensation for involuntary termination, retirement bonus, supplementary pension plan and defined-benefit pension obligations) and other remuneration for the new Management Board's members (unemployment insurance, retention of entitlement to pay in the event of a temporary inability to work, and social protection plan benefits)(1);
- compensation for involuntary termination of a Management Board Member's term of office and ruling by the committee on whether or not the member will be able to retain the deferred portions of variable pay;
- changes to fixed pay for the Management Board and of the variable pay system for 2016;
- pay policy for persons belonging to the "regulated population" within BPCE as well as Groupe BPCE's credit institutions;
- total amount of attendance fees and conditions for distributing attendance fees among the members of the Supervisory Board and its committees;
- proposed remuneration of the Chairman and the Vice-Chairman of the Supervisory Board;
- review of the report on internal control of Groupe BPCE credit institutions regarding policy and practices governing the pay in respect of 2014 granted to members of the executive body and persons whose professional activities have a material impact on the corporate risk profile, pursuant to Article 266 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies;
- review and follow-up of the report of the Supervisory Board Chairman on internal control addressing matters within the remit of the Remuneration Committee.

(1) As Catherine Halberstadt's duties as a Management Board Member began on January 1, 2016, she will not collect any pay for her duties as a Management Board Member for 2015.

COOPERATIVE COMMITTEE

Duties

The Cooperative Committee is in charge of making proposals and recommendations aimed at promoting the cooperative and social values of long-term commitment, professional ethics and interpersonal ethics, and ensuring that Group and network activities represent these values, thereby strengthening the cooperative banking model of the Group and each of the networks.

To that end, the Cooperative Committee monitors sales practices and dividends for the cooperative shares by the Banque Populaire banks and the Caisses d'Epargne, changes to their share capital and fair distribution among cooperative shareholders.

Activities

The Cooperative Committee met once between January 1 and December 31, 2015. The average attendance rate of committee members was 100%.

The main issues addressed by the committee in 2015 were as follows:

- main projects relating to the cooperative model;
- review of cooperative shares;
- 2015 United Nations Climate Change Conference (COP 21) – Group project.

2.3.3 Management Board

In accordance with Article 18 of BPCE's Articles of Association, the Management Board has the broadest powers to act under all circumstances in the company's name, within the corporate purpose and subject to decisions requiring prior authorization, in accordance with the law or the Articles of Association governing the Supervisory Board and Annual General Shareholders' Meetings.

In particular, the Management Board:

- performs duties as the company's central institution as specified by law, and, if applicable, after receiving prior authorization from the Supervisory Board, as specified by the company's Articles of Association;
- exercises all banking, financial, administrative and technical powers;
- approves the appointment of executive management within the company's main direct and indirect subsidiaries;
- appoint the person or persons tasked with provisional management or control functions for an affiliated institution in the event that the Supervisory Board decides to dismiss persons mentioned in Article L. 512-108 of the French Monetary and Financial Code;
- decides, in an emergency, to suspend one or more executive managers responsible for an affiliated institution as a protective measure;
- uses the Group's internal solidarity mechanisms, notably by calling on the guarantee and solidarity funds of the Networks and the Group;
- approves the Articles of Association of affiliated institutions and local savings companies and any changes thereto;
- determines the rules relating to the pay received by executive managers responsible for affiliated institutions including any contingent pay and benefits granted to such individuals on or after termination of employment;
- issues general internal directives to affiliated institutions, to ensure the purposes defined in Article L. 511-31 of the French Monetary and Financial Code.

The Management Board is required to comply with the limitations on powers pursuant to Articles 27.1, 27.2, 27.3 and 27.4 of BPCE's Articles of Association, which set out the duties of the Supervisory Board.

The Chairman of the Management Board represents the company in its dealings with third parties.

On the recommendation of the Chairman of the Management Board, the Supervisory Board may grant the same power of representation to one or more Management Board Members, who shall then bear the title of Chief Executive Officer. The Chairman of the Management Board and the Chief Executive Officer or officers, if any, are authorized to appoint a special representative to deputize them in respect of part of their powers.

With the authorization of the Supervisory Board, the members of the Management Board may, on the recommendation of the Chairman of the Management Board, divide management tasks between them. However, in no event may this division have the effect of removing the Management Board's capacity as a collegial management body.

Once every three months, the Management Board shall present a written report to the Supervisory Board on the company's performance. Within three months of the end of each accounting period, the Management Board shall complete the parent company financial statements and present them to the Supervisory Board for verification and control. The Board will also submit the consolidated financial statements within this same period.

2.3.4 Annual General Shareholders' Meetings

The provisions governing the participation of shareholders at the Annual General Shareholders' Meeting (Article 30 of BPCE's Articles of Association) are as follows:

1° Annual General Shareholders' Meetings are called and convened in accordance with regulations in force.

Annual General Shareholders' Meetings take place in the registered offices or in any other place specified in the notice of the meeting.

The Ordinary General Shareholders' Meeting called to approve the annual financial statements of the previous fiscal year convenes within five months of the end of the fiscal year.

2° Only Category "A" shareholders, Category "B" shareholders and owners of ordinary shares are entitled to take part in the Annual General Shareholders' Meetings.

Their participation is subject to the registration of the shares in the name of the Shareholder by the third business day preceding the Annual General Shareholders' Meeting at twelve midnight, Paris time, in the registered share accounts maintained by the company.

3° If the shareholder cannot personally attend the Annual General Shareholders' Meeting, he may select one of the following three options:

- to grant a proxy to another shareholder or, if the shareholder is a natural person, to his spouse; or
- to vote by absentee ballot; or
- to send a power of attorney to the company without designating a representative.

4° Annual General Shareholders' Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Vice-Chairman. In the absence of both, Annual General Shareholders' Meetings are chaired by a member of the Supervisory Board specially appointed for this purpose by the Supervisory Board. Failing this, the Annual General Shareholders' Meeting itself elects its Chairman.

The Annual General Shareholders' Meeting appoints its officers.

The duties of scrutineer are performed by two consenting shareholders representing, themselves or as proxies, the greatest number of shares. The officers of the Annual General Shareholders' Meeting appoint a Secretary who may be selected outside the shareholders' ranks.

A register of attendance is kept in accordance with regulations in force.

5° The Ordinary General Shareholders' Meeting convened on first notice may validly transact business if the shareholders present or represented own at least one-fifth of the voting shares. The Ordinary General Shareholders' Meeting convened on second notice may validly transact business regardless of the number of shareholders present or represented.

Resolutions of the Ordinary General Shareholders' Meeting are carried by majority vote of the shareholders present or represented, including the shareholders who have voted by absentee ballot.

The Ordinary General Shareholders' Meeting called to approve the financial statements for the past fiscal year is consulted on the components of pay due or granted for the fiscal year ended to the Chairman of the Management Board and to each member of the Management Board.

It is consulted on the overall budget for pay of any kind paid during the fiscal year ended to the company's executive managers and to persons referred to in Article L. 511-71 of the French Monetary and Financial Code, whose professional activities have a material impact on the company's or the Group's risk profile.

The Ordinary General Shareholders' Meeting may, in accordance with Article L. 511-78 of the French Monetary and Financial Code, decide to raise the variable pay to an amount greater than the fixed pay amount, up to a limit of double the fixed pay, for the company's executive managers, as well as for persons referred to in Article L. 511-71 of said Code whose professional activities have a material impact on the company's or the Group's risk profile. This resolution was carried by a two-thirds majority of the votes of the shareholders present or represented, including the shareholders who have voted by absentee ballot. If at least half of shareholders are not present or represented, the Annual General Shareholders' Meeting shall decide with a three-quarters majority.

6° The Extraordinary Shareholders' Meeting convened on first notice may validly transact business only if the shareholders present or represented own at least one-fourth of voting shares.

The Extraordinary Shareholders' Meeting, convened on second notice, may validly transact business only if the shareholders present or represented own at least one-fifth of the voting shares.

The resolutions of the Extraordinary Shareholders' Meeting are carried by a two-thirds majority of the votes of the shareholders present or represented, including the shareholders who have voted by absentee ballot.

7° Copies or extracts of the minutes of the Annual General Shareholders' Meeting are validly certified by the Chairman of the Supervisory Board, by the Vice-Chairman, a member of the Management Board, or by the Secretary of the Annual General Shareholders' Meeting.

8° Ordinary and Extraordinary Shareholders' Meetings exercise their respective powers in accordance with regulations in force.

2.4 Rules and principles governing the determination of pay and benefits

2.4.1 Pay policy(1)

MEMBERS OF THE SUPERVISORY BOARD

At the Combined General Meeting on May 22, 2015, the total amount of attendance fees payable by BPCE was set at €690,000. This pay is detailed in section 2.4.2 "Pay, benefits in kind, loans, guarantees and attendance fees received by BPCE company directors".

At its May 6, 2015 meeting, the Supervisory Board set the remuneration for the Chairman and Vice-Chairman of the Supervisory Board.

At its meetings of May 6 and May 22, 2015, the Supervisory Board set the terms for the breakdown of attendance fees between members of the Supervisory Board.

Aside from the Chairman, who receives annual fixed pay, Supervisory Board Members are paid in the form of attendance fees.

Pay of Stève Gentili, Chairman of the Supervisory Board from January 1 to May 22, 2015.

- annual fixed pay: €120,000;
- attendance fees: €0.

Pay of Pierre Valentin, Chairman of the Supervisory Board as of May 22, 2015

- annual fixed pay: €400,000;
- attendance fees: €0.

Attendance fees paid to Supervisory Board Members

Yves Toublanc, Vice-Chairman of the Supervisory Board from January 1, 2015 to May 22, 2015 and Stève Gentili, Vice-Chairman of the Supervisory Board as of May 22, 2015:

- fixed annual attendance fees: €80,000;
- attendance fees paid for each meeting attended, up to a limit of nine meetings during the fiscal year: €1,500.

Other Supervisory Board Members:

- fixed annual attendance fees: €8,200;
- attendance fees paid for each meeting attended, up to a limit of nine meetings during the fiscal year: €1,200.

Additional pay of Supervisory Board Members

Marwan Lahoud, Chairman of the Audit Committee:

- fixed annual attendance fees: €23,900;
- attendance fees paid for each meeting attended, up to a limit of four meetings during the fiscal year: €2,400.

Other members of the Audit Committee:

- fixed annual attendance fees: €750;
- attendance fees paid for each meeting attended, up to a limit of four meetings during the fiscal year: €875.

Marie-Christine Lombard, Chairman of the Risk Committee:

- fixed annual attendance fees: €23,900;
- attendance fees paid for each meeting attended, up to a limit of four meetings during the fiscal year: €2,400.

Other members of the Risk Committee:

- fixed annual attendance fees: €750;
- attendance fees paid for each meeting attended, up to a limit of four meetings during the fiscal year: €875.

Maryse Aulagnon, Chairman of the Appointments Committee:

- fixed annual attendance fees: €13,100;
- attendance fees paid for each meeting attended, up to a limit of three meetings during the fiscal year: €1,650.

Other members of the Appointments Committee:

- fixed annual attendance fees: €750;
- attendance fees paid for each meeting attended, up to a limit of three meetings during the fiscal year: €600.

Maryse Aulagnon, Chairman of the Remuneration Committee:

- fixed annual attendance fees: €13,100;
- attendance fees paid for each meeting attended, up to a limit of five meetings during the fiscal year: €1,650.

Other members of the Remuneration Committee:

- fixed annual attendance fees: €750;
- attendance fees paid for each meeting attended, up to a limit of five meetings during the fiscal year: €600.

Pay of non-voting directors

Pursuant to Article 28.3 of the Articles of Association, the Supervisory Board has decided to compensate non-voting directors by making a deduction from the attendance fees allocated to Supervisory Board Members at the Annual General Shareholders' Meeting.

Non-voting directors receive:

- fixed annual attendance fees: €4,000;
- attendance fees paid for each meeting attended, up to a limit of nine meetings during the fiscal year: €600.

(1) *The figures presented in this paragraph are gross amounts.*

MEMBERS OF THE MANAGEMENT BOARD

In accordance with Article 19 of BPCE's Articles of Association and on the recommendation of the Appointments and Remuneration Committee, the Supervisory Board approved the pay of the Chairman and Members of the Management Board, as well as the criteria used to determine the amount of variable pay granted to Management Board Members in respect of 2015, at its February 18, 2015 meeting.

Pay received by the Chairman and Members of the Management Board was as follows:

François Pérol

- fixed pay: €550,000;
- variable pay: target at 150%, with a maximum of 200%;
- annual housing allowance: €60,000 (for information purposes: François Pérol has waived this allowance).

Anne Mercier-Gallay

- fixed pay: €500,000;
- variable pay: target at 80%, with a maximum of 100%.

Daniel Karyotis

- fixed pay: €500,000 (this fixed portion includes a housing allowance);
- variable pay: target at 80%, with a maximum of 100%.

Jean-Yves Forel

- fixed pay: €500,000;
- variable pay: target at 80%, with a maximum of 100%.

Laurent Mignon

Laurent Mignon is not paid for his duties as a member of the BPCE Management Board. The pay that he receives is for his duties as Chief Executive Officer of Natixis.

The following criteria were used for determining variable pay:

- the criterion for triggering variable pay is maintaining the Group's Basel III Common Equity Tier 1 ratio (COREP regulatory view, namely phase-in measures) at more than 9% at December 31, 2015 with minimum Common Equity Tier 1 capital of €35.8 billion. No variable portion is paid if this criterion is not met;
- quantitative criteria account for 60% of variable pay. These quantitative criteria are defined as follows:
  - net income attributable to equity holders of the parent, calculated after neutralizing the impact of the revaluation of own debt, accounts for 30% of variable pay. If the target for this criterion as set by the Supervisory Board is reached, Management Board Members would be entitled to receive the entire 30%[1],
  - the Group's cost/income ratio, calculated after neutralizing the impact of revaluation of own debt, accounts for 20% of variable pay. If the target for this criterion as set by the Supervisory Board is reached, Management Board Members would be entitled to receive the entire 20%[1],
  - the Group's net banking income, calculated after neutralizing the impact of the revaluation of own debt, accounts for 10% of variable pay. If the target for this criterion as set by the Supervisory Board is reached, Management Board Members would be entitled to receive the entire 10%[1];
- qualitative criteria account for 40% of variable pay. These criteria comprise the following duties:
  - commercial development,
  - human resources,
  - financing/operations/risk,
  - governance.

With regard to the terms of payment for variable pay in respect of 2011:

- deferred for a fraction representing 60% in 2013, 2014 and 2015 (20% each year), for François Pérol;
- the deferred portion, calculated after neutralizing the impact of the revaluation of own debt, is indexed to the change in net income attributable to equity holders of the parent, assessed as a rolling average over the last three calendar years preceding the allocation year and the payment year, without taking into account calendar years prior to 2010;
- payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for core Group businesses that is at least equal to 4% during the fiscal year before payment falls due.

With regard to the terms of payment for variable pay in respect of 2012:

- deferred for a fraction representing 60% in 2014, 2015 and 2016 (20% each year), for François Pérol;
- deferred for a fraction representing 50% in 2014, 2015 and 2016 (16.66% each year), for Anne Mercier-Gallay;
- the deferred portion, calculated after neutralizing the impact of the revaluation of own debt, is indexed to the change in net income attributable to equity holders of the parent, assessed as a rolling average over the last three calendar years preceding the allocation year and the payment year;
- payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for core Group businesses that is at least equal to 4% during the fiscal year before payment falls due.

With regard to the terms of payment for variable pay in respect of 2013:

- deferred for a fraction representing 60% in 2015, 2016 and 2017 (20% each year), for François Pérol;
- deferred for a fraction representing 50% in 2015, 2016 and 2017 (16.66% each year), for Daniel Karyotis, Jean-Yves Forel and Anne Mercier-Gallay;
- the deferred portion, calculated after neutralizing the impact of the revaluation of own debt, is indexed to the change in net income attributable to equity holders of the parent, assessed as a rolling average over the last three calendar years preceding the allocation year and the payment year;
- payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for core Group businesses that is at least equal to 4% during the fiscal year before payment falls due.

With regard to the terms of payment for variable pay in respect of 2014:

- deferred for a fraction representing 60% in 2016, 2017 and 2018 (20% each year), for François Pérol;
- deferred for a fraction representing 50% in 2016, 2017 and 2018 (16.66% each year), for Daniel Karyotis, Jean-Yves Forel and Anne Mercier-Gallay;
- the deferred portion, calculated after neutralizing the impact of the revaluation of own debt, is indexed to the change in net income attributable to equity holders of the parent, assessed as a rolling average over the last three calendar years preceding the allocation year and the payment year;
- payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for core Group businesses that is at least equal to 4% during the fiscal year before payment falls due.

(1) *The Supervisory Board has established specific expected targets for these quantitative goals, but for confidentiality reasons, they are not being publicly disclosed.*

With regard to the terms of payment that will be applied to the variable pay in respect of 2015:

- deferred for a fraction representing 60% in 2017, 2018 and 2019 (20% each year), for François Pérol;
- deferred for a fraction representing 50% in 2017, 2018 and 2019 (16.66% each year), for Daniel Karyotis, Jean-Yves Forel and Anne Mercier-Gallay;
- the deferred portion, calculated after neutralizing the impact of the revaluation of own debt, is indexed to the change in net income attributable to equity holders of the parent, assessed as a rolling average over the last three calendar years preceding the allocation year and the payment year;
- payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for core Group businesses that is at least equal to 4% during the fiscal year before payment falls due.

The terms of payment for the variable pay in respect of 2015 were approved by the Supervisory Board at its meeting of February 10, 2016.

In accordance with Article L. 511-73 of the French Monetary and Financial Code, the BPCE Annual General Shareholders' Meeting will be consulted in 2016 on the budget for all types of remuneration paid during the previous fiscal year to members of the Management Board and other BPCE employees whose professional activities have a material impact on the company's or the Group's risk profile.

In accordance with the AFEP-MEDEF recommendations, the BPCE Annual General Shareholders' Meeting will be consulted in 2016 on the components of pay due or granted for the fiscal year ended to each company director.

In accordance with Article L. 511-78 of the French Monetary and Financial Code, the approval of the BPCE Annual General Shareholders' Meeting will be required in 2016 in order to implement variable pay for the Chairman of the Management Board that may, in 2016, exceed 100% of the fixed pay component.

2.4.2 Pay, benefits in kind, loans, guarantees and attendance fees received by BPCE company directors

The figures shown below comply with the rules and guidelines for determining pay and benefits adopted by the BPCE Supervisory Board and detailed in section 2.4.1, "Pay Policy".

STATEMENT OF PAY, STOCK OPTIONS AND SHARES GRANTED TO EACH COMPANY DIRECTOR FROM JANUARY 1 TO DECEMBER 31, 2015 (TABLE 1)

	Total pay due in respect of the period (fixed and variable) (Table 2)		Total pay received during the period (fixed and variable) (Table 2)	Valuation of multi-year variable pay received during the year[1]	Value of stock options allocated during the year (Table 4)	Valuation of performance shares granted during the year (Table 6)
	2014	€1,407,150	€1,275,381	€0	€0	€0
François Pérol	**2015**	**€1,382,744**	**€1,287,844**	**€0**	**€0**	**€0**
	2014	€918,266	€721,243	€0	€0	€0
Daniel Karyotis	**2015**	**€901,191**	**€783,586**	**€0**	**€0**	**€0**
	2014	€917,366	€720,343	€0	€0	€0
Jean-Yves Forel	**2015**	**€905,540**	**€787,935**	**€0**	**€0**	**€0**
	2014	€913,022	€757,595	€0	€0	€0
Anne Mercier-Gallay	**2015**	**€1,965,798**	**€1,942,183**	**€0**	**€0**	**€0**
	2014	€1,981,512	€2,037,762	€0	€0	€0
Laurent Mignon[2]	**2015**	**€2,059,372**	**€1,886,542**	**€0**	**€0**	**€0**

(1) No multi-year variable pay or bonus share plan during the 2015 fiscal year; except for Laurent Mignon, by Natixis, for his duties as Chief Executive Officer of Natixis.

(2) Laurent Mignon receives remuneration from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties as Chief Executive Officer of Natixis. On July 31, 2014, Laurent Mignon received 31,955 performance shares valued at €160,000, and on February 18, 2015, he received 27,321 performance shares valued at €160,000.

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STATEMENT OF PAY OF BPCE COMPANY DIRECTORS (TABLE 2)

Amounts due in respect of 2014[1]: all remuneration granted on a pro rata basis in respect of duties performed in 2014, regardless of the date of payment.

Amounts paid in 2014[2]: all remuneration actually paid and received in 2014 (due in 2010 and paid in 2014 + due in 2011 and paid in 2014 + due in 2012 and paid in 2014 + due in 2013 and paid in 2014 + due in 2014 and paid in 2014) in respect of duties performed during the period.

Amounts due in respect of 2015[1]: all remuneration granted on a pro rata basis in respect of duties performed in 2015, regardless of the date of payment.

Amounts paid in 2015[2]: all remuneration actually paid and received in 2015 (due in 2011 and paid in 2015 + due in 2012 and paid in 2015 + due in 2013 and paid in 2015 + due in 2014 and paid in 2015 + due in 2015 and paid in 2015) in respect of duties performed during the period.

PAY STATEMENT: FRANÇOIS PÉROL

	Fiscal year 2014		Fiscal year 2015	
Chairman of the Management Board	**Amount due**[1]	**Amount paid**[2]	**Amount due**[1]	**Amount paid**[2]
Base pay	-	-	-	-
Corporate Office	€550,000	€550,000	€550,000	€550,000
Variable pay	€851,858[a]	€720,089[b]	€827,457[c]	€732,556[d]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing[e] and other benefits)	€5,292	€5,292	€5,288	€5,288
Attendance fees	€0	€0	€0	€0
Other pay	-	-	-	-
TOTAL	**€1,407,150**	**€1,275,381**	**€1,382,744**	**€1,287,844**

(a) *Variable pay in respect of 2014, of which €340,743 (40%) paid in 2015 and the balance (60%) deferred over three years in equal shares of €170,372. For 2016, the final amount paid will be €189,470 (after application of the indexing factor).*
(b) *Amount paid in 2014 for variable pay in respect of 2013 (€356,398), for the deferred portion of variable pay in respect of 2012 (€102,950), for the deferred portion of variable pay in respect of 2011 (€84,861) and for the deferred portion of variable pay in respect of 2010 (€175,880).*
(c) *Variable remuneration in respect of 2015, of which €330,983 (40%) in 2016 and the balance (60%) deferred over three years in equal shares of €165,491.*
(d) *Amount paid in 2015 for variable pay in respect of 2014 (€340,743), for the deferred portion of variable pay in respect of 2013 (€190,762), for the deferred portion in respect of 2012 (€110,207) and for the deferred portion in respect of 2011 (€90,844).*
(e) *François Pérol has waived his annual housing allowance since 2010.*

PAY STATEMENT: DANIEL KARYOTIS

	Fiscal year 2014		Fiscal year 2015	
Member of the Management Board, Chief Executive Officer – Finance, Risks and Operations	**Amount due**[1]	**Amount paid**[2]	**Amount due**[1]	**Amount paid**[2]
Base pay	-	-	-	-
Corporate Office	€500,000	€500,000	€500,000[a]	€500,000[a]
Variable pay	€413,022[b]	€215,999[c]	€401,191[d]	€283,586[e]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing, and other benefits)	€5,244	€5,244	€0	€0
Attendance fees	€0	€0	€0	€0
Other pay	-	-	-	-
TOTAL	**€918,266**	**€721,243**	**€901,191**	**€783,586**

(a) *The housing allowance (€66,000.00 for 2014 and €66,000.00 for 2015) is included in fixed pay received as a corporate officer.*
(b) *Variable pay in respect of 2014, of which €206,511 (50%) paid in 2015 and the balance (50%) deferred over three years in equal shares of €68,837. For 2016, the final amount paid will be €76,554 (after application of the indexing factor).*
(c) *Amount paid in 2014 for variable pay in respect of 2013 (€215,999).*
(d) *Variable remuneration in respect of 2015, of which €200,596 (50%) paid in 2016 and the balance (50%) deferred over three years in equal shares of €66,865.*
(e) *Amount paid in 2015 for variable pay in respect of 2014 (€206,511) and for the deferred portion of variable pay in respect of 2013 (€77,075).*

PAY STATEMENT: JEAN-YVES FOREL

Member of the Management Board, Chief Executive Officer – Commercial Banking and Insurance	Fiscal year 2014		Fiscal year 2015	
	Amount due[(1)]	Amount paid[(2)]	Amount due[(1)]	Amount paid[(2)]
Base pay	-	-	-	-
Corporate Office	€500,000	€500,000	€500,000	€500,000
Variable pay	€413,022[(a)]	€215,999[(b)]	€401,191[(c)]	€283,586[(d)]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing, and other benefits)	€4,344	€4,344	€4,349	€4,349
Attendance fees	€0	€0	€0	€0
Other pay	-	-	-	-
TOTAL	**€917,366**	**€720,343**	**€905,540**	**€787,935**

(a) Variable pay in respect of 2014, of which €206,511 (50%) paid in 2015 and the balance (50%) deferred over three years in equal shares of €68,837. For 2016, the final amount paid will be €76,554 (after application of the indexing factor).
(b) Amount paid in 2014 for variable pay in respect of 2013 (€215,999).
(c) Variable remuneration in respect of 2015, of which €200,596 (50%) paid in 2016 and the balance (50%) deferred over three years in equal shares of €66,865.
(d) Amount paid in 2015 for variable pay in respect of 2014 (€206,511) and for the deferred portion of variable pay in respect of 2013 (€77,075).

PAY STATEMENT: ANNE MERCIER-GALLAY

Member of the Management Board, Chief Executive Officer – Group Human Resources and Internal Communications	Fiscal year 2014		Fiscal year 2015	
	Amount due[(1)]	Amount paid[(2)]	Amount due[(1)]	Amount paid[(2)]
Base pay	-	-	-	-
Corporate Office	€500,000	€500,000	€438,889	€438,889
Variable pay	€413,022[(a)]	€257,595[(b)]	€351,729[(c)]	€328,115[(d)]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay[(e)]	€0	€0	€1,175,180	€1,175,180
Benefits in kind (company car, housing, and other benefits)	€0	€0	€0	€0
Attendance fees	€0	€0	€0	€0
Other pay	-	-	-	-
TOTAL	**€913,022**	**€757,595**	**€1,965,798**	**€1,942,183**

(a) Variable pay in respect of 2014, of which €206,511 (50%) paid in 2015 and the balance (50%) deferred over three years in equal shares of €68,837. For 2016, the final amount paid will be €76,554 (after application of the indexing factor).
(b) Amount paid in 2014 for variable pay in respect of 2013 (€215,999) and for the deferred portion of variable pay in respect of 2012 (€41,596).
(c) Variable remuneration in respect of 2015, of which €175,865 (50%) paid in 2015 and the balance (50%) deferred over three years in equal shares of €58,622.
(d) Amount paid in 2015 for variable pay in respect of 2014 (€206,511), for the deferred portion of variable pay in respect of 2013 (€77,075) and for the deferred portion of variable pay in respect of 2012 (€44,528).
(e) Compensation due in the event of involuntary termination

PAY STATEMENT: LAURENT MIGNON[(A)]

	Fiscal year 2014		Fiscal year 2015	
Member of the Management Board – Chief Executive Officer of Natixis	Amount due[(1)]	Amount paid[(2)]	Amount due[(1)]	Amount paid[(2)]
Base pay	-	-	-	-
Corporate Office	N/A	N/A	N/A	N/A
Variable pay	N/A	N/A	N/A	N/A
Multi-year variable pay[(b)]	N/A	N/A	N/A	N/A
Exceptional pay	N/A	N/A	N/A	N/A
Benefits in kind (company car, housing, and other benefits)	N/A	N/A	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
Other pay[(c)]	€1,981,512	€2,037,762	€2,059,372	€1,886,542
TOTAL[(C)]	**€1,981,512**	**€2,037,762**	**€2,059,372**	**€1,886,542**

(a) Laurent Mignon is not paid for his duties as a member of the BPCE Management Board.
(b) No multi-year variable pay or bonus share plan during the 2015 fiscal year.
(c) Laurent Mignon receives remuneration from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties as Chief Executive Officer of Natixis. On July 31, 2014, Laurent Mignon received 31,955 performance shares valued at €160,000, and on February 18, 2015, he received 27,321 performance shares valued at €160,000.

STATEMENT OF ATTENDANCE FEES AND OTHER PAY RECEIVED BY BPCE NON-EXECUTIVE DIRECTORS FROM JANUARY 1 TO DECEMBER 31, 2015 (TABLE 3)

Rules for the awarding of attendance fees

Article 6 of the Finance Act for 2013 changed the methods for assessing income tax and social security charges on attendance fees received on or after January 1, 2013 by directors and members of the Supervisory Boards of French limited liability companies *(sociétés anonymes)*.

Attendance fees received on or after January 1, 2013 remain subject to the progressive income tax scale as before, but must now include:

- a mandatory flat-rate withholding tax, serving as income tax, at a rate of 21%. This deduction gives entitlement to a tax credit applicable to the income tax calculated using the progressive scale for the year the attendance fees were received;
- social security charges withheld at source, at rates applicable on the date of the levy (15.5% since January 1, 2013, including a CSG [*contribution sociale généralisée* – general social security tax] of 5.1% deductible from taxable income for the year of the payment).

The amounts presented here do not include these withholding taxes.

Other pay

Other pay consists of total attendance fees received by each non-executive director in respect of his duties on the Boards of Group companies during the period in question.

Each attendance fee payment relates to the non-executive director's presence at Board meetings, and is calculated on the basis of the total budget set by each company's Annual General Shareholders' Meeting.

	Fiscal year 2014		Fiscal year 2015	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Stève Gentili (Chairman of the Supervisory Board from January 1 to May 22, 2015) (Vice-Chairman of the Supervisory Board from May 22, 2015 to December 31, 2015)				
Annual fixed pay	€120,000	€120,000	€96,666.69	€96,666.69
BPCE director attendance fees	€0	€6,000	€12,000.00	€12,000.00
Other pay	N/A	€1,295.82	N/A	€1,524.49
Yves Toublanc (Vice-Chairman of the Supervisory Board from January 1 to May 22, 2015)				
Annual fixed pay	N/A	N/A	€33,333.35	€33,333.35
BPCE director attendance fees	€93,500	€93,500	€4,500.00	€4,500.00
Other pay	€2,400	€2,400	€3,000.00	€2,400.00
Pierre Valentin (Chairman of the Supervisory Board since May 22, 2015)				
Annual fixed pay	N/A	N/A	€266,666.64	€266,666.64
BPCE director attendance fees	€27,500	€41,000	€9,708.33	€9,708.33
Other pay	€22,400	€22,400	€17,666.00	€17,066.00
CAISSES D'EPARGNE REPRESENTATIVES				
Catherine Amin-Garde				
BPCE director attendance fees	€23,500	€34,500	€24,700.00	€24,700.00
Other pay	€6,000	€6,000	€5,700.00	€5,700.00
Astrid Boos (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€19,666.67	€19,666.67
Other pay	N/A	N/A	€9,000.00	€8,400.00
Alain Denizot (until May 22, 2015)				
BPCE director attendance fees	€27,500	€41,000	€10,391.67	€10,391.67
Other pay	€5,400	€5,400	€22,799.00	€21,599.00
Francis Henry (until May 22, 2015)				
BPCE director attendance fees	€19,000	€28,000	€7,016.67	€7,016.67
Other pay	€13,300	€12,300	€12,500.00	€14,500.00
Françoise Lemalle (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€13,866.67	€13,866.67
Other pay	N/A	N/A	€14,400.00	€13,800.00
Pierre Mackiewicz (until May 22, 2015)				
BPCE director attendance fees	€22,300	€33,300	€10,041.67	€10,041.67
Other pay	€6,300	€6,300	€1,500.00	€1,500.00
Stéphanie Paix (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€23,391.67	€23,391.67
Other pay	N/A	N/A	€51,500.00	€51,500.00
Didier Patault				
BPCE director attendance fees	€19,000	€28,000	€22,400.00	€22,400.00
Other pay	€32,300	€32,300	€20,899.00	€20,299.00
Nicolas Plantrou (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€23,391.67	€23,391.67
Other pay	N/A	N/A	€15,000.00	€12,900.00
BANQUE POPULAIRE BANKS REPRESENTATIVES				
Gérard Bellemon (until May 22, 2015)				
BPCE director attendance fees	€23,500	€34,500	€10,041.67	€10,041.67
Other pay	€7,200	€7,200	€4,500.00	€4,500.00

	Fiscal year 2014		Fiscal year 2015	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Thierry Cahn				
BPCE director attendance fees	€27,500	€40,000	€23,625.00	€23,625.00
Other pay	€22,000	€22,000	€24,000.00	€24,000.00
Alain Condaminas (from January 1 to May 22 and from December 16, 2015)				
BPCE director attendance fees	€19,000	€28,000	€7,016.67	€7,016.67
Other pay	€34,972	€34,972	€35,857.00	€35,857.00
Pierre Desvergnes				
BPCE director attendance fees	€22,900	€33,900	€25,300.00	€25,300.00
Other pay	€7,500	€6,000	€7,500.00	€7,500.00
Philippe Dupont (until February 18, 2015)				
BPCE director attendance fees	€19,000	€27,000	€1,366.67	€1,366.67
Other pay	€0	€0	€0	€0
Yves Gevin (non-voting director who became a Supervisory Board Member on May 22, 2015)				
BPCE director attendance fees	€9,400	€18,400	€22,800.00	€22,800.00
Other pay	€4,200	€4,200	€1,800.00	€1,800.00
Michel Grass (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€20,266.67	€20,266.67
Other pay	N/A	N/A	€31,800.00	€31,800.00
Catherine Halberstadt (until November 16, 2015)				
BPCE director attendance fees	€27,500	€41,000	€26,816.67	€26,816.67
Other pay	€39,500	€39,500	€43,333.00	€43,333.00
André Joffre (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€19,666.67	€19,666.67
Other pay	N/A	N/A	€7,800.00	€7,800.00
INDEPENDENT MEMBERS				
Maryse Aulagnon				
BPCE director attendance fees	€34,860	€43,360	€52,093.33	€52,093.33
Laurence Danon (until January 16, 2014)				
BPCE director attendance fees	N/A	€16,500	N/A	N/A
Marwan Lahoud				
BPCE director attendance fees	€48,900	€72,400	€49,625.00	€49,625.00
Marie-Christine Lombard				
BPCE director attendance fees	€26,500	€37,500	€51,233.33	€51,233.33
Catherine Colonna (from April 2 to August 25, 2014)				
BPCE director attendance fees	€7,642	€7,642	N/A	N/A
MEMBERS REPRESENTING EMPLOYEES				
Vincent Gontier (5) (since April 28, 2015)				
BPCE director attendance fees	N/A	N/A	€17,966.67	€17,966.67
Frédéric Hassaine (5) (since April 30, 2015)				
BPCE director attendance fees	N/A	N/A	€15,066.67	€15,066.67
NON-VOTING DIRECTORS				
Natixis represented by Laurent Mignon (until July 11, 2013)				
BPCE director attendance fees	N/A	€1,334	N/A	N/A
Other pay	N/A	N/A	N/A	N/A
Jean Arondel (FNCE) (since May 6, 2015)				
BPCE director attendance fees	N/A	N/A	€8,066.67	€8,066.67
Other pay	N/A	N/A	€58,440.88	€58,440.88

	Fiscal year 2014		Fiscal year 2015	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Pierre Carli				
BPCE director attendance fees	€8,800	€11,800	€9,400.00	€9,400.00
Other pay	€1,800	€13,800	€9,000.00	€12,400.00
Alain Lacroix				
BPCE director attendance fees	€9,400	€14,817	€9,400.00	€9,400.00
Other pay	€11,972	€11,972	€8,496.00	€7,896.00
Pascal Marchetti (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€8,066.67	€8,066.67
Other pay	N/A	N/A	€33,000.00	€33,000.00
Dominique Martinie (FNBP)				
BPCE director attendance fees	€7,200	€7,200	€9,400.00	€9,400.00
Other pay	€6,300	€12,300	€6,300.00	€12,300.00
Raymond Oliger (FNBP) (until March 12, 2014)				
BPCE director attendance fees	€2,800	€6,300	N/A	N/A
Other pay	€9,000	€9,000	N/A	N/A
Michel Sorbier (FNCE) (until May 6, 2015)				
BPCE director attendance fees	€9,400	€13,900	€2,533.33	€2,533.33
Other pay	€7,500	€7,500	€3,000.00	€7,500.00
Gonzague de Villèle (since May 22, 2015)				
BPCE director attendance fees	N/A	N/A	€8,066.67	€8,066.67
Other pay	N/A	N/A	€7,500.00	€7,500.00
Dominique Wein (until May 22, 2015)				
BPCE director attendance fees	€9,400	€13,900	€3,466.67	€3,466.67
Other pay	€600	€9,100	€1,200.00	€9,200.00
TOTAL PAY	**€906,646**	**€1,160,692.82**	**€1,436,517.61**	**€1,455,042.10**

(1) Amounts due in respect of 2014: all amounts owed in respect of 2014, regardless of the date of payment.
(2) Amounts paid in respect of 2014: all amounts paid and received in 2014 (due in 2013 and paid in 2014 and due in 2014 and paid in 2014) excluding withholding taxes (amounts actually received by members include withholding taxes).
(3) Amounts due in respect of 2015: all amounts owed in respect of 2015, regardless of the date of payment.
(4) Amounts paid in respect of 2015: all amounts paid and received in 2015 (due in 2014 and paid in 2015 and due in 2015 and paid in 2015) excluding withholding taxes (amounts actually received by members include withholding taxes).
(5) The two members of the Supervisory Board who represent employees have waived attendance fees in favor of their unions.
N/A not applicable.

2.4.3 Stock options

(table 4)

Stock options allocated to company directors during the 2015 fiscal year

Name of company director	Grant date	Type of option	Value of options	Number of options granted	Strike price	Exercise period

No stock options were granted during the 2015 fiscal year.

(table 5)

Stock options exercised by company directors during the 2015 fiscal year

Name of company director	Number and date of plan	Number of options exercised during the year	Strike price

No stock options were exercised during the 2015 fiscal year.

(table 6)

Performance shares allocated to company directors during the 2015 fiscal year (bonus shares associated with performance criteria)

Name of company director	Date of plan	Number of shares granted	Value of shares	Vesting date	End of lock-up period[2]	Performance conditions
Laurent Mignon[1]	02/18/2015	27,321	€160,000	02/18/2019	02/18/2019	Yes

(1) Performance shares granted by Natixis and by any Natixis Group company to Laurent Mignon for his duties as Chief Executive Officer of Natixis.
(2) Obligation to hold 30% of vested shares until the end of the term of office.

(table 7)

Performance shares available for vesting by company directors during the 2015 fiscal year (bonus shares associated with performance criteria)

Name of company director	Number and date of plan	Number of shares vested	Vesting conditions

No performance shares were available for vesting by company directors during the 2015 fiscal year (no award of this type of share).

(table 8)

Past grants of stock options and bonus shares during the 2015 fiscal year

Name of company director	Grant date	Type of option	Number of options granted	Strike price after adjustment	Start of option exercise period	Expiry date

No stock options or bonus shares were granted during the 2015 fiscal year.

(table 9)

Stock options exercised by the 10 non-executive director employees who exercised the most options during the 2015 fiscal year

Name of non-executive director employee	Number and date of plan	Number of options granted and exercised during the 2015 fiscal year	Weighted average price

No stock options were granted to or exercised by BPCE employees during the 2015 fiscal year.

(table 10)

Past bonus share allocation to employees during the 2015 fiscal year

Name of company director	Date of Natixis' Annual General Shareholders' Meeting	Date of Natixis' Board of Directors meeting	Total number of bonus shares granted	Share acquisition date	Date of end of custody period	Number of shares	Total number of shares canceled or lapsed	Bonus shares allocated remaining at period end
Laurent Mignon[1]	05/21/2013	02/18/2015	27,321	02/18/2019	02/18/2019	27,321	0	27,321

(1) Past grants of bonus shares by Natixis and by any Natixis Group company to Laurent Mignon for his duties as Chief Executive Officer of Natixis.

2.4.4 Post-employment benefits: company directors

(table 11)

Name of company director	Term of office: Start (or reappointment)	Term of office: End	Employment contract	Supplementary pension plan	Pay or benefits due or potentially due as a result of the termination of or a change in duties	Compensation related to a non-compete clause
François Pérol Chairman of the Management Board	11/16/2015	2020	NO	CGP, IPRICAS	YES	NO
Daniel Karyotis Member of the Management Board Chief Executive Officer – Finance, Risks and Operations	11/16/2015	2020	NO	CGP, IPRICAS, Groupe BPCE executive director pension	YES	NO
Jean-Yves Forel Member of the Management Board Commercial Banking and Insurance	11/16/2015	2020	YES(1)	CGP, IPRICAS, Natixis pension guarantee	YES	NO
Anne Mercier-Gallay Member of the Management Board Chief Executive Officer – Group Human Resources and Internal Communications	11/21/2012	11/16/2015	NO	CGP, IPRICAS	YES	NO
Laurent Mignon(2) Member of the Management Board Chief Executive Officer of Natixis	11/16/2015	2020	NO	N/A	NO	NO

(1) Pre-existing employment contract with Natixis when the term of office began, which was suspended for the duration of the term.
(2) As a member of the BPCE Management Board, Laurent Mignon does not have benefits.

COMMENTS ON THE SUPPLEMENTARY PENSION PLANS

CGP: Supplementary defined-contribution pension plan for all BPCE employees and by extension applicable to company directors.

IPRICAS: Supplementary defined-contribution pension plan for all BPCE executive managers and by extension applicable to company directors.

Natixis pension guarantee: Defined-benefit pension plan governed by Article L. 137-11 of the French Social Security Code for some Natixis employees.

This plan is an extension of the "Banque Populaire pension guarantee", following the creation of Natixis, which has the following characteristics:

Banque Populaire Chief Executive Officers may receive a "pension guarantee". This pension guarantee is a supplementary pension plan, and the vesting of rights under the plan is subject to the employee finishing his career with the company (Article L. 137-11 of the French Social Security Code). Subscribers to the plan are persons who are or have been Chief Executive Officers of Banque Populaire banks.

Participants, if they fell within the aforementioned category for at least seven years and ended their career with the Banque Populaire network in order to receive a full state pension by age 65 at the latest, shall receive a supplementary pension (pension guarantee) which is equal to the difference between:

- 50% of their benchmark pay, which is equal to average gross pay including benefits in kind in the two calendar years before stopping work and is capped at an amount set by BPCE, which is currently €370,000. During retirement, this amount is adjusted in the same way as AGIRC points; and
- any pension income from other sources (statutory and supplementary Group pensions), along with any pay received from the Group if the person resumes work after retirement.

This supplementary pension, once liquidated, may be paid to the person's spouse or former spouse from whom they are divorced providing the former spouse has not remarried, at a rate of 60%.

The 50% rate applies to those persons who have qualified as plan members since July 1, 2004. The rate for other plan members is 70%, falling to 60% from their 70th birthday.

The "Banque Populaire pension guarantee" scheme was closed to new entrants starting on July 1, 2014 and harmonized with the supplementary scheme for Chairmen of the Caisses d'Epargne Management Board (see below).

The "Natixis pension guarantee" uses the same pension calculation method as the "Banque Populaire pension guarantee", with the exception of the benchmark pay, which is currently €389,700 and indexed to AGIRC points.

Jean-Yves Forel retained his membership in this plan when he was appointed as a member of BPCE's Management Board.

Groupe BPCE executive director pension: pension plan governed by Article L. 137-11 of the French Social Security Code.

Until June 30, 2014, Chairmen of the Management Board of Caisses d'Epargne, Members of the Management Board of the former CNCE, and the Chief Executive Officers of Crédit Foncier, Banque Palatine and BPCE IOM could benefit from a supplementary defined benefit pension plan entitling them to additional retirement income based on their salary.

Until June 30, 2014, Banque Populaire Chief Executive Officers could benefit from a differential defined benefit pension plan.

Effective July 1, 2014, these two pension schemes were harmonized under a single supplementary pension plan, which is also closed to new entrants and the main characteristics of which are as follows.

To benefit from this plan, the beneficiary must meet all of the criteria below on the day of their departure:

- they must end their career within Groupe BPCE. This condition is met when beneficiaries are Group employees on the day before the determination of their pension under the social security pension plan following voluntary retirement;
- prove they have held an executive director position for a period at least equal to the required minimum (seven years) on the date of the determination of their pension under the social security pension plan.

Beneficiaries who meet the above conditions shall be entitled to a yearly annuity equal to 15% of a benchmark pay equal to their average annual pay in the three highest-paid years during the five calendar years preceding the date of the determination of their pension under the social security pension plan.

Annual pay means the total of the following types of pay received in respect of the year in question:

- fixed pay, excluding benefits in kind or bonuses related to duties;
- variable pay – not exceeding 100% of fixed pay – and defined as the total variable amount paid, including the portion that may have been deferred over several years and subject to attendance and performance requirements in respect of the regulations on variable pay in credit institutions.

The yearly annuity is capped at four times the annual ceiling for social security.

This supplementary pension, once liquidated, may be paid to the person's spouse or former spouse from whom they are divorced providing the former spouse has not remarried, at a rate of 60%.

This plan, which is funded entirely by the Group, is covered by two insurance policies taken out with the Quatrem and Allianz insurance companies.

SUPPLEMENTS

Supplementary pension plans governed by Article L. 137-11 of the French Social Security Code are managed pursuant to section 23.2.6 of the AFEP-MEDEF Code. They are compliant with the principles set out governing the capacity of beneficiaries, the overall setting of base pay, the seniority conditions, the progressive increase in potential rights depending on seniority, the reference period recognized for calculating benefits, and the prevention of artificially inflated pay.

Jean-Yves Forel and Daniel Karyotis each have the seniority required for entitlement to maximum benefits in each of the supplementary pension plans in which they are enrolled under Article L. 137-11 of the French Social Security Code. Because of this, they cannot acquire any more conditional entitlements under these plans. As a result, the provisions set out in paragraph 2 of Article L. 225-90-1 of the French Commercial Code (compliance with terms related to the beneficiary's performance) do not apply to them.

PAY OR BENEFITS DUE OR POTENTIALLY DUE AS A RESULT OF THE TERMINATION OF OR A CHANGE IN DUTIES

Members of BPCE's Management Board may receive:

- **compensation for involuntary termination of their term of office:** in the event their term of office is involuntarily terminated for reasons other than serious misconduct, change of position within the Group or retirement, members of the Management Board may be paid compensation equal to no less than 12 months of pay (fixed and variable pay) and no more than 24 months, awarded to those with 12 years of seniority within the Group; this indemnity, which may not be combined with the retirement indemnity or with benefits from a defined-benefit retirement plan and subject to the employee finishing their career with the company, shall not be paid in the event that the Group generates a negative net income in the last financial year preceding the termination of the relevant corporate office, nor in the event that the member of the Management Board did not obtain at least 33.33% of the maximum variable pay during the last three years of the then current term of office;
- **compensation in the event the term of office is not renewed:** payment is not automatic. However, the Supervisory Board, acting on the basis of an opinion issued by the Appointments and Remuneration Committee, may decide to pay an office termination indemnity, after taking into consideration the circumstances in which the term of office has not been renewed and the former company director's past career within the Group. Such non-renewal shall not be followed by retirement or by a transfer within Groupe BPCE. The amount of this indemnity may not be higher than the indemnity paid in the event of dismissal;
- **retirement bonuses:** members of BPCE's Management Board may receive, based on a Supervisory Board decision, compensation equal to no less than six months' pay and no more than 12 months' (awarded to those with 10 years of seniority), with no minimum requirement for seniority within the Group; this indemnity, which may not be combined with compensation for involuntary termination of their term of office, shall not be paid in the event that the Group generates a negative net income in the last financial year preceding the termination of the relevant corporate mandate, nor in the event that the member of the Management Board did not obtain at least 33.33% of the maximum variable pay during the last three years of the then current term of office.

2.4.5 Procedure for enforcing policies and practices related to pay covered by Articles L. 511-71 to L. 511-88 of the French Monetary and Financial Code

Information on the policies and practices related to pay of members of the executive body and persons whose professional activities have a material impact on the corporate risk profile will be the subject of a report published on the BPCE web site prior to the Annual General Shareholders' Meeting in accordance with the same terms applicable to the registration document.

2.5 Potential conflicts of interest

2.5.1 Members of the Supervisory Board

INTEGRITY OF MEMBERS

In accordance with the internal rules of BPCE's Supervisory Board, Supervisory Board Members must perform their duties with loyalty and professionalism.

They must not take any initiatives intended to damage the company's interests, and they must act in good faith in all circumstances.

Furthermore, all members of the Supervisory Board and its committees, as well as anyone who may be invited to attend their meetings, are held to an obligation of professional secrecy, as provided for in Article L. 511-33 of the French Monetary and Financial Code, and to an obligation of discretion regarding their discussions, as well as regarding any confidential information or information presented as confidential by the Chairman of the meeting, as provided for in Article L. 225-92 of the French Commercial Code.

The Chairman of the Board reiterates that the proceedings of a meeting are confidential whenever regulations or the interests of the company or Groupe BPCE may require it. The Chairmen of each Board committee proceed in the same fashion.

The Chairman of the Board or one of its committees shall take the measures necessary to ensure the confidentiality of discussions and may require all persons taking part in a meeting to sign a confidentiality agreement.

If a member of the Board or one of its committees fails to comply with an obligation, in particular the obligation of confidentiality, the Chairman of the Supervisory Board shall refer the matter to the Board in order to issue a warning to said member, independently of any measures taken under the applicable legal, regulatory or statutory provisions. Said member shall be given advance notice of the penalties being considered, and shall be able to present observations to the Supervisory Board.

Finally, Supervisory Board Members:

- undertake to devote the necessary time and attention to their duties;
- must attend all of the meetings of the Supervisory Board and the committees of which they are members, unless this is impossible;
- shall stay informed about the company's business lines, activities, issues and values;
- shall endeavor to maintain the level of knowledge they need to fulfill their duties;
- must request and make every effort to obtain, within an appropriate time, the information which they consider they need to be able to hold informed discussions at Supervisory Board meetings.

CONFLICTS OF INTEREST

To the company's knowledge:

- there are no potential conflicts of interest between the duties of the Supervisory Board Members with regard to the issuer and other private duties or interests. If required, the Supervisory Board's internal rules govern the conflicts of interest of any member of the Supervisory Board;
- there is no arrangement or agreement with an individual shareholder, client, supplier, or other, under which any of the Supervisory Board's members has been selected;
- there are no family ties between the Supervisory Board Members;
- no restriction, other than legal, is accepted by any of the Supervisory Board Members regarding the disposal of their equity interest in the company.

DECLARATION OF NON-CONVICTION

To the company's knowledge, to date, no member of BPCE's Supervisory Board has been convicted of fraud in the last five years. To the company's knowledge, to date, no member of BPCE's Supervisory Board has been declared bankrupt or in liquidation, or had assets put in receivership, in the last five years.

2.5.2 Members of the Management Board

INDEPENDENCE AND INTEGRITY

Members of the Management Board may hold other offices subject to laws and regulations in force. A Management Board Member may not perform duties similar to those of Chief Executive Officer or Deputy Chief Executive Officer within a Caisse d'Epargne or a Banque Populaire bank.

CONFLICTS OF INTEREST

To the company's knowledge:

- there are no conflicts of interest between any duties of Management Board Members with respect to the issuing entity and their private interests or other duties;
- there are no family ties between Management Board Members.

At the filing date of this document, no member of the Management Board was linked to BPCE or any of its subsidiaries by a service contract providing for benefits.

DECLARATION OF NON-CONVICTION

To the company's knowledge, to date, no member of the Management Board has, for at least the previous five years, been convicted of fraud, associated with bankruptcies, receiverships or liquidations, convicted of a crime or subject to an official public sanction handed down by statutory or regulatory authorities, or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from participating in the management or conduct of the affairs of any issuer.

2

2.6 Chairman's report on internal control and risk management procedures for the year ended December 31, 2015

Dear Shareholders,

In addition to the management report and in accordance with Article L. 225-68 of the French Commercial Code, this report contains information on:

- the composition of the Supervisory Board and implementation of the principle of balanced representation of women and men, the conditions governing the preparation and organization of the Supervisory Board's work during the year ended December 31, 2015 and the principles and rules governing the determination of all types of pay and benefits granted to corporate officers, which are discussed in Chapters 2.1, 2.2, 2.3 and 2.4 of this document;
- internal control and risk management procedures adopted by BPCE;
- internal control procedures for the preparation and processing of accounting and financial information.

This report was completed under my authority on the basis of available documentation about internal control and risk management within Groupe BPCE.

The section covering internal control and risk management was presented to the Risk Committee on February 5, 2016; and the governance section was presented to the Remuneration Committee on February 9, 2016 and subsequently approved by the Supervisory Board during its meeting on February 10, 2016.

The external Statutory Auditors will issue a specific report, appended to their report on the annual financial statements, containing their observations on internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and attesting to the provision of other information as required under Article L. 225-235 of the French Commercial Code.

INTRODUCTION

Since August 4, 2009, when BPCE became operational, the governance of the internal control system has rested with the Management Board and the Supervisory Board.

The Management Board defines and implements the organization and resources to ensure the proper assessment and management of risks in a comprehensive and optimal manner. Its control framework is appropriate to the financial position and strategy of BPCE and Groupe BPCE. It is responsible for risk management and reports to the Supervisory Board on these activities. It regularly monitors the implementation of policies and strategies defined for all kinds of risks. Together with the heads of the Group's control functions, it keeps the Group Risk Management Committee and Supervisory Board regularly informed of the main items and main conclusions drawn from the analysis and monitoring of risks associated with the activities and results of Groupe BPCE.

The Supervisory Board oversees the management of the principal risks incurred, approves the main risk limits and appraises the internal control system in accordance with the regulatory framework. To this end, the Board is supported by a Group Risk Management Committee in charge of preparing its decisions and formulating recommendations. The duties, resources, make-up and activity of this Committee in 2015 are detailed in the section of this report on corporate governance.

2.6.1 Internal control provisions

Groupe BPCE's internal control system is structured in accordance with the legal and regulatory requirements of all texts governing the Group and its activities (particularly the French Monetary and Financial Code and the Ministerial Order of November 3, 2014 on internal control), and with the governance framework and principles (charters and standards) established within the Group.

Groupe BPCE's internal control structure is based on four principles:

Comprehensiveness of the control scope

The internal control system covers all risks and all Group businesses and activities, including those that are outsourced. It is continually adapted in the event that new businesses are consolidated or the types of risks incurred change.

Suitability of controls to the types of risk incurred and auditability of controls

Suitability of controls implies:

- systems, methods and tools for measuring and monitoring risks that result in substantial investment;
- resources, particularly human resources, that are appropriate and sufficient in terms of both quantity and quality.

Auditability implies:

- the existence of organizational charts, job descriptions and clear delegation of authority;
- the existence of complete, specific operating procedures that cover all activities, describe control types and responsibilities in detail, and are readily available;
- the definition of reporting lines, alert mechanisms and accountability.

Independence of controls and separation of duties between those that incur risk and those that monitor it

At all levels and for all activities carried out by Groupe BPCE's businesses, the offices involved in performing internal control are organized under terms that guarantee:

- the distinction between front-office and back-office duties;
- the existence of two levels of permanent controls;
- the distinction between periodic and permanent controls.

Although first-level controls are primarily the responsibility of the operating divisions and support functions, permanent second-level controls and internal audit are provided by independent central functional divisions, whose managers, as defined by Articles 16-17 and 28-29 of Ministerial Order A-2014-11-03 on internal control, report to the executive managers as defined by Article 10 of the same regulation.

Consistency of the internal control system – process-based operations

Standards are laid down by BPCE in accordance with its legal responsibilities and requirements for supervision on a consolidated basis set by Ministerial Order A-2014-11-03 on internal control, and are intended to ensure a consistent, consolidated approach to risks. Process-based operations contribute to this as well: the permanent and periodic control duties located within the Banque Populaire banks, Caisses d'Epargne, subsidiaries and other affiliates, subject to the banking supervision regulatory framework, have a strong functional link, as part of the consolidated control processes, to the relevant BPCE central control divisions: the Group Risk Management division, Group Compliance and Security division and Group *Inspection générale* division. This functional link is described in the various Control department charters.

This type of organization is duplicated in the Group's businesses, which themselves are parent companies.

The other central duties that contribute to permanent control (Accounting Review, IT System Security and, to a certain extent, Human Resources and Legal Affairs) are also organized by department.

2.6.2 General organization

AT THE GROUP LEVEL

Like the central institution, the Group control system relies on three levels of controls, in accordance with banking regulations and sound management practices: two levels of permanent controls and one level of periodic control, as well as the establishment of consolidated control processes in accordance with provisions approved by BPCE's Management Board.

PARTICIPANTS IN THE CONTROL SYSTEM

Permanent hierarchical control (Level One)

Permanent hierarchical control (Level One) is the first link in internal control and is performed by the operating or support services under the supervision of their line management.

These services' responsibilities include:

- checking compliance with risk limits, as well as transaction processing procedures and their compliance;
- reporting operational risk incidents observed and establishing the business indicators necessary for the evaluation of operational risks;
- supporting account balances arising from activity in the accounts concerned by transactions initiated in these departments.

Depending on the situations and activities, these first-level controls are performed, jointly if applicable, by a special middle-office type control unit or accounting control entity, or otherwise by the operational staff themselves.

First-level controls are reported formally to the relevant Permanent Control divisions or offices.

Permanent control by dedicated entities (Level Two)

Permanent second-level controls within the meaning of Article 13 of Ministerial Order A-2014-11-03 on internal control are performed by entities dedicated exclusively to this duty, such as the Group Compliance and Security division and the Group Risk Management division.

Other central offices contribute to the permanent control system: the Group Finance division, responsible for accounting control, the Legal Affairs division, the Operations business line responsible for information system security, and the Group Human Resources division responsible for certain issues affecting the pay policy.

Periodic control (Level Three)

Periodic control within the meaning of Article 17 of Ministerial Order A-2014-11-03 on internal control is performed by the Group's *Inspection générale* division and implemented by the audit process across all entities and activities, including permanent control.

DEPARTMENTS

Integrated permanent and periodic control processes have been implemented within Groupe BPCE. Three Permanent and Periodic Control divisions are established within the central institution, which manages these departments: the Group Risk Management division and the Group Compliance and Security division for permanent controls, and the Group *Inspection générale* division for periodic controls. The permanent and periodic control offices, which are located at affiliates and subsidiaries subject to banking supervision, have a strong functional link, as consolidated control departments, to BPCE's corresponding Central Control divisions and a hierarchical link to their entity's executive body (see Audit department). This link includes approval of the appointment and dismissal of managers responsible for permanent or periodic control at affiliates and direct subsidiaries; reporting, disclosure and alert obligations; standards implemented by the central institution and laid down in a body of standards; and the definition or approval of control plans. These links have been formally defined in charters covering each department. The entire system was approved by the Management Board on December 7, 2009 and presented to the Audit Committee on December 16, 2009. It has also been presented to the Supervisory Board of BPCE.

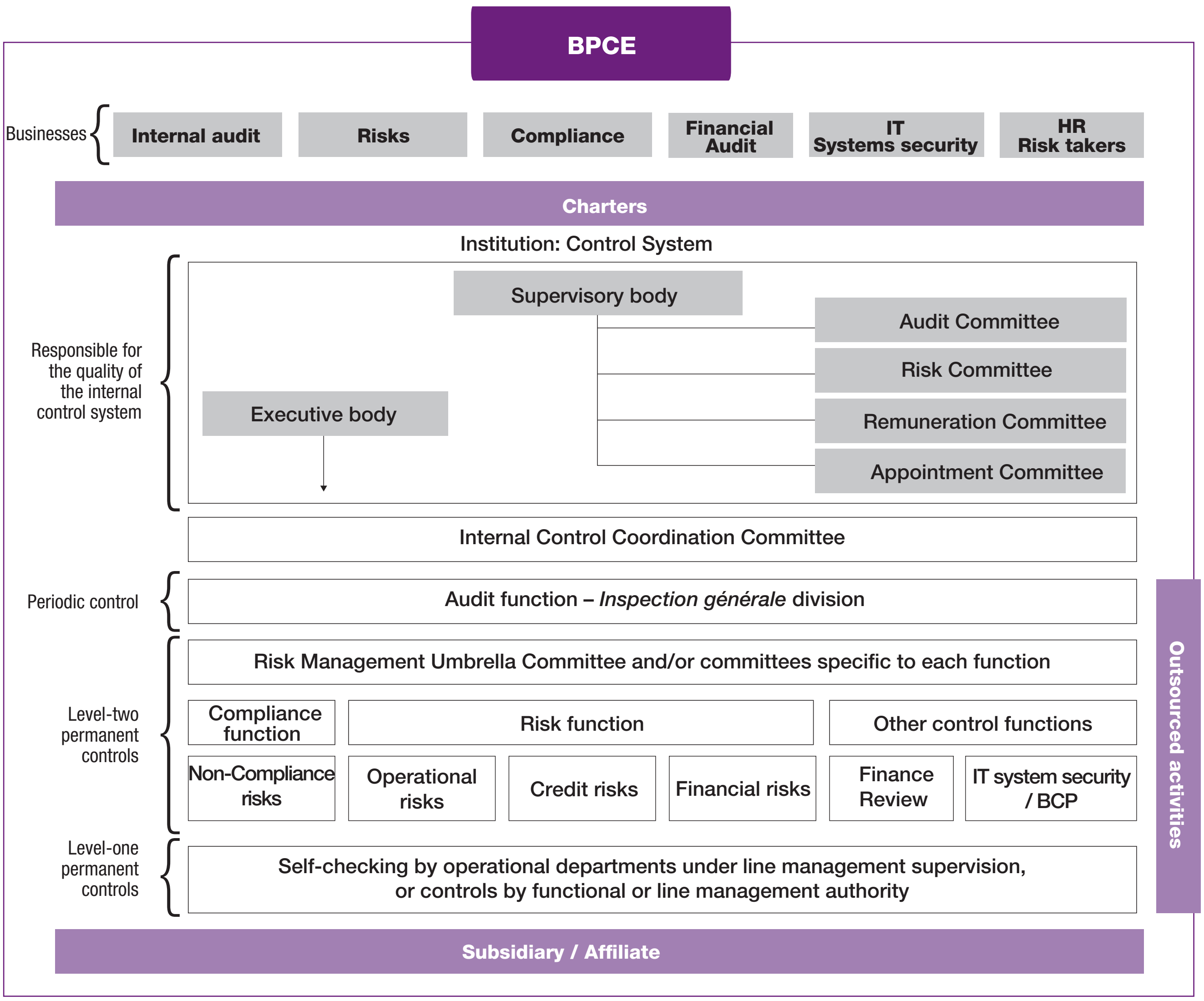
As mentioned above, the system also includes the Accounting Review, IT System Security and, to a certain extent, the Human Resources and Legal Affairs departments.

After fiscal year-end on December 31, 2015, Groupe BPCE began to change its internal control structure. Jacques Beyssade, Head of Group Risk Management, joined Groupe BPCE's Executive Management Committee as Deputy Chief Executive Officer starting on February 15, 2016. Aside from supervising the Risk functions, which have been under his authority since 2015, he will also supervise the Compliance, Security and Finance Review functions. The information systems security team will also functionally report to him. His role until the end of June 2016 will be to create and lead the new Risk Management, Compliance and Permanent Control division (DRCCP), after the employee representative bodies have given their opinion.

This new division will strengthen all of the functions responsible for permanent control within the Group.

ORGANIZATION OF GROUPE BPCE'S INTERNAL CONTROL SYSTEM

ORGANIZATION OF GROUPE BPCE'S INTERNAL CONTROL SYSTEM



Internal Control Coordination Committee

The Chairman of the central institution's Management Board is responsible for ensuring the consistency and effectiveness of permanent controls.

A Group Internal Control Coordination Committee (CCCIG), chaired by the Chairman of the Management Board or his representative, meets periodically.

This committee has responsibility for dealing with all issues relating to the consistency and effectiveness of the Group internal control system, as well as the results of risk management and internal control work and follow-up work.

Its responsibilities include:

- keeping executive management regularly updated about developments in the Group control framework;
- highlighting areas of emerging or recurring risk, arising from developments in business, changes in the operating environment or the state of the control systems;
- reporting significant failures to executive management;
- examining the methods for implementing the principal regulatory changes and their potential implications on the control framework and tools;
- ensuring that findings from controls are properly taken into account, reviewing remedial measures decided, prioritizing them and monitoring their implementation;
- deciding measures to be implemented to reinforce the level of security for the Group, and coordinating, where necessary, initiatives developed by the permanent control functions of the central institution.

Committee members include the Management Board Member in charge of Finance, Risks and Operations, Heads of periodic control (the Group's *Inspection générale* division) and permanent control offices (Group Risk Management division, Group Compliance and Security division), the Group Head of IT System Security (RSSI), and the person within the Group Finance division who is responsible for overseeing the accounting review process. The member of the Management Board in charge of Commercial Banking and Insurance is a standing member. If applicable, this committee may hear reports from operational managers about measures taken by them to apply recommendations made by internal and external control bodies.

Group Risk Management Committee: Umbrella Committee

Its scope covers the entire Group (central institution, networks and all subsidiaries).

It sets the broad risk policy, decides on the global ceilings and limits for Groupe BPCE and for each institution, validates the delegation limits of other committees, examines the principal risk areas for Groupe BPCE and for each institution, reviews consolidated risk reports, and approves risk action plans for the measurement, supervision and management of risk, as well as Groupe BPCE's principal risk standards and procedures. It monitors limits (Ministerial Order of November 3, 2014 on internal control, Article 226), particularly when global limits are likely to be reached (Ministerial Order of November 3, 2014 on internal control, Article 229).

Global risk limits are reviewed at least once a year and presented to the Group Risk Management Committee (Ministerial Order of November 3, 2014 on internal control, Article 224). The Umbrella Committee provides the Risk Management Committee of the Supervisory Board with proposed criteria and thresholds for the identification of incidents to be brought to the attention of the supervisory body (Ministerial Order of November 3, 2014 on internal control, Article 98 and 244). It notifies the Group Risk Management Committee twice a year of the conditions under which the limits set were observed (Ministerial Order of November 3, 2014 on internal control, Article 252).

At the same time, several committees are intended either to define shared methodological standards for measurement, control, reporting and consolidation for all risks within the Group, or to make decisions about risk projects with an IT component.

Committees specific to each department

Credit Risk/Commitment Committees

Several kinds of committees were established to manage credit risk for the full Group scope, meeting at varying frequencies depending on their roles (*ex-post* or decision-making analysis) and their scope of authority.

Financial Risk Committees

The Group has also established decision-making and supervisory committees for both market and ALM risk. The frequency of their meetings is tailored to institutional and Group needs.

Furthermore, these Financial Committees are more specifically dedicated to standardizing the body of accounting and financial information within the Group and to controlling this information, as well as defining the Group's communication strategy with regard to the financial community, along with the methods to be implemented to promote the Group's reputation in the markets.

Operational Risk Committee

This committee meets quarterly and includes Groupe BPCE's various business lines, which contribute to the consolidated risk map (Compliance, Risk, IT System Security, Business Continuity and Accounting Review). Its purpose is to approve the operational risk mapping and action plans throughout the Group, and to perform consolidated monitoring of the level of losses, incidents, and alerts, including reports made to the ACPR under Article 98 of Ministerial Order A-2014-11-03 in respect of operational risk.

2.6.3 Periodic control

STRUCTURE AND ROLE OF THE GROUP'S *INSPECTION GÉNÉRALE* DIVISION

Duties

In accordance with the central institution's responsibilities and because of collective solidarity rules, the Group's *Inspection générale* division has the task of periodically checking that all Group institutions are operating correctly, and it provides company directors with reasonable assurance as to their financial strength.

In this capacity, it ensures the quality, effectiveness, consistency and proper operation of their permanent control framework and the management of their risks. The scope of the Group's *Inspection générale* division covers all risks, institutions and activities, including those that are outsourced.

Its main objectives are to evaluate and report to the executive and governing bodies of Groupe BPCE and entities on:

- the quality of the financial position;
- the actual level of risk incurred;
- the quality of organization and management;
- the consistency, suitability and effectiveness of risk measurement and management systems;
- the reliability and integrity of accounting and management information;
- compliance with laws, regulations and rules applicable to Groupe BPCE or each company;
- the effective implementation of recommendations made following previous audits and by regulators.

The Group's *Inspection générale* division reports to the Chairman of the Management Board, and performs its work independently of the Operational and Permanent Control divisions.

Representation in governance bodies and Group Risk Management Committees

To fulfill its role and effectively contribute to promoting a control culture, the Group's Head of Internal Audit participates as a non-voting director on the central institution's key committees involved in risk management.

The Head of Internal Audit is a member of the Group Internal Control Coordination Committee and is a standing member of BPCE's Audit and Risk Committees, the Audit and Risk Committees of Natixis and Groupe BPCE's main subsidiaries (BPCE International, Crédit Foncier, and Banque Palatine).

Scope of activity

To fulfill its role, the Group's *Inspection générale* division establishes and maintains an up-to-date Group audit scope inventory, which is defined in coordination with the internal audit teams of the Group's institutions.

It ensures that all institutions, activities and related risks are covered by full audits, performed with a frequency defined according to the overall risk level of each institution or activity, and in no event less than once every four years for banking activities.

In this regard, the Group's *Inspection générale* division takes into account not only its own audits, but also those performed by the supervisory authorities and the Internal Audit divisions.

The annual audit program for the Group's *Inspection générale* division is approved by the Chairman of the Management Board. It is also examined by the Group Risk Management Committee. This Committee ensures that the audit program provides satisfactory coverage of the Group's audit scope over several years and may recommend any measures to this effect. It reports on its work to the Supervisory Board of BPCE.

Reporting

The assignments completed by the Group's *Inspection générale* division result in the formulation of recommendations prioritized by order of importance. These are monitored on a regular basis, at least every six months.

The Group's *Inspection générale* division reports its findings to the company directors of the audited entities and to their supervisory body. It also reports to the Chairman of the Management Board of BPCE, to BPCE's Group Risk Management Committee and to the Supervisory Board of BPCE. It provides these bodies with reports on the implementation of its main recommendations and those of the ACPR. It ensures that remedial measures decided as part of the internal control system, in accordance with Article 26 of the Ministerial Order of November 3, 2014 on internal control, are executed within a reasonable timeframe, and can refer matters to the Risk Management Committee of the Supervisory Board if measures are not executed.

It coordinates the timetable for drafting regulatory reports.

Relationship with the Central Institution's Permanent Control divisions

The Group's Head of Internal Audit maintains regular discussions within the central institution and exchanges information with unit heads within their audit scope and, more specifically, with divisions responsible for second-level control.

The division heads must expediently notify the Head of Internal Audit of any failure or major incident brought to their attention. The Head of Internal Audit, along with Head of Group Risk Management, and Head of Group Compliance and Security, must expediently inform each other of any audit or disciplinary procedure initiated by the supervisory authorities, or more generally of any external audit brought to their attention.

Activities in 2015

As part of the full cycle of investigations it conducts over an average of four years, and drawing on risk assessments that it keeps regularly updated for each institution, the Group's *Inspection générale* division completed its audit plan mostly as scheduled, making a few adjustments related to ongoing restructuring in entities initially provided for in the plan as well as to regulatory priorities. It also conducted half-yearly monitoring of the implementation of its own recommendations as well as those of the *Autorité de contrôle prudentiel et de résolution* (ACPR – the French prudential supervisory authority for the Banking and Insurance sector) and the Single Supervisory Mechanism (SSM). Pursuant to Article 26 of Ministerial Order A-2014-11-03 on internal control, the Group *Inspection générale* division's alert mechanism is used to inform the Risk Management Committee of significant delays in the implementation of these recommendations.

AUDIT DEPARTMENT

Organization of the Audit department

Groupe BPCE's *Inspection générale* division oversees all audit processes. Its operating procedures – aimed at achieving consolidated supervision and optimal use of resources – are set out in a charter approved by BPCE's Management Board on December 7, 2009.

The objective of this organization is to ensure coverage of all Group operational or support function units within the shortest possible timeframe, as well as to achieve effective coordination with entities' Internal Audit divisions.

The Internal Audit divisions of affiliates and directly-owned subsidiaries have a strong functional link to the Group's *Inspection générale* division and a hierarchical link to their entity's executive body.

This strong functional link is established through the following rules:

- the appointment or dismissal of internal audit directors of the affiliates or direct subsidiaries are subject to the prior approval of the Group Head of Internal Audit;
- the existence of a single Group Audit Charter within Groupe BPCE. It sets out the purpose, powers, responsibilities and general organization of the internal audit process in the overall internal control system and is applied to all Group companies monitored on a consolidated basis; this charter is broken down into thematic standards (audit resources, audit of the sales network, audits, follow-up of recommendations);
- the Group's *Inspection générale* division ensures that the entities' Internal Audit divisions have the necessary resources to perform their duties; the budget and staff levels of these departments are set by the executive body of the affiliates and subsidiaries, in conjunction with the Group's *Inspection générale* division;
- the entities' Internal Audit departments use audit methods defined by the Group's *Inspection générale* division that are drawn up in consultation with them;
- multi-year and annual programs of the Group institutions' Internal Audit divisions are approved with the agreement of the Group's *Inspection générale* division and consolidated by this same division; the Group's *Inspection générale* division is kept regularly informed of their implementation and of any changes to the scope;
- the institutions' internal audit reports are transmitted to the Group's *Inspection générale* division as and when they are issued;
- audit reports from regulatory authorities relating to entities, related follow-up letters and answers to those letters, and sanction procedures are transmitted to the Group's *Inspection générale* division when they are received or issued, if sent directly to the institution;
- the Group's *Inspection générale* division is notified as soon as possible of the start of audits performed by regulators on entities and subsidiaries, as well as any proceedings against them;
- the annual reports of the entities prepared pursuant to Articles 258 to 264 of Ministerial Order A-2014-11-03 on internal control are sent to the Group's *Inspection générale* division, which forwards them to the supervisory authorities.

This type of organization is duplicated in the subsidiaries and affiliates which are parent companies.

The rules governing how the internal inspection business line is managed between Natixis and the central institution are part of Groupe BPCE's audit process.

Given the scope and nature of the activities of the audit function, the Group's *Inspection générale* division and Natixis' *Inspection générale* share coverage of the audit scope. They each conduct audits. A Coordination Committee meets regularly and involves both *Inspection générale* divisions. It is responsible for all issues related to the operation of internal audit between the central institution and Natixis Group.

Activities in 2015

BPCE's *Inspection générale* division keeps audit standards and methodology regularly updated based on best practices. In response to the application of the Ministerial Order of November 3, 2014 relating to the internal control of companies in the banking, payment services and investment services sector, it launched a project to update the Group Audit Charter and the various standards established to define uniform rules for assessing the organization and work of the Audit divisions in the various Groupe BPCE entities.

At the same time, the functionalities of the recommendation follow-up tool, which has been shared by all Group entities since the end of 2014, were enhanced for the benefit of auditors and audited alike. In addition, the preparation and updating of audit guides initiated in 2010 was continued to maintain an up-to-date body of uniform guidelines covering the most commonly audited areas, particularly customer protection. Complemented by appendices and a set of documents, these audit guidelines are primarily accessible *via* the intranet for the Group's Audit department and/or the Group *Inspection générale*'s shared server.

The Group's *Inspection générale* division and Natixis' *Inspection générale* continued their close coordination, both in terms of harmonizing ratings and assessing recommendation follow-up and in terms of synchronizing respective annual macro-timetables within a shared scope of auditable units. They use a shared risk assessment approach, prepare audit plans together and use a common approach to fields of investigation/audit standards.

2.6.4 Risk monitoring and measurement

GROUPE BPCE RISK MANAGEMENT DIVISION

2015 saw the application of the Ministerial Order of November 3, 2014 relative to internal control, in connection with the governance, organization and processes of Groupe BPCE. A project dealing with the risks covered by this regulatory text was carried out, so as to ensure its articulation with the Group's risk appetite framework.

More broadly, the Groupe BPCE Risk Management division measures, monitors and manages risk in accordance with the aforementioned ministerial order. It ensures that the risk management system is efficient, complete and consistent, and that the level of risk taken is consistent with the strategy (particularly goals and resources) of the Group and its entities, including the Risk network.

Within its remit, the Risk Management division:

- presents the Management Board and Supervisory Board with a risk appetite framework for the Group and ensures its implementation and roll-out in each major entity;
- helps draw up risk policies on a consolidated basis, examines overall risk limits, takes part in discussions on capital allocation, and ensures that portfolios are managed in accordance with these limits and allocations;
- helps the Management Board identify emerging risks, the accumulation of risk and other adverse developments, and devise strategy and adjust risk appetite; performs stress tests with the goal of identifying areas of risk and the Group's resilience under various predetermined shock scenarios;
- defines and implements standards and methods for consolidated risk measurement, risk mapping, risk-taking approval, risk control and reporting, and compliance with laws and regulations;
- assesses and controls the level of risk across the group;
- is responsible for permanent supervision, including detecting and resolving limit breaches, and centralized forward-looking risk reporting on a consolidated basis;
- is responsible for second-level control of certain processes for preparing financial information and implements a Group system of second-level permanent risk control that covers subjects related to governance, organization, the work of risk management processes and the roll-out of standards;
- manages risk information systems in close coordination with IT departments, while defining the standards to be applied for the measurement, control, reporting and management of risks;
- maintains strong functional links with the Risk Management network by participating in the work of local Risk Management Committees or receiving the results of their work, coordinating the network and providing support to all new company directors or Heads of Risk Management, by meeting locally with the Risk Management departments.

MAIN TYPES OF RISK

Credit risk

Organization

Risk measurement relies on rating systems adapted to each category of customer and transaction. The Groupe BPCE Risk Management division is responsible for defining and controlling performance of these rating systems.

Decision-making at Groupe BPCE is subject to regulatory ceilings, a system of Group internal ceilings and limits, relating to major groups of counterparties (a company composed of its subsidiaries) on a consolidated basis, and a principle of counter-analysis involving the Risk Management function, with veto power including a right of appeal that may result in submission to the higher-level Credit Committee, or by a duly authorized delegate. Decision-making in each Groupe BPCE entity is carried out within the framework of delegation procedures.

The Risk Management division measures and monitors compliance with regulatory ceilings at the Group level for the BPCE Group Risk Management Committee, in accordance with regulation No. 93-05 of December 21, 1993 governing the control of large risk exposures. Monitoring of compliance with internal ceilings and limits is regularly checked by the Group Risk Management Executive Committee and the Audit and Risk Committees of the Supervisory Board.

Within Groupe BPCE, an internal rating methodology shared by both networks and the main subsidiaries (specific to each customer segment) is applied for individual and professional retail customers, as well as for the "corporate", "central banks and other sovereign exposures", "central administrations", "Public-sector and similar debt" and "financial institutions" segments.

Risk prevention and monitoring within Groupe BPCE focuses on the quality of information, which is necessary for proper risk assessment, on the one hand, and the level of and trend in risks taken on the other. Compliance with the application of standards and quality of data is managed through monitoring established in all asset classes for which applications are shared by both the Banque Populaire and Caisse d'Epargne networks and the main subsidiaries. The supervision teams are responsible for ensuring up-to-date sector-based supervision through the monitoring of sectors of activity identified as being sensitive and, in conjunction with the consolidated Risk Management and Modeling department, for analyzing portfolios to help identify the main concentrations of risk.

The different levels of control within Groupe BPCE operate under the supervision of the Risk Management division, which is also responsible for consolidated summary reporting to the various decision-making bodies.

Sensitive matters (cases on the watchlist) and the provisioning policy for the main risks shared by several entities (including Natixis) are regularly examined by the Group Watchlist and Provisions Committee.

Finally, the Risk Management division coordinates the credit risk process through national credit risk days and theme-based working groups.

Activities in 2015

Within the framework of the Group Credit Committee, the Groupe BPCE Risk Management division renewed the Group's limits for counterparties in the banking, corporate, regional public authority and investment sectors, as well as for real estate professionals and commodities traders, and enhanced this framework with limits on sovereigns and countries.

In order to supplement its credit risk monitoring system, Groupe BPCE has risk management policies that govern the Group's key structural segments: home loans, consumer loans, real estate professional, and LBO policies. A new Group policy on real estate holdings was defined in 2015.

The existing sector policy system, which is intended to define recommendations on sectors to which the Group's institutions have the most sensitive exposure, underwent an annual review and was enhanced by the communications & media and bakery & pharmacy sectors. The approach to the real estate specialized financing asset class was reinforced.

At the same time, several sector analyses were conducted during fiscal year 2015:

- a review of leveraged finance transactions, in conjunction with the European supervisory body;
- an in-depth examination of exposure to the international public sector and workout portfolio activity, was also conducted;
- a case study of exposure to the fossil fuel sector, which has seen a collapse in prices, was presented to the Risk Management Committee.

The Risk Management division also initiated several cross-business projects aimed at reinforcing best practices within the Group in matters such as guarantees.

Finally, the control of the review of major risks incurred by networks was strengthened as part of the *ex-post* system. In addition, subsidiaries Crédit Foncier, Banque Palatine and BPCE International's delegations were reviewed.

Market risks

Organization

The Risk Management division works in the areas of risk measurement, definition and monitoring of limits, and monitoring of market risks, and is entrusted with the following:

- risk measurement:
  - determining the principles of market risk measurement, which are then validated by the various appropriate Risk Management Committees,
  - implementing the tools needed to measure risk on a consolidated basis,
  - producing risk measurements, including those corresponding to market operational limits, or ensuring that they are produced as part of the risk process,
  - determining policies for adjusting values or delegating them to the Risk Management divisions of the institutions involved, and centralizing the information,
  - ensuring second-level validation of management results and cash valuation methods;
- defining and monitoring limits:
  - examining the limit framework and setting limits (global limits and, where necessary, operational limits) adopted by the various appropriate Risk Management Committees, as part of the comprehensive risk process,
  - examining the list of authorized products within the institutions involved and the conditions to be complied with, and submitting them for approval to the appropriate Market Risk Committee,
  - examining requests for investments in financial products, in new capital market products or activities, by the banking institutions involved *via* the New Market Product Committee,
  - harmonizing processes for managing the trading book compartments and medium- to long-term portfolios of the Banque Populaire and Caisse d'Epargne networks (monitoring indicators, definition of indicator limits, monitoring and control process and reporting standards);
- market risk supervision:
  - consolidating Group risk mapping,
  - carrying out or overseeing daily supervision of positions and risks with respect to allocated limits (overall and operational limits) and defined resilience thresholds, organizing the decision-making framework for limit breaches and ensuring or overseeing the permanent supervision of limit breaches and their resolution,
  - preparing the consolidated scorecard for the various decision-making bodies.

In addition, the Risk Management division coordinates the market risk process through national market risk days and theme-based working groups.

Activities in 2015

In 2015, for the banking scope, the platform for managing liquidity reserves (HQLA) was expanded to cover equity, allowing institutions to invest in an equity UCITS eligible as a liquidity reserve at the end of the year. As such, this allocation diversified the investments made to create the Group's liquidity reserve.

The bond portfolio framework was strengthened with the definition of a resilience threshold. It is subject to limits for credit spread stress tests, by sector and overall (sovereign, corporate, covered bonds) and limits in terms of diversification and concentration (country, sector, issuer and level of participation). A monthly risk monitoring report, produced by the central institution, is provided to all Group institutions.

In a changing regulatory environment, the Risk Management division carried out several defining projects for the Group:

- prudent valuation: development of methodologies for measuring Additional Value Adjustments (AVAs) under the "core" approach to ensure that the portfolio is prudently valuated, *i.e.* that the value of the instruments following the unwinding or hedging of positions under normal market conditions is defined with a confidence level of 90%. The estimate of this impact has been incorporated into the Group's COREP statements since September 30, 2014, ahead of the deadline set by regulation (March 31, 2015);
- French law on the separation and regulation of banking activities: the mapping of the capital market activities of Groupe BPCE was updated in 2015. It revealed 45 internal units subject to an exception within the meaning of law No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities. Since May 2015, Groupe BPCE has used this mapping in carrying out quarterly calculations of required indicators in accordance with Article 6 of the Ministerial Order of September 9, 2015. The activities carried out by the Group did not result in the creation of a specific subsidiary (see Chapter 3 – Risk Management);
- in conjunction with activities related to the Banking Separation law, a reinforced compliance program in response to the Volcker Rule (a sub-section of the US Dodd–Frank Act) was adopted in 2015 within the scope of BPCE SA group.

In addition, with Crédit Foncier's securitization portfolio having been transferred to BPCE in September 2014, the Risk Management division conducts monitoring of this portfolio through a series of tests (RWA stress test and credit stress test to adjust the collective provision). The most sensitive items are reviewed individually by the Watchlist Committee. In addition, the disposal plan established and coordinated by the Group Finance division is regularly checked by the Risk Management division through bi-monthly reviews. Finally, changes in assets and credit quality are reviewed on a quarterly basis by the Risk Management division.

Finally work has been conducted so as to add a market risk component to the Group's risk appetite framework and to the Ministerial Order of November 3, 2014, related to internal control on brokerage risk and settlement/delivery risk.

Interest rate, liquidity and foreign exchange risk

Organization

The Groupe BPCE Risk Management division forms part of the system for managing structural balance sheet risks (liquidity, interest rate, and foreign exchange risks), ensuring second-level controls. In particular, the following points are subject to controls or critical reviews:

- the system of indicators and limits for interest rate and liquidity risk;
- the parameters of the prepayment model;
- agreements on runoff rules for non-maturity products;
- definition of instruments authorized to cover balance sheet risks;
- measurement indicators for interest rate and liquidity risk;
- monitoring of limits and action plans;

- models for the run-off of passbook savings accounts, regulated home savings accounts, rates on regulated home savings plans or exchange rates, as well as models for the home savings provision (rate model, behavioral models, etc.).

The Risk Management division examines requests for ALM (asset and liability management) limits defined by the ALM Committee. The Group Risk Standards and Methods Committee validates controls to be carried out by the ALM Risk Management department.

More specifically, the Risk Management division controls:

- the measurement of indicators calculated in accordance with the standards defined in the Group ALM standards;
- the observation of limits on the basis of the required information reported;
- the implementation of action plans to reduce risks in order to bring them back within operational limits.

All of these duties are the responsibility of each entity's Risk Management department for its own scope and the Groupe BPCE Risk Management division on a consolidated level. Each entity documents controls in a second-level control report that includes:

- the quality of the risk supervision system;
- observation of limits and monitoring of corrective action plans in the event of limit breaches;
- and analysis of changes in the balance sheet and risk indicators.

The validation teams of the Risk Management division examine the quantitative models developed by the Finance division for managing liquidity and provisions, and present the findings of their review to the Group ALM Committee, the regulators and the Statutory Auditors.

In addition, the Risk Management division coordinates the ALM risk network through national ALM risk days and theme-based working groups.

Activities in 2015

As part of its management and monitoring system for structural balance sheet risks, the Group Risk Management division:

- helped update Group ALM standards and Group ALM risk standards;
- reviewed liquidity risk, interest rate risk and foreign exchange risk limits;
- finalized the deployment of second-level controls for BPCE SFH (Groupe BPCE's housing loan company), a covered bond-issuing entity;
- continued to define and implement controls related to collateral provided as a guarantee in refinancing systems. The Risk Management division also monitors the application of second-level controls defined in the control guidelines for collateral under funding arrangements. These guidelines apply to all Group institutions;
- continued to contribute to the validation of Group internal methodology standards and functional specifications, as well as the calculation of Basel III ratios, *i.e.* the LCR (Liquidity Coverage Ratio) and the NSFR (Net Stable Funding Ratio) 1-month and 1-year liquidity ratios. Detailed controls are carried out at each reporting date. They concern the liquidity reserve and the analysis of changes for major line items by client base (Banque Populaire network, Caisse d'Epargne network, etc.);
- within the Banque Populaire and Caisse d'Epargne networks, developed the use of a simulation environment for the Group AML tool, which offers the ability to carry out new risk measures (simulation of run-off distribution and alternative rate scenarios, for example) and automatically supplies data to its automated reporting system;
- carried out a review of the rate model and behavioral models of regulated home savings plans in the savings phase used for home savings provisioning.

Operational risks

Organization

The Groupe BPCE Risk Management division contributes to the operational risk management policy. To this end, it:

- defines and updates operational risk standards applicable to all Group institutions;
- carries out and updates risk mapping based on uniform evaluation standards across the entire Group;
- rolls out and controls the implementation of the operational risk monitoring and management system;
- manages the operational risk, incidents and losses data collection tool, and assists institutions with the approval and use of the tool;
- ensures the escalation of significant incidents (particularly Article 98 of the Ministerial Order of November 3, 2014 on internal control) to the Group's management bodies;
- issues recommendations and monitors remedial action plans relevant to major incidents;
- contributes to permanent risk supervision by preparing consolidated summary reports for submission to various bodies;
- coordinates the Operational Risk process through national operational risk days and theme-based working groups.

Activities in 2015

During the year, the coordination of the Operational Risk network was enhanced through the organization of several national risk days dedicated to the process, a regional day, discussions and visits to institutions, to share methods and best practices.

Coordination with the other Risk Management networks was also reinforced, particularly with regard to fraud and IT system security.

Coordination was expanded and new tools were developed: internal reports and reports for the use of the department were reviewed, and an operational risk datamart is being implemented as of late 2015/early 2016 to reinforce the handling of incidents.

To support the dissemination of best practices among the establishments, efforts were focused on the implementation of action plans. Meanwhile, the analysis of insurance cover is continuing.

Finally, several projects were launched, especially on valuation and monitoring of IS incidents, a review of the process for serious incidents, etc.

Technical risks related to insurance activities

Organization

The Groupe BPCE Risk Management division, in coordination with the Insurance division, ensures the effective implementation and operation of the insurance risk monitoring processes (including underwriting risk) within the principal insurance companies in which the Group is the major shareholder, namely: Natixis Assurances (including BPCE Assurances), *Compagnie Européenne de Garanties et de Cautions* (CEGC), Prépar-Vie and Coface.

In this context, the principle of subsidiarity applies, with controls carried out first by the insurance companies, then at the level of the Risk divisions of the parent companies of the companies (Natixis and BRED Banque Populaire) and then by Groupe BPCE's Risk Management division, which provides information to the Group Risk Management Committee every six months.

Activities in 2015

In 2015, the major projects conducted with the division covered reinforcing the ORSA (own risk and solvency assessment) and adapting governance:

- coordination of the Group's approach to insurance stress tests, particularly the 2015 ORSAs;
- establishment of detailed financial assumptions shared by the companies (Group and ACPR stress tests), as well as an analysis of the results and recommendations;
- monitoring of major risks and contagion mechanisms;
- analysis of regulatory interactions (Basel III, Solvency II, Financial Conglomerates directive);
- changes in governance resulting from the creation of the Insurance division at Natixis and the agreements with CNP Assurances.

CROSS-BUSINESS RISK ANALYSIS

In addition to the monitoring of risks both individually and by category performed by the Risk Management departments as outlined above, the Groupe BPCE Risk Management division consolidates the Group's risks, calculates credit-weighted risks (excluding Natixis) and consolidates them at the Group level and produces regulatory reports (COREP credit statements, large exposures, etc.) and internal scorecards, notably a Group consolidated risk scorecard contributing to overall risk monitoring and providing a "standardized" map of the Group's risk profile by activity (map of risk-weighted assets, of credit and counterparty risk by customer segment, of market risk, of structural balance sheet risk and of operational risk). This framework informs and complements the risk appetite network established by the Group.

It also conducts or coordinates cross-business risk analyses at the Group level and, if needed, for the entities regarding the main portfolios or activities of the Group. Finally, it also developed half-yearly forward-looking risk analyses intended to identify economic risk factors (known and emerging; international, national and regional), circumstantial threats (regulations, etc.) and their potential impact on the Group. These prospective analyses are presented at Risk Management Committee meetings of the Group's Supervisory Board.

It develops internal credit risk measures at the level of counterparties and operations, used in credit decisions, as well as risk measures on the basis of portfolios (statistical collective provisions) and, when authorized by the supervisory body, for the calculation of credit risk-weighted outstandings. It reviews and validates risk models developed internally. Finally, it contributes to efforts to define internal capital requirements (ICAAP) as well as internal and external solvency stress tests aimed at measuring the Group's sensitivity to a series of risk factors and its resilience in the face of a severe shock by presenting the impacts as cost of risk and coordinates the contributions of the Group Risk Management division.

Activities in 2015

As part of its consolidated risk monitoring system, the Group Risk Management division produces cross-business analyses for various committees (Umbrella Committee, Risk Management Committee of the Supervisory Board, Supervisory Board):

- reinforcement of consolidated risk management through the definition and formalization of Groupe BPCE's risk appetite, the development of an appropriate system of indicators and limits and operational implementation through the enhancement of the Group consolidated risk scorecard. This scorecard was also enhanced through adaptation to current challenges according to the various types of risks. Additional indicators and scopes were also added or refined in the interest of continuous improvement;
- two prospective risk analyses, several in-depth and multi-risk analyses on the portfolios of consumer credit, real estate professionals, SME-ISE customers and Professional customers, and cross-business mapping of risk monitoring systems;
- contribution to the internal solvency stress test, particularly on estimating cost of risk.

Work was carried out to keep the credit risk models operational, with a focus on the retail customer models used by the Banque Populaire and Caisse d'Epargne networks.

2015 was also characterized by the launch of a Group project on the transition to IFRS 9 and the start of associated projects, particularly on phase 2 ("impairment") as well as the continued implementation of Basel III regulatory requirements, especially in the area of reporting.

Finally, the Risk Management division took part in various studies proposed by supervisory bodies on potential changes in regulations (QIS, better assessing the comparability of credit models, etc.).

Governance and permanent control

Organization

Based on a strong functional link to its affiliates which are parent companies, the Group Risk Management division:

- is responsible for second-level control of certain processes for preparing financial information;
- implements a Group system of second-level permanent risk control that covers subjects related to governance, risks, organization, the work of Risk functions and the roll-out of standards and charters.

To carry out its responsibilities, the Group Risk Management division rolls out and uses a half-yearly report drawn up by the Group institutions, aimed at ensuring that the various components of the local systems used by the risk management process are properly rolled out and operational to a satisfactory level, particularly with respect to banking regulations and the Group Risk Management Charter, which was updated in 2015. The findings of this report improve operational efficiency and optimize best practices within Groupe BPCE.

At the same time, the central institution developed a Group-level permanent control tool in close collaboration with the institutions from the various networks. The Risk Management division uses this tool to implement, centralize and operate the second-level permanent controls carried out by the Local Risk divisions. This permanent control tool, which allows for the centralized monitoring of the various types of risk (credit, financial, operational and cross-business steering) with regard to the institutions, reinforces the system used by the Risk Management division.

A system of quarterly permanent controls of activities dedicated to the Lagarde report has been specifically implemented with the Group's entities.

Finally, second-level quarterly permanent controls of the most sensitive activities of the Groupe BPCE Risk Management division round out these efforts.

Activities in 2015

In 2015, the Groupe BPCE Risk Management division carried out several defining projects to reinforce the Group's second-level permanent control tool, namely:

- the coordination of new risks in accordance with the Ministerial Order of November 3, 2014 relating to internal control and their proper incorporation by all of the institutions, in conjunction with the Group's risk appetite framework or risk governance system within the new regulatory and supervisory framework with the European Central Bank (see Chapter 3 – Risk Management);
- updating the Risk Management Charter and the internal rules of the Supervisory Board of BPCE, clarifying the separation between the Audit Committee and the Risk Committee as well as the coordination between the two;

In fiscal year 2015, the Groupe BPCE Risk Management division also enhanced its second-level permanent control mechanism, through:

- updating the permanent control mechanism devoted to the activities of the Groupe BPCE Risk Management division, in line with current regulations and defining projects from the fiscal year (forbearance, the French law on the separation and regulation of banking activities, the BCBS 239 project, etc.);
- an enhanced analysis of half-yearly summaries of all of the Risk Committees of Banque Populaire and Caisse d'Epargne network institutions, for the purpose of sharing best practices and detecting potential areas of risk;
- enhancement of second-level permanent control half-yearly reports submitted by the Risk Management division to the directors and Heads of Risk Management for Banque Populaire banks, Caisses d'Epargne and subsidiaries;
- changes to the indicators of the Group's permanent control tool, with the support of pilot institutions for each business line network (credit, operational and financial risk), in accordance with the new regulatory requirements;
- closer coordination in drafting regulatory reports (Lagarde report, the Ministerial Order of November 3, 2014 governing internal control, the Management Board's quarterly report to the Supervisory Board, etc.);
- reinforced follow-up on the recommendations issued by the Group's *Inspection générale* division. At the same time, the Group Risk Management division produces a summary within the Group's risk management scope of all of the reports issued by the *Inspection générale* division or the control and supervisory authorities as a means of identifying trends and ultimately reinforcing the permanent control mechanism.

2.6.5 Compliance

The Compliance office takes part in Groupe BPCE's permanent control activities. It is organized as a department that encompasses all compliance offices, as defined in Groupe BPCE's Compliance Charter, that exist within Group companies and that have dedicated resources.

These companies include all the BPCE affiliates, the direct and indirect subsidiaries of these affiliates, EIGs, direct and indirect subsidiaries of BPCE and BPCE itself. Subsidiaries are all companies over which affiliates or BPCE directly or indirectly have sole or joint control, and which as a result form part of the scope of consolidation.

GROUP COMPLIANCE OBJECTIVES AND ORGANIZATION

Objectives of the function

The Compliance department conducts second-level permanent controls in accordance with Article 11 of the Ministerial Order of November 3, 2014 relating to the internal control of companies in the banking, payment services and investment services sector, subject to the supervision of the ACPR (French Prudential Supervisory Authority). This duty includes ensuring that the operations and internal procedures of Group companies comply with laws, regulations, professional standards and internal standards applicable to banking, financial and insurance activities, in order to:

- prevent the risk of non-compliance, defined in Article 10-p of the above-mentioned Ministerial Order as "the risk of legal, administrative or disciplinary sanction, material financial loss or reputational damage arising from non-compliance with directly applicable national or European provisions on banking or finance activities, whether said provisions are of a legislative or regulatory nature or they relate to professional standards and ethics or instructions from executive managers made in accordance with guidelines established by the supervisory body";
- safeguard Groupe BPCE's image and reputation with its customers, employees and partners;
- represent Groupe BPCE before the regulatory authorities and national and international professional organizations in all its areas of expertise.

As part of this effort, the Compliance office performs all tasks that support the compliance of transactions carried out by Groupe BPCE companies, affiliates (including the Banque Populaire and Caisse d'Epargne parent companies) and subsidiaries, ensuring that the interests of its customers, employees and partners are respected at all times.

The Compliance office is responsible for ensuring the effectiveness and consistency of all compliance controls, with each operational or control office retaining responsibility for the compliance of its activities and operations.

Group Compliance: organizational principles

To ensure its independence, the Compliance office, which is separate from the other internal control functions, must be independent of all functions performing commercial, financial and accounting transactions.

Dedicated compliance teams form a Compliance division, which reports hierarchically to the Chairman of the Management Board or to the Chief Executive Officer of each Groupe BPCE entity. Where the Compliance Officer does not report to the Chairman of the Management Board or the Chief Executive Officer, he reports to the Head of Risk Management. In such case, the Head of Risk Management and Compliance reports hierarchically to the Chairman of the Management Board or the Chief Executive Officer.

For Group entities with the status of credit institution or investment company under French law, the Compliance Officer's name is given to the Office of the General Secretariat of the ACPR by BPCE, and the supervisory body, Board of Directors or Steering and Supervisory Board is informed of his identity.

Role assigned to BPCE by the Act of June 18, 2009

Article 1 of the Act that established BPCE gave the central institution responsibility for organizing internal control. The article states that the central institution is in charge of:

" – defining the principles and conditions for organizing the internal control system of Groupe BPCE and each of its networks, as well as controlling the organization, management and quality of the financial position of affiliated institutions, including through on-site checks within the scope defined in paragraph 4 of Article L. 511-31," *(source: Article 512-107 of the French Monetary and Financial Code).*

Given the scope of Groupe BPCE, several levels of intervention and responsibility have been identified in the compliance process, in line with the Group's organizational structure:

- BPCE as a central institution for its activities;
- its affiliates, including the Banque Populaire and Caisse d'Epargne parent companies;
- its subsidiaries, including Natixis.

Organizational principles at the BPCE level (as a company and central institution)

The organization of the Group Compliance and Security division (DCSG) complies with the principles set by the above-mentioned Ministerial Order of November 3, 2014, the general regulations of the *Autorité des marchés financiers* (AMF – French financial markets authority), and by the Act that established BPCE.

DCSG performs its duties independently from operational divisions as well as from other Internal Control divisions, though it does work with them. DCSG includes six divisions with Compliance activities:

- ethical compliance, controls of investment services;
- financial security, including BPCE's Tracfin officers;
- banking compliance;
- insurance compliance;
- coordination of the process and permanent control;
- compliance of BPCE as a company.

The head of DCSG is the head of permanent non-compliance risk controls within the meaning of Article 28 of the above-mentioned Ministerial Order of November 3, 2014, at the level of both the central institution and Groupe BPCE.

DCSG oversees all compliance and security processes. To this end, it helps guide and motivate the Compliance Officers of the affiliates and subsidiaries, including Natixis. The Compliance Officers appointed by the various affiliates, including the Caisse d'Epargne and Banque Populaire parent companies, and direct subsidiaries covered by the regulatory system of banking and financial supervision, have a strong functional link with DCSG.

DCSG conducts any necessary initiatives to strengthen compliance throughout Groupe BPCE, including within the BPCE company. As such, it sets out standards, shares best practices and coordinates working groups consisting of departmental representatives.

Promoting a culture of risk management and taking into account the legitimate interests of customers is also achieved through employee training.

As a result, DCSG:

- puts together the training materials used by the Compliance function and manages interaction with the Group Human Resources division (DRHG);
- trains Compliance staff, mainly through specialized annual seminars (financial security, ethics and compliance, banking compliance, and coordination of permanent compliance controls);
- trains Compliance Officers through appropriate courses.

Within the BPCE company, compliance is handled by the Group Compliance and Security division.

Company-level organizational principles

Among affiliates, particularly the Caisse d'Epargne and Banque Populaire parent companies, and among direct subsidiaries like Natixis, the Compliance Officer reports hierarchically to the Chairman of the Management Board, the Chief Executive Officer or the Head of Risk Management and Compliance.

The standard organization of a division or entity in charge of Compliance includes at least two units specializing in each area (see below "Main duties in each business area") relating to:

- ethical compliance, with the investment services Compliance Officer (RCSI);
- financial security, with the Tracfin (French anti-money laundering unit, which reports to the French Ministry of the Economy, Finance and Industry) officer(s) and reporting officer(s).

The division or entity in charge of Compliance also designates one or more employees to be DCSG's intermediary in the following areas:

- banking compliance;
- insurance compliance;
- permanent compliance control.

Each Group entity has its own systematic prior approval process for new products and material changes to existing products within the meaning of Article 35 of the above-mentioned Ministerial Order of November 3, 2014.

Products marketed by a single company fall within the scope of this approval process. As required, for the launch of all new products, the company's Compliance office meets with DCSG if necessary.

With regard to employee training, the division or entity in charge of compliance:

- contributes to training initiatives undertaken by BPCE;
- signs up employees for BPCE seminars;
- supplements training provided by Compliance on a local basis.

As stated in Groupe BPCE's Internal Control Charter, the other offices in charge of permanent control (Accounting Review, Head of IT System Security, Contingency and Business Continuity Plan/CBCP Officer) may be placed under the functional supervision of a permanent control officer, such as the Compliance Officer.

MAIN AREAS OF NON-COMPLIANCE RISK

Main duties in each business area

The main duties of Groupe BPCE's Compliance function lie in the following areas:

With regard to Compliance

FINANCIAL MARKET ETHICS AND COMPLIANCE WITH PROFESSIONAL STANDARDS

This includes the ethical aspect of financial activities, as defined by the AMF general regulations and, more broadly, the prevention of conflicts of interest, ensuring the primacy of customer interests, compliance with market rules and professional standards in the banking and financial sectors, and regulations and internal standards regarding business ethics. It includes oversight of Investment departments and the operating procedures of investment services Compliance Officers (RCSIs).

FINANCIAL SECURITY

This includes the prevention and monitoring of financial crimes, including the prevention of money laundering, the prevention of terrorist financing, compliance with embargoes and the coordination of the prevention of internal and external fraud. It also encompasses the operating procedures of Tracfin officers.

BPCE's involvement in the fight against money laundering and terrorist financing

As the central institution for the Banque Populaire banks and Caisses d'Epargne since August 2009, BPCE plays a central role in defining and implementing the Group's anti-money laundering standards and procedures. Since the combination of the Banque Fédérale des Banques Populaires and the Caisse Nationale des Caisses d'Epargne et de Prévoyance, the new Group's scope of activity has evolved, while at the same time regulations have been considerably reinforced with the enactment into French law of the third European directive on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing.

Following a revision to the recommendations of the Financial Action Task Force (FATF) in 2012, a fourth European directive was published (directive EU 2015/849 of May 20, 2015). Within the framework of market initiatives, BPCE is monitoring and anticipating the directive's implementation.

The prevention of money laundering and terrorist financing within Groupe BPCE is achieved through:

- its corporate culture;
- its organizational structure;
- specialized processes;
- the supervision of operations by company directors.

<u>Corporate culture</u>

This culture, promoted across all levels of the company, is built on:

- principles governing relationships with customers that avert risk and formalize KYC for each institution;
- a harmonized, biannual training regime for Group employees, which has been further reinforced since 2013 with the implementation of specialized training for the Financial Security process;
- a regular stream of information and coordination aimed at staff regarding the risk of money laundering and terrorist financing.

<u>Organizational structure</u>

In accordance with Groupe BPCE's charters, all of the institutions have a division or unit dedicated to financial security. Within DCSG, a specialized department coordinates processes related to the prevention of money laundering and terrorist financing, namely though two committees tasked with defining the financial security strategy for the entire Group, proposing and validating the various standards and guidelines and ensuring consistency across all of the decisions made at each project level. This department also provides regulatory watch and oversight of relevant transactions, and ensures that the risk of money laundering and terrorist financing is taken into account when new commercial products and services are approved by BPCE.

<u>Specialized processes</u>

In accordance with regulations on the organization of internal control at credit institutions and investment companies, the institutions have detection methods adapted to the classification of risky or atypical transactions. These can be used, if needed, to conduct closer analysis and to submit the required reports to the authorities as promptly as possible. The Group's risk classification system takes into account "risky" countries (as defined by the FATF, the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, Transparency International, etc.).

Since 2013, computerized profiling tools have been harmonized across the two main networks (Banque Populaire and Caisse d'Epargne). With respect to compliance with restrictive measures related to international sanctions, Group institutions are kept informed by BPCE's Group Financial Security department and are equipped with screening tools that generate alerts on both customers (asset freezes on certain individuals or entities) and international flows (asset freezes and countries subject to European and/or US embargoes).

Supervision of operations

Internal reports on the prevention of money laundering and terrorist financing are submitted to company directors and governing bodies, as well as to the central institution.

The DCSG Financial Security department also conducts close monitoring of the institutions' activities in this area through regular meetings.

BANKING COMPLIANCE

This covers compliance with all other laws and regulations in the banking and financial field, and includes the coordination of regulatory watch activities across all Group companies, the dissemination of standards, the implementation of processes for approving new products distributed in the Group and the content of compliance training.

INSURANCE COMPLIANCE

This covers compliance with all legislative and regulatory areas concerning insurance brokers in their capacity as distributors of insurance products. In this regard, it includes disseminating standards and transposing them in information systems, implementing approval processes for new products distributed in the Group, monitoring sales processes and professional ethics, creating and updating training modules, as well as approving content, advertisements, and documents intended for the networks and training activities.

COORDINATION OF THE COMPLIANCE AND PERMANENT CONTROL PROCESS

This covers the preparation of reporting documents for regulators and internal reporting documents, preparation for committees coordinated by or involving Compliance, and Compliance management meetings. Non-compliance risks are incorporated in the risk mapping coordinated by the Group Risk Management division. In coordination with the Risk Management department, permanent control covers the implementation of non-compliance risk management, and oversight of the results of permanent controls that cover non-compliance risks including the management of risks related to outsourcing essential services.

Compliance is also the main contact for the AMF, the joint AMF-ACPR unit for coordinating controls on marketing, the *Commission Nationale de l informatique et des Libertés* (CNIL – France's Commission on Personal Data Protection), the Directorate-General for Anti-Trust Policy, Consumer Affairs and Fraud Control (DGCCRF), and equivalent foreign authorities. The Compliance department interacts with the ACPR and equivalent foreign authorities on matters within its remit.

As a second-level permanent compliance control office, the Compliance department maintains close relations with all offices involved in performing internal controls within Groupe BPCE: the *Inspection générale* division, Risk Management division, IT System Security division and Accounting Review division.

Until end of 2015, DCSG ensured permanent compliance control of BPCE International, as delegated by BPCE International.

With regard to other permanent control areas

SECURITY AND BUSINESS CONTINUITY

The BPCE Security and Business Continuity division is part of DCSG, and performs its tasks independently of operational divisions. These tasks involve:

- security of staff and property:
  - overseeing the security of Groupe BPCE's staff and property, and coordinating the department,
  - overseeing compliance with legal and regulatory provisions relating to the security of staff and property,
  - participating in Groupe BPCE's internal and external governance bodies;
- business continuity:
  - managing Group business continuity and coordinating the Group Business Continuity department,
  - implementing the BPCE business continuity plan and coordinating Group crisis management,
  - managing the implementation of the Group Contingency and Business Continuity Plans (CBCPs), and keeping them operational,
  - ensuring compliance with regulatory provisions governing business continuity,
  - participating in Groupe BPCE's internal and external bodies,
  - managing information security within Groupe BPCE.

Activities in 2015

Numerous regulation-related projects were carried out by the Banking Compliance functions in 2015: the implementation of the "Eckert law" and the regulations on the Automatic Exchange of Information (AEOI), the incorporation of the first items from the enactment of the directive on home loans, participation in efforts on banking mobility and the charter for banking inclusion and the validation of information on the deposit guarantee fund. At the same time, a particular focus was placed on pricing issues and initial documentation was distributed with the aim of securing the mechanism at the institutions.

A particular focus was also placed on the validation of products and processes related to the sale of life insurance within the framework of the *Assurément#2016* project concerning the Caisses d'Epargne. Furthermore, in view of the major changes to regulations on payment protection insurance and the recommendations of the CCSF (Financial Sector Advisory Committee), a new standardized fact sheet was introduced at the Group. Training modules have been developed within the context of change management for employees (regulatory e-learning and virtual classes). In addition, changes to the AERAS Agreement (AERAS stands for "Obtain insurance and borrow despite a substantial health risk" in French) concerning the "right to be forgotten" (for persons who have had cancer) have had an impact on health questionnaires and the training of employees on the commercial network.

The convergence project for the Group's permanent control steering tool, Pilcop, continued for the Banque Populaire banks. The various existing permanent control standards, which cover all of the control functions, were updated and enhanced. Institutions also scored their non-compliance risks.

Efforts aimed at reinforcing the security of employees, customers and service providers operating on the Group's premises, particularly through tests and the referencing of equipment (video protection, alarm units, staining technology, protection of independent workers, etc.), were carried out, and impact assessments related to the new regulations, particularly with respect to cash in transit, were conducted.

In addition, a new version of the monitoring mechanism for risk assessment and security at branches was provided to the companies. It incorporates the new rules on bank branch security as well as the evolving threat environment.

Innovations were made to the system of prevention of improper behavior in the area of employee training, with 2D and 3D awareness environments.

The individually-acquired maturity of the institutions' business continuity systems led the Group to develop new guidelines for its own business continuity, aiming to reinforce the operational efficacy and consistency of the mechanisms of the entities that make up the Group.

The management of business interruption risk will now be handled from a cross-business perspective. The major business lines will be analyzed, starting with the most systemically important, liquidity and payment instruments. Crisis governance was also overhauled, with reinforced coordination in the event of incidents involving several Group companies or their suppliers.

Actions aimed at assessing the efficacy of suppliers' business continuity mechanisms have been gradually reinforced.

The permanent control mechanism for companies' business continuity is now fully operational.

Customer protection

Customers' trust and the Group's reputation is strengthened when the products and services it sells comply with regulations and the information it supplies is reliable. To maintain this trust, the Compliance division puts customer protection at the heart of its activities. Through its activities, it ensures that the interests of customers—both existing and prospective—are protected.

Procedural framework

All new products, services, distribution channels and sales materials that fall within Compliance's area of expertise obtain prior approval from this office. In this way, the Compliance division ensures that applicable regulatory requirements are followed and that the targeted customers – and the public at large – receive information in a clear and fair manner.

Compliance also coordinates the approval of national sales challenges, ensures that conflicts of interest are managed properly and guarantees the primacy of customer interests. A Group standard has been distributed with the aim of strengthening this approach, particularly through the large-scale application of qualitative criteria in evaluating challenges.

A priority for the Group

Protecting customers is a constant priority for Groupe BPCE's Compliance function. Accordingly, DCSG and the Compliance divisions of the Banque Populaire banks and Caisses d'Epargne work in close collaboration. Their interactions are essential to maintaining the quality of the Group's systems and preventing, as much as possible, the risks associated with selling products.

In response to recently-introduced regulations on banking inclusion and excessive debt prevention, Group-wide standards have been formalized. Virtual training classes have also been organized. A framework is being implemented across all concerned Group institutions in conjunction with the Development divisions.

Training initiatives

The Group's employees regularly receive training on matters associated with customer protection as a means of maintaining service quality at required levels. Recently, banking compliance training was introduced in classroom and virtual formats. This training is aimed first and foremost at promoting a culture of compliance and customer protection among new hires and/or sales team employees.

Investment services

Further to the pre-analysis of European draft legislation begun in 2014, BPCE formed a project team in April 2015 to study the impacts of the Markets in Financial Instruments directive and regulation. The level 1 texts published in the Official Journal of the European Union are subject to numerous technical additions and level 2 texts throughout the year.

Joint working groups between DCSG and the Commercial Banking and Insurance division at BPCE were organized under the auspices of compliance and in partnership with the Group's strategic marketing.

Overseen by a steering committee comprised of the Central Control divisions of BPCE and the institutions, six workshops were held on topics mainly related to investor protection which impact the Group as a distributor of financial products.

- a "Doctrine" workshop tasked with analyzing the regulations as they evolve and the compliance of the applications of the working groups with these regulations;
- an "Offer" workshop on adaptations related to the financial products and services sold;
- a "Product governance" workshop to review the organization of relations between producers and distributors in view of new regulations in the domain;
- a "Customer relations" workshop mainly directed at implementing provisions related to fee transparency, reporting for customers and the recording of interactions with customers;
- a workshop on transparency in transactions, which dealt with issues related to the reporting of transactions to regulators as well as requirements in terms of best execution and best selection;
- a "Human resources" workshop on employee training and requirements on conflicts of interest and pay. These efforts will be renewed later on to help manage the Group-wide implications of the enactment into French law of the European directive. Their purpose is to identify business line needs in order to contain the organizational and legal impacts and to provide the Group's technological platforms with a cost structure and timetable for the anticipated changes.

In response to the enactment of the Market Abuse directive and regulation, the Group has set up an alert analysis and reporting mechanism for market abuse. This mechanism is shared by the Banque Populaire banks, Caisses d'Epargne and their subsidiaries.

At the same time, standards and procedures administered under the central institution are kept up to date in the interest of reviewing the regulatory and IT framework for market abuse vigilance.

In response to the controls carried out by the ACPR at several of the Group's institutions related to the sale of cooperative shares, the normative frameworks have been reviewed under the auspices of compliance. They incorporate the regulator's requirements on the dilution and control of equity by the institutions and rules governing the sale of cooperative shares to the public.

The technical mechanisms associated with these new provisions are currently being implemented within the technological platforms of the Banque Populaire and Caisse d'Epargne networks.

Contingency and business continuity plan

The aforementioned Ministerial Order of November 3, 2014 introduces the concept of "contingency and business continuity plan" to replace that of "business continuity plan". Efforts carried out in 2015 are in line with the provisions of this ministerial order in that they update the Safety/Security and Business Continuity Charters and reinforce Group emergency management systems. These guidelines make it possible to capitalize on the complementary expertise of the Security functions related to the security of staff and property and business continuity.

An additional threat-by-threat analysis helps reinforce the business continuity mechanisms hitherto defined in terms of impacts.

Actions by the ECB have revealed the value of such analysis for the ongoing efforts on the incorporation of emergency and business continuity mechanisms, both for measuring their efficacy and in their coordination, particularly in regard to cybercrime threats.

Internal and external fraud prevention

In 2014, Group institutions received a framework procedure devised by a national taskforce on internal fraud, along with communication, training (e-learning) and detection tools.

With respect to external fraud, the following measures have been put in place:

- alerts are escalated by the Financial Security function;
- information on recipients of transfers identified as fraudulent has been integrated with the international flow screening tool, helping to prevent unlawful transfers.

A national taskforce was launched in late 2014/early 2015 to coordinate the existing mechanisms at the institutions, which will be formalized in a framework procedure.

All of the relevant tools were authorized by CNIL, France's commission on personal data protection.

2.6.6 Other permanent control functions

MANAGEMENT OF LEGAL RISK

Duties

The Corporate Secretariat – Legal Affairs division (SGDJ) is responsible for the prevention and management of legal risks and Group-level legal risks. It is also involved in the prevention of reputational risks. In this regard, it helps to manage the legal risks arising from the activities of the central institution and Group entities.

To this end it provides legal and regulatory oversight, information, assistance and advice for the benefit of all Group institutions.

Together with the Group Compliance and Security division, it is also involved in ensuring the consistency and effectiveness of controls on non-compliance risks relating to laws and regulations specific to banking and finance activities.

Finally, SGDJ represents Groupe BPCE with respect to the regulatory authorities as well as national and international organizations in all its fields of expertise.

SGDJ exercises its role independently of the Operational divisions.

Organization

SGDJ is in permanent contact with the Legal Affairs divisions of Group institutions on all matters relating to the aforementioned duties. It ensures ongoing dialogue and interaction between the Group's legal officers, and maintains up-to-date documentation for their benefit. SGDJ coordinates the Group's legal and litigation policy. In this regard, it oversees all legal risk management processes.

With the exception of the special case of Natixis, for which there is a direct functional link, the Legal department operates mainly through coordination between the central institution and the various affiliates or subsidiaries.

Organization details

In May 2010, the Corporate Secretariat and the legal office were merged into a single division, thereby entrusting to one and the same person the responsibility for providing secretariat services for BPCE's bodies and the Group Legal Affairs division.

The Corporate Secretariat – Legal Affairs division is organized around four departments: the purpose of this organization is to have a legal office capable of fulfilling its duty to provide legal advice to BPCE as an entity, and to act as a Legal Affairs division for the Group's various components, with the aim of ensuring maximum security.

The duties of the "Commercial Banking and Insurance law" department include a regulatory watch and participation in industry working groups, such as the Fédération Bancaire Française (FBF – French Banking Federation), charged with preparing, negotiating and explaining all new texts applicable to the profession with regard to their implementation within the Group. This division is also responsible for defining and drafting legal standards applicable to the Group's banks and products sold, in response to changes in these texts. Likewise, it provides legal advice and assistance to the Group in the fields of Banking law and Insurance law. Lastly, it manages strategic disputes for the Group, handles criminal cases and coordinates litigation on a national level.

The "Corporate" department handles a number of complementary activities. It provides advice with respect to intra-group acquisition, divestment and restructuring transactions and works in close collaboration with BPCE's Strategy division. On competition-related matters, it provides advice to help anticipate and ensure the proper application of competition rules, and it manages legal action. It also acts on legal matters pertaining to real estate, IT and new technology and intellectual property through the monitoring and protection of brands and communication activities. Finally, this department monitors, analyses and contributes to the operational implementation of texts dealing with prudential matters and the European Banking Union.

The "Governance and Company Life" department first and foremost handles the operation of BPCE's bodies in accordance with the highest standards of governance, as well as ensuring that the Group applies these standards. Its duties also cover the Area of Corporation law. It also handles the institutional management of the Group's organizations and entities (including the Banque Populaire and Caisse d'Epargne networks), thereby covering oversight, disclosure, support and advice in matters of institutional and company life (including plans to establish and restructure entities). Finally, this division is also responsible for handling ACPR and ECB matters as well as relations with the regulatory authorities.

The "Information Systems – Legal Documentation and Support" department provides applications and helpful documents to the Group, monitors important texts and distributes them within the Group.

Activities in 2015

Work carried out in 2015 focused mainly on:

- participating in projects related to Banque Populaire and Caisse d'Epargne governance with the implementation of the changes introduced by the CRD IV directive and the Ministerial Order of November 3, 2014 to the duties of the specialized Board committees;
- contributing to the Sales Process Validation Committee (CVPC) and to the Review and Validation Committee for New Groupe BPCE Products (CEVANOP);
- regulations applicable to cooperative shares;
- monitoring and studying the ministerial order enacting the BRRD (Bank Recovery and Resolution Directive) in relation to the resolution of credit institutions and the Deposit Guarantee Scheme Directive (DGSD2) in relation to deposit guarantees and their implementing provisions;
- monitoring and studying reforms related to home loans, the out-of-court settlement of consumer disputes, contract law, the general obligations regime, evidence law and fees on payment accounts, payment account changes and access to payment accounts with basic services;
- the implementation within Groupe BPCE of the law of June 13, 2014 on inactive bank accounts and unclaimed life insurance contracts (the "Eckert law"), the law on the separation and regulation of banking activities and the Consumer Protection law;
- the application of the CRD IV directive and the ACPR's positions on approvals of executive managers and the exercise of the right of objection by the ECB.

IT SYSTEM SECURITY

Duties

The Group IT System Security (SSI) division (DSSI-G) defines, implements and develops Group IT system policies. It provides continuous and consolidated monitoring of information system security, along with technical and regulatory monitoring. It initiates and coordinates Group projects aimed at reducing risks in its field.

Within its remit, DSSI-G represents Groupe BPCE with respect to banking industry groups and to public authorities.

For the purposes of permanent control, the DSSI-G has regular contact with the Risk Management, Compliance and Inspection divisions of the central institution.

The central institution's Head of IT System Security is a member of the Group IT System Security division and, as such, ensures the security of the central institution's information system (SI Fédéral) and of BPCE's information system.

Organization

Groupe BPCE has established a groupwide Information System Security department. It includes the Head of IT System Security (RSSI), who coordinates the department, and the Heads of IT System Security for all of the institutions.

The heads of IT System Security for parent company affiliates, direct subsidiaries and EIGs are functionally linked to the Group's Head of IT System Security. This functional link is achieved through coordinated actions. This functional link means that:

- the Group's Head of IT System Security is notified of the appointment of any heads of IT system security;
- the Group's IT system security policy is applied within the institutions, and each IT system security policy must be transmitted to the Group's Head of IT System Security prior to approval by Executive Management, the Board of Directors, or the Management Board;
- a report on the institutions' compliance with the Group's IT system security policy, ongoing control, risk level, primary incidents, and actions is submitted to the Group Head of IT System Security.

Activities in 2015

The Group's IT system security policy (PSSI-G) incorporates the Group's security requirements. It comprises the Information System Security Charter, 430 rules categorized into 19 subject areas and three organizational instruction documents[1]. It is revised annually according to an ongoing process of improvement. The 2015 revision left the Group's IT system security policy unchanged.

The 57-item information system security permanent control standards, rolled out Group-wide in 2014 through the Pilcop tool, were expanded. The new standards, which form the foundation of second-level permanent controls for the Group, now consist of 133 permanent control items covering all of the rules of the Group's IT system security policy categorized as critical or very critical. They will be rolled out in early 2016 across all Group institutions.

DSSI-G also contributed its security expertise to several Group projects so that security would be taken into account earlier (new Group network, etc.).

Finally, the Group's IT System Security Committee, the Group-level IT System Security supervisory body chaired by the Group's Head of IT System Security, met six times during 2015.

Mechanisms put in place to combat cybercrime

As a result of the digital transformation, the Group's information systems are now more open to the outside (cloud computing, big data, etc.), and processes are gradually being digitalized. Employees and customers are also increasingly using the Internet and interconnected technologies such as tablets, smartphones and applications on tablets and mobile devices.

Consequently, the Group's assets have become more exposed to cyberthreats. Cyberattacks, now carried out on a large scale, are increasingly sophisticated and frequent. Cybercrime has become more organized, involving multi-disciplinary teams. For the Group and its customers, cyberthreats are and will continue to be a part of daily life.

The targets of these attacks are much broader than the information systems alone. They aim to exploit the vulnerabilities and potential weaknesses of:

- customers (potential weakness in their computing environment; awareness of IT security still low);
- employees (awareness of IT security still low);
- business line processes (cybercriminals specialized in the financial sector; business line appropriation by cybercriminals; processes of attacked banks known to cybercriminals);
- information systems (potential security flaws exploited to carry out denial-of-service attacks, compromise data or processes, exfiltrate or use data for malicious purposes or remove traces of operations, particularly of a malicious nature);
- the security apparatuses of offices, datacenters and information systems (potential flaws exposing them to the risk of deception or deactivation).

In March 2015, the ECB sent supervised French banks, including Groupe BPCE, a self-assessment questionnaire related to cybersecurity, a topic high on its agenda. The questionnaire drew from the US standards established by the NIST (National Institute of Standards and Technology) in February 2014.

It consisted of 107 questions classified according to five themes and 22 chapters, covering a comprehensive range of cybersecurity prevention and protection systems. Eighty-three of the 107 questions were directly related to information systems security and 24 dealt with operational risks, contingency and business continuity planning, crisis management, communication, human resources, insurance and the protection of personal information.

The ECB gave banks freedom to choose the assessment scope and methodology, which should be kept in mind when comparing the results of the questionnaire to those of other banks that completed the self-assessment.

The methodology chosen by the Group was Compliance-centered (the maximum score representing 100% coverage), erring on the side of caution. Eight institutions were included in the assessment scope: i-BP, IT-CE, Natixis, BPCE SA, BRED Banque Populaire (excluding subsidiaries), CASDEN Banque Populaire and Crédit Coopératif (excluding subsidiaries). Not included in the assessment scope were Crédit Foncier de France (migration of information systems to IT-CE), the hubs (T2S Africa, T2S Outre-mer, T2S Pacifique) and the foreign banks with independent IT systems, each having its own specific features (Banque des Mascareignes, BMOI—Banque Malgache de l'Océan Indien, BTK—Banque Tuniso-Koweitienne, BCP Luxembourg).

Because the ECB requested a single, consolidated response for the Group, the final, four-point assessment used for each of the 107 questions was completed using the weighted average of the responses of the eight institutions (weighted according to the number of full-time IT staff), rounded up or down to the nearest whole number reflecting the Group perspective.

Several actions, the majority of them carried out prior to the ECB's publication of the survey and continued or accelerated in 2015, are aimed at addressing the weaknesses identified by this self-assessment.

Strengthening the cyber risk mapping framework

To improve the Group's knowledge of IT risks, a methodology coordinating the information system security approaches with that of the business lines, with regard to risk mapping, was defined. After being applied to the "check" process in 2011, the "consumer credit" process in 2013 and the "electronic funds", "cash", "international payment instruments", "transfers and direct debits" and "notes" processes in 2014, in 2015 this methodology was incorporated into the Group operational risk mapping framework and deployed across all institutions for the most sensitive processes.

(1) *Operating procedures of the Groupe BPCE IT System Security department, information system security permanent control, classification of sensitive IS assets.*

In 2015, this mapping framework incorporated cybersecurity issues. Sixteen IT risks are now detailed in 27 scenarios, of which 10 are related to cybersecurity.

In addition, a task force on the compilation and assessment of IS incidents was organized in 2015. It dealt with the information systems managed by BPCE SA, i-BP, IT-CE and Natixis and used by the Banque Populaire banks and Caisses d'Epargne. This task force carried out diagnostics on the process for reporting incidents, including cybersecurity incidents, to the central institution.

The Group's data loss prevention (DLP) system:

Efforts at defining the Group's mechanisms for preventing the loss of digital data, initially scheduled for 2016, were accelerated and initiated in the third quarter of 2015.

Group rules for the classification of digital data were drawn up in late 2015. They will be included in with Group's IT system security policy, targeting the office environment (workstations and their ecosystem: messaging, data exchange platforms, etc.).

The operational mechanisms to be implemented will be identified in 2016 for gradual implementation by the main IT operators.

Reinforced security on Internet applications (web, smartphones and tablets)

Group standards on the coding of web, smartphone and tablet applications were drawn up in 2015. They represent the operational application of the rules governing the Group's IT system security policy. In 2016, a methodology for certifying web, smartphone and tablet applications will be defined. Developers will be trained on this methodology, with the aim being to limit security flaws in new web, smartphone and tablet applications.

Reinforced application access controls

In conjunction with Natixis, the Group reinforced the system used to review access rights to cross-business information systems (Natixis and BPCE) granted to the institutions. The new system was introduced across the entire Group in 2015 to cover 13 of the most sensitive applications. The number of application in the review scope will be expanded in 2016.

Reinforced detection of atypical flows and events in the information systems (cyberattack detection)

To meet the challenge of increasingly sophisticated and frequent cybersecurity attacks, in 2014 the Group established a cybersecurity alert system named VIGIE.

In 2015, VIGIE conducted ongoing monitoring and enabled the sharing of incidents encountered within the Group and in the banking sector. VIGIE covers 17 entities (i-BP, BRED Banque Populaire, Crédit Coopératif, CASDEN Banque Populaire, Natixis, Banque Palatine, IT-CE, BPCE, BTK, BMOI, Banque des Mascareignes, BCP Luxembourg, Banque de Madagascar, BICEC, BNC, BDSPM, S-*money*) and two members of the BPCE means of payment fraud prevention team.

In 2015, 431 alert messages were exchanged among the members of the VIGIE network, preventing the proliferation of incidents encountered by individual institutions or the market. In 2015, 44% of such exchanges concerned malicious spam campaigns while 22% dealt with malware, 17% with "fake president" or transfer fraud, 8% with denial-of-service attacks and 9% with the "OP France" operation of January 2015 (defacement of websites linked to acts of terrorism). In addition, nearly 70 technical monitoring messages were exchanged.

Raising employees' awareness of cybersecurity

The Group-wide approach to raising employees' awareness of ISS was expanded in 2015 through a national campaign that was developed by CIGREF and relayed by the Group's institutions. Informal and educational videos by CIGREF were shown by all of the Group's institutions both internally and externally *via* online banking.

Contingency and business continuity plan – crisis management

In 2015, the Group's contingency and business continuity planning function began adapting its existing business continuity and crisis management models to take into account the new threats of cyberattack (see "Compliance" chapter).

Research of Group insurance coverage for cyber risks:

In 2015, Natixis Assurances began a research project on insurance coverage specific to cyber risks.

Within BPCE's scope, the massive user authorization project defined in 2010 was continued. The "authorization management" section was put into production in early 2015 to cover the most sensitive applications.

DSSI-G educated employees about security through the national CIGREF campaign.

2.6.7 Controls of accounting and financial reporting quality

ROLES AND RESPONSIBILITIES IN PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Within Groupe BPCE, the preparation and processing of financial and accounting information falls under the responsibility of the Finance office. In the central institution, this office is coordinated by the Group Finance division, consisting of the Finance division, Group Strategic Finance Control and Banking Activities division, Group Accounting division and the Group Tax department.

The main rules that govern the Finance office within Groupe BPCE are defined by the "Finance Duties Framework," approved by BPCE's Management Board on November 2, 2010 and essentially relate to:

- rules for preparing and processing accounting and financial information;
- organizational rules for the Finance office within the Group and for the Group Finance division within the central institution;
- the principles and terms of relationships established between the Group Finance division and the Finance offices of Group institutions as well as other outside parties (other offices within BPCE, AMF, Statutory Auditors, etc.).

General principles of responsibility within Groupe BPCE

The production of accounting and financial information, and controls to ensure its reliability, are performed by the Finance offices of accounting entities included in the Group's scope of consolidation.

Each entity has the resources to ensure the quality of accounting and financial data, including by ensuring compliance with standards applicable to Groupe BPCE, ensuring consistency with the individual financial statements prepared by its supervisory body, and reconciling accounting figures with management figures.

Each entity prepares, on a monthly or quarterly basis, financial statements and regulatory information required at the local level, along with reporting documents for the Group Finance division.

The Group Finance division is responsible for preparing and reporting accounting and financial data at the Group level. It collects all accounting and financial information produced by accounting entities within Groupe BPCE's scope of consolidation. It also consolidates and checks these data, to enable their use for the purposes of Group management and communication to third parties (control bodies, investors, etc.).

In addition to consolidating accounting and financial information, the Group Finance division has broad control duties:

- it coordinates asset-liability management by defining the Group's ALM rules and standards and ensuring they are properly applied;
- it manages and controls Groupe BPCE's balance sheet ratios and structural risks;
- it defines accounting standards and principles applicable to Groupe BPCE and ensures they are properly applied;
- it coordinates the steering and reporting of the Group's financial performance in accordance with strategic plan objectives;
- it manages the Pillar II approach and related matters within the Group;
- it monitors the financial planning of Group entities and capital transactions;
- it ensures the reliability of accounting and financial information disseminated outside Groupe BPCE.

Primary offices contributing to the preparation and communication of accounting and financial data and their responsibilities

The main offices involved in preparing and publishing accounting and financial information are Accounting, Finance Control, Investor Relations and the Group Risk Management division for calculating the capital adequacy ratio.

ACCOUNTING

The Accounting office is in charge of preparing parent company and consolidated financial statements.

Within Groupe BPCE, each entity's accounting office has responsibility, with respect to Groupe BPCE and the supervisory authorities, for its individual financial statements, any consolidated financial statements, and regulatory reports.

Within BPCE, accounting duties for the consolidated financial statements are performed by the Group Accounting division, the head of which reports to the Chief Executive Officer in charge of Finance, Risks and Operations. For parent company financial statements, accounting duties are performed by the Accounting and Banking Activities department, which reports to the Head of Group Strategic Finance Control and Banking Activities division. In this area, the main duties are:

For the Group Accounting division:

- preparing the consolidated financial statements of Groupe BPCE and BPCE, ensuring the Group's compliance with regulatory ratios;
- coordinating the accounting process within the Group;
- providing a regulatory watch as regards French and IFRS accounting standards applied by Groupe BPCE in coordination with shareholder institutions, BPCE subsidiaries and the Statutory Auditors;
- acting as the interface between the regulatory authorities (the European Central Bank and the ACPR) and affiliated institutions, in accordance with Article L. 512-107 of the French Monetary and Financial Code, and ensuring that the affiliated institutions comply with regulatory standards and management ratios;
- representing the Group with respect to industry bodies (*Autorité des normes comptables,* European Banking Federation, etc.).

In addition, the Group Accounting division assists the business lines of the Group Finance division in managing financial information systems projects, and contributes to preserving single and community financial standards both for all duties of the Group Finance division and for shareholder institutions.

For the Accounting and Banking Activities department (Group Strategic Finance Control and Banking Activities division):

- providing accounting services and producing BPCE's regulatory statements;
- managing BPCE's procedures and budget planning;
- handling accounts receivable and the payment of BPCE invoices and those of certain subsidiaries whose accounts are kept by the central institution;

- providing back office accounting treatment with respect to cash management, securities issues, investments and for the financial management of BPCE and its issuing subsidiaries.

FINANCE CONTROL

The Group Strategic Finance Control and Banking Activities division is in charge of preparing management information.

Within Groupe BPCE, each entity's Finance Control office is in charge of operational coordination, and has responsibility for producing management information within the entity and for the central institution.

Within BPCE, the function is performed by the Group Strategic Finance Control and Banking Activities division, the head of which reports to the Chief Executive Officer responsible for Finance, Risk and Operations. Its main duties are as follows:

- coordinating the steering of the financial planning, budget and multi-year rolling forecast process;
- coordinating the steering of commercial performance in support of the Commercial Banking and Insurance division;
- coordinating solvency matters (capital adequacy and leverage ratios, TLAC, MREL, etc.) and the Pillar II approach within the Group (stress tests, ICAAP, solvency matters, Business Model Assessment);
- coordinating and monitoring the management of scarce resources within the Group (cost-effectiveness, capital/solvency, liquidity);
- analyzing the performance of Groupe BPCE, its business lines and accounting entities, especially during the publication of each quarterly results;
- coordinating and steering approaches for the analysis of the Group's operating costs;
- monitoring BPCE subsidiaries financially and administratively;
- helping prepare the Group strategic and financial plans;
- coordinating the Finance Control process within Groupe BPCE.

INVESTOR RELATIONS

The Investor Relations function is responsible for information published through presentations to financial analysts and institutional investors on the BPCE website, and for registration documents and their updates filed with the AMF and also available on the BPCE website.

Within BPCE, the function is performed by the Group Funding and Investor Relations division (Finance division), the head of which reports to the Chief Financial Officer. Its duties in this area are as follows:

- coordinating and preparing presentations of Groupe BPCE's quarterly results, financial structure and business development, to enable third parties to form an opinion on its financial strength, profitability and outlook;
- coordinating and preparing the presentation of regulated financial information (registration document and its quarterly updates) filed with the AMF while including contributions from other BPCE offices;
- organizing relations with rating agencies by coordinating with the other rated entities of Groupe BPCE;
- organizing and maintaining relationships with credit investors likely to hold and/or acquire debt instruments (short, medium or long term) issued by BPCE or Natixis.

PRODUCTION PROCESSES FOR CONSOLIDATED ACCOUNTING AND FINANCIAL DATA

General system

The central institution prepares the consolidated financial statements of Groupe BPCE and its individual company financial statements.

For this purpose, BPCE's Group Finance division has prepared consolidation standards designed to guarantee the reliability of the process. This set of standards is based on the following core principles:

- defining and disseminating accounting policies for Groupe BPCE, including analyzing and interpreting new texts issued during the period, both for French GAAP and international (IFRS) accounting standards;
- regular training of accounting teams within the consolidated entities to promote the use of best practices throughout Groupe BPCE.

In addition, within Groupe BPCE, the institutions publishing financial statements on a consolidated basis under IFRS are all of the Banque Populaire banks and Caisses d'Epargne and the Group's main subsidiaries: Natixis, Crédit Foncier, Banque Palatine and BPCE International.

In 2015, the Group continued its efforts on accounting standardization and the streamlining of working methods for the production of consolidated accounting and financial data, while adapting them to organic and regulatory changes, in particular:

- the launch of a project to implement IFRS 9 ("Financial Instruments"), applicable to reporting periods starting January 1, 2018 subject to its adoption by the European Union. The standard deals with the classification and measurement of financial instruments (phase 1), the impairment of financial instruments (phase 2) and hedge accounting (phase 3). In 2015, efforts carried out by Groupe BPCE laid the foundations of the project (under the joint governance of Finance and Risk Management), with a three-fold objective:
  - identify issues related to the contractual characteristics of the assets and the management models (phase 1),
  - work towards developing impairment models compatible with IFRS 9 requirements (phase 2),
  - study the pros and cons of adopting phase 3;
- the application of Basel III requirements, imposing stricter reporting obligations, more frequent financial reporting and shorter reporting deadlines;
- continued efforts at increasing the reliability and harmonization of the accounting and financial information production systems within pooled IT communities, namely:
  - within the "i-BP" Banque Populaire IT community, through the overhaul of the accounting information system architecture ("Semaphore" project), which has led to the implementation of a single inventory database, contributing to enhanced financial report quality,
  - within the "IT-CE" Caisse d'Epargne Information & Technologies community, through the integration of Crédit Foncier de France and Crédit Coopératif;
- the continuation of "trust-based relationship" protocol trials between three Groupe BPCE institutions and the tax authorities (DGFIP – the Public Finances Directorate General). This protocol, introduced on a trial basis during fiscal years 2013 and 2014, aims to provide companies with enhanced legal security by offering them the reporting assistance of the tax authorities. Several tax rulings on major issues were obtained by the Group thanks to this trust-based relationship. The trials are likely to continue into subsequent fiscal years.

Preparation process for consolidated accounting and financial data

Data consolidation takes place quarterly based on the financial statements of each Group entity. Data from the entities are entered into a central database where consolidation adjustments are then carried out.

The organization of the consolidation system is based on a combined solution for the Group's business lines:

- in Commercial Banking and Insurance: information is communicated on an individual basis to ensure a more detailed view of the contribution of the accounting entities to Groupe BPCE's results. Preparation of consolidated financial statements is based on monitoring of the individual accounting data of Group institutions under IFRS. The system is based on a single consolidation tool specific to these entities, and for all sub-consolidation work. This ensures internal consistency as regards scopes, charts of accounts, accounting treatment and analysis;
- in Corporate and Investment Banking, Investment Solutions and Specialized Financial Services: Natixis has a consolidation tool that produces an IFRS consolidation package, ensuring the consistency of data from the banking and insurance scopes and giving a transparent overview of its subsidiaries. For the production of Group financial statements, Natixis submits a consolidation package that represents its consolidated financial statements;
- for Equity interests, the accounting entities are for the most part consolidated on the basis of packages that represent their consolidated financial statements.

The system as a whole feeds into a central consolidation tool, which has archiving and security procedures including daily back-up of the consolidation database. System restoration tests are regularly carried out.

CONTROL PROCESS FOR ACCOUNTING AND FINANCIAL DATA

General system

Groupe BPCE's internal control system contributes to the management of all types of risk and enhances the quality of accounting information.

It is organized in accordance with legal and regulatory requirements, including those arising from the Ministerial Order of November 3, 2014 relating to internal control and texts governing BPCE. It concerns all Group companies, which are monitored on a consolidated basis.

The system is governed by the Group's Internal Control Charter, approved on April 7, 2010 by the BPCE Management Board. This charter sets out the principles, defines the scope of application and details the participants and their role in ensuring that the internal control system of each company and Groupe BPCE works properly.

The Group's Internal Control Charter, which sets the general principles, has been supplemented by charters organizing periodic control duties (internal audit) and permanent control duties (risk, compliance, IT system security and finance) in the accounting and financial reporting quality control system.

Application of the control framework with regard to accounting and financial data

The control of accounting and financial reporting quality is defined in the set of standards and documents pursuant to the requirements of the Ministerial Order of November 3, 2014 concerning internal control, particularly Article 11c), which requires the "verification of accounting and financial reporting quality, related to information addressed to either the executive managers or the supervisory body, whether submitted to the supervisory and control authorities or appearing in documents intended for publication."

Within the institutions

Reflecting the decentralized nature of Groupe BPCE, internal control procedures are tailored to the organization of each consolidated entity. In all cases, these procedures include three levels of controls:

- a basic level, *i.e.* "first-level controls" (control), relating to operational departments and integrated into accounting treatment procedures;
- an intermediate level, *i.e.* "second-level controls" (accounting and financial review or permanent control), organized and executed under the responsibility of a specialist audit office within the Finance divisions dedicated to carrying out accounting and regulatory reviews. This office performs independent controls on accounting treatment procedures to ensure the reliability and completeness of financial statements in conjunction with permanent control functions;
- an upper level, *i.e.* "third-level controls" (audit), involving periodic controls organized under the authority of the Local Internal Audit department or the Group's *Inspection générale* division, or controls performed by parties external to Groupe BPCE (particularly Statutory Auditors and the *Autorité de contrôle prudentiel et de résolution*).

Within the central institution

COORDINATION OF THE "ACCOUNTING AND REGULATORY REVIEW" PROCESS

Within the central institution, the Group Finance division coordinates the permanent system for accounting and financial reporting (regulatory statements) as part of an accounting and regulatory review process, the rules of which are specified in the Accounting and Regulatory Review Charter.

Within the Group Finance division, this process is coordinated by the Finance Review division. The division head, a standing member of the Group Internal Control Coordination Committee, has been granted normative powers over the process.

In conjunction with the shareholder institutions and Group subsidiaries, the Finance Review division maintains a strong functional link between the offices within the Group institutions and that of the central institution. This is to guarantee the quality of the Group's accounting and regulatory reporting.

Its main duties are to:

- facilitate sharing of best practices within a special-purpose committee (Auditors' Committee) and working groups;
- organize the drafting and distribution of the set of standards and documents for the process;
- coordinate the reporting system for the process with the central institution;
- work closely with the Group's Statutory Auditors on the statutory system within Groupe BPCE, while ensuring, on behalf of the Audit Committee, the independence of the Statutory Auditors (monitoring compliance with the selection procedure, review of the fees paid by Groupe BPCE and the type of duties performed by the Statutory Auditors within Groupe BPCE, etc.);
- collect, using the shared permanent control steering tool (PILCOP), the results of certain controls carried out by the Review department (in 2015, quarterly collection limited to compliance with the points regarding accounting

regulations regarding closing dates and occasional collection of certain information regarding appendices to the consolidated financial statements).

CONTROL OF THE CENTRAL INSTITUTION'S ACCOUNTING AND FINANCIAL INFORMATION PRODUCTION SYSTEM

Besides coordinating the Accounting and Regulatory Review process, the Finance Review division is also tasked with:

- second-level control of the accounting work and in particular financial and regulatory statements published under the responsibility of the Group Finance division;
- the coordination of cross-business internal control measures to make the production of the Group Finance division more reliable in conjunction with the other control offices.

In addition to the self-checking and external control procedures performed in the entities responsible for preparing individual or consolidated financial statements, the quality of accounting and financial controls is verified by:

- the Group Accounting division, which coordinates the system for producing accounting and financial information. For this purpose:
  - as part of its responsibility for standardizing accounting practices at the Group level, it produces parent company and consolidated financial statements under French GAAP and IFRS,
  - it regularly examines the regulatory statements of the Banque Populaire banks, the Caisses d'Epargne and the Caisses de Crédit Maritime before they are transmitted to the ACPR (consistency checks and analyses carried out by a dedicated team),
  - for consolidated financial statements, this team validates and verifies that the scope of consolidation is compliant with accounting principles in force, and performs various controls on data received on a quarterly basis, through consolidation packages. These controls are supplemented by analytical reviews and consistency controls of the main aggregates in the financial statements, as well as an analysis of changes in equity and deferred tax assets and liabilities during the period through individual and consolidated tax reconciliations;
- the Group's Statutory Auditors, which work on a panel basis and base their opinions partly on the conclusions of each consolidated entity's Statutory Auditors, particularly regarding compliance with the Group's standards as laid down by BPCE, and partly on the effectiveness of local internal control procedures. To make the certification process as efficient as possible, the "Framework for Statutory Auditor Assignments at Groupe BPCE" requires that each entity in the scope of consolidation has at least one representative of the Group's Statutory Auditors on its panel;
- Groupe BPCE's *Inspection générale* division as part of its assignments at Group institutions.

Finally, under the Ministerial Order of November 3, 2014 governing internal control, Groupe BPCE's *Inspection générale* division presents to the Audit Committee and the Supervisory Board an annual report summarizing Group internal control, in coordination with the Group Risk Management divisions and the Group Compliance and Security division. On the basis of detailed questionnaires, this report assesses internal control procedures, particularly in the accounting and financial areas.

In 2015, the Group Finance division reinforced and harmonized its control mechanism, particularly with regard to statements addressed to the supervisory authorities following the regulatory changes introduced by Basel III. Efforts aimed at reinforcing the set of standards and documents of the Review department led to new and updated control guides covering all of the SURFI, COREP and FINREP classifications. This project was supplemented by the establishment of a training program for this area in 2015 (comprehensive five-day program covering all classifications).

ROLE OF SUPERVISORY BODIES IN ACCOUNTING AND FINANCIAL DISCLOSURE

Once per quarter, the BPCE Management Board finalizes the consolidated financial statements and presents them to the Supervisory Board for verification and control purposes.

Individual financial statements are prepared once per year, in accordance with regulations in force.

The Supervisory Board of BPCE checks and controls the individual and consolidated financial statements prepared by the BPCE Management Board and presents its observations about the financial statements for the fiscal year at the Ordinary General Shareholders' Meeting. For this purpose, the Supervisory Board has set up a specialist committee in charge of preparing its decisions and formulating recommendations: the Audit Committee.

Details on this committee's duties, including monitoring the process for preparing financial information, the statutory audit of the annual and consolidated financial statements, as well as the Statutory Auditors' independence, are defined in paragraph 2.3.2 "Specialized committees".

The Finance Committee consists of executives of both networks and aims to address the most important issues. In addition, BPCE's Management Board assigns the Group Finance division the task of organizing the process of coordinating, disclosing, and forming a decision on the financial and accounting information through the Finance office's supervisory bodies, organized around three types of bodies:

- coordination and reporting bodies: these comprise key managers from the Finance office or key managers from each Business Line department with Finance duties (Finance Control, Accounting, Cash Management, Asset-Liability Management, Accounting and Regulatory Review and Taxation);
- temporary bodies that manage and coordinate time-limited projects;
- permanent bodies.

In order to ensure the transparency and security of the system, these bodies are formally governed by regulations that define the operation, organization, composition, and role of each committee, along with the rules for reporting on the discussions held by these committees. The Group Finance division's committees always involve representatives from the shareholder institutions and, if applicable, Groupe BPCE's subsidiaries.

The Group Management and Accounting Standards and Methods and Oversight Committee is chaired by the Chief Executive Officer, in charge of Finance, Risks and Operations. Its main duties are to validate:

- the regulatory framework and management standards needed for Group oversight;
- strategic accounting guidelines and Groupe BPCE's framework of accounting standards, including Groupe BPCE's choices, where options are given by the texts;
- working standards on accounting and regulatory review (Group Review Standards), as part of the internal control system for accounting and financial reporting.

2.7 Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board of the company

This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L. 225-235 of French company law on the report prepared by the Chairman of the Supervisory Board on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

For the year ended December 31, 2015

To the Shareholders,

In our capacity as Statutory Auditors of Groupe BPCE and in accordance with Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-68 of the French Commercial Code for the fiscal year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-68 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-68 of the French Commercial Code, it being specified that we are not responsible for verifying the authenticity of these disclosures.

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

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

Professional standards require that we perform the necessary procedures to assess the authenticity of the information provided in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures consisted mainly in:

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

On the basis of our work, we have nothing to report on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, March 15, 2016

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Jean-Marc Mickeler	Agnès Hussherr	Michel Barbet-Massin
Sylvie Bourguignon	Nicolas Montillot	Jean Latorzeff

2.8 Recovery and Restructuring Plan

On September 30, 2015, BPCE's Supervisory Board approved the Group's Recovery and Restructuring Plan for 2015.

The plan is in line with European regulatory measures on the recovery and resolution of banks and investment firms and the provisions of the French Monetary and Financial Code.

The objective of the Recovery and Restructuring Plan is to identify measures to restore the Group's financial solidity in the event it deteriorates significantly.

The plan presents the options available to the Group to establish a crisis management system. It assesses the relevance of the different options in various crisis scenarios and the methods and resources available for their implementation.

The Recovery and Restructuring Plan is mainly based on the:

- Group's organization and the specific implications of its cooperative status;
- identification of the Group's critical duties;
- capital and liquidity management systems;
- analysis of financial crisis scenarios;
- mapping of the main entities and an analysis of their contribution in terms of solvency, liquidity and profitability;
- identification of the options that will have a significant impact on the recovery of the Group's financial situation;
- preventative monitoring of leading indicators on the financial and economic situation;
- establishment of the organizational structures needed to implement the recovery.

This system is monitored and coordinated by a permanent office at BPCE.

The Recovery and Restructuring Plan is kept up to date and approved by the Supervisory Board, which is supported by the Group Risk Management Committee for these purposes.

The Recovery and Restructuring Plan is updated annually.

Natixis' presence in the US led the Group to provide US authorities with a plan to resolve its activities in the US. The plan presents various resolution scenarios that may be applied under US regulations.

2.9 Persons responsible for auditing the financial statements

2.9.1 Statutory Audit system

Within the Group, the main rules that govern the Statutory Audit system and aim to guarantee Statutory Auditor independence in Groupe BPCE companies are defined in the "Framework for Statutory Auditor Assignments at Groupe BPCE," approved by BPCE's Supervisory Board on June 27, 2012.

Applicable to all Group businesses this framework primarily defines:

- the rules governing the selection of Statutory Auditors for the Group and its entities;
- the rules governing the services that may be provided by Statutory Auditors (or their networks);
- the role of Audit Committees with respect to monitoring the system.

On the choice of Statutory Auditors, in order to harmonize and ensure the consistency of the Statutory Audit system, the BPCE Management Board designated, based on the recommendation of the Group Audit Committee, a list of "Statutory Auditor networks approved by the central institution". This list includes four networks, including the three networks of which the central institution's Statutory Auditors are members. In terms of control, the Group Audit Committee ensures that Groupe BPCE complies with the above-mentioned framework and reviews all services provided by Statutory Auditors to Group businesses. This role primarily involves:

- an annual review of fees and the types of services rendered. The central institution is notified of services rendered by the Statutory Auditors, which appear on the income statement of each company;
- quarterly supervision of services not related to the audit. The central institution is notified of the amount of commitments for these services whenever they are greater than or equal to €50,000.

To implement this approach, the Audit Committee relies on the work of the Accounting and Financial Information Control department (Review function). A Group standard on the control of the independence of Statutory Auditors specifies the role of this function in this area and the main procedures it must implement. The work carried out within this framework is presented to each company's Audit Committee and, on a consolidated basis, to the Group Audit Committee.

At the end of 2014, BPCE completed a call for tenders on the renewal of Statutory Auditors that have signed off on the central institution's financial statements and the upcoming renewal at Natixis. It also updated the list of Statutory Auditor network firms approved by the central institution. Activities carried out in relation to this call for tenders led to – starting in 2015 and for the following six years:

- BPCE: renewing the appointment of PricewaterhouseCoopers Audit and the appointment of Deloitte & Associés to replace KPMG Audit;
- Group businesses: streamlining the audit system used at the Group and to formally documenting 20 general qualitative and financial commitments obtained from the approved Statutory Auditors.

2.9.2 Statutory Auditors of BPCE

The Statutory Auditors are responsible for auditing the individual financial statements of BPCE and the consolidated financial statements of Groupe BPCE and BPCE SA group. At December 31, 2015, the Statutory Auditors were:

PricewaterhouseCoopers Audit	Deloitte & Associés	Mazars
63, rue de Villiers	185, avenue Charles-de-Gaulle	61, rue Henri-Regnault
92208 Neuilly-sur-Seine Cedex	92524 Neuilly-sur-seine Cedex	92075 Paris-La Défense Cedex

PricewaterhouseCoopers Audit (672006483 RCS Nanterre), Deloitte et Associés (572028041 RCS Nanterre) and Mazars (784824153 RCS Nanterre) are registered as Statutory Auditors, members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* and under the authority of the *Haut Conseil du Commissariat aux Comptes.*

PRICEWATERHOUSECOOPERS AUDIT

The Annual General Shareholders' Meeting of BPCE of May 22, 2015, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to renew the term of PricewaterhouseCoopers Audit for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

PricewaterhouseCoopers Audit is represented by Agnès Hussherr and Nicolas Montillot.

Substitute: Jean-Baptiste Deschryver, residing at 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

DELOITTE & ASSOCIÉS

The Annual General Shareholders' Meeting of BPCE of May 22, 2015, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to appoint Deloitte & Associés for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

Deloitte & Associés is represented by Jean-Marc Mickeler and Sylvie Bourguignon.

Substitute: BEAS, represented by Mireille Berthelot, located at 195, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

MAZARS

The Annual General Shareholders' Meeting of BPCE of May 24, 2013, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to appoint Mazars for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2019, convened to approve the financial statements for the year ending December 31, 2018.

Mazars is represented by Mr. Michel Barbet-Massin and Mr. Jean Latorzeff.

Substitute: Anne Veaute, residing at 61, rue Henri-Regnault, 92075 Paris-La Défense Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2019, convened to approve the financial statements for the year ending December 31, 2018.

2.9.3 Remuneration of Statutory Auditors

As part of its duties defined by the "Framework for Statutory Auditor Assignments at Groupe BPCE" approved by the Supervisory Board on June 27, 2012, the Group Audit Committee ensures that the Statutory Auditors are independent, specifically by carrying out a detailed review of fees paid by the Group to them and the network to which they belong.

Furthermore, in accordance with AMF instruction 2006-10, Statutory Auditors' fees are published in the registration document, specifying the following:

- fees paid to the Statutory Auditors of BPCE SA group;
- fees paid to the Statutory Auditors of Groupe BPCE.

FEES PAID TO THE STATUTORY AUDITORS OF BPCE SA GROUP

The following fees were paid to the Statutory Auditors responsible for auditing BPCE's financial statements, together with their networks, in respect of the 2014 and 2015 fiscal years:

	PwC				Mazars				Deloitte//KPMG(2)				Total			
	Amount		%		Amount		%		Amount		%		Amount		%	
in thousands of euros(1)	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
AUDIT																
Statutory audit, review of parent company and consolidated financial statements(3)	7,013	5,924	62%	57%	3,792	4,103	68%	69%	6,798	6,747	47%	73%	17,603	16,773	56%	65%
– Issuer	411	494			408	488			405	493			1,224	1,475		
– Subsidiaries	6,602	5,430			3,384	3,615			6,393	6,254			16,379	15,298		
Other due diligence procedures and services directly linked to the Statutory Auditors' duties(4)	1,084	1,559	10%	15%	969	1,225	17%	20%	1,634	2,315	11%	25%	3,687	5,099	12%	20%
– Issuer	472	795			457	780			287	1,028			1,216	2,603		
– Subsidiaries	612	764			512	445			1,347	1,287			2,471	2,496		
Subtotal	**8,097**	**7,483**	**72%**	**72%**	**4,761**	**5,328**	**85%**	**89%**	**8,432**	**9,062**	**59%**	**98%**	**21,290**	**21,872**	**68%**	**85%**
Services provided by the network to fully consolidated subsidiaries																
– Legal, tax, payroll	1,338	1,181			30	198			544	65			1,912	1,444		
– Other	1,819	1,676			779	469			5,429	146			8,027	2,291		
Subtotal(5)	**3,157**	**2,857**	**28%**	**28%**	**809**	**667**	**15%**	**11%**	**5,973**	**211**	**41%**	**2%**	**9,939**	**3,735**	**32%**	**15%**
TOTAL	**11,253**	**10,340**	**100%**	**100%**	**5,570**	**5,995**	**100%**	**100%**	**14,405**	**9,273**	**100%**	**100%**	**31,228**	**25,607**	**100%**	**100%**

Comments:

(1) Amounts relating to services provided appear on the income statement for the reporting year, notably including unrecoverable VAT.

(2) 2014 fees are those paid to KPMG, while those paid in 2015 are for Deloitte & Associés. KPMG Audit's term ended on December 31, 2014, and BPCE's Annual General Shareholders' Meeting on May 22, 2015, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to appoint Deloitte & Associés for a period of six fiscal years.

(3) Includes services provided by independent experts or members of the Statutory Auditor's network upon whom the Statutory Auditor may call in the course of certifying the financial statements.

(4) Other due diligence procedures and services directly linked to the Statutory Auditors' duties and carried out upon the Group's request, including due diligence carried out as part of financial transactions, certification requests and consultations.

(5) Other services essentially involve duties carried out upon the request of Natixis SA and its subsidiaries and mainly concern support efforts related to the launch of the Life and Provident offer by Natixis Assurances on the Caisse d'Epargne network for €4 million as well as the provision of services and/or advising on tax-related matters, due diligence reviews related to financial transactions and reviews of the internal model.

FEES PAID TO THE STATUTORY AUDITORS OF GROUPE BPCE

Fees in respect of duties carried out by the Statutory Auditors for the whole of Groupe BPCE (including Statutory Auditors not belonging to the same network as those responsible for auditing BPCE's financial statements) in respect of the 2014 and 2015 fiscal years were as follows:

	Statutory Auditors (and their networks) responsible for auditing BPCE's financial statements[(2)]															
	BPCE SA group				**Other Groupe BPCE Entities**				**Other Statutory Auditor networks**				**Total**			
	Amount		**%**		**Amount**		**%**		**Amount**		**%**		**Amount**		**%**	
in thousands of euros[(1)]	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
AUDIT																
Statutory audit, review of parent company and consolidated financial statements[(3)]	17,603	16,773	56%	65%	5,463	9,300	94%	95%	11,630	10,900	87%	49%	34,697	36,973	69%	64%
Other due diligence procedures and services directly linked to the Statutory Auditors' duties	3,687	5,099	12%	20%	156	514	3%	5%	735	5,013	5%	22%	4,578	10,626	9%	18%
Subtotal	**21,290**	**21,872**	**68%**	**85%**	**5,620**	**9,814**	**97%**	**100%**	**12,365**	**15,913**	**92%**	**71%**	**39,275**	**47,599**	**78%**	**82%**
Change (%)													***(17%)***			
Services provided by the network to fully consolidated subsidiaries																
– Legal, tax, payroll	1,912	1,444			44				101	1,017			2,057	2,461		
– Other	8,027	2,291			138	15			916	5,608			9,081	7,914		
Subtotal[(4)]	**9,939**	**3,735**	**32%**	**15%**	**182**	**15**	**3%**		**1,017**	**6,625**	**8%**	**29%**	**11,138**	**10,375**	**22%**	**18%**
TOTAL	**31,228**	**25,607**	**100%**	**100%**	**5,802**	**9,829**	**100%**	**100%**	**13,382**	**22,538**	**100%**	**100%**	**50,412**	**57,974**	**100%**	**100%**
Change (%)													***(13%)***			

Comments:

(1) *Amounts relating to services provided appear on the income statement for the reporting year, notably including unrecoverable VAT.*

(2) *PwC, Mazars and Deloitte in 2015 and PwC, Mazars and KPMG in 2014.*

(3) *In 2015, other due diligence procedures and services directly linked to the Statutory Auditors' duties and carried out upon the Group's request, including due diligence carried out as part of financial transactions, certification requests and consultations.*

(4) *Other services essentially involve duties carried out upon the request of Natixis SA and its subsidiaries and mainly concern support efforts related to the launch of the Life and Provident offer by Natixis Assurances on the Caisse d'Epargne network for €4 million as well as the provision of services and/or advising on tax-related matters, due diligence reviews related to financial transactions and reviews of the internal model.*

3 RISK MANAGEMENT

This "Risk Management" chapter presents the types of risk factors to which Groupe BPCE may be exposed, their scale and the impact that these risks could have on the results and assets of Groupe BPCE, as well as the measures in place to protect against them.

In addition to the risks related in particular to the macroeconomic environment or the structure of Groupe BPCE, the following risks are discussed: credit and counterparty risks, market risks, operational risk and structural asset-liability management risks (overall interest rate, liquidity and exchange rate risks). From a more general standpoint, all risks referred to in the Ministerial Order of November 3, 2014 on internal control are included in both the Group's risk appetite framework and in the implementation of Article 98. They are also all addressed in the Group Risk Charter, for each type of risk (credit and counterparty risks, market risks, asset-liability management risk and operational risk).

This chapter details the main insurance policies taken out by Groupe BPCE, the legal proceedings currently in progress and the risks related to insurance activities.

In accordance with the Financial Stability Board recommendations, Groupe BPCE's at-risk exposures are described in detail in section 3.7 of this chapter.

The purpose of the Pillar III report included in this chapter is to present detailed information regarding Groupe BPCE's capital and risk management as well as quantitative information relating to the calculation of capital adequacy ratios under Pillar I and Pillar II.

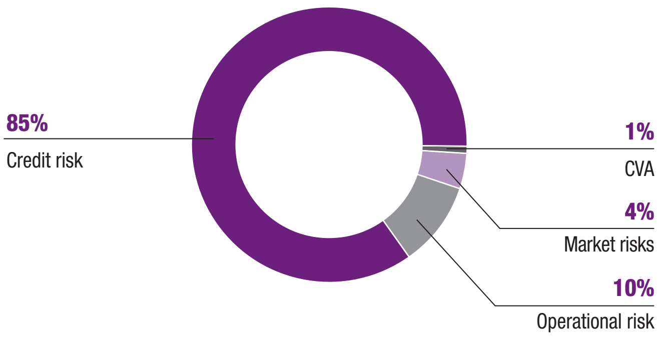
This chapter complies with regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – CRR) and directive No. 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive IV – CRD IV).

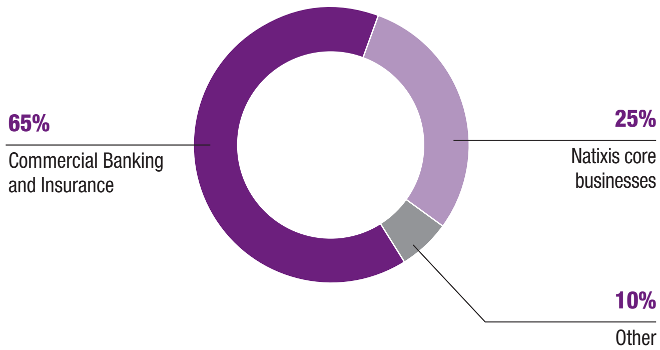
Certain information presented in this chapter is mandatory under IFRS 7 and is thus covered by the opinions of the Statutory Auditors on the consolidated financial statements. This information is flagged by the statement "Information provided in respect of IFRS 7."

3.1 Groupe BPCE's main risks

3.1.1 Main risks

BREAKDOWN OF RISK-WEIGHTED ASSETS AT DECEMBER 31, 2015





Credit concentration risk: Groupe BPCE's credit concentration risk is mainly managed through regulatory ceilings, internal ceilings and Group limits. It is measured by monitoring major risks arising from individual concentrations and by monitoring internal Group ceilings. No counterparty exceeds the regulatory ceilings and no usual risk concentration was identified from the monitoring of internal ceilings and Group limits. Sector risks are managed and monitored at Group level in the main high-risk sectors, defined as sectors with at-risk and default scores trending upward. Accordingly, recommendations are issued by a monthly Sector Oversight Committee with representatives from both the local Risk Management divisions and the Groupe BPCE Risk Management division. The recommendations are validated by the Group Credit Committee.

Most of Groupe BPCE's country risk is concentrated in its domestic market, France and, to a lesser extent, in the European Union. The Group is particularly vigilant regarding risks associated with European periphery countries and geopolitical risks borne by certain countries (see Chapter 3.2.7 "Credit risk" and Chapter 3.2.8 "Counterparty risk").

Market risks: market risks indicators are monitored and analyzed at various position aggregation levels, so as to allow for an overview of total exposure and risk consumption by risk factor. VaR and stress indicators were maintained at a very low level for the Group in 2015 (VaR of €7.8 million at end-2015; see Chapter 3.2.11 "Market risks").

Liquidity, interest rate and exchange rate risk: Groupe BPCE's liquidity position improved further over the course of 2015, with a 2-point decline in the LTD (loan-to-deposit ratio)[1] during the year (119% at December 31, 2015 *versus* 121% at December 31, 2014), a decrease in the share of short-term credit facilities in market liabilities, and greater capacity to cover stress scenarios. The Group also continued to diversify its funding sources.

Throughout the year, Groupe BPCE conducted a project aimed at improving oversight of interest rate risk on the banking book, amid persistently low interest rates and in preparation for future regulatory developments in interest rate risk management.

Operational risk: considering Groupe BPCE's business lines, failures due to errors in procedure management, external fraud, customers, products and commercial practices are the three main categories that trigger operating losses (see Chapter 3.2.12 "Operational risk").

(1) Excluding Compagnie de Financement Foncier, the Group's "société de crédit foncier" (a French legal covered bond issuer).

3.1.2 Risk factors

The banking and financial environment in which Groupe BPCE operates is exposed to numerous risks which obliges it to implement an increasingly demanding and strict policy to control and manage these risks.

Some of the risks to which Groupe BPCE is exposed are set out below. However, this is not a comprehensive list of all of the risks incurred by Groupe BPCE in the course of conducting its business or given the environment in which it operates. The risks presented below, as well as other risks which are not currently known or not considered significant by Groupe BPCE, could have a material adverse impact on its business, financial position and/or results.

RISKS RELATING TO MACROECONOMIC CONDITIONS, THE FINANCIAL CRISIS AND STRICTER REGULATORY REQUIREMENTS

Recent economic and financial conditions in Europe have had and may continue to have an impact on Groupe BPCE and the markets in which it operates

European markets have recently experienced significant disruptions that have affected economic growth. Initially originating from concerns regarding the ability of certain euro zone countries to refinance their debt, these disruptions have created uncertainty more generally regarding the short-term economic outlook of European Union countries well as the debt quality of certain sovereign euro zone issuers. There has also been an indirect impact on financial markets in Europe and worldwide.

While the impact of the crisis on Groupe BPCE's sovereign bond holdings has been limited, Groupe BPCE has been indirectly affected by the consequences of the crisis spreading to most countries in the euro zone, including the Group's domestic market. France's sovereign rating was downgraded by certain credit rating agencies in recent years, in some cases automatically leading to the downgrading of French commercial banks, including those of the Groupe BPCE entities. More recently, anti-austerity sentiment has led to political uncertainty in certain European countries.

If economic or market conditions in France or elsewhere in Europe were to deteriorate further, Groupe BPCE's markets of operation could be more significantly disrupted, and its business, results and financial position could be adversely affected.

Legislation and regulatory measures in response to the global financial crisis may materially impact Groupe BPCE and the financial and economic environment in which the Group operates

Legislation and regulations have recently been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the global financial crisis, the impact of the new measures could substantially change the environment in which Groupe BPCE and other financial institutions operate.

The measures that have been or may be adopted include more stringent capital and liquidity requirements for internationalized institutions or groups such as Groupe BPCE, taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), new ring-fencing requirements relating to certain activities, enhanced prudential standards applicable to large non-U.S. banks, restrictions on the types of entities permitted to trade in swaps, restrictions on certain types of financial products such as derivatives, mandatory write-down or conversion into equity of certain debt instruments, and the creation of new regulatory bodies or enhancement of resources used by existing regulatory bodies, including the transfer of certain supervisory functions to the European Central Bank (ECB), which entered into force on November 4, 2014. Some of these new measures are proposals currently under discussion, which are subject to revision and interpretation, notably for the purpose of complying with each country's national prudential framework. As a result of some of these measures, Groupe BPCE has reduced, and may further reduce, the size of certain activities in order to comply with the new requirements. These measures are also liable to raise compliance costs, possibly causing revenues and consolidated profit to decline in the relevant business lines, sales to decline in certain activities and asset portfolios, and asset impairment.

Some of these measures could also raise issuer financing costs. For example, on November 10, 2014, the Financial Stability Board recommended that systemically important banks (such as Groupe BPCE) maintain large sums of loans subordinated – by law, contract or structure – to certain secured operating liabilities, such as guaranteed or insured deposits. The purpose of these requirements, relative to the TLAC (total loss absorbing capacity) ratio, is to ensure that losses are absorbed by shareholders or creditors (excluding creditors in respect of secured operating liabilities) and thus without calling on public funds. If these TLAC requirements are adopted and implemented in France, they will also pertain to capital requirements applicable to issuers. As a result, issuers would have to change the way they manage their financing transactions and their financing costs would go up. For the time being, these are only proposals and the TLAC requirements are liable to change and further increase issuer costs if actually adopted.

Moreover, the general political environment has evolved unfavorably for banks and the financial industry, resulting in additional pressure on the part of legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures may have adverse consequences on lending and other financial activities, and on the economy. Because of the continuing uncertainty surrounding the new legislative and regulatory measures, it is not possible to predict what impact they will have on Groupe BPCE.

Groupe BPCE is subject to significant regulation in France and in several other countries around the world where it operates; regulatory measures and changes could adversely affect Groupe BPCE's business and results

Groupe BPCE entities are subject to several supervisory and regulatory schemes in each of the jurisdictions in which they operate. Non-compliance could lead to significant intervention by regulatory authorities, fines, public reprimand, reputational damage, mandatory suspension of operations or, in extreme cases, withdrawal of their operating license. The financial services industry has experienced increased scrutiny from a variety of regulators in recent years, as well as an increase in the penalties and fines sought by regulatory authorities, a trend that may pick up in the current financial environment. The business and results of Group entities may be materially impacted by the policies and actions of various regulatory authorities in France, other European Union or non-euro zone governments and international organizations. Such constraints may limit the ability of Group entities to expand their businesses or conduct certain activities. The nature and impact of future changes in such policies and regulatory measures are unpredictable and are beyond the Group's control. Such changes may include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policies liable to significantly influence investor decisions, in particular in markets where Groupe BPCE operates;
- general changes in regulatory requirements, notably prudential rules relating to the regulatory capital adequacy framework, such as the amendments being made to the regulations implementing the Basel III requirements;
- changes in internal control rules and procedures;
- changes in the competitive environment and prices;
- changes in financial reporting rules;
- expropriation, nationalization, price controls, foreign exchange controls, confiscation of assets and changes in legislation relating to foreign ownership rights; and
- any adverse changes in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by Groupe BPCE.

Risks related to the Groupe BPCE 2014-2017 strategic plan

The Groupe BPCE 2014-2017 strategic plan is comprised of several initiatives, notably including four investment priorities: (i) creating local banks with leading positions in interpersonal and digital customer relations; (ii) financing customer needs, making the group a major player in savings, and steering away from a loan-based approach in favor of a financing-based approach; (iii) becoming a fully-fledged bancassurance specialist; and (iv) stepping up the pace of the Group's international expansion. This document contains forward-looking information which by nature is subject to uncertainty. Under the 2014-2017 strategic plan, Groupe BPCE announced a series of financial targets, including in particular a revenue growth rate and cost-cutting, in addition to targets for the liquidity and regulatory capital ratios. Furthermore, Natixis also publicly announced various targets and detailed the strategic initiatives taken in its businesses. The Group's financial targets, which are mainly set as guideposts in planning and allocating resources, are based on various assumptions and do not consist of projections or forecasts on future earnings. Groupe BPCE's actual earnings are likely to vary (and may vary considerably) from these targets for a number of reasons, including the occurrence of one or more of the other risk factors described in this document. If Groupe BPCE (or Natixis) does not achieve its targets, its financial position and the value of its bond issues may be affected. Moreover, if Groupe BPCE (or Natixis) decided to sell certain operations, the selling price could turn out to be lower than expected, and Groupe BPCE (or Natixis) could continue to incur significant risks stemming from these operations as a result of firm commitments, guarantees or considerations that it may have to grant to the buyers. Groupe BPCE will make every effort to realize the full potential of the revenue and cost synergies that remained untapped from the 2010-2013 strategic plan, and will seek out other sources of revenue growth and cost-cutting. Groupe BPCE's success in capturing the synergies mapped out in the 2014-2017 strategic plan will depend on several factors, many of which are outside the control of Groupe BPCE. It is possible that Groupe BPCE will not achieve the projected synergies, for a variety of reasons, notably including difficulties associated with the very structure of Groupe BPCE itself or the occurrence of risks inherent in its ordinary banking activities. Any one of these factors could cause the actual development of a given activity and/or achievement of cost synergies to be weaker than expected.

RISKS RELATED TO THE STRUCTURE OF GROUPE BPCE

In the event of a disagreement between the Banque Populaire banks and the Caisses d'Epargne, the business or operations of BPCE may undergo significant disruptions

The procedure for appointing members of the BPCE Supervisory Board and Management Board, and for implementing the various corporate governance measures, is set forth in the Articles of Association. Of the 19 members of the BPCE Supervisory Board, seven were appointed by the Caisses d'Epargne, seven by the Banque Populaire banks, three are independent members and two are employee representatives. Furthermore, under BPCE's Articles of Association, a number of decisions deemed essential, which are subject to a qualified majority vote, must be approved by 13 of the 19 Supervisory Board members (meaning a yes vote by at least one representative of each Caisse d'Epargne, Banque Populaire bank and independent director). These "essential decisions" include the removal of the Chairman of the Management Board; any purchase of Equity interests, other investments or divestitures involving an amount greater than €1 billion; any increase in BPCE's authorized capital with a waiver of preferential subscription rights; any mergers or spin-offs to which BPCE is a party; any proposal to BPCE shareholders to amend BPCE's Articles of Association, corporate governance or the rights of preference shareholders; and any other decision involving a significant change to the Supervisory Board's activities that would affect the rights of BPCE preference shareholders. Neither the BPCE Protocol nor BPCE's Articles of Association contains a procedure for permanently resolving any disagreement. In the event of a deadlock, the Management Board may be unable to obtain Supervisory Board approval to proceed with any measures that have been planned. The business of BPCE or Groupe BPCE may therefore be subject to significant disruptions in the event that the Banque Populaire banks and the Caisses d'Epargne were unable to resolve any differences concerning the Group's development.

RISK FACTORS RELATED TO GROUPE BPCE ACTIVITIES AND THE BANKING SECTOR

Groupe BPCE is exposed to numerous risk categories associated with banking activities

The four main risk categories associated with Groupe BPCE's activities are presented below. The following risk factors refer to or provide detailed examples of these various types of risk and describe certain additional risks to which Groupe BPCE is exposed:

- **Credit risk:** Credit risk is the risk of financial losses that may result in a counterparty being unable to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial group or a commercial company, a government and its various entities, an investment fund or an individual. Credit risk arises from lending activities as well as from other activities in which Groupe BPCE is exposed to the risk of counterparty default (trading activities, capital market activities, derivatives trading and settlement). The degree of risk associated with home loans also depends on the value of the property serving as collateral for the loan in question. Credit risk may also arise from Groupe BPCE's factoring activities, even though this risk is associated with the credit of the counterparty's customer and not with the counterparty itself. See sections 3.2.7 and 3.2.8 of this chapter;
- **Market and liquidity risks:** Market risks are risks of losses due mainly to unfavorable changes in market variables. These variables include, among others, exchange rates, bond prices and interest rates, security and commodity prices, derivative prices, financial instrument credit spreads and the prices of other types of assets, such as real estate assets for example.

Liquidity is also a key component of determining market risk. If a listed instrument or a transferable asset is not very liquid or not liquid at all it can no longer be marketed at its estimated value (as was the case recently for certain assets classes due to market disruptions). Insufficient liquidity may be due to restricted access to financial markets, customer deposit withdrawals, unexpected cash or capital requirements or regulatory restrictions.

Market risks may affect trading books and long-term investment securities. For long-term investment securities, this risk includes:

- ALM risk, *i.e.* the risk weighing on results due to mismatches between assets and liabilities in the banking book or the insurance activities. This risk is mainly determined by isolating interest rate risk;
- risk relating to investment activities, which is directly related to changes in the value of assets invested in security portfolios, and which may be recorded in the income statement or directly in equity; and
- risk from other activities, such as real estate, which is indirectly affected by changes in the value of marketable assets.

See sections 3.2.11 and 3.3 of this chapter;

- **Operational risk.** Operational risk is the risk of losses due to inadequacies or weaknesses in internal procedures, or external incidents, whether deliberate, inadvertent or of a natural cause. Internal processes include, but are not limited to, human resources and information systems, risk management and internal control mechanisms (including fraud prevention). External incidents include floods, fire, storms, earthquakes and terrorist acts. See section 3.2.12 of this chapter;
- **Insurance risk.** Insurance risk is the risk to earnings of any difference between expected and incurred claims. Depending on the insurance products involved, risk varies based on changes in macroeconomic factors, customer behavior, public health policy, pandemics, accidents and natural disasters (such as earthquakes, storms, industrial accidents, terrorist acts or acts of war). See section 3.6 of this chapter.

BPCE must maintain high credit ratings to avoid affecting its profitability and activities

Credit ratings have a significant impact on the liquidity of BPCE and its affiliates active in the financial markets (particularly Natixis). A ratings downgrade may affect the liquidity and competitive position of BPCE or Natixis, increase funding costs, limit access to capital markets and trigger clauses in some bilateral contracts governing trading, derivative and collateralized funding transactions. BPCE and Natixis' unsecured long-term funding cost is directly linked to their respective credit spreads (the yield spread over and above the yield on government issues with the same maturity that is paid to bond investors), which in turn are heavily dependent on their ratings. An increase in credit spreads may materially raise BPCE and Natixis' funding cost. Shifts in credit spreads are permanent, correlated to the market and sometimes subject to unforeseen and highly volatile changes. Credit spreads are also attributable to market perception of issuer solvency. Moreover, credit spreads may be caused by changes in the price of credit default swaps backed by certain BPCE or Natixis bonds. This price may in turn be influenced by the credit quality of these bonds and a number of other factors over which BPCE and Natixis have no control.

A substantial increase in impairments on new assets, or insufficient asset impairments previously recorded on Groupe BPCE's outstanding loans and receivables, may weigh heavily on its results and financial position

In the course of its lending activities, Groupe BPCE regularly recognizes asset impairments in order to reflect, if necessary, actual or potential losses on its portfolio of loans and receivables. Such impairments are booked in the income statement under "Cost of risk." Groupe BPCE's total asset impairments are based on the Group's measurement of historic losses on loans, volumes and types of loans granted, industry standards, loans in arrears, economic conditions and other factors associated with the recoverability of various types of loans.

While Groupe BPCE makes every effort to set aside a sufficient level of provisions, its lending activities may cause it in the future to have to increase its provisions for losses on loans, due to a rise in non-performing loans or for other reasons such as the deterioration of market conditions or factors affecting certain countries. Any substantial increase in provisions for losses on loans, material change in Groupe BPCE's estimate of the risk of loss associated with its portfolio of unimpaired loans, or any loss on loans exceeding past provisions in this respect, would have an adverse impact on Groupe BPCE's results and financial position.

Changes in the fair value of Groupe BPCE's portfolios of derivative securities and products, and its own debt, are liable to have an impact on the carrying amount of these assets and liabilities, and thus on the Group's net income and equity

The carrying amount of Groupe BPCE's derivative securities, products and other types of assets, and of its own debt, is adjusted (at balance sheet level) at the date of each new financial statement. These adjustments are predominantly based on changes in the fair value of assets and liabilities during an accounting period, *i.e.* changes recognized in the income statement or booked directly to equity. Changes recorded in the income statement, but not offset by corresponding changes in the fair value of other assets and liabilities, have an impact on net banking income and thus on net income.

All fair value adjustments have an impact on equity and thus on Groupe BPCE's capital adequacy ratios. The fact that fair value adjustments are recorded over an accounting period does not mean that additional adjustments will not be necessary in subsequent periods.

Groupe BPCE's ability to attract and retain skilled employees is paramount to the success of its business and failing to do so may materially affect its performance

The employees of Groupe BPCE entities are the Group's most valuable resource. Competition to attract qualified employees is fierce in many areas of the financial services sector. Groupe BPCE's results depend on its ability to attract new employees and retain and motivate existing employees. Changes in the economic environment (in particular tax and other measures aimed at limiting the pay of banking sector employees) may compel the Group to transfer its employees from one unit to another, or reduce the workforce of its entities; these transfers may cause temporary disruption due to the time required for employees to adapt to their new duties and prevent Groupe BPCE from benefiting from growth opportunities or potential efficiency gains.

Future events may vary compared to assumptions and estimates used by Management to prepare Groupe BPCE's financial statements, which in the future may expose it to unexpected losses

In accordance with current IFRS standards and interpretations, Groupe BPCE must base its financial statements on certain estimates, in particular accounting estimates relating to the determination of provisions for non-performing loans and receivables, provisions for potential claims and litigation, and the fair value of certain assets and liabilities. If the values used for the estimates used by Groupe BPCE prove to be materially inaccurate, in particular in the event of sharp and/or unexpected shifts in the markets, or if the methods used to calculate these values are modified due to future changes in IFRS standards or interpretations, Groupe BPCE may be exposed to unexpected losses.

Market fluctuations and volatility expose Groupe BPCE, in particular Natixis, to material losses in its trading and investment activities

With respect to its trading and investment activities, Natixis takes positions in the bond, currency, commodity and equity markets, as well as in unlisted securities, real estate assets and other kinds of assets (this is also true of other Groupe BPCE entities, but to a lesser extent). These positions may be affected by volatility on the markets (especially the financial markets), *i.e.* the degree of price fluctuations over a given period on a given market, regardless of the levels on the market in question. Volatility may also trigger losses on a vast range of trading and hedging products used by Natixis, including swaps, futures, options and structured products, if these are lower or higher than Natixis' estimates.

As Natixis holds assets or has net long positions in these markets, any market correction would lead to losses due to a decrease in the value of these net long positions. Conversely, as Natixis has disposed of assets which it does not own or on which it held net short positions in these markets, any rebound in these markets may expose it to losses due to measures taken to hedge these net short positions with purchases in a rising market. Natixis may, on occasion, implement a trading strategy involving a long position in one asset and a short position in another, from which it intends to generate gains on the change in the relative value of both assets. However, if the relative value of both assets change in the same direction, or to an extent not anticipated by Natixis, or for which no hedging transaction has been set up, the company could record a loss on its arbitrage positions. If material, these losses may weigh on the results of Natixis' transactions and financial position, and thus on Groupe BPCE's results and financial position.

Groupe BPCE's revenues from brokerage activities and other activities that generate fee and commission income may decrease in the event of market downturns

A market downturn is liable to lower the volume of transactions executed by Group entities for their customers and as a market maker, thus reducing net banking income from these activities. Furthermore, as management fees invoiced by Group entities to their customers are generally based on the value or performance of portfolios, any decline in the markets causing the value of these portfolios to decrease or generating an increase in the amount of redemptions would reduce the revenues earned by these entities through the distribution of mutual funds or other investment products (for the Caisses d'Epargne and the Banque Populaire banks) or through asset management activities (for Natixis).

Even if there is no market decline, if UCITS and other Groupe BPCE products underperform the market, there may be a rise in redemptions and drop in inflows as a result, with a potential corresponding impact on revenues from the Group's asset management business.

Extended market declines may reduce market liquidity and thus make it difficult to sell certain assets, in turn generating material losses

In some Group activities, extended market trends (in particular downturns in asset prices) may reduce the level of business on the market or its liquidity. Such trends may result in material losses if the Group is unable to unwind positions whose value is falling, when necessary. This may be the case, for example, for assets held by Groupe BPCE in markets that naturally tend to be illiquid. The valuation of these assets, which are not traded on a stock exchange or regulated market (e.g. derivatives traded between banks), is determined models rather than market prices. It is difficult to monitor declines in the prices of such assets and, consequently, the Group runs the risk of incurring unexpected losses.

Significant changes in interest rates may have an adverse impact on Groupe BPCE's net banking income and profitability

Net interest income earned by Groupe BPCE during a given period has a material influence on net banking income and profitability for the period. Moreover, significant changes in credit spreads, such as the widening of spreads recently observed, may have an impact on the Group's earnings. Interest rates are highly sensitive to various factors that may be outside the control of Group entities. Changes in market interest rates may have an impact on the interest rate applied to interest-bearing assets, contrary to those of interest rates paid on interest-bearing liabilities. Any unfavorable trends in the yield curve may trigger a decline in net interest income from lending activities.

Moreover, rises in interest rates at which short-term financing is available and maturity mismatches may have a negative impact on the Group's profitability. Increases in interest rates, or high interest rate levels, and/or widening credit spreads may create a less supportive environment for some banking services, especially if these changes take place rapidly.

Changes in exchange rates may have a material impact on Groupe BPCE's results

Groupe BPCE entities carry out a large share of their activities in currencies other than the euro, in particular the US dollar, and changes in the exchange rate may affect their net banking income and results. The fact that the Group records costs in currencies other than the euro only partly offsets the impact of exchange rate fluctuations on net banking income. Natixis is particularly exposed to fluctuations between the euro and US dollar, as a major share of its net banking income and operating income is generated in the United States. As part of its risk management policy, Groupe BPCE and its subsidiaries enter into transactions to hedge their exposure to exchange rate risk. However, these transactions may not fully offset the unfavorable impact of exchange rate fluctuations on operating income. In some cases, themy may even amplify their effect.

Any interruption or failure of the information systems belonging to Groupe BPCE or a third party may trigger a shortfall and lead to losses

As is the case for the majority of its competitors, Groupe BPCE is highly dependent on communication and information systems, as a large number of increasingly complex transactions are processed in the course of its activities.

Any failure, interruption or malfunction in these systems may cause errors or interruptions in the systems used to manage customer accounts, general accounts, deposits, transactions and/or to process loans. For example, if Groupe BPCE's information systems were to malfunction, even for a short period, the affected entities would be unable to meet their customers' needs in time and could thus lose transaction opportunities. Similarly, a temporary failure in Groupe BPCE's information systems despite back-up systems and contingency plans could also generate substantial information recovery and verification costs, or even a shortfall in its proprietary activities if, for example, such a failure were to occur during the implementation of a hedging transaction. The inability of Groupe BPCE's systems to adapt to an increasing number of transactions may also limit its ability to develop its activities.

Groupe BPCE is also exposed to the risk of disruption or operational failure of one of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers that it uses to carry out or simplify its securities transactions. As interconnectivity with its customers continues to grow, Groupe BPCE may also become increasingly exposed to the risk of the operational malfunction of its customers' information systems. Groupe BPCE cannot guarantee that such failures or interruptions in its own systems or in third party systems will not occur or that, if they do occur, that they will be adequately resolved.

Unforeseen events may interrupt Groupe BPCE's operations and cause substantial losses and additional costs

Unforeseen events, such as a serious natural disaster, a pandemic, attacks or any other emergency situation may cause an abrupt interruption in the operations of Groupe BPCE entities and trigger material losses, if the Group is not covered, or not sufficiently covered, by an insurance policy. These losses could relate to material assets, financial assets, market positions or key personnel. Moreover, such events may also disrupt the Group's infrastructure, or that of a third party with which Groupe BPCE carries out its activities, and may also generate additional costs (relating in particular to the cost of relocating the affected personnel) and increase Groupe BPCE's costs (especially insurance premiums). Following such an event, Groupe BPCE may be unable to insure certain risks, which would lead to an increase in the Group's overall risk.

Groupe BPCE may be vulnerable to political, macroeconomic and financial environments or to specific circumstances in its countries of operation

Certain Groupe BPCE entities are exposed to country risk, which is the risk that economic, financial, political or social conditions in a foreign country may affect their financial interests. Natixis, in particular, operates worldwide, including in parts of the world that are developing, commonly referred to as emerging markets. In the past, many countries classified as emerging have experienced serious economic and financial instability, including in particular devaluations of their local currencies, currency exchange and capital controls, and weak or negative economic growth. Though limited, Groupe BPCE's activities and income from transactions and deals occurring outside the European Union and the United States are exposed to risk of loss due to unfavorable political, economic and legal developments, in particular currency fluctuations, social instability, changes in government or central bank policies, expropriation, nationalization, asset confiscation and changes to the law governing property rights.

The failure or inadequacies of Groupe BPCE's policies, procedures and risk management strategies may expose it to unidentified or unexpected risks which may trigger material losses

Groupe BPCE's risk management policies and strategies may not succeed in effectively limiting its exposure to all types of market environments or all kinds of risks, including risks that the Group was unable to identify or anticipate. Furthermore, the risk management techniques and strategies adopted by the Group do not guarantee an actual lowering of risk in all market environments. These techniques and strategies may prove ineffective against certain types of risk, in particular risks that the Group had not already identified or anticipated. Some of the indicators and quantitative tools used by the Group to manage risk are based on the observation of past market performance. To measure the Group's risk exposures, the heads of risk management carry out an analysis, in particular a statistical analysis, of these observations. There is no guarantee that these tools or indicators are capable of predicting future exposure to risk. For example, these risk exposures may be due to factors that the Group may not have sufficiently anticipated or correctly assessed in its statistical models or due to unexpected or unprecedented shifts in the market. This would decrease the Group's risk management capacity. As a result, losses incurred by the Group may be higher than those anticipated based on the historical average. Moreover, the Group's quantitative models cannot factor in all risks. Some risks are subject to a more qualitative analysis, which may prove inadequate and thus expose the Group to material unexpected losses. In addition, while no significant problem has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud.

The hedging strategies implemented by Groupe BPCE do not eliminate all risk of loss

Groupe BPCE may incur losses if any of the different hedging instruments or strategies that it uses to hedge various kinds of risks to which it is exposed proves ineffective. Many of these strategies are based on historic market trends and correlations. For example, if the Group holds a long position in an asset, it may hedge the risk by taking a short position in another asset whose past performance offsets the change in the long position.

However, Groupe BPCE may only have a partial hedge, or these strategies may not effectively mitigate its total risk exposure in all market configurations or may not be effective against all types of future risks. Any unforeseen trend in the markets may also reduce the effectiveness of the Group's hedging strategies. Moreover, the accounting recognition of gains and losses from ineffective hedges may increase the volatility of results published by the Group.

Groupe BPCE may encounter difficulties in identifying, implementing and incorporating its policy governing acquisitions or joint ventures

Although acquisitions are not a major part of Groupe BPCE's current strategy, the Group may nonetheless consider acquisition or partnership opportunities in the future.

Although Groupe BPCE carries out an in-depth analysis of any potential acquisitions or joint ventures, in general it is impossible to carry out an exhaustive appraisal in every respect. As a result, Groupe BPCE may have to assume initially unforeseen commitments. Similarly, the results of the acquired company or joint venture may prove disappointing and the expected synergies may not be realized in whole or in part, or the transaction may even give rise to higher-than-expected costs. Groupe BPCE may also encounter difficulties with the consolidation of a new entity. The failure of an announced acquisition or failure to consolidate a new entity or joint venture may place a material strain on Groupe BPCE's profitability. This situation may also lead to the departure of key personnel. In the event that Groupe BPCE is obliged to offer financial incentives to its employees in order to retain them, this situation may also lead to an increase in costs and a decline in profitability. Joint ventures expose Groupe BPCE to additional risks and uncertainties in that it may depend on systems, controls and persons that are outside its control and may, in this respect, see its liability incurred, suffer losses or incur damage to its reputation. Moreover, conflicts or disagreements between Groupe BPCE and its joint venture partners may have a negative impact on the targeted benefits of the joint venture.

Heightened competition in France, Groupe BPCE's biggest market, or internationally, may cause its net income and profitability to decline

Groupe BPCE's main business lines operate in a very competitive environment both in France and other parts of the world where it is does substantial business. This competition is heightened by sector consolidation, either through mergers and acquisitions or cooperation and arrangements. Consolidation has created a certain number of companies which, like Groupe BPCE, can offer a wide range of products and services ranging from insurance, loans and deposits to brokerage, investment banking and asset management. Groupe BPCE is in competition with other entities based on a number of factors, including the execution of transactions, product and service offers, innovation, reputation and price. If Groupe BPCE is unable to maintain its competitiveness in France or in its other major markets by offering a range of attractive and profitable products and services, it may lose market share in certain key business lines or incur losses in some or all of its activities. Moreover, a slowdown in the global economy or the economic environment of Groupe BPCE's main markets is likely to enhance competitive pressure, in particular through greater pricing pressure and a slowdown in business volume for Groupe BPCE and its competitors. New and more competitive rivals could also enter the market. Subject to separate or more flexible regulation, or to other requirements governing prudential ratios, these new market participants would be able to offer more competitive products and services.

Advances in technology and the growth of e-commerce have made it possible for non-custodians to offer products and services that were traditionally banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. These new entrants may put downward pressure on the price of Groupe BPCE's products and services or affect Groupe BPCE's market share.

The financial solidity and performance of other financial institutions and market players may have an unfavorable impact on Groupe BPCE

Groupe BPCE's ability to execute transactions may be affected by the financial strength of other financial institutions and market players. Financial institutions are closely interconnected as a result, notably, of their trading, clearing, counterparty and financing operations. A default by a sector player, or even mere rumors or concerns regarding one or more financial institutions or the financial industry in general, may lead to a general contraction in market liquidity and to losses or further defaults in the future. Groupe BPCE is exposed to several financial counterparties, such as investment service providers, commercial or investment banks, mutual funds and hedge funds, as well as other institutional clients with which it regularly conducts transactions. Groupe BPCE is therefore exposed to a potential risk of insolvency should one of its counterparties or customers fail to meet its commitments. This risk would be exacerbated if the assets held as collateral by Groupe BPCE could not be sold, or if their selling price would not cover all of Groupe BPCE's exposure to loans or derivatives in default.

In addition, fraud or misappropriation committed by financial sector participants may have a highly detrimental impact on financial institutions due to interconnected nature of institutions operating in the financial markets.

Losses that may arise from the above-mentioned risks could significantly impact Groupe BPCE's results.

3.2 Pillar III

3.2.1 Regulatory framework

Regulatory monitoring of credit institutions' capital is based on regulations defined by the Basel Committee.

These regulations were reinforced following the introduction of Basel III, with an increase in the level of regulatory capital requirements and the introduction of new risk categories.

The Basel III recommendations were incorporated in EU directive 2013/36/EU (Capital Requirements Directive – CRD IV) and regulation No. 575/2013 (Capital Requirements Regulation – CRR) of the European Parliament and of the Council. As of January 1, 2014, all EU credit institutions are subject to compliance with the prudential requirements set out in these texts.

Credit institutions subject to the CRD are thus required to continuously observe:

- the Common Equity Tier 1 ratio (CET1);
- the Tier 1 ratio, *i.e.* CET1 plus additional Tier 1 capital (AT1);
- the total capital adequacy ratio, *i.e.* Tier 1 plus Tier 2 capital;
- and, as of January 1, 2016, the capital buffers which can be used to absorb losses in the event of tensions. These buffers include:
  - a capital conservation buffer, comprised of Common Equity Tier 1, aimed at absorbing losses in times of serious economic stress,
  - a countercyclical buffer, aimed at protecting the banking sector from periods of excess aggregate credit growth. This common equity surcharge is supposed to be adjusted over time in order to increase capital requirements during periods in which credit growth exceeds its normal trend and to relax them during slowdown phases,
  - the different systemic risk buffers aimed at reducing the risk of failure of systemically important banks. These buffers are specific to each bank. Groupe BPCE is on the list of other systemically important institutions (O-SIIs) and global systemically important banks (G-SIBs). As these buffers are not cumulative, the highest buffer applies.

The ratios are equal in terms of the relationship between capital and the sum of:

- credit and dilution risk-weighted assets;
- capital requirements for the prudential supervision of market risks and operational risk, multiplied by 12.5.

They are subject to a phase-in calculation aimed at gradually transitioning from Basel 2.5 to Basel III. These phase-in measures mainly cover:

- changes in capital ratios before buffers: in 2015, the minimum Common Equity Tier 1 ratio was 4.5%, the minimum Tier 1 capital ratio 6%, and the minimum total capital adequacy ratio 8%;
- changes in capital buffers, applied gradually from fiscal year 2016 until 2019:
  - the capital conservation buffer, comprised of Common Equity Tier 1, is set for 2019 at 2.5% of the total amount of risk exposures (0.625% as from January 1, 2016, plus 0.625% per year until 2019),
  - Groupe BPCE's countercyclical buffer is the EAD-weighted average of the buffers defined for each of the Group's countries of operation. At December 30, 2015, the HCSF (High Council for Financial Stability) set the rate for France's countercyclical buffer at 0%. As most of Groupe BPCE's exposures are located in countries whose countercyclical buffer has been set at 0%, the Group considers that this rate will be very close to 0%,
  - the buffer for G-SIBs is currently set at 1% for the Group by 2019 (0.25% as from January 1, 2016, plus an additional 0.25% per year until 2019);
- the gradual incorporation of Basel III provisions:
  - the new regulation has eliminated the majority of the prudential filters, and in particular those relating to unrealized capital gains and losses on equity instruments and available-for-sale debt securities. A phase-in application was nevertheless implemented. As of 2015, 40% of unrealized capital gains were included, and each year another 20% will be included in Common Equity Tier 1. Unrealized capital losses have been included since 2014,
  - the capped or excluded share of non-controlling interests has been gradually deducted from each capital tier in 20% increments every year since 2014,
  - deferred tax assets (DTAs) depending on future taxable income and related to tax loss carry forwards have been gradually deducted in 10% increments since 2015,
  - DTAs depending on future taxable income and related to temporary differences have been gradually deducted in 20% increments since 2014, for the share exceeding the common allowance for Equity interests of more than 10%. In 2015, the remaining 60% was still accounted for in accordance with CRD III; the items covered by the allowance were weighted at 250%,
  - Common Equity Tier 1 instruments held in Equity interests of more than 10% are gradually deducted: the residual amount of the share exceeding the allowance, applicable to DTAs as referred to in the previous point, is deducted using the same methods as in the point above. In 2015, the remaining 60% was still accounted for in accordance with CRD III (50% deducted from Tier 1 and 50% from Tier 2); the items covered by the allowance were weighted at 250%,
  - hybrid debt instruments eligible to be included in capital under Basel II, and which are no longer eligible under the new regulation, may under certain conditions be eligible for the grandfathering clause. In accordance with this clause, they are gradually excluded over an eight-year period, with a 10% decrease each year. In 2015, 70% of all such instruments declared at December 31, 2013 were recognized, then 60% in 2016 and so forth in subsequent years. The unrecognized share may be included in the lower equity tier if it meets the relevant criteria.

Credit institutions must comply with prudential requirements, which are based on three pillars that form an indivisible whole:

PILLAR I

Pillar I sets minimum requirements for capital. It aims to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk and operational risk. The bank can use standardized or advanced methods to calculate its capital requirement.

REVIEW OF MINIMUM CAPITAL REQUIREMENTS UNDER PILLAR I

	2014	2015	2016	2017	2018	From 2019
Minimum regulatory capital requirements						
Common Equity Tier 1 (CET1)	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Total Tier 1 capital (T1 = CET1 + AT1)	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Regulatory capital (T1 + T2)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Additional requirements						
Capital conservation buffer			0.625%	1.250%	1.875%	2.5%
G-SIB buffer applicable to Groupe BPCE(1)			0.25%	0.50%	0.75%	1.0%
Maximum countercyclical buffer applicable to Groupe BPCE(2)			0.625%	1.250%	1.875%	2.5%
Maximum total capital requirements for Groupe BPCE						
Common Equity Tier 1 (CET1)	4.0%	4.5%	6.0%	7.5%	9.0%	10.5%
Total Tier 1 capital (T1 = CET1 + AT1)	5.5%	6.0%	7.5%	9.0%	10.5%	12.0%
Regulatory capital (T1 + T2)	8.0%	8.0%	9.5%	11.0%	12.5%	14.0%

(1) G-SIB buffer: buffer for global systemically important banks.
(2) The countercyclical buffer will be calculated quarterly. It is estimated at 0% for the first quarter of 2016, as Groupe BPCE carries out most of its activity in France or in countries that have set this buffer at 0%.

PILLAR II

This establishes a process of prudential supervision that complements and strengthens Pillar I.

It consists of:

- analysis by the bank of all of its risks, including those already covered by Pillar I;
- an estimate by the bank of the capital requirement for these risks;
- comparison by the banking supervisor of its own analysis of the bank's risk profile with the analysis conducted by the bank, in order to adapt its choice of prudential measures where applicable, which may take the form of capital requirements exceeding the minimum requirements or any other appropriate technique.

From January 1, 2016, the minimum requirement in force for Groupe BPCE under Pillar II is 9.5% of CET1 ratio, plus the 0.25% buffer for global systemically important banks.

PILLAR III

Pillar III is concerned with establishing market discipline through a series of reporting requirements. These requirements – both qualitative and quantitative – are intended to improve financial transparency in the assessment of risk exposure, risk assessment procedures and capital adequacy.

On December 20, 2013, the European Commission adopted Implementing Regulation (EU) No. 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions.

3.2.2 Scope

PRUDENTIAL SCOPE

Groupe BPCE is required to submit consolidated regulatory reports to the European Central Bank (ECB), the supervisory authority for euro zone banks. Pillar III is therefore prepared on a consolidated basis.

The prudential scope of consolidation is established based on the statutory scope of consolidation. The main difference between these two scopes lies in the consolidation method for insurance companies, which are accounted for by the equity method within the prudential scope, regardless of the statutory consolidation method.

The following insurance companies are accounted for by the equity method within the prudential scope of consolidation:

- CNP Assurances*;
- Surassur;
- Muracef;
- Coface;
- Natixis Assurances;
- Compagnie Européenne de Garanties et de Cautions;
- Prépar-Vie;
- Prépar-IARD;
- Nexgen Reinsurance Limited;
- Caisse de Garantie Immobilière du Bâtiment*;
- Parnasse Garanties*.

** Also accounted for under the equity method in the statutory consolidation scope.*

3

➡ TRANSITION FROM ACCOUNTING BALANCE SHEET TO PRUDENTIAL BALANCE SHEET

The table below shows the transition from an accounting balance sheet to a prudential balance sheet for Groupe BPCE at December 31, 2015.

Assets at 12/31/2015 *in millions of euros*	**BPCE statutory scope**	**Prudential restatements**	**BPCE prudential scope**
Cash and amounts due from central banks	71,119	43	71,162
Financial assets at fair value through profit or loss	174,412	(11,342)	163,070
– *o/w securities portfolio*	*67,277*	*(11,711)*	*55,566*
– *o/w loan book*	*9,889*	*0*	*9,889*
– *o/w repurchase agreements*	*43,596*	*411*	*44,007*
– *o/w derivative financial instruments*	*53,650*	*(42)*	*53,608*
Hedging derivatives	15,796	0	15,796
Available-for-sale financial assets	95,984	(45,807)	50,177
Loans and receivables due from credit institutions	96,208	(1,227)	94,981
Loans and receivables due from customers	617,465	1,799	619,264
Revaluation difference on interest rate risk-hedged portfolios	7,522	0	7,522
Held-to-maturity financial assets	10,665	(3,179)	7,486
Current tax assets, deferred tax assets	6,107	(27)	6,080
Accrued income and other assets	55,383	(10,080)	45,303
Assets held for sale	22	0	22
Investments in associates	3,666	3,266	6,932
Investment property	2,020	(1,306)	714
Property, plant and equipment	4,710	(70)	4,640
Intangible assets	1,102	(247)	855
Goodwill	4,354	(462)	3,892
TOTAL	**1,166,535**	**(68,639)**	**1,097,896**

Liabilities at 12/31/2015 *in millions of euros*	**BPCE statutory scope**	**Prudential restatements**	**BPCE prudential scope**
Amount due to central banks	0	0	0
Financial liabilities at fair value through profit or loss	142,904	(550)	142,354
– *o/w trading securities portfolio*	*23,351*	*2*	*23,353*
– *o/w loans and repurchase agreements*	*411*	*0*	*411*
– *o/w portfolio measured under the market value option*	*64,478*	*(493)*	*63,985*
– *o/w derivative financial instruments*	*54,664*	*(58)*	*54,606*
Hedging derivatives	18,659	0	18,659
Amounts due to credit institutions	77,040	(2,088)	74,952
Customer deposits	499,711	1,044	500,755
Debt securities	223,413	3,114	226,527
Revaluation difference on interest rate risk-hedged portfolios	1,301	0	1,301
Current tax liabilities, deferred tax liabilities	1,240	(225)	1,015
Accrued expenses and other liabilities	53,699	(8,698)	45,001
Liabilities associated with non-current assets held for sale	9	0	9
Insurance companies' technical reserves	59,562	(59,484)	78
Provisions	5,665	(139)	5,526
Subordinated debt	18,139	(600)	17,539
Equity attributable to equity holders of the parent	**57,632**	**(7)**	**57,625**
Share capital and additional paid-in capital	*21,096*	*0*	*21,096*
Retained earnings	*31,172*	*(9)*	*31,163*
Unrealized or deferred gains and losses	*2,122*	*1*	*2,123*
Net income for the period	*3,242*	*1*	*3,243*
Non-controlling interests	*7,561*	*(1,006)*	*6,555*
TOTAL	**1,166,535**	**(68,639)**	**1,097,896**

3.2.3 Composition of regulatory capital

REGULATORY CAPITAL

Regulatory capital is determined in accordance with regulation No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms.

It is divided into three categories: Common Equity Tier 1, Additional Tier 1 capital and Tier 2 capital. Deductions are made from these categories.

These categories are broken down according to decreasing degrees of solidity and stability, duration and degree of subordination.

in millions of euros	12/31/2015 Basel III phased-in(1)	12/31/2014 Basel III phased-in(1)
Share capital and additional paid-in capital	21,096	20,581
Retained earnings	31,163	30,928
Income	3,243	2,906
Gains and losses recognized directly in equity	2,123	865
Consolidated equity attributable to equity holders of the parent	**57,625**	**55,280**
Perpetual deeply subordinated notes classified as equity	(1,628)	(4,060)
Consolidated equity attributable to equity holders of the parent excluding perpetual deeply subordinated notes classified as equity	**55,997**	**51,220**
Non-controlling interests	4,652	4,847
– *o/w prudential filters*	*760*	*984*
Deductions	(4,684)	(4,846)
– *o/w goodwill*	*(3,829)*	*(3,966)*
– *o/w intangible assets*	*(855)*	*(880)*
Prudential restatements	(5,008)	(4,634)
– *o/w shortfall of credit risk adjustments to expected losses*	*(1,197)*	*(1,424)*
– *o/w prudent valuation*	*(422)*	*(443)*
Common Equity Tier 1(2)	**50,957**	**46,587**
Additional Tier 1 capital	1,250	3,382
Tier 1 capital	**52,207**	**49,969**
Tier 2 capital	13,584	10,568
TOTAL REGULATORY CAPITAL	**65,791**	**60,537**

(1) *Phased-in: after taking phase-in measures into account.*
(2) *Common Equity Tier 1 included €19,758 million in cooperative shares in 2015 and €19,167 million in 2014.*

A detailed breakdown of regulatory capital by category, as required by Implementing regulation No. 1423/2013, is published at the following address: http://www.bpce.fr/en/Investors/Regulated-information/Regulatory-publication.

COMMON EQUITY TIER 1 (CET1)

Core capital and deductions

Common Equity Tier 1 consists of the following:

- share capital;
- reserves, including revaluation differences and gains or losses recognized directly in equity;
- issue or merger premiums;
- retained earnings;
- net income attributable to equity holders of the parent;
- unrealized gains and losses recognized directly in equity;
- non-controlling interests in banking or related subsidiaries for the share after CET1 eligibility caps.

The following deductions are made:

- treasury shares held and stated at their carrying amount;
- intangible assets, including set-up costs and goodwill;
- deferred tax assets and liabilities depending on future taxable income;
- prudential filters arising from Articles 32, 33, 34 and 35 of the CRR: gains or losses on cash flow hedges, gains from transactions in securitized assets, own credit risk;
- negative amounts arising from the comparison between provision and expected losses (in this calculation performing loans are clearly separated from loans in default);
- interests in eligible banking, financial and insurance institutions according to the rules on allowances for these holdings and the phase-in period;
- value adjustments arising from the prudent valuation of assets and liabilities measured at fair value according to a prudential method, deducting any value adjustments.

Changes in CET1 capital

in millions of euros	CET1
12/31/2014	**46,587**
Cooperative share issues	953
Income net of proposed dividend payout	2,850
Other items	567
12/31/2015	**50,957**

Breakdown of non-controlling interests (minority interests)

in millions of euros	Non-controlling interests
Carrying amount (prudential scope) – 12/31/2015	**6,555**
Perpetual deeply subordinated notes classified as non-controlling interests	(784)
Ineligible non-controlling interests	(219)
Proposed dividend payout	(324)
Caps on eligible non-controlling interests	(322)
Other items	(254)
Prudential amount – 12/31/2015	**4,652**

ADDITIONAL TIER 1 CAPITAL (AT1)

Additional Tier 1 capital includes:

- subordinated instruments issued in compliance with the restrictive eligibility criteria according set forth by Article 52 of the CRR;
- issue premiums related to these instruments.

The following deductions are made:

- interests in eligible banking, financial and insurance institutions according to the rules on allowances for these holdings and the phase-in period.

Main characteristics of additional Tier 1 capital

AT1 capital predominantly consists of non-innovative or innovative capital instruments, with progressive dividend yields on innovative capital instruments.

Additional Tier 1 capital

in millions of euros	12/31/2015 Basel III phased-in	12/31/2014 Basel III phased-in
Ineligible AT1 capital instruments subject to grandfathering clause*	1,689	3,876
AT1 instruments issued by financial institutions in which the Group holds more than 10%	(40)	(40)
Phase-in adjustments applicable to AT1 capital	(399)	(453)
ADDITIONAL TIER 1 CAPITAL (AT1)	**1,250**	**3,382**

* *Amount after the application of phase-in measures, i.e. 70% of outstanding deeply subordinated notes at 12/31/2015 and 80% at 12/31/2014.*

Changes in AT1 capital

in millions of euros	AT1
12/31/2014	**3,382**
Redemptions	(2,186)
Phase-in adjustments	54
12/31/2015	**1,250**

Issues of deeply subordinated notes at December 31, 2015

Capital instruments issued by BPCE, whose outstandings totaled €1,978 million at December 31, 2015, are recorded under shareholders' equity in the financial statements. Capital instruments issued by Natixis and subscribed for by third parties, whose outstandings totaled €784 million at December 31, 2014, are recorded under non-controlling interests in the financial statements

Instruments in the process of being redeemed are no longer recognized in equity once the transaction has been validated by the regulator. At December 31, 2015, a BPCE issue with a nominal value of €350 million was therefore deducted from equity, while the redemption will not take place until February 1, 2016.

Issuer	Issue date	Currency	Amount in millions *(original currency)*	Net amount *(in millions of euros)*	Net prudential amount *(in millions of euros)*
BPCE	7/30/2004	USD	200	142	100
BPCE	10/12/2004	EUR	80	80	56
NATIXIS	1/25/2005	EUR	156	156	109
BPCE	1/27/2006	USD	300	214	150
NATIXIS	10/18/2007	EUR	349	349	244
BPCE	10/30/2007	EUR	509	509	356
NATIXIS	3/28/2008	EUR	150	150	105
NATIXIS	4/30/2008	USD	186	129	91
BPCE	8/6/2009	EUR	374	374	262
BPCE	8/6/2009	USD	444	309	216
TOTAL				**2,412**	**1,689**

A detailed breakdown of debt instruments recognized as AT1 capital, as required by Implementing regulation No. 1423/2013, is published at the following address: http://www.bpce.fr/en/Investors/Regulated-information/Regulatory-publication.

TIER 2 CAPITAL

Tier 2 capital consists of:

- subordinated instruments issued in compliance with the restrictive eligibility criteria according set forth by Article 63 of the CRR;
- issue premiums related to Tier 2 items;
- the amount arising from provisions in excess of expected losses (in this calculation performing loans are clearly separated from loans in default).

The following deductions are made:

- interests in eligible banking, financial and insurance institutions according to the rules on allowances for these holdings and the phase-in period.

Tier 2 capital

in millions of euros	12/31/2015 Basel III phased-in	12/31/2014 Basel III phased-in
Eligible Tier 2 capital instruments	14,019	11,201
Own Tier 2 instruments	(20)	
Ineligible Tier 2 capital instruments subject to grandfathering clause*	76	87
Tier 2 instruments issued by financial institutions in which the Group holds more than 10%	(1,346)	(1,174)
Phase-in adjustments applicable to Tier 2 capital	392	453
Provisions in excess of expected losses	463	0
TIER 2 CAPITAL	**13,584**	**10,568**

* *Amount after the application of phase-in measures, i.e. 70% of outstanding perpetual subordinated notes at 12/31/2015 and 80% at 12/31/2014.*

Changes in Tier 2 capital

in millions of euros	Tier 2 capital
12/31/2014	**10,568**
Redemption of subordinated notes	(23)
Prudential discount	(922)
New subordinated note issues	3,237
Phase-in deductions and adjustments	(263)
Provisions in excess of expected losses	463
Foreign exchange effect	524
12/31/2015	**13,584**

Issues of subordinated notes at December 31, 2015

Issuer	Issue date	Maturity date	Currency	Amount in millions *(original currency)*	Amount *(in millions of euros)*	Net prudential amount *(in millions of euros)*
NATIXIS	9/6/2002	9/6/2022	EUR	20	20	20
NATIXIS	11/29/2002	11/29/2027	EUR	46	46	46
NATIXIS	1/9/2003	1/9/2033	EUR	53	53	53
CFF	3/6/2003	3/6/2023	EUR	10	10	10
NATIXIS	4/1/2003	1/9/2033	EUR	7	7	7
NATIXIS	6/1/2003	3/31/2018	EUR	10	10	4
BPCE	2/20/2004	2/20/2016	EUR	308	308	9
BPCE	7/9/2004	7/9/2016	EUR	481	481	50
BPCE	10/8/2004	10/8/2016	EUR	498	498	77
BPCE	12/17/2004	12/17/2016	EUR	252	252	49
BPCE	2/18/2005	2/18/2017	EUR	498	498	113
BPCE	7/8/2005	7/8/2017	EUR	211	211	64
BPCE	9/21/2005	9/21/2017	EUR	203	203	70
BPCE	12/12/2005	1/5/2016	EUR	42	42	0
BPCE	5/23/2006	7/22/2016	EUR	73	73	8
BPCE	10/23/2006	11/4/2016	EUR	61	61	10
CRÉDIT COOPÉRATIF	11/17/2006	11/17/2016	EUR	40	40	7
NATIXIS	12/15/2006	12/15/2021	EUR	500	500	494
NATIXIS	12/22/2006	1/20/2017	EUR	495	495	105
BPCE	2/19/2007	3/13/2017	EUR	70	70	17
NATIXIS	5/31/2007	5/31/2022	EUR	100	100	106
BPCE	6/25/2007	7/10/2017	EUR	79	79	24
BPCE	11/4/2007	12/7/2017	EUR	90	90	35
BPCE	12/28/2007	1/28/2018	EUR	54	54	22
BRED	6/18/2008	6/18/2018	EUR	186	186	92
BPCE	2/13/2009	2/13/2019	EUR	546	546	341
BPCE	7/18/2013	7/18/2023	EUR	1,000	1,000	1,000
BPCE	10/22/2013	10/22/2023	USD	1,500	1,381	1,381
BPCE	1/21/2014	7/21/2024	USD	1,500	1,381	1,381
BPCE	4/16/2014	4/16/2029	GBP	750	1,018	1,018
BPCE	7/8/2014	7/8/2026	EUR	1,000	1,000	1,000
BPCE	7/11/2014	7/11/2024	USD	800	736	736
BPCE	7/25/2014	6/25/2026	EUR	350	350	350
BPCE	7/25/2014	6/25/2026	EUR	525	525	525
BPCE	9/15/2014	3/15/2025	USD	1,250	1,151	1,151
BPCE	9/30/2014	9/30/2024	EUR	410	410	410
BPCE	1/30/2015	1/30/2025	JPY	27,200	208	208
BPCE	1/30/2015	1/30/2025	JPY	7,900	61	61
BPCE	1/30/2015	1/30/2025	JPY	13,200	101	101
BPCE	2/17/2015	2/17/2025	EUR	240	240	240
BPCE	2/17/2015	2/17/2025	EUR	371	371	371
BPCE	3/24/2015	3/12/2025	EUR	375	375	375
BPCE	3/26/2015	3/26/2025	CNY	750	106	106
BPCE	4/17/2015	4/17/2035	USD	270	249	249
BPCE	4/29/2015	4/17/2035	USD	130	120	120
BPCE	6/1/2015	6/1/2045	USD	130	120	120
BPCE	6/23/2015	12/17/2025	SGD	150	97	97
BPCE	9/29/2015	9/29/2025	CHF	50	46	46
BPCE	10/27/2015	10/27/2025	AUD	175	117	117
BPCE	11/30/2015	11/30/2027	EUR	750	750	750
BPCE	12/11/2015	12/11/2025	JPY	25,100	192	192
BPCE	12/11/2015	12/11/2025	JPY	10,100	77	77
BPCE	12/11/2015	12/11/2025	JPY	500	4	4
TOTAL					**17,119**	**14,019**

A detailed breakdown of debt instruments recognized as Tier 2 capital, as required by Implementing regulation No. 1423/2013, is published at the following address: http://www.bpce.fr/en/Investors/Regulated-information/Regulatory-publication.

3.2.4 Regulatory capital requirements and risk-weighted assets

In accordance with regulation No. 575/2013 (CRR) of the European Parliament and of the Council, credit risk exposure can be measured using two approaches:

- the "standardized" approach, based on external credit ratings and specific risk weightings according to Basel categories of exposure;
- the "internal ratings based" (IRB) approach, based on the financial institution's internal ratings system, broken down into two categories:
  - the Foundation IRB approach, for which banks use only their probability of default estimates,
  - the Advanced IRB approach, for which banks use all their internal component estimates: probability of default, loss given default, exposure at default and maturity.

The methodology applied for internal ratings based approaches is described in greater detail in section 3.2.7 "Credit risk".

In addition to requirements related to counterparty risk in market transactions, the directive of June 26, 2013 provides for the calculation of an additional charge to hedge against the risk of loss associated with the counterparty's credit quality. Capital requirements for the CVA (Credit valuation adjustment) are determined using the Standardized Approach.

REGULATORY CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS

Regulatory capital requirements for credit risk and counterparty risk

The table below complies with the CRR format, presenting capital requirements for credit and counterparty risks, before the CVA and after the application of risk mitigation techniques. As a result, reconciliation with the breakdown of credit and counterparty risks presented in sections 3.2.7 and 3.2.8 is not possible.

	12/31/2015 Basel III phased-in		12/31/2014 Basel III phased-in	
in millions of euros	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Credit risk – standardized approach				
Central governments and central banks	8,260	661	8,926	714
Regional governments or local authorities	13,942	1,115	13,972	1,118
Public sector entities	3,427	274	1,765	141
Multilateral development banks	-	-	1	0
International organizations	-	-	-	-
Institutions	2,313	185	3,496	280
Corporates	60,039	4,803	63,074	5,046
Retail customers	6,896	552	7,136	571
Exposures secured by mortgages on immovable property	19,786	1,583	21,688	1,735
Exposures at default	6,182	495	5,792	463
Exposures associated with particularly high risk	25	2	31	2
Covered bonds	209	17	189	15
Exposures to institutions and corporates with a short-term credit assessment	174	14	371	30
Collective investment undertakings	1,120	90	1,883	151
Equities	106	8	47	4
Other items	8,204	656	5,740	459
Securitization positions	10,449	836	12,784	1,023
Subtotal – standardized approach	**141,132**	**11,291**	**146,895**	**11,752**
Credit risk – IRB approach				
Central governments and central banks	811	65	913	73
Institutions	7,660	613	10,027	802
Corporates	70,801	5,664	69,278	5,542
Retail customers	58,238	4,659	51,966	4,157
Equities	44,623	3,570	42,115	3,369
Securitization positions	1,850	148	2,149	172
Other non credit-obligation assets	8,845	708	8,528	682
Subtotal – IRB approach	**192,828**	**15,426**	**184,976**	**14,798**
Risk linked to contribution to central counterparty default fund	**241**	**19**	**508**	**41**
TOTAL RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS FOR CREDIT AND COUNTERPARTY RISK	**334,201**	**26,736**	**332,379**	**26,590**

Regulatory capital requirements for the Credit Valuation Adjustment (CVA)

	12/31/2015 Basel III phased-in		12/31/2014 Basel III phased-in	
in millions of euros	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
CVA risk under standardized approach	5,845	468	8,436	675
TOTAL RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS FOR THE CREDIT VALUATION ADJUSTMENT (CVA)	**5,845**	**468**	**8,436**	**675**

Regulatory capital requirements for market risks

	12/31/2015 Basel III phased-in		12/31/2014 Basel III phased-in	
in millions of euros	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Interest rate risk	2,484	199	3,205	256
Equity risk	349	28	414	33
Foreign exchange risk	2,862	229	2,466	197
Key commodity risk	1,110	89	932	75
Market risk using the standardized approach	**6,805**	**544**	**7,016**	**561**
Market risk using the IRB approach	**6,863**	**549**	**9,723**	**778**
TOTAL RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS FOR MARKET RISKS	**13,668**	**1,093**	**16,740**	**1,339**

Regulatory capital requirements for operational risk

	12/31/2015 Basel III phased-in		12/31/2014 Basel III phased-in	
in millions of euros	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Operational risk – standardized approach	37,645	3,012	35,324	2,826
TOTAL RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	**37,645**	**3,012**	**35,324**	**2,826**

Risks weighted by type of risk and by business line

	12/31/2015 Basel III phased-in				
in millions of euros	Credit risk*	CVA	Market risks	Operational risk	Total
Commercial Banking and Insurance	226,580	1,181	1,004	24,958	253,723
Investment Solutions	11,417	15	0	3,690	15,122
Corporate & Investment Banking	48,583	4,548	10,078	5,858	69,067
Specialized Financial Services	11,425	0	0	2,081	13,506
Other	36,219	101	2,586	1,058	39,964
TOTAL RISK-WEIGHTED ASSETS	**334,224**	**5,845**	**13,668**	**37,645**	**391,382**

* *Including settlement-delivery risk.*

in millions of euros	12/31/2014 Basel III phased-in Credit risk*	CVA	Market risks	Operational risk	Total
Commercial Banking and Insurance	223,644	1,674	947	24,487	250,752
Investment Solutions	10,369	13	0	3,103	13,485
Corporate & Investment Banking	47,053	6,306	12,815	5,503	71,677
Specialized Financial Services	12,242	0	0	1,964	14,206
Other	39,079	443	2,978	267	42,767
TOTAL RISK-WEIGHTED ASSETS	**332,387**	**8,436**	**16,740**	**35,324**	**392,887**

* *Including settlement/delivery risk.*

3.2.5 Capital adequacy ratios at December 31, 2015

The methods used by Groupe BPCE to calculate risk-weighted assets are described in section 3.2.4, "Regulatory capital requirements and risk-weighted assets."

REGULATORY CAPITAL AND BASEL III CAPITAL ADEQUACY RATIOS

in millions of euros	12/31/2015 Basel III phased-in	12/31/2014 Basel III phased-in
Common Equity Tier 1 (CET1)	50,957	46,587
Additional Tier 1 (AT1) capital	1,250	3,382
TOTAL TIER 1 CAPITAL (T1)	**52,207**	**49,969**
Tier 2 (T2) capital	13,584	10,568
TOTAL REGULATORY CAPITAL	**65,791**	**60,537**
Credit risk exposure	334,201	332,379
Settlement/delivery risk exposure	23	8
CVA risk exposure	5,845	8,436
Market risks exposure	13,668	16,740
Operational risk exposure	37,645	35,324
TOTAL RISK EXPOSURE	**391,382**	**392,887**
Capital adequacy ratios		
Common Equity Tier 1 ratio	13.0%	11.9%
Tier 1 ratio	13.3%	12.7%
Total capital adequacy ratio	16.8%	15.4%

Financial conglomerate ratio

As an institution exercising banking and insurance activities, Groupe BPCE is also required to comply with a financial conglomerate ratio. This ratio is determined by comparing the financial conglomerate's total capital against all the regulatory capital requirements for its banking and insurance activities.

The financial conglomerate ratio demonstrates that the institution's prudential capital sufficiently covers the total regulatory capital requirements for its banking activities (in accordance with the CRR) and insurance activities, based on the solvency margin established under Solvency 1.

The calculation of surplus capital is based on the statutory scope. Insurance company capital requirements, determined for the banking capital adequacy ratio by weighting the equity-method value, are replaced with capital requirements based on the solvency margin. Capital requirements within the banking scope are determined by multiplying risk-weighted assets by the rate in force under Pillar II, *i.e.* 9% at December 31, 2015.

At December 31, 2015, Groupe BPCE's capital exceeded the solvency margin by €28 billion.

Leverage ratio

The main purpose of the leverage ratio is to serve as an additional risk measurement for determining regulatory capital requirements. Article 429 of the CRR, which sets forth the calculation method for the leverage ratio, was amended by Commission Delegated regulation (EU) 2015/62 of October 10, 2014.

The leverage ratio has been subject to mandatory publication since January 1, 2015 and will be incorporated in the Pillar I capital requirements as from January 1, 2018.

The leverage ratio is determined by dividing Tier 1 capital by exposures, which consist of assets and off-balance sheet items, after restatements of derivatives, repo transactions and items deducted from capital.

The minimum leverage ratio requirement is currently set at 3%.

Groupe BPCE's leverage ratio, as calculated under the rules of the Delegated regulation published by the European Commission on October 10, 2014, was 4.9% at December 31, 2015 based on phased-in Tier 1 capital.

It should be noted that Groupe BPCE factored in the centralized savings exemption and is waiting on the approval of the European Central Bank.

in millions of euros	12/31/2015	12/31/2014
Tier 1 capital (Basel III phased-in)	**52,207**	**49,969**
TOTAL BALANCE SHEET	**1,166,535**	**1,223,298**
Prudential restatements	(68,639)	(66,083)
TOTAL PRUDENTIAL BALANCE SHEET	**1,097,896**	**1,157,215**
Adjustments for exposure to derivatives(1)	(48,056)	(35,620)
Adjustments for repo transactions(2)	(12,652)	4,536
Adjustment for regulated savings centralized at the Caisse des Dépôts et Consignations(3)	(65,655)	(74,194)
Off-balance sheet items (financing and guarantee commitments)	89,364	82,947
Regulatory adjustments	(5,488)	(5,712)
TOTAL LEVERAGE EXPOSURE	**1,055,409**	**1,129,172**
Leverage ratios	**4.9%**	**4.4%**

(1) *Includes netting effects applicable to derivatives under the rules of the Delegated regulation.*
(2) *Includes adjustments applicable to repo transactions under the rules of the Delegated regulation*
(3) *Subject to approval by the European Central Bank.*

Without applying the phase-in measures (except for the complete deduction of deferred tax assets on tax loss carryforwards), Groupe BPCE's leverage ratio stands at 5.0% at end-2015 *versus* 4.5% at end-2014.

MANAGEMENT OF CAPITAL ADEQUACY

Changes in Groupe BPCE's capital adequacy under Basel III between 2012 and 2015

Groupe BPCE has considerably improved its capital adequacy since 2012. Its Common Equity Tier 1 ratio of 8.9%(1) at end-2012 reached 13.2%(2) at end-2015, an improvement of approximately 430 basis points.

This improvement in the Group's capital adequacy since 2012 comes from the strengthening of Common Equity Tier 1 capital, thanks in large part to retained earnings (around +170 basis points over three years) and cooperative share inflows in the Banque Populaire and Caisse d'Epargne networks (around +100 basis points over three years). Moreover, the Group demonstrated its solid management of risk-weighted assets (an additional +150 basis points over three years) and risk profile. At €391 billion as of end-December 2015, risk-weighted assets decreased by €50 billion over the period, thanks to optimization measures taken by the Group.

Changes in Groupe BPCE's capital adequacy under Basel III during 2015 (with phase-in measures)

Groupe BPCE's capital adequacy was strengthened during 2015: the Common Equity Tier 1 ratio, which takes into account phase-in measures set out in CRR/CRD IV, reached 13.0% at December 31, 2015, thus improving on the Basel III pro forma ratio of 11.9% at December 31, 2014.

The Common Equity Tier 1 ratio improved by 110 basis points in 2015, on the back of:

- a €4.4 billion rise in Common Equity Tier 1, driven by retained earnings and cooperative share inflows in both networks;
- strict management of risk-weighted assets (€391 billion at end-2015). The Group has lowered its risk profile by €1.5 billion since end-2014, thanks in large part to the decrease in risk-weighted assets at Natixis.

Furthermore, changes in scope took place over the course of 2015, with the deconsolidation of Nexity after the disposal of additional blocks of shares (impact of +10 basis points on the Common Equity Tier 1 ratio) and the acquisition of DNCA Finance by Natixis Global Asset Management (impact of -20 basis points on the Common Equity Tier 1 ratio).

The Tier 1 ratio improved in comparison with end-2014 to 13.3% at end-2015, with the increase in the Common Equity Tier 1 ratio offsetting the exercise of a €2.1 billion call option on six Tier 1 lines. Finally, the total capital adequacy ratio, which reached 16.8% at end-2015, benefited from Tier 2 issues carried out over the year for a total of €3.2 billion.

Excluding the CRR/CRD IV phase-in measures, the Common Equity Tier 1 ratio was 12.9% at December 31, 2015 *versus* 11.7% at end-2014.

(1) *Ratio pro forma of CIC buyback and Basel III (without phase-in measures and restated for deferred tax assets on tax loss carryforwards).*
(2) *CRR/CRD IV ratio without phase-in measures and restated for deferred tax assets on tax loss carryforwards.*

Internal stress test: confirmation of Groupe BPCE's financial strength

The internal stress test conducted by the Group in 2015 confirmed its financial strength, including under severe stress conditions, with capital adequacy ratios significantly higher than the minimum requirements.

Groupe BPCE: a Global Systemically Important Bank (G-SIB)

In 2015, in line with regulatory requirements, Groupe BPCE published indicators relating to Global Systemically Important Banks. This exercise determined the initial Common Equity Tier 1 surcharge, comes into force on January 1, 2016 with phase-in arrangements over four years. This surcharge will be equivalent to 1% of risk-weighted assets for Groupe BPCE.

Capital allocation measures and capital adequacy supervision

The Group implemented actions plans in 2015 aimed specifically at ensuring the capital adequacy of its networks and its subsidiaries. For example, BPCE granted redeemable subordinated loans to Natixis (€1.0 billion), Banque Palatine (€150 million) and CASDEN Banque Populaire (€100 million), and subscribed for perpetual deeply subordinated notes issued by Natixis (€500 million) and Crédit Foncier (€550 million).

OUTLOOK

In 2016, all of Groupe BPCE will continue working to achieve the goal of enhancing its financial strength above and beyond the targets set forth in the 2014-2017 strategic plan, and has already prepared to meet the next regulatory deadlines.

The regulatory framework for bank resolution and bail-in was stabilized in 2015. New complementary indicators for capital adequacy and leverage ratios will be implemented *via* the Minimum Requirement for own funds and Eligibility Liabilities (MREL) and Total Loss Absorbing Capacity (TLAC). Groupe BPCE has already established internal oversight of these indicators.

MREL

The MREL entered into force on January 1, 2016. The Bank Recovery and Resolution Directive (BRRD) calls for the level of the MREL to be set for each bank (in line with Pillar II) by the Single Resolution Board (SRB), based on the entity's resolution strategy, liability structure analysis, and loss absorbing and recapitalization capacity. To this end, the SRB launched a highly detailed data collection campaign in first-half 2016 and will set Groupe BPCE's MREL in second-half 2016.

TLAC

Unlike the MREL, determined on a bank-by-bank basis, the TLAC requirement only concerns G-SIBs and is currently set by the FSB at 16% (excl. buffer) of risk-weighted assets (with a minimum leverage ratio denominator of 6%) on its entry into force in 2019 increased to 18% of risk-weighted assets (with a minimum leverage ratio denominator of 6.75%) as from 2022. TLAC-eligible liabilities have to meet a subordination criterion (contractual, statutory or structural). The French Treasury has published draft changes to the ranking of bank creditors. These changes, which only concern new issues, have created a new category of creditors between subordinated creditors and senior creditors. To be eligible for this new class of liabilities, securities must have a maturity of more than 1 year. By meeting the target total capital adequacy ratio of 18% by 2019, Groupe BPCE believes it will comply with the TLAC requirement.

SREP-ICAAP process

As the supervisory authority under Pillar II, the ECB conducts an annual assessment of banking institutions. This assessment, referred to as the Supervisory Review and Evaluation Process (SREP) is primarily based on the following:

- an evaluation based on information taken from prudential reports;
- documentation established by each banking institution, including in particular the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
- an assessment of the institution's governance, business model and information system.

Based on the conclusions of the SREP carried out by the ECB in 2015, Groupe BPCE must maintain a consolidated Common Equity Tier 1 ratio of 9.5% as from January 1, 2016. With a Common Equity Tier 1 ratio of 13.0% at end-2015 (with phase-in measures), Groupe BPCE has exceeded the specific capital requirements set by the ECB, even taking into account the additional 0.25% buffer for G-SIBs for 2016, thus increasing the CET1 ratio requirement to 9.75% for 2016.

As regards the internal capital adequacy assessment under Pillar II, Groupe BPCE has implemented an ICAAP based on three types of analysis to measure capital use in respect of its risk appetite:

- an analysis taking capital use under Pillar I as its starting point;
- a complementary analysis with the development of special models to cover risks not factored in or inadequately measured by Pillar I in light of the Group's business model;
- an analysis based on measurements drawn from the internal stress test.

This process aims to review the Group's capital adequacy with respect to its risk appetite.

3.2.6 Groupe BPCE risk governance

The Group Risk Management Committee, chaired by the Chairman of the Management Board, met six times during fiscal year 2015, notably to review the adequacy of Groupe BPCE's risk supervision mechanisms, and validated the Group's risk policies and limits.

The Committee found that credit, financial and operational risks are adequately covered, in line with the Group's risk appetite validated by the BPCE Management Board and Supervisory Board, as presented in the "Risk Appetite" section of Chapter 3.2.6 of this registration document and closely related to the Group strategy as described in Chapter 1 of this registration document. From a more global standpoint, this system covers all risks referred to in the Ministerial Order of November 4, 2014 on internal control.

GROUPE BPCE RISK MANAGEMENT DIVISION

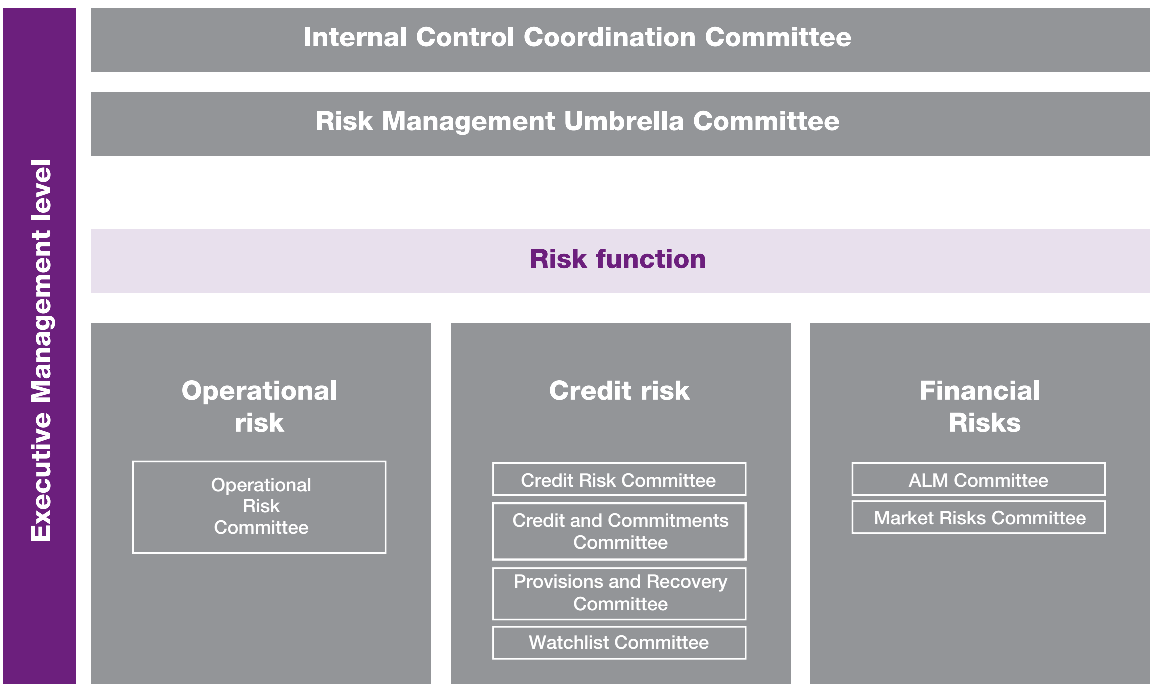
The Groupe BPCE Risk Management division measures, monitors and manages risks, pursuant to the Ministerial Order of November 3, 2014 on internal control.

It ensures that the risk management system is efficient, complete and consistent, and that risk-taking is consistent with the guidelines for the business (particularly targets and resources of the Group and its institutions, including the Risk Management function).

The Head of Group BPCE Risk Management, who is a member of the BPCE Executive Board, has a strong functional link with the Heads of Risk Management of the Group's entities, as described in the Risk Charter updated in 2015. This strategic positioning notably enables risk controls to be performed objectively due to the independence of all operational functions from the Risk function within the Group's entities; promotes a culture of risk management and the application of shared risk management standards; and ensures that managers are given independent, objective and comprehensive information on the Group's risk exposures and on any possible deterioration in its risk profile.

Groupe BPCE places a strong focus on efficient organization aimed at managing risk at the Group's entities, which is applied to all business lines, financing, customer segments, markets and regions where it operates. The governance structure is based on a series of Risk Committees coordinated by the Risk Management division plays a pervading role.

STANDARD ORGANIZATION OF RISK GOVERNANCE WITHIN A GROUP INSTITUTION(1)



(1) *Executive manager within the meaning of Article L. 511-13 of the French Monetary and Financial Code: a person responsible for managing the company.*

RISK MANAGEMENT FUNCTION AND CORPORATE RISK CULTURE

The Groupe BPCE Risk Management division oversees the Group's Risk Management functions dedicated to the management of credit, financial and operational risks. It ensures that the risk policies of the affiliates and subsidiaries comply with those of Groupe BPCE.

The Risk Management departments of the Banque Populaire banks and Caisses d'Epargne have a strong functional link with Groupe BPCE's Risk Management division. This strong functional link is enhanced for subsidiaries subject to the banking supervision regulatory framework. The subsidiaries also bound by this strong functional link include Natixis, Crédit Foncier, Banque Palatine and BPCE International. The Risk Management departments of subsidiaries not subject to the banking supervision regulatory framework have a functional reporting link with Groupe BPCE's Risk Management division.

Group institutions are responsible for defining, monitoring and managing their risk levels, as well as producing reports and data to be sent to the central institution's Risk Management division, while ensuring the quality, reliability and completeness of the data used to control and monitor risks at the company level and on a consolidated basis, in line with Group risk standards and policies.

To carry out their various projects, the Group's institutions rely on the Group Risk Management Charter. The charter, updated in 2015, specifies that each institution's supervisory body and executive managers promote the risk management culture at all levels of their organization, and that the Risk Management function coordinates the promotion of the risk management culture to all employees, in partnership with all of the other functions.

More specifically, to coordinate cross-business projects, the Groupe BPCE Risk Management division relies on the Governance and Control department, whose purpose is to provide permanent control of risks incurred by the Group's institutions, independent of the compliance risks that fall within the scope of the Group Compliance & Security division. The division also handles day-to-day coordination of the entire system, which relies on a strong functional link between the institutions' Risk Management divisions and Groupe BPCE's Risk Management division. The Risk Management division helps coordinate the Risk function and oversees supervision of Group risks, mainly based through:

- monitoring and updates of key Risk function documents such as charters and standards;
- analysis of the Risk Committees of the Banque Populaire banks, the Caisses d'Epargne and the subsidiaries;
- coordination of Risk Management function events at a series of national risk management days, including discussions and exchanges on risk-related issues, presentations on the work done by the function, training, and sharing of best practices in the credit, financial and operational fields between all Group institutions. Risk management days also present opportunities to strengthen groupwide solidarity in the risk management profession in today's ever-changing regulatory environment;
- in addition, audioconferences and regional meetings are attended by the Heads of Risk Management of the networks and subsidiaries to address current topics and events;
- a body of Risk function documents;
- support for new Heads of Risk Management of Groupe BPCE institutions *via* a special program;
- frequent trips to the Risk departments of the Banque Populaire banks and the Caisses d'Epargne to meet with the Heads of Risk Management and their teams;
- in addition to the Operational Committee meetings attended by the Group Risk Management division, general meetings are also held with the main BPCE subsidiaries (Natixis, Crédit Foncier, Banque Palatine and BPCE International) for a comprehensive review with the Head of Group Risk Management;
- publication of a newsletter, *The Risk Network*, every four months for the heads of Group institutions and the heads of the various functions, including the Sales function. Another letter is sent out more frequently, summarizing current regulatory developments;
- an annual training program offered to all Risk function employees, in conjunction with the Group Human Resources division. This program is a university training course on "internal control and risk management at financial institutions" given at Université Paris-Dauphine. Participants earn a degree upon successful completion of the course;
- and, in general, the practice of risk awareness and sharing of best practices throughout the Group.

Groupwide risk awareness is also enhanced through, among other things, efforts to expand regulatory risk expertise in the networks, regular publication of educational regulatory documents aimed at raising risk awareness at all institutions, and national risk management days regularly organized by the different Risk functions on regulatory developments.

RISK APPETITE

As a decentralized and united cooperative group, Groupe BPCE organizes its activity around share capital held predominantly by the regional institutions and centralized market funding that optimizes the resources allocated to the entities. In accordance with the cooperative nature of its constituent entities, Groupe BPCE's objective is to provide the best service to its customers over the long term, while consistently generating a profit.

Groupe BPCE is also firmly committed to generating recurring and resilient income for its cooperative shareholders and investors by offering the best service to its customers. It has also undertaken to preserve the solvency, liquidity and reputation of each of its entities and the Group as a whole – a duty assumed by the central institution through the oversight of consolidated risks, a risk policy and shared tools.

The Group focuses on the structural risks of its universal banking business model, with a predominant retail banking component in France, while incorporating other business lines necessary to provide quality service to its customers.

Groupe BPCE is gradually diversifying its exposures by developing certain activities in line with its strategic plan:

- development of the bancassurance and asset management businesses;
- international development (predominantly corporate & investment banking and asset management targeting retail banking customers).

In terms of risk profile, Groupe BPCE incurs risks intrinsically associated with its retail banking and corporate & investment banking activities.

The following risks are incurred because of its business model:

- credit risk generated by the Group's predominant lending to individual and corporate customers, which is managed under risk policies applied to all Group entities, counterparty concentration limits defined by counterparty, country and sector, and finally extensive monitoring of loan books;

- structural interest rate risk, managed under groupwide standards and limits set for each entity;
- liquidity risk, steered at Group level by allocating budget-defined liquidity to round out local customer deposits;
- operational risk, subject to groupwide data collection standards applicable to all Group entities, tools used to annually map out operational risks and report associated losses and incidents as they arise, monitoring of major risks, and action plans targeting specific risks;
- non-compliance risk, governed by permanent controls based on shared standards, a software tool used to consolidate data at Group level, compliance-specific governance , and groupwide principles aimed at mitigating non-compliance risk.

The alignment of individual customer requirements (cooperative shareholders whose funds comprise the Group's share capital) and credit investors requirements calls for very strong reputational risk aversion outside the core businesses.

The following risks are concentrated in specific scopes of activity:

- market risks;
- emerging country risk;
- securitization risk.

As the Group's business model evolves, its exposure is expanded to include certain new types of risks, such as risks linked to asset management, insurance and information systems (e.g. IT project execution, cybersecurity).

Groupe BPCE does not engage in activities if it does not have the associated risks strictly under control, nor does it exercise proprietary trading activities. Activities with high risk/reward profiles are subject to stringent oversight.

In all activities, entities and regions of operation, the Group undertakes to practice the highest ethics, execution standards and operational security.

Its risk appetite is defined as the level of risk it is ready to accept with the goal of increasing its profitability while maintaining solvency. This risk appetite must be aligned with the institution's operating environment, strategy and business model, while incorporating customer interests. In determining its risk appetite, Groupe BPCE aims to steer clear of any major pockets of concentration and optimize capital allocation.

The general framework of the Group's risk appetite, which was validated by the BPCE Supervisory Board and submitted to the European supervisor in 2015, is consistent with the "Another way to grow" strategic plan in terms of overall risk governance overseen by the executive umbrella committee (*i.e.* the Group Risk Management Committee).

More specifically, this general framework draws in turn on a framework document that gives both a qualitative and quantitative description of risks the Group is willing to take. It also describes the governance and operational principles currently in force at Groupe BPCE, updated once a year to incorporate any new regulatory developments.

The operational risk appetite system is based on indicators broken down by major risk category. There are six major risk families: solvency risk, credit risk (credit and counterparty risk, concentration risk), operational risk, financial risks (market risks and securitization risk), liquidity risk and interest rate risk. These six families are subject to indicators at the highest level of Group governance, including the new risks inherent in the Ministerial Order of November 3, 2014 on internal control, which are detailed below:

- excessive leverage risk: risk of vulnerability arising from leverage, which may call for measures to be implemented, including a fire sale of assets liable to result in losses or the revaluation of remaining assets;
- systemic risk: risk of disruption in the financial system, liable to have serious negative repercussions on the financial system and the real economy, in relation to the Recovery and Restructuring Plan (RRP);
- residual risk: the risk of credit risk mitigation techniques proving less effective than expected;
- modeling risk: risk of incurring a loss due to decisions liable to be founded predominantly on the results of internal models, due to errors in the development, implementation or use of said models;
- basis risk: risk of losses arising from a change in the value of a term contract on a market index or other product derived from a market index that does not entirely match the change in its constituent equities;
- intermediation risk: risk of default by a client or counterparty during a transaction in financial instruments backed by Groupe BPCE;
- settlement/delivery risk: this risk is associated with transactions in debt securities, equities, currencies and commodities, with the exception of repo transactions and securities borrowing & lending transactions which are not unwound after the projected delivery date.

The risk appetite system is centered on a series of successive thresholds associated with separate respective authorization levels, *i.e.*:

- a limit: the BPCE Management Board may decide, either directly or at the meetings chaired by the Board, to call for a given transaction to be brought into compliance with the limit or to allow the transaction to go ahead on an exceptional basis;
- a resilience threshold: breaching this threshold exposes the Group to potential business continuity and/or stability risk. Any such breach must be reported to the Supervisory Board and subject to a specific action plan;
- an extreme RRP risk, which can jeopardize the Group's very survival. This system is in line with projects carried out under the Recovery and Resolution Plan that all banking groups must submit to the supervisor and the relevant authorities.

A quarterly dashboard is prepared by the Group Risk Management division for the purpose of closely and extensively monitoring all risk indicators and reporting to the Group's supervisory bodies.

The risk appetite system has been adapted by the Group entities for consistent groupwide implementation.

MANAGEMENT AND AGGREGATION OF RISK DATA

The 2008 financial crisis underscored the failings of many banking institutions in quickly and effectively taking stock of their aggregate risk exposure and concentration, both in consolidated terms and for each business line or legal entity. As a result of this observation, in January 2013 the Basel Committee published 14 principles (11 of which for implementation by banks) for effective risk aggregation and reporting (BCBS 239 – Basel Committee on Banking Supervision). As of January 1, 2016, these principles are in effect for global systemically important banks, including BPCE.

The scope of these principles covers data and reports used to supervise the bank's risks: credit risk, financial risks (including liquidity and interest rate risks) and operational risk.

Groupe BPCE carried out preparatory work on a project aimed at meeting these requirements in the fields of governance, information system infrastructure, quality of data and procedures, and internal reporting practices.

This project is steered by a Strategic Planning Committee, chaired by the Chief Executive Officer in charge of Finance, Risks and Operations, with the participation of several Group entities.

FRENCH LAW ON THE SEPARATION AND REGULATION OF BANKING ACTIVITIES

Groupe BPCE updated the mapping of its market activities in 2015. In doing so, it determined that it needed to set up internal units subject to an exemption, within the meaning of law No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities. Since May 2015, the Group has used the mapping of its market activities to calculate on a quarterly basis the required indicators referred to in Article 6 of the Ministerial Order of September 9, 2015; in addition, it also calculates additional indicators, for the purpose of documentation and quantitative indicators such as the economic NBI or VaR of said internal units. Based on the analysis performed by the Group, it is not necessary to create a separate subsidiary.

In conjunction with the calculations and other work done in accordance with this law, an enhanced compliance program was adopted in 2015, in response to the Volcker Rule (a sub-section of the US Dodd-Frank Act). This program applies to the scope of BPCE SA group (*i.e.* BPCE and its subsidiaries). In a broader approach than that of the French law on the separation and regulation of banking activities, this program aims to map out all the financial and commercial activities of the smaller group, notably to ensure that they comply with the major bans imposed by the Volcker Rule, including the ban on proprietary trading and on certain activities related to covered funds.

3.2.7 Credit risk

ORGANIZATION OF CREDIT RISK MANAGEMENT

Credit risk measurement relies on rating systems adapted to each category of customer and transaction. The Groupe BPCE Risk Management division is responsible for defining and controlling the performance of these rating systems.

Ratings policy

The Risk Management division's aim is to bring all Group entities into line with a shared rating system, as ratings are one of the fundamentals used to assess risk.

Risk monitoring

The different levels of control within Group BPCE operate under the supervision of the Group Risk Management division, which is also responsible for consolidated summary reporting to the various authorities, in particular the Group Watchlist and Provisions Committee. The purpose of risk monitoring, based on indicators for each asset class, is to strengthen the quality of data used to retrace customer circumstances as well as the quality of exposures.

Ceilings and limits

The Risk Management division measures and monitors compliance with these regulatory ceilings for the Group Risk Management Committee. The system of internal ceilings, which are a level below the regulatory ceilings, is applied to all Group entities. A Group limits system has also been established for the major asset classes and for the main counterparty groups in each asset class.

The internal ceilings and Group limits systems are regularly reported to the authorities.

Finally, risk supervision is broken down by sector and subject to shared supervision with the Group institutions, resulting in procedures that stress the definition of recommendations for the institutions in what are deemed to be at-risk sectors.

RISK MEASUREMENT AND INTERNAL RATINGS

Rating system

Internal rating system models are developed based on historical data for observed defaults and losses. They are used to measure credit risks to which Groupe BPCE is exposed, expressed as a Probability of Default (PD) within one year, as a percentage of Loss Given Default (LGD) and as Credit Conversion Factors (CCF) depending on the characteristics of the transactions. The models are generally built and validated based on internal historical data from as far back as possible, in accordance with prudence and representativeness constraints (affected portfolios and economic conditions).

These internal rating systems are also applied to risk supervision, authorization systems, internal limits on counterparties, etc., and may also serve as a basis for other processes, such as statistical provisioning.

The resulting risk parameters are then used to calculate capital requirements, once they have been validated by the supervisor in compliance with regulatory requirements.

Internal rating system governance

The internal governance of rating systems is centered on the development, validation, monitoring and decisions to alter these systems. The Groupe BPCE

Risk Management division is completely independent from the rest of the Group (Banque Populaire and Caisse d'Epargne networks, Natixis, Crédit Foncier and the other subsidiaries) in conducting performance and adequacy reviews of models for credit risks, counterparty risks, and structural ALM risks. This role assigned to the Risk Management division is based on governance defined in a model validation charter, and on a map of models used throughout the Group.

The internal validation procedure for new models or for changes to existing models is broken down into three steps:

- a review of the model and its adequacy, conducted independently of the entities having worked on the model;
- a review by the Group Modeling Committee, comprised of quantitative experts (modeling specialists and validators) and business line experts who issue a technical opinion on the model;
- validation by the Group Risk Standards and Methods Committee, based on the technical opinion issued by the Group Modeling Committee, of the implementation of required changes, particularly in terms of processes and operational adaptation. These changes are submitted, where applicable, to the European supervisory authority for prior approval, in accordance with Commission Delegated regulation No. 529/2014 on changes of the Internal Ratings Based Approach in determining capital requirements.

After the completion of this governance process, internal control reports and statements of decisions are made available to Group management (and supervisors for internal models used to determine capital requirements). Each year, a summary of the performances and adequacy of internal models is presented to the Risk Management Committee of the Group Supervisory Board.

Developing a model

The Group Risk Management division relies on a formalized process describing the main steps taken in developing any new model. This document, which serves as a guide for the entire documentation and validation process, is based on:

- a literary and general description of the model, indicating its scope of application (type of counterparty, type of product, business line, etc.), the main assumptions on which it is based, and any aspects not covered;
- a descriptive diagram summarizing how the ultimately chosen model works, indicating the various inputs, processes and outputs;
- a detailed description of the modeling steps and approach:
  - setting up the working environment,
  - building a modeling sample,
  - creating samples, out-of-sample tests and out-of-time tests, where applicable,
  - comparing proposed models, where applicable,
  - justifying the choice of model (expert opinions, level of discrimination, stability, consistency, robustness, etc.);
- a literary description of the model's main risk factors.

The internal models developed must meet strict risk discrimination and qualification criteria.

Review of internal ratings-based models

The Group Risk Management division is responsible for reviewing the Group's internal models whenever a new model is being built or an existing model changed. It also performs the annual backtesting review of credit, market and ALM risk models.

The validation team conducts independent analyses in compliance with a charter and procedures that describe interactions with the modeling entities and the steps of the review. This review is based on a set of qualitative and quantitative criteria, and mainly addresses the following points:

- documentation;
- methodology, including the validity of assumptions;
- performance;
- robustness;
- compliance with regulations.

The level of detail in the review is adjusted for the type of work examined. In any event, it must at least include a documentary review of the quantitative aspects of the rating systems. For a new model or a major change to an existing model, in addition to this review, the IT codes are checked and additional tests are run (comparative calculations).

The scope of the Validation division may be expanded prior to and after an investigation of data quality, system implementation and operational integration.

In conclusion, the review issues an opinion on the validity of the models and the associated inputs for credit and counterparty risks, and for models authorized for the determination of capital requirements. It also issues an opinion on compliance with prudential regulations. Where necessary, the review is accompanied by recommendations.

Model mapping

The Risk Management division keeps an up-to-date map of Group models, clearly indicating their scope in terms of Group segments and entities, as well as their main features, including a general score derived from the annual model review characterizing the performance and freshness of each model.

The table below lists the Group's internal credit models used for risk management purposes and, when authorized by the supervisor, for the determination of capital requirements for the Banque Populaire and Caisse d'Epargne networks, Natixis and its subsidiaries, and Crédit Foncier.

PD (PROBABILITY OF DEFAULT) MODELS

Class of exposure	Portfolio	Number of models	Description/Methodology
Sovereigns, central governments and central banks	Sovereigns and affiliates	1	Expert criteria including quantitative and qualitative variables/economic and descriptive variables Portfolio with low default risk
	Multilateral development banks	1	Expert criteria Portfolio with low default risk
Public sector	Municipalities (communes), départements, regions, social housing agencies, hospitals, etc.	10 (NS*)	Expert criteria/statistical modeling (logistic regression) Portfolio with low default risk
Financial institutions	OECD or non-OECD banks, *brokers/dealers*	3	Expert criteria Portfolio with low default risk
Corporates	Large corporates (Revenues > €1 billion)	6	Expert criteria including quantitative and qualitative variables, depending on the business sector Portfolio with low default risk
	SMEs (Revenues > €3 million)	9	Statistical models (logistic regression) or flat scores, on companies publishing parent company or consolidated financial statements, mainly based on balance sheet data depending on the business sector
	Non-profits and insurance companies	2	Expert criteria including quantitative and qualitative variables Portfolio with low default risk
	Specialized Financing (real estate, asset pool, aviation, etc.)	6	Expert criteria based on features of goods or projects financed Portfolio with low default risk
Retail customers	Individual customers	7	Statistical models (logistic regression) including behavioral and socioeconomic variables, differentiated by customer profile
	Professional customers (business sectors; general, transportation-communication, tourism-hotels-catering, etc.)	10	Statistical models (logistic regression) including balance sheet and behavioral variables
	Residential real estate	5 (o/w 2 NS)	Statistical models (logistic regression) including behavioral and socioeconomic variables, or project description variables (quota, etc.), differentiated by customer profile
	Revolving loans	1	Statistical models (logistic regression) including behavioral and socioeconomic variables

* *NS refers to non-standardized models used in determining capital requirements.*

LGD (LOSS GIVEN DEFAULT) MODELS

Class of exposure	Portfolio	Number of models	Description/Methodology
Sovereigns, central governments and central banks	Sovereigns and affiliates	1	Expert criteria including quantitative and qualitative variables
Financial institutions	Banks	1	Expert criteria including quantitative and qualitative variables
Corporates	Specialized Financing (aviation, real estate, etc.)	5	Models based on estimates of asset resale conditions or future cash flows
	Other contracts (general, pre-export financing, property investment companies, etc.)	6 (o/w 1 NS)	Models based on estimated losses, segmented by type of contract and guarantee, or expert criteria
	Lease financing	1	Models based on estimates of asset resale conditions, segmented by type of asset financed
Retail customers	Residential real estate	3 (o/w 1 NS)	Models based on estimated losses, segmented by type of contract and guarantee
	Other individual and professional customers	2	Models based on estimated losses, segmented by type of contract and guarantee
	Lease financing	1	Models based on estimates of asset resale conditions, segmented by type of asset financed
	Revolving loans	1	Models based on estimated losses, segmented by type of contract

* *NS refers to non-standardized models used in determining capital requirements.*

CCF/EAD (EXPOSURE AT DEFAULT) MODELS

Class of exposure	Portfolio	Number of models	Description/Methodology
Sovereigns, central governments and central banks	Sovereigns and affiliates	1	Application of regulatory inputs
Financial institutions	Banks	1	Application of regulatory inputs
Corporates	All companies	2 (o/w 1 NS)	Conversion factors, segmented by type of contract
Retail customers	Residential real estate	3 (o/w 1 NS)	Conversion factors, segmented by type of contract
	Other individual and professional customers	2	Conversion factors and standard values, segmented by type of contract
	Revolving loans	1	Conversion factors, segmented by type of contract

* NS refers to non-standardized models used in determining capital requirements.

3

Internal ratings-based approaches – retail customers

For retail customers, Groupe BPCE has established standardized internal ratings-based methods and centralized ratings applications used to assess the credit quality of its loan books. In the Banque Populaire and Caisse d'Epargne networks, they are also used to determine capital requirements according to the Advanced IRB method.

The probability of default of retail customers is modeled by the central institution, based in large part on the banking behavior of the counterparties. The models are segmented by type of customer, distinguishing between individual and professional customers (with or without balance sheets) and according to products owned. The counterparties in each segment are automatically categorized using statistical models (usually logistic regression models) into statistically distinct homogeneous risk classes. Probability of default is estimated for each of these classes, based on the observation of average default rates over the longest period possible. These estimates are systematically adjusted to factor in a safety buffer for the uncertainty of the estimates. Where the internal history does not cover a full economic cycle, an additional safety buffer is determined in order to maintain a TTC (through the cycle) approach.

Loss given default (LGD) is an economic loss measured by taking into account all inherent factors in a transaction as well as the costs incurred during the collection process. LGD estimation models for retail customers are applied specifically to each network. LGD values are first estimated by product and based on whether or not any guarantees are in place. Other factors may also be considered secondarily, where they can be used to statistically distinguish between degrees of loss. The estimation method employed is based on the observation of marginal rates of recovery according to how long the customer has been in default. The advantage of this method is that it can be directly used to estimate LGD rates applied to performing loans and ELBE[1] rates applied to outstanding loans in default. Estimates are based on internal recovery histories for exposures at default over an extended period. Two safety buffers are then systematically added: the first to cover estimate uncertainties and the second to mitigate any economic slowdown effect.

Groupe BPCE uses three models to estimate EAD. The first estimates a Credit Conversion Factor (CCF) for off-balance sheet exposures. This model is automatically applied depending on the type of product, where the off-balance sheet has a non-zero balance. A multiplying factor is specifically applied to the balance sheet for account overdrafts, where the balance sheet has a non-zero balance but the off-balance sheet has a zero balance. Furthermore, a standard EAD is applied for accounts with credit balances and no overdrafts (authorized or unauthorized).

Internal ratings-based approaches – non-retail customers

Groupe BPCE has complete systems for measuring non-retail customer risks, using either the Foundation IRB or Advanced IRB approaches depending on the network and the customer segment.

The rating system consists in assigning a score to each counterparty. Given the Group's cooperative structure, a group of officers is responsible for using the uniqueness of the score to determine the customer's rating for the Group. The score assigned to a counterparty is usually suggested by a model, then adjusted a validated by Risk function experts after they perform an individual analysis. The counterparty rating models are mainly structured according to the type of counterparty (corporates, financial institutions, public entities, etc.) and size of the company (measured by its annual revenues). When volumes are sufficient (SMEs, ISEs, etc.), the models rely on statistical modeling (logistic regression methods) of customer defaults, combined with qualitative questionnaires. If not, expert criteria are used, consisting of quantitative factors (financial ratios, solvency, etc.) derived from financial data, and qualitative factors assessing the customer's economic and strategic components. With respect to country risk, the system is based on sovereign ratings and country ratings which cap ratings that can be given to non-sovereign counterparties.

LGD models (excluding retail customers) are predominantly applied by type of counterparty, type of asset, and whether or not any guarantees are in place. Classes of homogeneous risks are then defined, particularly in terms of recovery, procedures and type of environment. LGD estimates are assessed on a statistical basis if the number of defaults is sufficient (e.g. for the Corporates asset class). Internal recovery histories covering the longest period possible are used. If the number of defaults is insufficient, history databases and external benchmarks are used to determine expert rates (e.g. for banks and sovereigns). Finally, some

(1) Expected Loss Best Estimate.

values are based on stochastic models, where recourse has been taken on an asset. Downturn LGD is checked and safety buffers are added if necessary.

Groupe BPCE uses three models to estimate EAD for corporate customers. The first estimates a Credit Conversion Factor (CCF) for off-balance sheet exposures. This model is automatically applied depending on the type of product, where the off-balance sheet has a non-zero balance. A multiplying factor is specifically applied to the balance sheet for account overdrafts, where the balance sheet has a non-zero balance but the off-balance sheet has a zero balance. Otherwise, a standard EAD is applied for accounts with credit balances and no overdrafts (authorized or unauthorized).

Standardized approach

When the Group does not have an internal model authorized for use in determining capital requirements, it must estimate them based on corresponding inputs under the standardized approach. These are based in particular on the credit valuations (ratings) estimated by rating agencies recognized by the supervisor as meeting ECAI (External Credit Assessment Institutions) requirements, in particular Moody's, Standard & Poor's, FitchRatings and the Banque de France for Groupe BPCE.

In accordance with Article 138 of regulation No. 575/2013 (the Capital Requirements Regulation or CRR) on prudential requirements for credit institutions and investment firms, where a counterparty has been rated by several rating agencies, the counterparty's rating is determined on the basis of the second highest rating.

When an external credit rating directly applicable to a given exposure is required and exists for the issuer or for a specific issuance program, the procedures used to determine the weighting are applied in accordance with Article 139 of the CRR.

Concerning fixed-income securities (bonds), short-term external ratings of the specific issue take precedence over external ratings of the issuer. If there are no external ratings for the issue, the issuer's long-term external rating is taken into account for senior debt only, except in the specific case of exposure to institutions for which the weighting is derived from the credit quality rating of the sovereign country in which it is established.

Backtesting

All information used to measure the Group's exposure to all counterparties bearing credit risk is saved. Furthermore, all information on counterparties in default (collections, deterioration, write-offs) for the period is archived. Validity tests are conducted once a year on each of these inputs.

All three credit risk inputs are subject to backtesting each year in order to verify the performance of the rating system. More specifically, backtesting is aimed at measuring the overall performance of models used, primarily to ensure that the model's discriminating power has not declined significantly relative to the modeling period. The average of estimated and observed values is calculated over several years using the information available for each model. Observed default rates are then compared with estimated default rates for each rating. Ratings are checked for through-the-cycle applicability. More specifically, for portfolios with low default rates (large corporates, banks, sovereigns and specialized financing), a detailed analysis is carried out using additional indicators such as severity differences, adjustments to agency ratings and changes in ratings before default. A more qualitative analysis is also performed.

The scope of loss given default values is consistent with the values observed, *i.e.* limited exclusively to exposures at default. Estimated values therefore cannot be directly compared with LGD values measured in the outstanding portfolio. The average of estimated and observed values is calculated over several years using the information available for each model. Actual collections are compared with estimated collections. Downturn LGDs are also verified.

Backtesting results may call for the implementation of action plans if the system is deemed not sufficiently prudent or effective. Backtesting results and the associated action plans are discussed by the Group Modeling Committee, then validated by the Group Standards & Methods Committee (see governance of the internal rating system).

On the basis of these exercises, the rating system has been deemed satisfactory on the whole in terms of effective risk management. The calibrations are conservative with respect to observed risk: default rates observed are lower than the default rates expected over the entire cycle and over the most recent period. Losses observed on assets in default are lower than expected losses.

Current situation

Customer segment	Banque Populaire network	Caisse d'Epargne network	Subsidiaries Crédit Foncier/ Banque Palatine/ BPCE International	Natixis	BPCE SA
Central banks and other sovereign exposures	F-IRB	Standardized	Standardized	A-IRB	F-IRB
Central administrations	F-IRB	Standardized	Standardized	A-IRB	F-IRB
Public sector and similar entities	Standard	Standardized	Standardized	Standardized	Standardized
Financial institutions	F-IRB	Standardized	Standardized	A-IRB/Standardized	F-IRB
Corporates (Rev.(1) > €3 million)	F-IRB/Standardized	Standardized	Standardized	A-IRB	Standardized
Retail customers	A-IRB	A-IRB	Standardized	Standardized	

(1) *Rev.: revenues.*

Breakdown of EAD by approach for the main categories

	12/31/2015			12/31/2014		
	EAD			EAD		
as a %	Standardized	F-IRB	A-IRB	Standardized	F-IRB	A-IRB
Central banks and other sovereign exposures	49%	35%	16%	46%	16%	38%
Central administrations	49%	33%	18%	54%	33%	13%
Public sector and similar entities	99%	0%	0%	100%	0%	0%
Financial institutions	40%	14%	46%	37%	14%	49%
Corporates	35%	21%	43%	38%	21%	41%
Retail customers	17%	0%	83%	18%	0%	82%
TOTAL	**37%**	**13%**	**50%**	**39%**	**10%**	**51%**

Internal rating scale

Internal counterparty rating	S&P rating
1	AAA to AA+
2	AA to A+
3	A to A-
4	BBB+
5	BBB to BBB-
6	BB+ to BB
7	BB-
8	B+ to B
9	B- to CCC+
10	CCC and lower

QUANTITATIVE DISCLOSURES

The exposures disclosed in this chapter are presented in accordance with Basel III.

The tables below present credit and counterparty risks after the application of risk mitigation techniques, including CVA. The exposures used are based on Groupe BPCE's internal risk mapping categories, not on the categories in which the guarantors are classified. As a result, reconciliation with the breakdown of capital requirements and risk-weighted assets presented in section 3.2.4 is not possible.

Breakdown of the loan book by gross exposure category

Information provided in respect of IFRS 7.

	12/31/2015					12/31/2014		
	Total			Average over 4 quarters		Total		
in millions of euros	Exposure	EAD	RWA	Exposure	EAD	Exposure	EAD	RWA
Central banks and other sovereign exposures	141,332	141,321	7,789	142,765	142,751	158,576	158,566	8,682
Central administrations	44,016	43,931	1,187	45,986	45,901	41,802	41,300	1,013
Public sector and similar entities	94,034	89,906	20,895	94,950	90,899	96,435	92,297	21,408
Financial institutions	54,300	50,974	15,359	59,558	56,242	55,480	52,260	20,506
Corporates	279,983	236,231	136,446	277,364	234,709	269,169	229,385	136,882
Retail	389,234	368,168	82,502	385,277	364,998	376,300	357,007	77,439
Equities	14,717	14,716	45,875	15,232	15,231	15,598	15,596	44,077
Securitizations	21,489	21,294	12,944	23,681	23,432	25,057	24,846	16,550
Other assets	17,049	17,049	17,049			14,268	14,268	14,268
TOTAL	**1,056,154**	**983,590**	**340,045**			**1,052,686**	**985,524**	**340,824**

Groupe BPCE's total exposures amounted to over €1,056 billion at December 31, 2015. Retail and corporate customers remained predominant and accounted for 63% of gross exposures and 64% of risk-weighted assets. Central banks and other sovereign exposures as well as central administrations accounted for 17.5% of gross exposures and just 2.6% of risk-weighted assets.

Breakdown of the loan book by approach

Information provided in respect of IFRS 7.

	12/31/2015							12/31/2014
	Standardized			IRB			Total	Total
in millions of euros	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	Exposure
Central banks and other sovereign exposures	69,130	69,130	7,556	72,202	72,191	232	141,332	158,576
Central administrations	21,510	21,460	696	22,506	22,471	491	44,016	41,802
Public sector and similar entities	93,502	89,408	20,705	532	499	190	94,034	96,435
Financial institutions	20,822	20,155	3,940	33,478	30,819	11,420	54,300	55,480
Corporates	96,475	83,665	65,312	183,509	152,565	71,134	279,983	269,169
Retail customers	77,352	63,244	24,261	311,883	304,924	58,240	389,234	376,300
Equities	1,470	1,470	1,252	13,247	13,247	44,623	14,717	15,598
Securitizations	9,024	8,971	10,481	12,465	12,323	2,463	21,489	25,057
Other assets	8,204	8,204	8,204	8,845	8,845	8,845	17,049	14,268
TOTAL	**397,489**	**365,707**	**142,407**	**658,665**	**617,883**	**197,638**	**1,056,154**	**1,052,686**

Change in risk-weighted assets by effect

in billions of euros	
Credit and counterparty risks – 12/31/2014	**340.8**
Scope effect	0.3
Foreign exchange effect	2.7
Securitizations managed on a run-off basis	(3.3)
Changes in methodology and models	(2.9)
Organic changes	2.5
Credit and counterparty risks – 12/31/2015	**340.0**

Breakdown by region (gross exposure) – excluding retail customers, equities, securitizations and other asset classes

Information provided in respect of IFRS 7.

	12/31/2015						12/31/2014
in millions of euros	France	Europe (excl. France)	North & South America	Asia/Oceania	Africa and the Middle East	Total	Total
Central banks and other sovereign exposures	71,645	60,289	7,798	578	1,022	141,332	158,576
Central administrations	23,010	15,715	2,257	575	2,459	44,016	41,802
Public sector and similar entities	85,934	3,494	2,499	2,005	102	94,034	96,435
Financial institutions	17,719	20,807	8,149	4,931	2,693	54,300	55,480
Corporates	184,184	45,090	30,093	10,339	10,277	279,983	269,169
TOTAL	**382,492**	**145,394**	**50,796**	**18,429**	**16,553**	**613,665**	**621,463**

The vast majority of the Group's gross risk exposure remained in Europe (86%), including a significant concentration in its historic market of France (62%). This trend applies to the main asset classes.

Breakdown by sector (gross exposure) – corporate asset class

in millions of euros	12/31/2015 Corporates	12/31/2014 Corporates
Finance insurance	37,676	38,253
Real estate rentals	30,194	28,202
Energy	28,170	24,170
Real estate	22,634	23,139
Holding companies and diversified	17,791	16,833
Transportation	13,381	11,820
Services	12,445	12,449
Construction and public works	11,468	11,424
Distribution – Trade	11,175	12,059
International commodities trade	10,438	10,145
Electrical and mechanical construction	10,119	9,596
Staple industries	9,340	8,511
Food industries	8,265	8,055
Pharma – Healthcare	7,931	7,307
Consumer goods	7,725	7,320
Media	6,511	5,269
Technology	5,797	4,560
Tourism – Hotels – Catering	4,843	4,791
Utilities	3,913	4,536
Administration	619	920
Other	19,549	19,810
TOTAL	**279,983**	**269,169**

Oil & Gas

Exposures to the Oil & Gas sector account for 1.6% of Groupe BPCE's total gross exposures.

The activities it finances are highly diversified, with 46% of financing going to oil and gas majors and national oil companies, and 49% of exposures have an investment grade rating.

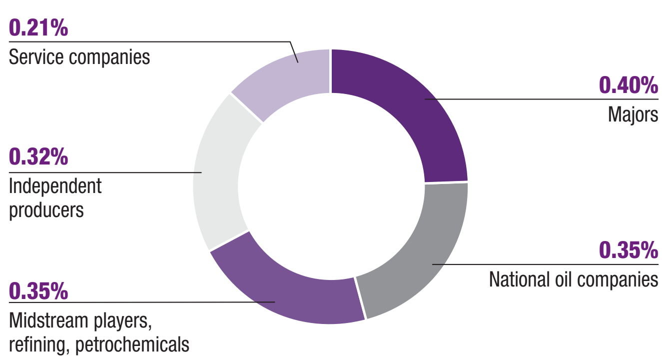
Independent producers have been hit hardest by the collapse in oil prices, and Groupe BPCE's exposure to this segment is limited (0.32% of gross exposures).

At December 31, 2015, exposure at default accounted for just 1.5% of gross exposures in this sector.

Mining & Metals

Exposures to the Mining & Metals sector account for 0.5% of Groupe BPCE's total gross exposures. The businesses covered are highly diversified and 41% of exposures have an investment grade rating.

BREAKDOWN OF EXPOSURES IN THE OIL & GAS SECTOR (1.6% OF THE GROUP'S TOTAL GROSS EXPOSURES)



Concentration by borrower[1]

Information provided in respect of IFRS 7.

	12/31/2015		12/31/2014	
	Breakdown (Gross amounts relative to total large risks)	Weight relative to capital (Gross amounts/capital)	Breakdown (Gross amounts relative to total large risks)	Weight relative to capital (Gross amounts/capital)
Largest borrower	3.5%	8.4%	4.1%	9.9%
Top 10 borrowers	20.7%	49.5%	21.9%	52.5%
Top 50 borrowers	54.9%	131.0%	56.2%	134.5%
Top 100 borrowers	76.4%	182.4%	78.8%	188.5%

The percentage of the 100 largest borrowers decreased in 2015 and did not show any particular concentration.

Exposures by credit quality using the standardized and IRB approach

Information provided in respect of IFRS 7.

The credit quality scale used for the central banks, central administrations, public sector and similar entities, financial institutions, corporates and retail customers categories is broken down in the table below.

The mapping of this scale is as follows:

- standardized approach: based on weighting, exposure category, and payment in arrears (a payment in arrears is systematically given a rating of 10), after taking guarantees into account;
- IRB: on the basis of mapping conducted on the final rating by rating scale.

(1) *Excluding central banks, other sovereign exposures and central administrations.*

Breakdown of the loan book by approach

in millions of euros	External rating[(1)]	12/31/2015 1 – Standardized Exposure[(2)]	12/31/2015 1 – Standardized EAD	12/31/2015 2 – IRB Exposure[(2)]	12/31/2015 2 – IRB EAD	12/31/2014 1 – Standardized Exposure[(2)]	12/31/2014 1 – Standardized EAD	12/31/2014 2 – IRB Exposure[(2)]	12/31/2014 2 – IRB EAD
CENTRAL BANKS AND OTHER SOVEREIGN EXPOSURES	1	69,130	69,130	71,088	71,088	71,665	71,665	84,702	84,702
	2	0	0	403	403	-	-	159	159
	3	-	-	5	5	-	-	2	2
	4	-	-	-	-	-	-	-	-
	5	-	-	337	337	-	-	465	465
	6	-	-	26	26	1,186	1,186	23	23
	7	-	-	-	-	-	-	-	-
	8	-	-	320	310	-	-	345	335
	9	-	-	-	-	-	-	-	-
	10	-	-	-	-	-	-	8	8
Total excl. non-performing		**69,130**	**69,130**	**72,180**	**72,170**	**72,851**	**72,851**	**85,704**	**85,693**
Non-performing		0	0	21	21	0	0	21	21
CENTRAL ADMINISTRATIONS	1	17,479	17,430	17,268	17,268	17,731	17,231	14,895	14,894
	2	594	594	2,188	2,153	759	759	2,895	2,895
	3	3,229	3,229	2,756	2,756	3,431	3,431	1,196	1,196
	4	-	-	-	-	-	-	-	-
	5	36	36	197	197	510	510	131	130
	6	171	171	25	25	115	115	11	11
	7	-	-	-	-	-	-	8	7
	8	-	-	28	28	57	57	5	5
	9	-	-	-	-	-	-	-	-
	10	-	-	10	10	-	-	27	27
Total excl. non-performing		**21,510**	**21,460**	**22,473**	**22,437**	**22,604**	**22,104**	**19,168**	**19,165**
Non-performing		0	0	33	33	0	0	31	31
PUBLIC SECTOR AND SIMILAR ENTITIES	1	2,210	2,169	131	131	10,026	9,717	108	107
	2	49,962	47,784	128	95	48,323	46,287	75	75
	3	14,183	13,652	38	38	4,052	3,892	2	2
	4	7,165	6,915	232	232	1,727	1,686	16	16
	5	10,022	9,609	0	0	6,420	6,197	42	39
	6	7,170	6,714	3	3	8,250	7,737	43	43
	7	1,354	1,269	-	-	1,604	1,544	0	0
	8	1,245	1,152	0	0	14,905	14,168	62	61
	9	11	11	-	-	260	241	-	-
	10	24	24	-	-	276	269	-	-
Total excl. non-performing		**93,346**	**89,298**	**532**	**499**	**95,843**	**91,739**	**347**	**343**
Non-performing		155	109	-	-	241	210	5	5
FINANCIAL INSTITUTIONS	1	6,361	6,353	350	344	9,664	9,646	1,000	968
	2	4,719	4,694	8,676	7,700	3,672	3,663	9,039	8,039
	3	5,571	5,557	15,795	15,325	3,956	3,919	15,395	14,896
	4	280	272	3,328	3,231	342	337	3,317	3,229
	5	533	515	3,321	2,568	397	378	4,131	3,598
	6	3,228	2,642	1,308	1,189	1,686	1,235	1,309	1,106
	7	118	116	235	163	0	0	207	152
	8	8	5	300	174	108	106	238	117
	9	0	0	53	16	0	0	131	60
	10	0	0	11	9	-	-	517	445
Total excl. non-performing		**20,818**	**20,154**	**33,378**	**30,720**	**19,824**	**19,283**	**35,284**	**32,611**
Non-performing		4	1	100	99	10	3	363	363
CORPORATES	1	1,224	1,212	3,003	2,871	772	767	3,315	2,565
	2	6,427	6,258	18,737	15,098	6,563	6,232	17,580	14,640
	3	4,110	3,775	27,592	19,239	2,824	2,460	24,394	16,830
	4	4,451	4,190	12,556	10,833	3,874	3 ,683	11,672	9,346
	5	10,976	9,514	39,946	32,330	9,146	7,958	40,289	32,722
	6	35,478	30,325	46,461	40,948	39,393	35,367	42,181	37,958
	7	8,334	7,561	12,802	11,138	8,764	7,903	10,255	9,177
	8	18,097	16,360	13,147	11,448	19,766	18,153	11,897	10,325
	9	1,193	1,105	1,413	1,232	1,400	1,283	1,574	1,350
	10	627	498	1,057	933	720	671	594	558
Total excl. non-performing		**90,917**	**80,798**	**176,714**	**146,070**	**93,222**	**84,478**	**163,751**	**135,471**
Non-performing		5,557	2,867	6,795	6,495	5,339	2,908	6,857	6,527
RETAIL CUSTOMERS	1	12,184	11,767	-	-	12,301	11,709	-	-
	2	-	-	53,013	52,038	-	-	50,485	49,465
	3	-	-	45,040	44,375	0	0	42,250	41,580
	4	34	34	58,943	58,091	46	45	55,130	54,303
	5	28,817	28,043	48,827	47,644	27,175	26,481	46,364	45,548
	6	29,838	18,260	35,901	34,801	32,472	21,378	34,366	33,646
	7	819	813	24,517	23,775	1,404	1,366	23,037	22,473
	8	42	41	14,041	13,463	30	29	13,616	13,243
	9	214	204	10,826	10,582	183	182	10,936	10,772
	10	1,699	1,642	10,580	10,279	1,752	1,723	11,326	11,102
Total excl. non-performing		**73,646**	**60,803**	**301,689**	**295,049**	**75,363**	**62,912**	**287,510**	**282,132**
Non-performing		3,706	2,441	10,194	9,875	3,403	2,304	10,024	9,658
Total excl. non-performing		**369,367**	**341,644**	**606,966**	**566,944**	**379,707**	**353,367**	**591,763**	**555,415**
Total non-performing		**9,423**	**5,418**	**17,143**	**16,524**	**8,993**	**5,426**	**17,300**	**16,605**
TOTAL		**378,790**	**347,062**	**624,109**	**583,469**	**388,699**	**358,793**	**609,064**	**572,020**

(1) *Standard & Poor's rating.*
(2) *Gross exposure.*

Measuring credit quality using the standardized approach and the IRB approach shows more than 52% of gross exposures to be low-risk (between AAA and A-), representing an improvement on 2014. More than 91% of exposures are between AAA and BB-.

Exposures by credit quality using the F-IRB approach – Central banks and other sovereign exposures, Central administrations, Public sector and similar entities, Financial institutions and Corporates asset classes

F-IRB[1] *in millions of euros*	12/31/2015							
	External rating[2]	Exposure	o/w balance sheet	o/w off-balance sheet	EAD	EL	RWA	Average RW[3]
CENTRAL BANKS AND OTHER SOVEREIGN EXPOSURES	1	48,748	48,748	-	48,748	-	-	0%
	2	-	-	-	-	-	-	
	3	-	-	-	-	-	-	
	4	-	-	-	-	-	-	
	5	337	337	-	337	0	70	21%
	6	-	-	-	-	-	-	-
	7	-	-	-	-	-	-	
	8	-	-	-	-	-	-	
	9	-	-	-	-	-	-	
	10	-	-	-	-	-	-	
Total excl. non-performing		**49,085**	**49,085**	**0**	**49,085**	**0**	**70**	**0%**
Non-performing		-	-	-	-	-	-	
CENTRAL ADMINISTRATIONS	1	12,702	12,700	2	12,702	0	24	0%
	2	5	5	-	5	0	0	8%
	3	1,594	1,594	-	1,594	0	191	12%
	4	-	-	-	-	-	-	
	5	42	42	-	42	0	9	21%
	6	23	23	0	23	0	0	2%
	7	-	-	-	-	-	-	
	8	-	-	-	-	-	-	-
	9	-	-	-	-	-	-	
	10	0	0	0	0	0	1	255%
Total excl. non-performing		**14,367**	**14,364**	**2**	**14,367**	**0**	**225**	**2%**
Non-performing		-	-	-	-	-	-	
PUBLIC SECTOR AND SIMILAR ENTITIES	1	88	88	-	88	-	-	0%
	2	2	2	-	2	0	0	21%
	3	-	-	-	-	-	-	-
	4	-	-	-	-	-	-	
	5	-	-	-	-	-	-	
	6	1	1	0	1	0	1	117%
	7	-	-	-	-	-	-	
	8	-	-	-	-	-	-	-
	9	-	-	-	-	-	-	
	10	-	-	-	-	-	-	
Total excl. non-performing		**91**	**91**	**0**	**91**	**0**	**2**	**2%**
Non-performing		-	-	-	-	-	-	
FINANCIAL INSTITUTIONS	1	152	109	-	152	0	18	12%
	2	1,778	894	673	1,776	0	307	17%
	3	3,707	1,154	1,675	3,530	1	786	22%
	4	771	109	350	732	1	341	47%
	5	412	77	330	327	1	221	68%
	6	610	337	273	541	4	578	107%
	7	146	7	140	110	0	53	48%
	8	84	35	49	71	1	110	155%
	9	3	-	3	2	0	3	166%
	10	-	-	-	-	-	-	
Total excl. non-performing		**7,665**	**2,722**	**3,493**	**7,240**	**8**	**2,417**	**33%**
Non-performing		31	31	0	31	14	-	
CORPORATES[4]	1	22	21	1	22	0	0	1%
	2	1,826	1,176	126	1,786	0	254	14%
	3	3,067	2,623	437	2,888	1	396	14%
	4	2,196	1,469	711	2,036	2	897	44%
	5	8,489	5,848	2,614	7,654	17	4,740	62%
	6	23,961	20,200	3,683	22,840	93	13,163	58%
	7	5,482	4,109	1,350	5,097	57	5,114	100%
	8	5,873	4,458	1,365	5,439	126	6,698	123%
	9	552	440	108	516	26	851	165%
	10	229	185	42	217	21	407	187%
Total excl. non-performing		**51,696**	**40,530**	**10,438**	**48,495**	**344**	**32,520**	**67%**
Non-performing		2,229	1,769	455	2,066	911	-	
Total F-IRB excl. non-performing		**122,903**	**106,791**	**13,933**	**119,278**	**352**	**35,234**	
Total F-IRB non-performing		**2,260**	**1,800**	**455**	**2,097**	**925**	**-**	
TOTAL F-IRB		**125,163**	**108,591**	**14,388**	**121,375**	**1,277**	**35,234**	

(1) The “gross exposure” column includes both credit and counterparty risks. The “balance sheet” and “off-balance sheet exposure” columns relate only to credit risk.
(2) Standard & Poor’s rating.
(3) Weighted by EAD.
(4) Excluding specialized financing calculated by weighting.

F-IRB[1] *in millions of euros*	12/31/2014 External rating[2]	Exposure	o/w balance sheet	o/w off-balance sheet	EAD	EL	RWA	Average RW[3]
CENTRAL BANKS AND OTHER SOVEREIGN EXPOSURES	1	25,615	25,615	-	25,615	-	-	0%
	2	-	-	-	-	-	-	
	3	-	-	-	-	-	-	
	4	-	-	-	-	-	-	
	5	450	450	-	450	0	69	15%
	6	-	-	-	-	-	-	
	7	-	-	-	-	-	-	
	8	-	-	-	-	-	-	
	9	-	-	-	-	-	-	
	10	-	-	-	-	-	-	
Total excl. non-performing		**26,065**	**26,065**	**0**	**26,065**	**0**	**69**	**0%**
Non-performing		-	-	-	-	-	-	
CENTRAL ADMINISTRATIONS	1	11,802	11,796	5	11,801	0	8	0%
	2	976	976	-	976	0	78	8%
	3	1,023	1,023	-	1,023	0	123	12%
	4	-	-	-	-	-	-	
	5	22	22	-	22	0	3	15%
	6	-	-	-	-	-	-	
	7	8	3	5	7	0	7	111%
	8	-	-	-	-	-	-	
	9	-	-	-	-	-	-	
	10	0	0	0	0	0	1	257%
Total excl. non-performing		**13,832**	**13,820**	**10**	**13,829**	**0**	**221**	**2%**
Non-performing		0	0	-	0	0	-	
PUBLIC SECTOR AND SIMILAR ENTITIES	1	98	97	1	97	0	9	9%
	2	73	69	1	73	0	12	17%
	3	1	1	-	1	0	0	32%
	4	16	3	-	16	0	8	51%
	5	42	20	22	39	0	27	68%
	6	42	20	4	42	1	52	124%
	7	0	0	-	0	0	1	217%
	8	60	9	1	60	2	99	165%
	9	-	-	-	-	-	-	
	10	-	-	-	-	-	-	
Total excl. non-performing		**332**	**218**	**29**	**328**	**2**	**207**	**63%**
Non-performing		5	5	0	5	2	-	
FINANCIAL INSTITUTIONS	1	354	248	-	354	0	88	25%
	2	2,333	1,337	695	2,329	0	455	20%
	3	2,545	1,102	779	2,466	1	819	33%
	4	326	69	135	290	0	167	58%
	5	835	226	584	760	2	612	81%
	6	583	211	308	504	3	405	80%
	7	190	0	190	143	0	55	38%
	8	20	14	6	19	0	27	146%
	9	16	2	14	12	0	20	167%
	10	501	224	277	432	18	861	199%
Total excl. non-performing		**7,703**	**3,434**	**2,988**	**7,308**	**25**	**3,509**	**48%**
Non-performing		25	25	-	25	11	-	
CORPORATES[4]	1	44	40	4	43	0	7	16%
	2	1,648	879	194	1,563	1	264	17%
	3	3,329	2,776	515	3,137	1	543	17%
	4	1,748	991	753	1,530	2	682	45%
	5	7,029	4,827	2,164	6,381	15	4,244	67%
	6	23,422	20,180	3,170	22,420	104	14,506	65%
	7	5,306	3,988	1,293	4,930	56	5,387	109%
	8	6,122	4,635	1,427	5,637	133	7,610	135%
	9	570	459	108	536	27	941	176%
	10	247	196	49	231	23	490	212%
Total excl. non-performing		**49,464**	**38,970**	**9,677**	**46,410**	**361**	**34,674**	**71%**
Non-performing		2,398	1,916	480	2,224	964	7	
Total F-IRB excl. non-performing		**97,396**	**82,507**	**12,704**	**93,940**	**388**	**38,679**	
Total F-IRB non-performing		**2,428**	**1,946**	**480**	**2,253**	**977**	**7**	
TOTAL F-IRB		**99,824**	**84,453**	**13,184**	**96,193**	**1,366**	**38,686**	

(1) The "gross exposure" column includes both credit and counterparty risks. The "balance sheet" and "off-balance sheet exposure" columns relate only to credit risk.
(2) Standard & Poor's rating.
(3) Weighted by EAD.
(4) Excluding specialized financing calculated by weighting.

Specialized financing exposures calculated by weighting using the IRB approach

in millions of euros	12/31/2015			12/31/2014		
Weighting	**Gross exposure**	**RWA**	**EL**	**Gross exposure**	**RWA**	**EL**
0%	0.2	-	-	2.1	-	1.1
50%	-	-	-	-	-	-
70%	-	-	-	-	-	-
90%	9.6	8.6	0.1	10.0	9.0	0.1
115%	-	-	-	-	-	-
250%	-	-	-	-	-	-
TOTAL	**9.7**	**8.6**	**0.1**	**12.1**	**9.0**	**1.1**

Exposures by credit quality using the A-IRB approach – Central banks and other sovereign exposures, Central administrations, Public sector and similar entities, Financial institutions and Corporates asset classes

	12/31/2015										
A-IRB[(1)] *in millions of euros*	**External rating**[(2)]	**Average PD rate**[(3)]	**Exposure**	**o/w balance sheet**	**o/w off-balance sheet**	**Average CCF**	**EAD**	**EL**	**Average LGD**	**RWA**	**Average RW**[(4)]
CENTRAL BANKS AND OTHER SOVEREIGN EXPOSURES	1	0.00%	22,340	21,022	-		22,340	-	7%	-	0%
	2	0.01%	403	388	-		403	0	27%	8	2%
	3	0.02%	5	4	-		5	0	37%	1	11%
	4		-	-	-		-	-		-	
	5	0.05%	0	-	-		0	0	37%	0	5%
	6	1.28%	26	8	-		26	0	35%	10	40%
	7		-	-	-		-	-		-	
	8	3.19%	320	307	13	20%	310	2	46%	143	46%
	9		-	-	-		-	-		-	
	10		-	-	-		-	-		-	
Total excl. non-performing		**0.04%**	**23,095**	**21,730**	**13**	**20%**	**23,085**	**2**	**8%**	**162**	**1%**
Non-performing		-	21	21	-		21	21	0%	-	
CENTRAL ADMINISTRATIONS	1	0.00%	4,566	3,467	724	100%	4,566	0	7%	1	0%
	2	0.01%	2,183	704	51	100%	2,147	0	27%	41	2%
	3	0.02%	1,162	520	307	100%	1,162	0	37%	94	8%
	4		-	-	-		-	-		-	
	5	0.05%	156	141	14	100%	156	0	37%	32	21%
	6	0.95%	2	2	-		2	0	58%	3	145%
	7		-	-	-		-	-		-	
	8	3.19%	28	11	17	100%	28	0	47%	48	171%
	9		-	-	-		-	-		-	
	10	20.93%	10	6	4	100%	10	2	83%	46	464%
Total excl. non-performing		**0.04%**	**8,106**	**4,852**	**1,117**	**100%**	**8,071**	**2**	**18%**	**264**	**3%**
Non-performing		-	33	33	-		33	33	0%	-	
PUBLIC SECTOR AND SIMILAR ENTITIES	1	0.00%	42	3	-		42	-	8%	-	0%
	2	0.04%	126	0	102	68%	93	0	37%	10	11%
	3	0.02%	38	33	-		38	0	37%	3	7%
	4	0.24%	232	8	-		232	0	44%	172	74%
	5	0.39%	0	0	-		0	0	28%	0	31%
	6	0.92%	2	2	-		2	0	73%	4	163%
	7		-	-	-		-	-		-	
	8		-	-	-		-	-		-	
	9		-	-	-		-	-		-	
	10		-	-	-		-	-		-	
Total excl. non-performing		**0.15%**	**441**	**47**	**102**	**68%**	**408**	**0**	**38%**	**188**	**46%**
Non-performing			-	-	-		-	-		-	
FINANCIAL INSTITUTIONS	1	0.07%	198	42	7	20%	192	1	9%	14	7%
	2	0.03%	6,898	1,189	69	20%	5,925	0	16%	339	6%
	3	0.07%	12,089	3,256	451	35%	11,795	2	20%	1,370	12%
	4	0.20%	2,557	288	443	87%	2,499	1	26%	772	31%
	5	0.45%	2,908	1,316	871	29%	2,242	3	33%	1,190	53%
	6	1.41%	698	384	105	52%	648	6	63%	1,020	157%
	7	2.04%	89	38	44	20%	53	1	94%	119	223%
	8	3.47%	216	59	150	25%	103	3	85%	250	242%
	9	3.93%	50	6	44	18%	14	0	85%	37	267%
	10	9.68%	11	7	2	20%	9	1	67%	29	313%
Total excl. non-performing		**0.17%**	**25,714**	**6,586**	**2,186**	**42%**	**23,480**	**19**	**22%**	**5,139**	**22%**
Non-performing		-	68	68	-		68	60	0%	-	
CORPORATES	1	0.01%	2,981	1,871	322	59%	2,849	3	15%	39	1%
	2	0.03%	16,911	6,859	8,182	56%	13,311	6	33%	1,242	9%
	3	0.07%	24,516	5,429	14,134	42%	16,342	4	32%	2,862	18%
	4	0.21%	10,359	4,801	4,206	63%	8,797	5	29%	2,611	30%
	5	0.52%	31,457	14,682	14,780	54%	24,676	28	26%	8,983	36%
	6	1.71%	22,500	11,229	9,715	55%	18,108	101	27%	11,223	62%
	7	2.31%	7,319	4,297	2,566	50%	6,041	29	24%	3,397	56%
	8	4.59%	7,274	4,291	2,645	53%	6,009	56	23%	4,306	72%
	9	8.26%	861	516	295	51%	716	9	21%	501	70%
	10	15.61%	828	513	295	62%	716	20	16%	572	80%
Total excl. non-performing		**1.08%**	**125,008**	**54,489**	**57,140**	**52%**	**97,565**	**261**	**28%**	**35,734**	**37%**
Non-performing		-	4,566	3,775	719	81%	4,429	2,071	0%	2,006	
Total A-IRB excl. non-performing			**182,364**	**87,703**	**60,558**		**152,608**	**285**		**41,487**	
Total A-IRB non-performing			**4,689**	**3,898**	**719**		**4,552**	**2,186**		**2,006**	
TOTAL A-IRB			**187,053**	**91,601**	**61,277**		**157,160**	**2,471**		**43,494**	

(1) The "gross exposure" column includes both credit and counterparty risks. The "balance sheet" and "off-balance sheet exposure" columns relate only to credit risk.
(2) Standard & Poor's rating.
(3) On performing (including sensitive) and unrated EADs.
(4) Weighted by EAD.

A-IRB[1] *in millions of euros*	External rating[2]	Average PD rate[3]	Exposure	o/w balance sheet	o/w off-balance sheet	Average CCF	EAD	EL	Average LGD	RWA	Average RW[4]
	12/31/2014										
CENTRAL BANKS AND OTHER SOVEREIGN EXPOSURES	1	0.00%	59,087	56,530	-		59,087	-	7%	-	0%
	2	0.01%	159	144	-		159	0	26%	3	2%
	3	0.02%	2	1	-		2	0	37%	0	11%
	4		-	-	-		-	-		-	
	5	0.03%	15	15	-		15	0	37%	1	7%
	6	0.04%	23	-	-		23	0	47%	1	5%
	7		-	-	-		-	-		-	
	8	1.31%	345	332	13	20%	335	2	47%	306	91%
	9		-	-	-		-	-		-	
	10	22.23%	8	8	-		8	1	59%	26	338%
Total excl. non-performing		**0.01%**	**59,639**	**57,031**	**13**	**20%**	**59,629**	**3**	**7%**	**338**	**1%**
Non-performing			21	21	-		21	21	0%	-	
CENTRAL ADMINISTRATIONS	1	0.00%	3,093	668	420	100%	3,093	0	7%	0	0%
	2	0.01%	1,919	150	125	100%	1,919	0	24%	18	1%
	3	0.02%	173	137	3	100%	173	0	37%	20	12%
	4		-	-	-		-	-		-	
	5	0.03%	109	41	16	96%	108	0	67%	42	39%
	6	1.34%	11	11	-		11	0	9%	3	28%
	7		-	-	-		-	-		-	
	8	1.31%	5	5	0	100%	5	0	47%	6	123%
	9		-	-	-		-	-		-	
	10	22.23%	26	26	1	100%	26	4	68%	103	392%
Total excl. non-performing		**0.12%**	**5,336**	**1,038**	**564**	**100%**	**5,335**	**4**	**16%**	**193**	**4%**
Non-performing			31	31	-		31	31	0%	-	
PUBLIC SECTOR AND SIMILAR ENTITIES	1	0.00%	10	3	-		10	-	8%	-	0%
	2	0.26%	2	2	-		2	0	29%	0	17%
	3	0.05%	1	0	-		1	0	27%	0	8%
	4	0.24%	0	0	-		0	0	15%	0	13%
	5	0.64%	0	0	-		0	0	15%	0	17%
	6	7.62%	1	1	-		1	0	27%	1	106%
	7		-	-	-		-	-		-	
	8	3.73%	1	0	-		1	0	31%	1	110%
	9		-	-	-		-	-		-	
	10		-	-	-		-	-		-	
Total excl. non-performing		**0.78%**	**15**	**6**	**-**		**15**	**0**	**14%**	**3**	**17%**
Non-performing			0	0	-		0	-	0%	0	
FINANCIAL INSTITUTIONS	1	0.05%	646	55	40	20%	614	3	29%	149	24%
	2	0.03%	6,705	1,179	97	20%	5,710	1	15%	1,403	25%
	3	0.08%	12,850	3,521	715	41%	12,430	2	22%	4,411	35%
	4	0.22%	2,991	322	182	71%	2,939	2	30%	1,923	65%
	5	0.51%	3,296	1,575	1,056	57%	2,839	6	39%	2,012	71%
	6	1.60%	726	367	159	22%	602	7	70%	1,181	196%
	7	2.25%	17	2	9	20%	10	0	65%	29	303%
	8	3.25%	218	35	150	20%	99	3	79%	259	263%
	9	5.03%	115	30	83	20%	49	2	83%	126	259%
	10	12.46%	17	13	4	20%	13	1	67%	42	314%
Total excl. non-performing		**0.20%**	**27,581**	**7,098**	**2,497**	**46%**	**25,303**	**26**	**25%**	**11,536**	**45%**
Non-performing			338	338	-		338	301	0%	-	
CORPORATES	1	0.19%	3,272	1,810	1,065	30%	2,522	3	14%	66	3%
	2	0.03%	15,932	6,454	7,329	61%	13,077	51	32%	1,448	11%
	3	0.09%	21,065	4,541	12,757	42%	13,693	4	31%	3,143	23%
	4	0.21%	9,923	3,554	5,248	60%	7,816	5	30%	2,528	32%
	5	0.50%	33,260	16,889	13,583	49%	26,341	30	26%	9,369	36%
	6	1.67%	18,749	10,417	6,826	55%	15,528	91	28%	9,145	59%
	7	2.40%	4,950	2,869	1,606	56%	4,246	25	28%	2,917	69%
	8	4.21%	5,775	3,321	2,223	51%	4,688	42	22%	3,201	68%
	9	7.64%	1,004	597	331	51%	814	14	25%	778	96%
	10	13.81%	347	306	38	48%	327	10	21%	319	98%
Total excl. non-performing		**0.94%**	**114,277**	**50,757**	**51,006**	**51%**	**89,051**	**275**	**28%**	**32,916**	**37%**
Non-performing			4,457	3,593	769	80%	4,302	1,523	0%	1,991	
Total A-IRB excl. non-performing			**206,848**	**115,930**	**54,080**		**179,333**	**308**		**44,985**	
Total A-IRB non-performing			**4,847**	**3,983**	**769**		**4,691**	**1,876**		**1,991**	
TOTAL A-IRB			**211,694**	**119,912**	**54,849**		**184,025**	**2,184**		**46,975**	

(1) The "gross exposure" column includes both credit and counterparty risks. The "balance sheet" and "off-balance sheet exposure" columns relate only to credit risk.
(2) Standard & Poor's rating.
(3) On performing (including sensitive) and unrated EADs.
(4) Weighted by EAD.

3

Exposures by credit quality using the A-IRB approach – retail customers

A-IRB[1] *in millions of euros*	12/31/2015 External rating[2]	Average PD rate[3]	Exposure	o/w balance sheet	o/w off-balance sheet	Average CCF	EAD	EL	Average LGD	RWA	Average RW[4]
EXPOSURES GUARANTEED BY A MORTGAGE ON A REAL ESTATE ASSET (EXCL. SMES)	1		-	-	-		-	-		-	
	2	0.06%	34,114	32,886	1,228	63%	33,661	3	12%	701	2%
	3	0.13%	29,812	29,040	772	59%	29,499	5	12%	1,110	4%
	4	0.27%	42,365	41,203	1,162	60%	41,897	14	12%	2,744	7%
	5	0.70%	19,248	18,579	670	62%	18,994	17	13%	2,497	13%
	6	1.58%	9,097	8,540	557	65%	8,911	18	12%	1,993	22%
	7	3.00%	9,840	9,025	815	69%	9,588	37	13%	3,201	33%
	8	6.63%	3,623	3,348	275	67%	3,534	32	13%	1,876	53%
	9	13.61%	3,145	3,055	90	65%	3,113	61	14%	2,323	75%
	10	33.28%	2,119	2,071	48	69%	2,104	103	15%	1,769	84%
Total excl. non-performing		**1.38%**	**153,364**	**147,747**	**5,617**	**63%**	**151,302**	**288**	**12%**	**18,214**	**12%**
Non-performing		-	2,141	2,131	10	8%	2,132	580	0%	740	
EXPOSURES GUARANTEED BY A MORTGAGE ON A REAL ESTATE ASSET (O/W SMES)	1		-	-	-		-	-		-	
	2		-	-	-		-	-		-	
	3		-	-	-		-	-		-	
	4		-	-	-		-	-		-	
	5	0.50%	9,181	8,966	215	58%	9,091	8	18%	1,142	13%
	6	1.90%	10,882	10,661	221	55%	10,786	44	19%	3,229	30%
	7	3.62%	3,807	3,629	178	61%	3,738	26	19%	1,712	46%
	8	6.31%	3,451	3,335	116	53%	3,396	41	19%	2,129	63%
	9	11.13%	2,768	2,689	80	58%	2,735	54		2,094	77%
	10	28.23%	2,940	2,849	92	57%	2,901	156	19%	2,587	89%
Total excl. non-performing		**5.28%**	**33,030**	**32,128**	**902**	**57%**	**32,647**	**329**	**18%**	**12,894**	**39%**
Non-performing		-	1,587	1,583	4	1%	1,583	543	-	595	
REVOLVING EXPOSURES	1		-	-	-		-	-		-	
	2	0.06%	2,178	489	1,689	80%	1,845	1	45%	37	2%
	3	0.13%	1,592	365	1,226	82%	1,370	1	47%	53	4%
	4	0.27%	1,527	386	1,141	79%	1,286	2	47%	89	7%
	5	0.70%	1,640	696	944	86%	1,506	5	49%	227	15%
	6	2.90%	719	280	439	70%	595	1	44%	177	30%
	7	2.92%	715	292	423	86%	655	9	45%	276	42%
	8	6.23%	262	132	130	88%	247	7	44%	167	68%
	9	12.66%	331	203	127	91%	319	18	41%	305	96%
	10	30.23%	222	163	59	91%	217	28	43%	275	127%
Total excl. non-performing		**2.17%**	**9,186**	**3,007**	**6,179**	**81%**	**8,041**	**73**	**46%**	**1,606**	**20%**
Non-performing		-	223	213	10	5%	213	142	0%	31	
OTHER EXPOSURES TO RETAIL CUSTOMERS (O/W SMES)	1		-	-	-		-	-		-	
	2		-	-	-		-	-		-	
	3		-	-	-		-	-		-	
	4		-	-	-		-	-		-	
	5	0.50%	8,517	7,199	1,317	55%	7,923	12	29%	1,443	18%
	6	2.15%	10,303	8,547	1,754	49%	9,676	53	29%	2,974	31%
	7	3.53%	3,935	3,246	689	62%	3,671	39	29%	1,317	36%
	8	6.11%	4,728	3,878	848	55%	4,343	81	30%	1,681	39%
	9	10.85%	2,605	2,207	397	62%	2,455	77	28%	1,076	44%
	10	26.44%	4,005	3,464	541	58%	3,777	302	30%	2,171	57%
Total excl. non-performing		**5.99%**	**34,093**	**28,541**	**5,546**	**55%**	**31,845**	**564**	**29%**	**10,663**	**33%**
Non-performing		-	4,140	3,809	331	17%	3,865	2,281	0%	2,090	
OTHER EXPOSURES TO RETAIL CUSTOMERS (EXCL. SMES)	1		-	-	-		-	-		-	
	2	0.06%	16,721	15,962	759	75%	16,531	2	16%	462	3%
	3	0.13%	13,636	13,029	607	78%	13,506	3	18%	766	6%
	4	0.26%	15,051	14,433	619	77%	14,908	7	18%	1,394	9%
	5	0.68%	10,241	9,721	519	79%	10,130	14	20%	1,841	18%
	6	1.82%	4,900	4,505	394	77%	4,833	20	22%	1,361	28%
	7	2.77%	6,220	5,652	568	83%	6,123	40	22%	1,987	32%
	8	6.05%	1,977	1,785	191	82%	1,942	30	24%	748	38%
	9	12.84%	1,977	1,871	106	84%	1,960	69	25%	995	51%
	10	31.80%	1,294	1,231	62	78%	1,280	108	28%	898	70%
Total excl. non-performing		**1.64%**	**72,017**	**68,190**	**3,827**	**78%**	**71,214**	**293**	**19%**	**10,452**	**15%**
Non-performing		-	2,103	2,074	29	24%	2,081	949	0%	955	
Total A-IRB excl. non-performing			**301,689**	**279,613**	**22,069**		**295,049**	**1,552**		**53,829**	
Total A-IRB non-performing			**10,194**	**9,810**	**383**		**9,875**	**4,490**		**4,411**	
TOTAL A-IRB			**311,883**	**289,423**	**22,453**		**304,924**	**6,042**		**58,240**	

(1) *The "gross exposure" column includes both credit and counterparty risks. The "balance sheet" and "off-balance sheet exposure" columns relate only to credit risk.*
(2) *Standard & Poor's rating.*
(3) *On performing (including sensitive) and unrated EADs.*
(4) *Weighted by EAD.*

	12/31/2014										
A-IRB[1] *in millions of euros*	**External rating**[2]	**Average PD rate**[3]	**Exposure**	**o/w balance sheet**	**o/w off-balance sheet**	**Average CCF**	**EAD**	**EL**	**Average LGD**	**RWA**	**Average RW**[4]
EXPOSURES GUARANTEED BY A MORTGAGE ON A REAL ESTATE ASSET (EXCL. SMES)	1		-	-	-		-	-		-	
	2	0.07%	31,460	30,585	875	61%	31,115	3	15%	934	3%
	3	0.15%	27,396	26,843	552	57%	27,157	7	15%	1,471	5%
	4	0.32%	38,935	38,108	827	56%	38,574	20	15%	3,633	9%
	5	0.70%	18,197	17,757	440	58%	18,011	20	15%	2,893	16%
	6	1.49%	8,259	7,922	338	61%	8,128	18	15%	2,088	26%
	7	3.17%	8,867	8,420	447	65%	8,709	41	14%	3,448	40%
	8	6.98%	3,265	3,106	158	62%	3,204	34	14%	1,925	60%
	9	14.94%	3,054	3,004	50	58%	3,032	67	14%	2,385	79%
	10	37.85%	2,162	2,134	29	59%	2,150	118	15%	1,747	81%
Total excl. non-performing		**1.57%**	**141,594**	**137,879**	**3,715**	**59%**	**140,081**	**327**	**15%**	**20,524**	**15%**
Non-performing			1,954	1,946	8	16%	1,947	828	0%	474	
EXPOSURES GUARANTEED BY A MORTGAGE ON A REAL ESTATE ASSET (O/W SMES)	1		-	-	-		-	-		-	
	2		-	-	-		-	-		-	
	3		-	-	-		-	-		-	
	4		-	-	-		-	-		-	
	5	0.54%	8,300	8,160	140	53%	8,235	7	15%	867	11%
	6	2.13%	10,535	10,360	175	51%	10,450	41	15%	2,564	25%
	7	3.73%	3,554	3,452	103	52%	3,505	20	15%	1,237	35%
	8	6.47%	3,331	3,245	87	50%	3,288	32	15%	1,544	47%
	9	11.33%	2,756	2,706	49	53%	2,733	45	14%	1,595	58%
	10	29.26%	3,001	2,928	73	48%	2,963	130	15%	2,011	68%
Total excl. non-performing		**5.73%**	**31,478**	**30,851**	**627**	**52%**	**31,175**	**275**	**15%**	**9,818**	**31%**
Non-performing			1,497	1,492	5	0%	1,492	668	0%	306	
REVOLVING EXPOSURES	1		-	-	-		-	-		-	
	2	0.07%	2,149	517	1,632	71%	1,680	1	42%	34	2%
	3	0.15%	1,572	385	1,188	75%	1,270	1	43%	51	4%
	4	0.30%	1,496	406	1,090	72%	1,190	2	43%	86	7%
	5	0.68%	1,641	729	912	80%	1,456	5	44%	201	14%
	6	3.48%	835	373	462	66%	680	9	38%	197	29%
	7	3.05%	720	308	412	85%	657	9	40%	254	39%
	8	6.51%	267	138	129	90%	254	7	37%	153	60%
	9	13.82%	357	227	130	94%	350	19	35%	300	86%
	10	34.04%	247	186	61	92%	242	30	37%	264	109%
Total excl. non-performing		**2.66%**	**9,283**	**3,268**	**6,016**	**75%**	**7,778**	**81**	**41%**	**1,540**	**20%**
Non-performing			250	241	10	10%	242	163	0%	53	
OTHER EXPOSURES TO RETAIL CUSTOMERS (O/W SMES)	1		-	-	-		-	-		-	
	2		-	-	-		-	-		-	
	3		-	-	-		-	-		-	
	4		-	-	-		-	-		-	
	5	0.54%	8,178	6,960	1,217	79%	7,918	9	21%	1,051	13%
	6	2.35%	10,178	8,823	1,354	81%	9,922	57	22%	2,309	23%
	7	3.65%	3,821	3,175	645	79%	3,684	30	22%	955	26%
	8	6.32%	4,792	3,959	832	75%	4,586	69	23%	1,353	30%
	9	11.02%	2,739	2,338	401	76%	2,644	65	22%	859	32%
	10	27.34%	4,484	3,898	586	74%	4,331	275	23%	1,916	44%
Total excl. non-performing		**6.58%**	**34,192**	**29,152**	**5,035**	**78%**	**33,084**	**504**	**22%**	**8,443**	**26%**
Non-performing			4,232	3,897	335	16%	3,950	2,516	0%	1,204	
OTHER EXPOSURES TO RETAIL CUSTOMERS (EXCL. SMES)	1		-	-	-		-	-		-	
	2	0.06%	16,876	16,014	862	76%	16,671	2	14%	406	2%
	3	0.13%	13,282	12,676	606	79%	13,153	3	16%	669	5%
	4	0.27%	14,700	14,027	673	76%	14,539	6	16%	1,216	8%
	5	0.60%	10,047	9,478	569	79%	9,928	11	17%	1,487	15%
	6	1.65%	4,558	4,112	446	79%	4,465	17	20%	1,181	26%
	7	2.94%	6,075	5,278	797	80%	5,918	36	20%	1,708	29%
	8	6.51%	1,961	1,709	252	80%	1,911	27	20%	634	33%
	9	14.35%	2,031	1,930	101	82%	2,013	66	22%	915	45%
	10	36.37%	1,432	1,367	65	75%	1,415	113	23%	812	57%
Total excl. non-performing		**1.86%**	**70,963**	**66,592**	**4,370**	**78%**	**70,013**	**281**	**16%**	**9,030**	**13%**
Non-performing			2,090	2,021	69	9%	2,027	1,150	0%	580	
Total A-IRB excl. non-performing			**287,510**	**267,742**	**19,764**		**282,132**	**1,467**		**49,355**	
Total A-IRB non-performing			**10,024**	**9,597**	**427**		**9,658**	**5,325**		**2,616**	
TOTAL A-IRB			**297,534**	**277,339**	**20,191**		**291,790**	**6,792**		**51,971**	

(1) The "gross exposure" column includes both credit and counterparty risks. The "balance sheet" and "off-balance sheet exposure" columns relate only to credit risk.
(2) Standard & Poor's rating.
(3) On performing (including sensitive) and unrated EADs.
(4) Weighted by EAD.

Forbearance, performing and non-performing exposures

Forbearance contracts (restructured due to the customer's financial difficulties) and performing/non-performing counterparties are included in FINREP reporting. This information is added to the disclosures already provided on default and impairment. This process was implemented groupwide in mid-2015 and accompanied by an expert opinion-based qualification guide for unusual situations, such as short, medium and long-term corporate financing, sub-contracting collections to an external company, financing for real estate professionals, LBO financing and other leveraged transactions.

Outstanding loans that are restructured due to the customer's financial difficulties are presented in Note 7.1.5 of the Groupe BPCE consolidated financial statements.

CREDIT RISK MITIGATION TECHNIQUES

Information provided in respect of IFRS 7.

Credit risk mitigation techniques are widely used within the Group and are divided into real guarantees and personal guarantees. Residual risk, defined as the risk of credit risk mitigation techniques proving less effective than expected, is closely monitored in accordance with the Ministerial Order of November 3, 2014 on internal control.

Definition of guarantees

A real guarantee is a guarantee or other equivalent collateral whose purpose is to:

- reduce the credit risk incurred on an exposure given the law of the institution subject to exposure, in the event of default or other specific credit events affecting the counterparty;
- liquidate;
- preserve;
- obtain the transfer of ownership of certain amounts or assets.

A personal guarantee is collateral that reduces the credit risk on an exposure, due to the commitment provided by a third party to pay a set amount if the counterparty defaults or due to any other specific event.

Accounting method using the standardized or A-IRB approach

Under the standardized approach, personal guarantees and real guarantees are taken into account, subject to eligibility, using an enhanced weighting of the guarantee portion of the exposure. Real guarantees such as cash or liquid collateral are deducted from the gross exposure.

Under the F-IRB approach, real guarantees are taken into account, subject to eligibility, by decreasing the Loss Given Default applicable to the transactions. Personal guarantees are taken into account, subject to eligibility, by substituting a third party's PD with that of a guarantor.

Under the A-IRB approach for retail customers, personal guarantees and real guarantees are taken into account, subject to eligibility, by decreasing the Loss Given Default applicable to the transactions in question.

Conditions for the incorporation of guarantees

Articles 207 to 210 of Capital Requirements Regulation (CRR) No. 575/2013 set out the conditions for the proper incorporation of guarantees, in particular:

- there is no significant positive correlation between the borrower's credit quality and the instrument's value. Debt securities issued by the borrower are not eligible;
- the surety is duly documented and accompanied by a strict procedure authorizing rapid debt collection;
- the bank has duly documented procedures in place, that are adapted to the various types and amounts of instruments used;
- the bank sets the market value of the instrument and restates it where necessary, in particular when this market value deteriorates significantly.

Risk diversification

Risk diversification is governed by regulatory ceilings, internal ceilings and Group individual limits. Group entities are also subject to individual limits, sometimes sector limits, and geographic limits.

Providers of guarantees

The Caisse d'Epargne network mainly uses the services of Compagnie Européenne de Garanties et de Cautions (CEGC), *Fonds de garantie à l accession sociale à la propriété* (FGAS) and, to a lesser extent, Crédit Logement (a financial institution and a subsidiary of most of the main French banking networks). These institutions specialize in guaranteeing bank loans, especially home loans.

CEGC is rated A by Standard & Poor's, with a stable outlook.

FGAS offers guarantees from the French government for secured loans. Loans with FGAS guarantees granted before December 31, 2006 are given a 0% weighting and loans granted guarantees after that date have a risk weighting of 15%.

Crédit Logement has a rating of long-term Aa3 from Moody's, with a stable outlook.

The Banque Populaire network has historically used Mutual Guarantee Companies, particularly mutual guarantee companies (known as SOCAMAs, which guarantee loans to craftsmen), in addition to the real guarantees used. It also turns to CASDEN Banque Populaire to back loans to civil servants of the French national education system, Crédit Logement and increasingly CEGC.

For home loans, the Banque Populaire and Caisse d'Epargne networks also use several mutual insurers, such as MGEN, Mutuelle de la Gendarmerie, etc.

Banque Publique d'Investissement continues to be used for professional and corporate customers.

Valuation and management of instruments comprising real guarantees

The revaluation tool for real-estate guarantees is available to both networks.

The Banque Populaire network currently uses the tool for the revaluation of real estate guarantees, business assets and pledged assets for all risk segments.

Across the Banque Populaire network, in addition to real estate guarantees, the revaluation tool also takes into account pledges of vehicles, pledges of materials and equipment, pleasure craft mortgage loans, and pledges of business assets.

The Caisse d'Epargne network uses the tool for the revaluation of home loans guarantees in all risk segments.

The Caisse d'Epargne network mainly takes into account two types of real guarantees (residential mortgages and guarantees from Mutual Guarantee Companies), as these represent the majority of real guarantees (or with equivalent effect) received. An enhanced valuation process has been implemented for guarantees above certain amounts.

Furthermore, the Group is also working to strengthen oversight of guarantees at all its institutions.

Personal and physical guarantees by category of exposure

	12/31/2015				
	Personal guarantees		Physical guarantees		
in millions of euros	Total personal guarantees	o/w credit derivatives	Total physical guarantees	o/w real	o/w financial
Central banks and other sovereign exposures	-	-	-	-	-
Central administrations	1,116	-	279	82	196
Public sector and similar entities	3,468	-	24	17	7
Financial institutions	843	-	1,144	1,142	2
Corporates	17,613	-	17,243	12,339	4,904
Retail customers	134,481	-	74,885	73,875	1,011
TOTAL	**157,521**	**-**	**93,577**	**87,455**	**6,121**

The total amount of personal guarantees increased during the fiscal year, from €144.8 billion at December 31, 2014 to €157.5 billion at end-2015. The total amount of physical guarantees also rose over the year, from €91.6 billion at end-2014 to €93.6 billion at end-2015.

	12/31/2014				
	Personal guarantees		Physical guarantees		
in millions of euros	Total personal guarantees	o/w credit derivatives	Total physical guarantees	o/w real	o/w financial
Central banks and other sovereign exposures	-	-	-	-	-
Central administrations	712	-	79	71	-
Public sector and similar entities	2,425	-	21	21	-
Financial institutions	2,107	-	1,174	1,172	2
Corporates	18,261	-	15,833	11,572	4,261
Retail customers	121,308	-	74,522	73,950	573
TOTAL	**144,813**	**-**	**91,628**	**86,786**	**4,835**

TERMINOLOGY

Central banks and other sovereign exposures: regulated savings centralized with Caisse des dépôts et consignations, deferred tax assets and reserves.

Central administrations: receivables from sovereigns, central administrations and similar bodies, multilateral development banks and international organizations.

Public sector and similar entities: receivables from national public institutions, local authorities or other public sector entities, including private social housing agencies.

Financial institutions: receivables from regulated credit institutions and similar bodies, including clearing houses.

Corporates: other receivables, in particular from large corporates, SMEs, ISEs, insurance companies, funds, etc.

Retail customers: receivables from individual customers, very small enterprises, professional customers and individual entrepreneurs.

Exposure to retail customers is also broken down into a number of categories: residential mortgage-backed exposures (excl. SMEs), residential mortgage-backed exposures (incl. SMEs), revolving exposures, other exposures to retail customers (incl. SMEs) and other exposures to retail customers (excl. SMEs).

Securitizations: receivables related to securitization transactions.

Equities: exposures representing investments in associates.

Other assets: this category includes all assets other than those whose risk relates to third parties (fixed assets, goodwill, residual values on lease financing agreements, etc.).

EAD (Exposure at Default): the amount owed by the customer at the effective default date. This amount is the sum of the remaining principal, past-due payments, accrued interest not yet due, fees and penalties.

RWA (Risk-Weighted Assets): the calculation of credit risks is further refined using a more detailed risk weighting that incorporates counterparty default risk and receivables default risk.

PD (Probability of Default): the likelihood that a given counterparty will ultimately default.

LGD (Loss Given Default): the loss that the bank can expect to incur in the event of default.

CR: capital requirement.

CCF: credit conversion factor.

3.2.8 Counterparty risk

ORGANIZATION OF COUNTERPARTY RISK MANAGEMENT

Counterparty risk is the credit risk generated on market, investment and/or settlement transactions. It is the risk of the counterparty not being able to meet its obligations to Group institutions. Counterparty risk is also linked to the cost of replacing a derivative if the counterparty defaults. It is similar to market risk in the event of default. Counterparty risk arises on cash management and market activities conducted with customers, and on clearing activities *via* a clearing house or external clearing agent.

Exposure to counterparty risk is measured using the internal ratings-based approach and the standardized approach, as described in Chapter 3.2.7 of this document. BPCE SA group manages counterparty risk daily using a standardized approach, given the nature of vanilla transactions.

COUNTERPARTY RISK MITIGATION TECHNIQUES

Counterparty risk is subject to group ceilings and limits, as defined in Chapter 3.2.7 "Credit risk" of this document. These ceilings and limits are validated by the Group Credit Committee.

Use of clearing houses and agreements on transactions in futures (daily margin calls) govern relations with the main customers (mainly Natixis).

The principles of counterparty risk management are based on:

- a risk measurement determined with respect to the nature of the instruments in question, the term of the transactions, and whether or not any netting and collateralization agreements are in place;
- counterparty risk limits and allocation procedures;
- a value adjustment in respect of counterparty risk: the CVA (Credit Value Adjustment) represents the market value of a counterparty's default risk (see CVA section below);
- incorporation of specific wrong way risk: this is the risk generated by a transaction for which the counterparty's default risk and the market value of the position are co-dependent. This risk is regularly monitored and subject to a special capital requirements calculation.

CVA

The valuation of financial instruments traded over-the-counter by Groupe BPCE with external counterparties in its capital market activities (mainly Natixis) and ALM management include credit valuation adjustments. The CVA is an adjustment to the valuation of the portfolio of transactions aimed at factoring in counterparty credit risk. It thus reflects the expectation of loss in fair value terms on the existing exposure to a counterparty due to the potential positive value of the contract, the counterparty's probability of default and the estimated recovery rate.

The level of the CVA varies according to changes in exposure to existing counterparty risk and in the counterparty's credit rating, which may trigger changes in the CDS spread used to determine probability of default.

QUANTITATIVE DISCLOSURES

The tables below provide data on counterparty risk only.

Breakdown of gross counterparty risk exposures by asset class (excluding other assets)

Information provided in respect of IFRS 7.

	12/31/2015							12/31/2014		
	Standardized			IRB			Total			
in millions of euros	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	Exposure	EAD	RWA
Central banks and other sovereign exposures	-	-	-	1,352	1,352	7	1,352	2,596	2,596	2
Central administrations	786	786	-	2,138	2,102	20	2,924	3,762	3,762	45
Public sector and similar entities	745	745	181	292	292	175	1,037	1,096	1,096	328
Financial institutions	12,321	12,321	1,723	18,392	17,474	6,802	30,714	32,490	31,572	11,253
Corporates	2,893	2,659	759	14,181	14,166	5,200	17,074	18,610	18,298	7,293
Retail customers	10	10	8	6	6	3	16	10	10	6
Equities	-	-	-	-	-	-	-	-	-	-
Securitizations	-	-	-	2,887	2,856	674	2,887	3,299	3,161	1,702
TOTAL	**16,755**	**16,521**	**2,671**	**39,249**	**38,249**	**12,882**	**56,003**	**61,863**	**60,495**	**20,629**

A large majority of counterparty risk is carried by the financial institutions segment (73.5%).

CVA-weighted risks

in millions of euros	12/31/1015	12/31/2014
Central banks and other sovereign exposures	-	-
Central administrations	2	-
Public sector and similar entities	-	-
Financial institutions	4,884	6,534
Corporates	879	1,236
Retail customers	-	-
Equities	0	0
Securitizations	81	666
Other assets	-	-
TOTAL	**5,845**	**8,436**

Exposure to counterparty risk relating to derivatives and repo transactions

	12/31/2015			12/31/2014		
in millions of euros	Standardized	IRB	Total	Standardized	IRB	Total
Derivatives						
Central banks and other sovereign exposures		455	455		271	271
Central administrations	739	491	1,230	3	2,159	2,162
Public sector and similar entities	744	292	1,036	997	94	1,090
Financial institutions	9,756	10,581	20,338	10,520	11,586	22,106
Corporates	2,772	8,264	11,036	3,686	8,444	12,131
Retail customers	10	6	16	6	4	10
Securitizations	-	2,887	2,887	213	3,085	3,299
TOTAL	**14,021**	**22,976**	**36,997**	**15,426**	**25,543**	**41,069**
Repurchase agreements						
Central banks and other sovereign exposures		897	897		2,325	2,325
Central administrations	47	1,647	1,694	23	1,576	1,600
Public sector and similar entities	1		1	6		6
Financial institutions	2,510	7,811	10,321	2,703	7,681	10,384
Corporates	121	5,917	6,038	1,496	4,983	6,480
Retail customers			-			
Securitizations						
TOTAL	**2,679**	**16,273**	**18,952**	**4,228**	**16,566**	**20,794**

3.2.9 Securitization transactions

PRUDENTIAL REQUIREMENTS

Prudential requirements relating to securitization positions are governed by Articles 242 to 266 of the Capital Requirements Regulation (CRR) No. 575/2013 and are distinct from conventional loans. The Group uses two methods to measure exposure to securitization risk: the standardized approach and the internal ratings-based approach with special weighting categories.

MANAGEMENT OF SECURITIZATION WITHIN GROUP BPCE

Banking book EAD amounted to just over €21.3 billion at December 31, 2015 (down €3.5 billion year-on-year), *i.e.* 2% of Group outstandings, consisting predominantly of positions carried by BPCE arising from the transfer of a portfolio of home loans and public asset securitizations from Crédit Foncier in September 2014.

The decrease in EAD is primarily carried by BPCE. In fiscal year 2015, risk-weighted assets declined by more than €3 billion due to disposals in run-off portfolios (notably positions with a risk weight of 50%).

Trading book EAD increased by €797 million, with risk-weighted assets stable on the back of an improved average risk weighting.

Outstandings within the scope of Corporate & Investment Banking (formerly GAPC – workout portfolio management) and BPCE are managed under a run-off method, whereby positions are gradually amortized but still managed (including disposals) in order to safeguard the Group's interests by actively reducing positions under acceptable pricing conditions.

Note:

- Crédit Foncier's securitization positions, which boast solid credit quality, were sold to BPCE at their actual value, with no impact on the Group's consolidated financial statements (over 90% of the securitization portfolio was transferred to BPCE on September 25, 2014). These exposures are recognized in loans and receivables ("L&R") and do not present a significant risk of loss at completion, as confirmed by the external audit carried out at the time of the transfer. This audit confirmed the robustness of the quarterly internal stress test carried out and the credit quality of the securitization portfolio, which mostly comprises investment grade European RMBS;
- residual Natixis workout portfolio management positions, transferred at end-June 2014 to the Corporate & Investment Banking business line, are managed on a run-off basis.

The various relevant portfolios are specially monitored by the entities and subsidiaries, and by the central institution. Depending on the scope involved, dedicated management or steering committees regularly review the main positions and management strategies.

The central institution's Risk Management division carries out regular reviews of securitization exposures (quarterly mapping), changes in portfolio structure, risk-weighted assets and potential losses. Regular assessments of potential losses are discussed by the Umbrella Committee, as are disposal opportunities.

At the same time, special purpose surveys are conducted by the teams on potential losses and changes in risk-weighted assets through internal stress scenarios (risk-weighted assets and loss at completion).

Risk-weighted assets are monitored according to changes in ratings and impacts associated with methodology adjustments made by the rating agencies. In addition, performance is also monitored with the aim of anticipating rating changes and credit risk. RWA is calculated on the basis of ratings issued by authorized agencies, which rate the transactions in which the Group invests.

Finally, the Risk Management division controls risks associated with at-risk securitization positions by identifying ratings downgrades and monitoring changes in exposures (valuation, detailed analysis). Major exposures are systematically submitted to the quarterly Group Watchlist and Provisions Committee to determine the appropriate level of provisioning.

BREAKDOWN OF SECURITIZATION ACTIVITIES

Breakdown of total outstandings

BREAKDOWN OF OUTSTANDINGS BY TYPE OF SECURITIZATION

	Banking book			
	12/31/2015		12/31/2014	
in millions of euros	Outstandings	EAD	Outstandings	EAD
Conventional securitization	19,337	19,253	23,735	23,524
Synthetic securitization	2,152	2,041	1,322	1,322
TOTAL	**21,489**	**21,294**	**25,057**	**24,846**

	Trading book			
	12/31/2015		12/31/2014	
in millions of euros	Outstandings	EAD	Outstandings	EAD
TOTAL	**3,142**	**3,142**	**2,344**	**2,344**

Outstandings were down over the year, due in large part to disposals in the workout portfolios.

BREAKDOWN OF EAD BY TYPE OF PORTFOLIO

in millions of euros	2015	2014	Change
Banking book			
Investors	14,224	18,840	(4,616)
Originators	2,191	1,394	797
Sponsors	4,879	4,612	267
Sub-total	**21,294**	**24,846**	**(3,552)**
Trading book	3,142	2,344	798
TOTAL	**24,436**	**27,190**	**(2,754)**

BREAKDOWN OF RWA BY TYPE OF PORTFOLIO

in millions of euros	2015	2014	Change
Banking book			
Investors	11,875	15,196	(3,321)
Originators	391	117	274
Sponsors	597	571	26
Sub-total	**12,863**	**15,884**	**(3,021)**
Trading book	547	595	(48)
TOTAL	**13,410**	**16,479**	**(3,069)**

BREAKDOWN OF EAD BY RISK WEIGHT CATEGORY – BANKING BOOK UNDER THE IRB APPROACH

	12/31/2015				12/31/2014(1)			
	Banking book under the IRB approach		Trading book		Banking book under the IRB approach		Trading book	
in millions of euros	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization
7% – 10%	4,691	-	1,033	-	5,004	0		
12% – 18%	1,484	396	99	-	1,298	129	59	0
20% – 35%	3,040	-	2,000	-	3,485	238	2,259	0
40% – 75%	42	38	3	-	98	40	16	0
100%	108	-	4	-	16	0	0	0
150%	-	-	-	-	0	0		
200%	-	-	-	-	0	0		
225%	-	-	-	-	0	0		
250%	6	-	-	-	9	0		
300%	-	-	0	-	0	0		
350%	-	-	1	-	0	0		
425%	6	-	-	-	13	0	10	0
500%	-	-	-	-	0	1		
650%	0	-	-	-	1	0		
750%	-	-	-	-	0	0		
850%	-	-	-	-	0	0		
1,250% including capital deduction	241	6	3	0	350	27	0	0
Transparency method	35	-			74	143		
Regulatory formula method	2,228	-			1,690	0		
TOTAL	**11,882**	**440**	**3,142**	**0**	**12,038**	**578**	**2,344**	**0**

(1) EAD exposure indications, pro forma 2014.

BREAKDOWN OF EAD BY RISK WEIGHT CATEGORY – BANKING BOOK UNDER THE STANDARDIZED APPROACH

	12/31/2015	12/31/2014
in millions of euros	Securitization	Securitization
20%	3,500	4,461
40%	98	191
50%	1,302	3,295
100%	2,406	2,416
225%	-	1
350%	1,147	1,465
650%	-	
1,250%	205	226
Transparency method	314	175
TOTAL	**8,971**	**12,230**

3

Banking book securitizations

BREAKDOWN OF INVESTOR SECURITIZATION OUTSTANDINGS

	12/31/2015				12/31/2014			
	Banking book				Banking book			
	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA	EAD	EAD	RWA	RWA
Balance sheet exposure	10,947	325	11,156	108	14,547	316	13,424	148
Off-balance sheet exposure	2,837	116	550	61	3,716	261	1,367	257
TOTAL	**13,784**	**440**	**11,706**	**169**	**18,262**	**577**	**14,791**	**405**

BREAKDOWN OF INVESTOR SECURITIZATION OUTSTANDINGS BY PRINCIPAL CATEGORY OF UNDERLYING ASSETS

as a %	12/31/2015	12/31/2014
RMBS	53%	55%
CDOs	26%	23%
ABS	20%	18%
Other	1%	4%
TOTAL	**100%**	**100%**

BREAKDOWN OF INVESTOR SECURITIZATION OUTSTANDINGS BY RATING

	12/31/2015		12/31/2014	
as a %	Equivalent rating Standard & Poor's	Banking book	Equivalent rating Standard & Poor's	Banking book
Investment grade	AAA	16%	AAA	20%
	AA+	3%	AA+	3%
	AA	17%	AA	11%
	AA-	6%	AA-	5%
	A+	5%	A+	5%
	A	19%	A	20%
	A-	3%	A-	6%
	BBB+	7%	BBB+	0%
	BBB	9%	BBB	5%
	BBB-	2%	BBB-	8%
Non-investment grade	BB+	1%	BB+	1%
	BB	5%	BB	2%
	BB-	2%	BB-	4%
	B+	0%	B+	0%
	B	1%	B	1%
	B-	0%	B-	0%
	CCC+	0%	CCC+	0%
	CCC	1%	CCC	1%
	CCC-	0%	CCC-	0%
	CC	0%	CC	1%
	C	0%	C	0%
Not rated	Not rated	3%	Not rated	5%
Default	D	0%	D	0%
TOTAL		**100%**		**100%**

BREAKDOWN OF ORIGINATOR SECURITIZATION OUTSTANDINGS

	12/31/2015				12/31/2014			
	Banking book				Banking book			
	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA	EAD	EAD	RWA	RWA
Balance sheet exposure	2,191	-	391	-	1,318		89	
Off-balance sheet exposure	-	-	-	-	76		27	
TOTAL	**2,191**	**-**	**391**	**-**	**1,394**		**117**	

BREAKDOWN OF SPONSOR SECURITIZATION OUTSTANDINGS

	12/31/2015				12/31/2014			
	Banking book				Banking book			
	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA	EAD	EAD	RWA	RWA
Balance sheet exposure	2,271	-	271	-	2,054		227	
Off-balance sheet exposure	2,607	-	326	-	2,558		343	
TOTAL	**4,879**	**-**	**597**	**-**	**4,612**		**571**	

Trading book securitizations

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION POSITIONS[1]

	12/31/2015				12/31/2014			
	Trading book				Trading book			
	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA	EAD	EAD	RWA	RWA
Investors	2,550	0	496	0	1,937	0	530	0
Sponsors	592	-	50	-	407	0	65	0
TOTAL	**3,142**	**0**	**547**	**0**	**2,344**	**0**	**595**	**0**

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION OUTSTANDINGS BY PRINCIPAL CATEGORY OF UNDERLYING ASSETS

as a %	12/31/2015	12/31/2014
Type of underlying assets	Trading book	Trading book
ABS	62%	50%
Other	0%	4%
CDOs	37%	33%
RMBS	1%	13%
TOTAL	**100%**	**100%**

(1) *No originator positions in the trading book.*

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION POSITIONS BY RATING

	12/31/2015		12/31/2014	
as a %	Equivalent rating Standard & Poor's	Trading book	Equivalent rating Standard & Poor's	Trading book
Investment grade	AAA	80%	AAA	71%
	AA+	0%	AA+	3%
	AA	19%	AA	18%
	AA-	0%	AA-	0%
	A+	0%	A+	1%
	A	0%	A	5%
	A-	0%	A-	1%
	BBB+	0%	BBB+	0%
	BBB	0%	BBB	0%
	BBB-	0%	BBB-	0%
Non-investment grade	BB+	0%	BB+	0%
	BB	0%	BB	1%
	BB-	0%	BB-	0%
	B+	0%	B+	0%
	B	0%	B	0%
	B-	0%	B-	0%
	CCC+	0%	CCC+	0%
	CCC	0%	CCC	0%
	CCC-	0%	CCC-	0%
	CC	0%	CC	0%
	C	0%	C	0%
Not rated	Not rated	0%	Not rated	0%
Default	D	0%	D	0%
TOTAL		**100%**		**100%**

TERMINOLOGY

Conventional securitization: this consists of the transfer to investors of financial assets such as loans or receivables, transforming these loans into financial securities issued on the capital market by means of special purpose vehicles.

Synthetic securitization: in a synthetic transaction, ownership of the asset is not transferred but the risk is transferred to a financial instrument, the credit derivative.

Resecuritization: a securitization in which the credit risk associated with a portfolio of underling assets is divided into tranches and for which at least one of the underlying asset exposures is a securitization position.

Tranche: a fraction of the credit risk set out contractually and which is associated with an exposure or exposures.

Securitization position: exposure to a securitization transaction or arrangement.

Liquidity line: the securitization position resulting from a financing agreement with the aim of ensuring the punctuality of payment flows to investors.

Originator: either an entity which, on its own or through related entities, was directly or indirectly involved in the original agreement which created the obligations of the debtor or potential debtor and which gave rise to the securitization transaction or arrangement; or an entity that purchases a third party's on-balance sheet exposures and then securitizes them.

Sponsor: an entity, other than the originator, that establishes and manages an asset-backed commercial paper program, or other securitization operation or arrangement that purchases exposures from third-party entities.

Investor: a Group position where it holds securitization positions in which it has invested, but in which it does not act as originator or sponsor. These are mainly tranches acquired in programs initiated or managed by external banks.

3.2.10 Risk related to equities in the banking book

Non-trading books with equity risk consist mainly of listed equities, unlisted equities and mutual fund or hedge fund shares.

For investments in funds, a special monitoring process was implemented in the Banque Populaire and Caisse d'Epargne networks as well as the subsidiaries (excluding Natixis, which has set a maximum threshold and a policy on its limits), which now benefit from:

- an online tool for the monitoring, control and management of investments in funds, used by the entities' Finance and Risk Management divisions (audit trail of opinions of the various parties involved in the investment request process);
- management of total risk exposure and exposure to each asset management company.

A portfolio diversification review is performed once a year.

RISK-WEIGHTED OUTSTANDINGS IN THE EQUITY CATEGORY

in millions of euros	Outstandings at 12/31/2015	Outstandings at 12/31/2014
150%	17	21
190%	2,974	2,981
290%	4,015	3,756
370%	6,258	5,749
Other weightings	1,453	3,092
TOTAL	**14,717**	**15,598**

3.2.11 Market risks

MARKET RISK MANAGEMENT

Risk monitoring

The Group Risk Management division is responsible for the control of market activities within Groupe BPCE, which is subject to regular review by the Group Market Risk Committee.

Within the scope of the trading book, market risk is monitored daily by measuring Group Value at Risk (VaR) and using global and historic stress tests. The proprietary VaR calculation system developed by Natixis is used by the Group. This system provides a tool for the measurement, monitoring and control of market risk on a consolidated level and for each company in the Caisse d'Epargne and Banque Populaire networks and the BPCE subsidiaries, on a daily basis and taking account of correlations between the various portfolios. There are certain distinctive characteristics of Groupe BPCE that must be considered, in particular:

- for Natixis: given the significance of its capital market activities, Natixis' risk management system is specifically adapted to this entity;
- for the Banque Populaire banks: only BRED Banque Populaire has a capital markets business. It monitors the financial transactions carried out by the trading floor and Finance division daily, using 99% 1-day value-at-risk, sensitivity, volume and stress scenario indicators;
- for Banque Palatine: daily monitoring of trading book activities is based on supervision by the Risk Management division of 99% 1-day value-at-risk, stress tests and compliance with regulatory limits. Note: the Caisse d'Epargne network closed its trading book as at December 31, 2014.

All limits (operational indicators, VaR, and stress tests) are monitored daily by the institutions' Risk Management divisions. All limit breaches must be reported and, where applicable, are subject to a management decision concerning the position in question (close, hedge, hold, etc.).

Based on the work conducted during the risk appetite project, operational limits and resilience thresholds have been added to the market risk monitoring procedure.

Bank book risk is monitored by asset class: bonds, securitizations, private equity and UCITS. The bond portfolio is monitored monthly through the supervision of credit risk (limit per issuer) and market risk (stress test limit).

The Group's single treasury and central bank collateral management pool is subject to daily monitoring of risks and economic results for all of its activities, which are mainly related to the bank booko. In particular, a 99% 1-day Monte Carlo VaR is calculated and analyzed by risk factor. Compliance with operational limits in terms of sensitivity to rates, both overall and by time buckets, as well as by counterparty, is monitored daily. Supervision of this activity also includes specific stress scenarios as well as exposure limits per operator (for both individual and cumulative transactions processed per day).

Monitoring of workout portfolios

The scope of workout portfolio activities has been further reduced:

- Natixis: GAPC was wound-up at the end of June 2014, in line with the target date announced in 2013. Outstanding risk-weighted assets in the workout portfolio were transferred to Corporate & Investment Banking;
- Crédit Foncier: 97% of the securitization portfolio was transferred to BPCE (see 3.2.9). Residual outstandings after disposal amounted to less than 24 million at December 31, 2015, and do not present a significant risk of loss at completion;
- Caisse d'Epargne network: Natixis Asset Management is still responsible for managing the workout portfolio of the former Caisse Nationale des Caisses d'Epargne's proprietary activities. Risk authorizations were defined by BPCE for the management strategires implemented by Natixis Asset Management, which presents disposals carried out and portfolio monitoring in terms of profit and loss and market forecasts at BPCE monthly Management Committee meetings. A risk review is conducted by the Risk Management division at meetings of the Group Market Risk Committee.

MARKET RISK MEASUREMENT METHODS

Information provided in respect of IFRS 7.

The market risk monitoring system relies on three types of indicators used to manage activity, on an overall basis and by similar activity, by focusing on more directly observable criteria, including:

- sensitivity to variations in the underlying instrument, variation in volatility or to correlation, nominal amounts, and diversification indicators. The limits corresponding to these qualitative and quantitative operational indicators thus complement the VaR limits and stress tests;
- daily assessment of global market risk measurement through a 99% 1-day VaR;
- stress tests to measure potential losses on portfolios in extreme market conditions. The Group system relies on comprehensive stress tests and specific stress tests for each activity.

Special reports on each business line are sent daily to the relevant operational staff and managers. The Group Risk Management division also provides a weekly report summarizing all of the Group's market risk, with a detailed breakdown for Natixis and BRED Banque Populaire and Banque Palatine.

Moreover, for Natixis, a global market risk report is submitted daily to the central institution, covering the scope of the BPCE guarantee.

Finally, a consolidated review of Groupe BPCE's market risks (relating to VaR calculations, and hypothetical and historic stress scenarios) is presented to the Group Market Risk Committee, in addition to risk reporting performed for the entities.

Sensitivities

The institutions' Risk Management divisions monitor and verify of compliance with sensitivity limits on a daily basis. If a limit is breached, an alert procedure is triggered in order to define the measures required to return within operational limits.

Value at Risk (VaR)

Market risk is also monitored and assessed *via* synthetic VaR calculations, which determine potential losses generated by each business line at a given confidence level (99%) and holding period (one day). For calculation purposes, changes in market inputs used to determine portfolio values are modeled using statistical data.

All decisions relating to risk factors using the internal calculation tool are revised regularly by committees involving all of the relevant participants (Risk Management division, Front Office and Results department). Quantitative and objective tools to measure the relevance of risk factors are also used.

VaR is based on numerical simulations, using a Monte Carlo method which takes into account possible non-linear portfolio returns based on the different risk factors. It is calculated and monitored daily for all of the Group's trading books, and a VaR limit defined on a global level and per business line. The calculation tool generates 10,000 scenarios, which provides satisfactory precision levels. For certain complex products which account for a minor share of the trading books, their inclusion in the VaR is obtained by using sensitivities. VaR backtesting is carried out on approved scopes and confirms the overall robustness of the model used. Extreme risks, which are not recognized by the VaR, are processed using stress tests in place within the Group.

This internal VaR model used by Natixis was approved by the ACPR in January 2009. Natixis thus uses the VaR to calculate capital in respect of market risks for approved scopes.

Stress tests

Global stress tests are calculated daily and fall under three categories:

- historic stress tests reproduce changes in market conditions observed during past crises, their impacts on current positions and P&Ls. They can be used to assess the exposure of the Group's activities to known scenarios. Eleven historic stress tests have been in place since 2010;
- hypothetical stress tests consist in simulating changes in market conditions in all activities on the basis of plausible assumptions concerning the dissemination of an initial shock. These shocks are based on scenarios defined according to economic criteria (real estate crisis, economic crisis, etc.), geopolitical considerations (terrorist attacks in Europe, toppling of a regime in the Middle East, etc.) or other factors (bird flu, etc.). The Group has had six theoretical stress tests since 2010;
- specific stress tests are calculated daily using the management software tools. They have been rolled out across all scopes of activity and are subject to alerts. They were defined on the basis of the same severity standard and are aimed at identifying the main loss areas by portfolio.

Groupe BPCE also set up a bond stress test in June 2012. It was calibrated using a mixed hypothetical and historic approach for the duration of the European sovereign crisis (second half of 2011). Shocks are defined over a three-month period, and are broken down by sector (sovereign, financial, corporate). This stress test is regularly reviewed by the Group Market Risk Committee.

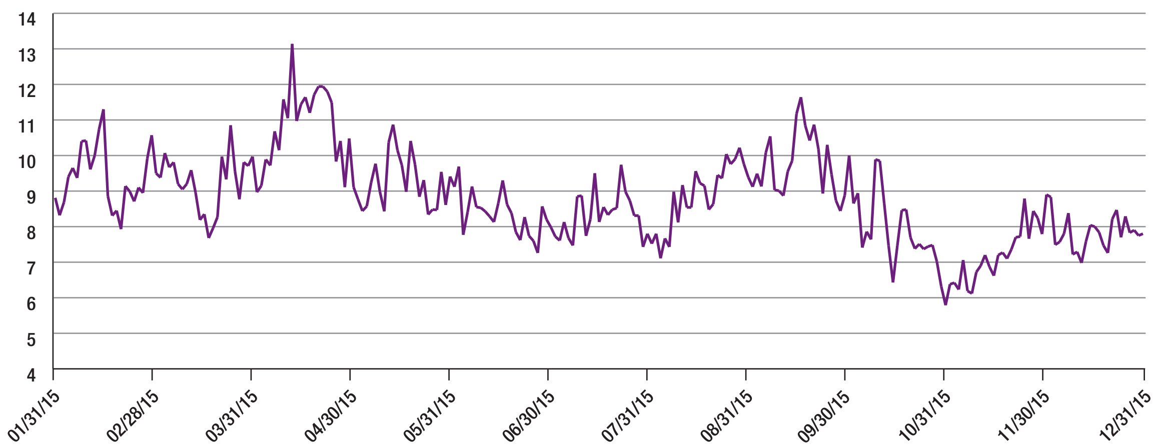
In Q4 2015, equity investments were approved for the purpose of managing the liquidity reserves of Group institutions. The format used is an LCR-eligible equities fund managed by Natixis Asset Management. Supervision is identical to that of bonds (stress test limit).

MARKET RISK MEASUREMENT QUANTITATIVE DATA – GROUPE BPCE SCOPE

BREAKDOWN OF VAR BY TYPE OF RISK

in millions of euros	99% 1-day Monte Carlo VaR 12/31/2015	99% 1-day Monte Carlo VaR 12/31/2014
Interest rate risk	5.3	6.2
Credit risk	3.1	5.2
Equity risk	4.0	3.5
Exchange rate risk	2.8	1.7
Commodity risk	0.1	0.7
TOTAL	**15.3**	**17.3**
Netting	(7.5)	(8.4)
CONSOLIDATED VAR	**7.8**	**8.9**

Change in Group VaR - *in millions of euros*



Consolidated VaR for Groupe BPCE's trading scope (99% one-day Monte-Carlo VaR) amounted to €7.8 million at December 31, 2015, down by €1.1 million over the fiscal year. Group VaR ranged from €6 million to €13 million over the year.

Stress test results

MAIN HYPOTHETICAL STRESS TESTS

in millions of euros	12/31/2015 Fall in stock market indices	Increase in interest rates	Default by a bank	Commodities	Emerging market crisis	Default by an influential corporation
Natixis trading	**(31)**	**(68)**	**(62)**	**(47)**	**(36)**	**(16)**
Natixis Corporate & Investment Banking	(31)	(68)	(62)	(47)	(36)	(16)
BRED trading	**(5)**	**3**	**4**	**(1)**	**0**	**0**
Trading floor	(6)	3	3	(4)	(2)	(1)
Financial management	1	0	1	2	2	1
BPCE trading subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**
OVERALL TRADING BOOK	**(36)**	**(64)**	**(58)**	**(48)**	**(36)**	**(16)**
MLT financial management	2	1	1	2	2	1
HQLA financial management	0	0	0	0	0	0
REFI financial management	(1)	0	0	1	0	0

The most sensitive hypothetical stress test was the increase in interest rates, mainly within the Natixis CIB scope.

MAIN HISTORIC STRESS TESTS

	12/31/2015					
in millions of euros	1987 stock market crash	9/11/2001	2008 corporate crisis	2007 Federal Reserve subprime action	1990 Gulf War	1994 bond market crash
Natixis trading	**(83)**	**(41)**	**(38)**	**(24)**	**(28)**	**(13)**
Natixis Corporate & Investment Banking	(83)	(41)	(38)	(24)	(28)	(13)
BRED trading	**(1)**	**4**	**2**	**(2)**	**2**	**(12)**
Trading floor	(7)	2	0	(1)	1	(11)
Financial management	6	2	1	(1)	1	(1)
BPCE trading subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**
OVERALL TRADING BOOK	**(84)**	**(37)**	**(36)**	**(26)**	**(26)**	**(25)**
MLT financial management	6	1	1	(1)	0	(2)
HQLA financial management	0	0	0	0	0	0
REFI financial management	0	0	0	0	0	0

The most sensitive historic stress test was the 1987 stock market crash, mainly within the Natixis CIB scope.

Change in risk-weighted assets by effect

in billions of euros	
Market risks – 12/31/2014	**16.7**
Change in IRC	(1)
Interest rate risk	(1)
Exchange rate risk	0.4
Other	(1.5)
Market risks – 12/31/2015	**13.7**

Groupe BPCE' market risks are mainly borne by Natixis, whose market risk measurement quantitative data is provided below.

MARKET RISK MEASUREMENT QUANTITATIVE DATA – NATIXIS SCOPE

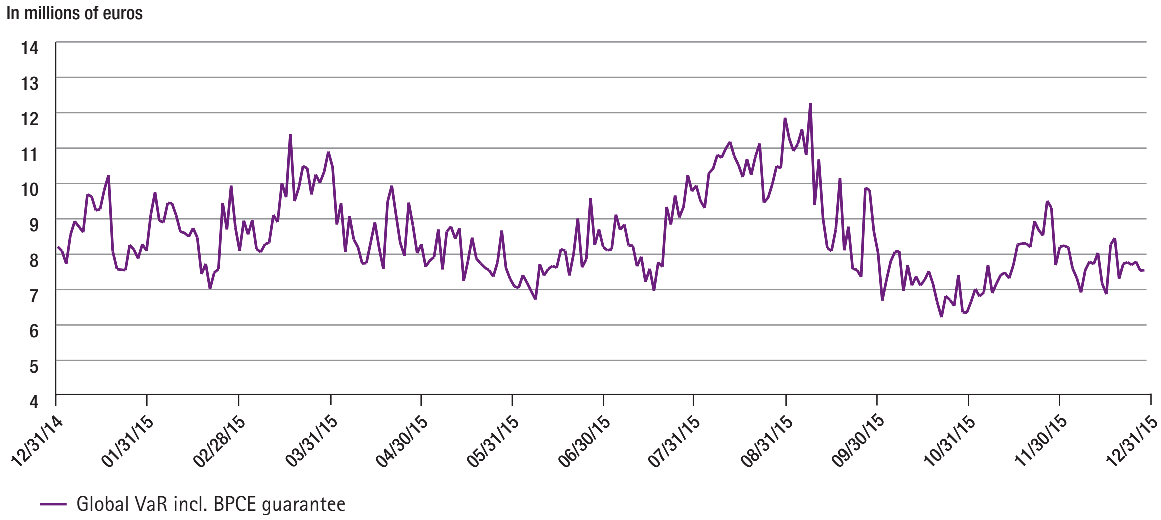
Change in Natixis VaR including the BPCE guarantee

The 99% 1-day VaR level for Natixis' trading books averaged €8.6 million. It peaked at €12.3 million on September 10, 2015, recorded a low of €6.2 million on October 23, 2015 and stood at €7.6 million at December 31, 2015.

The chart below shows the VaR history of the trading books between December 31, 2014 and December 31, 2015 for the overall scope.

The main highlights took place in August, with the devaluation of the yuan and the steep drop in the Asian markets, causing volatility to spike on the markets.

NATIXIS OVERALL VAR WITH GUARANTEE – TRADING BOOK (99% 1-DAY VAR)



Breakdown of global trading VaR by scope

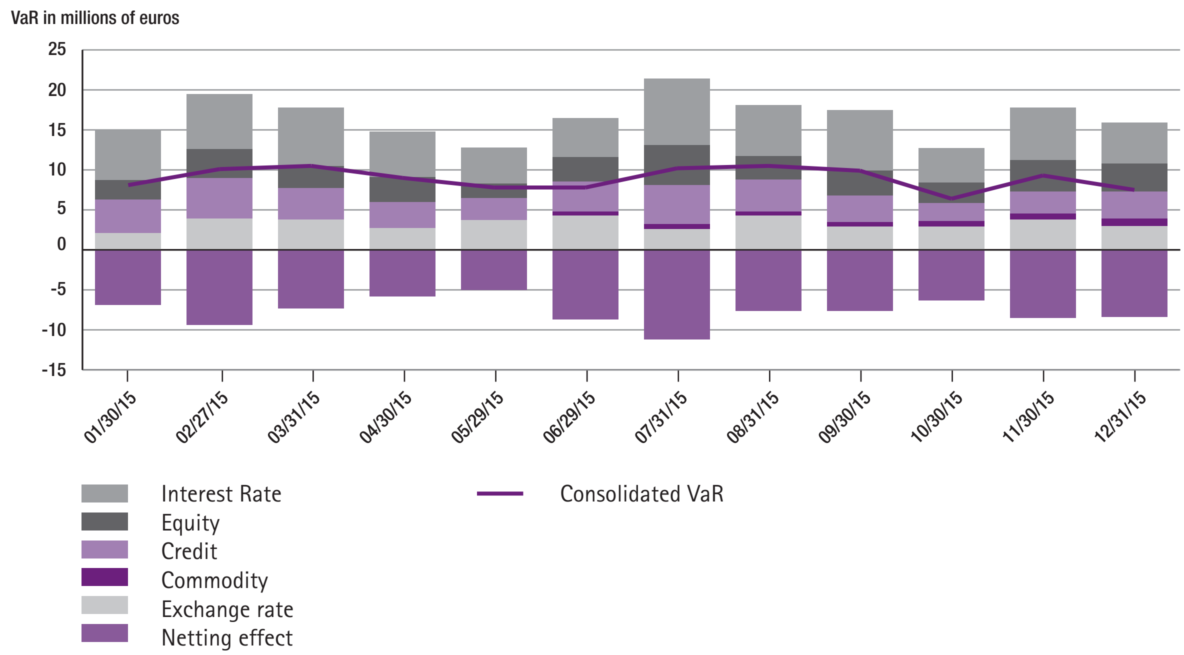
Data certified by the Statutory Auditors in respect of IFRS 7.

The table below presents VaR figures after taking into account the BPCE guarantee:

Natixis trading scope *in millions of euros*	**Limit**	**VaR after taking into account the BPCE guarantee 12/31/2015**
Natixis	**25**	**7.6**
Corporate and Investment Banking	**25**	**7.6**
o/w		
Market Solutions	18	7
Equity Markets	8	3.6
Fixed Income	16	5.8
Commodities	2.5	0.9
Run-off activities	6	1.9

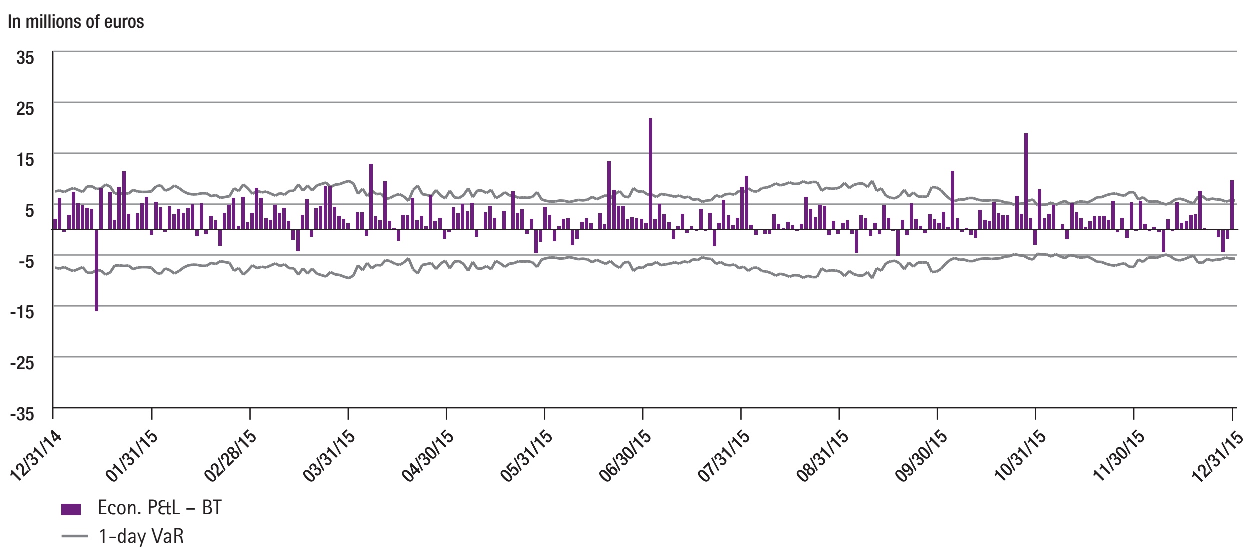
Breakdown by type of risk and netting effect

The breakdown of Value at Risk by risk approach highlights the monthly contribution of the main risks as well as the effects of netting on VaR. Interest rate risk remained predominant throughout the year compared with equity risk, exchange rate risk and credit risk.



Natixis backtesting on the regulatory scope

The chart below takes into account backtesting (comparison of ex-post loss potential, as estimated ex-ante by VaR, with actual losses recognized in income) on the regulatory scope, and tests the robustness of the VaR indicator:



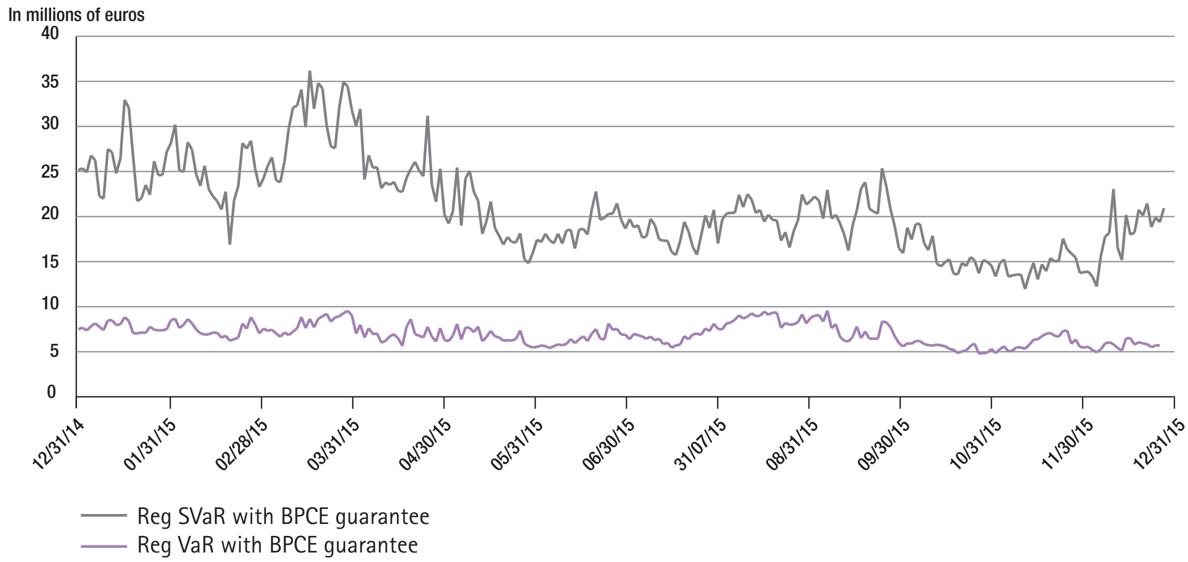
A backtesting exception was observed and reported to the Risk Committee and the ACPR, within the framework of the alert thresholds defined in accordance with the Ministerial Order of November 3, 2014 (articles 98, 245 and 249).

The exception of January 15, 2015 resulted from the market shock observed on that day, triggered by the Swiss national bank's decision to discontinue the minimum EUR/CHF exchange rate, set at 1.20 since September 6, 2011. As this movement exceeded the 2.33% standard deviation, it was not captured by the VaR indicator.

Natixis stressed VaR

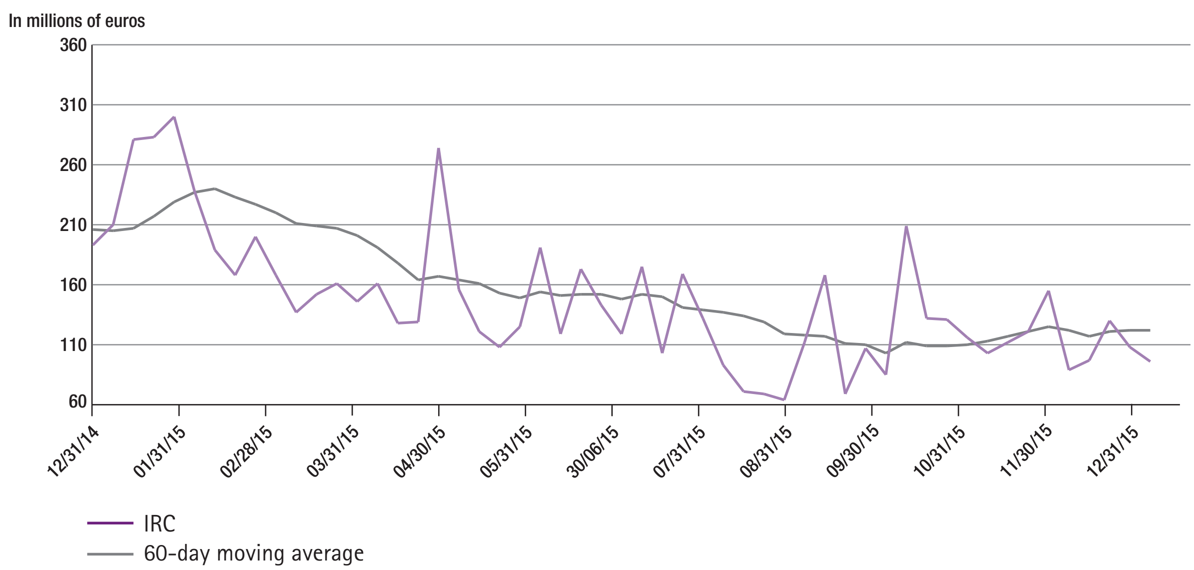
The 99% 1-day stressed VaR averaged €20.9 million, peaking at €36.2 million on March 19, 2015 and recording a low of €12 million on November 16, 2015. At December 31, 2015, it stood at €19.4 million.

Change in regulatory VaR and regulatory stressed VaR after taking into account the BPCE guarantee.



IRC indicator

This indicator is based on the regulatory scope. Natixis' IRC averaged €146 million, peaking at €300 million on January 23, 2015 and recording a low of €64 million on Augus 21, 2015. At Decembe 24, 2015, it stood at €96 million.



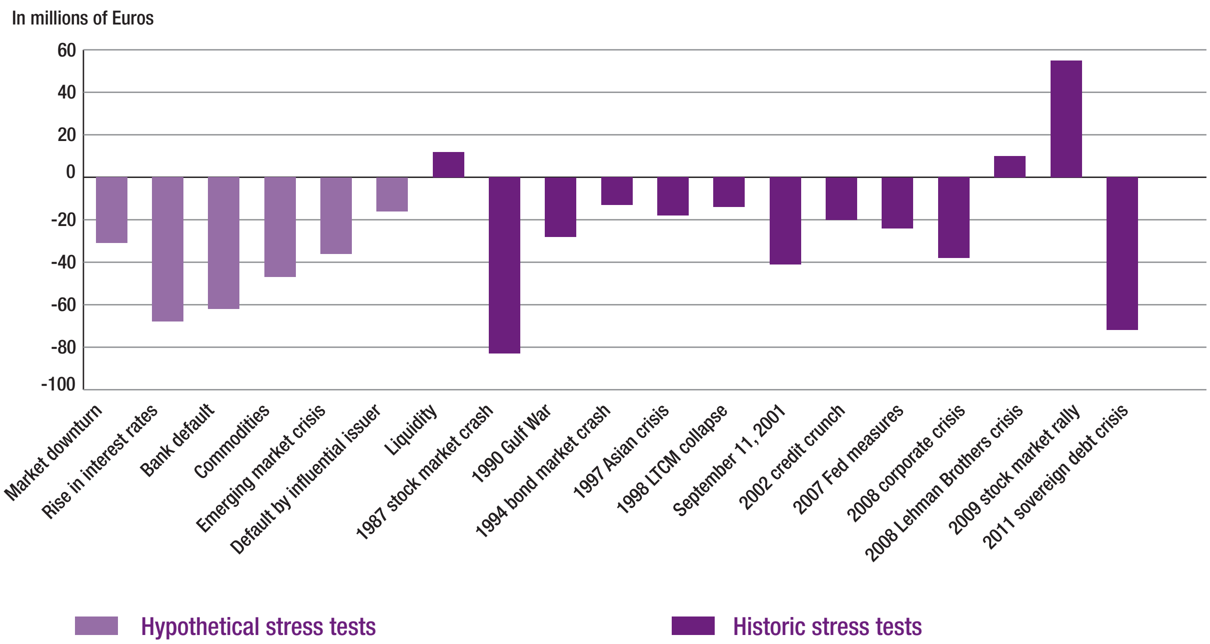
Stress test results for Natixis

Data certified by the Statutory Auditors in respect of IFRS 7.

Comprehensive stress test levels were stable compared to 2014, averaging -€28.1 million at December 31, 2015 *versus* -€27.9 million at December 31, 2014.

The historic stress test, which reproduces a fall in market indices, gives the maximum level of losses (-€83 million at December 31, 2015).

COMPREHENSIVE STRESS TESTS AT DECEMBE 31, 2015 (INCLUDING THE BPCE GUARANTEE)



TERMINOLOGY

Interest rate risk: the risk borne by the holder of a receivable or debt relating to subsequent changes in interest rates.

Exchange rate risk: the risk relating to receivables and debts in foreign currencies, which lies in the risk of changes in exchange rates relative to the national currency.

Risk of change in the share price: risk relating to the price of the position held in a given financial asset.

Value at Risk (VaR): risk measurement that quantifies potential losses from a financial investment in monetary terms; a probability of occurrence threshold (confidence interval) and a time horizon are imposed on this measurement.

Stress test: risk measurement that calculates the monetary loss associated with a stress scenario by simulating extreme economic and financial conditions.

3.2.12 Operational risk

ORGANIZATION OF OPERATIONAL RISK MANAGEMENT

The Risk Management division's Operational Risk department identifies, manages and monitors operational risks and helps reduce Groupe BPCE's losses by ensuring that the operational risk management system is reliable and efficient. Within this framework, it manages the Operational Risk function and focuses its work on three key duties:

- assessment and prevention of operational risks;
- drawing up operational risk policies for each working method and business line procedure;
- permanent operational risk control.

OPERATIONAL RISK OVERSIGHT

Operational risk oversight within the Group is coordinated at two levels:

- at the level of each Group entity, the Operational Risk Management Committee can be combined with the Non-Compliance Risk Management Committee to form a Compliance and Operational Risk Management Committee, or it can be incorporated in the Umbrella Committee, at the entity's discretion. The committee decides on the implementation of a risk management policy and ensures the relevance and effectiveness of operational risk management procedures. It monitors the level of risk and validates and oversees action plans to reduce their exposure. It reviews recorded incidents and ensures that any corrective measures are applied. Lastly, it reviews the contribution of the Risk Management function to permanent controls within its remit. This Committee meets at least three times a year;
- at the level of Groupe BPCE, the Group Operational Risk Management Committee meets on a quarterly basis. This committee convenes the various relevant divisions (Compliance, Information System Security, BCP and Financial Audit) and reports to the Group Risk Management Committee. Its main duties are:
  - to validate the map of operational risks at the Group level;
  - to monitor the Group's at-risk areas, and particularly to identify nascent risks;
  - to validate action plans;
  - to prepare consolidated reports of losses, incidents and alerts.

MAPPING

The operational risk management system relies on a mapping process which is updated annually by all Group entities. Mapping allows the Group to identify and prioritize the most at-risk processes and adapt action plans aimed at reducing risk exposure.

INCIDENT ALERT PROCEDURE

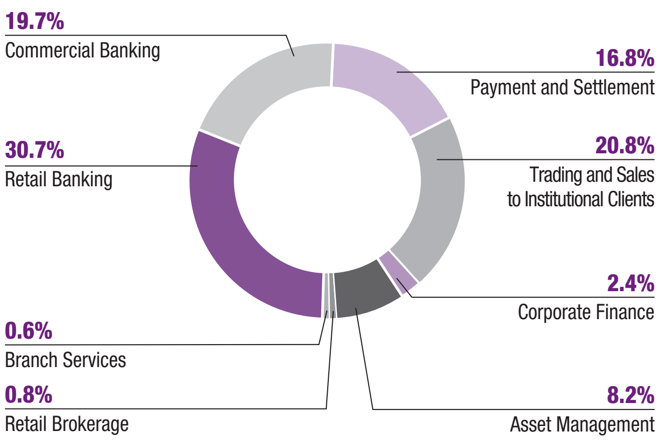
The alert procedure for serious incidents has been extended to the entire scope of Groupe BPCE. The aim of this system is to enhance and reinforce the system for collecting loss data within the Group.

An operational risk incident is deemed to be serious when the potential financial impact at the time the incident is detected is over €300,000. Operational risk incidents with a material impact on the image and reputation of the Group or its subsidiaries are also deemed to be serious.

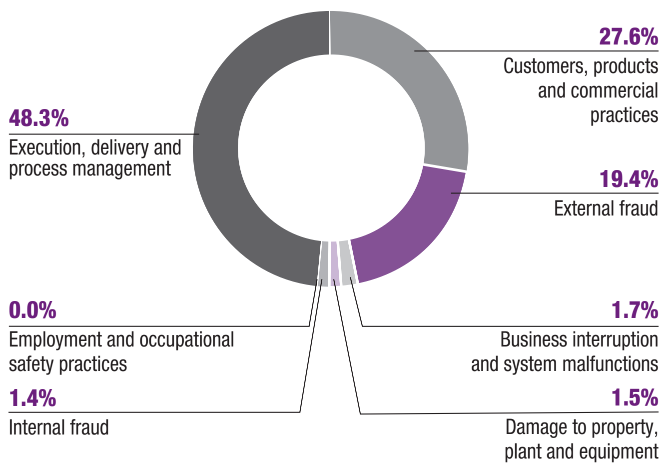
There is also a procedure in place covering material operational risks, within the meaning of Article 98 of the Ministerial Order of November 3, 2014, for which the minimum threshold is set at 0.5% of Common Equity (Tier 1).

CHANGE IN LOSSES

BREAKDOWN OF GROSS LOSSES BY BASEL BUSINESS LINE



BREAKDOWN OF GROSS LOSSES BY BASEL CATEGORY



More than 70% of Groupe BPCE's losses were generated by the following three business lines:

- retail banking (30.7%);
- trading and sales to institutional clients (20.8%);
- commercial banking (19.7%).

OPERATIONAL RISK MITIGATION TECHNIQUE

Group insurance policies are overseen at the Group level, providing the networks and subsidiaries with coverage of their insurable risks. Group insurance coverage is contracted from leading insurance companies. In addition, the Group has set up its own captive insurance company.

A description of insurable risk coverage is provided in Chapter 3.4 of this document.

3.3 Liquidity, interest rate and exchange rate risks

Like all credit institutions, Groupe BPCE is exposed to structural liquidity, interest rate and exchange rate risks. These risks are closely monitored by the Group and its institutions to secure immediate and future income, ensure that balance sheets are balanced and promote the Group's development.

Corporate governance

Information provided in respect of IFRS 7.

Groupe BPCE's Audit Committee and Supervisory Board are consulted on general ALM policy and are informed of major decisions taken regarding liquidity, interest rate and foreign exchange risk management. The implementation of the chosen policy is entrusted to the Group Asset and Liability Management Committee.

Each year, Groupe BPCE's Supervisory Board validates the main lines of the ALM policy, *i.e.* the principles of market risk measurements and the degree of risk accepted. It also reviews the risk limit system each year.

Each quarter, BPCE Group's Audit Committee is informed of the Group's position through Management reports containing the main risk indicators.

The Group Asset and Liability Management Committee, chaired by the Chairman of BPCE's Management Board, ensures the operational implementation of the defined policy, and the management of the structure and operation of the risk management system. This committee sets in particular the rules and limits governing the management of the three major risk categories applicable at the consolidated level and to each institution, as well as the main guidelines in terms of funding policy, allocation of liquidity to the business lines and management of risk indicators. It regularly monitors the risk indicators and changes to the main structural balance sheet aggregates of the Group and its main institutions.

The structural liquidity, interest rate and exchange rate risk management policy is also jointly implemented by the Asset-Liability Management function (oversight of funding plan implementation, management of liquidity reserves, cash management, calculation and monitoring of the various risk indicators) and the Risk Management function (validation of the control framework, validation of models and agreements, controls of compliance with rules and limits). The Group Finance division and the Group Risk Management division are responsible for adapting this framework to their respective functions.

The adaptation of the operational management framework within each institution is subject to validation by the Board of Directors, the Steering Board and/or the Supervisory Board. Dedicated operational committees within each institution oversee the implementation of the funding strategy, asset and liabilty management and management of liquidity, interest rate and exchange rate risks for the institution, in line with rules and limits set at the Group level. The Banque Populaire and Caisse d'Epargne networks using an asset-liability implement the risk management system using a shared asset/liability management tool.

3.3.1 Liquidity and funding risk

Structural liquidity risk is defined as the risk of the Group not having sufficient funds to meet its commitments or to settle or offset a position due to market conditions within a specified period and at a reasonable cost. This could occur, for example, in the event of massive withdrawals of customer deposits or an overall crisis of confidence on the markets.

OBJECTIVES AND POLICIES

Information provided in respect of IFRS 7.

The main aim of the Group's liquidity risk management system is to always be in a position to cope with a prolonged, highly intense liquidity crisis while monitoring cost control, promoting the balanced development of the business lines and complying with regulations in force.

To this end, the Group relies on three mechanisms:

- supervision of each business line's liquidity consumption, predominantly by maintaining a balance between growth in the credit segment and customer deposit inflows;
- centralized funding management aimed primarily at supervising the use of short-term funding, spreading out the maturity dates of medium- and long-term funds and diversifying sources of liquidity;
- the establishment of liquidity pools.

In addition to these measures, a consistent set of indicators, limits and management rules are combined in a centralized framework of standards and rules.

These indicators and rules allow for the measurement and consolidated management of liquidity risk.

OPERATIONAL LIQUIDITY RISK MANAGEMENT

Information provided in respect of IFRS 7.

Liquidity risk management is carried out at the consolidated Group level and at each entity. Liquidity risk is assessed differently over the short, medium and long term:

- in the short term, it involves assessing an institution's ability to withstand a crisis;
- in the medium term, liquidity is measured in terms of cash requirements;
- in the long term, it involves monitoring the institution's asset-liability mismatch level.

Consequently, BPCE has defined a set of indicators and limits:

- one-day and one-week liquidity gap indicators measure the Group's very short-term funding requirements. These gaps are subject to limits at both the Group level and within each institution;
- stress scenarios measure the Group's ability to meet its commitments and continue its regular commercial activities during a crisis depending on short-term funding volumes, medium- and long-term debt maturities and liquidity reserves. This includes internal stress test indicators aimed at ensuring short-term liquidity security beyond the one-month horizon required by regulations. These stress tests, based on bank- and/or market-specific scenarios, are broken down into various levels of stress in order to forecast the impact on the Group's liquidity position. Adaptation of liquidity stress rules to all business lines takes assumptions unique to each activity into account;

- the customer loan/deposit ratio is a relative measurement of the Group's autonomy with respect to the financial markets;
- the Group's market coverage measures its overall dependence to date on funds from bond and money markets. The contribution of the institutions to this coverage is managed by a liquidity budget system. These budgets are reviewed on an annual basis and govern the maximum liquidity consumption for each entity in line with the Group's budget process;
- the liquidity gap, which compares the amount of remaining liabilities with remaining assets over a ten-year period, enables the Group to manage medium- and long-term debt maturities and anticipate its funding requirements. It is governed by limits at the Group level and within each institution;
- measurement of resource diversification, allowing the Group to avoid excessive dependence on a single creditor;
- the pricing policy, which ensures the performance of liquidity allocation.

The definition of these indicators and any associated limits are included in a body of consolidated standards that is reviewed and validated by the decision-making bodies of the Group and its institutions.

CENTRALIZED FUNDING MANAGEMENT

Information provided in respect of IFRS 7.

The Group Finance division organizes, coordinates and supervises the funding of Groupe BPCE on the markets.

The short-term funding of Groupe BPCE is carried out by a single treasury and central bank collateral management team, created following the merger of BPCE and Natixis' cash management teams. This integrated treasury team is capable of managing the Group's cash position more efficiently, particularly during a credit crunch. The Group has access to short-term market funding through its two main issuers: BPCE and its subsidiary Natixis.

For medium and long-term funding requirements (more than one year), in addition to deposits from customers of the Banque Populaire and Caisse d'Epargne networks, which are the primary source of funding, the Group also issues bonds through two main operators:

- BPCE, either directly as BPCE or through BPCE SFH, which issues "obligations de financement de l'habitat" (OH), a category of secured bond backed by French legislation; and
- Compagnie de Financement Foncier, a subsidiary of Crédit Foncier, which issues covered bonds known as "obligations foncières" (OF), also backed by French legislation.

Note that BPCE is also responsible for the medium and long-term funding activities of Natixis, which is no longer a regular market issuer, and Crédit Foncier.

BPCE has short-term funding programs (certificates of deposit, Euro Commercial Paper and US Commercial Paper) and medium- and long-term funding programs (Medium Term Notes (or MTN), Euro Medium Term Notes (or EMTN), US MTN, AUD MTN and a securitized bond program, backed by the home loans of the Banque Populaire and Caisse d'Epargne networks).

All Group assets and liabilities are subject to internal liquidity pricing, whose guidelines are decided by the Group's Asset and Liability Management Committee and aim to take into account changes in market liquidity costs and asset/liability matching.

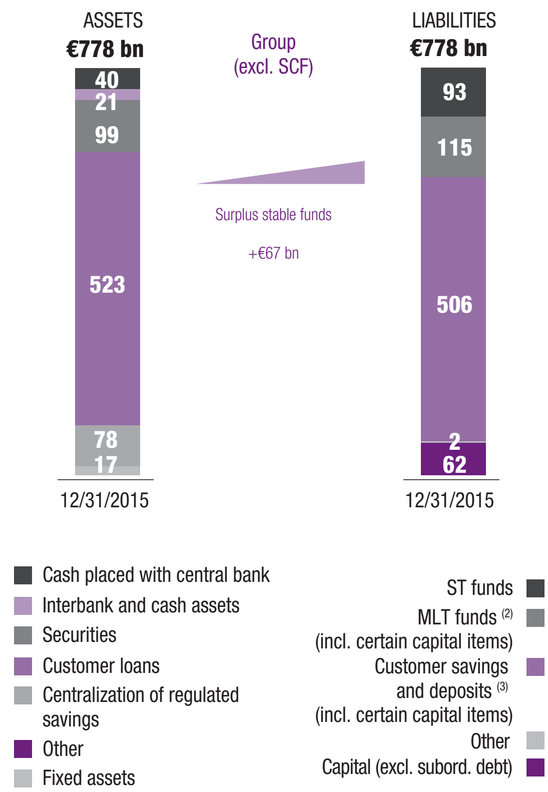
CHANGES IN INDICATORS IN 2015

Group cash balance sheet

The cash balance sheet provides an analysis of the Group's balance sheet from a liquidity standpoint. Starting with the Group's accounting balance sheet, the following main restatements are carried out:

- the transition from the Group's consolidated accounting balance sheet to a prudential balance sheet by accounting for the Group's insurance entities using the equity method;
- the withdrawal of the short-term deposits of certain financial sector customers collected by Natixis as part of its brokerage activities and the corresponding central bank deposits;
- the netting of derivative financial instrument accounts (including hedging derivatives) and accrued accounts recognized in balance sheet assets under the heading "other";
- the netting of securities portfolios; repurchase and reverse repurchase agreements on securities and other financial instruments; and securities debt netted under the "securities" heading;
- the transfer to customer deposits of Group debt securities placed with customers.

The resulting cash balance sheet for the Group scope excluding SCF[1] is presented below.

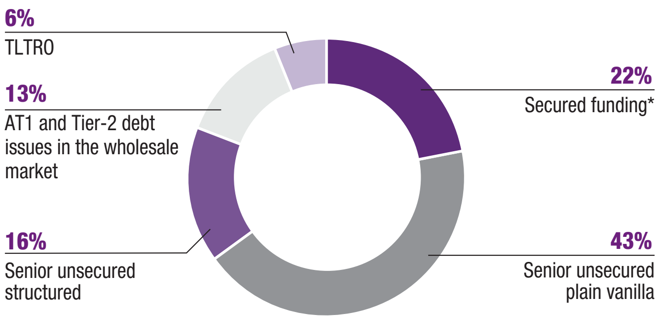


(1) Excluding SCF (Compagnie de Financement Foncier, the Group's "société de crédit foncier", a French covered bond issuer) due to the nature of the company's activity.

(2) o/w €18 billion maturing in one year or less.

(3) o/w €14 billion in senior bond issues (including €1.6 billion maturing in one year or less) and €5 billion in Tier 2 issues sold through our retail networks (including €1.7 billion maturing in one year or less).

BREAKDOWN OF MLT FUNDS IN THE CASH BALANCE SHEET (EXCLUDING THE CONTRIBUTION OF THE SCF) AT 12/31/2015



* including CRH

Groupe BPCE's cash balance sheet excluding the SCF contribution highlights the main balance sheet aggregates by identifying, in particular:

- the funding requirements of the business (customer loans, centralization of regulated passbook savings account deposits[1] and tangible and intangible fixed assets) for a total of €618 billion at December 31, 2015;
- stable funds composed of customer deposits, medium- and long-term funds and equity and similar items, for a total of €685 billion;
- a surplus of €67 billion reflecting surplus customer savings and deposits and, in the medium and long term, the funding requirements of the retail business line, which is mainly invested in liquid assets to contribute to the cash pool;
- short-term funds, mainly invested in liquid assets (central bank deposits, interbank assets, debt securities).

Customer loan-to-deposit ratio

Information provided in respect of IFRS 7.

The Group's customer loan/deposit ratio[2] was 119% at December 31, 2015, down 2 points since December 31, 2014.

3

2015 encumbered assets

in millions of euros	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	**241,483**		**868,274**	
Equity instruments	22,835	22,835	26,243	17,967
Debt securities	59,430	59,501	44,286	57,124
Other assets	156,467		801,794	

in millions of euros	Fair value of the encumbered guarantee received or encumbered own debt securities issued	Fair value of the guarantee received or own debt securities issued for encumbering
Guarantees received	**78,099**	**71,725**
Equity instruments	21,302	17,287
Debt securities	56,860	53,350
Other guarantees received	0	8,051
Own debt securities issued, other than own covered bonds or own asset-backed securities	**0**	**0**

in millions of euros	Corresponding liabilities, contingent liabilities or securities loaned	Assets, guarantees received and own debt securities issued, other than own covered bonds or own encumbered asset-backed securities
Carrying amount of selected financial liabilities	**293,786**	**319,582**

(1) The cash pooling presented in the cash balance sheet includes Groupe BPCE's voluntary over-pooling of €12 billion initiated at the end of 2015 and conducted on January 4, 2016.

(2) Excluding SCF (Compagnie de Financement Foncier, the Group's "société de crédit foncier", a French covered bond issuer).

In reference to the publication of the Ministerial Order of December 19, 2014 in the Official Bulletin (*Journal Officiel*) of the French Republic, the publication of disclosures based on data calculated as a median value observed on a continuous basis contains at the very least quarterly data over the previous 12 months, as stipulated in Article 3[1].

In 2015, the median value of Groupe BPCE's total encumbered balance sheet assets and guarantees received was €319,582 million, which can be broken down by type and source of expense:

- securities transactions, including in particular securities lending and repurchase agreements, for a total of €155,875 million;
- encumbered receivables in vehicles other than covered bond asset pools, such as central bank refinancing or other market vehicles, for a total of €38,265 million;
- encumbered receivables securing covered bond vehicles (BPCE SFH, BP Covered Bonds, SCF and Natixis Pfandbriefbank), for a total of €96,360 million;
- assets encumbered by the payment of margin calls on derivative positions, for a total of €18,564 million.

Liquidity reserves

Information provided in respect of IFRS 7.

Liquidity reserves include cash placed with central banks and available securities and receivables eligible for central bank funding. Management of liquidity reserves, composed of deposits with central banks and the most liquid assets, allows the Bank to adjust its cash position. Loan securitization, which transforms less liquid assets into liquid or available securities, is another method of strengthening this liquidity reserve.

The table below presents changes in the liquidity reserve:

in billions of euros	12/31/2015	12/31/2014
Cash placed with central banks	46	61
Private receivables eligible for central bank funding	46	52
Securities retained	26	28
Other eligible securities	40	28
Assets eligible for the FED	3	3
TOTAL	**161**	**172**

At December 31, 2015, liquidity reserves covered 173% of the Group's short-term funding (€93 billion at December 31, 2015 compared with €116 billion at December 31, 2014). The coverage rate was 148% at December 31, 2014.

At December 31, 2015, liquidity reserves covered 138% of short-term funding and MLT & subordinate maturities of less than one year, compared to 120% at December 31, 2014.

Liquidity gaps

Information provided in respect of IFRS 7.

The Group's liquidity gap (liabilities - assets) complies with internal limits.

in billions of euros	1/1/2016 to 12/31/2016	1/1/2017 to 12/31/2019	1/1/2020 to 12/31/2023
Liquidity gap	18.1	15.6	23.8

Strategy and funding conditions in 2015

Information provided in respect of IFRS 7.

The Group's priority in terms of medium- and long-term funding in the markets is to ensure that sources of funding are properly diversified, in terms of types of investors, vehicles, geographic regions and currencies.

Under the 2015 medium- and long-term funding program, Groupe BPCE raised a total of €27.1 billion with an average maturity at issue of 5.2 years; public issues made up 55% of this amount and private placements 45%.

Unsecured issues accounted for 68% of funds raised in 2015 at €18.4 billion, including €2.6 billion in the Tier 2 category.

The breakdown by currency of unsecured issues carried out with institutional clients is a good indicator of the diversity of the Group's medium- and long-term funding sources. The breakdown of these 2015 issues by currency is as follows: 56% in euros and 44% in other currencies (18% in US dollars, 15% in yen, 4% in Australian dollars, 2% in pound sterling and 5% in other currencies).

The vast majority of medium- and long-term funding raised in 2015 was at a fixed rate. In general, the fixed rate is swapped to a floating rate in accordance with the Group's interest rate risk management policy.

Basel III liquidity ratios: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

Groupe BPCE closely monitors the work of the various regulatory authorities in terms of liquidity risk management; in particular by attending consultations and meetings organized by European authorities as well as by French and European professional organizations.

The Group is also continuing its work on the implementation of a one-year Basel liquidity ratio, *i.e.* the Net Stable Funding Ratio (NSFR); which will come into force on January 1, 2018.

The one-month LCR was over 110% for Groupe BPCE at December 31, 2015. It should be noted that the minimum regulatory requirement, which will increase to 100% at January 1, 2018, was just 70% at January 1, 2016.

(1) *Where median data are presented, total values differ from the sum of sub-totals.*

3.3.2 Structural interest rate risk

Information provided in respect of IFRS 7.

OBJECTIVES AND POLICIES

Structural interest rate risk (or overall interest rate risk) is defined as the risk incurred in the event of change in interest rates due to all balance sheet and off-balance sheet transactions, except for - if applicable – transactions subject to market risks. This risk is an intrinsic component of the business and of credit institutions' profitability.

The objective of the Group's interest rate risk management mechanism is to monitor the level of institutions' changes in interest rates in order to contribute to the growth of the Group and the business lines while evening out the impact of any unfavorable interest rate changes on the value of the Group's banking portfolios and future income.

INTEREST RATE RISK OVERSIGHT AND MANAGEMENT SYSTEM

Structural interest rate risk is controlled by a system of indicators and limits defined by the Group Asset and Liability Management Committee. It measures structural risks on the balance sheet, excluding any kind of independent risk (trading, own accounts, etc.). The indicators used are divided into two approaches: a static approach that only takes into account on-balance sheet and off-balance sheet positions at a set date and a dynamic approach which includes commercial and financial expectations. They can be classified into two sets:

- gap indicators that compare the amount of liability exposures against asset exposures on the same interest rate index and over different maturities. These indicators are used to validate the main balance sheet aggregates to ensure the sustainability of the financial results achieved. Gaps are calculated based on contractual debt schedules and the results of the common behavioral models for various indexes as well as for the fixed rate;
- sensitivity indicators measure the change in the net present value of a portfolio or a projected interest margin where there are differences between the change in the market interest rate and the central scenario established quarterly by the Group's economists. In addition to the Basel II regulatory indicator on the sensitivity of the balance sheet's net present value to interest-rate shocks of +/-200 basis points, the Group has introduced sensitivity indicators on the net interest margin of all of its commercial banking activities. These indicators aim to estimate the sensitivity of its institutions' results to interest rate uncertainties, business forecasts (new business and customer behavior) and sales margin.

Instruments authorized to hedge this risk are strictly vanilla (non-structured), excluding any sale of options and favoring accounting treatment that does not impact the Group's consolidated results.

Over the course of 2015, Groupe BPCE conducted a project aimed at improving oversight of interest rate risk on the bank book, amid persistently low interest rates and in preparation for future regulatory developments in interest rate risk management. Changes in the structural interest rate risk management system will be gradually implemented over the course of 2016.

CHANGES IN INDICATORS IN 2015

Interest rate gap

Most of the Group's interest rate gap is carried by Commercial Banking and Insurance and primarily by the networks. This gap is relatively stable over time and complies with internal limits.

in billions of euros	**1/1/2016 to 12/31/2016**	**1/1/2017 to 12/31/2019**	**1/1/2020 to 12/31/2023**
Interest rate gap (at a fixed-rate)*	5.1	(8.3)	0.2

* *The indicator takes into account all asset and liability positions and the floating-rate positions until the next interest rate fixing date.*

Sensitivity indicators

The sensitivity of the net present value of the Group's balance sheet to a +/-200 basis point variation in interest rates is much lower than the 20% regulatory limit. Groupe BPCE's sensitivity to interest rate cuts was -6.2% at December 31, 2015, compared with -4.8% in 2014.

For network activities, the change in the projected one-year net interest margin calculated under four scenarios (increase in rates, decrease in rates, steepening of the curve, flattening of the curve) compared to the central scenario showed, at December 31, 2015, a flattened yield curve (+50 basis points for short-term rates and -50 basis points for long-term rates) to be the least favorable scenario with expected losses of €105 million year-on-year.

3.3.3 Structural exchange rate risk

Structural exchange rate risk is defined as the risk of a realized or unrealized loss due to an unfavorable fluctuation in foreign currency exchange rates. The management system distinguishes between the structural exchange risk policy and the management of operational exchange rate risk.

EXCHANGE RATE RISK OVERSIGHT AND MANAGEMENT SYSTEM

For Groupe BPCE (excluding Natixis), exchange rate risk is monitored using regulatory indicators (measuring corresponding capital adequacy requirements by entity). The residual exchange rate positions held by the Group (excluding Natixis) are not material because virtually all foreign currency assets and liabilities are match-funded in the same currency.

As regards international trade financing transactions, risk-taking must be limited to counterparties in countries with freely-translatable currencies, on the condition that translation can be technically carried out by the entities' information systems.

Natixis' structural exchange rate positions on net investments in foreign operations funded by buying currency forwards are tracked on a quarterly basis by its Asset and Liability Management Committee in terms of sensitivity as well as solvency. The resulting risk indicators are submitted to the Group Asset and Liability Management Committee on a quarterly basis.

CHANGES IN INDICATORS IN 2015

For the period ended December 31, 2015, Groupe BPCE, subject to regulatory capital requirements for exchange rate risk, had an exchange rate position that increased to €2,782 million *versus* €2,422 million at end-2014, with €229 million for exchange rate risk compared to €197 million at end-2014. The exchange rate position is mainly carried by Natixis.

3.4 Coverage of insurable risks

At January 1, 2015, BPCE had taken out the following main insurance policies for itself and for its subsidiaries (with the exception of Natixis for the insurance coverage described below in points A. a) as well as the Banque Populaire and Caisse d'Epargne networks, to cover its insurable operational risks and protect its balance sheet and income statement:

A. A combined "Global Banking (Damages to Valuables and Fraud)" & "Professional Liability" policy with a total indemnity capacity of €167 million per year of insurance, of which:

a) €20 million per year, combined "Fraud/Professional Civil Liability" insurance available, subordinate to the amounts guaranteed set out in b) and/or c) below;

b) €52 million per claim and per year, solely reserved for "Global Banking" risk;

c) €25 million per claim and per year, solely reserved for "Professional Civil Liability" risk;

d) €70 million per claim and per year, combined "Global Banking/ Professional Civil Liability" insurance available in addition to or after use of the amounts guaranteed set out in b) and/or c) above.

The maximum amount that can be paid out for any one claim under this arrangement is €108.5 million under the "Professional Civil Liability" guarantee and €109 million under the "Global Banking" guarantee in excess of the applicable deductibles.

B. "Regulated Intermediation Liability" (in three areas: Financial Intermediation, Insurance Intermediation, Real Estate Transactions/Management) with a total maximum payout of €10 million per claim and per year.

C. "Operating Civil Liability" covering €75 million per claim, as well as a "Subsidiary Owner Civil Liability"/"Post Delivery-Reception Civil Liability" guarantee extension for up to €30 million per claim and per year of insurance.

D. "Company Directors Civil Liability" for up to €200 million per claim and per year of insurance.

E. "Property Damage" to "Headquarter Buildings & Similar" and to their content (including IT equipment) and the consecutive losses in banking activities, for up to €300 million per claim.

F. "Intangible IT Damage" (losses of data where no physical damage has occurred to the equipment storing the data) & consecutive losses in banking activities, for up to €60 million per claim and per year of insurance.

This coverage extends worldwide for initial risk or umbrella risk, subject to certain exceptions, mainly in terms of "Professional Civil Liability" where the guarantee does not cover permanent institutions based in the United States (where coverage is taken up locally by Natixis' US operations).

All the insurance policies mentioned above were taken out with reputable, creditworthy insurance companies and in excess of the deductibles and Groupe BPCE's risk-retention capacity.

3.5 Legal risks

3.5.1 Legal and regulatory issues and constraints

Outstanding legal risks at December 31, 2015 likely to have a negative influence on the Group's assets, were subject to provisions in line with the Group's best estimate based on available information.

To date, there are no other governmental, legal or arbitration procedures of which the Group is aware that are likely to have, or have had during the past twelve months, any significant effect on the financial position or profitability of either the company or the Group.

Tax legislation and its application in France and in countries where Groupe BPCE operates are likely to have a significant impact on Groupe BPCE's profits

As a multinational banking group that carries out large and complex international transactions, Groupe BPCE (particularly Natixis) is subject to tax legislation in a large number of countries throughout the world, and globally structures its activity in order to optimize its effective tax rate. Changes in tax laws or their application by the relevant authorities in these countries could significantly impact Groupe BPCE's profits. Groupe BPCE has established management methods with the aim of creating value based on the synergies between and sales capacities of its various entities. Groupe BPCE also works to structure financial products sold to its clients with the aim of maximizing their tax benefits. The structure of intra-group transactions and financial products sold by Group entities are based on its own interpretations of applicable tax regulations and laws, generally based on opinions given by independent tax experts and occasionally, as needed, on decisions or specific interpretations by the tax authorities. It is possible that in the future tax authorities may question some of these interpretations, as a result of which Group entities may be subject to tax re-assessments.

Reputational and legal risks could unfavorably impact Groupe BPCE's profitability and commercial outlook

Groupe BPCE's reputation is of paramount importance when it comes to attracting and retaining customers. Use of inappropriate means to promote and market Group products and services, inadequate management of potential conflicts of interest, legal and regulatory requirements, compliance issues, money laundering laws, information security policies and sales and trading practices could adversely affect Groupe BPCE's reputation. Its reputation could also be harmed by inappropriate employee behavior, fraud or malpractice committed by financial sector participants to which BPCE is exposed, any decrease, restatement or correction of financial results, or any legal or regulatory action with a potentially unfavorable outcome. Any damage to Groupe BPCE's reputation could be accompanied by a decrease in business that is likely to weigh on its results and financial situation. Inadequate management of these issues could also increase Groupe BPCE's legal risk, the number of legal proceedings initiated against the Group and the amount of compensation claimed, or may expose the Group to penalties handed down by the regulatory authorities.

3.5.2 Legal and arbitration proceedings – BPCE

DOUBL' Ô, DOUBL' Ô MONDE FCP MUTUAL FUNDS

Entities involved: certain Caisses d'Epargne summoned individually, asset management companies which are Natixis subsidiaries and BPCE for the class action lawsuit by Collectif Lagardère

Certain clients have held mediation proceedings with the former Caisse d'Epargne Group's mediator or the AMF's mediator.

AMF proceeding

The decision by the AMF Enforcement Committee dated April 19, 2012 which, in accordance with the opinion of its legal advisor, considers that the "statute of limitations was applicable as of October 30, 2008, the date on which the courts were summoned."

The AMF filed an appeal against this decision with the French Council of State.

In a ruling dated March 28, 2014, the French Council of State rejected the appeal of the AMF's collegiate body. This ruling closed the proceeding.

Civil proceedings

Individual summons of Caisses d'Epargne:

Individual legal actions have also been initiated against certain Caisses d'Epargne.

Several rulings have been handed down in civil courts, the majority of which were in favor of the Caisses d'Epargne.

Criminal action

On September 18, 2013, Caisse d'Epargne Loire Drôme Ardèche was found guilty by the Lyon Court of Appeal of misleading advertising relating to the Doubl'Ô mutual fund in its "Doubl'Ô Monde" leaflet. Caisse d'Epargne Loire Drôme Ardèche has withdrawn its appeal.

CHECK IMAGING EXCHANGE (*ÉCHANGE IMAGE CHÈQUES*) COMMISSIONS

Marketplace antitrust case involving initially Banques Populaires Participations (BP Participations) and Caisses d'Epargne Participations (CE Participations) and BPCE since it merged with and absorbed BP Participations and CE Participations

On March 18, 2008, BFBP and CNCE received, as was the case for other banks on the marketplace, a notice of grievance from the French anti-trust authority. The banks are accused of having established and mutually agreed on the amount of the check imaging exchange commission, as well as related check commissions.

The anti-trust authority delivered its decision on September 20, 2010 to fine the banks found guilty (€90.9 million for BPCE). These banks (except for the Banque de France) lodged an appeal.

On February 23, 2012, the Paris Court of Appeals overruled the anti-trust authority's decision and the €90.9 million fine paid by BPCE was refunded.

On March 23, 2012, the anti-trust authority launched an appeal of the Court of Appeals' ruling.

On the referral of the anti-trust authority, on April 14, 2015, the Court of Cassation overturned the Court of Appeals' 2012 ruling due to breach of procedure. As the banks were thus once again required to pay the fine, BPCE duly paid the portion for which it was liable.

BPCE, along with the other incriminated banks, referred this ruling to the Paris Court of Appeals requesting that it purge this breach of procedure and uphold its 2012 decision, ensuring that BPCE will ultimately be reimbursed for the fine.

STRUCTURED LOANS

Certain local authorities, holding loans for which the interest rates were at first reduced and then subject to a structured formula based on changes in the exchange rates of certain currencies, expressed concern over the current change in parities. Some of them have taken the issue to court. Proceedings in progress have not, however, put an end to discussions aimed at finding a negotiated solution to this dispute.

3.5.3 Legal and arbitration proceedings – Natixis

Like many banking groups, Natixis and its consolidated subsidiaries are involved in litigation before the courts and can be investigated by regulatory authorities.

The financial consequences, assessed at Thursday, December 31, 2015, of litigation deemed likely to, or which has in the recent past had a material impact on Natixis' financial situation and/or that of Natixis and its consolidated subsidiaries as a whole, their profitability or their business, have been included in Natixis' consolidated financial statements.

The most significant disputes are described below. Their inclusion in the list does not indicate that they will necessarily have an impact on Natixis and/or its consolidated subsidiaries. The other disputes are deemed not liable to have a material impact on Natixis' financial situation or profitability and/or that of Natixis and its consolidated subsidiaries as a whole, or have not reached a stage where it can be determined whether they will have such an impact.

JERRY JONES ET AL. *VERSUS* HARRIS ASSOCIATES LP

In 2004, three shareholders (Jerry Jones et al.) acting for and on behalf of three investment funds (Oakmark Fund, Oakmark Equity and Income Fund and Oakmark Global Fund) filed a complaint against Harris Associates LP, a wholly-owned subsidiary of Natixis Global Management, before the United States District Court for the Northern District of Illinois. The plaintiffs alleged that Harris Associates LP billed services to these three funds at an excessively high rate in light of applicable regulations. These proceedings are among numerous legal claims initiated in recent years against investment advisors. Harris Associates LP and the plaintiffs filed a motion for summary judgement.

In 2007, the judge accepted all aspects of the Harris Associates LP's petition and rejected that of the plaintiffs. The plaintiffs appealed against this decision. In 2008, a bench trial at the Court of Appeals for the Seventh Circuit confirmed the District Court's ruling in favor of Harris Associates LP. The plaintiffs (i) requested a rehearing of the appeal by the entire Court of Appeals, which it rejected, then (ii) filed an appeal with the United States Supreme Court for the decision to reject the appeal to be revoked. The Supreme Court agreed to hear the plaintiffs' motion.

In a ruling dated March 30, 2010, the US Supreme Court referred the case to the Court of Appeals for the Seventh Circuit so that the Court can determine whether the District Court's ruling in favor of Harris Associates LP should be overturned or upheld. The US Supreme Court upheld the District Court's ruling in favor of Harris Associates LP on August 6, 2015. With no further legal recourse available, this matter is now closed.

CLASS ACTIONS LAWSUITS IN THE UNITED STATES RELATING TO MUNICIPAL GUARANTEED INVESTMENT CONTRACTS TRANSACTIONS

In March 2008, Natixis and Natixis Funding Corp. were named among the defendants in a number of class actions filed with the courts of New York, Washington DC and California by and for a number of states, counties and municipalities issuing bonds. The lawsuits concerned alleged collusion between suppliers and brokers of municipal derivatives in price fixing, bid-rigging and the allocation of clients from 1992. The initial lawsuits were originally filed against over 30 US and European banks and brokers cited as defendants. The different cases were subsequently consolidated before the United States District Court for the Southern District of New York under the name of Municipal Derivatives Antitrust Litigation.

Some plaintiffs sought to certify a class of all state, local and municipal government entities, independent government agencies and private entities that purchased municipal derivatives from the banks or brokers cited as defendants from 1992, and to recover damages resulting from the alleged anti-competitive activities.

The various civil lawsuits arose from investigations in this sector carried out from 2006 in the United States by certain government agencies, in particular the US Internal Revenue Service (IRS), the Antitrust division of the Department of Justice (DOJ), the Securities and Exchange Commission (SEC) and state district attorneys.

During the dispute, several defendants reached agreements with the plaintiffs. Although Natixis has always denied and continues to deny the allegations of misconduct or liability in the ongoing proceedings, Natixis Funding Corp., in conjunction with other defendants that remain subject to the class action, reached a final settlement in early 2016. The settlement was reached with all the state, local and municipal government entities, independent government agencies and private entities that purchased municipal derivatives directly *via* tenders or auctions from Natixis Funding Corp. or any other supplier cited as a defendant or alleged accomplice, or from the brokers or alleged accomplices, in the United States or its territory. Natixis Funding Corp. agreed to pay USD 28,452,500 in respect of the class action and USD 1,497,000 to a group of 22 district attorneys. A provision was recognized in the financial statements as at December 31, 2015 in respect of these amounts.

The settlement applies to Natixis and its affiliates and covers all claims that were or could have been included in the class action at the national level or formulated by the groups of district attorneys, and will be binding on all parties to the class action, with the exception of individual plaintiffs who may choose to apply to exit the class action. The settlement of the class action is subject to court approval. As a result, the dispute under the name of Municipal Derivatives Antitrust Litigation is still ongoing before the United States District Court for the Southern District of New York.

MADOFF FRAUD

Outstanding Madoff assets, net of insurance, were estimated at €475 million at December 31, 2015, and were fully provisioned at this time. The effective impact of this exposure will depend on both the extent of recovery of assets invested in Natixis' name and the outcome of the measures taken by the bank, primarily legal. With this in mind, Natixis has appointed law firms to assist it in these recovery efforts. Moreover, in 2011, a dispute emerged over the application of the insurance policy for professional liability in this case; a ruling on the merits took place in early 2015 confirming the application of the insurance policies, for the full amount covered, of the losses incurred by Natixis as a result of the Madoff fraud. This ruling was appealed by the insurers.

Irving H. Picard, the trustee for the liquidation of Bernard L. Madoff Investments Securities LLC (BMIS) filed a complaint in the United States Bankruptcy Court for the Southern District New York, against several banking institutions, including $400 million in claims against Natixis. Natixis is disputing the complaints lodged against it and intends to take the necessary measures to defend itself and safeguard its rights. The case is in progress.

Furthermore, the trustees for the liquidation of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated a large number of proceedings against investors who had previously received payment from these funds in respect of share redemptions (over 200 proceedings were filed in New York). Certain Natixis entities are involved as defendants in some of these lawsuits. Natixis considers these lawsuits to be completely groundless and intends to defend itself vigorously.

CRIMINAL COMPLAINTS COORDINATED BY ADAM

In March 2009, a preliminary inquiry was ordered by the Paris public prosecutor's office following a complaint by minority shareholders of Natixis coordinated by the French minority shareholders' association ADAM (Association de Défense des Actionnaires Minoritaires). As the plaintiffs are filing a civil action in a criminal proceeding, a judicial inquiry has been opened and is still ongoing.

COMMUNE OF SANARY-SUR-MER

In August 2011, the Commune of Sanary-sur-Mer in France filed a complaint against Natixis and other defendants before the Administrative Tribunal of Toulon seeking the joint and several payment of €83 million for the loss of the Commune's planned investments and the loss of future contributions to its budget following the abandonment of the planned construction of a local casino/hotel complex. Regarding the construction project, Natixis had already committed to issuing a bank guarantee of completion in the amount of €20 million. All of the claims filed by the Commune of Sanary-sur-Mer were dismissed in a ruling handed down by the Administrative Tribunal of Toulon on April 12, 2013. The Commune of Sanary-sur-Mer then appealed this ruling. The Court of Appeals upheld the ruling on July 10, 2015 and overruled the motion by the Commune of Sanary-sur-Mer. As the plaintiff did not file a further appeal, this matter is now closed.

NATIXIS ASSET MANAGEMENT (FORMERLY CDC GESTION) - EMPLOYEE PROFIT-SHARING

In 2012, a complaint was filed against Natixis Asset Management before the Paris District Court (Tribunal de Grande Instance de Paris) by 187 former employees of CDC Gestion (current name Natixis Asset Management). The purpose of the complaint is the legal recognition of their rights to the common law profit-sharing schemes from 1989 to 2001.

Following the administrative priority preliminary rulings raised by Natixis Asset Management on the interpretation of the French Labor Code, on August 1, 2013 the Constitutional Council declared unconstitutional the first paragraph of Article L. 442-9 of the French Labor Code in its version prior to law No. 2004-1484 of December 30, 2005 and considered that employees of companies whose share capital is predominantly held by public entities cannot call for a profit-sharing scheme to be applicable to them in respect of the period during which the provisions declared unconstitutional were in force. The case is still pending before the Paris District Court.

In September 2014, the Paris District Court delivered a verdict in favor of Natixis Asset Management and dismissed all the applications by employees. The latter have appealed this ruling before the Paris Court of Appeal.

MMR CLAIM

In 2007, Ixis Corporate & Investment Bank (the predecessor of Natixis) issued EMTNs (Euro Medium Term Notes) indexed to a fund that invested in the Bernard Madoff Investment Securities fund. Renstone Investments Ltd (the apparent predecessor of MMR Investment Ltd) is alleged to have subscribed, *via* a financial intermediary acting as the placement agent, for these bonds in the amount of $50 million.

In April 2012, MMR Investment Ltd filed a joint claim against Natixis and the financial intermediary, claiming not to have received the bonds, despite having paid the subscription price to the financial intermediary. The claim pertains firstly to the restitution of the subscription price of the bonds and secondly to the invalidity of the subscription, due in particular to lack of consent.

Natixis considers this claim to be groundless.

SEEM

In January 2013, Natixis was served a compulsory summons by the company SEEM. This summons seeks to require Natixis, jointly and severally with Cube Energy SCA, to pay compensation amounting to some €23 million for the alleged breach by Cube Energy SCA of its duty of loyalty to its partner, SEEM. Natixis is confident that this matter will have a positive outcome for itself and the companies in its Group.

UNION MUTUALISTE RETRAITE

In June 2013, Union Mutualiste Retraite filed three complaints against AEW Europe in relation to the acquisition and management of two real estate portfolios in Germany between 2006 and 2008. The amounts claimed by the Union Mutualiste Retraite total €103 million. The case is in progress.

SECURITIZATION IN THE UNITED STATES

Natixis faced legal proceedings for residential mortgage-backed security (RMBS) transactions executed between 2001 and mid-2007.

Natixis considers that the negligence of which it is accused is without grounds and/or that the proceedings initiated against it are outside the statute of limitations.

EDA SELCODIS

In June 2013, EDA Selcodis filed a complaint against Compagnie Européenne de Garanties et de Cautions for the sudden termination of commercial relations following the refusal of Compagnie Européenne de Garanties et de Cautions to grant EDA Selcodis a guarantee. In November 2013, EDA Selcodis filed a joint complaint against Natixis, BRED and CEGC for unlawful agreements, which it has asked to be joined with the complaint filed against CEGC for the sudden termination of commercial relations. EDA Selcodis is requesting that each of the three entities pay a sum of €32 million.

Natixis, BRED and CEGC consider all of these claims to be unfounded.

MPS FOUNDATION

In June 2014, the directors of the Italian MPS Foundation (Fondazione Monte dei Paschi di Sienna), filed a complaint against 11 banks, including Natixis, which had granted it funding in 2011 following a request by the previous executive managers, on the basis that the financing that was granted was contrary to the provisions set out in the articles of association of the MPS Foundation which state that it cannot hold receivables for an amount that exceeds 20% of its assets. Damages sought from the banks by the MPS Foundation total €285 million.

3.5.4 Dependence

BPCE is not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

3.6 Technical insurance risks

Insurance risk is the risk of any difference between expected and actual claims. Depending on the insurance products involved, risk varies based on changes in macroeconomic factors, customer behavior, public health policy, pandemics, accidents and natural disasters (such as earthquakes, industrial accidents, terrorist acts or acts of war). The Credit Insurance activity is also exposed to credit risk.

Insurance risk management requires a solid comprehension of technical insurance risks in order to meet commitments to insurers and policyholders. Particular attention must also be paid to the financial risks borne through assets held to back commitments.

In addition to protecting the balance sheet and income statement of insurance companies, the aim is to guarantee the solvency and liquidity of the insurance companies.

To this end, Groupe BPCE's companies have set up effective procedures aimed at measuring, reporting and supervising risks. With these procedures, the Group is also in compliance with Solvency 1 regulatory requirements. At the same time, the Group entities are also making the necessary adjustments and changes to comply with Solvency 2. The preparatory stage is tested at the Group level and within each company to ensure the application of solvency phase-in requirements (prudential reporting, risk management system, pre-application report, issue of country-specific templates).

The Group created an Insurance Risk function in 2011. This meets the requirements set out in the Financial Conglomerates Directive (FICOD) and its transposition in France by the November 3, 2014 Ministerial Order governing the supervision of financial conglomerates, through the cross-divisional Group insurance risk monitoring system. At the same time, this system ensures the operational and regulatory interoperability between the banking and insurance sectors.

3.6.1 Natixis Assurances

Natixis Assurances primarily sells personal insurance and non-life insurance policies. Its main risks are therefore financial in nature:

RISK OF NO LONGER BEING ABLE TO MEET THE MINIMUM CONTRACTUAL RATE OF RETURN IN THE EVENT OF A DECLINE IN INTEREST RATES

To deal with this risk, BPCE Vie (a subsidiary of Natixis Assurances) has only sold policies without a minimum guaranteed rate in recent years: more than 90% of the policies have a 0% minimum guaranteed rate. The minimum guaranteed rate averages 0.18%.

RISK OF POLICY REDEMPTIONS IN THE EVENT OF AN INCREASE IN INTEREST RATES

Natixis Assurances has identified the segment of the insured population that presents a high risk of policy redemption, based on the key criteria of age, fiscal seniority and amount of capital. For these policyholders, Natixis Assurance has hedged the risk of interest rate increases and has limited the scope covered by such policies to approximately a quarter of its assets. Against this backdrop, it has hedged its portfolio with cap policies and has also subscribed for variable-rate bonds.

The liability adequacy test carried out in accordance with IFRS 4 showed that insurance liabilities measured under local standards, for the year ended December 31, 2015, were greater than the fair value of these liabilities, taking into account the redemption option incorporated in the policies.

FINANCIAL RISK IN THE EVENT OF AN INCREASE IN INTEREST RATES

The sensitivity of net equity to variations in interest rates is mitigated by the fair value classification of about €3.4 billion in fixed income securities in the held-to-maturity category.

For securities in other categories, the sensitivity analysis carried out at end-December 2015 showed that a 1-point increase in bond yields would have a negative impact of -€116.2 million on equity (taking into account the variation attributable to policyholders and taxation), *i.e.* 7.1% of equity.

MARKET RISK

Natixis Assurances is subject to variations in the value of its financial assets. Management of financial risks involves defining a strategic allocation taking into account liability commitments, regulatory constraints (particularly in terms of non-concentration) and commercial requirements. Thus, allocation ranges are defined for each type of asset.

According to the sensitivity analysis carried out at end-December 2015:

- a 10% drop in the stock market would have a negative impact of -€24.9 million on equity (after taking into account the variation attributable to policyholders and taxation), *i.e.* 1.5% of equity;
- a 10% drop in the real estate market would have a negative impact of -€9.3 million on equity (after taking into account the variation attributable to policyholders and taxation), *i.e.* 0.57% of equity;

Moreover, Natixis Assurances fully reinsures the guaranteed minimum payment on unit-linked policies.

CREDIT RISK

The monitoring and management of counterparty risk is carried out in compliance with Natixis' standards and internal limits, as determined by the Credit Risk Committee, as well as the regulatory constraints imposed on insurance companies. Thus, 66% of the fixed-income portfolio is invested in securities rated higher than A-.

PROVIDENT INSURANCE BUSINESS

Mortality and morbidity risks are limited by the implementation of a pricing structure appropriate for the policyholders in question and guarantees insured, the use of experience tables and the upstream practice of medical history-based selection of new policyholders.

Natixis Assurances uses reinsurance to limit its exposure to the risk of dispersion of capital guaranteed upon death, personal accidents and loss of autonomy, as well as the frequency of claims for cessation of work, invalidity and loss of autonomy. A reinsurance treaty in the event of epidemics or pandemics has also been established in order to limit exposure to the increase in deaths that would ensue.

The annual reinsurance plan seeks to diversify reinsurers and to deal only with parties having a high-quality rating. No reinsurance treaty is entered into or renewed with parties that are non-investment grade (rating of BB+ to D-). In practice, the rating of reinsurers with which Natixis Assurances deals is between AA and BBB+. The reinsurers that Natixis Assurances works with have a low issuer risk, and the risk of concentration in a given counterparty is limited since Natixis uses several reinsurers.

NON-LIFE INSURANCE BUSINESS

This business is susceptible to three risks:

- mispricing risk: a portfolio monitoring policy was implemented whereby each policy is given a score based on its track record over three years. Factored in are types of claims, number of claims, their cost and other variables specific to the activity in question (degree of liability, bonuses/penalties for motor insurance, for instance). Corrective measures can range from increasing premiums to terminating the policy upon expiry. This monitoring policy also helps detect potential risks arising from large claims and set up adequate reinsurance coverage;
- reserve risk: for each inventory, the technical and reinsurance department conducts an actuarial assessment of the reserves for claims to be paid (those already known and claims yet to be filed). The assessment is based on methods that are widely recognized by the profession and required by the regulator;
- catastrophe risk: catastrophe risk is the exposure to an event of significant magnitude generating a multitude of claims (storm, risk of civil liability, etc.). More often than not there is little possibility of pooling this risk on a national scale, or the risk is severe enough to threaten the company's solvency. This risk is therefore reinsured either through the government in the event of a natural disaster or an attack, for example, or through private reinsurers, specifically in the event of a storm or a civil liability claim, or through reinsurance pools.

To safeguard against this risk, the company decided to opt for a 200-year return period. Priorities are adapted in step with the development of the business.

CONCENTRATION OF RISKS

The nature of insured risks associated with reinsurance coverage does not create any particular exposure in terms of concentrated insurance risks.

3.6.2 Coface

Through its activities, Coface is exposed to two main types of risk. The first is the technical risk constituted by the risk of losses on Coface's portfolio of insurance policies. The second is the financial risk related to the risk of losses arising from adverse changes in interest rates, exchange rates or the market value of securities or real estate investments. Coface has implemented tools designed to control these risks and to ensure they remain within conservative limits.

TECHNICAL RISK

Credit risk concerns the risk of loss generated by the portfolio of insurance policies. Coface manages credit risk through various procedures, which cover the validation of policy terms relating to the products, pricing, the monitoring of credit risk coverage and portfolio diversification. A distinction is traditionally made between frequency risk and peak risk:

- frequency risk is the risk of a sudden and significant increase in past due payments from a multitude of debtors. This risk is measured for each region and country by monitoring the instantaneous loss ratio[1] and the monthly indicator that breaks down the changes in domestic/export credit by DRA (Debtor Risk Assessment) and business sector, by acceptance rate on the DRA scale or by product line (sureties, single risks). Missed payments are analyzed weekly by the Group Management Board and monthly by Coface's Arbitration Committee. The loss ratios for the various underwriting regions are also monitored at the consolidated level for Coface;
- peak risk represents the risk of abnormally high losses recorded for the same debtor or group of debtors, or of an accumulation of losses for the same country. Coverage of peak risk is the main purpose of Coface's reinsurance, whose management has been centralized since January 2015 with private company Coface Re SA.

In addition to weekly and monthly monitoring at the level of each region and country, Coface has implemented a system based on:

- the centralization of provisions for claims exceeding a certain amount per debtor (currently €0.5 million for all Coface arbitration centers) which are then subject to a post mortem analysis aimed at improving the performance of the information, arbitrage and collection activities;
- at the risk underwriting level, monitoring which beyond a certain level of outstanding risk based on the DRA triggers the validation and setting of a global sum by Coface's arbitrage division; and
- a risk evaluation system by the DRA covering all debtors.

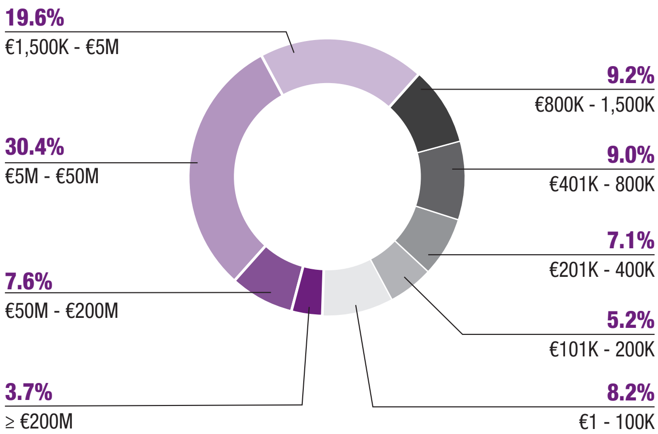
(1) *The instantaneous loss ratio is a weekly indicator that reproduces the change in the loss ratio. It is monitored for each region and each country and is reported on weekly by Coface, particularly so that underwriters can monitor the change in their portfolio and detect any deterioration in order to introduce corrective actions as early as possible.*

DIVERSIFICATION OF THE CREDIT RISK PORTFOLIO

Coface maintains a diversified credit risk portfolio, in order to minimize the risk of a default by a debtor, a slowdown in a particular sector of activity or an adverse event in a given country having a disproportionate impact on Coface's overall claims rate. Furthermore, insurance policies include clauses for the adjustment of credit limits during the term of the contract. Moreover, the fact that the great majority of Coface's risks are short-term (95% of total outstandings) allows it to reduce the risk covered for a debtor or a group of debtors relatively quickly and anticipate a decrease in their solvency.

Second-level controls are also in place to ensure that the Group's credit risk standards are observed.

The following chart shows the breakdown of debtors according to cumulative credit risk outstandings carried by Coface:



FINANCIAL RISK

Coface has implemented an investment policy that incorporates the management of financial risk through the definition of its strategic allocation, regulations governing insurance companies and constraints related to the management of its liabilities. Management of financial risks is thus based on a rigorous system of standards and controls which is regularly reviewed:

- interest rate risk and credit risk: the majority of Coface's allocations are in fixed-income products which guarantee it recurring and stable revenue. The maximum overall sensitivity of the bond portfolio is deliberately capped at 4 and stood at 3.2 as of December 31, 2015. Coface is not exposed to Greek or Portuguese debt[1]. Coface has limited exposure to Italian, Spanish and Irish sovereign debt as part of a defined-risk budget;
- exchange rate risk: the majority of Coface's investments are denominated in euros. Subsidiaries and branches using other currencies must observe the same principles of congruence. In 2015, foreign exchange hedges *via* swap or foreign exchange futures were carried out within Coface's portfolio of European entities, to hedge USD, GBP, and AUD-denominated bond investments;
- equity risk: exposure is limited to less than 10% of the portfolio and is concentrated in the euro zone, in connection with its core business. At December 31, 2015, listed equities represented 8.2% of the investment portfolio and were partially hedged in a discretionary manner *via* the acquisition of put options on indices to mitigate any potential external shocks;
- counterparty risk: maximum exposure to any given counterparty is set at 5% of assets under management, with exceptional exemptions for short-term exposure. More than 84% of bond holdings are Investment Grade, with a median rating[2] of at least BBB-;
- liquidity risk: more than 54% of the bond portfolio had a maturity of less than three years at 12/31/2015. The vast majority of the portfolio is listed on OECD markets and carries a liquidity risk which is currently considered as weak.

Second-level controls on compliance with Coface's investment policy are also carried out.

(1) The sensitivity of a bond measures the bond's loss in value in the event of an interest rate hike. For example, bonds with a sensitivity of 3 will see a 3% reduction in their market value if interest rates increase by 1%.

(2) Second-lowest rating in the event of three available ratings from the three international rating agencies; if one of the ratings is only provided for two of the agencies, the lower rating will be considered, if a rating is available from one agency alone, this rating will be considered.

3.6.3 CEGC

Compagnie Européenne de Garanties et Cautions is the Group's guarantee and surety platform for multiple business lines. It is exposed to underwriting risk, market risk, risk of default by reinsurers as well as operational risk.

Under the new Solvency 2 regulations, effective January 1, 2016, CEGC submitted an application for the approval of its internal model for measuring underwriting risk on home loans guarantees issued to individual customers. In 2015, CEGC also took part in the preparation exercise for the introduction of Solvency 2 organized by the ACPR. This exercise aimed to achieve the submission of part of the new regulatory reports in XBRL format, an ORSA report reflecting the main outcomes of CEGC's internal risk assessment, and a narrative report.

UNDERWRITING RISK

Underwriting risk is the main risk incurred by CEGC. It is essentially a reinsurer default risk: commitments given by CEGC to beneficiaries of guarantees give direct exposure to policyholders. These regulated commitments, carried as liabilities in the balance sheet, amounted to 1.43 billion at December 31, 2015 (+17.7% compared to end-2014). This increase was in line with fiscal year 2014, driven mainly by mortgage guarantees for individuals.

The sharp decline in regulated commitments in the real estate development guarantee segment was due to the reversal of a provision on a major claim (the risk did not materialize) and the payment of another major claim which was then deducted from commitments.

CEGC'S OUTSTANDINGS (IN MILLIONS OF EUROS)

CEGC business lines	December 2015	Change December 2015 versus December 2014
Individual customers	1,280	19.3%
Single-family home builders	14	16.7%
Property administrators - Realtors	7	0.0%
Corporates	17	6.3%
Real estate developers	13	(31.6%)
Professional customers	59	13.5%
Social economy - Social housing	28	16.7%
Run-off activities	11	0%
TOTAL	**1,429**	**17.7%**

MARKET RISK

CEGC held an investment portfolio of €1.47 billion on its balance sheet at December 31, 2015, up +12.5% since end-2014. Market risk arising from the investment portfolio is mitigated by CEGC's investment choices. Its risk limits are set forth in the portfolio management mandate established with Natixis Asset Management. By collecting surety insurance premiums at the time of commitment, CEGC has no need for refinancing. It is not subject to mismatch risk either, as the investment portfolio is fully backed by equity and underwriting reserves.

	12/31/2015			12/31/2014		
in millions of euros	Gross balance sheet value of the provision	% breakdown	Market value	Gross balance sheet value of the provision	% breakdown	Market value
Equities	131	8.9%	154	104	8.0%	122
Bonds	1,081	73.6%	1,183	942	72.1%	1,085
Diversified	110	7.5%	117	93	7.1%	99
Cash	54	3.7%	54	84	6.5%	84
Real estate	71	4.8%	93	62	4.7%	78
FCPR (Venture capital funds)	20	1.4%	23	20	1.5%	23
Other	1	0.1%	1	1	0.1%	1
TOTAL	**1,470**	**100%**	**1,626**	**1,307**	**100%**	**1,494**

REINSURANCE RISK

CEGC hedges its liability portfolio by implementing a reinsurance program tailored to its activities. Through this program, the company is able not only to secure its underwriting income and solvency margin on loan guarantees, but also to protect its equity in the event of high-severity claims on activities other than loan guarantees. Given their high granularity, loan guarantees do not generate concentration risk.

Each year, reinsurance hedging needs are defined based on changes in activity and in the risk observed in the portfolio.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance program is underwritten by fifteen reinsurers with a minimum rating of A on the S&P scale.

OPERATIONAL RISK

CEGC's operational risk is limited *via* the risk management systems set forth in each business line's approval procedures.

CEGC uses a default mapping tool and database tailored to its activities and developed on the basis of business line processes. This database is the standard framework used to catalog incidents and risk situations, and for monitoring corrective action plans based on the methods deployed by Natixis.

3.7 Financial Stability Forum recommendations concerning financial transparency

3.7.1 Groupe BPCE's at-risk exposures (excluding Natixis) at December 31, 2015

UNHEDGED AT-RISK CDO EXPOSURES

The Group no longer had any exposure to US ABS CDOs at December 31, 2015.

EXPOSURE BY ASSET TYPE – OTHER CDOS

in millions of euros	12/31/2015 Gross exposure	12/31/2015 Net exposure	12/31/2014	Change 2015/2014
European ABS CDOs	3	3	7	(4)
CLOs	601	594	795	(201)
Corporate CDOs and CSOs	5	4	4	0
Other	1	1	27	(26)
TOTAL	**609**	**601**	**832**	**(231)**

More than 98% of the Group's exposure to other CDOs is attributable to CLOs.

BREAKDOWN BY ACCOUNTING PORTFOLIO – OTHER CDOS

	12/31/2015		12/31/2014	
in millions of euros	Amount	Breakdown (as a %)	Amount	Breakdown (as a %)
Trading book	0	0%	0	0%
Fair value option asset portfolio	4	1%	4	1%
Portfolio of loans and receivables	431	72%	696	83%
Available-for-sale assets portfolio	166	27%	132	16%
TOTAL	**601**	**100%**	**832**	**100%**

BREAKDOWN BY RATING – OTHER CDOS

	12/31/2015		12/31/2014	
in millions of euros	Amount	Breakdown (as a %)	Amount	Breakdown (as a %)
AAA	399	66%	245	29%
AA	109	18%	375	45%
A	37	6%	139	17%
BBB	4	1%	15	2%
BB	6	1%	6	1%
B	6	1%	2	0%
CCC	0	0%	4	1%
CC	0	0%	0	0%
C	0	0%	0	0%
D	0	0%	0	0%
NR	39	6%	46	6%
TOTAL	**601**	**100%**	**832**	**100%**

PROTECTION PURCHASED

Protection purchased from counterparties to hedge CDO exposures (excluding US residential market)

Credit enhancers (monoline insurers)

Protection purchased from credit enhancers by Crédit Foncier for financial assets is in the form of financial guarantees (and not CDS) and represents a guarantee attached to the enhanced asset. These enhancement commitments are thus not considered as directly exposed to credit enhancers.

in millions of euros	12/31/2015			12/31/2014		
	Gross notional amount of hedged instruments	Impairment of hedged CDOs	Fair value of protection	Gross notional amount of hedged instruments	Impairment of hedged CDOs	Fair value of protection
TOTAL	**51**	**(1)**	**1**	**135**	**(4)**	**4**

This transaction is a Negative Basis Trade and relates to one senior tranche of European CLOs rated AAA/AAA by two rating agencies. Counterparty risk linked to the seller of the protection (a European bank) is hedged by margin calls.

CMBS EXPOSURE

BREAKDOWN OF EXPOSURE BY ACCOUNTING PORTFOLIO – CMBS

in millions of euros	12/31/2015		12/31/2014	
	Gross exposure	Net exposure	Net exposure	Change 2015/2014
Trading book	0	0	1	(1)
Portfolio of loans and receivables	27	26	70	(44)
Available-for-sale assets portfolio	6	6	12	(6)
TOTAL	**33**	**32**	**83**	**(51)**

The decline in exposures can be attributed to the expiry of several securities.

BREAKDOWN OF NET EXPOSURE BY RATING – CMBS

in millions of euros	12/31/2015		12/31/2014	
	Amount	Breakdown (as a %)	Amount	Breakdown (as a %)
AAA	-	0%	14	17%
AA	6	17%	18	22%
A	24	75%	38	46%
BBB		0%	10	12%
BB	1	4%	3	3%
B		0%	-	0%
CCC		0%	-	0%
CC	1	4%	-	0%
TOTAL	**32**	**100%**	**83**	**100%**

BREAKDOWN OF NET EXPOSURE BY REGION – CMBS

as a %	12/31/2015	12/31/2014
Germany	0%	10%
France	0%	17%
Italy	1%	1%
United Kingdom	74%	34%
Rest of Europe	25%	38%
TOTAL	**100%**	**100%**

RMBS EXPOSURE

BREAKDOWN BY ACCOUNTING PORTFOLIO – SPANISH RMBS

	12/31/2015		12/31/2014	
in millions of euros	Gross exposure	Net exposure		Change 2015/2014
Trading book	-	-	2	(2)
Portfolio of loans and receivables	2	2	3	(1)
Available-for-sale assets portfolio	157	156	129	27
TOTAL	**159**	**158**	**134**	**24**

BREAKDOWN BY RATING – SPANISH RMBS

	12/31/2015						
in millions of euros	AAA	AA	A	BBB	BB	B+	Total
Trading book	-	-	-	-	-	-	-
Portfolio of loans and receivables	-	2	-	-	-	-	2
Available-for-sale assets portfolio	-	93	43	14	-	6	156
TOTAL	**-**	**95**	**43**	**14**	**-**	**6**	**158**

BREAKDOWN BY ACCOUNTING PORTFOLIO – UK RMBS

	12/31/2015		12/31/2014	
in millions of euros	Gross exposure	Net exposure	Net exposure	Change 2015/2014
Portfolio of loans and receivables	-	-	9	(9)
Available-for-sale assets portfolio	98	98	136	(38)
TOTAL	**98**	**98**	**145**	**(47)**

BREAKDOWN BY RATING – UK RMBS

	12/31/2015			
in millions of euros	AAA	AA	A	Total
Portfolio of loans and receivables	-	-	-	-
Available-for-sale assets portfolio	71	21	6	98
TOTAL	**71**	**21**	**6**	**98**

3.7.2 Natixis at-risk exposures at December 31, 2015

AT-RISK EXPOSURES

Natixis was exposed to the following risks at December 31, 2015.

EXPOSURE TO CREDIT ENHANCERS

Impairments increased by €3 million in 2015 (excluding the effect of the BPCE guarantee), bringing total impairments to €106 million at December 31, 2015 compared with €103 million at December 31, 2014.

	Data at December 31, 2015			Data at December 31, 2014		
in millions of euros	Notional	Exposures before value adjustment	Value adjustment	Notional	Exposures before value adjustment	Value adjustment
CLO protection	124	7	-	189	11	(1)
RMBS protection	50	8	(1)	53	7	(7)
Other risks	2,364	431	(105)	2,324	407	(95)
TOTAL	**2,538**	**446**	**(106)**	**2,566**	**425**	**(103)**

in millions of euros	12/31/2015	12/31/2014
Exposure before value adjustment	446	425
Value adjustment	(106)	(103)
RESIDUAL EXPOSURE	**340**	**322**
% discount	24%	24%

EUROPEAN RMBS

NET EXPOSURES – UK RMBS

UK RMBS *in millions of euros*	Net exposure at 12/31/2014	Changes in value - 2015	Other changes	Net exposure at 12/31/2015	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	60		(56)	4		1	2		1			
TOTAL	**60**	**-**	**(56)**	**4**		**1**	**2**		**1**			

NET EXPOSURES – SPANISH RMBS

Spanish RMBS *in millions of euros*	Net exposure at 12/31/2014	Changes in value - 2015	Other changes	Net exposure at 12/31/2015	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	5		8	13			13					
TOTAL	**5**	**-**	**8**	**13**			**13**					

CMBS

CMBS *in millions of euros*	**Net exposure at 12/31/2014**	**Changes in value - 2015**	**Other changes**	**Net exposure at 12/31/2015**	**Breakdown by rating**	**as a %**	**Breakdown by country**	**as a %**
Trading book	38		(35)	3				
TOTAL	**38**	**0**	**(35)**	**3**	**AAA**	**14%**		
					BBB	86%	Europe	100%
			% net expos. BPCE guarantee	0%				
					TOTAL	**100%**	**TOTAL**	**100%**

4 2015 ACTIVITIES AND FINANCIAL INFORMATION

4.1 Foreword

The financial data for the fiscal year ended December 31, 2015 and the comparative data for 2014 were prepared under IFRS as adopted by the European Union and applicable on December 31, 2015, therefore excluding some provisions of IAS 39 on hedge accounting.

This management report discusses the results of Groupe BPCE and BPCE SA group, built around the central institution, BPCE, which was established on July 31, 2009 following the merger of Groupe Banque Populaire and Groupe Caisse d'Epargne.

BPCE SA group's results are summarized because the operations and results of the two groups are closely related. The main changes to the scope of consolidation are:

- the exclusion of the holding company, CE Holding Promotion, and therefore its stake in Habitat en Région Services;
- the exclusion of the contributions of the Banque Populaire banks and Caisses d'Epargne.

4.2 Significant events of 2015

4.2.1 Economic and financial environment

OIL COUNTERSHOCK AND MODEST RECOVERY IN FRANCE

Global growth came out under 3% in 2015, *versus* 3.3% in 2014, despite the veritable countershock of excess oil supply (-46.4% for Brent) and persistently ultra-accommodative monetary policies on both sides of the Atlantic. The main source of concern was emerging countries, led by China, where major slowdowns or recessions for commodity-producers such as Brazil and Russia were not sufficiently offset by the continued re-balancing of the economy in favor of developed countries. The United States and United Kingdom continued to enjoy a moderate expansion, driven without excess by robust domestic demand. Japan made sluggish progress, with consumption failing to pick up. The euro zone, which managed to rid itself of the specter of deflation, settled in for a slightly more synchronized pace of activity at just 1.5% per year, despite the incredibly supportive combination of exceptional support factors – falling oil prices, depreciation of the euro and lower interest rates – and an ultimately aggressive, Keynes-inspired monetary and fiscal policy. In a globally disinflationary environment, world trade weakened considerably, particularly under the impact of shrinking Chinese import volumes for the first time in 25 years.

As was often the case over the summer, waves of financial panic emerged, not only in commodities and equities, with three mini-stock market crashes, but also in the forex market, and especially emerging country currencies. The catalyst was the negative interpretation of the unexpected, yet modest, devaluation of the Chinese yuan on August 11. Fears thus migrated from the risk of a permanent break between Greece and its creditors (Grexit) after the radical left Syriza party's success in the elections but before the surprise agreement reached on July 13, to the risk in August of a Chinese recession, not to mention the questions also being raised as to the when and how of the Fed's monetary normalization process. In March, and then again on December 3, the ECB, whose main tools of intervention have been forex and bank lending, launched a negative deposit facility rate policy (-0.3%) coupled with a massive bond buying program to boost its balance sheet (government and corporate bonds totaling €60 billion per month until end-March 2017) in a bid to meet its inflation target of near 2%. Consequently, German and French long rates were not only subject to strong volatility, but also continuously plumbed excessive lows, much lower than the previous historic floors of 1% for the 10-year, with the Bund flirting with zero, and lower maturities (5-7 years) even digging into negative territory. The 10-year OAT averaged 0.84% in 2015 (0.98% at December 31) *versus* 1.66% in 2014. The euro depreciated by 9.9% on average in 2015 ($1.09 at December 31) due to the growing divergence with the Fed's monetary policy. For the first time since 2006, the Fed cautiously raised the fed funds rate by 25 basis points on December 16, bringing it within the range of 0.25% and 0.5%. The CAC 40 ended up gaining 8.5% to 4,637 points at December 31, after peaking at 5,269 points on April 27.

The French economy grew by just 1.1% in 2015, after 0.2% in 2014. This performance fell short of reducing either the unemployment rate[1] (10% for mainland France *versus* 9.9% in 2014) or the public deficit (3.9% of GDP). And yet, it was buoyed by exceptional external factors (oil, euro, interest rates). In particular, the drop in oil prices gave purchasing power a nice boost (1.7%), giving a shot in the arm to household consumption (1.9%), the main economic support factor, and calling for subsequent inventory re-building. The lack of inflation did not trigger any wait-and-see attitudes. Exports benefited partially from renewed intra-euro zone trade and the weaker euro. Unfortunately, there were still no signs of a true enhancement of supply, which is a prerequisite for a self-sustaining recovery. Business investment improved too slowly despite the rise in profit margins sparked by the implementation of the CICE[2], reduced employer contributions and above all the improvement in trading conditions linked to oil. Household investment continued to decline, but to a lesser extent than in 2014. Similarly, commercial employment remained relatively lackluster, with the number of Category A job seekers climbing further (3.5748 million in November 2015).

(1) *The average unemployment rate for the euro zone, on the decline since 2012, fell below the French unemployment rate as of October 2015. In fact, it decreased year-on-year in all countries except France and Finland, despite varying widely: 6.1% in Germany, 21% in Spain, 24.6% in Greece, etc.*

(2) *Competitiveness and employment tax credit.*

4.2.2 Significant events of the fiscal year

DISPOSAL OF NON-STRATEGIC ASSETS

Nexity

Groupe BPCE continued selling the block of Nexity shares in 2015 as part of its strategic plan to reduce or sell off its investments in non-core assets. The Group thus disposed of 20.6% of Nexity's capital during the year, for a total price of €413 million.

Groupe BPCE, which previously had 3 representatives on Nexity's Board of Directors, resigned in line with the plan to reduce its ownership interest in this non-core asset.

Groupe BPCE's remaining stake in Nexity came to 12.8% at December 31, 2015.

Previously consolidated according to the equity method, this stake was reclassified under available-for-sale financial assets on the date on which significant influence over the entity was relinquished. As a result of this reclassification, the stake was recorded at its fair value based on Nexity's share price at June 30, 2015, *i.e.* €35.20.

Together, all of these disposals had an impact of +€130 million on the Group's consolidated income before tax.

VBRO

On December 10, 2014, Groupe BPCE announced that it had signed an agreement with Banca Transilvania to sell its 24.5% non-controlling interest in Volksbank România's capital.

This disposal, completed on April 7, 2015, did not have a material impact on the Group's consolidated net income.

Banca Carige

On May 24, 2015, Groupe BPCE announced it had entered into an agreement with Malacalza Investimenti on the sale of a non-controlling interest of 4.66% in Banca Carige for a total of €32.7 million. This transaction did not have a material impact on the Group's consolidated net income.

Groupe BPCE's remaining stake in Banca Carige came to 1.8% at December 31, 2015.

DISPOSAL OF EXPOSURES TO HETA ASSET RESOLUTION

On March 1, 2015, the Austrian financial market authority (FMA-Finanzmarktaufsicht) published an administrative ruling ordering the resolution of Heta Asset Resolution AG under the Federal Act on the Recovery and Resolution of Banks (Bundesgesetz über die Sanierung und Abwicklung von Banken) applicable since January 1, 2015. This bank, formerly named Hypo Alpe Adria Bank International AG, manages the workout portfolio assets of Hypo Alpe Adria. The ruling applies a temporary moratorium on a substantial portion of Heta Asset Resolution AG's liabilities (principal and interest) until May 31, 2016.

Groupe BPCE's exposure to Heta Asset Resolution AG (carried by Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier), consisting of bonds initially issued by Hypo Alpe Adria and covered by a guarantee provided by the Austrian Land of Carinthia, totaled €260 million at that date (nominal value).

In the first quarter of 2015, following the moratorium set on the bank's debt, the Group recorded a provision for 50% of the nominal amount of the shares. Another provision totaling -€142 million was booked for all the accrued interest and revaluations of positive interest rate components.

In the second quarter, pursuant to its risk management policy, Compagnie de Financement Foncier sold its entire exposure to Heta. As the selling price of the shares was higher than the amount of the provision, a reversal of +€38 million was recorded. The overall impact on annual income was a net expense of -€104 million under cost of risk.

ACQUISITIONS: DNCA

Natixis finalized the acquisition of asset manager DNCA Finance, *via* Natixis Global Asset Management (NGAM), at June 30, 2015, thus broadening NGAM's retail client expertise.

NGAM held 71% of DNCA Finance's share capital at December 31, 2015. Management remains a shareholder alongside NGAM and will have the option to exit starting in 2016 which, if exercised, would allow NGAM to gradually increase its ownership up to 100%.

Through NGAM, Natixis exercises control over DNCA Finance, within the meaning of IFRS 10, and fully consolidates the entity. This acquisition generated goodwill, calculated according to the partial goodwill method, of €580 million.

FINALIZATION OF THE CHANGE IN OVERSEAS ORGANIZATIONAL STRUCTURE

In September 2015, Groupe BPCE sold all interests held by BPCE International in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC).

With the disposal of these three banks by BPCE International, Caisse d'Epargne Provence-Alpes-Corse has become a leading banking player for customers in the French overseas territories.

This transaction, which was launched in October 2014, fell under the remit of the "Another way to grow" strategic plan. It refocused the Group's presence in the euro zone French overseas territories around its two major networks: the Caisses d'Epargne and the Banque Populaire banks.

This transaction, which only affected fully-consolidated entities of Groupe BPCE, had no accounting impact on the Group's net income.

VISA

On November 2, 2015, US company Visa Inc. announced the takeover of Visa Europe, an association comprised of some 3,500 European banks, owned by a group of approximately 3,000 European banks, including Groupe BPCE.

The transaction, totaling €21.2 billion, is broken down into three components:

- a cash payment of €11.5 billion on completion of the transaction;
- preference shares with a EUR-equivalent value of €5.0 billion at the announcement of the transaction;
- a maximum potential contingent consideration of €4.7 billion (including accrued interest).

This transaction is expected to take place in 2016, subject to approval by the appropriate European authorities.

At December 31, 2015, Groupe BPCE recognized the transaction in its financial statements by reclassifying the Visa Europe share held by BPCE to Available-for-sale securities (see Note 5.5.2. Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy).

4.3 Groupe BPCE financial data

4.3.1 Groupe BPCE results[1]

Groupe BPCE once again posted solid earnings, driven by its core businesses.

	Groupe BPCE		Change		Core businesses		Change	
in millions of euros	**2015**	**2014 pf**	**€m**	**%**	**2015**	**2014 pf**	**€m**	**%**
Net banking income	23,868	22,387	1,481	6.6%	23,249	21,937	1,312	6.0%
Operating expenses	(16,248)	(15,598)	(650)	4.2%	(15,120)	(14,547)	(573)	3.9%
Gross operating income	**7,620**	**6,789**	**831**	**12.2%**	**8,129**	**7,390**	**739**	**10.0%**
Cost/income ratio	68.1%	69.7%	--	(1.6) pt	65.0%	66.3%	--	(1.3) pt
Cost of risk	(1,832)	(1,776)	(56)	3.2%	(1,656)	(1,735)	79	(4.6%)
Share in income of associates	280	113	167	ns	269	244	25	10.2%
Gains or losses on other assets	74	77	(3)	(3.9%)	(11)	13	(24)	ns
Change in the value of goodwill	(19)	(52)	33	(63.5%)				
Income before tax	**6,123**	**5,151**	**972**	**18.9%**	**6,731**	**5,912**	**819**	**13.9%**
Income tax	(2,323)	(1,833)	(490)	26.7%	(2,382)	(2,014)	(368)	18.3%
Non-controlling interests	(558)	(411)	(147)	35.8%	(586)	(463)	(123)	26.6%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,242**	**2,907**	**335**	**11.5%**	**3,763**	**3,435**	**328**	**9.5%**

NET BANKING INCOME

Groupe BPCE's net banking income amounted to €23.9 billion in 2015, up 6.6% on 2014. Its core businesses generated strong performances in an uncertain economic environment. The income earned by its core businesses totaled €23.2 billion in 2015, up 6.0% on 2014.

OPERATING EXPENSES

Operating expenses came to -€16.2 billion, up slightly (+4.2%) compared to 2014 due in large part to regulatory changes. Core business operating expenses rose +3.9% compared to 2014, reaching -€15.1 billion in 2015. Most of the increase can be attributed to the Investment Solutions business line as it continued to expand its asset management activities.

The cost/income ratio improved by 1.6 point on 2014 to 68.1%.

OPERATING INCOME

Gross operating income amounted to €7.6 billion in 2015, an increase of +12.2% on 2014.

At €1.8 billion, Groupe BPCE's cost of risk increased by +3.2% on 2014. Divided by outstanding customer loans, Groupe BPCE maintained its cost of risk (in bp)[2][3] at a moderate annual average of 29 bp, which was stable relative to 2014. Cost of risk for the core businesses decreased by 2 bp, *i.e.* from 31 bp in 2014 to 29 bp in 2015.

As a result, operating income totaled €5.8 billion in 2015.

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

With net income attributable to equity holders of the parent at €3.2 billion, up 11.5% on 2014 pro forma, Groupe BPCE again boasted solid results in 2015. Groupe BPCE posted ROE of 6%.

(1) *2014 results are given pro forma of the transfer from BPCE International to Caisse d'Epargne Provence-Alpes-Corse of its entire stake in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon; the consolidation of Nexity Group according to the equity method; the change in consolidation scope of Crédit Coopératif Group; and the change in normative capital allocation (from 9% to 10% of Basel III average risk-weighted assets).*

(2) *Cost of risk in annualized basis points on gross customer loan outstandings at the start of the period.*

(3) *Basis points (1 basis point = 0.01%).*

4.3.2 Groupe BPCE's core businesses

Groupe BPCE is structured around its two core businesses:

Commercial Banking and Insurance, including:

- the Banque Populaire network, comprised of 18 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel, and the Mutual Guarantee Companies;
- the Caisse d'Epargne network consisting of the 17 Caisses d'Epargne;
- the Other networks, which mainly comprise the Group's non-controlling interest in CNP Assurances, Real Estate Financing Services (whose earnings predominantly reflected Crédit Foncier's contribution), BPCE International (BPCE I) and Banque Palatine.

Investment Solutions, Corporate and Investment Banking, and Specialized Financial Services are Natixis' core businesses:

- Investment Solutions, with asset management, insurance and private banking;
- Corporate and Investment Banking, which has now established itself as BPCE's bank serving large corporate and institutional customers;
- Specialized Financial Services, which includes factoring, lease financing, consumer credit, sureties and guarantees, employee benefits planning, payments and securities services.

The Equity interests business line is mainly comprised of Natixis' stakes in Coface, Corporate Data Solutions, Natixis Algérie and Natixis Private Equity, and of the equity-method consolidation of Nexity Group at December 31, 2014. At June 30, 2015, the Group's stake in Nexity was deconsolidated after the disposals carried out in the second quarter.

The Corporate center includes primarily:

- the Group's central institution and holding companies;
- revaluation of own senior debt;
- the contribution to the Single Resolution Fund;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy;
- the former CNCE proprietary workout portfolio activities and delegated management activities, run-off management of the securitization portfolio transferred in September 2014 by Crédit Foncier to BPCE, the active management of Natixis' workout portfolio management business until June 30, 2014, and disposals of international workout portfolio assets.

4

4.3.3 Income statement by sector of activity

	Commercial Banking and Insurance		Investment Solutions, CIB and SFS		Equity interests		Corporate center		Groupe BPCE	
in millions of euros	**2015**	**2014 pf**	**2015**	**2014 pf**	**2015**	**2014 pf**	**2015**	**2014 pf**	**2015**	**2014 pf**
Net banking income	15,371	15,045	7,878	6,892	845	830	(226)	(380)	23,868	22,387
Operating expenses	(10,035)	(9,996)	(5,085)	(4,551)	(683)	(694)	(445)	(357)	(16,248)	(15,598)
Gross operating income	**5,336**	**5,049**	**2,793**	**2,341**	**162**	**136**	**(671)**	**(737)**	**7,620**	**6,789**
Cost/income ratio	65.3%	66.4%	64.5%	66.0%	80.8%	83.6%	ns	ns	68.1%	69.7%
Cost of risk	(1,403)	(1,478)	(253)	(257)	(18)	(10)	(158)	(31)	(1,832)	(1,776)
Share in income of associates	220	205	49	39	14	(65)	(3)	(66)	280	113
Gains or losses on other assets	(10)	11	(1)	2	83	(7)	2	71	74	77
Change in the value of goodwill							(19)	(52)	(19)	(52)
Income before tax	**4,143**	**3,787**	**2,588**	**2,125**	**241**	**54**	**(849)**	**(815)**	**6,123**	**5,151**
Income tax	(1,530)	(1,331)	(852)	(683)	(43)	(53)	102	234	(2,323)	(1,833)
Non-controlling interests	(15)	(22)	(571)	(441)	(49)	(42)	77	94	(558)	(411)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,598**	**2,434**	**1,165**	**1,001**	**149**	**(41)**	**(670)**	**(487)**	**3,242**	**2,907**

The net banking income generated by the Group's two core businesses, Commercial Banking and Insurance, and Investment Solutions, Corporate and Investment Banking and Specialized Financial Services, increased in comparison with 2014, reflecting persistently solid sales momentum. Their contribution was substantial, with Commercial Banking and Insurance accounting for 64.4% and Investment Solutions, Corporate and Investment Banking and Specialized Financial Services 33.0%.

4.3.4 Commercial Banking and Insurance

in millions of euros	Banque Populaire banks 2015	Banque Populaire banks 2014 pf	Caisses d'Epargne 2015	Caisses d'Epargne 2014 pf	Other networks 2015	Other networks 2014 pf	Commercial Banking and Insurance 2015	Commercial Banking and Insurance 2014 pf	Change €m	Change %
Net banking income	6,506	6,359	7,291	7,268	1,574	1,418	15,371	15,045	326	2.2%
Operating expenses	(4,284)	(4,286)	(4,809)	(4,759)	(942)	(951)	(10,035)	(9,996)	(39)	0.4%
Gross operating income	**2,222**	**2,073**	**2,482**	**2,509**	**632**	**467**	**5,336**	**5,049**	**287**	**5.7%**
Cost/income ratio	65.8%	67.4%	66.0%	65.5%	59.9%	67.0%	65.3%	66.4%	--	(1.2) pt
Cost of risk	(624)	(707)	(569)	(588)	(210)	(183)	(1,403)	(1,478)	75	(5.1%)
Share in income of associates	36	28			184	177	220	205	15	7.3%
Gains or losses on other assets	(2)	9	1	1	(9)	1	(10)	11	(21)	ns
Income before tax	**1,632**	**1,403**	**1,914**	**1,922**	**597**	**462**	**4,143**	**3,787**	**356**	**9.4%**

The business line's income before tax was up 9.4% compared to 2014 despite the poor growth of the economy. The Banque Populaire and Caisse d'Epargne networks accounted for 85.6% of the business line's income before tax in 2015.

BANQUE POPULAIRE BANKS

The Banque Populaire network maintained robust sales activity amid gradually improving economic conditions in 2015, as illustrated by the growth of its customer base. Thanks to ongoing efforts to step up its customer relations initiatives, the network recorded a +7.3% rise in the number of active and insured individual customers and a +3.6% increase in professional customers also using the Banque Populaire network for their personal banking needs.

Outstanding on-balance sheet deposits & savings driven by strong sales momentum: +7.9% (excluding centralized savings)

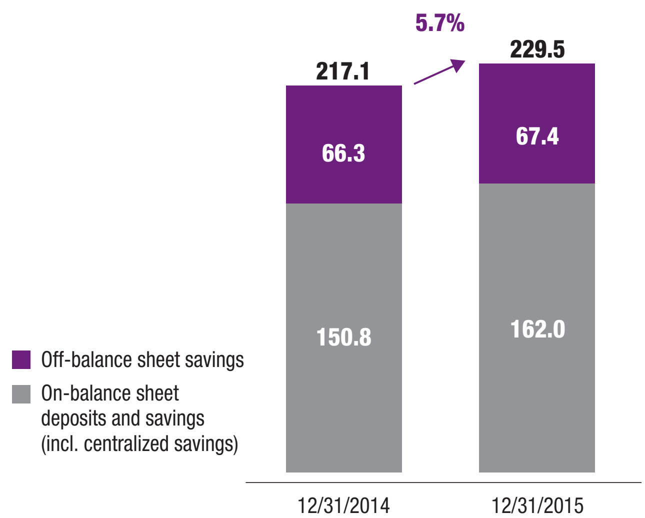
The Banque Populaire banks achieved substantial overall inflows in what remained an increasingly competitive market. On-balance sheet deposit & saving outstandings (excluding centralized regulated savings) climbed +7.9% to €154.2 billion. Off-balance sheet savings amounted to €67.4 billion at end-2015 (+1.7%), mainly on the back of a strong showing from life insurance (+4.1% to €45.2 billion in AuM).

Business was strong across all markets: deposit and saving outstandings rose by +4.6% in the individual customer segment and by +7.4% in other markets.

Individual customers continued to channel their investments into on-balance sheet savings products. Growth was driven primarily by demand deposits (+10.5% to €20.7 billion at end-2015) and home savings (+9.5% to €17.8 billion), impacted directly by the drop in interest rates since February 1, 2015. Passbook savings accounts recorded weaker growth (+3.9%, *i.e.* +€1.7 billion year-on-year): ordinary passbook savings account outstandings climbed +7.7% to €20.1 billion in 2015 and Livret A passbook savings account outstandings +1.3% to €9.8 billion at end-2015. However, outstandings in Livret d'Epargne Populaire passbook savings accounts were virtually stable (+0.2% to €2.0 billion), as were LDD sustainable development passbook savings account outstandings (+0.1% to €8.3 billion).

Professional, corporate and institutional customers also made a considerable contribution to growth in on-balance sheet deposits & savings: they continued to favor products such as term deposits (+7.0% to €27.2 billion at end-2015) and demand deposits (+14.9% to €40.9 billion at end-2015).

CUSTOMER DEPOSITS AND SAVINGS *(IN BILLIONS OF EUROS)*



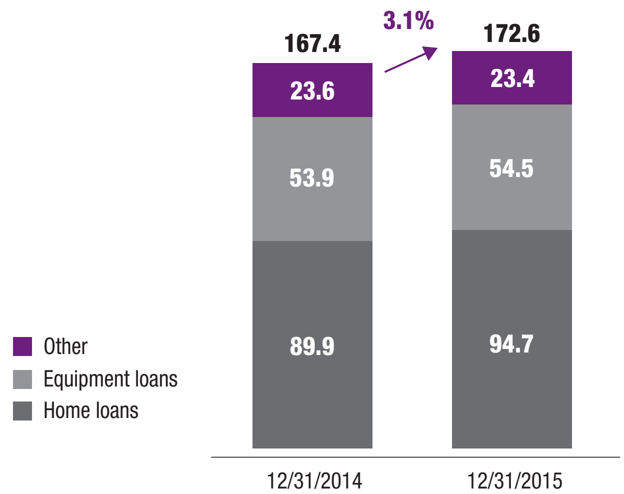
Increase in loan outstandings, up +3.1% in a persistently lackluster economic environment

The Banque Populaire banks consolidated their active role in financing the economy, with an annual increase of +3.1% in loan outstandings to €172.6 billion at December 31, 2015.

Loan outstandings in the individual customer market were buoyed by robust growth in home loans (+5.4% to €94.7 billion), amid low interest rates which triggered renegotiations of existing loans and purchases of loans from competitors. Consumer loans also contributed to the rise in total outstandings, with consumer loans outstandings up +8.4% to €7.4 billion at end-2015.

Outstanding loans (including finance leases) to professional, corporate and institutional customers were resilient, stabilizing at nearly €69.9 billion at end-2015 (-0.4%).

LOAN OUTSTANDINGS *(IN BILLIONS OF EUROS)*



4

Financial results

The Banque Populaire network's net banking income totaled €6.5 billion in 2015, up +2.3% compared to 2014 pro forma[1] (+2.4% excluding the change in the home savings provision).

			Change	
in millions of euros	**2015**	**2014 pf**	**€m**	**%**
Interest margin	4,052	4,153	(101)	(2.4%)
Fees and commissions	2,483	2,344	139	5.9%
Other income and expenses	(29)	(138)	109	ns
NET BANKING INCOME	**6,506**	**6,359**	**147**	**2.3%**

The interest margin[1][2] dipped by -2.2% to €4.0 billion (excluding the change in the home savings provision). Positive volume effects were unable to offset the erosion of the intermediation margin by low interest rates. Meanwhile, fees and commissions picked up significantly (+€139 million, *i.e.* +5.9%), driven predominantly by fees and commissions on loans stemming from prepayment penalty fees and renegotiation fees. The hefty increase in other income and expenses was primarily attributable to a capital gain earned on the sale of an investment property (+€73.3 million).

Operating expenses were stable compared to 2014 pro forma, reflecting disciplined cost control by the Group's institutions.

Gross operating income increased +7.2% to €2.2 billion. As a result, the cost/income ratio improved by 1.5 point to 65.8%.

Cost of risk improved by 11.7% on 2014 pro forma[1] to -€0.6 billion. At 36 bp in 2015, it was down 5 bp compared to 2014.

The Banque Populaire banks contributed €1.6 billion to the Commercial Banking and Insurance business line's income before tax, up 16.3% *versus* 2014 pro forma[1].

CAISSES D'EPARGNE

The Caisses d'Epargne maintained dynamic business activity and remained highly involved in financing the French economy over the course of 2015. Efforts to sell more products and services to existing customers led to a +1.9% increase in individual customers using the main banking services, +3.7% in active professional customers, and +6.6% in active corporate customers.

Dynamic growth of +8.7% in outstanding on-balance sheet deposits & savings[3] (excluding centralized savings)

Amid highly competitive savings conditions, the Caisses d'Epargne saw their on-balance sheet deposits & savings (excluding centralized savings) climb +8.7% (*i.e.* +€16.9 billion) on 2014 to €212.8 billion. Off-balance sheet savings rose +2.4% to €128.8 billion, with recurring UCITS outflows (-8.2%, *i.e.* -€0.8 billion) more than offset by the strong showing in life insurance in 2015 (+3.3%, *i.e.* +€3.8 billion).

In the individual customer segment, outstandings were up +€3.6 billion, *i.e.* +1.1%, in 2015. The rate of return on Livret A passbook savings accounts hit a

(1) 2014 results are pro forma of the change in consolidation scope of Crédit Coopératif Group.

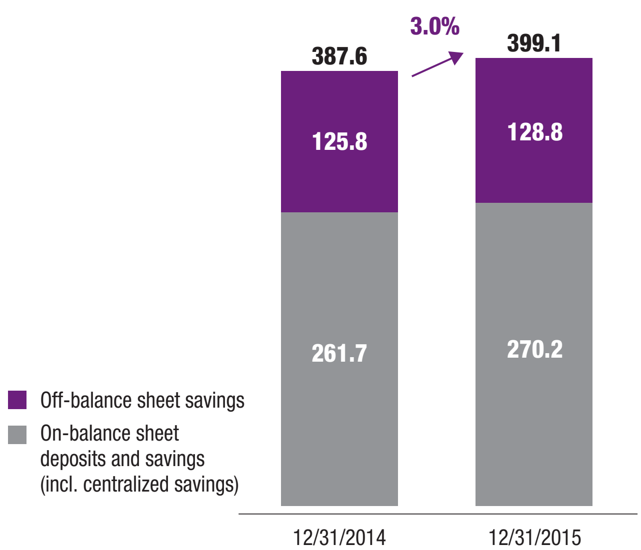
(2) Fees and commissions on centralized savings have been restated for the interest margin and included in fee and commission income.

(3) 2014 outstandings pro forma of the consolidation by Caisse d'Epargne Provence-Alpes-Corse of the overseas banks in H2 2015 (previously owned by BPCE International).

record low. As a result, savings were shifted out of passbook accounts (-5.4%, *i.e.* -€6.0 billion) and into more lucrative products such as home savings (+10.6%, *i.e.* +€4.7 billion), life insurance (+3.0%, *i.e.* +€3.3 billion) and demand deposits (+6.9% to €28.2 billion).

Deposit and saving outstandings on the professional, corporate and institutional customer markets climbed +12.0% to €74.0 billion. On-balance sheet deposits & savings kept their very strong momentum going, climbing +13.1% to €66.7 billion at end-2015, driven predominantly by demand deposits (+24.0% to €27.2 billion) and term deposits (+11.6% to €16.7 billion). Outstandings in passbook savings accounts were up €0.9 billion in 2015 after falling in 2014. Off-balance sheet savings picked up +3.2% to €7.3 billion; UCITS vehicles continued to shrink, especially in money market products, coming out at €1.8 billion, while life insurance AuM posted a significant gain of +9.7% to €5.5 billion.

CUSTOMER DEPOSITS AND SAVINGS *(IN BILLIONS OF EUROS)*



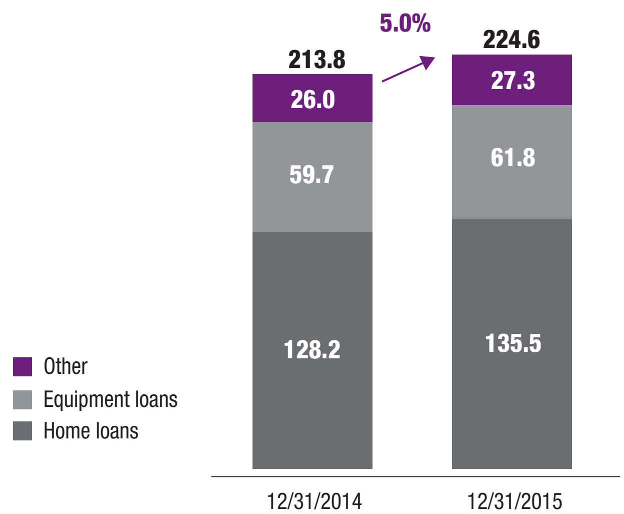
2015: another banner year for loan activity[1]

The Caisse d'Epargne network was as committed as ever to its role in financing the economy and the regions, with robust growth in loan outstandings (+5.0% on 2014) to €224.6 billion.

Outstanding loans to individual customers increased by +6.4% on 2014 to €131.8 billion, driven by an upturn in home loans (+5.7%), with activity boosted by another high level of new home loans in 2015 on the back of low interest rates.

Equipment loans to professional, corporate and institutional customers rose +3.6% to €61.8 billion, once again attributable to solid new business momentum in the corporate customer segment.

LOAN OUTSTANDINGS *(IN BILLIONS OF EUROS)*



Financial results

The Caisse d'Epargne network generated net banking income of €7.3 billion in 2015, showing a slight improvement (+0.3%) compared to 2014 pro forma[2] (+1.1% excluding the change in the home savings provision).

in millions of euros	2015	2014 pf	Change €m	Change %
Interest margin	4,240	4,448	(208)	(4.7%)
Fees and commissions	3,082	2,895	187	6.5%
Other income and expenses	(31)	(75)	44	ns
NET BANKING INCOME	**7,291**	**7,268**	**23**	**0.3%**

The interest margin[2][3], excluding the change in the home savings provision, fell -3.4% due to the decline in the intermediation margin, which was adversely impacted by low interest rates and high volumes of renegotiations and loans purchased from competitors over the course of 2015. The increase in savings and loan volumes was not enough to offset the decrease in the intermediation margin. The +6.5% rise in fees and commissions[3] can mainly be chalked up to higher fees and commissions on loans, tied to the large volumes of prepayments and renegotiations throughout the year.

(1) *2014 outstandings pro forma of the consolidation by Caisse d'Epargne Provence-Alpes-Corse of the overseas banks in H2 2015 (previously owned by BPCE International).*

(2) *2014 results pro forma of the consolidation by Caisse d'Epargne Provence-Alpes-Corse of the overseas banks in H2 2015 (previously owned by BPCE International).*

(3) *Fees and commissions on centralized savings have been restated for the interest margin and included in fee and commission income.*

Operating expenses were up slightly (+1.0%), mainly as a result of IT costs on Group projects and the consolidation of the overseas banks by Caisse d'Epargne Provence-Alpes-Corse.

Gross operating income came out at €2.5 billion in 2015, down -1.1% on 2014 pro forma[(1)]. The cost/income ratio deteriorated by 0.5 point to 66.0%.

At -€0.6 billion, the Caisse d'Epargne network's cost of risk fell by -3.2% to a persistently low 26 bp in 2015 (*versus* 28 bp in 2014[(1)]).

The Caisses d'Epargne contributed €1.9 billion to the Commercial Banking and Insurance business line's income before tax, which was virtually stable compared to 2014 pro forma[(1)] (-0.3%).

OTHER NETWORKS

Real Estate Financing

Crédit Foncier Group accounts for most of the Real Estate Financing sub-business line in terms of both new business and financial results.

Crédit Foncier enjoyed a dynamic business activity in 2015, holding on to its position as the No. 1 lender to modest-income households. Total new lending activity amounted to €10.4 billion in 2015, including €8.1 billion in the individual customer segment (+15% relative to 2014). Business improved in both the existing and new real estate markets in 2015. This new loan activity led to an improvement in margins.

New loans on the real estate investment and public-sector equipment market totaled €2.3 billion.

Net banking income (NBI) generated by the Real Estate Financing business line increased by 4.3% compared to 2014 year-on-year restated for non-recurring items, including the CVA/DVA impact and the sale of the RMBS portfolio to BPCE in September 2014.

At €515 million, operating expenses were down 5.7% on 2014, thanks in large part to the joint decrease in payroll and IT costs. Crédit Foncier's IT system was pooled with the system used by the Caisses d'Epargne on November 15, 2015, in line with the deadlines and budget validated in 2012.

Cost of risk, restated for the disposal of the Heta Asset Resolution AG shares (allocated to the Corporate center), came to €134 million in 2015, up 21.6% on 2014, amid challenging economic conditions for modest-income households.

Insurance, BPCE International and Banque Palatine

For CNP Assurances, 2015 sales and financial results were significantly impacted by an adverse foreign exchange effect on Latin America, and by various scope effects (consolidation of CNP Santander Insurance, deconsolidation of CNP BVP).

2015 revenues rose 3.4% at constant scope and exchange rates to €31.6 billion in 2015, with most of this increase stemming from Latin America, whose revenues improved +32.0% at constant scope and exchange rates, driven by all segments despite the harsh economic climate.

Net insurance income increased 7.5% at constant scope and exchange rates in 2015 to €2.5 billion (o/w +12.6% in Latin America and +4.6% in France). 2015 net income totaled €1,130 million, up 10.7% at constant scope and exchange rates, compared to 2014.

BPCE International (BPCE I) delivered a +9.7% increase in gross operating income on 2014, driven by a robust interest margin and fees and commissions. Its contribution to the business line's net income was €18 million, *versus* €28 million in 2014, undercut by the higher cost of risk (+31.6%).

Finally, Banque Palatine saw its contribution to the business line's net income rise 10.6% to €57 million, *versus* €52 million in 2014, mainly thanks to the strength of fees and commissions as well as the lower cost of risk (-10.8%).

(1) 2014 results pro forma of the consolidation by Caisse d'Epargne Provence-Alpes-Corse of the overseas banks in H2 2015 (previously owned by BPCE International).

4.3.5 Investment Solutions, Corporate and Investment Banking and Specialized Financial Services

	Investment Solutions		CIB		Specialized Financial Services		CIB, Investment Solutions and SFS		Change	
in millions of euros	**2015**	**2014 pf**	**2015**	**2014 pf**	**2015**	**2014 pf**	**2015**	**2014 pf**	**€m**	**%**
Net banking income	3,515	2,822	3,056	2,804	1,307	1,266	7,878	6,892	986	14.3%
Operating expenses	(2,376)	(2,004)	(1,861)	(1,715)	(848)	(832)	(5,085)	(4,551)	(534)	11.7%
Gross operating income	**1,139**	**818**	**1,195**	**1,089**	**459**	**434**	**2,793**	**2,341**	**452**	**19.3%**
Cost/income ratio	67.6%	71.0%	60.9%	61.2%	64.8%	65.7%	64.5%	66.0%	--	(1.5) pts
Cost of risk	4	5	(198)	(186)	(59)	(76)	(253)	(257)	4	(1.6%)
Share in income of associates	22	17	27	21	0	1	49	39	10	25.6%
Gains or losses on other assets	(1)	(13)	0	0	0	15	(1)	2	(3)	ns
Income before tax	**1,164**	**827**	**1,024**	**924**	**400**	**374**	**2,588**	**2,125**	**463**	**21.8%**

INVESTMENT SOLUTIONS

In 2015, the Investment Solutions business line expanded the synergies of its business lines (Asset Management, Insurance, Private Banking), with Natixis' other businesses and the Groupe BPCE networks. In the Asset Management business, Natixis Global Asset Management (NGAM) finalized its acquisition of 71% of DNCA in June 2015, strengthening its position on the European retail markets.

Investment Solutions posted a 25% increase in revenues year-on-year to €3,515 million (up 13% at constant exchange rates) with a net scope effect of €109 million (of which €108 million related to DNCA).

Expenses rose 19% (+8% at constant exchange rates) with the continued development of Asset Management, resulting mainly in the acquisition of asset management firm DNCA, and of the Insurance segment with the implementation of the Assurément#2016 project and the opening of the Center for Expertise and Customer Relations for the Caisses d'Epargne activities.

The business line's expenses recorded a net scope effect of €27 million (of which €35 million for DNCA).

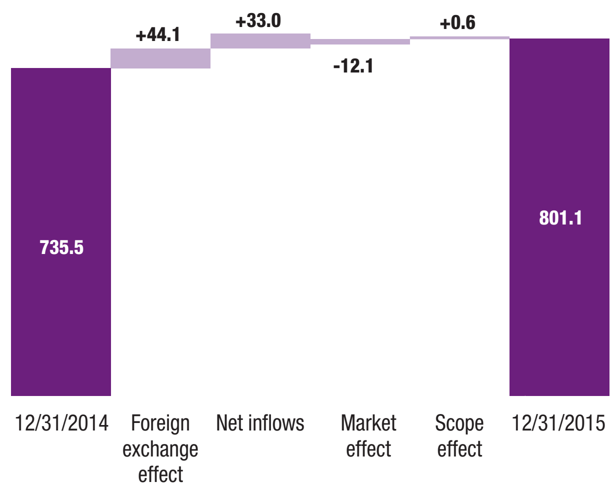
Gross operating income was up 39% (+26% at constant exchange rates) to €1,139 million.

Asset Management

In line with 2014, Natixis Global Asset Management (NGAM) boasted another record year in 2015, both in terms of results and inflows.

Assets under management exceeded €800 billion at December 31, 2015. They totaled €801.1 billion, up €21.5 billion (+2.8%) compared to December 31, 2014 at constant exchange rates, buoyed by the strongest level of net inflows since 2006 (on a current-euro basis).

CHANGE IN ASSETS UNDER MANAGEMENT IN 2015
(IN BILLIONS OF EUROS)



Net inflows of €33.0 billion underscored the business line's momentum, especially in Europe:

- Europe posted net inflows of €20.3 billion, driven in large part by Natixis Asset Management (NAM) in money market and bond products, and by H2O in diversified vehicles. Inflows recorded by asset management firm DNCA, consolidated mid-2015, totaled €2.8 billion;
- in the United States, net inflows came to €11.9 billion, mainly driven by Loomis in bond and equity products and, to a lesser extent, by Alpha Simplex and Vaughan;
- net inflows generated by Private Equity firms were approximately €500 million.

At €783.7 billion, average assets under management were up 6.9% in 2015 *versus* 2014 (at constant euros).

The average rate of return on AuM improved to 29.1 bp in 2015. Bond products, insurance products and equity products remained predominant in the product mix at end-2015 (29.7%, 24.1% and 22.4%, respectively).

At December 31, 2015, net banking income came to €2,755 million, up 29% compared to December 31, 2014 (*i.e.* +13% at constant exchange rates), driven by fees and commissions on assets under management earned by asset management firms in the US and Europe, and incentive fees for European asset management firms (namely H2O, NAM and DNCA). Excluding scope effects, net banking income rose 9% year-on-year at constant exchange rates.

Expenses totaled €1,900 million, up 21% compared to 2014 (+7% at constant exchange rates) due to expanded business by the distribution entities and asset management firms in the United States, plus higher expenses in Europe (mainly scope effects and performance fees). Excluding scope effects, Asset Management expenses increased 6% at constant exchange rates.

Insurance

In terms of business levels, 2015 recorded satisfactory sales momentum in virtually all the Insurance segments.

With €4.2 billion in premiums, life insurance inflows fell 3% relative to 2014. The business line and distribution networks prioritized unit-linked policies, whose premiums were up 36% to €869 million, accounting for more than 20.5% of total gross inflows. Conversely, inflows invested in the Euro fund were down 10% to €3.4 billion and from decreased efforts to promote the Euro fund in an environment of historically low interest rates.

Provident and payment protection insurance premiums (€702 million, *i.e.* +12%) maintained a similar pace of growth to 2014 (+15%): provident insurance posted a sharp rebound in premiums, while payment protection insurance maintained a high growth rate (+13%).

Operating in mature and highly competitive markets, the Property and Casualty Insurance business was able to benefit from the entry into force of France's Hamon Act, which presented a real opportunity to gain market share: compared to 2014, the 1.2 million new policies acquired by the Banque Populaire and Caisse d'Epargne networks represented a 6% improvement, driven by the 21% increase in the number of new automotive and multi-risk home policies.

Given the lack of major financial or weather-related events over the year, net banking income for Insurance businesses totaled €584 million, up 10% on 2014.

Operating expenses were up 10% to €331 million. The Assurément#2016 project, aimed at rolling out the life and provident insurance products in the Caisse d'Epargne network starting in 2016, generated expenses of €11 million in 2015.

Private Banking

At December 31, 2015, Private Banking posted net inflows of €1,759 million, reflecting the strength of the business, especially in international wealth management and the private B2B management services provided by the networks.

Assets under management gained 13% over the year to €28 billion, owing to robust inflows and, to a lesser extent, a market effect.

Net banking income generated by Private Banking rose 13% on 2014 to €145 million, thanks to a 10% rise in fees on AuM, strong incentive fees (up €5.6 million in the year), and the strong performance of transaction fees.

Expenses rose 8% *versus* 2014 to €138 million, due in large part to IT expenses related to the go-live phase of IT projects and to variable payroll costs in relation to income growth.

CORPORATE AND INVESTMENT BANKING

In 2015, Natixis' Corporate and Investment Banking business line undertook structure-building projects across all business lines, in line with the objectives of the New Frontier strategic plan.

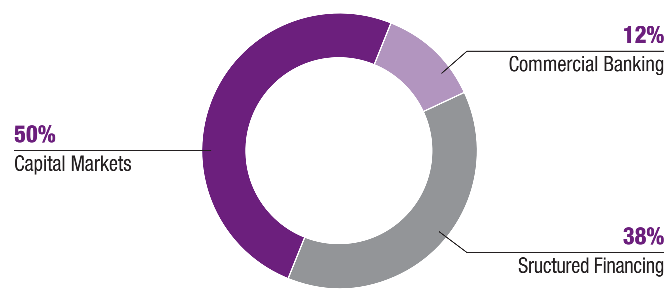
It expanded its expertise in providing support to companies and client coverage, which saw it play a leading role in landmark deals, such as the public tender offer by Chinese conglomerate Fosun for Club Med Group.

In 2015, the bank expanded its M&A activity in France with mid cap and investment fund clients, with the acquisition of the French operations of Leonardo & Co, now called Natixis Partners.

It carried out large-scale, high value-added structured financing transactions in the aviation, export and infrastructure sectors, strategic and acquisition funding, and real estate finance.

Natixis continued to develop internationally. The Americas platform pursued its geographic expansion strategy by building up its presence in Latin America. In Asia-Pacific, Natixis garnered significant commercial success.

PERCENTAGE OF BUSINESSES IN CORPORATE AND INVESTMENT BANKING'S NET BANKING INCOME (EXCLUDING CPM AND OTHER)



In 2015, Corporate & Investment Banking's net banking income amounted to €3,056 million, up 9% compared to 2014.

Restated for non-recurring items relating to fixed income and treasury activities in 2014 (expense of €119 million), revenues increased 5% at current exchange rates. These non-recurring items were related to a change in CVA/DVA/FVA methodology in 2014.

Commercial banking revenues were down 13% year-on-year. This decrease was on account of sharply lower margins. Revenues generated by Global Transaction Banking were stable over the year. In vanilla finance, credit line drawdown rates remained very low at 12%.

Revenues from structured financing activities increased by 4.7% year-on-year at current exchange rates.

Revenues from fixed income, credit, forex, commodities and treasury activities rose 15% compared to 2014. Restated for non-recurring items included in the aforementioned net banking income in 2014, they increased by 2% at current exchange rates.

Equity activities generated net banking income of €537 million, up 26% relative to 2014.

In 2015, Corporate and Investment Banking's expenses rose 8.5% at current exchange rates to €1,861 million. 59% of this growth, excluding the change in variable payroll costs, can be attributed to the fast-developing international platforms.

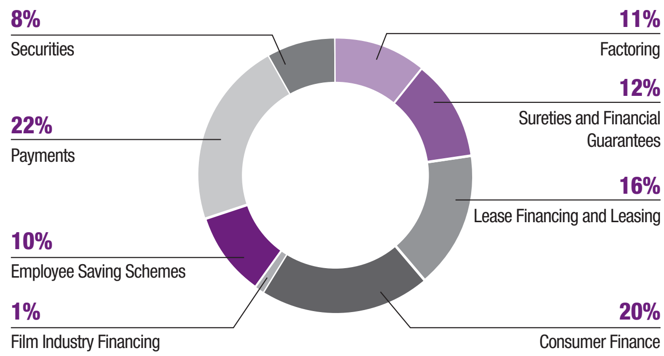
The cost/income ratio stood at 60.9% for 2015, down 0.3 point compared to 2014. Restated for the aforementioned non-recurring items in 2014, it was deteriorated by 2.2 points.

Activities were developed under strict management of capital employed. As a result, at December 31, 3015, Basel III risk-weighted assets (RWA) came to €69.4 billion *versus* €72.2 billion at end-2014, despite an unfavorable exchange rate effect.

SPECIALIZED FINANCIAL SERVICES (SFS)

Specialized Financial Services stepped up its relations with the Groupe BPCE networks by rolling out new products and services and new tools adjusted for changes in distribution and customer needs. Furthermore, new revolving loan and factoring products were launched in 2015, and a dynamic-cryptogram debit card designed with Natixis Payment Solutions was released. This technology is a global first.

BREAKDOWN OF NET BANKING INCOME OF SFS BUSINESS LINES IN 2015



The net banking income generated by Specialized Financial Services climbed 3% despite the persistently challenging French economic environment.

Specialized financing activities enjoyed strong overall momentum, with revenues up by almost 7%. Sureties and financial guarantees posted 20% growth in net banking income, with a sharp increase in earned premiums thanks to substantial mortgage refinancing activity for individual customers. Consumer finance outstandings rose 11% and revenues 1%. Revenues from financial services were virtually stable.

Expenses picked up by 2% compared with 2014. On the whole, gross operating income was up 6%.

4.3.6 Equity interests

The Group's equity interests (including Coface) are recognized in the Equity interests business line.

	Equity interests		Change	
in millions of euros	**2015**	**2014 pf**	**€m**	**%**
Net banking income	845	830	15	1.8%
Operating expenses	(683)	(694)	11	(1.6%)
Gross operating income	**162**	**136**	**26**	**19.1%**
Cost/income ratio	80.8%	83.6%	--	(2.8) pts
Cost of risk	(18)	(10)	(8)	80.0%
Share in income of associates	14	(65)	79	ns
Gains or losses on other assets	83	(7)	90	ns
Income before tax	**241**	**54**	**187**	**ns**

The Equity interests business line continued its disinvestment strategy with the disposal of a 20.6% stake in Nexity and the sale of Kompass (Corporate Data Solutions).

Income before tax generated on Groupe BPCE's equity interests amounted to €241 million in 2015, *versus* €54 million in 2014. 2015 income before tax can be primarily attributed to the impacts of disposals and the reclassification of the remaining stake in Nexity (+€130 million) to available-for-sale financial assets. Previously consolidated according to the equity method, this stake was reclassified under available-for-sale financial assets on the date on which significant influence over the entity was relinquished. As a result of this reclassification, the stake was recorded at its fair value based on Nexity's share price at June 30, 2015.

In 2014, income before tax recorded by the business line included the €79.4 million impairment of the equity-method value of Volksbank România for the last recapitalization of this equity interest.

COFACE

2015 revenues improved by +3.4% to €1.5 billion. At constant scope and exchange rates, it was up 1.2% compared to 2014, amid significantly poorer economic conditions in emerging countries. Insurance, which accounts for 95% of revenues, gained 3.6% while factoring remained stable.

Gross credit insurance outstandings decreased 6% year-on-year to €453.4 billion.

The loss ratio, net of reinsurance, came out at 52.5% *versus* 50.4% in 2014, deteriorating by 2.1 points.

Net banking income reached €680 million in 2015, down 1.3% on 2014 and down 2.2% at constant scope and exchange rates (reflecting the discontinuation of institutional operations in Brazil in 2014 and interest expense on hybrid debt).

Gross operating income fell 2% (-6% at constant exchange rates and scope of consolidation).

CORPORATE DATA SOLUTIONS (FORMERLY COFACE NON-CORE ACTIVITIES)

After the sale of Kompass in 2015, CDS now only comprises the following entities: Ellisphère, Altus, Midt Factoring and Graydon.

Net banking income in 2015 was €82 million, down 1% on 2014. Restated for the sale of Kompass, net banking income increased by 3%.

NATIXIS PRIVATE EQUITY (NPE)

Natixis Private Equity predominantly holds shares of funds and is currently comparable to a fund of funds. Relative to December 31, 2014, Natixis' share of assets under management (or cash-at-risk) fell 48% to €101 million at December 31, 2015, and off-balance sheet commitments decreased 57% to €25 million.

2015 net banking income was once again negative at -€3 million *versus* -€13 million in 2014, due to a non-recurring impact of -€10.9 million linked to a haircut on seven funds sold in 2015.

NATIXIS ALGÉRIE

Net banking income decreased by 3% on 2014 to €67 million. Excluding the foreign exchange effect, it increased by 1%.

4.3.7 Corporate center

	Corporate center		Change	
in millions of euros	**2015**	**2014 pf**	**€m**	**%**
Net banking income	(226)	(380)	154	(40.5%)
Operating expenses	(445)	(357)	(88)	24.6%
Gross operating income	**(671)**	**(737)**	**66**	**(9.0%)**
Cost/income ratio	ns	ns	--	--
Cost of risk	(158)	(31)	(127)	ns
Share in income of associates	(3)	(66)	63	(95.5%)
Gains or losses on other assets	2	71	(69)	(97.2%)
Change in the value of goodwill	(19)	(52)	33	(63.5%)
Income before tax	**(849)**	**(815)**	**(34)**	**4.2%**

The Corporate center generated income before tax of -€849 million in 2015 *versus* -€815 million in 2014, with the following main impacts in 2015:

- revaluation of own debt at fair value through profit or loss in respect of the bank's own credit risk of €127 million;
- the contribution of -€106 million to the Single Resolution Fund;
- the -€104 million impairment of the Heta Asset Resolution AG shares;
- the -€98 million impact of the disposals of international workout portfolio assets (from Crédit Foncier).

4.3.8 Analysis of the Groupe BPCE consolidated balance sheet

in billions of euros	12/31/2015	12/31/2014	Change 2015/2014 €bn	Change 2015/2014 %
Cash and amounts due from central banks	71.1	79.0	(7.9)	(10.0%)
Financial assets at fair value through profit or loss	174.4	229.3	(54.9)	(23.9%)
Hedging derivatives	15.8	16.4	(0.6)	(3.7%)
Available-for-sale financial assets	96.0	87.0	9.0	10.3%
Loans and receivables due from credit institutions	96.2	103.7	(7.5)	(7.3%)
Loans and receivables due from customers	617.5	610.0	7.5	1.2%
Revaluation difference on interest rate risk-hedged portfolios	7.5	9.6	(2.1)	(21.8%)
Held-to-maturity financial assets	10.7	11.2	(0.5)	(4.7%)
Current and deferred tax assets and other assets	65.2	65.6	(0.4)	(0.6%)
Fixed assets	7.8	7.8	(0.0)	(0.2%)
Goodwill	4.4	3.6	0.7	ns
ASSETS	**1,166.5**	**1,223.3**	**(56.8)**	**(4.6%)**
Amount due to central banks	0.0	0.0	0.0	ns
Financial liabilities at fair value through profit or loss	142.9	198.6	(55.7)	(28.0%)
Hedging derivatives	18.7	21.6	(2.9)	(13.5%)
Amounts due to credit institutions	77.0	85.7	(8.7)	(10.1%)
Amounts due to customers	499.7	473.2	26.5	5.6%
Debt securities	223.4	250.2	(26.8)	(10.7%)
Revaluation difference on interest rate risk-hedged portfolios	1.3	1.6	(0.3)	ns
Current and deferred tax liabilities and other liabilities	54.9	51.3	3.6	7.0%
Insurance companies' technical reserves	59.6	57.1	2.5	4.3%
Provisions	5.7	5.6	0.1	ns
Subordinated debt	18.1	15.6	2.5	16.2%
Equity attributable to equity holders of the parent	57.6	55.3	2.3	4.2%
Non-controlling interests	7.6	7.4	0.2	ns
LIABILITIES	**1,166.5**	**1,223.3**	**(56.8)**	**(4.6%)**

At December 31, 2015, the consolidated balance sheet of Groupe BPCE totaled €1,166.5 billion, down 4.6% compared with December 31, 2014. The return on assets stood at 28 bp in 2015.

CHANGES IN SIGNIFICANT ASSET ITEMS

The main asset items are loans and receivables due from customers (52.9% of total assets at December 31, 2015) and credit institutions (8.2%), financial assets at fair value through profit or loss (15.0%), and available-for-sale financial assets (8.2%). Taken together, these items account for nearly 84.4% of the Group's assets.

Financial assets at fair value through profit or loss

These financial assets comprise securities held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value through profit or loss according to the option available under IAS 39.

The €54.9 billion decrease in this line item over the period breaks down as follows:

- a decline in trading derivatives (-€13.1 billion) mainly from firm transactions (-€13.0 billion);
- a decrease in the variable-income securities portfolio (-€2.2 billion);
- a drop in the fixed income securities portfolio (-€18.5 billion) mainly from treasury bills (-€16.1 billion);
- a downturn in securities purchased under repurchase agreements (-€20.1 billion).

Available-for-sale financial assets

Available-for-sale financial assets comprise bonds, equities and treasury bills and equivalent securities that do not fall into any other asset category. This portfolio totaled €96.0 billion at December 31, 2015 *versus* €87.0 billion at December 31, 2014. This €9.0 billion increase was attributable to the gain in fixed income securities (+€7.7 billion).

Loans and receivables due from customers and credit institutions

This item comprises non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, adjusted for impairment where applicable. These assets were stable over the period and amounted to nearly €713.7 billion at December 31, 2015.

Net outstanding loans and receivables due from customers totaled €617.5 billion, an increase of €7.5 billion over the period (+1.2%), thanks in large part to the solid performance of the Group's business lines, and especially Commercial Banking and Insurance. Outstanding home loans grew by +€8.7 billion, outstanding equipment loans +€2.3 billion and short-term credit facilities +€2.7 billion. However, securities received under repurchase agreements fell by -€2.9 billion.

Doubtful loans accounted for 3.7% of gross loans outstandings at December 31, 2015, which was stable compared to December 31, 2014, while recognized impairment losses (including collective impairment) amounted to €12.3 billion.

Net outstanding loans and receivables due from credit institutions totaled €96.2 billion, down €7.5 billion year-on-year (-7.3%). This decrease reflects the decline in term accounts and loans (-€9.0 billion) and, to a lesser extent, in securities classified as loans and receivables due from credit institutions (-€1.2 billion), partially offset by the improvement in repurchase agreement transactions (+€3.4 billion). Outstanding non-performing loans and recognized impairments were relatively stable over the period.

CHANGES IN SIGNIFICANT LIABILITY AND EQUITY ITEMS

At December 31, 2015, nearly 85.8% of all balance sheet liabilities were comprised of the following:

- amounts due to customers (42.8%) and credit institutions (6.6%);
- debt securities (19.2%);
- financial liabilities at fair value through profit or loss (12.3%);
- equity attributable to equity holders of the parent (4.9%).

Financial liabilities at fair value through profit or loss

On the liabilities side, this portfolio consists of debt instruments carried at fair value at the reporting date with an offsetting entry in the income statement.

At December 31, 2015, these liabilities amounted to €142.9 billion, down by €55.7 billion (-28.0%) over the period. This change resulted primarily from the steep decline in securities sold under repurchase agreements (-€30.3 billion) and trading derivatives (-€10.8 billion), mainly in fixed income and foreign exchange instruments (-€7.9 billion and -€2.1 billion, respectively).

Amounts due to customers and credit institutions

This item totaled €576.7 billion at December 31, 2015, up €17.8 billion relative to December 31, 2014.

Amounts due to customers stood at €499.7 billion, up €26.5 billion over the year. This increase stemmed mainly from:

- an increase in current accounts with credit balances (+€23.0 billion);
- a decrease in demand accounts and term accounts (-€2.6 billion);
- more investments in regulated savings accounts (+€3.6 billion), driven by a solid performance in home savings plans (+€6.7 billion) but offset by Livret A passbook savings account outflows (-€4.2 billion);
- a rise in securities sold under repurchase agreements (+€2.5 billion).

Amounts due to credit institutions came out at €77.0 billion, down by €8.7 billion over the year (-10.1%), due in large part to the decrease in term accounts and loans (-€4.0 billion) and securities sold under repurchase agreements (-€4.2 billion).

Debt securities

Debt securities amounted to €223.4 billion at December 31, 2015, down by €26.8 billion over the period. This trend can be attributed to the decline in interbank securities and negotiable debt securities (-€26.8 billion).

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent totaled €57.6 billion at December 31, 2015 compared to €55.3 billion at December 31, 2014. This increase resulted from:

- net income for the period: +€3.2 billion;
- the change in capital: +€1.0 billion in respect of issues net of redemptions of Banque Populaire and Caisse d'Epargne cooperative shares.

4.4 BPCE SA group financial data

4.4.1 BPCE SA group results

BPCE SA group's net income is calculated after restating the contribution of non-consolidated entities.

In 2015, the transition from Groupe BPCE's net income to BPCE SA group's net income can be broken down as follows:

in millions of euros	2015
GROUPE BPCE NET INCOME	**3,242**
Entities not consolidated or consolidated under a different method*	(2,459)
Other items	7
BPCE SA GROUP NET INCOME (PRO FORMA)	**790**

* *Including the Banque Populaire banks, Caisses d'Epargne and their consolidated subsidiaries, Nexity.*

The Group posted net income of €790 million in 2015 pro forma[(1)], up +13.7% on 2014 pro forma.

	Commercial Banking and Insurance*		Investment Solutions, CIB and SFS		Equity interests		Corporate center		BPCE SA group	
in millions of euros	2015 pf	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015 pf	2014 pf
Net banking income	1,584	1,423	7,878	6,892	828	830	(449)	(525)	9,841	8,620
Operating expenses	(947)	(956)	(5,085)	(4,551)	(681)	(693)	(427)	(358)	(7,140)	(6,558)
Gross operating income	**637**	**467**	**2,793**	**2,341**	**147**	**137**	**(876)**	**(883)**	**2,701**	**2,062**
Cost/income ratio	59.8%	67.2%	64.5%	66.0%	82.2%	83.5%	ns	ns	72.6%	76.1%
Cost of risk	(210)	(183)	(253)	(257)	(18)	(10)	(103)	6	(584)	(444)
Share in income of associates	189	182	49	39	(3)	(78)	(9)	(88)	226	55
Gains or losses on other assets	(20)	1	(1)	2	(28)		2	73	(47)	76
Change in the value of goodwill							(1)	(51)	(1)	(51)
Income before tax	**596**	**467**	**2,588**	**2,125**	**98**	**49**	**(987)**	**(943)**	**2,295**	**1,698**
Income tax	(185)	(107)	(852)	(683)	(45)	(53)	125	245	(957)	(598)
Non-controlling interests	(13)	(17)	(571)	(441)	(49)	(42)	85	95	(548)	(405)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**398**	**343**	**1,165**	**1,001**	**4**	**(46)**	**(777)**	**(603)**	**790**	**695**

* *Excluding the Banque Populaire banks, Caisses d'Epargne and their consolidated subsidiaries.*

The performances of the Commercial Banking and Insurance business line (in terms of net income attributable to equity holders of the parent) climbed by €55 million compared to 2014 pro forma, on the back of robust performances by all sub-business lines of the Other networks in 2015.

The Investment Solutions, Corporate and Investment Banking and SFS business line posted net income of €1,165 million, up 16.4% on 2014, driven mainly by dynamic Investment Solutions business.

The gain in earnings by the Equity interests business line was mainly generated by a comparison base effect associated with the -€79 million impairment of the Volksbank România shares in 2014.

Net income attributable to equity holders of the parent for the Corporate center included the impact of the revaluation of own senior debt at fair value through profit or loss in respect of own credit risk (+€58 million); disposals of international workout portfolio assets (-€61 million); the contribution to the Single Resolution Fund (-€54 million) and the impairment of the Heta Asset Resolution AG shares (-€64 million).

(1) *2015 and 2014 results are given pro forma of the transfer by BPCE International to Caisse d'Epargne Provence-Alpes-Corse of its entire stake in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon.*

4.4.2 Analysis of the consolidated balance sheet of BPCE SA group

in billions of euros	12/31/2015	12/31/2014	Change 2015/2014 €bn	%
Cash and amounts due from central banks	62.7	74.1	(11.4)	(15.4%)
Financial assets at fair value through profit or loss	176.7	234.4	(57.7)	(24.6%)
Hedging derivatives	14.0	14.2	(0.2)	ns
Available-for-sale financial assets	58.5	49.4	9.0	18.2%
Loans and receivables due from credit institutions	119.9	126.1	(6.2)	(4.9%)
Loans and receivables due from customers	219.9	231.5	(11.6)	(5.0%)
Revaluation difference on interest rate risk-hedged portfolios	6.4	8.1	(1.7)	(21.2%)
Held-to-maturity financial assets	3.7	4.3	(0.6)	ns
Current and deferred tax assets and other assets	55.3	55.5	(0.2)	ns
Fixed assets	3.3	3.3	0.0	ns
Goodwill	3.7	3.0	0.8	ns
ASSETS	**724.1**	**803.8**	**(79.7)**	**(9.9%)**
Amount due to central banks	0.0	0.0	0.0	ns
Financial liabilities at fair value through profit or loss	147.7	205.1	(57.4)	(28.0%)
Hedging derivatives	12.5	14.0	(1.5)	(10.7%)
Amounts due to credit institutions	114.3	119.9	(5.6)	(4.7%)
Amounts due to customers	83.4	79.2	4.2	5.3%
Debt securities	214.1	239.1	(25.0)	(10.5%)
Revaluation difference on interest rate risk-hedged portfolios	1.2	1.5	(0.3)	ns
Current and deferred tax liabilities and other liabilities	49.4	47.0	2.4	5.0%
Insurance companies' technical reserves	53.0	50.8	2.3	4.5%
Provisions	2.6	2.7	(0.1)	ns
Subordinated debt	18.4	15.9	2.5	15.4%
Equity attributable to equity holders of the parent	20.0	21.2	(1.2)	(5.8%)
Non-controlling interests	7.5	7.3	0.2	2.3%
LIABILITIES	**724.1**	**803.8**	**(79.7)**	**(9.9%)**

At December 31, 2015, the consolidated balance sheet of BPCE SA group totaled €724.1 billion, down 9.9% compared with December 31, 2014. The return on assets stood at 11 bp in 2015.

This decrease can largely be attributed to financial assets and liabilities at fair value through profit or loss (-€57.7 billion and -€57.4 billion, respectively) compared to December 31, 2014, loans and receivables due from customers (-€11.6 billion), central bank assets (-€11.4 billion) and debt securities (-€25.0 billion).

Equity attributable to equity holders of the parent totaled €20.0 billion at December 31, 2015, representing a decline compared to December 31, 2014. The change over the period notably included net income for the year, *i.e.* +€0.8 billion.

4.5 Investments

4.5.1 In 2015

BPCE made no material investments (*i.e.* investments of more than €1 billion requiring the approval of the qualified majority of the Supervisory Board) during fiscal year 2015.

4.5.2 In 2014

BPCE made no material investments (*i.e.* investments of more than 1 billion requiring the approval of the qualified majority of the Supervisory Board) during fiscal year 2014.

4.5.3 In 2013

BPCE made no material investments (*i.e.* investments of more than 1 billion requiring the approval of the qualified majority of the Supervisory Board) during fiscal year 2013.

4.6 Post-balance sheet events

Acquisition of a majority stake in the US advisory firm Peter J. Solomon Company

On February 10, 2016, Natixis announced the acquisition of a majority stake in the US advisory firm Peter J. Solomon Company (PJSC). Peter J. Solomon and his partners will continue their activity and will retain a material position in the company. Peter J. Solomon Company was established in 1989 to provide independent advice on mergers & acquisitions, capital structure and restructuring to public and private corporations. The company comprises 50 bankers and has advised on more than 500 transactions since its inception. The acquisition of PJSC will further the development of Natixis' Americas platform.

4.7 Outlook for Groupe BPCE

Forecasts for 2016: european and french resilience

Global growth is expected to increase by around 3% in 2016, *i.e.* practically at the same pace as in 2015. Volatility has risen and brought with it new risks, despite the global economic re-balancing in favor of developed countries: the Chinese slowdown with overinvestment coming to an end; the complex launch of US monetary normalization, with the accompanying possibility of a bond market crash; the piercing issue of European Union stability, with persisting structural economic disparities between the different countries, management of the refugee crisis, Brexit and the lingering threat of Grexit, not to mention the unusually correlated drop in oil prices and the stock markets in early January...

Having said that, the US economy, buoyed moderately by domestic demand, may still drive global activity as long as the threat of inflation is kept at bay. Given the continuous decline in US unemployment, the Fed should gradually lift the fed funds rate by 25 bp per quarter, raising it to a max of 1.5% by the end of 2016, while preventing the dollar from appreciating too quickly, unless it decides to take a neutral-policy break at 0.75% in March until the Presidential election. Much like Japan, the euro zone should benefit from the depreciation of its currency and from still incredibly low interest rates, spurred on by the ramping-up of the ECB's ultra-accommodative asset buying QE policy and negative deposit facility rate. In addition to fiscal easing tendencies, purchasing power should recover thanks to lower prices at the pump, despite a very moderate pick-up in oil prices starting in the second half. The combined forex and oil impacts are likely to make up half of European growth this year. The meager improvement in private-sector lending and inflation should further banish the specter of deflation, although price rises are nevertheless expected to remain well below the 2% target at 0.8%. Germany and Spain should lead the way, helped by the restimulation of trade within Europe. However, a sustainable turnaround in business investment is still the prerequisite to triggering a self-sustaining growth cycle in Europe, which can then in the short term take over for what is likely to be a temporary spike in household consumption. Euro zone growth (1.5% per year) is liable to trail behind the US (2.4%) and the UK (2.1%), while outperforming France (1.2%) owing to delays in structural reforms.

France should continue to automatically benefit from these exceptional external factors, while still lagging behind Europe, particularly in terms of fiscal adjustments. Economic activity is unlikely to grow stronger, however, due to the underlying weakness of supply factors, both in terms of investment and employment. The unemployment rate should stabilize at a high 10% for mainland France, stemming from limited growth. Business investment is expected to pick up, but only timidly, despite the improved outlook on demand and supportive financing conditions, with profit margins on the rise and access to credit facilitated by monetary policy measures. Though not expected to improve as much as in 2015, exports and consumption should be the main drivers. The increase in purchasing power should be slowed by that of inflation, slated to climb to around 0.7% on average for the year. The public deficit should only end up decreasing moderately to 3.6% of GDP.

US, German and French long rates stretched the traditional relations these countries have with the real economy very thin, due to the liquidity flooding the markets and the shortage[1] of save haven investments. With the specter of deflation fading, their economies should very gradually recover, more sharply in the US and UK than in Japan and the euro zone, as a result of the difference in the pace of growth and the now much starker divergence in monetary strategy on both sides of the Atlantic. In Europe, the ECB's decision to keep the deposit facility rate at -0.3% coupled with its monthly asset buying program are all the more likely to curb any vague hopes of higher long rates given that inflation is only expected to post a very small increase and growth is not expected to gather pace. As in the recent past, however, volatility should remain strong due to the risk of an over-reaction to the persistence of very low interest rates. The 10-year OAT should average 1.1% in 2016, *versus* less than 0.35% on April 16, 2015 and 0.84% in 2015. At around $1.08, the euro should stay well under its purchasing power parity.

Recent regulatory developments and outlook

Directive 2014/59/EU of May 15, 2014 (BRRD) came into force on January 1, 2015. This directive laid down a framework applicable in the 28 European Union countries for the resolution of banking crises, defining the necessary steps and powers to resolve European banks while preserving financial stability and minimizing taxpayer exposure to loss from solvency support.

The directive introduced a bail-in system to take effect from January 1, 2016 whereby taxpayers will not be the first to finance a bank's resolution. Instead, this role will fall to shareholders and then if necessary creditors, according to their predefined priority ranking, by transforming their debt into capital in order to rebuild the bank's capital resources. To ensure that a bank holds sufficient loss-absorbing capability, a minimum requirement for own funds and eligible liabilities (MREL) will be set by each resolution authority in conjunction with the supervisor and the European Banking Authority (EBA). The BRRD also calls for each Member State to set up a national resolution fund, equivalent to 1% of guaranteed deposits, over the next ten years as from January 1, 2015.

At the international level, the Financial Stability Board (FSB) wants to require globally systemically important banks (G-SIBS) to have an additional buffer of eligible and convertible instruments that would supplement current capital requirements in building total loss absorbing capacity (TLAC). The objective of the TLAC would be similar to that of the MREL in that it aims to ensure that each G-SIB has the capacity to continue its essential operations for the economy even after a loss has eaten up all of its regulatory capital.

In November 2015, the FSB published the final calibration of the TLAC: all TLAC-eligible instruments must be equivalent to at least 16% of RWA at January 1, 2019 and at least 6% of the denominator of the leverage ratio. As from January 1, 2022, the TLAC must be equivalent to 18% of RWA and 6.75% of the leverage ratio denominator. The FSB requires TLAC-eligible debt

(1) *Government bonds issued by these countries are increasingly sought-after by commercial banks for regulatory reasons.*

to be subordinated to certain liability items; as a result, senior unsecured debt held by European institutions is ineligible in its current form barring a change in legislation (excluding a tolerance of 2.5% of RWA at the start of 2019, then 3.5% at the start of 2022). On December 27, 2015, the French government announced that it would enact a law changing the ranking of bank creditors in the event of problems, in order to facilitate the implementation of the bail-in system. Unstructured senior unsecured debt with a maturity of more than one year will be divided into two categories: preference will be given to all creditors currently in the senior unsecured classification, and banks will be able to continue issuing debt securities in this category when the law comes into force; a new debt category, eligible for the TLAC, will be created; this debt will form a new tranche, after subordinated instruments and before the category of "preferred" liability instruments. Furthermore, all short-term debt (less than one year) will have to be issued in the "preferred" category.

In the euro zone, these measures will be complemented by the regulation of July 15, 2014 establishing a Single Resolution Mechanism (SRM) and Single Resolution Fund (SRF). The SRF will be gradually built up over a period of eight years (2016-2023) to reach an equivalent amount of 1% of the guaranteed deposits of all banks subject to the SRM, *i.e.* approximately 55 billion. Each bank's contribution is determined using a method taking into account its size and risk profile. This contribution already represented a major expense in 2015 for French banks (the intergovernmental agreement allowed national resolution funds to receive contributions starting on January 1, 2015; these funds will then be gradually pooled in the SRF as from January 1, 2016).

The European directive on deposit guarantee schemes, overhauled in 2014 (directive 2014/49/EU of April 16, 2014) was transposed into French law by Order No. 2015-1024 of August 20, 2015 and by five decrees dated October 27, organizing the new rules for the implementation of deposit guarantees and the operation of the FGDR (Deposit Guarantee and Resolution Fund). In particular, the depositor repayment period will be reduced to seven days beginning on June 1, 2016, instead of 20 days as is currently the case.

In November 2015, the European Commission published a proposal for a European Deposit Insurance Scheme. This proposal calls for the scheme to be gradually implemented in three phases from 2017 to 2024. In phase 1, from 2017 to 2020, the scheme would consist in reinsuring the national deposit insurance systems; in phase 2, from 2020 to 2024, the European Deposit Insurance Scheme would gradually become a co-insurance system whose contributions, paid directly by eurozone banks, would increase by 20% per year, thus creating the European Deposit Insurance Scheme, strictly speaking, in 2024. This mechanism would represent the third and final pillar of the European Banking Union, after the creation of the single supervisor of the banking system and a European restructuring system in response to European bank defaults.

The European draft structural banking reform entered a new phase on June 19, 2015 with the compromise adopted by the Member States. This agreement, which still needs to be reviewed by the European Parliament, notably calls for the systematic segregation of proprietary trading in financial instruments and commodities, and would allow the supervisory authorities to require banks to separate their deposit activities from certain potentially risky trading activities.

The tax on financial transactions in Europe, which may define a broader tax base than the one currently in force in certain European countries (including France) is still being discussed by the 11 Member States having agreed to establish enhanced cooperation.

In terms of accounting standards, IFRS 9 "Financial Instruments," set to replace IAS 39 from January 1, 2018, amends and complements the provisions on the classification and measurement of financial instruments. It includes a new impairment model based on expected loss (the current model is based on provisions for incurred losses) and includes the new provisions on general hedge accounting published in 2013. This standard introduces an accounting model based on a short-term horizon, which is very different from the commercial banking model, and will lead to fundamental changes for banks that will particularly affect the impairment of financial assets.

At the end of 2014, the Basel Committee published two consultative documents: one on an extensive draft revision of the standardized approach to credit risk measurement and the other on capital floors for banks using internal models. The committee also plans to consult on the overhaul of the internal ratings-based approach to credit risk and wants to finalize everything by the end of 2015.

Finally, in November 2015, the ECB published a draft regulation stipulating the terms of application of the new banking rules at the national level (European directives for some currently being transposed), thus kicking off the harmonization of banking system regulations in the 19 countries of the euro zone.

All of these new regulatory constraints, the resulting structural changes, and the more restrictive budget and fiscal policies will weigh heavily on profits generated by certain activities and may limit how well banks are able to finance the economy.

Against this backdrop, the European Commission began its work on the Capital Markets Union in January 2015. The aim of this project is to help stimulate employment and growth in the European Union by giving businesses easier access to market financing. A Green Paper designed to consult all interested parties (Member States, citizens, SMEs, financial sector, etc.) was published in February 2015. On September 30, 2015, the Commission launched an action plan aimed at promoting the integration of the capital markets in the EU. The action plan is centered on the following four main principles: expanding the possibilities offered to investors, using capital to fund the real economy, promoting the establishment of a stronger, more resilient financial system (by broadening the range of financing sources and increasing long-term investments), and further encouraging financial integration and European competitiveness. On November 10, 2015, the European Council adopted the conclusions of the action plan proposed by the Commission.

Outlook for Groupe BPCE

In the current environment, with the global economy gradually but fragilely recovering and regulations undergoing sweeping changes, Groupe BPCE will continue to resolutely focus on the initiatives launched under its 2014-2017 strategic plan, "Another way to grow": the objectives of this plan are to develop a new "physical" and "digital" customer relationship model, change the Group's refinancing models, step up its international development, and expand the global business lines and differentiation strategy, drawing on the Group's cooperative structure.

5 FINANCIAL REPORT

5.1 IFRS Consolidated Financial Statements of Groupe BPCE as at December 31, 2015

5.1.1 Consolidated balance sheet

ASSETS

in millions of euros	*Notes*	**12/31/2015**	**12/31/2014**
Cash and amounts due from central banks	*5.1*	71,119	79,028
Financial assets at fair value through profit or loss	*5.2.1*	174,412	229,300
Hedging derivatives	*5.3*	15,796	16,396
Available-for-sale financial assets	*5.4*	95,984	86,984
Loans and receivables due from credit institutions	*5.6.1*	96,208	103,744
Loans and receivables due from customers	*5.6.2*	617,465	610,967
Revaluation differences on interest rate risk-hedged portfolios		7,522	9,622
Held-to-maturity financial assets	*5.7*	10,665	11,195
Current tax assets		1,119	629
Deferred tax assets	*5.9*	4,988	5,828
Accrued income and other assets	*5.10*	55,383	53,853
Non-current assets held for sale		22	209
Investments in associates	*8.1*	3,666	4,091
Investment property	*5.11*	2,020	1,998
Property, plant and equipment	*5.12*	4,710	4,737
Intangible assets	*5.12*	1,102	1,112
Goodwill	*5.13*	4,354	3,605
TOTAL ASSETS		**1,166,535**	**1,223,298**

LIABILITIES

in millions of euros	*Notes*	12/31/2015	12/31/2014
Amount due to central banks			2
Financial liabilities at fair value through profit or loss	*5.2.2*	142,904	198,598
Hedging derivatives	*5.3*	18,659	21,582
Amounts due to credit institutions	*5.14.1*	77,040	85,701
Amounts due to customers	*5.14.2*	499,711	473,540
Debt securities	*5.15*	223,413	250,165
Revaluation differences on interest rate risk-hedged portfolios		1,301	1,629
Current tax liabilities		362	302
Deferred tax liabilities	*5.9*	878	392
Accrued expenses and other liabilities	*5.16*	53,699	50,278
Liabilities associated with non-current assets held for sale		9	106
Insurance companies' technical reserves	*5.17*	59,562	57,111
Provisions	*5.18*	5,665	5,608
Subordinated debt	*5.19*	18,139	15,606
Shareholders' equity		**65,193**	**62,678**
Equity attributable to equity holders of the parent		**57,632**	**55,290**
Share capital and additional paid-in capital		21,096	20,581
Retained earnings		31,172	30,937
Gains and losses recognized directly in other comprehensive income		2,122	865
Net income for the period		3,242	2,907
Non-controlling interests	*5.21*	7,561	7,388
TOTAL LIABILITIES AND EQUITY		**1,166,535**	**1,223,298**

5.1.2 Consolidated income statement

in millions of euros	*Notes*	**Fiscal year 2015**	**Fiscal year 2014**
Interest and similar income	*6.1*	28,114	29,643
Interest and similar expenses	*6.1*	(17,055)	(18,101)
Commission income	*6.2*	11,208	9,953
Commission expenses	*6.2*	(2,049)	(1,832)
Net gains or losses on financial instruments at fair value through profit or loss	*6.3*	2,405	1,565
Net gains or losses on available-for-sale financial assets	*6.4*	746	671
Income from other activities	*6.5*	8,199	10,173
Expenses from other activities	*6.5*	(7,700)	(8,815)
Net banking income		**23,868**	**23,257**
Operating expenses	*6.6*	(15,399)	(15,440)
Depreciation, amortization and impairment for property, plant and equipment, and intangible assets		(849)	(890)
Gross operating income		**7,620**	**6,927**
Cost of risk	*6.7*	(1,832)	(1,776)
Operating income		**5,788**	**5,151**
Share in net income of associates	*8.2*	280	105
Gains or losses on other assets	*6.8*	74	75
Change in the value of goodwill	*5.13*	(19)	(52)
Income before tax		**6,123**	**5,279**
Income tax	*6.9*	(2,323)	(1,913)
Net income		**3,800**	**3,366**
Non-controlling interests	*5.21*	(558)	(459)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**3,242**	**2,907**

5.1.3 Comprehensive income

in millions of euros	Fiscal year 2015	Fiscal year 2014
Net income	**3,800**	**3,366**
Revaluation differences on defined-benefit pension schemes	219	(342)
Tax impact of revaluation differences on defined-benefit pension schemes	(76)	118
Share of gains and losses recognized directly in other comprehensive income of associates that cannot be reclassified in income	(1)	(13)
Items that cannot be reclassified in income	**142**	**(237)**
Foreign exchange rate adjustments	471	618
Change in the value of available-for-sale financial assets	802	826
Change in the value of hedging derivatives	121	(387)
Income taxes	(93)	(163)
Share of gains and losses recognized directly in other comprehensive income of associates that can be reclassified in income	(16)	190
Items that can be reclassified in income	**1,285**	**1,084**
Gains and losses recognized directly in other comprehensive income (after income tax)	**1,427**	**847**
COMPREHENSIVE INCOME	**5,227**	**4,213**
Attributable to equity holders of the parent	4,527	3,534
Non-controlling interests	700	679

5.1.4 Statement of changes in equity

in millions of euros	Share capital and additional paid-in capital: Share capital[(1)]	Additional paid-in capital[(1)]	Perpetual deeply subordinated notes	Retained earnings
SHAREHOLDERS' EQUITY AT JANUARY 1, 2014	**16,190**	**3,821**	**3,532**	**27,557**
Dividend payments				(430)
Capital increase	559			1,167
Buyback of deeply subordinated notes			(246)	(225)
Interest on deeply subordinated notes				(219)
Impact of acquisitions and disposals on non-controlling interests[(2)]				(191)
Total activity arising from relations with shareholders	**559**		**(246)**	**102**
Gains and losses recognized directly in other comprehensive income				
Net income for the period				
Comprehensive income				
Other changes		11		(9)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2014	**16,749**	**3,832**	**3,286**	**27,650**
Allocation of net income for 2014				2,907
Impact of IFRIC 21 application[(3)]				46
SHAREHOLDERS' EQUITY AT JANUARY 1, 2015	**16,749**	**3,832**	**3,286**	**30,603**
Dividend payments				(379)
Capital increase[(4)]	512	3		438
Buyback of deeply subordinated notes			(1,891)	(208)
Interest on deeply subordinated notes				(144)
Impact of acquisitions and disposals on non-controlling interests[(5)]				(184)
Total activity arising from relations with shareholders	**512**	**3**	**(1,891)**	**(477)**
Gains and losses recognized directly in other comprehensive income				
Net income for the period				
Comprehensive income				
Other changes[(6)]				(349)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2015	**17,261**	**3,835**	**1,395**	**29,777**

(1) *At December 31, 2015, "Share capital" and "Additional paid-in capital" comprised the capital of the Banque Populaire banks and the Caisses d'Epargne in respective amounts of €7,792 million and €9,469 million (€7,410 million and €9,339 million at December 31, 2014) and additional paid-in capital of €950 million and €2,885 million, respectively (€947 million and €2,885 million at December 31, 2014).*

(2) *The dilution – without loss of control – of sub-group Coface had an adverse impact of €99 million on equity attributable to equity holders of the parent, with €71 million recognized in retained earnings and €28 million in gains and losses recognized directly in equity, and resulted in the recognition of €1,023 million in non-controlling interests, with €28 million recognized in gains and losses recognized directly in equity. The loss of control in the Nexity sub-group had a negative impact of €801 million in non-controlling interests.*

(3) *The application of IFRIC 21 as at January 1, 2015 had an impact, net of deferred taxes, of +€46 million on equity attributable to equity holders of the parent and +€5 million on non-controlling interests (see Note 2.2).*

(4) *Since January 1, 2015, the Banque Populaire banks and the Caisses d'Epargne have carried out capital increases of €515 million (€559 million in 2014) resulting in an increase in "Share capital" and "Additional paid-in capital". The Group no longer holds treasury stock as of December 31, 2015; the change in treasury stock eliminated in "Retained earnings" over the year came to €62 million. The shareholders' equity of the local savings companies is included in "Retained earnings" after the elimination of the Caisses d'Epargne cooperative shares held. The issuance of cooperative shares since January 1, 2015 resulted in an increase in retained earnings of €509 million.*

(5) *The stock options granted by Natixis to the minority shareholders of DNCA France (see Note 1.3) and Natixis Partners are booked in equity for -€189 million (-€135 million attributable to equity holders of the parent and -€54 million attributable to non-controlling interests).*

(6) *O/w -€424 million (-€303 million attributable to equity holders of the parent and -€121 million attributable to non-controlling interests) related to the recognition of a deferred tax liability on the tax amortization of goodwill (see Note 2.2).*

Gains and losses recognized directly in other comprehensive income							
		Change in fair value of financial instruments					
Foreign exchange rate adjustments	Revaluation differences on employee benefits	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated equity
(220)	**(62)**	**931**	**(410)**		**51,339**	**6,833**	**58,172**
					(430)	(234)	(664)
					1,726	44	1,770
					(471)	(11)	(482)
					(219)		(219)
					(191)	303	112
					415	**102**	**517**
454	(207)	646	(266)		627	220	847
				2,907	2,907	459	3,366
454	**(207)**	**646**	**(266)**	**2,907**	**3,534**	**679**	**4,213**
					2	(226)	(224)
234	**(269)**	**1,577**	**(676)**	**2,907**	**55,290**	**7,388**	**62,678**
				(2,907)			
					46	5	51
234	**(269)**	**1,577**	**(676)**		**55,336**	**7,393**	**62,729**
					(379)	(395)	(774)
					953	5	958
					(2,099)		(2,099)
					(144)		(144)
					(184)		(184)
					(1,853)	**(390)**	**(2,243)**
282	126	690	187		1,285	142	1,427
				3,242	3,242	558	3,800
282	**126**	**690**	**187**	**3,242**	**4,527**	**700**	**5,227**
(29)					(378)	(142)	(520)
487	**(143)**	**2,267**	**(489)**	**3,242**	**57,632**	**7,561**	**65,193**

5.1.5 Consolidated cash flow statement

in millions of euros	Fiscal year 2015	Fiscal year 2014
Income before tax	**6,123**	**5,279**
Net depreciation and amortization of property, plant and equipment, and intangible assets	940	968
Goodwill impairment	19	52
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	3,606	2,929
Share in net income of associates	(146)	(8)
Net cash flows generated by investing activities	(858)	(855)
Income/expense from financing activities	137	0
Other changes	2,933	(1,823)
Total non-monetary items included in net income before tax	***6,631***	***1,263***
Net increase or decrease arising from transactions with credit institutions	(3,728)	(1,924)
Net increase or decrease arising from transactions with customers	17,716	(17,600)
Net increase or decrease arising from transactions involving financial assets and liabilities	(38,720)	14,535
Net increase or decrease arising from transactions involving non-financial assets and liabilities	672	(4,848)
Income taxes paid	(1,154)	(1,797)
Net increase (decrease) in assets and liabilities resulting from operating activities	***(25,214)***	***(11,634)***
Net cash flows generated by operating activities (A)	**(12,460)**	**(5,092)**
Net increase or decrease related to financial assets and equity investments	1,666	12,865
Net increase or decrease related to investment property	300	36
Net increase or decrease related to property, plant and equipment, and intangible assets	(914)	(1,000)
Net cash flows generated by investing activities (B)	**1,052**	**11,901**
Net increase (decrease) arising from transactions with shareholders[(1)]	(2,267)	189
Other increases or decreases generated by financing activities[(2)]	2,456	6,195
Net cash flows generated by financing activities (C)	**189**	**6,384**
Impact of changes in exchange rates (D)	**3,287**	**4,384**
TOTAL NET CASH FLOWS (A+B+C+D)	**(7,932)**	**17,577**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	79,028	60,411
Due to central banks (liabilities)	(2)	
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts[(3)]	7,461	6,383
Demand accounts and loans	313	176
Demand accounts in credit	(9,586)	(5,986)
Demand repurchase agreements	(2,133)	(3,480)
Opening cash and cash equivalents	**75,081**	**57,504**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	71,119	79,028
Due to central banks (liabilities)	0	(2)
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts[(3)]	7,293	7,461
Demand accounts and loans	107	313
Demand accounts in credit	(9,061)	(9,586)
Demand repurchase agreements	(2,309)	(2,133)
Closing cash and cash equivalents	**67,149**	**75,081**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(7,932)**	**17,577**

(1) Cash flows from or to the shareholders mainly include:
- *the redemption of deeply subordinated notes recorded in equity for -€2,099 million (-€482 million in 2014);*
- *interest paid on deeply subordinated notes recorded in equity for -€184 million (-€430 million in 2014);*
- *net changes in equity and additional paid-in capital of the Banque Populaire banks and Caisses d'Epargne amounting to +€953 million (+€1,720 million in 2014);*
- *dividend payouts amounting to -€774 million (-€664 million in 2014).*

(2) Cash flows from financing activities mainly include:
- *the impact of issuances of subordinated notes and loans for +€3,869 million (+€6,981 million in 2014);*
- *the impact of redemptions of subordinated notes and loans for -€1,247 million (-€1,778 million in 2014);*

(3) Current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with the Caisse des Dépôts et Consignations.

5.1.6 Notes to the financial statements of Groupe BPCE

Note 1 General background

1.1 GROUPE BPCE

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

The two banking networks: the Banque Populaire banks and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose shareholders own the two local retail banking networks: the 18 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the Mutual Guarantee Companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies.

The Banque Populaire banks are wholly-owned by their cooperative shareholders.

The capital of the Caisses d'Epargne is wholly-owned by the local savings companies (LSCs). Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to law No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 18 Banque Populaire banks and the 17 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banque Populaire banks and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 71.25%-owned listed company that combines Investment Solutions, Corporate and Investment Banking and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier, Banque Palatine and BPCE International);
- subsidiaries and equity interests.

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the Group and its associates, and to organize financial support within the Banque Populaire and Caisse d'Epargne networks.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the Group and each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire network Fund and the Caisse d'Epargne Network Fund and has put in place the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banks of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisses d'Epargne Network Fund** by the Caisse of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €181 million as of December 31, 2015, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total risk-weighted assets of the Group.

The booking of deposits in the institutions' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

The Mutual Guarantee Companies (*sociétés de caution mutuelle*), whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and capital adequacy guarantee of the Banque Populaire banks with which they are jointly licensed in accordance with Article R. 515-1 of the French Monetary and Financial Code.

The liquidity and capital adequacy of the Caisses de Crédit Maritime Mutuel are guaranteed in respect of each individual Caisse, by the Banque Populaire bank which is both the core shareholder and provider of technical and operational support for the Caisse in question to the partner Banque Populaire bank.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne which is the shareholder of the local savings company in question.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

5

1.3 SIGNIFICANT EVENTS

Disposal of non-strategic assets

Nexity

Groupe BPCE continued selling the block of Nexity shares in 2015 as part of its strategic plan to reduce or sell off its investments in non-core assets. The Group thus disposed of 20.6% of Nexity's capital during the year, for a total price of €413 million.

Groupe BPCE's remaining stake in Nexity came to 12.8% at December 31, 2015.

Groupe BPCE, which previously had 3 representatives on Nexity's Board of Directors, resigned in line with the reduction of its ownership interest in this non-core asset.

Previously consolidated according to the equity method, this stake was reclassified under available-for-sale financial assets on the date on which significant influence over the entity was relinquished. As a result of this reclassification, the stake was recorded at its fair value based on Nexity's share price at June 30, 2015, *i.e.* €35.20.

Together, these disposals had an impact of +€130 million before tax on the Group's consolidated net income, with +€111 million recorded under "Gains or losses on other assets" and +€19 million recorded under "Net gains or losses on other financial assets".

Acquisitions of equity interests: DNCA

In 2015 Natixis finalized the acquisition of asset manager DNCA Finance, *via* Natixis Global Asset Management (NGAM), thus broadening NGAM's retail client expertise.

NGAM held 70.7% of DNCA Finance's share capital at December 31, 2015. Management remains a shareholder alongside NGAM and will have the option to exit starting in 2016 which, if exercised, would allow NGAM to gradually increase its ownership up to 100%.

Through NGAM, Natixis exercises control over DNCA Finance, within the meaning of IFRS 10, and fully consolidates the entity.

This acquisition generated goodwill, calculated according to the partial goodwill method, of €580 million.

Disposal of exposures to Heta Asset Resolution

On March 1, 2015, the Austrian financial market authority (FMA-Finanzmarktaufsicht) published an administrative ruling ordering the resolution of Heta Asset Resolution AG under the Federal Act on the Recovery and Resolution of Banks (*Bundesgesetz über die Sanierung und Abwicklung von Banken*) applicable since January 1, 2015. This bank, formerly named Hypo Alpe Adria Bank International AG, managed the workout portfolio assets of Hypo Alpe Adria. The ruling applies a temporary moratorium on a substantial portion of Heta Asset Resolution AG's liabilities (principal and interest) until May 31, 2016.

Groupe BPCE's exposure to Heta Asset Resolution AG (carried by Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier), consisting of bonds initially issued by Hypo Alpe Adria and covered by a guarantee provided by the Austrian Land of Carinthia, totaled €260 million at that date (nominal value).

In the first quarter of 2015, following the moratorium on the bank's debt, the Group recorded a provision for 50% of the nominal amount of the shares. Another provision totaling -€142 million was booked for all the accrued interest and revaluations of positive interest rate components.

In the second quarter, pursuant to its risk management policy, Compagnie de Financement Foncier sold its entire exposure to Heta. As the selling price of the shares was higher than the amount of the provision, a reversal of +€38 million was recorded. The overall impact was a net expense of -€104 million to cost of risk.

Framework Protocol Agreement between Groupe BPCE and CNP Assurances

In 2014, Groupe BPCE and CNP Assurances signed a preliminary memorandum of understanding laying down the terms of implementation of the renewed partnership as from January 1, 2016. Subsequent discussions led to the drafting of a Framework Protocol Agreement and the specific contracts provided for in this protocol ("the New Partnership Agreements"), which were authorized by the Supervisory Board at its meeting of February 18, 2015 and approved by the Annual General Shareholders' Meeting of May 22, 2015.

The new agreements were required owing to the expiry of existing distribution agreements between CNP Assurances and Groupe BPCE on December 31, 2015, and Groupe BPCE's decision to assign to Natixis Assurances the design and management of all savings and pension funds distributed by the Caisse d'Epargne network as of January 1, 2016.

The partnership, which covers a seven-year period from January 1, 2016, provides for the following:

- the establishment of an exclusive collective payment protection insurance partnership between CNP Assurances and Natixis Assurance on the one hand, and all the Groupe BPCE networks on the other. This partnership is based on a co-insurance agreement (66% for CNP Assurances and 34% for Natixis Assurances);
- the implementation of specific provident insurance partnerships with (i) an offer from CNP Assurances covering the main collective provident insurance guarantees for Groupe BPCE's professional and corporate customers, coupled with a dependency component; and (ii) a targeted partnership for dependency and tenant guarantees as part of the individual provident insurance range;
- a gradual withdrawal by CNP Assurances from the savings and pension fund activities performed with the Caisses d'Epargne, including the progressive phasing out of new subscriptions in 2016, the ongoing collection of subsequent payments into existing contracts and provisions to align the interests of CNP Assurances and Groupe BPCE regarding the management of existing policy assets. Outstanding savings contracted with the Caisses d'Epargne have been transferred to Natixis Assurances under a 10% quota share reinsurance agreement, including related transfers;
- conversely, CNP Assurance reinsures 40% of new euro pension fund contracts distributed by Caisse d'Epargne network and issued by Natixis over the period 2016-2019.

These agreements had no material impact on Groupe BPCE's consolidated financial statements at December 31, 2015.

1.4 POST-CLOSING EVENTS

Centralization of regulated savings

In light of its positive liquidity position, Groupe BPCE decided to increase its regulated savings centralization rate with Caisse des Dépôts et Consignations. As a result of this operation, which was set up at the end of 2015 and became effective on January 4, 2016, the Group's centralized savings were increased by €12 billion.

Funds deposited to regulated savings vehicles (Livret A, LDD and LEP passbook savings accounts) and centralized with Caisse des Dépôts et Consignations are recognized under "Loans and receivables due from credit institutions" (see Note 5.6.1).

Acquisition of a majority stake in US advisory firm Peter J. Solomon Company

On February 10, 2016, Natixis announced the acquisition of a majority stake in US advisory firm Peter J. Solomon Company (PJSC). Peter J. Solomon and his partners will continue their activity and will retain a material position in the company. Peter J. Solomon Company was established in 1989 to provide independent advice on mergers & acquisitions, capital structure and restructuring to public and private corporations. The Company comprises some 50 bankers and has advised on more than 500 transactions since its inception. The acquisition of PJSC will further the development of Natixis group's Americas platform.

Note 2 Applicable accounting standards and comparability

2.1 REGULATORY FRAMEWORK

In accordance with EC regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the Group prepared its consolidated financial statements for the fiscal year ended December 31, 2015 under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable at that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting[1].

2.2 STANDARDS

The standards and interpretations used and detailed in the annual financial statements as at December 31, 2014 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2015, and, more specifically:

Accounting change related to the first application of IFRIC 21 "Levies"

Groupe BPCE began applying IFRIC 21 "Levies" as of January 1, 2015. This interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for a debt related to levies imposed by a government. The entity must only recognize this debt at the date on which the activity that triggers its payment, in accordance with legislation, takes place. If the obligating event occurs over a period of time, the liability is recognized progressively over the same period. If the obligation to pay is triggered by reaching a certain threshold, the liability is only recognized when that threshold is reached. Finally, if the obligation to pay arises at January 1, it must be recognized from that date.

The impacts of IFRIC 21 at the date of first application, *i.e.* January 1, 2014, are recorded retrospectively as follows:

- the Social Security and Solidarity Contribution (C3S) is now recognized at the date of the triggering event (January 1), rather than the year in which the income was earned. The cancellation of the provision booked at December 31, 2013, with a corresponding entry to shareholders' equity, impacted the opening balance sheet at January 1, 2014;
- the C3S expense impacted income for fiscal year 2014.

The impacts of IFRIC 21 on the consolidated balance sheet at December 31, 2014 were not material and mainly affected equity attributable to equity holders of the parent for an amount of +€46 million (net of deferred tax) with a corresponding entry to accrued expenses and other liabilities and to deferred tax assets.

Accounting change in the recognition of tax amortization of goodwill under deferred taxes

The accounting treatment of tax amortization of goodwill recognized on the 2000 acquisition of sub-group Nvest by Ixis Asset Management was reviewed over the period.

Note: in accordance with US tax law, this goodwill is amortized for tax purposes over 15 years, generating a temporary difference between the carrying amount of goodwill (which cannot be amortized) and its tax base (amortized over time).

In 2005, when IFRS were implemented, it was determined that this difference could only be reversed in the event NGAM sold its shares in the US holding company or in the event of the partial disposal of shares in affiliates, in the form of an equity deal carried out from France. The resulting capital gains were generated and taxed in France.

Consequently, under IAS 12.51, which takes into account the method used to settle/recover the value of the related assets to measure deferred tax assets and liabilities, the accounting treatment applied up to now in the Group's consolidated financial statements was to use the tax rate applicable to long-term capital gains.

IFRIC's July 2014 publication, in its Interpretations Committee Agenda Decisions, of additional information on IAS 12 "Income Taxes" provided a clarification leading to the consideration that, starting with § 51 of IAS 12 which takes into account the method for recovering or settling assets (in this case, the disposal of shares from France), a deferred tax liability should be recorded both on the temporary difference relating to the asset (in this case goodwill) in the subsidiary, on an inside basis, and on the temporary difference relating to the consolidated shares (outside basis), arising from the difference between the consolidated carrying amount of the shares under IFRS and their tax base (where the company does not control the reversal of this difference).

The application of this accounting change resulted in the recognition of a deferred tax liability at January 1, 2015 in the amount of €424 million with a corresponding reduction in shareholders' equity (-€383 million in retained earnings and -€41 million in foreign exchange rate adjustments) for deferred tax on an inside basis, as explained above. A deferred tax liability expense was also recorded in respect of 2015 (last year of amortization) for -€33 million. The Group will continue not recognizing deferred tax liabilities on an outside basis insofar as it controls the reversal of the temporary difference.

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(1) *These standards are available on the website of the European Commission at the following URL: http://ec.europa.eu/finance/company-reporting/index_en.htm.*

The impact of this change on shareholders' equity at December 31, 2014 was -€424 million, of which -€347 million in retained earnings, -€41 million in foreign exchange rate adjustments and an additional tax expense of -€36 million on fiscal year 2014.

This impact was divided up between equity holders of the parent (-€303 million) and non-controlling interests (-€121 million).

Including this impact, equity attributable to equity holders of the parent came to €54,987 million *versus* a reported amount of €55,290 million.

As this impact was not material, the comparative periods presented in the financial statements have not been altered.

The other standards, amendments and interpretations adopted by the European Union did not have a material impact on the Group's financial statements.

New IFRS 9

In July 2014, the IASB published the complete and final version of IFRS 9 "Financial Instruments", the application of which will, as of January 1, 2018, become mandatory and replace IAS 39. This new standard introduces:

- for financial assets, a new classification approach based on the type of instrument (debt instrument or equity instrument). For debt instruments, the standard reviews the separation between amortized cost/fair value, based on the asset management model and the characteristics of contractual cash flows. Thus, only instruments with simple or standard characteristics are eligible to be measured at amortized cost (if they are managed under a business model whose objective is to hold financial assets to collect contractual cash flows) or at fair value through other comprehensive income (if they are managed under a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets);
- for financial liabilities at fair value through profit and loss, the obligation to record changes in fair value relating to the entity's own credit risk in other comprehensive income (with certain exceptions);
- a single, forward-looking, impairment model based on excepted losses on all portfolios measured at amortized cost or at fair value through other comprehensive income (reclassified);
- an improved hedge accounting model, to better link the economics of risk management with its accounting treatment.

Although IFRS 9 has yet to be adopted for use by the European Union, as of the first quarter of 2015, due to the scale of changes to be introduced under this standard, Groupe BPCE began standard analyses and operational breakdowns under a project bringing together all the affected business lines and support functions. This project will continue in 2016 with, in particular, the launch of the necessary IT developments to ensure the correct implementation of the standard.

2.3 USE OF ESTIMATES

Preparation of the financial statements requires Management to make estimates and assumptions in certain areas with regard to uncertain future events.

These estimates are based on the judgement of the individuals preparing these financial statements and the information available at the balance sheet date.

Actual future results may differ from these estimates.

Specifically with respect to the financial statements for the period ended December 31, 2015, the accounting estimates involving assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 4.1.6);
- the amount of impairment of financial assets, and more specifically permanent impairment losses on available-for-sale assets and impairment losses applicable to loans and receivables on an individual basis or calculated on the basis of portfolios (Note 4.1.7);
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 4.5) and provisions for insurance policies (Note 4.13);
- calculations related to the cost of pensions and future employee benefits (Note 4.10);
- deferred tax assets and liabilities (Note 4.12);
- goodwill impairment testing (Note 5.13).

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows recommendation No. 2013-04 issued by the *Autorité des normes comptables* (ANC – French national accounting standards authority) on November 7, 2013.

The consolidated financial statements are based on the financial statements at December 31, 2015. The Group's consolidated financial statements for the period ended December 31, 2015 were approved by the Management Board on February 4, 2016. They will be presented to the Annual General Shareholders' Meeting on May 27, 2016.

Note 3 Consolidation principles and methods

3.1 CONSOLIDATING ENTITY

Due to the Group's structure as described in Note 1, Groupe BPCE's consolidating entity includes:

- the Banque Populaire banks, namely the 16 Banque Populaire regional banks, CASDEN Banque Populaire and Crédit Coopératif;
- the 17 Caisses d'Epargne;
- the Caisses du Crédit Maritime Mutuel, affiliated with BPCE pursuant to Financial Security law No. 2003-706 of August 1, 2003;
- the sociétés de caution mutuelle (SCM or Mutual guarantee companies) collectively affiliated with the Banque Populaire banks to which they are linked;
- the Group's central institution, BPCE.

In addition, the Group comprises:

- the subsidiaries of the Banque Populaire banks;
- the subsidiaries of the Caisses d'Epargne, including CE Holding Promotion and its subsidiaries;
- the subsidiaries owned by the central institution, including Natixis, Crédit Foncier, Banque Palatine and BPCE International.

3.2 SCOPE OF CONSOLIDATION – CONSOLIDATION AND VALUATION METHODS

The Group's financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements.

The scope of entities consolidated by Groupe BPCE is described in Note 17 – Scope of consolidation.

3.2.1 Entities controlled by the Group

The subsidiaries controlled by Groupe BPCE are fully consolidated.

Definition of control

Control exists when the Group has the power to govern an entity's relevant activities, when it is exposed to or is entitled to variable returns due to its links with the entity and has the ability to exercise its power over the entity to influence the amount of returns it obtains.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the control exercised. These potential voting rights may result, for example, from share call options traded on the market, debt or equity instruments that are convertible into ordinary shares, or equity warrants attached to other financial instruments. However, potential voting rights are not taken into account to calculate the percentage of ownership.

Exclusive control is presumed to exist when the Group holds directly or indirectly either the majority of the subsidiary's voting rights, or at least half of an entity's voting rights and a majority within the management bodies, or is in a position to exercise significant influence.

Specific case of structured entities

Entities described as structured entities are those organized in such a way that voting rights are not a key criterion when determining who has control. This is the case in particular when voting rights only apply to administrative duties and relevant activities are managed through contractual agreements.

A structured entity frequently exhibits some or all of the following characteristics:

(a) well-defined activities;

(b) a specific and well-defined aim, for example: implementing a tax-efficient lease, carrying out research and development, providing an entity with a source of capital or funding, or providing investors with investment options by transferring associated risk and advantages to the structured entity's assets;

(c) insufficient equity for the structured entity to finance its activities without subordinated financial support;

(d) financing through the issue, to investors, of multiple instruments inter-related by contract and which create concentrations of credit risk or other risks ("tranches").

The Group therefore uses, among others, collective investment vehicles within the meaning of the French Monetary and Financial Code and equivalent bodies governed by foreign law as structured entities.

Full consolidation method

The full consolidation of a subsidiary in the Group's consolidated financial statements begins at the date on which the Group takes control and ends on the day on which the Group loses control of this entity.

The portion of interest which is not directly or indirectly attributable to the Group corresponds to a non-controlling interest.

Income and all components of other comprehensive income (gains and losses recognized directly in other comprehensive income) are divided between the Group and non-controlling interests. The comprehensive income of subsidiaries is divided between the Group and non-controlling interests, including when this division results in the allocation of a loss to non-controlling interests.

Changes to the percentage of interest in subsidiaries that do not lead to a change in control are recognized as transactions affecting equity.

The effects of these transactions are recognized in equity at their after-tax amount and therefore do not impact consolidated income attributable to equity holders of the parent.

Exclusion from the scope of consolidation

Non-material controlled entities are excluded from the scope in accordance with the principle set out in Note 17.5.

Employee pension funds and supplementary health insurance plans are excluded from the scope of consolidation insofar as IFRS 10 does not apply to either post-employment benefit funds or other long-term employee benefit plans to which IAS 19, "Employee Benefits", applies.

Likewise, interests acquired with a view to their subsequent short-term disposal are recorded as available for sale and recognized in accordance with the provisions of IFRS 5 "Non-current assets held in view of sale and discontinued activities".

3.2.2 Investments in Associates and Joint Ventures

Definitions

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control or joint control over those policies. It is presumed to exist if the Group holds, directly or indirectly, 20% or more of the voting rights of an entity.

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights over its net assets.

Joint control is the contractually agreed sharing of control over a company, which exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Equity method

Income, assets and liabilities of investments in associates and joint ventures are accounted for in the Group's consolidated financial statements using the equity method.

An investment in an associate or a joint venture is initially recognized at its acquisition cost and subsequently adjusted for the Group share in the income and other comprehensive income of the associate or joint venture.

The equity method is applied from the date on which the entity becomes an associate or a joint venture. On the acquisition of an associate or a joint venture, the difference between the cost of investment and the Group's share in the net fair value of the entity's identifiable assets and liabilities are recognized in goodwill. When the net fair value of the entity's identifiable assets and liabilities is higher than the cost of investment, the difference is recognized in income.

The share of net income of entities accounted for under the equity method is included in the Group's consolidated income.

When a group entity carries out a transaction with a group joint venture or associate, the profit and loss resulting from this transaction is recognized in interests held by third parties in the associate or joint venture.

The provisions of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether impairment testing is required for its investment in an associate or joint venture. If necessary, the total carrying amount of the investment (including goodwill) is subject to impairment testing according to the provisions of IAS 36 "Impairment of Assets".

Exception to the equity method

When the investment is held by a venture capital organization, an investment fund, an investment company with variable share capital or a similar entity such as an insurance asset investment fund, the investor may choose not to recognize the investment using the equity method. Revised IAS 28 authorizes, in this case, the investor to recognize the investment at its fair value (with changes in fair value recognized in income) in accordance with IAS 39.

These investments are therefore recognized as "Financial assets at fair value through profit or loss".

The Natixis Group's private equity subsidiaries have chosen to measure the relevant holdings in this way, considering that this valuation method provides more relevant information.

3.2.3 Investments in joint activities

Definition

A joint activity is a partnership where parties that have joint control over an entity have direct rights over the assets, and obligations for liabilities, of this entity.

Accounting treatment of joint activities

An investment in a joint enterprise is accounted for by integrating all interests held in the joint activity, *i.e.* the entitled share in each asset and liability and item of comprehensive income. These interests are allocated by nature to the various lines of the consolidated balance sheet, consolidated income statement and the statement of net income and gains and losses recognized directly in other comprehensive income.

3.3 CONSOLIDATION RULES

The consolidated financial statements are prepared using uniform accounting policies for reporting similar transactions in comparable circumstances. Where material, consolidation adjustments are made to ensure the consistency of the measurement methods applied by consolidated entities.

3.3.1 Foreign currency translation

The consolidated financial statements are expressed in euros.

Balance sheet items of foreign subsidiaries and branches whose functional currency is not the euro are translated using the exchange rate in force at the balance sheet date. Income and expense items are translated at the average exchange rate for the period, which is the approximate value of the transaction price if there are no significant fluctuations.

Foreign exchange rate adjustments arise from a difference in:

- net income for the period translated at the average rate and at the closing rate;
- equity (excluding net income for the period) translated at the historic exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent is recorded in equity under "Foreign exchange rate adjustments" and the portion attributable to minority shareholders under "Non-controlling interests".

3.3.2 Elimination of intragroup transactions

The impact of intercompany transactions on the consolidated balance sheet and consolidated income statement is eliminated. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses from asset disposals resulting in impairment are maintained.

3.3.3 Business combinations

Transactions completed before January 1, 2010

All business combinations are accounted for by applying the purchase method, except business combinations involving two or more mutual insurers or entities under joint control, as these transactions are explicitly excluded from the scope of the previous version of IFRS 3.

The cost of a business combination is the aggregate amount of the fair values at the date of acquisition of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the entity, plus any costs directly attributable to the business combination.

All identifiable assets, liabilities, and contingent liabilities of the acquiree are recognized at fair value at the acquisition date. The initial measurement of a business combination may be adjusted within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the business combination and the acquirer's share in the assets, liabilities and any liabilities at fair value. Goodwill is recognized in the acquirer's balance sheet and negative goodwill is recognized immediately in income.

In the event that the Group changes its interest in an entity it already controls, the transaction gives rise to the recognition of additional goodwill, which is determined by comparing the cost of the shares with the Group's share of the net assets acquired.

Goodwill is recognized in the functional currency of the acquiree and is translated at the closing exchange rate.

On the acquisition date, goodwill is allocated to one or more cash generating units (CGUs) likely to enjoy the benefits of the acquisition. Cash-generating units have been defined within the Group's core businesses so as to represent the lowest level within an activity used by Management to monitor ROI.

Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that it may be impaired.

Impairment tests consist in comparing the carrying amount of each CGU or group of CGUs (including allocated goodwill) with its recoverable amount, *i.e.* the higher of the fair value of the unit and its value in use.

The fair value less costs to sell is defined as the fair value of the amount, less costs, for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, on the basis of available market information and taking account of any specific circumstances. This estimate is based on available market information and takes account of any specific circumstances. The value in use of each CGU is calculated using the most appropriate method, although generally with reference to the present value of estimated future cash flows.

A permanent impairment loss is recognized in income if the carrying amount of the CGU exceeds its recoverable amount.

Transactions completed after January 1, 2010

The treatments described were amended as follows by revised IFRS 3 and IAS 27:

- combinations between mutual insurers are included within the scope of IFRS 3;
- costs directly linked to business combinations are now recognized in net income for the period;
- contingent considerations payable are now included in the acquisition cost at their fair value at the date of acquisition of a controlling interest in an entity, even if they are only potential. Depending on the settlement method, transferred considerations are recognized against:
  - capital and later price revisions will not be booked,
  - or debts and later adjustments are recognized against income (financial debts) or according to the appropriate standards (other debts outside the scope of IAS 39);
- on an entity's acquisition date, non-controlling interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to non-controlling interests),
  - or at the share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to December 31, 2009).

The choice between these two methods must be made for each business combination.

Whatever method chosen when the acquisition is made, increases in the percentage interest in an entity already controlled are systematically recognized in capital:

- when an entity is acquired, any share previously held by the Group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, the goodwill is determined by referring to the fair value at the acquisition date;
- when the Group loses control of a consolidated company, any share previously held by the Group must be revalued at fair value through profit or loss.

3.3.4 Commitments to buy out non-controlling interests (written puts)

The Group has entered into commitments with minority shareholders of certain fully consolidated companies to buy out their shares.

In accordance with IAS 32, when minority shareholders are granted written puts for their investment, their share of the net assets of subsidiaries should be treated as debt and not as equity.

The difference between this commitment and non-controlling interests, which are the counterpart of debt, is recognized differently according to whether the commitments to buy out non-controlling interests were concluded before January 1, 2010, which is when IFRS 3 and IAS 27 came into force (recognition in goodwill), or afterwards (recognition in equity).

3.3.5 Consolidated entities' balance sheet date

The entities included in the scope of consolidation close their accounts on December 31.

By way of exception, local savings companies (LSC) close their accounts on May 31. These entities are therefore consolidated based on an accounting position at December 31.

Note 4 Accounting principles and measurement methods

4.1 FINANCIAL ASSETS AND LIABILITIES

4.1.1 Loans and receivables

Amounts due from credit institutions and customers and certain investments not quoted in an active market are generally recorded in "Loans and receivables" (see Note 4.1.2).

Loans and receivables are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortized cost.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

A discount is applied to loans restructured following a loss event as defined by IAS 39, to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of risk" in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. The restructured loan is reclassified as performing based on expert opinion when no uncertainty remains as to the borrower's capacity to honor the commitment.

External costs consist primarily of commissions paid to third parties in connection with the arrangement of loans. They essentially comprise commissions paid to business partners.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). Commitment fees received that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a *pro rata* basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

4.1.2 Securities

Securities recorded as assets are classified into four categories as defined by IAS 39:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss

This asset category includes:

- financial assets held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term; and
- financial assets that the Group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IAS 39.

The qualifying criteria used when applying this option are described in Note 4.1.4 "Financial assets and liabilities at fair value through profit or loss".

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, gains or losses on disposals on these instruments are recognized in "Net gains or losses on financial instruments at fair value through profit or loss".

Held-to-maturity financial assets

Held-to-maturity (HTM) financial assets are securities with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In the event that the securities are sold before maturity, all held-to-maturity assets must be reclassified at group level and the held-to-maturity category cannot be used during the current year or the following two years. Exceptions to the rule apply in the following cases:

- a material deterioration in the issuer's credit quality;
- a change in tax regulations canceling or significantly reducing the tax exemption on interest earned on investments held-to-maturity;
- a major business combination or significant withdrawal of activity (sale of a sector, for example) requiring the sale or transfer of held-to-maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- a change in legal or regulatory provisions significantly modifying either the definition of an eligible investment or the maximum amount of certain types of investment, requiring that the entity dispose of a held-to-maturity asset;
- a significant increase in capital requirements forcing the entity to restructure by selling held-to-maturity assets;
- a significant increase in the risk weighting of held-to-maturity assets in terms of prudential capital regulations.

In the exceptional cases described above, the income from the disposal is recorded under "Net gains or losses on available-for-sale financial assets".

The hedging of these securities against interest rate risk is not permitted. However, hedges against exchange rate risk or the inflation component of certain held-to-maturity financial assets are allowed.

Held-to-maturity financial assets are recognized at fair value at inception, plus any transaction costs directly attributable to their acquisition. They are subsequently measured at amortized cost using the effective interest method, including any premiums, discounts and acquisition fees, where material.

Loans and receivables

The "Loans and receivables" portfolio comprises non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. In addition, these assets must not be exposed to a risk of material losses unrelated to a deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are initially recognized at fair value, plus any transaction costs and less any transaction income. Securities classified in this category comply with the rules for recognition, measurement and impairment applicable to loans and receivables.

When a financial asset recorded under loans and receivables is sold before its maturity, the income from the disposal is recorded under "Net gains or losses on available-for-sale financial assets".

Available-for-sale financial assets

Available-for-sale financial assets are all securities not classified in the previous three categories.

Available-for-sale financial assets are initially recognized at fair value, plus any transaction costs.

On the balance sheet date, they are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in other comprehensive income" (except for foreign currency money market assets, for which changes in the fair value of the foreign currency component affect net income). The principles used to determine fair value are described in Note 4.1.6.

If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on fixed-income securities is recorded under "Interest or similar income". Interest income accrued or received on variable-income securities is recorded under "Net gains or losses on available-for-sale financial assets".

Date of recognition

Securities are recorded in the balance sheet on the settlement/delivery date.

Temporary transfers of securities are also recorded on the settlement/delivery date. For repurchase or reverse repurchase transactions, a financing commitment given or received is recorded between the transaction date and the settlement/delivery date when such transactions are recorded as "Loans and receivables" or "Liabilities". When such transactions are recorded under "Assets and liabilities at fair value through profit or loss", the commitment is recorded as an interest rate derivative.

Rules applicable to partial disposals

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, expect in special cases.

4.1.3 Debt and equity instruments

Financial instruments issued by the Group qualify as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavorable to the Group. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

In addition, when an instrument qualifies as equity:

- its remuneration is treated as a dividend, and therefore impacts equity, along with the tax relating to this remuneration;
- it cannot be an underlying eligible for hedge accounting;
- if the issue is in a foreign currency, the instrument is fixed at its historic value resulting from its conversion to euros at its initial date of transfer to equity.

Finally, when these instruments are issued by a subsidiary, they are included in "non-controlling interests". When their remuneration is of a cumulative nature, it is charged to "income attributable to equity holders of the parent" and increases the income of "non-controlling interests". However, when their remuneration is not of a cumulative nature, it is drawn from retained earnings "attributable to equity holders of the parent".

Financial liabilities at fair value through profit or loss

These are financial liabilities held for trading or classified in this category on a voluntary basis at initial recognition using the fair value option available under IAS 39. The qualifying criteria used when applying this option are described in Note 4.1.4 "Financial assets and liabilities at fair value through profit or loss".

These liabilities are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, gains or losses on these instruments are recognized in "Net gains or losses on financial instruments at fair value through profit or loss".

Debt securities

Issues of debt securities (which are not classified as financial liabilities at fair value through profit or loss or as equity) are initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized on the balance sheet under "Amounts due to credit institutions", "Amounts due to customers" or "Debt securities".

Subordinated debt

Subordinated debt differs from other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

Subordinated debt which the issuer is obliged to repay is classified as debt and initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

Cooperative shares

IFRIC 2 "Cooperative shares in cooperative entities and similar instruments" clarifies the provisions of IAS 32. In particular, the contractual right of the holder of a financial instrument (including cooperative shares in cooperative entities) to request redemption does not, in itself, automatically give rise to an obligation for the issuer. Rather, the entity must consider all of the terms and conditions of the financial instrument in determining its classification as a debt or equity.

Based on this interpretation, cooperative shares are classified as equity if the entity has an unconditional right to refuse redemption of the cooperative shares or if local laws, regulations or the entity's bylaws unconditionally prohibit or curtail the redemption of cooperative shares.

Based on the existing provisions of the Group's bylaws relating to minimum capital requirements, cooperative shares issued by the Group are classified as equity.

4.1.4 Financial assets and liabilities at fair value through profit or loss

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows entities to designate financial assets and liabilities on initial recognition at fair value through profit or loss. However, an entity's decision to designate a financial asset or liability at fair value through profit or loss may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination of or significant reduction in a measurement or recognition inconsistency (accounting mismatch)

Applying the option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy. This accounting treatment applies in particular to certain structured loans granted to local authorities.

Harmonization of accounting treatment and performance management and measurement

The option applies for a group of assets and/or liabilities managed and measured at fair value, provided that it is based on a formally documented risk management or investment strategy, and information about the Group is also reported internally on a fair value basis.

This circumstance mainly arises in connection with Natixis' capital market activities.

Hybrid financial instruments containing one or more embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied when the embedded derivative(s) substantially modify the cash flows of the host contract and when the separate recognition of the embedded derivative(s) is not specifically prohibited by IAS 39 (e.g. an early redemption option at cost embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This accounting treatment applies in particular to some structured debt issues containing material embedded derivatives.

4.1.5 Derivative financial instruments and hedge accounting

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

All derivative financial instruments are recognized on the balance sheet at the trade date and measured at fair value at inception. They are remeasured at their fair value at each balance sheet date regardless of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognized in income for the period, except for derivatives qualifying as cash flow hedges for accounting purposes or as net investment hedges in a foreign currency.

Derivative financial instruments are classified into the following two categories:

Trading derivatives

Trading derivatives are recognized on the balance sheet under "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss". Realized and unrealized gains and losses on derivatives held for trading are taken to income on the "Net gains or losses on financial instruments at fair value through profit or loss" line.

Derivative financial instruments used for hedging purposes

The hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

FAIR VALUE HEDGES

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the revaluation of hedging instruments is recognized in income in the same manner as the gain or loss on the hedged item attributable to the risk being hedged. The ineffective portion of the hedge, if any, is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income in the same manner as the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the revaluation of the hedged component is recognized on the same line of the balance sheet as the hedged item.

The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account when calculating the effectiveness of a hedge.

If a hedging relationship ceases (investment decision, failure to fulfill effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading book. The revaluation difference recorded in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation gain or loss is recognized in income for the period.

CASH FLOW HEDGES

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognized asset or liability or with a future transaction (hedge of interest rate risk on floating-rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized on a separate line of "Gains and losses recognized directly in other comprehensive income". The ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income under interest income in the same manner as the accrued interest on the hedged item.

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist), the cumulative amounts recognized in equity are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

SPECIFIC CASES OF PORTFOLIO HEDGING (MACRO-HEDGING)

Documentation as cash flow hedges

Some Group institutions document their macro-hedges on cash flows (hedging of portfolios of loans or borrowings).

In this case, portfolios of assets or liabilities that may be hedged are, for each maturity band:

- floating-rate assets and liabilities; the entity incurs a risk of variability in future cash flows from floating-rate assets or liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts); assuming total outstandings remain constant, the entity is exposed to the risk of variability in future cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the Group may be exposed to the risk of variability in future cash flows on the funding that it will need to raise in the market.

Under IAS 39, hedges of an overall net position of fixed rate assets and fixed rate liabilities with similar maturities do not qualify for hedge accounting. The hedged item is therefore deemed to be equivalent to a share of one or more portfolios of identified variable-rate instruments (portion of deposit outstandings or variable-rate loans); the effectiveness of the hedges is measured by creating a mortgage instrument for each maturity band whose changes in fair value from inception are compared to those for the documented hedging derivatives.

The characteristics of this instrument model those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument with the actual hedging instrument. This method requires the preparation of a maturity schedule.

The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test calculates the retrospective effectiveness of a hedge initiated at various balance sheet dates.

At each balance sheet date, changes in the fair value of hedging instruments, excluding accrued interest, are compared with those of hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealized gain or loss recognized in equity is transferred immediately to income.

When the hedging relationship ceases, if the hedged item is still shown on the balance sheet, or if it is still highly probable, unrealized cumulative gains and losses are recognized in equity on a straight line basis. If the derivative has not been canceled, it is reclassified as a trading derivative, and changes in its fair value are recognized in income.

Documentation as fair value hedges

Some of the Group's institutions document their macro-hedging of interest rate risk as fair value hedges by applying the so-called carve-out arrangements under IAS 39 as adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce overall exposure to interest rate risk. In particular, this "carve-out" allows the Group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The Group mainly uses plain vanilla interest rate swaps designated at inception as fair value hedges of fixed-rate deposits or loans.

Macro-hedging derivatives are accounted for in the same manner as derivatives used to hedge the fair value of specific transactions (micro-hedging).

In a macro-hedging relationship, gains and losses on the revaluation of the hedged item are recorded in "Revaluation differences on interest rate risk-hedged portfolios", under balance sheet assets for hedges of a portfolio of financial assets and under balance sheet liabilities for hedges of a portfolio of financial liabilities.

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio. The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account.

Effectiveness is tested in two ways:

- asset-based testing: for plain vanilla swaps designated as hedging instruments at inception, the Group verifies prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date that no excess hedging exists;
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical instrument that exactly reflects the underlying hedged item. These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the revaluation adjustment is amortized on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognized. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the notional amount of the hedged items falls below the nominal amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits.

HEDGING OF A NET INVESTMENT IN A FOREIGN OPERATION

The net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation.

The purpose of a net investment hedge in a foreign currency is to minimize the foreign exchange effect for a consolidating entity of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements. Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealized gains and losses initially recognized in equity are taken to income when the net investment is sold in full or in part (or when partially sold with loss of control).

4.1.6 Determination of fair value

General principles

The fair value of an instrument is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date.

Fair value is therefore determined using the exit price.

On first recognition, fair value is usually the transaction price and is thus the price paid to purchase the asset or the price received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the instrument's quoted price, if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the principal market or, failing that, on the most favorable market, on an arm's length basis;
- if the market for a financial instrument is not active, fair value is established using valuation techniques. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments incorporate factors related to valuation uncertainties, such as market, credit and liquidity risks in order to account, in particular, for the costs resulting from an exit transaction on the main market. Likewise, an adjustment (Funding Valuation Adjustment – FVA) for using assumptions to recognize costs related to the financing costs of future cash flows of uncollateralized or partially collateralized derivatives is also recognized.

The main additional Funding Value Adjustment are as follows:

BID/ASK ADJUSTMENT – LIQUIDITY RISK

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

MODEL UNCERTAINTY ADJUSTMENT

This adjustment takes into account imperfections in the valuation techniques used, and in particular risk factors not considered even though observable market inputs are available. This is the case when the risks inherent in the instruments differ from those incurred by the observable market data used to determine their valuation.

INPUT UNCERTAINTY ADJUSTMENT

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

CREDIT VALUATION ADJUSTMENT (CVA)

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the expected loss linked to the risk of default by a counterparty and aims to take into account the fact that the Group may not recover the full market value of the transactions.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices, for all segments of counterparties subject to this calculation. In the absence of liquid market inputs, the method made use of proxies by type of counterparty, rating and geographic area.

DEBIT VALUATION ADJUSTMENT (DVA)

The DVA is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of financial instruments. It reflects the impact of the Group's credit quality on the valuation of these instruments. The DVA adjustment is assessed by observing the Group's "credit" market input.

The following criteria are used to determine whether or not a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data on prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

Natixis control system (Natixis is the main contributor to the Group's balance sheet items measured at fair value)

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market parameters are validated by an independent unit (the market data monitoring department). Second-level controls are carried out by the Risk department.

On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency of data feeds;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model parameters;
- an assessment of the modeling risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the payoff;
- the implementation of an adjustment in respect of modeling risk to account for potential deficiencies in the model or its calibration;
- the incorporation of the model into information systems.

The methods for determining fair value are monitored by a number of bodies including the Inputs and Observability Committee, the Valuation Committee, the Impairment Committee and the Model Validation Committee, which comprise representatives of the Risk department, the Finance department and the Market Data Monitoring and Valuation department.

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements applied to financial and non-financial instruments to be allocated to one of three fair value levels:

LEVEL 1: VALUATION USING PRICES QUOTED ON A LIQUID MARKET

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

This mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of UCITS for which NAV is determined and reported on a daily basis.

LEVEL 2: VALUATION USING OBSERVABLE MARKET INPUTS

Level 2 fair value comprises instruments other than instruments mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, *i.e.* liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using Level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market data (for example, using market data for listed peers or the earnings multiple method based on techniques widely used in the market);
- Greek and Portuguese sovereign securities, whose fair value was recorded under Level 2 given the wide bid-ask price spread on market prices;
- shares of UCITS whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt securities designated at fair value, mainly by Natixis, and to a lesser extent Crédit Foncier. The methodology used by Natixis to value the "issuer credit risk" component of issues designated at fair value is based on the discounting of future cash flows using directly observable inputs such as yield curves and revaluation differences. For each issue, this valuation represents the product of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at December 31, 2015 as for previous closing dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments

Certain hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **Equity products:** complex products are valued using:
  - market data;
  - a payoff, *i.e.* the formula of positive or negative flows attached to the product at maturity;
  - a model of changes in the underlying asset.

  These products can have a single underlying, multiple underlyings or hybrids (fixed income/equity for example).

  The main models used for equity products are local volatility models, combined with local volatility Hull & White 1 factor (H&W1F), Tskew and Pskew.

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The local volatility hybrid model, paired with the H&W1F, consists of pairing the local volatility model described above with a Hull & White 1 factor type fixed-income model, described below (see fixed-income products).

  The Tskew model is a valuation model for mono and multi-underlying options. Its principle is to calibrate the distribution of underlying asset or assets at maturity to standard option prices.

  The Pskew model is similar to the Tskew model. It is used in particular for simple ratchet equity products such as capped or floored ratchet products.
- **Fixed income products:** fixed income products generally have specific characteristics which justify the choice of model. Underlying risk factors associated with the payoff are taken into account.

  The main models used to value and manage fixed-income products are Hull & White models (one-factor and two-factor models or one-factor Hull & White stochastic volatility model), the Hunt Kennedy model and the "smiled" BGM model.

  The Hull & White models are simple pricing models for plain vanilla fixed-income products and can be calibrated easily. Products valued using these models generally contain a Bermudan-type cancellation option (*i.e.* one that may be exercised at certain dates set at the beginning of the contract).

  SBGM and Hunt Kennedy models are used to value fixed-income products that are sensitive to volatility smiles (*i.e.* implied change in volatility relative to the exercise price) and to autocorrelation (or correlation between interest rates).
- **Foreign exchange products:** foreign exchange products generally have specific characteristics which justify the choice of model.

  The main models used for valuating and managing foreign-exchange products are the local and stochastic volatility models, as well as the hybrid models, pairing modeling of the underlying foreign exchange with two Hull & White 1 factor models to ascertain the fixed-income factors.

  Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:
  - inputs are derived from external sources (primarily a recognized contributor, for example);

- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, an approximation parameter (proxy) may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity (bid-ask), counterparty and internal credit (measurement of liability positions), modeling and input risks.

The margin generated when these instruments begin trading is immediately recognized in income.

LEVEL 3: VALUATION USING UNOBSERVABLE MARKET INPUTS

Level 3 comprises instruments measured using unrecognized models and/or models based on unobservable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- private equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgement call;
- structured securities or securities representative of private investment portfolios, held by the insurance business line;
- instruments with a deferred day-one margin;
- shares of UCITS for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) in respect of the low liquidity observed for such shares;
- instruments carried at fair value on the balance sheet and for which data are no longer available due to a freeze in trading in the wake of the financial crisis, which were not reclassified within "Loans and receivables" pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008 (see below).

When there is a significant drop in trading in a given market, a valuation model is used based on the only available relevant data.

In accordance with the Ministerial Order of February 20, 2007, as amended by the Order of November 23, 2011, on lending institutions and investment companies and the European regulation of June 26, 2013 (CRR) on the Basel III requirements, for each of the models used, a description of crisis simulations applied and the *ex-post* control mechanism (valuation of the accuracy and consistency of internal models and modeling procedures) appears in Chapter 3 "Risk Management".

Under IAS 39, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, *i.e.* only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs used is not observable, and where this significantly affects the valuation of the instrument, the trading profit on the trade date cannot be recognized immediately in the income statement, but is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

As at December 31, 2015, instruments for which the recognition of day-one profit/loss has been deferred included:

- multi-underlying structured equity and index products;
- synthetic loans;
- options on funds (multi-assets and mutual funds);
- structured fixed income products;
- securitization swaps.

These instruments are almost all located at Natixis.

The table below provides the main unobservable inputs and the value ranges for these instruments:

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
Credit derivatives	CDOs, Index tranche	Technique for estimating defaults given the correlation effect and recovery modeling	Correlation curve specific to the portfolio underlying the CDO	5% – 95%*
	CDS on projects (other than CDS on securitization assets)	Extrapolation from prices based on recovery assumptions	Recovery rate	60% – 100%
Interest rate derivatives	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Early redemption rate	3% – 20%
	Sticky CMS/Volatility Bonds	Interest rate options valuation models	Mean reversion inputs	1% – 5%
	Callable Spread Option and Corridor Callable Spread Option	Model representing several yield curve factors.	Mean reversion spread	10% – 30%
	Spread Lock Swap and Spread Lock Option	Bivariate model to measure the time value of Spread Lock options and replication for CMS and TEC Forwards	Spread Lock curve, TEC Forward volatility and TEC-CMS correlation	*Spread Lock*: -16bp/+12bp Volatility 50bp/70bp TEC-CMS correlation 70%/95%
Capital Protected Note	Mono-credit payoffs, with capital guarantee, indexed based on issuer cash-CDS, including an at-par call clause at Natixis' discretion	Model that uses as Inputs the volatility of the cash-CDS, recalibrated for price volatility and reintegrated in a Black & Scholes model with a numerical method used to calculate Early Exercise	Volatility of cash-CDS basis	2% – 4%
Repos and general collateral TRS	TRS and repos indexed to a basket of general equities	Synthetic modeling of underlying general basket (with repo *to* estimate) and actuarial valuation for TRS or using a standard Equity/Interest rate hybrid model for the TRS auto call	Repo curve *of* general baskets	-112%
Helvetix derivatives	Strips of long-term options, Strips of quanto options, Strips of digital options Options spread and Digital options spread	Black & Scholes model Gaussian copula	Currency/currency correlation USDCHF & EURCHF long-term volatility	EURUSD/USDCHF correlation: -82.5%; -73.2% Long-term volatility: 10%-15%
Fund-based derivatives	Payoffs as Target Volatility strategy and CPPI on Mutual Funds	The approach used is a hybrid model that combines the local volatility-type multi-underlying equity model with a one-factor Heath-Jarrow-Morton (HJM1F) interest rate model.	Fund data	Index – Interest rate correlation: 21% – 35%
Collateralized derivatives	Multi-underlying payoffs	Valuation model based on equity volatility and long-term shortfall inputs	Long-term shortfall	
Hybrid interest rate/currency derivatives	Long-term PRDC/PRDKO/ TARN structures	Hybrid currency/interest rate options valuation model	Correlation between currency and interest rates and long-term volatility	AUD/JPY and USD/JPY correlation: 30% – 60% Long-term volatility: 10% – 17%
Equity derivatives	Long maturity multi-underlying payoffs	Volatility options valuation model incorporating correlation between assets	Correlation inputs	45% – 81%

* *All transactions including this type of data are fully back-to-back; this input justifying the Level 3 classification is entirely hedged.*

5

Policy concerning fair value hierarchy transfers

Transfers between fair value levels are reviewed and validated by *ad hoc* committees of representatives of various functions, particularly Finance, Risk and Business Lines. The committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. Transfers to and from Level 3 are subject to prior validation.

In accordance with this procedure, Capital Protected Notes, Helvetix derivatives, as well as repos and general collateral TRS were transferred to Level 3. Information on the transfers between levels of the fair value hierarchy is provided in Note 5.5.3. The amounts given in this note were calculated at the date of the last valuation prior to the change in the level of the fair value hierarchy.

Instruments affected by the financial crisis

Instruments affected by the financial crisis and carried at fair value on the balance sheet are essentially held by Natixis, which calculates their fair value using the models described below:

CDS CONTRACTED WITH CREDIT ENHANCERS (MONOLINE INSURERS AND CDPCS)

The valuation model used to measure write-downs on CDS contracted with monoline insurers was modified as of December 31, 2015 to bring it closer in line with the Credit Valuation Adjustment (CVA) used for counterparty risk. It also takes into account the expected amortization of exposures and the counterparty spread implicit in market data. The impact of the change in method amounted to 4.3 million at December 31, 2015.

Previously the model consisted in applying a standard rate of recovery of 10% for unrealized capital losses on the underlying assets concerned (rate justified by the low capitalization of monoline insurers given their risk exposures), except for a counterparty whose rate of recovery was deemed nil at December 31, 2014, and a probability of default calibrated to the credit risk associated with the credit enhancer.

The current method for determining provisions for contracts with CDPCs (Credit Derivatives Product Companies) was refined by applying a transparency-based approach to the underlying assets, based on an estimate of exposure at the time of default, with the PD and LGD based on the tranche's maturity. A stress factor of 1.2 was applied to the probabilities of default thus determined for the underlyings, based on a recovery rate of 27%. Counterparties are associated with a probability of default whenever the losses resulting from the calculation exceed the CDPC's net available assets.

In addition to these provisions, a general reserve also takes into account the volatility of the fair value of the contracts.

OTHER INSTRUMENTS NOT EXPOSED TO US HOUSING RISK MEASURED BY NATIXIS USING A VALUATION MODEL

The section below describes the underlying principles used to value assets resulting from securitization transactions for which no market prices could be identified and which were therefore measured using valuation models:

CLOs

A scoring model defining the level of risk associated with certain structures is applied based on a series of criteria.

Trust Preferred Securities (TruPS) CDOs

The valuation model is based on projected future cash flows and default rates determined according to a statistical approach that deduces the default probability of banks according to their financial ratios. For other sectors, default rates are estimated considering the current ratings of assets.

Private Finance Initiative CDS (PFI CDS)

The valuation model used, for Private Finance Initiative (PFI) CDS, is based on an approach calibrated to the market prices of underlying PFI bonds and the use of a uniform collection rate.

Instruments not carried at fair value on the balance sheet

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, and the associated fair value levels, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

ASSETS AND LIABILITIES OF NATIXIS BUSINESS LINES, THE CASH MANAGEMENT POOL, BPCE, AND THE CAISSES D'EPARGNE FINANCIAL PORTFOLIOS

Credit and loans classified as "Loans and receivables" and amounts payable under finance leases

The fair value of these instruments is determined by discounting future cash flows. The discount rate applied for a given loan is the rate at which the Group would grant a loan with similar characteristics to a similar counterparty at the reporting date. The interest rate and counterparty risk components are re-assessed.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is generally considered to be their carrying amount.

Borrowings and savings

At Natixis, the assessment of the fair value and securities debts is based on the method of discounting future cash flows using inputs on the reporting date such as the interest rate curve of the underlyings and the spread at which Natixis lends or borrows.

The fair value of other debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date, plus the credit spread of Groupe BPCE.

Investment property recognized at cost

The fair value of investment property (excluding investment property held by insurance companies) is determined by reference to the capitalization of rents, a method widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

FINANCIAL INSTRUMENTS OF THE COMMERCIAL BANKING BUSINESS LINES

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only calculated for information purposes in the notes to the financial statements. They are not indicators used in the interest of overseeing commercial banking activities, for which the management model is mainly based on collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of assets and liabilities is deemed to be their fair value in certain cases

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- variable-rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

Fair value of the loans to retail customers

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except for special cases, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

Fair value of loans to large corporates, local authorities and credit institutions

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by the customer relationship managers). Failing that, the credit risk component is established at the outset and not subsequently remeasured, as with loans to retail customers. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

Fair value of debt

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date. The own credit spread is not generally taken into account.

Instruments reclassified to "Loans and receivables" having legal status as "securities"

The illiquidity of such instruments, which is necessary to their classification in "Loans and receivables", was assessed at the reclassification date.

Subsequent to reclassification, some instruments may become liquid again and be measured at Level 1 fair value.

In other cases, their fair value is measured using models identical to those described above for instruments measured at fair value on the balance sheet.

4.1.7 Impairment of financial assets

Impairment of securities

An impairment loss is recognized on an individual basis against securities, with the exception of securities classified as financial assets at fair value through profit or loss, when there is objective evidence of impairment resulting from one or more loss events having occurred since the initial recognition of the asset. A loss event is defined as one that has an impact on the estimated future cash flows of a financial asset which can be reliably estimated.

Different rules are used for the impairment of equity instruments and debt instruments.

For equity instrument, a lasting decline or a significant decrease in value are objective indicators of depreciation:

A decline of over 50% or lasting for over 36 months in the value of a security by comparison with its historical cost is an objective indicator of permanent impairment, leading to the recognition of an impairment loss in income.

In addition, these impairment criteria are also supplemented by a line-by-line review of the assets that have recorded a decline of over 30% or for more than six months in their value by comparison with their historical cost or if events occur that are liable to represent a material or prolonged decline. An impairment charge is recorded in the income statement if the Group determines that the value of the asset will not be recovered in its entirety.

For unlisted equity instruments, a qualitative analysis of their situation is carried out.

Impairment losses recognized on equity instruments may not be reversed and nor may they be written back to income. Losses are recorded under "Net gains or losses on available-for-sale financial assets". A subsequent increase in value is taken to "Gains and losses recognized directly in other comprehensive income" until disposal of the securities.

Impairment losses are recognized on debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) when there is a known counterparty risk.

The Group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments must be written back to the income statement. Impairment losses and write-backs are recorded in "Cost of risk".

Impairment of loans and receivables

IAS 39 defines the methods for calculating and recognizing impairment of loans.

A loan or receivable is deemed to be impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. On an individual level, the criteria for deciding whether or not a credit risk has been incurred include the existence of payments past due by more than three months (six months for real estate and nine months for loans to local authorities) or, independently of the existence of a missed payment, the existence of an incurred credit risk or litigious proceedings;
- these events lead to incurred losses.

Impairment is determined as the difference between the amortized cost and the recoverable amount, *i.e.* the present value of estimated recoverable future cash flows taking into account the impact of any collateral. For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Probable losses arising from off-balance sheet commitments are taken into account through provisions recognized on the liability side of the balance sheet.

Two types of impairment are recognized under "Cost of risk":

- impairment on an individual basis;
- impairment on a portfolio basis.

IMPAIRMENT ON AN INDIVIDUAL BASIS

Specific impairment is calculated for each receivable on the basis of the maturity schedules determined based on historic recoveries for each category of receivable. Collateral is taken into account when determining the amount of impairment, and when collateral fully covers the risk of default, the receivable is no longer impaired.

IMPAIRMENT ON A PORTFOLIO BASIS

Impairment on a portfolio basis covers unimpaired outstandings on an individual basis. In accordance with standard IAS 39, these are grouped together in portfolios with similar credit risk characteristics that undergo a collective impairment test.

Banque Populaire and Caisse d'Epargne outstanding loans are included in a group of similar loans in terms of the sensitivity of risk based on the Group's internal rating system. The portfolios subject to the impairment test are those relating to counterparties with ratings that have been significantly downgraded since granting, and which therefore are considered sensitive. These loans undergo impairment, although credit risk cannot be individually allocated to the different counterparties making up these portfolios, as the loans in question collectively show objective evidence of impairment.

The amount of impairment is determined based on historical data on the probability of default at maturity and the expected losses, adjusted, if necessary, to take into account the prevailing circumstances at the balance sheet date.

This approach may also be supplemented by a segmental or geographical analysis generally based on an expert opinion, taking account of various economic factors intrinsic to the loans and receivables in question. Portfolio-based impairment is calculated based on expected losses at maturity across the identified population.

4.1.8 Reclassifications of financial assets

Several types of reclassification are authorized:

Reclassifications authorized prior to the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008

These notably include "Available-for-sale financial assets" reclassified as "Held-to-maturity financial assets".

Any fixed-income security with a set maturity date meeting the definition of "Held-to-maturity securities" may be reclassified if the Group changes its management strategy and decides to hold the security to maturity. The Group must also have the ability to hold this instrument to maturity.

Reclassifications authorized since the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008

These standards define the terms for reclassifying non-derivative financial assets at fair value (with the exception of those initially designated at fair value through profit or loss) to other categories:

- reclassification of "Financial assets held for trading" as "Available-for-sale financial assets" or "Held-to-maturity financial assets".

  Any non-derivative financial assets may be reclassified whenever the Group is able to demonstrate the existence of "rare circumstances" leading to this reclassification. It should be noted that the IASB has characterized the financial crisis of the second half of 2008 as a "rare circumstance".

  Only instruments with fixed or determinable payments may be reclassified as "Held-to-maturity financial assets". The institution must also have the intention and the ability to hold these instruments until maturity. Instruments included in this category may not be hedged against interest rate risk;
- reclassification of "Financial assets held for trading" or "Available-for-sale financial assets" as "Loans and receivables".

  Any non-derivative financial asset meeting the definition of "Loans and receivables" and, in particular, any fixed-income instruments not quoted in an active market may be reclassified if the Group changes its management strategy and decides to hold the instrument for a foreseeable future or to maturity. The Group must also have the ability to hold this instrument over the medium to long term.

Reclassifications are carried out at fair value at the reclassification date, with this value serving as the new amortized cost for instruments transferred to categories measured at amortized cost.

A new effective interest rate is then calculated at the reclassification date in order to bring this new amortized cost into line with the redemption value, which implies that the instrument has been reclassified with a discount.

For instruments previously recorded under available-for-sale financial assets, the amortization of the new discount over the residual life of the instrument will generally be offset by the amortization of the unrealized loss recorded under gains and losses recognized directly in other comprehensive income at the reclassification date and taken to the income statement on an actuarial basis.

In the event of impairment subsequent to the reclassification date of an instrument previously recorded under available-for-sale financial assets, the unrealized loss recorded under gains and losses recognized directly in other of comprehensive income at the reclassification date and taken to the income statement on an actuarial basis is immediately written back to income.

4.1.9 Derecognition of financial assets and liabilities

A financial asset (or group of similar financial assets) is derecognized when the contractual rights to the asset's future cash flows have expired or when such rights are transferred to a third party, together with virtually all of the risks and rewards associated with ownership of the asset. In such case, rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

When a financial asset is derecognized, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

In the event that the Group has neither transferred nor retained virtually all of the risks and rewards, but has retained control of the asset, the asset continues to be recognized on the balance sheet to the extent of the Group's continuing involvement.

In the event that the Group has neither transferred nor retained virtually all of the risks and rewards and has not retained control of the asset, the asset is derecognized and all of the rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

If all the conditions for derecognizing a financial asset are not met, the Group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

The Group derecognizes a financial liability (or a part of a financial liability) only when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognized in the vendor's accounts. A liability representing the commitment to return the funds received is identified and recognized under "Securities sold under repurchase agreements". This represents a financial liability recorded at amortized cost or at fair value if this liability has been classified as "Designated at fair value".

The assets received are not recognized in the purchaser's books, but a receivable is recorded with respect to the vendor representing the funds loaned. The amount disbursed in respect of the asset is recognized under "Securities bought under repurchase agreements". On subsequent balance sheet dates, the securities continue to be accounted for by the vendor in accordance with the rules applicable to the category in which they were initially classified. The receivable is valued according to methods specific to its category: at amortized cost when classified in "Loans and receivables", or at fair value when classified under "fair value by option".

Outright securities lending

Securities loaned under outright securities lending transactions are not derecognized in the vendor's accounts. They continue to be recognized in their original accounting category and are valued accordingly. For the borrower, the securities borrowed are not recognized.

Transactions leading to substantial changes in financial assets

When an asset is subject to substantial changes (in particular following a renegotiation or a remodeling due to financial difficulties) there is derecognition, as rights to initial cash flows have essentially expired. The Group considers that this is the case for:

- changes leading to a change of counterparty, especially if the new counterparty has a very different credit quality than the previous counterparty;
- changes intended to move from a very structured to simple indexing, as the two assets are not exposed to the same risks.

Transactions leading to substantial changes in financial liabilities

A substantial change to the terms of a lending instrument must be recorded as the extinguishment of former debt and its replacement with a new debt. To assess the substantial nature of the change, IAS 39 includes a threshold of 10% based on discounted cash flows, integrating potential costs and fees: when the difference is greater than or equal to 10%, all of the costs or fees incurred are recognized as profit or loss on debt extinguishment.

The Group may consider other changes to be substantial, such as a change of issuer (even within the same group) or a change in currency.

4.1.10 Offsetting financial assets and financial liabilities

In accordance with IAS 32, the Group offsets financial assets and liabilities, and a net balance is presented on the balance sheet, on the twofold condition that it has the legally enforceable right to offset the recorded amounts, and the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Transactions on derivatives and repurchase agreements carried out with clearing houses, whose operating principles meet the two criteria mentioned above, are offset in the balance sheet (see Note 14).

4.2 INVESTMENT PROPERTY

In accordance with IAS 40, investment property is property held to earn rent or for capital appreciation, or both.

The accounting treatment for investment property is identical to that used for property, plant and equipment (see Note 4.3) for all Group entities except for certain insurance entities, which recognize the property they hold as investments in connection with insurance policies at fair value, with any adjustment to fair value recorded in income. Fair value is calculated using a multi-criteria approach, by capitalizing rent at market rates and through comparisons with market transactions.

The fair value of the Group's investment property is based on regular expert valuations, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Gains or losses on the disposal of investment property are recognized in income on the "Net income or expenses on other activities" line.

4.3 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

This item includes property owned and used in the business, equipment acquired under operating leases, property acquired under finance leases and assets temporarily unlet held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognized as assets only if they meet the following conditions:

- it is probable that the company will enjoy future economic benefits associated with the asset;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a non-current asset is recognized at its production cost, which includes external charges and the payroll costs of employees directly assigned to the project.

The component-based approach is applied to all buildings.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

Property, plant and equipment and intangible assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or economic benefit patterns, each component is recognized separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortization periods used by the Group are as follows:

- buildings: 20 to 60 years;
- internal fixtures and fittings: 5 to 20 years;
- furniture and special equipment: 4 to 10 years;

- computer equipment: 3 to 5 years;
- software: not more than 5 years.

Other items of property, plant and equipment are depreciated over their estimated useful life, which generally ranges from five to ten years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the balance sheet date. If this is the case, the revised recoverable amount of the asset is compared to its carrying amount. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

The accounting treatment adopted for property, plant and equipment and intangible assets used in operations and financed using lease financing agreements is stated in Note 4.9.

Equipment leased under operating leases (group as lessor) is recognized as an asset on the balance sheet under property, plant and equipment.

4.4 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

Once classified in this category, non-current assets are no longer depreciated/amortized and are measured at their lowest carrying amount or at fair value less sales costs. Financial instruments continue to be measured in accordance with IAS 39.

4.5 PROVISIONS

Provisions other than those relating to employee benefit commitments, provisions on regulated home savings products, off-balance sheet commitments, and insurance policies mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks.

Provisions are liabilities of which the timing or amount is uncertain, but which can be reliably estimated. They are comprised of current obligations (legal or implicit), resulting from a past event, and for which an outflow of resources will probably be necessary to settle them.

The amount recognized in provisions is the best estimate of the expense required to extinguish the present commitment at the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Changes in provisions are recognized in the income statement on the line items corresponding to the nature of future expenditure.

Provisions on regulated home savings products

Regulated home savings accounts (*comptes d'épargne logement* – CEL) and regulated home savings plans (*plans d'épargne logement* – PEL) are retail products marketed in France governed by the 1965 law on home savings plans and accounts, and subsequent implementing decrees.

Regulated home savings products generate two types of commitments for the Group:

- a commitment to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- a commitment to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Commitments with potentially unfavorable consequences for the Group are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognized for the associated risks by discounting future potential earnings from at-risk outstandings:

- at-risk savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behavior patterns, and corresponds to the difference between the probable outstandings and the minimum expected savings;
- at-risk loans correspond to the loans outstanding granted but not yet due at the calculation date plus statistically probable loans outstanding based on historical customer behavior patterns as well as earned and future rights relating to regulated home savings accounts and plans.

Earnings for future periods from the savings phase are estimated, for a given generation of contracts, as the difference between the regulated rate offered and the expected interest accruing on a comparable savings product on the market.

Earnings for future periods from the loan phase are estimated as the difference between the fixed rate agreed at inception for PEL contracts or a rate contingent on the savings phase for CEL contracts, and the expected interest rate accruing on home loans in the non-regulated sector.

Where the algebraic sum of the Group's estimated future commitments in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavorable situation for the Group, a provision is recognized, with no offset between the different generations. The commitments are estimated using the Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behavior models and at-risk outstandings.

The provision is recognized under liabilities in the balance sheet and changes are recorded in net interest income.

4.6 INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized in the income statement on all financial instruments measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The effective interest rate calculation takes account of all transaction fees paid or received as well as premiums and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial partners, are treated as additional interest.

The Group has chosen the following option to account for negative interest:

- when income from a financial asset debt instrument is negative, it is deducted from interest income in the income statement;
- when income from a financial liability debt instrument is positive, it is deducted from interest expenses in the income statement.

4.7 COMMISSIONS ON SERVICES

Commissions are recorded in the income statement by type of service provided, and according to the method used to recognize the associated financial instrument:

- commissions payable on recurring services are deferred over the period in which the service is provided (payment processing, securities deposit fees, etc.);
- commissions payable on occasional services are recognized in full in income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable on execution of a significant transaction are recognized in full in income on completion of the transaction.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees on financing commitments given or loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than fee and commission income.

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset management business and custody services on behalf of third parties.

4.8 FOREIGN CURRENCY TRANSACTIONS

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the Group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the Group entity on whose balance sheet they are recognized, at the exchange rate prevailing at the balance sheet date. All resulting foreign exchange gains and losses are recognized in income, except in two cases:

- only the portion of the foreign exchange gains and losses calculated based on the amortized cost of available-for-sale financial assets is recognized in income, with any additional gains and losses being recognized in "Gains and losses recognized directly in other comprehensive income";
- foreign exchange gains and losses arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation are recognized in "Gains and losses recognized directly in other comprehensive income".

Non-monetary assets carried at historical cost are translated using the exchange rate prevailing at the transaction date. Non-monetary assets carried at fair value are translated using the exchange rate in effect at the date on which the fair value was determined. Foreign exchange gains and losses on non-monetary items are recognized in income if gains and losses relating to the items are recorded in income, and in "Gains and losses recognized directly in other comprehensive income" if gains and losses relating to the items are recorded in "Gains and losses recognized directly in other comprehensive income".

4.9 FINANCE LEASES AND SIMILAR TRANSACTIONS

Leases are analyzed to determine whether in substance and economic reality they are finance leases or operating leases.

4.9.1 Finance leases

A finance lease is a lease that transfers to the lessee substantially most of the risks and rewards incidental to ownership of an asset. It is treated as a loan granted by the lessor to the lessee in order to finance the purchase of an asset.

IAS 17 gives five examples of situations that lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IAS 17 also describes three indicators that may also lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee (capital loss on the asset);
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than the market rent.

At the inception of the contract, the finance lease receivable is recorded on the lessor's balance sheet in an amount equal to the net investment in the lease, which corresponds to the minimum payments receivable from the lessee discounted at the interest rate implicit in the lease plus any unguaranteed residual value accruing to the lessor.

IAS 17 requires unguaranteed residual values to be reviewed on a regular basis. If there is a reduction in the estimated guaranteed residual value, the income allocation over the lease term is revised (calculation of a new payment schedule) and a charge is recorded in order to correct the financial income already recorded.

Impairment charges for finance leases are determined using the same method as that described for loans and receivables.

Finance income corresponding to interest is recognized in the income statement under "Interest and similar income". It is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease, using the interest rate implicit in the lease. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the present value of the minimum lease payments receivable by the lessor plus the non-guaranteed residual value;
- and the initial value of the asset (*i.e.* fair value at the inception of the lease, plus any direct initial costs comprising expenses incurred specifically by the lessor to set up the lease).

In the lessee's financial statements, lease financing agreements with purchase options are treated as the purchase of an asset financed by a loan.

4.9.2 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.

In the lessor's financial statements, the asset is recognized under property, plant and equipment and depreciated on a straight-line basis over the lease term. The depreciable amount does not take into account the residual value of the asset.

The leased asset is not recognized on the balance sheet of the lessee. Lease payments are recognized in income on a straight-line basis over the lease term.

4.10 EMPLOYEE BENEFITS

The Group grants its employees a variety of benefits that fall into the four categories described below:

4.10.1 Short-term employee benefits

Short-term employee benefits mainly include wages, salaries, paid annual leave, incentive schemes, profit sharing, and bonuses which are expected to be paid within 12 months of the end of the period in which the employee renders the service.

They are recognized as an expense for the period, including amounts remaining due at the balance sheet date.

4.10.2 Long-term employee benefits

Long-term employee benefits are generally linked to long-service awards accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. These notably comprise long service awards to employees.

A provision is set aside for the value of these obligations at the balance sheet date.

The obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the Group at retirement and the discount rate. The valuation consists in allocating costs over the working life of each employee (projected unit credit method).

Revaluation differences on long-term employee benefits are immediately recognized in income.

4.10.3 Termination benefits

Termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to terminate a contract in exchange for a severance package. A provision is set aside for termination benefits. Termination benefits that are not expected to be paid within the 12 months following the balance sheet date are discounted to present value.

4.10.4 Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

These benefits can be broken down into two categories: defined-contribution plans, which do not give rise to an obligation for the Group, and defined-benefit plans, which give rise to an obligation for the Group and are therefore measured and recognized by means of a provision.

The Group records a provision in liabilities for employee benefit commitments that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefits are measured in the same way as long-term employee benefits.

The measurement of these obligations takes into consideration the value of plan assets.

Revaluation differences on post-employment benefits, relating to changes in actuarial assumptions and experience adjustments are recognized in equity (other comprehensive income) and are not subsequently transferred to income.

The annual expense recognized in respect of defined-benefit plans includes the current service cost, net interest cost (the effect of discounting the obligation), the expected return on plan assets and past service costs.

The amount of the provision under liabilities in the balance sheet corresponds to the net total commitment as IAS 19R no longer provides for unrecognized items.

4.11 SHARE-BASED PAYMENTS

Share-based payments are those based on shares issued by the Group, regardless of whether transactions are settled in the form of equity or cash, the value of which fluctuates in line with the share price.

The cost to the Group is calculated on the basis of the fair value at the grant date of the share purchase or subscription options granted by certain subsidiaries. The total cost of the plan is determined by multiplying the unit value of the option by the estimated number of options that will have vested at the end of the vesting period, taking account of the likelihood that the grantees will still be employed by the Group, and of any non-market performance conditions that may affect the plan.

The cost to the Group is recognized in income from the date the employees are notified of the plan, without waiting for the vesting conditions, if any, to be satisfied (for example, in the case of a subsequent approval process), or for the beneficiaries to exercise their options.

The corresponding adjustment for the expense recorded under equity-settled plans is an increase in equity.

The Group recognizes a liability for cash-settled plans. The related cost is taken to income over the vesting period and a corresponding fair value adjustment is booked to a debt account.

4.12 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are recognized when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base, irrespective of when the tax is expected to be recovered or settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities and assets are offset at the level of each tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the temporary difference will be utilized in the foreseeable future.

Deferred tax assets and liabilities are recognized as a tax benefit or expense in the income statement, except for:

- revaluation differences on post-employment benefits;
- unrealized gains or losses on available-for-sale assets; and
- changes in the fair value of derivatives used as cash flow hedges;

for which the corresponding deferred tax assets and liabilities are recognized as unrealized gains and losses directly in other comprehensive income.

Deferred tax assets and liabilities are not discounted to their present value.

4.13 INSURANCE BUSINESSES

Financial assets and liabilities of insurance businesses are recognized in accordance with the provisions of IAS 39. They are classified into categories defined by this standard, which calls for specific approaches to measurement and accounting treatment.

Pending amendments to IFRS 4, insurance liabilities continue to be measured broadly in line with French GAAP.

In accordance with Phase I of IFRS 4, insurance contracts are classified into three categories:

- policies that expose the insurer to a significant insurance risk within the meaning of IFRS 4: this category comprises policies covering provident insurance, pensions, property and casualty and unit-linked savings carrying a minimum guarantee. These policies will continue to be measured under the rules provided under local GAAP for measuring technical reserves;
- financial contracts such as savings schemes that do not expose the insurer to a significant insurance risk are recognized in accordance with IFRS 4 if they contain a discretionary profit sharing feature, and will continue to be measured in accordance with the rules for measuring technical reserves provided under local GAAP;
- financial contracts without a discretionary profit-sharing feature such as contracts invested exclusively in units of accounts and without a minimum guarantee, are accounted for in accordance with IAS 39.

Most financial contracts issued by Group entities contain discretionary profit-sharing features.

The discretionary profit-sharing feature grants life insurance policyholders the right to receive a share of the financial income generated, in addition to guaranteed benefits. For these contracts, in accordance with shadow accounting principles defined by IFRS 4, the provision for deferred profit sharing is adjusted to include the policyholders' share in the unrealized capital gains or losses on financial instruments measured at fair value in application of IAS 39. The share of the gains or losses attributable to policyholders is determined on the basis of the characteristics of contracts likely to generate such gains or losses.

Any change in deferred profit sharing is taken to equity where it results from changes in the value of available-for-sale financial assets and to income where it arises from changes in the value of financial assets at fair value through profit or loss.

At each balance sheet date, the Group assesses whether its recognized insurance liabilities are adequate, based on the estimated present value of future cash flows from its insurance policies and investment contracts containing a discretionary profit sharing feature. The liability adequacy test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and deferred profit sharing is lower than the fair value of the technical reserves, the shortfall is recognized in income.

4.14 REAL ESTATE DEVELOPMENT

Revenues from real estate development are derived from real estate development activities in the residential and commercial sectors and from related services.

Projects in progress at the end of the fiscal year date are recognized on a percentage of completion basis in line with the latest operating budgets.

When the outcome of a project cannot be reliably estimated, revenues are recognized only to the extent of costs incurred as revenue that are expected to be fully recoverable.

Operating income from all real estate development deals includes all project-related costs:

- land acquisition;
- site preparation and construction;
- planning taxes (*taxes d'urbanisme*);
- preliminary surveys (these are only charged to the project if the completion probability is high);
- internal project management fees;
- project-related marketing costs (internal and external sales commissions, advertising expenses, on-site sales office, etc.);
- financial expenses attributed to the deals.

Inventories and work in progress comprise land measured at cost, work in progress (site preparation and construction costs), attributable commercial expenses (internal and external sales commissions, temporary sales offices, etc.) and deliverables measured at prime cost. Borrowing costs are not included in inventories.

Preliminary surveys commissioned in the pre-development phase are only included in inventories if there is a high probability that the project will actually go ahead. If this is not the case, these costs are expensed to the period.

When the net realizable value of inventories and work in progress is less than their cost, a provision for impairment loss is recognized.

4.15 CONTRIBUTIONS TO BANKING RESOLUTION MECHANISMS

As at December 31, 2015, the procedure for financing the deposit and resolution guarantee fund had been changed by a Ministerial Order dated October 27, 2015. The cumulative amount of contributions made to the fund for deposit, collateral and securities guarantee mechanisms represented €753 million. Contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represented €242 million. Contributions paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet totaled €511 million.

Directive 2014/59/EU (BRRD – Bank Recovery and Resolution Directive), which establishes the framework for the recovery and resolution of banks and investment firms, and European regulation 806/2014 (SRM regulation), established the introduction of a resolution fund as of 2015. In 2016, this fund will become a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority, which may use this fund when implementing resolution procedures.

In 2015, in accordance with Delegated regulation 2015/63 supplementing the BRRD on *ex ante* contributions to financing mechanisms for the resolution of banks and with decision No. 2015-CR-01 of the ACPR's resolution council dated November 24, 2015, the amount of contributions paid to the fund mechanism represented €152 million, of which €106 million recognized as an expense and €46 million in cash security deposits recognized as assets on the balance sheet.

Note 5 Notes to the balance sheet

5.1 CASH AND AMOUNTS DUE FROM CENTRAL BANKS

in millions of euros	12/31/2015	12/31/2014
Cash	2,727	2,722
Amount due to central banks	68,392	76,306
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**71,119**	**79,028**

5.2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, at their date of acquisition or issue, using the fair value option available under IAS 39.

5.2.1 Financial assets at fair value through profit or loss

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the Group to manage its risk exposure.

	12/31/2015			12/31/2014		
in millions of euros	Trading	Fair value option	Total	Trading	Fair value option	Total
Treasury bills and equivalent	16,245	137	16,382	32,485	33	32,518
Bonds and other fixed-income securities	6,132	2,455	8,587	8,121	2,826	10,947
Fixed-income securities	**22,377**	**2,592**	**24,969**	**40,606**	**2,859**	**43,465**
Equities and other variable-income securities	**29,512**	**12,795**	**42,307**	**32,854**	**11,698**	**44,552**
Loans to credit institutions	128	25	153	353		353
Loans to customers	912	8,824	9,736	429	10,083	10,512
Loans	**1,040**	**8,849**	**9,889**	**782**	**10,083**	**10,865**
Repurchase agreements*		**43,597**	**43,597**		**63,699**	**63,699**
Trading derivatives*	**53,650**	**///**	**53,650**	**66,719**	**///**	**66,719**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**106,579**	**67,833**	**174,412**	**140,961**	**88,339**	**229,300**

* *This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 14).*

Conditions for designating financial assets designated at fair value

Financial assets are designated at fair value through profit and loss when this choice provides more pertinent information or when the instruments incorporate one or more significant and separable embedded derivatives (see Note 4.1.4).

At Group level, the use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. In particular, the fair value option is used when hedge accounting conditions are not met: in such cases, changes in the fair value of the hedged item automatically offset changes in the fair value of the economic hedging derivative;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented asset and liability management policy.

At Group level, financial assets measured at fair value through profit and loss are mostly held by Natixis. They consist primarily of long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically, financial assets representative of unit-linked policies from insurance activities and, to a lesser extent, assets with embedded derivatives for which the principle of separation was not adopted.

Financial assets accounted for under the fair value option, excluding Natixis, also include certain contracts for structured loans to local authorities and structured bonds hedged by derivatives not designated as hedging instruments, assets containing embedded derivatives and fixed-income instruments index-linked to a credit risk.

in millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value
Fixed-income securities	946	131	1,515	2,592
Equities and other variable-income securities	9,299	3,496		12,795
Loans and repurchase agreements	4,567	44,126	3,753	52,446
TOTAL	**14,812**	**47,753**	**5,268**	**67,833**

Loans and receivables designated at fair value through profit or loss and credit risk

Exposure to credit risk represents a significant share of the fair value of loans and receivables designated at fair value through profit and loss shown on the balance sheet.

The Group did not purchase protection to hedge against credit risk associated with loans and receivables classified as fair value instruments through profit and loss as at December 31, 2014 and December 31, 2015.

5.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities in the trading book include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	12/31/2015	12/31/2014
Securities sold short	23,351	39,264
Other financial liabilities	411	775
Financial liabilities held for trading	**23,762**	**40,039**
Trading derivatives*	**54,664**	**65,489**
Interbank term accounts and loans	27	49
Customer term accounts and loans	30	305
Debt securities	18,246	16,904
Subordinated debt	95	94
Repurchase agreements*	44,929	75,205
Other financial liabilities	1,151	513
Financial liabilities designated at fair value through profit or loss	**64,478**	**93,070**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**142,904**	**198,598**

* *This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 14).*

Conditions for designating financial liabilities at fair value through profit or loss

Financial liabilities are designated at fair value through profit and loss when this choice provides more pertinent information or when the instruments incorporate one or more significant and separable embedded derivatives (see Note 4.1.4).

At Group level, the use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. In particular, the fair value option is used when hedge accounting conditions are not met: in such cases, changes in the fair value of the hedged item automatically offset changes in the fair value of the economic hedging derivative;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented asset and liability management policy.

At Group level, financial liabilities measured at fair value through profit and loss are mostly held by Natixis. They mainly comprise long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically, and issues originated and structured for customers whose risks and hedges are managed collectively. These issues include significant embedded derivatives for which changes in value are neutralized by those of the derivative instruments hedging them.

Financial liabilities accounted for under the fair value option, excluding Natixis, mainly consist of structured debt issues and structured deposits containing embedded derivatives (e.g. structured medium-term notes and equities for personal savings plans).

in millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial liabilities designated at fair value through profit or loss
Interbank term accounts and loans	27			27
Customer term accounts and loans			30	30
Debt securities	12,892		5,354	18,246
Subordinated debt			95	95
Repurchase agreements and other financial liabilities	1,798	44,282		46,080
TOTAL	**14,717**	**44,282**	**5,479**	**64,478**

Some liabilities issued and recognized at fair value through profit and loss are covered by a guarantee. The effect of this guarantee is incorporated into the fair value of the liabilities.

Financial liabilities at fair value through profit or loss and credit risk

	12/31/2015			12/31/2014		
in millions of euros	Fair value	Contractual amount due at maturity	Difference	Fair value	Contractual amount due at maturity	Difference
Interbank term accounts and loans	27	5	22	49	13	36
Customer term accounts and loans	30	23	7	305	296	9
Debt securities	18,246	17,371	875	16,904	15,873	1,031
Subordinated debt	95	101	(6)	94	101	(7)
Repurchase agreements and other financial liabilities	46,080	46,053	27	75,718	75,707	11
TOTAL	**64,478**	**63,553**	**925**	**93,070**	**91,990**	**1,080**

The amount contractually due on loans at maturity includes the outstanding amount of the principal at the balance sheet date plus the accrued interest not yet due. In the case of securities, the redemption value is generally used.

Revaluations attributable to own credit risk (revaluation of own debt) amounted to -€26 million at December 31, 2015 (+€100 million at December 31, 2014), including an impact on net banking income for the period of €126 million (negative impact of -€276 million in 2014).

5.2.3 Trading derivatives

The notional amounts of derivative instruments are merely an indication of the volume of the Group's business in financial instruments, and do not reflect the market risks associated with such instruments. Positive or negative fair values represent the replacement value of these instruments. These values may vary significantly depending on changes in market parameters.

	12/31/2015			12/31/2014		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate instruments	4,554,681	30,099	26,810	4,772,485	38,490	34,764
Equity instruments	84,370	1,539	2,545	86,479	1,121	3,294
Foreign exchange instruments	855,283	9,918	11,406	867,983	15,142	13,820
Other instruments	6,881	328	129	41,028	163	237
Forward transactions	**5,501,215**	**41,884**	**40,890**	**5,767,975**	**54,916**	**52,115**
Interest rate instruments	832,747	47	872	916,056	324	826
Equity instruments	62,801	2,971	3,659	38,289	2,176	2,428
Foreign exchange instruments	388,733	6,223	6,794	475,638	5,566	6,440
Other instruments	34,959	828	844	49,190	1,211	1,168
Options	**1,319,240**	**10,069**	**12,169**	**1,479,173**	**9,277**	**10,862**
Credit derivatives	**63,754**	**1,697**	**1,605**	**92,342**	**2,526**	**2,512**
TOTAL TRADING DERIVATIVES	**6,884,209**	**53,650**	**54,664**	**7,339,490**	**66,719**	**65,489**
o/w organized markets	*827,965*	*2,203*	*2,625*	*796,530*	*1,615*	*1,779*
o/w over-the-counter transactions	*6,056,244*	*51,447*	*52,039*	*6,542,960*	*65,104*	*63,710*

5.3 HEDGING DERIVATIVES

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relation between the derivatives and the hedged items is both prospectively and retrospectively effective.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market rates of interest. They transform fixed-rate assets or liabilities into floating-rate instruments and include mostly hedges of fixed-rate loans, securities, deposits and subordinated debt.

Fair value hedging is also used to manage their overall interest rate risk position.

The cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

	12/31/2015			12/31/2014		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate instruments	687,395	12,318	13,804	676,827	13,674	16,532
Foreign exchange instruments	15,139	3,143	2,944	17,188	2,470	3,606
Forward transactions	**702,534**	**15,461**	**16,748**	**694,015**	**16,144**	**20,138**
Interest rate instruments	6,480	44	5	6,241	46	5
Options	**6,480**	**44**	**5**	**6,241**	**46**	**5**
Fair value hedges	**709,014**	**15,505**	**16,753**	**700,256**	**16,190**	**20,143**
Interest rate instruments	34,746	254	1,398	30,452	186	1,424
Foreign exchange instruments	752	30	502	814	11	9
Forward transactions	**35,498**	**284**	**1,900**	**31,266**	**197**	**1,433**
Options	**851**	**6**	**6**	**905**	**5**	**6**
Cash flow hedges	**36,349**	**290**	**1,906**	**32,171**	**202**	**1,439**
Credit derivatives	**98**	**1**		**697**	**4**	
TOTAL HEDGING INSTRUMENTS	**745,461**	**15,796**	**18,659**	**733,124**	**16,396**	**21,582**

5.4 AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are non-derivative financial assets that could not be classified in any other category ("Financial assets at fair value", "Held-to-maturity financial assets" or "Loans and receivables").

in millions of euros	12/31/2015	12/31/2014
Treasury bills and equivalent	41,898	38,206
Bonds and other fixed-income securities	39,993	35,969
Impaired securities	134	200
Fixed-income securities	**82,025**	**74,375**
Equities and other variable-income securities	**14,949**	**14,228**
Loans	**37**	**39**
Available-for-sale financial assets, gross	**97,011**	**88,642**
Impairment of fixed-income securities and loans	(89)	(95)
Permanent impairment of equities and other variable-income securities	(938)	(1,563)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**95,984**	**86,984**
Gains and losses recognized directly in equity on available-for-sale financial assets (before tax)*	**5,893**	**6,063**

* *Including the portion attributable to non-controlling interests (€1,130 million at December 31, 2015, compared with €1,425 million at December 31, 2014). In the insurance subsidiaries, this amount gave rise to the symmetrical recognition of a deferred profit sharing reserve, for 90.0% at December 31, 2015 and 92.7% at December 31, 2014 (see Note 5.17).*

Impairment losses are recognized for available-for-sale financial assets whenever the Group considers that its investment may not be recovered. For variable-income securities quoted in an active market, a price decline in excess of 50% or for more than a 36-month period constitutes evidence of impairment.

5.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

5.5.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2015				12/31/2014			
in millions of euros	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	Total	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	Total
FINANCIAL ASSETS								
Securities	44,952	6,582	355	51,889	64,826	8,164	469	73,459
Fixed-income securities	*18,272*	*3,750*	*355*	*22,377*	*33,412*	*6,724*	*469*	*40,605*
Variable-income securities	*26,680*	*2,832*		*29,512*	*31,414*	*1,440*		*32,854*
Derivatives	438	51,176	2,036	53,650	1,553	63,327	1,837	66,717
Interest rate derivatives	*12*	*28,988*	*1,146*	*30,146*	*3*	*37,502*	*1,309*	*38,814*
Equity derivatives	*332*	*3,835*	*343*	*4,510*	*936*	*2,226*	*134*	*3,296*
Currency derivatives	*5*	*16,101*	*35*	*16,141*	*9*	*20,691*	*8*	*20,708*
Credit derivatives		*1,190*	*507*	*1,697*		*2,140*	*386*	*2,526*
Other derivatives	*89*	*1,062*	*5*	*1,156*	*605*	*768*		*1,373*
Other financial assets		305	735	1,040		409	376	785
Financial assets held for trading	**45,390**	**58,063**	**3,126**	**106,579**	**66,379**	**71,900**	**2,682**	**140,961**
Securities	10,935	2,102	2,350	15,387	9,793	2,265	2,498	14,556
Fixed-income securities	*984*	*181*	*1,427*	*2,592*	*909*	*597*	*1,353*	*2,859*
Variable-income securities	*9,951*	*1,921*	*923*	*12,795*	*8,884*	*1,668*	*1,145*	*11,697*
Other financial assets		47,100	5,346	52,446		67,373	6,410	73,783
Financial assets designated at fair value through profit or loss	**10,935**	**49,202**	**7,696**	**67,833**	**9,793**	**69,638**	**8,908**	**88,339**
Interest rate derivatives		12,616	6	12,622		13,911	1	13,912
Currency derivatives		3,167	6	3,173		2,480		2,480
Credit derivatives			1	1			4	4
Hedging derivatives		**15,783**	**13**	**15,796**		**16,391**	**5**	**16,396**
Investments in associates	335	352	3,542	4,229	95	437	2,842	3,374
Other securities	78,942	7,887	4,877	91,706	72,393	6,190	4,946	83,529
Fixed-income securities	*72,864*	*5,484*	*3,576*	*81,924*	*66,073*	*4,446*	*3,718*	*74,237*
Variable-income securities	*6,078*	*2,403*	*1,301*	*9,782*	*6,320*	*1,744*	*1,228*	*9,292*
Other financial assets	10	20	19	49	10	20	51	81
Available-for-sale financial assets	**79,287**	**8,259**	**8,438**	**95,984**	**72,498**	**6,647**	**7,839**	**86,984**
FINANCIAL LIABILITIES								
Securities	22,886	441	24	23,351	37,656	1,598	10	39,264
Derivatives	507	52,552	1,605	54,664	1,522	61,988	1,979	65,489
Interest rate derivatives	*75*	*26,791*	*816*	*27,682*	*28*	*34,178*	*1,384*	*35,590*
Equity derivatives	*352*	*5,544*	*308*	*6,204*	*908*	*4,698*	*116*	*5,722*
Currency derivatives	*8*	*18,180*	*12*	*18,200*	*8*	*20,243*	*8*	*20,259*
Credit derivatives		*1,136*	*469*	*1,605*		*2,040*	*471*	*2,511*
Other derivatives	*72*	*901*		*973*	*578*	*829*		*1,407*
Other financial liabilities		411		411		775		775
Financial liabilities held for trading	**23,393**	**53,404**	**1,629**	**78,426**	**39,178**	**64,361**	**1,989**	**105,528**
Securities		15,160	29	15,189		16,998		16,998
Other financial liabilities	92	48,453	744	49,289		76,000	72	76,072
Financial liabilities designated at fair value through profit or loss	**92**	**63,613**	**773**	**64,478**		**92,998**	**72**	**93,070**
Interest rate derivatives		*15,069*	*144*	*15,213*	*6*	*17,961*		*17,967*
Currency derivatives		*3,446*		*3,446*		*3,615*		*3,615*
Hedging derivatives		**18,515**	**144**	**18,659**	**6**	**21,576**		**21,582**

5.5.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

AT DECEMBER 31, 2015

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement[(1)]								
in million of euros	01/01/2015	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In equity	Purchases/ Issues	Sales/ Buybacks	To another reporting category	From and to another level	Other changes	12/31/2015
FINANCIAL ASSETS										
Securities	469	(10)	3		452	(546)		(23)	10	355
Fixed-income securities	*469*	*(10)*	*3*		*452*	*(546)*		*(23)*	*10*	355
Variable-income securities										
Derivatives	1,837	141	(407)		330	(275)	229	125	56	2,036
Interest rate derivatives	*1,309*	*(18)*	*(448)*		*159*	*(164)*	*229*	*76*	*3*	*1,146*
Equity derivatives	*134*	*(33)*	*45*		*171*	*(3)*		*(21)*	*50*	343
Currency derivatives	*8*	*(39)*	*1*			*(4)*		*70*	*(1)*	35
Credit derivatives	*386*	*221*	*(5)*			*(99)*			*4*	507
Other derivatives		*10*				*(5)*				5
Other financial assets	376				734	(376)			1	735
Financial assets held for trading	**2,682**	**131**	**(404)**		**1,516**	**(1,197)**	**229**	**102**	**67**	**3,126**
Securities	2,498	84	(146)		361	(459)		31	(19)	2,350
Fixed-income securities	*1,353*	*77*	*(1)*		*302*	*(335)*		*29*	*2*	*1,427*
Variable-income securities	*1,145*	*7*	*(145)*		*59*	*(124)*		*2*	*(21)*	923
Other financial assets	6,410	(63)	(60)		1,646	(2,732)		(11)	156	5,346
Financial assets designated at fair value through profit or loss	**8,908**	**21**	**(206)**		**2,007**	**(3,191)**		**20**	**137**	**7,696**
Interest rate derivatives	1						5			6
Currency derivatives							6			6
Credit derivatives	4	(4)							1	1
Hedging derivatives	**5**	**(4)**					**11**		**1**	**13**
Investments in associates[(2)]	2,842	8	19	653	308	(131)	(4)		(153)	3,542
Other securities	4,946	11	26	16	2,163	(1,829)	2	(422)	(36)	4,877
Fixed-income securities	*3,718*	*8*	*5*	*(17)*	*1,804*	*(1,491)*		*(415)*	*(36)*	*3,576*
Variable-income securities	*1,228*	*3*	*21*	*33*	*359*	*(338)*	*2*	*(7)*		*1,301*
Other financial assets	51	(18)	1	(1)	2	(16)				19
Available-for-sale financial assets	**7,839**	**1**	**46**	**668**	**2,473**	**(1,976)**	**(2)**	**(422)**	**(189)**	**8,438**
FINANCIAL LIABILITIES										
Securities	10		1		64	(52)			1	24
Derivatives	1,979	444	(614)		201	(113)	130	(459)	37	1,605
Interest rate derivatives	*1,384*	*304*	*(572)*		*159*	*(112)*	*130*	*(486)*	*9*	*816*
Equity derivatives	*116*	*100*	*31*		*41*			*20*		*308*
Currency derivatives	*8*	*(4)*	*1*			*(1)*		*7*	*1*	*12*
Credit derivatives	*471*	*44*	*(74)*		*1*				*27*	*469*
Other derivatives										
Other financial liabilities										
Financial liabilities held for trading	**1,989**	**444**	**(613)**		**265**	**(165)**	**130**	**(459)**	**38**	**1,629**
Securities		3				(1)		28	(1)	29
Other financial liabilities	72	(13)	77			(144)		727	25	744
Financial liabilities designated at fair value through profit or loss	**72**	**(10)**	**77**			**(145)**		**755**	**24**	**773**
Interest rate derivatives							144			144
Hedging derivatives							**144**			**144**

(1) The main impacts recognized in the income statement are mentioned in Note 6.3.

(2) Gains and losses recognized directly in equity over the period include the revaluation of Visa Europe securities for €606 million. In the absence of a quoted price, these securities were revalued based on the most recent provisions of the buyback agreement with Visa Inc. The transaction should be completed in 2016, following approval by the competent European authorities.

The fair value calculation includes the initial estimates received by the Group of the sale price, which will be paid in cash and preference shares. The preference shares will not be listed and will only be transferable between shareholders. They will be convertible into Visa Inc. shares after a period of 4 to 12 years. The proposed conversion rate may be lowered in the event of disputes.

To calculate the fair value of the shares at December 31, 2015, the estimate of the amount receivable in cash and preference shares was discounted by 20% to reflect uncertainties as to the completion of the transaction, the final distribution of the sales price between the different sellers, the illiquid nature of preference shares and a discount related to the uncertainty regarding the final rate at which the preference shares will be converted into ordinary Visa Inc. shares.

The protocol agreement also includes an earnout clause payable four years after the effective date of sale of the shares. This clause was not factored into the fair value calculation for the financial statements closed at December 31, 2015.

AT DECEMBER 31, 2014

in millions of euros	01/01/2014(1)	Reclassifications	Gains and losses recognized during the period – In the income statement(2) – On transactions in progress at the reporting date	Gains and losses recognized during the period – In the income statement(2) – On transactions removed from the balance sheet at the reporting date	Gains and losses recognized during the period – In equity	Transactions carried out during the period – Purchases/ Issues	Transactions carried out during the period – Sales/ Buybacks	Transfers during the period – To another reporting category	Transfers during the period – From and to another level	Other changes	12/31/2014
FINANCIAL ASSETS											
Securities	931		41	81		491	(1,222)	11	109	27	469
Fixed-income securities	*931*		*41*	*81*		*491*	*(1,222)*	*11*	*109*	*27*	*469*
Variable-income securities											
Derivatives	1,834		1,047	15		2	(264)	(652)	91	(236)	1,837
Interest rate derivatives	*866*		*461*	*71*			*(33)*	*61*	*91*	*(208)*	*1,309*
Equity derivatives	*602*		*339*					*(773)*		*(34)*	*134*
Currency derivatives	*18*		*(11)*			*2*	*(2)*	*1*			*8*
Credit derivatives	*348*		*258*	*(56)*			*(229)*	*59*		*6*	*386*
Other derivatives											
Other financial assets									376		376
Financial assets held for trading	**2,765**		**1,088**	**96**		**493**	**(1,486)**	**(641)**	**576**	**(209)**	**2,682**
Securities	1,895	(36)	72	33		322	(319)	21	489	21	2,498
Fixed-income securities	*633*		*34*	*31*		*264*	*(187)*	*24*	*552*	*2*	*1,353*
Variable-income securities	*1,262*	*(36)*	*38*	*2*		*58*	*(132)*	*(3)*	*(63)*	*19*	*1,145*
Other financial assets	6,257	(5)	(474)	32		1,584	(1,925)	753		188	6,410
Financial assets designated at fair value through profit or loss	**8,152**	**(41)**	**(402)**	**65**		**1,906**	**(2,244)**	**774**	**489**	**209**	**8,908**
Interest rate derivatives	1										1
Credit derivatives	11		(6)	(1)							4
Hedging derivatives	**12**		**(6)**	**(1)**							**5**
Investments in associates	3,115	(95)	(60)	27	90	246	(353)	10	(171)	33	2,842
Other securities	2,283	(8)	2	11	126	1,286	(758)	11	2,002	(9)	4,946
Fixed-income securities	*1,150*	*(3)*	*9*	*5*	*83*	*1,062*	*(520)*	*6*	*1,926*		*3,718*
Variable-income securities	*1,133*	*(5)*	*(7)*	*6*	*43*	*224*	*(238)*	*5*	*76*	*(9)*	*1,228*
Other financial assets	49		(8)			1	(5)	(13)	28	(1)	51
Available-for-sale financial assets	**5,447**	**(103)**	**(66)**	**38**	**216**	**1,533**	**(1,116)**	**8**	**1,859**	**23**	**7,839**
FINANCIAL LIABILITIES											
Securities								10			10
Derivatives	1,630		554	164			(204)	88		(253)	1,979
Interest rate derivatives	*1,014*	*(85)*	*398*	*120*			*(101)*	*161*		*(123)*	*1,384*
Equity derivatives	*39*		*65*	*12*			*(15)*	*16*		*(1)*	*116*
Currency derivatives	*51*		*(18)*				*(1)*	*(21)*		*(3)*	*8*
Credit derivatives	*526*	*85*	*61*	*32*			*(87)*	*(68)*		*(78)*	*471*
Other derivatives			*48*							*(48)*	
Other financial liabilities											
Financial liabilities held for trading	**1,630**		**554**	**164**			**(204)**	**98**		**(253)**	**1,989**
Securities											
Other financial liabilities	75		(20)	(6)				5		18	72
Financial liabilities designated at fair value through profit or loss	**75**		**(20)**	**(6)**				**5**		**18**	**72**

(1) Amount adjusted relative to the financial statements at December 31, 2013, mainly arising from the reclassification of private equity securities from Level 2 to Level 3 of the fair value hierarchy for €1,121 million (see Note 4.1.6.).

(2) The main impacts recognized in the income statement are mentioned in Note 6.3.

5.5.3 Analysis of fair value hierarchy transfers

	Fiscal year 2015				
	From	Level 1	Level 2	Level 2	Level 3
in millions of euros	To	Level 2	Level 1	Level 3	Level 2
FINANCIAL ASSETS					
Securities		385	901	6	29
Fixed-income securities		*83*	*901*	*6*	*29*
Variable-income securities		*302*			
Derivatives				198	39
Interest rate derivatives(1)				*109*	*33*
Equity derivatives(2)				*17*	*4*
Currency derivatives				*72*	*2*
Financial assets held for trading		**385**	**901**	**204**	**68**
Securities				31	
Fixed-income securities				*29*	
Variable-income securities				*2*	
Other financial assets				20	31
Financial assets designated at fair value through profit or loss				**51**	**31**
Investments in associates					
Other securities		77	49	128	550
Fixed-income securities		*69*	*49*	*80*	*495*
Variable-income securities		*8*		*48*	*55*
Available-for-sale financial assets		**77**	**49**	**128**	**550**
FINANCIAL LIABILITIES					
Securities		29	15		
Derivatives				135	595
Interest rate derivatives(1)				*82*	*569*
Equity derivatives(2)				*46*	*26*
Currency derivatives				*7*	
Financial liabilities held for trading		**29**	**15**	**135**	**595**
Securities				28	
Other financial liabilities				731	4
Financial liabilities designated at fair value through profit or loss				**759**	**4**

(1) For Helvetix derivatives, since the contribution of valuation adjustments had become very significant with respect to the fair value of these instruments taken as a whole, the Group transferred them to Level 3 of the fair value hierarchy in 2015.

(2) TRS and repos indexed to a basket of equities were transferred to Level 3 of the fair value hierarchy in 2015 subsequent to a change in the valuation model based on proprietary data.

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

5

	Fiscal year 2014			
From	Level 1	Level 2	Level 2	Level 3
in millions of euros To	Level 2	Level 1	Level 3	Level 1
FINANCIAL ASSETS				
Securities	486	643	109	
Fixed-income securities	*486*	*9*	*109*	
Variable-income securities		*634*		
Derivatives	2		91	
Interest rate derivatives	*2*		*91*	
Other financial assets			376	
Financial assets held for trading	**488**	**643**	**576**	
Securities	1,139		615	
Fixed-income securities	*1,137*		*552*	
Variable-income securities	*2*		*63*	
Financial assets designated at fair value through profit or loss	**1,139**		**615**	
Interest rate derivatives	5			
Hedging derivatives	**5**			
Investments in associates			171	
Other securities	476	279	2,008	6
Fixed-income securities	*309*	*279*	*1,932*	*6*
Variable-income securities	*167*		*76*	
Other financial assets			28	
Available-for-sale financial assets	**476**	**279**	**2,207**	**6**
FINANCIAL LIABILITIES				
Other financial liabilities	235	3		
Financial liabilities held for trading	**235**	**3**		

5.5.4 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

At December 31, 2015 Natixis calculated the sensitivity of the fair value of financial instruments measured using unobservable inputs. With the aid of probable assumptions, this sensitivity was used to estimate the impacts of market fluctuations in uncertain economic environments. This estimate was performed using:

- a "standardized"[1] variation in unobservable inputs related to assumptions of additional valuation adjustments for fixed income, currency and equity instruments. The resulting sensitivity was €16 million;
- a fixed variation:
  - of +/-1% in the recovery rate on unsecured debt on uncollateralized derivatives,
  - +/-50 basis points applied to the margin used for the discounted cash flow expected on TruPS CDOs;

i.e. the sensitivity impact would result in an improvement in value of €17 million, should the inputs mentioned above improve, or a decrease in value of €17 million if the same inputs deteriorate.

5.6 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Most loans originated by the Group are classified in this category. Information about credit risk is provided in Note 7.1.

5.6.1 Loans and receivables due from credit institutions

in millions of euros	12/31/2015	12/31/2014
Loans and receivables due from credit institutions	96,287	103,875
Specific impairment	(72)	(116)
Impairment on a portfolio basis	(7)	(15)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**96,208**	**103,744**

The fair value of loans and receivables due from banks is presented in Note 15.

(1) *i.e. the standard deviation of consensus prices used to measure the inputs.*

Breakdown of gross loans and receivables due from credit institutions

in millions of euros	12/31/2015	12/31/2014
Current accounts with overdrafts	7,411	7,530
Repurchase agreements	15,231	12,181
Loans and advances*	73,241	82,442
Securities classified as loans and receivables	198	1,362
Other loans and receivables due from credit institutions	122	219
Impaired loans and receivables	84	141
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**96,287**	**103,875**

* *Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations and recorded under "Loans and receivables" amounted to €65,655 million at December 31, 2015 versus €74,194 million at December 31, 2014 (see Note 1.4).*

5.6.2 Customer loans and receivables

in millions of euros	12/31/2015	12/31/2014
Loans and receivables due from customers	629,775	623,256
Specific impairment	(10,675)	(10,758)
Impairment on a portfolio basis	(1,635)	(1,531)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS*	**617,465**	**610,967**

* *In the interest of harmonizing their presentation throughout Groupe BPCE, receivables arising from insurance and reinsurance transactions, previously recorded under "Loans and receivables due from customers", are now recorded under "Accrued income and other assets". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €988 million from "Loans and receivables due from customers" to "Accrued income and other assets".*

The fair value of loans and receivables due from customers is presented in Note 15.

Breakdown of gross loans and receivables due from customers

in millions of euros	12/31/2015	12/31/2014
Current accounts with overdrafts	**11,388**	**11,745**
Loans to financial sector customers	4,076	4,220
Short-term credit facilities	55,860	50,003
Equipment loans	143,996	141,725
Home loans	289,809	281,124
Export loans	3,188	3,321
Repurchase agreements	27,656	30,519
Finance leases	15,875	16,135
Subordinated loans	461	463
Other loans	25,230	27,205
Other facilities granted to customers	**566,151**	**554,715**
Securities classified as loans and receivables	**23,016**	**26,839**
Other loans and receivables due from customers	**6,122**	**7,038**
Impaired loans and receivables	**23,098**	**22,919**
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**629,775**	**623,256**

Breakdown of finance leases

in millions of euros	12/31/2015 Real estate	12/31/2015 Non-real estate	12/31/2015 Total	12/31/2014 Real estate	12/31/2014 Non-real estate	12/31/2014 Total
Performing loans	**8,354**	**7,521**	**15,875**	**8,677**	**7,458**	**16,135**
Net impaired loans	**82**	**186**	**268**	**61**	**217**	**278**
Outstandings	176	394	570	144	472	616
Impairment	(94)	(208)	(302)	(83)	(255)	(338)
TOTAL FINANCE LEASES	**8,436**	**7,707**	**16,143**	**8,738**	**7,675**	**16,413**

5.7 HELD-TO-MATURITY FINANCIAL ASSETS

These are non-derivative financial assets with fixed or determinable payments that the Group has an intention and ability to hold to maturity.

in millions of euros	12/31/2015	12/31/2014
Treasury bills and equivalent	6,762	7,109
Bonds and other fixed-income securities	3,905	4,089
Gross amount of held-to-maturity financial assets	**10,667**	**11,198**
Impairment	(2)	(3)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**10,665**	**11,195**

The fair value of held-to-maturity financial assets is presented in Note 15.

5.8 RECLASSIFICATION OF FINANCIAL ASSETS

Portfolio of reclassified financial assets

In application of the amendments to IAS 39 and IFRS 7 "Reclassification of financial assets", the Group reclassified some of its financial assets.

No significant reclassification was carried out in fiscal year 2014 or 2015.

	Carrying amount		Fair value	
in millions of euros	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets reclassified to:				
Available-for-sale financial assets	51	131	51	131
Loans and receivables	8,545	10,333	7,681	9,307
TOTAL SECURITIES RECLASSIFIED	**8,596**	**10,464**	**7,732**	**9,438**

Change in fair value which would have been recognized if the securities had not been reclassified

in millions of euros	Fiscal year 2015	Fiscal year 2014
Change in fair value		
– that would have been recognized in income if the securities had not been reclassified		21
– that would have been recognized in gains and losses recognized directly in equity if the securities had not been reclassified	83	(189)

5.9 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	12/31/2015	12/31/2014
Unrealized capital gains on UCITS	84	89
Fiscal EIGs	(327)	(326)
Provisions for employee-related liabilities	350	437
Provisions for regulated home savings products	250	236
Impairment on a portfolio basis	376	351
Other non-deductible provisions	1,075	1,286
Changes in fair value of financial instruments recorded in equity	(354)	(402)
Other sources of temporary differences*	434	1,380
Deferred tax assets and liabilities related to timing differences	**1,888**	**3,051**
Deferred tax assets and liabilities arising on the capitalization of tax loss carryforwards	**2,643**	**3,206**
Deferred tax assets and liabilities on consolidation adjustments and eliminations	**143**	**70**
Unrecognized deferred tax assets and liabilities	**(564)**	**(891)**
NET DEFERRED TAX ASSETS AND LIABILITIES	**4,110**	**5,436**
Deferred taxes recognized:		
– As assets in the balance sheet	4,988	5,828
– As liabilities in the balance sheet	(878)	(392)

* *Deferred tax liability recorded on the tax amortization of goodwill in the United States, recorded as of fiscal year 2015 (see Note 2.2).*

5.10 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2015	12/31/2014
Collection accounts	5,663	5,253
Prepaid expenses	357	343
Accrued income	852	662
Other accruals	3,577	3,036
Accrued income and prepaid expenses	**10,449**	**9,294**
Security deposits paid	21,271	23,977
Settlement accounts in debit on securities transactions	91	254
Reinsurers' share of technical reserves	8,444	7,969
Other insurance-related assets*	1,456	413
Other debtors	13,672	11,946
Other assets	**44,934**	**44,559**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**55,383**	**53,853**

* *In the interest of harmonizing their presentation throughout Groupe BPCE, receivables arising from insurance and reinsurance transactions, previously recorded under "Loans and receivables due from customers", are now recorded under "Accrued income and other assets". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €988 million from "Loans and receivables due from customers" to "Accrued income and other assets".*

5.11 INVESTMENT PROPERTY

	12/31/2015			12/31/2014		
in millions of euros	Gross carrying amount	Accumulated depreciation and impairment	Net amount	Gross carrying amount	Accumulated depreciation and impairment	Net amount
Property recognized at fair value*	///	///	1,270	///	///	1,226
Property recognized at historical cost	1,378	(628)	750	1,394	(622)	772
TOTAL INVESTMENT PROPERTY			**2,020**			**1,998**

* *Buildings included in insurance company investments. Changes in fair value give rise to the symmetrical recognition of a deferred profit-sharing reserve equal to 90.0% of the related base amount on average at December 31, 2015 compared to 92.7% at December 31, 2014 (See Note 5.17).*

The fair value of investment property came to €2,314 million at December 31, 2015 (€2,214 million at December 31, 2014).

The fair value of investment property, whose measurement principles are described in Note 4.2, is classified in Level 3 of the IFRS 13 fair value hierarchy.

5.12 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	12/31/2015			12/31/2014		
in millions of euros	Gross carrying amount	Accumulated depreciation and impairment	Net amount	Gross carrying amount	Accumulated depreciation and impairment	Net amount
Property, plant and equipment						
– Land and buildings	4,010	(1,984)	2,026	4,063	(1,890)	2,173
– Leased real estate	419	(174)	245	399	(185)	214
– Equipment, furniture and other property, plant and equipment	7,739	(5,300)	2,439	7,428	(5,078)	2,350
TOTAL PROPERTY, PLANT AND EQUIPMENT	**12,168**	**(7,458)**	**4,710**	**11,890**	**(7,153)**	**4,737**
Intangible assets						
– Leasehold rights	422	(226)	196	425	(219)	206
– Software	2,551	(1,925)	626	2,349	(1,766)	583
– Other intangible assets	551	(271)	280	595	(272)	323
TOTAL INTANGIBLE ASSETS	**3,524**	**(2,422)**	**1,102**	**3,369**	**(2,257)**	**1,112**

5.13 GOODWILL

Goodwill related to operations for the financial year is analyzed in respect of the note regarding the scope of consolidation.

in millions of euros	12/31/2015	12/31/2014
Opening net value	**3,605**	**4,168**
Acquisitions	605	38
Disposals	(2)	(17)
Impairment	(19)	(52)
Impact of loss of control of Nexity		(709)
Reclassifications	13	13
Foreign exchange rate adjustments	152	164
Closing net value	**4,354**	**3,605**

At December 31, 2015, the gross carrying amount of goodwill amounted to €4,855 million, with impairment totaling €501 million.

Breakdown of goodwill

	Carrying amount	
in millions of euros	12/31/2015	12/31/2014
Investment Solutions[1]	3,053	2,314
Specialized Financial Services	27	26
Equity Interests	355	355
Corporate and Investment Banking	5	///
Other activities	13	7
Natixis	**3,453**	**2,702**
Regional banks[2]	**685**	**685**
Banque de La Réunion[3]	**7**	
BCP Luxembourg	**1**	**8**
Banque Palatine	**95**	**95**
BPCE International[3]	**42**	**52**
Banque BCP France	**42**	**42**
Crédit Foncier	**13**	**13**
Other	**16**	**8**
TOTAL GOODWILL	**4,354**	**3,605**

(1) *Including €580 million corresponding to goodwill recorded on the acquisition of DNCA Finance in 2015.*
(2) *Regional banks: Banque Chaix, Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze and goodwill carried by Banque Populaire Aquitaine Centre Atlantique. The merger of Banque Populaire Aquitaine Centre Atlantique and CCSO-Pelletier resulted in the transfer of CCSO-Palletier's goodwill to Banque Populaire Aquitaine Centre Atlantique.*
(3) *Goodwill transferred from BPCE International to Caisse d'Epargne Provence-Alpes-Corse as a result of the disposals carried out in second-half 2015 (see Note 17.1).*

Impairment tests

All goodwill has been impairment-tested, based on the assessment of the value in use of the cash-generating units (CGU) to which it is attached. The former Corporate Data Solution (CDS) CGU was, however, evaluated using a company-by-company approach in light of completed and planned disposals concerning several entities in the CGU, which limits the synergies of the remaining group. The Coface CGU, which has been listed since June 2014, is not one of Groupe BPCE's core businesses. The equity holding in this entity is managed as an investment, and the value in use was supplemented by other approaches based on market data, including: market multiples, share price and brokers' target prices. An average valuation was determined by weighting the different approaches.

Key assumptions used to determine recoverable value

Value in use is determined based on the present value of the CGU's future cash flows under medium-term plans drawn up as part of the Group's budget process.

The following assumptions were used:

	Discount rate	Long-term growth rate
Natixis		
Investment Solutions	9.7%	2.5%
Specialized Financial Services	11.2%	2.5%
Coface	10.5%	2.5%
Former Corporate Date Solutions CGU	Company-by-company approach	2.5%
Corporate & Investment Banking	10.9%	2.5%
Banque Palatine	**8.5%**	**2.0%**
Regional banks	**7.5%-8.0%**	**2.0%**

The discount rates were determined as follows:

- for the Investment Solutions, Corporate and Investment Banking and Specialized Financial Services CGUs, the risk-free interest rate of the Euro-Bund zone, averaged over a depth of 10 years, plus a risk premium calculated according to a sample of CGU-representative companies;
- for the Coface CGU, the interest-rate references used were determined according to a similar method as applied to the other CGUs, using samples of equivalent companies for insurance, services and factoring activities;
- for the former CDS CGU, the 10-year risk-free interest rates of the countries in which the various entities do business, plus a risk premium calculated according to a sample of companies that are representative of the sector and an additional risk premium to account for the relative size of the entities in comparison with sample references;

- the discount rates of the projected cash flows of the Banque Palatine CGU and the Banque Populaire Regional Banks CGU were determined based on a risk-free rate (10-year OAT) over two years, plus a risk premium calculated based on a sample of listed European banks with a similar banking business, and in consideration of the specific nature of those institutions.

Based on these tests, goodwill impairment of €19 million was recorded in 2015, particularly on BCP Luxembourg (€7 million) and two BRED subsidiaries (€11 million under "Other").

Sensitivity of recoverable values

A 20 basis point rise in the discount rates combined with a 50 basis point fall in the perpetual growth rates would reduce the CGUs' value in use by:

- -6.7% for the Investment Solutions CGU;
- -3.4% for the Corporate & Investment Banking CGU;
- -4.2% for the Specialized Financial Services CGU;
- -2.6% for the Coface CGU;
- -6.6% for the former CDS CGU;
- -4.7% for the Banque Palatine CGU;
- -6.2% for the Regional Banks CGU.

These changes would only result in the booking of additional impairment losses for the Banque Palatine (€39 million) and Regional Banks (€16 million) CGUs.

The sensitivity of future cash flows as forecast in the business lines' business plans to changes in key assumptions would result in the following:

- for Investment Solutions, a 10% fall in the "equity" markets and a 1 basis point fall in the EONIA and 10-year long term rates would have a -3% negative impact on the recoverable value of the CGU and would not lead to the booking of an impairment loss;
- for Corporate & Investment Banking, sensitivity to the dollar or to changes in the CAC would have a limited impact on net banking income and would not result in recognition of impairment;
- for Specialized Financial Services, a 1 basis point drop in the 3-month Euribor applied to the factoring business and the replication of a "2008/2009"-type crisis (decline in new business and increase in cost of risk) in the leasing business would have a negative impact of -8% on the recoverable value of the CGU and would have no impact in terms of impairment;
- for Coface, the primary sensitivity vector is the loss ratio. A level of 54.3% for this ratio (gross reinsurance) was applied to conduct the CGU's impairment test at December 31, 2015. A one-point increase in this loss ratio would have no significant impact on the recoverable amount of the CGU. Only an increase of 5 points in the loss ratio would result in an impairment loss on the CGU. A valuation at the lowest price of the year 2015 would have a limited impact on the weighted average valuation;
- for the former CDS CGU, the primary sensitivity factor is the extent to which the business plans are achieved. A -5% variation in said plans would not lead to the booking of an impairment loss;
- for the Banque Palatine CGU, the sensitivity of future cash flows, as forecast in the business plan, to a 5% point fall in normative net income, would have a negative impact on the CGU's value of -6.1% and would lead to the recognition of an impairment loss on the CGU of around €51 million;
- for the Regional Banks CGU, the sensitivity of future cash flows, as forecast in the business plan, to a 5% point fall in normative net income, combined with a 50 basis point rise in the target capital adequacy ratio, would have a negative impact on the CGU's value of -5.5% and would lead to the recognition of an impairment loss of around €4 million on the CGU.

5.14 AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to credit institutions" or "Amounts due to customers".

5.14.1 Amounts due to credit institutions

in millions of euros	12/31/2015	12/31/2014
Demand deposits	9,659	10,088
Repurchase agreements	2,841	2,966
Accrued interest	6	5
Amounts due to credit institutions – repayable on demand	**12,506**	**13,059**
Term deposits and loans	50,349	54,328
Repurchase agreements	13,955	18,113
Accrued interest	230	201
Amounts due to credit institutions – repayable at agreed maturity dates	**64,534**	**72,642**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**77,040**	**85,701**

The fair value of amounts due to credit institutions is presented in Note 15.

5.14.2 Amounts due to customers

in millions of euros	12/31/2015	12/31/2014
Current accounts with credit balances	**147,233**	**124,241**
Livret A passbook savings accounts	87,528	91,720
Regulated home savings products	70,028	63,481
Other regulated savings accounts	81,257	80,025
Accrued interest	25	35
Regulated savings accounts	**238,838**	**235,261**
Demand deposits and loans	12,658	18,534
Term accounts and loans	67,755	64,635
Accrued interest	2,196	2,051
Other customer accounts	**82,609**	**85,220**
Demand	16,318	12,667
Term	13,618	14,738
Accrued interest	16	8
Repurchase agreements	**29,952**	**27,413**
Other amounts due to customers*	**1,079**	**1,405**
TOTAL AMOUNTS DUE TO CUSTOMERS	**499,711**	**473,540**

* *In the interest of harmonizing their presentation throughout Groupe BPCE, net amounts payable on insurance and reinsurance transactions, previously recorded under "Other amounts due to customers", are now recorded under "Accrued expenses and other liabilities". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €364 million from "Amounts due to customers" to "Accrued expenses and other liabilities".*

The fair value of amounts due to customers is presented in Note 15.

5.15 DEBT SECURITIES

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

in millions of euros	12/31/2015	12/31/2014
Bonds	157,081	155,755
Interbank market instruments and negotiable debt securities	61,965	88,887
Other debt securities	1,744	2,295
Total	**220,790**	**246,937**
Accrued interest	2,623	3,228
TOTAL DEBT SECURITIES	**223,413**	**250,165**

The fair value of debt securities is presented in Note 15.

5.16 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2015	12/31/2014
Collection accounts	5,168	4,396
Prepaid income	1,487	1,563
Accounts payable	2,813	2,535
Other accruals	7,507	5,501
Accrued expenses and other liabilities	**16,975**	**13,995**
Settlement accounts in credit on securities transactions	576	627
Guarantee deposits received	14,265	15,493
Other payables	13,403	12,583
Other insurance-related liabilities*	8,480	7,580
Other liabilities	**36,724**	**36,283**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**53,699**	**50,278**

* *In the interest of harmonizing their presentation throughout Groupe BPCE, net amounts payable on insurance and reinsurance transactions, previously recorded under “Other amounts due to customers”, are now recorded under “Accrued expenses and other liabilities”. The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €364 million from “Amounts due to customers” to “Accrued expenses and other liabilities”.*

5.17 TECHNICAL RESERVES OF INSURANCE COMPANIES

in millions of euros	12/31/2015	12/31/2014
Technical reserves of non-life insurance companies	**4,222**	**3,856**
Technical reserves of life insurance companies in euros	43,016	41,078
Technical reserves of life insurance companies in unit-linked accounts	9,117	8,315
Technical reserves of life insurance companies	**52,133**	**49,393**
Technical reserves of investment contracts	**11**	**11**
Deferred profit-sharing	**3,196**	**3,851**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**59,562**	**57,111**

Technical reserves of non-life insurance companies include unearned premium reserves and outstanding claims reserves.

Technical reserves of life insurance companies mainly comprise mathematical reserves, which generally correspond to the surrender value of policies.

Technical reserves for financial contracts issued by insurance companies are mathematical reserves measured on the basis of the underlying assets of these policies.

Deferred profit-sharing represents the portion of income from participating insurance policies in the form of a cumulative amount allocated to policyholders and not yet distributed.

5.18 PROVISIONS

Provisions are detailed in the table below. The presentation has been amended in relation to the previous year to reflect the level of detail analyzed by the Group.

in millions of euros	01/01/2015	Increase	Use	Reversals unused	Other changes(1)	12/31/2015
Provisions for employee benefit commitments	**1,917**	**222**	**(200)**		**(150)**	**1,789**
Provisions for restructuring costs(2)	111	26	(30)	(35)	(11)	61
Legal and tax risks(3)	1,487	298	(113)	(142)	89	1,619
Loan and guarantee commitments	393	120	(25)	(104)	(24)	360
Provisions for regulated home savings products	672	62		(19)		715
Other operating provisions	**1,028**	**355**	**(147)**	**(157)**	**42**	**1,121**
TOTAL PROVISIONS	**5,608**	**1,083**	**(515)**	**(457)**	**(54)**	**5,665**

(1) *Other changes included the variation in revaluation differences on employee benefits (-€219 million before tax) and the impacts related to changes in the scope of consolidation and foreign exchange rate adjustments.*
(2) *At December 31, 2015, provisions for restructuring costs included €15 million for the workforce adjustment plan at Natixis (€60 million at December 31, 2014).*
(3) *Provisions for legal and tax risks included €475 million for net Madoff outstandings (€415 million at December 31, 2014).*

5.18.1 Deposits held in regulated home savings products

in millions of euros	12/31/2015	12/31/2014
Deposits held in PEL regulated home savings plans		
– less than 4 years	35,127	26,009
– more than 4 years and less than 10 years	15,836	16,631
– more than 10 years	12,585	14,158
Deposits held in PEL regulated home savings plans	**63,548**	**56,798**
Deposits held in CEL regulated home savings accounts	**5,769**	**5,982**
TOTAL DEPOSITS HELD IN REGULATED HOME SAVINGS PRODUCTS	**69,317**	**62,780**

5.18.2 Loans outstanding granted under regulated home savings products

in millions of euros	12/31/2015	12/31/2014
Loans outstanding granted under regulated home savings plans	144	218
Loans outstanding granted under regulated home savings accounts	539	743
TOTAL LOANS OUTSTANDING ON REGULATED HOME SAVINGS PRODUCTS	**683**	**961**

5.18.3 Provisions on regulated home savings products

in millions of euros	12/31/2015	12/31/2014
Provisions for PEL regulated home savings plans		
– less than 4 years	355	219
– more than 4 years and less than 10 years	116	143
– more than 10 years	181	227
Provisions for PEL regulated home savings plans	**652**	**589**
Provisions for CEL regulated home savings accounts	**70**	**91**
Provisions for PEL regulated home savings loans	(2)	(2)
Provisions for CEL regulated home savings loans	(5)	(6)
Provisions for regulated home savings loans	**(7)**	**(8)**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS	**715**	**672**

5.19 SUBORDINATED DEBT

Subordinated debt is classified separately from issues of other debt and bonds because in the event of default, holders of subordinated debt rank after all senior debt holders.

in millions of euros	12/31/2015	12/31/2014
Term subordinated debt	17,198	14,615
Perpetual subordinated debt	321	321
Mutual guarantee deposits	180	196
Subordinated debt and similar	**17,699**	**15,132**
Accrued interest	322	291
Revaluation of the hedged component	118	183
TOTAL SUBORDINATED DEBT	**18,139**	**15,606**

The fair value of subordinated debt is presented in Note 15.

Changes in subordinated debt and similar during the year

in millions of euros	01/01/2015	Issuance[1]	Buyback[2]	Other changes[3]	12/31/2015
Term subordinated debt	14,615	3,869	(1,247)	(39)	17,198
Perpetual subordinated debt	321				321
Mutual guarantee deposits	196	4	(20)		180
SUBORDINATED DEBT AND SIMILAR	**15,132**	**3,873**	**(1,267)**	**(39)**	**17,699**

(1) Issuances in fiscal year 2015 included:

- *€1,736 million total in redeemable subordinated notes by BPCE in February, March and November 2015;*
- *YPY 84,000 million total in redeemable subordinated notes by BPCE in January and December 2015;*
- *USD 530 million total in redeemable subordinated notes by BPCE in April and June 2015;*
- *AUD 175 million total in redeemable subordinated notes by BPCE in October 2015;*
- *CNY 750 million total in redeemable subordinated notes by BPCE in March 2015;*
- *SGD 150 million total in redeemable subordinated notes by BPCE in June 2015;*
- *CHF 50 million total in redeemable subordinated notes by BPCE in September 2015.*

(2) Buybacks of subordinated borrowings and securities specifically involved:

- *the maturing of subordinated securities issued by Natixis in the amount of €77 million, in April 2015;*
- *the maturing of subordinated securities issued by BPCE in the amount of €1,169 million, in 2015.*

(3) Other changes mainly included the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.

Deeply subordinated notes qualifying as equity instruments are presented in Note 5.20.2.

5.20 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

5.20.1 Cooperative share

At December 31, 2015, share capital broke down as follows:

- €7,792 million in cooperative shares fully subscribed for by the cooperative shareholders of the Banque Populaire banks (compared to €7,410 million at December 31, 2014);
- €9,469 million in cooperative shares fully subscribed for by the cooperative shareholders of the Caisses d'Epargne (compared to €9,339 million at December 31, 2014).

At December 31, 2015, additional paid-in capital broke down as follows:

- €950 million linked to cooperative shares fully subscribed for by the cooperative shareholders of the Banque Populaire banks;
- €2,885 million linked to cooperative shares fully subscribed for by the cooperative shareholders of the Caisses d'Epargne.

5.20.2 Perpetual deeply subordinated notes classified as equity

Issuing entity	Issue date	Currency	Amount (in original currency)	Redemption option date	Interest step-up date	Rate	Nominal *(in millions of euros)** 12/31/2015	12/31/2014
BPCE	July 30, 2004	USD	200 million	March 31, 2016	none	Min (10-year CMAT 0.3%; 9%)	142	142
BPCE	October 6, 2004	EUR	369 million	July 30, 2015	July 30, 2015	4.63%		369
BPCE	October 12, 2004	EUR	80 million	January 12, 2016	none	Min (10-year CMS; 7%)	80	80
BPCE	January 27, 2006	USD	300 million	January 27, 2016	none	6.75%	214	214
BPCE	February 1, 2006	EUR	350 million	February 1, 2016	none	4.75%	350	350
BPCE	October 30, 2007	EUR	509 million	October 30, 2017	October 30, 2017	6.12%	509	509
BPCE	August 6, 2009	EUR	52 million	September 30, 2015	none	13.00%		52
BPCE	August 6, 2009	EUR	374 million	September 30, 2019	September 30, 2019	12.50%	374	374
BPCE	August 6, 2009	USD	134 million	September 30, 2015	none	13.00%		93
BPCE	August 6, 2009	USD	444 million	September 30, 2019	September 30, 2019	12.50%	309	309
BPCE	October 22, 2009	EUR	750 million	April 22, 2015	none	9.25%		750
BPCE	March 17, 2010	EUR	818 million	March 17, 2015	March 17, 2020	9.00%		818
TOTAL							**1,978**	**4,060**

* *Nominal amount translated into euros at the exchange rate in force at the date of classification as equity.*

Issues of perpetual deeply subordinated notes prior to June 30, 2009 have thereafter been recognized as equity instruments as a result of a remuneration payment clause that has since become discretionary. Previously, they were recognized as subordinated debt and similar. In accounting terms, the transformation of these debt instruments into equity instruments is treated as debt extinguishment.

Issues made after June 30, 2009 have always been recognized in equity due to the discretionary nature of their remuneration.

5.21 NON-CONTROLLING INTERESTS

Information regarding consolidated subsidiaries and structured entities for which the amount of non-controlling interests is significant in terms of total Group equity is shown in the following statement:

in millions of euros		Fiscal year 2015						
		Non-controlling interests			Summary financial information for 100% equity interests			
Entity name	Percentage of non-controlling interests	Income attributed during the period to holders of non-controlling interests	Amount of the subsidiary's non-controlling interests	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Natixis Group	**28.75%**	**531**	**7,289**	**369**	**500,256**	**479,756**	**1,344**	**1,822**
o/w Coface(1)	58.68%	57	1,101	45	6,883	5,116	126	120
o/w BPCE Assurances(1)	40.00%	22	146	7	1,632	1,266	56	52
Locindus	**25.43%**	**2**	**66**	**3**	**822**	**563**	**10**	**10**
Other entities		**25**	**206**	**23**				
TOTAL AT 12/31/2015		**558**	**7,561**	**395**				

(1) Natixis Group data (direct non-controlling interests).

in millions of euros		Fiscal year 2014						
		Non-controlling interests			Summary financial information for 100% equity interests			
Entity name	Percentage of non-controlling interests	Income attributed during the period to holders of non-controlling interests	Amount of the subsidiary's non-controlling interests	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Natixis Group	28.49%	387	7,093	152	590,424	570,263	1,138	1,741
o/w Coface(1)	58.74%	34	1,104	1	6,587	4,863	125	163
o/w BPCE Assurances(1)	40.00%	21	132		1,506	1,175	52	73
Nexity Group(2)		47		64	5,250	3,671	25	27
Locindus	25.45%	3	66	3	715	456	9	9
Other entities		22	229	15				
TOTAL AT 12/31/2014		**459**	**7,388**	**234**				

(1) Natixis Group data (direct non-controlling interests).
(2) As of December 31, 2014, the Group's stake in Nexity was consolidated using the equity method, then deconsolidated at June 30, 2015 (see Note 1.3).

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5.22 CHANGE IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Revaluation differences on defined-benefit pension schemes	219	(76)	143	(342)	118	(224)
Share of gains and losses recognized directly in other comprehensive income of associates that cannot be reclassified in income	///	///	(1)	///	///	(13)
Items that cannot be reclassified in income			**142**			**(237)**
Foreign exchange rate adjustments	**471**	**///**	**471**	**618**	**///**	**618**
Change in the value of available-for-sale financial assets(1)	**802**	**(225)**	**577**	**826**	**(218)**	**608**
Change in the value of hedging derivatives(2)	**121**	**132**	**253**	**(387)**	**55**	**(332)**
Share of gains and losses recognized directly in other comprehensive income of associates that can be reclassified in income	///	///	(16)	///	///	190
Items that can be reclassified in income			**1,285**			**1,084**
GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME (AFTER TAX)			**1,427**			**847**
Attributable to equity holders of the parent			1,285			627
Non-controlling interests			142			220

(1) o/w –€202 million (before tax) recycled to income for 2015 compared with –€168 million in 2014.
(2) o/w €166 million (before tax) recycled to income for 2015 compared with €147 million in 2014.

Note 6 Notes to the income statement

6.1 INTEREST AND SIMILAR INCOME AND EXPENSES

This line item comprises interest income and expenses, calculated using the effective interest method, on financial assets and liabilities measured at amortized cost, which include interbank and customer items, held-to-maturity assets, debt securities and subordinated debt.

It also includes interest receivable on fixed-income securities classified as available-for-sale financial assets and hedging derivatives, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Loans and receivables due from customers	18,424	(5,598)	12,826	19,345	(6,024)	13,321
Loans and receivables due from credit institutions*	1,502	(634)	868	1,788	(674)	1,114
Finance leases	569	///	569	633	///	633
Debt securities and subordinated debt	///	(5,207)	(5,207)	////	(5,371)	(5,371)
Hedging derivatives	5,435	(5,569)	(134)	5,865	(5,979)	(114)
Available-for-sale financial assets	1,776	///	1,776	1,616	///	1,616
Held-to-maturity financial assets	335	///	335	329	///	329
Impaired financial assets	71	///	71	61	///	61
Other interest income and expenses	2	(47)	(45)	6	(53)	(47)
TOTAL INTEREST INCOME AND EXPENSES	**28,114**	**(17,055)**	**11,059**	**29,643**	**(18,101)**	**11,542**

* Interest income from loans and receivables with credit institutions consists of €927 million in income (€1,063 million in 2014) collected on the Livret A, LDD and LEP passbook savings accounts, which are deposited with Caisse des Dépôts et Consignations.

6.2 FEE AND COMMISSION INCOME AND EXPENSES

Fees and commissions are recorded based on the type of service rendered and on the method of accounting for the financial instrument to which the service relates.

This line includes mainly fees and commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, payment penalties, etc.), fees and commissions receivable or payable on execution of significant transactions, and fees and commissions receivable or payable on trust assets managed on behalf of the Group's customers.

However, fees and commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	20	(31)	(11)	23	(26)	(3)
Customer transactions	3,285	(19)	3,266	2,857	(27)	2,830
Financial services	531	(724)	(193)	518	(585)	(67)
Sales of life insurance products	1,261	///	1,261	1,278	///	1,278
Payment services	1,557	(589)	968	1,506	(586)	920
Securities transactions	343	(145)	198	336	(120)	216
Trust management services	3,366	(8)	3,358	2,620	(9)	2,611
Financial instruments and off-balance sheet transactions	384	(140)	244	341	(110)	231
Other fees and commissions	461	(393)	68	474	(369)	105
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**11,208**	**(2,049)**	**9,159**	**9,953**	**(1,832)**	**8,121**

6.3 NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

This item includes gains and losses (including the related interest) on financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Gains and losses on hedging transactions" include gains and losses arising from the revaluation of derivatives used as fair value hedges, as well as gains and losses from the revaluation of the hedged item in the same manner, the revaluation at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Gains and losses on financial instruments held for trading(1)	1,779	1,140
Gains and losses on financial instruments designated at fair value through profit or loss(2)	671	259
Gains and losses on hedging transactions	(106)	(138)
Ineffective portion of fair value hedges	*(131)*	*(150)*
Ineffective portion of cash flow hedges	*25*	*12*
Gains and losses on foreign exchange transactions	61	304
TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,405**	**1,565**

(1) In 2015, "Gains and losses on financial instruments held for trading" included:
- *impairments taken against the fair value of CDS entered into with monoline insurers (see Note 4.1.6), which led to a decrease of €2 million in cumulative impairments in 2015, versus income of €102 million in 2014, bringing cumulative impairments to €106 million at December 31, 2015 versus €103 million at December 31, 2014;*
- *a €7 million reversal at December 31, 2015 of the portfolio-based provision recorded on exposures in respect of CDPCs (Credit Derivatives Product Companies), bringing the cumulative balance to €4 million. At December 31, 2014, a €27 million reversal was carried out, bringing the cumulative balance to €11 million;*
- *the change in the fair value of derivatives of -€20 million due to the difference in impairments for counterparty risk (Credit Value Adjustment – CVA), in the amount of -€9 million due to the consideration of non-performance risk in the valuation of derivative financial liabilities (Debit Valuation Adjustment – DVA), and in the amount of -€66 million due to the inclusion of an adjustment for funding costs (Funding Valuation Adjustment – FVA).*

(2) "Gains and losses on financial instruments designated at fair value through profit or loss" included the revaluation of own debt on issues classified as fair value instruments through profit or loss with an impact of +€126 million impact on income for the period versus -€276 million in the previous year.

Day one profit

in millions of euros	Fiscal year 2015	Fiscal year 2014
Day one profit at the start of the year	54	35
Deferred profit on new transactions	83	47
Profit recognized in income during the year	(55)	(28)
DAY ONE PROFIT AT YEAR-END	**82**	**54**

6.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item includes dividends from variable-income securities, gains and losses on the sale of available-for-sale financial assets and other financial assets not valued at fair value as well as impairment losses recognized on variable-income securities due to a permanent impairment in value.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Gains or losses on disposal	594	605
Dividends received	231	296
Permanent impairment of variable-income securities	(79)	(230)
TOTAL NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**746**	**671**

Permanent impairment of variable-income securities amounted to €79 million in 2015 *versus* €230 million in 2014. This expense concerns insurance portfolios for €33 million (€24 million in 2014), the impact of which is 90.0% neutralized (92.7% respectively in 2014) given the profit-sharing mechanism.

In 2015, permanent impairment in value of variable-income securities[1] included an additional impairment loss of €37 million on previously impaired securities (€139 million in 2014). The automatic application of indicators of losses in value presented in paragraph 4.1.7 did not result in any new material impairments in 2015.

6.5 INCOME AND EXPENSES FROM OTHER ACTIVITIES

This item mainly comprises:

- income and expenses on investment property (rental income and expense, gains and losses on disposals, depreciation, amortization and impairment);
- income and expenses resulting from the Group's insurance business (notably premium income, paid benefits and claims, and changes in technical reserves of insurance companies);
- income and expenses on operating leases;
- income and expenses on real estate development activities (revenues, purchases used).

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from insurance activities	**6,921**	**(6,731)**	**190**	**6,343**	**(6,288)**	**55**
Income and expenses from real estate activities[(1)]	**4**	**(1)**	**3**	**2,351**	**(1,457)**	**894**
Income and expenses from leasing transactions	**103**	**(104)**	**(1)**	**101**	**(95)**	**6**
Income and expenses from investment property	**283**	**(100)**	**183**	**227**	**(100)**	**127**
Share of joint ventures	15	(20)	(5)	11	(13)	(2)
Transfers of expenses and income	18	(9)	9	20	(4)	16
Other operating income and expenses	855	(594)	261	1,022	(598)	424
Additions to and reversals from provisions to other operating income and expenses		(141)	(141)	98	(260)	(162)
Other banking income and expenses	**888**	**(764)**	**124**	**1,151**	**(875)**	**276**
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**8,199**	**(7,700)**	**499**	**10,173**	**(8,815)**	**1,358**

(1) Nexity contributed to income and expenses from real estate activities in 2014. The Group's stake in Nexity was accounted for using the equity method at December 31, 2014, then deconsolidated in 2015 (see Note 1.3).

Income and expenses from insurance activities

The statement shown below provides a transition between the financial statements of insurance companies included in the scope of consolidation and their translation into the financial statements of Groupe BPCE in accordance with the presentation applicable to banks.

The Group's consolidated companies that present their financial statements based on the insurance company model are Natixis Assurances, Muracef, Surassur, Prépar Vie, Prépar IARD, CEGC and Coface.

(1) Excluding insurance portfolio securities, in light of the deferred profit-sharing mechanism.

in millions of euros	Banking format 2015 Net banking income	Banking format 2015 Operating expenses	Banking format 2015 Gross operating income	Other items	Insurance format 2015	Insurance format 2014
Earned premiums	7,954		7,954		7,954	7,891
Revenues or income from other activities	314		314		314	250
Other operating income	5	32	37		37	40
Net financial income before finance costs	2,053	(11)	2,042		2,042	2,009
TOTAL REVENUES	**10,326**	**21**	**10,347**		**10,347**	**10,190**
Claims and benefits expenses	(7,575)	(98)	(7,673)		(7,673)	(7,689)
Expenses from other activities	(234)	(14)	(248)	(5)	(253)	(321)
Net income from reinsurance disposals	65		65		65	138
Policy acquisition costs	(669)	(239)	(908)		(908)	(820)
Administrative expenses	(274)	(346)	(620)	(2)	(622)	(599)
Other operating income and expenses/recurring	(57)	(234)	(291)	(29)	(320)	(265)
TOTAL OTHER RECURRING INCOME AND EXPENSES	**(8,744)**	**(931)**	**(9,675)**	**(36)**	**(9,711)**	**(9,556)**
OPERATING INCOME	**1,582**	**(910)**	**672**	**(36)**	**636**	**634**

Income and expenses recognized for insurance policies are included under the "Income from other activities" and "Expenses from other activities" components of net banking income.

Other components of the operating income of insurance entities of a banking nature (interest and commissions) are reclassified under these items of net banking income.

The main reclassifications relate to the charging of general operating expenses by nature whereas they are charged by function in the insurance presentation.

6.6 OPERATING EXPENSES

Operating expenses include mainly payroll costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and other external services costs.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Payroll costs	**(9,886)**	**(10,007)**
Taxes other than on income(1)	(715)	(642)
External services and other operating expenses	(4,798)	(4,791)
Other administrative costs	**(5,513)**	**(5,433)**
TOTAL OPERATING EXPENSES	**(15,399)**	**(15,440)**

(1) Taxes included in particular the new contributions required by the regulatory authorities: the contribution to the SRF (Single Resolution Fund) for an annual amount of €106 million.

The breakdown of payroll costs is provided in Note 9.1.

6.7 COST OF RISK

This item records net impairment charges for credit risks, regardless of whether the impairment is calculated on an individual or collective basis for a portfolio of similar receivables.

Impairment losses are recognized for both loans and receivables and fixed-income securities when there is a known counterparty risk. Losses related to other types of instruments (derivatives or securities designated at fair value through profit or loss) recorded as a result of default by credit institutions are also included under this item.

Cost of risk for the period

in millions of euros	Fiscal year 2015	Fiscal year 2014
Net charge to provisions and provisions for impairment	(1,753)	(1,622)
Recoveries of bad debts written off	168	122
Irrecoverable loans not covered by provisions for impairment	(247)	(276)
TOTAL COST OF RISK	**(1,832)**	**(1,776)**

Cost of risk by type of asset

in millions of euros	Fiscal year 2015	Fiscal year 2014
Interbank transactions[1]	(100)	6
Customer transactions	(1,602)	(1,680)
Other financial assets	(130)	(102)
TOTAL COST OF RISK	**(1,832)**	**(1,776)**

(1) *Cost of risk associated with interbank transactions was primarily generated by exposures to Heta Asset Resolution (Heta) (see Note 1.3).*

6.8 NET GAINS OR LOSSES ON OTHER ASSETS

This item includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of consolidated investments in associates.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	6	100
Gains or losses on disposals of consolidated investments	68	(25)
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**74**	**75**

Net income for 2014 included the proceeds from the sale of a building by Natixis resulting in a capital gain of €92 million, and the sale of a portion of the stake in Nexity (-€7 million).

2015 gains and losses on other assets included €111 million in capital gains on the deconsolidation of Nexity (see Note 1.3).

6.9 INCOME TAX

in millions of euros	Fiscal year 2015	Fiscal year 2014
Current income tax expense	(1,481)	(1,688)
Deferred tax assets and liabilities	(842)	(225)
INCOME TAX	**(2,323)**	**(1,913)**

Reconciliation between the tax charge in the financial statements and the theoretical tax charge

	Fiscal year 2015		Fiscal year 2014	
	in millions of euros	Tax rate	in millions of euros	Tax rate
Net income attributable to equity holders of the parent	3,242		2,907	
Change in the value of goodwill	19		52	
Non-controlling interests	558		459	
Share in net income of associates	(280)		(105)	
Income taxes	2,323		1,913	
INCOME BEFORE TAX AND CHANGES IN THE VALUE OF GOODWILL (A)	**5,862**		**5,226**	
Standard income tax rate in France (B)		**34.43%**		**34.43%**
Theoretical income tax expense at the tax rate applicable in France (AxB)	**(2,018)**		**(1,799)**	
Impact of the change in unrecognized deferred tax assets and liabilities	(30)	0.5%	(25)	0.5%
Impact of permanent differences	(93)	1.6%	21	(0.4%)
Reduced rate of tax and tax-exempt activities	4	(0.1%)	16	(0.3%)
Difference in tax rates on income taxed outside France	(15)	0.3%	17	(0.3%)
Temporary step-up of corporate tax	(144)	2.5%	(134)	2.6%
Tax on prior periods, tax credits and other tax	(19)	0.3%	(37)	0.7%
Other items	(8)	0.1%	28	(0.6%)
TAX EXPENSE RECOGNIZED	**(2,323)**		**(1,913)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**39.6%**		**36.6%**

Tax audits

BPCE

The tax audit in respect of 2010 and 2011 resulted in an overall settlement payable in 2016.

BPCE was subject to a tax audit for the 2012 fiscal year, which had no material impact on the financial statements for the year.

Following discussions with the French tax authorities in 2015 regarding the 2013 fiscal year, BPCE published a revised statement that had no material impact on the fiscal year.

The residual risk relating to the tax reassessments disputed by BPCE was subject to a provision.

Natixis group

NGAM P1 was subject to a tax audit for the periods 2010 and 2011, which resulted in a proposed tax reassessment on July 29, 2015 amounting to €85 million, including a €43 million penalty.

As the company considers it has solid grounds to dispute the tax authorities' position, no provision in this respect was recorded in the consolidated financial statements as at December 31, 2015.

Note 7 Exposure to risks

Information relating to capital management as well as regulatory ratios are presented in the Risk management section.

7.1 CREDIT AND COUNTERPARTY RISKS

Certain disclosures relating to risk management required by IFRS 7 are also provided in the Risk Management report. They include:

- the breakdown of the loan portfolio by category of gross exposure and approach;
- the breakdown of gross exposures by category and approach (separation of credit and counterparty risk);
- the breakdown of gross exposure by geographic region;
- concentration of credit risk by borrower;
- the breakdown of exposure by credit rating.

This information forms an integral part of the financial statements certified by the Statutory Auditors.

7.1.1 Measurement and management of credit risk

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result from a reduction in credit quality or even default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, equities, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the Risk Management report.

7.1.2 Total exposure to credit risk and counterparty risk

The statement below shows the credit and counterparty risk exposure for all Groupe BPCE financial assets. This exposure to credit risk (determined without taking into account the impact of any unrecognized netting or collateral agreements) and to counterparty risk is based on the carrying amount of the financial assets.

in millions of euros	Performing loans	Doubtful loans	Impairment and provisions	Net outstandings at 12/31/2015	Net outstandings at 12/31/2014
Financial assets at fair value through profit or loss *(excluding variable-income securities)*	132,105			132,105	184,749
Hedging derivatives	15,796			15,796	16,396
Available-for-sale financial assets *(excluding variable-income securities)*	81,929	134	(89)	81,974	74,318
Loans and receivables due from credit institutions	96,204	84	(79)	96,209	103,744
Loans and receivables due from customers(1)	606,677	23,098	(12,310)	617,465	610,967
Held-to-maturity financial assets	10,664	4	(2)	10,666	11,195
Other insurance-related assets(1)	1,242	495	(281)	1,456	
Other debtors	12,772	1,094	(194)	13,672	
Exposure to balance sheet commitments	**957,389**	**24,909**	**(12,955)**	**969,343**	**1,001,369**
Exposure to off-balance sheet commitments	**144,903**	**1,139**	**(360)**	**145,682**	**160,874**
TOTAL CREDIT AND COUNTERPARTY RISK EXPOSURE AT DECEMBER 31, 2015	**1,102,292**	**26,048**	**(13,315)**	**1,115,025**	**1,162,243**
TOTAL CREDIT AND COUNTERPARTY RISK EXPOSURE AT DECEMBER 31, 2014	1,151,265	24,486	(13,508)	1,162,243	

(1) *In the interest of harmonizing their presentation throughout Groupe BPCE, receivables arising from insurance and reinsurance transactions, previously recorded under "Loans and receivables due from customers", are now recorded under "Accrued income and other assets". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €988 million from "Loans and receivables due from customers" to "Other Insurance-related assets".*

7.1.3 Impairment and provisions for credit risk

in millions of euros	01/01/2015	Charges	Reversals[1]	Reclassification[2]	Other changes[3]	12/31/2015
Available-for-sale financial assets	95	7	(12)		(1)	89
Interbank transactions[4]	131	150	(194)		(8)	79
Customer transactions	12,289	3,300	(2,987)	(231)	(61)	12,310
Held-to-maturity financial assets	3		(1)			2
Other insurance-related assets		85	(34)	231	(1)	281
Other debtors	107	40	(44)		91	194
Impairment losses recognized in assets	**12,625**	**3,582**	**(3,272)**		**20**	**12,955**
Provisions for loan and guarantee commitments	393	120	(129)		(24)	360
Other provisions for credit risk	692	57	(44)		96	801
Provisions for liabilities	**1,085**	**177**	**(173)**		**72**	**1,161**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**13,710**	**3,759**	**(3,445)**		**92**	**14,116**

(1) o/w €1,334 million in reversals of provisions used.
(2) Following the reclassification of receivables arising from insurance and reinsurance transactions (see Note 7.1.2).
(3) Other changes mainly concern foreign exchange rate adjustments and the regularization of provisions on other debtors.
(4) Flows arising from interbank transactions were mainly related to Heta (see Note 1.3).

7.1.4 Financial assets with past due payments

Assets with past due payments are performing financial assets for which a payment incident has been recorded.

For example:

- a debt instrument is considered past due if the bond issuer is no longer making interest payments;
- a loan is considered past due if a payment or installment has been missed and recorded as such in the financial statements;
- a current account overdraft carried in "Loans and advances" is considered past due if the overdraft period or authorized limit has been exceeded at the balance sheet date.

The amounts disclosed in the statement below do not include past due payments resulting from the time delay between the settlement date and the recognition date.

Past due loans and receivables (past due principal and accrued interest in the case of loans and total overdrawn balance in the case of current accounts) can be broken down by due date as follows:

	Non-impaired loans showing past due balances					
in millions of euros	≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Impaired outstandings (net value)	Total outstandings
Debt instruments					45	45
Loans and advances	7,661	375	52	25	12,075	20,188
Other financial assets	3		1	2		6
TOTAL AT 12/31/2015	**7,664**	**375**	**53**	**27**	**12,120**	**20,239**

	Non-impaired loans showing past due balances					
in millions of euros	≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Impaired outstandings (net value)	Total outstandings
Debt instruments				2	105	107
Loans and advances	8,010	436	48	38	12,187	20,719
Other financial assets	3		2			5
TOTAL AT 12/31/2014	**8,013**	**436**	**50**	**40**	**12,292**	**20,831**

7.1.5 Remodeling due to financial difficulties

	12/31/2015			12/31/2014		
in millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
Impaired restructured loans	6,326	104	6,430	5,851	103	5,954
Performing restructured loans	2,269	29	2,298	2,657	150	2,807
TOTAL RESTRUCTURED LOANS	**8,595**	**133**	**8,728**	**8,508**	**253**	**8,761**
Impairment	**(1,674)**		**(1,674)**	**(1,562)**		**(1,562)**
Guarantees received	**5,291**	**10**	**5,301**	**4,976**	**1,328**	**6,304**

Breakdown of gross outstandings

	12/31/2015			12/31/2014		
in millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
Remodeling: amendments to terms and conditions	5,935	110	6,045	5,649	160	5,809
Remodeling: refinancing	2,660	23	2,683	2,859	93	2,952
TOTAL RESTRUCTURED LOANS	**8,595**	**133**	**8,728**	**8,508**	**253**	**8,761**

Geographic region of counterparty

	12/31/2015			12/31/2014		
in millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
France	6,142	116	6,258	5,796	196	5,992
Other countries	2,453	17	2,470	2,712	57	2,769
TOTAL RESTRUCTURED OUTSTANDINGS	**8,595**	**133**	**8,728**	**8,508**	**253**	**8,761**

7.1.6 Credit risk mitigation mechanisms: assets obtained by taking possession of collateral

The following statement shows by type the carrying amount of assets (securities, buildings, etc.) obtained during the period by taking possession of collateral or other forms of credit enhancement.

in millions of euros	12/31/2015	12/31/2014
Non-current assets available for sale		15
Investment property	2	1
Equity and debt instruments		151
Other	36	33
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**38**	**200**

7.2 MARKET RISK

Market risk refers to the possibility of financial loss due to market trends, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk; and
- more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are presented in the Risk Management report.

The information provided in the Risk Management report required under IFRS 7 and relating to the management of market risk comprises:

- VaR for the Groupe BPCE scope;
- the conclusions of the global stress tests.

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7.3 INTEREST RATE RISK AND EXCHANGE RATE RISK

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the Group's annual results and net worth. Exchange rate risk is the risk of losses resulting from changes in exchange rates.

The Group's approach to the management of exchange rate risk is discussed in the Risk Management report.

7.4 LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to honor its payment commitments as they fall due and replace funds when they are withdrawn.

The funding procedures and liquidity risk management arrangements are disclosed in the Risk Management report.

Disclosures relating to the management of liquidity risk required by IFRS 7 are provided in the Risk Management report.

The table below shows the amounts of financial instrument by contractual maturity date.

Financial instruments marked to market on the income statement and held in the trading book, variable-income available-for-sale financial assets, doubtful loans, hedging derivatives and remeasurement adjustments on interest rate risk-hedged portfolios are placed in the "Perpetual" column. These financial instruments are:

- either held for sale or redeemed prior to their contractual maturity;
- or held for sale or redeemed at an indeterminable date (particularly where they have no contractual maturity);
- or measured on the balance sheet for an amount impacted by revaluation effects.

Accrued interest not yet due is shown in the "Less than 1 month" column.

The amounts shown are contractual amounts excluding projected interest.

The technical provisions of insurance companies, which, for the most part are equivalent to demand deposits, are not shown in the table below.

in millions of euros	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Perpetual	Total at 12/31/2015
Cash and amounts due from central banks	71,117	2	-	-	-	-	71,119
Financial assets at fair value through profit or loss – trading book	-	-	-	-	-	106,579	106,579
Financial assets at fair value through profit or loss – fair value option	19,005	8,982	2,775	9,211	12,081	15,779	67,833
Hedging derivatives	-	-	-	-	-	15,796	15,796
Available-for-sale financial assets	3,204	1,451	7,520	28,640	37,979	17,190	95,984
Loans and receivables due from credit institutions	75,439	10,953	3,346	3,177	1,863	1,430	96,208
Loans and receivables due from customers	56,892	23,309	46,652	177,827	298,640	14,145	617,465
Revaluation differences on interest rate risk-hedged portfolios	-	-	-	-	-	7,522	7,522
Held-to-maturity financial assets	128	118	1,029	4,614	4,776	-	10,665
FINANCIAL ASSETS BY MATURITY	**225,785**	**44,815**	**61,322**	**223,469**	**355,339**	**178,441**	**1,089,171**
Financial liabilities at fair value through profit or loss – trading book	-	-	-	-	-	78,426	78,426
Financial liabilities at fair value through profit or loss – fair value option	48,337	2,282	5,240	2,702	4,613	1,304	64,478
Hedging derivatives	-	-	-	-	-	18,659	18,659
Amounts due to credit institutions	27,462	5,917	5,130	14,379	21,829	2,323	77,040
Amounts due to customers	382,578	14,941	22,091	63,852	15,891	358	499,711
Subordinated debt	403	335	1,416	2,460	13,089	436	18,139
Debt securities	19,038	26,818	39,649	76,241	54,180	7,487	223,413
Revaluation differences on interest rate risk-hedged portfolios	-	-	-	-	-	1,301	1,301
FINANCIAL LIABILITIES BY MATURITY	**477,818**	**50,293**	**73,526**	**159,634**	**109,602**	**110,294**	**981,167**
Financing commitments given to credit institutions	586	12	292	1,315	72	-	2,277
Financing commitments given to customers	23,680	6,468	16,867	41,699	14,771	743	104,228
TOTAL FINANCING COMMITMENTS GIVEN	**24,266**	**6,480**	**17,159**	**43,014**	**14,843**	**743**	**106,505**
Guarantee commitments given to credit institutions	412	737	1,096	1,124	300	165	3,834
Guarantee commitments given to customers	2,803	1,453	7,672	8,989	10,897	4,910	36,724
TOTAL GUARANTEE COMMITMENTS GIVEN	**3,215**	**2,190**	**8,768**	**10,113**	**11,197**	**5,075**	**40,558**

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Note 8 Partnerships and associates

8.1 INVESTMENTS IN ASSOCIATES

8.1.1 Partnerships and other associates

The Group's main investments in joint ventures and associates are as follows:

in millions of euros	12/31/2015	12/31/2014
CNP Assurances (group)	2,242	2,172
Socram Banque	73	71
EDF Investment Group	538	532
Banque Calédonienne d'Investissement	126	120
Other	406	377
Financial sector companies	**3,385**	**3,272**
Nexity[(1)]	///	545
Other	281	274
Non-financial companies	**281**	**819**
TOTAL INVESTMENTS IN ASSOCIATES	**3,666**	**4,091**

(1) *As a result of the various transactions in Nexity shares carried out in 2015 (see Note 1.3), Groupe BPCE's remaining stake of 12.8% in Nexity, consolidated according to the equity method at December 31, 2014, was reclassified under "Available-for-sale financial assets" at the date on which significant influence over the entity was relinquished, i.e. June 30, 2015.*

8.1.2 Financial data for the main joint arrangements and associates

Summarized financial data for material companies under notable influence are as follows (they are based on the last available data published by the entities in question):

in millions of euros	CNP Assurances	Socram Banque	EDF Investment Group (EIG)	Banque Calédonienne d'Investissement
DIVIDENDS RECEIVED	**85**	**2**	**11**	**3**
MAIN AGGREGATES				
Total assets	**393,732**	**2,182**	**9,420**	**2,430**
Total debt	**376,619**	**1,964**	**610**	**2,177**
Income statement				
Operating income or net banking income	2,392	46	663	87
Income tax	(708)	(6)	(174)	(19)
Net income	1,131	12	489	24
CARRYING VALUE OF INVESTMENTS IN ASSOCIATES				
Equity of associates(1)	17,113	219	8,810	253
Percentage of ownership	16.11%	33.42%	6.11%	49.90%
VALUE OF INVESTMENTS IN ASSOCIATES	**2,242**	**73**	**538**	**126**
o/w goodwill				*2*
MARKET VALUE OF INVESTMENTS IN ASSOCIATES	**1,376**	**///**	**///**	**///**

(1) The equity used by Groupe BPCE to consolidate CNP Assurances (group) via the equity method is subject to restatement (deeply subordinated notes).

For more information on CNP Assurances (group)'s financial data, please refer to the institutional website: http://www.cnp.fr/The Group/Publications/Registration Documents

Groupe BPCE has no interest in any joint venture that has a material impact on the consolidated financial statements.

It has no share in any losses not booked during the period by a joint venture or an associate as a result of the equity method applied.

Summarized financial data for non-material joint ventures and companies under significant influence is as follows:

in millions of euros	Fiscal year 2015	Fiscal year 2014
Value of investments in associates	**687**	**651**
Total amount of share in:		
Net income	50	61
Gains and losses recognized directly in other comprehensive income	(4)	13
COMPREHENSIVE INCOME	**46**	**74**

8.1.3 Nature and scope of major restrictions

Groupe BPCE has not been faced with any major restrictions relating to interests held in associates and joint ventures.

8.2 SHARE IN NET INCOME OF ASSOCIATES

in millions of euros	Fiscal year 2015	Fiscal year 2014
CNP Assurances (group)	182	174
VBI Beteiligung	(12)	(171)
EDF Investment Group	27	21
Socram Banque	4	4
Banque Calédonienne d'Investissement	12	11
Other	39	34
Financial sector companies	**252**	**73**
Nexity[1]	17	5
Other	11	27
Non-financial companies	**28**	**32**
SHARE IN NET INCOME OF ASSOCIATES	**280**	**105**

(1) Until June 30, 2015, the Group's stake in Nexity was consolidated using the equity method (see Note 1.3).

Note 9 Employee benefits

9.1 PAYROLL COSTS

in millions of euros	Fiscal year 2015	Fiscal year 2014
Wages and salaries	(6,085)	(6,117)
Costs of defined-contribution plans	(741)	(780)
Other social security costs and payroll-based taxes	(2,490)	(2,548)
Profit-sharing and incentive schemes	(570)	(562)
TOTAL PAYROLL COSTS	**(9,886)**	**(10,007)**

The Employment and Competitiveness Tax Credit (CICE) is deducted from payroll costs. It came to €102 million in respect of fiscal year 2015 (€107 million for 2014). The use of this tax is presented in section 6 "Social, environmental and societal information" of the registration document.

For 2015, payroll costs included a reversal on an unused provision of +€26 million in respect of the Natixis Employment Adaptation Plan, compared to a provision of +€11 million at December 31, 2014.

9.2 EMPLOYEE BENEFITS

Groupe BPCE grants its staff a variety of employee benefits.

The Banque Populaire banks' private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CARBP), covers the pension benefits deriving from the closure of the banking pension scheme at December 31, 1993.

The pension plans managed by CARBP are partially covered by an insurance policy for annuities paid to beneficiaries having passed a reference age and for obligations related to younger beneficiaries.

Annuities paid to beneficiaries having passed the reference age are managed with the insurer's general pension assets. These general assets are reserved for this insurer's pension obligations and their composition is adjusted to long-term and predictable payment schedules. They consist predominantly of bonds so that the insurer can implement the capital guarantee that it is required to give on assets of this type. The insurer is responsible for managing the fund's assets and liabilities.

Other obligations are managed in a unit-linked diversified fund, *i.e.* with no specific guarantee provided by the insurer. The fund is managed according to a strategic allocation approach, predominantly focused on fixed income products (60%, with more than 95% of this bucket comprised of government bonds), but with significant exposure to equities (40% of which 20% in the euro zone). This allocation is established with the aim of optimizing the portfolio's expected performances, subject to a level of risk overseen and measured using several criteria. The corresponding asset/liability reviews are performed yearly and presented to CARBP's Technical, Financial and Risk Commission and for information purposes to the Groupe BPCE Liabilities Monitoring Committee. The relatively dynamic allocation applied is made possible by the time frame in which the amounts are used and by the regulation mechanisms specific to the financial oversight of the system. The fund's assets do not include derivatives.

The private supplementary pension plan, previously managed by Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), is now incorporated within Caisse Générale de Prévoyance des Caisses d'Epargne (CGPCE), which is a retained benefits plan (RMP). The CGR plan has been closed since December 31, 1999, and the rights crystallized at this date. The strategic guidelines for managing retained benefits plan funds for the Caisses d'Epargne are decided by the Board of Directors on the basis of asset/liability reviews presented beforehand to a Joint Management Committee. Groupe BPCE's Liabilities Monitoring Committee also received these reviews for information purposes. The plan is subject to several constraints and targets on which strategic choices realized are based:

- a risk of a provision in the event of inadequate return on plan assets (provision for financial risks);
- a risk of insufficient assets;
- the aim of being able to revalue pensions at the ARRCO level.

The portion comprised of bonds is predominant (over 90%); in a bid to manage interest rate risk, the Group matches projected liabilities flows on the assets side of the balance sheet. In order to be able to interpret risks and forecast returns, bonds are often held as bonds managed on a line-by-line basis and as bond funds. Due to liabilities constraints, assets must be held over the long term in order to have a duration close to that of the corresponding liabilities (over 20 years). The annual revaluation of annuities, whose target is close to the ARRCO level, is a key objective for which a significant proportion of inflation indexed bonds are held. Duration constraints combined with cautious choices by the Board of Directors result in a highly secure portfolio (Investment Grade universe). The portfolio's average rating is AA+/AA. Strategic allocations can always be implemented without using derivatives, which are therefore excluded from the portfolio.

The CARBP and CGPCE plans are recorded under "Supplementary pension benefits and other".

Other employee benefits also include:

- pensions and other post-employment benefits such as retirement indemnities and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

9.2.1 Analysis of assets and liabilities recorded in the balance sheet

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	12/31/2015	12/31/2014
Actuarial liabilities	7,343	828	242	174	8,587	9,042
Fair value of plan assets	(7,577)	(306)	(10)		(7,893)	(7,491)
Fair value of reimbursement rights		(38)			(38)	(37)
Effect of ceiling on plan assets	943				943	288
Net amount reported on the balance sheet	**709**	**484**	**232**	**174**	**1,599**	**1,802**
Employee benefit commitments recorded in the balance sheet	709	523	232	174	1,638	1,843
Plan assets recorded in the balance sheet		39			39	41

9.2.2 Change in amounts recognized on the balance sheet

Changes in actuarial liabilities

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Fiscal year 2015	Fiscal year 2014
ACTUARIAL LIABILITIES AT START OF YEAR	**7,805**	**858**	**235**	**144**	**9,042**	**7,888**
Service cost	21	49	16	44	130	118
Service cost for prior periods	(14)	8	4		(2)	10
Interest cost	148	12	3		163	227
Benefits paid	(172)	(42)	(13)	(34)	(261)	(273)
Other	(3)	7	(3)	5	6	43
Changes recorded in income	**(20)**	**34**	**7**	**15**	**36**	**125**
Revaluation adjustments – demographic assumptions	(84)	(10)			(94)	(33)
Revaluation adjustments – financial assumptions	(330)	(32)			(362)	1,187
Revaluation adjustments – past-experience effect	(56)	(14)			(70)	(146)
Changes recognized directly in non-recyclable equity	**(470)**	**(56)**			**(526)**	**1,008**
Foreign exchange rate adjustments	**28**				**28**	**31**
Other		**(8)**		**15**	**7**	**(10)**
ACTUARIAL LIABILITIES AT END OF YEAR	**7,343**	**828**	**242**	**174**	**8,587**	**9,042**

Change in plan assets

	Post-employment defined-benefit plans		Other long-term employee benefits		
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Fiscal year 2015	Fiscal year 2014
FAIR VALUE OF PLAN ASSETS AT START OF YEAR	**7,181**	**338**	**9**	**7,528**	**6,420**
Interest income	136	4		140	196
Plan participant contributions	28	11		39	169
Benefits paid	(137)	(13)		(150)	(149)
Other		5		5	4
Changes recorded in income	**27**	**7**		**34**	**220**
Revaluation adjustments – Return on plan assets	342	3		345	860
Changes recognized directly in non-recyclable equity	**342**	**3**		**345**	**860**
Foreign exchange rate adjustments	**23**			**23**	**26**
Other	**4**	**(4)**	**1**	**1**	**2**
FAIR VALUE OF PLAN ASSETS AT END OF YEAR[(1)]	**7,577**	**344**	**10**	**7,931**	**7,528**

(1) *o/w: €38 million in buyback rights included in retirement benefits.*

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Revaluation differences on post-employment benefits

in millions of euros	Supplementary pension benefits and other	End-of-career awards	Fiscal year 2015	Fiscal year 2014
REVALUATION ADJUSTMENTS AT START OF PERIOD	**449**	**24**	**473**	**125**
Revaluation adjustments over the period	(806)	(58)	(864)	156
Adjustments to asset ceiling	649		649	192
REVALUATION ADJUSTMENTS AT END OF PERIOD	**292**	**(34)**	**258**	**473**

Returns on plan assets are calculated by applying the same discount rate as the one applied to gross liabilities. The difference between the actual return at the balance sheet date and this financial income is a revaluation difference recorded in equity for post-employment benefits.

9.2.3 Actuarial expense under defined-benefit plans

The various components of the charge recognized for defined-benefit plans are included under "Payroll costs".

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Fiscal year 2015	Fiscal year 2014
Service cost	(21)	(49)	(16)	(44)	(130)	(118)
Service cost for prior periods	14	(8)	(4)		2	(10)
Interest cost	(148)	(12)	(3)		(163)	(227)
Interest income	136	4			140	196
Benefits paid	35	29	13	34	111	124
Plan participant contributions	28	11			39	169
Other (o/w asset ceiling)	(3)	(2)	3	(5)	(7)	(49)
TOTAL EXPENSE FOR 2015(1)	**41**	**(27)**	**(7)**	**(15)**	**(8)**	**85**

(1) o/w: a charge of €158 million recorded under payroll costs and a net payment of +€150 million in benefits and contributions.

9.2.4 Other disclosures

Main actuarial assumptions

	12/31/2015		12/31/2014	
	CAR-BP	CGP-CE	CAR-BP	CGP-CE
Discount rate	1.83%	1.99%	1.57%	1.84%
Inflation rate	1.70%	1.70%	1.80%	1.80%
Life tables used	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05
Duration(1)	15 years	18 years	16 years	28 years

(1) The method used to calculate duration was changed in 2015 for the CGP-CE contract.

Sensitivity of actuarial liabilities to changes in main assumptions

At December 31, 2015, a reduction of 1% in the discount rate and the inflation rate would have the following impact on actuarial commitments:

	12/31/2015				12/31/2014			
	CAR-BP		CGP-CE		CAR-BP		CGP-CE	
in % and millions of euros	%	Amount	%	Amount	%	Amount	%	Amount
Variation of +1% in the discount rate	(12.84%)	(107)	(16.42%)	(924)	(13.62%)	(127)	(17.52%)	(1,058)
Variation of -1% in the discount rate	16.19%	135	21.57%	1 215	(17.36%)	161	17.60%	1,062
Variation of +1% in the inflation rate	15.24%	128	17.19%	968	(17.08%)	159	14.03%	847
Variation of -1% in the inflation rate	(9.70%)	(81)	(13.94%)	(785)	(11.78%)	(109)	(14.18%)	(856)

Payment schedule – (non-discounted) benefits paid to beneficiaries

in millions of euros	12/31/2015		12/31/2014	
	CAR-BP	CGP-CE	CAR-BP	CGP-CE
N+1 to N+5	186	655	186	638
N+6 to N+10	185	802	190	806
N+11 to N+15	177	909	186	914
N+16 to N+20	160	922	172	938
> N+20	409	3,062	471	3,279

Breakdown of fair value of plan assets

in % and millions of euros	12/31/2015				12/31/2014			
	CAR-BP		CGP-CE		CAR-BP		CGP-CE	
	Weight by category	Fair value of assets	Weight by category	Fair value of assets	Weight by category	Fair value of assets	Weight by category	Fair value of assets
Cash holdings	2.11%	9	0.21%	14	1.80%	7	0.20%	13
Equities	39.38%	171	2.59%	170	34.20%	138	2.38%	151
Bonds	50.21%	218	82.62%	5,420	51.60%	208	83.20%	5,262
Real estate			1.39%	91			1.20%	76
Derivatives	0.09%				2.30%	9		
Investment funds	8.20%	36	13.20%	865	10.10%	41	13.02%	822
TOTAL	**100.00%**	**434**	**100.00%**	**6,560**	**100.00%**	**403**	**100.00%**	**6,324**

9.3 SHARE-BASED PAYMENTS

The main plans settled in the form of shares are presented below.

Share-based loyalty and performance plans – Natixis group

Each year since 2010, a share-based payment plan has been awarded to certain categories of Natixis group staff, in compliance with regulations.

Regarding the plans approved, at February 10, 2016, as the allocations were not formally completed on the balance sheet date, the cost assessment was based on the best possible estimate of the inputs on the balance sheet date, both in terms of the share value and dividend assumptions.

Long-term payment plans settled in cash and indexed to the Natixis share price

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of units granted at inception(1)	Vesting date	Number of units vested by the beneficiaries	Fair value of indexed cash unit at valuation date *(in euros)*
2011 plan	02/22/2012	4,821,879	September 2013 September 2014 October 2015	1,376,149 1,434,106 1,375,029	
2012 plan	02/17/2013	5,275,539	September 2014 October 2015 October 2016	1,895,722 1,810,143 -	4.74
2013 plan	02/19/2014	5,095,419	October 2015 October 2016 October 2017	1,682,810 - -	4.78
2014 plan	02/18/2015	4,493,016	October 2016 October 2017 October 2018		4.54
2015 plan	02/10/2016	6,084,435	March 2018 March 2019		2.59

(1) The number of probable units on the vesting date is hedged by equity swaps.

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Short-term cash-settled payment plans indexed to the Natixis share

Year of plan	Grant date	Vesting date	Value of indexed cash unit (in euros)	Number of indexed cash units granted at inception	Number of probable indexed cash units at vesting date	Fair value of indexed cash unit at valuation date *(in euros)*
2015 plan	02/10/2016	02/10/2016	3.86	6,307,762	6,307,762	3.86

The expense associated with the short-term plan, estimated based on the probability of the presence condition being met, is fully recognized in the 2015 financial statements in the amount of €31 million (€34 million for 2014).

Share-based payment plans

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of shares granted at inception	Vesting date	Number of units vested by the beneficiaries	Bonus share price at grant date *(in euros)*	Fair value of bonus share at valuation date *(in euros)*
2011 plan	02/22/2012	6,095,058	March 2013 March 2014 March 2015	1,912,194 1,889,845 1,790,663	2.34	
2012 plan	02/17/2013	1,656,630	March 2014 March 2015 March 2016	531,233 507,835 -	2.84	2.16
2014 plan	07/31/2014	31,955	July 2018		4.83	4.02
2015 plan	02/18/2015	95,144	February 2019		6.18	3.45

Expense for the period for loyalty and performance plans

	Fiscal year 2015			
in millions of euros	Plans settled in shares	Plans settled in cash indexed to Natixis shares	Total	Fiscal year 2014
Previous loyalty plans	(1)	(25)	(26)	(36)
Loyalty plans from the fiscal year		(8)	(8)	(8)
TOTAL	**(1)**	**(33)**	**(34)**	**(44)**

Valuation inputs used to calculate the expense of these plans:

	12/31/2015	12/31/2014
Share price	5.22	5.49
Risk-free interest rate	0.00%	0.00%
Dividend pay-out ratio	6.26%	5.29%
Loss of rights rate	4.50%	4.25%

Loyalty and performance plans settled in cash

Some employees are awarded loyalty and performance bonuses with deferred payment in cash. These bonuses are subject to attendance and performance conditions. In accounting terms, they are assimilated to "Other long-term benefits." The estimated expense accounts for an actuarial estimate of these conditions being met. It is spread over the vesting period for the benefits. The staggered amount, calculated and recognized in the financial statements for 2015, is as follows:

Year of plan	Grant date	Vesting date	Fiscal year 2015 *(in millions of euros)*	Fiscal year 2014 *(in millions of euros)*
2011 plan	02/22/2012	March 2013 March 2014 March 2015	(0)	(3)
2012 plan	02/17/2013	March 2014 March 2015 March 2016	(3)	(7)
2013 plan	02/19/2014	March 2015 March 2016 March 2017	(7)	(8)
2014 plan	02/18/2015	March 2016 March 2017 March 2018	(13)	(9)
2015 plan	02/10/2016	March 2017 March 2018	(11)	
TOTAL			**(34)**	**(27)**

Note 10 Segment reporting

Groupe BPCE is structured around its two core businesses:

Commercial Banking and Insurance, including:

- the Banque Populaire network, comprised of 18 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel, and the mutual guarantee companies;
- the Caisse d'Epargne network consisting of the 17 Caisses d'Epargne and their subsidiaries;
- the Other Networks, which mainly comprise the Group's non-controlling interest in CNP Assurances, Real Estate Financing Services (whose earnings predominantly reflected Crédit Foncier's contribution), BPCE International (BPCE I) and Banque Palatine.

Investment Solutions, Corporate and Investment Banking, and Specialized Financial Services are Natixis' core businesses:

- Investment Solutions, with asset management, insurance and private banking;
- Corporate and Investment Banking, which is BPCE's bank serving large corporate and institutional customers;
- Specialized Financial Services, which includes factoring, lease financing, consumer credit, sureties and guarantees, employee benefits planning, payments and securities services;
- the Equity interests division is mainly comprised of Natixis' stakes in Coface, Corporate Data Solutions, Natixis Algérie and Natixis Private Equity, and by the equity-method consolidation of Nexity Group at December 31, 2014. At June 30, 2015, the Group's stake in Nexity was deconsolidated after the disposals carried out in the second quarter.

The Corporate Center includes primarily:

- the Group's central institution and holding company;
- the revaluation of the Group's own senior debt;
- the contribution to the Single Resolution Fund;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy;
- the former CNCE proprietary workout portfolio activities and discretionary portfolio management activities, run-off management of the securitization portfolio transferred in September 2014 by Crédit Foncier to BPCE, and the active management of Natixis' workout portfolio management business until June 30, 2014 and disposals of international workout portfolio assets.

Note: 2014 figures are pro forma:

- of the application of IFRS 10 and IFRS 11, which triggered a change in Crédit Coopératif Group's consolidation scope;
- of the equity-method accounting recognition of Nexity;
- of restatements made by Natixis in the allocation of normative capital to the businesses (10% of average Basel III RWA *versus* 9% previously);
- of the transfer of all the interests held by BPCE International (BPCE I) in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC).

Segment reporting for Groupe BPCE in previous periods has been restated accordingly.

10.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division[(1)]

	Commercial Banking and Insurance		Investment Solutions, CIB and SFS		Equity Interests		Corporate Center		Groupe BPCE	
in millions of euros	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf
Net banking income	15,371	15,045	7,878	6,892	845	830	(226)	(380)	23,868	22,387
Operating expenses	(10,035)	(9,996)	(5,085)	(4,551)	(683)	(694)	(445)	(357)	(16,248)	(15,598)
Gross operating income	**5,336**	**5,049**	**2,793**	**2,341**	**162**	**136**	**(671)**	**(737)**	**7,620**	**6,789**
Cost/income ratio	65.3%	66.4%	64.5%	66.0%	80.8%	83.6%	ns	ns	68.1%	69.7%
Cost of risk	(1,403)	(1,478)	(253)	(257)	(18)	(10)	(158)	(31)	(1,832)	(1,776)
Share in income of associates	220	205	49	39	14	(65)	(3)	(66)	280	113
Gains or losses on other assets	(10)	11	(1)	2	83	(7)	2	71	74	77
Change in the value of goodwill	-	-	-	-	-	-	(19)	(52)	(19)	(52)
Income before tax	**4,143**	**3,787**	**2,588**	**2,125**	**241**	**54**	**(849)**	**(815)**	**6,123**	**5,151**
Income tax	(1,530)	(1,331)	(852)	(683)	(43)	(53)	102	234	(2,323)	(1,833)
Non-controlling interests	(15)	(22)	(571)	(441)	(49)	(42)	77	94	(558)	(411)
Net income attributable to equity holders of the parent	**2,598**	**2,434**	**1,165**	**1,001**	**149**	**(41)**	**(670)**	**(487)**	**3,242**	**2,907**
Transition from pro forma to published net income attributable to equity holders of the parent[(1)]	-	-	-	(13)	-	(1)	-	14	-	-
PUBLISHED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,598**	**2,434**	**1,165**	**988**	**149**	**(42)**	**(670)**	**(473)**	**3,242**	**2,907**

Results of the Commercial Banking and Insurance sub-divisions

	Banque Populaire banks		Caisse d'Epargne		Other networks		Commercial Banking and Insurance	
in millions of euros	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf
Net banking income	6,506	6,359	7,291	7,268	1,574	1,418	15,371	15,045
Operating expenses	(4,284)	(4,286)	(4,809)	(4,759)	(942)	(951)	(10,035)	(9,996)
Gross operating income	**2,222**	**2,073**	**2,482**	**2,509**	**632**	**467**	**5,336**	**5,049**
Cost/income ratio	65.8%	67.4%	66.0%	65.5%	59.9%	67.0%	65.3%	66.4%
Cost of risk	(624)	(707)	(569)	(588)	(210)	(183)	(1,403)	(1,478)
Share in income of associates	36	28	-	-	184	177	220	205
Gains or losses on other assets	(2)	9	1	1	(9)	1	(10)	11
INCOME BEFORE TAX	**1,632**	**1,403**	**1,914**	**1,922**	**597**	**462**	**4,143**	**3,787**

Results of the Investment Solutions, Corporate and Investment Banking and Specialized Financial Services sub-divisions

	Investment Solutions		Corporate and Investment Banking		Specialized Financial Services		Investment Solutions, CIB and SFS	
in millions of euros	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf
Net banking income	3,515	2,822	3,056	2,804	1,307	1,266	7,878	6,892
Operating expenses	(2,376)	(2,004)	(1,861)	(1,715)	(848)	(832)	(5,085)	(4,551)
Gross operating income	**1,139**	**818**	**1,195**	**1,089**	**459**	**434**	**2,793**	**2,341**
Cost/income ratio	67.6%	71.0%	60.9%	61.2%	64.8%	65.7%	64.5%	66.0%
Cost of risk	4	5	(198)	(186)	(59)	(76)	(253)	(257)
Share in income of associates	22	17	27	21	-	1	49	39
Gains or losses on other assets	(1)	(13)	-	-	-	15	(1)	2
INCOME BEFORE TAX	**1,164**	**827**	**1,024**	**924**	**400**	**374**	**2,588**	**2,125**

(1) *Impact of 2014 pro forma on income: neutral on net income attributable to equity holders of the parent, -€870 million on net banking income, +€732 million on operating expenses, +€80 million on income tax and +€48 million on non-controlling interests.*

10.2 SEGMENT ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

	Commercial Banking and Insurance		Investment Solutions, CIB and SFS		Equity interests		Corporate Center		Groupe BPCE	
in millions of euros	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Segment assets	690,305	683,317	374,878	456,112	5,880	5,943	95,473	77,926	1,166,535	1,223,298
Segment liabilities *	553,403	539,747	310,185	396,804	4,133	4,027	153,213	140,144	1,020,934	1,080,721

	Banque Populaire banks		Caisses d'Epargne		Other networks		Commercial Banking and Insurance	
in millions of euros	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Segment assets	231,951	222,944	317,548	315,055	140,806	145,318	690,305	683,317
Segment liabilities *	192,230	181,542	257,067	249,925	104,107	108,280	553,403	539,747

	Investment Solutions		Corporate and Investment Banking		Specialized Financial Services		Investment Solutions, CIB and SFS	
in millions of euros	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Segment assets	64,131	60,816	290,441	374,903	20,306	20,393	374,878	456,112
Segment liabilities*	57,958	55,034	235,812	326,640	16,414	15,130	310,185	396,804

** Segment liabilities represent the liabilities restated for equity and other liabilities (notably including tax liabilities and other liabilities and provisions).*
The segmentation rules were modified in 2015. The amounts reported at December 31, 2014 have been adjusted to allow comparison.

10.3 SEGMENT REPORTING BY GEOGRAPHIC REGION

The geographic analysis of segment assets and results is based on the location where business activities are recognized.

Net banking income

in millions of euros	Fiscal year 2015	Fiscal year 2014
France	19,118	19,249
Rest of Europe	1,443	1,160
North America	2,556	2,123
Rest of world	751	724
TOTAL	**23,868**	**23,257**

Total segment assets

in millions of euros	12/31/2015	12/31/2014
France	1,061,514	1,096,115
Rest of Europe	33,303	28,207
North America	48,600	69,164
Rest of world	23,118	29,812
TOTAL	**1,166,535**	**1,223,298**

Note 11 Commitments

The amounts shown correspond to the nominal value of commitments given.

11.1 FINANCING COMMITMENTS

in millions of euros	12/31/2015	12/31/2014
Financing commitments given to:		
Credit institutions	2,277	13,946
Customers	104,228	107,844
– Credit facilities granted	97,451	90,119
– Other commitments	6,777	17,725
TOTAL FINANCING COMMITMENTS GIVEN	**106,505**	**121,790**
Financing commitments received from:		
Credit institutions	38,638	55,691
Customers	1,935	16,188
TOTAL FINANCING COMMITMENTS RECEIVED	**40,573**	**71,879**

11.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2015	12/31/2014
Guarantee commitments given to:		
Credit institutions	3,834	3,307
Customers(1)	36,724	35,354
TOTAL GUARANTEE COMMITMENTS GIVEN	**40,558**	**38,661**
Guarantee commitments received from:		
Credit institutions	19,543	20,605
Customers	142,277	140,819
TOTAL GUARANTEE COMMITMENTS RECEIVED	**161,820**	**161,424**

(1) The guarantees given by CEGC (a subsidiary of Natixis) in connection with its activity are treated as insurance policies for accounting purposes, in accordance with IFRS 4 "Insurance policies". They are recorded on the liabilities side of the balance sheet and are not included in guarantees given to customers shown in the table above.

Guarantee commitments are off-balance sheet commitments.

"Securities pledged as collateral" are included in Note 13 "Transferred financial assets not fully derecognized and other financial assets pledged as collateral".

"Securities received as collateral" are included in Note 13 "Financial assets received as collateral that can be sold or repledged".

Note 12 Related party transactions

For Groupe BPCE, related parties are considered to be all consolidated companies, including companies carried under the equity method, local savings companies, BPCE, Natixis, IT centers and the Group's key management personnel.

The social housing companies in which the Group is the sole major shareholder are also covered.

12.1 TRANSACTIONS WITH CONSOLIDATED COMPANIES

All intercompany transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation.

The statement below only provides data on intercompany transactions concerning:

- companies over which the Group exercises joint control (joint operations) in respect of the non-eliminated portion (joint ventures): no significant transactions were identified in this category;

- entities over which the Group exercises significant influence and which are equity-accounted (associates): the Group received fees and commissions from Groupe CNP Assurances of €886 million in 2015 (€875 million in 2014).

A list of fully consolidated subsidiaries is presented in Note 17 – Scope of consolidation.

12.2 TRANSACTIONS WITH COMPANY DIRECTORS

The Group's company directors are the members of the Management Board and Supervisory Board of BPCE. The short-term benefits, post-employment benefits, long-term benefits and termination benefits of BPCE's company directors are described in the "Pay, benefits in kind, loans, guarantees and attendance fees received by BPCE company directors" section of Chapter 2 of the registration document on Corporate governance

Short-term employee benefits

Short-term benefits paid out to the Group's company directors amounted to €7 million in 2015 (vs. €6 million in 2014), after recognition of the remuneration paid by Natixis.

These include remuneration, directors' attendance fees and benefits paid to members of the Management Board and of the Supervisory Board.

Post-employment benefit commitments, long-term benefits and termination benefits

The amount provisioned by BPCE in respect of retirement bonuses came to €3 million at December 31, 2015 (€4 million at December 31, 2014).

12.3 RELATIONS WITH SOCIAL HOUSING COMPANIES

Groupe BPCE is a longstanding partner in the HLM social housing movement in France and a key player in the social housing production process. The Group acts as an operator (the leading privately owned bank involved in the construction of social housing which it finances in particular through Livret A passbook savings account deposits) and is one of the main distributors of state-sponsored rental accommodation loans and intermediate rental loans. The Group is also the sole major shareholder in certain social housing companies.

In view of the economic substance of the Group's dealings with the social housing sector, where organizations are subject to specific regulations, some social housing companies have been classified as related parties.

Banking transactions with social housing companies

in millions of euros	12/31/2015	12/31/2014
Loans outstanding	1,681	1,224
Commitments given	217	202
Deposit account balances	521	451
Outstanding financial investments (UCITS and securities)	22	8

in millions of euros	Fiscal year 2015	Fiscal year 2014
Interest income from loans	45	32
Interest expense on bank deposits	10	12
Financial expense on investments (UCITS and securities)	0	0

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Note 13 Transferred financial assets, other financial assets pledged as collateral and assets received as collateral that can be sold or repledged

13.1 TRANSFERRED FINANCIAL ASSETS NOT FULLY DERECOGNIZED AND OTHER FINANCIAL ASSETS PLEDGED AS COLLATERAL

	Carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2015
Financial assets pledged as collateral					
Financial assets held for trading	2,832	18,082	962	2,068	23,944
Financial assets designated at fair value through profit or loss	10		195		205
Available-for-sale financial assets	3	7,056	8,416		15,475
Loans and receivables		1,016	86,349	9,574	96,939
Assets held to maturity	6	139			145
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**2,851**	**26,293**	**95,922**	**11,642**	**136,708**
o/w transferred financial assets not fully derecognized	***2,851***	***26,293***	***80,083***	***11,642***	***120,869***

The amount of liabilities associated with financial assets pledged as collateral for repurchase agreements came to €26,232 million at December 31, 2015 (€44,634 million at December 31, 2014).

The fair value of securitizations pledged as collateral was €12,995 million at December 31, 2015 (€11,910 million at December 31, 2014), all of which comprised transferred assets not fully derecognized.

In accordance with French law, the intrinsic guarantees attached to issues of covered bonds is not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

	Carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2014
Financial assets pledged as collateral					
Financial assets held for trading	1,811	37,535	708	1,668	41,722
Financial assets designated at fair value through profit or loss			214		214
Available-for-sale financial assets	43	10,017	8,553		18,613
Loans and receivables		52	81,970	10,242	92,264
Assets held to maturity		305			305
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**1,854**	**47,909**	**91,445**	**11,910**	**153,118**
o/w transferred financial assets not fully derecognized	***1,854***	***47,909***	***72,241***	***11,910***	***133,913***

13.1.1. Comments on transferred financial assets

Securities repurchasing and lending

Groupe BPCE repurchases and loans securities.

Under the terms of the agreements, the securities may be sold on by the purchaser throughout the duration of the repurchase or lending operation. The purchaser must nevertheless return them to the vendor at the transaction's maturity. The cash flows generated by the securities are also transmitted to the vendor.

The Group believes that it has retained almost all of the risks and benefits of the securities repurchased or loaned. They have therefore not been derecognized. Financing has been recorded in liabilities for the repurchasing or lending of financed securities.

Sales of receivables

Groupe BPCE sells receivables as security (Articles L. 211-38 or L. 313-23 et seq. of the French Monetary and Financial Code) under guaranteed refinancing operations, notably with the central bank. This type of disposal for security involves the legal transfer of the associated contractual rights, and therefore the "transfer of assets" within the meaning of the amendment to IFRS 7. The Group nevertheless remains exposed to virtually all the risks and benefits, and as such the receivables are maintained on the balance sheet.

Securitizations consolidated with outside investors

Securitizations consolidated with outside investors constitute an asset transfer according to the amendment to IFRS 7.

The Group has an indirect contractual obligation to transfer to outside investors the cash flow from assets transferred to the securitization fund (although these assets are included in the Group's balance sheet through the consolidation of the fund).

In the interest of transparency, for consolidated securitization transactions:

- the share of receivables sold attributable to external investors is considered to be pledged as collateral to third parties;
- the share of receivables sold attributable to units and bonds subscribed for by the Group, and eliminated in consolidation, is not considered to be pledged as collateral unless these securities were brought to Groupe BPCE's single treasury and central bank collateral management pool and used as part of a refinancing mechanism.

13.1.2. Comments on financial assets pledged as collateral but not transferred

Financial assets provided as collateral but not transferred are generally pledged. The main mechanisms involved are Banques Populaires Covered Bonds, the CRH (Caisse de refinancement de l'habitat), and securities pledged as collateral for ECB refinancing operations.

Moreover, in accordance with French law, the intrinsic guarantees attached to issues of covered bonds is not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

13.1.3. Financial assets received as collateral that can be sold or repledged

This heading covers financial assets received as security under financial guarantee agreements with the right to reuse the assets in the absence of any default on the part of the owner of the guarantee.

The fair value of the financial assets received as collateral that Groupe BPCE may sell or repledge amounted to €350 billion at December 31, 2015, compared to €241 billion at December 31, 2014.

The fair value of the financial assets received as collateral that were actually sold or repledged amounted to €250 billion at December 31, 2015, compared with €357 billion at December 31, 2014.

13.2. FULLY DERECOGNIZED FINANCIAL ASSETS FOR WHICH THE GROUP RETAINS AN ONGOING COMMITMENT

Fully derecognized transferred financial assets for which Groupe BPCE retains on ongoing commitment consist of asset transfers to a deconsolidated securitization vehicle in which Groupe BPCE has an interest or an obligation, although the latter do not call into question the transfer of almost all of the benefits and risks relating to the assets transferred.

Ongoing commitments retained by Groupe BPCE in relation to securitization vehicles were not significant on December 31, 2015.

Note 14 Offsetting financial assets and financial liabilities

Financial assets and liabilities offset on the balance sheet were offset in accordance with the criteria of IAS 32. Under this standard, a financial asset and financial liability are offset and a net balance is recorded in the balance sheet if and only if:

- the Group has the legally enforceable right to offset the recorded amounts; and
- it has the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Within Groupe BPCE, most offset amounts are the result of repurchase agreements and derivatives transactions mostly carried out by Natixis with clearing houses, which fulfilled the requirements of IAS 32.

- for derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations of the derivatives;
- for repurchase agreements, the amount recorded in the balance sheet corresponds to the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house,
  - have the same maturity date,
  - relate to the same security and the same custodian,
  - are denominated in the same currency.

Financial assets and liabilities "under netting agreements not offset on the balance sheet" comprise transactions under netting agreements or similar agreements, but that do not meet the restrictive netting criteria set by IAS 32. This is particularly the case for derivatives or OTC repurchase agreements subject to master agreements under which the net settlement criteria or realization of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" include in particular:

- for repurchase agreements:
  - loans or borrowings resulting from reverse repurchase agreements with the same counterparty, and securities pledged or received as collateral (for the fair value of said securities),
  - margin calls in the form of securities (for the fair value of said securities);
- for derivatives, the fair values of the reverse transactions with the same counterparty, as well as the margin calls in the form of securities.

Margin calls received or paid in cash are shown in "Margin calls received (cash collateral)" and "Margin calls paid (cash collateral)".

As of December 1, 2015, only amounts under netting agreements are recognized in other assets and in other liabilities.

14.1 FINANCIAL ASSETS

Financial assets under netting agreements offset in the balance sheet

in millions of euros	12/31/2015 Gross amount of financial assets	12/31/2015 Gross amount of financial liabilities offset in the balance sheet	12/31/2015 Net amount of financial assets recognized in the balance sheet	12/31/2014 Gross amount of financial assets	12/31/2014 Gross amount of financial liabilities offset in the balance sheet	12/31/2014 Net amount of financial assets recognized in the balance sheet
Derivatives (trading and hedging)	88,644	19,198	69,446	120,439	37,324	83,115
Repurchase agreements	53,692	10,095	43,597	74,614	10,915	63,699
Other financial instruments	792		792			
Financial assets designated at fair value	**143,128**	**29,293**	**113,835**	**195,053**	**48,239**	**146,814**
Repurchase agreements (loans and receivables portfolio)	**46,858**	**3,971**	**42,887**	**46,979**	**4,279**	**42,700**
Other financial instruments (portfolio of loans and receivables)	**1,916**		**1,916**			
TOTAL	**191,902**	**33,264**	**158,638**	**242,033**	**52,518**	**189,514**

Financial assets under netting agreements not offset in the balance sheet

in millions of euros	12/31/2015 Net amount of financial assets recognized in the balance sheet	12/31/2015 Related financial liabilities and financial instruments received as collateral	12/31/2015 Margin calls received (cash collateral)	12/31/2015 Net exposure	12/31/2014 Net amount of financial assets recognized in the balance sheet	12/31/2014 Related financial liabilities and financial instruments received as collateral	12/31/2014 Margin calls received *(cash collateral)*	12/31/2014 Net exposure
Derivatives	69,446	36,535	9,626	23,285	83,115	41,829	10,942	30,344
Repurchase agreements	86,484	79,160	148	7,176	106,399	50,053	13	56,333
Other assets	2,708	1,492		1,216				
TOTAL	**158,638**	**117,187**	**9,774**	**31,677**	**189,514**	**91,881**	**10,955**	**86,676**

14.2 FINANCIAL LIABILITIES

Financial liabilities under netting agreements offset in the balance sheet

in millions of euros	12/31/2015			12/31/2014		
	Gross amount of financial liabilities	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet	Gross amount of financial liabilities	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet
Derivatives (trading and hedging)	92,521	19,198	73,323	124,394	37,323	87,071
Repurchase agreements	55,024	10,095	44,929	86,119	10,915	75,205
Other financial instruments	103		103			
Financial liabilities designated at fair value	**147,648**	**29,293**	**118,355**	**210,513**	**48,238**	**162,276**
Repurchase agreements (liabilities portfolio)	**50,721**	**3,971**	**46,750**	**52,773**	**4,279**	**48,494**
Other financial instruments (liabilities portfolio)	**287**		**287**			
TOTAL	**198,656**	**33,264**	**165,392**	**263,286**	**52,517**	**210,770**

Financial liabilities under netting agreements not offset in the balance sheet

in millions of euros	12/31/2015				12/31/2014			
	Net amount of financial liabilities recognized in the balance sheet	Related financial assets and financial instruments received as collateral	Margin calls paid (cash collateral)	Net exposure	Net amount of financial liabilities recognized in the balance sheet	Related financial assets and financial instruments received as collateral	Margin calls paid (cash collateral)	Net exposure
Derivatives	73,323	36,588	13,277	23,458	87,071	41,961	15,427	29,683
Repurchase agreements	91,679	76,018	20	15,641	123,699	51,721		71,977
Other liabilities	390	222		168				
TOTAL	**165,392**	**112,829**	**13,296**	**39,267**	**210,770**	**93,682**	**15,427**	**101,661**

Note 15 Fair value of financial assets and liabilities at amortized cost

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only calculated for information purposes in the notes to the financial statements. They are not indicators used in the interest of overseeing commercial banking activities, for which the management model is based on collection of expected cash flows.

The simplified assumptions used to measure the fair value of instruments at amortized costs are presented in Note 4.1.6.

in millions of euros	12/31/2015				12/31/2014			
	Fair value	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	Fair value	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)
FINANCIAL ASSETS AT AMORTIZED COST								
Loans and receivables due from credit institutions	97,076	32	26,236	70,808	105,766	368	22,465	82,933
Loans and receivables due from customers	635,536	577	91,284	543,675	628,980	953	84,750	543,277
Held-to-maturity financial assets	11,941	11,222	222	497	12,665	11,694	488	483
FINANCIAL LIABILITIES AT AMORTIZED COST								
Amounts due to credit institutions	77,230	9	59,538	17,683	86,133	16	67,456	18,661
Amounts due to customers	501,142		245,398	255,744	474,506		229,657	244,849
Debt securities	231,351		146,635	84,716	259,476	827	137,452	121,197
Subordinated debt	20,162		19,487	675	16,702	7	15,839	856

Note 16 Interests in non-consolidated structured entities

16.1 NATURE OF INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

A non-consolidated structured entity is a structured entity that is not controlled and is therefore not accounted for using the full consolidation method. As a result, the interests held in a joint venture or associate which is classed as a structured entity falls within the scope of this note.

The same is true of controlled structured entities that are not consolidated due to threshold reasons.

This includes all structured entities in which Groupe BPCE holds an interest and intervenes in one or more of the following capacities:

- originator/structurer/arranger;
- placement agent;
- manager;
- in any other capacity that has a major impact on the structuring or management of the transaction (e.g. provision of financing, guarantees or structuring derivatives, tax investor, major investor, etc.).

An interest in an entity corresponds to all types of relationship, contractual or not, that exposes Groupe BPCE to a risk of fluctuations in returns relating to the entity's performance. Interests in another entity may be evidenced by, among others, the holding of equity instruments or debt securities, as well as, by other types of relationship, such as financing, short-term credit facilities, credit enhancement, granting of guarantees or structured derivatives.

As a result, the following are not included in the scope of this note:

- structured entities which are associated with Groupe BPCE through a current transaction alone. This corresponds to an unstructured financial instrument which generally does not have a material impact on the variability of the structured entity's returns and which could be concluded by Groupe BPCE with structured entities or classically-governed entities alike. The main kinds of current transactions are:
  - plain vanilla fixed-income, foreign exchange and other underlying derivatives, as well as securities lending/borrowing and repurchase agreement transactions,
  - plain vanilla guarantees and financing granted to family non-trading real estate companies (SCI) or to certain holdings;
- external structured entities in which Groupe BPCE simply acts as an investor.

  These notably include:
  - investments in external UCITS that the Group does not manage, except for those in which the Group owns almost all the shares,
  - a limited scope of interests held in securitization vehicles (exposures on these funds are included in the information published on exposures under Financial Stability Forum (FSF)) in the Risk Management report (Chapter 3 of this document),
  - interests held in real estate funds or external private equity funds in which Groupe BPCE acts as a simple minority investor.

The structured entities with which the Group has a relationship can be divided into four categories: entities involved in asset management, securitization vehicles, entities created as part of structured financing and entities created for other types of transaction.

Asset management

Financial asset management (also known as portfolio management) consists of managing equity or funds entrusted by investors by investing in equities, bonds, cash SICAV or hedge funds, etc.

The asset management line of business which uses structured entities is represented by collective management or fund management. More specifically, it encompasses collective investment vehicles within the meaning of the French Monetary and Financial Code (other than securitization structures) as well as equivalent bodies governed by foreign law. These notably include entities such as UCITS, real estate funds and private equity funds.

Securitization

Securitization transactions are generally established as structured entities in which assets or derivatives representing credit risk are isolated.

These entities serve to diversify the underlying credit risks and to split them into various levels of subordination (tranches) with a view, generally, to sell them to investors seeking a certain level of return, according to the degree of risk accepted.

These vehicles' assets and the liabilities that they issue are rated by the rating agencies which monitor that the level of risk associated with each tranche of risk sold is commensurate with the attributed rating.

The kind of securitization transactions used and which require the intervention of structured entities are as follows:

- transactions where the Group (or a subsidiary) sells on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk associated with one of its asset portfolios;
- securitization transactions performed on behalf of third parties. These transactions consist of housing in a dedicated structure (generally a special purpose entity (SPE)) the assets belonging to another company. The SPE issues shares that can, in certain cases, be subscribed for directly by investors, or subscribed for by a multi-seller conduit which refinances the acquisition of these shares through the issue of short-term notes (commercial paper).

Structured financing (of assets)

Structured financing covers the range of activities and products set up to provide financing to economic players while reducing risks through the use of complex structures. These include the financing of movable assets (pertaining to aeronautic, marine or terrestrial transport, telecommunications, etc.), real estate assets and the acquisition of targeted companies (LBO financing).

The Group may need to create a structured entity that houses a specific financing transaction on behalf of a customer. This is a contractual and structural organization. The particularities of these types of financing are related to risk management, with use of notions such as limited recourse or waivers of recourse, standard and/or structural subordination and the use of dedicated legal vehicles used in particular to carry a single-contract finance lease representing the financing granted.

16.2 NATURE OF RISKS RELATING TO INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

Assets and liabilities recognized in the Group's various balance sheet accounts relating to interests in non-consolidated structured entities contribute to determining the risks associated with these entities.

The values recorded under the balance sheet assets, along with financing and guarantee commitments given less guarantee commitments received and provisions recorded in liabilities, are used to assess the maximum exposure to risk of losses.

The "notional amounts" line corresponds to the notional amount of options sold to structured entities.

The data are presented below, aggregated based on their activity classification.

AT DECEMBER 31, 2015

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**596**	**6,501**	**744**	**104**
Trading derivatives	424	249	264	104
Trading financial instruments (excluding derivatives)	150	2,226	152	
Financial instruments designated at fair value through profit and loss	22	4,026	328	
Available-for-sale financial assets	**448**	**4,199**	**114**	**430**
Loans and receivables	**2,915**	**2,723**	**12,372**	**2,375**
Other assets	**88**	**54**	**4**	**27**
TOTAL ASSETS	**4,047**	**13,477**	**13,234**	**2,936**
Financial liabilities at fair value through profit or loss	**224**	**455**	**369**	**22**
Provisions		**3**	**102**	**9**
TOTAL LIABILITIES	**224**	**458**	**471**	**31**
Financing commitments given	**3,150**	**1,689**	**2,099**	**915**
Guarantee commitments given	**531**	**10,597**	**1,251**	**231**
Guarantees received	**33**	**908**	**10,499**	**36**
Notional amount of derivatives	**5,462**	**31**	**2,068**	**725**
MAXIMUM LOSS EXPOSURE	**13,157**	**24,883**	**8,051**	**4,762**
SIZE OF STRUCTURED ENTITIES	**41,719**	**218,025**	**56,875**	**5,900**

AT DECEMBER 31, 2014

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**410**	**6,177**	**1,109**	**1**
Trading derivatives	251	133	159	1
Trading financial instruments (excluding derivatives)	140	2,181	151	
Financial instruments designated at fair value through profit and loss	19	3,863	799	
Available-for-sale financial assets	**358**	**3,918**	**124**	**140**
Loans and receivables	**2,556**	**1,706**	**12,303**	**1,353**
Other assets	**74**	**62**	**9**	**31**
TOTAL ASSETS	**3,398**	**11,863**	**13,545**	**1,525**
Financial liabilities at fair value through profit or loss	**104**	**133**	**27**	**3**
Provisions		**2**	**23**	**10**
TOTAL LIABILITIES	**104**	**135**	**50**	**13**
Financing commitments given	**3,962**	**451**	**1,687**	**821**
Guarantee commitments given	**1,542**	**10,982**	**659**	**94**
Guarantees received	**2**	**911**	**10,535**	**21**
Notional amount of derivatives	**3,301**		**1,679**	**65**
MAXIMUM LOSS EXPOSURE	**12,201**	**22,383**	**7,012**	**2,474**
SIZE OF STRUCTURED ENTITIES	**41,421**	**162,078**	**57,303**	**5,653**

Securitization transactions in which Groupe BPCE is simply an investor are listed in the Notes based on recommendations by the Financial Stability Forum in terms of financial transparency as published in the Risk Management section.

The size criterion used varies according to the types of structured entities:

- Securitization, the total amount of the entities' issues on the liabilities side;
- Asset management: the net assets of collective investment vehicles (other than securitization);
- Structured financing: the total amount of financing outstandings remaining due by the entities;
- Other activities, total assets.

The Group did not, during the period, grant financial support to non-consolidated structured entities in which it holds interests.

16.3 INCOME AND CARRYING AMOUNT FROM ASSETS TRANSFERRED TO SPONSORED NON-CONSOLIDATED STRUCTURED ENTITIES

A structured entity is sponsored by a Group entity when the two following indicators are both satisfied:

- it is involved in the creation and structuring of the structured entity;
- it contributes to the success of the entity by transferring assets to it or by managing relevant activities.

When the Group entity's role is limited to one of advisor, arranger, custodian or placement agent, the structured entity is not considered to be sponsored.

Groupe BPCE plays the role of sponsor for:

- UCITS initiated by a management company belonging to Groupe BPCE and in which Groupe BPCE holds no investment or any other interest. Reported income includes management and outperformance fees charged by Groupe BPCE entities, as well as profit and loss from ordinary business with these funds;
- a US activity of origination and disposal of portfolios of home loans to securitization vehicles created by the Natixis group with third parties and in which Natixis holds no interests. Reported income includes structuring fees as well as gains or losses on the disposal of receivables.

For the non-consolidated structured entities that the Group sponsored without holding any interests, the impact on the financial statements is presented below:

FISCAL YEAR 2015

in millions of euros	Securitization	Asset Management
Income from entities	**30**	**1,224**
Net interest income	144	
Net fee and commission income	(6)	1,026
Net gains or losses on financial instruments at fair value through profit and loss	(107)	199
Carrying amount of assets transferred to the entity during the fiscal year	**4,666**	

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FISCAL YEAR 2014

in millions of euros	Securitization	Asset Management
Income from entities	**46**	**955**
Net interest income		2
Net fee and commission income	1	944
Net gains or losses on financial instruments at fair value through profit and loss	45	9
Carrying amount of assets transferred to the entity during the fiscal year	**2,007**	

Note 17 Scope of consolidation

17.1 CHANGES IN SCOPE OF CONSOLIDATION DURING FISCAL YEAR 2015

The main changes in the scope of consolidation during 2015 are presented below:

Change in the percentage of the Group's interest in Natixis

Following a number of transactions in its own shares, the Group's stake in Natixis stood at 71.25% at December 31, 2015 (*versus* 71.51% at December 31, 2014). The impact on equity attributable to equity holders of the parent was not material.

Finalization of the project to adapt overseas activities

In September 2015, BPCE International sold all its interests in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC).

With the disposal of these three banks by BPCE International, Caisse d'Epargne Provence-Alpes-Corse has become a leading banking player for customers in the French overseas territories.

This transaction, which was launched in October 2014, fell under the remit of the "Another way to grow" strategic plan. It refocused the Group's presence in the French overseas territories that are part of the euro zone around its two major networks: the Caisses d'Epargne and the Banque Populaire banks.

This transaction, which only affected fully-consolidated entities of Groupe BPCE, had no impact on the Group's consolidated financial statements.

Assumption of control over subsidiaries

Acquisition of Natixis Partners

In 2015, Natixis completed the acquisition of Leonardo & Co France's operations, renaming the company Natixis Partners, which became Natixis' specialized entity in charge of M&A for investment funds and mid-cap clients.

At December 31, 2015, Natixis held 92% of the share capital in Natixis Partners. Natixis exercises control over Natixis Partners, within the meaning of IFRS 10, and fully consolidates the entity.

This acquisition generated goodwill of €5 million.

Acquisition of DNCA Finance Group

In 2015, Natixis Global Asset Management (NGAM) finalized the acquisition of DNCA Group. As a result of this acquisition, the following entities are now fully consolidated: DNCA & Cie, DNCA Finance SA, DNCA Finance Luxembourg, DNCA Courtage SARL and DNCA Management (see Note 1.3).

Other changes in scope

Nexity

As a result of the various transactions carried out in 2015 (see Note 1.3), Groupe BPCE's remaining stake of 12.8% in Nexity, previously consolidated according to the equity method, was reclassified under "Available-for-sale financial assets" at June 30, 2015, the date on which significant influence over the entity was relinquished.

Merger of Banque Populaire Aquitaine Centre Atlantique and Crédit Commercial du Sud-Ouest (CCSO)

Banque Populaire Aquitaine Centre Atlantique and Crédit Commercial du Sud-Ouest (CCSO) merged with retroactive effect at January 1, 2015.

This merger between a consolidating entity and its wholly-owned subsidiary did not have a material impact on Groupe BPCE's consolidated financial statements.

Merger between Crédit Maritime d'Outre-mer and BRED Banque Populaire

The merger of BRED Banque Populaire and Caisse Régionale de Crédit Maritime d'Outre-mer took effect on January 1, 2015.

This merger between two consolidating entities had no material impact on the Group's consolidated financial statements.

17.2 SECURITIZATION TRANSACTIONS

Securitization is a financial engineering technique that aims to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities that finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are consolidated if the Group exercises control over it. Control is assessed according to the criteria of IFRS 10.

The following statement lists the securitization transactions carried out by the Commercial Banking and Insurance entities without (total or partial) derecognition:

in millions of euros	Type of assets	Date of inception	Expected maturity	Nominal at inception	Balance at 12/31/2015
Elide 2007	Residential home loans	06/27/2007	May 2035	1,251	231
Elide 2011	Residential home loans	04/06/2011	May 2039	1,089	435
Elide 2012	Residential home loans	06/26/2012	October 2040	1,190	613
Elide 2014	Residential home loans	11/18/2014	October 2042	915	739
Elide sub-total				**4,445**	**2,018**
Eridan	Other loans	12/16/2010	November 2033	880	235
BPCE Master Home Loans/BPCE Master Home Loans Demut	Residential home loans	05/26/2014	April 2032	44,068	43,263
Other sub-total				**44,948**	**43,498**
TOTAL				**49,393**	**45,516**

The securitization transactions initiated by Crédit Foncier group ("Partimmo" and "Zèbre" transactions) were extinguished, four of them in advance, as at April 28, 2015. The residual fund assets were taken over by Crédit Foncier.

Following the extinguishment of these internal securitization funds, Crédit Foncier no longer held any shares in these funds as of December 31, 2015.

Securitization transactions carried out with derecognition

In August 2015, Crédit Foncier completed a second public securitization of residential mortgage-backed receivables (Crédit Foncier Home Loans 2). A similar transaction was completed in May 2014 (Crédit Foncier Home Loans 1). To meet prudential requirements, at the start of the project Crédit Foncier identified a portfolio of loans for securitization valued at about €1.5 billion and kept over 5% of the selected outstandings, selected at random.

The transfer to the Securitization Fund involved 13,554 loans for an outstanding principal amount of €1.4 billion.

As a receivables manager, Crédit Foncier does not have the ability to use its power to influence the variability of returns. Therefore, it does not control the securitization fund in the sense of IFRS 10, and the fund is not consolidated.

However, given its ongoing ties with the fund, the criteria needed to establish a complete derecognition of assets under IAS 39 are not entirely met.

As a result, the transaction is derecognized as per IFRS 10, and partially derecognized as per IAS 39.

The transferred assets are recognized in proportion to Crédit Foncier's ongoing involvement, which consists in maintaining the maximum loss associated with each of the residual ties to the fund (swaps, clean-up calls, management expenses) in the balance sheet assets. These adjustments led to the booking of total assets of €255 million and total liabilities of €159 million at December 31, 2015.

The fair value of the residual ties was recorded in income at the start of the securitization. The initial impact on income was not material. The fair value of these ties is revalued at each reporting date.

For 2015, the net effect of revaluations of CFHL1 and CFHL2 was -€40 million, which is related to the exceptional volume of early repayments during the year.

17.3 GUARANTEED UCITS

Guaranteed UCITS are funds designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with IFRS 10, the Group does not control relevant activities (as management flexibility is limited) and is not exposed to variable returns (as a solid risk monitoring system has been implemented) and therefore does not consolidate these structures.

17.4 OTHER INTERESTS IN CONSOLIDATED SUBSIDIARIES AND STRUCTURED ENTITIES

Major restrictions

Groupe BPCE has not been faced with any major restrictions relating to stakes held in its structured subsidiaries.

Support of consolidated structured entities

The Group did not grant any financial support to consolidated structured entities.

17.5 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2015

Only those entities providing a material contribution are consolidated. Materiality is assessed for consolidated entities based on the principle of ascending materiality. In other words, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

All companies consolidated using the equity method are associates.

The percentage interest is specified for each entity in the scope of consolidation. The percentage of interest describes the share of equity held by the Group, either directly or indirectly, in companies within the scope. The percentage of interest can be used to determine the share attributable to equity holders of the parent in the net assets of the company held.

Companies	Business	Location[(1)]	Percentage interest	Consolidation method[(2)]
I) CONSOLIDATING ENTITY				
I-1 Banque Populaire banks				
BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE	Bank	FR	100%	FC
BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	Bank	FR	100%	FC
BANQUE POPULAIRE ATLANTIQUE	Bank	FR	100%	FC
BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ	Bank	FR	100%	FC
BANQUE POPULAIRE CÔTE D’AZUR	Bank	FR	100%	FC
BANQUE POPULAIRE DE LOIRE ET LYONNAIS	Bank	FR	100%	FC
BANQUE POPULAIRE DE L’OUEST	Bank	FR	100%	FC
BANQUE POPULAIRE DES ALPES	Bank	FR	100%	FC
BANQUE POPULAIRE DU MASSIF CENTRAL	Bank	FR	100%	FC
BANQUE POPULAIRE DU NORD	Bank	FR	100%	FC
BANQUE POPULAIRE DU SUD	Bank	FR	100%	FC
BANQUE POPULAIRE OCCITANE	Bank	FR	100%	FC
BANQUE POPULAIRE PROVENÇALE ET CORSE	Bank	FR	100%	FC
BANQUE POPULAIRE RIVES DE PARIS	Bank	FR	100%	FC
BANQUE POPULAIRE VAL DE FRANCE	Bank	FR	100%	FC
BRED – BANQUE POPULAIRE	Bank	FR	100%	FC
CASDEN – BANQUE POPULAIRE	Bank	FR	100%	FC
CRÉDIT COOPÉRATIF	Bank	FR	100%	FC
I-2 Caisses d’Epargne				
CAISSE D’EPARGNE ALSACE	Bank	FR	100%	FC
CAISSE D’EPARGNE AQUITAINE POITOU-CHARENTES	Bank	FR	100%	FC
CAISSE D’EPARGNE BRETAGNE PAYS DE LOIRE	Bank	FR	100%	FC
CAISSE D’EPARGNE CÔTE D’AZUR	Bank	FR	100%	FC
CAISSE D’EPARGNE D’AUVERGNE ET DU LIMOUSIN	Bank	FR	100%	FC
CAISSE D’EPARGNE DE BOURGOGNE FRANCHE-COMTE	Bank	FR	100%	FC
CAISSE D’EPARGNE DE MIDI-PYRÉNÉES	Bank	FR	100%	FC
CAISSE D’EPARGNE ÎLE-DE-FRANCE	Bank	FR	100%	FC
CAISSE D’EPARGNE LANGUEDOC-ROUSSILLON	Bank	FR	100%	FC
CAISSE D’EPARGNE LOIRE CENTRE	Bank	FR	100%	FC
CAISSE D’EPARGNE LOIRE DRÔME ARDÈCHE	Bank	FR	100%	FC
CAISSE D’EPARGNE LORRAINE CHAMPAGNE ARDENNE	Bank	FR	100%	FC
CAISSE D’EPARGNE NORD FRANCE EUROPE	Bank	FR	100%	FC
CAISSE D’EPARGNE NORMANDIE	Bank	FR	100%	FC
CAISSE D’EPARGNE PICARDIE	Bank	FR	100%	FC
CAISSE D’EPARGNE PROVENCE-ALPES-CORSE	Bank	FR	100%	FC
CAISSE D’EPARGNE RHONE ALPES	Bank	FR	100%	FC
I-3 BPCE SA				
BPCE SA	Holding company	FR	100%	FC
I-4 Mutual Guarantee Companies				
50 MUTUAL GUARANTEE COMPANIES	Guarantee company	FR	100%	FC
I-5 Affiliated institutions				
CAISSE RÉGIONALE CRÉDIT MARITIME ATLANTIQUE	Bank	FR	100%	FC
CAISSE RÉGIONALE CRÉDIT MARITIME BRETAGNE NORMANDIE	Bank	FR	100%	FC
CAISSE RÉGIONALE CRÉDIT MARITIME DE MÉDITERRANÉE	Bank	FR	100%	FC
CAISSE RÉGIONALE CRÉDIT MARITIME RÉGION NORD	Bank	FR	100%	FC
CAISSE RÉGIONALE CRÉDIT MARITIME SUD OUEST	Bank	FR	100%	FC

Companies	Business	Location(1)	Percentage interest	Consolidation method(2)
II) "ASSOCIATED" INSTITUTIONS				
EDEL	Bank	FR	34%	EQ
MONINFO	Electronic payment	FR	34%	EQ
III) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES				
III-1 – Subsidiaries of the Banque Populaire banks				
ACLEDA	Bank	KH	12%	EQ
ATLANTIQUE PLUS	Holding company	FR	100%	FC
AURORA	Holding company	BE	100%	EQ
BANQUE CALÉDONIENNE D'INVESTISSEMENT	Bank	NC	50%	EQ
BANQUE CHAIX	Bank	FR	100%	FC
BANQUE DE SAVOIE	Bank	FR	100%	FC
BANQUE DUPUY, DE PARSEVAL	Bank	FR	100%	FC
BANQUE FRANCO LAO	Bank	LA	54%	FC
BANQUE MARZE	Bank	FR	100%	FC
BUREAU DU MANAGEMENT FINANCIER	Finance company	FR	100%	FC
BP DÉVELOPPEMENT	Private equity	FR	89%	FC
BATI LEASE	Real estate leasing	FR	95%	FC
BATI-LEASE INVEST	Office space	FR	95%	FC
BCEL	Bank	LA	10%	EQ
BCI MER ROUGE	Bank	DJ	51%	FC
BCP LUXEMBOURG	Bank	LU	100%	FC
BIC BRED	Bank	FR	100%	FC
BIC BRED (Suisse) SA	Bank	CH	100%	FC
BPA ATOUTS PARTICIPATIONS	Private equity	FR	100%	FC
BRD CHINA LTD	Private equity	CN	100%	FC
BRED COFILEASE	Equipment leasing	FR	100%	FC
BRED BANK FIJI LTD	Bank	FJ	100%	FC
BRED GESTION	Bank	FR	100%	FC
BRED IT	IT Services	TH	100%	FC
BRED VANUATU	Bank	VU	85%	FC
BTP BANQUE	Bank	FR	100%	FC
BTP CAPITAL CONSEIL	Investment advisory services	FR	100%	FC
BTP CAPITAL INVESTISSEMENT	Private equity	FR	73%	FC
CADEC	Private equity	FR	40%	EQ
CAISSE DE GARANTIE IMMOBILIÈRE DU BÂTIMENT	Insurance	FR	33%	EQ
CAISSE SOLIDAIRE	Finance company	FR	77%	FC
CAPI COURT TERME N°1	Private equity	FR	100%	FC
CLICK AND TRUST	Data processing	FR	100%	FC
CODEIS	Private equity	LU	89%	FC
COFEG	Consulting	FR	100%	FC
COFIBRED	Holding company	CH	100%	FC
COOPEST	Private equity	BE	32%	EQ
CREPONORD	Real estate and non-real estate leasing	FR	100%	FC
DE PORTZAMPARC	Private equity	FR	24%	EQ
ECOFI INVESTISSEMENT	Portfolio management	FR	100%	FC
EPBF	Payment institution	BE	100%	FC
ESFIN	Private equity	FR	38%	EQ
ESFIN GESTION	Portfolio management	FR	60%	FC
EURO CAPITAL	Private equity	FR	63%	FC

Companies	Business	Location[(1)]	Percentage interest	Consolidation method[(2)]
EXPANSINVEST	Private equity	FR	100%	FC
FCC ELIDE	French securitization fund (FCT)	FR	100%	FC
FCT ERIDAN	French securitization fund (FCT)	FR	100%	FC
FINANCIÈRE DE LA BP OCCITANE	Holding company	FR	100%	FC
FINANCIÈRE PARTICIPATION BPS	Holding company	FR	100%	FC
FIPROMER	Brokerage and investment services	FR	100%	FC
FONCIÈRE DU VANUATU	Real estate investment	VU	100%	FC
FONCIÈRE VICTOR HUGO	Holding company	FR	100%	FC
GARIBALDI CAPITAL DÉVELOPPEMENT	Holding company	FR	100%	FC
UNION DES SOCIÉTÉS DU CRÉDIT COOPÉRATIF (GIE)	Services company	FR	99%	FC
GROUPEMENT DE FAIT	Services company	FR	100%	FC
IBP INVESTISSEMENT	Office space	FR	100%	FC
IMMOCARSO SNC	Real estate investment	FR	100%	FC
INFORMATIQUE BANQUES POPULAIRES	IT Services	FR	100%	FC
INGÉNIERIE ET DÉVELOPPEMENT	Holding company	FR	100%	FC
INTERCOOP	Real estate leasing	FR	100%	FC
IRD NORD PAS DE CALAIS	Private equity	FR	17%	EQ
IRR INVEST	Private equity	BE	100%	FC
LUX EQUIP BAIL	Real estate and non-real estate leasing	LU	100%	FC
MULTICROISSANCE SAS	Portfolio management	FR	100%	FC
NAXICAP RENDEMENT 2018	Private equity	FR	89%	FC
NJR FINANCE BV	Financial Services	NL	100%	FC
NJR INVEST	Private equity	BE	100%	FC
OUEST CROISSANCE SCR	Private equity	FR	100%	FC
PARNASSE FINANCES	Portfolio management	FR	100%	FC
PARNASSE GARANTIES	Insurance	FR	80%	EQ
PARTICIPATIONS BP ACA	Holding company	FR	100%	FC
PERSPECTIVES ET PARTICIPATIONS	Private equity	FR	100%	FC
PLUSEXPANSION	Holding company	FR	100%	FC
PREPAR COURTAGE	Insurance brokerage	FR	100%	FC
PREPAR-IARD	Non-life insurance	FR	100%	FC
PREPAR-VIE	Life insurance and endowment	FR	100%	FC
PROMEPAR GESTION	Portfolio management	FR	100%	FC
RIVES CROISSANCE	Holding company	FR	100%	FC
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	Private equity	FR	100%	FC
SAS FINANCIÈRE DE CHAMPLAIN	Portfolio management	FR	100%	FC
SAS FINANCIÈRE IMMOBILIÈRE 15	Housing real estate development	FR	100%	FC
SAS TASTA	Services company	FR	70%	FC
SASU BFC CROISSANCE	Private equity	FR	100%	FC
SAVOISIENNE	Holding company	FR	100%	FC
SBE	Bank	FR	100%	FC
SCI BPSO	Office space	FR	100%	FC
SCI BPSO CONDE SOUVENIR	Office space	FR	100%	FC
SCI BPSO PESSAC	Office space	FR	100%	FC
SCI BPSO ST ESPRIT	Office space	FR	100%	FC
SCI BPSO TALENCE	Office space	FR	100%	FC
SCI BPSO GUJAN	Office space	FR	100%	FC
SCI BPSO ST ANDRE	Office space	FR	100%	FC

Companies	Business	Location(1)	Percentage interest	Consolidation method(2)
SCI BPSO ST PAUL	Office space	FR	100%	FC
SCI BPSO MARNE	Office space	FR	100%	FC
SCI BPSO LE BOUSCAT	Office space	FR	100%	FC
SCI BPSO LESPARRE	Office space	FR	100%	FC
SCI BPSO CAMBO	Office space	FR	100%	FC
SCI BPSO ST AMAND	Office space	FR	100%	FC
SCI BPSO PESSAC CENTRE	Office space	FR	100%	FC
SCI BPSO LE HAILLAN	Office space	FR	100%	FC
SCI BPSO MERIGNAC 4 CHEMINS	Office space	FR	100%	FC
SCI BPSO LIBOURNE EST	Office space	FR	100%	FC
SCI BPSO BASTIDE	Office space	FR	100%	FC
SCI BPSO 11 MORLAAS	Office space	FR	100%	FC
SCI CREDIMAR	Office space	FR	100%	FC
SCI DU CRÉDIT COOPÉRATIF DE SAINT DENIS	Office space	FR	100%	FC
SCI FAIDHERBE	Office space	FR	100%	FC
SCI POLARIS	Office space	FR	100%	FC
SCI PYTHEAS PRADO 1	Office space	FR	100%	FC
SCI PYTHEAS PRADO 2	Office space	FR	100%	FC
SCI SAINT-DENIS	Office space	FR	100%	FC
SEGIMLOR	Office space	FR	100%	FC
SI ÉQUINOXE	Holding company	FR	100%	FC
SIMC	Holding company	FR	100%	FC
SIPMÉA	Real estate development/ management, real estate investment	FR	100%	FC
SMI	Portfolio management	FR	100%	FC
SOCIÉTARIAT BP DE L'OUEST	Cooperative shareholder	FR	100%	FC
SOCIÉTARIAT BP DES ALPES	Cooperative shareholder	FR	100%	FC
SOCIÉTARIAT BP DU NORD	Cooperative shareholder	FR	100%	FC
SOCIÉTARIAT BP LOIRE ET LYONNAIS	Cooperative shareholder	FR	100%	FC
SOCIÉTARIAT BP DU MASSIF CENTRAL	Cooperative shareholder	FR	100%	FC
SOCIÉTARIAT BP OCCITANE	Cooperative shareholder	FR	100%	FC
SOCIÉTARIAT BP VAL DE FRANCE	Cooperative shareholder	FR	100%	FC
SOCIÉTÉ CENTRALE DU CRÉDIT MARITIME MUTUEL	Services company	FR	100%	FC
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	Holding company	FR	100%	FC
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	Holding company	FR	100%	FC
SOCREDO	Bank	FP	15%	EQ
SOFIAG	Finance company	FR	100%	FC
SOFIDER	Finance company	FR	100%	FC
SPGRES	Holding company	FR	100%	FC
SPIG	Property leasing	FR	100%	FC
TISE	Private equity	PL	100%	FC
TRANSIMMO	Real estate agent	FR	100%	FC
VECTEUR	Holding company	FR	100%	FC
VIALINK	Data processing	FR	100%	FC
III-2 Caisses d'Epargne subsidiaries				
BANQUE BCP SAS	Bank	FR	80%	FC
BANQUE DE LA RÉUNION	Bank	FR	100%	FC
BANQUE DES ANTILLES FRANÇAISES	Bank	FR	100%	FC
BANQUE DES ÎLES SAINT-PIERRE-ET-MIQUELON	Bank	FR	98%	FC

Companies	Business	Location(1)	Percentage interest	Consolidation method(2)
BANQUE DU LEMAN	Bank	CH	100%	FC
BATIMAP	Non-real estate leasing	FR	95%	FC
BATIROC BRETAGNE PAYS DE LOIRE	Real estate and non-real estate leasing	FR	100%	FC
BEAULIEU IMMO	Office space	FR	100%	FC
CAPITOLE FINANCE	Non-real estate leasing	FR	100%	FC
CEBIM	Holding company	FR	100%	FC
EXPANSO INVESTISSEMENTS	Private equity	FR	100%	FC
FCPR FIDEPPP	Public-private partnership financing	FR	91%	FC
GIE CE SYNDICATION RISQUES	Guarantee company	FR	100%	FC
IMMOCEAL	Real estate investment	FR	100%	FC
INCITY	Office space	FR	100%	FC
SCI DANS LA VILLE	Office space	FR	100%	FC
SCI GARIBALDI OFFICE	Office space	FR	100%	FC
SCI LAFAYETTE BUREAUX	Office space	FR	100%	FC
SCI LE CIEL	Office space	FR	100%	FC
SCI LE RELAIS	Office space	FR	100%	FC
IT-CE	IT Services	FR	100%	FC
MIDI FONCIÈRE	Office space	FR	100%	FC
339 ÉTAT-UNIS	Office space	FR	100%	FC
ADOUR SERVICES COMMUNS	Office space	FR	100%	FC
AFOPEA	Office space	FR	100%	FC
APOUTICAYRE LOGEMENTS	Office space	FR	100%	FC
AUSSONNELLE DE C	Office space	FR	100%	FC
BCEF 64	Office space	FR	100%	FC
BERGONION	Office space	FR	100%	FC
BLEU RÉSIDENCE LORMONT	Office space	FR	66%	FC
BORDELONGUE GODEAS	Office space	FR	100%	FC
BURODIN	Office space	FR	100%	FC
CEPAIM SA	Office space	FR	100%	FC
CRISTAL IMMO	Office space	FR	100%	FC
EUROTERTIA	Office space	FR	100%	FC
FERIA PAULMY	Office space	FR	100%	FC
FONCIÈRE INVEST	Office space	FR	50%	FC
G102	Office space	FR	100%	FC
G IMMO	Office space	FR	100%	FC
IMMO SPORT	Office space	FR	100%	FC
LABEGE LAKE H1	Office space	FR	50%	FC
LANGLADE SERVICES	Office space	FR	51%	FC
LANTA PRODUCTION	Office space	FR	100%	FC
LEVISEO	Office space	FR	100%	FC
MIDI COMMERCES	Office space	FR	100%	FC
MIDI MIXT	Office space	FR	100%	FC
MONTAUDRAN PLS	Office space	FR	100%	FC
MURET ACTIVITES	Office space	FR	100%	FC
NOVA IMMO	Office space	FR	100%	FC
RANGUEIL CORMIERS	Office space	FR	40%	FC
RIOU	Office space	FR	100%	FC
ROISSY COLONNADIA	Office space	FR	50%	FC

Companies	Business	Location[1]	Percentage interest	Consolidation method[2]
SC RES. LATECOERE	Office space	FR	50%	EQ
SC RES. MERMOZ	Office space	FR	50%	EQ
SC RES. LOUIS BREGUET	Office space	FR	50%	EQ
SC RES. SAINT EXUPERY	Office space	FR	50%	EQ
SC RES. ILOT J	Office space	FR	50%	EQ
SC RES. CHARLES LINDBERGH	Office space	FR	50%	EQ
SC RES. CROIX DU SUD	Office space	FR	50%	EQ
SC RES. CARRÉ DES PIONNIERS	Office space	FR	50%	EQ
SC RES. AILES D'ICARE	Office space	FR	50%	EQ
TECHNOCITÉ TERTIA	Office space	FR	100%	FC
TETRIS	Office space	FR	50%	FC
MIDI PYRÉNÉES PLACEMENT	Mutual fund	FR	100%	FC
MURACEF	Mutual insurance	FR	100%	FC
PHILAE SAS	Office space	FR	100%	FC
SAS FONCIÈRE DES CAISSES D'EPARGNE	Real estate investment	FR	100%	FC
SAS FONCIÈRE ECUREUIL	Real estate investment	FR	100%	FC
SAS FONCIÈRE ECUREUIL II	Real estate investment	FR	77%	FC
SAS TRITON	Guarantee company	FR	100%	FC
SCI FONCIÈRE 1	Real estate investment	FR	100%	FC
SCI TOURNON	Office space	FR	100%	FC
SNC ECUREUIL 5 RUE MASSERAN	Real estate investment	FR	100%	FC
SPPICAV AEW FONCIÈRE ECUREUIL	Office space	FR	100%	FC
SURASSUR	Reinsurance	LU	98%	FC
VIVALIS INVESTISSEMENTS	Office space	FR	100%	FC
III-3 BPCE SA group subsidiaries				
ACTIFS IMMOBILIERS D'EXPLOITATION	Office space	FR	100%	FC
ALBIANT IT	IT systems and software consulting	FR	100%	FC
BP COVERED BONDS	Refinancing	FR	100%	FC
BPCE ACHATS	Services company	FR	96%	FC
BPCE IMMOBILIER EXPLOITATION	Real estate investment	FR	100%	FC
BPCE INFOGÉRANCE ET TECHNOLOGIE	IT Services	FR	100%	FC
BPCE MASTER HOME LOANS FCT	French securitization fund (FCT)	FR	100%	FC
BPCE MASTER HOME LOANS DEMUT	French securitization fund (FCT)	FR	100%	FC
BPCE SFH	Refinancing	FR	100%	FC
BPCE SERVICES FINANCIERS	Services company	FR	98%	FC
DELESSERT FCP 2DEC REGPT	BPCE Guarantee and Solidarity fund	FR	100%	FC
ESNI	Securitization company	FR	100%	FC
GCE CAPITAL	Private equity	FR	100%	FC
GCE PARTICIPATIONS	Holding company	FR	100%	FC
NATIXIS GROUP[3]		FR	71%	FC
MIFCOS	Real estate investment	FR	100%	FC
SAS GCE P.AV IMMOBILIER	Office space	FR	100%	FC
SOCRAM BANQUE	Bank	FR	33%	EQ
S-MONEY	Electronic payment	FR	100%	FC
Holassure Group				
CNP ASSURANCES (GROUP)	Insurance	FR	16%	EQ
HOLASSURE	Holding company	FR	100%	FC
SOPASSURE	Holding company	FR	50%	JO

Companies	Business	Location[(1)]	Percentage interest	Consolidation method[(2)]
BPCE International Group				
AL MANSOUR PALACE MAROC	Real estate development	MA	40%	EQ
ARAB INTERNATIONAL LEASE	Real estate and non-real estate leasing	TN	57%	FC
BANQUE DE NOUVELLE-CALÉDONIE	Bank	NC	97%	FC
BANQUE DE TAHITI	Bank	FP	97%	FC
BANQUE DES MASCAREIGNES	Bank	MU	100%	FC
BANQUE MALGACHE DE L'OCÉAN INDIEN	Bank	MG	71%	FC
BANQUE TUNISO KOWEITIENNE	Bank	TN	60%	FC
BCI BANQUE COMMERCIALE INTERNATIONALE	Bank	CG	100%	FC
BICEC	Bank	CM	68%	FC
BM MADAGASCAR	Bank	MG	73%	FC
BPCE INTERNATIONAL	Specialized credit institution	FR	100%	FC
BPCE MAROC	Real estate development	MA	100%	FC
BPCE MAROC IMMOBILIER	Real estate development	MA	100%	FC
EL ISTIFA	Debt collection company	TN	60%	FC
FRANSA BANK	Bank	FR	40%	EQ
INGEPAR	Investment advisory services	FR	100%	FC
MEDAI SA	Real estate development	TN	67%	FC
NATIXIS PRAMEX INTERNATIONAL	International development and consulting services	FR	100%	FC
OCEORANE	Investment advisory services	FR	100%	FC
SKY ELITE TOUR SARL	Real estate development	MA	100%	FC
SOCIÉTÉ DU CONSEIL ET DE L'INTERMÉDIATION FINANCIÈRE	Investment advisory services	TN	48%	FC
SOCIÉTÉ HAVRAISE CALÉDONIENNE	Office space	NC	90%	FC
SOCIÉTÉ TUNISIENNE DE PROMOTION DES POLES IMMOBILIERS ET INDUSTRIELS	Real estate development	TN	18%	EQ
TUNIS CENTER	Real estate development	TN	14%	FC
UNIVERS INVEST (SICAR)	Private equity	TN	52%	FC
UNIVERS PARTICIPATIONS (SICAF)	Private equity	TN	60%	FC
Crédit Foncier Group				
BANCO PRIMUS	Bank	PT	100%	FC
CRÉDIT FONCIER DE FRANCE	Bank	FR	100%	FC
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company	FR	100%	FC
COFIMAB	Real estate agent	FR	100%	FC
COMPAGNIE DE FINANCEMENT FONCIER	Finance company	FR	100%	FC
CRÉDIT FONCIER IMMOBILIER	Office space	FR	100%	FC
SCA ÉCUFONCIER	Finance company	FR	100%	FC
CRÉDIT FONCIER EXPERTISE	Real estate appraisal	FR	100%	FC
EUROSCRIBE	Real estate and non-real estate leasing	FR	37%	EQ
FILIALES LOCI	Real estate and non-real estate leasing	FR	75%	FC
OXIANE	Real estate and non-real estate leasing	FR	75%	FC
SCRIBE BAIL LOGIS SAS	Real estate and non-real estate leasing	FR	75%	FC
SCRIBEURO SAS	Real estate and non-real estate leasing	FR	75%	FC
FONCIER PARTICIPATIONS	Holding company	FR	100%	FC
FONCIÈRE D'ÉVREUX	Office space	FR	100%	FC
GCE COINVEST	Holding company	FR	100%	FC
GRAMAT BALARD	Office space	FR	100%	FC
LOCINDUS	Real estate and non-real estate leasing	FR	75%	FC
MAISON FRANCE CONFORT PROU INVESTISSEMENTS	Real estate development	FR	49%	EQ
SEREXIM	Real estate appraisal	FR	100%	FC

Companies	Business	Location(1)	Percentage interest	Consolidation method(2)
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding company	FR	100%	FC
SOCFIM	Bank	FR	100%	FC
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding company	FR	100%	FC
VENDÔME INVESTISSEMENTS	Holding company	FR	100%	FC
VAUBAN MOBILISATIONS GARANTIES (VMG)	Finance company	FR	100%	FC
Banque Palatine Group				
ARIES ASSURANCES	Insurance brokerage	FR	100%	FC
BANQUE PALATINE	Bank	FR	100%	FC
CONSERVATEUR FINANCE	Fund management	FR	20%	EQ
PALATINE ASSET MANAGEMENT	Asset Management	FR	100%	FC
III-4 – CE Holding Promotion subsidiaries				
CE HOLDING PROMOTION	Holding company	FR	100%	FC
HABITAT EN RÉGION SERVICES	Holding company	FR	100%	FC
SACOGIVA	Semi-public company	FR	45%	EQ
SOGIMA	Semi-public company	FR	56%	EQ
III-5 Local savings companies				
227 SOCIÉTÉS LOCALES D'EPARGNE	Cooperative shareholder	FR	100%	FC

(1) Country of location:
BE: Belgium – CG: Congo – CH: Switzerland – CN: China – CM: Cameroon – DJ: Djibouti – FJ: Fiji – FR: France – KH: Cambodia – LA: Laos – LU: Luxembourg – MA: Morocco – MU: Mauritius – MG: Madagascar – NC: New Caledonia – NL: Netherlands – PF: French Polynesia – PL: Poland – PT: Portugal – TH: Thailand – TN: Tunisia – VU: Vanuatu.

(2) Consolidation method:
FC Full consolidation
EQ Equity method
JO Joint operation

(3) Natixis Group:
The Natixis group comprises 325 fully-consolidated entities and 12 entities consolidated using the equity method. Its principal subsidiaries are as follows: Coface, Banque Privée 1818, Natixis Global Asset Management, Natixis North America LLC, Natixis Assurances, Natixis Private Equity and Compagnie Européenne de Garanties et Cautions.

Note 18 Locations by country

18.1 NET BANKING INCOME AND HEADCOUNT BY COUNTRY

	Net banking income *(in millions of euros)*	Profit or loss before tax *(in millions of euros)*	Income tax *(in millions of euros)*	FTE headcount
	Fiscal year 2015			12/31/2015
European Union member states				
Germany	213	87	(30)	713
Austria	26	10	(3)	103
Belgium	22	8	(3)	61
Bulgaria	1	1	0	9
Denmark	11	0	(1)	79
Spain	160	72	(19)	276
France	19,118	4,877	(1,760)	91,232
Great Britain	452	257	(47)	586
Hungary	(1)	0	0	34
Ireland	5	2	1	9
Italy	171	107	(26)	289
Latvia	0	0	0	9
Lithuania	2	1	0	15
Luxembourg	208	129	(18)	259
Netherlands	26	13	(3)	76
Poland	35	23	(4)	238
Portugal	31	5	(1)	151
Czech Republic	2	1	0	7
Romania	7	3	0	92
Slovakia	1	0	0	8
Sweden	3	0	0	13
Rest of Europe				
Jersey	(1)	(1)	0	0
Monaco	12	3	(1)	41
Russia	20	12	(1)	65
Switzerland	34	6	(2)	94
Africa and Mediterranean				
South Africa	5	0	0	59
Algeria	67	23	(6)	754
Cameroon	85	30	(14)	780
Congo	23	8	(4)	220
Djibouti	25	(10)	2	263
United Arab Emirates	10	2	0	56
Mauritius	16	2	0	275
Israel	12	2	(1)	101
Madagascar	30	17	(3)	395
Morocco	(4)	(16)	0	4
Tunisia	39	4	(2)	489
Turkey	3	(4)	0	50

	Net banking income *(in millions of euros)*	Profit or loss before tax *(in millions of euros)*	Income tax *(in millions of euros)*	FTE headcount
	Fiscal year 2015			12/31/2015
North & South America				
Argentina	4	0	0	47
Brazil	8	2	0	97
Canada	6	(4)	2	40
Chile	8	3	0	41
Ecuador	1	(1)	0	23
United States	2,548	841	(343)	2,796
Cayman Islands	2	2	0	0
Mexico	0	(4)	(3)	52
Uruguay	0	0	0	1
Asia/Oceania				
Australia	18	7	0	27
China	15	(12)	3	66
Fiji	4	(2)	0	95
Hong Kong	113	3	(5)	306
India	0	0	0	4
Japan	41	6	(4)	125
Laos	7	1	0	165
Malaysia	1	1	0	5
New Caledonia	71	30	(14)	341
French Polynesia	58	20	(8)	296
Singapore	75	29	(4)	181
Taiwan	2	1	0	20
Thailand	0	0	0	83
Vanuatu	11	5	0	118
Vietnam	2	2	0	53
GROUP TOTAL	**23,868**	**6,604**	**(2,323)**	**102,886**

The headcount means FTE employees working as of the reporting date.

Income tax means the tax payable and deferred tax assets and liabilities, not including taxes other than on income recognized as operating income.

18.2 ENTITY LOCATIONS BY COUNTRY

Country of location	Activities
SOUTH AFRICA	
COFACE SOUTH AFRICA	Insurance
COFACE SOUTH AFRICA SERVICES	Insurance
ALGERIA	
NATIXIS ALGÉRIE	Bank
GERMANY	
AEW EUROPE GERMAN BRANCH	Distribution
COFACE DEBITOREN	Credit information and debt recovery
COFACE DEUTSCHLAND	Credit insurance and related services
COFACE FINANZ	Factoring
COFACERATING HOLDING	Credit information and debt recovery
COFACERATING.DE	Credit information and debt recovery
KISSELBERG	Insurance
NATIXIS FRANCFORT	Finance company
NATIXIS GLOBAL ASSOCIATES GERMANY	Distribution
NATIXIS PFANDBRIEFBANK AG	Credit institution
NGAM SA ZWEIGNIERDERLAASUNG DEUTSCHLAND	Distribution
ARGENTINA	
COFACE ARGENTINA (COFACE SA BRANCH)	Insurance
AUSTRALIA	
COFACE AUSTRALIA (COFACE SA BRANCH)	Insurance
NATIXIS AUSTRALIA PTY LTD	Finance company
NATIXIS GLOBAL ASSOCIATES AUSTRALIA HOLDINGS, LLC	Holding company
NGAM AUSTRALIE	Distribution
AUSTRIA	
COFACE AUSTRIA	Holding company
COFACE CENTRAL EUROPE HOLDING	Holding company
COFACE SERVICES AUSTRIA	Credit information and debt recovery
BELGIUM	
COFACE BELGIUM (COFACE SA BRANCH)	Insurance
COFACE BELGIUM SERVICES HOLDING	Commercial and solvency information
EPBF	Payment institution
IRR INVEST	Private equity
KOMPASS BELGIQUE	Marketing and other services
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
NJR INVEST	Private equity
BRAZIL	
COFACE DO BRASIL SEGUROS DE CREDITO	Credit insurance and related services
NATIXIS BRASIL SA	Finance company
SEGURO BRASILEIRA CE	Credit insurance and related services
BULGARIA	
COFACE BULGARIA (BRANCH)	Insurance
CAMEROON	
BICEC	Bank

Country of location	Activities
CANADA	
COFACE CANADA (COFACE SA BRANCH)	Insurance
NGAM CANADA (FORMERLY NEXGEN) FINANCIAL CORPORATION	Asset Management
NGAM CANADA (FORMERLY NEXGEN) FINANCIAL LIMITED PARTNERSHIP	Asset Management
NGAM CANADA (FORMERLY NEXGEN) INVESTMENT CORPORATION	Asset Management
NGAM CANADA (FORMERLY NEXGEN) LIMITED	Asset Management
NGAM CANADA (FORMERLY NEXGEN) ONTARIO INC	Asset Management
TREZ COMMERCIAL FINANCES LP	Real Estate Financing
CHILE	
COFACE CHILE SA	Insurance
COFACE CHILE (COFACE SA BRANCH)	Insurance
CHINA	
BRD CHINA LTD	Private equity
NATIXIS BEIJING	Finance company
NATIXIS SHANGHAI	Finance company
CONGO	
BCI BANQUE COMMERCIALE INTERNATIONALE	Bank
DENMARK	
COFACE DANMARK (COFACE KREDIT BRANCH)	Insurance
MIDT FACTORING A/S	Factoring
DJIBOUTI	
BCI MER ROUGE	Bank
UNITED ARAB EMIRATES	
NATIXIS DUBAI	Finance company
NGAM MIDDLE EAST	Distribution
ECUADOR	
COFACE ECUADOR (COFACE SA BRANCH)	Insurance
SPAIN	
COFACE IBERICA (COFACE SA BRANCH)	Insurance
COFACE SERVICIOS ESPANA SL	Credit information and debt recovery
NATIXIS LEASE MADRID	Real estate and non-real estate leasing
NATIXIS MADRID	Finance company
NGAM SUCURSAL EN ESPANA	Distribution
UNITED STATES	
AEW CAPITAL MANAGEMENT, INC.	Asset Management
AEW CAPITAL MANAGEMENT, LP	Asset Management
AEW II CORPORATION	Asset Management
AEW PARTNERS III, INC.	Asset Management
AEW PARTNERS IV, INC.	Asset Management
AEW PARTNERS V, INC.	Asset Management
AEW PARTNERS VI, INC.	Asset Management
AEW PARTNERS VII, INC.	Asset Management
AEW REAL ESTATE ADVISORS, INC.	Asset Management
AEW SENIOR HOUSING INVESTORS INC	Asset Management

Country of location	Activities
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset Management
AEW VIA INVESTORS, LTD	Asset Management
AEW VIF INVESTORS II, INC.	Asset Management
AEW VIF INVESTORS, INC.	Asset Management
ALPHASIMPLEX GROUP LLC	Asset Management
ALTERNATIVE STRATEGIES GROUP LLC	Asset Management
AURORA HORIZON FUNDS	Asset Management
AURORA INVESTMENT MANAGEMENT LLC	Asset Management
BLEACHERS FINANCE	Securitization vehicle
CASPIAN CAPITAL MANAGEMENT, LLC	Asset Management
CM REO HOLDINGS TRUST	Secondary market financing
CM REO TRUST	Secondary market financing
COFACE COLLECTION NORTH AMERICA	Credit information and debt recovery
COFACE COLLECTION NORTH AMERICA HOLDING LLC	Credit information and debt recovery
COFACE NORTH AMERICA	Credit insurance and related services
COFACE NORTH AMERICA HOLDING COMPANY	Holding company
COFACE NORTH AMERICA INSURANCE COMPANY	Credit insurance and related services
COFACE SERVICES NORTH AMERICA GROUP	Holding company
CONDUIT VERSAILLES	Securitization vehicle
CREA WESTERN INVESTORS I, INC.	Asset Management
DARIUS CAPITAL PARTNERS USA	Investment advisory services
EPI SLP LLC	Asset Management
EPI SO SLP LLC	Asset Management
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management
HARRIS ALTERNATIVES HOLDING INC	Holding company
HARRIS ASSOCIATES INVESTMENT TRUST	Asset Management
HARRIS ASSOCIATES LP	Asset Management
HARRIS ASSOCIATES SECURITIES, LP	Distribution
HARRIS ASSOCIATES, INC.	Asset Management
KOBRICK FUNDS, LLC	Asset Management
LOOMIS SAYLES & COMPANY, INC.	Asset Management
LOOMIS SAYLES & COMPANY, LP	Asset Management
LOOMIS SAYLES ALPHA, LLC.	Asset Management
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution
LOOMIS SAYLES SOLUTIONS, INC	Asset Management
LOOMIS SAYLES TRUST COMPANY, LLC	Asset Management
MC DONNELL	Asset Management
MC MANAGEMENT, INC.	Holding company
MC MANAGEMENT, LP	Holding company
MSR TRUST	Real Estate Financing
NAM US	Asset Management
NATIXIS ASG HOLDINGS, INC	Distribution

Country of location	Activities
NATIXIS CASPIAN PRIVATE EQUITY LLC	Asset Management
NATIXIS FINANCIAL PRODUCTS LLC	Derivative transactions
NATIXIS FUNDING CORP	Other finance company
NATIXIS GLOBAL ASSET MANAGEMENT HOLDINGS, LLC	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT, LLC	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT, LP	Holding company
NATIXIS INVESTMENT CORP.	Portfolio management
NATIXIS NEW YORK	Finance company
NATIXIS NORTH AMERICA LLC	Holding company
NATIXIS PRIVATE EQUITY CASPIAN IA, LP	Private equity
NATIXIS PRIVATE EQUITY CASPIAN IB, LP	Private equity
NATIXIS REAL ESTATE CAPITAL LLC	Real Estate Financing
NATIXIS REAL ESTATE HOLDINGS LLC	Real Estate Financing
NATIXIS SECURITIES AMERICAS LLC	Trading firm
NATIXIS US HOLDINGS INC	Holding company
NATIXIS US MTN PROGRAM LLC	Issuing vehicle
NGAM ADVISORS, LP	Distribution
NGAM DISTRIBUTION CORPORATION	Distribution
NGAM DISTRIBUTION, LP	Distribution
NGAM INTERNATIONAL, LLC	Distribution
NH PHILADELPHIA PROPERTY LP	Real Estate Financing
PLAZA SQUARE APPARTMENTS OWNERS LLC	Real Estate Financing
REICH & TANG ASSET MANAGEMENT, LLC	Asset Management
REICH & TANG DEPOSIT SOLUTIONS, LLC	Asset Management
REICH & TANG DISTRIBUTORS, INC.	Distribution
REICH & TANG SERVICES, INC.	Asset Management
REICH & TANG STABLE CUSTODY GROUP II LLC.	Asset Management
REICH & TANG STABLE CUSTODY GROUP LLC.	Asset Management
SEEYOND MULTI ASSET ALLOCATION FUND	Asset Management
SNYDER CAPITAL MANAGEMENT, INC.	Asset Management
SNYDER CAPITAL MANAGEMENT, LP	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management
VAUGHAN NELSON TRUST COMPANY	Asset Management
FIJI	
BRED BANK FIJI LTD	Bank
FRANCE	
1818 IMMOBILIER	Office space
227 SOCIÉTÉS LOCALES D'EPARGNE	Cooperative shareholder
339 ÉTAT-UNIS	Office space
50 MUTUAL GUARANTEE COMPANIES	Guarantee company
AAA ACTIONS AGROALIMENTAIRE	Insurance UCITS

Country of location	Activities
ABP ALTERNATIF OFFENSIF	Alternative fund of funds
ABP DIVERSIFIÉ	Insurance UCITS
ACTIFS IMMOBILIERS D'EXPLOITATION	Office space
ADOUR SERVICES COMMUN	Office space
AEW COINVEST	Asset Management
AEW EUROPE SA	Asset Management
AEW EUROPE SGP	Asset Management
AFOPEA	Office space
ALBIANT-IT	IT systems and software consulting
ALLIANCE ENTREPRENDRE	Asset Management
APOUTICAYRE LOGEMENTS	Office space
ARIES ASSURANCES	Insurance brokerage
ATLANTIQUE PLUS	Holding company
AUSSONNELLE DE C	Office space
AXELTIS SA	Holding company
BANQUE BCP SAS	Bank
BANQUE CHAIX	Bank
BANQUE DE LA RÉUNION	Bank
BANQUE DE SAVOIE	Bank
BANQUE DES ANTILLES FRANÇAISES	Bank
BANQUE DES ÎLES SAINT-PIERRE-ET-MIQUELON	Bank
BANQUE DUPUY, DE PARSEVAL	Bank
BANQUE MARZE	Bank
BANQUE PALATINE	Bank
BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE	Bank
BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	Bank
BANQUE POPULAIRE ATLANTIQUE	Bank
BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ	Bank
BANQUE POPULAIRE CÔTE D'AZUR	Bank
BANQUE POPULAIRE DE LOIRE ET LYONNAIS	Bank
BANQUE POPULAIRE DE L'OUEST	Bank
BANQUE POPULAIRE DES ALPES	Bank
BANQUE POPULAIRE DU MASSIF CENTRAL	Bank
BANQUE POPULAIRE DU NORD	Bank
BANQUE POPULAIRE DU SUD	Bank
BANQUE POPULAIRE OCCITANE	Bank
BANQUE POPULAIRE PROVENÇALE ET CORSE	Bank
BANQUE POPULAIRE RIVES DE PARIS	Bank
BANQUE POPULAIRE VAL DE FRANCE	Bank
BANQUE PRIVÉE 1818	Credit institution
BATI LEASE	Real estate leasing
BATI-LEASE INVEST	Office space
BATIMAP	Non-real estate leasing
BATIROC BRETAGNE PAYS DE LOIRE	Real estate and non-real estate leasing
BCEF 64	Office space

Country of location	Activities
BEAULIEU IMMO	Office space
BERGONION	Office space
BIC BRED	Bank
BLEU RÉSIDENCE LORMONT	Office space
BORDELONGUE GODEAS	Office space
BP COVERED BONDS	Refinancing
BP DÉVELOPPEMENT	Private equity
BPA ATOUTS PARTICIPATIONS	Private equity
BPCE ACHATS	Services company
BPCE APS	Service provider
BPCE ASSURANCES	Insurance company
BPCE IMMOBILIER EXPLOITATION	Real estate investment
BPCE INFOGÉRANCE ET TECHNOLOGIE	IT Services
BPCE INTERNATIONAL	Specialized credit institution
BPCE MASTER HOME LOANS DEMUT	French securitization fund (FCT)
BPCE MASTER HOME LOANS FCT	French securitization fund (FCT)
BPCE PRÉVOYANCE (formerly ABP PRÉVOYANCE)	Provident insurance
BPCE RELATION ASSURANCES	Services company
BPCE SA	Holding company
BPCE SERVICES FINANCIERS (formerly CSF-GCE)	Services company
BPCE SFH	Refinancing
BPCE VIE (formerly ABP VIE)	Insurance
BRED – BANQUE POPULAIRE	Bank
BRED COFILEASE	Non-real estate leasing
BRED GESTION	Bank
BTP BANQUE	Bank
BTP CAPITAL CONSEIL	Investment advisory services
BTP CAPITAL INVESTISSEMENT	Private equity
BUREAU DU MANAGEMENT FINANCIER	Finance company
BURODIN	Office space
CAISSE D'EPARGNE ALSACE	Bank
CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES	Bank
CAISSE D'EPARGNE BRETAGNE PAYS DE LOIRE	Bank
CAISSE D'EPARGNE CÔTE D'AZUR	Bank
CAISSE D'EPARGNE D'AUVERGNE ET DU LIMOUSIN	Bank
CAISSE D'EPARGNE DE BOURGOGNE FRANCHE-COMTE	Bank
CAISSE D'EPARGNE DE MIDI-PYRÉNÉES	Bank
CAISSE D'EPARGNE ÎLE-DE-FRANCE	Bank
CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON	Bank
CAISSE D'EPARGNE LOIRE CENTRE	Bank
CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE	Bank
CAISSE D'EPARGNE LORRAINE CHAMPAGNE ARDENNE	Bank
CAISSE D'EPARGNE NORD FRANCE EUROPE	Bank

Country of location	Activities
CAISSE D'EPARGNE NORMANDIE	Bank
CAISSE D'EPARGNE PICARDIE	Bank
CAISSE D'EPARGNE PROVENCE-ALPES-CORSE	Bank
CAISSE D'EPARGNE RHÔNE ALPES	Bank
CAISSE RÉGIONALE CRÉDIT MARITIME ATLANTIQUE	Bank
CAISSE RÉGIONALE CRÉDIT MARITIME BRETAGNE NORMANDIE	Bank
CAISSE RÉGIONALE CRÉDIT MARITIME DE MÉDITERRANÉE	Bank
CAISSE RÉGIONALE CRÉDIT MARITIME RÉGION NORD	Bank
CAISSE RÉGIONALE CRÉDIT MARITIME SUD OUEST	Bank
CAISSE SOLIDAIRE	Finance company
CAPI COURT TERME N°1	Private equity
CAPITOLE FINANCE	Non-real estate leasing
CASDEN – BANQUE POPULAIRE	Bank
CE HOLDING PROMOTION	Holding company
CEBIM	Holding company
CEPAIM SA	Office space
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company
CICOBAIL	Real estate leasing
CLICK AND TRUST	Data processing
CO-ASSUR	Insurance brokerage advisory services
COFACE HOLDING SAS	Holding company
COFACE SA	Credit insurance and related services
COFEG	Consulting
COFIMAB	Real estate agent
COFINPAR	Credit insurance and related services
COGERI	Credit information and debt recovery
COMPAGNIE DE FINANCEMENT FONCIER	Finance company
COMPAGNIE EUROPÉENNE DE GARANTIES ET CAUTIONS	Insurance
CONTANGO TRADING SA	Brokerage firm
CRÉDIT COOPÉRATIF	Bank
CRÉDIT FONCIER DE FRANCE	Bank
CRÉDIT FONCIER EXPERTISE	Real estate appraisal
CRÉDIT FONCIER IMMOBILIER	Office space
CREPONORD	Real estate and non-real estate leasing
CRISTAL IMMO	Office space
DARIUS CAPITAL PARTNERS SAS	Investment advisory services
DELESSERT FCP 2DEC REGPT	BPCE Guarantee and Solidarity fund
DNCA & CIE	Asset Management
DNCA COURTAGE	Asset Management
DNCA FINANCE	Asset Management
DNCA MANAGEMENT	Asset Management
DORVAL FINANCE	Asset Management
ECOFI INVESTISSEMENT	Portfolio management
ELLISPHÈRE	Information
ESFIN GESTION	Portfolio management

Country of location	Activities
ESNI	Securitization company
EURO CAPITAL	Private equity
EURO PRIVATE EQUITY FRANCE (formerly DAHLIA PARTNERS)	Asset Management
EUROTERTIA	Office space
EXPANSINVEST	Private equity
EXPANSO INVESTISSEMENTS	Private equity
FCC ELIDE	French securitization fund (FCT)
FCPR FIDEPPP	Public-private partnership financing
FCT ERIDAN	French securitization fund (FCT)
FCT FAST	French securitization fund (FCT)
FCT LIQUIDITÉ SHORT 1	Securitization vehicle
FCT NATIXIS EXPORT CRÉDIT AGENCY	Securitization vehicle
FCT PUMACC	Consumer credit securitization vehicle
FCT VEGA	French securitization fund (FCT)
FERIA PAULMY	Office space
FILIALES LOCI	Real estate and non-real estate leasing
FIMIPAR	Accounts receivable purchasing
FINANCIÈRE DE LA BP OCCITANE	Holding company
FINANCIÈRE PARTICIPATION BPS	Holding company
FIPROMER	Brokerage and investment services
FONCIER PARTICIPATIONS	Holding company
FONCIÈRE D'ÉVREUX	Office space
FONCIÈRE INVEST	Office space
FONCIÈRE KUPKA	Office space
FONCIÈRE VICTOR HUGO	Holding company
FONDS COLOMBES	UCITS
FRUCTIFONCIER	Insurance real estate investments
FRUCTIFONDS PROFIL 3	Insurance UCITS
FRUCTIFONDS PROFIL 6	Insurance UCITS
FRUCTIFONDS PROFIL 9	Insurance UCITS
G IMMO	Office space
G102	Office space
GARIBALDI CAPITAL DÉVELOPPEMENT	Holding company
GCE CAPITAL	Private equity
GCE COINVEST	Holding company
GCE PARTICIPATIONS	Holding company
GIE CE SYNDICATION RISQUES	Guarantee company
GRAMAT BALARD	Office space
GROUPEMENT DE FAIT	Services company
HABITAT EN RÉGION SERVICES	Holding company
HOLASSURE	Holding company
IBP INVESTISSEMENT	Office space
IMMOCEAL	Real estate investment
IMMO SPORT	Office space
IMMOCARSO SNC	Real estate investment
INCITY	Office space
INFORMATIQUE BANQUES POPULAIRES	IT Services

Country of location	Activities
INGÉNIERIE ET DÉVELOPPEMENT	Holding company
INGEPAR	Investment advisory services
INTERCOOP	Real estate leasing
IT-CE	IT Services
KOMPASS INTERNATIONAL NEUENSCHWANDER	Holding company
LABEGE LAKE H1	Office space
LANGLADE SERVICES	Office space
LANTA PRODUCTION	Office space
LEASE EXPANSION	Operational IT leasing
LEVISEO	Office space
LOCINDUS	Real estate and non-real estate leasing
MIDI COMMERCES	Office space
MIDI FONCIÈRE	Office space
MIDI MIXT	Office space
MIDI PYRÉNÉES PLACEMENT	Mutual fund
MIFCOS	Real estate investment
MIROVA ENVIRONMENT AND INFRASTRUCTURE	Venture capital fund management
MONTAUDRAN PLS	Office space
MULTICROISSANCE SAS	Portfolio management
MURACEF	Mutual insurance
MURET ACTIVITÉS	Office space
NALÉA	Securitization vehicle
NAMI AEW EUROPE	Asset Management
NAMI INVESTMENT	Insurance real estate investments
NATIXIS ALTAIR IT SHARED SERVICES	IT Services
NATIXIS ASSET MANAGEMENT	Asset Management
NATIXIS ASSET MANAGEMENT FINANCE	Holding company
NATIXIS ASSURANCES	Insurance companies holding company
NATIXIS BAIL	Real estate leasing
NATIXIS CAR LEASE	Long-term vehicle leasing
NATIXIS COFICINÉ	Finance company (audio-visual)
NATIXIS CONSUMER FINANCE	Holding company
NATIXIS CONSUMER FINANCE IT	Consumer Credit
NATIXIS ENERGECO	Non-real estate leasing
NATIXIS FACTOR	Factoring
NATIXIS FINANCEMENT	Consumer Credit
NATIXIS FONCIÈRE SA (formerly SPAFICA)	Real estate investment
NATIXIS FORMATION ÉPARGNE FINANCIÈRE	Holding company
NATIXIS FUNDING	Secondary debt market services
NATIXIS GLOBAL ASSET MANAGEMENT	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT PARTICIPATIONS 1	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT PARTICIPATIONS 3	Holding company
NATIXIS HCP	Holding company
NATIXIS IMMO DÉVELOPPEMENT	Housing real estate development
NATIXIS IMMO EXPLOITATION	Office space
NATIXIS INNOV	Holding company

Country of location	Activities
NATIXIS INTERÉPARGNE	Employee savings account management
NATIXIS INTERTITRES	Service vouchers
NATIXIS LEASE	Non-real estate leasing
NATIXIS LEASE IMMO	Real estate leasing
NATIXIS LIFE	Life insurance
NATIXIS LLD	Long-term vehicle leasing
NATIXIS MARCO	Investment company – (extension of activity)
NATIXIS PARTNERS	Bank
NATIXIS PAYMENT SOLUTIONS	Banking services
NATIXIS PRAMEX INTERNATIONAL	International development and consulting services
NATIXIS PRIVATE EQUITY	Private equity
NATIXIS SA	Credit institution
NATIXIS ULTRA SHORT TERM BONDS PLUS	Insurance UCITS
NAXICAP PARTNERS	Venture capital fund management
NAXICAP RENDEMENT 2018	Private equity
NGAM DISTRIBUTION, FRENCH BRANCH	Distribution
NORDRI	Securitization vehicle
NOVA IMMO	Office space
OCEOR LEASE RÉUNION	Non-real estate leasing
OCEORANE	Investment advisory services
OPCI NATIXIS LEASE INVESTMENT	Real estate funds
OSSIAM	Asset Management
OUEST CROISSANCE SCR	Private equity
OXIANE	Real estate and non-real estate leasing
PALATINE ASSET MANAGEMENT	Asset Management
PARNASSE FINANCES	Portfolio management
PARTICIPATIONS BP ACA	Holding company
PERSPECTIVES ET PARTICIPATIONS	Private equity
PHILAE SAS	Office space
PLUSEXPANSION	Holding company
PREPAR COURTAGE	Insurance brokerage
PREPAR-IARD	Non-life insurance
PREPAR-VIE	Life insurance and endowment
PROMEPAR GESTION	Portfolio management
PROVIDENTE SA	Acquisition of equity interests
RANGUEIL CORMIERS	Office space
RIOU	Office space
RIVES CROISSANCE	Holding company
ROISSY COLONNADIA	Office space
SCI ALTAIR 1	Office space
SCI ALTAIR 2	Office space
SCI VALMY COUPOLE	Office space
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	Private equity
SAS FINANCIÈRE DE CHAMPLAIN	Portfolio management
SAS FINANCIÈRE IMMOBILIÈRE 15	Housing real estate development
SAS FONCIÈRE DES CAISSES D'EPARGNE	Real estate investment
SAS FONCIÈRE ECUREUIL	Real estate investment
SAS FONCIÈRE ECUREUIL II	Real estate investment

Country of location	Activities
SAS GCE P.AV IMMOBILIER	Office space
SAS IMMOBILIÈRE NATIXIS BAIL	Real estate leasing
SAS TASTA	Services company
SAS TRITON	Guarantee company
SASU BFC CROISSANCE	Private equity
SAVOISIENNE	Holding company
SBE	Bank
SCA ÉCUFONCIER	Finance company
SCI BPSO	Office space
SCI BPSO 11 MORLAAS	Office space
SCI BPSO BASTIDE	Office space
SCI BPSO CAMBO	Office space
SCI BPSO CONDE SOUVENIR	Office space
SCI BPSO GUJAN	Office space
SCI BPSO LE BOUSCAT	Office space
SCI BPSO LE HAILLAN	Office space
SCI BPSO LESPARRE	Office space
SCI BPSO LIBOURNE EST	Office space
SCI BPSO MARNE	Office space
SCI BPSO MERIGNAC 4 CHEMINS	Office space
SCI BPSO PESSAC	Office space
SCI BPSO PESSAC CENTRE	Office space
SCI BPSO ST AMAND	Office space
SCI BPSO ST ANDRE	Office space
SCI BPSO ST ESPRIT	Office space
SCI BPSO ST PAUL	Office space
SCI BPSO TALENCE	Office space
SCI CHAMPS-ÉLYSÉES	Property management
SCI CREDIMAR	Office space
SCI DANS LA VILLE	Office space
SCI DU CRÉDIT COOPÉRATIF DE SAINT-DENIS	Office space
SCI FAIDHERBE	Office space
SCI FONCIÈRE 1	Real estate investment
SCI GARIBALDI OFFICE	Office space
SCI LA BOÉTIE	Property management
SCI LAFAYETTE BUREAUX	Office space
SCI LE CIEL	Office space
SCI LE RELAIS	Office space
SCI POLARIS	Office space
SCI PYTHEAS PRADO 1	Office space
SCI PYTHEAS PRADO 2	Office space
SCI SACCEF	Property management
SCI SAINT-DENIS	Office space
SCI TOURNON	Office space
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments
SCRIBE BAIL LOGIS SAS	Real estate and non-real estate leasing
SCRIBEURO SAS	Real estate and non-real estate leasing
SEGIMLOR	Office space
SELECTION 1818	Distribution of financial products for IWMAs
SEREXIM	Real estate appraisal
SEVENTURE PARTNERS	Asset Management

Country of location	Activities
SI EQUINOXE	Holding company
SIMC	Holding company
SIPMÉA	Real estate development/management, real estate investment
SMI	Portfolio management
S-MONEY	Electronic payment
SNC ECUREUIL 5 RUE MASSERAN	Real estate investment
SOCFIM	Bank
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding company
SOCIÉTARIAT BP DE L'OUEST	Cooperative shareholder
SOCIÉTARIAT BP DES ALPES	Cooperative shareholder
SOCIÉTARIAT BP DU MASSIF CENTRAL	Cooperative shareholder
SOCIÉTARIAT BP DU NORD	Cooperative shareholder
SOCIÉTARIAT BP LOIRE ET LYONNAIS	Cooperative shareholder
SOCIÉTARIAT BP OCCITANE	Cooperative shareholder
SOCIÉTARIAT BP VAL DE FRANCE	Cooperative shareholder
SOCIÉTÉ CENTRALE DU CRÉDIT MARITIME MUTUEL	Services company
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	Holding company
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding company
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	Holding company
SOFIAG	Finance company
SOFIDER	Finance company
SOPASSURE	Holding company
SPGRES	Holding company
SPIG	Property leasing
SPPICAV AEW FONCIÈRE ECUREUIL	Office space
SUD OUEST BAIL	Real estate leasing
TECHNOCITÉ TERTIA	Office space
TETRIS	Office space
TRANSIMMO	Real estate agent
UNION DES SOCIÉTÉS DU CRÉDIT COOPÉRATIF (GIE)	Services company
VAUBAN MOBILISATIONS GARANTIES (VMG)	Finance company
VECTEUR	Holding company
VEGA INVESTMENT MANAGERS	UCITS management company
VENDÔME INVESTISSEMENTS	Holding company
VIALINK	Data processing
VIVALIS INVESTISSEMENTS	Office space
ZELIS ACTIONS MONDE	Insurance UCITS
GREAT BRITAIN	
AEW EUROPE ADVISORY LTD	Asset Management
AEW EUROPE CC LTD	Asset Management
AEW EUROPE HOLDING LTD	Asset Management
AEW EUROPE INVESTMENT LTD	Asset Management
AEW EUROPE LLP	Asset Management
AEW EUROPE PARTNERSHIP	Asset Management
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management

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Country of location	Activities
AEW GLOBAL LTD	Asset Management
AEW GLOBAL UK LTD	Asset Management
COFACE UK (COFACE SA)	Insurance
COFACE UK HOLDING	Holding company
COFACE UK SERVICES LTD	Credit information and debt recovery
H2O ASSET MANAGEMENT	Asset Management
H2O ASSET MANAGEMENT CORPORATE MEMBER	Asset Management
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management
NATIXIS FUNDING UK LLP	Issuing vehicle
NATIXIS LONDRES	Finance company
NGAM UK LTD	Distribution
HONG KONG	
AEW ASIA LIMITED	Asset Management
COFACE HONG KONG (COFACE SA)	Insurance
NATIXIS ASIA LTD	Other finance company
NATIXIS GLOBAL ASSET MANAGEMENT HONG KONG	Asset Management
NATIXIS HONG KONG	Finance company
HUNGARY	
AEW CENTRAL EUROPE HONGRY	Distribution
COFACE HUNGARY – (COFACE AUSTRIA)	Insurance
CAYMAN ISLANDS	
NATIXIS NEW YORK BRANCH	Finance company
MAURITIUS	
BANQUE DES MASCAREIGNES	Bank
INDIA	
NATIXIS PRAMEX INTERNATIONAL	International development and consulting services
IRELAND	
COFACE IRELAND (COFACE SA BRANCH)	Insurance
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle
NATIXIS CORPORATE SOLUTIONS LTD	Structured finance
NEXGEN CAPITAL LTD	Structured finance
NEXGEN FINANCIAL HOLDINGS LTD	Holding company
NEXGEN REINSURANCE LTD	Reinsurance
ISRAEL	
BUSINESS DATA INFORMATION	Marketing and other services
COFACE HOLDING ISRAËL	Holding company
COFACE ISRAËL	Credit insurance
ITALY	
AEW EUROPE ITALIAN BRANCH	Distribution
COFACE ASSICURAZIONI SPA	Credit insurance and related services
COFACE ITALIA	Holding company
NATIXIS LEASE MILAN	Real estate and non-real estate leasing
NATIXIS MILAN	Finance company
NGAM SA BRANCH ITALIANA	Distribution
JAPAN	
COFACE JAPAN (COFACE SA)	Insurance
NATIXIS ASSET MANAGEMENT JAPAN CO., LTD	Asset Management

Country of location	Activities
NATIXIS JAPAN SECURITIES CO, LTD	Finance company
NATIXIS TOKYO	Finance company
JERSEY	
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle
LAOS	
BANQUE FRANCO LAO	Bank
LATVIA	
COFACE LATVIA INSURANCE (COFACE AUSTRIA)	Insurance
LITHUANIA	
LEID (COFACE AUSTRIA)	Insurance
LUXEMBOURG	
AEW EUROPE SARL (formerly AEW LUXEMBOURG)	Asset Management
BCP LUXEMBOURG	Bank
CODEIS	Private equity
COFACE LUXEMBOURG (COFACE SA BRANCH)	Insurance
CUBE INFRASTRUCTURE MANAGERS (formerly NATIXIS ENVIRONNEMENT ET INFRASTRUCTURES LUXEMBOURG)	Venture capital fund management
DAHLIA A SICAR SCA	Private equity
DNCA LUXEMBOURG	Asset Management
H2O ASSET MANAGEMENT HOLDING	Asset Management
KENNEDY FINANCEMENT LUXEMBOURG	Investment company – asset management
KENNEDY FINANCEMENT LUXEMBOURG 2	Cash management – asset management
LUX EQUIP BAIL	Real estate and non-real estate leasing
NATIXIS ALTERNATIVE ASSETS	Holding company
NATIXIS BANK	Bank
NATIXIS CRÉDIT OPPORTUNITIES I/A EUR	Asset Management
NATIXIS LIFE	Life insurance
NATIXIS LUXEMBOURG INVESTISSEMENTS	Investment company
NATIXIS PRIVATE EQUITY INTERNATIONAL LUXEMBOURG	Private equity holding
NATIXIS REAL ESTATE FEEDER SARL	Investment company
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle
NATIXIS TRUST	Bank
NGAM SA	Distribution
SURASSUR	Reinsurance
MADAGASCAR	
BANQUE MALGACHE DE L'OCÉAN INDIEN	Bank
BM MADAGASCAR	Bank
MALAYSIA	
NATIXIS LABUAN	Finance company
MOROCCO	
BPCE MAROC	Real estate development
BPCE MAROC IMMOBILIER	Real estate development
SKY ELITE TOUR SARL	Real estate development

Country of location	Activities
MEXICO	
COFACE HOLDING AMERICA LATINA	Financial information
COFACE SEGURO DE CREDITO MEXICO	Insurance
NGAM MEXIQUE	Asset Management
NEW CALEDONIA	
BANQUE DE NOUVELLE-CALÉDONIE	Bank
OCEOR LEASE NOUMEA	Non-real estate leasing
SOCIÉTÉ HAVRAISE CALÉDONIENNE	Office space
NETHERLANDS	
COFACE NEDERLAND – (COFACE KREDIT BRANCH)	Insurance
COFACE NEDERLAND SERVICES	Credit information and debt recovery
NGAM NEDERLANDS FILIAL	Distribution
NJR FINANCE BV	Financial Services
PBW REAM	Asset Management
POLAND	
AEW CENTRAL EUROPE	Asset Management
COFACE POLAND (COFACE AUSTRIA BRANCH)	Insurance
COFACE POLAND CMS	Financial information
COFACE POLAND FACTORING	Factoring
TISE	Private equity
FRENCH POLYNESIA	
BANQUE DE TAHITI	Bank
OCEOR LEASE TAHITI	Non-real estate leasing
PORTUGAL	
BANCO PRIMUS	Bank
COFACE PORTUGAL (COFACE SA BRANCH)	Insurance
CZECH REPUBLIC	
AEW CENTRAL EUROPE CZECH	Distribution
COFACE CZECH INSURANCE (COFACE AUSTRIA BRANCH)	Insurance
ROMANIA	
AEW CENTRAL EUROPE ROMANIA	Distribution
COFACE ROMANIA CMS	Insurance
COFACE ROMANIA INSURANCE (COFACE AUSTRIA BRANCH)	Insurance
RUSSIA	
COFACE RUS INSURANCE COMPANY	Credit insurance
NATIXIS MOSCOW	Bank
SINGAPORE	
ABSOLUTE ASIA AM	Asset Management
AEW ASIA PTE LTD	Asset Management
COFACE SINGAPORE (COFACE SA BRANCH)	Insurance

Country of location	Activities
LOOMIS SAYLES INVESTMENTS ASIA PTE LTD	Asset Management
NATIXIS GLOBAL ASSET MANAGEMENT ASIA PTE	Asset Management
NATIXIS SINGAPOUR	Finance company
SLOVAKIA	
COFACE SLOVAKIA INSURANCE (COFACE AUSTRIA BRANCH)	Insurance
SWEDEN	
COFACE SVERIGE (COFACE KREDIT BRANCH)	Insurance
NGAM NORDICS FILIAL	Distribution
SWITZERLAND	
BANQUE DU LEMAN	Bank
BIC BRED (SUISSE) SA	Bank
COFACE RE	Reinsurance
COFACE SWITZERLAND (COFACE SA BRANCH)	Insurance
COFIBRED	Holding company
EURO PRIVATE EQUITY SA	Asset Management
FONDS LAUSANNE	UCITS
NGAM SWITZERLAND SARL	Asset Management
TAIWAN	
COFACE TAIWAN (COFACE SA BRANCH)	Insurance
NGAM SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management
THAILAND	
BRED IT	IT Services
TUNISIA	
ARAB INTERNATIONAL LEASE	Real estate and non-real estate leasing
BANQUE TUNISO KOWEITIENNE	Bank
EL ISTIFA	Debt collection company
MEDAI SA	Real estate development
SOCIÉTÉ DU CONSEIL ET DE L'INTERMÉDIATION FINANCIÈRE	Investment advisory services
TUNIS CENTER	Real estate development
UNIVERS INVEST (SICAR)	Private equity
UNIVERS PARTICIPATIONS (SICAF)	Private equity
TURKEY	
COFACE SIGORTA TURQUIE	Insurance
URUGUAY	
NGAM URUGUAY	Distribution
VANUATU	
BRED VANUATU	Bank
FONCIÈRE DU VANUATU	Real estate investment
VIETNAM	
BPCE INTERNATIONAL HO CHI MINH CITY	Finance company

5.2 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 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 readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BPCE

50, avenue Pierre Mendès-France

75013 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Groupe BPCE;
- the justification of our assessments;
- the specific verification and information required by French law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform 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 and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without prejudice to the conclusion expressed above, we draw your attention to Note 2.2 "Standards", which details the impacts of the first application of IFRIC 21 "Levies", and the accounting change concerning the recognition of the tax amortization of goodwill under deferred taxes.

II. Justification of our assessments

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

CREDIT AND COUNTERPARTY RISK PROVISION

The Group records impairment and provisions to cover the credit and counterparty risks inherent to its activities (Notes 4.1.7, 5.6, 6.7 and 7.1 to the consolidated financial statements). We reviewed the control procedures implemented by the Group to identify risk exposure, monitor credit and counterparty risks, assess the risks of non-recovery and calculate the related impairment and provisions on an individual and portfolio basis.

VALUATION OF FINANCIAL INSTRUMENTS

The Group uses internal models to measure financial instruments that are not quoted in active markets (Notes 4.1.6, 5.5, 6.3 and 6.4 to the consolidated financial statements). We reviewed the control procedures relating to the determination of a particular market as inactive, the validation of the models used and the determination of inputs used.

IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group recognizes impairment on available-for-sale financial assets (Notes 4.1.7, 5.4 and 6.4 to the consolidated financial statements):

- for equity instruments, whenever there is objective evidence of significant or prolonged impairment in the value of these assets;
- for debt instruments, whenever there is a known counterparty risk.

We reviewed the control procedures relating to the identification of evidence of impairment, the valuation of the most significant items, and the estimates leading, where applicable, to the recognition of impairment losses.

INSURANCE-RELATED LIABILITIES

The Group recognizes technical provisions in respect of risks related to insurance contracts (Notes 4.13, 5.17 and 6.5 to the consolidated financial statements). We examined the methodology used to measure these insurance contracts, as well as the main assumptions and inputs used.

GOODWILL IMPAIRMENT

The Group carried out goodwill impairment tests which led, when necessary, to the recognition of impairment (Notes 3.3.3 and 5.13 to the consolidated financial statements). We reviewed the methods and the main inputs and assumptions used when performing these tests, as well as estimates used to recognize any impairment losses.

DEFERRED TAX ASSETS

The Group recognized deferred tax assets, particularly in respect of tax loss carryforwards (Notes 4.12, 5.9 and 6.9 to the consolidated financial statements). We reviewed the main estimates and assumptions that led to the recognition of these deferred tax assets.

PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

The Group records provisions to cover employee benefit obligations (Notes 4.10, 5.18 and 9.2 to the consolidated financial statements). We reviewed the valuation method for these obligations and the main inputs and assumptions 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.

PROVISIONS FOR COMMITMENTS IN HOME SAVINGS ACCOUNTS

The Group records provisions to cover the risk of potentially unfavorable consequences regarding commitments related to home savings plans and accounts. We reviewed the methods used to determine these provisions and verified that Notes 4.5 and 5.18 to the consolidated financial statements provide appropriate disclosures.

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.

Paris La Défense and Neuilly-sur-Seine, March 15, 2016

The Statutory Auditors

Deloitte & Associés	Mazars	PricewaterhouseCoopers Audit
Jean-Marc Mickeler Sylvie Bourguignon	Michel Barbet-Massin Jean Latorzeff	Agnès Hussherr Nicolas Montillot

5.3 IFRS Consolidated Financial Statements of BPCE SA group as at December 31, 2015

5.3.1 Consolidated balance sheet

ASSETS

in millions of euros	*Notes*	**12/31/2015**	**12/31/2014**
Cash and amounts due from central banks	*5.1*	62,745	74,141
Financial assets at fair value through profit or loss	*5.2.1*	176,721	234,393
Hedging derivatives	*5.3*	13,981	14,171
Available-for-sale financial assets	*5.4*	58,462	49,446
Loans and receivables due from credit institutions	*5.6.1*	119,897	126,119
Loans and receivables due from customers	*5.6.2*	219,927	232,458
Revaluation differences on interest rate risk-hedged portfolios		6,359	8,073
Held-to-maturity financial assets	*5.7*	3,716	4,295
Current tax assets		1,082	609
Deferred tax assets	*5.9*	2,939	4,001
Accrued income and other assets	*5.10*	47,897	46,424
Non-current assets held for sale		22	209
Investments in associates	*8.1*	3,324	3,234
Investment property	*5.11*	1,322	1,343
Property, plant and equipment	*5.12*	1,160	1,106
Intangible assets	*5.12*	831	816
Goodwill	*5.13*	3,725	2,972
TOTAL ASSETS		**724,110**	**803,810**

LIABILITIES

in millions of euros	*Notes*	12/31/2015	12/31/2014
Financial liabilities at fair value through profit or loss	*5.2.2*	147,720	205,086
Hedging derivatives	*5.3*	12,513	14,017
Amounts due to credit institutions	*5.14.1*	114,277	119,865
Amounts due to customers	*5.14.2*	83,439	79,619
Debt securities	*5.15*	214,071	239,079
Revaluation differences on interest rate risk-hedged portfolios		1,185	1,503
Current tax liabilities		529	396
Deferred tax liabilities	*5.9*	513	210
Accrued expenses and other liabilities	*5.16*	48,354	46,027
Liabilities associated with non-current assets held for sale		9	106
Insurance companies' technical reserves	*5.17*	53,021	50,754
Provisions	*5.18*	2,641	2,712
Subordinated debt	*5.19*	18,374	15,916
Shareholders' equity		**27,464**	**28,520**
Equity attributable to equity holders of the parent		**19,997**	**21,221**
Share capital and additional paid-in capital		12,582	12,582
Retained earnings		5,073	7,437
Gains and losses recognized directly in other comprehensive income		1,539	478
Net income for the period		803	724
Non-controlling interests	*5.21*	7,467	7,299
TOTAL LIABILITIES AND EQUITY		**724,110**	**803,810**

5.3.2 Consolidated income statement

in millions of euros	*Notes*	**Fiscal year 2015**	**Fiscal year 2014**
Interest and similar income	*6.1*	14,000	14,764
Interest and similar expenses	*6.1*	(11,159)	(11,730)
Commission income	*6.2*	5,859	4,954
Commission expenses	*6.2*	(1,944)	(1,689)
Net gains or losses on financial instruments at fair value through profit or loss	*6.3*	2,085	1,471
Net gains or losses on available-for-sale financial assets	*6.4*	539	528
Income from other activities	*6.5*	7,321	6,760
Expenses from other activities	*6.5*	(6,778)	(6,279)
Net banking income		**9,923**	**8,779**
Operating expenses	*6.6*	(6,893)	(6,342)
Depreciation, amortization and impairment for property, plant and equipment, and intangible assets		(302)	(318)
Gross operating income		**2,728**	**2,119**
Cost of risk	*6.7*	(593)	(453)
Operating income		**2,135**	**1,666**
Share in net income of associates	*8.2*	226	55
Gains or losses on other assets	*6.8*	(47)	75
Change in the value of goodwill	*5.13*	(1)	(51)
Income before tax		**2,313**	**1,745**
Income tax	*6.9*	(962)	(613)
Net income		**1,351**	**1,132**
Non-controlling interests	*5.23*	(548)	(408)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**803**	**724**

5.3.3 Comprehensive income

in millions of euros	Fiscal year 2015	Fiscal year 2014
Net income	**1,351**	**1,132**
Revaluation differences on defined-benefit pension schemes	101	(140)
Tax impact of revaluation differences on defined-benefit pension schemes	(36)	49
Share of gains and losses recognized directly in other comprehensive income of associates that cannot be reclassified in income	(1)	(14)
Items that cannot be reclassified in income	**64**	**(105)**
Foreign exchange rate adjustments	470	607
Change in the value of available-for-sale financial assets	692	532
Change in the value of hedging derivatives	83	(465)
Income taxes	(62)	(20)
Share of gains and losses recognized directly in other comprehensive income of associates that can be reclassified in income	(12)	188
Items that can be reclassified in income	**1,171**	**842**
Gains and losses recognized directly in other comprehensive income (after income tax)	**1,235**	**737**
COMPREHENSIVE INCOME	**2,586**	**1,869**
Attributable to equity holders of the parent	1,893	1,246
Non-controlling interests	693	623

5.3.4 Statement of changes in equity

	Share capital and additional paid-in capital			
in millions of euros	Share capital	Additional paid-in capital	Perpetual deeply subordinated notes	Retained earnings
SHAREHOLDERS' EQUITY AT JANUARY 1, 2014	**156**	**12,751**	**3,532**	**4,854**
Dividend payments		(325)		
Capital increase				
Buyback of deeply subordinated notes			(246)	(225)
Interest on deeply subordinated notes				(219)
Impact of acquisitions and disposals on non-controlling interests[1]				(233)
Total activity arising from relations with shareholders		**(325)**	**(246)**	**(677)**
Gains and losses recognized directly in other comprehensive income				
Income				
Comprehensive income				
Other changes				(26)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2014	**156**	**12,426**	**3,286**	**4,151**
Allocation of net income for 2014				724
Change of method - IFRIC 21[2]				18
SHAREHOLDERS' EQUITY AT JANUARY 1, 2015	**156**	**12,426**	**3,286**	**4,893**
Dividend payments				(350)
Capital increase				
Buyback of deeply subordinated notes			(1,891)	(208)
Interest on deeply subordinated notes				(144)
Impact of acquisitions and disposals on non-controlling interests[3]				(178)
Total activity arising from relations with shareholders			**(1,891)**	**(880)**
Gains and losses recognized directly in other comprehensive income				
Income				
Comprehensive income				
Other changes[4]				(335)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2015	**156**	**12,426**	**1,395**	**3,678**

(1) In 2014, the dilution – without loss of control – of sub-group Coface had an adverse impact of €99 million on equity attributable to equity holders of the parent, with €71 million recognized in retained earnings and €28 million in gains and losses recognized directly in equity, as well as the recognition of €1,023 million in non-controlling interests, with €28 million recognized in gains and losses recognized directly in equity.

(2) The application of IFRIC 21 as at January 1, 2015 had an impact, net of deferred taxes, of +€18 million on equity attributable to equity holders of the parent and +€5 million on non-controlling interests (see Note 2.2).

(3) The stock options granted by Natixis to the minority shareholders of DNCA France (see Note 1.3) and Natixis Partners are booked in equity for -€189 million (-€135 million attributable to equity holders of the parent and -€54 million attributable to non-controlling interests).

(4) o/w -€424 million (-€303 million attributable to equity holders of the parent and -€121 million attributable to non-controlling interests) related to the recognition of a deferred tax liability on the tax amortization of goodwill (see Note 2.2).

Gains and losses recognized directly in other comprehensive income							
		Change in fair value of financial instruments					
Foreign exchange rate adjustments	Revaluation differences on employee benefits	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated equity
(200)	**(55)**	**425**	**(214)**		**21,249**	**5,770**	**27,019**
					(325)	(168)	(493)
						41	41
					(471)		(471)
					(219)		(219)
					(233)	1,072	839
					(1,248)	**945**	**(303)**
448	(77)	464	(313)		522	215	737
				724	724	408	1,132
448	**(77)**	**464**	**(313)**	**724**	**1,246**	**623**	**1,869**
					(26)	(39)	(65)
248	**(132)**	**889**	**(527)**	**724**	**21,221**	**7,299**	**28,520**
				(724)			
					18	5	23
248	**(132)**	**889**	**(527)**		**21,239**	**7,304**	**28,543**
					(350)	(386)	(736)
						1	1
					(2,099)		(2,099)
					(144)		(144)
					(178)	5	(173)
					(2,771)	**(380)**	**(3,151)**
285	49	592	164		1,090	145	1,235
				803	803	548	1,351
285	**49**	**592**	**164**	**803**	**1,893**	**693**	**2,586**
(29)					(364)	(150)	(514)
504	**(83)**	**1,481**	**(363)**	**803**	**19,997**	**7,467**	**27,464**

5.3.5 Consolidated cash flow statement

in millions of euros	Fiscal year 2015	Fiscal year 2014
Income before tax	**2,313**	**1,745**
Net depreciation and amortization of property, plant and equipment, and intangible assets	364	375
Goodwill impairment	1	51
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	2,873	2,292
Share in net income of associates	(134)	37
Net cash flows generated by investing activities	(476)	(526)
Income/expense from financing activities	137	0
Other changes	904	1,827
Total non-monetary items included in net income before tax	***3,669***	***4,056***
Net increase or decrease arising from transactions with credit institutions	(12,269)	(2,128)
Net increase or decrease arising from transactions with customers	15,059	(21,883)
Net increase or decrease arising from transactions involving financial assets and liabilities	(34,855)	25,424
Net increase or decrease arising from transactions involving non-financial assets and liabilities	242	216
Income taxes paid	(43)	(235)
Net increase (decrease) in assets and liabilities resulting from operating activities	***(31,866)***	***1,394***
Net cash flows generated by operating activities (A)	**(25,884)**	**7,195**
Net increase or decrease related to financial assets and equity investments	378	805
Net increase or decrease related to investment property	113	(35)
Net increase or decrease related to property, plant and equipment, and intangible assets	(365)	(137)
Net cash flows generated by investing activities (B)	**126**	**633**
Net increase or decrease arising from transactions with shareholders(1)	(3,186)	(1,353)
Other increases or decreases generated by financing activities(2)	2,383	6,191
Net cash flows generated by financing activities (C)	**(803)**	**4,838**
Impact of changes in exchange rates (D)	**3,274**	**4,367**
TOTAL NET CASH FLOWS (A+B+C+D)	**(23,287)**	**17,033**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	74,142	51,726
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts(3)	7,145	6,119
Demand accounts and loans	900	1,524
Demand accounts in credit	(17,328)	(10,196)
Demand repurchase agreements	(2,133)	(3,480)
Opening cash and cash equivalents	**62,726**	**45,693**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	62,745	74,142
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts(3)	6,992	7,145
Demand accounts and loans	255	900
Demand accounts in credit	(28,244)	(17,328)
Demand repurchase agreements	(2,309)	(2,133)
Closing cash and cash equivalents	**39,439**	**62,726**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(23,287)**	**17,033**

(1) Cash flows from or to the shareholders mainly include:
- *the redemption of deeply subordinated notes recorded in equity for -€2,099 million (-€471 million in 2014);*
- *interest paid on deeply subordinated notes recorded in equity for -€184 million (-€430 million in 2014);*
- *dividend payouts amounting to -€736 million (-€493 million in 2014).*

(2) Cash flows from financing activities mainly include:
- *the impact of issuances of subordinated notes and loans for +€3,787 million (+€6,868 million in 2014);*
- *the impact of redemptions of subordinated notes and loans for -€1,246 million (-1,800 million in 2014).*

(3) Current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with the Caisse des Dépôts et Consignations.

5.3.6 Notes to the financial statements of BPCE SA group

Note 1 General background

1.1 GROUPE BPCE

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

The two banking networks: the Banque Populaire banks and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose shareholders own the two local retail banking networks: the 18 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the Mutual Guarantee Companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies.

The Banque Populaire banks are wholly-owned by their cooperative shareholders.

The capital of the Caisses d'Epargne is wholly-owned by the local savings companies (LSCs). Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to law No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 18 Banque Populaire banks and the 17 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banque Populaire banks and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 71.25%-owned listed company that combines Investment Solutions, Corporate and Investment Banking and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier, Banque Palatine and BPCE International);
- subsidiaries and Equity interests.

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the Group and its associates, and to organize financial support within the Banque Populaire and Caisse d'Epargne networks.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the Group and each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire network Fund and the Caisse d'Epargne Network Fund and has put in place the Mutual Guarantee Fund.

The **Banque Populaire network Fund** was formed by a deposit made by the Banks of 450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisse d'Epargne network Fund** by the Caisses of 450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €181 million as of December 31, 2015, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total risk-weighted assets of the Group.

The booking of deposits in the institutions' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

The Mutual Guarantee Companies *(sociétés de caution mutuelle)*, whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and capital adequacy guarantee of the Banque Populaire banks with which they are jointly licensed in accordance with Article R. 515-1 of the French Monetary and Financial Code.

The liquidity and capital adequacy of the Caisses de Crédit Maritime Mutuel are guaranteed in respect of each individual Caisse, by the Banque Populaire bank which is both the core shareholder and provider of technical and operational support for the Caisse in question to the partner Banque Populaire bank.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne which is the shareholder of the local savings company in question.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

Acquisitions of equity interests: DNCA Finance

In 2015 Natixis finalized the acquisition of asset manager DNCA Finance, *via* Natixis Global Asset Management (NGAM), thus broadening NGAM's retail client expertise.

NGAM held 70.7% of DNCA Finance's share capital at December 31, 2015. Management remains a shareholder alongside NGAM and will have the option to exit starting in 2016 which, if exercised, would allow NGAM to gradually increase its ownership up to 100%.

Through NGAM, Natixis exercises control over DNCA Finance, within the meaning of IFRS 10, and fully consolidates the entity.

This acquisition generated goodwill, calculated according to the partial goodwill method, of €580 million.

Disposal of exposures to Heta Asset Resolution

On March 1, 2015, the Austrian financial market authority (FMA-Finanzmarktaufsicht) published an administrative ruling ordering the resolution of Heta Asset Resolution AG under the Federal Act on the Recovery and Resolution of Banks *(Bundesgesetz über die Sanierung und Abwicklung von Banken)* applicable since January 1, 2015. This bank, formerly named Hypo Alpe Adria Bank International AG, managed the workout portfolio assets of Hypo Alpe Adria. The ruling applies a temporary moratorium on a substantial portion of Heta Asset Resolution AG's liabilities (principal and interest) until May 31, 2016.

BPCE SA group's exposure to Heta Asset Resolution AG (carried by Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier), consisting of bonds initially issued by Hypo Alpe Adria and covered by a guarantee provided by the Austrian Land of Carinthia, totaled €260 million at that date (nominal value).

In the first quarter of 2015, following the moratorium on the bank's debt, the Group recorded a provision for 50% of the nominal amount of the shares. Another provision totaling -€142 million was booked for all the accrued interest and revaluations of positive interest rate components.

In the second quarter, pursuant to its risk management policy, Compagnie de Financement Foncier sold its entire exposure to Heta. As the selling price of the shares was higher than the amount of the provision, a reversal of +€38 million was recorded. The overall impact was a net expense of -€104 million to cost of risk.

Framework Protocol Agreement between Groupe BPCE and CNP Assurances

In 2014, Groupe BPCE and CNP Assurances signed a preliminary memorandum of understanding laying down the terms of implementation of the renewed partnership as from January 1, 2016. Subsequent discussions led to the drafting of a Framework Protocol Agreement and the specific contracts provided for in this protocol ("the New Partnership Agreements"), which were authorized by the Supervisory Board at its meeting of February 18, 2015 and approved by the Annual General Shareholders' Meeting of May 22, 2015.

The new agreements were required owing to the expiry of existing distribution agreements between CNP Assurances and Groupe BPCE on December 31, 2015, and Groupe BPCE's decision to assign to Natixis Assurances the design and management of all savings and pension funds distributed by the Caisse d'Epargne network as of January 1, 2016.

The partnership, which covers a seven year period from January 1, 2016, provides for the following:

- the establishment of an exclusive collective payment protection insurance partnership between CNP Assurances and Natixis Assurances on the one hand, and all the Groupe BPCE networks on the other. This partnership is based on a co-insurance agreement (66% for CNP Assurances and 34% for Natixis Assurances);
- the implementation of specific provident insurance partnerships with (i) an offer from CNP Assurances covering the main collective provident insurance guarantees for Groupe BPCE's professional and corporate customers, coupled with a dependency component; and (ii) a targeted partnership for dependency and tenant guarantees as part of the individual provident insurance range;
- a gradual withdrawal by CNP Assurances from the savings and pension fund activities performed with the Caisses d'Epargne, including the progressive phasing out of new subscriptions in 2016, the ongoing collection of subsequent payments into existing contracts and provisions to align the interests of CNP Assurances and Groupe BPCE regarding the management of existing policy assets. Outstanding savings contracted with the Caisses d'Epargne have been transferred to Natixis Assurances under a 10% quota share reinsurance agreement, including related transfers.
- Conversely, CNP Assurances reinsures 40% of new euro pension fund contracts distributed by Caisse d'Epargne network and issued by Natixis over the period 2016-2019.

These agreements had no material impact on BPCE SA group's consolidated financial statements at December 31, 2015.

1.4 POST-BALANCE SHEET EVENTS

Acquisition of a majority stake in US advisory firm Peter J. Solomon Company

On February 10, 2016, Natixis announced the acquisition of a majority stake in US advisory firm Peter J. Solomon Company (PJSC). Peter J. Solomon and his partners will continue their activity and will retain a material position in the company. Peter J. Solomon Company was established in 1989 to provide independent advice on mergers & acquisitions, capital structure and restructuring to public and private corporations. The company comprises some 50 bankers and has advised on more than 500 transactions since its inception. The acquisition of PJSC will further the development of Natixis group's Americas platform.

Note 2 Applicable accounting standards and comparability

2.1 REGULATORY FRAMEWORK

In accordance with EC regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the Group prepared its consolidated financial statements for the fiscal year ended December 31, 2015 under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable at that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting[1].

2.2 STANDARDS

The standards and interpretations used and detailed in the annual financial statements as at December 31, 2014 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2015, and, more specifically:

Accounting change related to the first application of IFRIC 21 "Levies"

BPCE SA group began applying IFRIC 21 "Levies" as of January 1, 2015. This interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for a debt related to levies imposed by a government. The entity must only recognize this debt at the date on which the activity that triggers its payment, in accordance with legislation, takes place. If the obligating event occurs over a period of time, the liability is recognized progressively over the same period. If the obligation to pay is triggered by reaching a certain threshold, the liability is only recognized when that threshold is reached. Finally, if the obligation to pay arises at January 1, it must be recognized from that date.

The impacts of IFRIC 21 at the date of first application, *i.e.* January 1, 2014, are recorded retrospectively as follows:

- the Social Security and Solidarity Contribution (C3S) is now recognized at the date of the triggering event (January 1), rather than the year in which the income was earned. The cancellation of the provision booked at December 31, 2013, with a corresponding entry to shareholders' equity, impacted the opening balance sheet at January 1, 2014;
- the C3S expense impacted income for fiscal year 2014.

The impacts of IFRIC 21 on the consolidated balance sheet at December 31, 2014, were not material and mainly affected equity attributable to equity holders of the parent for an amount of +€18 million (net of deferred tax) with a corresponding entry to accrued expenses and other liabilities and to deferred tax assets.

Accounting change in the recognition of tax amortization of goodwill under deferred taxes

The accounting treatment of tax amortization of goodwill recognized on the 2000 acquisition of sub-group Nvest by Ixis Asset Management was reviewed over the period.

Note: in accordance with US tax law, this goodwill is amortized for tax purposes over 15 years, generating a temporary difference between the carrying amount of goodwill (which cannot be amortized) and its tax base (amortized over time).

In 2005, when IFRS were implemented, it was determined that this difference could only be reversed in the event NGAM sold its shares in the US holding company or in the event of the partial disposal of shares in affiliates, in the form of an equity deal carried out from France. The resulting capital gains were generated and taxed in France.

Consequently, under IAS 12.51 which takes into account the method used to settle/recover the value of the related assets to measure deferred tax assets and liabilities, the accounting treatment applied up to now in the Group's consolidated financial statements was to use the tax rate applicable to long-term capital gains.

IFRIC's July 2014 publication, in its Interpretations Committee Agenda Decisions, of additional information on IAS 12 "Income Taxes" provided a clarification leading to the consideration that, starting with § 51 of IAS 12 which takes into account the method for recovering or settling assets (in this case, the disposal of shares from France), a deferred tax liability should be recorded both on the temporary difference relating to the asset (in this case goodwill) in the subsidiary, on an inside basis, and the temporary difference relating to the consolidated shares (outside basis), arising from the difference between the consolidated carrying amount of the shares under IFRS and their tax base (where the company does not control the reversal of this difference).

The application of this accounting change resulted in the recognition of a deferred tax liability at January 1, 2015 in the amount of €424 million with a corresponding reduction in shareholders' equity (-€383 million in retained earnings and -€41 million in foreign exchange rate adjustments) for deferred tax on an inside basis, as explained above. A deferred tax liability expense was also recorded in respect of 2015 (last year of amortization) for -€33 million. The Group will continue not recognizing deferred tax liabilities on an outside basis insofar as it controls the reversal of the temporary difference.

The impact of this change on shareholders' equity at December 31, 2014 was -€424 million, of which -€347 million in retained earnings, -€41 million in foreign exchange rate adjustments and an additional tax expense of -€36 million on fiscal year 2014.

This impact was divided up between equity holders of the parent (-€303 million) and non-controlling interests (-€121 million).

Including this impact, equity attributable to equity holders of the parent would thus have amounted to €20,818 million at December 31, 2014, *versus* a reported amount of €21,221 million.

As this impact was not material, the comparative periods presented in the financial statements have not been altered.

The other standards, amendments and interpretations adopted by the European Union did not have a material impact on the Group's financial statements.

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(1) *These standards are available on the website of the European Commission at the following URL: http://ec.europa.eu/finance/company-reporting/index_en.htm*

New IFRS 9

In July 2014, the IASB published the complete and final version of IFRS 9 "Financial Instruments", the application of which will become mandatory and replace IAS 39 as of January 1, 2018. This new standard introduces:

- for financial assets, a new classification approach based on the type of instrument (debt instrument or equity instrument). For debt instruments, the standard reviews the separation between amortized cost/fair value, based on the asset management model and the characteristics of contractual cash flows. Thus, only instruments with simple or standard characteristics are eligible to be measured at amortized cost (if they are managed under a business model whose objective is to hold financial assets to collect contractual cash flows) or at fair value through other comprehensive income (if they are managed under a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets);
- for financial liabilities at fair value through profit and loss, the obligation to record changes in fair value relating to the entity's own credit risk in other comprehensive income (with certain exceptions);
- a single, forward-looking, impairment model based on expected losses on all portfolios measured at amortized cost or at fair value through other comprehensive income (reclassified);
- an improved hedge accounting model, to better link the economics of risk management with its accounting treatment.

Although IFRS 9 has yet to be adopted for use by the European Union, as of the first quarter of 2015, due to the scale of changes to be introduced under this standard, BPCE SA group began standard analyses and operational breakdowns under a project bringing together all the affected business lines and support functions. This project will continue in 2016 with, in particular, the launch of the necessary IT developments to ensure the correct implementation of the standard.

2.3 USE OF ESTIMATES

Preparation of the financial statements requires Management to make estimates and assumptions in certain areas with regard to uncertain future events.

These estimates are based on the judgement of the individuals preparing these financial statements and the information available at the balance sheet date.

Actual future results may differ from these estimates.

Specifically with respect to the financial statements for the period ended December 31, 2015, the accounting estimates involving assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 4.1.6);
- the amount of impairment of financial assets, and more specifically permanent impairment losses on available-for-sale assets and impairment losses applicable to loans and receivables on an individual basis or calculated on the basis of portfolios (Note 4.1.7);
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 4.5) and provisions for insurance policies (Note 4.13);
- calculations related to the cost of pensions and future employee benefits (Note 4.10);
- deferred tax assets and liabilities (Note 4.12);
- goodwill impairment testing (Note 5.13).

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows recommendation No. 2013-04 issued by the *Autorité des normes comptables* (ANC – French national accounting standards authority) on November 7, 2013.

The consolidated financial statements are based on the financial statements at December 31, 2015. The Group's consolidated financial statements for the period ended December 31, 2015 were approved by the Management Board on February 4, 2016. They will be presented to the Annual General Shareholders' Meeting on May 27, 2016.

Note 3 Consolidation principles and methods

3.1 SCOPE OF CONSOLIDATION – CONSOLIDATION AND VALUATION METHODS

BPCE SA group's consolidated financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements.

The scope of entities consolidated by BPCE SA group is described in Note 17 – Scope of consolidation.

3.1.1 Entities controlled by the Group

The subsidiaries controlled by BPCE SA group are fully consolidated.

Definition of control

Control exists when the Group has the power to govern an entity's relevant activities, when it is exposed or entitled to variable returns due to its links with the entity and has the ability to exercise its power over the entity to influence the amount of returns it obtains.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the control exercised. These potential voting rights may result, for example, from share call options traded on the market, debt or equity instruments that are convertible into ordinary shares, or equity warrants attached to other financial instruments. However, potential voting rights are not taken into account to calculate the percentage of ownership.

Exclusive control is presumed to exist when the Group holds directly or indirectly either the majority of the subsidiary's voting rights, or at least half of an entity's voting rights and a majority within the management bodies, or is in a position to exercise significant influence.

Specific case of structured entities

Entities described as structured entities are those organized in such a way that voting rights are not a key criterion when determining who has control. This is the case in particular when voting rights only apply to administrative duties and relevant activities are managed through contractual agreements.

A structured entity frequently exhibits some or all of the following characteristics:

(a) well-defined activities;

(b) a specific and well-defined aim, for example: implementing a tax-efficient lease, carrying out research and development, providing an entity with a source of capital or funding, or providing investors with investment options by transferring associated risk and advantages to the structured entity's assets;

(c) insufficient equity for the structured entity to finance its activities without subordinated financial support;

(d) financing through the issue, to investors, of multiple instruments inter-related by contract and which create concentrations of credit risk or other risks ("tranches").

The Group therefore uses, among others, collective investment vehicles within the meaning of the French Monetary and Financial Code and equivalent bodies governed by foreign law as structured entities.

Full consolidation method

The full consolidation of a subsidiary in the Group's consolidated financial statements begins at the date on which the Group takes control and ends on the day on which the Group loses control of this entity.

The portion of interest which is not directly or indirectly attributable to the Group corresponds to a non-controlling interest.

Income and all components of other comprehensive income (gains and losses recognized directly in other comprehensive income) are divided between the Group and non-controlling interests. The comprehensive income of subsidiaries is divided between the Group and non-controlling interests, including when this division results in the allocation of a loss to non-controlling interests.

Changes to the percentage of interest in subsidiaries that do not lead to a change in control are recognized as transactions affecting equity.

The effects of these transactions are recognized in equity at their after-tax amount and therefore do not impact consolidated income attributable to equity holders of the parent.

Exclusion from the scope of consolidation

Non-material controlled entities are excluded from the scope in accordance with the principle set out in Note 17.5.

Employee pension funds and supplementary health insurance plans are excluded from the scope of consolidation insofar as IFRS 10 does not apply to either post-employment benefit funds or other long-term employee benefit plans to which IAS 19, "Employee Benefits", applies.

Likewise, interests acquired with a view to their subsequent short-term disposal are recorded as available for sale and recognized in accordance with the provisions of IFRS 5 "Non-current assets held in view of sale and discontinued activities".

3.1.2 Investments in Associates and Joint Ventures

Definitions

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control or joint control over those policies. It is presumed to exist if the Group holds, directly or indirectly, 20% or more of the voting rights of an entity.

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights over its net assets.

Joint control is the contractually agreed sharing of control over a company, which exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Equity method

Income, assets and liabilities of investments in associates and joint ventures are accounted for in the Group's consolidated financial statements using the equity method.

An investment in an associate or a joint venture is initially recognized at its acquisition cost and subsequently adjusted for the Group share in the income and other comprehensive income of the associate or joint venture.

The equity method is applied from the date on which the entity becomes an associate or a joint venture. On the acquisition of an associate or a joint venture, the difference between the cost of investment and the Group's share in the net fair value of the entity's identifiable assets and liabilities are recognized in goodwill. When the net fair value of the entity's identifiable assets and liabilities is higher than the cost of investment, the difference is recognized in income.

The share of net income of entities accounted for under the equity method is included in the Group's consolidated income.

When a group entity carries out a transaction with a group joint venture or associate, the profit and loss resulting from this transaction is recognized in interests held by third parties in the associate or joint venture.

The provisions of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether impairment testing is required for its investment in an associate or joint venture. If necessary, the total carrying amount of the investment (including goodwill) is subject to impairment testing according to the provisions of IAS 36 "Impairment of Assets".

Exception to the equity method

When the investment is held by a venture capital organization, an investment fund, an investment company with variable share capital or a similar entity such as an insurance asset investment fund, the investor may choose not to recognize the investment using the equity method. Revised IAS 28 authorizes, in this case, the investor to recognize the investment at its fair value (with changes in fair value recognized in income) in accordance with IAS 39.

These investments are therefore recognized as "Financial assets at fair value through profit or loss".

The Natixis Group's private equity subsidiaries have chosen to measure the relevant holdings in this way, considering that this valuation method provides more relevant information.

3.1.3 Investments in joint activities

Definition

A joint activity is a partnership where parties that have joint control over an entity have direct rights over the assets, and obligations for liabilities, of this entity.

Accounting treatment of joint activities

An investment in a joint enterprise is accounted for by integrating all interests held in the joint activity, *i.e.* the entitled share in each asset and liability and item of comprehensive income. These interests are allocated by nature to the various lines of the consolidated balance sheet, consolidated income statement and the statement of net income and gains and losses recognized directly in other comprehensive income.

3.2 CONSOLIDATION RULES

The consolidated financial statements are prepared using uniform accounting policies for reporting similar transactions in comparable circumstances. Where material, consolidation adjustments are made to ensure the consistency of the measurement methods applied by consolidated entities.

3.2.1 Foreign currency translation

The consolidated financial statements are expressed in euros.

Balance sheet items of foreign subsidiaries and branches whose functional currency is not the euro are translated using the exchange rate in force at the balance sheet date. Income and expense items are translated at the average exchange rate for the period, which is the approximate value of the transaction price if there are no significant fluctuations.

Foreign exchange rate adjustments arise from a difference in:

- net income for the period translated at the average rate and at the closing rate;
- equity (excluding net income for the period) translated at the historic exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent is recorded in equity under "Foreign exchange rate adjustments" and the portion attributable to minority shareholders under "Non-controlling interests".

3.2.2 Elimination of intragroup transactions

The impact of intercompany transactions on the consolidated balance sheet and consolidated income statement is eliminated. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses from asset disposals resulting in impairment are maintained.

3.2.3 Business combinations

Transactions completed before January 1, 2010

All business combinations are accounted for by applying the purchase method, except business combinations involving two or more mutual insurers or entities under joint control, as these transactions are explicitly excluded from the scope of the previous version of IFRS 3.

The cost of a business combination is the aggregate amount of the fair values at the date of acquisition of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the entity, plus any costs directly attributable to the business combination.

All identifiable assets, liabilities, and contingent liabilities of the acquiree are recognized at fair value at the acquisition date. The initial measurement of a business combination may be adjusted within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the business combination and the acquirer's share in the assets, liabilities and any liabilities at fair value. Goodwill is recognized in the acquirer's balance sheet and negative goodwill is recognized immediately in income.

In the event that the Group changes its interest in an entity it already controls, the transaction gives rise to the recognition of additional goodwill, which is determined by comparing the cost of the shares with the Group's share of the net assets acquired.

Goodwill is recognized in the functional currency of the acquiree and is translated at the closing exchange rate.

On the acquisition date, goodwill is allocated to one or more cash generating units (CGUs) likely to enjoy the benefits of the acquisition. Cash-generating units have been defined within the Group's core businesses so as to represent the lowest level within an activity used by Management to monitor ROI.

Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that it may be impaired.

Impairment tests consist in comparing the carrying amount of each CGU or group of CGUs (including allocated goodwill) with its recoverable amount, *i.e.* the higher of the fair value of the unit and its value in use.

The fair value less costs to sell is defined as the fair value of the amount, less costs, for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, on the basis of available market information and taking account of any specific circumstances. This estimate is based on available market information and takes account of any specific circumstances. The value in use of each CGU is calculated using the most appropriate method, although generally with reference to the present value of estimated future cash flows.

A permanent impairment loss is recognized in income if the carrying amount of the CGU exceeds its recoverable amount.

Transactions completed after January 1, 2010

The treatments described were amended as follows by revised IFRS 3 and IAS 27:

- combinations between mutual insurers are now included within the scope of IFRS 3;
- costs directly linked to business combinations are now recognized in net income for the period;
- contingent considerations payable are now included in the acquisition cost at their fair value at the date of acquisition of a controlling interest in an entity, even if they are only potential. Depending on the settlement method, transferred considerations are recognized against:
  - capital and later price revisions will not be booked,
  - or debts and later adjustments are recognized against income (financial debts) or according to the appropriate standards (other debts outside the scope of IAS 39);

- on an entity's acquisition date, non-controlling interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to non-controlling interests),
  - or at the share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to December 31, 2009).

The choice between these two methods must be made for each business combination.

Whatever method chosen when the acquisition is made, increases in the percentage interest in an entity already controlled are systematically recognized in capital:

- when an entity is acquired, any share previously held by the Group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, the goodwill is determined by referring to the fair value at the acquisition date;
- when the Group loses control of a consolidated company, any share previously held by the Group must be revalued at fair value through profit or loss.

3.2.4 Commitments to buy out non-controlling interests (written puts)

The Group has entered into commitments with minority shareholders of certain fully consolidated companies to buy out their shares.

In accordance with IAS 32, when minority shareholders are granted written puts for their investment, their share of the net assets of subsidiaries should be treated as debt and not as equity.

The difference between this commitment and non-controlling interests, which are the counterpart of debt, is recognized differently according to whether the commitments to buy out non-controlling interests were concluded before January 1, 2010, which is when IFRS 3 and IAS 27 came into force (recognition in goodwill), or afterwards (recognition in equity).

3.2.5 Consolidated entities' balance sheet date

The entities included in the scope of consolidation close their accounts on December 31.

Note 4 Accounting principles and measurement methods

4.1 FINANCIAL ASSETS AND LIABILITIES

4.1.1 Loans and receivables

Amounts due from credit institutions and customers and certain investments not quoted in an active market are generally recorded in "Loans and receivables" (see Note 4.1.2).

Loans and receivables are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortized cost.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

A discount is applied to loans restructured following a loss event as defined by IAS 39, to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of risk" in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. The restructured loan is reclassified as performing based on expert opinion when no uncertainty remains as to the borrower's capacity to honor the commitment.

External costs consist primarily of commissions paid to third parties in connection with the arrangement of loans. They essentially comprise commissions paid to business partners.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). Commitment fees received on financing commitments that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

4.1.2 Securities

Securities recorded as assets are classified into four categories as defined by IAS 39:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss

This asset category includes:

- financial assets held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term; and
- financial assets that the Group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IAS 39.

The qualifying criteria used when applying this option are described in Note 4.1.4 "Financial assets and liabilities at fair value through profit or loss".

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, gains or losses on disposals on these instruments are recognized in "Net gains or losses on financial instruments at fair value through profit or loss".

Held-to-maturity financial assets

Held-to-maturity (HTM) financial assets are securities with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In the event that the securities are sold before maturity, all held-to-maturity assets must be reclassified at group level and the held-to-maturity category cannot be used during the current year or the following two years. Exceptions to the rule apply in the following cases:

- a material deterioration in the issuer's credit quality;
- a change in tax regulations canceling or significantly reducing the tax exemption on interest earned on investments held-to-maturity;
- a major business combination or significant withdrawal of activity (sale of a sector, for example) requiring the sale or transfer of held-to-maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- a change in legal or regulatory provisions significantly modifying either the definition of an eligible investment or the maximum amount of certain types of investment, requiring that the entity dispose of a held-to-maturity asset;
- a significant increase in capital requirements forcing the entity to restructure by selling held-to-maturity assets;
- a significant increase in the risk weighting of held-to-maturity assets in terms of prudential capital regulations.

In the exceptional cases described above, the income from the disposal is recorded under "Net gains or losses on available-for-sale financial assets".

The hedging of these securities against interest rate risk is not permitted. However, hedges against exchange rate risk or the inflation component of certain held-to-maturity financial assets are allowed.

Held-to-maturity financial assets are recognized at fair value at inception, plus any transaction costs directly attributable to their acquisition. They are subsequently measured at amortized cost using the effective interest method, including any premiums, discounts and acquisition fees, where material.

Loans and receivables

The "Loans and receivables" portfolio comprises non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. In addition, these assets must not be exposed to a risk of material losses unrelated to a deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are initially recognized at fair value, plus any transaction costs and less any transaction income. Securities classified in this category comply with the rules for recognition, measurement and impairment applicable to loans and receivables.

When a financial asset recorded under loans and receivables is sold before its maturity, the income from the disposal is recorded under "Net gains or losses on available-for-sale financial assets".

Available-for-sale financial assets

Available-for-sale financial assets are all securities not classified in the previous three categories.

Available-for-sale financial assets are initially recognized at fair value, plus any transaction costs.

On the balance sheet date, they are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in other comprehensive income" (except for foreign currency money market assets, for which changes in the fair value of the foreign currency component affect net income). The principles used to determine fair value are described in Note 4.1.6.

If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on fixed-income securities is recorded under "Interest or similar income". Interest income accrued or received on variable-income securities is recorded under "Net gains or losses on available-for-sale financial assets".

Date of recognition

Securities are recorded in the balance sheet on the settlement/delivery date.

Temporary transfers of securities are also recorded on the settlement/delivery date. For repurchase or reverse repurchase transactions, a financing commitment given or received is recorded between the transaction date and the settlement/delivery date when such transactions are recorded as "Loans and receivables" or "Liabilities". When such transactions are recorded under "Assets and liabilities at fair value through profit or loss", the commitment is recorded as an interest rate derivative.

Rules applicable to partial disposals

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, expect in special cases.

4.1.3 Debt and equity instruments

Financial instruments issued by the Group qualify as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavorable to the Group. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

In addition, when an instrument qualifies as equity:

- its remuneration is treated as a dividend, and therefore impacts equity, along with the tax relating to this remuneration;
- it cannot be an underlying eligible for hedge accounting;
- if the issue is in a foreign currency, the instrument is fixed at its historic value resulting from its conversion to euros at its initial date of transfer to equity.

Finally, when these instruments are issued by a subsidiary, they are included in "non-controlling interests". When their remuneration is of a cumulative nature, it is charged to "income attributable to equity holders of the parent" and increases the income of "non-controlling interests". However, when their remuneration is not of a cumulative nature, it is drawn from retained earnings "attributable to equity holders of the parent".

Financial liabilities at fair value through profit or loss

These are financial liabilities held for trading or classified in this category on a voluntary basis at initial recognition using the fair value option available under IAS 39. The qualifying criteria used when applying this option are described in Note 4.1.4 "Financial assets and liabilities at fair value through profit or loss".

These liabilities are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, gains or losses on these instruments are recognized in "Net gains or losses on financial instruments at fair value through profit or loss".

Debt securities

Issues of debt securities (which are not classified as financial liabilities at fair value through profit or loss or as equity) are initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized on the balance sheet under "Amounts due to credit institutions", "Amounts due to customers" or "Debt securities".

Subordinated debt

Subordinated debt differs from other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

Subordinated debt which the issuer is obliged to repay is classified as debt and initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

4.1.4 Financial assets and liabilities at fair value through profit or loss

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows entities to designate financial assets and liabilities on initial recognition at fair value through profit or loss. However, an entity's decision to designate a financial asset or liability at fair value through profit or loss may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination of or significant reduction in a measurement or recognition inconsistency (accounting mismatch)

Applying the option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy. This accounting treatment applies in particular to certain structured loans granted to local authorities.

Harmonization of accounting treatment and performance management and measurement

The option applies for a group of assets and/or liabilities managed and measured at fair value, provided that it is based on a formally documented risk management or investment strategy, and information about the Group is also reported internally on a fair value basis.

This circumstance mainly arises in connection with Natixis' capital market activities.

Hybrid financial instruments containing one or more embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied when the embedded derivative(s) substantially modify the cash flows of the host contract and when the separate recognition of the embedded derivative(s) is not specifically prohibited by IAS 39 (*e.g.* an early redemption option at cost embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This accounting treatment applies in particular to some structured debt issues containing material embedded derivatives.

4.1.5 Derivative financial instruments and hedge accounting

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

All derivative financial instruments are recognized on the balance sheet at the trade date and measured at fair value at inception. They are remeasured at their fair value at each balance sheet date regardless of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognized in income for the period, except for derivatives qualifying as cash flow hedges for accounting purposes or as net investment hedges in a foreign currency.

Derivative financial instruments are classified into the following two categories:

Trading derivatives

Trading derivatives are recognized on the balance sheet under "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss". Realized and unrealized gains and losses on derivatives held for trading are taken to income on the "Net gains or losses on financial instruments at fair value through profit or loss" line.

Hedging derivatives

The hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

FAIR VALUE HEDGES

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the revaluation of hedging instruments is recognized in income in the same manner as the gain or loss on the hedged item attributable to the risk being hedged. The ineffective portion of the hedge, if any, is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income in the same manner as the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the revaluation of the hedged component is recognized on the same line of the balance sheet as the hedged item.

The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account when calculating the effectiveness of a hedge.

If a hedging relationship ceases (investment decision, failure to fulfill effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading book. The revaluation difference recorded in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation gain or loss is recognized in income for the period.

CASH FLOW HEDGES

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognized asset or liability or with a future transaction (hedge of interest rate risk on floating-rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized on a separate line of "Gains and losses recognized directly in other comprehensive income". The ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income under interest income in the same manner as the accrued interest on the hedged item.

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist), the cumulative amounts recognized in equity are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

SPECIFIC CASES OF PORTFOLIO HEDGING (MACRO-HEDGING)

Documentation as cash flow hedges

Some Group institutions document their macro-hedges on cash flows (hedging of portfolios of loans or borrowings).

In this case, portfolios of assets or liabilities that may be hedged are, for each maturity band:

- floating-rate assets and liabilities; the entity incurs a risk of variability in future cash flows from floating-rate assets or liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts); assuming total outstandings remain constant, the entity is exposed to the risk of variability in future cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the Group may be exposed to the risk of variability in future cash flows on the funding that it will need to raise in the market.

Under IAS 39, hedges of an overall net position of fixed rate assets and fixed rate liabilities with similar maturities do not qualify for hedge accounting. The hedged item is therefore deemed to be equivalent to a share of one or more portfolios of identified variable-rate instruments (portion of deposit outstandings or variable-rate loans); the effectiveness of the hedges is measured by creating a mortgage instrument for each maturity band whose changes in fair value from inception are compared to those for the documented hedging derivatives.

The characteristics of this instrument model those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument with the actual hedging instrument. This method requires the preparation of a maturity schedule.

The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test calculates the retrospective effectiveness of a hedge initiated at various balance sheet dates.

At each balance sheet date, changes in the fair value of hedging instruments, excluding accrued interest, are compared with those of hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealized gain or loss recognized in equity is transferred immediately to income.

When the hedging relationship ceases, if the hedged item is still shown on the balance sheet, or if it is still highly probable, unrealized cumulative gains and losses are recognized in equity on a straight line basis. If the derivative has not been canceled, it is reclassified as a trading derivative, and changes in its fair value are recognized in income.

Documentation as fair value hedges

Some of the Group's institutions document their macro-hedging of interest rate risk as fair value hedges by applying the so-called carve-out arrangements under IAS 39 as adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce overall exposure to interest rate risk. In particular, this "carve-out" allows the Group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The Group mainly uses plain vanilla interest rate swaps designated at inception as fair value hedges of fixed-rate deposits or loans.

Macro-hedging derivatives are accounted for in the same manner as derivatives used to hedge the fair value of specific transactions (micro-hedging).

In a macro-hedging relationship, gains and losses on the revaluation of the hedged item are recorded in "Revaluation differences on interest rate risk-hedged portfolios", under balance sheet assets for hedges of a portfolio of financial assets and under balance sheet liabilities for hedges of a portfolio of financial liabilities.

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio. The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account.

Effectiveness is tested in two ways:

- asset-based testing: for plain vanilla swaps designated as hedging instruments at inception, the Group verifies prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date that no excess hedging exists;
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical instrument that exactly reflects the underlying hedged item. These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the revaluation adjustment is amortized on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognized. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the notional amount of the hedged items falls below the nominal amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits.

HEDGING OF A NET INVESTMENT IN A FOREIGN OPERATION

The net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation.

The purpose of a net investment hedge in a foreign currency is to minimize the foreign exchange effect for a consolidating entity of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements. Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealized gains and losses initially recognized in equity are taken to income when the net investment is sold in full or in part (or when partially sold with loss of control).

4.1.6 Determination of fair value

General principles

The fair value of an instrument is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date.

Fair value is therefore determined using the exit price.

On first recognition, fair value is usually the transaction price and is thus the price paid to purchase the asset or the price received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the instrument's quoted price, if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the principal market or, failing that, on the most favorable market, on an arm's length basis;
- if the market for a financial instrument is not active, fair value is established using valuation techniques. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments include factors related to valuation uncertainties, such as market, credit and liquidity risks, in order to recognize the costs incurred by a divestment transaction on the primary market. Likewise, an adjustment (Funding Valuation Adjustment - FVA) for using assumptions to recognize costs related to the financing costs of future cash flows of uncollateralized or partially collateralized derivatives is also recognized.

The main additional Funding Value Adjustment are as follows:

BID/ASK ADJUSTMENT – LIQUIDITY RISK

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

MODEL UNCERTAINTY ADJUSTMENT

This adjustment takes into account imperfections in the valuation techniques used, and in particular risk factors not considered even though observable market inputs are available. This is the case when the risks inherent in the instruments differ from those incurred by the observable market data used to determine their valuation.

INPUT UNCERTAINTY ADJUSTMENT

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

CREDIT VALUATION ADJUSTMENT (CVA)

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the expected loss linked to the risk of default by a counterparty and aims to take into account the fact that the Group may not recover the full market value of the transactions.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices, for all segments of counterparties subject to this calculation. In the absence of liquid market inputs, the method made use of proxies by type of counterparty, rating and geographic area.

DEBIT VALUATION ADJUSTMENT (DVA)

The DVA is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of financial instruments. It reflects the impact of the Group's credit quality on the valuation of these instruments. The DVA adjustment is assessed by observing the Group's "credit" market input.

The following criteria are used to determine whether or not a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data on prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

Natixis control system (Natixis is the main contributor to the Group's balance sheet items measured at fair value)

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market inputs are validated by an independent unit (the Market Data Monitoring department). Second-level controls are carried out by the Risk Department.

On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency of data feeds;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk Department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model parameters;
- an assessment of the modeling risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the payoff;
- the implementation of an adjustment in respect of modeling risk to account for potential deficiencies in the model or its calibration;
- the incorporation of the model into information systems.

The methods for determining fair value are monitored by a number of bodies including the Inputs and Observability Committee, the Valuation Committee, the Impairment Committee and the Model Validation Committee, which comprise representatives of the Risk Department, the Finance Department and the Market Data Monitoring and Valuation Department.

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements applied to financial and non-financial instruments to be allocated to one of three fair value levels:

LEVEL 1: VALUATION USING PRICES QUOTED ON A LIQUID MARKET

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

This mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of UCITS for which NAV is determined and reported on a daily basis.

LEVEL 2: VALUATION USING OBSERVABLE MARKET INPUTS

Level 2 fair value comprises instruments other than instruments mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, *i.e.* liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using Level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market data (for example, using market data for listed peers or the earnings multiple method based on techniques widely used in the market);
- Greek and Portuguese sovereign securities, whose fair value was recorded under Level 2 given the wide bid-ask price spread on market prices.
- shares of UCITS whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt securities designated at fair value, mainly by Natixis, and to a lesser extent Crédit Foncier. The methodology used by Natixis to value the "issuer credit risk" component of issues designated at fair value is based on the discounting of future cash flows using directly observable inputs such as yield curves and revaluation differences.

For each issue, this valuation represents the product of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at December 31, 2015 as for previous closing dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments

Certain hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **Equity products**: complex products are valued using:
  - market data,
  - a payoff, *i.e.* the formula of positive or negative flows attached to the product at maturity,
  - a model of changes in the underlying asset;

  These products can have a single underlying, multiple underlyings or hybrids (fixed income/equity for example).

  The main models used for equity products are local volatility models, local volatility combined with Hull & White 1 factor (H&W1F), Tskew and Pskew.

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The local volatility hybrid model, paired with the H&W1F, consists of pairing the local volatility model described above with a Hull & White 1 factor type fixed-income model, described below (see fixed-income products).

  The Tskew model is a valuation model for mono and multi-underlying options. Its principle is to calibrate the distribution of underlying asset or assets at maturity to standard option prices.

  The Pskew model is similar to the Tskew model. It is used in particular for simple ratchet equity products such as capped or floored ratchet products.

- **Fixed income products**: fixed income products generally have specific characteristics which justify the choice of model. Underlying risk factors associated with the payoff are taken into account.

  The main models used to value and manage fixed-income products are Hull & White models (one-factor and two-factor models or one-factor Hull & White stochastic volatility model), the Hunt Kennedy model and the "smiled" BGM model.

  The Hull & White models are simple pricing models for plain vanilla fixed-income products and can be calibrated easily. Products valued using these models generally contain a Bermudan-type cancellation option (*i.e.* one that may be exercised at certain dates set at the beginning of the contract).

  SBGM and Hunt Kennedy models are used to value fixed-income products that are sensitive to volatility smiles (*i.e.* implied change in volatility relative to the exercise price) and to autocorrelation (or correlation between interest rates).

- **Foreign exchange products**: foreign exchange products generally have specific characteristics which justify the choice of model.

  The main models used for valuating and managing foreign-exchange products are the local and stochastic volatility models, as well as the hybrid models, pairing modeling of the underlying foreign exchange with two Hull & White 1 factor models to ascertain the fixed-income factors.

Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, an approximation parameter (proxy) may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity (bid-ask), counterparty and internal credit (measurement of liability positions), modeling and input risks.

The margin generated when these instruments begin trading is immediately recognized in income.

LEVEL 3: VALUATION USING UNOBSERVABLE MARKET INPUTS

Level 3 comprises instruments measured using unrecognized models and/or models based on unobservable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- private equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call;
- structured securities or securities representative of private investment portfolios, held by the Insurance business line;
- instruments with a deferred day-one margin;
- shares of UCITS for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) in respect of the low liquidity observed for such shares;
- instruments carried at fair value on the balance sheet and for which data are no longer available due to a freeze in trading in the wake of the financial crisis, which were not reclassified within "Loans and receivables" pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008 (see below).

When there is a significant drop in trading in a given market, a valuation model is used based on the only available relevant data.

In accordance with the Ministerial Order of February 20, 2007, as amended by the Order of November 23, 2011, on lending institutions and investment companies and the European regulation of June 26, 2013 (CRR) on the Basel III requirements, for each of the models used, a description of crisis simulations applied and the ex post control mechanism (valuation of the accuracy and consistency of internal models and modeling procedures) appears in Chapter 3 "Risk Management".

Under IAS 39, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, *i.e.* only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs used is not observable, and where this significantly affects the valuation of the instrument, the trading profit on the trade date cannot be recognized immediately in the income statement, but is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

As at December 31, 2015, instruments for which the recognition of day-one profit/loss has been deferred included:

- multi-underlying structured equity and index products;
- synthetic loans;
- options on funds (multi-assets and mutual funds);
- structured fixed income products;
- securitization swaps.

These instruments are almost all located at Natixis.

The table below provides the main unobservable inputs and the value ranges for these instruments:

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
Credit derivatives	CDOs, Index tranche	Technique for estimating defaults given the correlation effect and recovery modeling	Correlation curve specific to the portfolio underlying the CDO	5% -95%*
	CDS on projects (other than CDS on securitization assets)	Extrapolation from prices based on recovery assumptions	Recovery rate	60% -100%
Interest rate derivatives	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Early redemption rate	3% -20%
	Sticky CMS/Volatility Bonds	Interest rate options valuation models	Mean reversion inputs	1% -5%
	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	*Mean reversion spread*	10% -30%
	Spread Lock Swaps and Spread Lock Options	Bivariate standard model to measure the time value of Spread Lock options and replication for CMS and TEC Forwards	Spread Lock curve, TEC Forward volatility and TEC-CMS correlation	*Spread Lock*: -16bp/+12bp Volatility 50bp/70bp TEC-CMS correlation 70%/95%
Capital Protected Notes	*Mono-credit* payoffs, with capital guarantee, indexed based on issuer cash-CDS, including an at-par call clause at Natixis' discretion	Model that uses as Inputs the volatility of the cash-CDS, recalibrated for price volatility and reintegrated in a Black & Scholes model with a numerical method used to calculate Early Exercise	Volatility of cash-CDS basis	2% -4%
Repos and general collateral TRS	TRS and repos indexed to a basket of general equities	Synthetic modeling of underlying general basket (with repo *to* estimate) and actuarial valuation for TRS or using a standard Equity/Interest rate hybrid model for the TRS auto call	Repo curve *of* general baskets	-112%
Helvetix derivatives	Strips of long-term options, Strips of quanto options, Strips of digital options Options spread and Digital options spread	Black & Scholes model Gaussian copula	Currency/currency correlation USDCHF & EURCHF long-term volatility	EURUSD/USDCHF correl:-82.5%; -73.2% Long-term volatility: 10%-15%
Fund-based derivatives	*Payoffs as Target Volatility strategy* and CPPI on Mutual Funds	The approach used is a hybrid model that combines the local volatility-type multi-underlying equity model with a one-factor Heath-Jarrow-Morton (HJM1F) interest rate model	Fund data	Index - Interest rate correlation: 21% -35%
Collateralised derivatives	*Multi-underlying* payoffs	Valuation model based on equity volatility and *long-term* shortfall inputs	*Long-term* shortfall	
Hybrid interest rate/currency derivatives	Long-term PRDC/PRDKO/TARN structures	Hybrid currency/interest rate options valuation model	Correlation between currency and interest rates and long-term volatility	AUD/JPY and USD/JPY correlation: 30% -60% Long-term volatility: 10% -17%
Equity derivatives	Long maturity multi-underlying payoffs	Volatility options valuation model incorporating correlation between assets	Correlation inputs	45% -81%

* *All transactions including this type of data are fully back-to-back; this input justifying the Level 3 classification is entirely hedged.*

Policy concerning fair value hierarchy transfers

Transfers between fair value levels are reviewed and validated by *ad hoc* committees of representatives of various functions, particularly Finance, Risk and Business Lines. The committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. Transfers to and from Level 3 are subject to prior validation.

In accordance with this procedure, Capital Protected Notes, Helvetix derivatives, as well as repos and general collateral TRS were transferred to Level 3. Information on the transfers between levels of the fair value hierarchy is provided in Note 5.5.3. The amounts given in this note were calculated at the date of the last valuation prior to the change in the level of the fair value hierarchy.

Instruments affected by the financial crisis

Instruments affected by the financial crisis and carried at fair value on the balance sheet are essentially held by Natixis, which calculates their fair value using the models described below:

CDS CONTRACTED WITH CREDIT ENHANCERS (MONOLINE INSURERS AND CDPCS)

The valuation model used to measure write-downs on CDS contracted with monoline insurers was modified as of December 31, 2015 to bring it closer in line with the Credit Valuation Adjustment (CVA) used for counterparty risk. It also takes into account the expected amortization of exposures and the counterparty spread implicit in market data. The impact of the change in method amounted to €4.3 million at December 31, 2015.

Previously the model consisted in applying a standard rate of recovery of 10% for unrealized capital losses on the underlying assets concerned (rate justified by the low capitalization of monoline insurers given their risk exposures), except for a counterparty whose rate of recovery was deemed nil at December 31, 2014, and a probability of default calibrated to the credit risk associated with the credit enhancer.

The current method for determining provisions for contracts with CDPCs (Credit Derivatives Product Companies) was refined by applying a transparency-based approach to the underlying assets, based on an estimate of exposure at the time of default, with the PD and LGD based on the tranche's maturity. A stress factor of 1.2 was applied to the probabilities of default thus determined for the underlyings, based on a recovery rate of 27%. Counterparties are associated with a probability of default whenever the losses resulting from the calculation exceed the CDPC's net available assets.

In addition to these provisions, a general reserve also takes into account the volatility of the fair value of the contracts.

OTHER INSTRUMENTS NOT EXPOSED TO US HOUSING RISK MEASURED BY NATIXIS USING A VALUATION MODEL

The section below describes the underlying principles used to value assets resulting from securitization transactions for which no market prices could be identified and which were therefore measured using valuation models:

CLOs

A scoring model defining the level of risk associated with certain structures is applied based on a series of criteria.

Trust Preferred Securities (TruPS) CDOs

The valuation model is based on projected future cash flows and default rates determined according to a statistical approach that deduces the default probability of banks according to their financial ratios. For other sectors, default rates are estimated considering the current ratings of assets.

Private Finance Initiative CDS (PFI CDS)

The valuation model used for Private Finance Initiative (PFI) CDS is based on an approach calibrated to the market prices of underlying PFI bonds and the use of a uniform collection rate.

Instruments not carried at fair value on the balance sheet

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, as well as the associated fair value hierarchy, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

ASSETS AND LIABILITIES OF NATIXIS BUSINESS LINES, THE CASH MANAGEMENT POOL AND BPCE

Credit and loans classified as "Loans and receivables" and amounts payable under finance leases

The fair value of these instruments is determined by discounting future cash flows. The discount rate applied for a given loan is the rate at which the Group would grant a loan with similar characteristics to a similar counterparty at the reporting date. The interest rate and counterparty risk components are re-assessed.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is generally considered to be their carrying amount.

Borrowings and savings

At Natixis, the assessment of the fair value and securities debts is based on the method of discounting future cash flows using inputs on the reporting date such as the interest rate curve of the underlyings and the spread at which Natixis lends or borrows.

The fair value of other debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date, plus the credit spread of Groupe BPCE.

Investment property recognized at cost

The fair value of investment property (excluding investment property held by insurance companies) is determined by reference to the capitalization of rents, a method widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

FINANCIAL INSTRUMENTS OF THE COMMERCIAL BANKING BUSINESS LINES

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only calculated for information purposes in the notes to the financial statements. They are not indicators used in the interest of overseeing commercial banking activities, for which the management model is mainly based on collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of assets and liabilities is deemed to be their fair value in certain cases

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- variable-rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

Fair value of the loans to retail customers

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except for special cases, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

Fair value of loans to large corporates, local authorities and credit institutions

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by the customer relationship managers). Failing that, the credit risk component is established at the outset and not subsequently remeasured, as with loans to retail customers. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

Fair value of debt

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date. The own credit spread is not generally taken into account.

Instruments reclassified to "Loans and receivables" having legal status as "securities"

The illiquidity of such instruments, which is necessary to their classification in "Loans and receivables", was assessed at the reclassification date.

Subsequent to reclassification, some instruments may become liquid again and be measured at Level 1 fair value.

In other cases, their fair value is measured using models identical to those described above for instruments measured at fair value on the balance sheet.

4.1.7 Impairment of financial assets

Impairment of securities

An impairment loss is recognized on an individual basis against securities, with the exception of securities classified as financial assets at fair value through profit or loss, when there is objective evidence of impairment resulting from one or more loss events having occurred since the initial recognition of the asset. A loss event is defined as one that has an impact on the estimated future cash flows of a financial asset which can be reliably estimated.

Different rules are used for the impairment of equity instruments and debt instruments.

For equity instrument, a lasting decline or a significant decrease in value are objective indicators of depreciation.

A decline of over 50% or lasting for over 36 months in the value of a security by comparison with its historical cost is an objective indicator of permanent impairment, leading to the recognition of an impairment loss in income.

In addition, these impairment criteria are also supplemented by a line-by-line review of the assets that have recorded a decline of over 30% or for more than six months in their value by comparison with their historical cost or if events occur that are liable to represent a material or prolonged decline. An impairment charge is recorded in the income statement if the Group determines that the value of the asset will not be recovered in its entirety.

For unlisted equity instruments, a qualitative analysis of their situation is carried out.

Impairment losses recognized on equity instruments may not be reversed and nor may they be written back to income. Losses are recorded under "Net gains or losses on available-for-sale financial assets". A subsequent increase in value is taken to "Gains and losses recognized directly in other comprehensive income" until disposal of the securities.

Impairment losses are recognized on debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) when there is a known counterparty risk.

The Group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments must be written back to the income statement. Impairment losses and write-backs are recorded in "Cost of risk".

Impairment of loans and receivables

IAS 39 defines the methods for calculating and recognizing impairment of loans.

A loan or receivable is deemed to be impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. On an individual level, the criteria for deciding whether or not a credit risk has been incurred include the existence of payments past due by more than three months (six months for real estate and nine months for loans to local authorities) or, independently of the existence of a missed payment, the existence of an incurred credit risk or litigious proceedings;
- these events lead to incurred losses.

Impairment is determined as the difference between the amortized cost and the recoverable amount, *i.e.* the present value of estimated recoverable future cash flows taking into account the impact of any collateral. For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Probable losses arising from off-balance sheet commitments are taken into account through provisions recognized on the liability side of the balance sheet.

Two types of impairment are recognized under "Cost of risk":

- impairment on an individual basis;
- impairment on a portfolio basis.

IMPAIRMENT ON AN INDIVIDUAL BASIS

Specific impairment is calculated for each receivable on the basis of the maturity schedules determined based on historic recoveries for each category of receivable. Collateral is taken into account when determining the amount of impairment, and when collateral fully covers the risk of default, the receivable is no longer impaired.

IMPAIRMENT ON A PORTFOLIO BASIS

Impairment on a portfolio basis covers unimpaired outstandings on an individual basis. In accordance with standard IAS 39, these are grouped together in portfolios with similar credit risk characteristics that undergo a collective impairment test.

Banque Populaire and Caisse d'Epargne outstanding loans are included in a group of similar loans in terms of the sensitivity of risk based on the Group's internal rating system. The portfolios subject to the impairment test are those relating to counterparties with ratings that have been significantly downgraded since granting, and which therefore are considered sensitive. These loans undergo impairment, although credit risk cannot be individually allocated to the different counterparties making up these portfolios, as the loans in question collectively show objective evidence of impairment.

The amount of impairment is determined based on historical data on the probability of default at maturity and the expected losses, adjusted, if necessary, to take into account the prevailing circumstances at the balance sheet date.

This approach may also be supplemented by a segmental or geographical analysis generally based on an expert opinion, taking account of various economic factors intrinsic to the loans and receivables in question. Portfolio-based impairment is calculated based on expected losses at maturity across the identified population.

4.1.8 Reclassifications of financial assets

Several types of reclassification are authorized:

Reclassifications authorized prior to the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008

These notably include "Available-for-sale financial assets" reclassified as "Held-to-maturity financial assets".

Any fixed-income security with a set maturity date meeting the definition of "Held-to-maturity securities" may be reclassified if the Group changes its management strategy and decides to hold the security to maturity. The Group must also have the ability to hold this instrument to maturity.

Reclassifications authorized since the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008

These standards define the terms for reclassifying non-derivative financial assets at fair value (with the exception of those initially designated at fair value through profit or loss) to other categories:

- reclassification of "Financial assets held for trading" as "Available-for-sale financial assets" or "Held-to-maturity financial assets".

  Any non-derivative financial assets may be reclassified whenever the Group is able to demonstrate the existence of "rare circumstances" leading to this reclassification. It should be noted that the IASB has characterized the financial crisis of the second half of 2008 as a "rare circumstance".

  Only instruments with fixed or determinable payments may be reclassified as "Held-to-maturity financial assets". The institution must also have the intention and the ability to hold these instruments until maturity. Instruments included in this category may not be hedged against interest rate risk;
- reclassification of "Financial assets held for trading" or "Available-for-sale financial assets" as "Loans and receivables".

  Any non-derivative financial asset meeting the definition of "Loans and receivables" and, in particular, any fixed-income instruments not quoted in an active market may be reclassified if the Group changes its management strategy and decides to hold the instrument for a foreseeable future or to maturity. The Group must also have the ability to hold this instrument over the medium to long term.

Reclassifications are carried out at fair value at the reclassification date, with this value serving as the new amortized cost for instruments transferred to categories measured at amortized cost.

A new effective interest rate is then calculated at the reclassification date in order to bring this new amortized cost into line with the redemption value, which implies that the instrument has been reclassified with a discount.

For instruments previously recorded under available-for-sale financial assets, the amortization of the new discount over the residual life of the instrument will generally be offset by the amortization of the unrealized loss recorded under gains and losses recognized directly in other comprehensive income at the reclassification date and taken to the income statement on an actuarial basis.

In the event of impairment subsequent to the reclassification date of an instrument previously recorded under available-for-sale financial assets, the unrealized loss recorded under gains and losses recognized directly in other comprehensive income at the reclassification date and taken to the income statement on an actuarial basis is immediately written back to income.

4.1.9 Derecognition of financial assets and liabilities

A financial asset (or group of similar financial assets) is derecognized when the contractual rights to the asset's future cash flows have expired or when such rights are transferred to a third party, together with virtually all of the risks and rewards associated with ownership of the asset. In such case, rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

When a financial asset is derecognized, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

In the event that the Group has neither transferred nor retained virtually all of the risks and rewards, but has retained control of the asset, the asset continues to be recognized on the balance sheet to the extent of the Group's continuing involvement.

In the event that the Group has neither transferred nor retained virtually all of the risks and rewards and has not retained control of the asset, the asset is derecognized and all of the rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

If all the conditions for derecognizing a financial asset are not met, the Group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

The Group derecognizes a financial liability (or a part of a financial liability) only when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognized in the vendor's accounts. A liability representing the commitment to return the funds received is identified and recognized under "Securities sold under repurchase agreements". This represents a financial liability recorded at amortized cost or at fair value if this liability has been classified as "Designated at fair value".

The assets received are not recognized in the purchaser's books, but a receivable is recorded with respect to the vendor representing the funds loaned. The amount disbursed in respect of the asset is recognized under "Securities bought under repurchase agreements". On subsequent balance sheet dates, the securities continue to be accounted for by the vendor in accordance with the rules applicable to the category in which they were initially classified. The receivable is valued according to methods specific to its category: at amortized cost when classified in "Loans and receivables", or at fair value when classified under "fair value by option".

Outright securities lending

Securities loaned under outright securities lending transactions are not derecognized in the vendor's accounts. They continue to be recognized in their original accounting category and are valued accordingly. For the borrower, the securities borrowed are not recognized.

Transactions leading to substantial changes in financial assets

When an asset is subject to substantial changes (in particular following a renegotiation or a remodeling due to financial difficulties) there is derecognition, as rights to initial cash flows have essentially expired. The Group considers that this is the case for:

- changes leading to a change of counterparty, especially if the new counterparty has a very different credit quality than the previous counterparty;
- changes intended to move from a very structured to simple indexing, as the two assets are not exposed to the same risks.

Transactions leading to substantial changes in financial liabilities

A substantial change to the terms of a lending instrument must be recorded as the extinguishment of former debt and its replacement with a new debt. To assess the substantial nature of the change, IAS 39 includes a threshold of 10% based on discounted cash flows, integrating potential costs and fees: when the difference is greater than or equal to 10%, all of the costs or fees incurred are recognized as profit or loss on debt extinguishment.

The Group may consider other changes to be substantial, such as a change of issuer (even within the same group) or a change in currency.

4.1.10 Offsetting financial assets and financial liabilities

In accordance with IAS 32, the Group offsets financial assets and liabilities, and a net balance is presented on the balance sheet, on the twofold condition that it has the legally enforceable right to offset the recorded amounts, and the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Transactions on derivatives and repurchase agreements carried out with clearing houses, whose operating principles meet the two criteria mentioned above, are offset in the balance sheet (see Note 14).

4.2 INVESTMENT PROPERTY

In accordance with IAS 40, investment property is property held to earn rent or for capital appreciation, or both.

The accounting treatment for investment property is identical to that used for property, plant and equipment (see Note 4.3) for all Group entities except for certain insurance entities, which recognize the property they hold as investments in connection with insurance policies at fair value, with any adjustment to fair value recorded in income. Fair value is calculated using a multi-criteria approach, by capitalizing rent at market rates and through comparisons with market transactions.

The fair value of the Group's investment property is based on regular expert valuations, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Gains or losses on the disposal of investment property are recognized in income on the "Net income or expenses on other activities" line.

4.3 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

This item includes property owned and used in the business, equipment acquired under operating leases, property acquired under finance leases and assets temporarily unlet held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognized as assets only if they meet the following conditions:

- it is probable that the company will enjoy future economic benefits associated with the asset;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a non-current asset is recognized at its production cost, which includes external charges and the payroll costs of employees directly assigned to the project.

The component-based approach is applied to all buildings.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

Property, plant and equipment and intangible assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or economic benefit patterns, each component is recognized separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortization periods used by the Group are as follows:

- buildings: 20 to 60 years;
- internal fixtures and fittings: 5 to 20 years;
- furniture and special equipment: 4 to 10 years;
- computer equipment: 3 to 5 years;
- software: not more than 5 years.

Other items of property, plant and equipment are depreciated over their estimated useful life, which generally ranges from five to ten years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the balance sheet date. If this is the case, the revised recoverable amount of the asset is compared to its carrying amount. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

The accounting treatment adopted for property, plant and equipment and intangible assets used in operations and financed using lease financing agreements is stated in Note 4.9.

Equipment leased under operating leases (group as lessor) is recognized as an asset on the balance sheet under property, plant and equipment.

4.4 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

Once classified in this category, non-current assets are no longer depreciated/amortized and are measured at their lowest carrying amount or at fair value less sales costs. Financial instruments continue to be measured in accordance with IAS 39.

4.5 PROVISIONS

Provisions other than those relating to employee benefit commitments, provisions on regulated home savings products, off-balance sheet commitments, and insurance policies mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks.

Provisions are liabilities of which the timing or amount is uncertain, but which can be reliably estimated. They correspond to current obligations (legal or implicit), resulting from a past event, and for which an outflow of resources will probably be necessary to settle them.

The amount recognized in provisions is the best estimate of the expense required to extinguish the present commitment at the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Changes in provisions are recognized in the income statement on the line items corresponding to the nature of future expenditure.

Provisions on regulated home savings products

Regulated home savings accounts (*comptes d'épargne logement* - CEL) and regulated home savings plans (*plans d épargne logement* - PEL) are retail products marketed in France governed by the 1965 law on home savings plans and accounts, and subsequent implementing decrees.

Regulated home savings products generate two types of commitments for the Group:

- a commitment to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- a commitment to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Commitments with potentially unfavorable consequences for the Group are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognized for the associated risks by discounting future potential earnings from at-risk outstandings:

- at-risk savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behavior patterns, and corresponds to the difference between the probable outstandings and the minimum expected savings;
- at-risk loans correspond to the loans outstandings granted but not yet due at the calculation date plus statistically probable loans outstandings based on historical customer behavior patterns as well as earned and future rights relating to regulated home savings accounts and plans.

Earnings for future periods from the savings phase are estimated, for a given generation of contracts, as the difference between the regulated rate offered and the expected interest accruing on a comparable savings product on the market.

Earnings for future periods from the loan phase are estimated as the difference between the fixed rate agreed at inception for PEL contracts or a rate contingent on the savings phase for CEL contracts, and the expected interest rate accruing on home loans in the non-regulated sector.

Where the algebraic sum of the Group's estimated future commitments in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavorable situation for the Group, a provision is recognized, with no offset between the different generations. The commitments are estimated using the Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behavior models and at-risk outstandings.

The provision is recognized under liabilities in the balance sheet and changes are recorded in net interest income.

4.6 INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on all financial instruments measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The effective interest rate calculation takes account of all transaction fees paid or received as well as premiums and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial partners, are treated as additional interest.

The Group has chosen the following option to account for negative interest:

- when income from a financial asset debt instrument is negative, it is deducted from interest income in the income statement;

- when income from a financial liability debt instrument is positive, it is deducted from interest expenses in the income statement.

4.7 COMMISSIONS ON SERVICES

Commissions are recorded in the income statement by type of service provided, and according to the method used to recognize the associated financial instrument:

- commissions payable on recurring services are deferred over the period in which the service is provided (payment processing, securities deposit fees, etc.);
- commissions payable on occasional services are recognized in full in income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable on execution of a significant transaction are recognized in full in income on completion of the transaction.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees on financing commitments given or loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than fee and commission income.

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset management business and custody services on behalf of third parties.

4.8 FOREIGN CURRENCY TRANSACTIONS

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the Group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the Group entity on whose balance sheet they are recognized, at the exchange rate prevailing at the balance sheet date. All resulting foreign exchange gains and losses are recognized in income, except in two cases:

- only the portion of the foreign exchange gains and losses calculated based on the amortized cost of available-for-sale financial assets is recognized in income, with any additional gains and losses being recognized in "Gains and losses recognized directly in other comprehensive income";
- foreign exchange gains and losses arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation are recognized in "Gains and losses recognized directly in other comprehensive income".

Non-monetary assets carried at historical cost are translated using the exchange rate prevailing at the transaction date. Non-monetary assets carried at fair value are translated using the exchange rate in effect at the date on which the fair value was determined. Foreign exchange gains and losses on non-monetary items are recognized in income if gains and losses relating to the items are recorded in income, and in "Gains and losses recognized directly in other comprehensive income" if gains and losses relating to the items are recorded in "Gains and losses recognized directly in other comprehensive income".

4.9 FINANCE LEASES AND SIMILAR TRANSACTIONS

Leases are analyzed to determine whether in substance and economic reality they are finance leases or operating leases.

4.9.1 Finance leases

A finance lease is a lease that transfers to the lessee substantially most of the risks and rewards incidental to ownership of an asset. It is treated as a loan granted by the lessor to the lessee in order to finance the purchase of an asset.

IAS 17 gives five examples of situations that lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IAS 17 also describes three indicators that may also lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee (capital loss on the asset);
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than the market rent.

At the inception of the contract, the finance lease receivable is recorded on the lessor's balance sheet in an amount equal to the net investment in the lease, which corresponds to the minimum payments receivable from the lessee discounted at the interest rate implicit in the lease plus any unguaranteed residual value accruing to the lessor.

IAS 17 requires unguaranteed residual values to be reviewed on a regular basis. If there is a reduction in the estimated guaranteed residual value, the income allocation over the lease term is revised (calculation of a new payment schedule) and a charge is recorded in order to correct the financial income already recorded.

Impairment charges for finance leases are determined using the same method as that described for loans and receivables.

Finance income corresponding to interest is recognized in the income statement under "Interest and similar income". It is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease, using the interest rate implicit in the lease. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the present value of the minimum lease payments receivable by the lessor plus the non-guaranteed residual value;

- and the initial value of the asset (*i.e.* fair value at the inception of the lease, plus any direct initial costs comprising expenses incurred specifically by the lessor to set up the lease).

In the lessee's financial statements, lease financing agreements with purchase options are treated as the purchase of an asset financed by a loan.

4.9.2 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.

In the lessor's financial statements, the asset is recognized under property, plant and equipment and depreciated on a straight-line basis over the lease term. The depreciable amount does not take into account the residual value of the asset.

The leased asset is not recognized on the balance sheet of the lessee. Lease payments are recognized in income on a straight-line basis over the lease term.

4.10 EMPLOYEE BENEFITS

The Group grants its employees a variety of benefits that fall into the four categories described below:

4.10.1 Short-term employee benefits

Short-term employee benefits mainly include wages, salaries, paid annual leave, incentive schemes, profit sharing, and bonuses which are expected to be paid within 12 months of the end of the period in which the employee renders the service.

They are recognized as an expense for the period, including amounts remaining due at the balance sheet date.

4.10.2 Long-term employee benefits

Long-term employee benefits are generally linked to long-service awards accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. These notably comprise long service awards to employees.

A provision is set aside for the value of these obligations at the balance sheet date.

The obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the Group at retirement and the discount rate. The valuation consists in allocating costs over the working life of each employee (projected unit credit method).

Revaluation differences on long-term employee benefits are immediately recognized in income.

4.10.3 Termination benefits

Termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to terminate a contract in exchange for a severance package. A provision is set aside for termination benefits. Termination benefits that are not expected to be paid within the 12 months following the balance sheet date are discounted to present value.

4.10.4 Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

These benefits can be broken down into two categories: defined-contribution plans, which do not give rise to an obligation for the Group, and defined-benefit plans, which give rise to an obligation for the Group and are therefore measured and recognized by means of a provision.

The Group records a provision in liabilities for employee benefit commitments that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefits are measured in the same way as long-term employee benefits.

The measurement of these obligations takes into consideration the value of plan assets.

Revaluation differences on post-employment benefits, relating to changes in actuarial assumptions and experience adjustments are recognized in equity (other comprehensive income) and are not subsequently transferred to income.

The annual expense recognized in respect of defined-benefit plans includes the current service cost, net interest cost (the effect of discounting the obligation), the expected return on plan assets and past service costs.

The amount of the provision under liabilities in the balance sheet corresponds to the net total commitment as IAS 19R no longer provides for unrecognized items.

4.11 SHARE-BASED PAYMENTS

Share-based payments are those based on shares issued by the Group, regardless of whether transactions are settled in the form of equity or cash, the value of which fluctuates in line with the share price.

The cost to the Group is calculated on the basis of the fair value at the grant date of the share purchase or subscription options granted by certain subsidiaries. The total cost of the plan is determined by multiplying the unit value of the option by the estimated number of options that will have vested at the end of the vesting period, taking account of the likelihood that the grantees will still be employed by the Group, and of any non-market performance conditions that may affect the plan.

The cost to the Group is recognized in income from the date the employees are notified of the plan, without waiting for the vesting conditions, if any, to be satisfied (for example, in the case of a subsequent approval process), or for the beneficiaries to exercise their options.

The corresponding adjustment for the expense recorded under equity-settled plans is an increase in equity.

The Group recognizes a liability for cash-settled plans. The related cost is taken to income over the vesting period and a corresponding fair value adjustment is booked to a debt account.

4.12 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are recognized when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base, irrespective of when the tax is expected to be recovered or settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities and assets are offset at the level of each tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the temporary difference will be utilized in the foreseeable future.

Deferred tax assets and liabilities are recognized as a tax benefit or expense in the income statement, except for:

- revaluation differences on post-employment benefits;

- unrealized gains or losses on available-for-sale assets; and
- changes in the fair value of derivatives used as cash flow hedges;

for which the corresponding deferred tax assets and liabilities are recognized as unrealized gains and losses directly in other comprehensive income.

Deferred tax assets and liabilities are not discounted to their present value.

4.13 INSURANCE BUSINESSES

Financial assets and liabilities of insurance businesses are recognized in accordance with the provisions of IAS 39. They are classified into categories defined by this standard, which calls for specific approaches to measurement and accounting treatment.

Pending amendments to IFRS 4, insurance liabilities continue to be measured broadly in line with French GAAP.

In accordance with Phase I of IFRS 4, insurance contracts are classified into three categories:

- policies that expose the insurer to a significant insurance risk within the meaning of IFRS 4: this category comprises policies covering provident insurance, pensions, property and casualty and unit-linked savings carrying a minimum guarantee. These policies will continue to be measured under the rules provided under local GAAP for measuring technical reserves;
- financial contracts such as savings schemes that do not expose the insurer to a significant insurance risk are recognized in accordance with IFRS 4 if they contain a discretionary profit sharing feature, and will continue to be measured in accordance with the rules for measuring technical reserves provided under local GAAP;
- financial contracts without a discretionary profit-sharing feature such as contracts invested exclusively in units of accounts and without a minimum guarantee, are accounted for in accordance with IAS 39.

Most financial contracts issued by Group entities contain discretionary profit-sharing features.

The discretionary profit-sharing feature grants life insurance policyholders the right to receive a share of the financial income generated, in addition to guaranteed benefits. For these contracts, in accordance with shadow accounting principles defined by IFRS 4, the provision for deferred profit sharing is adjusted to include the policyholders' share in the unrealized capital gains or losses on financial instruments measured at fair value in application of IAS 39. The share of the gains or losses attributable to policyholders is determined on the basis of the characteristics of contracts likely to generate such gains or losses.

Any change in deferred profit sharing is taken to equity where it results from changes in the value of available-for-sale financial assets and to income where it arises from changes in the value of financial assets at fair value through profit or loss.

At each balance sheet date, the Group assesses whether its recognized insurance liabilities are adequate, based on the estimated present value of future cash flows from its insurance policies and investment contracts containing a discretionary profit sharing feature. The liability adequacy test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and deferred profit sharing is lower than the fair value of the technical reserves, the shortfall is recognized in income.

4.14 REAL ESTATE DEVELOPMENT

Revenues from real estate development are derived from real estate development activities in the residential and commercial sectors and from related services.

Projects in progress at the end of the fiscal year date are recognized on a percentage of completion basis in line with the latest operating budgets.

When the outcome of a project cannot be reliably estimated, revenues are recognized only to the extent of costs incurred as revenue that are expected to be fully recoverable.

Operating income from all real estate development deals includes all project-related costs:

- land acquisition;
- site preparation and construction;
- planning taxes (*taxes d'urbanisme*);
- preliminary surveys (these are only charged to the project if the completion probability is high);
- internal project management fees;
- project-related marketing costs (internal and external sales commissions, advertising expenses, on-site sales office, etc.);
- financial expenses attributed to the deals.

Inventories and work in progress comprise land measured at cost, work in progress (site preparation and construction costs), attributable commercial expenses (internal and external sales commissions, temporary sales offices, etc.) and deliverables measured at prime cost. Borrowing costs are not included in inventories.

Preliminary surveys commissioned in the pre-development phase are only included in inventories if there is a high probability that the project will actually go ahead. If this is not the case, these costs are expensed to the period.

When the net realizable value of inventories and work in progress is less than their cost, a provision for impairment loss is recognized.

4.15 CONTRIBUTIONS TO BANKING RESOLUTION MECHANISMS

As at December 31, 2015, the procedure for financing the deposit and resolution guarantee fund had been changed by a Ministerial Order dated October 27, 2015. The cumulative amount of contributions made to the fund for deposit, collateral and securities guarantee mechanisms represented €49 million. Contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represented €17 million. Contributions paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet totaled €32 million.

Directive 2014/59/EU (BRRD - Bank Recovery and Resolution Directive), which establishes the framework for the recovery and resolution of banks and investment firms and European regulation 806/2014 (SRM regulation), established the introduction of a resolution fund as of 2015. In 2016, this fund will become a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority, which may use this fund when implementing resolution procedures.

In 2015, in accordance with delegated regulation 2015/63 supplementing the BRRD on ex-ante contributions to financing mechanisms for the resolution of banks and with decision No. 2015-CR-01 of the ACPR's resolution council dated November 24, 2015, the amount of contributions paid to the fund mechanism represented €95 million, of which €67 million recognized as an expense and €28 million in cash security deposits recognized as assets on the balance sheet.

Note 5 Notes to the balance sheet

5.1 CASH AND AMOUNTS DUE FROM CENTRAL BANKS

in millions of euros	12/31/2015	12/31/2014
Cash	136	203
Amount due to central banks	62,609	73,938
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**62,745**	**74,141**

5.2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, at their date of acquisition or issue, using the fair value option available under IAS 39.

5.2.1 Financial assets at fair value through profit or loss

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the Group to manage its risk exposure.

	12/31/2015			12/31/2014		
in millions of euros	Trading	Fair value option	Total	Trading	Fair value option	Total
Treasury bills and equivalent	14,843	127	14,970	31,639	22	31,661
Bonds and other fixed-income securities	5,023	2,306	7,329	7,008	2,626	9,634
Fixed-income securities	**19,866**	**2,433**	**22,299**	**38,647**	**2,648**	**41,295**
Equities and other variable-income securities	**28,573**	**10,985**	**39,558**	**32,440**	**9,825**	**42,265**
Loans to credit institutions	1,709	345	2,054	1,929	457	2,386
Loans to customers	912	6,456	7,368	429	7,380	7,809
Loans	**2,621**	**6,801**	**9,422**	**2,358**	**7,837**	**10,195**
Repurchase agreements(1)		**46,960**	**46,960**		**67,902**	**67,902**
Trading derivatives(1)	**58,482**	**///**	**58,482**	**72,736**	**///**	**72,736**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**109,542**	**67,179**	**176,721**	**146,181**	**88,212**	**234,393**

(1) This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 14).

Conditions for designating financial assets designated at fair value

Financial assets are designated at fair value through profit and loss when this choice provides more pertinent information or when the instruments incorporate one or more significant and separable embedded derivatives (see Note 4.1.4).

At Group level, the use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. In particular, the fair value option is used when hedge accounting conditions are not met: in such cases, changes in the fair value of the hedged item automatically offset changes in the fair value of the economic hedging derivative;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented asset and liability management policy.

At Group level, financial assets measured at fair value through profit and loss are mostly held by Natixis. They consist primarily of long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically, financial assets representative of unit-linked policies from insurance activities and, to a lesser extent, assets with embedded derivatives for which the principle of separation was not adopted.

Financial assets accounted for under the fair value option, excluding Natixis, also include certain contracts for structured loans to local authorities and structured bonds hedged by derivatives not designated as hedging instruments, assets containing embedded derivatives and fixed-income instruments index-linked to a credit risk.

in millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value
Fixed-income securities	908	60	1,465	2,433
Equities and other variable-income securities	9,180	1,805		10,985
Loans and repurchase agreements	2,517	47,491	3,753	53,761
TOTAL	**12,605**	**49,356**	**5,218**	**67,179**

Loans and receivables designated at fair value through profit or loss and credit risk

Exposure to credit risk represents a significant share of the fair value of loans and receivables designated at fair value through profit and loss shown on the balance sheet.

The Group did not purchase protection to hedge against credit risk associated with loans and receivables classified as fair value instruments through profit and loss as at December 31, 2014 and December 31, 2015.

5.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities in the trading book include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	12/31/2015	12/31/2014
Securities sold short	23,172	38,628
Other financial liabilities	765	936
Financial liabilities held for trading	**23,937**	**39,564**
Trading derivatives(1)	**58,708**	**71,153**
Interbank term accounts and loans	684	929
Customer term accounts and loans	29	303
Debt securities	18,231	16,888
Subordinated debt	95	94
Repurchase agreements(1)	44,930	75,691
Other financial liabilities	1,106	464
Financial liabilities designated at fair value through profit or loss	**65,075**	**94,369**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**147,720**	**205,086**

(1) This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 14).

Conditions for designating financial liabilities at fair value through profit or loss

Financial liabilities are designated at fair value through profit and loss when this choice provides more pertinent information or when the instruments incorporate one or more significant and separable embedded derivatives (see Note 4.1.4).

At Group level, the use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. In particular, the fair value option is used when hedge accounting conditions are not met: in such cases, changes in the fair value of the hedged item automatically offset changes in the fair value of the economic hedging derivative;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented asset and liability management policy.

At Group level, financial liabilities measured at fair value through profit and loss are mostly held by Natixis. They mainly comprise long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically, and issues originated and structured for customers whose risks and hedges are managed collectively. These issues include significant embedded derivatives for which changes in value are neutralized by those of the derivative instruments hedging them.

Financial liabilities accounted for under the fair value option, excluding Natixis, mainly consist of structured debt issues and structured deposits containing embedded derivatives (*e.g.* structured medium-term notes and equities for personal savings plans).

in millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial liabilities designated at fair value through profit or loss
Interbank term accounts and loans	684			684
Customer term accounts and loans			29	29
Debt securities	12,877		5,354	18,231
Subordinated debt			95	95
Repurchase agreements and other financial liabilities	1,753	44,283		46,036
TOTAL	**15,314**	**44,283**	**5,478**	**65,075**

Some liabilities issued and recognized at fair value through profit and loss are covered by a guarantee. The effect of this guarantee is incorporated into the fair value of the liabilities.

Financial liabilities at fair value through profit or loss and credit risk

	12/31/2015			12/31/2014		
in millions of euros	Fair value	Contractual amount due at maturity	Difference	Fair value	Contractual amount due at maturity	Difference
Interbank term accounts and loans	684	652	32	929	878	51
Customer term accounts and loans	29	22	7	303	295	8
Debt securities	18,231	17,805	426	16,888	15,857	1,031
Subordinated debt	95	101	(6)	94	101	(7)
Repurchase agreements and other financial liabilities	46,036	46,013	23	76,155	76,149	6
TOTAL	**65,075**	**64,593**	**482**	**94,369**	**93,280**	**1,089**

The amount contractually due on loans at maturity includes the outstanding amount of the principal at the balance sheet date plus the accrued interest not yet due. In the case of securities, the redemption value is generally used.

Revaluations attributable to own credit risk (revaluation of own debt) amounted to -€26 million at December 31, 2015 (+€100 million at December 31, 2014), including an impact on net banking income for the period of +€126 million (negative impact of -€276 million in 2014).

5.2.3 Trading derivatives

The notional amounts of derivative instruments are merely an indication of the volume of the Group's business in financial instruments, and do not reflect the market risks associated with such instruments. Positive or negative fair values represent the replacement value of these instruments. These values may vary significantly depending on changes in market parameters.

	12/31/2015			12/31/2014		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate instruments	4,622,596	35,044	31,358	4,764,221	44,476	40,433
Equity instruments	83,710	1,522	2,539	85,824	1,118	3,296
Foreign exchange instruments	832,786	9,877	10,931	854,451	15,222	13,834
Other instruments	6,886	324	123	41,037	158	233
Forward transactions	**5,545,978**	**46,767**	**44,951**	**5,745,533**	**60,974**	**57,796**
Interest rate instruments	829,140	4	871	913,590	296	823
Equity instruments	62,725	2,963	3,648	38,184	2,166	2,418
Foreign exchange instruments	388,331	6,221	6,790	475,781	5,566	6,438
Other instruments	34,960	831	844	49,195	1,211	1,168
Options	**1,315,156**	**10,019**	**12,153**	**1,476,750**	**9,239**	**10,847**
Credit derivatives	**63,529**	**1,696**	**1,604**	**92,090**	**2,523**	**2,510**
TOTAL TRADING DERIVATIVES	**6,924,663**	**58,482**	**58,708**	**7,314,373**	**72,736**	**71,153**
o/w organized markets	*822,898*	*2,192*	*2,625*	*793,302*	*1,615*	*1,775*
o/w over-the-counter transactions	*6,101,765*	*56,290*	*56,083*	*6,521,071*	*71,121*	*69,378*

5.3 HEDGING DERIVATIVES

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relation between the derivatives and the hedged items is both prospectively and retrospectively effective.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market rates of interest. They transform fixed-rate assets or liabilities into floating-rate instruments and include mostly hedges of fixed-rate loans, securities, deposits and subordinated debt.

Fair value hedging is also used to manage their overall interest rate risk position.

The cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

	12/31/2015			12/31/2014		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate instruments	588,839	10,694	8,469	572,388	11,668	10,062
Foreign exchange instruments	15,099	3,162	3,414	16,954	2,467	3,603
Forward transactions	**603,938**	**13,856**	**11,883**	**589,342**	**14,135**	**13,665**
Interest rate instruments	5,062	32	2	5,687	30	2
Options	**5,062**	**32**	**2**	**5,687**	**30**	**2**
Fair value hedges	**609,000**	**13,888**	**11,885**	**595,029**	**14,165**	**13,667**
Interest rate instruments	21,283	93	628	15,136	6	350
Forward transactions	**21,283**	**93**	**628**	**15,136**	**6**	**350**
Cash flow hedges	**21,283**	**93**	**628**	**15,136**	**6**	**350**
Credit derivatives				**494**		
TOTAL HEDGING INSTRUMENTS	**630,283**	**13,981**	**12,513**	**610,659**	**14,171**	**14,017**

5.4 AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are non-derivative financial assets that could not be classified in any other category ("Financial assets at fair value", "Held-to-maturity financial assets" or "Loans and receivables").

in millions of euros	12/31/2015	12/31/2014
Treasury bills and equivalent	22,421	17,198
Bonds and other fixed-income securities	27,635	24,574
Impaired securities	53	72
Fixed-income securities	**50,109**	**41,844**
Equities and other variable-income securities	**8,988**	**8,830**
Loans	**37**	**39**
Available-for-sale financial assets, gross	**59,134**	**50,713**
Impairment of fixed-income securities and loans	(49)	(50)
Permanent impairment of equities and other variable-income securities	(623)	(1,217)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**58,462**	**49,446**
Gains and losses recognized directly in equity on available-for-sale financial assets (before tax)[(1)]	**4,408**	**4,623**

(1) Including the portion attributable to non-controlling interests (€1,136 million at December 31, 2015, compared with €1,426 million at December 31, 2014). In the insurance subsidiaries, this amount gave rise to the symmetrical recognition of a deferred profit sharing reserve, equal to 90.0% at December 31, 2015 and 92.7% at December 31, 2014 (see Note 5.17).

Impairment losses are recognized for available-for-sale financial assets whenever the Group considers that its investment may not be recovered. For variable-income securities quoted in an active market, a price decline in excess of 50% or for more than a 36-month period constitutes evidence of impairment.

5.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

5.5.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2015				12/31/2014			
in millions of euros	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	Total	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	Total
FINANCIAL ASSETS								
Securities	41,958	6,126	355	48,439	63,123	7,496	467	71,086
Fixed-income securities	*16,217*	*3,294*	*355*	*19,866*	*32,123*	*6,057*	*467*	*38,647*
Variable-income securities	*25,741*	*2,832*		*28,573*	*31,000*	*1,439*		*32,439*
Derivatives	426	55,955	2,101	58,482	1,554	69,403	1,780	72,737
Interest rate derivatives		*33,946*	*1,102*	*35,048*	*4*	*43,516*	*1,253*	*44,773*
Equity derivatives	*332*	*3,810*	*343*	*4,485*	*936*	*2,215*	*133*	*3,284*
Currency derivatives	*5*	*15,949*	*144*	*16,098*	*9*	*20,771*	*8*	*20,788*
Credit derivatives		*1,189*	*507*	*1,696*		*2,137*	*386*	*2,523*
Other derivatives	*89*	*1,061*	*5*	*1,155*	*605*	*764*		*1,369*
Other financial assets		1,886	735	2,621		1,982	376	2,358
Financial assets held for trading	**42,384**	**63,967**	**3,191**	**109,542**	**64,677**	**78,881**	**2,623**	**146,181**
Securities	9,682	1,388	2,348	13,418	8,722	1,465	2,286	12,473
Fixed-income securities	*906*	*118*	*1,409*	*2,433*	*817*	*541*	*1,290*	*2,648*
Variable-income securities	*8,776*	*1,270*	*939*	*10,985*	*7,905*	*924*	*996*	*9,825*
Other financial assets		50,588	3,173	53,761		71,696	4,043	75,739
Financial assets designated at fair value through profit or loss	**9,682**	**51,976**	**5,521**	**67,179**	**8,722**	**73,161**	**6,329**	**88,212**
Interest rate derivatives		10,812	7	10,819		11,703	1	11,704
Currency derivatives		3,158	4	3,162		2,467		2,467
Hedging derivatives		**13,970**	**11**	**13,981**		**14,170**	**1**	**14,171**
Investments in associates	21	213	2,277	2,511	58	256	1,736	2,050
Other securities	47,963	5,022	2,926	55,911	40,951	3,509	2,878	47,338
Fixed-income securities	*43,529*	*3,755*	*2,776*	*50,060*	*36,306*	*2,790*	*2,678*	*41,774*
Variable-income securities	*4,434*	*1,267*	*150*	*5,851*	*4,645*	*719*	*200*	*5,564*
Other financial assets		21	19	40		19	39	58
Available-for-sale financial assets	**47,984**	**5,256**	**5,222**	**58,462**	**41,009**	**3,784**	**4,653**	**49,446**
FINANCIAL LIABILITIES								
Securities	22,707	441	24	23,172	37,019	1,598	10	38,627
Derivatives	507	56,619	1,582	58,708	1,521	67,533	2,100	71,154
Interest rate derivatives	*75*	*31,376*	*778*	*32,229*	*28*	*39,720*	*1,508*	*41,256*
Equity derivatives	*352*	*5,527*	*308*	*6,187*	*908*	*4,694*	*113*	*5,715*
Currency derivatives	*8*	*17,699*	*14*	*17,721*	*7*	*20,257*	*8*	*20,272*
Credit derivatives		*1,135*	*469*	*1,604*		*2,039*	*471*	*2,510*
Other derivatives	*72*	*882*	*13*	*967*	*578*	*823*		*1,401*
Other financial liabilities		765		765		936		936
Financial liabilities held for trading	**23,214**	**57,825**	**1,606**	**82,645**	**38,540**	**70,067**	**2,110**	**110,717**
Securities		15,146	28	15,174		16,981		16,981
Other financial liabilities	92	48,496	1,313	49,901		76,528	860	77,388
Financial liabilities designated at fair value through profit or loss	**92**	**63,642**	**1,341**	**65,075**		**93,509**	**860**	**94,369**
Interest rate derivatives		8,998	101	9,099		10,413		10,413
Currency derivatives		3,413		3,413		3,604		3,604
Hedging derivatives		**12,411**	**101**	**12,512**		**14,017**		**14,017**

5.5.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

AT DECEMBER 31, 2015

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement(1)								
in millions of euros	01/01/2015	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In equity	Purchases/ Issues	Sales/ Buybacks	To another reporting category	From and to another level	Other changes	12/31/2015
FINANCIAL ASSETS										
Securities	467	(10)	3		452	(544)		(23)	10	355
Fixed-income securities	*467*	*(10)*	*3*		*452*	*(544)*		*(23)*	*10*	*355*
Variable-income securities										
Derivatives	1,780	156	(401)		330	(271)	187	253	67	2,101
Interest rate derivatives	*1,253*	*1*	*(443)*		*159*	*(164)*	*187*	*108*	*1*	*1,102*
Equity derivatives	*133*	*(33)*	*46*		*171*	*(3)*		*(21)*	*50*	*343*
Currency derivatives	*8*	*(39)*	*1*			*(4)*		*166*	*12*	*144*
Credit derivatives	*386*	*222*	*(5)*			*(100)*			*4*	*507*
Other derivatives		*5*								*5*
Other financial assets	376				734	(376)			1	735
Financial assets held for trading	**2,623**	**146**	**(398)**		**1,516**	**(1,191)**	**187**	**230**	**78**	**3,191**
Securities	2,286	79	(16)		356	(415)		31	27	2,348
Fixed-income securities	*1,290*	*77*			*302*	*(291)*		*29*	*2*	*1,409*
Variable-income securities	*996*	*2*	*(16)*		*54*	*(124)*		*2*	*25*	*939*
Other financial assets	4,043	(18)	(26)		1,629	(2,607)		(2)	154	3,173
Financial assets designated at fair value through profit or loss	**6,329**	**61**	**(42)**		**1,985**	**(3,022)**		**29**	**181**	**5,521**
Interest rate derivatives	1						6			7
Currency derivatives							4			4
Credit derivatives		(4)	4							
Hedging derivatives	**1**	**(4)**	**4**				**10**			**11**
Investments in associates(2)	1,736	(4)	36	612	83	(115)			(71)	2,277
Other securities	2,878	5	3	(7)	1,412	(925)		(437)	(3)	2,926
Fixed-income securities	*2,678*	*6*		*(12)*	*1,407*	*(898)*		*(405)*		*2,776*
Variable-income securities	*200*	*(1)*	*3*	*5*	*5*	*(27)*		*(32)*	*(3)*	*150*
Other financial assets	39	(18)		(1)	2	(4)			1	19
Available-for-sale financial assets	**4,653**	**(17)**	**39**	**604**	**1,497**	**(1,044)**		**(437)**	**(73)**	**5,222**
FINANCIAL LIABILITIES										
Securities	10		1		64	(52)			1	24
Derivatives	2,100	439	(580)		201	(112)	(6)	(483)	23	1,582
Interest rate derivatives	*1,508*	*286*	*(541)*		*159*	*(111)*	*(6)*	*(511)*	*(6)*	*778*
Equity derivatives	*113*	*100*	*34*		*41*			*20*		*308*
Currency derivatives	*8*	*(4)*	*1*			*(1)*		*8*	*2*	*14*
Credit derivatives	*471*	*44*	*(74)*		*1*				*27*	*469*
Other derivatives		*13*								*13*
Financial liabilities held for trading	**2,110**	**439**	**(579)**		**265**	**(164)**	**(6)**	**(483)**	**24**	**1,606**
Securities		3				(1)		27	(1)	28
Other financial liabilities	860	(13)	77			(362)		727	24	1,313
Financial liabilities designated at fair value through profit or loss	**860**	**(10)**	**77**			**(363)**		**754**	**23**	**1,341**
Interest rate derivatives							101			101
Hedging derivatives							**101**			**101**

(1) The main impacts recognized in the income statement are mentioned in Note 6.3.

(2) Gains and losses recognized directly in equity over the period include the revaluation of Visa Europe securities for €606 million. In the absence of a quoted price, these securities were revalued based on the most recent provisions of the buyback agreement with Visa Inc. The transaction should be completed in 2016, following approval by the competent European authorities.
The fair value calculation includes the initial estimates received by the Group of the sale price, which will be paid in cash and preference shares. The preference shares will not be listed and will only be transferable between shareholders. They will be convertible into Visa Inc. shares after a period of 4 to 12 years. The proposed conversion rate may be lowered in the event of disputes.
To calculate the fair value of the shares at December 31, 2015, the estimate of the amount receivable in cash and preference shares was discounted by 20% to reflect uncertainties as to the completion of the transaction, the final distribution of the sales price between the different sellers, the illiquid nature of preference shares and a discount related to the uncertainty regarding the final rate at which the preference shares will be converted into ordinary Visa Inc. shares.
The protocol agreement also includes an earnout clause payable four years after the effective date of sale of the shares. This clause was not factored into the fair value calculation for the financial statements closed at December 31, 2015.

AT DECEMBER 31, 2014

			Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
			In the income statement[(2)]								
in millions of euros	**01/01/2014 [(1)]**	**Reclassi-fi-ca-tions**	**On transac-tions in progress at the reporting date**	**On transactions removed from the balance sheet at the reporting date**	**In equity**	**Purchases/ Issues**	**Sales/ Buybacks**	**To another reporting category**	**From and to another level**	**Other changes**	**12/31/2014**
FINANCIAL ASSETS											
Securities	928		41	81		491	(1,220)	11	109	26	467
Fixed-income securities	*928*		*41*	*81*		*491*	*(1,220)*	*11*	*109*	*26*	*467*
Variable-income securities											
Derivatives	1,771		1,022	5		2	(265)	(652)	91	(194)	1,780
Interest rate derivatives	*803*		*438*	*61*			*(34)*	*61*	*91*	*(167)*	*1,253*
Equity derivatives	*602*		*337*					*(773)*		*(33)*	*133*
Currency derivatives	*18*		*(11)*			*2*	*(2)*	*1*			*8*
Credit derivatives	*348*		*258*	*(56)*			*(229)*	*59*		*6*	*386*
Other financial assets									376		376
Financial assets held for trading	**2,699**		**1,063**	**86**		**493**	**(1,485)**	**(641)**	**576**	**(168)**	**2,623**
Securities	1,665		34	33		324	(300)	21	487	22	2,286
Fixed-income securities	*544*		*36*	*31*		*264*	*(164)*	*24*	*552*	*3*	*1,290*
Variable-income securities	*1,121*		*(2)*	*2*		*60*	*(136)*	*(3)*	*(65)*	*19*	*996*
Other financial assets	3,001	(5)	(234)	46		1,575	(1,433)	777		316	4,043
Financial assets designated at fair value through profit or loss	**4,666**	**(5)**	**(200)**	**79**		**1,899**	**(1,733)**	**798**	**487**	**338**	**6,329**
Interest rate derivatives	1										1
Hedging derivatives	**1**										**1**
Investments in associates	1,971		(75)	18	107	167	(266)	(1)	(143)	(42)	1,736
Other securities	549		(45)	18	15	747	(352)	7	2,007	(68)	2,878
Fixed-income securities	*398*		*(27)*	*12*	*1*	*715*	*(278)*	*2*	*1,931*	*(76)*	*2,678*
Variable-income securities	*151*		*(18)*	*6*	*14*	*32*	*(74)*	*5*	*76*	*8*	*200*
Other financial assets	24		(8)			1	(5)		28	(1)	39
Available-for-sale financial assets	**2,544**		**(128)**	**36**	**122**	**915**	**(623)**	**6**	**1,892**	**(111)**	**4,653**
FINANCIAL LIABILITIES											
Securities								10			10
Derivatives	1,652		545	139			(204)	24		(56)	2,100
Interest rate derivatives	*965*	*(85)*	*391*	*111*			*(101)*	*183*		*44*	*1,508*
Equity derivatives	*38*		*64*	*10*			*(15)*	*16*			*113*
Currency derivatives	*51*		*(19)*				*(1)*	*(21)*		*(2)*	*8*
Credit derivatives	*526*	*85*	*61*	*32*			*(87)*	*(154)*		*8*	*471*
Other derivatives	*72*		*48*	*(14)*						*(106)*	
Financial liabilities held for trading	**1,652**		**545**	**139**			**(204)**	**34**		**(56)**	**2,110**
Other financial liabilities	1,152		(27)	(9)			(321)	14		51	860
Financial liabilities designated at fair value through profit or loss	**1,152**		**(27)**	**(9)**			**(321)**	**14**		**51**	**860**

(1) *Amount adjusted relative to the financial statements at December 31, 2013, mainly arising from the reclassification of private equity securities from Level 2 to Level 3 of the fair value hierarchy for €1,121 million (see Note 4.1.6.).*

(2) *The main impacts recognized in the income statement are mentioned in Note 6.3.*

5

5.5.3 Analysis of fair value hierarchy transfers

	Fiscal year 2015				
	From	Level 1	Level 2	Level 2	Level 3
in millions of euros	To	Level 2	Level 1	Level 3	Level 2
FINANCIAL ASSETS					
Securities		385	901	6	29
Fixed-income securities		*83*	*901*	*6*	*29*
Variable-income securities		*302*			
Derivatives				326	39
Interest rate derivatives(1)				*141*	*33*
Equity derivatives(2)				*17*	*4*
Currency derivatives				*168*	*2*
Financial assets held for trading		**385**	**901**	**332**	**68**
Securities				31	
Fixed-income securities				*29*	
Variable-income securities				*2*	
Other financial assets				20	22
Financial assets designated at fair value through profit or loss				**51**	**22**
Investments in associates					
Other securities		77	49	103	541
Fixed-income securities		*69*	*49*	*80*	*486*
Variable-income securities		*8*		*23*	*55*
Available-for-sale financial assets		**77**	**49**	**103**	**541**
FINANCIAL LIABILITIES					
Securities		29	15		
Derivatives				112	595
Interest rate derivatives(1)				*58*	*569*
Equity derivatives(2)				*46*	*26*
Currency derivatives				*8*	
Financial liabilities held for trading		**29**	**15**	**112**	**595**
Securities				27	
Other financial liabilities				731	4
Financial liabilities designated at fair value through profit or loss				**758**	**4**

(1) *For Helvetix derivatives, since the contribution of valuation adjustments had become very significant with respect to the fair value of these instruments taken as a whole, the Group transferred them to Level 3 of the fair value hierarchy in 2015.*
(2) *TRS and repos indexed to a basket of equities were transferred to Level 3 of the fair value hierarchy in 2015 subsequent to a change in the valuation model based on proprietary data.*

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

	Fiscal year 2014		
From	Level 1	Level 2	Level 2
in millions of euros To	Level 2	Level 1	Level 3
FINANCIAL ASSETS			
Securities	486	643	109
Fixed-income securities	*486*	*9*	*109*
Variable-income securities		*634*	
Derivatives			91
Interest rate derivatives			91
Other financial assets			376
Financial assets held for trading	**486**	**643**	**576**
Securities	*1,139*		*617*
Fixed-income securities	*1,137*		*552*
Variable-income securities	2		65
Financial assets designated at fair value through profit or loss	**1,139**		**617**
Investments in associates			143
Other securities	476	279	2,007
Fixed-income securities	*309*	*279*	*1,931*
Variable-income securities	*167*		*76*
Other financial assets			28
Available-for-sale financial assets	**476**	**279**	**2,178**
FINANCIAL LIABILITIES			
Other financial liabilities	235	3	
Financial liabilities held for trading	**235**	**3**	

5.5.4 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

At December 31, 2015 Natixis calculated the sensitivity of the fair value of financial instruments measured using unobservable inputs. With the aid of probable assumptions, this sensitivity was used to estimate the impacts of market fluctuations in uncertain economic environments. This estimate was performed using:

- a "standardized"[1] variation in unobservable inputs related to assumptions of additional valuation adjustments for fixed income, currency and equity instruments. The resulting sensitivity was €16 million.
- a fixed variation:
  - of +/-1% in the recovery rate on unsecured debt on uncollateralized derivatives,
  - +/-50 basis points applied to the margin used for the discounted cash flow expected on TruPS CDOs;

i.e. the sensitivity impact would result in an improvement in value of €17 million, should the inputs mentioned above improve, or a decrease in value of €17 million if the same inputs deteriorate.

5.6 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Most loans originated by the Group are classified in this category. Information about credit risk is provided in Note 7.1.

5.6.1 Loans and receivables due from credit institutions

in millions of euros	12/31/2015	12/31/2014
Loans and receivables due from credit institutions	119,970	126,237
Specific impairment	(66)	(103)
Impairment on a portfolio basis	(7)	(15)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**119,897**	**126,119**

The fair value of loans and receivables due from banks is presented in Note 15.

(1) *i.e. the standard deviation of consensus prices used to measure the inputs.*

Breakdown of gross loans and receivables due from credit institutions

in millions of euros	12/31/2015	12/31/2014
Current accounts with overdrafts	7,092	7,202
Repurchase agreements	9,693	8,467
Loans and advances	101,094	106,723
Securities classified as loans and receivables	245	1,369
Other loans and receivables due from credit institutions	1,766	2,345
Impaired loans and receivables	80	131
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS(1)	**119,970**	**126,237**

(1) Receivables arising from transactions with the Banque Populaire and Caisse d'Epargne networks amounted to €98,020 million at December 31, 2015 (€103,434 million at December 31, 2014).

5.6.2 Loans and receivables due from customers

in millions of euros	12/31/2015	12/31/2014
Loans and receivables due from customers	223,841	236,822
Specific impairment	(3,315)	(3,763)
Impairment on a portfolio basis	(599)	(601)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS (1)	**219,927**	**232,458**

(1) In the interest of harmonizing their presentation throughout BPCE SA group, receivables arising from insurance and reinsurance transactions, previously recorded under "Loans and receivables due from customers", are now recorded under "Accrued income and other assets". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €980 million from "Loans and receivables due from customers" to "Accrued income and other assets".

The fair value of loans and receivables due from customers is presented in Note 15.

Breakdown of gross loans and receivables due from customers

in millions of euros	12/31/2015	12/31/2014
Current accounts with overdrafts	4,419	4,576
Loans to financial sector customers	4,004	4,156
Short-term credit facilities	25,739	23,596
Equipment loans	31,329	32,968
Home loans	58,020	62,481
Export loans	3,036	3,128
Repurchase agreements	27,324	30,297
Finance leases	10,796	11,075
Subordinated loans	31	36
Other loans	21,596	22,061
Other facilities granted to customers	**181,875**	**189,798**
Securities classified as loans and receivables	**22,333**	**25,905**
Other loans and receivables due from customers	**6,122**	**7,031**
Impaired loans and receivables	**9,092**	**9,512**
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**223,841**	**236,822**

Breakdown of finance leases

	12/31/2015			12/31/2014		
in millions of euros	Real estate	Non-real estate	Total	Real estate	Non-real estate	Total
Performing loans	**6,518**	**4,278**	**10,796**	**6,858**	**4,217**	**11,075**
Net impaired outstanding loans	**80**	**35**	**115**	**61**	**42**	**103**
Outstandings	166	176	342	144	188	332
Impairment	(86)	(141)	(227)	(83)	(146)	(229)
TOTAL LOANS OUTSTANDINGS ON FINANCE LEASES	**6,598**	**4,313**	**10,911**	**6,919**	**4,259**	**11,178**

5.7 HELD-TO-MATURITY FINANCIAL ASSETS

These are non-derivative financial assets with fixed or determinable payments that the Group has an intention and ability to hold to maturity.

in millions of euros	12/31/2015	12/31/2014
Treasury bills and equivalent	1,904	2,251
Bonds and other fixed-income securities	1,814	2,047
Gross amount of held-to-maturity financial assets	**3,718**	**4,298**
Impairment	(2)	(3)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**3,716**	**4,295**

The fair value of held-to-maturity financial assets is presented in Note 15.

5.8 RECLASSIFICATION OF FINANCIAL ASSETS

Portfolio of reclassified financial assets

In application of the amendments to IAS 39 and IFRS 7 "Reclassification of financial assets", the Group reclassified some of its financial assets.

No significant reclassification was carried out in fiscal year 2014 or 2015.

	Carrying amount		Fair value	
in millions of euros	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets reclassified to:				
Available-for-sale financial assets	51	131	51	131
Loans and receivables	8,527	10,118	7,663	9,087
TOTAL SECURITIES RECLASSIFIED	**8,578**	**10,249**	**7,714**	**9,218**

Change in fair value which would have been recognized if the securities had not been reclassified

in millions of euros	Fiscal year 2015	Fiscal year 2014
Change in fair value		
– that would have been recognized in income if the securities had not been reclassified		21
– that would have been recognized in gains and losses recognized directly in equity if the securities had not been reclassified	83	(191)

5.9 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	12/31/2015	12/31/2014
Unrealized capital gains on UCITS	34	34
Fiscal EIGs	(123)	(127)
Provisions for employee-related liabilities	153	247
Provisions for regulated home savings products	1	2
Impairment on a portfolio basis	53	61
Other non-deductible provisions	558	787
Changes in fair value of financial instruments recorded in equity	(63)	(200)
Other sources of temporary differences[1]	(209)	759
Deferred tax assets and liabilities related to timing differences	**404**	**1,563**
Deferred tax assets and liabilities arising on the capitalization of tax loss carryforwards	**2,637**	**3,193**
Deferred tax assets and liabilities on consolidation adjustments and eliminations	**(64)**	**(86)**
Unrecognized deferred tax assets and liabilities	**(551)**	**(879)**
NET DEFERRED TAX ASSETS AND LIABILITIES	**2,426**	**3,791**
Deferred taxes recognized:		
– As assets in the balance sheet	2,939	4,001
– As liabilities in the balance sheet	(513)	(210)

(1) *Deferred tax liability recorded on the tax amortization of goodwill in the United States, recorded as of fiscal year 2015 (see Note 2.2).*

5.10 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2015	12/31/2014
Collection accounts	2,607	1,915
Prepaid expenses	222	200
Accrued income	331	189
Other accruals	2,578	2,282
Accrued income and prepaid expenses	**5,738**	**4,586**
Security deposits paid	19,702	22,760
Settlement accounts in debit on securities transactions	82	247
Reinsurers' share of technical reserves	8,433	7,959
Other insurance-related assets[1]	1,639	574
Other debtors	12,303	10,298
Other assets	**42,159**	**41,838**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**47,897**	**46,424**

(1) *In the interest of harmonizing their presentation throughout BPCE SA group, receivables arising from insurance and reinsurance transactions, previously recorded under "Loans and receivables due from customers", are now recorded under "Accrued income and other assets". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €980 million from "Loans and receivables due from customers" to "Accrued income and other assets".*

5.11 INVESTMENT PROPERTY

in millions of euros	12/31/2015			12/31/2014		
	Gross carrying amount	Accumulated depreciation and impairment	Net amount	Gross carrying amount	Accumulated depreciation and impairment	Net amount
Property recognized at fair value(1)	///	///	1,054	///	///	1,060
Property recognized at historical cost	543	(275)	268	555	(272)	283
TOTAL INVESTMENT PROPERTY			**1,322**			**1,343**

(1) *Buildings included in insurance company investments. Changes in fair value give rise to the symmetrical recognition of a deferred profit sharing reserve equal to 90.0% of the related base amount on average at December 31, 2015 compared to 92.7% at December 31, 2014 (See Note 5.17).*

The fair value of investment property came to €1,395 million at December 31, 2015 (€1,447 million at December 31, 2014).

The fair value of investment property, whose measurement principles are described in Note 4.2, is classified in Level 3 of the IFRS 13 fair value hierarchy.

5.12 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

in millions of euros	12/31/2015			12/31/2014		
	Gross carrying amount	Accumulated depreciation and impairment	Net amount	Gross carrying amount	Accumulated depreciation and impairment	Net amount
Property, plant and equipment						
Land and buildings	749	(420)	329	743	(420)	323
Leased real estate	349	(114)	235	333	(125)	208
Equipment, furniture and other property, plant and equipment	1,666	(1,070)	596	1,573	(998)	575
TOTAL PROPERTY, PLANT AND EQUIPMENT	**2,764**	**(1,604)**	**1,160**	**2,649**	**(1,543)**	**1,106**
Intangible assets						
Leasehold rights	79	(30)	49	82	(29)	53
Software	1,815	(1,297)	518	1,650	(1,188)	462
Other intangible assets	500	(236)	264	542	(241)	301
TOTAL INTANGIBLE ASSETS	**2,394**	**(1,563)**	**831**	**2,274**	**(1,458)**	**816**

5.13 GOODWILL

Goodwill related to operations for the financial year is analyzed in respect of the note regarding the scope of consolidation.

in millions of euros	12/31/2015	12/31/2014
Opening net value	**2,972**	**2,825**
Acquisitions	598	38
Disposals	(8)	(17)
Impairment	(1)	(51)
Reclassifications	12	13
Foreign exchange rate adjustments	152	164
Closing net value	**3,725**	**2,972**

At December 31, 2015, the gross carrying amount of goodwill amounted to €4,144 million, with impairment totaling €419 million.

Breakdown of goodwill

	Carrying amount	
in millions of euros	12/31/2015	12/31/2014
– Investment Solutions [(1)]	3,107	2,365
– Specialized Financial Services	58	58
– Equity interests	355	355
– Corporate and Investment Banking	5	
– Other activities	34	29
Natixis	**3,559**	**2,807**
Banque Palatine	**95**	**95**
Crédit Foncier	**13**	**13**
BPCE International	**43**	**52**
Other	**15**	**5**
TOTAL GOODWILL	**3,725**	**2,972**

(1) *Including €580 million corresponding to goodwill recorded on the acquisition of DNCA Finance in 2015.*

Impairment tests

All goodwill has been impairment-tested, based on the assessment of the value in use of the cash-generating units (CGU) to which it is attached. The former Corporate Data Solution (CDS) CGU was, however, evaluated using a company-by-company approach in light of completed and planned disposals concerning several entities in the CGU, which limit the synergies of the remaining group. The Coface CGU, which has been listed since June 2014 is not one of BPCE SA group's core businesses. The equity holding in this entity is managed as an investment, and the value in use was supplemented by other approaches based on market data, including: market multiples, share price and brokers' target prices. An average valuation was determined by weighting the different approaches.

Key assumptions used to determine recoverable value

Value in use is determined based on the present value of the CGU's future cash flows under medium-term plans drawn up as part of the Group's budget process.

The following assumptions were used:

	Discount rate	Long-term growth rate
Natixis		
Investment Solutions	9.7%	2.5%
Specialized Financial Services	11.2%	2.5%
Coface	10.5%	2.5%
Former Corporate Data Solutions CGU	Company-by-company approach	2.5%
Corporate and Investment Banking	10.9%	2.5%
Banque Palatine	**8.5%**	**2.0%**
Regional banks	**7.5%-8.0%**	**2.0%**

The discount rates were determined as follows:

- for the Investment Solutions and Specialized Financial Services CGUs: the risk-free rate for the euro zone (*i.e.* the Bund rate averaged over 10 years) plus a risk premium calculated based on a sample of companies representative of the CGU;
- for the Coface CGU, the interest-rate references used were determined according to a similar method as applied to the other CGUs, using samples of equivalent companies for insurance, services and factoring activities;
- for the former CDS CGU, the 10-year risk-free interest rates of the countries in which the various entities do business, plus a risk premium calculated according to a sample of companies that are representative of the sector and an additional risk premium to account for the relative size of the entities in comparison with sample references;
- the discount rates of the projected cash flows of the Banque Palatine CGU were determined based on a risk-free rate (10-year OAT) over two years, plus a risk premium calculated based on a sample of listed European banks with a similar banking business, and in consideration of the specific nature of that institution.

As a result of these impairment tests, the Group recognized goodwill impairment of €1 million in respect of fiscal year 2015.

Sensitivity of recoverable values

A 20 basis point rise in the discount rates combined with a 50 basis point fall in the perpetual growth rates would reduce the CGUs' value in use by:

- -6.7% for the Investment Solutions CGU;
- -4.2% for the Specialized Financial Services CGU;

- -2.6% for the Coface CGU;
- -6.6% for the former CDS CGU;
- -4.7% for the Banque Palatine CGU.

These changes would only result in the booking of additional impairment losses for the Banque Palatine CGU (€39 million).

The sensitivity of future cash flows as forecast in the business lines' business plans to changes in key assumptions would result in the following:

- for Investment Solutions, a 10% fall in the "equity" markets and a 1 basis point fall in the EONIA and 10-year long term rates would have a -3% negative impact on the recoverable value of the CGU and would not lead to the booking of an impairment loss;
- for Specialized Financial Services, a 1 point drop in the 3-month Euribor applied to the factoring business and the replication of a "2008/2009"-type crisis (decline in new business and increase in cost of risk) in the leasing business would have a negative impact of -8% on the recoverable value of the CGU and would have no impact in terms of impairment;
- for Coface, the primary sensitivity vector is the loss ratio. A level of 54.3% for this ratio (gross reinsurance) was applied to conduct the CGU's impairment test at December 31, 2015. A one-point increase in this loss ratio would have no significant impact on the recoverable value of the CGU. Only an increase of 5 points in the loss ratio would result in an impairment loss on the CGU. A valuation at the lowest price of the year 2015 would have a limited impact on the weighted average valuation;
- for the former CDS CGU, the primary sensitivity factor is the extent to which the business plans are achieved. A -5% variation in said plans would not lead to the booking of an impairment loss;
- for the Banque Palatine CGU, the sensitivity of future cash flows, as forecast in the business plan, to a 5% point fall in normative net income, would have a negative impact on the CGU's value of -6.1% and would lead to the recognition of an impairment loss on the CGU of around €51 million.

5.14 AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to credit institutions" or "Amounts due to customers".

5.14.1 Amounts due to credit institutions

in millions of euros	12/31/2015	12/31/2014
Demand deposits	28,302	17,405
Repurchase agreements	2,841	2,966
Accrued interest	5	4
Amounts due to credit institutions - repayable on demand	**31,148**	**20,375**
Term deposits and loans	71,717	84,068
Repurchase agreements	10,946	14,918
Accrued interest	466	504
Amounts due to credit institutions - repayable at agreed maturity dates	**83,129**	**99,490**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS(1)	**114,277**	**119,865**

(1) Liabilities arising from transactions with the Banque Populaire and Caisse d'Epargne networks amounted to €100,552 million at December 31, 2015 (€105,947 million at December 31, 2014).

The fair value of amounts due to credit institutions is presented in Note 15.

5.14.2 Amounts due to customers

in millions of euros	12/31/2015	12/31/2014
Current accounts	**31,055**	**23,765**
Livret A savings accounts	259	393
Regulated home savings products	322	507
Other regulated savings accounts	1,566	2,005
Accrued interest	1	4
Regulated savings accounts	**2,148**	**2,909**
Demand deposits and loans	5,152	10,572
Term accounts and loans	15,167	14,833
Accrued interest	108	97
Other customer accounts	**20,427**	**25,502**
Demand	15,326	12,644
Term	13,388	13,345
Accrued interest	16	8
Repurchase agreements	**28,730**	**25,997**
Other amounts due to customers(1)	**1,079**	**1,446**
TOTAL AMOUNTS DUE TO CUSTOMERS	**83,439**	**79,619**

(1) In the interest of harmonizing their presentation throughout BPCE SA group, net amounts payable on insurance and reinsurance transactions, previously recorded under "Other amounts due to customers", are now recorded under "Accrued expenses and other liabilities". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €405 million from "Amounts due to customers" to "Accrued expenses and other liabilities".

The fair value of amounts due to customers is presented in Note 15.

5.15 DEBT SECURITIES

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

in millions of euros	12/31/2015	12/31/2014
Bonds	158,083	157,195
Interbank market instruments and negotiable debt securities	51,652	76,395
Other debt securities	1,773	2,323
Total	**211,508**	**235,913**
Accrued interest	2,563	3,166
TOTAL DEBT SECURITIES	**214,071**	**239,079**

The fair value of debt securities is presented in Note 15.

5.16 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2015	12/31/2014
Collection accounts	2,625	2,120
Prepaid income	359	394
Accounts payable	1,437	1,211
Other accruals	5,850	3,865
Accrued expenses and other liabilities	**10,271**	**7,590**
Settlement accounts in credit on securities transactions	178	335
Guarantee deposits received	18,271	20,312
Other payables	11,105	10,210
Other insurance-related liabilities(1)	8,529	7,580
Other liabilities	**38,083**	**38,437**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**48,354**	**46,027**

(1) In the interest of harmonizing their presentation throughout BPCE SA group, net amounts payable on insurance and reinsurance transactions, previously recorded under "Other amounts due to customers", are now recorded under "Accrued expenses and other liabilities". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €405 million from "Amounts due to customers" to "Accrued expenses and other liabilities".

5.17 TECHNICAL RESERVES OF INSURANCE COMPANIES

in millions of euros	12/31/2015	12/31/2014
Technical reserves of non-life insurance companies	**4,216**	**3,850**
Technical reserves of life insurance companies in euros	37,779	36,052
Technical reserves of life insurance companies in unit-linked accounts	8,210	7,430
Technical reserves of life insurance companies	**45,989**	**43,482**
Technical reserves of investment contracts	**11**	**11**
Deferred profit-sharing	**2,805**	**3,411**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**53,021**	**50,754**

Technical reserves of non-life insurance companies include unearned premium reserves and outstanding claims reserves.

Technical reserves of life insurance companies mainly comprise mathematical reserves, which generally correspond to the surrender value of policies.

Technical reserves for financial contracts issued by insurance companies are mathematical reserves measured on the basis of the underlying assets of these policies.

Deferred profit-sharing represents the portion of income from participating insurance policies in the form of a cumulative amount allocated to policyholders and not yet distributed.

5.18 PROVISIONS

Provisions are detailed in the table below. The presentation has been amended in relation to the previous year to reflect the level of detail analyzed by the Group.

in millions of euros	01/01/2015	Increase	Use	Reversals unused	Other changes(1)	12/31/2015
Provisions for employee benefit commitments	903	150	(125)		(102)	826
Provisions for restructuring costs(2)	71	2	(21)	(27)	(1)	24
Legal and tax risks(3)	1,007	143	(82)	(59)	82	1,091
Loan and guarantee commitments	140	13	(5)	(18)	(25)	105
Provisions for regulated home savings products	6				(2)	4
Other operating provisions	585	164	(127)	(66)	35	591
TOTAL PROVISIONS	**2,712**	**472**	**(360)**	**(170)**	**(13)**	**2,641**

(1) Other changes included the variation in revaluation differences on employee benefits (-€101 million before tax) and the impacts related to changes in the scope of consolidation and foreign exchange rate adjustments.
(2) At December 31, 2015, provisions for restructuring costs included €15 million for the workforce adjustment plan at Natixis (€60 million at December 31, 2014).
(3) Provisions for legal and tax risks included €475 million for net Madoff outstandings (€415 million at December 31, 2014).

5.19 SUBORDINATED DEBT

Subordinated debt is classified separately from issues of other debt and bonds because in the event of default, holders of subordinated debt rank after all senior debt holders.

in millions of euros	12/31/2015	12/31/2014
Term subordinated debt	17,613	15,112
Perpetual subordinated debt	312	320
Subordinated debt and similar	**17,925**	**15,432**
Accrued interest	333	304
Revaluation of the hedged component	116	180
TOTAL SUBORDINATED DEBT	**18,374**	**15,916**

The fair value of subordinated debt is presented in Note 15.

Changes in subordinated debt and similar during the year

in millions of euros	01/01/2015	Issuance(1)	Buyback(2)	Other changes(3)	12/31/2015
Term subordinated debt	15,112	3,787	(1,246)	(40)	17,613
Perpetual subordinated debt	320			(8)	312
SUBORDINATED DEBT AND SIMILAR	**15,432**	**3,787**	**(1,246)**	**(48)**	**17,925**

(1) Issuances in fiscal year 2015 included:
- *€1,736 million total in redeemable subordinated notes by BPCE in February, March and November 2015;*
- *YPY 84,000 million total in redeemable subordinated notes by BPCE in January and December 2015;*
- *USD 530 million total in redeemable subordinated notes by BPCE in April and June 2015;*
- *AUD 175 million total in redeemable subordinated notes by BPCE in October 2015;*
- *CNY 750 million total in redeemable subordinated notes by BPCE in March 2015;*
- *SGD 150 million total in redeemable subordinated notes by BPCE in June 2015;*
- *CHF 50 million total in redeemable subordinated notes by BPCE in September 2015.*

(2) Buybacks of subordinated borrowings and securities specifically involved:
- *the maturing of subordinated securities issued by Natixis in the amount of €77 million, in April 2015;*
- *the maturing of subordinated securities issued by BPCE in the amount of €1,169 million, in 2015.*

(3) Other changes mainly included the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.

Deeply subordinated notes qualifying as equity instruments are presented in Note 5.20.

5.20 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

Perpetual deeply subordinated notes classified as equity

Issuing entity	Issue date	Currency	Amount *(in original currency)*	Redemption option date	Interest step-up date	Rate	Nominal *(in millions of euros[(1)])* 12/31/2015	12/31/2014
BPCE	July 30, 2004	USD	200 million	March 31, 2016	none	Min (10-year CMAT +0.3%; 9%)	142	142
BPCE	October 6, 2004	EUR	369 million	July 30, 2015	July 30, 2015	4.63%		369
BPCE	October 12, 2004	EUR	80 million	January 12, 2016	none	Min (10-year CMS; 7%)	80	80
BPCE	January 27, 2006	USD	300 million	January 27, 2016	none	6.75%	214	214
BPCE	February 1, 2006	EUR	350 million	February 1, 2016	none	4.75%	350	350
BPCE	October 30, 2007	EUR	509 million	October 30, 2017	October 30, 2017	6.12%	509	509
BPCE	August 6, 2009	EUR	52 million	September 30, 2015	none	13.00%		52
BPCE	August 6, 2009	EUR	374 million	September 30, 2019	September 30, 2019	12.50%	374	374
BPCE	August 6, 2009	USD	134 million	September 30, 2015	none	13.00%		93
BPCE	August 6, 2009	USD	444 million	September 30, 2019	September 30, 2019	12.50%	309	309
BPCE	October 22, 2009	EUR	750 million	April 22, 2015	none	9.25%		750
BPCE	March 17, 2010	EUR	818 million	March 17, 2015	March 17, 2020	9.00%		818
TOTAL							**1,978**	**4,060**

(1) Nominal amount translated into euros at the exchange rate in force at the date of classification as equity.

Issues of perpetual deeply subordinated notes prior to June 30, 2009 have thereafter been recognized as equity instruments as a result of a remuneration payment clause that has since become discretionary. Previously, they were recognized as subordinated debt and similar. In accounting terms, the transformation of these debt instruments into equity instruments is treated as debt extinguishment.

Issues made after June 30, 2009 have always been recognized in equity due to the discretionary nature of their remuneration.

5

5.21 NON-CONTROLLING INTERESTS

Information regarding consolidated subsidiaries and structured entities for which the amount of non-controlling interests is significant in terms of total Group equity is shown in the following statement:

in millions of euros		Fiscal year 2015						
		Non-controlling interests			Summary financial information for 100% equity interests			
Entity name	Percentage of non-controlling interests	Income attributed during the period to holders of non-controlling interests	Amount of the subsidiary's non-controlling interests	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Natixis Group	**28.75%**	**535**	**7,295**	**375**	**500,256**	**479,756**	**1,344**	**1,822**
o/w Coface [(1)]	58.68%	57	1,101	45	6,883	5,116	126	120
o/w BPCE Assurances [(1)]	40.00%	22	146	7	1,632	1,266	56	52
Locindus	**25.43%**	**2**	**66**	**3**	**822**	**563**	**10**	**10**
Other entities		**11**	**106**	**9**				
TOTAL AT 12/31/2015		**548**	**7,467**	**386**				

(1) Natixis Group data (direct non-controlling interests).

in millions of euros	Fiscal year 2014							
	Non-controlling interests				Summary financial information for 100% equity interests			
Entity name	Percentage of non-controlling interests	Income attributed during the period to holders of non-controlling interests	Amount of the subsidiary's non-controlling interests	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Natixis Group	**28.49%**	**388**	**7,096**	**156**	**590,424**	**570,263**	**1,138**	**1,741**
o/w Coface[(1)]	58.74%	34	1,104	1	6,587	4,863	125	163
o/w BPCE Assurances[(1)]	40.00%	21	132		1,506	1,175	52	73
Locindus	**25.45%**	**3**	**66**	**3**	**715**	**456**	**9**	**9**
Other entities		**17**	**137**	**9**				
TOTAL AT 12/31/2014		**408**	**7,299**	**168**				

(1) *Natixis group data (direct non-controlling interests)*

5.22 CHANGE IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Revaluation differences on defined-benefit pension schemes	101	(36)	65	(140)	49	(91)
Share of gains and losses recognized directly in other comprehensive income of associates that cannot be reclassified in income	///	///	(1)	///	///	(14)
Items that cannot be reclassified in income			**64**			**(105)**
Foreign exchange rate adjustments	470	///	470	608	///	608
Change in the value of available-for-sale financial assets[(1)]	692	(208)	484	531	(103)	428
Change in the value of hedging derivatives[(2)]	83	146	229	(465)	83	(382)
Share of gains and losses recognized directly in other comprehensive income of associates that can be reclassified in income	///	///	(12)	///	///	188
Items that can be reclassified in income			**1,171**			**842**
GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME (AFTER INCOME TAX)			**1,235**			**737**
Attributable to equity holders of the parent			1,090			522
Non-controlling interests			145			215

(1) *o/w –€165 million (before tax) recycled to income for 2015 compared with –€155 million in 2014.*
(2) *o/w €143 million (before tax) recycled to income for 2015 compared with €146 million in 2014.*

Note 6 Notes to the income statement

6.1 INTEREST AND SIMILAR INCOME AND EXPENSES

This line item comprises interest income and expenses, calculated using the effective interest method, on financial assets and liabilities measured at amortized cost, which include interbank and customer items, held-to-maturity assets, debt securities and subordinated debt.

It also includes interest receivable on fixed-income securities classified as available-for-sale financial assets and hedging derivatives, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Loans and receivables due from customers	5,810	(940)	4,870	6,011	(914)	5,097
Loans and receivables due from credit institutions	1,900	(1,266)	634	2,280	(1,591)	689
Finance leases	381	///	381	407	////	407
Debt securities and subordinated debt	///	(5,052)	(5,052)	////	(5,166)	(5,166)
Hedging derivatives	4,561	(3,840)	721	4,786	(4,013)	773
Available-for-sale financial assets	1,162	///	1,162	1,101	////	1,101
Held-to-maturity financial assets	181	///	181	175	////	175
Impaired financial assets	4	///	4	1	////	1
Other interest income and expenses	1	(61)	(60)	3	(46)	(43)
TOTAL INTEREST INCOME AND EXPENSES	**14,000**	**(11,159)**	**2,841**	**14,764**	**(11,730)**	**3,034**

6.2 FEE AND COMMISSION INCOME AND EXPENSES

Commissions are recorded based on the type of service rendered and on the method of accounting for the financial instrument to which the service relates.

This line includes mainly commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, payment penalties, etc.), commissions receivable or payable on execution of significant transactions, and commissions receivable or payable on trust assets managed on behalf of the Group's customers.

However, commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Cash and interbank transactions	3	(38)	(35)	5	(32)	(27)
Customer transactions	935	(5)	930	810	(10)	800
Financial services	363	(739)	(376)	359	(601)	(242)
Sales of life insurance products	192	///	192	192	///	192
Payment services	377	(71)	306	388	(82)	306
Securities transactions	257	(139)	118	230	(116)	114
Trust management services	3,267	///	3,267	2,516	///	2,516
Financial instruments and off-balance sheet transactions	166	(137)	29	139	(117)	22
Other fees and commissions	299	(815)	(516)	315	(731)	(416)
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**5,859**	**(1,944)**	**3,915**	**4,954**	**(1,689)**	**3,265**

6.3 NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

This item includes gains and losses (including the related interest) on financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Gains and losses on hedging transactions" include gains and losses arising from the revaluation of derivatives used as fair value hedges, as well as gains and losses from the revaluation of the hedged item in the same manner, the revaluation at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Gains and losses on financial instruments held for trading(1)	1,682	1,222
Gains and losses on financial instruments designated at fair value through profit or loss(2)	412	(18)
Gains and losses on hedging transactions	(3)	5
– Ineffective portion of fair value hedges	(20)	(18)
– Ineffective portion of cash flow hedges	17	23
Gains and losses on foreign exchange transactions	(6)	262
TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,085**	**1,471**

(1) In 2015, "Gains and losses on financial instruments held for trading" included:
- *impairments taken against the fair value of CDS entered into with monoline insurers (see Note 4.1.6), which led to a decrease of €2 million in cumulative impairments in 2015, versus income of €102 million in 2014, bringing cumulative impairments to €106 million at December 31, 2015 versus €103 million at December 31, 2014.*
- *a €7 million reversal at December 31, 2015 of the portfolio-based provision recorded on exposures in respect of CDPCs (Credit Derivatives Product Companies), bringing the cumulative balance to €4 million. At December 31, 2014, a €27 million reversal was carried out, bringing the cumulative balance to €11 million.*
- *the change in the fair value of derivatives of -€3 million due to the difference in impairments for counterparty risk (Credit Value Adjustment - CVA), in the amount of -€5 million due to the consideration of non-performance risk in the valuation of derivative financial liabilities (Debit Valuation Adjustment - DVA), and in the amount of -€33 million due to the inclusion of an adjustment for funding costs (Funding Valuation Adjustment - FVA).*

(2) "Gains and losses on financial instruments designated at fair value through profit or loss" included the revaluation of own debt on issues classified as fair value instruments through profit or loss with an impact of +€126 million impact on income for the period versus -€276 million in the previous year.

Day one profit

in millions of euros	Fiscal year 2015	Fiscal year 2014
Day one profit at the start of the year	54	35
Deferred profit on new transactions	83	47
Profit recognized in income during the year	(55)	(28)
DAY ONE PROFIT AT YEAR-END	**82**	**54**

6.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item includes dividends from variable-income securities, gains and losses on the sale of available-for-sale financial assets and other financial assets not valued at fair value as well as impairment losses recognized on variable-income securities due to a permanent impairment in value.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Gains or losses on disposal	409	506
Dividends received	183	210
Permanent impairment of variable-income securities	(53)	(188)
TOTAL NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**539**	**528**

Permanent impairment of variable-income securities amounted to €53 million in 2015 *versus* €188 million in 2014. This expense concerns insurance portfolios for €33 million (€24 million in 2014), the impact of which is 90.0% neutralized (92.7% respectively in 2014) given the profit-sharing mechanism.

In 2015, permanent impairment in value of variable-income securities[1] included an additional impairment loss of €36 million on previously impaired securities (€139 million in 2014). The automatic application of indicators of losses in value presented in paragraph 4.1.7 did not result in any new material impairments in 2015.

(1) Excluding insurance portfolio securities, in light of the deferred profit-sharing mechanism.

6.5 INCOME AND EXPENSES FROM OTHER ACTIVITIES

This item mainly comprises:

- income and expenses on investment property (rental income and expense, gains and losses on disposals, depreciation, amortization and impairment);
- income and expenses resulting from the Group's Insurance business (notably premium income, paid benefits and claims, and changes in technical reserves of insurance companies);
- income and expenses on operating leases;
- income and expenses on real estate development activities (revenues, purchases used).

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from insurance activities	**6,331**	**(6,026)**	**305**	**5,730**	**(5,540)**	**190**
Income and expenses from leasing transactions	**79**	**(99)**	**(20)**	**81**	**(92)**	**(11)**
Income and expenses from investment property	**116**	**(55)**	**61**	**129**	**(55)**	**74**
Share of joint ventures	91	(88)	3	77	(83)	(6)
Transfers of expenses and income	11	(8)	3	13	(3)	10
Other operating income and expenses	693	(442)	251	688	(421)	267
Additions to and reversals from provisions to other operating income and expenses		(60)	(60)	42	(85)	(43)
Other banking income and expenses	**795**	**(598)**	**197**	**820**	**(592)**	**228**
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**7,321**	**(6,778)**	**543**	**6,760**	**(6,279)**	**481**

Income and expenses from insurance activities

The statement shown below provides a transition between the financial statements of insurance companies included in the scope of consolidation and their translation into the financial statements of BPCE SA group in accordance with the presentation applicable to banks.

The Group's consolidated companies that present their financial statements based on the insurance company model are Natixis Assurances, Muracef, Surassur, Prépar Vie, Prépar Iard, CEGC and Coface.

	Banking format 2015					
in millions of euros	Net banking income	General operating expenses	Gross operating income	Other items	Insurance format 2015	Insurance format 2014
Earned premiums	7,335		7,335		7,335	7,252
Revenues or income from other activities	314		314		314	250
Other operating income	5	32	37		37	40
Net financial income before finance costs	1,840	(8)	1,832		1,832	1,763
TOTAL REVENUES	**9,494**	**24**	**9,518**		**9,518**	**9,305**
Claims and benefits expenses	(7,069)	(96)	(7,165)		(7,165)	(7,228)
Expenses from other activities		(14)	(14)	(5)	(19)	
Net income from reinsurance disposals	69		69		69	138
Policy acquisition costs	(652)	(234)	(886)		(886)	(799)
Administrative expenses	(252)	(343)	(595)	(2)	(597)	(577)
Other operating income and expenses/recurring	(57)	(228)	(285)	(29)	(314)	(261)
TOTAL OTHER RECURRING INCOME AND EXPENSES	**(7,961)**	**(915)**	**(8,876)**	**(36)**	**(8,912)**	**(8,727)**
OPERATING INCOME	**1,533**	**(891)**	**642**	**(36)**	**606**	**578**

Income and expenses recognized for insurance policies are included under the "Income from other activities" and "Expenses from other activities" components of net banking income.

Other components of the operating income of insurance entities of a banking nature (interest and commissions) are reclassified under these items of net banking income.

The main reclassifications relate to the charging of general operating expenses by nature whereas they are charged by function in the insurance presentation.

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6.6 OPERATING EXPENSES

Operating expenses include mainly payroll costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and other external services costs.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Payroll costs	**(4,432)**	**(4,139)**
Taxes other than on income(1)	(319)	(239)
External services and other operating expenses	(2,142)	(1,964)
Other administrative costs	**(2,461)**	**(2,203)**
TOTAL OPERATING EXPENSES	**(6,893)**	**(6,342)**

(1) *Taxes included in particular the new contributions required by the regulatory authorities: the contribution to the SRF (Single Resolution Fund) for an annual amount of €67 million.*

The breakdown of payroll costs is provided in Note 9.1.

6.7 COST OF RISK

This item records net impairment charges for credit risks, regardless of whether the impairment is calculated on an individual or collective basis for a portfolio of similar receivables.

Impairment losses are recognized for both loans and receivables and fixed-income securities when there is a known counterparty risk. Losses related to other types of instruments (derivatives or securities designated at fair value through profit or loss) recorded as a result of default by credit institutions are also included under this item.

Cost of risk for the period

in millions of euros	Fiscal year 2015	Fiscal year 2014
Net charge to provisions and provisions for impairment	(580)	(391)
Recoveries of bad debts written off	95	60
Irrecoverable loans not covered by provisions for impairment	(108)	(122)
TOTAL COST OF RISK	**(593)**	**(453)**

Cost of risk by type of asset

in millions of euros	Fiscal year 2015	Fiscal year 2014
Interbank transactions(1)	(98)	8
Customer transactions	(372)	(363)
Other financial assets	(123)	(98)
TOTAL COST OF RISK	**(593)**	**(453)**

(1) *Cost of risk associated with interbank transactions was primarily generated by exposures to Heta Asset Resolution (Heta) (see Note 1.3).*

6.8 NET GAINS OR LOSSES ON OTHER ASSETS

This item includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of consolidated investments in associates.

in millions of euros	Fiscal year 2015	Fiscal year 2014
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	0	91
Gains or losses on disposals of consolidated investments	(47)	(16)
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**(47)**	**75**

Net income for 2014 included the proceeds from the sale of a building by Natixis resulting in a capital gain of €92 million.

6.9 INCOME TAX

in millions of euros	Fiscal year 2015	Fiscal year 2014
Current income tax expense	(8)	(313)
Deferred tax assets and liabilities	(954)	(300)
INCOME TAX	**(962)**	**(613)**

Reconciliation between the tax charge in the financial statements and the theoretical tax charge

	Fiscal year 2015		Fiscal year 2014	
	in millions of euros	Tax rate	in millions of euros	Tax rate
Net income attributable to equity holders of the parent	803		724	
Change in the value of goodwill	1		51	
Non-controlling interests	548		408	
Share in net income of associates	(226)		(55)	
Income taxes	962		613	
INCOME BEFORE TAX AND CHANGES IN THE VALUE OF GOODWILL (A)	**2,088**		**1,741**	
Standard income tax rate in France (B)		**34.43%**		**34.43%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(719)**		**(599)**	
Impact of the change in unrecognized deferred tax assets and liabilities	(30)	1.4%	(9)	0.5%
Impact of permanent differences	(87)	4.2%	43	(2.5%)
Reduced rate of tax and tax-exempt activities	(15)	0.7%	(2)	0.1%
Difference in tax rates on income taxed outside France	(15)	0.7%	17	(1.0%)
Temporary step-up of corporate tax	(26)	1.3%	(20)	1.2%
Tax on prior periods, tax credits and other tax	(27)	1.3%	(23)	1.2%
Other items	(43)	2.1%	(20)	1.2%
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(962)**		**(613)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**46.1%**		**35.2%**

Tax audits

BPCE

The tax audit in respect of 2010 and 2011 resulted in an overall settlement payable in 2016.

BPCE was subject to a tax audit for the 2012 fiscal year, which had no material impact on the financial statements for the year.

Following discussions with the French tax authorities in 2015 regarding the 2013 fiscal year, BPCE published a revised statement that had no material impact on the fiscal year.

The residual risk relating to the tax reassessments disputed by BPCE was subject to a provision.

Natixis group

NGAM P1 was subject to a tax audit for the periods 2010 and 2011, which resulted in a proposed tax reassessment on July 29, 2015 amounting to €85 million, including a €43 million penalty.

As the company considers it has solid grounds to dispute the tax authorities' position, no provision in this respect was recorded in the consolidated financial statements as at December 31, 2015.

Note 7 Exposure to risks

Information relating to capital management as well as regulatory ratios are presented in the Risk management section.

7.1 CREDIT RISK AND COUNTERPARTY RISK

Disclosures relating to the management of risk required by IFRS 7 and provided in the Risk Management report (Chapter 3 of the registration document) related solely to the scope of Groupe BPCE.

7.1.1 Measurement and management of credit risk

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result from a reduction in credit quality or even default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, equities, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the Risk Management report.

7.1.2 Total exposure to credit risk and counterparty risk

The statement below shows the credit risk exposure for all of BPCE SA group's financial assets. The exposure is calculated on the basis of the carrying amount of the financial assets without taking into account the impact of any unrecognized netting or collateral agreements.

in millions of euros	Performing loans	Non-performing loans	Impairment and provisions	Net outstandings at 12/31/2015	Net outstandings at 12/31/2014
Financial assets at fair value through profit or loss *(excluding variable-income securities)*	137,163			137,163	192,128
Hedging derivatives	13,981			13,981	14,171
Available-for-sale financial assets *(excluding variable-income securities)*	50,093	53	(49)	50,097	41,833
Loans and receivables due from credit institutions	119,889	81	(73)	119,897	126,119
Loans and receivables due from customers	214,748	9,092	(3,913)	219,927	232,458
Held-to-maturity financial assets	3,715	3	(2)	3,716	4,295
Prepaid expenses and other assets related to insurance activities(1)	1,425	495	(281)	1,639	
Other debtors	11,421	1,033	(151)	12,303	
Exposure to balance sheet commitments	**552,435**	**10,757**	**(4,469)**	**558,723**	**611,004**
Exposure to off-balance sheet commitments	**109,501**	**325**	**(105)**	**109,721**	**133,437**
TOTAL CREDIT AND COUNTERPARTY RISK EXPOSURE AT DECEMBER 31, 2015	**661,936**	**11,082**	**(4,574)**	**668,444**	**744,441**
TOTAL CREDIT AND COUNTERPARTY RISK EXPOSURE AT DECEMBER 31, 2014	739,587	10,126	(5,272)	744,441	

(1) *In the interest of harmonizing their presentation throughout BPCE SA group, receivables arising from insurance and reinsurance transactions, previously recorded under "Loans and receivables due from customers", are now recorded under "Accrued income and other assets". The application of this presentation to the disclosures at December 31, 2014 would have resulted in the reclassification of €980 million from "Loans and receivables due from customers" to "Prepaid expenses and other assets related to insurance activities".*

7.1.3 Impairment and provisions for credit risk

in millions of euros	01/01/2015	Charges	Reversals(1)	Reclassification(2)	Other changes(3)	12/31/2015
Available-for-sale financial assets	50	3	(3)		(1)	49
Interbank transactions(4)	118	149	(193)		(1)	73
Customer transactions(5)	4,364	853	(863)	(231)	(210)	3,913
Held-to-maturity financial assets	3				(1)	2
Other assets related to insurance activities		85	(34)	231	(1)	281
Other debtors	52	19	(13)		93	151
Impairment losses recognized in assets	**4,587**	**1,109**	**(1,106)**		**(121)**	**4,469**
Provisions for loan and guarantee commitments	140	13	(23)		(25)	105
Other provisions for credit risk	630	41	(28)		90	733
Provisions for liabilities	**770**	**54**	**(51)**		**65**	**838**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**5,357**	**1,163**	**(1,157)**		**(56)**	**5,307**

(1) *o/w €631 million in reversals of provisions used.*
(2) *Following the reclassification of receivables arising from insurance and reinsurance transactions (see Note 7.1.2.).*
(3) *Other changes mainly concern foreign exchange rate adjustments and the regularization of provisions on other debtors.*
(4) *Flows arising from interbank transactions were mainly related to the Heta provision (see Note 1.3).*
(5) *o/w other changes totaling €272 million relative to the disposal of BPCE International entities (see Note 17.1).*

7.1.4 Financial assets with past due payments

Assets with past due payments are performing financial assets for which a payment incident has been recorded.

For example:

- a debt instrument is considered past due if the bond issuer is no longer making interest payments;
- a loan is considered past due if a payment or installment has been missed and recorded as such in the financial statements;
- a current account overdraft carried in "Loans and advances" is considered past due if the overdraft period or authorized limit has been exceeded at the balance sheet date.

The amounts disclosed in the statement below do not include past due payments resulting from the time delay between the settlement date and the recognition date.

Past due loans and receivables (past due principal and accrued interest in the case of loans and total overdrawn balance in the case of current accounts) can be broken down by due date as follows:

in millions of euros	Non-impaired loans showing past due balances ≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Impaired outstandings (net value)	Total outstandings
Debt instruments					4	4
Loans and advances	4,607	235	18	5	5,434	10,299
TOTAL AT 12/31/2015	**4,607**	**235**	**18**	**5**	**5,438**	**10,303**

in millions of euros	Non-impaired loans showing past due balances ≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Impaired outstandings (net value)	Total outstandings
Debt instruments				2	23	25
Loans and advances	4,898	291	25	5	5,777	10,996
TOTAL AT 12/31/2014	**4,898**	**291**	**25**	**7**	**5,800**	**11,021**

7.1.5 Remodeling due to financial difficulties

	12/31/2015			12/31/2014		
In millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
Impaired restructured loans	4,127	54	4,181	4,175	88	4,263
Performing restructured loans	815	3	818	1,090	39	1,129
Total restructured loans	**4,942**	**57**	**4,999**	**5,265**	**127**	**5,392**
Impairment	**(887)**		**(887)**	**(910)**		**(910)**
Guarantees received	**3,647**	**3**	**3,650**	**3,537**	**56**	**3,593**

Breakdown of gross outstandings

	12/31/2015			12/31/2014		
In millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
Remodeling: amendments to terms and conditions	3,764	41	3,805	4,079	100	4,179
Remodeling: refinancing	1,178	16	1,194	1,186	27	1,213
TOTAL RESTRUCTURED LOANS	**4,942**	**57**	**4,999**	**5,265**	**127**	**5,392**

Geographic region of counterparty

In millions of euros	12/31/2015			12/31/2014		
	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
France	2,571	49	2,620	2,584	86	2,670
Other countries	2,371	8	2,379	2,681	41	2,722
TOTAL RESTRUCTURED LOANS	**4,942**	**57**	**4,999**	**5,265**	**127**	**5,392**

7.1.6 Credit risk mitigation mechanisms: assets obtained by taking possession of collateral

The following statement shows by type the carrying amount of assets (securities, buildings, etc.) obtained during the period by taking possession of collateral or other forms of credit enhancement.

in millions of euros	12/31/2015	12/31/2014
Non-current assets available for sale		14
Investment property	1	
Equity and debt instruments		151
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**1**	**165**

7.2 MARKET RISK

Market risk refers to the possibility of financial loss due to market trends, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk; and
- more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are presented in the Risk Management report.

7.3 INTEREST RATE RISK AND EXCHANGE RATE RISK

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the Group's annual results and net worth. Exchange rate risk is the risk of losses resulting from changes in exchange rates.

The Group's approach to the management of exchange rate risk is discussed in the Risk Management report.

7.4 LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to honor its payment commitments as they fall due and replace funds when they are withdrawn.

The funding procedures and liquidity risk management arrangements are disclosed in the Risk Management report.

The table below shows the amounts of financial instrument by contractual maturity date.

Financial instruments marked to market on the income statement and held in the trading book, variable-income available-for-sale financial assets, doubtful loans, hedging derivatives and revaluation adjustments on interest rate risk-hedged portfolios are placed in the "Perpetual" column. These financial instruments are:

- either held for sale or redeemed prior to their contractual maturity;
- or held for sale or redeemed at an indeterminable date (particularly where they have no contractual maturity);
- or measured on the balance sheet for an amount impacted by revaluation effects.

Accrued interest not yet due is shown in the "Less than 1 month" column.

The amounts shown are contractual amounts excluding projected interest.

The technical provisions of insurance companies, which, for the most part are equivalent to demand deposits, are not shown in the table below.

In millions of euros	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Perpetual	Total at 12/31/2015
Cash and amounts due from central banks	62,743	2	-	-	-	-	62,745
Financial assets at fair value through profit or loss - trading book	-	-	-	-	-	109,542	109,542
Financial assets at fair value through profit or loss - fair value option	19,382	10,152	4,193	9,778	10,369	13,305	67,179
Hedging derivatives	-	-	-	-	-	13,981	13,981
Available-for-sale financial assets	2,837	1,184	2,627	16,146	25,776	9,892	58,462
Loans and receivables due from credit institutions	21,693	12,307	20,493	40,870	23,969	565	119,897
Loans and receivables due from customers	37,549	14,700	15,615	50,749	92,561	8,753	219,927
Revaluation differences on interest rate risk-hedged portfolios	-	-	-	-	-	6,359	6,359
Held-to-maturity financial assets	23	30	652	2,047	964	-	3,716
FINANCIAL ASSETS BY MATURITY	**144,227**	**38,375**	**43,580**	**119,590**	**153,639**	**162,397**	**661,808**
Financial liabilities at fair value through profit or loss - trading book	-	-	-	-	-	82,645	82,645
Financial liabilities at fair value through profit or loss - fair value option	47,888	2,317	5,745	3,063	4,803	1,258	65,074
Hedging derivatives	-	-	-	-	-	12,513	12,513
Amounts due to credit institutions	47,379	5,541	9,228	25,523	25,425	1,181	114,277
Amounts due to customers	63,639	10,055	6,246	1,683	1,627	189	83,439
Subordinated debt	391	308	1,368	2,819	13,064	424	18,374
Debt securities	17,639	23,911	37,198	74,424	52,429	8,470	214,071
Revaluation differences on interest rate risk-hedged portfolios	-	-	-	-	-	1,185	1,185
FINANCIAL LIABILITIES BY MATURITY	**176,936**	**42,132**	**59,785**	**107,512**	**97,348**	**107,865**	**591,578**
Financing commitments given to credit institutions	80	8	538	13,953	350	-	14,929
Financing commitments given to customers	14,158	4,399	8,961	32,172	6,326	-	66,016
TOTAL FINANCING COMMITMENTS GIVEN	**14,238**	**4,407**	**9,499**	**46,125**	**6,676**	**-**	**80,945**
Guarantee commitments given to credit institutions	396	714	1,131	1,226	284	-	3,751
Guarantee commitments given to customers	1,230	1,094	7,216	7,822	8,377	4	25,743
TOTAL GUARANTEE COMMITMENTS GIVEN	**1,626**	**1,808**	**8,347**	**9,048**	**8,661**	**4**	**29,494**

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Note 8 Partnerships and associates

8.1 INVESTMENTS IN ASSOCIATES

8.1.1 Partnerships and other associates

The Group's main investments in joint ventures and associates are as follows:

in millions of euros	12/31/2015	12/31/2014
CNP Assurances (group)	2,332	2,263
Socram Banque	73	71
Banque BCP SAS	60	57
EDF Investment Group	538	532
Other	176	168
Financial sector companies	**3,179**	**3,091**
Other	145	143
Non-financial companies	**145**	**143**
TOTAL INVESTMENTS IN ASSOCIATES	**3,324**	**3,234**

8.1.2 Financial data for the main joint arrangements and associates

Summarized financial data for material companies under notable influence are as follows (they are based on the last available data published by the entities in question):

	Associates			
in millions of euros	CNP Assurances (group)	Socram Banque	EDF Investment Group (EIG)	Banque BCP SAS
DIVIDENDS RECEIVED	**85**	**2**	**11**	**4**
MAIN AGGREGATES				
Total assets	**393,732**	**2,182**	**9,420**	**2,559**
Total debt	**376,619**	**1,964**	**(610)**	**2,412**
Income statement				
Operating income or net banking income	2,392	46	663	89
Income tax	(708)	(6)	(174)	(8)
Net income	1,131	12	489	15
CARRYING VALUE OF INVESTMENTS IN ASSOCIATES				
Equity of associates(1)	17,113	219	8,810	147
Percentage of ownership	16.11%	33.42%	6.11%	30.00%
VALUE OF INVESTMENTS IN ASSOCIATES	**2,332**	**73**	**538**	**60**
o/w goodwill				16
MARKET VALUE OF INVESTMENTS IN ASSOCIATES	**1,376**	**///**	**///**	**///**

(1) The equity used by Groupe BPCE to consolidate CNP Assurances (group) via the equity method is subject to restatement (deeply subordinated notes).

For more information on CNP Assurances (group)'s financial data, please refer to the institutional website: http://www.cnp.fr/en/Investor-Analyst/Regulatory-information/Annual-Financial-Report

BPCE SA group has no interest in any joint venture that has a material impact on the consolidated financial statements.

It has no share in any losses not booked during the period by a joint venture or an associate as a result of the equity method applied.

Summarized financial data for non-material joint ventures and companies under significant influence is as follows:

in millions of euros	Fiscal year 2015	Fiscal year 2014
Value of investments in associates	**321**	**311**
Total amount of share in:		
Net income	21	23
Gains and losses recognized directly in other comprehensive income	(2)	15
COMPREHENSIVE INCOME	**19**	**38**

8.1.3 Nature and scope of major restrictions

BPCE SA group has not been faced with any major restrictions relating to interests held in associates and joint ventures.

8.2 SHARE IN NET INCOME OF ASSOCIATES

in millions of euros	Fiscal year 2015	Fiscal year 2014
CNP Assurances (group)	182	174
Banque BCP SAS	4	4
VBI Beteiligung	(12)	(171)
EDF Investment Group	27	21
Socram Banque	4	4
Other	19	20
Financial sector companies	**224**	**52**
Other	2	3
Non-financial companies	**2**	**3**
SHARE IN NET INCOME OF ASSOCIATES	**226**	**55**

Note 9 Employee benefits

9.1 PAYROLL COSTS

in millions of euros	Fiscal year 2015	Fiscal year 2014
Wages and salaries	(3,062)	(2,772)
Costs of defined-contribution plans	(204)	(226)
Other social security costs and payroll-based taxes	(978)	(947)
Profit-sharing and incentive schemes	(188)	(194)
TOTAL PAYROLL COSTS	**(4,432)**	**(4,139)**

The Employment and Competitiveness Tax Credit (CICE) is deducted from payroll costs. It came to €10 million in respect of fiscal year 2015 (€8 million for 2014). The use of this tax is presented in section 6 "Social, environmental and societal information" of the registration document.

For 2015, payroll costs included a reversal on an unused provision of +€26 million in respect of the Natixis Employment Adaptation Plan, compared to a provision of €11 million at December 31, 2014.

9.2 EMPLOYEE BENEFITS

BPCE SA group grants its staff a variety of employee benefits:

- pensions and other post-employment benefits such as retirement indemnities and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

9.2.1 Analysis of assets and liabilities recorded in the balance sheet

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	12/31/2015	12/31/2014
Actuarial liabilities	958	328	67	147	1,500	1,510
Fair value of plan assets	(732)	(39)			(771)	(662)
Fair value of reimbursement rights		(38)			(38)	(37)
Effect of ceiling on plan assets	32				32	6
Net amount reported on the balance sheet	**258**	**251**	**67**	**147**	**723**	**817**
Employee benefit commitments recorded in the balance sheet	258	290	67	147	762	857
Plan assets recorded in the balance sheet		39			39	40

9.2.2 Change in amounts recognized on the balance sheet

Change in actuarial liabilities

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Fiscal year 2015	Fiscal year 2014
ctuarial liabilities at start of year	**967**	**343**	**68**	**132**	**1,510**	**1,253**
Service cost	20	21	5	44	90	89
Service cost for prior periods	(15)	5			(10)	9
Interest cost	25	4	1		30	37
Benefits paid	(34)	(12)	(4)	(34)	(84)	(107)
Other	(3)	3				13
Changes recorded in income	**(7)**	**21**	**2**	**10**	**26**	**41**
Revaluation adjustments - demographic assumptions	(8)	(19)			(27)	10
Revaluation adjustments - financial assumptions	(67)	(10)			(77)	149
Revaluation adjustments - past-experience effect	45	(1)			44	8
Changes recognized directly in non-recyclable equity	**(30)**	**(30)**			**(60)**	**167**
Foreign exchange rate adjustments	**28**				**28**	**31**
Other		**(6)**	**(3)**	**5**	**(4)**	**18**
ACTUARIAL LIABILITIES AT END OF YEAR	**958**	**328**	**67**	**147**	**1,500**	**1,510**

Change in hedging assets

	Post-employment defined-benefit plans			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Fiscal year 2015	Fiscal year 2014
Fair value of plan assets at start of year	**620**	**79**	**699**	**610**
Interest income	17	1	18	22
Plan participant contributions	27	1	28	36
Benefits paid	(27)	(3)	(30)	(36)
Other		2	2	4
Changes recorded in income	**17**	**1**	**18**	**26**
Revaluation adjustments - Return on plan assets	71		71	35
Changes recognized directly in non-recyclable equity	**71**		**71**	**35**
Foreign exchange rate adjustments	**23**		**23**	**26**
Other	**1**	**(3)**	**(2)**	**2**
FAIR VALUE OF PLAN ASSETS AT END OF YEAR*	**732**	**77**	**809**	**699**

* *o/w: €38 million in buyback rights included in retirement benefits.*

Revaluation differences on post-employment benefits

in millions of euros	Supplementary pension benefits and other	End-of-career awards	Fiscal year 2015	Fiscal year 2014
Revaluation adjustments at start of period	**230**	**29**	**259**	**116**
Revaluation adjustments over the period	(90)	(29)	(119)	139
Adjustments to asset ceiling	26		26	4
Revaluation adjustments at end of period	**166**		**166**	**259**

Returns on plan assets are calculated by applying the same discount rate as the one applied to gross liabilities. The difference between the actual return at the balance sheet date and this financial income is a revaluation difference recorded in equity for post-employment benefits.

9.2.3 Actuarial expense under defined-benefit plans

The various components of the charge recognized for defined-benefit plans are included under "Payroll costs".

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Fiscal year 2015	Fiscal year 2014
Service cost	(20)	(21)	(5)	(44)	(90)	(89)
Service cost for prior periods	15	(5)			10	(9)
Interest cost	(25)	(4)	(1)		(30)	(37)
Interest income	17	1			18	22
Benefits paid	7	9	4	34	54	71
Plan participant contributions	27	1			28	36
Other (o/w asset ceiling)	3	(1)			2	(9)
TOTAL EXPENSE FOR 2015*	**24**	**(20)**	**(2)**	**(10)**	**(8)**	**(15)**

* *o/w: a charge of €90 million recorded under payroll costs and a net payment of +€82 million in benefits and contributions.*

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9.3 SHARE-BASED PAYMENTS

The main plans settled in the form of shares are presented below.

Share-based loyalty and performance plans - Natixis group

Each year since 2010, a share-based payment plan has been awarded to certain categories of Natixis group staff, in compliance with regulations.

Regarding the plans approved, at February 10, 2016, as the allocations were not formally completed on the balance sheet date, the cost assessment was based on the best possible estimate of the inputs on the balance sheet date, both in terms of the share value and dividend assumptions.

Long-term payment plans settled in cash and indexed to the Natixis share price

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of units granted at inception[1]	Vesting date	Number of units vested by the beneficiaries	Fair value of indexed cash unit at valuation date *(in euros)*
2011 plan	02/22/2012	4,821,879	September 2013 September 2014 October 2015	1,376,149 1,434,106 1,375,029	
2012 plan	02/17/2013	5,275,539	September 2014 October 2015 October 2016	1,895,722 1,810,143 -	4.74
2013 plan	02/19/2014	5,095,419	October 2015 October 2016 October 2017	1,682,810 - -	4.78
2014 plan	02/18/2015	4,493,016	October 2016 October 2017 October 2018		4.54
2015 plan	02/10/2016	6,084,435	March 2018 March 2019		2.59

(1) *The number of probable units on the vesting date is hedged by equity swaps.*

Short-term cash-settled payment plans indexed to the Natixis share

Year of plan	Grant date	Vesting date	Value of indexed cash unit *(in euros)*	Number of indexed cash units granted at inception	Number of probable indexed cash units at vesting date	Fair value of indexed cash unit at valuation date *(in euros)*
2015 plan	02/10/2016	02/10/2016	3.86	6,307,762	6,307,762	3.86

The expense associated with the short-term plan, estimated based on the probability of the presence condition being met, is fully recognized in the 2015 financial statements in the amount of €31 million (€34 million for 2014).

Share-based payment plans

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of shares granted at inception	Vesting date	Number of units vested by the beneficiaries	Bonus share price at grant date *(in euros)*	Fair value of bonus share at valuation date *(in euros)*
2011 plan	02/22/2012	6,095,058	March 2013 March 2014 March 2015	1,912,194 1,889,845 1,790,663	2.34	
2012 plan	02/17/2013	1,656,630	March 2014 March 2015 March 2016	531,233 507,835 -	2.84	2.16
2014 plan	07/31/2014	31,955	July 2018		4.83	4.02
2015 plan	02/18/2015	95,144	February 2019		6.18	3.45

Expense for the period for loyalty and performance plans

	Fiscal year 2015			
in millions of euros	Plans settled in shares	Plans settled in cash indexed to Natixis shares	Total	Fiscal year 2014
Previous loyalty plans	(1)	(25)	(26)	(36)
Loyalty plans from the fiscal year		(8)	(8)	(8)
TOTAL	**(1)**	**(33)**	**(34)**	**(44)**

Valuation inputs used to assess the expense relative to these plans

	12/31/2015	12/31/2014
Share price	5.22	5.49
Risk-free interest rate	0.00%	0.00%
Dividend pay-out ratio	6.26%	5.29%
Loss of rights rate	4.50%	4.25%

Loyalty and performance plans settled in cash

Some employees are awarded loyalty and performance bonuses with deferred payment in cash. These bonuses are subject to attendance and performance conditions. In accounting terms, they are assimilated to "Other long-term benefits." The estimated expense accounts for an actuarial estimate of these conditions being met. It is spread over the vesting period for the benefits. The staggered amount, calculated and recognized in the financial statements for 2015, is as follows:

Year of plan	Grant date	Vesting date	Fiscal year 2015 *(in millions of euros)*	Fiscal year 2014 *(in millions of euros)*
2011 plan	02/22/2012	March 2013 March 2014 March 2015	(0)	(3)
2012 plan	02/17/2013	March 2014 March 2015 March 2016	(3)	(7)
2013 plan	02/19/2014	March 2015 March 2016 March 2017	(7)	(8)
2014 plan	02/18/2015	March 2016 March 2017 March 2018	(13)	(9)
2015 plan	02/10/2016	March 2017 March 2018	(11)	
TOTAL			**(34)**	**(27)**

Note 10 Segment reporting

BPCE SA group is structured around its two core businesses.

Commercial Banking and Insurance, including:

- the Other networks, which mainly comprise the Group's non-controlling interest in CNP Assurances, Real Estate Financing Services (whose earnings predominantly reflected Crédit Foncier's contribution), BPCE International (BPCE I) and Banque Palatine.

Investment Solutions, Corporate and Investment Banking, and Specialized Financial Services are Natixis' core businesses:

- Investment Solutions, with asset management, insurance and private banking;
- Corporate and Investment Banking, which is BPCE's bank serving large corporate and institutional customers;
- Specialized Financial Services, which includes factoring, lease financing, consumer credit, sureties and guarantees, employee benefits planning, payments and securities services.

Equity interests consists primarily of Natixis' interests in Coface, Corporate Data Solutions, Natixis Algérie and Natixis Private Equity.

The Corporate center includes primarily:

- the Group's central institution and holding company;
- the revaluation of the Group's own senior debt;
- the contribution to the Single Resolution Fund;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy.
- the former CNCE proprietary workout portfolio activities and discretionary portfolio management activities, run-off management of the securitization portfolio transferred in September 2014 by Crédit Foncier to BPCE, the active management of Natixis' workout portfolio management business until June 30, 2014, and disposals of international workout portfolio assets.

Note: 2014 figures are pro forma:

- of restatements made by Natixis in the allocation of normative capital to the businesses (10% of average Basel III RWA *versus* 9% previously).
- of the transfer of all the interests held by BPCE International (BPCE I) in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC).

Segment reporting for BPCE SA group in previous periods has been restated accordingly.

10.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division[(1)]

in millions of euros	Commercial Banking and Insurance *		Investment Solutions, CIB and SFS		Equity interests		Corporate center		BPCE SA group	
	2015 pf	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015 pf	2014 pf
Net banking income	1,584	1,423	7,878	6,892	828	830	(449)	(525)	9,841	8,620
Operating expenses	(947)	(956)	(5,085)	(4,551)	(681)	(693)	(427)	(358)	(7,140)	(6,558)
Gross operating income	**637**	**467**	**2,793**	**2,341**	**147**	**137**	**(876)**	**(883)**	**2,701**	**2,062**
Cost/income ratio	59.8%	67.2%	64.5%	66.0%	82.2%	83.5%	ns	ns	72.6%	76.1%
Cost of risk	(210)	(183)	(253)	(257)	(18)	(10)	(103)	6	(584)	(444)
Share in income of associates	189	182	49	39	(3)	(78)	(9)	(88)	226	55
Gains or losses on other assets	(20)	1	(1)	2	(28)	-	2	73	(47)	76
Change in the value of goodwill	-	-	-	-	-	-	(1)	(51)	(1)	(51)
Income before tax	**596**	**467**	**2,588**	**2,125**	**98**	**49**	**(987)**	**(943)**	**2,295**	**1,698**
Income tax	(185)	(107)	(852)	(683)	(45)	(53)	125	245	(957)	(598)
Non-controlling interests	(13)	(17)	(571)	(441)	(49)	(42)	85	95	(548)	(405)
Net income attributable to equity holders of the parent	**398**	**343**	**1,165**	**1,001**	**4**	**(46)**	**(777)**	**(603)**	**790**	**695**
Transition from pro forma to published net income attributable to equity holders of the parent*	13	29	-	(13)	-	(1)	-	14	13	29
PUBLISHED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**411**	**372**	**1,165**	**988**	**4**	**(47)**	**(777)**	**(589)**	**803**	**724**

* *Excluding the Banque Populaire banks, Caisses d'Epargne and their consolidated subsidiaries.*

Results of the Commercial Banking and Insurance sub-divisions

in millions of euros	Banque Populaire banks		Caisses d'Epargne		Insurance, Other networks		Commercial Banking and Insurance	
	2015	2014 pf	2015	2014 pf	2015 pf	2014 pf	2015 pf	2014 pf
Net banking income	-	-	-	-	1,584	1,423	1,584	1,423
Operating expenses	-	-	-	-	(947)	(956)	(947)	(956)
Gross operating income	**-**	**-**	**-**	**-**	**637**	**467**	**637**	**467**
Cost/income ratio					59.7%	67.2%	59.8%	67.2%
Cost of risk	-	-	-	-	(210)	(183)	(210)	(183)
Share in income of associates	-	-	4	4	185	178	189	182
Gains or losses on other assets	-	-	-	-	(20)	1	(20)	1
INCOME BEFORE TAX	**-**	**-**	**4**	**4**	**592**	**463**	**596**	**467**

Results of the Investment Solutions, Corporate and Investment Banking and Specialized Financial Services sub-divisions

in millions of euros	Investment Solutions		Corporate and Investment Banking		Specialized Financial Services		Investment Solutions, CIB and SFS	
	2015	2014 pf	2015	2014 pf	2015	2014 pf	2015	2014 pf
Net banking income	3,515	2,822	3,056	2,804	1,307	1,266	7,878	6,892
Operating expenses	(2,376)	(2,004)	(1,861)	(1,715)	(848)	(832)	(5,085)	(4,551)
Gross operating income	**1,139**	**818**	**1,195**	**1,089**	**459**	**434**	**2,793**	**2,341**
Cost/income ratio	67.6%	71.0%	60.9%	61.2%	64.8%	65.7%	64.5%	66.0%
Cost of risk	4	5	(198)	(186)	(59)	(76)	(253)	(257)
Share in income of associates	22	17	27	21	-	1	49	39
Gains or losses on other assets	(1)	(13)	-	-	-	15	(1)	2
INCOME BEFORE TAX	**1,164**	**827**	**1,024**	**924**	**400**	**374**	**2,588**	**2,125**

(1) *Impact on income of pro forma data in 2014: -€29 million, of which -€159 million in net banking income, +€102 million in operating expenses, +€15 million in income tax and +€3 million in non-controlling interests.*

Impact on income of pro forma data in 2015: -€13 million, of which -€82 million in net banking income, +€55 million in operating expenses, and +€5 million in income tax.

10.2 SEGMENT ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

	Commercial Banking and Insurance		Investment Solutions, CIB and SFS		Equity interests		Corporate center		Groupe BPCE	
in millions of euros	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Segment assets	141,616	149,194	386,157	469,336	5,596	5,350	190,742	179,930	724,110	803,810
Segment liabilities*	104,548	111,454	317,100	405,306	4,133	4,027	205,071	189,533	630,852	710,320

* *Segment liabilities represent the liabilities restated for equity and other liabilities (notably including tax liabilities and other liabilities and provisions). The segmentation rules were modified in 2015. The amounts reported at December 31, 2014 have been adjusted to allow comparison.*

10.3 SEGMENT REPORTING BY GEOGRAPHIC REGION

The geographic analysis of segment assets and results is based on the location where business activities are accounted for.

Net banking income

in millions of euros	Fiscal year 2015	Fiscal year 2014
France	5,273	4,859
Rest of Europe	1,394	1,113
North America	2,556	2,125
Rest of world	700	683
TOTAL	**9,923**	**8,779**

Total segment assets

in millions of euros	12/31/2015	12/31/2014
France	619,109	676,929
Rest of Europe	33,303	27,937
North America	48,600	69,164
Rest of world	23,098	29,780
TOTAL	**724,110**	**803,810**

Note 11 Commitments

The amounts shown correspond to the nominal value of commitments given.

11.1 FINANCING COMMITMENTS

in millions of euros	12/31/2015	12/31/2014
Financing commitments given to:		
Credit institutions	14,929	31,829
Customers	66,015	72,997
– Credit facilities granted	59,871	55,612
– Other commitments	6,144	17,385
TOTAL FINANCING COMMITMENTS GIVEN	**80,944**	**104,826**
Financing commitments received from:		
Credit institutions	33,058	48,707
Customers	391	16,118
TOTAL FINANCING COMMITMENTS RECEIVED	**33,449**	**64,825**

11.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2015	12/31/2014
Guarantee commitments given to:		
Credit institutions	3,751	3,398
Customers*	25,743	24,804
TOTAL GUARANTEE COMMITMENTS GIVEN	**29,494**	**28,202**
Guarantee commitments received from:		
Credit institutions	14,305	14,775
Customers	90,699	96,293
TOTAL GUARANTEE COMMITMENTS RECEIVED	**105,004**	**111,068**

* *The guarantees given by CEGC (a subsidiary of Natixis) in connection with its activity are treated as insurance policies for accounting purposes, in accordance with IFRS 4 "Insurance contracts". They are recorded on the liabilities side of the balance sheet and are not included in guarantees given to customers shown in the table above.*

Guarantee commitments are off-balance sheet commitments.

"Securities pledged as collateral" are included in Note 13 "Transferred financial assets not fully derecognized and other financial assets pledged as collateral".

"Securities received as collateral" are included in Note 13 "Financial assets received as collateral that can be sold or repledged".

Note 12 Related party transactions

For BPCE SA group, related parties are considered to be all consolidated companies, including companies carried under the equity method, local savings companies, BPCE, Natixis, IT centers and the Group's key management personnel.

The social housing companies in which the Group is the sole major shareholder are also covered.

12.1 TRANSACTIONS WITH CONSOLIDATED COMPANIES

All intercompany transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation.

The statement below only provides data on intercompany transactions concerning:

- companies over which the Group exercises joint control (joint operations) in respect of the non-eliminated portion (joint ventures): no significant transactions were identified in this category;
- entities over which the Group exercises significant influence and which are equity-accounted (associates): the Group received fees and commissions from Groupe CNP Assurances of €886 million in 2015 (€875 million in 2014).

A list of fully consolidated subsidiaries is presented in Note 17 - Scope of consolidation.

12.2 TRANSACTIONS WITH COMPANY DIRECTORS

The Group's company directors are the members of the Management Board and Supervisory Board of BPCE. The short-term benefits, post-employment benefits, long-term benefits and termination benefits of BPCE's company directors are described in the "Pay, benefits in kind, loans, guarantees and attendance fees received by BPCE company directors" section of Chapter 2 of the registration document, on Corporate governance

Short-term employee benefits

Short-term benefits paid out to the Group's company directors amounted to €7 million in 2015 (*vs.* €6 million in 2014), after recognition of the remuneration paid by Natixis.

These include fixed and variable remuneration, directors' attendance fees and benefits paid to members of the Management Board and of the Supervisory Board.

Post-employment benefit commitments, long-term benefits and termination benefits

The amount provisioned by BPCE in respect of retirement bonuses came to €3 million at December 31, 2015 (€4 million at December 31, 2014).

Note 13 Transferred financial assets, other financial assets pledged as collateral and assets received as collateral that can be sold or repledged

13.1 TRANSFERRED FINANCIAL ASSETS NOT FULLY DERECOGNIZED AND OTHER FINANCIAL ASSETS PLEDGED AS COLLATERAL

	Carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2015
Financial assets pledged as collateral					
Financial assets held for trading	2,832	17,860		2,068	22,760
Financial assets designated at fair value through profit or loss			195		195
Available-for-sale financial assets		3,823	5,063		8,886
Loans and receivables		2	18,476	6,178	24,656
Assets held to maturity	6				6
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**2,838**	**21,685**	**23,734**	**8,246**	**56,503**
o/w transferred financial assets not fully derecognized	***2,838***	***21,685***	***17,062***	***8,246***	***49,831***

The amount of liabilities associated with financial assets pledged as collateral for repurchase agreements came to €21,582 million at December 31, 2015 (€38,008 million at December 31, 2014).

The fair value of securitizations pledged as collateral was €8,246 million at December 31, 2015 (€8,108 million at December 31, 2014), all of which comprised transferred assets not fully derecognized.

In accordance with French law, the intrinsic guarantees attached to issues of covered bonds is not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

	Carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2014
Financial assets pledged as collateral					
Financial assets held for trading	1,811	37,460		1,669	40,940
Financial assets designated at fair value through profit or loss			214		214
Available-for-sale financial assets		3,538	6,693		10,231
Loans and receivables		29	21,598	6,439	28,066
Assets held to maturity		79			79
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**1,811**	**41,106**	**28,505**	**8,108**	**79,530**
o/w transferred financial assets not fully derecognized	***1,811***	***41,106***	***20,784***	***8,108***	***71,809***

13.1.1 Comments on transferred financial assets

Securities repurchasing and lending

BPCE SA group repurchases and loans securities.

Under the terms of the agreements, the securities may be sold on by the purchaser throughout the duration of the repurchase or lending operation. The purchaser must nevertheless return them to the vendor at the transaction's maturity. The cash flows generated by the securities are also transmitted to the vendor.

The Group believes that it has retained almost all of the risks and benefits of the securities repurchased or loaned. They have therefore not been derecognized. Financing has been recorded in liabilities for the repurchasing or lending of financed securities.

Sales of receivables

BPCE SA group sells receivables as security (Articles L. 211-38 or L. 313-23 *et seq.* of the French Monetary and Financial Code) under guaranteed refinancing operations, notably with the central bank. This type of disposal for security involves the legal transfer of the associated contractual rights, and therefore the "transfer of assets" within the meaning of the amendment to IFRS 7. The Group nevertheless remains exposed to virtually all the risks and benefits, and as such the receivables are maintained on the balance sheet.

Securitizations consolidated with outside investors

Securitizations consolidated with outside investors constitute an asset transfer according to the amendment to IFRS 7.

The Group has an indirect contractual obligation to transfer to outside investors the cash flow from assets transferred to the securitization fund (although these assets are included in the Group's balance sheet through the consolidation of the fund).

In the interest of transparency, for consolidated securitization transactions:

- the share of receivables sold attributable to external investors is considered to be pledged as collateral to third parties;
- the share of receivables sold attributable to units and bonds subscribed for by the Group, and eliminated in consolidation, is not considered to be pledged as collateral unless these securities were brought to Groupe BPCE's single treasury and central bank collateral management pool and used as part of a refinancing mechanism.

13.1.2 Comments on financial assets pledged as collateral but not transferred

Financial assets provided as collateral but not transferred are generally pledged. The main mechanisms involved are Banques Populaires Covered Bonds, the CRH *(Caisse de refinancement de l'habitat)*, and securities pledged as collateral for ECB refinancing operations.

Moreover, in accordance with French law, the intrinsic guarantees attached to issues of covered bonds is not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

13.1.3 Financial assets received as collateral that can be sold or repledged

This heading covers financial assets received as security under financial guarantee agreements with the right to reuse the assets in the absence of any default on the part of the owner of the guarantee.

The fair value of the financial assets received as collateral that BPCE SA group may sell or repledge amounted to €343 billion at December 31, 2015, compared to €236 billion at December 31, 2014.

The fair value of the financial assets received as collateral that were actually sold or repledged amounted to €250 billion at December 31, 2015, compared with €357 billion at December 31, 2014.

13.2 FULLY DERECOGNIZED FINANCIAL ASSETS FOR WHICH THE GROUP RETAINS AN ONGOING COMMITMENT

Fully derecognized transferred financial assets for which BPCE SA group retains an ongoing commitment consist of asset transfers to a deconsolidated securitization vehicle in which the Group has an interest or an obligation, although the latter do not call into question the transfer of almost all of the benefits and risks relating to the assets transferred.

Ongoing commitments retained by BPCE SA group in relation to securitization vehicles were not significant on December 31, 2015.

Note 14 Offsetting financial assets and financial liabilities

Financial assets and liabilities offset on the balance sheet were offset in accordance with the criteria of IAS 32. Under this standard, a financial asset and financial liability are offset and a net balance is recorded in the balance sheet if and only if:

- the Group has the legally enforceable right to offset the recorded amounts; and
- it has the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Within BPCE SA group, most offset amounts are the result of repurchase agreements and derivatives transactions mostly carried out by Natixis with clearing houses, which fulfilled the requirements of IAS 32:

- for derivatives, this involves the effects of the currency offset between asset valuations and liability valuations of the derivatives;
- for repurchase agreements, the amount recorded in the balance sheet corresponds to the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house,
  - have the same maturity date,
  - relate to the same security and the same custodian,
  - are denominated in the same currency.

Financial assets and liabilities "Under netting agreements not offset on the balance sheet" comprise transactions under netting agreements or similar agreements, but that do not meet the restrictive netting criteria set by IAS 32. This is particularly the case for derivatives or OTC repurchase agreements subject to master agreements under which the net settlement criteria or realization of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" include in particular:

- for repurchase agreements:
  - loans or borrowings resulting from reverse repurchase agreements with the same counterparty, and securities pledged or received as collateral (for the fair value of said securities),
  - margin calls in the form of securities (for the fair value of said securities);
- for derivatives, the fair values of the reverse transactions with the same counterparty, as well as the margin calls in the form of securities.

Margin calls received or paid in cash are shown in "Margin calls received (cash collateral)" and "Margin calls paid (cash collateral)."

As of December 1, 2015, only amounts under netting agreements are recognized in other assets and in other liabilities.

14.1 FINANCIAL ASSETS

Financial assets under netting agreements offset in the balance sheet

in millions of euros	12/31/2015 Gross amount of financial assets	12/31/2015 Gross amount of financial liabilities offset in the balance sheet	12/31/2015 Net amount of financial assets recognized in the balance sheet	12/31/2014 Gross amount of financial assets	12/31/2014 Gross amount of financial liabilities offset in the balance sheet	12/31/2014 Net amount of financial assets recognized in the balance sheet
Derivatives (trading and hedging)	91,661	19,198	72,463	124,231	37,324	86,907
Repurchase agreements	57,055	10,095	46,960	78,816	10,915	67,901
Other financial instruments	792		792			
Financial assets designated at fair value	**149,508**	**29,293**	**120,215**	**203,047**	**48,239**	**154,808**
Repurchase agreements (loans and receivables portfolio)	**40,988**	**3,971**	**37,017**	**43,042**	**4,279**	**38,763**
Other financial instruments (portfolio of loans and receivables)	**1,916**		**1,916**			
TOTAL	**192,412**	**33,264**	**159,148**	**246,089**	**52,518**	**193,571**

Financial assets under netting agreements not offset in the balance sheet

in millions of euros	12/31/2015 Net amount of financial assets recognized in the balance sheet	12/31/2015 Related financial liabilities and financial instruments received as collateral	12/31/2015 Margin calls received *(cash collateral)*	12/31/2015 Net exposure	12/31/2014 Net amount of financial assets recognized in the balance sheet	12/31/2014 Related financial liabilities and financial instruments received as collateral	12/31/2014 Margin calls received *(cash collateral)*	12/31/2014 Net exposure
Derivatives	72,463	35,807	13,807	22,849	86,907	41,276	15,571	30,060
Repurchase agreements	83,977	76,015	167	7,795	106,664	48,053	13	58,599
Other assets	2,708	1,492		1,216				
TOTAL	**159,148**	**113,314**	**13,974**	**31,860**	**193,571**	**89,329**	**15,584**	**88,659**

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14.2 FINANCIAL LIABILITIES

Financial liabilities under netting agreements offset in the balance sheet

in millions of euros	12/31/2015 Gross amount of financial liabilities	12/31/2015 Gross amount of financial assets offset in the balance sheet	12/31/2015 Net amount of financial liabilities recognized in the balance sheet	12/31/2014 Gross amount of financial liabilities	12/31/2014 Gross amount of financial assets offset in the balance sheet	12/31/2014 Net amount of financial liabilities recognized in the balance sheet
Derivatives (trading and hedging)	90,419	19,198	71,221	122,494	37,324	85,170
Repurchase agreements	55,025	10,095	44,930	86,607	10,915	75,692
Other financial instruments	103		103			
Financial liabilities designated at fair value	**145,547**	**29,293**	**116,254**	**209,101**	**48,239**	**160,862**
Repurchase agreements (liabilities portfolio)	**46,490**	**3,971**	**42,519**	**48,162**	**4,279**	**43,883**
Other financial instruments (liabilities portfolio)	**287**		**287**			
TOTAL	**192,324**	**33,264**	**159,060**	**257,263**	**52,518**	**204,745**

Financial liabilities under netting agreements not offset in the balance sheet

in millions of euros	12/31/2015 Net amount of financial liabilities recognized in the balance sheet	12/31/2015 Related financial assets and financial instruments received as collateral	12/31/2015 Margin calls paid *(cash collateral)*	12/31/2015 Net exposure	12/31/2014 Net amount of financial liabilities recognized in the balance sheet	12/31/2014 Related financial assets and financial instruments received as collateral	12/31/2014 Margin calls paid *(cash collateral)*	12/31/2014 Net exposure
Derivatives	71,221	35,798	12,252	23,171	85,170	41,415	14,440	29,315
Repurchase agreements	87,449	72,397	20	15,032	119,575	45,135		74,440
Other liabilities	390	222		168				
TOTAL	**159,060**	**108,417**	**12,272**	**38,371**	**204,745**	**86,550**	**14,440**	**103,755**

Note 15 Fair value of financial assets and liabilities at amortized cost

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only calculated for information purposes in the notes to the financial statements. They are not indicators used in the interest of overseeing commercial banking activities, for which the management model is based on collection of expected cash flows.

The simplified assumptions used to measure the fair value of instruments at amortized costs are presented in Note 4.1.6.

in millions of euros	12/31/2015 Fair value	12/31/2015 Price quoted in an active market (Level 1)	12/31/2015 Measurement techniques using observable data (Level 2)	12/31/2015 Measurement techniques using unobservable data (Level 3)	12/31/2014 Fair value	12/31/2014 Price quoted in an active market (Level 1)	12/31/2014 Measurement techniques using observable data (Level 2)	12/31/2014 Measurement techniques using unobservable data (Level 3)
FINANCIAL ASSETS AT AMORTIZED COST								
Loans and receivables due from credit institutions	122,449	11	114,254	8,184	131,185	332	119,229	11,624
Loans and receivables due from customers	219,353	553	61,135	157,665	234,694	815	59,871	174,008
Held-to-maturity financial assets	4,246	3,829	199	218	4,948	4,286	314	348
FINANCIAL LIABILITIES AT AMORTIZED COST								
Amounts due to credit institutions	115,564		96,066	19,498	121,873		101,791	20,082
Amounts due to customers	83,540		69,460	14,080	79,358		67,615	11,743
Debt securities	220,250		137,850	82,400	246,312	827	126,477	119,008
Subordinated debt	20,475		19,836	639	16,987		16,171	816

Note 16 Interests in non-consolidated structured entities

16.1 NATURE OF INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

A non-consolidated structured entity is a structured entity that is not controlled and is therefore not accounted for using the full consolidation method. As a result, the interests held in a joint venture or associate which is classed as a structured entity falls within the scope of this note.

The same is true of controlled structured entities that are not consolidated due to threshold reasons.

This includes all structured entities in which BPCE SA group holds an interest and intervenes in one or more of the following capacities:

- originator/structurer/arranger;
- placement agent;
- manager;
- in any other capacity that has a major impact on the structuring or management of the transaction (*e.g.* provision of financing, guarantees or structuring derivatives, tax investor, major investor, etc.).

An interest in an entity corresponds to all types of relationship, contractual or not, that exposes BPCE SA group to a risk of fluctuations in returns relating to the entity's performance. Interests in another entity may be evidenced by, among others, the holding of equity instruments or debt securities, as well as, by other types of relationship, such as financing, short-term credit facilities, credit enhancement, provision of guarantees or structured derivatives.

As a result, the following are not included in the scope of this note:

- structured entities which are associated with BPCE SA group through a current transaction alone. This corresponds to an unstructured financial instrument which generally does not have a material impact on the variability of the structured entity's returns and which could be concluded by BPCE SA group with structured entities or classically-governed entities alike. The main kinds of current transactions are:
  - plain vanilla fixed-income, foreign exchange and other underlying derivatives, as well as securities lending/borrowing and repurchase agreement transactions,
  - plain vanilla guarantees and financing granted to family non-trading real estate companies (SCI) or to certain holdings;
- external structured entities in which BPCE SA group simply acts as an investor. These notably include:
  - investments in external UCITS that the Group does not manage, except for those in which the Group owns almost all the shares,
  - a limited scope of interests held in securitization vehicles (exposures on these funds are included in the information published on exposures under Financial Stability Forum (FSF) guidance, in the Risk Management report),
  - interests held in real estate funds or external private equity funds in which BPCE SA group acts as a simple minority investor.

The structured entities with which the Group has a relationship can be divided into four categories: entities involved in asset management, securitization vehicles, entities created as part of structured financing and entities created for other types of transaction.

Asset management

Financial asset management (also known as portfolio management) consists of managing equity or funds entrusted by investors by investing in equities, bonds, cash SICAV or hedge funds, etc.

The asset management line of business which uses structured entities is represented by collective management or fund management. More specifically, it encompasses collective investment vehicles within the meaning of the French Monetary and Financial Code (other than securitization structures) as well as equivalent bodies governed by foreign law. These notably include entities such as UCITS, real estate funds and private equity funds.

Securitization

Securitization transactions are generally established as structured entities in which assets or derivatives representing credit risk are isolated.

These entities serve to diversify the underlying credit risks and to split them into various levels of subordination (tranches) with a view, generally, to sell them to investors seeking a certain level of return, according to the degree of risk accepted.

These vehicles' assets and the liabilities that they issue are rated by the rating agencies which monitor that the level of risk associated with each tranche of risk sold is commensurate with the attributed rating.

The kind of securitization transactions used and which require the intervention of structured entities are as follows:

- transactions where the Group (or a subsidiary) sells on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk associated with one of its asset portfolios;
- securitization transactions performed on behalf of third parties. These transactions consist of housing in a dedicated structure (generally a special purpose entity (SPE)) the assets belonging to another company. The SPE issues shares that can, in certain cases, be subscribed for directly by investors, or subscribed for by a multi-seller conduit which refinances the acquisition of these shares through the issue of short-term notes (commercial paper).

Structured financing (of assets)

Structured financing covers the range of activities and products set up to provide financing to economic players while reducing risks through the use of complex structures. These include the financing of movable assets (pertaining to aeronautic, marine or terrestrial transport, telecommunications, etc.), real estate assets and the acquisition of targeted companies (LBO financing).

The Group may need to create a structured entity that houses a specific financing transaction on behalf of a customer. This is a contractual and structural organization. The particularities of these types of financing are related to risk management, with use of notions such as limited recourse or waivers of recourse, standard and/or structural subordination and the use of dedicated legal vehicles used in particular to carry a single-contract finance lease representing the financing granted.

16.2 NATURE OF RISKS RELATING TO INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

Assets and liabilities recognized in the Group's various balance sheet accounts relating to interests in non-consolidated structured entities contribute to determining the risks associated with these entities.

The values recorded under the balance sheet assets, along with financing and guarantee commitments given less guarantee commitments received, are used to assess the maximum exposure to risk of losses.

The "notional amounts" line corresponds to the notional amount of options sold to structured entities.

The data in question is presented below, aggregated based on their activity classification.

AT DECEMBER 31, 2015

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**596**	**5,799**	**617**	**114**
Trading derivatives	424	249	137	114
Trading financial instruments (excluding derivatives)	150	1,524	152	
Financial instruments designated at fair value through profit and loss	22	4,026	328	
Available-for-sale financial assets	**394**	**2,683**	**31**	**333**
Loans and receivables	**2,900**	**2,653**	**11,380**	**2,173**
Other assets	**88**	**54**	**4**	**27**
TOTAL ASSETS	**3,978**	**11,189**	**12,032**	**2,647**
Financial liabilities at fair value through profit or loss	**224**	**446**	**369**	**22**
Provisions			**7**	**4**
TOTAL LIABILITIES	**224**	**446**	**376**	**26**
Financing commitments given	**3,150**	**1,538**	**1,925**	**881**
Guarantee commitments given	**372**	**9,852**	**1,171**	**185**
Guarantees received	**33**	**908**	**10,213**	**7**
Notional amount of derivatives	**5,462**	**31**	**2,068**	**725**
MAXIMUM LOSS EXPOSURE	**12,929**	**21,702**	**6,976**	**4,427**
SIZE OF STRUCTURED ENTITIES	**83,099**	**148,956**	**51,509**	**2,019**

AT DECEMBER 31, 2014

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**484**	**5,523**	**1,069**	**2**
Trading derivatives	325	132	119	2
Trading financial instruments (excluding derivatives)	140	1,528	151	
Financial instruments designated at fair value through profit and loss	19	3,863	799	
Available-for-sale financial assets	**248**	**2,390**	**46**	**27**
Loans and receivables	**2,543**	**1,640**	**11,468**	**1,175**
Other assets	**75**	**62**	**9**	**32**
TOTAL ASSETS	**3,350**	**9,615**	**12,592**	**1,236**
Financial liabilities at fair value through profit or loss	**230**	**112**	**27**	**3**
Provisions			**8**	**5**
TOTAL LIABILITIES	**230**	**112**	**35**	**8**
Financing commitments given	**3,962**	**451**	**1,533**	**789**
Guarantee commitments given	**511**	**10,294**	**645**	**64**
Guarantees received	**2**	**911**	**10,263**	**1**
Notional amount of derivatives	**3,301**		**1,679**	**65**
MAXIMUM LOSS EXPOSURE	**11,122**	**19,449**	**6,178**	**2,148**
SIZE OF STRUCTURED ENTITIES	**36,567**	**126,785**	**53,458**	**4,542**

Securitization transactions in which BPCE SA group is simply an investor are listed in the Notes based on recommendations by the Financial Stability Forum in terms of financial transparency as published in the Risk Management section.

The size criterion used varies according to the types of structured entities:

- Securitization, the total amount of the entities' issues on the liabilities side;
- Asset management: the net assets of collective investment vehicles (other than securitization);
- Structured financing: the total amount of financing outstandings remaining due by the entities;
- Other activities, total assets.

The Group did not, during the period, grant without a contractual obligation or help obtain, financial support to non-consolidated structured entities in which it holds interests.

16.3 INCOME AND CARRYING AMOUNT FROM ASSETS TRANSFERRED TO SPONSORED NON-CONSOLIDATED STRUCTURED ENTITIES

A structured entity is sponsored by a Group entity when the two following indicators are both satisfied:

- it is involved in the creation and structuring of the structured entity;
- it contributes to the success of the entity by transferring assets to it or by managing relevant activities.

When the Group entity's role is limited to one of advisor, arranger, custodian or placement agent, the structured entity is not considered to be sponsored.

BPCE SA group plays the role of sponsor for:

- UCITS initiated by a management company belonging to BPCE SA group and in which BPCE SA group holds no investment or any other interest. Reported income includes management and outperformance fees charged by BPCE SA group entities, as well as profit and loss from ordinary business with these funds;
- a US activity of origination and disposal of portfolios of home loans to securitization vehicles created by the Natixis group with third parties and in which Natixis group holds no interests. Reported income includes structuring fees as well as gains or losses on the disposal of receivables.

For the non-consolidated structured entities that the Group sponsored without holding any interests, the impact on the financial statements is presented below:

FISCAL YEAR 2015

in millions of euros	**Securitization**	**Asset Management**
Income from entities	**31**	**1,221**
Net interest income	144	
Net fee and commission income	(6)	1,022
Net gains or losses on financial instruments at fair value through profit and loss	(107)	199
Carrying amount of assets transferred to the entity during the fiscal year	**4,666**	

FISCAL YEAR 2014

in millions of euros	**Securitization**	**Asset Management**
Income from entities	**46**	**950**
Net interest income		2
Net fee and commission income	1	939
Net gains or losses on financial instruments at fair value through profit and loss	45	9
Carrying amount of assets transferred to the entity during the fiscal year	**2,007**	

Note 17 Scope of consolidation

17.1 CHANGES IN SCOPE OF CONSOLIDATION DURING FISCAL YEAR 2015

The main changes in the scope of consolidation during 2015 are presented below:

Change in the percentage of the Group's interest in Natixis

Following a number of transactions in its own shares, the Group's stake in Natixis stood at 71.25% at December 31, 2015 (*versus* 71.51% at December 31, 2014). The impact on equity attributable to equity holders of the parent was not material.

Finalization of the project to adapt overseas activities

In September 2015, BPCE International sold all its interests in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC).

With the disposal of these three banks by BPCE International, Caisse d'Epargne Provence-Alpes-Corse has become a leading banking player for customers in the French overseas territories.

This transaction, which was launched in October 2014, fell under the remit of the "Another way to grow" strategic plan. It refocused the Group's presence in the French overseas territories that are part of the euro zone around its two major networks: the Caisses d'Epargne and the Banque Populaire banks.

Assumption of control over subsidiaries

Acquisition of Natixis Partners

In 2015, Natixis completed the acquisition of Leonardo & Co France's operations, renaming the company Natixis Partners, which became Natixis' specialized entity in charge of M&A for investment funds and mid-cap clients.

At December 31, 2015, Natixis held 92% of the share capital in Natixis Partners. Natixis exercises control over Natixis Partners, within the meaning of IFRS 10, and fully consolidates the entity.

This acquisition generated goodwill of €5 million.

Acquisition of DNCA Finance Group

In 2015, Natixis Global Asset Management (NGAM) finalized the acquisition of DNCA Group. As a result of this acquisition, the following entities are now fully consolidated: DNCA & Cie, DNCA Finance SA, DNCA Finance Luxembourg, DNCA Courtage SARL and DNCA Management (see Note 1.3).

17.2 SECURITIZATION TRANSACTIONS

Securitization is a financial engineering technique that aims to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities that finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are consolidated if the Group exercises control over it. Control is assessed according to the criteria provided in IFRS 10.

The securitization transactions initiated by Crédit Foncier group ("Partimmo" and "Zèbre" transactions) were extinguished, four of them in advance of their expiry date, at April 28, 2015. The residual fund assets were taken over by Crédit Foncier.

Following the extinguishment of these internal securitization funds, Crédit Foncier no longer held any shares in these funds as of December 31, 2015.

Securitization transactions carried out with derecognition

In August 2015, Crédit Foncier completed a second public securitization of residential mortgage-backed receivables (Crédit Foncier Home Loans 2). A similar transaction was completed in May 2014 (Crédit Foncier Home Loans 1). To meet prudential requirements, at the start of the project Crédit Foncier identified a portfolio of loans for securitization valued at about €1.5 billion and kept over 5% of the selected outstandings, selected at random.

The transfer to the Securitization Fund involved 13,554 loans for an outstanding principal amount of €1.4 billion.

As a receivables manager, Crédit Foncier does not have the ability to use its power to influence the variability of returns. Therefore, it does not control the securitization fund in the sense of IFRS 10, and the fund is not consolidated.

However, given its ongoing ties with the fund, the criteria needed to establish a complete derecognition of assets under IAS 39 are not entirely met.

As a result, the transaction is derecognized as per IFRS 10, and partially derecognized as per IAS 39.

The transferred assets are recognized in proportion to Crédit Foncier's ongoing involvement, which consists in maintaining the maximum loss associated with each of the residual ties to the fund (swaps, clean-up calls, management expenses) in the balance sheet assets. These adjustments led to the booking of total assets of €255 million and total liabilities of €159 million at December 31, 2015.

The fair value of the residual ties was recorded in income at the start of the securitization. The initial impact on income was not material. The fair value of these ties is revalued at each reporting date.

For 2015, the net effect of revaluations of CFHL1 and CFHL2 was -€40 million, which is related to the exceptional volume of early repayments during the year.

17.3 GUARANTEED UCITS

Guaranteed UCITS are funds designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with IFRS 10, the Group does not control relevant activities (as management flexibility is limited) and is not exposed to variable returns (as a solid risk monitoring system has been implemented) and therefore does not consolidate these structures.

17.4 OTHER INTERESTS IN CONSOLIDATED SUBSIDIARIES AND STRUCTURED ENTITIES

Major restrictions

BPCE SA group has not been faced with any major restrictions relating to stakes held in its structured subsidiaries.

Support of consolidated structured entities

The Group did not grant any financial support to consolidated structured entities.

17.5 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2015

Only those entities providing a material contribution are consolidated. Materiality is assessed for consolidated entities based on the principle of ascending materiality. In other words, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

All companies consolidated using the equity method are associates.

The percentage interest is specified for each entity in the scope of consolidation. The percentage of interest describes the share of equity held by the Group, either directly or indirectly, in companies within the scope. The percentage of interest can be used to determine the share attributable to equity holders of the parent in the net assets of the company held.

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Companies	Business	Location[(1)]	Percentage interest	Consolidation method[(2)]
I) CONSOLIDATING ENTITY				
BPCE SA		FR	100%	FC
II) BPCE SA SUBSIDIARIES				
ALBIANT-IT	IT systems and software consulting	FR	98%	FC
BANQUE BCP SAS	Bank	FR	30%	EQ
BP COVERED BONDS	Funding	FR	100%	FC
BPCE ACHATS	Services company	FR	51%	FC
BPCE IMMOBILIER EXPLOITATION	Real estate investment	FR	100%	FC
BPCE INFOGÉRANCE ET TECHNOLOGIE	IT Services	FR	55%	FC
BPCE MASTER HOME LOANS FCT	French securitization fund (FCT)	FR	100%	FC
BPCE MASTER HOME LOANS DEMUT	French securitization fund (FCT)	FR	100%	FC
BPCE SFH	Funding	FR	100%	FC
BPCE SERVICES FINANCIERS (formerly CSF-GCE)	Services company	FR	39%	EQ
DELESSERT FCP 2DEC REGPT	BPCE Guarantee and Solidarity fund	FR	100%	FC
ESNI	securitization company	FR	100%	FC
GCE CAPITAL	Private equity	FR	100%	FC
GCE PARTICIPATIONS	Holding company	FR	100%	FC
GIE CE SYNDICATION RISQUES	Guarantee company	FR	38%	EQ
NATIXIS GROUP[(3)]		FR	71%	FC
INFORMATIQUE BANQUES POPULAIRES	IT Services	FR	30%	EQ
IT-CE	IT Services	FR	34%	EQ
MIFCOS	Real estate investment	FR	100%	FC
S-MONEY	Electronic payment	FR	100%	FC
SAS GCE P.AV IMMOBILIER	Office space	FR	100%	FC
SOCRAM BANQUE	Bank	FR	33%	EQ
SURASSUR	Reinsurance	LU	96%	FC
Holassure Group				
CNP ASSURANCES (GROUP)	Insurance	FR	16%	EQ
HOLASSURE	Holding company	FR	100%	FC
SOPASSURE	Holding company	FR	50%	JO
BPCE International Group				
AL MANSOUR PALACE MAROC	Real estate development	MA	40%	EQ
ARAB INTERNATIONAL LEASE	Real estate and non-real estate leasing	TN	57%	FC
BANQUE DE NOUVELLE-CALÉDONIE	Bank	NC	97%	FC
BANQUE DE TAHITI	Bank	FP	97%	FC
BANQUE DES MASCAREIGNES	Bank	MU	100%	FC
BANQUE MALGACHE DE L'OCÉAN INDIEN	Bank	MG	71%	FC
BANQUE TUNISO KOWEITIENNE	Bank	TN	60%	FC
BCI BQ COMMERCIALE INTERNATIONALE	Bank	CG	100%	FC
BICEC	Bank	CM	68%	FC
BM MADAGASCAR	Bank	MG	73%	FC
BPCE INTERNATIONAL	Specialized credit institution	FR	100%	FC
BPCE MAROC	Real estate development	MA	100%	FC
BPCE MAROC IMMOBILIER	Real estate development	MA	100%	FC
FRANSA BANK	Bank	FR	40%	EQ
INGEPAR	Financial investment advisory services	FR	100%	FC
MEDAI SA	Real estate development	TN	67%	FC
OCEORANE	Financial investment advisory services	FR	100%	FC

Companies	Business	Location(1)	Percentage interest	Consolidation method(2)
NATIXIS PRAMEX INTERNATIONAL	International development and consulting services	FR	100%	FC
SKY ELITE TOUR SARL	Real estate development	MA	100%	FC
SOCIETE DE CONSEILS ET D'INTERMÉDIATION FINANCIÈRE	Financial investment advisory services	TN	48%	FC
EL ISTIFA	Debt collection company	TN	60%	FC
SOCIETE HAVRAISE CALÉDONIENNE	Office space	NC	90%	FC
SOCIETE TUNISIENNE DE PROMOTION DES PÔLES IMMOBILIERS ET INDUSTRIELS	Real estate development	TN	18%	EQ
TUNIS CENTER	Real estate development	TN	14%	FC
UNIVERS INVEST (SICAR)	Private equity	TN	52%	FC
UNIVERS PARTICIPATIONS (SICAF)	Private equity	TN	60%	FC
Crédit Foncier group				
BANCO PRIMUS	Bank	PT	100%	FC
CRÉDIT FONCIER DE FRANCE	Bank	FR	100%	FC
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company	FR	100%	FC
COFIMAB	Real estate agent	FR	100%	FC
COMPAGNIE DE FINANCEMENT FONCIER	Finance company	FR	100%	FC
CRÉDIT FONCIER IMMOBILIER	Office space	FR	100%	FC
SCA ECUFONCIER	Finance company	FR	100%	FC
CRÉDIT FONCIER EXPERTISE	Real estate consulting	FR	100%	FC
EUROSCRIBE	Real estate and non-real estate leasing	FR	37%	EQ
FILIALES LOCI	Real estate and non-real estate leasing	FR	75%	FC
OXIANE	Real estate and non-real estate leasing	FR	75%	FC
SCRIBE BAIL LOGIS SAS	Real estate and non-real estate leasing	FR	75%	FC
SCRIBEURO SAS	Real estate and non-real estate leasing	FR	75%	FC
FONCIER PARTICIPATIONS	Holding company	FR	100%	FC
FONCIÈRE D'ÉVREUX	Office space	FR	100%	FC
GCE COINVEST	Holding company	FR	100%	FC
GRAMAT BALARD	Office space	FR	100%	FC
LOCINDUS	Real estate and non-real estate leasing	FR	75%	FC
MAISONS FRANCE CONFORT PROU INVESTISSEMENTS	Real estate development	FR	49%	EQ
SEREXIM	Real estate consulting	FR	100%	FC
SOCIETE D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding company	FR	100%	FC
SOCFIM	Bank	FR	100%	FC
SOCFIM PARTICIPATIONS IMMOBILIERES	Holding company	FR	100%	FC
VENDOME INVESTISSEMENTS	Holding company	FR	100%	FC
VAUBAN MOBILISATIONS GARANTIES (VMG)	Finance company	FR	100%	FC
Banque Palatine group				
ARIES ASSURANCES	Insurance brokerage	FR	100%	FC
BANQUE PALATINE	Bank	FR	100%	FC
CONSERVATEUR FINANCE	Fund management	FR	20%	EQ
PALATINE ASSET MANAGEMENT	Asset Management	FR	100%	FC

(1) Country of location:
CG: Congo - CM: Cameroon - FR: France - LU: Luxembourg - MA: Morocco - MG: Madagascar - MU: Mauritius - NC: New Caledonia - FP: French Polynesia - PT: Portugal - TN: Tunisia.

(2) Consolidation method:
FC: Full consolidation
EQ: Equity method
JO: Joint operation

(3) Natixis group:
The Natixis group comprises 325 fully-consolidated entities and 12 entities consolidated using the equity method. Its principal subsidiaries are as follows: Coface, Banque Privée 1818, Natixis Global Asset Management, Natixis North America LLC, Natixis Assurances, Natixis Private Equity and Compagnie Européenne de Garanties et Cautions.

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5.4 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 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 readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BPCE

50, avenue Pierre Mendès-France

75013 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of BPCE SA group;
- the justification of our assessments;
- the specific verification and information required by French law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform 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 and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without prejudice to the conclusion expressed above, we draw your attention to Note 2.2 "Standards", which details the impacts of the first application of IFRIC 21 "Levies", and the accounting change concerning the recognition of the tax amortization of goodwill under deferred taxes.

II. Justification of our assessments

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

CREDIT AND COUNTERPARTY RISK PROVISION

The Group records impairment and provisions to cover the credit and counterparty risks inherent to its activities (Notes 4.1.7, 5.6, 6.7 and 7.1 to the consolidated financial statements). We reviewed the control procedures implemented by the Group to identify risk exposure, monitor credit and counterparty risks, assess the risks of non-recovery and calculate the related impairment and provisions on an individual and portfolio basis.

VALUATION OF FINANCIAL INSTRUMENTS

The Group uses internal models to measure financial instruments that are not quoted in active markets (Notes 4.1.6, 5.5, 6.3 and 6.4 to the consolidated financial statements). We reviewed the control procedures relating to the determination of a particular market as inactive, the validation of the models used and the determination of inputs used.

IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group recognizes impairment on available-for-sale financial assets (Notes 4.1.7, 5.4 and 6.4 to the consolidated financial statements):

- for equity instruments, whenever there is objective evidence of significant or prolonged impairment in the value of these assets;
- for debt instruments, whenever there is a known counterparty risk.

We reviewed the control procedures relating to the identification of evidence of impairment, the valuation of the most significant items, and the estimates leading, where applicable, to the recognition of impairment losses.

INSURANCE-RELATED LIABILITIES

The Group recognizes technical provisions in respect of risks related to insurance contracts (Notes 4.13, 5.17 and 6.5 to the consolidated financial statements). We examined the methodology used to measure these insurance contracts, as well as the main assumptions and inputs used.

GOODWILL IMPAIRMENT

The Group carried out goodwill impairment tests which led, when necessary, to the recognition of impairment (Notes 3.2.3 and 5.13 to the consolidated financial statements). We reviewed the methods and the main inputs and assumptions used when performing these tests, as well as estimates used to recognize any impairment losses.

DEFERRED TAX ASSETS

The Group recognized deferred tax assets, particularly in respect of tax loss carryforwards (Notes 4.12, 5.9 and 6.9 to the consolidated financial statements). We reviewed the main estimates and assumptions that led to the recognition of these deferred tax assets.

PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

The Group records provisions to cover employee benefit obligations (Notes 4.10, 5.18 and 9.2 to the consolidated financial statements). We reviewed the valuation method for these obligations and the main inputs and assumptions 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.

Paris-La Défense and Neuilly-sur-Seine, March 15, 2016

The Statutory Auditors

Deloitte & Associés	Mazars	PricewaterhouseCoopers Audit
Jean-Marc Mickeler Sylvie Bourguignon	Michel Barbet-Massin Jean Latorzeff	Agnès Hussherr Nicolas Montillot

5.5 BPCE parent company financial statements

5.5.1 BPCE management report

SIGNIFICANT EVENTS OF 2015

Implementation of strategic plan

Renewal of the partnership with CNP Assurances

Following on from the memorandum of understanding announced in November 2014 laying down the terms of implementation of the principles of a renewed partnership, Groupe BPCE and CNP Assurances signed the final agreements that came into force on January 1, 2016, for a period of seven years.

The renewal of this partnership is fully in line with the Group's "Another way to grow" strategic plan and allows it to consolidate its role as a fully-fledged bancassureur in the interests of its customers.

The development of digital technology

S-MONEY

BPCE subscribed to the capital increase of the SAS S-Money for €5.2 million. This subsidiary is dedicated to innovation in mobile payment solutions. Moreover, in October 2015 S-Money announced the acquisition of the startup LePotCommun.fr, a major player in online whip-round services in France. The aim of this merger is to create a leader, in France and Europe, in community payments and is part of the drive towards innovation and the development of digital technology.

INTRODUCTION OF ELECTRONIC SIGNING OF EMPLOYMENT CONTRACTS

Groupe BPCE also innovates in its transformation to digital technology with the management and steering of human resources. It is the first European banking group to have introduced the electronic signing of new employment contracts, as well as amendments to the contracts of employees already present within its companies.

Groupe BPCE has extended this use of electronic signatures to companies which are gradually switching to this new trend for digital contracts. Caisses d'Epargne de Picardie, Caisses d'Epargne d'Auvergne et du Limousin and BPCE are currently piloting this project.

Main changes in affiliates

Payment of an extraordinary dividend by Natixis

During the first half of 2015, Natixis paid an extraordinary dividend to BPCE of €0.14 per share, *i.e.* the restitution of paid up capital of €311.8 million following the IPO of credit insurance company Coface in June 2014 and the acquisition of two companies, one specialized in management and the other in consulting.

BPI France

BPCE acquired the shares in BPI France Financement held by various group entities for a total of €36 million in 2015. Following these acquisitions, BPCE's stake was 1.61%.

GCE Covered Bonds

BPCE received €222 million following the capital decrease by GCE Covered Bonds, as the last bond issued by the entity reached maturity. The structure also paid out a dividend of €1.2 million.

Volksbank România

On December 10, 2014, Groupe BPCE announced that it had signed an agreement with Banca Transilvania to sell its 24.5% non-controlling interest in Volksbank România's capital. This disposal, completed on April 7, 2015, did not have a significant impact on BPCE's income.

DZ Bank

On April 16, 2015, BPCE disposed of its 11% stake in DZ Bank and recorded a capital gain on disposal of €13 million.

Acquisition of Visa Europe by Visa Inc.

On November 2, 2015, US company Visa Inc. announced the acquisition of the Visa Europe entity, an association of around 3,500 European banks, including Groupe BPCE.

The transaction, for a total amount of €21.2 billion, was broken down into three parts:

- a cash payment of €11.5 billion at completion of the transaction;
- preference shares, representing at the time of the transaction's announcement, an equivalent amount of €5.0 billion;
- a potential earn-out payment, which could reach a total amount of €4.7 billion (including accumulated interest).

This transaction should take place during 2016, subject to its approval by the relevant European authorities.

Disposal of shares in a portfolio of home loan and public asset securitizations

During 2015, BPCE disposed of shares in a portfolio of securitizations of mortgage loans and public assets for a nominal amount of €2.4 billion. These disposals did not have a significant impact on BPCE's income.

"Green" bond issue

On December 2, 2015, BPCE announced its first green bond issue for €300 million, maturing in seven years. The aim of this issue is to finance "green" projects selected by Natixis Energéco, a Natixis subsidiary specialized in renewable energy financing.

COMPANY SITUATION AND ACTIVITY IN 2015

CHANGES IN THE BPCE BALANCE SHEET

in billions of euros	12/31/2015	12/31/2014	Change 2015/2014 €bn	%
Amounts due from banks	231.0	227.0	+4.0	+2%
Amounts due from customers	0.7	0.8	(0.1)	(13%)
Securities transactions	62.8	68.7	(5.9)	(9%)
Associates, Equity interests and long-term investments	23.3	20.5	+2.8	+14%
Other assets	5.7	4.5	+1.2	+25%
TOTAL BPCE ASSETS	**323.5**	**321.5**	**+2.0**	**+1%**
Amounts due to banks	153.9	150.9	+3.0	+2%
Customer resources	1.4	4.9	(3.5)	(71%)
Debt securities and subordinated debt	96.1	96.3	(0.2)	(0%)
Other liabilities	56.2	55.6	+0.6	+1%
Shareholders' equity and fund for general banking risks	15.9	13.8	+2.1	+15%
TOTAL BPCE LIABILITIES	**323.5**	**321.5**	**+2.0**	**+1%**

In accordance with French GAAP, total 2015 assets amounted to €323.5 billion, an increase of €2.0 billion compared with December 31, 2014.

Under assets, the €4.0 billion increase in "Amounts due from banks" is mainly due to higher intra-group receivables.

"Securities transactions" were down by €5.9 billion due to:

- the disposal of a portion of shares in a portfolio of home loan and public asset securitizations for €2.4 billion;
- the early redemption of €4 billion in BPCE Home Loans securities.

"Associates, Equity interests and long-term investments" recorded the following major changes:

- impairment reversals of €2.3 billion on Natixis and €178 million on BPCE International;
- an additional provision of €193 million on Crédit Foncier;
- the issue of a new €550 million perpetual deeply subordinated notes with Crédit Foncier and a €500 million perpetual deeply subordinated notes with Natixis (to replace the €418 million note which was redeemed early on July 30, 2015).

Under liabilities, "Amounts due to banks" increased by €3.0 billion. This change included an increase of €23.5 billion relating to current accounts with credit balances and short-term loans, a decrease of €15.7 billion in term loans and a drop of €4.7 billion in securities sold under repurchase agreements (mainly on intra-group resources).

The €3.5 billion decrease in "Customer resources" was mainly due to the early repayment of term loans to the BPCE Home Loans FCT securitization fund following the introduction of the new securitization fund (BPCE Master Home Loans FCT).

The €2.1 billion increase in shareholders' equity is due to the allocation of net income for 2014 to retained earnings (€971 million), a difference in income between 2015 and 2014 (€1.3 billion) and the payment of an interim dividend of €175 million in December 2015.

BPCE INCOME STATEMENT

in millions of euros	2015	2014	Change 2015/2014 €m	%
Net banking income	(12)	(121)	+109	(90%)
Operating expenses	(130)	(117)	(13)	+11%
Gross operating income	**(142)**	**(238)**	**+96**	**(40%)**
Cost of risk	17	(28)	+45	NA
Net gains or losses on fixed assets	2,324	1,141	+1,183	NA
Income before tax	**2,199**	**875**	**+1,324**	**NA**
Income tax	292	271	+21	+8%
Charges/reversals to fund for general banking risks and regulated provisions				
NET INCOME	**2,491**	**1,146**	**+1,345**	**NA**

2015 net income amounted to €2,491 million, due in large part to the appreciation of investments in consolidated companies. It also included a gross operating loss of €142 million, cost of risk of €17 million and tax income of €292 million.

NET BANKING INCOME

in millions of euros	2015	2014	Change 2015/2014 €m	Change 2015/2014 %
Holding company and affiliates activities	481	70	+411	NA
Group banking activities	(468)	(152)	(316)	NA
Other	(25)	(39)	+14	(36%)
NET BANKING INCOME	**(12)**	**(121)**	**+109**	**(90%)**

In 2015, BPCE's net banking income totaled -€12 million, up €109 million compared with 2014.

The €411 million increase in net banking income for the holding company and affiliates activities was due to:

- a €331 million increase in dividends mainly due to the Natixis exceptional dividend payment of €311.8 million and a €19 million increase in current dividends;
- the issue of new redeemable subordinated notes for an additional subordination cost of -€58 million compared with 2014;
- the early redemption of five subordinated notes resulting in a €124 million gain in income.

Net banking income for the Group's banking activities was -€468 million in 2015, down €316 million compared with 2014. This change is due to (i) a €112 million drop in income from the liquidity pool and (ii) the €216 million decrease in the value of the portfolio of mortgage loans and public assets securitizations acquired in 2014. The variation in this portfolio is due to the full-year effect and a provision of €136 million booked following a change in management intention.

OPERATING EXPENSES

in millions of euros	2015	2014	Change 2015/2014 €m	Change 2015/2014 %
Payroll costs	(244)	(236)	(8)	+3%
Other expenses	(353)	(346)	(7)	+2%
Gross operating expenses	**(597)**	**(582)**	**(15)**	**+3%**
Rebilled expenses	**481**	**485**	**(4)**	**(1%)**
Net operating expenses	**(116)**	**(97)**	**(19)**	**+20%**
Charges from exceptional projects and expenses outside scope	(14)	(20)	+6	(30%)
OPERATING EXPENSES	**(130)**	**(117)**	**(13)**	**+11%**

Operating expenses reached -€130 million in 2015, up €13 million (or 11%) compared with 2014, mainly due to an increase in "Payroll costs" and "Other expenses".

Rebilled expenses remained stable.

Charges from exceptional projects and expenses outside scope in 2015 mainly related to regulatory developments.

Cost of risk

In 2015, cost of risk was €17 million and mainly related to the reversal of provisions for guarantees granted to the Group's institutions.

Net gains or losses on fixed assets

Net gains or losses on fixed assets were €2,324 million in 2015, mainly consisting of changes in provisions for investments in associates, in particular Natixis (+€2,309 million), Crédit Foncier (-€193 million) and BPCE International (+€178 million). Moreover, the partial disposal of DZ Bank generated a capital gain of €13 million for BPCE.

Income tax

In 2015, as a result of tax consolidation income, the gain in income taxes after taking into account changes in provisions and other adjustments was €292 million, up €21 million relative to 2014.

The tax audit of the 2010 and 2011 Fiscal years led to an overall settlement which will be recognized in 2016.

BPCE underwent a tax audit of its 2012 Fiscal year which did not have a material impact on the financial statements for the year.

Following discussions with the DGFIP in 2015 regarding the 2013 Fiscal year, BPCE published an amended tax return which had no significant impact on the Fiscal year.

The residual risk relating to the tax reassessments disputed by BPCE was subject to a provision.

Non-tax deductible expenses

Disclosure of expenditure on luxuries

In accordance with the provisions of Article 223 *quater* and *quinquies* of the French General Tax Code, the financial statements for the past Fiscal year include €119,712.60 in non-deductible expenses with regards to Article 39.4 of the same Code. The resulting additional tax was €45,490.79.

No other non-tax deductible expenses were incurred during the Fiscal year.

Fund for general banking risks and net income

There was no activity in the fund for general banking risks and net income during the Fiscal year.

Net income came out at €2,491 million.

Proposed allocation of net income

A proposal will be made to the Annual General Shareholders' Meeting to allocate the net profit for the period of €2,491,136,975.50 as follows:

- a dividend payment of €349,996,600.88 to shareholders, *i.e.* €11.2364 per share. On December 22, 2015, BPCE paid an interim dividend of €174,998,300.44 to its shareholders following a decision taken by the Management Board on December 21, 2015;
- an allocation of €2,141,140,374.62 to "Retained earnings".

Following these transactions, the balance of "Retained earnings" would be €3,108,096,760.24.

In accordance with the provisions of Article L. 243 *bis* of the French General Tax Code, the table below shows the dividends paid out in respect of the three previous financial years:

Balance sheet date	Dividend per share		Fraction of the dividend eligible for the 40% tax deduction	Fraction of the dividend ineligible for the 40% tax deduction
12/31/2012		/	/	/
12/31/2013	Category "A" and "B" shares	€64.209	€2,000,000,000*	/
12/31/2014	Category "A" and "B" shares	€5.6182	€174,998,300.44	/

* The capital decrease and the exceptional distribution of cash sums charged against "additional paid-in capital" item decided by the Extraordinary General Shareholders' Meeting of July 11, 2013 are equivalent for tax purposes to dividend distributions.

Renewal of the terms of the acting and substitute Statutory Auditors

The terms of Acting Statutory Auditors PricewaterhouseCoopers Audit and KPMG Audit and of Substitute Statutory Auditors, Etienne Boris and Isabelle Goalec expired after the Annual General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2014.

Said Shareholders' Meeting decided, based on the recommendations of the Audit and Risk Committee and the *Autorité de contrôle prudentiel et de résolution* (ACPR – the French Prudential Supervisory Authority for the Banking and Insurance sector):

- to re-appoint PricewaterhouseCoopers Audit, located at 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, as Acting Statutory Auditor;
- to appoint Deloitte & Associés, located at 185, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, as Acting Statutory Auditor;
- to re-appoint Etienne Boris, as Substitute Statutory Auditor;
- to appoint Beas, represented by Mireille Berthelot, as Substitute Statutory Auditor.

The terms of Mazars and Anne Veaute will expire after the Annual General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018.

The terms of PricewaterhouseCoopers Audit and Deloitte & Associés as well as those of Etienne Boris and BEAS, represented by Mireille Berthelot will expire after the Annual General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020.

Information on subsidiaries and equity investments

Activity and results of the main subsidiaries

The activity and results of the main subsidiaries are described in Chapter 1 of this document.

Investments and controlling interests

BPCE acquired the shares in BPI France Financement held by various group entities for a total of €36 million in 2015, taking its stake to 1.61%.

BPCE invested in the capital increases of:

- VBI Beteiligungs GmbH, for an amount of €120 million in March;
- S-Money, for an amount of €5 million in May;
- GCE Participation, for an amount of €12 million in July;
- France Active Garantie, for an amount of €2 million and Nefer, for an amount of €4 million in October.

During the period, BPCE also invested in capital increases related to asset financing transactions for a total amount of €34 million.

Moreover, in June, the reinvestment of the Banque BCP dividend in shares amounted to €2 million.

Employee participation in the share capital

Information concerning employee participation in the share capital is provided in Chapter 7.

Information concerning company directors

List of directorships and offices

Information concerning the list of directorships and offices of company directors is provided in Chapter 2.

Remuneration and benefits

Information concerning remuneration and benefits granted by BPCE to the company directors is provided in Chapter 2.

Related-party agreements

No corporate officer and no shareholder holding more than 10% of the voting rights, signed in 2015 any agreement with a company in which BPCE holds, either directly or indirectly, more than half of the share capital.

In 2015, certain related-party agreements were downgraded pursuant to the provisions of the order dated July 31, 2014: all agreements relating to BPCE International (invoicing, delegation and services, purchase of perpetual deeply subordinated notes, services, etc.) and the invoicing agreement relating to the affiliation of Banque Palatine.

Moreover, information concerning commitments and related-party agreements is provided in Chapter 7.

Information regarding ownership of share capital

Information concerning the ownership of the share capital is provided in Chapter 7.

Trading by BPCE in its own shares

In 2015, BPCE did not trade in its own shares.

Disposals of shares

Significant disposals over the period were as follows:

- in March, statutory changes at Caisse de Refinancement de l'Habitat (CRH) led to a divestment of €4.3 million;
- in April, the partial disposal of shares in DZ Bank for €20.3 million;
- in May, sale of the equity interest in Alpha Demeter for €0.8 million;
- in October, sale of the equity interest in BP Création for €1.7 million;
- in December, the partial disposal of shares in STET (Système Technologique d'Echange et de Traitement) for €6.9 million and sale of the equity interest in Trionis for €0.5 million.

Research and development activities

BPCE did not conduct any research and development activities during the period.

Management of financial risks

Information relating to management of financial risks is provided in Chapter 3.

Main risks

Information relating to the main risks and uncertainties facing BPCE is provided in Chapter 3.

Difficulties encountered

The difficulties encountered over 2015 were linked to the economic and financial environment described in point 4.2.1 of Chapter 4.

Social, environmental and societal information

This information is provided in Chapter 6.

POST-BALANCE SHEET EVENTS

No post-balance sheet events were recorded.

RECENT DEVELOPMENTS AND OUTLOOK

Outlook for the economic environment and recent and forthcoming regulatory changes are described in point 4.7 of Chapter 4.

STATEMENT OF RESULTS FOR THE FIVE PREVIOUS YEARS

STATEMENT OF RESULTS FOR THE YEARS SINCE THE FORMATION OF BPCE

in euros	2011	2012	2013	2014	2015
Share capital at period-end					
Share capital	467,226,960	467,226,960	155,742,320	155,742,320	155,742,320
Number of shares(1)	31,148,464	31,148,464	31,148,464	31,148,464	31,148,464
Operations and income for the year					
Revenue	6,589,712,096	8,353,566,942	7,187,771,820	6,235,109,398	5,109,479,897
Income before tax, employee profit-sharing, depreciation, amortization, and impairment	154,344,419	(941,769,523)	533,067,064	(171,074,167)	4,368,355
Income tax	139,563,408	334,448,780	360,581,952	271,075,750	292,511,147
Income after tax, employee profit-sharing, depreciation, amortization, and impairment	7,122,739	(3,338,778,353)	(605,301,274)	1,146,496,341	2,491,136,976
Dividend paid to shareholders(2)	-	-	-	174,998,300	349,996,601
Earnings per share					
Revenue	211.56	268.19	230.76	200.17	164.04
Income after tax, employee profit-sharing, but before depreciation, amortization, and impairment	9.44	(19.50)	28.69	(3.21)	9.53
Income tax	4.48	10.74	11.58	8.70	9.39
Income after tax, employee profit-sharing, depreciation, amortization, and impairment	0.23	(107.19)	(19.43)	36.81	79.98
Dividend per share(2)	-	-	-	5.6182	11.2364
Employee data					
Average number of employees	1,507	1,535	1,564	1,542	1,495
o/w managerial staff	*1,274*	*1,342*	*1,388*	*1,374*	*1,349*
o/w non-managerial staff	*233*	*193*	*176*	*168*	*146*
Total wage bill for the year	117,852,537	122,334,098	126,096,393	125,055,902	123,359,757
Amounts paid for employee benefits during the period	69,942,206	74,914,519	68,542,623	71,865,657	69,329,770

(1) Earnings per share are calculated based on the number of shares outstanding at the date of the Annual General Shareholders' Meeting.
(2) Subject to approval by the Annual General Shareholders' Meeting.

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AUTHORIZATIONS GRANTED TO THE MANAGEMENT BOARD

Nature and purpose of the authorization	Amount in euros	Duration	Date of the Annual General Shareholders' Meeting	Use
Authorization to execute one or more share capital increases in cash reserved for employees participating in a company savings plan	The total number shares that each employee may subscribe to cannot exceed a maximum amount of €100,000	26 months	05/22/2015	None to date

PAYMENT TERMS TO SUPPLIERS

Pursuant to Article L. 441-6-1 of the French Commercial Code, all French companies for which annual financial statements are certified by Statutory Auditors must publish in their management report the balance of payables owed to suppliers by due date, in accordance with the provisions of Ministerial Order No. 2008-1492, Article D. 441-4.

in millions of euros	Total	Due	≤ 30 days	31-60 days	≥ 60 days	Invoices not received
Trade payables at 12/31/2015	95.0	2.4	0.2	0.0	0.0	92.4
Trade payables at 12/31/2014	95.7	4.8	4.1	0.0	0.0	86.8

5.5.2 Balance sheet and off-balance sheet

ASSETS

in millions of euros	*Notes*	12/31/2015	12/31/2014
Cash and amounts due from central banks		35,019	15,397
Treasury bills and equivalent	*3.3*	10,289	8,023
Loans and advances due from credit institutions	*3.1*	196,025	211,647
Customer transactions	*3.2*	657	753
Bonds and other fixed-income securities	*3.3*	51,268	59,397
Equities and other variable-income securities	*3.3*	1,268	1,278
Equity interests and other long-term investments	*3.4*	2,345	1,668
Investments in affiliates	*3.4*	20,912	18,793
Intangible assets	*3.5*	17	26
Property, plant and equipment	*3.5*	14	22
Other assets	*3.7*	1,362	818
Accrual accounts	*3.8*	4,331	3,726
TOTAL ASSETS		**323,507**	**321,548**

Off-balance sheet items

in millions of euros	*Notes*	12/31/2015	12/31/2014
Commitments given			
Financing commitments	*4.1*	17,000	22,180
Guarantee commitments	*4.1*	12,478	15,580
Commitments on securities		0	0

LIABILITIES

in millions of euros	*Notes*	12/31/2015	12/31/2014
Amount due to central banks			
Amounts due to credit institutions	3.1	153,904	150,930
Customer transactions	3.2	1,388	4,902
Debt securities	3.6	77,287	78,017
Other liabilities	3.7	51,749	50,331
Accrual accounts	3.8	3,786	4,475
Provisions	3.9	620	753
Subordinated debt	3.10	18,824	18,332
Fund for general banking risks (FGBR)	3.11	130	130
Equity excluding fund for general banking risks	3.12	**15,819**	**13,678**
Subscribed capital		156	156
Additional paid-in capital		12,345	12,345
Reserves		35	35
Revaluation difference		0	0
Regulated provisions and investment subsidies		0	0
Retained earnings		967	(4)
Interim dividend		(175)	0
Net income for the year (+/-)		2,491	1,146
TOTAL LIABILITIES		**323,507**	**321,548**

Off-balance sheet items

in millions of euros	*Notes*	12/31/2015	12/31/2014
Commitments received			
Financing commitments	4.1	27,426	24,990
Guarantee commitments	4.1	481	801
Commitments on securities		4	11

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5.5.3 Income statement

in millions of euros	*Notes*	Fiscal year 2015	Fiscal year 2014
Interest and similar income	*5.1*	4,524	5,486
Interest and similar expenses	*5.1*	(5,171)	(6,026)
Income from variable-income securities	*5.2*	858	1,149
Commission income	*5.3*	10	8
Commission expenses	*5.3*	(32)	(39)
Net gains or losses on trading book transactions	*5.4*	12	(7)
Net gains or losses on available-for-sale securities and equivalent	*5.5*	(221)	(49)
Other banking income	*5.6*	13	2
Other banking expense	*5.6*	(5)	(645)
Net banking income		**(12)**	**(121)**
Operating expenses	*5.7*	(109)	(92)
Writedown, amortization and impairment of property, plant and equipment and intangible assets		(21)	(25)
Gross operating income		**(142)**	**(238)**
Cost of risk	*5.8*	17	(28)
Operating income		**(125)**	**(266)**
Gains or losses on long-term investments	*5.9*	2,324	1,141
Income before tax		**2,199**	**875**
Non-recurring income	*5.10*	0	0
Income tax	*5.11*	292	271
Funding/reversal of the fund for general banking risks and regulated provisions		0	0
NET INCOME		**2,491**	**1,146**

5.5.4 Notes to the parent company annual financial statements

Note 1 General background

1.1 GROUPE BPCE

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

The two banking networks: the Banque Populaire banks and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose shareholders own the two local retail banking networks: the 18 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the Mutual Guarantee Companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies (LSCs).

The Banque Populaire banks are wholly-owned by their cooperative shareholders.

The capital of the Caisses d'Epargne is wholly-owned by the LSCs. Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French Banking law and a credit institution licensed to operate as a bank, was created pursuant to law No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 18 Banque Populaire banks and the 17 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banque Populaire banks and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 71.25%[(1)]-owned listed company that combines Corporate and Investment Banking, Investment Solutions and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier, Banque Palatine and BPCE International);
- subsidiaries and Equity interests.

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the Group and its associates, and to organize financial support within the Banque Populaire and Caisse d'Epargne networks.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the Group and each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund, the Caisse d'Epargne et de Prévoyance Network Fund and the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banks of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisses d'Epargne et de Prévoyance Network Fund** by the Caisses of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €181.3 million as of December 31, 2015, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne et de Prévoyance Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total risk-weighted assets of the Group.

Each deposit made by a Banque Populaire bank or Caisse d'Epargne gives rise to the allocation of an equivalent amount to the fund for general banking risks of the institution in question.

The Mutual Guarantee Companies *(sociétés de caution mutuelle)*, whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and capital adequacy guarantee of the Banque Populaire banks with which they are jointly licensed in accordance with Article R. 515-1 of the French Monetary and Financial Code.

The liquidity and capital adequacy of the Caisses de Crédit Maritime Mutuel are guaranteed, firstly, in respect of each individual Caisse, by the Banque Populaire bank which is both the core shareholder and provider of technical and operational support for the Caisse in question to the partner Banque Populaire bank.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne et de Prévoyance which is the shareholder of the local savings company in question.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

(1) The shareholding stands at 71.20% including the treasury shares held by Natixis.

Mechanism implemented to protect the proprietary trading activities of the former CNCE

A special protection mechanism was set up in 2010 to enable the Caisses d'Epargne to keep some economic exposures. This guarantee granted by the Caisses d'Epargne relates to the proprietary activities of the former CNCE managed on a run-off basis. The guarantee is comprised of total return swaps (TRS) entered into by Triton (wholly-owned by the Caisses d'Epargne) with BPCE, under which the portfolio's performance is exchanged for a fixed fee.

1.3 SIGNIFICANT EVENTS

1.3.1 Implementation of strategic plan

Renewal of the partnership with CNP Assurances

Following on from the memorandum of understanding announced in November 2014 laying down the terms of implementation of the principles of a renewed partnership, Groupe BPCE and CNP Assurances signed the final agreements that came into force on January 1, 2016, for a period of seven years.

The renewal of this partnership is fully in line with the Group's "Another way to grow" strategic plan and allows it to consolidate its role as a fully-fledged bancassureur in the interests of its customers.

The development of digital technology

S-MONEY

BPCE subscribed to the capital increase of the SAS S-Money for €5.2 million. This subsidiary is dedicated to innovation in mobile payment solutions. Moreover, in October 2015 S-Money announced the acquisition of the startup LePotCommun.fr, a major player in online whip-round services in France. The aim of this merger is to create a leader, in France and Europe, in community payments and is part of the drive towards innovation and the development of digital technology.

1.3.2 Main changes in affiliates

Payment of an extraordinary dividend by Natixis

During the first half of 2015, Natixis paid an extraordinary dividend to BPCE of €0.14 per share, *i.e.* the restitution of paid up capital of €311.8 million following the IPO of credit insurance company Coface in June 2014 and the acquisition of two companies, one specialized in management and the other in consulting.

Disposal of Volksbank România

On December 10, 2014, Groupe BPCE announced that it had signed an agreement with Banca Transilvania to sell its 24.5% non-controlling interest in Volksbank România's capital. This disposal, completed on April 7, 2015, did not have a significant impact on BPCE's income.

Disposal of DZ Bank

On April 16, 2015, BPCE disposed of its 11% stake in DZ Bank and recorded a capital gain on disposal of €13 million.

Capital decrease by GCE Covered Bonds

BPCE received €222 million following the capital decrease by GCE Covered Bonds, as the last bond issued by the entity reached maturity. The structure also paid out a dividend of €1.2 million.

Acquisition of BPI France Financement

BPCE acquired the shares in BPI France Financement held by various group entities for a total of €36 million in 2015. Following these acquisitions, BPCE's stake was 1.61%.

Acquisition of Visa Europe by Visa INC.

On November 2, 2015, US company Visa Inc. announced the acquisition of the Visa Europe entity, an association of around 3,500 European banks, including Groupe BPCE.

The transaction, for a total amount of €21.2 billion, was broken down into three parts:

- a cash payment of €11.5 billion at completion of the transaction;
- preference shares, representing at the time of the transaction's announcement, an equivalent amount of €5.0 billion;
- a potential earn-out payment, which could reach a total amount of €4.7 billion (including accumulated interest).

This transaction should take place during 2016, subject to its approval by the relevant European authorities.

1.3.3 Disposal of shares in a portfolio of home loan and public asset securitizations

During 2015, BPCE disposed of shares in a portfolio of securitizations mortgage loans and public assets for a nominal amount of €2.4 billion. These disposals did not have a significant impact on BPCE's income.

1.3.4 "Green" bond issue

On December 2, 2015, BPCE announced its first green bond issue for €300 million, maturing in seven years. The aim of this issue is to finance "green" projects selected by Natixis Energéco, a Natixis subsidiary specialized in renewable energy financing.

1.4 POST-BALANCE SHEET EVENTS

There are no post-balance sheet events to report.

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Note 2 Accounting principles and methods

2.1 MEASUREMENT AND PRESENTATION METHODS

BPCE's parent company financial statements are prepared and presented in accordance with rules that comply with regulation No. 2014-07 of the *Autorité des normes comptables* (ANC – French Accounting Standards Authority).

2.2 CHANGES IN ACCOUNTING METHODS

Companies are not obliged to apply IFRIC 21 "Levies" to parent company financial statements prepared under French GAAP. However, BPCE decided in this case to converge French GAAP and IFRS as IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is used as a base for French accounting rules on liabilities.

Under IFRIC 21, an entity must only recognize a debt related to public authority levies at the date on which the activity that triggers its payment, in accordance with legislation, takes place. The liability is recognized progressively over the same period if the obligating event occurs over a period of time. Finally, if the obligation to pay is triggered by reaching a certain threshold, the liability is only recognized when that threshold is reached. If the obligation to pay arises at January 1, it must be recognized from that date.

The main taxes affected by this change in method include the systemic banking tax (SBT), the contribution for ACPR audit expense, and the property tax.

For the sake of simplicity and as the impact was not material, BPCE also decided to apply this change to the C3S by likening it to a change in application method in the parent company financial statements with no retroactive effect. Therefore, 2014 accrued liabilities are recognized in 2015 against income and not retained earnings. Liabilities relating to 2015 will then be recorded for the same amount, and without being spread over the period (consequently, the impact of the C3S on the Fiscal year is nil).

2.3 ACCOUNTING PRINCIPLES AND VALUATION METHODS

The financial statements for the Fiscal year are presented in identical format to those for the previous Fiscal year. Generally accepted accounting principles have been applied in compliance with the principle of prudence based on the following principles:

- the going-concern principle;
- consistency of accounting methods from one period to the next;
- independence of Fiscal years;

and observance of the general rules governing the preparation and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method and all balance sheet items are presented, as appropriate, net of amortization, provisions and allowances for impairment.

The principal methods used are as follows:

2.3.1 Foreign currency transactions

Income and expenses relating to foreign currency transactions are determined in accordance with ANC regulation No. 2014-07.

Receivables, liabilities, and off-balance sheet commitments denominated in foreign currencies are valued at the exchange rate at the end of the Fiscal year. Definitive or unrealized foreign exchange gains and losses are recognized in income. Income and expenses paid or received in foreign currencies are recognized at the exchange rate on the date of the transaction.

Fixed assets and investments in associates denominated in foreign currencies but financed in euros are valued at acquisition cost.

Unsettled spot foreign exchange transactions are valued at the exchange rate at year-end.

Discounts or premiums on foreign exchange forward and futures contracts used for hedging purposes are recognized in income on a pro rata basis. Other foreign exchange contracts and forward and futures instruments denominated in foreign currencies are marked to market. Outright foreign exchange forward and futures contracts, and those hedged by forward and futures instruments, are revalued over the remaining term. Foreign exchange swaps are recognized as coupled spot buy/sell forward transactions. Currency swaps are subject to the provisions of ANC regulation No. 2014-07.

2.3.2 Transactions with credit institutions and customers

Loans and advances to credit institutions cover all loans and advances made in connection with banking transactions with the exception of those represented by a security. They also include securities received under repurchase agreements, regardless of the type of underlying, and loans and advances relating to securities repurchase agreements. They are broken down between demand loans and advances and term loans and advances. Loans to credit institutions are recorded in the balance sheet at their nominal value, with the exception of buybacks of customer receivables which are recorded at cost, plus accrued interest and net of any impairment charges recognized for credit risk.

Amounts due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, assets purchased under resale agreements, and receivables corresponding to securities sold under repurchase agreements. They are broken down between business loans, current accounts with overdrafts and other facilities granted to customers. Loans to customers are recorded in the balance sheet at their nominal value, with the exception of buybacks of customer receivables which are recorded at cost, plus accrued interest and net of any impairment charges recognized for credit risk. Amortized marginal transaction costs and fees are included in the relevant loan.

Amounts due to credit institutions are recorded under demand deposits and current accounts or term deposits and borrowings. Amounts due to customers are classified into regulated savings accounts and other customer deposits. Depending on the counterparty involved, these items include securities and other assets sold under repurchase agreements. Accrued interest is recorded under related payables.

Guarantees received are recorded in the accounts as an off-balance sheet item. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of the loan.

Restructured loans

Within the meaning of ANC regulation No. 2014-07, restructured loans are doubtful loans and receivables whose initial characteristics (term, interest rate) are modified to allow the counterparties to repay the amounts due.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for variable-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is expensed to "Cost of risk" in income and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method.

A restructured loan may be reclassified as performing when the new repayment dates are observed. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to doubtful.

Doubtful loans and receivables

Doubtful loans and receivables consist of all outstanding amounts (whether or not they are due, guaranteed or other), where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be "known" when it is probable that the Group will not collect all or part of the sums owed under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Doubtful loans are identified in compliance with ANC regulation No. 2014-07, particularly in the case of loans past due for over three months, over six months for real estate loans, and over nine months for loans to local authorities.

Doubtful loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Loans and receivables whose terms have lapsed, terminated lease financing agreements, and perpetual loans which have been rescinded, are considered as irrecoverable. The existence of guarantees covering nearly all risks, along with the conditions for classification as doubtful loans and receivables, must be taken into consideration in order to qualify a doubtful loan as irrecoverable and to assess the associated impairment provision. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty's other doubtful loans and commitments to irrecoverable.

For doubtful loans and receivables, accrued interest or interest due but not received is recognized in banking income and impaired accordingly. For irrecoverable loans and receivables, accrued interest due but not received is not recognized.

Doubtful loans and receivables are reclassified as performing once the debtor resumes regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Collateralized repurchase agreements are recognized in accordance with ANC regulation No. 2014-07, complemented by Instruction No. 94-06 issued by the French Banking Commission.

The collateralized assets continue to appear in the balance sheet of the vendor, which records the amount collected under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid under assets, representing the amount due to the vendor. At each balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser or the amount due to the vendor, are valued according to the rules appropriate to each of these transactions.

Impairment

Loans for which recovery is uncertain result in the recognition of an impairment loss on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of guarantees received. They are determined on at least a quarterly basis and are calculated in reference to available guarantees and a risk analysis. Impairment losses cover at a minimum the interest not received on doubtful loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal outstanding and the projected cash flows discounted at the initial effective interest rate. Projected cash flows are determined based on the type of receivables on the basis of historical losses and/or expert appraisals and are positioned over time using debt schedules based on historic recovery records.

Impairment charges and reversals booked for risk of non-recovery are recorded under "Cost of risk" except for impairments for interest on doubtful loans and receivables, which are recorded as impaired interest under "Interest and similar income".

The reversal of the impairment related to the passage of time alone, is recorded under "Cost of risk".

Doubtful loans and receivables are written off as losses and the corresponding impairment allowances are reversed.

2.3.3 Securities

The term "Securities" covers interbank market securities, treasury bills and negotiable debt securities, bonds and other fixed-income instruments, and equities and other variable-income instruments.

For accounting purposes, securities transactions are governed by ANC regulation No. 2014-07, which sets out the general accounting and measurement rules applicable to securities and the rules concerning specific transfers such as securities lending transactions.

Securities are classified according to the following categories: investments in associates and affiliates, other long-term investments, debt securities held to maturity, equity securities available for sale in the medium term, securities available for sale, and trading securities.

With respect to trading securities, securities available for sale, debt securities held to maturity, and equity securities available for sale in the medium term, provisions for counterparties with known default risks whose impact can be separately identified are recognized in the form of impairment charges. Changes in impairment are recorded under cost of risk.

Trading securities

These are securities acquired or sold with the intention to resell or repurchase them after a short holding period. In order to be eligible for this category, the securities must be tradable on an active market as of the date of their initial recognition and their market prices must be accessible, representing actual transactions regularly occurring in the market under normal trading conditions. They may be either fixed- or variable-income instruments.

Trading securities are recorded in the accounts at cost on their acquisition date, less transaction costs and including accrued interest, where applicable. In the event of a short sale, the debt is recorded under liabilities in the amount of the selling price of the securities, less transaction costs.

They are marked to market at the end of the Fiscal year based on the market price on the most recent trading day. The overall balance of differences resulting from fluctuations in prices is taken to the income statement. For UCITS and investment funds, market value corresponds to net asset values reflecting available market information as of the balance sheet date.

Securities classified as trading securities cannot be transferred to another accounting category (except in exceptional market situations requiring a change of strategy or in the absence of an active market for fixed-income securities), and the rules for their presentation and measurement continue to apply until they are sold, redeemed in full or written off.

Securities available for sale

Securities that do not qualify for recognition in any other category are considered as securities available for sale.

Securities available for sale are recorded in the accounts at cost on their acquisition date, less transaction costs.

Where applicable, for fixed-income securities, accrued interest is recognized in the income statement under "Interest and similar income".

Any difference between the acquisition price and the redemption value (premium or discount) for fixed-income instruments is recorded in the income statement over the remaining term of the security using the actuarial method.

Securities available for sale are valued at the lower of acquisition cost or market price. For UCITS and investment funds, market value corresponds to net asset values reflecting available market information as of the balance sheet date.

Unrealized capital gains are subject to an impairment provision that can be estimated by groups of similar securities, with no offsetting against capital gains recorded on other categories of securities.

Gains generated by hedging instruments, if any, as defined by Article 2514-1 of ANC regulation No. 2014-07, are taken into account for the calculation of impairment. Unrealized capital gains are not recognized.

Gains and losses on disposals of available-for-sale securities, as well as impairment charges and reversals are recorded under "Net gains or losses on available-for-sale securities and similar items".

Held-to-maturity securities

These include fixed-income securities with fixed maturity that were acquired or have been reclassified from "Trading securities" or "Available-for-sale securities" and which the company intends and is able to hold to maturity. The securities should not be subject to an existing restriction, legal or otherwise, which may have an adverse effect on the company's intention to hold the securities to maturity. Classification as held-to-maturity securities is not incompatible with their designation as items hedged against interest rate risk.

Debt securities held to maturity are recorded in the accounts at cost as of their acquisition date, less transaction costs. When previously classified as available for sale, they are recorded at cost and the previously recognized impairment charges are reversed over the residual life of the relevant securities.

The difference between the acquisition cost and the redemption value of the securities, and the corresponding interest are recorded according to the same rules as those applicable to fixed-income securities available for sale.

An impairment loss may be recognized if there is a strong probability that the institution will not hold the securities to maturity due to new circumstances or if there is a risk of default by the issuer. Unrealized capital gains are not recognized.

Debt securities held to maturity cannot be sold or transferred into another category of securities, with certain exceptions.

However, pursuant to the provisions of ANC regulation No. 2014-07, fixed-income trading or available-for-sale securities reclassified into the category of debt securities held to maturity as a result of market illiquidity may be sold when the market on which they are traded becomes active again.

Equity securities available for sale in the medium term

Equity securities available for sale in the medium term comprise securities invested in with the sole objective of obtaining capital gains in the medium term without the intent of long-term investment to develop the business activities of the issuing company or to actively participate in its operational management. In theory, these are always variable-income securities. This investment activity has to be significant and continuous, carried out in a structured framework, and must generate regular returns derived primarily from capital gains on disposals.

Equity securities available for sale in the medium term are recognized at cost on their acquisition date, less transaction costs.

On the balance sheet date, they are included in the balance sheet at the lower of historical cost or value in use. An impairment charge is recognized for any unrealized capital losses. Unrealized capital gains are not recognized.

Securities recorded under equity securities available for sale in the medium term cannot be transferred to any other accounting category.

Investments in associates and affiliates

Securities falling within this category are securities whose long-term holding is deemed useful for the activity of the company, in particular by permitting the exercise of significant influence or control over the governance bodies of the issuing companies.

Investments in associates and affiliates are recorded at cost, including transaction costs, if the amounts are significant.

They are individually valued at the balance sheet date at the lower of acquisition cost or value in use. Value in use is determined, in particular, on the basis of criteria such as the strategic nature of the investment, the intention to provide assistance or retain the investment, share price performance, net assets or revalued net assets and forecasts. Impairment is recognized for any unrealized capital losses, calculated for each line of securities, and is not offset with unrealized capital gains. Unrealized capital gains are not recognized.

Securities recorded under investments in associates and affiliates cannot be transferred to any other accounting category.

Other long-term investments

Other long-term investments are securities acquired with the intention of promoting the development of lasting business relationships, by creating special ties with the issuer, without taking an active part in its management due to the small percentage of voting rights that the investment represents.

Other long-term investments are recognized at acquisition cost, less transaction costs.

They are included in the balance sheet at the lower of historical cost or value in use. Value in use is determined for listed and non-listed securities on the basis of the amount the company would agree to pay to obtain the securities, given its investment objective, if it were to acquire them. An impairment charge is recognized for any unrealized capital losses. Unrealized capital gains are not recognized.

Securities classified as other long-term investments may not be transferred to any other accounting category.

Reclassification of financial assets

In order to harmonize accounting practices and ensure consistency with IFRS, ANC regulation No. 2014-07 reiterates the provisions of Opinion No. 2008-19 of December 8, 2008 related to the reclassification of securities out of the "trading securities" and "available-for-sale securities" categories.

The reclassification out of the "trading securities" category to the "available-for-sale securities" and "debt securities held to maturity" categories is now allowed in the following two cases:

- under exceptional market circumstances necessitating a change of strategy;
- where fixed-income securities are no longer, after their acquisition, tradable on active markets, and provided that the company has the intention and the capacity to hold them in the foreseeable future or until they reach maturity.

Reclassifications from the "available-for-sale securities" category to the "debt securities held to maturity" category are effective as from the reclassification date in either of the following conditions:

- under exceptional market circumstances necessitating a change of strategy;
- where fixed-income securities are no longer tradable on an active market.

It should be noted that in its March 23, 2009 press release, the Conseil national de la comptabilité (CNC – French National Accounting Board) specified that "the possibility of portfolio transfers, in particular from available-for-sale securities portfolios to held-to-maturity securities portfolios as specified under Article 19 of CRBF regulation No. 90-01 before it was updated by CRC regulation No. 2008-17, remain in force and are not repealed by ANC regulation No. 2014-07.

As CRC regulation No. 2008-17, replaced by ANC regulation No. 2014-07, provided for additional possibilities of transfers between portfolios, these new transfer possibilities are added, as of the regulation's effective date of July 1, 2008, to those previously defined".

As a consequence, reclassification of the available-for-sale securities portfolio as a held-to-maturity portfolio remains possible through a simple change of intention if, on the day of the transfer, all of the criteria for a held-to-maturity portfolio are met.

2.3.4 Intangible assets and property, plant and equipment

Accounting rules for intangible assets and property, plant and equipment are defined by ANC regulation No. 2014-03.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recorded at cost (purchase price including costs). These assets are amortized over their estimated useful lives.

In particular, software is amortized over a maximum period of five years. Any additional amortization that may be applied to software using the accelerated method permitted for tax purposes is recorded, where applicable, under accelerated amortization.

Goodwill is not amortized but is subject, as appropriate, to impairment tests.

Leasehold rights are amortized on a straight-line basis over the residual term of the lease and, if necessary, are tested for impairment relative to market value.

Property, plant and equipment

Property, plant and equipment consists of tangible assets that: (a) are held for use in the production or supply of goods and services, for rental to others or for administrative purposes; and (b) are expected to be used during more than one financial year.

Insofar as buildings are assets consisting of a number of components that have different uses at the outset, each component is recognized separately at cost and a depreciation schedule specific to each component is used.

The depreciable amount is the gross value less the residual value where the latter is material, lasting and can be measured reliably.

Other property, plant and equipment is recorded at cost, production cost or revalued cost. The cost of assets denominated in foreign currencies is translated into euro at the exchange rate prevailing on the transaction date. These assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life.

Where applicable, assets may be subject to impairment.

Investment property corresponds to non-operating assets.

2.3.5 Debt securities

Debt securities are presented based on the nature of the underlying: retail certificates of deposit, interbank and negotiable debt securities, bonds and other debt securities, apart from subordinated debt, which is recorded separately in a specific line item under liabilities.

Accrued interest on these instruments is disclosed separately as a related payable, as a balancing entry to the income statement entry.

Issue premiums are recognized in their entire amount during the period or are spread out on a straight-line basis over the life of the debt. Issue and redemption premiums are spread out on a straight-line basis over the life of the debt *via* a deferred expenses account.

2.3.6 Subordinated debt

Subordinated debt comprises proceeds from issues of subordinated debt securities, both term and perpetual subordinated debt, together with mutual guarantee deposits. In the event of liquidation of the debtor, the repayment of subordinated debt is only possible after all other creditors have been satisfied.

Accrued interest payable on subordinated debt is disclosed separately as a related payable, as a balancing entry to the income statement entry.

2.3.7 Provisions

This item includes provisions set up to cover contingencies and losses that are clearly identifiable but of uncertain timing or amount, that are either directly related or unrelated to banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code or from related transactions defined under Article L. 311-2 of the Code. Unless covered by a specific text, such provisions may only be recognized if the company has an obligation to a third party at the end of the Fiscal year and no equivalent consideration is expected in return, in accordance with CRC regulation No. 2000-06.

In particular, this item includes a provision for potential employee liabilities and a provision for counterparty risk.

Employee benefits

Provisions for employee benefits are recognized in accordance with ANC recommendation No. 2013-R-02. Employee benefits are classified into four categories:

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits mainly include wages, salaries, paid annual leave, incentive schemes, profit-sharing, and bonuses payable within 12 months of the end of the period in which the employee renders the service. They are recognized as an expense for the period, including amounts remaining due at the balance sheet date.

LONG-TERM EMPLOYEE BENEFITS

Long-term employee benefits are generally linked to seniority accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. These consist mainly of long-service awards. A provision is set aside for the value of these obligations at the balance sheet date.

Post-employment benefit obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the Group at retirement and the discount rate. The valuation also allocates costs over the working life of each employee (projected unit credit method).

TERMINATION BENEFITS

Termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than 12 months after the balance sheet date are discounted to present value.

POST-EMPLOYMENT BENEFITS

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

These benefits can be broken down into two categories: defined-contribution plans, which do not give rise to an obligation for the Group, and defined-benefit plans, which give rise to an obligation for the Group and are therefore measured and recognized by means of a provision.

The Group records a provision in liabilities for employee benefit obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefits are measured in the same way as long-term employee benefits.

The measurement of these obligations takes into consideration the value of plan assets as well as unrecognized actuarial gains and losses.

Actuarial gains and losses on post-employment benefits, arising from changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are amortized under the corridor method, *i.e.* for the portion exceeding a variation of +/-10% of the defined-benefit obligation or the fair value of plan assets.

The annual expense recognized in respect of defined-benefit plans includes the current service cost, net interest cost (the effect of discounting the obligation) less hedging assets, and the amortization of any unrecognized items that are actuarial gains or losses.

2.3.8 Fund for general banking risks

This fund is intended to cover risks inherent to the company's banking activities, in accordance with the provisions of Article 3 of CRBF regulation No. 90-02.

It also includes the amounts allocated to the funds set up as part of the guarantee mechanism (see Note 1.2).

2.3.9 Financial futures

Trading and hedging transactions in interest rate, currency or equity futures are recognized in accordance with the provisions of ANC regulation No. 2014-07.

Commitments on these instruments are recorded as off-balance sheet items at the notional value of the contracts. At the balance sheet date, the amount recognized for these commitments represents the volume of unwound forward transactions at the balance sheet date.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

Forward transactions

Interest rate swaps and similar contracts (forward rate agreements, collars, etc.) are classified as follows according to their initial purpose:

- micro-hedging (assigned hedges);
- macro-hedging (overall asset and liability management);
- speculative positions/isolated open positions;
- for use with a trading book.

Amounts received or paid in respect of the first two categories are recognized in income on a pro rata basis.

Income and expenses related to instruments used for hedging an asset or a group of similar assets are recognized in income symmetrically with the income and expenses from the hedged item. Gains and losses on hedging instruments are recognized in the same line item as the income and expenses from the hedged item, under "Interest and similar income" and "Interest and similar expenses". The line item "Net gains or losses on trading book transactions" is used when the hedged items are in the trading book.

In the event of characteristic overhedging, a provision may be made for the hedging instrument, for the overhedged portion, if the instrument shows an unrealized loss. In this case, the charge to provisions will affect "Net gains or losses on trading book transactions".

Income and expenses related to forward and futures contracts used for hedging purposes or for managing overall interest rate risk are recognized in the income statement on a pro rata basis under "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recognized.

Gains and losses on contracts qualified as isolated open positions are taken to income either when the contracts are settled or over the life of the contract, depending on the type of instrument.

Recognition of unrealized capital gains or losses is determined based on the type of market involved (organized, other markets considered as organized, or over the counter).

For over-the-counter options (including transactions processed by a clearing house), a provision is recorded for unrealized mark-to-market losses at year-end. Unrealized capital gains are not recognized.

Instruments traded on organized markets or other markets considered as organized are continuously quoted and liquid enough to justify being marked to market.

Contracts classified as specialized asset management contracts are measured after applying a discount to take account of the counterparty risk and the net present value of future management costs, if these valuation adjustments are material. Derivatives that are traded with a counterparty that is a member of Groupe BPCE's share support mechanism (see Note 1.2.) are not subject to these valuation adjustments. Changes in value from one accounting period to another are recognized immediately in the income statement under "Net gains or losses on trading book transactions".

Balances on terminations or transfers are recognized as follows:

- transactions classified under specialized asset management or isolated open positions are recognized immediately in income;
- for micro-hedging and macro-hedging transactions, balances are amortized over the remaining term of the initially hedged item or reported immediately in the income statement.

Options

The notional amount of the underlying asset of an option or forward or futures contract is recognized by distinguishing between hedging contracts and contracts traded as part of capital market transactions.

For transactions involving interest rate, foreign exchange, or equity options, the premiums paid or received are recognized in a temporary account. At the end of the Fiscal year, any options traded in an organized or similar market are valued and recognized in income. For over-the-counter (OTC) options, provisions are recognized for capital losses but unrealized capital gains are not recognized.

When an option is sold, repurchased, or exercised, or when an option expires, the corresponding premium is recognized immediately in income.

Income and expenses for hedging instruments are recognized symmetrically with those from the hedged item. Seller options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organized markets when market makers ensure continuous quotations with spreads that reflect market practice or when the underlying financial instrument is itself quoted on an organized market.

2.3.10 Interest and similar commission income

Interest and similar commission income is recognized on a pro rata basis.

The Group has chosen the following option to account for negative interest:

- when income from an asset is negative, it is deducted from interest income in the income statement;
- when income from a liability is positive, it is deducted from interest expenses in the income statement.

Commissions and fees related to granting or acquiring a loan are treated as additional interest amortized over the effective life of the loan, on a pro rata basis according to the outstanding amount due.

Other commission income is recognized according to the type of service provided as follows:

- commissions received for an *ad hoc* service are recognized on completion of the service;
- commissions received for an ongoing or discontinued service paid for through several installments are recognized over the period that the service is provided.

2.3.11 Income from securities

Dividends are recognized when the right to receive payment has been decided by the competent body. They are recognized under "Income from variable-income securities".

The portion of income received during the year from bonds or negotiable debt securities is also recognized. The same applies to perpetual deeply subordinated notes that meet the definition of a Tier-1 regulatory capital instrument. The Group considers that these revenues are effectively similar in nature to interest.

2.3.12 Income tax

As of 2010 BPCE opted to apply the provisions of Article 91 of the amended French Finance Act for 2008 which extended the tax consolidation regime to networks of mutual banks. This option is modeled on the tax consolidation for mutual insurers and takes into account consolidation criteria not based on ownership interest (the scheme is usually available if at least 95% of the share capital of a subsidiary is owned by a parent company).

As head of the Group, BPCE signed a tax consolidation agreement with members of its group (including the 18 Banque Populaire banks, the 17 Caisses d'Epargne, and BPCE subsidiaries, including BPCE International, Crédit Foncier, Banque Palatine, BP Covered bonds, GCE Covered Bonds and BPCE SFH).

In accordance with the terms of this agreement, BPCE recognizes a receivable for the tax to be paid to it by the other members of the tax consolidation group along with a payable corresponding to the tax to be paid to the tax authorities on behalf of the consolidation group.

The income tax expense for the period corresponds to the tax expense of BPCE in respect of 2015, corrected to reflect the impact of tax consolidation upon the Group.

2.3.13 Contributions to banking resolution mechanisms

At December 31, 2015, the procedure for financing the deposit and resolution guarantee fund was changed by a Ministerial Order dated October 27, 2015. The cumulative amount of contributions made to the fund for deposit, collateral and securities guarantee mechanisms had no material impact on BPCE financial statements. The same was true of contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) and contributions paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet.

Directive 2014/59/EU (BRRD – Bank Recovery and Resolution Directive) which establishes the framework for the recovery and resolution of banks and investment firms and European regulation 806/2014 (SRM regulation) established the introduction of a resolution fund as of 2015. In 2016, this fund will become a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority. The latter may use this fund when implementing resolution procedures.

In 2015, in accordance with delegated regulation 2015/63 supplementing the BRRD directive on *ex-ante* contributions to financing mechanisms for the resolution and with decision No. 2015-CR-01 of the ACPR's resolution council dated November 24, 2015, the amount of contributions paid to the fund mechanism represented €12 million, of which €8.4 million recognized as an expense and €3.6 million in cash security deposits recognized as assets on the balance sheet.

Note 3 Information on the balance sheet

Unless otherwise indicated, explanatory notes for balance sheet items are presented net of depreciation, amortization, impairment and provisions.

Certain information relating to credit risk as required under ANC regulation No. 2014-07 is provided in the risk management report. This information forms an integral part of the financial statements audited by the Statutory Auditors.

3.1 INTERBANK TRANSACTIONS

ASSETS

in millions of euros	12/31/2015	12/31/2014
Current accounts	1,724	1,181
Overnight loans	2,061	904
Securities received under demand repurchase agreements	0	0
Unallocated items	41	11
Accrued interest on demand accounts	0	0
Demand accounts	**3,826**	**2,096**
Term accounts and loans	182,516	196,177
Subordinated and participating loans	5,168	4,831
Securities received under term repurchase agreements	3,955	7,931
Accrued interest on term accounts	560	612
Term accounts	**192,199**	**209,551**
Doubtful loans and receivables	**0**	**0**
o/w irrecoverable doubtful loans and receivables	*0*	*0*
Impairment of interbank loans and receivables	**0**	**0**
o/w impairment of irrecoverable doubtful loans and receivables	*0*	*0*
TOTAL	**196,025**	**211,647**

Receivables arising from transactions with the networks can be broken down into €3,778 million in demand accounts, and €186,805 million in term accounts.

LIABILITIES

in millions of euros	12/31/2015	12/31/2014
Current accounts	22,874	8,403
Overnight deposits	11,709	2,661
Securities given under demand repurchase agreements	0	0
Other amounts due	13	8
Accrued interest on demand accounts	0	0
Demand accounts	**34,596**	**11,072**
Term accounts and loans	111,607	127,350
Securities sold under term repurchase agreements	7,217	11,888
Accrued interest payable on term loans	484	620
Term accounts	**119,308**	**139,858**
TOTAL	**153,904**	**150,930**

Payables arising from transactions with the networks can be broken down into €31,627 million in demand accounts, and €85,500 million in term accounts.

3.2 CUSTOMER TRANSACTIONS

3.2.1 Customer transactions

RECEIVABLES DUE FROM CUSTOMERS

Assets *in millions of euros*	12/31/2015	12/31/2014
Current accounts with overdrafts	**76**	**169**
Business loans	**0**	**0**
Export loans	0	0
Short-term and consumer credit facilities	52	63
Equipment loans	501	493
Overnight loans	0	0
Home loans	0	0
Other customer loans	0	0
Securities received under term repurchase agreements	0	0
Subordinated loans	20	20
Other	1	2
Other facilities granted to customers	**574**	**578**
Accrued interest	**7**	**6**
Doubtful loans and receivables	**1**	**0**
Impairment of loans and advances to customers	**(1)**	**0**
TOTAL	**657**	**753**

CUSTOMER DEPOSITS

Liabilities *in millions of euros*	12/31/2015	12/31/2014
Other accounts and loans from customers (1)	1,388	4,900
Security deposits	0	0
Other amounts due	0	0
Accrued interest	0	2
TOTAL	**1,388**	**4,902**

(1) BREAKDOWN OF ACCOUNTS AND LOANS FROM CUSTOMERS.

	12/31/2015			12/31/2014		
in millions of euros	Demand	Term	Total	Demand	Term	Total
Current accounts	494		494	573		573
Loans from financial sector customers		894	894		4,220	4,220
Securities sold under repurchase agreements			0			0
Other accounts and loans			0		107	107
TOTAL	**494**	**894**	**1,388**	**573**	**4,327**	**4,900**

The change in loans from financial sector customers was mainly due to:

- the repayment of €4,000 million in customer loans granted by BPCE Home Loans.

3.2.2 Breakdown of outstanding loans by sector

in millions of euros	Performing loans and receivables	Doubtful loans and receivables		o/w Irrecoverable doubtful loans and receivables	
	Gross	Gross	Individual impairment	Gross	Individual impairment
Non-financial companies	586				
Self-employed customers					
Individual customers					
Non-profit institutions					
Government and social security institutions	69				
Other	1	1	(1)	1	(1)
TOTAL AT DECEMBER 31, 2015	**656**	**1**	**(1)**	**1**	**(1)**
TOTAL AT DECEMBER 31, 2014	**753**	**0**	**0**	**0**	**0**

3.3 TREASURY BILLS, BONDS, EQUITIES AND OTHER FIXED-AND VARIABLE-INCOME SECURITIES

3.3.1 Securities portfolio

in millions of euros	12/31/2015				12/31/2014			
	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total
Gross amount	7,551	1,924	778	10,253	6,403	653	942	7,998
Accrued interest		22	14	36		9	16	25
Impairment				0				0
Treasury bills and equivalent	**7,551**	**1,946**	**792**	**10,289**	**6,403**	**662**	**958**	**8,023**
Gross amount	38,791	4,889	7,707	51,387	39,423	4,650	15,284	59,357
Accrued interest		6	69	75		9	75	84
Impairment		(186)	(8)	(194)		(31)	(13)	(44)
Bonds and other fixed-income securities	**38,791**	**4,709**	**7,768**	**51,268**	**39,423**	**4,628**	**15,346**	**59,397**
Gross amount		1,294		1,294		1,321		1,321
Accrued interest				0				0
Impairment		(26)		(26)		(43)		(43)
Equities and other variable-income securities	**0**	**1,268**		**1,268**	**0**	**1,278**	**0**	**1,278**
TOTAL	**46,342**	**7,923**	**8,560**	**62,825**	**45,826**	**6,568**	**16,304**	**68,698**

The decrease in bonds and other fixed-income securities classified as held-to-maturity securities was mainly due to:

- the early redemption of €4,000 million in BPCE Home Loans securities;
- the reclassification of held-to-maturity securities to available-for-sale securities for €2,941 million.

The increase in bonds and other fixed-income securities classified as available-for-sale securities mainly reflected the disposal of shares in a portfolio of home loan and public asset securitizations for a nominal amount of €2,435 million and the reclassification of held-to-maturity securities to available-for-sale securities for €2,941 million.

The market value of held-to-maturity securities stood at €8,509 million.

For equity securities available for sale in the medium term, unrealized capital gains totaled €580 million, and capital losses €635 million.

TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES

in millions of euros	12/31/2015 Trading securities	12/31/2015 Available-for-sale securities	12/31/2015 Held-to-maturity securities	12/31/2015 Total	12/31/2014 Trading securities	12/31/2014 Available-for-sale securities	12/31/2014 Held-to-maturity securities	12/31/2014 Total
Listed securities		2,304	4,023	6,327		1,186	8,379	9,565
Unlisted securities		4,323	4,281	8,604		4,086	7,834	11,920
Securities loaned	2,085		173	2,258				0
Securities borrowed	44,257			44,257	45,826			45,826
Doubtful loans and receivables				0				0
Accrued interest		28	83	111		18	91	109
TOTAL	**46,342**	**6,655**	**8,560**	**61,557**	**45,826**	**5,290**	**16,304**	**67,420**
o/w subordinated notes				*0*				*0*

Unrealized capital losses subject to an impairment provision on available-for-sale securities amounted to €172 million at December 31, 2015, compared with €31 million at December 31, 2014.

Unrealized capital gains on available-for-sale securities totaled €48 million at December 31, 2015, *versus* €52 million at December 31, 2014.

Unrealized capital gains on held-to-maturity securities amounted to €453 million at December 31, 2015, *versus* €443 million at December 31, 2014.

Unrealized capital losses on held-to-maturity securities, whether or not they are subject to an impairment provision to cover counterparty risk, totaled €431 million at December 31, 2015, compared with €446 million at December 31, 2014.

At December 31, 2015, the portion of bonds and other fixed-income securities issued by public bodies amounted to €2,702 million, compared with €1,595 million at December 31, 2014.

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

in millions of euros	12/31/2015 Trading securities	12/31/2015 Available-for-sale securities	12/31/2015 Total	12/31/2014 Trading securities	12/31/2014 Available-for-sale securities	12/31/2014 Total
Listed securities		1,242	1,242		1,231	1,231
Unlisted securities		26	26		47	47
Accrued interest		0	0			0
TOTAL	**0**	**1,268**	**1,268**	**0**	**1,278**	**1,278**

At December 31, 2015, equities and other variable-income securities included €1,248 million in UCITS, with accumulation funds accounting for €1,213 million of this total (against €1,245 million in UCITS, with accumulation funds accounting for €1,213 million of the total as of December 31, 2014).

At December 31, 2015, unrealized capital losses on available-for-sale securities subject to impairment amounted to €32 million. At December 31, 2014, unrealized capital losses subject to impairment amounted to €46 million.

Unrealized capital gains on available-for-sale securities totaled €79 million at December 31, 2015. At December 31, 2014, unrealized capital losses subject to impairment amounted to €71 million.

3.3.2 Changes in held-to-maturity securities

in millions of euros	12/31/2014	Purchases	Disposals and redemptions	Category transfer	Conversion	Discount/ premium	Other changes	12/31/2015
Treasury bills	958		(142)			(21)	(3)	792
Bonds and other fixed-income securities	15,346	400	(5,123)	(2,941)	7	78	1	7,768
TOTAL	**16,304**	**400**	**(5,265)**	**(2,941)**	**7**	**57**	**(2)**	**8,560**

Changes in held-to-maturity securities were due to:

- the early redemption of €4,000 million in BPCE Home Loans securities;
- the reclassification of held-to-maturity securities to available-for-sale securities for €2,941 million.

3.3.3 Reclassifications of assets

Reclassification owing to market illiquidity (CRC regulation No. 2008-17, replaced by ANC regulation No. 2014-07)

In 2015, BPCE reclassified no assets pursuant to the provisions of CRC regulation No. 2008-17 of December 10, 2008, which allows for the transfer of securities out of the "Trading securities" and "Available-for-sale securities" categories.

5

Type of reclassification *in millions of euros*	Reclassified amount on the reclassification date: Previous years	Reclassified amount on the reclassification date: Fiscal year 2015	Balance of the reclassified amount on the balance sheet date 12/31/2015	Unrealized capital gains and losses that would have been recognized without reclassification	Unrealized capital losses that would have been provisioned without reclassification	Income for the year from reclassified securities
From Trading securities to Held-to-maturity securities	745	0	153	1		35
From Trading securities to Available-for-sale securities	523	0	50	1		4
From Available-for-sale securities to Held-to-maturity securities	1,312	0	164		(1)	19

In 2008, BPCE decided to change its management strategy for securities affected by the lack of market liquidity. BPCE now plans to hold them at least until liquidity returns to the market. More than 90% of reclassified securities were securitizations not listed on an active market.

During Fiscal year 2015, the sale of securities reclassified as held-to-maturity securities represented €42 million.

Reclassification owing to a change in intention (Provisions of CRB 90-01 prior to CRC 2008-17, replaced by ANC regulation No. 2014-07)

Over the past two years, the following transfers have been made:

Portfolio of origin *in millions of euros*	Destination portfolio	Amount transferred during the Fiscal year 12/31/2015	Amount transferred during the Fiscal year 12/31/2014	Unrealized capital gain or loss	Income for the year from transferred securities
Held-to-maturity securities	Available-for-sale securities	2,941	0	(123)	
TOTAL		**2,941**	**0**	**(123)**	**0**

At December 31, 2015, €2,941 million of held-to-maturity securities were transferred to the available-for-sale securities portfolio. This transfer was carried out in the context of the application of the new short-term liquidity ratio on an individual basis and consolidated as of October 1, 2015. This change in regulations falls within the scope of the exceptions provided for in ANC regulation No. 2014-07 (previously CRBF 90-01).

3.4 EQUITY INTERESTS, AFFILIATES AND OTHER LONG-TERM INVESTMENTS

3.4.1 Changes in Equity interests, affiliates and long-term investments

in millions of euros	12/31/2014	Increase	Decrease	Conversion	Other changes	12/31/2015
Equity interests and other long-term investments	1,941	1,257	(491)	24	(11)	2,720
Investments in affiliates	24,781	30	(221)		11	24,601
o/w current account advances & perpetual subordinated notes	*1,216*	*1,071*	*(437)*	*24*		*1,874*
Gross amount	**26,722**	**1,287**	**(712)**	**24**	**0**	**27,321**
Equity interests and other long-term investments	(273)	(111)	9			(375)
Investments in affiliates	(5,988)	(199)	2,498			(3,689)
o/w current account advances & perpetual subordinated notes	*0*					*0*
Impairment	**(6,261)**	**(310)**	**2,507**			**(4,064)**
TOTAL	**20,461**	**977**	**1,795**	**24**	**0**	**23,257**

Real estate company shares are non-material.

The principal investments in associates acquired in 2015 included:

- subscription for the VBI Beteiligungs GmbH capital increase (€120 million);
- subscription for the GCE Participations capital increase (€12 million);
- subscription for the S-Money capital increase (€5 million);
- acquisition of BPI France Financement shares (€36 million).

The principal reductions in investments in associates executed in 2015 were:

- impairment of GCE Covered Bonds shares (€222 million);
- impairment of Société d'Exploitation MAB shares (€33 million);
- impairment of Socram Banque shares (€5 million);
- disposal of DZ Bank shares (€7 million);
- disposal of Système Technologique d'Echange et de Traitement shares (€1 million).

The main reversals of provisions for impairment in investments in associates were as follows:

- Natixis (€2,309 million);
- BPCE International (€178 million);
- BPCE Immobilier Exploitation (€9 million);
- Socram Banque (€6 million).

The main provisions for impairment in investments in associates included:

- Crédit Foncier (€193 million);
- VBI Beteiligungs GmbH (€100 million).

The principal increases in perpetual deeply subordinated notes executed in 2015 were:

- Crédit Foncier (€550 million);
- Natixis (€500 million).

The principal reductions in perpetual deeply subordinated notes executed in 2015 were:

- Natixis (€418 million).

BPCE's major subsidiaries are valued based on multiannual forecasts discounted according to expected dividend flows (Dividend Discount Model). The expected dividend flow forecasts are based on business plans from the strategic plans of relevant entities and on reasonable technical parameters. The prudential constraints applicable to relevant activities are taken into account during valuation.

Valuations carried out during the closing of accounts for 2015 included:

- recognition of a €2,309 million impairment reversal on Natixis shares, taking the net book value to €15,269 million at December 31, 2015;
- recognition of a €178 million impairment reversal on BPCE International shares, taking the net book value to €837 million at December 31, 2015;
- recognition of an additional €193 million impairment on Crédit Foncier shares, taking the net book value to €1,077 million at December 31, 2015.

The impairments are recognized under net gains or losses on other fixed assets.

3.4.2 Statement of subsidiaries and equity investments

Subsidiaries and ownership interests *in millions of euros*	Share capital 12/31/2014	Equity interests other than share capital (incl. fund for general banking risks, as appropriate) as of 12/31/2014	% interest held as of 12/31/2015	Carrying amount of shares held at 12/31/2015 Gross	Net
A. Detailed information concerning each security whose gross value exceeds 1% of the parent company's capital					
1. Subsidiaries (over 50%-owned)					
Natixis (SA) – 30, avenue Pierre Mendès-France – 75013 Paris	4,986	9,402	71.20%	15,269	15,269
Crédit Foncier – 19 rue des Capucines – 75001 Paris	1,331	1,036	100.00%	3,682	1,077
Holassure – 50, avenue Pierre Mendès-France – 75013 Paris	935	58	100.00%	1,768	1,768
BPCE International – 88, avenue de France – 75013 Paris	478	373	100.00%	1,558	837
Banque Palatine – 42, rue d'Anjou – 75008 Paris	539	199	100.00%	1,119	841
BPCE SFH – 50, avenue Pierre Mendès-France – 75013 PARIS	600	16	100.00%	600	600
BPCE Immobilier Exploitation – 50, avenue Pierre Mendès-France – 75013 Paris	57	20	100.00%	135	80
ISSORIA (SAS) – 10, rue de la Paix – 75002 Paris	43	3	100.00%	99	65
Caisse d'Epargne Capital (SAS) – 5&7, rue de Monttessuy – 75007 Paris	87	(2)	100.00%	87	87
Banques Populaires Covered Bonds – 50, avenue Pierre Mendès-France – 75013 Paris	80	0	100.00%	80	80
Société d'Exploitation MAB 50, avenue Pierre Mendès-France – 75013 Paris	55	44	65.93%	45	33
Albiant-IT – 50, avenue Pierre Mendès-France – 75013 PARIS	50	(13)	97.00%	49	49
GCE Foncier Co Invest (SAS) – 19, rue des Capucines – 75001 Paris	91	2	51.00%	46	46
ECUFONCIER – 19 rue des Capucines – 75001 Paris	30	3	95.00%	29	29
GCE Participations – 50, avenue Pierre Mendès-France – 75013 Paris	14	(18)	100.00%	34	6
Surassur – 534 rue de Neudorf – L2220 Luxembourg	14	6	91.76%	20	20
S-Money – 28, villa de Lourcine 75014 Paris	11	(6)	100.00%	16	16
GCE IDA 007 (SAS) – 50, avenue Pierre Mendès-France – 75013 Paris	8	0	100.00%	8	8
Basak 1 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(10)	100.00%	4	3
Basak 2 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(10)	100.00%	4	3
Basak 3 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(10)	100.00%	4	3
Basak 4 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(7)	100.00%	4	3
Berra 1 – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	2	2
Berra 2 – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	2	2
Berra 3 – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	2	2
Berra 4 – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	6	6
Berra 5 – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	6	5
Lotus 1 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Lotus 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Lotus 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Mihos – 50, avenue Pierre Mendès-France – 75013 Paris	2	(9)	100.00%	2	2
Muge 1 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(11)	100.00%	4	2
Muge 2 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(10)	100.00%	4	2
Panda 1 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Panda 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Panda 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	3	1
Panda 4 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(5)	100.00%	3	2
Panda 5 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(5)	100.00%	3	2
Panda 6 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(5)	100.00%	3	2
Panda 7 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	2
Panda 8 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	2
Panda 9 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(3)	100.00%	3	2
Panda 10 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(3)	100.00%	3	2

Loans and advances granted by the company and not yet redeemed (incl. perpetual subordinated notes) in 2015	Guarantees and endorsements given by the parent company in 2015	Net revenue before tax for the year ended 12/31/2014	Net income for the year ended 12/31/2014	Dividends received by the company during the Fiscal year
82,130	5,494	3,720	1,305	757
24,577	393	910	(94)	
		85	84	
1,704		69	(90)	
3,476	45	299	54	40
2,700		17	10	
	12	18	(5)	
			8	
		1	(1)	
		1	0	
		5	1	
		67	(1)	
		1	1	
		0	0	
		0	(1)	
		22	0	
		1	(2)	
		0	0	
3		8	(3)	
3		8	(3)	
3		8	(3)	
2		7	(3)	
5		0	0	
4		0	0	
4		0	0	
11		0	0	
11		0	0	
1		3	(1)	
1		3	(1)	
1		3	(1)	
3		8	(6)	
6		8	(1)	
6		8	(2)	
3		4	(1)	
3		3	(1)	
3		4	(1)	
4		4	(1)	
1		4	(1)	
1		4	(1)	
1		5	(1)	
2		5	(2)	
2		5	(2)	
2		4	(2)	

Subsidiaries and ownership interests *in millions of euros*	**Share capital 12/31/2014**	**Equity interests other than share capital (incl. fund for general banking risks, as appropriate) as of 12/31/2014**	**% interest held as of 12/31/2015**	**Carrying amount of shares held at 12/31/2015**	
				Gross	**Net**
Perle 1 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(10)	100.00%	4	3
Perle 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Perle 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Perle 4 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(4)	100.00%	2	1
Ramses – 50, avenue Pierre Mendès-France – 75013 Paris	2	0	100.00%	2	2
Satis – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	2	2
Seth – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	5	5
Siamon – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	2	2
Tevea International – 6, rue du Ranelagh – 75016 Paris	3	1	90.85%	4	0
Thara Raj – 50, avenue Pierre Mendès-France – 75013 Paris	2	(7)	100.00%	2	2
Behanzin – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	100.00%	2	2
Nefer – 50, avenue Pierre Mendès-France – 75013 Paris	0	0	51.00%	4	4
2. Affiliates (between 10%- and 50%-owned)					
VBI Beteiligungs GmbH Peregringasse 3 – 1090 VIENNA – Austria	0	2	24.50%	299	20
Socram Banque – 2, rue du 24 février – 79000 Niort	70	124	33.42%	44	44
Banque BCP (SA) – 14, avenue Franklin Roosevelt – 75008 Paris	104	14	30.00%	50	50
Informatique Banque Populaire – 23, place de Wicklow – 78180 Montigny le Bretonneux	90	(27)	29.52%	31	31
France Active Garantie – Tour 9, 3 rue Franklin – 93100 Montreuil	4	11	14.00%	3	3
VIGEO – 40, rue Jean-Jaurès – 93170 Bagnolet	3	0	10.08%	6	0
Systèmes Tech Echange Traitement -100, esplanade du Général de Gaulle – 92400 Courbevoie	12	8	15.40%	3	3
Click and Trust – 18, quai de la Rapée – 75012 Paris	4	2	34.00%	3	2
B. General information concerning other instruments whose gross value is less than 1% of the parent company's capital					
French subsidiaries (together)				9	8
Foreign subsidiaries (together)				1	1
Associations' certificates				0	0
French companies				134	123
Other companies				106	106
o/w investments in listed companies				15,269	15,269

Loans and advances granted by the company and not yet redeemed (incl. perpetual subordinated notes) in 2015	Guarantees and endorsements given by the parent company in 2015	Net revenue before tax for the year ended 12/31/2014	Net income for the year ended 12/31/2014	Dividends received by the company during the Fiscal year
8		7	(2)	
3		3	(1)	
4	3	3	(1)	
4	3	3	(1)	
10		1	(3)	
5		0	0	
19		0	0	
6		0	0	
1		5	0	
4		8	(6)	
12		0	0	
		0	0	
	100	45	13	1
468	75	85	13	4
		322	(1)	
		10	1	
		8	0	
		37	4	
		2	0	
72				5
528	19			1
9				9

3.4.3 Companies established with unlimited liability

Corporate name	Head Office	Legal form
GIE BPCE Achats	12/20, rue Fernand Braudel – 75013 Paris	GIE
GIE CE Syndication Risque	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
GIE Ecolocale	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
GIE Ecureuil crédit	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
GIE GCE Mobiliz	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
GIE BPCE Infogérance et Technologies	10-20, rue Fernand Braudel – 75201 Paris cedex 13	GIE
GIE IT-CE	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
GIE BPCE Trade	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
Technology Shared Services Pacifique	34, avenue de l'Alma – 98800 Noumea	GIE
GIE BPCE Services Financiers	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	GIE
SCI de la vision	48/56, rue Jacques Hillairet – 75012 Paris	SCI
SNC Menes	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	SNC
SNC Société Alsacienne de Locations Ferroviaires 1	42, boulevard Eugène-Deruelle – 69003 Lyon	SNC
SNC Société Alsacienne de Locations Ferroviaires 2	42, boulevard Eugène-Deruelle – 69003 Lyon	SNC
SNC Terrae	42, boulevard Eugène-Deruelle – 69003 Lyon	SNC

3.4.4 Related-party transactions

	12/31/2015			12/31/2014
in millions of euros	Credit institutions	Other companies	Total	Total
Receivables	**118,689**	**0**	**118,689**	**127,459**
o/w subordinated items	*3,588*	*0*	*3,588*	*2,609*
Liabilities	**67,256**	**408**	**67,664**	**75,081**
o/w subordinated items	*0*	*0*	*0*	*0*
Financing commitments	75	0	75	383
Guarantee commitments	5,932	28	5,960	7,195
Other commitments given	16	0	16	11
Commitments given	**6,023**	**28**	**6,051**	**7,589**
Financing commitments	459	0	459	1,361
Guarantee commitments	0	0	0	0
Other commitments received	8,510	0	8,510	8,517
Commitments received	**8,969**	**0**	**8,969**	**9,878**

3.5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

3.5.1 Intangible assets

in millions of euros	12/31/2014	Increase	Decrease	Other changes	12/31/2015
Lease rights and business assets	0				0
Software	103	3			106
Other	0				0
Operating intangible assets	**103**	**3**		**0**	**106**
Non-operating intangible assets	**2**				**2**
Gross amount	**105**	**3**	**0**	**0**	**108**
Lease rights and business assets	0				0
Software	(77)	(12)			(89)
Other	0				0
Impairment	0				0
Operating intangible assets	**(77)**				**(89)**
Impairment excluding operating intangible assets	**(2)**				**(2)**
Depreciation and impairment	**(79)**	**(12)**	**0**	**0**	**(91)**
NET AMOUNT OF INTANGIBLE ASSETS	**26**	**(9)**	**0**	**0**	**17**

3.5.2 Property, plant and equipment

in millions of euros	12/31/2014	Increase	Decrease	Other changes	12/31/2015
Land	0				0
Buildings	3				3
Shares in non-trading real estate companies	0				0
Other	133	1			134
Operating property, plant and equipment	**136**	**1**	**0**		**137**
Non-operating property, plant and equipment	**3**	**0**			**3**
Gross amount	**139**	**1**	**0**	**0**	**140**
Land	0				0
Buildings	0				0
Shares in non-trading real estate companies	0				0
Other	(115)	(9)			(124)
Operating property, plant and equipment	**(115)**	**(9)**	**0**	**0**	**(124)**
Non-operating property, plant and equipment	**(2)**				**(2)**
Depreciation and impairment	**(117)**	**(9)**	**0**	**0**	**(126)**
NET AMOUNT OF PROPERTY PLANT AND EQUIPMENT	**22**	**(8)**	**0**	**0**	**14**

3.6 DEBT SECURITIES

in millions of euros	12/31/2015	12/31/2014
Certificates of deposit and savings bonds	0	0
Interbank market instruments and money market instruments	18,969	20,689
Bonds	57,204	56,272
Other debt securities	0	0
Accrued interest	1,114	1,056
TOTAL	**77,287**	**78,017**

The amount of bond issue and redemption premiums remaining to be amortized totaled €120 million at end-2015.

The unamortized balance corresponds to the difference between the amount initially received and the redemption price for debt securities.

3.7 OTHER ASSETS, OTHER LIABILITIES

	12/31/2015		12/31/2014	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Remaining payments due on investments in associates	0	0	0	0
Securities settlement accounts	0	0	0	0
Premiums on options bought and sold	6	367	8	368
Debt on borrowed securities and other securities debt(1)	0	46,342	0	45,826
Tax and social security receivables and liabilities	794	704	265	198
Security deposits paid and received	6	80	6	79
Other non-trade receivables, other accounts payable(2)	556	4,256	539	3,860
TOTAL	**1,362**	**51,749**	**818**	**50,331**

(1) Debt on borrowed securities and other securities debt mainly related to the borrowing of BPCE Master home loans securities acquired by participating institutions, for €37,095 million, as part of the internal securitization transaction.
(2) Other non-trade receivables included €434 million in cash collateral paid, of which a €247 million deposit paid to BPCE Master Home Loans, a consolidated subsidiary of BPCE.
Other accounts payable included €4,252 million in cash collateral received, of which €3,990 million from Natixis.

3.8 ACCRUAL ACCOUNTS

	12/31/2015		12/31/2014	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Foreign exchange commitments	307	0	0	755
Deferred gains and losses on hedged forward financial instruments	64	775	101	750
Issue premiums and flotation costs	271	52	292	74
Prepaid expenses and unearned income	33	205	36	271
Accrued income/expenses*	1,486	717	1,429	675
Items in process of collection	2,124	1,989	1,821	1,909
Other	46	48	47	41
TOTAL	**4,331**	**3,786**	**3,726**	**4,475**

(*) Accrued income mainly comprised accrued interest on interest rate swaps (€1,437 million). Accrued expenses mainly comprised accrued interest on interest rate swaps (€263 million).

3.9 PROVISIONS

3.9.1 Statement of changes in provisions

in millions of euros	12/31/2014	Charges	Reversals	Utilizations	Conversion	12/31/2015
Provisions for counterparty risk	**63**	**1**	**(25)**		**7**	**46**
Provisions for employee benefit liabilities	**105**	**21**	**(8)**	**(1)**		**117**
Provisions for claims and litigation	**123**	**50**	**(20)**	**(65)**		**88**
Provisions for restructuring costs	**1**	**1**				**2**
Securities portfolio and financial futures	5		(1)			4
Long-term investments(1)	102	1	(109)		10	4
Real estate developments	0					0
Provisions for taxes	312	59	(41)	(4)		326
Other(2)	42	43	(16)	(36)		33
Other provisions for contingencies	**461**	**103**	**(167)**	**(40)**	**10**	**367**
TOTAL	**753**	**176**	**(220)**	**(106)**	**17**	**620**

(1) At December 31, 2015, reversals on provisions on long-term investments mainly concerned VBI Beteiligungs GmbH, for €99 million.
(2) At December 31, 2015, other provisions mainly comprised transfers of receivables for €9 million, versus €26 million at December 31, 2014.

3.9.2 Provisions and impairment for counterparty risks

in millions of euros	12/31/2014	Charges	Reversals	Utilizations	Conversion	12/31/2015
Impairment of loans and advances to customers (individual basis)	0					0
Impairment of other assets	2					2
Impairment of assets	**2**	**0**	**0**	**0**	**0**	**2**
Provisions for off-balance sheet liabilities*	63	1	(25)		7	46
Provisions for customer credit risk	0					0
Other provisions	0					0
Provisions for counterparty risk recognized as liabilities	**63**	**1**	**(25)**	**0**	**7**	**46**
TOTAL	**65**	**1**	**(25)**	**0**	**7**	**48**

** Including provisions for execution risks related to commitments. The provision relating to guarantees granted to the Group's institutions was subject to a reversal of €24 million.*

3.9.3 Provisions for employee benefit liabilities

Post-employment benefits related to defined-contribution plans

Defined-contribution plans refer to mandatory social security pension schemes as well as those managed by the pension funds AGIRC and ARRCO and the supplementary pension schemes to which the Caisses d'Epargne and the Banque Populaire banks belong. BPCE's obligations under these schemes are limited to the payment of contributions (€20 million in 2015).

Post-employment benefits related to defined-benefit plans and long-term employee benefits

BPCE's obligations in this regard relate to the following schemes:

- the Caisses d'Epargne private supplementary pension plan, previously managed by Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), but now incorporated within Caisse Générale de Prévoyance des Caisses d'Epargne (CGPCE), which is a retained-benefit plan. The plan was closed on December 31, 1999, and the rights crystallized at this date. The retained-benefits plan is considered as a fund providing long-term employee benefits;
- the Banque Populaire banks' private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CARBP), covers the pension benefits deriving from the closure of the banking pension scheme at December 31, 1993;
- pensions and other post-employment benefits such as retirement indemnities and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

These commitments are computed in accordance with ANC recommendation No. 2013-R-02.

Analysis of assets and liabilities included in the balance sheet

	Post-employment defined-benefit plans				Other long-term employee benefits		Post-employment defined-benefit plans				Other long-term employee benefits	
in millions of euros	CGPCE Plan	CARBP Plan	Supplementary pension benefits and other	End-of-career awards	Long-service awards	12/31/2015	CGPCE Plan	CARBP Plan	Supplementary pension benefits and other	End-of-career awards	Long-service awards	12/31/2014
Actuarial liabilities	104	20	227	34	4	389	111	22	163	33	3	332
Fair value of plan assets	(121)	(10)	(169)	(2)		(302)	(116)	(10)	(80)	(2)		(208)
Effect of ceiling on plan assets	6					6	6					6
Unrecognized actuarial gains/(losses)	11	(1)	(4)	1		7	(1)		(20)	(2)		(23)
Unrecognized service cost for prior periods						0		(3)				(3)
NET AMOUNT REPORTED ON THE BALANCE SHEET	**0**	**9**	**54**	**33**	**4**	**100**	**0**	**9**	**63**	**29**	**3**	**104**
Employee benefit commitments recorded in the balance sheet	0	9	54	33	4	100	0	9	63	29	3	104
Plan assets recorded in the balance sheet			0			0			0			0

Analysis of expense for the year

in millions of euros	Post-employment defined-benefit plans				Other long-term employee benefits		Post-employment defined-benefit plans				Other long-term employee benefits	
	CGPCE Plan	CARBP Plan	Supplementary pension benefits and other	End-of-career awards	Long-service awards	12/31/2015	CGPCE Plan	CARBP Plan	Supplementary pension benefits and other	End-of-career awards	Long-service awards	12/31/2014
Service cost			8	4		12			7	3		10
Service cost for prior periods						0			23			23
Interest cost	2		5			7	3	1	2	1		7
Interest income	(2)		(1)			(3)	(4)		(1)			(5)
Benefits paid		(1)		(1)		(2)		(1)				(1)
Plan participant contributions			(18)			(18)		(3)	(14)			(17)
Actuarial differences			1			1						0
Other			(3)	1		(2)	1		6			7
TOTAL	**0**	**(1)**	**(8)**	**4**	**0**	**(5)**	**0**	**(3)**	**23**	**4**	**0**	**24**

Main actuarial assumptions

as a percentage	12/31/2015					12/31/2014				
	Post-employment defined-benefit plans				Other long-term employee benefits	Post-employment defined-benefit plans				Other long-term employee benefits
	CGPCE Plan	CARBP Plan	Supplementary pension benefits and other	End-of-career awards	Long-service awards	CGPCE Plan	CARBP Plan	Supplementary pension benefits and other	End-of-career awards	Long-service awards
Discount rate	1.99%	1.83%	1.44% to 2.07%	0.57% to 2.18%	0.53%	1.84%	1.57%	0.9% to 1.31%	0.64% to 1.56%	0.53%
Inflation rate	1.70%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%	1.80%
Wage growth rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
AGIRC – ARRCO revaluation rate	NA	inflation -1% to -0.50%	inflation -1% to -0.50%	NA	NA	NA	inflation -1% to -0.50%	inflation +1% to +1.20%	NA	NA
Life tables used	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05	TGH05/ TGF05
Duration	18	14.6	9.6 to 19.6	5 to 15.3	4.8 to 9.7	28	15.5	7.7 to 11.49	5.8 to 15.4	5

At December 31, 2015, pension plan assets were allocated as follows:

- for the Caisse d'Epargne CGPCE pension plan: 82.6% in bonds, 2.6% in equities, 13.2% in investment funds, 1.4% in real estate assets and 0.2% in money-market assets.

In 2015, of the -€7.6 million in actuarial gains and losses generated for CGPCE, -€3.9 million was from gains and losses related to the updated financial assumptions, -€2.3 million from experience adjustments and -€1.4 million from changes in demographic assumptions.

- for the Banque Populaire banks' CARBP pension plan: 50.2% in bonds, 39.4% in equities, 8.2% in investment funds, 2.1% in money-market assets and 0.1% in other assets.

In 2015, of the -€1.8 million in actuarial gains and losses generated for CARBP, -€1.5 million was from gains and losses related to the updated financial assumptions, -€0.2 million from experience adjustments and -€0.1 million from changes in demographic assumptions.

The life tables used are:

- TGH TGF 05 for termination benefits, long service awards and other benefits;
- TGH TGF 05 for CGPCE and CARBP.

The discount rate used is a Euro corporate Composite AA rate.

Stock option purchase plans

Since the formation of BPCE, company directors have neither received share subscription or purchase options, nor been awarded bonus shares.

3.10 SUBORDINATED DEBT

in millions of euros	12/31/2015	12/31/2014
Term subordinated debt	16,235	13,645
Perpetual subordinated debt	61	61
Perpetual deeply subordinated debt	2,182	4,193
Accrued interest	346	433
TOTAL	**18,824**	**18,332**

The amount of bond issue and redemption premiums remaining to be amortized at December 31, 2015 totaled €99 million.

During 2015, BPCE redeemed a deeply subordinated notes for $134 million and four deeply subordinated notes for €1,989 million.

Deeply subordinated notes, which are included in the calculation of BPCE's regulatory capital in accordance with the terms of Article 4.d of CRBF regulation No. 90-02, have the following characteristics:

Currency	Issue date	Outstanding amount at 12/31/2015 in millions of euros	Amount (in original currency)	Rate	Interest rate after initial redemption option date	Interest rate after step-up date	Next redemption option date	Date of interest step-up
USD	07/30/2004	184	200	Mn (10-yr CTMAT +0.3%; 9%)	unchanged	not applicable	03/31/2016	not applicable
EUR	10/12/2004	80	80	Mn (10-yr CMS; 7%)	unchanged	not applicable	01/12/2016	not applicable
USD	01/27/2006	276	300	6.75%	unchanged	not applicable	01/27/2016	not applicable
EUR	02/01/2006	350	350	4.75%	3-month Euribor +1.35%	not applicable	02/01/2016	not applicable
EUR	10/30/2007	509	509	6.12%	3-month Euribor +2.37%	3-month Euribor +2.37%	10/30/2017	10/30/2017
EUR	08/06/2009	375	375	12.50%	3-month Euribor +13.13%	3-month Euribor +13.13%	09/30/2019	09/30/2019
USD	08/06/2009	408	444	12.50%	3-month Libor USD +12.98%	3-month Libor USD +12.98%	09/30/2019	09/30/2019
TOTAL		**2,182**						

3.11 FUND FOR GENERAL BANKING RISKS

in millions of euros	12/31/2014	Increase	Decrease	12/31/2015
Fund for general banking risks	130			130
TOTAL	**130**	**0**	**0**	**130**

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3.12 SHAREHOLDERS' EQUITY

in millions of euros	Share capital	Additional paid-in capital	Reserves/other	Retained earnings	Interim dividend	Income	Total equity (excl. FGBR)
TOTAL AT DECEMBER 31, 2013	**156**	**13,275**	**35**	**0**	**0**	**(605)**	**12,861**
Changes during the period	0	(930)	0	(4)		1,751	817
TOTAL AT DECEMBER 31, 2014	**156**	**12,345**	**35**	**(4)**	**0**	**1,146**	**13,678**
2014 income allocation				971		(971)	0
Dividend paid					(175)	(175)	(350)
Other changes							0
Net income for the period						2,491	2,491
TOTAL AT DECEMBER 31, 2015	**156**	**12,345**	**35**	**967**	**(175)**	**2,491**	**15,819**

BPCE's share capital, totaling €156 million and comprising 31,148,464 shares with a par value of €5 per share, can be broken down as follows:

- 15,574,232 ordinary shares held by the Caisses d'Epargne for €78 million;
- 15,574,232 ordinary shares held by the Banque Populaire banks for €78 million.

At the Combined General Meeting of May 22, 2015, BPCE decided to pay dividends to its shareholders in the amount of €175 million, or €5.6182 per share, to be charged in full against income for Fiscal year 2014 on June 26, 2015.

At its meeting of December 21, 2015, BPCE's Management Board decided to pay an interim dividend to its shareholders totaling €175 million, or €5.6182 per share.

3.13 ANALYSIS OF LOANS AND BORROWINGS BY TERM OUTSTANDING

Sources and uses of funds with fixed due dates are presented by residual maturity and include accrued interest.

	12/31/2015						
in millions of euros	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity	Total
Treasury bills and equivalent	2,081	25	4,392	2,770	1,021	0	10,289
Loans and advances due from credit institutions	21,157	39,752	60,314	54,797	19,944	61	196,025
Customer transactions	83	0	1	226	347	0	657
Bonds and other fixed-income securities	287	252	5,681	34,685	10,363	0	51,268
Total uses of funds	**23,608**	**40,029**	**70,388**	**92,478**	**31,675**	**61**	**258,239**
Amounts due to credit institutions	54,915	27,395	21,922	29,691	19,981	0	153,904
Customer transactions	1,150	0	229	9	0	0	1,388
Debt securities	6,514	6,802	18,827	35,591	9,553	0	77,287
Subordinated debt	388	308	1,365	2,335	12,185	2,243	18,824
Total sources of funds	**62,967**	**34,505**	**42,343**	**67,626**	**41,719**	**2,243**	**251,403**

Note 4 Information on off-balance sheet items and similar transactions

4.1 COMMITMENTS GIVEN AND RECEIVED

4.1.1 Financing commitments

in millions of euros	12/31/2015	12/31/2014
Financing commitments given		
To banks	**16,993**	**22,153**
Documentary credit	0	0
Other confirmed lines of credit	0	0
Other obligations	7	27
To customers	**7**	**27**
TOTAL FINANCING COMMITMENTS GIVEN	**17,000**	**22,180**
Financing commitments received		
From banks	27,426	24,907
From customers	0	83
TOTAL FINANCING COMMITMENTS RECEIVED	**27,426**	**24,990**

4.1.2 Guarantee commitments

in millions of euros	12/31/2015	12/31/2014
Guarantee commitments given		
Documentary credit confirmations	0	0
Other bonds and endorsements	217	196
Other guarantees	11,031	12,867
To banks	**11,248**	**13,063**
Real estate guarantees	0	0
Government and tax guarantees	0	0
Other bonds and endorsements	1,230	2,517
Other guarantees given	0	0
To customers	**1,230**	**2,517**
TOTAL GUARANTEE COMMITMENTS GIVEN	**12,478**	**15,580**
Guarantee commitments received from credit institutions	480	801
Commitments received from customers	1	0
TOTAL GUARANTEE COMMITMENTS RECEIVED	**481**	**801**

4.1.3 Other commitments not recognized off-balance sheet

	12/31/2015		12/31/2014	
in millions of euros	Commitments given	Commitments received	Commitments given	Commitments received
Other securities pledged as collateral provided to credit institutions	20,786	14,202	22,133	14,410
Other securities pledged as collateral received from customers	0	0	0	85
TOTAL	**20,786**	**14,202**	**22,133**	**14,495**

At December 31, 2015, receivables pledged as collateral under funding arrangements included in particular:

- €6,568 million in negotiable debt securities provided to the Banque de France as part of the TRICP system, compared with €7,712 million at December 31, 2014;
- €6,904 million in loans pledged as collateral for funding received from the European Investment Bank (EIB) *versus* €7,212 million at December 31, 2014.

No other major commitments were given by BPCE as collateral for its own commitments or for those of third parties.

Moreover, BPCE did not receive a significant amount of assets as collateral from customers.

4.2 COMMITMENTS ON FUTURES AND OPTIONS CONTRACTS

4.2.1 Financial instruments and foreign exchange futures

	12/31/2015				12/31/2014			
in millions of euros	Hedging transactions	Other transactions	Total	Fair value	Hedging transactions	Other transactions	Total	Fair value
Forward transactions								
Interest rate contracts			0				0	0
Foreign currency contracts			0				0	0
Other contracts			0				0	0
Transactions on organized markets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Forward rate agreements (FRA)							0	0
Interest rate swaps	129,107	1,713	130,820	3,645	126,405	1,992	128,397	4,297
Foreign exchange swaps	31,772		31,772	52	17,002		17,002	83
Currency swaps	14,643		14,643	718	29,715		29,715	(451)
Other foreign currency contracts	185		185	0	281		281	0
Other forward and futures contracts	472	4,375	4,847	(77)	933	20,562	21,495	(39)
Over-the-counter transactions	**176,179**	**6,088**	**182,267**	**4,338**	**174,336**	**22,554**	**196,890**	**3,890**
TOTAL FORWARD TRANSACTIONS	**176,179**	**6,088**	**182,267**	**4,338**	**174,336**	**22,554**	**196,890**	**3,890**
Options								
Interest rate options			0	0			0	0
Foreign currency options		0	0	0		1,481	1,481	0
Other options			0	0			0	0
Transactions on organized markets	**0**	**0**	**0**	**0**	**0**	**1,481**	**1,481**	**0**
Interest rate options	380		380	(6)	422		422	(8)
Foreign currency options			0	0			0	0
Other options		20,228	20,228	(577)		20,228	20,228	(570)
Over-the-counter transactions	**380**	**20,228**	**20,608**	**(583)**	**422**	**20,228**	**20,650**	**(578)**
TOTAL OPTIONS	**380**	**20,228**	**20,608**	**(583)**	**422**	**21,709**	**22,131**	**(578)**
TOTAL FINANCIAL AND FOREIGN CURRENCY FUTURES	**176,559**	**26,316**	**202,875**	**3,755**	**174,758**	**44,263**	**219,021**	**3,312**

The notional amounts of contracts listed in this table are solely intended to provide an indication of the volume of BPCE's activities involving financial instruments at the balance sheet date and do not reflect the market risk associated with these instruments.

Commitments on interest rate derivatives traded over the counter mainly consisted of interest rate swaps for futures and interest rate guarantees for options.

Commitments on foreign exchange instruments traded over the counter mainly consisted of currency swaps.

4.2.2 Breakdown of over-the-counter interest rate financial instruments by type of portfolio

	12/31/2015				12/31/2014			
in millions of euros	Micro-hedge	Macro-hedge	Isolated open positions	Total	Micro-hedge	Macro-hedge	Isolated open positions	Total
Forward rate agreements (FRA)				0				0
Interest rate swaps	54,840	74,267	1,713	130,820	54,953	71,452	1,992	128,397
Currency swaps	14,643			14,643	29,715			29,715
Other interest rate futures contracts				0				0
Forward transactions	**69,483**	**74,267**	**1,713**	**145,463**	**84,668**	**71,452**	**1,992**	**158,112**
Interest rate swaps	380			380	422			422
Options	**380**	**0**	**0**	**380**	**422**	**0**	**0**	**422**
TOTAL	**69,863**	**74,267**	**1,713**	**145,843**	**85,090**	**71,452**	**1,992**	**158,534**

	12/31/2015				12/31/2014			
in millions of euros	Micro-hedge	Macro-hedge	Isolated open positions	Total	Micro-hedge	Macro-hedge	Isolated open positions	Total
Fair value	3,413	986	(42)	4,357	2,772	1,130	(62)	3,840

No transactions were transferred to another portfolio during the period.

4.2.3 Commitments on forward financial instruments by maturity

	12/31/2015			
in millions of euros	Less than 1 year	1 to 5 years	Over 5 years	Total
Transactions on organized markets				0
Over-the-counter transactions	97,287	48,753	36,227	182,267
Forward transactions	**97,287**	**48,753**	**36,227**	**182,267**
Transactions on organized markets				0
Over-the-counter transactions	1	20,516	91	20,608
Options	**1**	**20,516**	**91**	**20,608**
TOTAL	**97,288**	**69,269**	**36,318**	**202,875**

4.3 BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

	12/31/2015		12/31/2014	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Euro	303,325	286,758	294,921	292,524
Dollar	16,164	25,404	22,228	20,451
Pound sterling	77	3,393	492	3,765
Swiss franc	2,650	562	2,646	622
Yen	195	4,970	636	3,207
Other	1,096	2,420	625	979
TOTAL	**323,507**	**323,507**	**321,548**	**321,548**

4.4 FOREIGN CURRENCY TRANSACTIONS

in millions of euros	12/31/2015	12/31/2014
Spot foreign exchange transactions		
Currencies receivable not received	13	16
Currencies deliverable not delivered	13	16
TOTAL	**26**	**32**

Note 5 Information on the income statement

5.1 INTEREST AND SIMILAR INCOME AND EXPENSES

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Transactions with credit institutions	1,881	(1,469)	412	2,787	(2,150)	637
Customer transactions	19	(24)	(5)	34	(188)	(154)
Bonds and other fixed-income securities	2,085	(2,397)	(312)	2,018	(2,336)	(318)
Subordinated debt	0	(920)	(920)	0	(898)	(898)
Macro-hedging transactions	539	(361)	178	647	(454)	193
TOTAL	**4,524**	**(5,171)**	**(647)**	**5,486**	**(6,026)**	**(540)**

5.2 INCOME FROM VARIABLE-INCOME SECURITIES

in millions of euros	Fiscal year 2015	Fiscal year 2014
Equities and other variable-income securities	1	2
Equity interests and other long-term investments	51	49
Investments in affiliates	806	1,098
TOTAL	**858**	**1,149**

5.3 FEES AND COMMISSIONS

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	1	0	1	1	0	1
Customer transactions	4	(1)	3	1	(1)	0
Securities transactions	2	(3)	(1)	3	0	3
Payment services	3	(19)	(16)	3	(23)	(20)
Foreign exchange transactions	0	0	0	0	0	0
Off-balance sheet commitments	0	0	0	0	0	0
Financial services	0	(6)	(6)	0	(6)	(6)
Consulting services	0	0	0	0	0	0
Other fee and commission income/(expense)	0	(3)	(3)	0	(9)	(9)
TOTAL	**10**	**(32)**	**(22)**	**8**	**(39)**	**(31)**

5.4 NET GAINS OR LOSSES ON TRADING BOOK TRANSACTIONS

in millions of euros	Fiscal year 2015	Fiscal year 2014
Trading securities	0	0
Foreign exchange transactions	19	8
Financial futures	(7)	(15)
TOTAL	**12**	**(7)**

5.5 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE SECURITIES AND SIMILAR ITEMS

	Fiscal year 2015		Fiscal year 2014	
in millions of euros	Available-for-sale securities	Total	Available-for-sale securities	Total
Impairment				
Charges	(170)	(170)	(33)	(33)
Reversals	33	33	85	85
Net gain/(loss) on disposal	(84)	(84)	(101)	(101)
Other items	0	0	0	0
TOTAL	**(221)**	**(221)**	**(49)**	**(49)**

5.6 OTHER BANKING INCOME AND EXPENSES

	Fiscal year 2015			Fiscal year 2014		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Share in joint operations	0	(2)	(2)	0	(2)	(2)
Rebilling of banking income and expenses	0	0	0	0	0	0
Electronic payment terminal business	0	0	0	0	0	0
Amortization and rebilling of issuance costs	0	(3)	(3)	0	(1)	(1)
Real estate business	0	0	0	1	0	1
IT services	0	0	0	0	0	0
Other activities	13	0	13	1	(642)	(641)
Other related income and expenses	0	0	0	0	0	0
TOTAL	**13**	**(5)**	**8**	**2**	**(645)**	**(643)**

5.7 OPERATING EXPENSES

in millions of euros	Fiscal year 2015	Fiscal year 2014
Wages and salaries	(127)	(115)
Pension costs and similar obligations[(1)]	(15)	(45)
Other social security charges	(50)	(50)
Employee incentive scheme	(13)	(17)
Employee profit-sharing scheme	0	0
Payroll taxes	(29)	(26)
Total payroll costs	**(234)**	**(253)**
Taxes other than on income	(17)	5
Other operating expenses	(371)	(354)
Rebilled expenses	513	510
Total other operating expenses	**125**	**161**
TOTAL	**(109)**	**(92)**

(1) Including additions, utilizations, and reversals of provisions for employee benefit obligations (see Note 3.9.3).

The average headcount during the year, broken down by professional category, was as follows: 1,349 managers and 146 non-managers, representing a total of 1,495 persons.

The Employment and Competitiveness Tax Credit (CICE) is deducted from payroll costs. The use of this tax is presented in the "Social, environmental and societal information" section of the registration document.

5.8 COST OF RISK

in millions of euros	Fiscal year 2015					Fiscal year 2014				
	Charges	Reversals and uses of funds	Losses	Recoveries of bad debts written off	Total	Charges	Reversals and uses of funds	Losses	Recoveries of bad debts written off	Total
Impairment of assets										
Interbank					0					0
Customers	(1)				(1)		3			3
Securities portfolio and other receivables					0		8	(8)		0
Provisions										
Off-balance sheet commitments*	(2)	25	(6)	1	18	(25)	12	(18)		(31)
Provisions for customer credit risks					0					0
Other					0					0
TOTAL	**(3)**	**25**	**(6)**	**1**	**17**	**(25)**	**23**	**(26)**	**0**	**(28)**
o/w:										
reversals of obsolete impairment charges		*0*					*1*			
reversals of utilized impairment charges		*0*					*10*			
reversals of obsolete provisions		*25*					*8*			
reversals of utilized provisions		*0*					*4*			
Net amount of reversals		***25***					***23***			

* *Including a reversal of €24 million and a covered loss of €6 million in respect of the guarantees granted to the Group's institutions.*

5.9 GAINS OR LOSSES ON LONG-TERM INVESTMENTS

in millions of euros	Fiscal year 2015				Fiscal year 2014			
	Equity interests and other long-term investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	Total	Equity interests and other long-term investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	Total
Impairment								
Charges	(310)			(310)	(283)			(283)
Reversals	2,615			2,615	1,323			1,323
Net gain/(loss) on disposal	19			19	101			101
TOTAL	**2,324**	**0**	**0**	**2,324**	**1,141**	**0**	**0**	**1,141**

Gains or losses on investments in associates, Equity interests, affiliates and other long-term investments included specifically:

- provisions for impairment of investments in associates:
  - Crédit Foncier (€193 million),
  - VBI Beteiligungs GmbH (€100 million);
- reversals of provisions for impairment of investments in associates:
  - Natixis (€2,309 million),
  - BPCE International (€178 million),
  - VBI Beteiligungs GmbH (€99 million, see Note 3.9.1),
  - BPCE Immobilier Exploitation (€9 million),
  - Socram Banque (€6 million);
- profit or loss on the sale of investments in associates and other long-term securities:
  - DZ Bank: capital gain of €13 million,
  - Système Technologique d'Echange et de Traitement: capital gain of €6 million.

5.10 NON-RECURRING INCOME

No non-recurring income was recorded in the 2015 Fiscal year.

5.11 INCOME TAX

5.11.1 Breakdown of income tax in 2015

BPCE is the head of a tax consolidation group that includes the 18 Banque Populaire banks, the 17 Caisses d'Epargne, and the BPCE subsidiaries, including Crédit Foncier, Banque Palatine, BPCE International, GCE Covered Bonds, BP Covered Bonds and BPCE SFH.

Corporate tax can be broken down as follows:

in millions of euros	Fiscal year 2015		
Taxable bases at the following rates:	**33.33%**	**19%**	**15%**
Tax on current income	1,800		17
Tax on non-recurring income			
Taxable bases	**1,800**	**0**	**17**
Applicable tax	(600)		(3)
+contributions 3.3%	(20)		
+10.7% surcharge (amended French Finance Act 2014)	(64)		
- deductions in respect of tax credits	43		
Reported income tax	**(641)**	**0**	**(3)**
Tax consolidation effect	1,039		
Adjustments to previous periods	(11)		
Impact of tax reassessments	(105)		
Provisions for the return to profitability of subsidiaries	(18)		
Provisions for taxes	31		
TOTAL	**295**	**0**	**(3)**

Income tax amounted to €292 million for 2015.

The tax audit of the 2010 and 2011 Fiscal years led to an overall settlement which will be recognized in 2016.

BPCE underwent a tax audit of its 2012 Fiscal year which did not have a material impact on the financial statements for the year.

Following discussions with the DGFIP in 2015 regarding the 2013 Fiscal year, BPCE published an amended tax return which had no material impact on the Fiscal year.

The residual risk relating to the tax reassessments disputed by BPCE was subject to a provision.

5.11.2 Reconciliation from accounting to taxable income

in millions of euros	Fiscal year 2015	Fiscal year 2014
Net accounting income (A)	**2,491**	**1,146**
Corporate tax (B)	**(280)**	**(333)**
Add-backs (C)	**479**	**1,119**
Impairments and provisions	142	220
UCITS	6	28
Long-term capital losses under exemptions	303	178
Share of profit from partnerships or joint ventures	11	10
Other items	17	683
Deductions (D)	**3,569**	**2,636**
Long-term capital gains under exemptions	2,502	1,446
Reversals of impairment charges and provisions	282	131
Dividends	773	1,047
Share of profit from partnerships or joint ventures	0	0
Other items	12	12
Tax base at normal rate (A)+(B)+(C)-(D)	**(879)**	**(704)**

5.12 BREAKDOWN OF ACTIVITY

in millions of euros	Holding company activities	
	Fiscal year 2015	Fiscal year 2014
Net banking income	**(12)**	**(121)**
Operating expenses	(130)	(117)
Gross operating income	**(142)**	**(238)**
Cost of risk	17	(28)
Operating income	**(125)**	**(266)**
Gains or losses on long-term investments	2,324	1,141
Income before tax	**2,199**	**875**

Note 6 Other information

6.1 CONSOLIDATION

In reference to Article 4111-1 of ANC regulation No. 2014-07, and in accordance with Article 1 of CRC regulation No. 99-07, BPCE prepares its consolidated financial statements under international accounting standards.

Individual company financial statements are incorporated into the consolidated financial statements of Groupe BPCE and BPCE SA group.

6.2 REMUNERATION, RECEIVABLES, LOANS AND COMMITMENTS

Total remuneration paid in 2015 to members of the Management Board amounted to €4.8 million and €0.6 million was paid to members of the Supervisory Board.

Provisions for retirement indemnities for Fiscal year 2015 amounted to €2.6 million for members of the Management Board.

6.3 STATUTORY AUDITORS' FEES

	PricewaterhouseCoopers Audit				MAZARS				DELOITTE/KPMG Audit[1]				Total			
	Amount[2]		%		Amount[2]		%		Amount[2]		%		Amount[2]		%	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Audit																
Statutory audit, review of parent company and consolidated financial statements[(2)&(5)]	411	494	47%	38%	408	488	47%	38%	405	493	59%	32%	1,224	1,475	50%	36%
Other due diligence procedures and services directly linked to the Statutory Auditors' duties[(3)&(4)]	472	795	53%	62%	457	780	53%	62%	287	1,028	41%	68%	1,216	2,603	50%	64%
TOTAL	**883**	**1,289**	**100%**	**100%**	**865**	**1,268**	**100%**	**100%**	**692**	**1,521**	**100%**	**100%**	**2,440**	**4,078**	**100%**	**100%**
Change (%)	*(31%)*				*(32%)*				*NA*				*(40%)*			

(1) *Fees for 2014 were paid to KPMG and those for 2015 to Deloitte. The term of office of KPMG Audit expired on 12/31/2014 and shareholders at BPCE's General Shareholders' Meeting on May 22, 2015, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, decided to appoint Deloitte & Associés for a period of six Fiscal years. In 2015, an additional amount of €85,000 relating to the audit was paid to KPMG Audit mainly to cover audit procedures for the period ending March 31, 2015.*

(2) *Amounts concerning the relevant period are those recognized in the income statement for the reporting year (including unrecoverable VAT where applicable) and includes services provided by independent experts or members of the Statutory Auditor's network upon which the Statutory Auditor may call in the course of certifying the financial statements.*

(3) *Includes services provided by independent experts or members of the Statutory Auditor's network upon which the Statutory Auditor may call in the course of certifying the financial statements.*

(4) *Other procedures and services directly related to the Statutory Auditors' duties mainly include due diligence procedures relating to financial transactions (mainly issues), requests for certification, as well as invoicing for recent analysis and audit work in preparation for the Asset Quality Review carried out by the ECB.*

(5) *The significant decrease in audit fees mainly relates to the reduction in 2015 of the number of due diligence procedures carried out at the request of BPCE, in particular for the Asset Quality Review.*

6.4 OPERATIONS IN NON-COOPERATIVE COUNTRIES

The provisions of Article L. 511-45 of the French Monetary and Financial Code and the Order of October 6, 2009, issued by the French Economy Minister, require credit institutions to publish, as part of the notes to their annual financial statements, information on their presence and activities in countries and territories that have not entered into an administrative assistance agreement with France for the exchange of information in connection with the fight against tax fraud and tax evasion.

These obligations fit within the wider objectives of the worldwide fight against uncooperative tax havens, which were defined at OECD meetings and summits, and are also designed to combat money laundering and the financing of terrorism.

Since its foundation, Groupe BPCE has adopted a prudent approach. It ensures that entities belonging to its networks are regularly informed about updates to the OECD list of territories that are considered as uncooperative as regards the effective exchange of information for tax purposes as well as about the potential consequences of maintaining operations in uncooperative territories. In addition, lists of non-cooperative territories have been integrated, in part, into software packages used in the fight against money laundering with the objective of ensuring appropriate due diligence for transactions with non-cooperative countries and territories (implementation of Ministerial Order No. 2009-874 of July 16, 2009). At the level of the central institution, an inventory of the Group's locations and activities in uncooperative territories has been drawn up for the information of executive bodies.

This statement is based on the list of countries named in the December 21, 2015 Ministerial Order, made in application of Article 238-0-A of the French General Tax Code.

At December 31, 2015, BPCE had no offices or activities in uncooperative tax havens.

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5.6 Statutory Auditors' report on the financial statements

For the year ended December 31, 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. 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 captions or on information taken outside of the financial statements.

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.

BPCE

50, avenue Pierre Mendès-France

75013 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of BPCE;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Management Board. 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 parent company 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 parent company financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 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:

VALUATION OF INVESTMENTS IN ASSOCIATES, EQUITY INTERESTS AND LONG-TERM INVESTMENTS

Investments in associates, Equity interests and other long-term investments are valued at the lower of their acquisition cost and their value in use, using a multi-criteria approach (Notes 2.2.3, 3.4 and 5.9). As part of our assessment of these estimates, we reviewed the items and the specific calculated used to determine value in use for the main lines in the portfolio.

VALUATION OF SECURITIES PORTFOLIOS AND FINANCIAL INSTRUMENTS

Your company holds securities portfolios and financial instruments. Notes 2.3.3, 2.3.9, 3.3, 4.2, 5.4 and 5.5 detail the accounting methods and rules applied to these securities and financial instruments. We reviewed the control procedures relating to the accounting classification and the determination of inputs used to value these securities and financial instruments. We verified the appropriateness of the accounting methods used by your company and the information provided in the Notes to the financial statements, and ensured that these methods were correctly applied.

These assessments were made as part of our audit of the parent company 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 procedures and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we confirm 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 has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris La Défense, March 15, 2016

The Statutory Auditors

Deloitte & Associés	Mazars	PricewaterhouseCoopers Audit
Jean-Marc Mickeler Sylvie Bourguignon	Michel Barbet-Massin Jean Latorzeff	Agnès Hussherr Nicolas Montillot

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6 SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

6.1 Sustainable development strategy and cooperative identity

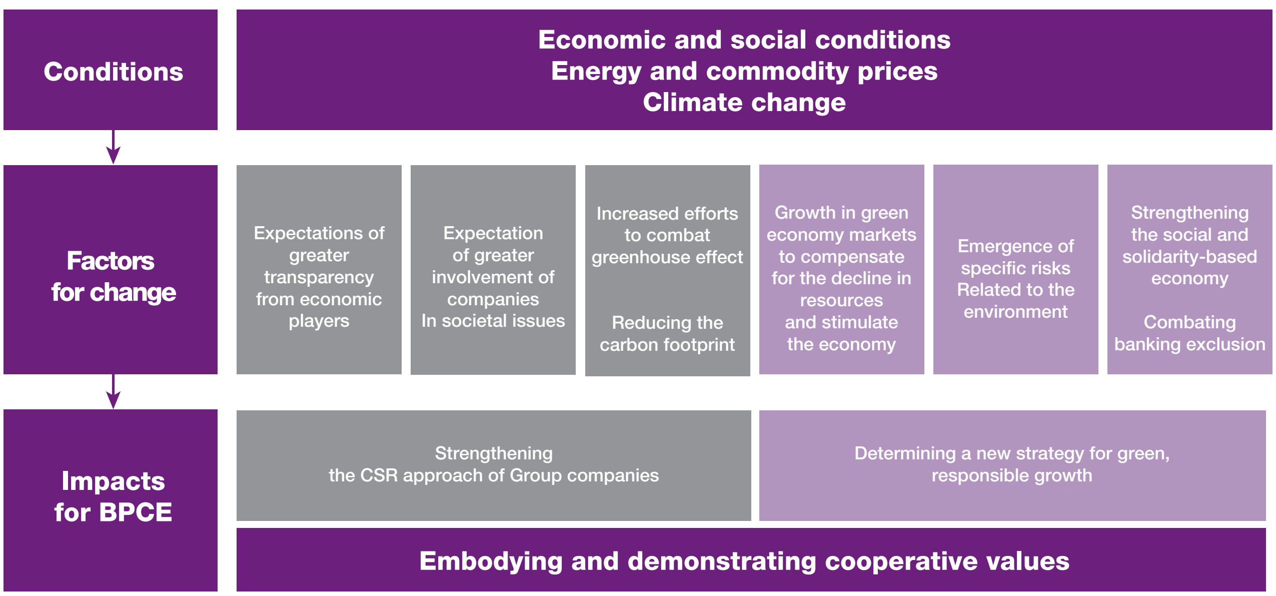
6.1.1 Groupe BPCE's sustainable development strategy

Groupe BPCE's sustainable development strategy is in keeping with international standards in this area. The Group has complied with the principles of the United Nations Global Compact since 2007, renewing its commitment in 2012, while extending it to all of its entities in France and abroad. The Group's approach to CSR (Corporate Social Responsibility) also incorporates work by the UN, the OECD, and the ILO on the international level.

The "Another way to grow" plan sets out the Group's strategic ambitions for 2014-2017, drawing in part on sustainable development, notably through the project to promote the cooperative banking model. The aim of this project is to showcase the differentiating aspects of the cooperative banking model, centered on the three-fold relationship between employees, customers and cooperative shareholders, all of whom are active participants in the company's transformation. This common goal involves the Banque Populaire banks and the Caisses d'Epargne, which fulfill considerable economic and societal responsibilities in their respective regions, steered by the CSR guidelines proposed by their federations in line with the respective identity of each network. Drawing on their extensive regional roots and the support of the Group's specialized banks (Natixis and its subsidiaries, Crédit Foncier, Banque Palatine), the Banque Populaire banks and the Caisses d'Epargne are contributing to current economic and environmental developments and helping their customers prepare for and make the most of them.

The Group resolutely looks to the future and has set three sustainable development priorities for the 2014-2017 period:

- supporting green, responsible growth;
- promoting banking and financial inclusion;
- reducing its carbon footprint.



In 2015 two projects contributed to achieving this ambition:

The definition of a groupwide CSR approach, associated with a multi-annual action plan. Through this project, the Group was able to:

- identify and prioritize the CSR issues facing the Group and assess the maturity of initiatives taken in the field;
- formalize collective priorities for the years ahead, focused on four key types of initiative: economic, societal, environmental and social;
- identify best practices within the Group and its entities to facilitate their dissemination and enhance the main CSR indicators *via* a guide setting out what actions need to be taken.

A review of green growth markets, to:

- identify and assess the different economic sectors concerned;
- analyze the current positioning and performance of the Group's banks on these markets;
- assess the sales development potential for the Group's banks.

Development of CSR assessment tools in the Banque Populaire and Caisse d'Epargne networks

A CSR self-assessment tool was made available to the Caisses d'Epargne by their federation in late 2014 to help deploy action plans in accordance with the ISO 26000 CSR standard. Five Caisses d'Epargne completed this process in 2015. Caisse d'Epargne d'Auvergne et du Limousin was awarded the LUCIE label and Caisse d'Epargne Aquitaine Poitou-Charentes was the subject of a CSR assessment by Vigeo. In terms of environmental certification, Caisse d'Epargne Bourgogne Franche-Comté renewed its ISO 14001 certification and became the first regional bank to be ISO 50001 certified in France; Caisse d'Epargne Provence-Alpes-Corse is currently undergoing ISO 50001 certification. At the same time, several Caisses d'Epargne committed to initiatives to obtain certification for diversity or responsible supplier relations.

In 2015, Banque Populaire Atlantique, Banque Populaire Alsace Lorraine Champagne, Banque Populaire des Alpes and Banque Populaire Rives de Paris also implemented a global CSR management approach with LUCIE and/or AFNOR AFAQ 26000/Vigeo 26000 certification. In November 2015, Banque Populaire Alsace Lorraine Champagne received the national eco-management award issued by the French Ministry for the Environment, Energy and the Sea for having obtained dual LUCIE and AFAQ 26000 certification for its overall CSR management.

BPCE, a key stakeholder in the COP 21 climate conference

During the climate conference held in Paris (COP 21), Groupe BPCE joined a consortium of businesses and six international organizations working to combat climate change ("Business proposals for COP 21"). This document sets out the conditions needed to build up the massive investments required to fight climate change. One of these conditions is to encourage dialog among governments, banks and businesses to identify and increase such investments. This position is consistent with the Group's guidelines in terms of green growth and its commitment to easing the current conflicts regarding controversial funding. In this respect, Groupe BPCE, *via* its subsidiary Natixis, announced that it would no longer fund the coal industry. It also issued a green bond to finance regional renewable energy projects.

Groupe BPCE also emphasized its achievements as a cooperative full-service bank, for example with special COP 21 pages on the Group website, a film showing the interaction between COP 21 and the bank, a COP 21 online contest for employees, an article in the in-house newsletter, a mini-conference to explain why Natixis is no longer funding the coal industry, etc.

The Group's regional banks also took initiatives, for example with the "COP21 climate" forum organized by Caisse d'Epargne Aquitaine Poitou-Charentes, the awarding of "Climate Solutions for Businesses" awards by Crédit Coopératif, the publication by Crédit Foncier of an instructional document for journalists and individuals about government funding and green financing solutions available for real estate investments.

At the same time, Groupe BPCE was actively involved in market-wide initiatives organized by the Fédération Bancaire Française (FBF – French Banking Federation). These included a special feature in the industry magazine *Revue Banque,* an FBF brochure on how French banks are fighting global warming entitled *"Banque & Climat"* (Banking and Climate), a collection of eight climate mini-guides, the dedicated website banqueetclimat.com, and a special FBF conference to spur financial players into action.

Under the strategic plan, the Group also developed a committed, responsible human resources strategy that plays a role in BPCE's sustainable development. For example, it chose to implement three priority initiatives to promote (i) gender equality in the workplace, (ii) employment of persons with disabilities, and (iii) equal opportunities. It has also implemented actions to improve labor relations, enhance occupational health and safety, and reduce absenteeism.

ORGANIZATION OF THE SUSTAINABLE DEVELOPMENT FUNCTION

The Group's Sustainable Development division is part of BPCE's Commercial Banking and Insurance business line. Its goals are to:

- spearhead the Group's CSR policy in concert with the federations;
- serve as a source of foresight, expertise, and innovation in order to advance sustainable growth;
- coordinate the implementation of special regulations and propose adaptations in governance.

It is particularly committed to positioning Groupe BPCE as a key player in financial inclusion, green, responsible growth, and carbon footprint reduction, in accordance with the goals set by the strategic plan.

To take action, it relies on a sustainable development function whose responsibilities are divided between the Group's central institution, regional banks and subsidiaries. Each company in the Group has an appointed sustainable development officer tasked with adapting the Group's commitments to the specific features of the company's region, operations and objectives.

The sustainable development function has the following structures:

- bodies that exchange information and coordinate and share skills:
  - a "responsible company club" focused on improving CSR reporting and designing action plans to enhance internal CSR and low-carbon practices,
  - a "green, responsible growth club" to centralize technical and sales expertise around the new economic models presented by sustainable development. Since 2014 a plenary meeting has been held during National Sustainable Development Week, attracting an average of 125 participants. In 2015 this

club was enhanced with a digital solution that facilitates the exchange of information about financing issues and expertise for green growth sectors,
- an "energy club" overseen by the Group's Logistics division, which brings together the procurement, logistics and sustainable development functions to address energy management issues with a cross-business approach;
- steering and oversight bodies:
  - a Group Sustainable Development Steering Committee, which has two main roles:
  - to help with decision-making for major operational projects,
  - to contribute and provide guidance on Groupe BPCE decisions,
  - a Group Cooperative Committee, which reports to the BPCE Supervisory Board, whos duties include the formulation of proposals and recommendations to promote cooperative values and CSR within the Group,
  - a special purpose body that oversees the cooperative banking model project; the Group's Sustainable Development division contributes to this project under the 2014-2017 strategic plan.

A Group extranet site for sustainable development officers was set up in 2015.

GROUPE BPCE'S SUSTAINABLE DEVELOPMENT CHARTERS AND STRATEGY

Global Compact

In April 2012, Groupe BPCE renewed its adherence to the United Nations Global Compact and expanded it to cover all of its entities in France and abroad. The Global Compact is an agreement under which companies undertake to align their operations and strategies with 10 universally accepted principles affecting human rights, labor standards, the environment and anti-corruption. The primary goal of the Global Compact, which is the world's leading corporate citizenship initiative (with 13,000 organizations in over 160 countries) is to promote the social legitimacy of businesses and markets[1]. The aims of the Global Compact are compatible with those of ISO 26000 and Global Reporting Initiative (GRI) criteria. In 2014, Groupe BPCE reached the GC Active level[2].

Corporate Diversity Charter

Groupe BPCE adopted the Corporate Diversity Charter in November 2010, demonstrating its determination to become a model employer. The Group enacts this commitment through special initiatives, such as the July 2010 implementation of the responsible procurement and disabilities policy ("PHARE") and the June 2012 creation of the women's network *"Les Essenti'Elles"* aimed at promoting a positive image of women and furthering their access to top positions.

Businesses and Neighborhoods Charter

Groupe BPCE was one of the first companies to join this project initiated by the French Ministry for Women's Rights, Cities, Youth and Sports in 2013, which is gradually being rolled out to the French regions. A two-year Group agreement was signed in December 2013 setting out its commitments, including financial education and the promotion of entrepreneurship to the segments of the public targeted by city policy.

By adhering to this charter, companies undertake to promote access to employment and business creation among people living in working class neighborhoods, and also to support the economic, social, and cultural development of neighborhoods identified as priorities by municipal policy in various areas, such as education, guidance, mediation, public services, support for entrepreneurship, and professional inclusion.

Responsible Procurement Charter

Since 2010, Groupe BPCE has been a signatory of the Responsible Supplier Relations Charter. This charter was designed to incentivize businesses to adopt responsible practices in dealing with their suppliers. The goal is to change relations between customers and suppliers in order to build a lasting, balanced relationship between them based on mutual trust, with the aim of supporting France's economy by giving precedence to partner-based strategies, dialog, and the expertise of procurement professionals[3].

6.1.2 Cooperative Identity

As cooperative banks, the Caisses d'Epargne and the Banque Populaire banks are owned by 8.9 million cooperative shareholders, and are themselves shareholders of BPCE, the central institution, which is responsible for coordinating and communicating their common policies. For this reason, the national strategic decisions of Groupe BPCE are made in keeping with their regional requirements and their cooperative governance.

The Banque Populaire banks and the Caisses d'Epargne are members of federations that protect each network's identity and values and defend its interests. They support the networks on CSR strategy, cooperative shareholder involvement, training for directors and governance.

The Group's "Another way to grow" strategic plan includes specific commitments to embody the cooperative banking model on a daily basis. Groupe BPCE's essential difference as a cooperative banking structure is evident in its long-term vision of banking relationships, its particularly strong regional ties, and the precedence it gives to human relations. This difference is recognizable by its customers, cooperative shareholders and employees. It contributes to the economic, social and human development of each region.

Around twenty projects were set up in this area in 2015. These projects aim to prevent banking exclusion, engage employees with the cooperative banking model, include the cooperative shareholders in the innovation process and the co-building of the Group's range of products and services, ensure that customer deposits are assigned to regional projects, help customers make the energy transition, integrate the cooperative impact in the analysis of new products and services, and enhance qualitative reporting.

(1) *https://www.unglobalcompact.org.*

(2) *https://www.unglobalcompact.org/what-is-gc/participants/1609#cop.*

(3) *http://www.bpce.fr/Fournisseur/La-politique-achats-responsables/Engagements-durables (French only).*

BANQUE POPULAIRE BANKS

History and identity

Since the first Banque Populaire bank was created in Angers in 1878, and even more since the Act establishing the banks came into force in 1917, the Banque Populaire banks have been cooperative banks providing services to their cooperative shareholders. The mission entrusted to the Banque Populaire banks was to provide services to craftsmen and small retailers, who formed their entire cooperative shareholder base (this mission was soon extended to SMEs). From 1962 onward, regulatory changes enabled the Banque Populaire banks to accept individual customers. With the creation of Associations to Facilitate Lending and Saving by Civil Servants and Public Service Agents (ACEFs) and the launch of CASDEN Banque Populaire in 1974, they extended their services to civil servants and staff of the French National Education, Research and Culture departments. In 2002, Crédit Coopératif, with its focus on the social and solidarity-based economy, joined the Banque Populaire banks. In all its rich diversity, the Banque Populaire network puts its values of freedom and solidarity in action every day.

Cooperative governance and organization

The 4 million cooperative shareholders are the core of the Banque Populaire banks. They vote at Annual General Shareholders' Meetings and directly elect the directors who will represent them at Boards of Directors meetings. In 2015, over 500,000 cooperative shareholders voted, an average turnout rate of 12.5% for the network.

Alongside the Annual General Shareholders' Meetings, the cooperative shareholders are regularly invited to in-branch meetings and special events where they can talk with company managers and directors about the latest news affecting their banks and nominate local solidarity-based projects for bank sponsorship as part of the "Initiative Région" Awards. Cooperative shareholders also have the opportunity to get involved in shareholder clubs (strategic orientations, budgets for associations, etc.) and help support recipients of microloans through organizations such as "Atlantique Coopération". They enjoy access to special information channels to keep up to date with news about their banks, including dedicated newsletters and magazines and interactive websites.

In 2015, the Banque Populaire network had 255 directors (and 22 non-voting directors) whose experience and diversity enrich discussions at Board of Directors' meetings in the interests of all customers and cooperative shareholders. They are creators of value (CEOs, researchers, lecturers, etc.) who, through their roles, are involved in driving economic and social development within their regions. In 2015, the Fédération Nationale des Banques Populaires offered them training on topics such as the history of the Banque Populaire network, the cooperative banking model of the Banque Populaire banks, the roles and responsibilities of directors, risk management (particularly the prevention of fraud and corruption), the opportunities presented by CSR, and how to integrate it into the corporate strategy. The Fédération has also made a self-assessment questionnaire available to all the Boards of Directors to allow them to objectively evaluate their performance.

Since 2014, the Fédération Nationale des Banques Populaires has used a new tool to manage the training program for Banque Populaire directors: the "Académie des administrateurs", or Directors Academy. This online tool, which is open to all Banque Populaire directors, includes all of the training options provided by the federation in the form of classroom presentations and e-learning sessions.

The Directors Academy addresses multiple objectives:

- offering a full view of the training catalog provided by the federation;
- allowing directors to register for training modules online and to access their transcripts;
- helping directors to keep up to date on current events affecting the committee on which they serve;
- facilitating access to training through e-learning modules;
- measuring directors' enthusiasm for different topics and training content by conducting satisfaction surveys, which allows the federation to adapt the training offered to meet their expectations.

6

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE

Banque Populaire banks	At 12/31/2015	At 12/31/2014	Change 2014/2015
Number of cooperative shareholders *(in millions)*	3.95	3.90	1.28%
Percentage of cooperative shareholder customers *(as a %)*	44%	43%	2.32%
Average amount of shares held per cooperative shareholder *(in €)*	1,969.35	1,846.73	6.64%
Cooperative shareholder satisfaction rate *(out of 10)* *	7.5/10	7.5/10	0%

* *Data from the BP & CE individual customer satisfaction survey coordinated by the Group Customer Research division.*

COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Banque Populaire banks	2015	2014	Change 2014/2015
Governance bodies			
Number of members of Boards of Directors	255	270	(5.56%)
Director attendance rate at Boards of Directors meetings *(as a %)*	83%	81%	2.47%
Percentage of Board Members who are women *(as a %)*	33%	27%	22.22%
Percentage of Board Chairmen and Vice-Chairmen who are women *(as a %)*	13%	9%	44.44%
Percentage of Audit Committee Chairmen who are women *(as a %)*	22%	11%	100%
Director training			
Audit Committees: percentage of members who took at least one training course over the year *(as a %)*	21%	17%	23.53%
Audit Committees: average number of training hours per person *(in hours)*	1.25	1 (1)	25%
Boards of Directors: percentage of members who took at least one training course over the year *(as a %)*	34%	21%	61.90%

(1) Figure corrected in 2015.

CSR & Cooperative Dividend: reflecting the cooperative spirit of the Banque Populaire banks

The Banque Populaire banks use a specialized tool to inform their cooperative shareholders of their actions in the areas of societal and cooperative responsibility. Based on the ISO 26000 CSR standard, the CSR & Cooperative Dividend identifies and values in euros the initiatives taken by each bank for the Banque Populaire network's main stakeholders: its cooperative shareholders and directors, employees, customers and civil society.

Reflecting the cooperative spirit of the Banque Populaire banks, this tool only takes into account initiatives without a commercial aim that go beyond legal requirements and the minimum standards within the banking profession. The CSR and Cooperative Dividend details all the initiatives taken by banks in terms of cooperative governance (cooperative shareholder participation and information, training for directors), customer relations (banking inclusion, offer of solidarity-based products, quality of customer relations) and societal commitment. Every year, the Banque Populaire banks publish the results of the Cooperative Dividend in the Cooperative and CSR Review. In 2015, the Banque Populaire banks' main areas of societal and cooperative responsibility focused on cooperative shareholder participation and information, promotion of culture and heritage, and efforts in terms of sustainable and solidarity-based products.

CAISSES D'EPARGNE

History and identity

For nearly 200 years, the Caisses d'Epargne have forged their history on the core values of local presence, facilitating access to banking services, and supporting local economic and social development. They became cooperative banks in 1999 and now belong to their customers, who are their cooperative shareholders, and share the cooperative principles of democracy, a strong local presence, education and solidarity.

In order to promote these principles, the Caisses d'Epargne jointly adopted nationwide Corporate Social Responsibility guidelines for 2014-2017 within the Fédération Nationale des Caisses d'Epargne. The FNCE is tasked with "defining, coordinating, and promoting the societal responsibility actions of the Caisses d'Epargne" (Article L.512-99 of the French Monetary and Financial Code).

Cooperative structure

At the end of 2015, Groupe Caisse d'Epargne had nearly 5 million cooperative shareholders, the majority of them individual customers. Cooperative shareholders are represented by 227 local savings companies (LSCs), which form an intermediate layer that helps strengthen each bank's local roots and relationships.

The cooperative governing bodies of the Caisses d'Epargne were renewed in 2015: 3,334 LSC directors were elected or re-elected, along with 307 members of the Steering and Supervisory Boards and their 17 Chairmen. The aim was to ensure fair representation of the regions and civil society, by fostering gender parity. At the level of the LSCs, 36% of directors of the Caisses d'Epargne are women.

The FNCE supported this important event in the cooperative agenda of the Caisses d'Epargne, in particular with a new training scheme. Six "regulatory" training modules are now available to Steering and Supervisory Board Members. Also, with the support of the FNCE, the Caisses d'Epargne invited over 1,330 newly-elected directors to attend induction seminars.

The Caisses d'Epargne also continued their initiatives to involve their cooperative shareholders in the life of their bank. The cooperative shareholders are key stakeholders in the Caisses d'Epargne, which provide them with dedicated information and communication channels including in-branch information points, a dedicated website (www.societaires.caisse-epargne.fr), newsletters and conferences hosted by Caisse d'Epargne experts. These various channels provide cooperative shareholders with regular updates on their Caisse d'Epargne, information on how to get involved, and regional and national news in general. Some Caisses d'Epargne also consult their cooperative shareholders and organize shareholder events, including exclusive meetings and shareholder clubs.

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE

Caisses d'Epargne	At 12/31/2015	At 12/31/2014	Change 2014/2015
Number of cooperative shareholders *(in millions)*	4.91	4.96	(1%)
Percentage of cooperative shareholder customers *(as a %)*[(1)]	20%	20%	0%
Average amount of shares held per cooperative shareholder *(in €)*[(1)]	2,555	2,451	4.24%
Cooperative shareholder satisfaction rate (out of 10)[(2)]	7.3/10	7.3/10	0%

(1) Natural persons only.
(2) Data from the individual BP & CE individual customer satisfaction survey coordinated by the Group Customer Research division.

COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Caisses d'Epargne	2015	2014	Change 2014/2015
Governance bodies			
Number of members on Steering and Supervisory Boards	307	306	0.33%
Director attendance rate at Steering and Supervisory Board meetings *(as a %)*	92%	91%	1.10%
Percentage of Steering and Supervisory Board Members who are women *(as a %)*	37%	14%	164.29%
Percentage of Steering and Supervisory Board Chairmen who are women *(as a %)*	20%	12%	66.67%
Percentage of Audit Committee Chairmen who are women	12%	0%	0%
Director training			
Audit Committees: percentage of members who took at least one training course over the year *(as a %)*	81%	50%	62%
Audit Committees: average number of training hours per person *(in hours)*	4.20	6	(30%)
Steering and Supervisory Boards: percentage of members who took at least one training course over the year *(as a %)*	91%	66%	37.88%

CSR Guidelines

The Caisse d'Epargne CSR Guidelines for the 2014-2017 period include six fields of action, in keeping with ISO 26000 guidance: governance, products and customer relations, employee relations and workplace conditions, procurement and supplier relations, environment, and societal engagement. Within these fields of action, 29 priorities were defined[(1)].

The 2014-2017 CSR guidelines outline a framework for action shared by all Caisses d'Epargne by identifying key issues. Each Caisse d'Epargne, as a fully-fledged cooperative bank, is tasked with setting its own strategy for social and environmental responsibility. The existence of this shared framework facilitates the exchange of best practices and achievement of common goals, while respecting the cooperative structure of the Caisses d'Epargne. This decentralized structure is the very cornerstone of the way cooperatives work, and ensures that CSR strategies are tailored to suit local needs and the people who are affected.

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(1) Learn more: http://www.federation.caisse-epargne.fr/assets/CE_OrientationsRSE2014-2017/index.html?preventcache=true.

6.2 Response to economic challenges

Groupe BPCE's commitment to economic and sustainable development focuses on four priorities: local financing, support for local development, respect for fair practices, and financing ecological and energy transition.

6.2.1 Contribution to local financing

FINANCING THE ECONOMY: LOCAL ROOTS – A KEY ASSET

The 18 Banque Populaire banks and the 17 Caisses d'Epargne embody Groupe BPCE's close ties with the regional economy, sharing the values of social cohesion and support for local employment:

- in 2015, Groupe BPCE was once again the leading provider of personal microloans with support for individuals (44% market share at year-end 2015) and a major provider of professional microloans (34.06% market share at mid-2015);
- in 2015, donations by the Banque Populaire banks and Caisses d'Epargne to general interest projects in local areas amounted to €31.2 million:
  - €10.5 million was earmarked by the Banque Populaire banks for three uses: donations and partnerships by Banque Populaire foundations in their region, the Banque Populaire Corporate Foundation, and the charity fund of the Fédération Nationale des Banques Populaires,
  - €20.7 million was earmarked by the Caisses d'Epargne for four uses: direct support of local solidarity-based and cultural initiatives, the Caisse d'Epargne network's charity fund, the Foundation Caisse d'Epargne pour la solidarité (Caisse d'Epargne Foundation for Social Solidarity) and the Fondation Belem;
- in 2015, 88% of the Group's suppliers(1) were SMEs(2). 38% of purchases(3) were made from SMEs and 29% from ISEs(4). The Group's companies give preference to local suppliers: 69% of suppliers have a local presence in their respective regions(5). These companies contribute to local employment and economic development through their sub-contracting chain;
- although historically located in the cities, the Banque Populaire banks and the Caisses d'Epargne play a role in the development of rural areas, which cover 78% of the territory of mainland France(6): 463 branches are located in rural areas(7);
- *via* their branches, the Banque Populaire banks and the Caisses d'Epargne are also present in 35.90% of priority neighborhoods as identified by municipal policy(8), with 7,446 branches.

The BPCE International network supports agricultural cooperatives and SMEs

BICEC, a subsidiary of BPCE International in Cameroon, has joined forces with the International Finance Corporation (IFC, World Bank Group) to develop financing for agricultural cooperatives in Cameroon.

Under the Agricultural Market Development and Investment project set up by the Cameroon government, BICEC and the IFC have entered into a risk-sharing agreement amounting to XAF 2.5 billion (€3.8 million) in order to support lending to local cooperatives that produce cassava, corn and sorghum.

Currently, 80% of the cassava, corn and sorghum purchased by Cameroonian agri-businesses is imported, although 75% of the country's farms grow these crops.

PROPARCO, a subsidiary of the AFD (French Development Agency), awarded BTK, a subsidiary of BPCE International in Tunisia, a €20 million (TND 44 million) credit line over 7 years to support investment projects submitted by Tunisian SMEs and VSEs in the start-up or growth phase.

Banque de Tahiti, a subsidiary of BPCE International, renewed its partnership with the European Investment Bank (EIB) to support SMEs in French Polynesia. Under this partnership, the EIB granted Banque de Tahiti two new credit lines totaling €14 million. Of this amount, €8 million is earmarked for the partial financing of transactions in the environmental sector, specifically in the renewable energy and water and waste treatment segments, such as the construction of wind or solar farms or the development of green transport solutions.

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(1) From a sample of 30,179 suppliers with a Codex 2014 SIREN number and approved by INSEE.

(2) Small and medium-sized enterprises (2015 definition): fewer than 250 employees and revenues below €50,000K.

(3) From the sample of purchases taken from the Codex 2014 database on suppliers with a SIREN number and approved by INSEE; this amount represents 86% of total purchases.

(4) Intermediate-sized enterprises (2014 definition): 250 to 5,000 employees and revenues greater than or equal to €50,000K and less than €1,500,000K.

(5) Average calculated based on entity reports according to the Group's regional breakdown.

(6) Source: INSEE Première No. 1425 – December 2012; New zoning of population basins ("bassins de vie") in 2012: "Three-quarters of population basins are rural".

(7) Definition: INSEE, French "communes" that do not fall under definitions of urban units, i.e. "communes" without zones of continuous development inhabited by 2,000 residents and "communes" (municipalities) in which less than half of the municipal population resides in a continuous development zone. Calculated based on 2009 census.

(8) Neighborhoods identified as being a priority in municipal policy are defined by French law number 2014-73 of February 21, 2014 on urban planning and cohesion. The areas concerned are determined using the single criteria of population revenue; 1,300 such neighborhoods have been identified. The list is established in decrees 2014-1750 and 2014-1751 of December 30, 2014, for mainland France and the overseas territories respectively. The boundaries of each area can be viewed at geoportail.gouv.fr.

Groupe BPCE also continued to use the CICE[1] for various investments totaling €94,181,135 in real estate, digital conversion of documents, technological innovations, IT investments, training and recruitment.

FINANCING OF LOCAL PUBLIC STAKEHOLDERS AND THE SOCIAL AND SOLIDARITY-BASED ECONOMY

The Banque Populaire banks and Caisses d'Epargne are major players in financing local authorities, social housing and organizations in the social and solidarity-based economy. The legal framework governing this sector was reinforced by the French law of July 31, 2014.

As cooperative banks, the two networks are also part of the social and solidarity-based economy, which represents 10.3% of salaried employment[2] in France, consisting of organizations and companies with status as non-profits (78.2%), cooperatives (13.2%), mutual companies (5.6%) and foundations (3.1%). In France, 30%[3] of all banking, financial, and insurance jobs are with cooperatives and mutual companies.

FINANCING FOR THE REGIONAL PUBLIC SECTOR, THE SOCIAL ECONOMY AND SOCIAL HOUSING BY GROUPE BPCE

Indicators *(in thousands of euros)*	**2015**	**2014**	**Change 2014/2015**
Total annual new regional public sector loans	5,532,329	4,736,048	16.81%
Total annual new social housing loans	1,303,627	903,188	44.34%
Total annual new social economy loans	912,070	812,711	12.23%

Groupe BPCE is aware of the major role it plays in financing local players and it has a specialized subsidiary devoted to social housing and committed to CSR in the local regions. Habitat en Région was set up in 2010 to allow the Caisses d'Epargne and their subsidiaries to join forces to promote their nationwide ambition to further social housing. The aim is to help its members address urban and social change more effectively. Habitat en Région's members include 30 providers of social housing and 17 Caisses d'Epargne. It represents nearly 215,000 homes, or 8% of social housing in France.

In 2013 it set up a CSR workgroup that is developing the network's CSR policy, drawing on initiatives already taken by the different entities, while encouraging a structured approach. An initial analysis stage produced a roadmap based on the seven categories in the ISO 26000 social housing reference framework, identifying 17 goals and around 60 progress indicators. A self-assessment was made available to members to measure the progress made in their initiatives with the help of the CSR project manager. The roadmap will be used to support the implementation of action plans, while reinventing communication with stakeholders in a bid to provide relevant solutions to the challenges facing the local regions.

6.2.2 Support for green, responsible growth

The aim of green growth is to steer the economy toward more eco-friendly manufacturing and consumption methods. It mainly involves making existing activities greener, by integrating regulations, standards and practices that transform entire sectors to make them more compatible with local, national and international commitments to reduce greenhouse gas emissions. In the construction sector, for example, the application of successive thermal renovation regulations, culminating in the ambitious RT 2012 standard in France, has brought about considerable progress in one of the leading sectors of the French economy. The trend is set to continue, as the ground is being prepared for the integration of the RT 2020 standard, which will see the construction of positive-energy buildings that produce more energy than they use.

Green growth is also giving rise to innovations that are revolutionizing certain sectors and leading to the emergence of new ones. These innovations are of a technical, organizational, social or societal nature and are often made possible by the advent of digital technologies. The renewable energy revolution is symbolic of the progress made. Coupled with energy storage and management technologies, this revolution will allow entire regions to produce and manage their own energy in line with local resources and requirements, while limiting their carbon emissions.

To allow such changes and revolutions to come about, funding is more crucial than ever. Banks need to extend existing public initiatives and even anticipate future requirements and regulations in order to allow green sectors to emerge and grow. The goal is to allow households and businesses to finance solutions that protect against rising energy and commodity prices and the negative impacts of climate change (tourism, agriculture, etc.). It is also important to support the development of green sectors, which will drive future growth.

To achieve its ambition in this field, Groupe BPCE is addressing several challenges:

- a technical challenge: obtaining a firmer grasp on technical innovations to better understand the market, and thus provide more effective financing;
- an organizational challenge: the scope of the green growth market is local, national and European. It is aimed at all target segments, including individuals, SME/VSE professionals, local authorities, large corporates and institutions. To be effective on this market, there need to be appropriate organizations, products and services for each of these segments;

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(1) *The CICE (competitiveness and employment tax credit) is aimed at improving the competitiveness of French businesses through efforts in investment, research, innovation, training, recruitment, development of new markets, the eco and energy transition, and the restoration of WCR.*

(2) *Source: Atlas national commenté de l'économie sociale et solidaire 2014; http://www.atelier-idf.org/ressources/observatoire-ess/chiffres-clefs/chiffres-clefs-ess-par-territoires/chiffres-nationaux.htm#c729bPI0P1.*

(3) *Source: French Observatory for the Social and Solidarity-Based Economy (Observatoire national de l'économie sociale et solidaire).*

- a financial challenge: innovation is central to these emerging markets and calls for long-term investments.

The Group is working to build expertise in these relatively complex markets and seize the business opportunities they provide. To this end, it draws on a network of experts and officers in the Banque Populaire banks, the Caisses d'Epargne, Crédit Coopératif, and its subsidiaries Natixis, Crédit Foncier and Banque Palatine. Each of these entities has established a network of partners involved in this field, including professional organizations, industrial players, local authorities, think-tanks, associations, NGOs, etc.

Under this vision of the green growth market, the energy, ecological and economic transition has been organized into eight segments:

- renewable energy production (wind and solar power, biomass);
- construction (including forestry) and thermal renovations;
- energy transportation and management (storage, smart grids);
- recycling and new materials;
- renewal of business production machinery;
- sustainable agriculture;
- sustainable transportation (public transportation, cars, bicycles);
- eco-innovation focused on competitiveness and green technology.

In 2015 BPCE's Sustainable Development division carried out a review of the green growth markets, which included:

- identifying and assessing the different economic sectors concerned;
- analyzing the current positioning and performance of the Group's banks on these markets;
- assessing the sales development potential for the Group's banks.

Until now, Groupe BPCE primarily focused on two major segments – construction and renewable energy – but the Group's entities have also taken initiatives in other segments such as agriculture, transportation and eco-innovation.

FINANCING THE ENERGY TRANSITION AND GREEN GROWTH

As a full-service bank, Groupe BPCE is able to contribute to all types of projects in the four main categories of green growth financing: energy efficiency, greenhouse gas reduction, management and recycling of natural resources, and new eco-goods and services. The diversity of its expertise and operations allow it to support projects on a local, national and international scale.

The Group offers innovative solutions and a complete, exclusive line of products. It thereby occupies a leading position in major green growth markets, particularly in renewable energy, public transportation and sustainable real estate.

BPCE International: a leading role in financing the energy transition

The BPCE International network has developed expertise in financing renewable energy in its regions of operation.

Banque de Nouvelle Calédonie and its parent company BPCE International participated in the financing of solar panels at the port of Noumea.

In Mauritius, a wind farm at Plaine des Roches is being financed by Banque des Mascareignes and BPCE International.

In French Polynesia, Banque de Tahiti is supporting Electricité de Tahiti in its responsible growth initiatives and for the development of renewable energies (solar and hydropower).

As a major player in renewable energy financing, the BPCE International network has funded more than 800 solar, wind, biomass, and hydropower plants in the French overseas territories and abroad since 2006, with a total output of 170 MW.

Additionally, the Group also offers:

- savings products: Banque Populaire's "CODEVair" account, Caisse d'Epargne's regional passbook accounts used to fund local projects, Mirova's SRI range for socially responsible financial investments;
- tailored credit solutions: Banque Populaire's "PREVair" and "PROVair" loans, Caisse d'Epargne's "Ecureuil" sustainable development loans for individual or professional customers; "EuroFIDEME" and "FIDEPPP" investment funds for private or public sector investors.

Success for BPCE's first green bond issue, illustrating Groupe BPCE's commitment to the energy transition[1]

In December 2015, BPCE issued a green bond for €300 million, maturing in 7 years. In accordance with the Green Bond Principles, the issue will be used to finance "green" projects selected by Natixis Energéco, a subsidiary of Natixis specialized in financing renewable energies.

The issue was a success, raising a total of €1.2 billion from more than 100 investors. This was Groupe BPCE's first green bond issue, drawing on the expertise of BPCE, Natixis and Natixis Energéco.

The projects selected by Natixis Energéco involve the design, construction and/or maintenance of renewable energy production sites (wind and solar power, biomass) mainly located in France, chosen by the Banque Populaire banks, the Caisses d'Epargne and Banque Palatine. Strict selection criteria apply, based on a methodology established by Natixis and assessed independently by Vigeo.

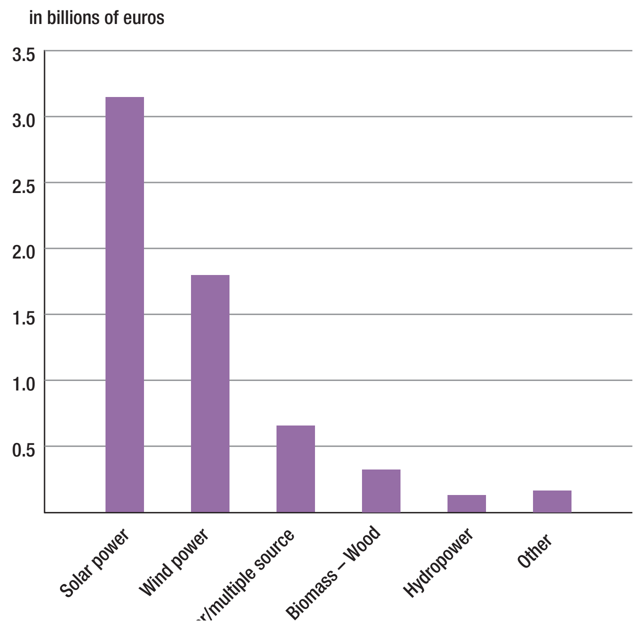
Groupe BPCE was involved in the green bond market from the very outset. Its subsidiary Mirova participated in the first green bond issues in 2012, and was subsequently involved in market-wide initiatives to structure and develop the market, working closely with Natixis' SRI research teams, in particular. Mirova was awarded the Novethic 2015 Green Fund label for its Mirova Green Bond – Global investment fund, the first green bond fund to receive a Novethic label.

BPCE's investors are very interested in sustainable development: among the Group's 200 biggest investors, 62% (by assets under management, at 09/30/2015) have signed at least one of the major responsible financing commitments[2] (UNEP Principles for Responsible Investment, UNEP Financial Initiative, Carbon Disclosure Project).

In 2015, BPCE's outstanding green growth financing amounted to €8 billion. The Banque Populaire and Caisse d'Epargne networks accounted for 54% of this financing, while Natixis, BPCE International and Banque Palatine accounted for 46%. In the two cooperative networks, 37% of this financing is for thermal renovations, 60% for renewable energies and 3% for green transport solutions.

77.5% of the total financing amount is for renewable energies, amounting to around €6.2 billion in 2015. The financing is provided by Natixis, which accounts for 52% of outstandings, the Banque Populaire and Caisse d'Epargne networks (20% and 20% respectively), and Banque Palatine and BPCE International, with 4% each. All renewable energies are covered, though the bulk of the financing goes to more mature markets such as solar power (51% of outstandings) and wind power (29%).

This breakdown shows that the issues and the support provided by Groupe BPCE lie with major international projects as well as locally, among SMEs and households.



However, improving the visibility, understanding, and promotion of the green, socially responsible products distributed by the networks will be a major focus for the Group in the coming years.

(1) See http://www.bpce.fr/en/Investors/Funding/Green-bonds

(2) Survey carried out by BPCE's Funding and Investor Relations division in November 2015.

The BPCE-KfW-ELENA project is gaining momentum

In 2012, Groupe BPCE was the first bank to sign an agreement with the European Commission to organize financing for the energy transition in the regions. It is still the only pilot bank in France, and is committed to working hand-in-hand with local authorities to facilitate energy efficiency initiatives taken by households and building managers. After a period of adjustment between the program's various components, including digital training, communication, single point of access, etc., the results confirm the relevance of the chosen model.

At July 31, 2015, €2 million in subsidies had been allocated to the partner authorities, €360,000 of which have already been committed. Households received €2.2 million in loans from the participating Banque Populaire banks and the Caisses d'Epargne, representing a total final investment of €16 million and generating energy savings of 37 GWh. The initiative supported 670 energy efficiency projects. While local thermal renovation platforms are developing in many forms, experience shows that the full involvement of a bank within the structure is a key to its success. As a testament to this success, other local authorities have asked the Banque Populaire banks and the Caisses d'Epargne to expand the program. Although it remains in its pilot phase, a new region and a new bank joined the program in 2015: the Basse Normandie region and the Manche *département,* partners of Banque Populaire de l'Ouest. They joined Banque Populaire des Alpes and the Pays Voironnais local authority, Banque Populaire Alsace Lorraine Champagne and the Lorraine region, Caisse d'Epargne Bourgogne Franche-Comté and the Franche-Comté region, and Caisse d'Epargne Bretagne Pays de Loire and the Brittany region.

Financing green growth also means withdrawing from sectors that are now deemed incompatible with the objective of environmental and economic sustainability. In this respect, in 2015 Natixis decided to cease financing the coal industry around the world (see pg. 492).

Mirova and the UNCCD (United Nations Convention to Combat Desertification) set up the world's first fund aimed at achieving land degradation neutrality

On December 3, 2015, the United Nations Convention to Combat Desertification (UNCCD), acting *via* the Global Mechanism, and Mirova – Natixis' asset management company dedicated to responsible investment – signed a memorandum of understanding to set up the world's first fund that aims to achieve land degradation neutrality, called the LDN fund. The fund's ambition will be to create a new field of investment: land rehabilitation and the prevention of land degradation. The LDN fund is scheduled to be launched in December 2016.

INITIATIVES SUPPORTING THE DEVELOPMENT OF GREEN GROWTH

	2015		2014	
Regulated products *(in euros)*	**Number**	**Outstandings**	**Number**	**Outstandings**
Savings products				
Livret Développement Durable (LDD) sustainable development passbook savings account	297,540	1,047,051,541	312,779	1,087,180,468
Green loans				
PREVair (loan backed by LDD savings)	725	18,811,927	1,093	23,426,574
Ecureuil Crédit DD (loan backed by LDD savings)	6,262	65,242,265	6,657	66,179,374
Éco-PTZ (interest-free eco-loans)	5,192	89,634,198	7,699	134,422,757
TOTAL REGULATED GREEN LOANS	**12,179**	**173,688,390**	**15,449**	**224,028,705**

Voluntary savings products (unregulated) *(in euros)*	2015 Number	2015 Outstandings	2014 Number	2014 Outstandings
Savings products				
CODEVair (passbook savings account)	4,659	191,236,330	5,677	200,200,693
Green loans				
PREVair (loan backed by CODEVair savings)	180	2,357,698	277	4,740,823
PREVair Auto (car loan)	2,196	27,946,779	2,090	24,346,493
Ecureuil Auto DD (car loan)	4,573	44,764,946	5,125	49,823,554
PROVair	71	7,022,964	106	11,722,979
TOTAL UNREGULATED GREEN LOANS	**7,020**	**82,092,387**	**7,598**	**90,633,849**
TOTAL GREEN LOANS (REGULATED + UNREGULATED)	**19,199**	**255,780,777**	**23,047**	**314,662,554**

6.2.3 Contribution to regional economic development

RESPONSIBLE PROCUREMENT POLICY: THE AGIR PROJECT

Incorporating CSR into the procurement policy

In September 2012, BPCE Procurement launched *"Agir ensemble pour des achats responsables"* (Working Together for Responsible Procurement). This responsible procurement approach ("AgiR") is part of an overall goal to achieve comprehensive, sustainable performance involving Group companies and suppliers. The approach builds on the commitments made by Groupe BPCE when it signed the Responsible Supplier Relations Charter in December 2010.

In Phase 1, Group companies were evaluated for their level of responsible procurement and the Group's CSR risks and opportunities were identified by procurement category. A panel of suppliers was also surveyed and asked to adopt a stance on corporate social responsibility.

Based on this preliminary assessment phase, a responsible procurement policy was developed by a working group formed by the Real Estate & Services, Sustainable Development and Human Resources divisions of Groupe BPCE and the Advisory and Member Services, Real Estate Procurement & General Resources and Legal Services departments of BPCE Procurement.

Engaging stakeholders with the responsible procurement policy

This policy defines the Group's responsible procurement approach and the commitments of the procurement function, business divisions and suppliers of Groupe BPCE. It was ratified in April 2013 after ordinary consultation of the companies affiliated with BPCE Procurement.

BPCE Procurement released this policy to its entire procurement function and business lines within the Group. National suppliers used by BPCE Procurement were informed of Groupe BPCE's expectations in terms of CSR commitments and performance and these criteria are included in new calls for tenders.

Applying the responsible procurement policy in daily procurement activities

The Group's procurement managers were instructed to apply and circulate this policy within their companies and among their supplier panels with respect to the following areas:

- procurement process: the application of the responsible procurement policy was formalized in the various procurement processing tools through adaptation or the creation of new documentation (tender documentation, specifications, supplier questionnaire with CSR self-assessment tool, bid response grid, price grid, bid selection and evaluation grid);
- procurement performance plan: the implementation of the responsible procurement policy is transposed into national and local procurement action plans ("Procurement Performance Plan") and is based on four drivers:
  - updating the statement of needs and its environmental impact,
  - guaranteeing optimal total cost,
  - expanding cooperation with suppliers,
  - working with stakeholders in the social and solidarity-based economy.

  The objective is to integrate these drivers with initiatives on the national, regional and local levels based on the procurement performance plans developed by the procurement function (BPCE Procurement buyers and Group companies);
- supplier relations: BPCE Procurement evaluates its suppliers on their CSR performance using national listings. New suppliers are required to outline their CSR commitments using a self-assessment questionnaire accompanying their tender documentation. National suppliers that are already listed are required to complete the self-evaluation questionnaire and add it to the regulatory documentation database managed by BPCE Procurement. Procurement managers from the Group's companies are instructed to distribute this questionnaire among their own supplier panel.

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PROCUREMENT POLICY

Indicator	2015	2014
Level of integration of the responsible procurement policy in the procurement category strategy in terms of contract amount *(as a %)*(1)	37%	27%
Level of integration (national level) of the responsible procurement policy in the procurement performance plan(2) *(as a %)*	70%	76%
National procurement initiatives implemented with a Total Cost of Ownership approach in the procurement performance plan *(as a %)*(3)	79%	NA
Average payment terms to suppliers *(in days)*	25	32.40
Control of dependency with national suppliers *(as a %)*(4)	93%	NA

(1) Amount of purchases by procurement sub-categories that have established a written Responsible Procurement strategy (methodology summaries/Amount of purchases covered by procurement (source Codex 2014).
(2) Number of national initiatives under the Procurement Performance Plan (PPP) that include at least one "AgiR" component/Total number of national PPP initiatives.
(3) Number of national initiatives under the Procurement Performance Plan (PPP) that include the "Guarantee optimal total cost" AgiR component/Total number of national PPP initiatives.
(4) Amount of purchases made from suppliers managed by BPCE Procurement having a dependency rate below 30%/Amount of purchases made from suppliers managed by BPCE Procurement.

Integration of the responsible procurement policy in the strategy for each procurement category

Sector-specific methodology summaries were developed with the aim of defining the responsible procurement strategy for procurement sub-categories and sharing this strategy with the entire procurement function and relevant divisions. These summaries provide ample information on each sub-category: the main CSR issues, "AgiR" priorities, statements of needs, total cost of ownership calculation variables for the full life cycle of the product or service, CSR performance monitoring indicators, proposals to incorporate CSR issues in procurement, the market's CSR maturity level, and feedback from both within and outside the Group.

Promoting a lasting, balanced relationship with suppliers

Responsible supplier relations label

The responsible supplier relations label was awarded to four Groupe BPCE entities, in partnership with BPCE Procurement: Banque Populaire Atlantique, Caisse d'Epargne Bretagne Pays de Loire, Caisse d'Epargne Lorraine Champagne-Ardenne and BPCE.

In line with the Responsible Supplier Relations Charter, the Responsible Supplier Relations label is awarded by the inter-company mediator (under the auspices of the French Ministry for the Economy) and the CDAF (French association of purchasing managers). It aims to single out French companies that have established lasting, balanced relations with their suppliers.

In order to draw initial conclusions regarding the implementation of the responsible procurement policy and to instill a constant improvement process in its responsible procurement practices, Groupe BPCE applied to obtain this label. In line with its cooperative banking model, it involved four entities that volunteered to take part in this forward-looking initiative, with the cooperation of BPCE Procurement.

Banque Populaire Atlantique, Caisse d'Epargne Bretagne Pays de Loire, Caisse d'Epargne Lorraine Champagne-Ardenne and BPCE were awarded the label for three years on November 25, 2015. Annual audits will verify that best practices in responsible supplier relations (respect for supplier interests, integration of environmental and social criteria in procurement procedures, quality of supplier relations, etc.) are constantly applied by the entities that received the label.

The label reflects the responsible procurement strategy coordinated by BPCE Procurement and the integration of sustainable development at the center of the procurement function and in relations with Groupe BPCE's suppliers.

Initiatives for SMEs

In December 2013, Groupe BPCE joined Pacte PME, a non-profit association with the goal of helping its major corporate members build, implement, and evaluate actions aimed at strengthening their relations with small and medium enterprises (SMEs). An action plan to assist SMEs was presented to the Pacte PME joint oversight committee (formed of a group of SMEs, major corporates, and qualified individuals), which gave a positive assessment. Among the actions taken, the solutions proposed by Pacte PME were presented to the procurement, innovation and sustainable development functions.

Raising awareness of responsible procurement

Since 2013, 16 analysis and training/action workshops on procurement-related CSR issues have been set up and coordinated by procurement and CSR experts. These initiatives have helped raise awareness of new CSR issues among BPCE Procurement purchasers and representatives of the business divisions.

In 2015, a targeted information program (procurement morning meetings, program for new hires) was set up to present all the tools for applying responsible procurement to a wide audience (procurement function, business lines, disability officers, innovation and sustainable development officers).

Since 2015, BPCE Procurement's purchasing managers have been assigned an objective in terms of responsible procurement, which is reflected in the variable component of their pay.

Outlook

The Group's goal is to continue to roll out the responsible procurement policy in the procurement strategies for the various categories and to implement the policy under the procurement performance plans. The appropriation of the responsible procurement policy will continue with the dissemination of best practices, a review of how to assess suppliers' CSR performance and compliance with the progress plan set up as part of the Responsible Supplier Relations label.

SUB-CONTRACTING POLICY

Sub-contracting and compliance with the International Labor Organization's fundamental conventions

In accordance with the responsible procurement policy, the Group's suppliers are required to comply with current CSR rules and regulations and to encourage their own suppliers and sub-contractors to do the same.

DISABILITY AND RESPONSIBLE PROCUREMENT POLICY ("PHARE")

Since July 2010, the procurement function has contributed to Groupe BPCE's societal responsibility goals by implementing the responsible procurement and disabilities policy ("PHARE"). Supported by the procurement and human resources functions, this policy contributes to the professional and social inclusion of persons with disabilities by sub-contracting some operations to companies working with disabled persons.

In 2015, Groupe BPCE bolstered this commitment by spending nearly €13.3 million including tax[1] on companies working with disabled persons, tripling the amount spent since the approach was launched. Purchases by Groupe BPCE from companies working with disabled persons contributed to the professional inclusion of persons with disabilities, equivalent to 463 full-time equivalent (FTE) positions.

Cooperation with this sector has expanded and diversified, while initiatives already in place are still going strong. Groupe BPCE works with over 300 suppliers in this sector, purchasing traditional services such as landscaping and WEEE[2] management, as well as services related to its banking operations such as the cleaning and recycling of ATMs, outgoing calls to customers and check video-encoding. New services are being introduced throughout the Group, such as the management of medical check-ups, the scanning of HR files and the use of remanufactured printer ink cartridges.

By working with stakeholders in the social and solidarity-based economy, the "PHARE" policy has become a priority of the "AgiR" project in its own right, taking on new dimensions as an integral part of a more comprehensive responsible procurement policy.

With this approach, the Group has undertaken to continue expanding its cooperation with EAs *(entreprises adaptées),* which are companies that promote the professional integration of disabled persons, and with ESATs *(établissement et service d'aide par le travail),* which are establishments where persons with disabilities can work in special conditions, thus increasing the Group's indirect employment of such individuals.

The PHARE symposium aims to facilitate meetings between companies working with disabled persons and Group companies in order to encourage them to work more often with EAs and ESATs. This annual event, sponsored by the human resources and procurement functions, also provides the opportunity to share best practices and thus facilitate the implementation of new initiatives.

At the sixth annual PHARE symposium, Groupe BPCE focused on raising awareness among the marketing and communications functions, with talks from representative EAs and ESATs and feedback from their customers. More awareness-raising initiatives will be conducted among these functions in 2016.

COLLABORATION WITH COMPANIES WORKING WITH DISABLED PERSONS

Indicator	2015	2014
Number of full-time equivalent positions created in companies working with disabled persons (2015 estimate)	463	433 *
Purchases from companies working with disabled persons (2015 estimate) *(in €k incl. tax)*	13,300	12,400 *

* *The estimated 2014 figures published in the 2014 registration document have been updated with the actual 2014 figures.*

6.2.4 Fair practices

COMPLIANCE OF PRACTICES

In accordance with internal control measures and the Group's Legal Compliance Charter, Groupe BPCE's Security and Compliance division has set up several controls under its financial security and ethics and compliance frameworks.

TRAINING IN ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

Indicator	2015
Percentage of employees trained in their entity's anti-money laundering policies and procedures[1] (based on reports from the entities)	98%(2)

(1) Number of employees (on permanent, fixed-term, or work-study contracts) who have received anti-money laundering training in the last two years.
(2) Percentage calculated based on two years of training activity and for the average number of permanent full-time staff.

In 2015, Groupe BPCE was not sanctioned for any anti-competitive, anti-trust or monopolistic behavior.

PREVENTION OF CORRUPTION

Preventing corruption is part of the Group's financial security system, reflecting its commitment as a member of the United Nations Global Compact.

The map of existing procedures and applications that fully or partially fall under the heading of preventing corruption, and the source documents formalizing them, notably covers financial security (anti-money laundering, management of embargoes, lists of politically-exposed persons), fraud, conflicts of interests, gifts, perks and invitations, funding of political parties or public figures, donations, patronage and sponsorship, lobbying, supervision of intermediaries and business providers, confidentiality and professional secrecy, employee training and awareness, whistleblowing procedures and the corresponding controls, monitoring and reporting.

(1) Estimate.

(2) Waste Electrical and Electronic Equipment.

Employees are expected to be particularly diligent in terms of the solicitations and pressure that may be placed on them, or situations that reveal abnormally high or excessive fees, as well as informal and private meetings with public companies.

At an international level, Natixis ensures that local regulations are strictly observed, for example the UK Bribery Act or the US Foreign Corrupt Practices Act.

Additionally, as part of the internal control system and in keeping with the Group Compliance Charter, in 2014 the Group Compliance and Security division instituted a framework procedure and corresponding instructions for preventing and handling internal fraud. To this end, the necessary authorization was obtained from the CNIL (French Data Protection Commission).

QUALITY ASSURANCE

The Group has put customer satisfaction at the heart of its strategy. To enable it to deliver on this commitment, each network has put in place mechanisms to measure the quality of customer relationships in a way that is aligned with its identity and distinctive characteristics.

Quality is also included as a priority in Group projects impacting customer and employee satisfaction.

National systems for customer feedback have been set up in all regional banks. Each network conducts a national customer satisfaction survey of individual and professional customers from across the banks every two months. A survey of 20,000 customers is conducted for each institution, which receives a report of its findings. Satisfaction surveys are also carried out among corporate and private banking customers.

Both networks' customers are also routinely surveyed at "key moments" in their relationship with the bank, such as when they sign up as customers, apply for home loans, change advisors or make a complaint. In addition, mystery shoppers and calls are regularly used to evaluate the quality of service offered to customers. In 2015, these surveys focused on advisors' customer relations skills.

This approach was ramped up in 2015 with the implementation of the "High-Definition Quality" program in which the banks' customers are routinely surveyed after each meeting with their advisor in order to learn how satisfied they are with the advisor's availability, friendliness, quality of advice, and how their requests were handled. The results are reported to the branches each month.

These measures are supported at a regional level: each regional bank is provided with the resources it needs to undertake its own surveys, which serve in particular to break down customer satisfaction by branch. Nearly 12 million customers were surveyed to provide each of the branches with customer satisfaction benchmarks.

All these actions are used to build improvement plans. To aid this, Groupe BPCE rolled out a tool to help the regional banks build their own quality management processes. Projects are being led by Groupe BPCE's Quality division and rolled out across the networks. Quality of Service best practices are shared. Finally, this approach, which is already in place in French overseas departments (Reunion, the French Antilles and Guiana), began to be implemented internationally with quality surveys among customers in Cameroon and Madagascar.

In 2015 BPCE launched a campaign entitled "The service-minded approach: aiming for the ideal business..." in response to growing customer demands in a fast-changing digital and competitive environment. This campaign aims to pool and implement all projects and practices promoting better handling of customer requests, while supporting employees in this changing environment.

For three years now, the Banque Populaire banks and the Caisses d'Epargne have seen their overall customer satisfaction rise.

CUSTOMER DISABILITY POLICY

The Banque Populaire banks and the Caisses d'Epargne have taken various steps to facilitate access to banking services for persons with disabilities:

- they provide visually-impaired customers with free account statements in Braille and some are issued specially-designed guides and checkbooks. They also endeavor to make their services accessible by installing ATMs with Braille and voice guidance features as well as specially-designed online tools. In 2015, the networks provided special training in serving disabled customers (sign language, serving persons with disabilities, etc.). They directly encouraged the employment of persons with disabilities by raising awareness, advising local companies and offering practice job interviews to jobseekers with disabilities;
- BPCE Assurances has established an accessibility system for customers who are deaf or hard of hearing. Policyholders can now directly access contract management, assistance, claim and compensation services *via* the website of their Caisse d'Epargne. In addition, emergency assistance is provided by SMS 24/7 in the event of a claim or vehicle breakdown. This tool allows customers who are deaf or hard of hearing to get in touch with an insurance representative using instant transcription or video remote interpreting services. This allows them to make contact independently, without the need for a third party, as is often the case;
- several banks also use advisors trained in sign language. They have also developed products that are specially designed for persons with disabilities, for example financing solutions to help them equip and adapt their home.

Banque Populaire works with Ethik Event to create an accessibility awareness-raising event

Banque Populaire organized an original event held over three days at BPCE's offices in Paris to showcase its societal commitment and the value added by its "Accessibility" offer, which was launched in spring 2014.

In partnership with Ethik Events, Banque Populaire set up two temporary stores – one "accessible" and one "not accessible" – to allow attendees to experience shopping with a visual, hearing or physical disability.

The 200 participants – professional partners, journalists, employees and representatives of the Banque Populaire banks – were able to better understand the problems facing disabled persons, learn about tangible ways of improving accessibility, and speak with disability and accessibility experts.

Indicator	2015	2014
Number of buildings with environmental or other certification	26	22
Surface area of buildings with environmental or other certification *(in m^2)*	124,565	50,413
Number of accessible branches (Disability Act of 2005)	4,967	3,831
Percentage of accessible branches (Disability Act of 2005) *(as a %)*	54.5%	45%

6.3 Human resources information

6.3.1 Quantitative human resources indicators for Groupe BPCE

EMPLOYMENT

Total Group headcount

Groupe BPCE's total headcount as of December 31, 2015 was 108,356 employees, 90% of whom work in France.

The Banque Populaire banks accounted for 29% of the Group headcount, while the Caisse d'Epargne banks accounted for 33%.

The total headcount fell 0.2% compared with 2014.

Total headcount	2015	2014	Change
Banque Populaire banks	31,331	31,532	(0.6%)
Caisses d'Epargne	36,280	36,402	(0.3%)
Subsidiaries and other banks	10,320	10,413	(0.9%)
Natixis	22,793	22,503	1.3%
Real estate	1,943	1,964	(1.1%)
Central institution	1,520	1,574	(3.4%)
IT and other operations	4,169	4,151	0.4%
GROUP TOTAL	**108,356**	**108,539**	**(0.2%)**

Permanent and fixed-term staff at December 31, 2015 (excl. those on work-study contracts). Pro forma breakdown of 2014 data.

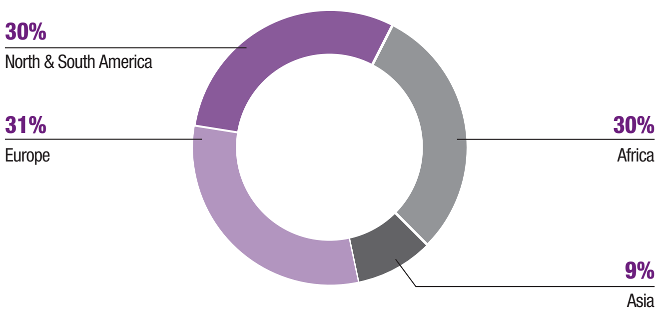
Geographic breakdown of headcount

10% of Groupe BPCE staff are located outside of France.

HEADCOUNT OUTSIDE OF FRANCE

	Natixis	Other subsidiaries	Real estate	Total	
	Number	Number	Number	Number	%
Europe	3,193	125	148	3,466	31%
North & South America	3,327	-	-	3,327	30%
Africa	1,277	2,082	-	3,359	30%
Asia	993	56	1	1,050	9%
GROUP TOTAL	**8,790**	**2,263**	**149**	**11,202**	**100%**

Permanent and fixed-term staff at December 31, 2015 (excl. those on work-study contracts).



Scope of HR data

The scope reviewed below represents 86% of Groupe BPCE's total headcount in France.

It includes the Banque Populaire banks, the Caisses d'Epargne, Banque Chaix, Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze, the Caisses du Crédit Maritime, the subsidiaries of Crédit Coopératif, SBE, PRIAM, BPCE International, the i-BP, IT-CE and BPCE-IT organizations, the BPCE central institution and Natixis SA (see section 6.6).

Breakdown of headcount by contract, status and gender

Permanent + fixed-term staff	2015 Number	2015 %	2014 Number	2014 %
Permanent staff incl. work-study contracts	78,094	93.7%	78,731	94.1%
Fixed-term staff incl. work-study contracts	5,286	6.3%	4,972	5.9%
TOTAL	**83,380**	**100%**	**83,703**	**100%**

Permanent and fixed-term staff present at December 31, 2015. Pro forma 2014 data.

Non-management/management staff	2015 Number	2015 %	2014 Number	2014 %
Permanent staff, non-management	46,131	59.1%	47,134	59.9%
Permanent staff, management	31,963	40.9%	31,597	40.1%
TOTAL	**78,094**	**100%**	**78,731**	**100%**

Permanent staff incl. work-study contracts present at December 31, 2015. Pro forma 2014 data.

Headcount by gender	2015 Number	2015 %	2014 Number	2014 %
Permanent staff, women	43,244	55.4%	43,315	55.0%
Permanent staff, men	34,850	44.6%	35,416	45.0%
TOTAL	**78,094**	**100%**	**78,731**	**100%**

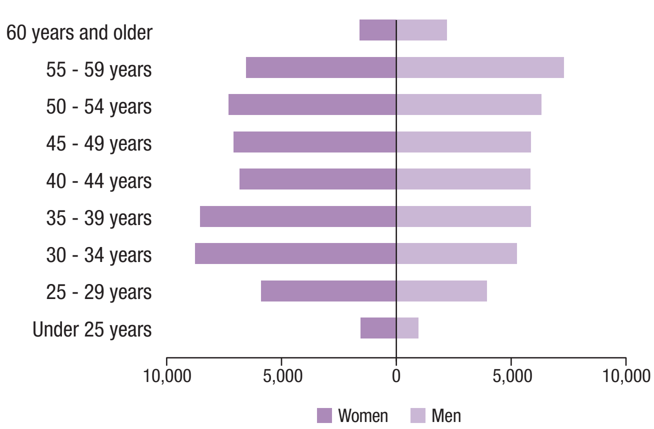
Permanent staff incl. work-study contracts present at December 31, 2015. Pro forma 2014 data.

Nearly 94% of staff hold permanent contracts. Women remain in the majority, representing 55% of staff on permanent contracts. The proportion of women managers is 40.9%, a figure that is steadily increasing each year.

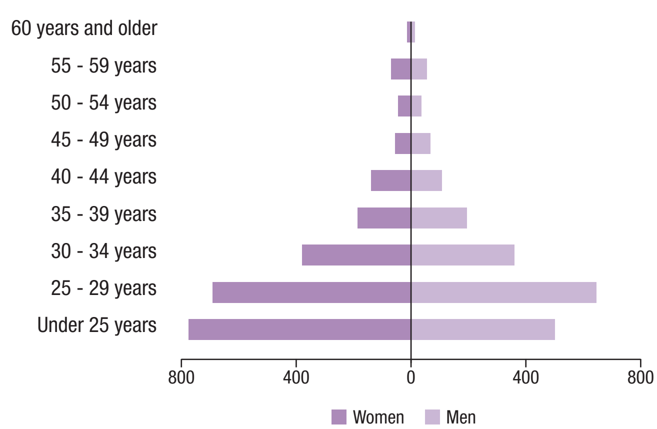
Headcount and recruitment by age group

There is a high proportion of employees under 35, accounting for 27% of permanent staff. This helps balance the overall age pyramid by paving the way for the gradual replacement of employees over 55 (18% of permanent staff) who are due to retire over the next few years.

2015 AGE PYRAMID: STAFF (PERMANENT CONTRACTS)



2015 AGE PYRAMID: HIRES (PERMANENT CONTRACTS)



Breakdown of hires by contract, status and gender

	2015		2014	
Permanent + fixed-term hires	**Number**	**%**	**Number**	**%**
Permanent staff incl. work-study contracts	4,319	32.5%	3,536	29.9%
Fixed-term staff incl. work-study contracts	8,961	67.5%	8,279	70.1%
TOTAL	**13,280**	**100%**	**11,815**	**100%**

Permanent and fixed-term staff present at December 31, 2015. Pro forma 2014 data. The creation of BPCE IT was neutralized in 2015.

	2015		2014	
Non-management/management hires	**Number**	**%**	**Number**	**%**
Permanent staff, non-management	3,211	74.3%	2,519	71.2%
Permanent staff, management	1,108	25.7%	1,017	28.8%
TOTAL	**4,319**	**100%**	**3,536**	**100%**

Permanent staff incl. work-study contracts present at December 31, 2015. Pro forma 2014 data.

	2015		2014	
Hires by gender	**Number**	**%**	**Number**	**%**
Women	2,344	54.3%	1,863	52.7%
Men	1,975	45.7%	1,673	47.3%
TOTAL	**4,319**	**100%**	**3,536**	**100%**

Permanent staff incl. work-study contracts present at December 31, 2015. Pro forma 2014 data.

Departures of employees on permanent contracts by reason and gender

Employee dismissals in 2015 represented 9.5% of all departures of employees on permanent contracts. This figure was down 3 points compared with 2014. Retirement was up in 2015, representing 2% of 2014 permanent staff.

	2015				2014	
	Women	**Men**	**Total**		**Total**	
Departures, permanent staff	**Number**	**Number**	**Number**	**%**	**Number**	**%**
Resignation	689	605	1,294	25.7%	1,099	24.6%
Dismissal	209	268	477	9.5%	547	12.3%
Transfer	234	255	489	9.7%	434	9.7%
Retirement	715	828	1,543	30.6%	1,414	31.7%
Mutually-agreed termination	205	228	433	8.6%	337	7.5%
Departure during a trial period	147	179	326	6.5%	262	5.9%
Other reasons	258	218	476	9.4%	371	8.3%
TOTAL	**2,457**	**2,581**	**5,038**	**100%**	**4,464**	**100%**

Permanent staff incl. work-study contracts. Pro forma 2014 data.

Remuneration

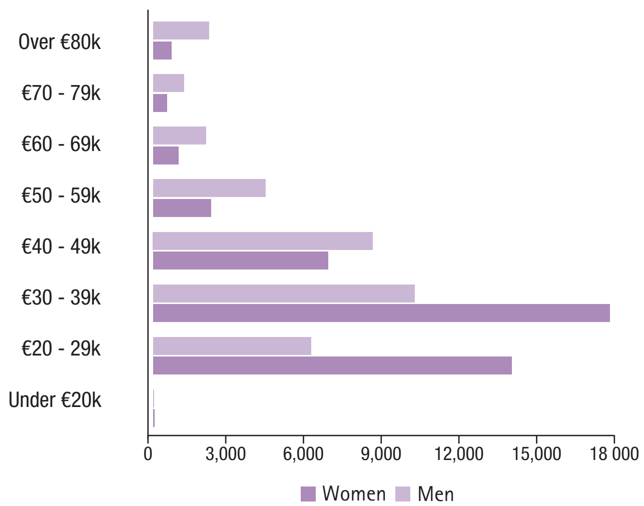
Every year, each Group company analyzes and revises individual pay levels in keeping with performance targets shared with the employees.

MEDIAN BASE SALARY OF PERMANENT STAFF BY GENDER AND STATUS

	Median		Change	Ratio Men/Women
Median base salary	2015	2014		
Women	33,576	33,349	0.68%	-
Women, non-management	30,560	30,522	0.12%	-
Women, management	45,541	45,444	0.21%	-
Men	40,865	40,765	0.25%	-
Men, non-management	31,606	31,752	(0.46%)	-
Men, management	50,000	49,886	0.23%	-
Non-management	30,900	30,900	0.00%	3.29%
Management	48,121	48,013	0.22%	8.92%
TOTAL	**36,259**	**36,122**	**0.38%**	**17.83%**

Permanent staff excl. work-study contracts present at December 31, 2015.Pro forma 2014 data.

BREAKDOWN OF PERMANENT STAFF (EXCL. PERMANENT WORK-STUDY) PRESENT AT DECEMBER 31, 2015 BY SALARY BRACKET



Work arrangements, working hours

Within the Group, working hours are governed by agreements specific to each Group company. The average annual number of hours worked per week ranges between 35 and 39 hours, with compensatory measures such as additional days off awarded to employees.

Generally, employees working on a collectively bargained work schedule may choose to work on a part-time basis.

In 2015, nearly 12% of permanent staff worked part-time, and 91.6% of those working part-time were women.

PERMANENT STAFF WORKING PART-TIME BY GENDER AND STATUS

	2015			2014		
Part time	Women	Men	Total	Women	Men	Total
Non-management	6,507	474	6,981	6,696	487	7,183
Management	1,852	291	2,143	1,781	251	2,032
TOTAL	**8,359**	**765**	**9,124**	**8,477**	**738**	**9,215**

Permanent staff incl. work-study contracts present at December 31, 2015. Pro forma 2014 data.

BREAKDOWN OF PART-TIME PERMANENT STAFF BY WORKING HOURS

	2015			2014		
Part time	Women	Men	Total	Women	Men	Total
Less than 50%	244	36	280	256	39	295
50%	352	74	426	391	61	452
Between 50% and 80%	2,649	242	2,891	2,659	254	2,913
80%	2,416	189	2,605	2,507	174	2,681
More than 80%	2,698	224	2,922	2,664	210	2,874
TOTAL	**8,359**	**765**	**9,124**	**8,477**	**738**	**9,215**

Permanent staff incl. work-study contracts present at December 31, 2015. Pro forma 2014 data.

TRAINING

The scope reviewed below represents 91% of permanent staff (including work-study contracts) covered by human resources data.

It includes the Banque Populaire banks and the Caisses d'Epargne as well as their IT subsidiaries i-BP and IT-CE, excluding BPCE IT, and the BPCE central institution.

PERMANENT STAFF WORKING PART-TIME BY GENDER AND STATUS

The total number of training hours in 2015 – 1,928,643 hours – is testament to the efforts of all Group companies to train their employees to operate in a demanding and ever-changing banking industry.

In the scope under review, the volume of employees trained was stable against the previous year.

92% of permanent staff included in the scope of review took part in at least one training session in 2015.

88% of training initiatives are devoted to job skills and maintaining employee value on the job market.

	2015			2014		
Employees trained	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Non-management	27,709	14,336	42,045	27,581	14,652	42,233
Management	9,543	14,389	23,932	9,097	14,686	23,783
TOTAL	**37,252**	**28,725**	**65,977**	**36,678**	**29,338**	**66,016**

Permanent staff incl. work-study contracts present at December 31, 2015.

BREAKDOWN OF TRAINING HOURS BY GENDER AND STATUS

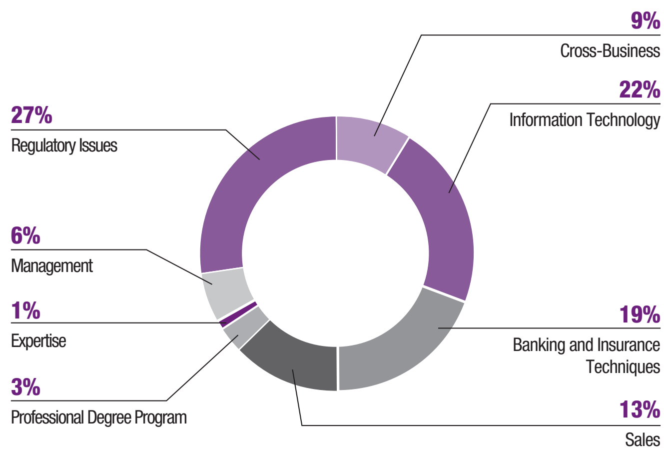
	2015			2014		
Hours of training	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Non-management	747,095	481,999	1,229,094	761,720	507,833	1,269,553
Management	286,953	412,596	699,549	298,170	454,332	752,502
TOTAL	**1,034,048**	**894,595**	**1,928,643**	**1,059,890**	**962,165**	**2,022,055**

Permanent staff incl. work-study contracts present at December 31, 2015.

BREAKDOWN OF PERMANENT STAFF TRAINED BY AREA OF TRAINING

In today's increasingly regulated banking industry, training initiatives focus predominantly on regulatory issues.

Next come areas relating to technology and banking and insurance techniques.



6

6.3.2 Employees: helping to build and develop the Group

HR EXCELLENCE, HR ASPECTS OF THE 2014-2017 STRATEGIC PLAN

Managerial and human issues are central to Groupe BPCE's "Growing differently" strategic plan with three key words: **AMBITION, PARTICIPATION and CUSTOMERS**. Success rests both on the efficiency of the management chain of command, from top management down to local managers, and on the commitment of all men and women at the Group's companies.

For "Another way to grow", management is a powerful tool for differentiation. It encourages employee commitment to customer service, the ability to implement change rapidly, and teamwork for performance and innovation. Each company takes its own approach to management and HR, emphasizing its own values and identity. Groupe BPCE collectively draws on this leverage by focusing the management chain of command on strong, simple, shared principles and by strengthening employee commitment.

The "HR Excellence for Better Customer Service" project defines the HR vision of what behavior is expected from employees and managers as well as the operational version of that vision, *i.e.* our HR commitments for the 2014-2017 period.

Three HR objectives have been set in pursuit of HR excellence. Meeting these objectives calls for identifying shared behaviors while applying the three keywords of the strategic plan.

Managers who set ambitious goals

The management chain values teamwork, shares strategy, imparts meaning, and achieves the expected results. This chain mobilizes the energies and talents of its teams. Managers promote mobility, diversity and professional development among their employees while guiding change and creating conditions for success.

Men and women motivated on a daily basis

The Group's employees are fully invested in their jobs and actively contribute to earnings and performance. They take action and are proactive within their scope of responsibility. They are active in their own professional development, open to change, and able to adapt constantly. They participate in Group projects and are rewarded for their contributions.

Sustainable performance for better customer service

The Group's employees focus their actions on meeting customer needs. Operational excellence and quality of service are central to each company's systems. Innovation and initiative are valued at every level. Quality of working conditions is an area being constantly improved.

HR policy defined at the Group level benefits from fundamentals shared by all the companies, which apply proven HR practices and structuring systems, namely:

- innovative solutions for those involved in HR performance;
- an HR function that co-builds solutions with the business lines;
- social solidarity organized among all Group companies;
- early executive management to help the Group develop;
- an efficient HR management control system, making it possible to manage and monitor HR policies, in particular employment, which draws on shared tools;
- internal communication to support this strategy in all HR areas.

All Groupe BPCE companies are committed to a responsible human resources development policy, which:

- respects people in all of their diversity;
- is firmly committed to valuing employee skills and promoting their professional development;
- ensures both the integration of our new employees and improvement of all employee skills, in order to help them adapt in their roles and steer their career development.

GROUPE BPCE, A MAJOR RECRUITER

Groupe BPCE is one of the biggest recruiters in France.

The recruitment policy aims to attract individuals with the skills needed to allow its businesses to grow, to keep up with changing practices and to maintain a steady headcount.

Groupe BPCE mainly recruits sales specialists to serve its customers in its individual, professional and corporate customer markets. Experts in risk management, audit, finance and marketing are also regularly recruited by all Group companies.

University graduates with or without experience can join Groupe BPCE. With its vast array of business lines and training courses, a wide range of professional opportunities is available to match each individual's motivations and expertise.

Groupe BPCE is deeply committed to societal responsibility and the quality of its recruitment. It has a policy of non-discrimination and strives to encourage diversity in terms of applicant profiles. Each new hire participates in an acclimation program that includes an individual training plan and follow-up interviews throughout the acclimation period.

Groupe BPCE has worked to encourage the employment of young people for many years and in January 2015 signed an intergenerational agreement with a target of at least 50% of new annual permanent hires being under the age of 30.

To increase the proportion of employees on work-study contracts that transition to permanent contracts, a shared database was set up for all Group companies in September 2015.

In addition to maintaining a presence at business schools and universities, and through its recruitment website, Groupe BPCE and its companies have expanded their coverage as employers on professional networking websites so they can better promote the diversity of their businesses and career opportunities.

In 2015, the Group enhanced the application process by going digital: from initial contact on networking sites to the electronic signing of employment contracts, and including video pre-selection interviews.

TRAINING TO DEVELOP SKILLS, IMPROVE CUSTOMER SATISFACTION AND SUPPORT THE GROUP'S TRANSFORMATION

Groupe BPCE maintained a high level of training investment in 2015, with 92% of employees having taken at least one training course during the year.

The training programs implemented by Group companies in 2015 fully reflect the Group's commitment to bolstering career development at an individual and collective level, with the goal of maintaining employee value on the job market. Professional training is seen as an investment in employee development and the long-term performance of Groupe BPCE companies. The training programs are designed to:

- steer the transformation of the banking model and the business lines;
- adapt skills to the increasing pace of regulatory change;
- maintain employee expertise;
- cultivate the benefits of the Group's cooperative banking model;
- enhance customer satisfaction;
- prepare employees for new positions.

The Occupation and Skills Forecasting (GPEC) agreement signed on January 20, 2015 is fully in line with the goals set in the "Another way to grow" strategic plan for 2014-2017, with the three-year professional training guidelines adapted accordingly for the period to 2017. The Banque Populaire and Caisse d'Epargne professional branches – which as of 2014 aligned their labor agreements with French law No. 2014-288 of March 5, 2014 on professional training, employment and social democracy – have a solid HR foundation that fully supports the Group's training policy, which has three major priorities:

- adapting employee skills to changes in the business lines and the banking model;
- supporting management in the pursuit of collective performance while respecting individual development plans;
- making investments in training and measuring their effectiveness.

Adapting employee skills in line with changes in the business lines and the banking model

Drawing on its Business Observatory and based on expected changes in jobs and skills, the Group strives to enhance its employees' value on the job market. This commitment to a responsible HR development policy is also reflected in the Group's training programs, which support employees throughout their careers, in particular:

- during the acclimation of new employees;
- by raising awareness among managers and employees about change management associated with changes in activities and about the need for ongoing training throughout their careers;
- when adapting to changes in their business line or in preparation for career advancement;
- *via* initiatives to support employees' professional development.

In 2015, the priority in the sales networks was to ramp up the adaptation of branch advisor skills to the target sales relations model, across all communication channels (in-branch, by phone or online). The training programs in omni-channel sales techniques that were developed in 2014 continued to be rolled out in the Banque Populaire banks and Caisses d'Epargne throughout 2015. A number of digital training events were organized in the different companies. For four weeks, the Group also organized a MOOC (Massive Open Online Course) to raise employee awareness of digital development challenges and objectives, as they apply to how people consume, share information and work.

At the same time, in the interest of attracting new inflows at a time when customers are becoming increasingly demanding, Groupe BPCE continued to develop its advisors' expertise in the savings, private banking and tax fields. Moreover, the increasingly sophisticated regulatory environment also calls for continuous training efforts for all employees.

Managing collective performance and individual plans

Because management is at the center of Groupe BPCE's strategic plan, the training programs implemented by its companies provide concrete support to help managers meet the Group's transformation challenges while ensuring the cohesion and solidarity of their teams in their collective action.

Accordingly, the Group set up a "360° Feedback" offer focused specifically on furthering the individual development of its managers. This offer can be used by each company, in line with its specific requirements and managerial priorities. The aim of the offer is to help any interested managers build an individual action plan that can also draw on the company's training programs.

In addition to local initiatives, the Group also developed innovative training schemes tailored to management positions. Co-development workshops and a serious game were added to the existing nationwide managerial training offer in 2015.

Alongside training initiatives in local management, the Group offers a full range of courses and programs for mid-level managers as well as potential and current executive managers. The aim is to engage managers with the Group's strategic goals and to prepare for the successino of executive management teams.

Innovative training for greater efficiency in HR investments

The Group's training catalog boasts a range of educational tools, including virtual classes, e-learning, serious games, MOOCs and simulators which, in combination with classroom learning courses ensure maximum efficiency in the Group's HR investments, at an individual and collective level.

For example, in 2015, Groupe BPCE employees participated in 28,200 virtual classes and 378,585 e-learning courses.

The Group's companies have a broad range of over 500 e-learning modules, which are regularly updated, plus a catalog of some 60 virtual classes.

These innovative solutions contribute directly to the achievement of the training challenge, namely to train more people, more effectively and at a lower cost. The Return on Expectations (ROE) project initiated by the Group in 2015 should fulfill these ambitions.

PROMOTING DYNAMIC CAREER MANAGEMENT AND CAREER PATHS FOR EMPLOYEES

The goal of the Human Resources divisions in the Group's companies, *i.e.* to anticipate and support the career goals of their employees, was renewed in the Occupation and Skills Forecasting agreement signed on January 20, 2015.

With the aim of enhancing individual prospects and providing more career development opportunities, the companies reinforced the existing dynamic by renewing a body of common rules designed to encourage mobility within the Group. These rules aim to facilitate this mobility in the best possible conditions through a simplified hiring process, support measures, mobility programs, and the organization of coordination meetings between human resources directors in the local regions.

A convention with the theme "Mobility – Differently" was attended by over 30 Group companies in January 2015. In addition to workshops and contributions from outside experts, this convention provided an opportunity to set the date for "Mobiliday", an event where human resources directors examined the various mobility requests submitted by the participating companies, rounding out the twelve regional mobility committees[1]. They also validated the results of a trial that had employees interested in mobility options record video profiles[2], and adopted the idea of setting up a shared pool of mobile employees overseen by the human resources directors, which should be operational in early 2016.

In 2015, nearly 600 employees transferred to new positions within the Group's various companies, not including the creation of BPCE IT. Alongside these proactive initiatives taken by the human resources directors, all Group employees have access to the Group's job website, where they can apply directly for available positions in the mobility program, which average around 500 each month.

In the interest of furthering the career goals of all employees, the Group stepped up the pace toward implementing the provisions of the French law of March 5, 2014 on career development interviews. Drawing on existing practices (a career development interview for all staff every five years), the Group implemented the new provisions very quickly so the majority of employees could benefit from the new interview before the end of 2015.

6.3.3 A committed and responsible approach

DIVERSITY POLICY

True to its cooperative values, Groupe BPCE is a full-service bank that is open to all and accessible to customers on a local level.

Each of its companies must therefore ensure it acts fairly, reducing inequalities and developing an environment that respects the differences arising from each individual's social identity (age, gender, origin, ethnic group, etc.), without prejudice.

Since its creation, the Group has set targets and taken concrete steps to promote diversity.

In 2015, Groupe BPCE increased the resources allocated to its Diversity policy by creating a "Head of Diversity" position within the Group Human Resources division. A Diversity assessment was carried out at Group level in order to enhance the action plan for 2016-2017. A Diversity assessment initiative was also tested at four pilot companies before being rolled out more widely from 2016.

Groupe BPCE continued working towards its objectives in four priority areas: intergenerational diversity, gender equality, employment of persons with disabilities, and equal opportunities.

INTERGENERATIONAL DIVERSITY

Under its intergenerational agreement, the Group is committed to recruiting young people and retaining older staff.

To achieve this goal, it has undertaken initiatives in various areas:

- working conditions: reorganized duties, reduced working hours or commute time, awareness of occupational health issues, etc. are considered and implemented as appropriate;
- career development: all employees aged 45 or older can request an interview with human resources to discuss the next stage in their career, access to a skills assessment, etc.;
- skills development: the number of employees aged 55 or older who received training is at least equal to their proportion of the total headcount, while

(1) Member companies of the Inter-Company Mobility Committee examine applications for mobility, which can be implemented in a different company in the same region.

(2) Human resources directors offer this solution to applicants interested in the mobility program so they can introduce themselves to Group recruiters through the videos and emphasize the highlights of their career path. Employees also receive three remote coaching sessions, as well as media training and advice on how to prepare for a recruitment interview.

employees aged 45 or older are given priority access to professional training schemes;

- end-of-career adjustments: in some cases, employees aged 58 or older may request a career review interview, receive guidance on preparing for retirement, opt for part-time hours, or take part in skills sponsorship activities.

OBJECTIVES FOR GENDER EQUALITY IN THE WORKPLACE

With women representing 55% of its permanent staff, Groupe BPCE is now aiming for a more equitable gender balance among the various business lines and levels of management.

Numerous initiatives were carried out with this aim in mind in 2015.

In addition to the agreements and action plans set up in each of the Group's companies, an agreement on professional equality and gender equality was renewed as part of the Occupation and Skills Forecasting agreement for 2015-2017.

In 2015:

- women accounted for 41% of managers, compared with 40% in 2014, and the figure is moving towards the target of 43% set in the Group agreement for the end of 2017;
- women accounted for 22.8% of executive management *versus* 19.6% in 2014, and this figure is also moving towards the target of 25% set in the Group agreement for the end of 2017.

To accelerate progress in terms of gender equality, and with the aim of achieving parity at all levels in the main business lines, commitments have been made and initiatives taken in the following areas: recruitment, training, promotions, pay, the work-life balance and awareness raising. Women's networks also help enhance professional equality.

Recruitment

Each company strives to review at least one application from each gender in the final recruitment phase. Recruitment processes are based entirely on skills (contracts with recruitment firms integrate this criterion) and business lines with a significant majority of women or men are clearly identified.

Training

The Group aims to ensure equal access to training for men and women, in particular at the managerial level, and has set a target to include at least 45% of women in Group management programs. To achieve this target, it has set up communication initiatives on training schemes and defined pools of women with strong potential.

Promotions

A number of initiatives are in place to increase the number of women in management roles, including:

- interviews at key stages in their career;
- specific support for women in order to boost their confidence and encourage them to aim for high-level positions.

By the end of 2015, 525 women executives had taken part in the "Career Success for Women" program. The "Management for Women" program, intended for women outside management positions, was launched in 2013 and is being rolled out among the companies.

Throughout the year, events are held to facilitate women's access to decision-making positions by increasing their visibility. Special get-togethers (breakfasts, speed meetings, etc.) with executives are being organized not just by companies, but also on the Group level.

Pay

Group companies have set up systems to identify wage gaps and correct unjustified differences at individual salary reviews.

Work-life balance

All Group companies strive to take into account family constraints and to find appropriate solutions, in particular for the organization and adjustment of scheduled meeting times, business travel and assignments. Personal care services are available in some companies.

Awareness-raising and communication

After providing all employees with a guide to gender equality, the Group's companies developed awareness-building events primarily intended for managers (conferences, discussion groups, etc.). In addition, a comprehensive training program was offered to upgrade the qualifications of each company's gender equality officers as well as human resources staff and managers.

Creation of women's networks

Created in 2012, the women's network of Groupe BPCE (*"Les Elles de BPCE"*, or "The Women of BPCE") currently has a membership of 365 women and 29 local networks. In line with the HR policy promoting gender equality, these networks are valuable forums for discussion and mutual assistance.

In 2015, mentoring sessions organized by *"Les Elles de BPCE"* allowed women to meet with a representative of the Group Executive Management Committee and speak with the Company Directors Management team. Two new projects were also launched: training for future women executive managers and the *"Les Elles de BPCE"* blog.

A STRONG COMMITMENT TO PEOPLE WITH DISABILITIES

In 2015, Groupe BPCE continued to support the employment of persons with disabilities in accordance with the Banque Populaire, Caisse d'Epargne and Natixis labor agreements, which were renewed for the period 2014-2016. It is the leading bank in terms of its overall rate of employment of persons with disabilities.

This year, Groupe BPCE notably developed initiatives designed to encourage direct and indirect employment, with for example:

- sourcing initiatives to help companies with their recruitment (participation in the Handi2days and TalentHandicap virtual recruitment fairs, use of local partners, presence on professional social networks like Talentéo);
- the involvement of the marketing and communications functions (over 200 participants) at the sixth annual PHARE seminar held on October 13-14, 2015, in a bid to increase purchases from companies working with disabled persons from €12.4 million in 2014 to €14 million in 2017. A directory of EAs (companies promoting the professional integration of disabled persons) and ESATs (establishments where persons with disabilities can work in special conditions) specialized in these functions was drawn up to mark the event and distributed to the Group's companies.

EQUAL OPPORTUNITIES

Since 2010, the Group has worked with the Our Neighborhoods Have Talent *(Nos Quartiers ont des Talents)* non-profit to promote the employment of young graduates under the age of 30 who have at least four years' higher education but come from priority neighborhoods or disadvantaged social backgrounds. The Group takes various initiatives in this area, such as participating in the non-profit's Board of Directors, gradually rolling out mentorship programs among companies in the local regions, and holding internal events to encourage new mentors to get involved.

Since 2011, a total of 235 mentors and sponsors have assisted 692 young people, more than 260 of whom have now found a job.

LABOR RELATIONS

Organization of labor dialog at the Groupe BPCE level

Labor dialog continued throughout 2015 at the Groupe BPCE level *via* the Group Works Council and the Strategic Planning Committee.

The Group Works Council, a body for information, discussion and dialog, met three times in 2015, including an extraordinary meeting in November to discuss digital solutions. The topics addressed included projects under the strategic plan, cross-business organizational projects (IT, insurance and international activities) and the financial and social audit of the Group's accounts, prepared in advance by the economic and employment/training committees.

As stipulated by the Occupation and Skills Forecasting agreement of January 20, 2015, the Strategic Committee met in October 2015 to follow up on the current strategic plan (2014-2017) and the "Assurément 2016" project.

Collective bargaining agreements

At Group level, the negotiations that began at the end of 2014 on the intergenerational agreement and Occupation and Skills Forecasting led to the signing of an agreement on January 20, 2015.

Following on from this agreement, a working group reviewed the relationship between professional and union activities. The conclusions of this review led to the opening of negotiations in late 2015.

Signing of the Groupwide Occupation and Skills Forecasting Agreement

This agreement, which covers a three-year period, provides the Group's companies and employees with a clear framework governing key areas such as skills development, career management, mobility, training, professional equality and the career paths of labor representatives. The document includes the new legal provisions on career development interviews, professional training and intergenerational contracts.

At the Banque Populaire banks, a highlight of 2015 was the signing by all parties of the new collective bargaining agreement, which entered into force on July 1, 2015.

Previously, since the law of June 18, 2009 creating the Banque Populaire professional labor agreement, three groups of documents formed the basis of their collective bargaining agreement: the former Groupe Banque Populaire agreements applicable at June 19, 2009, the Banque Populaire network agreements applicable from June 19, 2009, and the national banking labor agreement applicable at June 19, 2009.

The new collective bargaining agreement condenses all the applicable rules into a single document, making it easier to understand for all employees.

Creation of the Banque Populaire collective bargaining agreement

All six representative labor unions signed the Banque Populaire collective bargaining agreement, effective July 1, 2015. Employees now have a single document that covers all the provisions applicable for the Banque Populaire banks.

An agreement was also signed by all parties on June 15, 2015 to increase contributions to the supplementary collective pension plan (RSRC) in order to improve the amounts payable on retirement to the Banque Populaire bank employees concerned by these provisions.

For the Caisse d'Epargne network, two amendments to the healthcare and provident insurance agreement were signed on October 6, 2015. These amendments offer employees updated and enhanced provident and healthcare insurance from January 1, 2016, including coverage of dental fees, individual hospital rooms, hospital fees, expenses for the person accompanying a child under 15 during a hospital stay, eye surgery, reimbursement of drugs only 15%-covered by the French social security system, alternative treatments, etc.

In the Group's companies, agreements signed in 2015 primarily cover the following areas: employee savings, professional equality, working from home and working hours.

OCCUPATIONAL HEALTH AND SAFETY

Improving quality of life in the workplace

Several years ago, all Group companies set up systems for managing psychosocial risks.

These systems address voluntary treatment of psychosocial risks (PSR): measuring risks (questionnaire, surveys), identifying vulnerable populations (monitoring and alert system), raising awareness among managers, and support for persons experiencing difficulty (counseling and psychological support group).

Groupe BPCE is committed to developing a workplace quality-of-life policy to move beyond simple risk prevention and promote long-term employee engagement.

In addition, the occupational quality-of-life approach recommended within the Group is aimed at strengthening the appeal of the Group's businesses and increasing the commitment, professional motivation, and loyalty of all employees, while also reducing stress at work and lowering absenteeism.

Groupe BPCE's Human Resources division works with all of the Group's companies to constantly improve the quality of working life within the Group by coordinating and sharing best practices, supporting change by measuring the human impact, and *via* a dedicated website for the human resources functions.

Occupational Health and Safety Conditions

Within the Group, policies and budgets relating to health and safety conditions fall within the remit of each of the entities and the CHSCT committees established with employee representatives.

In addition to expenditure on specific programs to improve occupational health and safety, Group companies implement more traditional monitoring and prevention programs.

For several years, the average number of meetings with the CHSCT committees of companies covered under the scope has been significant, demonstrating the desire to build a lasting, constructive social dialog with the help of these committees.

Workplace accidents

Consolidated 2015 data are not yet available; however, the average number of workplace accidents (including while commuting) has been generally stable over the last several years (frequency 5.79% in 2014, compared with 6.32% in 2013).

Given the nature of the Group's businesses and the fact that the majority of the accidents take place during home-work commutes, the Group has not established specific mechanisms for monitoring the average rate of severity.

However, all Group companies have a committee that oversees occupational health, safety and working conditions, which is primarily responsible for protecting the health and safety of employees. Each of these committees oversees the improvement of safety and workplace conditions as well as compliance with applicable legal and regulatory provisions.

ABSENTEEISM

According to the most recent evaluation, overall absenteeism within the Group (including parental leave, illness and other reasons) remains below 8%.

Absenteeism is higher among women than men, mainly due to maternity leave.

The Group is not able to differentiate absences related specifically to occupational illness, which is very rare in the banking sector.

Absenteeism is a real concern for the Group and its companies. To better identify absenteeism and more accurately distinguish its causes in order to take more targeted action, the Group provides its companies with a structured system for identifying, analyzing, taking action and preventing absenteeism.

EMPLOYMENT AND HR OPERATIONS

Innovation and leveraging of digital solutions to support HR policies with precise management of HR information and interaction between different players

The HR information and human resources management system used by Groupe BPCE's companies has stepped up its digital conversion initiatives, while further expanding its functional scope to cover all HR processes. It is also gradually incorporating all of the Group's companies in order to pool and standardize oversight of HR policies from a local, regional, and global perspective.

The Group has successfully implemented projects that were emblematic in terms of magnitude and the added value they created, such as the conversion of employee records to digital format, the publishing of vacancies on social media, greater use of virtual classes incorporated into structured notification systems, follow-up and production systems, provision of tablets fitted with strategic HR management tools to Groupe BPCE company directors ("Dashboard RH") allowing them to be more flexible and responsive anytime and anywhere and to share the analysis and oversight of HR policies. Following on from these successes, it continued to innovate with concrete achievements in 2015:

- electronic signing of employment contracts;
- a digital, streamlined onboarding process for new hires;
- submission of job applications on mobile devices;
- video job interviews;
- paperless lunch vouchers;
- inclusion of MOOCs in the technological and regulatory distance learning system;
- etc.

In addition to these projects, which show the Group's desire to fully commit itself to what is known as "HR 2.0" and serve as an example for others, background studies are carried out to glean what can be learned from certain proven principles of customer relations management in order to adapt them for employee relations management.

For example, the "Cockpit RH" project reflects the Group's commitment to providing its HR teams, managers, employees and company directors with straightforward access to the employee's 360° record, by using 2.0 standards in all aspects of HR management, and to make available intuitive management/decision-making support tools that incorporate artificial intelligence based on an analytical and comparative analysis of data.

Groupe BPCE won a Leaders of Human Capital award for its high value-added digital conversion projects in human resources management.

Career Observatory

Because it operates under a system of multiple labor agreements and multiple professional networks, Groupe BPCE has instituted a method of predictive employment analysis based on reliable, consistent criteria, for the Banque

Populaire and Caisse d'Epargne networks and in close cooperation with the French trade associations for banking (AFB) and insurance.

To that end, the quantitative and qualitative studies conducted in 2015 on changes in customer-oriented businesses and customer relations helped give a detailed picture of the transformational issues the Group's banks are facing. It also provided the management and labor representatives of the National Labor Relations Commission (CPNE) for Banque Populaire, its counterpart for Caisse d'Epargne, and the Group Career Observatory *(Observatoire des métiers),* created by the occupational and skills forecasting agreement signed in 2011 and renewed in 2014, with the basis for joint discussion and predictions on how these skills and qualifications will change. This forward-looking analysis supplements the priorities of the Group's strategic plan, which in 2013 affirmed the companies' objective of combining the best aspects of in-branch sales relationships with the best aspects of digital sales relationships.

In parallel, a project to identify and analyze "sensitive" job types, which are characterized by a substantial change in the number of staff and/or skills required, was launched under the purview of the Group Career Observatory. It has helped steer employment policies in a forward-thinking direction by seeking to specifically prioritize whichever forms of assistance are deemed necessary.

INTERNATIONAL LABOR ORGANIZATION

Groupe BPCE's growth is pursued in accordance with fundamental human and social rights wherever it does business.

Freedom of association and the right to collective bargaining

Each entity monitors compliance with rules on freedom of association and working conditions in respect of its international activities.

Elimination of forced labor and abolition of child labor

In accordance with the Group's adherence to the Global Compact, each entity abstains from using forced or compulsory labor or child labor, pursuant to the International Labor Organization conventions, even if local laws authorize such practices.

Elimination of discrimination in employment

In its procurement policy, Groupe BPCE refers to its sustainable development policy, its adherence to the Global Compact and its commitments and to the founding texts of the Universal Declaration of Human Rights and the international conventions of the International Labor Organization.

Suppliers undertake to respect these agreements in their countries of operation by signing contracts containing specific clauses in this respect.

One of the commitments of the Global Compact concerns respect for Human Rights.

6.4 Response to environmental challenges

6.4.1 Groupe BPCE's environmental approach

More than 30 years ago, Groupe BPCE became one of the first banking networks in France to incorporate ecological and environmental concerns into its internal practices, customer relations, and dealings with stakeholders in civil society.

Internally, the Group has implemented a policy to lower its environmental impact, which is adapted for each of the companies it encompasses. This approach relies on four tools:

- reliable CSR indicators;
- software that collects and reports CSR indicators for all Group companies;
- initiatives to reduce the carbon footprint and enhance environmental performance;
- coordination of a special business function.

INDICATORS

The first tool is a series of measurement indicators inspired by the GRI G4 reporting principles. Some of these indicators directly measure the impact of the Group's activities on the environment. Since 2009, a great deal of work has been conducted to make them reliable and consistent at the Group level. At the same time, a project was launched to create a carbon review system specifically for the banking industry. By doing so, the Group became the first banking group in France to publish its carbon review for the three scopes (direct and indirect emissions[1]) each year as a way of tracking its greenhouse gas emissions. All Group companies that are subject to regulatory requirements in this area also complete this exercise.

ACTION PLANS

The second tool is the implementation of actions to reduce the Group's environmental impact, in accordance with its CSR policy. These actions are focused on lowering the carbon footprint caused by the four major sources of greenhouse gases within the Group: energy, buildings, procurement, and travel.

- Energy: the Group's Sustainable Development division is working with the Logistics division to develop a tool for reporting energy efficiency improvement actions specific to the real estate and energy businesses;
- Procurement: BPCE Procurement reduces the carbon footprint of purchases through its Responsible Procurement Charter;
- Travel: lowering carbon emissions from travel is the responsibility of each individual business, which take the specific features of their local transportation grids into account;
- At this stage, the issues of water and biodiversity, which complement the actions taken against climate change, are not the subject of any Group-wide measures. They are handled on a case-by-case basis according to their regional context.

BUSINESS FUNCTION

The Group's Sustainable Development division operates a dedicated function aimed at proposing and initiating improvement campaigns and sharing the best practices applied within the Group's various businesses. Under this framework, a "responsible company club" meets once or twice a year and is attended by all of the Group's sustainable development officers. An intranet site was added in early 2015.

6.4.2 Reducing the carbon footprint

CLIMATE CHANGE

Since 2013, the Group's Sustainable Development division has been reinforcing its tool for documenting the Group's industry-specific carbon footprint. This tool is used to create greenhouse gas (GHG) emissions assessments using a method compatible with that of ADEME, the ISO 14064 standard, and the Greenhouse Gas Protocol.

The tool is used to estimate the GHG emissions from the bank's branch and head office operations each year. Emissions caused by bank products and services, however, are excluded from the analysis.

After four years spent collecting carbon data using a stable benchmark shared by all of the Group's companies, the tool is able to provide:

- an estimate of each company's greenhouse gas emissions;
- a map of GHG emissions:
  - by source: energy, procurement of goods and services, business travel, fixed assets, and other,
  - by scope[2].

(1) *As per the ADEME carbon review.*

(2) *The GHG Protocol divides an entity's (or organization's) GHG emissions into the following scopes:*

- scope 1: direct emissions caused by fossil fuel combustion (oil, gas, coal, etc.) and liquid refrigerant leaks from resources owned or operated by the company;

- scope 2: indirect emissions caused by purchasing or producing electricity, steam, heat or cold;

- scope 3: sum of all other indirect emissions (from the supply chain, expanded to include freight and human transportation).

Note that the regulatory requirements under Article 75 of the Grenelle environmental framework cover Scope 1 and Scope 2.Each year, this tool tells the sustainable development officers the level of their unit's emissions and how it has changed, and gives them a reliable benchmark so they can create a local plan for reducing greenhouse gas emissions.

Every year, the Group's Sustainable Development division places a special focus on training the sustainable development function by holding sessions:

- to raise awareness of CSR, energy and climate issues;
- to provide training in the Group tools used to calculate the Group's greenhouse gas emissions. In 2015, given the policy of digitally converting the Group's CSR entire reporting process, these training sessions focused on how to use the new IT solutions. Five such training sessions were held in October and November for all the sustainable development officers from the Group's companies and a panel of officers from the Logistics division. Attendees were given a starter kit at the end of each session.

Carbon review	2015	2014	2013
Number of entities	65	55	42

This investment produced positive results in terms of both the number of officers trained in the Group carbon review system and the number of entities having conducted a carbon review.

In 2015 Groupe BPCE developed a solution that allows it to accurately identify the publication scope.

RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON REVIEW BY SCOPE (EMISSIONS IN TCO_2EQ)

Indicator	2015	2014	Change 2014/2015
Direct greenhouse gas emissions Scope 1	41,974	40,977	2%
Indirect greenhouse gas emissions Scope 2	37,953	38,562	(2%)
Indirect greenhouse gas emissions Scope 3	588,896	600,844	(2%)
Greenhouse gas emissions excl. Kyoto	141	549	(74%)
TOTAL	**668,964**	**680,932**	**(2%)**

The new entities included in the scope for 2015 are: SOCFIM, Caisse Régionale Crédit Maritime Sud-Ouest, Caisse Régionale Crédit Maritime Atlantique, Caisse Régionale Crédit Maritime Bretagne Normandie, Banque Dupuy, de Parseval, Banque Marze and six entities in the BPCE International network (Banque des Mascareignes, Banque de Tahiti, BTK, BCI, and BMOI). Albiant-IT, Banque de Nouvelle Calédonie and Pramex International were included in the scope in 2014 but not in 2015.

Thanks to a national policy on energy, procurement optimization and reduction plans within the entities, between 2014 and 2015 the Group reduced its carbon footprint by 2%, *i.e.* from 680,932 tCO_2eq in 2014 to 668,964 tCO_2eq in 2015. It had already been cut by 3% between 2013 and 2014.

For 2015 the three biggest causes of carbon emissions, in descending order, were:

- 1: procurement, accounting for 26% of CO_2 emissions in 2015, compared with 27% in 2014;
- 2: property, plant and equipment (manufacturing of vehicles, IT hardware, buildings, ATMs) accounted for 19% of consolidated carbon emissions, compared with 21% in 2014;
- 3: home-work commutes, which accounted for 15% of consolidated carbon emissions in 2015, compared with 14% in 2014.

Best practices for reducing emissions include:

- for "business travel": Crédit Coopératif and Caisse d'Epargne Normandie are among the first businesses in France to pay their employees a per-kilometer bonus for commuting by bike. Following the review of the Group's travel policy carried out by BPCE Procurement, a guide to best practices was published for business travel. This guide suggests alternatives for travel by train rather than airplane for trips within France, emphasizing the financial savings as well as the lower carbon emissions to allow the companies to adjust their travel policy; several companies have also implemented company travel plans;
- for "liquid refrigerants": the regulatory requirement under Article R. 543-82 of the French Environmental Code, which requires service providers in charge of maintaining air conditioning systems to report on liquid refrigerant refills, provides accurate quantitative data and reflects changes in how air conditioning systems are refilled. These data are monitored more closely by the function and have led to significant reduction initiatives;
- energy emissions fell due to better management of energy use, in particular with the installation of automated controllers in branches and energy audits carried out on all buildings; the use of heating oil and gas is also on the decline across the networks;

An increasing number of entities are using renewable energy sources for their electricity. With the end of regulated electricity prices in France, the Groupwide consultation carried out by BPCE Procurement in 2015 enabled 18 companies to opt for electricity produced solely from renewable energy sources, representing 260 GWh in 2,799 locations. This generated significant avoided emissions for the Group.

- for "property, plant and equipment": more efforts are being made to apply the total cost of ownership approach Groupwide (one of the key aims of the responsible procurement policy, AgiR), to ensure that all economic and environmental (CO_2 emissions) criteria are fully taken into account when selecting company vehicles.

RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON REVIEW BY SOURCE (EMISSIONS IN TCO_2EQ)

Indicator	2015	Share of total	2014	Change 2014/2015
Energy	68,358	10%	70,902	(4%)
Liquid refrigerants	7,468	1%	7,180	4%
Purchases	175,451	26%	182,727	(4%)
Business travel	52,493	8%	50,671	4%
Daily work commute	97,156	15%	95,571	2%
Customer and visitor travel	58,544	9%	51,500	14%
Property, plant and equipment and intangible assets	129,013	19%	141,454	(9%)
Other sources: freight and waste	80,481	12%	80,927	(1%)
TOTAL	**668,964**		**680,932**	**(2%)**

ENERGY CONSUMPTION

Groupe BPCE is continuing to implement actions with the aim of:

- reducing its energy consumption and improving the energy efficiency of its buildings;
- encouraging staff to limit their energy consumption at its main sites.

ENERGY SPENDING

Indicator	2015	2014	Change 2014/2015
Total spending on electricity *(in € tax inclusive)*	66,820,297	58,505,398	14%
Total spending on natural gas *(in € tax inclusive)*	4,679,938	3,956,027	18%
Total spending on heating oil *(in € tax inclusive)*	806,639	624,706	29%
Total spending on energy from other sources *(in € tax inclusive)*	7,238,231	20,077,210	(64%)

Total energy consumption for 2015 is estimated at 593,264,938 kWh (down 13% on 2014), broken down as follows:

ENERGY CONSUMPTION

Indicator	2015	2014	Change 2014/2015
Total final energy consumption *(in kWh)*(1)	593,264,938	684,481,849	(13%)
Share of renewable energy in total final energy consumption *(in kWh)*	38,316,150	34,700,704	10%
Total energy consumption*(in kWh/m²)*	**186**	**213**	**(13%)**
Total heating oil consumption (purchases made) *(in liters)*	1,122,748	737,017	52%
Total electricity consumption *(in kWh)*	478,240,908	560,184,322	(15%)
Total gas consumption (in kWh HHV Higher Heating Value)	67,285,416	81,873,720	(18%)
Total consumption of heating systems *(in kWh)*	25,437,285	25,219,833	1%
Total consumption of cooling systems *(in kWh)*	17,898,958	18,050,603	(1%)

*(1) Sum of lines: kWh of electricity + kWh HHV of gas / 1.11 + liters of heating oil * 9.86 + kWh of steam + kWh of cooling.*

ENERGY SAVINGS CERTIFICATES (CEES)

Indicator	2015	2014
Value of CEEs *(in €)*	159,933	17,587

MEASURES TAKEN TO REDUCE TRAVEL-RELATED ENERGY CONSUMPTION

Indicators	2015	2014	Change 2014/2015
Fuel consumption (gas and diesel oil) of company cars, fleet cars and the motor pool *(in liters)*	7,800,282	7,249,321	8%
Business travel in private cars *(in km)*	74,673,564	73,845,475	1%
Total fuel consumption for business travel in cars[(1)] *(in liters)*	**13,774,167**	**13,156,959**	**5%**
Average grams of CO_2 per km (as stated by manufacturer) for company cars and fleet cars *(grams of CO_2/km)*	105	125	(16%)
Business travel by train *(in km)*	75,183,552	72,546,255	4%
Business travel by air, short-haul[(2)] *(in km)*	19,272,667	18,339,364	5%
Business travel by air, medium- and long-haul *(in km)*	50,734,652	46,041,547	10%

(1) Sum of indicators: GASOLINE consumption by company and fleet cars + DIESEL consumption by company and fleet cars + business travel in private cars; km-to-liter conversion for the private car indicator with the ratio from the carbon review user's guide: 0.08 liter/km.

(2) Travel under 1,000 km.

To improve energy consumption related to business travel, 18 companies have set up company travel plans covering 1,275 locations (*versus* 504 in 2014) and 31,915 employees (20,317 in 2014).

They encourage their employees to take more environmentally friendly means of transportation, or to carpool for commuting to and from work and for business travel. Additionally, some cars in the fleet have been replaced by vehicles that emit less CO_2.

Finally, to limit travel, conference rooms have been fitted with videoconferencing and teleconferencing equipment.

Natixis: partner of Paris Action Climat

Natixis has been committed to reducing its direct impact on the environment for many years, and on October 12, 2015 it entered into a partnership with Paris Action Climat, a charter that was established ahead of the Paris Climate Conference with the aim of getting companies involve, along with the Paris municipal authorities, in efforts to combat climate change.

Natixis has set itself two targets for 2020:

- to reduce the energy use of its buildings in the Greater Paris area by 20% (compared with 2010);
- to reduce the greenhouse gas emissions of these buildings by 20%.

CUBE 2020 contest: Crédit Foncier wins a bronze medal

At an awards ceremony held on March 18, 2015, Crédit Foncier won the bronze medal in its category of the CUBE 2020 contest (a nationwide contest to achieve better building efficiency organized by IFPEB (French Institute for Sustainable Construction), which aims to reduce the energy consumption of buildings.

The bronze medal was awarded for Crédit Foncier's Rives de Bercy building in Charenton-Le-Pont, in the "uncertified buildings of over 10,000m²" category. Energy use has been cut by 14% since Crédit Foncier moved to this building.

6.4.3 Pollution, waste management, sustainable use of resources and protection of biodiversity

Groupe BPCE implements measures to avoid all forms of pollution and damage to natural resources caused by its operations. It is committed to reducing and streamlining the consumption of raw materials and seeks to maximize the efficiency of its waste management system in order to produce less waste.

WASTE MANAGEMENT

The bank complies with regulations on recycling and ensures that its subcontractors are also compliant with respect to the following:

- waste generated from construction and renovation work on Group buildings;
- waste electrical and electronic equipment (WEEE);
- office furniture;
- light bulbs;
- management of liquid refrigerants;
- office consumables (paper, printed materials, ink cartridges, etc.).

BANKING-RELATED WASTE

Indicator	2015	2014	Change 2014/2015
Total spending on waste management services *(in € excl. VAT)*	5,008,039	4,766,833	5%
Volume of waste produced *(in metric tons)**	21,937	24,013	(9%)
Amount of recycled ink and toner cartridges *(in number)*	175,211	155,558	13%

* *Non-hazardous industrial waste, fluorescent/neon tubes and compact fluorescent light bulbs, waste electrical and electronic equipment (WEEE).*

SUSTAINABLE USE OF RESOURCES

The Group's companies increasingly recycle their paper, which explains the reversal in the trend between the use of virgin paper and recycled paper between 2014 and 2015.

PAPER CONSUMPTION

Indicator	2015	2014
Virgin paper (A4) *(in per kg/FTE)*[(1)]	39.1	20.7
Recycled paper (A4) and/or FSC- or PEFC-certified paper *(in per kg/FTE)*[(1)]	29.4	42.6
Virgin publishing materials *(in tons)*[(2)]	710.68	NA
Recycled and/or FSC- or PEFC-certified publishing materials *(in tons)*[(2)]	233	NA
Other virgin paper *(in tons)*[(3)]	1,176.12	NA
Other recycled paper and/or FSC- or PEFC-certified paper *(in tons)*[(3)]	992.93	NA

(1) *Reams of A4 paper purchased during the year.*
(2) *Includes publications managed by each company internally, external publishing (managed by a local provider outside the Group) and that managed by i-BP/IT-CE. This mainly concerns account statements.*
(3) *Includes specific documents, thermal paper for ATM receipts, office supplies, marketing materials, large-volume documents, reams of paper other than A4, prospectuses, forms, envelopes, headed paper, mailings.*

WATER MANAGEMENT

The bank does not have a significant impact on water consumption and wastewater besides personal use in its offices and branches. However, several initiatives are in place to reduce water consumption (encouraging employees to reduce their water consumption).

WATER CONSUMPTION

Indicators	2015	2014	Change 2014/2015
Total spending on water *(in € tax inclusive)*	2,997,207	2,706,677	11%
Total water consumption *(in m^3)*	1,131,569	979,296	16%

POLLUTION

As Groupe BPCE is a service-based group, it is not concerned by issues relative to noise pollution and ground use. Its offices and commercial premises often cover several floors so its ground occupancy is much smaller than that of an industrial activity spread over a single level.

The same is true for water, air and soil pollution, in view of the nature of the Group's activities (with respect to greenhouse gas emissions, refer to 6.4.2 "Reducing the carbon footprint" under "Climate change").

With respect to light pollution, Groupe BPCE refers to the regulation in force since July 1, 2013 limiting light pollution, energy consumption and nighttime lighting for non-residential buildings such as shops and offices[1].

BIODIVERSITY MANAGEMENT

Biodiversity is an important component of Groupe BPCE's environmental stance, in the same way as other aspects (reducing the carbon footprint, developing green banking products, etc.).

A number of major initiatives have been pursued by the Group companies in this regard:

- partnerships and patronage:
  - support for the Sanitaire Apicole beekeepers association in the Loire Atlantique *département* (Banque Populaire Atlantique), *via* a €1,000 subsidy for the purchase of equipment to combat Asian hornets,
  - a €2,000 award for the Bouillon de Poney association, whose mission is to protect a Greek breed of pony – the Skyros – which is currently facing extinction (Banque Populaire Loire et Lyonnais),
  - donations totaling €31,000 given to associations directly supporting biodiversity by Banque Populaire Occitane,
  - financing of biodiversity projects *via* donations made by the Caisse d'Epargne Normandie fund for solidarity-based initiatives,
  - partnership since 2012 with the Saumon Sauvage association based in Langeac in the Haute-Loire *département,* which helps protect wild salmon in the Loire-Allier area (Banque Populaire Massif Central),
  - a donation of €8,995 by Caisse d'Epargne d'Auvergne et du Limousin to associations supporting biodiversity and Solidarity Week (32 days of action for 2 projects);
- installation of beehives:
  - Banque Populaire du Nord installed three beehives to protect biodiversity, in partnership with Beecity,
  - Banque Populaire Rives de Paris installed three rooftop beehives in 2015 and will install three more in April 2016;
- forest management:
  - Caisse d'Epargne Aquitaine Poitou-Charentes manages 745 hectares of PEFC-certified forests (Landes de Gascogne nature park). In 2015, the bank replanted 31 hectares of this forest,
  - Caisse d'Epargne d'Auvergne et du Limousin owns 63 hectares of forest in the Creuse *département,* which is managed by the *Office national des forêts;*
- Crédit Coopératif's support for biodiversity preservation efforts through donations, stemming from shared-return products benefiting non-profits, partnerships and investments in solidarity-based UCITS linked to organizations managing sensitive natural areas.

6.4.4 Managing environmental and societal risks

ENVIRONMENTAL RISKS

The Group's activities have no major direct impact on the environment. Environmental risk mainly arises from the Group's banking business. This risk arises when environmental criteria are not taken into account in the projects being financed.

Such risks are mainly associated with financing in other countries with fewer environmental regulations and where large-scale projects can give rise to environmental risks. These risks are mainly managed by Natixis through its asset management and project financing activities *via* specific procedures for analyzing a project's social and environmental impacts (Equator Principles).

For 2015, Groupe BPCE recorded no provisions or guarantees to cover environmental risks in its financial statements.

RESPONSIBLE MARKETING

CSR analysis of new products and services

In September 2010, Groupe BPCE introduced an approval procedure for new banking and financial products and services aimed at customers of both networks. In particular, the procedure aims to ensure that the risks associated with marketing products to customers are adequately managed. It does this by ensuring that all relevant regulatory requirements are taken into account in a product's design, promotional literature and sale.

It draws on the various areas of expertise within the Group (including in particular legal, finance, risk, information systems and compliance). Contributions from experts in these areas are presented to the Review and Validation Committee for New Groupe BPCE Products (CEVANOP), and each product must be approved before it can be brought to market.

A similar procedure applies to the sales process, and in particular the remote selling process, as well as sales materials used regularly vis-à-vis the Group's customers.

The Group has not implemented a systematic CSR labeling scheme across all of its banking products. Products with a significant CSR component (environmental products, social and solidarity-based products) form part of a specific range to enable customers to easily identify them (see 6.5.2 "Responsible Investment").

The new product approval procedure (CEVANOP) meets the criteria laid out in Article L. 225 of the Grenelle 2 Act on measures taken in favor of consumers' health and safety. In this area, banking products for individual customers are not directly concerned by these issues, and banking regulations are particularly strict in terms of consumer protection.

(1) *Decree of January 25, 2013 establishing guidelines for non-residential lighting from offices, shops, storefronts and display windows. Source: http://www.legifrance.gouv.fr/*

Dedication of the private equity business line

Natixis has a private equity business line that invests in unlisted SMEs. This business consists of six asset management companies specializing in private equity in France (Naxicap Partners and Alliance Entreprendre), venture capital (Seventure Partners) and funds of funds (Euro-Private Equity for Europe, Caspian-PE for the United States and Eagle Asia Management for Asia).

Euro-Private Equity is a signatory of the United Nations Principles for Responsible Investment (PRI) and has established its own governance criteria. It strives to respect the principles of socially responsible investment. As a responsible investor, Euro-Private Equity raises fund managers' awareness of ESG (environmental, social and governance) criteria and encourages them to observe these criteria. Over 30% of the fund managers in the Euro-Private Equity portfolio have signed the PRI. At the end of 2015, 80% of the assets managed by Euro-Private Equity incorporated ESG criteria and respected its Customers' Responsible Investment Charters (France Investissement programs or bespoke mandates). The portfolio boasts annualized growth in revenues of over 20% per year, and has resulted in the creation of over 16,000 jobs.

Incorporating environmental and social (E&S) criteria into financing activities

ESG (environmental, social and governance) criteria are integrated in Corporate and Investment Banking's financing activities by a dedicated team in the Corporate Secretariat (ESR). This team tracks the quality of E&S assessments and risk monitoring applied to transactions, analyses the reputational risk of the different parties to the transaction, and sets up CSR policies for at-risk sectors.

ASSESSMENT AND MONITORING OF E&S RISKS AND MANAGEMENT SYSTEMS

Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 82 member banks and financial institutions, aimed at evaluating the E&S risks of the projects it finances and assessing the quality of the management systems used by its customers to manage, minimize, and remedy the impacts they cause as best they can.

This methodology applies to the financing of investments in new projects or the extension of existing projects. For Natixis it mainly concerns the infrastructure, energy (oil, gas), electricity and renewable energy, mining and metals sectors around the world.

Natixis has set up an organization in which the business lines and the ESR team are jointly involved in assessing and managing transactions. The process includes an assessment of the quality of existing E&S documentation prepared by the customer (or advice if such documentation has not yet been drafted), measurement and classification of the potential E&S impacts and risks, and, if necessary, consultation of external specialists. It also provides for the drafting of an action plan for impact mitigation and correction measures, which is included in the financial documentation and compliance with which is monitored over the life of the financing facility.

A summary of key issues used to assess a project is part of Natixis' credit approval process.

Details of the analysis and decision-making process, the resources used and full information on transactions audited in this way are available in the annual Equator Principles report (published before July 31 each year and available on the *EPA and Natixis websites*).

Assessments performed beyond the scope of the Equator Principles

Natixis is aware that it provides a wide range of transactions and financing solutions to its clients, and applies the same level of diligence to the E&S risks underlying certain types of transaction that fall outside the scope of the Equator Principles.

This includes certain acquisition finance transactions not related to investment programs, multi-purpose financing, asset portfolios that are too broad to allow a bespoke assessment, and certain types of assets.

In each of these cases, the quality of governance and the management of E&S risks inherent to the type of industry are assessed, based on best practices and the latest international standards.

ANALYSIS OF REPUTATIONAL RISK OF PARTIES TO TRANSACTIONS

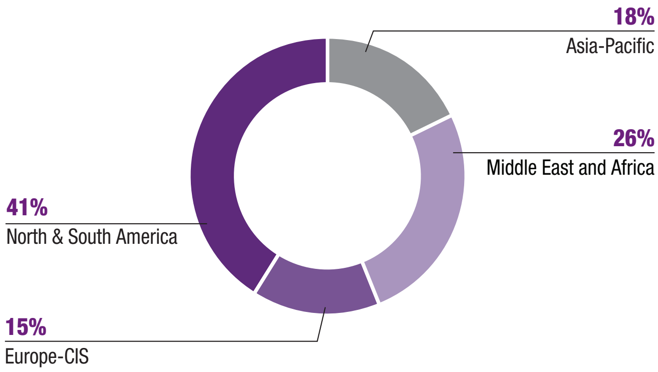
For all the financing transactions referred to above, and also when deemed necessary for any other transaction, an analysis is performed to determine whether the borrowing company, its operator or main shareholder has a history of poor management in its operations, from an environmental, social or health and safety standpoint.

In the interest of establishing lasting relations with its customers, the objective is to raise awareness among the business lines – before a credit decision is made – of all the situations that can give rise to reputational risk, and where necessary to consider appropriate measures.

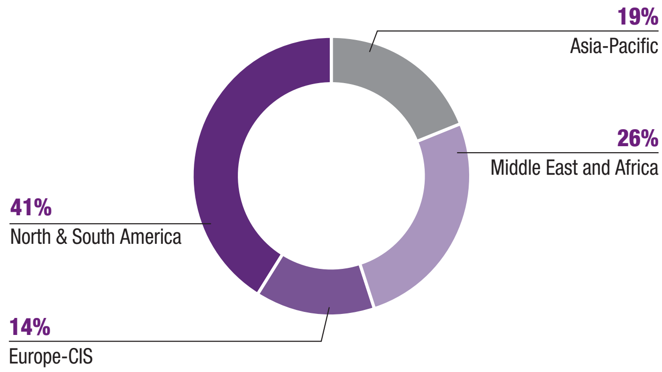
REVIEW OF FINANCING TRANSACTIONS PERFORMED IN THE PAST TWO YEARS

The number of transactions subject to E&S risk assessment and monitoring and/or reputational risk analysis over the past two years is shown below:

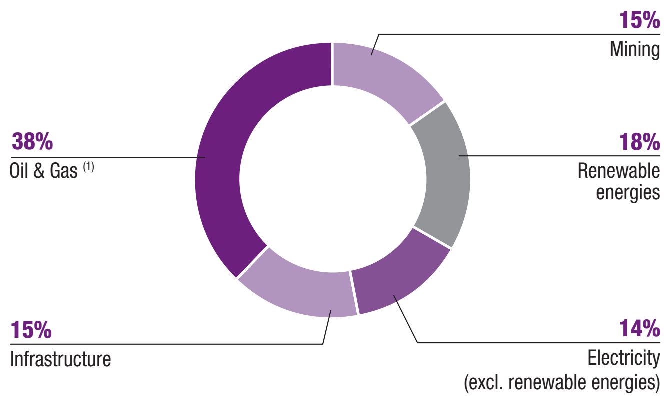
BREAKDOWN OF PROJECTS CONSIDERED BY GEOGRAPHICAL REGION (NUMBER) - 2014



BREAKDOWN OF PROJECTS CONSIDERED BY GEOGRAPHICAL REGION (NUMBER) - 2015

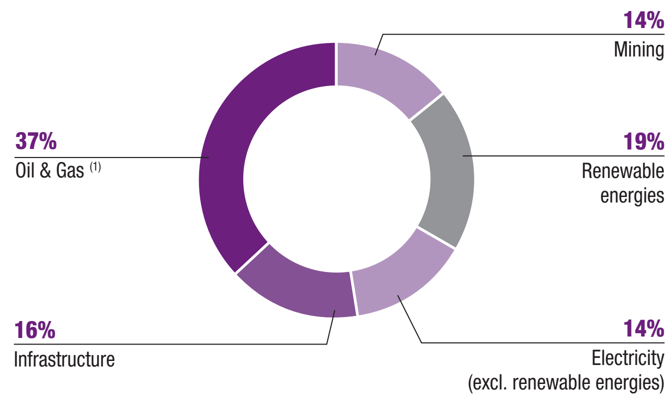


BREAKDOWN OF PROJECTS CONSIDERED BY SECTOR (NUMBER) - 2014



(1) including special vessels and offshore platforms

BREAKDOWN OF PROJECTS CONSIDERED BY SECTOR (NUMBER) - 2015



(1) including special vessels and offshore platforms

CSR POLICIES FOR AT-RISK SECTORS

Internal CSR policies have been drawn up and included in the risk policies of the business lines working with the most at-risk sectors.

To date, CSR policies have been set up for financing activities in the following sectors, based on the guidelines set out below:

- Defense: very specific criteria apply to each transaction, setting out rules for the types of equipment accepted and the eligibility conditions of import and export countries. These criteria complement Natixis' exclusion policy (see below);
- Nuclear: compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry;
- Energy/Mining: selection of operators with proven capacity to manage the impact of their activities responsibly, in compliance with international standards (IFC), in particular onshore and offshore extraction standards in the oil, gas and mining industries;
- Palm oil: traceability and compliance with best practices and applicable standards.

EXCLUSION POLICY IN THE ARMS SECTOR

Under Group policy, the Banque Populaire and Caisse d'Epargne networks and Natixis may not finance or invest in businesses involved in manufacturing, selling or storing anti-personnel mines or cluster bombs.

This policy applies to corporate financing and third-party activities managed by Natixis Asset Management, which has set up a program to raise customer awareness. The exclusion policy, which is taken into account by the decision-making bodies in each activity (Credit Committee, Investment Committee, etc.) is part of the policy set for this sector by each financing and investment business line.

In addition to its exclusion policy, Natixis has instituted very specific criteria for the financing of the arms sector that apply to each transaction, setting rules for the types of equipment affected and the eligibility conditions of import and export countries.

EXCLUSION POLICY IN THE COAL SECTOR

On October 15, 2015, Natixis undertook to no longer finance coal-fired power plants or thermal coal mines anywhere in the world, given the current state of technologies. It also undertook not to accept any new advisory or arrangement mandates related to this type of financing.

For general-purpose corporate financing deals, Natixis will also no longer finance companies for which coal-fired power plants or thermal coal mines account for over 50% of their activity.

This undertaking complements the initiative taken by Natixis in May 2015 not to finance coal mines using the Mountain Top Removal (MTR) technique. This policy applies to financing activities earmarked for the operation of mines using the MTR technique, and all general-purpose corporate financing or investment deals in companies for which the MTR technique accounts for over 25% of their activity.

6.5 Response to societal challenges

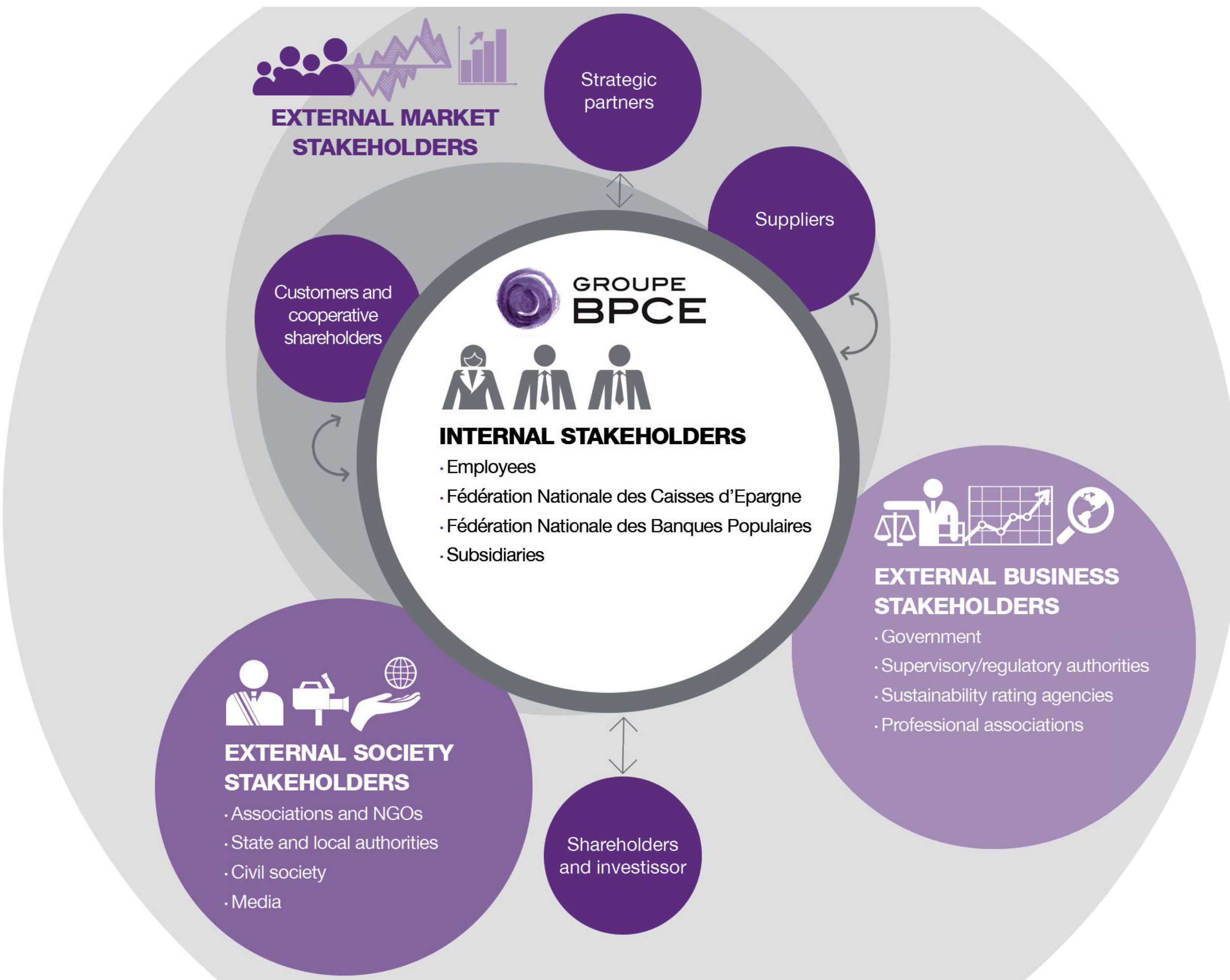
6.5.1 Relations with stakeholders

MAPPING OF STAKEHOLDERS AND SOCIETAL CHALLENGES

Groupe BPCE's recognized experience in finance and sustainable development has led its companies to work with a variety of stakeholders on social, societal and environmental projects. Additionally, it is regularly called on by its stakeholders to state its position on certain issues related to social responsibility.

Under the "Another way to grow" strategic plan for 2014-2017, Groupe BPCE launched a project to use its cooperative model as a basis for a new dynamic between employees, customers, and communities. In this way, it hopes to set itself apart and enhance its relationships with stakeholders on a day-to-day basis.

In order to follow GRI-G4 reporting principles more precisely, the Group set up an annual stakeholder mapping project. A methodology will be used to fully identify categories of stakeholders and their needs.



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6.5.2 Responsible investment

Within the Group, there are three structures that offer socially responsible investment (SRI)[1] products: Natixis Asset Management (Natixis AM) and its subsidiary Mirova, Ecofi Investissements (Crédit Coopératif's asset management company), and Banque Palatine.

ASSETS UNDER MANAGEMENT IN OPEN-ENDED AND DEDICATED SRI AND SOLIDARITY-BASED FUNDS AND EMPLOYEE SAVINGS PLANS

Indicator *(in billions of euros)*	2015	2014	Change 2014/2015
Natixis AM	16.4	12.8	28%
o/w Mirova[1]	5.6	4.6	22%
Ecofi Investissements	4.5	3.7	22%
Banque Palatine	0.06	0.1	(40%)
TOTAL ASSETS UNDER MANAGEMENT IN OPEN-ENDED AND DEDICATED SRI AND SOLIDARITY-BASED FUNDS AND EMPLOYEE SAVINGS PLANS	**20.96**	**16.6**	**26%**

(1) Mirova is a subsidiary of Natixis Asset Management that has been dedicated to responsible investment since January 1, 2014.

ASSETS UNDER MANAGEMENT IN SRI AND SOLIDARITY-BASED FUNDS AS A SHARE OF TOTAL ASSETS UNDER MANAGEMENT

Indicator *(as a %)*	2015	2014	Change 2014/2015
Natixis AM	4.98%	4.1%	21%
Ecofi Investissements	62.2%	55.6%	12%
Banque Palatine	1.6%	3%	(47%)

SOLIDARITY-BASED FUNDS

Indicator *(AUM in millions of euros)*	2015	2014	Change 2014/2015
90:10 funds[1] Natixis	2124.8	1,964.4	8%
90:10 funds[1] Ecofi Investissements	253.1	217.1	17%
Total assets under management in 90:10 funds	**2377.9**	**2,181.5**	**9%**
Funds invested in solidarity-based companies by Natixis	151.7[2]	129.4	17%
Funds invested in solidarity-based companies by Ecofi Investissements	31.1	25.7	21%
TOTAL FUNDS INVESTED IN SOLIDARITY-BASED COMPANIES BY NATIXIS AND ECOFI	**182.8**	**155.1**	**18%**

(1) 90:10 funds combine SRI management of listed securities and management of unlisted solidarity-based securities.
(2) Solidarity-based buckets of 90:10 NAM Mirova + Natixis solidarity-based funds

Natixis Asset Management is Groupe BPCE's main asset management entity. At end-2015 it had a total of €16.4 billion in assets under management in a broad range of socially responsible investment (SRI) funds. €4.6 billion of these assets are managed by Mirova, which has been dedicated to responsible investment since 2012 and became a subsidiary of Natixis Asset Management on January 1, 2014.

At December 31, 2015, Banque Palatine held €59.2 million in assets under management in SRI funds, *via* six funds investing in equities, diversified assets, bonds and money market instruments. Two equity funds and one diversified fund were awarded the Novethic label in 2015: Palatine Or Bleu, which focuses on water (the largest fund, with €16.6 million assets under management), Gérer Multifactoriel Euro and Palatine Actions Défensives Euro.

Ecofi Investissements is a Crédit Coopératif subsidiary that applies an SRI filter to 62% of its investments, with over €4.4 billion under management analyzed using environmental, social and governance (ESG) criteria. The restrictiveness of the SRI filter varies according to the fund: "Committed SRI" for the ethical and solidarity-based range and "Responsible SRI" for the rest. Potential SRI investments include 2,300 securities from around the world. The Committed SRI filter selects the best-rated 60% of companies, while the Responsible SRI filter excludes the lowest-rated 30%.

RESPONSIBLE MANAGEMENT POLICY

Natixis AM has been committed to sustainable development and socially responsible investment for nearly 30 years[2]. It decided to take additional steps in recent years by setting up a responsible management approach that it applies to all its investment processes. The aim of this approach is to facilitate the integration of sustainability criteria in investment decisions across the Board,

(1) Definition of SRI: AFG/FIR: on July 1, 2013, the AFG (French Asset Management Association) and the FIR (Forum for Responsible Investment) clarified the definition of Socially Responsible Investment (SRI) for the industry. "SRI refers to an investment that aims to reconcile economic performance with social and environmental impact by financing companies and public entities that contribute to sustainable development, regardless of their sector of activity. By influencing market players' governance and behavior, SRI promotes responsible business."

(2) Natixis Impact Nord Sud Développement – Natixis' first solidarity-based investment fund – was created in 1985. A full range of SRI and solidarity-based investment funds has since been developed.

in accordance with the recommendations of the leading international standards such as the United Nations Principles for Responsible Investment (UN-PRI), of which Natixis AM has been a signatory since 2008.

This approach to asset management follows careful consideration over the course of several years, and focuses on four main commitments that encompass multiple initiatives:

- a full understanding of sustainable development issues, analysis of their impact on economic sectors and assessment of a wide range of issuers (3,000) by analysts, drawing on sustainability research carried out by Mirova;
- the integration of ESG (environmental, social and governance) criteria in all investment processes, and an exclusion policy (issuers with controversial activities in the arms sector, issuers having breached the United Nations Global Compact and/or the OECD Guidelines for Multinational Enterprises);
- an incentive-based voting and commitment policy; 187 issuers are involved in engagement actions, and voting rights were exercised on 99.5% of the eligible universe;
- strong commitment to co-building and promoting responsible investment management;

Additionally, Natixis Asset Management was persuaded by the potential opportunities provided by sustainable development issues to create Mirova, its responsible investment subsidiary. Mirova provides engaged portfolio management solutions aimed at combining value creation and sustainable development. The issues and challenges of a sustainable economy form the core of its investment decisions. Mirova boasts around fifty multi-disciplinary experts: theme-based investment specialists, engineers, financial and ESG analysts, project financing professionals and experts in solidarity-based finance. It can therefore offer investors solutions that create value over the long term in financial, environmental, economic and social terms.

As a pioneer of SRI in France, Mirova manages responsible investments totaling €5.6 billion.

Mirova supports the energy and ecological transition

In the run-up to the Paris climate conference, Mirova committed to efforts to combat climate change by:

- joining the Montreal Carbon Pledge and the Portfolio Decarbonization Coalition, and becoming a member of the Green Growth Group;
- undertaking to measure and publish the carbon impact of its equity portfolios;
- launching three infrastructure investment funds dedicated to renewable energy project financing: FIDEME, EUROFIDEME 2, EUROFIDEME 3;
- creating an equity fund and a bond fund dedicated to financing the energy transition: Mirova Global Energy Transition Equity and Mirova Green Bond – Global;
- producing an innovative method to measure the contribution made by companies to the energy transition;
- supporting the development of green bonds: launch of Mirova Green Bond – Global, one of the first 100% green bond investment funds, which was launched in June 2015; over 20% of Mirova's bond strategies involve green bonds.

The SRI process followed by Ecofi Investissements, the asset management company of Crédit Coopératif Group and BTP Banque, selects the best-rated issuers from among the investment universe based on the following two filters:

- an assessment of ESG performance, with emphasis on quantitative indicators of the results achieved by companies and governments (CO_2 emissions per MWh per year for electricity providers, frequency and severity of workplace accidents in the construction sector, etc.), and "Touche Ecofi", which overweights values that match those of Crédit Coopératif Group (balance of power, responsible relations with customers and suppliers, blacklisting of tax havens, non-discrimination policy);
- an assessment of corporate scandals: this filter excludes or reduces investments in companies involved in major incidents (pollution, corruption, money laundering, violation of human rights, etc.).

The objective of these two filters is to select only the best companies, by comparing their approach with the reality of their ESG performance (reality check).

This SRI process is rounded out by a strict voting and dialog policy. Ecofi Investissements firmly believes that voting at Shareholders' Meetings and maintaining a dialog with companies are essential to encouraging them to take ESG issues more seriously in their business. Ecofi Investissements has voted on a total of 4,800 resolutions by the end of 2015, 33.3% of which it voted against, at 341 different Annual General Shareholders' Meetings.

For its dialog policy, Ecofi Investissements engages with companies individually, by questioning the management of some companies that represent a significant portion of its portfolio but are controversial in terms of major issues such as business ethics or gender equality. A collective dialog has also been implemented by participating in shareholder coalitions that question companies on major ESG issues (palm oil procurement, access to medication in developing countries, etc.) and the controversies they are facing (pollution incidents, respect for human rights, corruption, money laundering, etc.).

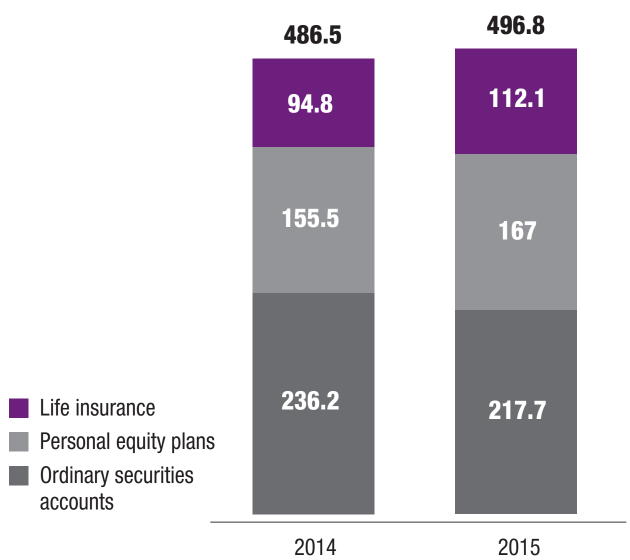
DISTRIBUTION OF SRI AND SOLIDARITY-BASED FUNDS BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'EPARGNE

The Banque Populaire banks and the Caisses d'Epargne offer a range of socially responsible investment (SRI) products in order to meet the needs of customers who are concerned about the impact of their investment decisions and who want to give meaning to their savings. This range includes the line of responsible investments managed by Mirova – the Natixis Asset Management subsidiary that pioneered SRI in France – which encompasses theme- and solidarity-based responsible funds. The Finansol and Novethic labels awarded to some of these funds are a sign of their quality.

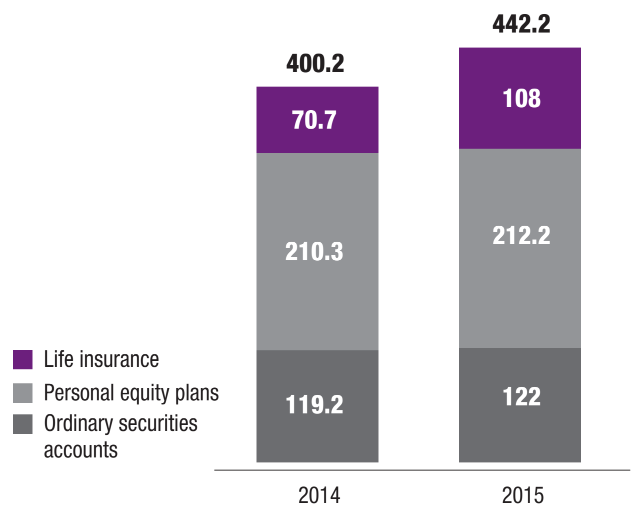
The Banque Populaire banks and the Caisses d'Epargne distributed €939 million in SRI and solidarity-based funds to their customers in 2015 (€886.7 million in 2014).

Indicator *(AUM in millions of euros)*	**2015**	**2014**	**Change 2014/2015**
SRI funds sold – Banque Populaire network	496.8	486.5	2%
SRI funds sold – Caisse d'Epargne network	442.2	400.2	10.5%
TOTAL SRI FUNDS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'EPARGNE	**939**	**886.7**	**6%**

CHANGE IN AUM IN SRI FUNDS SOLD BY THE BANQUE POPULAIRE BANKS *(IN MILLIONS OF EUROS)*



CHANGE IN AUM IN SRI FUNDS SOLD BY THE CAISSES D'EPARGNE *(IN MILLIONS OF EUROS)*



6.5.3 Solidarity-based finance

A number of financial tools have been developed at Groupe BPCE aimed at facilitating the financing of projects and organizations in the public interest.

For the sake of consistency, the listed assets in Ecofi Investissements' solidarity-based and shared-return funds are managed using the SRI filter. They include a full line of solidarity-based products, "90:10" shared-return funds, an open-ended range of solidarity-based company investment funds under the Responsible Choice brand and others specific to large corporates[1]. With assets under management totaling €295 million, Ecofi Investissements is now the ninth largest solidarity-based asset manager in the French market, and among the leaders in terms of the number of solidarity-based companies financed. At December 31, 2015 it had financed 69 companies, for a total amount of €31.1 million.

In 90:10 funds, the Caisses d'Epargne promotes the "Insertion Emplois" mutual fund line. This line was created in partnership with France Active (a non-profit supporting start-ups) in 1994 and is managed by Mirova, Natixis Asset Management's responsible investment subsidiary, which is number one in solidarity-based asset management in France[2] and Europe[3]. The Insertion Emplois line is divided into three funds with complementary risk/reward profiles totaling nearly €369 million in assets under management at end-2015. In addition to taking direct investments, these mutual funds also receive life insurance investments, capital from institutional investors and employee savings.

Solidarity mechanisms have been developed on the basis of the passbook savings accounts. The Banque Populaire banks offer the CODEVair passbook savings account, which funds environmental projects. Furthermore, Crédit Coopératif distributes AGIR[4] shared-return passbook savings accounts, with total deposits of €457,754,000 at December 31, 2015.

Financial solidarity mechanisms have also been developed on the basis of payment instruments. An example is the AGIR payment card, which can be used to support approximately 50 partner associations through donations made with each payment.

(1) 12 open-ended funds invested in solidarity-based companies: Ecofi Contrat Solidaire, Ecofi Agir Développement Durable, Choix Solidaire, Confiance Solidaire, Agir avec la Fondation Abbé Pierre, Agir avec la Fondation Nicolas Hulot pour la Nature et l'Homme, Agir Fondation pour la Recherche Médicale, Faim et Développement Trésorerie, Faim et Développement Solidarité, Faim et Développement Equilibre, Faim et Développement Agir CCFD, Epargne Solidaire; three open-ended solidarity-based company investment funds: Choix Responsable Prudence, Choix Responsable Développement, Choix Responsable Engagement; five dedicated employee savings funds including three invested in solidarity-based companies: Schneider Énergie Sicav Solidaire, Schneider Énergie Solidaire, Dynamis Solidaire, AXA Future Génération and Renault Mobiliz Solidaire.

(2) Finansol "Focus on solidarity-based financing", based on solidarity-based savings deposits at year-end 2013, including employee savings.

(3) Feri Lipper – 09/2014.

(4) A passbook savings account for which half the interest is automatically paid to a partner association of Crédit Coopératif.

EMPLOYEE SHARE OWNERSHIP PLAN

The legal requirement to include a solidarity-based fund in any employee savings plan encouraged the Group to develop a wide range of investment solutions in this area. To this end, Mirova – number one in solidarity-based employee savings in France[(1)] – created a specialized professional fund (FPS) called Natixis Solidaire, an innovative investment product dedicated to solidarity-based employee savings management, which had €126.9 million in assets at December 31, 2015. This allows for investment in a large number of solidarity-based companies, support for a multitude of projects in a range of sectors and the achievement of tangible social results. Awarded the Finansol label, the FPS helps finance structures such as the French association for the right to economic initiative (ADIE), Habitat et Humanisme (a charity helping homeless people find shelter), NEF (a cooperative providing solidarity-based financing solutions), SIFA (an association providing financial support to solidarity-based companies) and Terre de Liens, which helps responsible organic farmers.

Thanks to the investment of their solidarity-based buckets in this FPS, all of the solidarity-based company investment funds offered in the employee savings schemes distributed by Natixis Interépargne and the Groupe BPCE networks benefit from this innovation.

After Orange, Schneider Electric and Axa, Renault is the fourth CAC 40-listed company to use Ecofi Investissements to manage its solidarity-based SRI employee savings fund. Ecofi Investissements' longstanding close relations with companies from the social and solidarity-based economy sector, which are often Crédit Coopératif customers, and the wide range of their initiatives – for the planet, international solidarity, a fairer society or alternative enterprise – allow it to offer its customers financing solutions that match their values and commitments.

6.5.4 Microloans and financial inclusion

FINANCIAL INCLUSION

In 2015, Groupe BPCE prepared to implement the AFECEI[(2)] Charter for banking inclusion and the prevention of excessive debt, which is aimed at individual current account holders not acting for professional reasons.

Preventing banking exclusion and providing support to vulnerable customers are priorities set out in the cooperative banking model project under Groupe BPCE's strategic plan.

This charter has been effective since November 13. It has three parts, which the Group's companies have appropriated.

They began by improving access to banking services with the launch of the OCF offer for vulnerable customers at the end of 2014.

For the prevention of excessive debt, the Group applies a common scoring system to identify as soon as possible any customers likely to be exposed to this type of risk in the next six months. This system was developed by BPCE with the Banque Populaire banks and the Caisses d'Epargne. It is based on the statistical modeling of a series of variables concerning the customer. Each customer subject to scoring is contacted, and will be offered an interview to analyze their financial position and possible solutions, and given appropriate support. In order to maintain a close, lasting relationship of trust with these customers, dedicated experts from within the banks or external partners may also become involved.

To train employees in these solutions and to monitor the measures taken, e-learning modules focused on the offer for vulnerable customers have been rolled out for individual customer advisors across the Group. 10,017 employees took this training in 2015. For the prevention of excessive debt, BPCE prepared a common approach to raising awareness of the process in the form of virtual classes.

The table below shows 2015 data on new and existing basic banking services and the solutions offered to vulnerable customers of the Group's institutions.

BANKING SERVICES FOR VULNERABLE CUSTOMERS

Indicator *(in number of customers)*	**2015**	**2014**
Basic banking services (new)	12,774	11,214
Basic banking services (existing)	44,479	28,841
Services for vulnerable customers (new) – formerly the Alternative payment range	25,979	16,853
Services for vulnerable customers (existing) – formerly the Alternative payment range	70,793	57,200

Including subsidiaries Banque de Nouvelle Calédonie and Banque de Tahiti but excluding Crédit Coopératif.

Within the framework of the Banking law of July 26, 2013 on the separation and regulation of bank activities, the Banque Populaire banks and the Caisses d'Epargne launched a range of solutions adapted to the needs of vulnerable customers who will be able to benefit from a range of banking services under preferred conditions. From 2015, this program replaced the alternative payment range of services.

In 2015 BPCE contributed to the work carried out by the Banking Inclusion Observatory, of which it is a member.

INITIATIVES BY THE CAISSES D'EPARGNE

Personal and professional microloans

The Caisses d'Epargne are now the leading provider of personal microloans and among the leaders in professional microloans according to the Banque de France's Microfinance Unit. They are the only banks that offer support services adapted to the needs of microloan borrowers, *via* the Parcours Confiance association and the Créa-Sol microfinance institution. A total of 70 advisors

(1) AFG (French Asset Management Association) – as at June 30, 2014.

(2) AFECEI: the French Association of Credit Institutions and Investment Firms, has drafted a professional charter that has regulatory authority.

are dedicated to this activity across France, alongside over 600 partners providing support for borrowers. In 2015, 4,717 personal microloans and 1,276 professional microloans were granted.

The Caisses d'Epargne play an active role in microloan development. At the national level, they are represented on the Steering and Supervisory Board of the *fonds de cohésion sociale* (social cohesion fund).

In 2015, three major areas for research and innovation emerged:

- energy insecurity and inadequate housing: the Caisses d'Epargne continued to develop their offer of home microloans, in order to allow low-income owner-occupants to finance the renovation of their home. By the end of December 2015, 510 home microloans had been approved;
- women entrepreneurs: the Caisses d'Epargne have published an annual survey of the profiles and requirements of women entrepreneurs since 2012. This year, a new qualitative survey was carried out from a behavioral economy viewpoint in order to identify the obstacles that discourage them from deciding to start a business. The Caisses d'Epargne also organized the fourth national women entrepreneurs' day at the microbusiness trade show on October 7, 2015;
- mobility: the FNCE maintained its commitment to inclusive social mobility as part of the "Entreprise et Pauvreté" action tank, which aims to encourage companies to develop economically sustainable projects with a real impact in terms of alleviating poverty and social exclusion in France and which can be rolled out on a large scale.

Finally, the Caisses d'Epargne maintained their international commitments through their involvement in the European Microfinance Network (EMN) and the European Savings Bank Group (ESBG). The FNCE notably participated in the EMN working group on the social contributions of microfinance.

Financial education

Since its creation in 1957, the Finances & Pédagogie association has been supported by the Caisses d'Epargne. Through this partnership, in 2015, 20 employees in local regions created an educational program focused on money-related issues. This financial education project is mainly devoted to teaching young people and offering them jobs, informing people in economically and financially unstable situations, and training professionals in social action to support these demographic groups.

In 2015, nearly 2,670 sessions were held with about 38,550 interns. They included:

- 10,400 young people from schools and vocational centers;
- 24,000 people receiving support from entities in the social and solidarity-based economy or other social organizations;
- nearly 1,200 social workers and volunteers from the social services divisions of associations, mentorship organizations, and local governments.

All of these actions are intended as concrete responses to current issues of banking inclusion and preventing excessive debt. The association's services are centered on workshops/training that provide the opportunity to establish dialog. Nearly 3,500 topics were covered in 2015:

- 60% involved budgeting and money issues in everyday life;
- 25% involved banks and banking relationships;
- and nearly 15% involved issues related to credit and excessive debt.

The association is now an essential, recognized force in financial education in France.

INITIATIVES BY THE BANQUE POPULAIRE BANKS

Personal and professional microloans

The Banque Populaire banks have established close ties with networks that encourage business creation and economic organizations throughout the French regions, including ADIE, Initiative France, France Active, Réseau Entreprendre, BGE (formerly Boutiques de Gestion), etc. The Banque Populaire banks are also major players in microloan research in France *via* their support for the Microfinance Research Chairs at Audencia business school and ESC Dijon.

In line with their position, the Banque Populaire banks primarily direct their microfinance initiatives towards professional microloans. The network of Banque Populaire banks reaffirmed and strengthened its support for ADIE, and in particular for young micro-entrepreneurs. In 2015, the Banque Populaire banks remained the leading funders of ADIE's microloans. The Banque Populaire banks also top up start-up loans requiring no personal guarantees for young people set up by ADIE, and through their federation they co-fund CréaJeunes youth programs and other activities for ADIE's young beneficiaries. The Banque Populaire banks and the FNBP are also partners of Microloan Week and ADIE's "There's No Right Age To Start A Business" campaign, mainly aimed at promoting ADIE to young start-up creators. Additionally, the Banque Populaire banks and ADIE co-founded the "Jeune Créadie Banque Populaire" award, given out in the local regions and at a national level to young people with entrepreneurial projects. With the signing of a three-year framework agreement between ADIE and the FNBP covering the 2016-2018 period, the Banque Populaire network intends for this partnership to continue over time. The FNBP, represented by its Chief Executive Officer, is a member of ADIE's Board of Directors.

Finally, the Banque Populaire banks grant additional start-up loans requiring no personal guarantees under the Initiative France program, and many of these banks have set up agreements with the incubator France Active.

Crédit Coopératif is one of the main players in personal microloans through its strong commitment to support networks (ADIE, the French Red Cross, Secours Catholique, Missions Locales, etc.) and a partnership between its subsidiary BTP Banque and Pro-BTP (a social protection agency for construction workers) to enable apprentices in the construction sector to buy a vehicle.

Banking education

The Banque Populaire banks have invested in improving banking education. For example, certain branches offer support to vulnerable customers. The bank's employees or external partners provide training sessions to small groups of customers on topics such as budget management, using banking services and debt. Some banks also offer innovative budget education solutions in the form of guides, games, videos or interactive modules that are available for free on the bank's website or the website reserved for the bank's cooperative shareholders. These solutions are used as educational material and allow customers to better manage their budget while improving their understanding of banking as a whole. *Via* their Federation the Banque Populaire banks are also members of the Finances & Pédagogie association.

Vulnerable customers

In 2015, the Banque Populaire network allocated €2.3 million to banking inclusion, including nearly €600,000 earmarked for identifying and supporting individual customers, VSEs and SMEs in financial difficulty. Supporting vulnerable customers is one of the Banque Populaire network's major commitments. Twelve Banque Populaire banks have an internal structure for identifying and supporting individual customers facing financial difficulties. These structures include dedicated branches or services, and provide support to vulnerable or over-indebted customers for the time it takes to return to a sustainable, stable financial position, with a view to allowing these individuals to return to the traditional banking system.

Personalized support and solutions are offered, with the possibility of refunding fees and special treatment in cases of excessive debt.

Banque Populaire Atlantique, *via* its Atlantique Coopération network, and Banque Populaire Rives de Paris, with its Grands Moulins branch, also offer personal microloans to allow customers to make a fresh start, in addition to the usual support. Customers with microloans are supported throughout their project, by cooperative shareholders at Banque Populaire Atlantique and by advisors in the Grands Moulins branch of Banque Populaire Rives de Paris.

Also, five Banque Populaire banks have branches or services dedicated to identifying and supporting VSEs and SMEs experiencing financial difficulties. The solutions available in these branches or services aim to ensure the continuation and long-term future of their business, and to prevent future difficulties.

In 2015, the Audencia chair published the second Audencia Banque Populaire report on financial vulnerability. This unique study focuses on evaluating proficiency in basic financial concepts, financial behavior, attitudes towards money or spending, and the perceived financial situation of French people, all in a single survey.

SOLIDARITY-BASED LOANS WITH SUPPORT – BOOSTING EMPLOYMENT

To better analyze the Group's stance on financing business creation with support, in 2015 BPCE carried out an internal survey on banks' lending activities *via* partnerships with the three leading organizations offering professional microloans with support: France Active, Initiative and ADIE. This survey, which included a review of the Banque Populaire banks and the Caisses d'Epargne, emphasized how the sales and CSR approaches complement each other in this type of offer. It highlighted the importance of supporting the person behind the project in order to reduce incidents in the microenterprise segment, which is a driver of job creation at a local level. The conclusions corroborated BPCE's decision to participate in the capital increase by France Active Garantie, in the amount of €1.8 million.

In 2015, BPCE remained the leading financer of these three networks, funding or refinancing a total of €502.3 million. These solidarity-based loans are broken down as follows (microloans, NACRE (*Nouvel accompagnement à la création d'entreprise* – new support for business creation) top-up loans and start-up loans provided by Initiative France).

SUMMARY OF MICROLOANS[1] WITH SUPPORT ISSUED BY GROUPE BPCE

	New loans in 2015		New loans in 2014	
Type of loans *(in euros)*	**Number**	**Amount**	**Number**	**Amount**
Personal banking microloans	5,665	14,664,334[(1)]	6,369	15,430,928
Personal non-banking microloans	1,561	3,729,470	1,345	3,122,014
Professional banking microloans guaranteed by France Active	2,196	60,627,529[(2)]	2,253	66,949,787
Professional non-banking microloans	5,587[(3)]	19,875,971	5,261	18,094,493
GROUPE BPCE TOTAL (CAISSES D'EPARGNE, BANQUE POPULAIRE BANKS, CRÉDIT COOPÉRATIF INCLUDED)	**15,009**	**98,897,304**	**15,228**	**103,597,222**

(1) For the Caisses d'Epargne, new personal banking microloans in 2015 totaled €7,828,492 (excluding specific product code ACC019 for Caisse d'Epargne Bretagne Pays de Loire).
(2) For the Caisses d'Epargne, new professional microloans guaranteed by France Active in 2015 totaled €27,869,104.
(3) New ADIE microloans (in number of loans) in 2015 amounted to €17,545,843.

The microloan business of the Banque Populaire banks and the Caisses d'Epargne has ranked Groupe BPCE as the leading French bank in microfinance for many years. In personal microloans guaranteed by the *fonds de cohésion sociale* (social cohesion fund), the Group accounted for 44% market share at September 30, 2015. In professional microloans, it accounts for one-third of total activity, in particular with 34.06% market share at end-2015. In 2015, despite the emergence of new players, the Group retained its position as market leader, with 15,009 microloans issued, totaling €98.9 million (vs. 15,228 in 2014 totaling €103.6 million).

(1) Microloans: loans issued to borrowers in vulnerable situations covered by a guarantee and supported by a public interest organization. Caps on funds issued as established by the Lagarde Act of July 1, 2010.

GROUPE BPCE NACRE TOP-UP LOANS[1]

Issuing networks *(in euros)*	New loans in 2015		New loans in 2014	
	Number	Payments	Number	Payments
GROUPE BPCE TOTAL (CAISSES D'EPARGNE, BANQUE POPULAIRE BANKS, CRÉDIT COOPÉRATIF INCLUDED)	2,835	95,900,048	3,530	140,870,175

In 2015, Groupe BPCE granted over €96 million in top-up loans to entrepreneurs benefiting from the "NACRE" scheme (*Nouvel accompagnement à la création et à la reprise d'entreprise* – new support for business creation). Finally, it has bolstered its position as the leading bank group to partner with Initiative France platforms, which estimates that it distributed more than €403 million in top-up loans to supplement start-up loans in 2015[2].

TOP-UP LOANS FOR START-UP LOANS PROVIDED BY INITIATIVE FRANCE (ESTIMATE AT 01/30/2016)

Issuing networks *(in euros)*	New loans in 2015		New loans in 2014	
	Number	Payments	Number	Payments
GROUPE BPCE TOTAL (CAISSES D'EPARGNE, BANQUE POPULAIRE BANKS, CRÉDIT COOPÉRATIF INCLUDED)	5,050	307,500,000	5,250	332,400,000

6.5.5 Patronage and partnerships

SPONSORSHIP ACTIVITIES BY THE BANQUE POPULAIRE BANKS

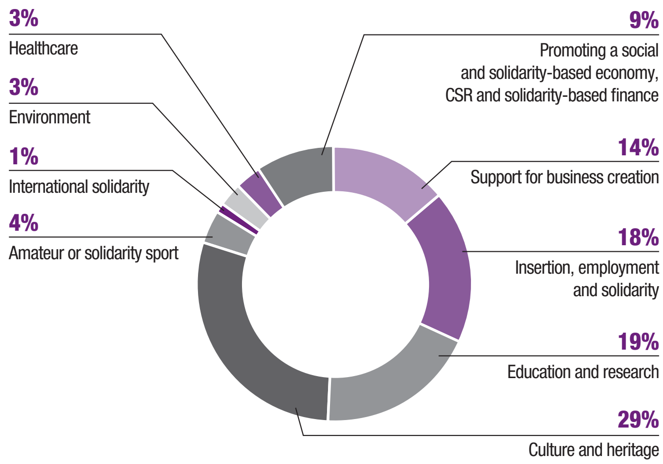
Local patronage and partnerships

The Banque Populaire banks are involved in initiatives in support of civil society in various areas. They are highly involved in supporting business creation (through microloans in particular), integration and solidarity, and actively support education and research. In order to take effective action in the local public interest and to structure their patronage, ten Banque Populaire banks have their own foundation.

Action taken by Crédit Coopératif and its foundation is mainly focused on supporting and promoting the social and solidarity-based economy, while the CASDEN Banque Populaire banks naturally focus on education and research.

In 2015, patronage activities by the Banque Populaire network represented over €10 million.

DONATION AMOUNTS BY CATEGORY



(1) *France Active – Fafi.*

(2) *The estimates were made by Initiative France on the basis of the data provided by 150 platforms (66% of total respondents) on their annual online survey. These data were then extrapolated to the 227 platforms in the network. The survey is accessible from late December to mid-February, and the data collected are in regard to the full year (from January 1 to December 31, 2015).*

National partnerships

In line with the Banque Populaire network's local initiatives, the FNBP maintains a patronage partnership policy whose priorities for action are microfinance, education, and professional inclusion. At the request of the Banque Populaire banks, the FNBP has created a donation fund to finance projects eligible for patronage as part of the patronage and partnerships policy it carries out for the Banque Populaire banks. The main partners involved in 2015 were ADIE, the Banque Populaire Financial Vulnerability and Microloan Research Chairs at the Audencia business school, the Banque Populaire Microloan Research Chair at ESC Dijon business school and Entreprendre pour Apprendre ("Learn Through Business"), which aims to develop the entrepreneurial spirit among 8-25 year olds. In 2015, the FNBP stepped up its support for research with the creation of a "Management and Governance of Financial Cooperatives" research chair in partnership with the FNCE, BPCE and the IAE Paris graduate business school. It is also a partner of the annual thesis contest organized by Institut Universitaire Varenne (an association that promotes the sharing of knowledge) in the "Private law on economic activities and financial cooperatives" category. The FNBP federation is a member of the European Microfinance Network (EMN) and Finances & Pédagogie.

Banque Populaire Corporate Foundation

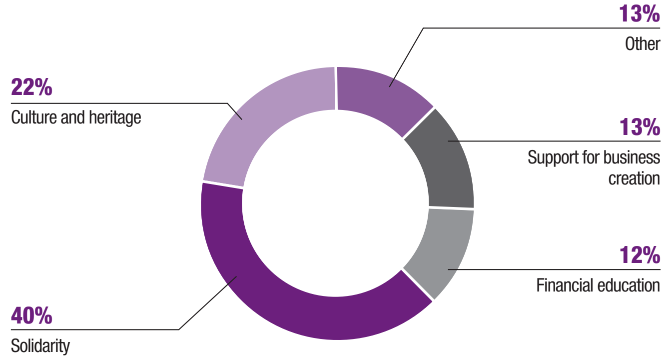
The Banque Populaire Corporate Foundation is the patronage vehicle of the 18 Banque Populaire banks. As part of the Fédération Nationale des Banques Populaires (FNBP), its purpose is to support the plans of young instrumentalists and classical music composers, persons with disabilities and young artists. Expert panels select candidates in the three categories and refer the winners to the Foundation's Board of Directors, which decides on how to allocate the financial support. The Board of Directors is composed of Banque Populaire bank Chairmen and Chief Executive Officers, an employee representative and panel Chairmen. The Banque Populaire Corporate Foundation demonstrates its long-term commitment by supporting its winning candidates for between one and three years. For over 20 years, these actions have illustrated the values that embody the history and strength of the Banque Populaire banks: solidarity, encouraging action and the entrepreneurial spirit. In 2015, the Banque Populaire Corporate Foundation supported 40 winning candidates in music (young instrumentalists and composers), 34 winners from the disability category and 13 winners from the artists category.

In addition to supporting the life goals of individuals, the Banque Populaire Corporate Foundation also aims to promote its prizewinners and to pool talents by developing interaction with the Banque Populaire banks. In 2015, it organized around twenty chamber music concerts for the Banque Populaire banks and supported eleven classical music festivals in partnership with them. Prizewinners with disabilities were invited to talk about their experiences. Winners in the artists category were able to exhibit their works and broaden their network at fairs and exhibitions, in particular at Révélations – the biennial fine arts and creation show held at the Grand Palais in Paris.

SPONSORSHIP ACTIVITIES BY THE CAISSES D'EPARGNE

A commitment to philanthropic activity lies at the heart of the history, identity and values of the Caisses d'Epargne. As a result of this historic commitment, the Caisses d'Epargne are among the leading patrons in France. In 2015, patronage activities represented over €20.7 million. Over 1,080 local projects – primarily solidarity-based – were supported.

DONATION AMOUNTS BY CATEGORY



In line with its identity as a cooperative bank with strong local ties, each of the Caisses d'Epargne draws up its own philanthropic strategy according to local needs. To implement this strategy, the Caisses d'Epargne can either operate directly or *via* dedicated regional structures: foundations under the auspices of the Fondation Caisse d'Epargne pour la Solidarité, four corporate foundations and two charity funds.

The banks also regularly invite applications for funding. In 2015, the focus was on the following themes:

- "innovation to guard against exclusion" (Caisse d'Epargne Alsace);
- "housing and homes: aging well in Brittany and the Pays de Loire" (Caisse d'Epargne Bretagne Pays de Loire);
- "access to employment and innovation" (Caisse d'Epargne Lorraine Champagne-Ardenne);
- "helping associations supported by employees" (Caisse d'Epargne Rhône Alpes).

Three emblematic programs were also implemented:

- support for victims of the October 2015 floods in the Alpes-Maritimes *département* (Caisse d'Epargne Côte d'Azur);
- sponsorship of the sensory experience at the Musée de l'Homme (Caisse d'Epargne Ile-de-France);
- support for the research program on maintaining the autonomy of the elderly in their homes, with regional university chairs (Caisse d'Epargne d'Auvergne et du Limousin).

The Caisses d'Epargne share a commitment to following a structured and local approach, focusing on initiatives that have a significant social impact. They are supported by a network of 17 philanthropy managers, who build a common approach through the sharing of tools and best practices.

Besides initiatives decided upon regionally, the Caisses d'Epargne support the Caisse d'Epargne network charity fund, the Fondation Caisses d'Epargne pour la Solidarité, and the Fondation Belem.

The Caisse d'Epargne network charity fund promotes and supports public interest initiatives aimed at fighting exclusion and financial hardship as well as initiatives and programs providing humanitarian, educational, health care, social and cultural assistance. The charity fund supports the Finances & Pédagogie association.

The Fondation Caisses d'Epargne pour la solidarité was created by the Caisses d'Epargne in 2001 and is recognized as being in the general public interest (www.fces.fr). Its general interest mission is to combat all types of dependency linked to age, illness and disability. The foundation is active in the medical/social and healthcare sectors and boasts a network of 119 institutions and services. With nearly 7,400 beds in care homes (EHPAD structures for dependent people and EHPA structures providing non-medical care and homes for adults with disabilities), it is the leading non-profit private-sector player in France for seniors needing assistance. The Foundation also provides home support, mainly *via* remote assistance services. It also supports adults with disabilities and provides follow-up care and rehabilitation in four centers. With over 6,300 employees caring for and supporting vulnerable individuals, the Foundation is at the heart of an activity that is playing an increasing role across society.

The Fondation Belem was set up by the Caisses d'Epargne in March 1980 following the purchase of the Belem three-master, to enable the ship to continue sailing (www.fondationbelem.com). Recognized as being in the general public interest, its purpose is to promote France's maritime history and to keep the last-remaining major 19th-century French sail ship among the nation's cultural assets. The ship has been listed as a historic monument since 1984. In 2015, Belem spent seven months sailing in the Atlantic, the English Channel and the North Sea, hosting 1,200 experienced sailors and novices over 260 days at sea, and 41,000 visitors during 41 days open to the public. In 2015 it took part in the launch of the Solitaire du Figaro race in Bordeaux, the July 14 celebrations in Nantes and a major sailing boat meet in Amsterdam, and it welcomed apprentice Marines on board.

The Caisses d'Epargne also support music (Esprit Musique: espritmusique.fr) and sports (basketball, handball and skiing: espritbasket.fr, esprithandball.fr and espritglisse.fr) through patronage and sponsorship activities.

SPONSORSHIP ACTIVITIES BY NATIXIS

Combating malaria

Malaria is a parasitic disease that affects over a hundred countries mostly situated in tropical regions. It kills over 600,000 people every year, even though simple prevention and treatment methods are available. Pregnant women and young children are particularly vulnerable. For the eleventh year in a row, Natixis actively supported malaria prevention programs in endemic areas as well as malaria research projects.

In the field, since 2005 Natixis has supported NGO Plan International in its efforts to establish prevention programs in Cameroon, Burkina Faso and Togo. Since 2012, the bank has supported a mother and child health care program led by Plan International, which includes a sizable anti-malaria effort targeting 18,000 children and 4,000 pregnant women in 52 villages in the Est Mono district in Togo. The communities in the targeted region, populated by more than 91,000 people, indirectly benefit from the project.

The activities supported in 2015 seek to educate families and improve the quality of and access to health care for children under five and pregnant women. Thanks to our support in 2015:

- 310 community healthcare workers raised awareness among the local communities. They were given training and held consultations with over 4,000 people, allowing 428 children under five to be treated for confirmed cases of malaria;
- rapid diagnosis tests and anti-malaria drugs were issued to 89 community healthcare workers.

Cancer research

According to estimates made by the International Agency for Research on Cancer (IARC), a WHO (World Health Organization) agency, cancer is a leading cause of death worldwide, causing more than 8.2 million deaths in 2012. Annually, the number of cases of cancer is expected to increase from 14 million in 2012 to 22 million over the next two decades (GLOBOCAN 2012, IARC).

In 2011, Natixis initiated a five-year partnership with the Institut Gustave-Roussy, Europe's leading cancer research institute, through its Research Foundation. Gustave-Roussy has always strongly associated care with fundamental and clinical research, earning it world-renowned expertise in therapeutic innovation in cancer research.

Natixis supports three young research teams working on personalized medicine, also known as molecular medicine. The partnership between Natixis and the Gustave-Roussy Foundation will help accelerate cancer research and will likely speed the development of new treatments by several years.

In 2015, Natixis organized two events to build awareness among its own employees:

- "Blue March", to mark national colorectal cancer awareness month, including a conference on nutrition and a special magic show;
- "With Gustave, against cancer", in October, with a range of fun workshops (cancer knowledge quiz, laboratory, etc.), magic shows, conferences on conventional and unconventional treatment and video projections.

Natixis employees also showed their commitment to the Institut Gustave-Roussy through widespread participation every year in Odysséa, a race to raise money for the fight against breast cancer.

Solidarity-based patronage

In 2010, Natixis Asset Management entered into an exclusive partnership with Mie de Pain, a charity that has worked in the 13th arrondissement of Paris for over 125 years, providing emergency shelter and support for the reintegration of persons in extreme financial hardship. To provide the association with the specific support that it required, Natixis Asset Management's patronage is organized into four areas:

- financial support, *via* an annual donation by Natixis Asset Management since 2010;
- material support, with three or four fund-raising collections held each year among employees of Natixis Asset Management and its subsidiaries. The collections can include food, toiletries, books or meal vouchers, depending on the charity's needs;
- technical support, with the completion of the first skills sponsorship program in 2013: Natixis Asset Management employees created the charity's Facebook page. This project, which was set up with the charity's representatives, helps raise awareness of Mie de Pain, which is a key part of its development strategy;
- human support *via* volunteer missions. This project was launched in October 2014 and has been a success, with 150 volunteer missions carried out by over a hundred employees, who helped the charity hand out meals.

The exclusive patronage provided by Natixis Asset Management enables its employees and the charity to take concrete action and commit over time to helping with the reintegration of the people helped by the charity.

6.6 CSR reporting methodology

This section aims to explain the methodology applied by Groupe BPCE in its CSR reporting.

6.6.1 CSR reporting structure

Sustainable development indicators based on the guidelines of the GRI (Global Reporting Initiative) are used with respect to the 42 themes covered by the Decree of April 24, 2012 on Corporate Social Responsibility transparency requirements. These were supplemented by indicators specific to the banking sector, adjusted based on the fourth generation of GRI standards released in 2013, and the financial services sector supplement, and integrated with Groupe BPCE's indicator guidelines. The indicator guidelines were also updated to incorporate the 2015 regulatory changes, feedback from sustainable development officers in charge of reporting, and the recommendations of one of the Group's Statutory Auditors for fiscal year 2014.

Environmental indicators

For fiscal year 2015, internal environmental indicators were collected from the entities' sustainable development officers in collaboration with their logistics officers *via* the SPIDER data entry tool.

For the carbon review, the methodology used is that defined in ISO 14064. Data are collected annually by each entity's sustainable development officers, and are reported in the COGNOS tool, which was rolled out in 2015.

Most of the emissions factors are based on ADEME's emissions factors and are updated annually. In accordance with the general principles of carbon accounting, the integration of emission factors specific to Groupe BPCE is encouraged in the following cases:

- to compensate for a lack of appropriate factors; and
- to replace ADEME's emissions factors (or factors from any other public or semi-public source) when they are not relevant or sufficiently detailed.

Green growth indicators are business indicators (eco-loans) collected from centralized databases for both networks.

Human resources indicators

No major changes were made to the human resources indicators so as to ensure stability and to allow for comparison. In view of the expansion of the scope of consolidation in 2015, and to improve readability over the two-year period, the 2014 human resources data were readjusted pro forma and consequently differ from the data presented in the report for the previous fiscal year.

Human resources data (excluding training) are extracted from two centralized information systems managed by Group Human Resources Operations, namely the "Services" data center for companies in the Caisse d'Epargne network and the "Perse" info center for all other entities.

The data extracted from the two information systems are verified following a regular control process at Group level according to the human resources indicators defined for the registration document.

Permanent contracts include work-study contracts with an indefinite term. Fixed-term contracts include fixed-term work-study contracts (professionalization contracts and apprenticeships). Employees included in the headcount at December 31 of each year include those departing on that date and those whose contract has been suspended.

New Hires data refer to new hires on permanent and fixed-term contracts signed between January 1, and December 31, including work-study contracts (professionalization and apprenticeships). Departures data include staff on permanent contracts leaving between December 31 of the previous year and December 30 of the current year for the following reasons (broken down quantitatively): dismissal, resignation, departure during a trial period, mutually-agreed termination, transfer within the Group and retirement.

Transfers between different Group companies are taken into account in the new hires and departures figures.

The rate of absenteeism is a projection estimated using data available in the third quarter of the current year and finalized data for the previous year. This estimate is used because data for the reference year were unavailable on the publication date of the registration document.

Indicators related to training are extracted from the new "SI Apogée Formation" tool, which was rolled out in 2013. These data cover all of the training sessions assigned under the plan for a given year and approved by the training departments of the companies within the scope reviewed at the date the data were extracted.

Societal indicators

Societal indicators are mainly business indicators such as socially responsible investments and loans to local authorities and to social housing operators and the social and solidarity-based economy. Data are extracted from centralized databases. Their accuracy is regularly verified at Group level. Indicators related to patronage, microloans and cooperative identity are provided by the two networks' federations and by the Group's outside partners (ADIE, France Active, Initiative France). Procurement indicators are provided by BPCE Procurement.

REPORTING STRUCTURE

Working group sessions attended by members of the Group's Sustainable Development division and sustainable development officers from the Group's companies were held in 2015 on CSR indicators and the carbon review. These sessions worked on the assessment of the 2014 campaign, changes to guidelines and indicators, and updates to the user guides.

At the same time, a project was conducted with the Group's operational divisions (IT, Human Resources, Real Estate & Logistics, Procurement, etc.) and federations (FNBP, FNCE) aimed at making better use of centralized databases.

Finally, various initiatives were taken in 2015 in collaboration with all of the stakeholders of the CSR chapter aimed at encouraging Group entities to incorporate CSR reporting processes into their operations. These included:

- a review of the 2014 reporting campaign and presenting the results to the entire sustainable development function;
- Groupwide distribution of a memorandum going over regulations and detailing the reporting process for the businesses;
- organization of a one-day conference for all sustainable development officers from every entity to inform them about the importance of CSR reporting and answer their questions about the data collection process;
- awareness-raising among the Group's business functions about CSR reporting issues through visits by the sustainable development team (Real Estate & Logistics Conference, BPCE International seminar, etc.);
- initiatives to raise building sustainable development officers' awareness of the new CSR reporting tools;
- organization of two conference calls attended by nearly all of the sustainable development officers to provide support and answer questions about the collection of carbon data.

EXCLUSIONS

Given the nature of Groupe BPCE's activities, some themes covered by the Decree of April 24, 2012 were not deemed to be relevant.

- **measures to prevent, reduce and remedy air[1], water, and soil pollution seriously affecting the environment: these** issues are largely irrelevant to the Group's activities; however, they are taken into account in financing activities, particularly where the Equator Principles apply;
- **noise and other pollution and ground use:** as Groupe BPCE is a service-based group, it is not concerned by issues relative to noise pollution and ground use. Its offices and commercial premises often cover several floors so its ground occupancy is much smaller than that of an industrial activity spread over a single level.

PURPOSE OF THE USER GUIDE

The user guide, addressed to all contributors to the Group's CSR reporting processes, was updated for 2015. It specifies the following with respect to the Group's registration document (but also for each entity; *i.e.* annual management report or registration document):

- the regulatory environment;
- the timeline;
- the reporting process (scope, rules on extrapolation for incomplete data, consolidation rules and the information control process);
- a glossary.

This guide also relies on a CSR reporting standard that specifies all of the indicators published, their definitions, their units, the corresponding GRI reference, their sources, how they are calculated and collected, and examples of controls to carry out.

A Group carbon review user guide was also brought up to date in 2015. The guide is intended to promote the carbon review system. The purpose of this guide is to:

- present the general principles of the method developed by the Group;
- review the system's history and the most recent changes to the system;
- offer a uniform presentation of the reporting rules for Groupe BPCE's greenhouse gas emissions reviews (reporting period, scope, extrapolation rules, etc.);
- enable departments to establish action plans for carbon reduction while meeting the requirements of Article 75 of the Grenelle 2 Act, which concerns greenhouse gas emissions reviews and the Local Climate-Energy Plan ("PCET") plan.

Guides on how to use the new IT solutions were also handed out to users.

REPORTING PERIOD

The published data cover the period from January 1 to December 31, 2015. Where physical data are not exhaustive for the period, the contributors made approximate calculations to estimate the value of the missing data from average ratios provided by Groupe BPCE (see user guides) based on FTEs and/or the occupied surface area. The contributors reviewed the estimates used and sent their comments along with the information provided and approved by the Group.

COMPARABILITY

This year, Groupe BPCE chose only to report figures for a single year for some indicators, namely those that have undergone a major change in definition since 2014 and those that were newly introduced in 2015.

CONTROLS

Each entity is responsible for the accuracy of its CSR data. The same applies to Groupe BPCE's operational divisions.

At Group level, all data collected are verified and subject to a careful review of units and data consistency. Contributors are asked for an explanation where figures appear unjustified.

If any data published in the management report for the previous year prove inaccurate, a correction is made with an accompanying explanation on the bottom of the same page.

(1) *Greenhouse gas emissions are covered in the "climate change" section.*

6.6.2 Reporting scope for 2015

Groupe BPCE's long-term objective is to meet the regulatory requirement of consolidating CSR reporting on a statutory scope of consolidation (the same as used for the publication of the Group's consolidated financial statements). The scope established for 2015 was defined as reasonably as possible under the circumstances. This scope varies depending on the type of indicator. The scope will be expanded every year, with the aim of reaching the statutory scope of consolidation.

HUMAN RESOURCES INDICATORS – REPORTING SCOPE

In 2015, the reporting scope reviewed for human resources indicators (excluding training) included the following:

- the Banque Populaire banks;
- the Caisses d'Epargne;
- Banque Chaix, Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze;
- the Caisses du Crédit Maritime;
- the subsidiaries of Crédit Coopératif;
- SBE, PRIAM;
- the i-BP, IT-CE and BPCE-IT organizations;
- BPCE, Natixis SA and BPCE International.

This year, the scope was expanded to incorporate human resources data from BTP Banque, ECOFI, BPCE International, PRIAM, SBE and BPCE-IT. The human resources reporting scope covers 77% of the Group's headcount.

With respect to training data, the scope is limited to the Banque Populaire banks, the Caisses d'Epargne, BPCE, and the IT subsidiaries of Groupe BPCE. It represents 91% of permanent staff (incl. work-study contracts) covered by the human resources data.

ENVIRONMENTAL AND SOCIETAL INDICATORS – REPORTING SCOPE

In 2013, the reporting scope reviewed for environmental and societal indicators included the following (except as duly acknowledged in the Groupe BPCE 2013 registration document):

- the companies of the Banque Populaire network;
- the companies of the Caisse d'Epargne network;
- BPCE, i-BP, IT-CE, Natixis SA and its subsidiaries in France, Banque Palatine, Crédit Foncier, Fédération Nationale des Caisses d'Epargne (FNCE); the head office of BPCE International for certain indicators (FTE, m^2, gasoline and diesel consumption by company and fleet cars and travel by train and air) and its subsidiaries for customers receiving "basic banking services" and the "alternative payment range".

The CSR 2014 target reporting scope covered around 85% of the Group's headcount.

In 2015, the CSR target reporting scope used for the environmental and societal indicators increased by 3 points and now covers an average 88% of the Group's staff.

It includes the following entities (barring specifically-mentioned exceptions):

- the companies of the Banque Populaire network, composed of the Banque Populaire banks and their subsidiaries in France;
- the companies of the Caisse d'Epargne network and their subsidiaries in France;
- BPCE, i-BP, IT-CE, Natixis SA and its subsidiaries in France, Banque Palatine and its subsidiaries in France, Crédit Foncier and its subsidiaries CFI and SOCFIM; the head office of BPCE International for certain indicators (FTE, m^2, gasoline and diesel consumption by company and fleet cars and travel by train and air) and its subsidiaries for customers receiving "basic banking services" and the "alternative payment range";
- for the results of the carbon reviews and Natixis' results, it covers the scope of Natixis and its subsidiaries, excluding Equity Interests and excluding BPCE Assurances;
- the subsidiaries of BPCE International for a selection of environmental and societal indicators.

The number of entities included in the CSR 2015 reporting scope has increased from 2014. The aim is to continue improving coverage for the next reporting period.

The methodologies and scopes related to Banque Palatine, BRED Banque Populaire, Crédit Coopératif, Crédit Foncier and Natixis are outlined in their respective management reports.

DIFFICULTIES AND LIMITS

It is difficult to analyze and interpret the data owing to the large number of information systems in use within Groupe BPCE. The reporting scopes vary according to the type of data (human resources, environmental, societal or business data).

6.7 Report by the appointed Independant third party, on consolidated human ressources, environmental and social information included in the management report

This is a free English translation of the designated independent third party's report issued in French and it 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 standards applicable in France.

Year ended December 31, 2015

To the Shareholders,

In our capacity as independent third party of the company BPCE, (the "company"), certified by COFRAC under number 3-1049[(1)], we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended December 31st, 2015, included in the management report (hereinafter named "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code *(Code de commerce).*

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the company (hereinafter the "Guidelines"), summarized in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics *(code de déontologie)* of our profession and the requirements of Article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved nine persons and was conducted between November 2015 and March 2016 during a fifteen weeks intervention period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement, and with International Standard ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

Attestation regarding the 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 obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

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 controlled entities as defined by Article L.233-3 of the French Commercial Code, within the limitations set out in the methodological note, presented in the "Methodology of the CSR reporting" section of the management report.

CONCLUSION

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

Conclusion on the fairness of CSR Information

NATURE AND SCOPE OF OUR WORK

We conducted around twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important:[1]

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed 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 agreement 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, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 21% of headcount, between 14% and 20% of quantitative environmental data, and 100% of quantitative societal data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

CONCLUSION

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

French original signed by

Paris-La Défense, March 15, 2016

KPMG SA

Anne Garans	Marie-Christine Jolys
Partner	Partner
Climate Change and Sustainability Services	

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(1) Social indicators: Breakdown of headcount by contract, status and gender; Recruits and departures with permanent contracts, including dismissals; Breakdown of permanent staff by working hours.

Environmental indicators: Number of A4 reams per FTE; Energy consumption; Total fuel consumption for business travels made by company cars service cars and the car pool; Greenhouse gas emissions related to energy consumption.

Societal indicators: Portion of total purchases made from SMEs/ISEs; Outstanding solidarity-based SRI (Natixis); New loans approved by the Parcours Confiance association; Number of ADIE microloans with support (Association pour le Droit à l'Initiative Economique).

Qualitative information: Policies implemented regarding training; Measures implemented to promote gender equality; The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues; Adaptation to consequences of climate change; Territorial, economic and social impact of the company activity.

(2) *Banque Populaire Atlantique, Banque Populaire Aquitaine Centre Atlantique, Caisse d'Epargne Midi-Pyrénées, Caisse d'Epargne Aquitaine Poitou-Charentes, Caisse d'Epargne Lorraine Champagne-Ardenne, la BRED, Crédit Coopératif, Banque Palatine, Association pour le Droit à l'Initiative Economique (ADIE), Natixis Asset Management, BPCE Achats.*

7 LEGAL INFORMATION

7.1 Memorandum and articles of association

7.1.1 General information

BPCE

50, avenue Pierre Mendès-France – 75013 Paris

A French limited liability company *(société anonyme)* with a Management Board and a Supervisory Board, governed by its articles of association, the regulations applicable to commercial companies, and the French Monetary and Financial Code *(Code monétaire et financier)*.

The company was incorporated on January 22, 2007, the date on which BPCE, a non-trading company, was formed to hold the assets contributed by Groupe Banque Populaire and Groupe Caisse d'Epargne. The company's duration is 99 years.

Paris Trade and Companies Register

Number: 493 455 042

NAF (business activity) code: 6419Z

The company's fiscal year runs from January 1 to December 31.

7.1.2 Appropriation of earnings

Distributable income is comprised of the income for the fiscal year, less any losses brought forward and any sums allocated to the legal reserve, plus any retained earnings.

The sums distributed are comprised of the distributable income plus any reserves available to the company.

If the full amount of a preferred dividend for a given year has not been distributed, no dividend may be paid to shareholders of category "A" or "B" shares during the incorporation period, or to any shareholders after the end of the incorporation period.

The Ordinary General Shareholders' Meeting, upon a proposal by the Management Board, is entitled to deduct any sums it deems suitable to be carried forward to the following year or to be allocated to one or more extraordinary, general, or special reserve funds. Any sums decided on by the Annual General Shareholders' Meeting upon a proposal by the Management Board may be allocated to these funds. In addition, the Annual General Shareholders' Meeting may decide, upon a proposal by the Management Board, to distribute a dividend from all or part of the sums available for distribution, under the terms and conditions set forth in the company's articles of association.

The Ordinary General Shareholders' Meeting, upon a proposal by the Management Board, may opt to grant shareholders the option of receiving some or all of their dividend in cash or in shares. This option may also be offered for interim dividends.

7.1.3 Annual General Shareholders' Meetings

Annual General Shareholders' Meetings are called and convened in accordance with regulations in force. Annual General Shareholders' Meetings take place in the registered offices or in any other place specified in the notice of the meeting.

The Ordinary General Shareholders' Meeting called to approve the annual financial statements of the previous fiscal year convenes within five months of the end of the fiscal year.

Only the A Class Shareholders, the B Class Shareholders and the owners of Common Shares are entitled to take part in the Annual General Shareholders' Meetings. Their participation is subject to the registration of the shares in the name of the shareholder by the third business day preceding the Annual General Shareholders' Meeting at twelve midnight, Paris time, in the registered share accounts maintained by the company.

The shareholder, if he cannot personally attend the Annual General Shareholders' Meeting, may select one of the following three options:

- to grant a proxy to another shareholder or to his spouse; or
- to vote by absentee ballot; or
- to send a power of attorney to the company without designating a representative.

Annual General Shareholders' Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Vice-Chairman. In the absence of both, Annual General Shareholders' Meetings are chaired by a member of the Supervisory Board specially appointed for this purpose by the Supervisory Board. Failing this, the Annual General Shareholders' Meeting itself elects its Chairman.

The Annual General Shareholders' Meeting appoints its officers.

The duties of scrutineer are performed by two consenting shareholders representing, themselves or as proxies, the greatest number of shares. The officers of the Annual General Shareholders' Meeting appoint a Secretary who may be selected outside the shareholders' ranks.

A register of attendance is kept in accordance with regulations in force.

The Ordinary General Shareholders' Meeting convened on first notice may validly transact business if the shareholders present or represented own at least one-fifth of the voting shares. The Ordinary General Shareholders' Meeting convened on second notice may validly transact business regardless of the number of shareholders present or represented.

Resolutions of the Ordinary General Shareholders' Meeting are carried by majority vote of the shareholders present or represented, including the shareholders who have voted by absentee ballot.

The Extraordinary Shareholders' Meeting convened on first notice may validly transact business only if the shareholders present or represented own at least one-fourth of the voting shares. The Extraordinary Shareholders' Meeting, convened on second notice, may validly transact business only if the shareholders present or represented own at least one-fifth of the voting shares.

The resolutions of the Extraordinary Shareholders' Meeting are carried by a two-thirds majority of the votes of the shareholders present or represented, including the shareholders who have voted by absentee ballot.

Ordinary and Extraordinary Shareholders' Meetings exercise their respective powers in accordance with regulations in force.

Copies or extracts of the minutes of the Annual General Shareholders' Meeting are validly certified by the Chairman of the Supervisory Board, by the Vice-Chairman, a member of the Management Board, or by the Secretary of the Annual General Shareholders' Meeting.

The details concerning the participation of shareholders at the Annual General Shareholders' Meeting are listed in Chapter 2.3.4.

7.1.4 Company documents

Documents relating to the company such as its articles of association, financial statements, and the Management Board and Statutory Auditor reports presented at Annual General Shareholders' Meetings may be viewed at the company's registered office and are also available on BPCE's website: www.bpce.fr.

7.2 Share capital

7.2.1 Share capital at December 31, 2015

The share capital amounts to one hundred and fifty-five million seven hundred and forty-two thousand three hundred and twenty euros (€155,742,320). It is divided into 31,148,464 fully paid-up shares with a nominal value of five euros (€5) each, divided into two categories:

- 15,574,232 category "A" shares;
- 15,574,232 category "B" shares.

Shares in BPCE are neither listed nor traded on any market.

The company did not pledge its own shares over the course of 2015.

It should be noted that, in the wake of the decision taken by the Annual General Shareholders' Meeting on December 16, 2010, BPCE held 3,860,000 category "C" treasury shares bought back from *Société de prise de participation de l'État* (SPPE) until January 5, 2011, at which time it canceled said shares and reduced its share capital to €505,831,755.

At its meeting of March 14, 2011, the Management Board recorded the buyback of the last shares held by SPPE, i.e. 2,573,653 category "C" shares for a total of €1,220,208,723.54. These shares were held as treasury shares by BPCE until April 18, 2011, at which time it canceled said shares and reduced its share capital to €467,226,960. During this same period, BPCE also redeemed the deeply subordinated notes held by SPPE for a total of €1,072,070,137.

Subsequent to these transactions, BPCE's category "C" shares have lapsed, and the company's share capital continues to be equally divided between the Caisses d'Epargne (category "A" shares) and the Banque Populaire banks (category "B" shares).

On September 28, 2012, Banque Populaire Lorraine Champagne bought back 9,431 category "B" BPCE shares held by Segimlor.

One of the steps in the simplification of the Group's structure consisted in 2013 of an increase in BPCE's stake in the Banque Populaire banks and in the Caisses d'Epargne for an amount of €2 billion *via* a reduction in BPCE's capital and the exceptional payment of a cash dividend deducted from "Additional paid-in capital."

The increase in this stake had to be approved by a decision of BPCE's Extraordinary General Shareholders' Meeting, which met on July 11, 2013. The implementation of this decision was subject to a condition precedent, namely the permanent buyback of all cooperative investment certificates (CICs) followed by their cancellation and the corresponding reduction of the share capital of each of the Banque Populaire banks and Caisses d'Epargne.

At its meeting of August 6, 2013, BPCE's Management Board duly noted that the conditions precedent had been met and decided to carry out a capital reduction of €311,484,640 by decreasing the nominal value of the company's shares from €15 to €5, and by paying a dividend of €311,484,640 consisting of the amount of the capital reduction, i.e. €10 per share held.

The Management Board therefore duly noted the permanent reduction of the company's capital by a nominal amount of €311,484,640, bringing it down from €467,226,960 to €155,742,320, and also decided to pay an exceptional cash dividend to shareholders, in proportion to their equity investment in the company, totaling €1,688,515,360 deducted from "Additional paid-in capital".

On November 28, 2013, BRED Banque Populaire bought back 15,812 category "B" BPCE shares held by Cofibred.

On November 27, 2014, Banque Populaire Lorraine Champagne absorbed Banque Populaire d'Alsace and adopted the new name Banque Populaire Alsace Lorraine Champagne.

On November 20, 2015, Banque Populaire Rives de Paris bought back 23 category "B" BPCE shares held by the Doittau estate.

On December 3, 2015, Banque Populaire Rives de Paris bought back 8 category "B" BPCE shares held by Claude Raffetin.

7.2.2 Category "A" and "B" shares

DEFINITION

Category "A" shares are shares held by category "A" shareholders, which are the Caisses d'Epargne, and issued by the company in accordance with Articles L. 228-11 *et seq.* of the French Commercial Code.

Category "B" shares are shares held by category "B" shareholders, which are the Banque Populaire banks and minority shareholders, and issued in accordance with the articles of the French Commercial Code mentioned above.

FORM AND MEANS OF REGISTRATION IN A SECURITIES ACCOUNT

The shares issued by the company may only be held in registered form. They are recorded in a register and shareholder accounts and are held by either the company or an approved intermediary.

RIGHTS OF CATEGORY "A" AND "B" SHARES

Category "A" and "B" shares have the same rights, with the exception of the special rights attributed during the incorporation period, as set forth in the company's articles of association.

These special rights are attached to each share category, and can be exercised at Ordinary General Shareholders' Meetings.

The special rights expire at the end of the incorporation period. Consequently, at the end of that period, category "A" and "B" shares will be automatically converted into ordinary shares bearing equivalent rights.

Each category "A" and "B" share entitles its holder to one vote at Annual General Shareholders' Meetings.

The rights of category "A" and "B" shareholders may not be changed without the approval of a General Shareholders' Meeting convened specifically for this purpose, in accordance with the applicable laws.

INCORPORATION PERIOD

When BPCE was first established, on July 31, 2009, two distinct share categories were created – one for former CNCE shareholders and one for former BFBP shareholders – in order to guarantee parity for the shareholders of the two companies owning BPCE during the five-year incorporation period. The incorporation period could be extended by the Annual General Shareholders' Meeting. After the incorporation period, category "A" and "B" shares would be automatically converted into ordinary shares.

Until the end of the incorporation period, in the event of a cash capital increase with pre-emptive subscription rights during which certain holders of category "A" or "B" shares did not exercise all of their subscription rights, the other holders of category "A" or "B" shares (as the case may be) would be entitled to exercise the non-exercised subscription rights, in excess of their own subscription rights, before other shareholders.

In addition, category "A" and "B" shares could not be transferred during the incorporation period, except for transfers among category "A" shareholders and among category "B" shareholders, subject to the pre-emptive rights held by other shareholders of the same category.

During the incorporation period, seven members of the company's Supervisory Board were appointed from among candidates proposed by category "A" shareholders, and seven members of the company's Supervisory Board were appointed from among candidates proposed by category "B" shareholders. The Supervisory Board could deliberate validly only if at least two of the members proposed by category "A" shareholders and at least two of the members proposed by category "B" shareholders were present.

The company's General Shareholders' Meeting of December 20, 2012 decided to abolish the incorporation period, which was scheduled to end on the date of the Annual General Shareholders' Meeting in May 2015.

The Annual General Shareholders' Meeting decided to preserve the equal ownership structure of BPCE's share capital and to maintain the Supervisory Board's current composition of seven members proposed by category "A" shareholders, seven members proposed by category "B" shareholders and four external members.

An equal split will also be maintained in the appointment of non-voting directors, with three appointed from candidates proposed by category "A" shareholders and three appointed from candidates proposed by category "B" shareholders, plus Natixis, which is a non-voting director by operation of the law.

The Combined General Meeting of July 11, 2013 reduced the number of non-voting directors proposed by category "A" and category "B" shareholders to two, and decided that the Chairman of the Fédération Nationale des Caisses d'Epargne and the Chairman of the Fédération Nationale des Banques Populaires, who cannot be members of the Supervisory Board, be non-voting directors as of right.

The Annual General Shareholders' Meeting of December 20, 2012 also decided to introduce a 10-year period of non-transferability from July 31, 2009 to July 31, 2019, during which only free conveyance within the same network is possible.

The new articles of association have already defined the system for the period commencing August 1, 2019: free conveyance of shares within the same network will remain possible and transfers other than free conveyance (i.e. to shareholders of another category or to third parties) will also become possible.

Transfers of shares will be subject to a pre-emptive right that may be exercised by shareholders of the same category. The transfer of any shares that are not covered by the pre-emptive right will require the prior approval of the Supervisory Board deliberating with a qualified majority (12 out of 18 members). In the event approval is not obtained, the Management Board will have to find a solution.

The Annual General Shareholders' Meeting also decided to shift Groupe BPCE's solidarity mechanism towards a greater pooling of resources by changing the order of priority in terms of coverage (network funds and the Mutual Guarantee Fund ahead of capacity-based contributions).

Finally, the Annual General Shareholders' Meeting decided to improve the Group's solvency support mechanism by establishing a bonus and netting system that encourages shareholder institutions to contribute to the achievement of the Group target.

7.3 Ownership structure and distribution of voting rights

7.3.1 Ownership structure over the past three years

Shareholders	Share capital at 12/31/2015			Share capital at 12/31/2014			Share capital at 12/31/2013		
	No. of shares	% share capital	% voting rights	No. of shares	% share capital	% voting rights	No. of shares	% share capital	% voting rights
CE Alsace	401,759	1.29%	1.29%	401,759	1.29%	1.29%	401,759	1.29%	1.29%
CE Aquitaine Poitou-Charentes	1,176,510	3.78%	3.78%	1,176,510	3.78%	3.78%	1,176,510	3.78%	3.78%
CE d'Auvergne et du Limousin	612,154	1.97%	1.97%	612,154	1.97%	1.97%	612,154	1.97%	1.97%
CE de Bourgogne Franche-Comté	814,658	2.62%	2.62%	814,658	2.62%	2.62%	814,658	2.62%	2.62%
CE Bretagne Pays de Loire	1,084,672	3.48%	3.48%	1,084,672	3.48%	3.48%	1,084,672	3.48%	3.48%
CE Côte d'Azur	625,348	2.01%	2.01%	625,348	2.01%	2.01%	625,348	2.01%	2.01%
CE Ile-de-France	2,167,033	6.96%	6.96%	2,167,033	6.96%	6.96%	2,167,033	6.96%	6.96%
CE Languedoc-Roussillon	663,993	2.13%	2.13%	663,993	2.13%	2.13%	663,993	2.13%	2.13%
CE Loire-Centre	722,595	2.32%	2.32%	722,595	2.32%	2.32%	722,595	2.32%	2.32%
CE Loire Drôme Ardèche	496,094	1.59%	1.59%	496,094	1.59%	1.59%	496,094	1.59%	1.59%
CE Lorraine Champagne-Ardenne	1,034,535	3.32%	3.32%	1,034,535	3.32%	3.32%	1,034,535	3.32%	3.32%
CE de Midi-Pyrénées	756,562	2.43%	2.43%	756,562	2.43%	2.43%	756,562	2.43%	2.43%
CE Nord France Europe	1,207,197	3.88%	3.88%	1,207,197	3.88%	3.88%	1,207,197	3.88%	3.88%
CE Normandie	787,783	2.53%	2.53%	787,783	2.53%	2.53%	787,783	2.53%	2.53%
CE Picardie	547,607	1.76%	1.76%	547,607	1.76%	1.76%	547,607	1.76%	1.76%
CE Provence-Alpes-Corse	1,198,712	3.85%	3.85%	1,198,712	3.85%	3.85%	1,198,712	3.85%	3.85%
CE Rhône Alpes	1,277,020	4.10%	4.10%	1,277,020	4.10%	4.10%	1,277,020	4.10%	4.10%
Total category "A" shares	**15,574,232**	**50.00%**	**50.00%**	**15,574,232**	**50.00%**	**50.00%**	**15,574,232**	**50.00%**	**50.00%**
BP des Alpes	632,493	2.03%	2.03%	632,493	2.03%	2.03%	632,493	2.03%	2.03%
BP d'Alsace	-	-	-	-	-	-	704,547	2.26%	2.26%
BP Alsace Lorraine Champagne	1,748,766	5.61%	5.61%	1,748,766	5.61%	5.61%	-	-	-
BP Aquitaine Centre Atlantique	801,910	2.57%	2.57%	801,910	2.57%	2.57%	801,910	2.57%	2.57%
BP Atlantique	681,543	2.19%	2.19%	681,543	2.19%	2.19%	681,543	2.19%	2.19%
BP Bourgogne Franche-Comté	989,679	3.18%	3.18%	989,679	3.18%	3.18%	989,679	3.18%	3.18%
BRED Banque Populaire	1,495,870	4.80%	4.80%	1,495,870	4.80%	4.80%	1,495,870	4.80%	4.80%
BP Côte d'Azur	388,172	1.25%	1.25%	388,172	1.25%	1.25%	388,172	1.25%	1.25%
BP Loire et Lyonnais	553,183	1.78%	1.78%	553,183	1.78%	1.78%	553,183	1.78%	1.78%
BP Lorraine Champagne	-	-	-	-	-	-	1,044,219	3.35%	3.35%
BP du Massif Central	431,814	1.39%	1.39%	431,814	1.39%	1.39%	431,814	1.39%	1.39%
BP du Nord	435,113	1.40%	1.40%	435,113	1.40%	1.40%	435,113	1.40%	1.40%
BP Occitane	1,240,395	3.98%	3.98%	1,240,395	3.98%	3.98%	1,240,395	3.98%	3.98%
BP de l'Ouest	751,505	2.41%	2.41%	751,505	2.41%	2.41%	751,505	2.41%	2.41%
BP Provençale et Corse	242,457	0.78%	0.78%	242,457	0.78%	0.78%	242,457	0.78%	0.78%
BP Rives de Paris	1,391,300	4.47%	4.47%	1,391,269	4.47%	4.47%	1,391,269	4.47%	4.47%
BP du Sud	640,118	2.06%	2.06%	640,118	2.06%	2.06%	640,118	2.06%	2.06%
BP Val de France	1,342,454	4.31%	4.31%	1,342,454	4.31%	4.31%	1,342,454	4.31%	4.31%
CASDEN Banque Populaire	1,493,410	4.79%	4.79%	1,493,410	4.79%	4.79%	1,493,410	4.79%	4.79%
Crédit Coopératif	313,964	1.01%	1.01%	313,964	1.01%	1.01%	313,964	1.01%	1.01%
Cofibred	0	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%
Mr. or Mrs. Guy Bruno	55	0.00%	0.00%	55	0.00%	0.00%	55	0.00%	0.00%
Georges Doittau estate	-	-	-	23	0.00%	0.00%	23	0.00%	0.00%
Mr. Jacques Galiegue	17	0.00%	0.00%	17	0.00%	0.00%	17	0.00%	0.00%
Mr. Claude Raffetin	-	-	-	8	0.00%	0.00%	8	0.00%	0.00%
Mr. Robert Arnaud	7	0.00%	0.00%	7	0.00%	0.00%	7	0.00%	0.00%
Mr. Jean-Michel Laty	6	0.00%	0.00%	6	0.00%	0.00%	6	0.00%	0.00%
Unallocated shares	1	0.00%	0.00%	1	0.00%	0.00%	1	0.00%	0.00%
Total category "B" shares	**15,574,232**	**50.00%**	**50.00%**	**15,574,232**	**50.00%**	**50.00%**	**15,574,232**	**50.00%**	**50.00%**
TOTAL	**31,148,464**	**100.00%**	**100.00%**	**31,148,464**	**100.00%**	**100.00%**	**31,148,464**	**100.00%**	**100.00%**

Changes in BPCE's share capital are set out under point 7.2.1.

SHAREHOLDERS OWNING MORE THAN 5% OF THE SHARE CAPITAL OR VOTING RIGHTS

Shareholders	No. of shares	% share capital	% voting rights
CE Ile-de-France	2,167,033	6.96%	6.96%
BP Alsace Lorraine Champagne	1,748,766	5.61%	5.61%

BPCE currently has no employee share ownership agreements in place.

7.3.2 Improper control

The company is controlled as described in Chapter 7.3.1; however, the company believes there is no risk of said control being exercised improperly.

7.3.3 Changes of control

To BPCE's knowledge, and in accordance with European regulations, there are no agreements that could lead to a change in control of the company at a subsequent date.

In accordance with Article L. 512-106 of the French Monetary and Financial Code, "the central institution of the Caisses d'Epargne and the Banque Populaire banks (…) is incorporated as a public limited company in which the Banque Populaire banks and the Caisses d'Epargne together hold the absolute majority of the share capital and voting rights".

7.4 Material contracts

As of the date of publication of this financial information, with the exception of the agreements referred to in Chapter 7.6 (related-party agreements), BPCE has not entered into any material contracts other than those entered into in the normal course of business.

7.5 Material changes

The financial statements for the 2015 fiscal year were approved by the Management Board on February 4, 2016.

On March 2, 2016, Groupe BPCE sold all of its residual stake in Nexity. This disposal forms part of the implementation by Groupe BPCE of its strategic plan aiming at reducing or disposing of its parts in its non-core assets.

7.6 Statutory Auditors' special report on related party agreements and commitments

Shareholder's Meeting called to approve the financial statements for the fiscal year ended December 31, 2015

This is a free translation into English of the statutory auditors' original 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 the relevant professional auditing standards applicable in France.

BPCE

Registered office: 50 avenue Pierre Mendès-France 75013 Paris

Share capital: €155,742,320

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the key features, terms and conditions and purpose of the contractual agreements and commitments indicated to us or that we may have identified in the performance of our assignment. It is not our role to comment as to whether they are beneficial or to ascertain whether any other agreements or commitments exist. It is your responsibility, in accordance with Article R.225-58 of the French Commercial Code, to assess the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required to inform you in accordance with Article R.225-58 of the French Commercial Code concerning the execution during the year of the agreements and commitments already approved by the Annual General Shareholders' Meeting.

We performed the procedures we considered necessary to comply with the professional code of the *Compagnie nationale des commissaires aux comptes* (France's National Association of Statutory Auditors) relating to this assignment. Our work consisted in verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

For the purposes of this report:

- "BPCE" designates the central institution resulting from the combination of the networks of Caisse d'Epargne and Banque Populaire, a French joint stock company *(société anonyme)* with a Management Board and a Supervisory Board since July 31, 2009;
- "CE Participations" designates the former Caisse Nationale des Caisses d'Epargne (CNCE), a French joint stock company *(société anonyme)* with a Management Board and a Supervisory Board, renamed CE Participations on July 31, 2009 in the modified form of a French limited liability company *(société anonyme)* with a Board of Directors, as the holding company for all Caisses d'Epargne equity interests and operations not transferred to BPCE in 2009, and which was merged with BPCE through absorption on August 5, 2010;
- "BP Participations" designates the former Banque Fédérale des Banques Populaires (BFBP), a French joint stock company *(société anonyme)* with a Board of Directors, renamed BP Participations on July 31, 2009 as the holding company for all of the Banque Populaire network's equity interests not transferred to BPCE in 2009 and which was merged with BPCE through absorption on August 5, 2010.

7.6.1 Agreements and commitments to be submitted for the approval of the Annual General Shareholders' Meeting

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

In accordance with Article L.225-88 of the French Commercial Code, we were informed of the following agreements and commitments approved by the Supervisory Board.

Commitments maturing or likely to mature because of the termination or change of position of members of the Management Board

The Supervisory Board meeting of April 4, 2012 approved the commitments matured or likely to mature in case of termination or change of office of members of the Management Board at this date.

Directors concerned on the applicable date (April 4, 2012): François Pérol, Chairman of the Management Board of BPCE, Olivier Klein, Nicolas Duhamel, Philippe Queuille and Anne Mercier-Gallay, members of the Management Board of BPCE.

Due to the renewal of the BPCE Management Board, the commitments already taken by the Supervisory Board at its meeting of April 4, 2012 were presented and approved by the Supervisory Board at its meeting of November 21, 2012, and subsequently by the Supervisory Board at its meeting of November 16, 2015, in order to expand them to include the members of the new Management Board.

The commitments were made with a view to clarity and transparency, in accordance with Article L.225-90-1 of the French Commercial Code, in order to provide the directors of BPCE with attractive and secure status.

Directors concerned on the applicable date (November 16, 2015): François Pérol, Chairman of the Management Board of BPCE, Jean-Yves Forel, Daniel Karyotis, Catherine Halberstadt and Laurent Mignon, members of the Management Board of BPCE.

Indemnity due in the event of forced termination

The Supervisory Board has decided that in the event their term of office is forcibly terminated (by a decision-making body) for reasons other than serious misconduct, change of position within Groupe BPCE or retirement, members of the BPCE Management Board may be paid fixed compensation equal to no less than 12 months of fixed and variable remuneration and no more than 24 months (awarded to those with 12 years of seniority within the Group).

The payment of the director termination indemnity causes the former director to lose any right to the specific additional pension schemes (namely the defined benefit plans, subject to employment by the company at the time of retirement, provided for under Article L.137-11 of the French Social Security Code) or to the retirement severance which he or she might possibly claim.

In case of redeployment in Groupe BPCE, under an employment contract, the termination of such employment contract, notified more than 12 months after the removal of the corporate office, gives a right, except in case of gross negligence or wilful misconduct, to the payment of the sole dismissal indemnity provided for in the applicable collective bargaining agreement. Conversely, in case of termination of such employment contract, notified less than 12 months after the removal of the corporate office, the termination gives a right, except in case of gross negligence or wilful misconduct, to the payment of the director termination indemnity, subject to the deduction of the indemnity liable to be paid in respect of the employment contract's termination.

The director termination indemnity is due only if the Group generated positive net income over the last financial year preceding the termination of the corporate office.

The monthly benchmark pay, taken into account for the calculation, is equal to a 12th of the aggregate of the fixed pay (not including any benefits) paid in respect of the last calendar year of work and the average of the variable pay (whether paid immediately or in arrears) in respect of the last three calendar years of work.

For the calculation of the benchmark pay, the pay taken into account corresponds to the amounts paid in respect of the relevant corporate office.

The amount of the indemnity is equal to the monthly benchmark pay x (12 months + 1 month per year of seniority within the Group). Seniority is calculated in years and fractions of a year.

The amount of the indemnity is capped at 24 times the monthly benchmark pay, which corresponds to a period of 12 years of seniority within the Group.

In case of payment of an average amount equal to at least 50% of the maximum variable component during the last 3 years of the then current term of office (or during the served term, supplemented where applicable by the term of the preceding office in case of renewal), the indemnity shall be paid in full.

If the amounts paid in respect of the variable share do not reach at least 33.33% of the maximum variable component over the said benchmark period, then no indemnity shall be paid. If the amounts paid range between 33.33% and 50% of the said component, then the amount of the indemnity shall be calculated on a straight-line basis, at the discretion of the company's deliberating body.

In any event, such indemnity is paid subject to the deduction of the indemnity that may be paid for termination of an employment contract, if any.

It was also decided that the members of the BPCE Management Board shall not be entitled to the automatic payment of an indemnity in case of non-renewal of their office; however, the Supervisory Board, acting on an opinion issued by the Appointments and Remuneration Committee, may decide to pay a director termination indemnity after taking into consideration the circumstances under which the office was not renewed and the former director's past career within the Group. Such non-renewal shall not be followed by retirement or by redeployment within Groupe BPCE.

The amount of this indemnity may not be higher than the indemnity paid in the event of termination.

Retirement indemnity

Upon a decision made by the Supervisory Board, members of BPCE's Management Board may benefit from a retirement indemnity equal to no less than 6 months and no more than 12 months of salary, for 10 years of seniority, without any minimum attendance conditions within the Group.

Payment of the retirement indemnity is subject to the same conditions as those which apply to the forcible termination indemnity, i.e. that it is contingent on the Group achieving positive net income in the fiscal year immediately preceding the termination of the corporate office, and on the minimum average rate of the variable component during the last three years of the current term of corporate office.

The retirement indemnity may only be paid concurrently with the determination of the social security pension and provided that the beneficiary falls within the applicable scope at the time of such determination.

Payment of the director termination indemnity is at the discretion of the Supervisory Board after consultation of the Appointments and Remuneration Committee.

In case of payment of the director termination indemnity or the corporate office non-renewal indemnity, the company director loses any right to a defined-benefit pension plan that he or she might claim and may not benefit from any retirement severance.

The monthly benchmark pay, taken into account for the indemnity calculation, is equal to a 12th of the aggregate of the fixed pay (not including any benefits) paid in respect of the last calendar year of work and the average of the variable pay (whether paid immediately or in arrears) in respect of the last three calendar years of work.

For the calculation of the benchmark pay, the pay taken into account corresponds to the amounts paid in respect of the relevant corporate office.

The amount of the indemnity is then equal to the monthly benchmark pay x (6 + 0.6A), where A is the number, and where applicable the fractional number, of years during which terms of mandates have been held within the relevant scope of consolidation. The amount is capped at 12 times the monthly benchmark pay corresponding to a total term of office of 10 years.

In any event, such indemnity is paid subject to the deduction of the retirement indemnity that may be paid in respect of an employment contract, if any.

The indemnity is excluded from the calculation base of the annuities due in respect of the defined-benefit pension plans of which the company director is a beneficiary.

This commitment resulted in the recognition of an expense of €2,593,923.00 on BPCE's 2015 financial statements.

Supplementary pension plans

The Supervisory Board has decided that the same defined-contribution pension plan that applies to all BPCE employees (CGP) and the supplementary defined-contribution pension plan for company directors (IPRICAS) shall also apply to members of the BPCE Management Board under the same conditions as for employees of the Group, funded by a 3.5% contribution paid by the company.

As regards fiscal year 2015, the amount of the CGP and IPRICAS contributions paid by BPCE in favour of members of the Management Board were as follows:

- François Pérol from January 1 to December 31, 2015: €86,865.14;
- Jean-Yves Forel from January 1 to December 31, 2015: €53,052.43;
- Daniel Karyotis from January 1 to December 31, 2015: €53,276.35;
- Anne Mercier-Gallay from January 1 to December 31, 2015: €131,581.24.

Laurent Mignon is not a beneficiary of the plan.

Defined benefit pension plans

Also, the Supervisory Board has given the authorization to maintain in favour of Jean-Yves Forel the benefit of the "Pension Guarantee" pension scheme, supplemented by a "Spouse Annuity" guarantee, in case of death prior to his retirement, such scheme being applicable to company directors of the former Groupe Banque Populaire.

It has equally given the authorization to maintain in favour of Catherine Halberstadt and Daniel Karyotis the benefit of the pension scheme applicable to executive directors of Groupe BPCE defined by the rules of the pension plan for Groupe BPCE company directors on July 1, 2014 and has decided to subordinate the benefit for Catherine Halberstadt of the conditional rights provided for by that scheme to the attainment by Groupe BPCE of positive net income for the applicable period.

The Supervisory Board was informed of the due compliance of the abovementioned provision with paragraph 8 of Article L.225-90-1 of the French Commercial Code which provides that conditional rights may not increase, year on year, by an amount in excess of 3% of the annual benchmark remuneration for the calculation of scheme benefits, since the pension scheme applicable to executive directors of Groupe BPCE of which Catherine Halberstadt has the benefit enables the acquisition of a pension equal to 15% of the benchmark remuneration, assuming membership of the scheme for a minimum of 7 years, whilst Jean-Yves Forel and Daniel Karyotis have both acquired the necessary period of membership of each of the two schemes to have the benefit of maximum benefit entitlement so no longer acquire conditional benefits under the schemes.

No employment contract or suspended employment contract – Unemployment insurance

The Supervisory Board has decided that the Chairman of the Management Board shall not be entitled to execute an employment contract with BPCE, including where such employment contract was previously suspended. If one or more members of the Management Board were, prior to having been appointed as members of the Management Board, party to an employment contract with BPCE or an entity of Groupe BPCE, then such employment contract shall be suspended.

In accordance with that rule, the employment contract of Jean-Yves Forel has been suspended. François Pérol, Catherine Halberstadt, Daniel Karyotis and Laurent Mignon do not have the benefit of any employment contract with BPCE, Natixis or any other Group entity.

It was also decided that the members of the Management Board may be affiliated with a private unemployment insurance scheme (GSC) with partial coverage of their contributions by the enterprise.

François Pérol has waived the benefit of the unemployment insurance scheme.

Rules governing the maintenance of rights to receive pay for a period of 12 months in case of temporary work disability

The Supervisory Board decided that the Members of the Management Board shall benefit from the maintenance of their rights to receive pay for a period of 12 months in case of temporary work disability.

Social protection schemes applicable to all employees

The Supervisory Board has decided that members of the Management Board may, under the same conditions as employees of the Group, benefit from the implementation of the social protection plans applied within BPCE in favour of all employees, namely the IPBP supplementary protection plan (up to tranche C), the BPCE Mutuelle medical expense reimbursement plan and the death protection plan covering tranche D (above €304,320 in 2015) of the employee's remuneration as a complement to the applicable supplementary plan (this plan, insured with CNP, is funded by a 1.30% contribution of which 0.39% is borne by the employee or member of the Management Board).

Indemnity for the forced termination of office of Anne Mercier-Gallay

The Supervisory Board, noting that the resignation of Anne Mercier-Gallay constituted a case of forced termination of office, as defined by the Supervisory Board at its meeting of November 21, 2012, justifying the payment to Anne Mercier-Gallay of an indemnity for forced termination of office, and that Anne Mercier-Gallay had received variable remuneration equal to at least 50% of the maximum variable component in respect of the 2014, 2013 and 2012 fiscal years, thereby justifying payment of the indemnity in full, decided the payment to Anne Mercier-Gallay of an indemnity for forced termination of her appointment as a member of the Management Board amounting to €1,175,179.71.

The Supervisory Board equally confirmed the conservation of the deferred components of variable remuneration, therefore remaining payable to Anne Mercier-Gallay subject to the same conditions of malus and indexation as initially provided, as well as the entitlement to a fraction (calculated for the period from January 1 to November 16, 2015) of the variable remuneration for 2015 to be allocated early in 2016 to the members of the Management Board.

AGREEMENTS AND COMMITMENTS NOT SUBJECT TO PRIOR AUTHORIZATION

In accordance with Articles L.225-90 and L.823-12 of the French Commercial Code, we inform you that the following agreements and commitments were not subject to prior authorization by the Supervisory Board.

We are required to inform you of the reasons for which the authorization procedure was not followed.

Tacit renewal of the CNP Assurances shareholders' agreement

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

The French government, *Caisse des dépôts et consignations,* CNCE and La Poste, as shareholders together owning the majority of CNP Assurances' shares and voting rights, entered into a shareholders' agreement on September 2, 1998.

The agreement was concluded in the framework of the intended sale by the French government of the major part of its shareholding in CNP Assurances, of the transfer of part of the company's share capital to the private sector and of the company's stock market flotation. The parties wished to show their intention to remain invested in the capital in the long term and to set certain share-transfer rules between themselves as well as expressing their shared intention to reinforce the business development of CNP in France and abroad.

On July 29, 2015 the shareholders' agreement of September 2, 1998 was tacitly extended by two years, until December 31, 2017, as successively amended and in accordance with the mechanism provided for by the parties.

This agreement had no impact on BPCE's 2015 financial statements.

Tacit renewal of the collateral remuneration agreement between BPCE and the Caisses d'Epargne

Directors concerned on the applicable date: Yves Toublanc, Chairman of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Rhône Alpes, Jean Arondel, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Loire-Centre, Jean-Charles Boulanger, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Aquitaine Poitou-Charentes, Jean-Claude Cette, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Provence-Alpes-Corse, Francis Henry, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Lorraine Champagne-Ardenne, Philippe Lamblin, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Nord France Europe, Pierre Mackiewicz, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Côte d'Azur, Bernard Roux, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Midi-Pyrénées, Pierre Valentin, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Languedoc-Roussillon, Maurice Bourrigaud, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE d'Auvergne et du Limousin, Joël Chassard, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Normandie, Bernard Comolet, Vice-Chairman of the Supervisory Board of CNCE and Chairman of the Management Board of CE Ile-de-France, Alain Denizot, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Picardie, Jean-Pierre Deramecourt, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Alsace, Alain Maire, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Bourgogne Franche-Comté, Philippe Monéta, a member of the Supervisory Board of CNCE and Chairman of CE Loire Drôme Ardèche and Didier Patault, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Bretagne Pays de Loire.

CNCE and the Caisses d'Epargne have implemented, and may continue to implement in the future, with the *Banque de France*, Groupe BPCE refinancing arrangements involving the direct or indirect use of assets belonging to the Caisses d'Epargne.

The purpose of the collateral remuneration agreement is to determine the bases for calculation and payment under which the Caisses d'Epargne will receive a payment from CNCE in return for transferring assets that are eligible for ECB Monetary Policy Operations not otherwise eligible for specific remuneration as securities lending or repo transactions.

At its meeting of June 24, 2009, the CNCE Supervisory Board authorized the signing with each of the Caisses d'Epargne of this agreement, entered into for three years and renewable automatically for another three-year period, unless terminated in advance.

The agreement resulted in the recognition of an expense of 29,431,765.30 on BPCE's 2015 financial statements.

7.6.2 Agreements and commitments approved in prior fiscal years by the Annual General Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS FISCAL YEARS

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the execution of the following agreements and commitments, already approved by the Annual General Shareholders' Meeting in previous years, was continued in 2015.

Agreements with shareholders

Memorandum of understanding concerning the Group's solvency contribution mechanism

Directors concerned on the applicable date: Yves Toublanc, Chairman of the Supervisory Board of BPCE and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes, Stève Gentili, Vice-Chairman of the Supervisory Board of BPCE and Chairman of BRED, Catherine Amin-Garde, a member of the Supervisory Board of BPCE and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche, Gérard Bellemon, a member of the Supervisory Board of BPCE and Chairman of Banque Populaire Val de France, Thierry Cahn, a member of the Supervisory Board of BPCE and Chairman of Banque Populaire d'Alsace, Alain Condaminas, a member of the Supervisory Board of BPCE and Managing Director of Banque Populaire Occitane, Alain Denizot, a member of the Supervisory Board of BPCE and Chairman of the Management Board of Caisse d'Epargne Nord France Europe, Pierre Desvergnes, a member of the Supervisory Board of BPCE and Managing Director of CASDEN Banque Populaire, Catherine Halberstadt, a member of the Supervisory Board of BPCE and Managing Director of Banque Populaire du Massif Central, Francis Henry, a member of the Supervisory Board of BPCE and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne, Pierre Mackiewicz, a member of the Supervisory Board of BPCE and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur, Didier Patault, a member of the Supervisory Board of BPCE and Chairman of the Management Board of Caisse d'Epargne Ile-de-France, Pierre Valentin, a member of the Supervisory Board of BPCE and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon.

At the end of 2012, BPCE decided to end the period of integration provided for on the Group's creation and move towards a durable form of governance consistent with the prevailing structure of the Group's capital and governance. In that context, it was felt desirable to reinforce the solidarity and guarantee mechanisms of the Banque Populaire and Caisse d'Epargne networks with a view to maximum pooling of risks by the two networks.

In its capacity as the Group's central institution, BPCE is effectively the guarantor of the Group's solvency. Therefore, in accordance with Articles L.511-31 and L.512-107 of the French Monetary and Financial Code and its articles of association, BPCE is responsible for taking all steps necessary in order to guarantee the solvency of the Group and of each of the institutions comprising the Banque Populaire and Caisse d'Epargne networks. BPCE is in particular responsible for implementing the appropriate internal solidarity mechanisms within the Group.

Given the importance for the Group as a whole of the Group's targeted solvency ratio, and as the central institution of Groupe BPCE, BPCE thus examined the creation of a balanced mechanism of contribution to the Group's regulatory capital on the basis of a bonus/compensation scheme, in order to prompt all affiliated institutions to participate in the attainment of the Group's target.

During its meeting of December 12, 2012 the Supervisory Board approved and authorized the principle, terms and conditions of BPCE's participation in a memorandum of understanding concerning Groupe BPCE's solvency contribution mechanism and authorized the execution of the said memorandum by and between BPCE, the Caisses d'Epargne et de Prévoyance and the Banque Populaire banks. The memorandum of understanding was signed on February 28, 2013.

In order to take into account the buyback and cancellation of the CICs and the transition to Basel III, it became necessary to adjust the contributory ratios of the Caisses d'Epargne and the Banque Populaire banks. It should be noted in this respect that the institutions' average contributory ratio amounted to 8.9% equating with the Group's Core Tier 1 ratio as at December 31, 2012 including the impact of the Danish insurance compromise.

As the solvency compensation mechanism was to be triggered on the basis of a ratio of 8.9%, i.e. the Group's Core Tier 1 ratio as at December 31, 2012 including the impact of the Danish insurance compromise, for the purpose of triggering of the bonus mechanism a target ratio of 10% was proposed.

Following the exclusion of CICs from the solvency contribution mechanism, the Supervisory Board, at its meeting of October 2, 2013, authorized the signing of an amendment to the memorandum of understanding, eliminating Article 3.a concerning the restatement of CICs.

This agreement had no impact on BPCE's 2015 financial statements.

Collateral remuneration agreement between BPCE and the Banque Populaire banks

Directors concerned on the applicable date: Gérard Bellemon, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of Banque Populaire Val de France, Thierry Cahn, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of Banque Populaire d'Alsace, Pierre Desvergnes, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of CASDEN Banque Populaire, Stève Gentili, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BRED, Jean Criton, a member of the Supervisory Board of BPCE and Managing Director of Banque Populaire Rives de Paris and Bernard Jeannin, a member of the Supervisory Board of BPCE and Managing Director of Banque Populaire Bourgogne Franche-Comté.

BPCE and the Banque Populaire banks have implemented, and may continue to implement in the future, with the *Banque de France*, Groupe BPCE refinancing arrangements involving the direct or indirect use of assets belonging to the Banque Populaire banks.

BPCE and the Banque Populaire banks wished to define the terms and conditions under which the Banque Populaire banks will receive a minimum financial commission in exchange for transferring assets eligible for ECB Monetary Policy Operations and not otherwise eligible for specific remuneration as securities lending or repo transactions.

The purpose of the collateral remuneration agreement is to determine the bases for calculation and payment under which the Banque Populaire will receive a payment from BPCE in return for directly or indirectly transferring assets that are eligible for ECB Monetary Policy Operations.

At its meeting of February 24, 2010, the BPCE Supervisory Board authorized the signing with each of the Banque Populaire banks of this agreement, which was entered into on July 15, 2010 for an indefinite period.

The agreement resulted in the recognition of an expense of €14,259,803.93 on BPCE's 2015 financial statements.

Guarantee granted (as a protection mechanism) by the Caisses d'Epargne to Triton (formerly GCE SRD) and BPCE

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Managing Director and a Board Member of CE Participations, Nicolas Duhamel, a member of the Management Board of BPCE and Deputy Managing Director of CE Participations, Yves Toublanc, Vice-Chairman of the Supervisory Board of BPCE, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes and Chairman of the Board of Directors of CE Participations, Catherine Amin-Garde, a member of the Supervisory Board of BPCE, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche and a Board Member of CE Participations, Bernard Comolet, a member of the Supervisory Board of BPCE, Chairman of the Management Board of Caisse d'Epargne Ile-de-France and a Board Member of CE Participations, Francis Henry, a member of the Supervisory Board of BPCE, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne and a Board Member of CE Participations, Pierre Mackiewicz, a member of the Supervisory Board of BPCE, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur and a Board Member of CE Participations, Didier Patault, a member of the Supervisory Board of BPCE, Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire and a Board Member of CE Participations and Pierre Valentin, a member of the Supervisory Board of BPCE, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon and a Board Member of CE Participations.

A protection mechanism has been set up safeguarding, at the Caisses d'Epargne level, economic exposure to certain proprietary workout Portfolio Management (listed and unlisted medium- and long-term and delegated management portfolio) activities by CE Participations in the form of 314 separate swaps.

This protection mechanism was set up through the following transactions:

- the purchase from CE Participations by BPCE and the Caisses d'Epargne, in proportion to their stake in CE Participations, of the entire share capital of GCE SRD 007 (now Triton) followed by a cash capital increase;
- the signing by CE Participations and GCE SRD 007 of an FBF master agreement relating to futures transactions, a master confirmation agreement, a service agreement by GCE SRD 007 and BPCE, a financing agreement under which the Caisses d'Epargne, in their capacity as shareholders of GCE SRD 007, provide the latter with the cash necessary to meet its commitments under the swap contracts and the service agreement and an agreement relating to interim transactions on proprietary trading activities covered by the protection mechanism since January 1, 2010.

In addition, the Caisses d'Epargne, CE Participations and BPCE entered into a guarantee agreement under which the Caisses d'Epargne, in their capacity as shareholders of GCE SRD 007, grant a non-joint guarantee to CE Participations and BPCE as surety and guarantee for the obligations and commitments of GCE SRD 007 under the swap contracts and the sums due under the service agreement.

At its meeting of June 3, 2010, the Supervisory Board authorized the signing of the guarantee agreement between BPCE, CE Participations and the Caisses d'Epargne.

This agreement had no impact on BPCE's 2015 financial statements.

Dated senior loan agreements between Banque Populaire du Sud and BPCE

Director concerned on the applicable date: François Moutte, a Board Member of Banque Fédérale des Banques Populaires and Managing Director of Banque Populaire du Sud.

The purpose of the contract signed on June 24, 2009 in the framework of the reclassification of the equity of the Banques Régionales (formerly HSBC) to certain Banque Populaire banks, and notably Banque Populaire du Sud, was to loan, at 3M Euribor +0.93%, €102,000,000 in principal to Banque Populaire du Sud.

BPCE recorded €969,393.84 of income in its 2015 accounts under this agreement.

Dated subordinated loan agreements between two Banque Populaire banks and BPCE

Directors concerned on the applicable date: Jean Clochet, a director of Banque Fédérale des Banques Populaires, Chairman of the Board of Directors of Banque Populaire des Alpes and François Xavier de Fornel, a director of Banque Fédérale des Banques Populaires, Managing Director of Banque Populaire Provençale et Corse.

The agreements entered into on June 24, 2009 between BPCE, Banque Populaire Provençale et Corse and Banque Populaire des Alpes, as part of the reclassification of the equity of the Banques Régionales (formerly HSBC) to certain Banque Populaire banks have the following characteristics:

- with the Banque Populaire Provençale et Corse, for a loan principal of €100,000,000 at the three-month EURIBOR rate +1.55%; BPCE recorded €1,578,997.22 in income in its 2015 accounts under this agreement;
- with the Banque Populaire Alpes, for a loan principal of €80,000,000 at the three-month EURIBOR rate +1.55%; BPCE recorded €1,263,197.78 in income in its 2015 accounts under this agreement.

Agreements with shareholders and subsidiaries

Agreements related to the securitization of home loans issued by the Banque Populaire banks and the Caisses d'Epargne

Directors concerned on the applicable date: Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche and a member of the Supervisory Board of BPCE, Didier Patault, Chairman of the Management Board of Caisse d'Epargne Ile-de-France, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Francis Henry, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne and a member of the Supervisory Board of BPCE, Pierre Mackiewicz, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur and a member of the Supervisory Board of BPCE, Yves Toublanc, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes and a member of the Supervisory Board of BPCE, Pierre Valentin, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Alain Denizot, Chairman of the Management Board of Caisse d'Epargne Nord France Europe and a member of the Supervisory Board of BPCE, Gérard Bellemon, Chairman of the Board of Directors of Banque Populaire Val de France and a member of the Supervisory Board of BPCE, Thierry Cahn, Chairman of the Board of Directors of Banque Populaire d'Alsace, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Alain Condaminas, Managing Director of Banque Populaire Occitane, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Catherine Halberstadt, Managing Director of Banque Populaire du Massif Central, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE.

In November 2013, the *Autorité de contrôle prudentiel et de résolution* (ACPR – the French prudential supervisory authority for the Banking and Insurance sector) stated that in order to be eligible as collateral for the ECB, internal securitizations had to be true sales of fully-owned assets. The new requirement took effect for all French banks on April 1, 2014.

To ensure the sustainability of its liquidity reserve, BPCE replaced its stock of BPCE Home Loans with securities created in the framework of a sale of assets: the institutions will sell the loans to a securitization fund and will receive units of the fund in exchange. These units will be loaned to BPCE and will be eligible for ECB financing operations.

The transaction in question involved portfolios of home loans to individual customers of the Banque Populaire banks and the Caisses d'Epargne for a maximum amount of €50 billion, used to cover the €30 billion in non-eligible assets, to meet the requirements of the rating agencies to obtain an AAA rating and to provide leeway to carry out one or more subsequent issues.

All of the following applicable agreements were authorized by the Supervisory Board on April 2, 2014:

- **agreements entered into between BPCE, Natixis, the Banque Populaire banks and the Caisses d'Epargne:**
  - **Master Home Loans Purchase and Servicing Agreement:** this agreement lays down the terms of the sale to the Master Home Loans securitization fund (or first securitization fund) and of the servicing of home loans by the participants,
  - **Class A Notes Subscription Agreement:** this agreement lays down the terms of subscription by the participants for Class A notes issued by the Master Home Loans securitization fund (or first securitization fund),
  - **Data Protection Agreement:** this agreement lays down the terms of conservation and delivery by the data protection agent of a decryption key that can be used to decrypt data contained in individual files of encrypted data provided by the vendors to the asset management company,
  - **Subscription Agreement:** this agreement lays down the terms of subscription by the participants for bonds, additional units and residual units issued by the demutualization securitization fund (or second securitization fund),
  - **Netting Agreement:** this agreement lays down the terms, between the participants (including BPCE), for the delegation and offsetting of certain payment obligations in respect of the various agreements pertaining to the Master Home Loans securitization fund (first securitization fund) and the demutualization securitization fund (second securitization fund) with a view to reducing the amounts paid in cash by the different parties as much as possible;
- **agreements entered into between BPCE, the Banque Populaire banks and the Caisses d'Epargne:**
  - **Intra-Group Loan Agreement:** this agreement lays down the terms of provision by each participant, in its capacity as lender, to BPCE, in its capacity as borrower, of a loan whose purpose is to give BPCE the liquidity needed to carry out the cash deposits required under the guarantee set out in the Reserve Cash Deposits Agreement concerning the loan servicing reserve and the general reserve. No participant is actively or passively subject to joint and several liability with respect to the other participants, and each participant acts individually as to its rights and obligations in respect of the agreement with BPCE. These loans are not accompanied by any specific guarantee or surety;
- **agreements entered into between BPCE, Natixis and Caisse d'Epargne Loire Drôme Ardèche, Caisse d'Epargne Ile- de-France, Caisse d'Epargne Lorraine Champagne-Ardenne, Caisse d'Epargne Côte d'Azur, Caisse d'Epargne Rhône Alpes, Caisse d'Epargne Languedoc-Roussillon, Caisse d'Epargne Nord France Europe, Banque Populaire Val de France, Banque Populaire d'Alsace, Banque Populaire Occitane, Banque Populaire du Massif Central:**
  - **Specially Dedicated Account Bank Agreement:** this agreement lays out the terms under which each participant, in its capacity as servicing agent, may open a specially dedicated account (within the meaning of Article L.214-173 of the French Monetary and Financial Code) dedicated to the Master Home Loans securitization fund (or first securitization fund), to which it may credit the sums collected in respect of the loans sold,
  - **Reserve Cash Deposits Agreement:** this agreement lays down the terms under which BPCE (the reserve provider) may set up and operate the general reserve and the loan servicing reserve.

This agreement had no impact on BPCE's 2015 financial statements.

Agreements with subsidiaries

Amendment to the agreement governing BPCE's 3(a)(2) US MTN program

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Daniel Karyotis, a member of the Management Board of BPCE and permanent representative of BPCE, a Board Member of Natixis, Alain Condaminas, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Thierry Cahn, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Catherine Halberstadt, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis and Pierre Valentin, a member of the Supervisory Board of BPCE and a Board Member of Natixis.

On April 9, 2013, BPCE established a medium-term notes ("Notes") programme in the United States within the framework of a scheme defined in Section 3(a)(2) of the Securities Act of 1933 (the "3(a)(2) Programme"). The maximum total nominal amount of the programme is $10 billion.

It was proposed to change the limits of the agreement concerning the guarantee:

- notes issued under the 3(a)(2) Programme cannot exceed a total nominal amount of $6 billion per year;
- of which a maximum of $3 billion may not be loaned by BPCE to Natixis (so where applicable, based on Natixis' funding needs, the proceeds from the Notes issued can be loaned by BPCE to Natixis at shorter maturities than those of the Notes).

On February 19, 2014, the Supervisory Board approved the signing of an amendment to the agreement aimed at changing the sub-limits called for in Article 4 of the agreement. Furthermore, the proceeds loaned to Natixis can be made available by BPCE for shorter maturities than those of the notes issued, depending on Natixis' funding needs.

This agreement had no impact on BPCE's 2015 financial statements.

Invoicing agreement related to the affiliation of Natixis

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Jean Criton, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Olivier Klein, a member of the Management Board of BPCE and a Board Member of Natixis, Philippe Queuille, a member of the Management Board of BPCE and a Board Member of Natixis, Nicolas Duhamel, a member of the Management Board of BPCE and permanent representative of BPCE, a Board Member of Natixis.

CNCE, central institution of the former Groupe Caisse d'Epargne and BFBP, central institution of the former Groupe Banque Populaire, authorized the affiliation of Natixis with CNCE and BFBP, which, in that capacity, were responsible for ensuring the smooth functioning of Natixis and received in consideration remuneration calculated in accordance with the invoicing agreement executed on May 31, 2007.

As BPCE replaced CNCE and BFBP as the central institution, effective from July 31, 2009, and decided to revise the amount of the contribution remunerating the services provided by BPCE in connection with the affiliation of Natixis, a further agreement was executed on December 21, 2010, triggering the termination of the invoicing agreement executed in 2007 (the latter was in force until March 31, 2010), effective from April 1, 2010, providing for an annual flat-rate amount of €22,000,000 with an indexation clause effective from 2011.

When the 2012 budget was set, in order to take the overall context into account, a decision was made to revise the amount of the contribution based on the actual cost of the policy assignments carried out by BPCE on behalf of Natixis.

The parties decided to enter into a new invoicing agreement for that purpose, which outright replaced the agreement of December 21, 2010. The new agreement became effective from January 1, 2012.

At its meeting of February 22, 2012 the Supervisory Board approved the terms and conditions of the new invoicing agreement with Natixis and authorized the execution thereof.

The agreement resulted in the recognition of €30,000,000 in income on BPCE's 2015 financial statements.

Albiant-IT Shareholders' Agreement

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Nicolas Duhamel, a member of the Management Board of BPCE and permanent representative of BPCE, a Board Member of Natixis, Olivier Klein, a member of the Management Board of BPCE and a Board Member of Natixis, Philippe Queuille, a member of the Management Board of BPCE and a Board Member of Natixis, Jean Criton, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a Board Member of Natixis and Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis.

As part of the 2010-2013 strategic plan, Groupe BPCE decided to pool its information systems, which up to then had been managed separately by each of the Group's entities. These operations began with the datacentres that host the information systems hardware and the high-speed networks that connect them. The hardware will ultimately be consolidated into two target datacentre campuses: Albiréo, initially owned by the Banque Populaire banks, and Antarès, initially owned by Natixis.

The articles of Association and shareholder structure of Albiréo changed, forming Albiant-IT, which currently holds the Group's datacentre assets and delivers the associated services.

A decision was made to implement a shareholders' agreement between BPCE, i-BP, Natixis and GCE Technologies, intended to set out the major outlines of the shared policy and objectives to be reached, to organize the governance and relationships of the parties within the company and to establish the conditions for transferring shares between shareholders.

This agreement has a term of 25 years.

At its meeting of December 15, 2011, the Supervisory Board authorized BPCE to join the Albiant-IT shareholders' agreement.

This agreement had no impact on BPCE's 2015 financial statements.

Purchase of Natixis securities and the issue and purchase of perpetual deeply subordinated notes

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Francis Henry, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis.

The transaction is intended to allow BPCE to issue new Tier 1 instruments in exchange for the old Tier 1s issued by Natixis, NBP Capital Trust I and NBP Capital Trust III. Natixis' Tier 1 investors were therefore given the option of exchanging their securities for new Tier 1 securities issued by BPCE.

The Natixis securities collected by BPCE in this exchange were then transferred to Natixis, which cancelled them, with all earnings from the transaction transferred to Natixis. This transaction helped Natixis maintain its Tier 1 status.

Under the terms of the contract:

- Natixis bought from BPCE all of the bonds and other securities that Natixis, NBP Capital Trust I and NBP Capital Trust III had issued, which were contributed to the exchange offers made by BPCE; the securities provided to the Offers were acquired by BPCE in exchange for the delivery of new bonds it had issued;
- BPCE underwrote perpetual deeply subordinated notes that were issued by Natixis for a total nominal amount equal to the price at which the securities provided to the offers were acquired by BPCE.

At the July 31, 2009 meeting, the Supervisory Board of BPCE authorized the signing of the Natixis securities purchase contract and authorized BPCE to underwrite perpetual subordinated notes issued by Natixis.

This transaction resulted in the recognition of an expense of 115,744,261.52 on BPCE's 2015 financial statements.

Protection mechanism in favor of Natixis concerning a portion of the workout portfolio assets

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Alain Lemaire, a member of the Management Board of BPCE and a Board Member of Natixis, Yvan de la Porte du Theil, a member of the Management Board of BPCE and a Board Member of Natixis, Nicolas Duhamel, a member of the Management Board of BPCE and permanent representative of BPCE, a Board Member of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Francis Henry, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a Board Member of Natixis and Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis.

BPCE and Natixis jointly agreed to establish a mechanism to protect Natixis against future losses and the volatility of income generated from its workout portfolio assets.

On November 12, 2009 the BPCE Supervisory Board approved the following agreements concerning the guarantee on a portion of the workout portfolio assets:

- a financial guarantee (risk pooling) and its rider No. 1 granted by BPCE to Natixis;
- two total return swaps – one for assets denominated in euros and one for assets denominated in US dollars – and the ISDA master agreement (and its appendix) governing the relationship between the parties to the swaps; and
- a call option granted by BPCE to Natixis.

This transaction resulted in the recognition of an expense of €48,152,546.63 on BPCE's 2015 financial statements.

On May 11, 2011, the BPCE Supervisory Board approved the signature of a total return swap concerning Chapel's equity, in parallel to the purchase by Natixis of the assets of Chapel previously held by Sahara (included in the workout portfolio assets).

In order to re-establish the equivalent of the guarantee by Neptune of which Natixis previously had the benefit *via* Sahara, it was thus proposed that in parallel to the purchase by Natixis of the assets of Chapel, BPCE should guarantee Chapel's equity by means of a total return swap, in practice substantially equating with sale of 85% of Chapel's equity to BPCE at a price of €81.10 per share, with Natixis bearing the full cost of financing the asset.

This agreement had no impact on BPCE's 2015 financial statements.

Joint and several guarantee agreement between CNCE and Natixis

Directors concerned on the applicable date: Charles Milhaud, Chairman of the Management Board of CNCE, Nicolas Mérindol, a member of the Management Board of CNCE, Anthony Orsatelli, a member of the Management Board of CNCE, Pierre Servant, a member of the Management Board of CNCE and Francis Meyer, a member of the Supervisory Board of CNCE (representing CDC).

On October 1, 2004 CNCE and CDC IXIS Capital Markets entered into an agreement by which CNCE provides a joint and several guarantee on the debts of CDC IXIS Capital Markets to third parties.

The guarantee was granted for an indefinite period. CNCE may unilaterally terminate this agreement provided that it announces its intention six months before the termination becomes effective.

The agreement was granted prior approval by the Supervisory Board during its September 30, 2004 meeting.

Following the merger of Ixis Corporate & Investment Bank with Natixis, this guarantee was renewed in favour of Natixis.

The agreement resulted in the recognition of income of €29,710.00 on BPCE's 2015 financial statements. The debts guaranteed amounted to €1,573,828,236.00 as at December 31, 2015.

Acquisition of Natixis Algérie

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Alain Lemaire, a member of the Management Board of BPCE and a Board Member of Natixis, Yvan de la Porte du Theil, a member of the Management Board of BPCE and a Board Member of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a Board Member of Natixis, Francis Henry, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a Board Member of Natixis and Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis.

Natixis Algérie was founded in 1999 (under the name Natexis Al Amena), and is fully-owned by Natixis. Initially, it primarily worked with corporates. In 2004, Natixis Algérie and BFBP launched a retail banking business and, in 2006, a leasing business.

BPCE offered to purchase Natixis Algérie's shares for 7,325 million Algerian dinars (DZD), i.e. €73 million at the exchange rate prevailing on July 31, 2009. The prerequisite to the offer was the prior unwinding of the loan granted to ABC, Natixis Algérie's sister company in charge of building the future registered office, by transferring the loan to another bank operating in Algeria.

At its August 25, 2009 meeting, BPCE's Supervisory Board authorized the acquisition of all Natixis-owned shares of Natixis Algérie for DZD 7,325 million.

This transaction has never taken place and therefore had no impact on BPCE's 2015 financial statements.

Guarantee given by CNCE to Natixis Asset Management (formerly IXIS Asset management)

Director concerned on the applicable date: Pierre Servant, a member of the Management Board of CNCE and a member of the Supervisory Board of IXIS Asset Management.

BPCE (taking over the rights of CNCE with effect from July 31, 2009, rights previously taken over by CNCE from CDC IXIS following the *Refondation* project of December 31, 2004) granted Natixis Asset Management a guarantee to cover the operational risk associated with its contract to manage the assets of *Fondation Julienne Dumeste,* to the exclusion of any performance guarantee.

This agreement had no impact on BPCE's 2015 financial statements.

Two agreements entered into within the scope of the new guarantee granted by CNCE (representing the rights of CDC Ixis following the *Refondation* project of December 31, 2004) to Natixis Structured Products to create a special purpose vehicle (SPV)

These agreements were signed following the sale of Labouchère Bank to allow Natixis Capital Markets (formerly IXIS Corporate and Investment Bank) to carry out transactions on the secondary market, and particularly for Japan, as part of a €10 billion EMTN program. The creation of this SPV, which is located in Jersey, required the following guarantee:

- an amendment to the commitment letter signed on May 28, 2003 by CNCE and Natixis Capital Markets to include the SPV within the scope of the letter;
- a joint and several guarantee between CNCE and Natixis Structured Products enabling the guarantee provided by CNCE to be transferred to Natixis Structured Products.

This agreement had no impact on BPCE's 2015 financial statements.

Guarantee granted by AEW Europe to CNCE (representing the rights of CDC IXIS following the *Refondation* project of December 31, 2004)

IXIS AEW Europe granted a guarantee on the EPI fund (a €500 million fund established by AEW Europe) following the payment by CNCE of €50 million into this fund.

This agreement had no impact on BPCE's 2015 financial statements.

Exercise of call option on NGAM shares transferred by CE Participations

Director concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis.

On December 18, 2009, CE Participations and Natixis Participations 1 signed a purchase agreement under the terms of which CE Participations sold, on this date, the shares that it held in NGAM to Natixis Participations 1.

This purchase agreement notably provides for the eventual payment of additional consideration to CE Participations in certain circumstances that it defines.

Under the agreement, CE Participations thus has a potential claim against Natixis Participations 1 for amounts eventually due to it by application of the agreement.

This agreement had no impact on BPCE's 2015 financial statements.

Invoicing agreement related to the affiliation of Crédit Foncier de France

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Crédit Foncier de France, Nicolas Duhamel, a member of the Management Board of BPCE and permanent representative of BPCE, a member of the Board of Crédit Foncier de France, Olivier Klein, a member of the Management Board of BPCE and a member of the Board of Crédit Foncier de France, Pierre Desvergnes, a member of the Supervisory Board of BPCE and a member of the Board of Crédit Foncier de France and Francis Henry, a member of the Supervisory Board of BPCE and a member of the Board of Crédit Foncier de France.

CNCE, central institution of the former Groupe Caisse d'Epargne, authorized the affiliation of Crédit Foncier de France with CNCE which, in the said capacity, was responsible for ensuring the smooth functioning of its subsidiary and received in consideration remuneration calculated in accordance with the invoicing agreement executed on December 11, 2007.

As BPCE replaced CNCE as central institution, effective from July 31, 2009, and decided to revise the amount of the contribution remunerating the services supplied by CNCE in connection with the affiliation of Crédit Foncier de France, a further agreement was executed on August 5, 2011 (effective retroactively from January 1, 2011) for an annual flat-rate amount of €6,700,000 with an indexation clause effective from 2012.

When the 2012 budget was set, in order to take the overall context into account, a decision was made to revise the amount of the contribution based on the actual cost of the policy assignments carried out by BPCE on behalf of Crédit Foncier de France.

The parties decided to enter into a new invoicing agreement for that purpose, which outright replaced the agreement of August 5, 2011 and became effective from January 1, 2012.

At its meeting of February 22, 2012, the Supervisory Board approved the terms and conditions of the new invoicing agreement with Crédit Foncier de France and authorized the execution thereof.

This transaction resulted in the recognition of €9,382,000.00 in income on BPCE's 2015 financial statements.

Sopassure shareholders' agreement

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of CNCE, Managing Director of BFBP and Chairman of the Board of Directors of CEBP and Alain Lemaire, a member of the Management Board and Managing Director of CNCE and the permanent representative of CNCE, a member of the Board of Directors of CEBP.

In preparation for the implementation of the CNP Assurances shareholders' agreement mentioned in the first part of our report, the French government, *Caisse des dépôts et consignations,* CNCE and La Poste signed a shareholders' agreement on December 19, 2000 that established a holding company named Sopassure to be created by La Poste and CNCE (of which La Poste is the majority shareholder) with a view to grouping their respective equity interests in CNP and which expresses the strategic interest of its shareholders for CNP.

La Banque Postale authorized CNCE to sell to CEBP 100% of the share capital and voting rights of Holassure, which company held the entirety of CNCE's shareholding in Sopassure.

Under the ensuing Amendment 1 to the agreement, BPCE became party to the Sopassure shareholders' agreement in 2009 following approval of said Amendment 1 by the Board of Directors of CEBP at its meeting of June 24, 2009.

This agreement had no impact on BPCE's 2015 financial statements.

BPCE Assurances (formerly GCE Assurances) shareholders' agreement

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of CNCE, Chairman of the Board of Directors of CEBP and Alain Lemaire, a member of the Management Board and Managing Director of CNCE and the permanent representative of CNCE, a member of the Board of Directors of CEBP.

On May 14, 2008, CNCE entered into a shareholders' agreement with MURACEF, MAIF and MACIF to establish the relationships between shareholders in the capital of BPCE Assurances and to set forth various rights and obligations in the event one of the parties sells some or all of its shares in BPCE Assurances.

To enable the transfer to BPCE of the shares held by CNCE, the parties agreed on an amendment to the agreement, signed on July 24, 2009, under which BPCE became party to the BPCE Assurances shareholders' agreement and agreed to stand in for CNCE regarding all its rights and obligations under the shareholders' agreement.

The amendment was approved by the Board of Directors of CEBP at its meeting of June 24, 2009.

This agreement had no impact on BPCE's 2015 financial statements.

Amendment to MiFID agreement

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Alain Lemaire, a member of the Management Board of BPCE and a member of the Board of Directors of Natixis, Yvan de la Porte du Theil, a member of the Management Board of BPCE and a member of the Board of Directors of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Francis Henry, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis and Jean-Marc Carcéles, a member of the Supervisory Board of CNCE and a member of the Board of Crédit Foncier de France.

The CNCE lending activity managed in 2005 was sold to various Groupe Caisse d'Epargne subsidiaries. To this end, CNCE sold to IXIS Corporate & Investment Bank on November 18, 2005 its mid- and long-term French regional public sector financing activities, under a partial transfer of business assets.

A memorandum of understanding between CNCE, IXIS CIB and Crédit Foncier de France regarding the transfer of outstanding regional public-sector loans from IXIS CIB to Crédit Foncier de France was signed on February 19, 2007.

On November 20, 2009 BPCE (taking over the rights of CNCE), Natixis (taking over the rights of IXIS CIB) and Crédit Foncier de France signed an amendment to the agreement specifying the obligations resulting from the MiFID directive for derivatives activities and concerning the categorization of Natixis' counterparties and the notification of their category.

This agreement had no impact on BPCE's 2015 financial statements.

Amendment to the "PLS Package – PLI Package" agreement with Crédit Foncier de France

Directors concerned on the applicable date: Alain Lemaire, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France, Guy Cotret, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France and Jean-Marc Carcéles, a member of the Supervisory Board of CNCE and a member of the Board of Crédit Foncier de France.

On December 14, 2005 CNCE and Crédit Foncier de France entered into a PLS Package (state-sponsored rental accommodation loans) and PLI Package (intermediate rental loans) partnership agreement to implement a new regulated loan distribution strategy. After four years of trials, it became desirable to simplify the agreement in response to the evolution in the financial markets, given that it appeared possible to simplify the basis of remuneration of the loan distribution networks and recognise the additional funding in the balance sheet of Crédit Foncier de France.

The agreement was thus amended as follows with effect from July 31, 2009: the scope of the loans in question was extended to PLSs, PLIs, PSLAs (social lease ownership loans) and open-ended loans for new flows and similar transactions, as were the fee calculation rules.

This agreement had no impact on BPCE's 2015 financial statements.

Amendment to the financial intermediary agreement for Local Authorities and Institutions

Directors concerned on the applicable date: Alain Lemaire, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France, Guy Cotret, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France and Jean-Marc Carcéles, a member of the Supervisory Board of CNCE and a member of the Board of Crédit Foncier de France.

On June 19, 2008, CNCE, Crédit Foncier de France and Compagnie de Financement Foncier signed a financial intermediary agreement for local authorities and institutions which took effect on January 1, 2007. The main aim of this agreement was to define the terms of fees and commissions paid to the Caisses d'Epargne in their role as financial intermediaries for Groupe Crédit Foncier which holds the loans granted to local authority and institutional clients on its balance sheet.

Given the banking and financial context of the prevailing absence, with effect from September 2008, of market references for medium- and long-term bond issues, the parties met to assess the implications for fees and commissions.

In order to restore an economic balance between the parties and in their mutual interest, it was agreed that an exceptional waiver would be granted uniquely for the primary fees and commissions for financial intermediaries on the new flows due for 2008.

An amendment was signed in fiscal year 2011.

This agreement had no impact on BPCE's 2015 financial statements.

7.6.3 Agreements and commitments approved during the past fiscal year

We were also informed during the previous fiscal year that the following agreements and commitments, already approved by the Annual General Shareholders' Meeting of May 22, 2015, which reviewed the Statutory Auditors' special report of March 18, 2015, were performed during the past fiscal year.

FRAMEWORK AND SPECIFIC AGREEMENTS COVERING THE NEW PARTNERSHIP ARRANGEMENTS BETWEEN THE CNP AND BPCE GROUPS

At its meeting of August 6, 2013 the Supervisory Board authorized François Pérol to constitute an Insurance division at the level of Natixis and engage in negotiations with CNP Assurances with a view to allocating the responsibility for the Group's future life insurance business to Natixis Assurances.

The negotiations with CNP undertaken between October 2013 and July 2014 resulted in the definition of the fundamental principles applicable to the future partnership between BPCI, Natixis and CNP which were duly approved by the Supervisory Board at its meeting of July 31, 2014.

The discussions with CNP continued and resulted, first, in an agreement of principle between CNP Assurances, BPCE and Natixis authorized by the Supervisory Board on November 4, 2014 and then in a Final Framework Agreement complemented by specific application contracts (the "New Partnership Agreements") authorized by the Supervisory Board on February 18, 2015 and approved by the Annual General Shareholders' Meeting held on May 22, 2015.

The new partnership agreements with CNP Assurances represent a major strategic development for BPCE that is perfectly integrated within the Group's overall bank insurance business model whilst at the same time preserving the interests of customers, the level of commissioning and service quality during the transitional period.

Final Framework Agreement and its addendum

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, a Board Member of CNP Assurances and Chairman of the Board of Directors of Natixis, Jean-Yves Forel, a member of the

Management Board of BPCE and a Board Member of CNP Assurances, Laurent Mignon, a member of the Management Board of BPCE and Managing Director of Natixis, Pierre Valentin, a Board Member of Natixis and a member of the Supervisory Board of BPCE, Didier Patault, a Board Member of Natixis and a member of the Supervisory Board of BPCE, Thierry Cahn, a Board Member of Natixis and a member of the Supervisory Board of BPCE, Catherine Halberstadt, a Board Member of Natixis and a member of the Supervisory Board of BPCE, Alain Condaminas, a Board Member of Natixis and a member of the Supervisory Board of BPCE and Gérard Bellemon, a Board Member of Natixis Assurances and a member of the Supervisory Board of BPCE.

The Final Framework Agreement was executed between CNP Assurances (acting in its name and on behalf of itself and in the name and on behalf of its subsidiaries), BPCE (acting in its name and on behalf of itself and, in its quality of central institution of Caisse d'Epargne, in the name and on behalf of the members of the Caisse d'Epargne network and the Banque Populaire network and/or of its subsidiaries), Natixis (acting in its name and on behalf of itself and/or, according to the case, in the name and on behalf of its subsidiaries), Natixis Assurances, ABP Vie and ABP Prévoyance.

The purpose of the final framework agreement is:

- to note the non-renewal of the existing agreements;
- to define, organize and delimit the contractual whole formed by the new partnership agreements of which it is the cornerstone;
- to define the duration of the new partnership agreements, namely seven years with effect from January 1, 2016, at the end of which period BPCE may either extend the agreements for three years with effect from January 1, 2023 or acquire CNP's portfolio of insurance policies. BPCE will have the option of acquiring the existing portfolio at December 31, 2020 and CNP the option, in 2020 and 2022, of notifying BPCE of its desire to initiate discussions with a view to such sale;
- to define and organize the functioning of the Partnership Committee and any sub-committees subsequently formed by the Partnership Committee; and
- more generally, to organize and monitor the relationships between the parties for the purposes of the renewed partnership.

An addendum to the Final Framework Agreement was signed on December 30, 2015 between BPCE, CNP Assurances and Natixis in order to determine a new time limit for the signature of certain of the intended New Partnership Agreements not already signed before December 31, 2015.

The addendum was equally designed to amend certain agreements to reflect regulatory or operating developments requiring the modification of certain appendices, and also provides for the deferral to January 1, 2016 of the constitution of the Partnership Committee.

Agreements between CNP Assurances, BPCE, Natixis and ABP Vie (a subsidiary of Natixis Assurances)

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances, Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances, Daniel Karyotis, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis, Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Catherine Halberstadt, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Pierre Valentin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis and Gérard Bellemon, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis Assurances.

- Tranche 2 new business reinsurance treaty between ABP Vie and CNP Assurances in the presence of BPCE and Natixis: 90% reinsurance by CNP Assurances for new business involving ex-CNP customers;
- Tranche 2 reinsurance administration contract between ABP Vie, CNP Assurances and BPCE in the presence of Natixis, designed to define administrative arrangements:
  - the supply by BPCE to CNP Assurances of the list of customers insured, in accordance with the periodicity and other provisions of the contract, in the event of the observance of any interest rate or behavioural market shock, and
  - deployment of the necessary tests to ensure the proper functioning of the procedures (including the exchange of information) provided for by the contract;
- EuroCroissance administration contract between CNP Assurances, BPCE and ABP Vie in the presence of Natixis, designed to define administrative arrangements on similar bases to those applying to the tranche 2 reinsurance administration contract.

Euro-Croissance contract between CNP Assurances and ABP Vie in the presence of BPCE

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

The Euro-Croissance contract has been executed between CNP Assurances (acting in its name and on behalf of itself and in the name and on behalf of its subsidiaries), BPCE (acting in its name and on behalf of itself and/or, according to the case, in its quality of central institution of Caisse d'Epargne, in the name and on behalf of the members of the Caisse d'Epargne network and, in its quality of central institution of Banque Populaire, in the name and on behalf of the members of the Banque Populaire network, and/or in the name and on behalf of its subsidiaries) and ABP Vie, in the presence of Natixis.

The EuroCroissance contract provides for compensation for the technical commitments arising as a result of payments by insured customers into Euro-Croissance funds (an investment vehicle providing for the constitution of a Technical Provision for Diversification) with effect from January 1 of the civil year of observance of any interest rate or behavioural market shock, independently of the date of subscription of the corresponding policy with ABP Vie.

Retirement savings plan agreements between CNP Assurances and BPCE

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

- **Retirement savings plan partnership agreement** between CNP Assurances and BPCE mentioning in particular the termination of the distribution of the life insurance and capitalization products of CNP Assurances by the Caisse d'Epargne network with effect from January 1, 2016 (subject to certain contractual exceptions).

  The agreement has been signed between CNP Assurances (acting in its name and on behalf of itself and of its subsidiaries) and BPCE (acting in its name and on behalf of itself and, in its quality of central institution, in the name and on behalf of the members of the Caisse d'Epargne network and of Banque Palatine, Banque BCP, Banque des Antilles Françaises, Banque de la Réunion, Banque de Nouvelle Calédonie, Banque Saint Pierre et Miquelon and Banque de Tahiti).

- **Implementation of a savings mechanism** between CNP Assurances and BPCE involving two contracts: a contract providing the assurance of a stable portfolio level for CNP Assurances, acting in the event of additional redemptions, or reduced subsequent payments, compared to the anticipated amounts and conversely, a contract providing for remuneration of BPCE's outperformance if the reverse applies. Both contracts will apply to all retirement savings plan life insurance and capitalization policies issued by CNP Assurances; they will be deactivated in the event of any interest rate or behavioural market shock and would then be renegotiated. BPCE has guaranteed CNP Assurances against any additional tax burden induced by the Savings Mechanism which is intended to be fiscally neutral for CNP Assurances.
- **Addendum to the retirement savings plan life insurance** commissioning agreement designed to extend the agreement until maturity of the last such policy issued by CNP Assurances. Distributors are remunerated on the basis of a contractual percentage applied to movements and outstandings subject eventually to increase based on the type of policy involved.

  The agreement has been signed between CNP Assurances and BPCE acting, in its quality of central institution, in the name and on behalf of the members of the Caisse d'Epargne network and of Banque Palatine, Banque BCP, Banque des Antilles Françaises, Banque de la Réunion, Banque de Nouvelle Calédonie, Banque Saint Pierre et Miquelon and Banque de Tahiti.

Agreements relating to borrowers' insurance and providence policies

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

In respect of individual providence policies:

- **Individual providence policies** commissioning agreement between CNP Assurances and BPCE acting, in its quality of central institution, in the name and on behalf of the members of the Caisse d'Epargne network and of Banque Palatine, Banque BCP, Banque des Antilles Françaises, Banque de la Réunion, Banque de Nouvelle Calédonie, Banque Saint Pierre et Miquelon and Banque de Tahiti. Distributors are remunerated on the basis of the premiums paid by policyholders or on the technical results for each distributing institution and type of policy.

In respect of borrowers' insurance:

- **an exclusive partnership** for seven years between CNP Assurances, BPCE, ABP Vie and ABP Prévoyance subject to coinsurance by CNP Assurances and two subsidiaries of Natixis Assurances (ABP Vie and ABP Prévoyance) amounting respectively to 66% and 34% for all policies distributed by the networks of Banque Populaire (with the exception of BRED, Crédit Coopératif and CASDEN), Caisse d'Epargne, Banque Palatine and Crédit Foncier. In the event of renewal of the agreement, the coinsurance ratio would be adjusted to an equal balance for CNP Assurances (50%) and the two subsidiaries of Natixis Assurances (50%);
- **a management and service level agreement** between CNP Assurances and BPCE defining the relationships between the beneficiaries (namely the networks of Banque Populaire (with the exception of BRED, Crédit Coopératif and CASDEN), Caisse d'Epargne, Banque Palatine and Crédit Foncier) and the insurer (CNP Assurances) and setting out the duties of each party with regard to the management of insurance requests, claims and the associated financial flows. The applicable financial terms and conditions will be defined by type of policy and for each institution;
- **a remuneration agreement** between BPCE, CNP Assurances (acting in its name and in the name and on behalf of CNP IAM), ABP Vie and ABP Prévoyance defining the financial terms and conditions prevailing between the insurer and the lending institutions (namely the networks of Banque Populaire (with the exception of BRED, Crédit Coopératif and CASDEN), Caisse d'Epargne, Banque Palatine and Crédit Foncier) with regard to the distribution of lenders' insurance policies with effect from January 1, 2016 and for the duration of the agreement. The applicable financial terms and conditions will be defined by type of policy and for each institution.

Conclusion of a shareholders' agreement for Ecureuil Vie Développement (EVD) between CNP Assurance, Natixis Assurances and BPCE in the presence of Ecureuil Vie Développement

Directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances, Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances and Gérard Bellemon, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis Assurances.

The shareholders' agreement for Ecureuil Vie Développement (EVD) has been executed between CNP Assurances, Natixis Assurances and BPCE in the presence of Ecureuil Vie Développement. It provides that EVD's mission is to provide proper interfacing between the Caisse d'Epargne, Natixis Assurances and CNP.

On March 23, 2015 but taking effect on January 1, 2016, CNP sold to Natixis Assurances 2% of the share capital and voting rights of EVD thereby providing Natixis Assurances with 51% of the share capital of EVD. The sale was performed on the basis of a price of €48 per share or a total of €3,552 for the 74 shares representing 2% of the share capital.

These agreements had no impact on BPCE's 2015 financial statements.

Paris La Défense and Neuilly-sur-Seine, March 15, 2016

The Statutory Auditors

Deloitte & Associés	Mazars	PricewaterhouseCoopers Audit
Jean-Marc Mickeler	Michel Barbet-Massin	Agnès Hussherr
Sylvie Bourguignon	Jean Latorzeff	Nicolas Montillot

8 STATEMENT BY THE PERSON RESPONSIBLE

8.1 Statement by the person responsible for the registration document and for the annual financial report

François Pérol,

Chairman of the BPCE Management Board

Statement by the person responsible

Having taken all reasonable care to ensure that such is the case, to the best of my knowledge, all of the information contained in the registration document is in accordance with the facts and contains no omission likely to affect its import.

To the best of my knowledge, I certify that the financial statements of Groupe BPCE, BPCE SA group and BPCE have been prepared in accordance with applicable accounting standards and give a true and fair view of their respective assets, financial position and profit or loss, as well as those of all affiliated companies, and that the information relating to the management report that appears on pages 201 to 223 and 410 to 415 presents a true and fair picture of the development of their respective business, results and financial position and those of all affiliated companies, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified the information concerning the financial position and the financial statements of Groupe BPCE, BPCE SA group and BPCE as set out in the registration document and have read the entire document.

The historical financial information presented in this registration document was commented on in reports by the Statutory Auditors, as set out on pages 326 to 327, 408 to 409 and 454 to 455 of this document, concerning, respectively, the consolidated financial statements of Groupe BPCE, the consolidated financial statements of BPCE SA group, and the parent company financial statements of BPCE. The Statutory Auditors' reports referring to the consolidated financial statements of Groupe BPCE and BPCE SA group each contain one observation.

The financial information presented in the 2014 registration document, incorporated by reference, which was filed with the *Autorité des marchés financiers* (AMF – French financial markets authority) on March 18, 2015 under the number D. 15-0157, was commented on in reports by the Statutory Auditors, as set out on pages 318 to 319, 400 to 401 and 447 to 448 of said document, concerning, respectively, the consolidated financial statements of Groupe BPCE, the consolidated financial statements of BPCE SA group, and the parent company financial statements of BPCE. The Statutory Auditors' reports referring to the consolidated financial statements of Groupe BPCE and BPCE SA group and the report on the parent company financial statements of BPCE each contain one observation.

The financial information presented in the 2013 registration document, incorporated by reference, which was filed with the AMF on March 21, 2014 under the number D. 14-0182, was commented on in reports by the Statutory Auditors, as set out on pages 287 to 288, 366 to 367 and 415 to 416 of said document, concerning, respectively, the consolidated financial statements of Groupe BPCE, the consolidated financial statements of BPCE SA group, and the parent company financial statements of BPCE. The Statutory Auditors' reports referring to the consolidated financial statements of Groupe BPCE and BPCE SA group each contain one observation.

Paris, March 15, 2016

François Pérol

Chairman of the BPCE Management Board

9 ADDITIONAL INFORMATION

9.1 Documents on display

This document is available from the "Investors" section of the Group's website, or from the AMF website www.amf-france.org.

Any person wanting further information about Groupe BPCE may, with no commitment and free of charge, request documents by post at the following address:

BPCE

Département Émissions et Communication Financière

50, avenue Pierre Mendès-France

75013 Paris

9.2 Cross-reference table for the registration document

9.3 EDTF cross-reference table

9.4 Cross-reference table for the annual financial report and the management report

Information required under Article L. 451-1-2 of the French Monetary and Financial Code	Page No·
Annual financial report	
BPCE SA group consolidated financial statements	328 – 407
Statutory Auditors' report on the consolidated financial statements	408 – 409
BPCE individual financial statements	410 – 453
Statutory Auditors' report on the individual financial statements	454 – 455
Management report	
Analysis of results, financial position, risks and list of powers to carry out capital increases (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	115 – 199; 201 – 223; 410 – 415
Information required by Article L. 225-100-3 of the French Commercial Code pertaining to items that may have an impact in the event of a public offering	NA
Information pertaining to share buybacks (Article R. 225-211, paragraph 2 of the French Commercial Code)	414; 512 – 515
Social, environmental and societal information (Article L. 225-102-1 of the French Commercial Code)	457 – 507
Information on locations by country and activities (Article 511-45 of the French Monetary and Financial Code)	316 – 325
Statement by the person responsible	530
Statutory Auditors' fees	111 – 113; 452
Chairman's report on the work of the Supervisory Board and on the internal control and risk management procedures for the year ended December 31, 2015	85 – 108

In accordance with Article 28 of European regulation No. 809/2004 of April 29, 2004, the following information is incorporated by reference in this registration document:

- Groupe BPCE's consolidated financial statements for the fiscal year ended December 31, 2014 and the Statutory Auditors' report, presented on pages 214 to 319 of the registration document filed with the AMF on March 18, 2015 under number D. 15-0157;
- BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2014 and the Statutory Auditors' report, presented on pages 320 to 401 of the registration document filed with the AMF on March 18, 2015 under number D. 15-0157;
- BPCE's annual financial statements for the fiscal year ended December 31, 2014 and the Statutory Auditors' report, presented on pages 402 to 448 of the registration document filed with the AMF on March 18, 2015 under number D. 15-0157.
- Groupe BPCE's consolidated financial statements for the fiscal year ended December 31, 2013 and the Statutory Auditors' report, presented on pages 202 to 288 of the registration document filed with the AMF on March 21, 2014 under number D. 14-0182;
- BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2013 and the Statutory Auditors' report, presented on pages 290 to 367 of the registration document filed with the AMF on March 21, 2014 under number D. 14-0182;
- BPCE's annual financial statements for the fiscal year ended December 31, 2013 and the Statutory Auditors' report, presented on pages 368 to 416 of the registration document filed with the AMF on March 21, 2014 under number D. 14-0182.

9.5 Cross-reference table of the main social, environmental and societal information

Area/ Reference	GRI 4 equivalent	Grenelle 2 Act – Article 225 equivalent	NRE equivalent	Global Compact	Page No.
Strategy					
Reporting scope	G4-20; G4-21; G4-22; G4-32; G4-33	Art. R. 225-105			505
	G4-2; G4-56; G4-15, G4-16; G4-45; G4-47	Art. R. 225-105-1-I 2° a)	Art. 148-3.3°		458 – 460; 478 – 480
		Art. R. 225-105-1-I 2° a)			480; 485; 490
Sustainable development strategy		Art. R. 225-105-1-I 3° b)			493
Environment					
Raw materials	G4-EN1; G4-EN2	Art. R. 225-105-1-I 2° c)	148-3 1°		489
Energy	G4-EN3 to G4-EN7	Art. R. 225-105-1-I 2° c)	148-3 1°		485; 489
Water	G4-EN8 to G4-EN10	Art. R. 225-105-1-I 2° c)	148-3 1°		489
Biodiversity	G4-EN11; G4-EN12	Art. R. 225-105-1-I 2° e)	148-3 2°		490
	G4-EN15 to G4-EN19	Art. R. 225-105-1-I 2° d)	148-3 1°		485 – 487
Emissions, run-off and discharges	G4-EN23	Art. R. 225-105-1-I 2° b)	148-3 1°	7/8/9	489
	FS2; FS7; FS8; FS11	Art. R. 225-105-1 I 3° a)			465 – 469; 490 – 492; 494 – 500
Products and services	G4-EN27	Art. R. 225-105-1 I 3° a)			465 – 469; 490 – 492
Travel	G4-EN30		148-3 1°		487 – 488
Environmental approach		Art. R. 225-105-1-I 2° a)	148-3 5°	7/8/9	485 – 492; 503 – 505
Society					
	G4-S01; G4-S02	Art. R. 225-105-1-I 3° a)			464 – 465; 469 – 471; 493; 497– 502
Communities	FS14				464; 470 – 472
Anti-money laundering procedures	G4-SO3	Art. R. 225-105-1-I 3° d)		10	471 – 472
Product liability					
Labeling of products and services		Art. R. 225-105-1-I 3° b)		8	490 – 492; 494 – 496;
Responsible marketing	G4-PR1	Art. R. 225-105-1-I 3° d)			490 – 492
Legislative compliance	G4-PR9		148-3 6°	10	471
Economy					
Economic performance	G4-EC2			7/8/9	
Procurement policy	G4-EC5; G4-EC9	Art. R. 225–105-1-I 3° c)	Art. 148-2.9°	1/2	469 – 471
Indirect economic impacts	G4-EC6; G4-EC7	Art. R. 225-105-1-I 3° a)			464 – 469; 500 – 502
Employment, labor relations and decent working conditions					
Employment & labor relations	G4-24; G4-10; G4-LA1	Art. R. 225-105-1-I 1° a), c) and d)	Art. 148–2.1°a)		473 – 477; 480 – 482; 493
	G4-LA8	Art. R. 225-105-1-I 1° d)	Art. 148-2.1°a) and b)		482
Occupational health and safety	G4-LA6; G4-LA7	Art. R. 225-105-1-I 1° b) and d)	Art. 148-2.2		482 – 483
	G4-LA9	Art. R. 225-105-1-I 1° e)			
Training and education	G4-LA10	Art. R. 225-105-1-I 1° e)	Art. 148-2.6°		478 – 480
Diversity and equal opportunities	G4-LA12; G4-LA13	Art. R. 225-105-1-I 1°f)	Art. 148-2.3°	1/3/4/5/6	473 – 477; 480; 484
Human rights					
Freedom of association and right to collective bargaining	G4-HR4		Art. 148-2.4°		471; 484
Prohibition of child labor	G4-HR5				471; 484
Abolition of forced or compulsory labor	G4-HR6	Art. R. 225-105-1-I 1° g)		2/3/4/5	471; 484

9.6 Glossary

Acronyms	
ACPR	*Autorité de contrôle prudentiel et de résolution*, the French Prudential Supervisory and Resolution Authority for the Banking and Insurance Sector (formerly the CECEI, or *Comité des établissements de crédit et des entreprises d'investissement*/ Credit Institutions and Investment Firms Committee)
ADEME	*Agence de l'environnement et de la maîtrise de l'énergie*/Agency for the environment and control of energy consumption
ADIE	*Association pour le droit à l'initiative économique*/Association for the right to economic initiative
AFEP-MEDEF	*Association française des entreprises privées – Mouvement des entreprises de France*/French business association
AFS	Available for sale
AGIRC	*Association générale des institutions de retraite des cadres*/General association of executive management pension institutions
A-IRB	Advanced IRB approach
ALM	Asset and Liability Management
AMF	*Autorité des marchés financiers*/French financial markets authority
AML-TF	Anti-money laundering and terrorist financing
AQR	Asset quality review, which involves the supervisory assessment of risks, the review of asset quality, and stress tests
ARRCO	*Association pour le régime de retraite complémentaire des salariés*/Employee supplementary pension scheme association
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision, an organization comprised of the central bank governors of the G20 countries, tasked with strengthening the global financial system and improving the efficacy of prudential supervision and cooperation among bank regulators
BCP	Business Continuity Plan
BRRD	Bank Recovery and Resolution Directive
CCF	Credit Conversion Factor
CEGC	Compagnie Européenne de Garanties et de Cautions
CET1	Common Equity Tier 1
CGU	Cash Generating Unit
CHSCT	*Comité d'Hygiène, de Sécurité et des Conditions de Travail*/Committee for Hygiene, Safety and Working Conditions
CIC	Cooperative investment certificates
CNCE	*Caisse Nationale des Caisses d'Epargne*
CNIL	*Commission Nationale de l'Informatique et des Libertés* (an independent administrative authority protecting privacy and personal data)
CPM	Credit Portfolio Management
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSR	Corporate Social Responsibility
DTAs	Deferred tax assets
EBA	The European Banking Authority was created by EU regulation 1093/2010 of November 24, 2010. It was established on January 1, 2011 in London, superseding the Committee of European Banking Supervisors (CEBS). This new supervisory authority has an expanded mandate. It is notably in charge of harmonizing prudential standards, coordinating the various national supervisory authorities and serving as a mediator. The aim is to establish a Europe-wide supervision mechanism without compromising the authority of national bodies to conduct day-to-day supervision of credit institutions.
ECB	European Central Bank
EDTF	Enhanced Disclosure Task Force, an international task force formed at the initiative of the Financial Stability Board (FSB) in May 2012 to consider ways to enhance banks' financial disclosures. The EDTF is made up of representatives from the private sector and of users and preparers of financial disclosures. In October 2012, it published a report containing 32 recommendations aimed at enhancing disclosures on risk management, capital adequacy and exposure to liquidity, funding, market, credit and other risks
EFTT	European Financial Transaction Tax
EIB	European Investment Bank
EURIBOR	Euro Interbank Offered Rate, the benchmark interest rate on the eurozone's money market
FBF	*Fédération Bancaire Française* (French Banking Federation), a professional body representing all banking institutions in France
FCPR	Fonds commun de placement à risque/Venture capital investment fund
FGAS	Fonds de garantie à l'accession sociale/French state guarantee fund for subsidized loans
FIDEPPP	*Fonds d'Investissement et de Développement des Partenariats Public-Privé*/Fund for investment and development of public-private partnerships

Acronyms	
FINREP	FINancial REPorting
F-IRB	Foundation IRB approach
FSB	The Financial Stability Board, whose mandate is to identify vulnerabilities in the global financial system and to implement principles for regulation and supervision in the interest of financial stability. Its members are central bank governors, finance ministers and supervisors from the G20 countries
FTE	Full-Time Equivalent
GAPC	Gestion active des portefeuilles cantonnés/Workout portfolio management
GRI	Global Reporting Initiative
G-SIBs	Global systemically important banks are financial institutions whose distress or failure, because of their size, complexity and systemic inter-dependence, would cause significant disruption to the financial system and economic activity. These institutions meet the criteria established by the Basel Committee and are identified in a list published in November 2011 and updated every year. The constraints applicable to G-SIBs increase with their level of capital
HQE	Haute qualité environnementale/High Environmental Quality
HR	Human Resources department
IARD	*Incendie, accidents et risques divers*/Property and casualty insurance
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRB	Internal-ratings based, an approach to capital requirements based on the financial institution's internal rating systems
IS	Information System
L&R	Loans and receivables
LBO	Leveraged buyout
MREL	Minimum Requirement for own funds and Eligible Liabilities
MTN	Medium Term Note
NBI	Net banking income
NGAM	Natixis Global Asset Management
NPE	Non-performing exposure
NRE	*Loi sur les nouvelles réglementations économiques*/French law on New Economic Regulations
OH	*Obligations de financement de l'habitat*/Housing financing bond
ORSA	Own Risk and Solvency Assessment. As part of European efforts to reform prudential regulation of the insurance industry, ORSA is an internal process undertaken by the financial institution to assess risk and solvency. It must show its ability to identify, measure and manage factors liable to have an impact on its solvency or financial position
PERP	*Plan d'Épargne retraite populaire*/Retirement savings plan
PLI	*Prêt locatif intermédiaire*/Loan for investment in property to be leased at prices above "social" housing prices but below market prices for 6 (or 12) years
PLS	*Prêt locatif social*/Social housing loan
PSLA	*Prêt social location-accession*/Loan to finance the leasing or purchase of property by low-income families
PTZ	*Prêt à taux zero*/Interest-free loan
RSSI	*Responsable de la sécurité des systèmes d'information*/Head of IT System Security
RTT	*Réduction du temps de travail*/Reduction of working time
RWA	Risk-weighted assets. The calculation of credit risks is further refined using a more detailed risk weighting that incorporates counterparty default risk and debt default risk
S&P	Standard & Poor's
SCF	*Société de crédit foncier*/a French covered bond issuer
SCPI	*Société civile de placement immobilier*/Real estate investment trust
SEC	Securities and Exchange Commission
SEPA	Single Euro Payments Area
SFS	Specialized Financial Services
SME	Small- and medium-sized enterprises
SMI	Small- and medium-sized industries
Socama	*Sociétés de cautionnement mutuel artisanales*/Mutual Guarantee Companies for small businesses
SRF	Single Resolution Fund

Acronyms	
SRI	Socially Responsible Investment
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
T1 / T2	Tier 1 / Tier 2 capital
TUP	Transmission universelle de patrimoine/Total transfer of assets and liabilities
VSE	Very small enterprises

Key technical terms	
ABS	See securitization
Base II (the Basel Accords)	A supervisory framework aimed at better anticipating and limiting the risks borne by credit institutions. It focuses on banks' credit risk, market risk and operational risk. The terms drafted by the Basel Committee were adopted in Europe through a European directive and have been applicable in France since January 1, 2008.
Basel III (the Basel Accords)	Changes in the supervisory framework for banks, incorporating the lessons drawn from the 2007-2008 financial crisis, meant to complement the Basel II accords by enhancing the quality and quantity of the minimum capital requirements applicable to financial institutions. Basel III also establishes minimum requirements for liquidity risk management (quantitative ratios), defines measures aimed at limiting procyclicality in the financial system (capital buffers that vary according to the economic cycle) and reinforces requirements for financial institutions deemed to be systemically important.
Bond	A portion of a loan issued in the form of an exchangeable security. For a given issue, a bond grants the same debt claims on the issuer for the same nominal value, the issuer being a company, a public sector entity or a government.
Capital requirement	The amount of capital that banks are required to hold, i.e. 8% of risk-weighted assets (RWA).
CDO	See securitization
CDPC	Credit Derivative Product Companies
CDS	Credit Default Swap, a credit derivative contract under which the party wishing to buy protection against a credit event (e.g. counterparty default) makes regular payments to a third party and receives a pre-determined payment from this third party should the credit event occur.
CLDR	Customer Loan-to-Deposit Ratio, i.e. a liquidity indicator that enables a credit institution to measure its autonomy with respect to the financial markets.
CLO	See securitization
CMBS	See securitization
Collateral	A transferable asset or guarantee pledged to secure reimbursement on a loan in the event the borrower fails to meet its payment obligations.
Common Equity Tier 1 ratio	Ratio of Common Equity Tier 1 (CET1) capital to risk-weighted assets. The CET1 ratio is a solvency indicator used in the Basel III prudential accords.
Cost/income ratio	A ratio indicating the portion of net banking income used to cover operating expenses (the company's operating costs). It is calculated by dividing operating costs by net banking income.
Covered bond	A bond for which redemption and payment of interest is backed by returns on a portfolio of high-quality assets, often a portfolio of mortgage loans, which serve as collateral. The issuer often manages the payment of cash flows to investors (obligations foncières in France, Pfandbriefe in Germany).
Credit and counterparty risk	The risk of loss from the inability of clients, issuers or other counterparties to honor their financial commitments. Credit risk includes counterparty risk related to market transactions and securitization
Credit derivative	A financial product whose underlying asset is a credit obligation or debt security (bond). The purpose of the credit derivative is to transfer credit risk without transferring the asset itself for hedging purposes. One of the most common forms of credit derivatives is the credit default swap (CDS).
CVA	Credit Valuation Adjustment, i.e. the expected loss related to the risk of default by a counterparty. The CVA aims to take into account the fact that the full market value of transactions may not be recovered. The method for determining the CVA is primarily based on the use of market inputs in connection with the practices of market professionals.
Deeply subordinated notes	Perpetual bonds with no contractual redemption commitment that pay interest in perpetuity. In the event of liquidation, they are repaid after other creditors (subordinated loans). These securities pay annual interest contingent on the payment of a dividend or the achievement of a specific result.
Derivative	A financial security or financial contract whose value changes based on the value of an underlying asset, which may be either financial (equities, bonds, currencies, etc.) or non-financial (commodities, agricultural products) in nature. This change may coincide with a multiplier effect (leverage effect). Derivatives can take form of either securities (warrants, certificates, structured EMTNs, etc.) or contracts (forwards, options, swaps, etc.). Exchange-traded derivatives contracts are called futures.
DVA	Debit Valuation Adjustment, symmetrical to the CVA. Represents the expected loss, from the counterparty's perspective, on valuations of derivative liabilities. It reflects the impact of the entity's own credit quality on the valuation of these instruments.
EAD	Exposure at default, i.e. the amount owed by the customer at the effective default date. It is the sum of the remaining principal, past due payments, accrued interest not yet due, fees and penalties.
EL	Expected Loss, i.e. the value of the loss likely to be incurred given the quality of the transaction structure and any measures taken to mitigate risk, such as collateral. It is calculated by multiplying exposure at risk (EAD) by Probability of Default (PD) and by Loss Given Default (LGD).
Equity (tranche)	In the context of securitization, the equity tranche refers to the tranche that bears the first losses incurred from defaults within the underlying portfolio.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date. Fair value is therefore based on the exit price
Gross exposure	Exposure before the impact of provisions, adjustments and risk mitigation techniques.
Haircut	The percentage by which a security's market value is reduced to reflect its value in a stressed environment (counterparty risk or market stress).
IRC	Incremental Risk Charge: the capital requirement for an issuer's credit migration and default risks, covering a period of one year for fixed income and loan instruments in the trading book (bonds and CDSs). The IRC is a 99.9% value-at-risk measurement; i.e. the greatest risk obtained after eliminating the 0.1% worst-case scenarios.

Key technical terms	
LCR	Liquidity Coverage ratio: a measurement introduced to improve the short-term resilience of banks' liquidity risk profiles. The LCR requires banks to maintain a reserve of risk-free assets that can be converted easily into cash on the market in order to cover its cash outflows minus cash inflows over a 30-day stress period without the support of central banks.
Leverage ratio	Tier 1 capital divided by exposures, which consist of assets and off-balance sheet items, after restatements of derivatives, funding transactions and items deducted from capital. Its main goal is to serve as a supplementary risk measurement for capital requirements.
LGD	Loss Given Default: a Basel II credit risk indicator corresponding to loss in the event of default.
Liquidity	In a banking context, liquidity refers to a bank's ability to cover its short-term commitments. Liquidity also refers to the degree to which an asset can be quickly bought or sold on a market without a substantial reduction in value.
Liquidity risk	The risk that a bank will be unable to honor its payment commitments as they fall due and replace funds when they are withdrawn.
Market risk	The risk of loss of value on financial instruments resulting from changes in market inputs, from the volatility of these inputrs or from the correlations between these inputs.
NSFR	Net Stable Funding Ratio: this ratio is intended to strengthen the longer-term resilience of banks through additional incentives meant to encourage banks to finance their operations using more structurally stable resources. This long-term structural liquidity ratio, applicable to a one-year period, was formulated to provide a viable structure for asset and liability maturities.
PD	Probability of Default, i.e. the likelihood that a counterparty of the bank will default within a one-year period.
Rating	An appraisal by a financial rating agency (Fitch Ratings, Moody's, Standard & Poor's) of the creditworthiness of an issuer (company, government or other public entity) or a transaction (bond issue, securitization, covered bond). The rating has a direct impact on the cost of raising capital.
Rating agency	An organization that specializes in assessing the creditworthiness of issuers of debt securities, i.e. their ability to honor their commitments (repayment of principal and interest within the contractual period).
Resecuritization	The securitization of an exposure that is already securitized, where the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitization position.
RMBS	See securitization
ROE	Return on Equity: net income restated for returns on hybrid securities recognized as equity instruments, divided by shareholders' equity (restated for hybrid securities), used to measure the profit generated on capital
Securitization	A transaction whereby credit risk on loan receivables is transferred to investors by an entity through the issuance of negotiable securities. This may involve the transfer of receivables (physical securitization) or the transfer of risks only (credit derivatives). Some securitization transactions are subordinated through the creation of tranches. – ABS - Asset-Backed Securities, i.e. instruments representing a pool of financial assets (excluding mortgage loans), whose performance is linked to that of the underlying asset or pool of assets; – CDOs - Collateralized Debt Obligations, i.e. debt securities backed by a pool of assets which can either be bank loans (mortgages) or corporate bonds. Interest and principal payments may be subject to subordination (i.e. through the creation of tranches); – CLOs - Collateralized Loan Obligations, i.e. credit derivatives backed by a homogeneous pool of commercial loans; – CMBS - Commercial Mortgage-Backed Securities; – RMBS - Residential Mortgage-Backed Securities, i.e. debt securities backed by a pool of assets consisting of residential mortgage loans.
Share	An equity security issued by a corporation, representing a certificate of ownership and entitling the holder (the "shareholder") to a proportional share in the distribution of any profits or net assets, as well as a voting right at the Annual General Shareholders' Meeting.
Structural interest/exchange rate risk	The risk of losses or impairment on assets arising from changes in interest rates or exchange rates. Structural interest/exchange rate risks are associated with commercial activities and proprietary transactions.
Swap	An agreement between two counterparties to exchange different assets, or revenues from different assets, until a given date.
Tier 1 capital	Core capital including the financial institution's consolidated shareholders' equity minus regulatory deductions.
Tier 2 capital	Supplementary capital mainly consisting of subordinated securities minus regulatory deductions.
TLAC	Total Loss Absorbing Capcity: a ratio applicable to G-SIBs that aims to ensure that each G-SIB has the capacity to continue its essential operations for the economy even after a loss has consumed all of its capital. In November 2015, the FSB published the final TLAC calibration: all TLAC-eligible instruments will have to be equivalent to at least 16% of risk-weighted assets at January 1, 2019 and at least 6% of the leverage ratio denominator. TLAC will subsequently have to be equivalent to 18% of risk-weighted assets and 6.75% of the leverage ratio denominator from January 1, 2022.
TRS	Total Return Swap, i.e. a transaction whereby two parties exchange the income generated and any change in value on two different assets over a given time period.
Value at Risk (VaR)	A measurement of market risk on a bank's trading book expressed as a monetary value. It allows the entity performing the calculation to appraise the maximum losses liable to be incured on its trading book. A statistical variable, VaR is always associated with a confidence interval (generally 95% or 99%) and a specific time frame (in practice, one day or 10 days, as the trading positions involved are meant to be unwound within a few days).
Volatility	A measurement of the magnitude of an asset's price fluctuation and thus a measurement of its risk. Volatility corresponds to the standard deviation of the asset's immediate returns over a given period.

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PARTENAIRE OLYMPIQUE

BPCE
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with a capital of €155,742,320

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